



EIGHTH ITEM ON THE AGENDA

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

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1. The Programme, Financial and Administrative Committee (PFAC) of the Governing Body met on 13, 16 and 28 March 2007, chaired by Mr Mdladlana, Chairperson of the Governing Body. Mr Barde (Employer spokesperson) and Mr Blondel (Worker spokesperson) acted as Vice-Chairpersons. Ms Modeen (Finland) was the Reporter.

Programme and Budget for 2006–07

(First item on the agenda)

(a) Position of accounts as at 31 December 2006

(b) Collection of contributions from 1 January 2007 to date

2. The Committee had before it three papers¹ on the position of accounts as at 31 December 2006 and the collection of contributions from 1 January 2007 to date.
3. Mr Blondel, speaking on behalf of the Workers' group, said that one was forced to conclude from reading the document that, even if the amounts received were slightly higher at the same date than those in previous years, certain countries, and not the least of the contributors, were systematically late in paying their contributions and arrears, to the extent of losing their right to vote. Perhaps they did not attach all the importance that they should to the ILO, or perhaps it was a deliberate policy to make their presence felt. Each year as of the month of September, the United Nations (UN) had collected some 71 per cent of total contributions, compared to 50 per cent for the ILO, whose performance in that area was the worst among the international organizations. Did governments consider the ILO to be less important than other organizations?
4. Mr Barde, taking the floor on behalf of the Employers' group, spoke about the first two documents. Congratulating the Office on table 2 in the first document, he asked that a similar one be produced for each operational objective. Like Mr Blondel, he regretted that so many countries, in particular major contributors, were behind in settling their contributions.
5. The representative of the Government of South Africa, speaking on behalf of the Africa group, expressed concern about the delay in the payment of contributions, especially in the case of major contributors, and its possible impact on the implementation of the Decent Work Agenda. He urged member States to pay amounts due on time, and expressed the appreciation of the group for the amount spent on field programmes in Africa.
6. The representative of the Director-General (Mr Johnson, Treasurer and Financial Comptroller) reported that, since 7 March 2007, contributions amounting to 134,268 Swiss francs had been received from one member State as follows:

	2007	Arrears	Total in Swiss francs
Tunisia	118 862	15 406	134 268

¹ GB.298/PFA/1/1, GB.298/PFA/1/2 and GB.298/PFA/1/2(Add.).

7. Total contributions received to date amounted to 156,847,286 Swiss francs, comprising 84,483,696 Swiss francs for 2007 contributions and 72,363,590 Swiss francs for arrears of contributions. The balance due was therefore 373,379,799 Swiss francs.
8. Mr Blondel, speaking on behalf of the Workers' group, noted that the number of States that have paid their 2007 contributions in full had fallen by two, as had the number of those that have just paid part of their contributions, and that the number of States that have made no payments had increased by four, from 119 to 123. He noted that the amounts received had risen from 57.5 million to 71.2 million Swiss francs. While the Workers welcomed that progress, they regretted that three major contributors – the United States, Brazil and the Russian Federation – had not yet fulfilled their obligations. The Workers would like to see the Director-General stressing more firmly to the member States that the payment of contributions was a moral obligation. The Workers felt the non-respect of those commitments to be an expression of disdain towards them, and were somewhat irritated as a result. They hoped that the member States of the Organization, and specifically those that took responsibilities in the administration of the Office, would honour their commitments.

Appointment of the External Auditor (Second item on the agenda)

9. The Committee had before it a paper² regarding the selection of the External Auditor.
10. The representative of the Government of Hungary, representing the Selection Panel for the appointment of the External Auditor, described the procedure followed by the Panel during the selection process. The Office of Internal Audit and Oversight had conducted a preliminary technical evaluation of the 11 formal offers received, taking into account such factors as the range and depth of skills possessed by the candidate's organization, adoption of best professional practice concerning audit methodologies, ethics and training. The Selection Panel subsequently invited five candidates to give oral presentations and to answer questions raised by members of the Panel. On the basis of proposals received and the presentations made, the Panel unanimously decided to recommend the appointment of the Auditor General of Canada as the External Auditor of the ILO for the 71st and 72nd financial periods.
11. Mr Barde, speaking on behalf of the Employers' group, thanked the Office and the other members of the Panel for their support of the selection process, which had been characterized by objectivity and transparency. The 21 applications had been of an excellent level and the selection had been difficult. The Panel had decided unanimously on the Auditor General of the Office of the Auditor General of Canada, who was proposed to the Governing Body for appointment as External Auditor. The position was a key one, as it was the guarantee of the good management and healthy governance of the Organization. The Employers hoped that the new External Auditor would be able to work entirely objectively and independently. They wished her every success and assured her of their full cooperation.
12. Mr Blondel, speaking on behalf of the Workers' group, seconded the statement made by Mr Barde. The number of applications and formal offers that had been received bore witness to the level of interest accorded to the ILO, which pleased the Workers. They had also welcomed the tripartite composition of the Panel and the consensual nature of the decision taken. Supporting the point for decision, Mr Blondel wished the new External

² GB.298/PFA/2.

Auditor luck, adding that that position was both a necessity and a guarantee of the smooth running of the Organization.

13. The representative of the Government of South Africa, speaking on behalf of the Africa group, welcomed the transparency of the selection process. The Africa group supported the recommendation made.
14. The representative of the Government of Spain requested that the Office inform all the candidates about the final decision and suggested that such communication also highlight the quality of the offers received, where appropriate.
15. The representative of the Government of Kenya referred to the transparency and fairness of the selection process, acknowledged the assistance provided by the Office of Internal Audit and Oversight, and supported the recommendation made by the Panel. The representative of the Government of Nigeria also confirmed her support for the point for decision.
16. The Chairperson confirmed that all candidates involved in the selection process would be duly informed by the Office once the Governing Body had taken its decision.
17. *Taking into account the selection process followed and the unanimous recommendation of the Selection Panel, the Committee recommends that the Governing Body appoint the Auditor General of Canada as the External Auditor of the ILO for the 71st and 72nd financial periods, with the appointment to commence on 1 April 2008 for a period of four years.*

Follow-up to the report of the Chief Internal Auditor for the year ended 31 December 2005

(Third item on the agenda)

Report of the Chief Internal Auditor a.i. for the year ended 31 December 2006

(Fourth item on the agenda)

18. The Committee had before it two papers³ containing the follow-up to the report of the Chief Internal Auditor for the year ending 31 December 2005 and the report of the Chief Internal Auditor a.i. for the year ending 31 December 2006.
19. Mr Barde, speaking on behalf of the Employers' group, said that the fact that the Chief Internal Auditor had not been officially appointed posed a serious ethical problem for his group. The Employers considered it unacceptable that one year later the position had still not been filled, despite the promise made by the Office.
20. Concerning document GB.298/PFA/3, the Employers welcomed the Office's efforts to implement the recommendations of the Chief Internal Auditor. Nevertheless, they wished to know the means for overseeing the declaration of ethical responsibilities signed by procurement officials, as well as the consequences of the UN reform on group purchases. Concerning work planning, the Employers considered that the lack of workplans at the ILO was a major shortcoming that could not be ignored. Those workplans should also

³ GB.298/PFA/3 and GB.298/PFA/4.

include the activities of the Turin Centre. Furthermore, the Employers felt that the rolling out of IRIS to the field was taking a long time.

21. On the matter of creating a specialized and dedicated investigation unit within the Office of Internal Audit and Oversight (IAO), the Employers approved the Office's response in respect of timeliness and cost. The speaker recalled that the increase in the budget of the IAO depended on the Governing Body and not on the Office. Lastly, the Employers reiterated their concern about the excessive use of external collaborators, who should only be recruited for very specific purposes.
22. Mr Blondel, speaking on behalf of the Workers' group, supported the position of Mr Barde with regard to the failure to appoint the Chief Internal Auditor and hoped that the appointment would take place at the earliest opportunity.
23. With respect to document GB.298/PFA/3, he was pleased that the Chief Internal Auditor had not found any major weaknesses. Concerning the new procurement manual now being drafted, which should help to improve "compliance", the Workers found the term unsatisfactory and wished to know if specific instructions were to be given to suppliers concerning, in particular, respect for the Organization's fundamental standards.
24. On the matter of the Office-wide standard for work planning, the Workers requested information on the basis of the compatibility between the requirements for a new biennial implementation plan and those of the United Nations Development Programme (UNDP). Had the notions of tripartism and social dialogue been taken into account, and if so, how?
25. With regard to the improvements to procurement guidelines, the document mentioned a lack of transparency and clarity in relation to IPEC. The Workers requested further information, also asking that the tripartite nature of the Organization not be forgotten and that trade union and employers' organizations also be able to participate in competitive bidding and invitations to tender and, consequently, in the implementation of field programmes.
26. The Workers supported the implementation, in all the regions and at headquarters, of a system to compile data on seminars and workshops. Like the Employers, the Workers favoured stricter monitoring of external collaboration contracts.
27. In relation to document GB.298/PFA/4, the speaker was pleased that the Director-General considered the work performed by the Chief Internal Auditor to be valuable in assessing strengths and weaknesses in operations, practices, procedures and controls within the Office, and also that there was constant dialogue between managers and the Chief Internal Auditor to give effect to the recommendations made by the IAO.
28. Mr Blondel welcomed the audit carried out at headquarters, but in respect of the Communication and Files Section (DOSCOM), he said he was very surprised at the large backlog that existed in the files to be archived, some dating back to 1971. It was imperative to remedy that situation, even if that were to the detriment of other activities, which he regretted. Concerning the ILO Security Unit (SECURIT), he hoped a document would shortly be prepared on the procedures to be followed by that unit in an emergency.
29. The question of the ILO/ITU Staff Health Insurance Fund (SHIF) was particularly important. This was a matter of concern to the Workers, in that the sustainability of the Fund was threatened by the fact that benefits paid exceeded contributions received. This issue should be dealt with in cooperation with the Staff Union.

- 30.** The representative of the Government of South Africa, speaking on behalf of the Africa group, welcomed the fact that no material weakness had been found in the ILO's overall system of internal control and the progress made in implementing internal audit recommendations, particularly in the case of the Africa Regional Finance Unit. However, he urged the Human Resources Development Department to review the capacity of finance units in the field in order to ensure that appropriately qualified staff were recruited. He suggested that recruitment be made at the national officer level, especially where several projects and contracts were being managed.
- 31.** The representative of the Government of the Netherlands, speaking on behalf of the IMEC group, asked the Office to be more specific about its time frame and the extent to which it had dealt with the audit recommendations. He suggested the use of categories such as "implemented", "partly implemented" or "not implemented" when the Office reported back on actions taken in response to the findings of both the internal and external auditors.
- 32.** The representative of the Government of Kenya referred to paragraph 10 of paper GB.298/PFA/4 indicating that more precise information about the financial and administrative procedures that had not been strictly followed should have been provided. He endorsed the recommendations to employ a qualified archivist in order to ensure the safe storage of ILO records and to safeguard the future of the Staff Health Insurance Fund. He welcomed the audit of the project "Supporting the National Plan of Action for the Elimination of the Worst Forms of Child Labour in Kenya". He called for the Office to intervene quickly where field offices failed to act promptly on important audit recommendations.
- 33.** Mr Barde, speaking on behalf of the Employers' group, returned to document GB.298/PFA/4. He considered that the report of the Chief Internal Auditor was a key element of the Office management control system and should therefore be a very useful source of information for the Governing Body. However, the Employers regretted that the present report failed to mention certain problems. They would also have liked to know the Chief Internal Auditor's recommendations because the document as it stood was unsatisfactory, providing no clarification whatsoever. They were concerned about paragraph 7 and wondered why officials had to make efforts to comply with rules and regulations, and what were the core issues that had been addressed. The other paragraphs also raised concerns, including the reference to inadequate record-keeping. They felt it important to recall the importance for the Office of ensuring good governance in the field offices. In particular, they hoped that there would not be any need in the future to draft a paragraph like paragraph 39.
- 34.** The representative of the Government of Nigeria urged the Office to implement the IAO's recommendations made in paragraphs 8, 9 and 10 of document GB.298/PFA/4.
- 35.** The Treasurer and Financial Comptroller explained that the annual declarations required from procurement officials were not intended to be investigated in a systematic manner but would be used to identify potential conflicts of interest. He stated that the annual declaration also served as a reminder to procurement staff of the need for high ethical standards. With regard to the involvement of staff in reviewing the issues confronting the Staff Health Insurance Fund, he advised the Committee that staff representatives were members of the Fund's management committee.
- 36.** Referring to the lack of response from two field offices to IAO inquiries, Mr Johnson explained that one of the offices had now responded and that the delay was attributable to capacity issues due to the extended heavy workload caused by the Tsunami relief. Regarding the second office, the Regional Office, with support from headquarters, had

responded strongly, once aware of the problem. A team of experts was currently in that office implementing the IAO recommendations.

37. The representative of the Director-General (Ms O'Donovan, Executive Director for Management and Administration), replying to questions raised regarding INTER, explained that the IAO report had been issued in January 2007 and was therefore still under review. There would be a report in a future session of the Governing Body on all actions taken by the Office to implement the recommendations of the IAO. She confirmed that the Archives Committee had been reactivated and that it was now actively reviewing the issues raised by the Internal Auditor. Use of the Electronic Document Management System would help to resolve some of the problems such as the backlog of archives. Referring to Mr Blondel's concerns about the lack of documentation pertaining to procedures to be followed by SECURIT in case of an emergency, she informed the Committee that a written security plan was now in place and had been prepared in consultation with the security chief.
38. The Director of the Bureau of Programming and Management (Mr Thurman) shared Mr Barde's concerns about the lack of workplans. The results-based management road map adopted by the Office included various milestones to ensure that targets were met. He also assured Mr Blondel that tripartism was encouraged in all ILO workplans.
39. The representative of the Director-General (Mr Watson, Chief Internal Auditor a.i.) reported that, with regard to the issues raised in relation to INTER, action was required in various areas but INTER had followed procedures correctly when major contractual items had been involved.

Follow-up to the report of the External Auditor on the accounts for 2004–05

(Fifth item on the agenda)

40. The Committee had before it a paper⁴ on the follow-up to the External Auditor's report for 2004–05, which contained recommendations and the ILO's response.
41. Mr Barde, speaking on behalf of the Employers' group, expressed satisfaction with the work of the Information and Communications Technology Subcommittee concerning the recommendations of the External Auditor, with the exception of the Office response to recommendation 11. Concerning the second theme, the Employers would express their views on the question of governance in the ILO, and in particular on recommendation 13, during the discussion of agenda item 8.
42. Referring to the number of external collaborators, a matter that had often been raised by the Employers in the past, they considered that this was excessive, as did the External Auditor. They were not satisfied with the Office response in this regard and regretted the lack of transparency on the subject. Statistics on the use of external collaborators were not published, and it seemed that the Human Resources Development Department was not involved in these contracts. Lastly, the Employers would be glad to hear the External Auditor's response concerning the implementation of his recommendations.
43. Mr Blondel, speaking on behalf of the Workers' group, joined the Office in welcoming the follow-up to several recommendations. It was interesting to note that 13 of the 31 recommendations put forward by the External Auditor referred to the IRIS system.

⁴ GB.298/PFA/5.

44. The speaker emphasized the importance of recommendation 5 on the training of IRIS users at headquarters and in the field. The Workers would like such support to be provided to IRIS users by ILO staff, as indicated in recommendation 6. Concerning the outsourcing of certain technical tasks, they would like to have more specific information on that point, in particular on independent certification reports and the price range between the different options.
45. Concerning recommendation 9, the Workers requested clarification with regard to the last paragraph on the measures taken by the ILO.
46. On recommendation 11, the Workers' group considered that a formal post-implementation review should be carried out for the next biennium both for headquarters and for field offices.
47. Concerning recommendation 13 on the review of the ILO's governance arrangements, the Workers would come back to that later during the discussion on agenda item 8 on the establishment of an Independent Oversight Advisory Committee. None the less, they were surprised that the initiative had come from the External Auditor, as if his own work were somehow not up to standard.
48. On recommendation 22, the Workers rejected and contested the philosophy of outsourcing through subcontracting arrangements for economic reasons. The ILO had always used short-term contracts, but the Workers refused to see it behave like a corporation in a globalized environment. The subject should be taken up with the Staff Union.
49. The speaker took exception to the content of the second paragraph on measures taken by the Office: far from having to consult other international organizations on their outsourcing practices, it was the ILO that should set standards in this regard. It was for the ILO to set the example when it came to employment contracts.
50. The speaker requested that a list be drawn up of the persons who had reached retirement age and were still working at the Office.
51. The Executive Director for Management and Administration confirmed that one of the main purposes of the ICT Subcommittee was to review developments in relation to the management of IRIS. In response to Mr Blondel's concerns about the use of external resources mentioned in recommendation 6, she explained that only certain technical development work where the Office lacked in-house expertise and the maintenance of infrastructure had been outsourced. Use of external developers was restricted to areas where the Office did not need to acquire in-house expertise in the long term. Referring to recommendation 9, use of the ICC was part of a disaster recovery plan, a key component of which was to have off-site backup. There was no question of regular support work or services being relocated to the ICC.

Terms of reference for the review of the ILO field structure (Sixth item on the agenda)

52. The Committee had before it a paper⁵ concerning the terms of reference for the review of the ILO field structure.

⁵ GB.298/PFA/6.

- 53.** Mr Barde, speaking on behalf of the Employers' group, welcomed the document, considering that the Office should, first and foremost, support its constituents and thus realize the objectives of decent work. Any new regional structure should reflect this principle. The Employers were convinced of the need to consult the constituents, in particular those in the transition and developing countries, the International Organisation of Employers (IOE) and the International Trade Union Confederation (ITUC). The review should cover all the field offices, and the analysis should benefit from host country support while remaining politically independent. However, the Office should continue to adopt a regional and subregional approach, as shown by the results achieved in the Balkans. The Employers were convinced of the importance of having employer experts in the multidisciplinary teams, in particular in the preparation and implementation of Decent Work Country Programmes (DWCPs). Any review of regional structures should incorporate the elements of UN reform. Good governance of the field offices was essential, given that issues had been raised. The Employers requested additional clarification concerning the differences in the legal frameworks in which external offices operated, mentioned in paragraph 5. With regard to the point for decision, the Employers would wait for the Office replies on the mandate and scope of the review, and on the composition of the group that would undertake it, before expressing an opinion.
- 54.** Mr Blondel, speaking on behalf of the Workers' group, emphasized the importance they attached to the review of the ILO field structure, in particular in the light of the three major challenges, that is, implementation of DWCPs, UN reform and strengthening the links between headquarters and the field structures, particularly with regard to information technology. All of this had to be done while strengthening the Organization's tripartite nature and spirit.
- 55.** With regard to UN reform, the Workers' group conceded that synergies could and must be found among the different institutions. However, the ILO's field structures could not be governed solely by considerations of financial profitability, and they were first and foremost a material embodiment of the Organization's presence. UN reform, including that in the field, should not be reduced to elementary mathematical operations. It was a highly political strategy.
- 56.** Concerning the scope of the review, Mr Blondel was in favour of paragraph 4(iii), and fully endorsed Mr Barde's statement. The role of ACTRAV staff was irreplaceable, in the field in particular, and they would be even more in demand under the UN reform. They should therefore be strengthened. Again in regard to UN reform, the issues of responsibility and communication should be clarified. In other words, would an ACTRAV staff member assigned to the field report to ACTRAV at headquarters or to the field coordinator, who might not be an ILO official?
- 57.** With regard to the specific tasks, particularly paragraph 6(iii), the Workers wanted to be reassured that the consultations mentioned would fully involve the tripartite constituents of the Organization.
- 58.** Lastly, regarding the decision on responsibility for the review, the Workers were convinced that this should lie with the Office and not with external consultants, who would be unfamiliar with both the workings of the Organization and its tripartite structure. Phases 2 and 3 should make provision for regular consultations with the secretariats of groups and with regional coordinators while also ensuring that communication links with ACT/EMP and ACTRAV, as well as the Staff Union, remained constantly open.
- 59.** Subject to these observations' being taken into account, the Workers' group would be willing to support the point for decision, on condition that a sentence were added requesting that a report be submitted to the Committee in March 2008.

60. The representative of the Government of South Africa, speaking on behalf of the Africa group, recalled his support for the request for detailed terms of reference. He urged the Office to ensure that DWCPs be considered during the review. He was pleased to see the plan of work, timetable and provision for interviews with constituents, and asked the Office to communicate clearly its plans for these critical consultations.
61. The representative of the Government of China, speaking on behalf of the Asia-Pacific group (ASPAG), observed that this review was critical to ensuring that ILO presence in the field effectively targeted the needs of constituents. Given the discussions of UN reform and the increasing number of DWCPs, the need for such a review had never been greater. ASPAG wished the review to include a definition of what field offices should be doing and to assess whether the structure was optimal for delivery of the ILO's programme. ASPAG requested more detail of the methodology to be used and of the costs of the review. The speaker concluded by welcoming the proposal to employ external consultants to assist with the work, and asked that the draft terms of reference be revised by the Office.
62. The representative of the Government of Australia, speaking on behalf of IMEC, recalled IMEC's support for the review of the field structure. They wished to see a review that would generate action-oriented recommendations that would enable the Office to best configure its field operations. The terms of reference, as currently proposed, needed further development. Firstly, it was essential that the review look at what field offices should be doing within the context of one UN. Secondly, the appointment of an independent team should include external consultants. Thirdly, a description of the working methodology should be included that explains how the team would work independently. Finally, the terms of reference should include a timeline with an indication of costs and all resource requirements.
63. IMEC expected the Office to submit recommendations for decision to the Governing Body at its March 2008 session in addition to supplying an update of the status of the review in November 2007. Since the review should start as soon as possible, IMEC expected the terms of reference to be revised and approved by the Committee during the current session.
64. The representative of the Government of Hungary recalled the creation of subregional multidisciplinary teams (MDTs) in 1993 with the creation of the first MDT in Budapest. At that time, the Office had a clear picture of the purpose of the reorganization. The terms of reference currently under discussion offered only general objectives which were inadequate, given the aims of the review.
65. The representative of the Government of the Bolivarian Republic of Venezuela observed that many people hoped that the ILO would be in the vanguard of UN reforms. The field structure review was an attempt by the Office to ensure that it could meet the needs of its constituents. He expressed concern about the criteria that would be used to evaluate the study. These could not simply be cost-oriented. Due consideration should be given to the fact that some regions had greater needs than others. He shared the concerns already expressed with regard to the cost of, and the resources required for, the review and asked that the Office provide the relevant information as soon as possible.
66. Mr Barde, speaking on behalf of the Employers' group, reiterated his support for the point for decision. In view of the questions raised by several members of the Committee, he would be willing to support the proposal put forward by IMEC to request the Office to provide a new text before the end of the session in order that a decision could more easily be made.

- 67.** Mr Blondel, speaking on behalf of the Workers' group, said that the Workers were convinced of the usefulness of the exercise and of the need to reach a consensus soon. However, they did not want the review to be carried out by independent experts – who would, moreover, be very expensive – and the club of 18 countries that had decided on nominal zero growth for the ILO budget might not be prepared to finance the review themselves in addition to their contributions. Besides the matter of cost, which would have to be resolved even if the Office itself were in charge of the review, the ILO administration was nevertheless best placed to decide whether to maintain or abandon certain offices or locations, since such a decision could not be made on the basis of financial criteria alone: political criteria must also be taken into consideration. For example, the ILO's presence in certain countries sometimes made it possible to avoid conflicts. The Workers therefore agreed that a consensus needed to be reached on the matter before the end of the present session, but stressed that there were certain concessions that they would not be willing to make.
- 68.** The Legal Adviser (Ms Trebilcock) explained that the legal framework in which field offices operated included elements that could have an impact on the smooth functioning and security of these offices and on the delivery of services to constituents. In particular, reference would be made to agreements concluded between the Organization and the country where an ILO office was located and whether or not the country in question had ratified the Convention on the Privileges and Immunities of the Specialized Agencies (including acceptance of its Annex 1 which relates to the Organization).
- 69.** The Director-General acknowledged that the field structure review was a complex issue and that it was difficult to specify all the details at the beginning of the process. The basic questions related to what type of critical mass the ILO wanted in each region, where that should be and how experts should be located. Although the Office would be involved in UN reforms, by the time the field review was completed there would only have been eight one-UN pilot sites. The review needed to be considered with UN reform in mind and with the full agreement of the constituents. The Office would be happy to revise the paper and would consult with the Governing Body on the essential elements to be included.
- 70.** The Chairperson concluded the discussion by confirming that the Office would come back to the Governing Body with a revised proposal to include details of costs as had been requested by various delegates.
- 71.** The Committee had before it a paper⁶ containing revised terms of reference.
- 72.** Mr Barde, speaking on behalf of the Employers' group, stated that the Employers had taken part in the consultations on item 6 and were satisfied with the result. They supported the point for decision.
- 73.** Mr Blondel, speaking on behalf of the Workers' group, expressed his pleasure at the spirit in which the consultations had been held. The Workers' initial position had been that the review should be conducted entirely by Office officials, but this had developed in the interests of consensus to a preference for a mixed structure. However, they insisted that all decisions to be taken be submitted to the Governing Body. Once they were satisfied on that point, the Workers supported the point for decision.
- 74.** The representative of the Government of Australia, speaking on behalf of IMEC, was pleased to note that the objectives of the review of the ILO field structure had been broadened in order to include, not only the ILO's current activities, but also a review of

⁶ GB.298/PFA/6(Rev.).

alternative arrangements which would better respond to ILO priorities in the future. The review should take into account the experience to be gained from participating in One UN country pilots, ongoing UN reform and the roll-out of Decent Work Country Programmes as the principal delivery mechanism.

75. The involvement of outside experts was particularly important to IMEC and reflected common practice in undertaking similar activities in large organizations such as the ILO. Outside experts would contribute to the review by providing an independent perspective. IMEC expected to be actively involved in the process of consultation envisaged in the revised terms of reference. Such consultations would enable the review team to set out, at an early stage, their approach and methodology including the roles and responsibilities of the team members. Consultations should take place on a regular basis during the review process to ensure that trust was built with constituents in what was a difficult and sensitive task.
76. The representative of the Government of South Africa, speaking on behalf of the Africa group, welcomed the revised terms of reference. The Africa group would have preferred to see included a list of the selected countries mentioned in paragraph 9 but understood that such information could be communicated at a later date. The Africa group supported the point for decision.
77. The representative of the Government of China, speaking on behalf of ASPAG, praised the efforts made by the Office to reach consensus among the constituents and appreciated the fact that many of the issues raised by the group had been addressed. The revised terms gave further details concerning the scope and methodology of the review, the costs involved and the composition of the review team. ASPAG looked forward to participating in the process of consultations and trusted that such consultations would be held on a regular basis.
78. *The Committee recommends that the Governing Body approve the terms of reference for the review of the ILO field structure as set out in this document, and to finance the related expenditure, estimated at US\$230,000, from savings in Part I of the budget for 2006–07 or, failing that, through Part II.*

Update on the adoption of International Public Sector Accounting Standards (IPSAS) (Seventh item on the agenda)

79. The Committee had before it a paper⁷ containing an update on the adoption of International Public Sector Accounting Standards.
80. Mr Barde, speaking on behalf of the Employers' group, thanked the Office for keeping the Employers informed in respect of the implementation of the International Public Sector Accounting Standards (IPSAS). They wished to know how many institutions within the UN system had adopted the system to date. Lastly, he hoped that under the new system it would be possible to see detailed expenditure figures, broken down not only by strategic objective but also by operational objective and by department; the Office had promised that, thanks to IRIS, it would be able to provide such information.

⁷ GB.298/PFA/7.

81. Mr Blondel, speaking on behalf of the Workers' group, supported Mr Barde's statement. He wished the Committee to be kept informed in this regard and hoped that the document proposing necessary amendments to the Financial Regulations would not be neglected. Like the Employers, the Workers wished to know which international institutions had adopted IPSAS.
82. The Treasurer and Financial Comptroller explained that, as at November 2006, five other UN organizations had formally adopted IPSAS and that all UN agencies were expected to do so eventually. IPSAS did not prescribe formats for budgetary reporting, so the Office could continue to report budgetary information in its current manner and introduce the enhancements requested.

Establishment of an Independent Oversight Advisory Committee (Eighth item on the agenda)

83. The Committee had before it a paper⁸ concerning the establishment of an Independent Oversight Advisory Committee (IOAC).
84. Mr Blondel, speaking on behalf of the Workers' group, recalled that the International Labour Conference had examined and adopted the Financial Report and Audited Financial Statements for the 69th financial period. Even though they were strongly in favour of the strict oversight of ILO finances, the Workers wondered what added value would be gained from setting up an additional financial oversight structure superimposed upon that of the External Auditor, the UN common standards, the Office of Internal Audit and Oversight, the Joint Inspection Unit and the Committee itself. Having examined the proposed mandate for the IOAC, they noted an unacceptable overlap between its responsibilities and those of the existing oversight bodies and the Programme, Financial and Administrative Committee (PFAC). The establishment of the new body seemed to be in opposition to tripartism and to the unique character of the ILO. Nevertheless, for the sake of reaching consensus, the Workers would be willing to support subparagraph (a) of the point for decision on condition that subparagraph (b) be dropped.
85. Mr Barde, speaking on behalf of the Employers' group, said that the Office paper was a response to a request by governments, which had noted that, owing to a lack of time and expertise, the reports of the External Auditor and the Chief Internal Auditor did not receive sufficient examination. The Employers had made the same observation. However, the document submitted to the Committee had not fully met their expectations. They would prefer the establishment of an executive committee rather than yet another filter between ILO's senior management and the Governing Body. Moreover, the Director-General would be responsible for choosing the candidates for membership of the committee, which would raise the question of their independence. The fact that the Committee would be charged with making recommendations without first referring to the Governing Body would raise questions of governance. Furthermore, the Committee was not designed to be tripartite, and, finally, the proposal was unclear as to the link between the new body and the PFAC.
86. For their part, the Employers would like to see the establishment of a committee of experts chosen by the Committee – preferably with one member from each region and two from each of the groups. The experts could meet for at least one week during the Conference session, study the reports for the year and make recommendations that would

⁸ GB.298/PFA/8.

be submitted to the Governing Body at its November session. With regard to the point for decision, the Employers wished to see the process of consultation continue, and therefore supported only subparagraph (a).

87. The representative of the Government of the Netherlands, speaking on behalf of IMEC and ASPAG, strongly supported the establishment of the IOAC, as recommended by the External Auditor. Creating such a committee would not only be consistent with the reform taking place in the UN and other specialized agencies but would also be instrumental in securing good governance within the ILO. Both the Governing Body and the Office would benefit from the establishment of an expert forum.
88. The representative of the Government of South Africa, speaking on behalf of the Africa group, echoed the reservations expressed by the social partners. He wished to be sure that the proposed Committee would not usurp the powers of the PFAC or overlap with the role of the auditors. That view was shared by the representative of the Government of Kenya. The Africa group therefore supported part (a) of the point for decision which called for further consultations.
89. The Treasurer and Financial Comptroller explained that the proposed IOAC was not an additional audit body, but rather a Committee that would provide expert advice to the PFAC on audit-related matters. It would not be conducting further audits.
90. The Chairperson reiterated that the Committee was only confirming part (a) of the point for decision.
91. *The Committee recommends to the Governing Body that the Office continue the process of consultation with a view to reaching consensus on the establishment of an Independent Oversight Advisory Committee (IOAC).*

Delegation of authority under article 18 of the Standing Orders of the International Labour Conference (Ninth item on the agenda)

92. The Committee had before it a paper⁹ proposing the delegation of authority under article 18 of the Conference Standing Orders.
93. *Should the need for such delegated authority arise, the Programme, Financial and Administrative Committee delegates, for the period of the 96th Session (June 2007) of the Conference, to its Officers (i.e. the Chairperson and the spokespersons for the Employer and Worker members of the Committee) the authority to carry out its responsibilities under article 18 of the Conference Standing Orders in relation to proposals involving expenditure in the 70th financial period ending 31 December 2007.*
94. *The Committee recommends that the Governing Body make a similar delegation of authority to its Officers under article 18 of the Standing Orders of the Conference.*

⁹ GB.298/PFA/9.

Report of the Information and Communications Technology Subcommittee (Tenth item on the agenda)

95. The Committee had before it a paper¹⁰ containing the report of the Information and Communications Technology (ICT) Subcommittee.
96. Mr Thom, the Chairperson of the ICT Subcommittee, explained that the meeting of the Subcommittee had been a very important session as it had discussed the IT Strategy for 2007–09. The IT Strategy was a key component of the strategic framework of the Office and involved significant use of resources. This was the first decision paper to have been considered by the Subcommittee, an indication that the Subcommittee was now providing the strategic governance for which it had been formed.
97. Although the IT Strategy was a marked improvement over that presented in November 2006, the Subcommittee felt that the paper was lacking various elements: a clear budget; defined timelines; a strategy based on results-based management; and information on the field roll-out of IRIS. The Subcommittee therefore recommended the approval of the IT Strategy on condition that the Office provide an updated version at the November 2007 meeting which should include the information requested by the Subcommittee.
98. Mr Hilton-Clarke (Employer member substituting for Mr Finlay, Employer Vice-Chairperson of the ICT Subcommittee) endorsed the report and commended the Office for the three documents presented. They had provided a clear sense of the direction which the Office wished to take. The group supported the point for decision.
99. Mr Nakajima (Worker member) endorsed the comments made by the Chairperson of the Subcommittee.
100. The representative of the Government of Nigeria, speaking on behalf of the Africa group, gave her support to the point for decision.
101. *The Programme, Financial and Administrative Committee recommends to the Governing Body that it approve the IT Strategy as contained in GB.298/PFA/ICTS/1. However, this recommendation is conditional upon the Office submitting, for decision, an updated IT Strategy to the November 2007 meeting of the Information and Communications Technology Subcommittee, account being taken of the views expressed by the members of this Subcommittee during the March 2007 discussion.*

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

102. The Committee had before it a paper¹¹ containing the report of the Building Subcommittee.
103. Mr Estrela de Carvalho, the Chairperson of the Building Subcommittee, explained that the Subcommittee had decided to recommend that the Office be permitted to enter into

¹⁰ GB.298/PFA/10.

¹¹ GB.298/PFA/11.

negotiations for the possible transfer or sale of land. Prior to any decision to sell the land, the Office would consult the Building Subcommittee, the PFAC and the Governing Body. The Subcommittee also recommended that the International Labour Conference decide in June 2007 that the net proceeds of any sale of land be credited to the Building and Accommodations Fund. Such a decision would be necessary if further delays in starting the renovation of the headquarters building were to be avoided.

- 104.** Mr Lima Godoy (Employer Vice-Chairperson of the Building Subcommittee) understood that the resources required to renovate the headquarters building were a major concern. A lack of strategy had meant that no provisions for foreseeable repairs had been made for the past 30 years. For the last two years, the Building Subcommittee had been requesting that the Office provide a long-term strategy for renovations and ongoing maintenance of the headquarters building and field offices. Such a strategy should include financial resources, and it was the recommendation of the Building Subcommittee that those resources should be funded from the regular budget and be equal to at least 1 per cent of the fair market value of all the Organization's properties.
- 105.** The Employers supported the point for decision as resources had not been provided in any other way. A complete financing plan should be submitted to the Building Subcommittee for decision, and the Employers also expected the Office to develop a long-term strategy for all Office accommodation.
- 106.** Mr Ahmed (Worker Vice-Chairperson of the Building Subcommittee) endorsed the comments of the previous two speakers. Decent work implied a decent work environment and involved dealing with issues of occupational safety and health. The Workers fully supported the point for decision and hoped that the remaining funds required to complete the renovations of the headquarters building could be obtained from the Property Foundation for International Organizations (FIPOI) as part of a total financing package.
- 107.** The representative of the Government of the United Kingdom, representing the IMEC group within the Subcommittee, commented that the US\$2 million provision for the Buildings and Accommodation Fund in the proposed programme and budget was a helpful start but was inadequate. This amount fell well short of the 1 per cent of the total fair market value of all Office properties that had previously been requested by the Building Subcommittee to be included in the programme and budget. She explained that the Swiss delegation wished to provide additional related information to the members of the Committee but, as they were unable to address the PFAC, they invited any delegation wishing to obtain this information to contact them for details. She supported the point for decision.
- 108.** The representative of the Government of Kenya, speaking on behalf of the Africa Group, appreciated the efforts of the Office to start the urgent repairs that had already been approved by the Committee. The remaining work needed to start as soon as possible in order to avoid any escalation in costs. He called on the Office to provide a comprehensive strategy and long-term plan for dealing with the restoration and ongoing maintenance of all the Organization's property.
- 109.** The representative of the Government of Nigeria called for a more comprehensive strategy that did not rely on the sale of land. The Office would not always have land to sell and needed a plan which would take care of renovations required in 30 years' time.
- 110.** Mr Blondel, speaking on behalf of the Workers' group, said that, in view of the zero-growth budget which would undoubtedly be adopted for 2008–09, plans should be made to realize some of the ILO's assets. However, the Workers did not wish to see the renovation process begin until the availability of the 120 million Swiss francs needed over

the next ten years for necessary work could be guaranteed. Furthermore, he recalled that the Office also owed around 70 million Swiss francs. In the future, it should also be ensured that the regular budget make sufficient provision for regular building maintenance to be carried out. Mr Blondel wondered whether it might not become necessary for the Office to consider leaving Geneva. The Director-General needed to be in a position to debate every aspect of the problem with all interested parties. That was why the Workers' group had supported the point for decision, even though it was not entirely satisfactory to them.

- 111.** *The Programme, Financial and Administrative Committee recommends to the Governing Body that the Office be authorized to enter into negotiations on the possible transfer or sale of land and of the leasehold, with a view to submitting a comprehensive plan for financing the renovation of the headquarters building to the members of the Subcommittee for consultation prior to any decision, if necessary, by the Officers of the Subcommittee, of the Programme, Financial and Administrative Committee, and of the Governing Body.*
- 112.** *The Programme, Financial and Administrative Committee proposes that the Governing Body recommend to the International Labour Conference at its 96th Session (June 2007) that, in derogation of article 11.1 of the Financial Regulations, the net proceeds from any transfer or sale of land and of the leasehold in Geneva, Switzerland, be credited to the Building and Accommodation Fund and that it adopt a resolution in the following terms:*

The General Conference of the International Labour Organization decides, in derogation of article 11.1 of the Financial Regulations, to credit the net proceeds from any transfer or sale of land and of the leasehold in Geneva, Switzerland, to the Building and Accommodation Fund.

Report on programme implementation in 2006 (Twelfth item on the agenda)

- 113.** The Committee had before it a paper¹² on programme implementation in 2006.
- 114.** The representative of the Director-General (Mr Thurman) indicated that paragraph 114 on the non-binding rights-based Multilateral Framework on Labour Migration contained an error and that a corrigendum would be issued. The document stated that the Framework was endorsed by the March 2006 session of the Governing Body. In fact the Governing Body noted the Framework and authorized the Director-General to circulate it. The same mistake had been made in the programme and budget proposals and would also be corrected.
- 115.** Mr Barde, speaking on behalf of the Employers' group, commended the Office on the new layout of the document. However, with regard to the substance, he questioned the value of the report, which lacked perspective and could be likened to a simple promotional list of activities which failed to measure the real impact. The implementation of DWCPs marked a stage in the process of defining priorities, but the constituents did not feel that they were sufficiently involved, and to the Employers it appeared that the Office was responding more to its own priorities than to those of its constituents. Furthermore, he stated that each group had its own priorities. The speaker recalled that the Employers

¹² GB.298/PFA/12.

were also beneficiaries of the activities of the Office. It was, however, difficult to say whether the Office had responded to the Employers' priorities. He thanked ACT/EMP for the programmes it had run despite a constantly shrinking budget. As for the other departments, the secretariat of the Employers' group had requested the Executive Directors to draw up a list of the activities carried out by their departments for the benefit of employers' organizations. The information thus provided had been very instructive, doubtless more so than the report submitted to the Committee. Nevertheless, the Employers would have liked to be informed how ACT/EMP and its field specialists had been involved in the Office's other activities.

- 116.** Turning again to the document in question, the speaker recalled his group's opposition to the Employment Relationship Recommendation, 2006 (No. 198), and the resolution concerning asbestos. As for the DWCPs, it would have been interesting to have a list of the countries covered, as well as information on the establishment of those programmes, with the possible participation of ACT/EMP, and information on the impact on those programmes of UN reform. He asked a number of questions concerning the extent to which the Ethics Officer was truly independent. Finally, the speaker once again requested that the issue of decent work indicators be debated within the Governing Body.
- 117.** Mr Blondel, speaking on behalf of the Workers' group, noted that the report painted an idyllic picture of the situation and testified to a feeling of enthusiasm not shared by the Workers. He expressed surprise at the 99.95 per cent rate of satisfaction with IRIS, and regretted that the document made no reference either to Myanmar, on which the Office had expended a considerable amount of energy, or to Belarus. Moreover, the report referred to the voluntary reform of the Committee on the Application of Standards. The Workers had never sought to establish a geographical balance with regard to that Committee. The speaker asked the Office to indicate whether there was an official definition of the term "flexicurity", which was employed at several points in the document.
- 118.** Examining the report in more detail, the speaker welcomed the recognition of the Decent Work Agenda by various regional bodies. The Workers also expressed satisfaction at the adoption of the Maritime Labour Convention and the Recommendation on the employment relationship, both of which reaffirmed the importance and relevance of standards. The resolution concerning asbestos adopted at the International Labour Conference in June 2006 was relevant, including with regard to the work which needed to be carried out on the ILO building. With regard to the DWCPs, the speaker endorsed the remark made by the Employer spokesperson concerning the need to improve consultation. DWCPs also required that the capacities of the constituents and the staff of the Office be strengthened. The Workers again stressed the importance of freedom of association; it was impossible to speak of social dialogue if the basic elements of that dialogue did not exist. Like standards, freedom of association was the cornerstone of the Organization, and the document did not sufficiently highlight the considerable work carried out by the Committee on Freedom of Association for the benefit of the social partners.
- 119.** In the chapter relating to Strategic Objective No. 1, it was stated that 78 ratifications of ILO Conventions had been recorded in 2006. The speaker commended the governments concerned, and more specifically the Government of China, for the ratification of Convention No. 111. Those ratifications demonstrated the importance of the body of ILO standards as a whole. Paragraph 55 of the document referred to hazardous forms of child labour; the Workers opposed this selective approach. They regretted the lack of figures contained in the text and stated that, with regard to the allocation of funds, NGOs had received US\$47.5 million, while trade unions had received US\$6 million and employers US\$2.5 million. It was the employers who were putting children to work and they who needed to be convinced that they should abandon such practices if concrete results were to

be achieved. Paragraph 65 referred to a case of progress submitted to the Conference Committee on the Application of Standards, but that situation was not exceptional and the Workers hoped that many more would follow.

120. As to Strategic Objective No. 2, the speaker expressed surprise at the fact that there was no reference whatsoever to the Global Employment Agenda. Moving on to Strategic Objective No. 3, he welcomed the efforts made by a number of countries to revise safety and health legislation, and proposed that action on HIV/AIDS be fully integrated into national policies. The chapter on Strategic Objective No. 4 demonstrated that ACT/EMP and ACTRAV had carried out specific activities but there was no reference to the Recommendation on the employment relationship.
121. As to the mainstreamed strategies, the Worker spokesperson asked why the two most important ILO strategies, namely “Greater influence of international labour standards in development” and “Expanding the influence of social partners, social dialogue and tripartism”, were not included under separate headings. He felt that the paragraphs relating to the informal economy (paragraphs 161 and 162) were too general, and would have liked to see a greater number of concrete initiatives regarding export processing zones. With regard to communications strategies, he stressed the need for information concerning the ILO to maintain a certain factual content, and requested that all means of communication be employed, not only those which were the most modern and quickest, in order to publicize the ILO throughout the world.
122. Finally, the report on programme implementation should ideally take stock of the situation in some form. In its current form, the document reported on only part of the year that had elapsed, allowing, if need be, for observations to be made in order to influence future developments. From that point of view, it was uncertain as to whether the biennial document that had been proposed would be very satisfactory.
123. The representative of the Government of the Netherlands, speaking on behalf of IMEC, recalled that measurement of performance was central to results-based management as reflected in the strategy adopted in November 2006, and that reporting of real world outcomes was the justification for an organization’s programme of work and budget. In view of the weaknesses in the current reporting system, he agreed that the programming and reporting cycles needed to be re-evaluated.
124. While recognizing that improvements had been made to the report, he regretted that it did not take into account basic results-based management principles and modern reporting criteria, especially inclusion of baselines and benchmarks. The speaker said he would welcome the inclusion of financial information. Referring to the substance of the report and its added value, he would have expected to see more details, in particular more information on major challenges and how they were addressed within the resources available.
125. The speaker emphasized the importance of the implementation of fundamental rights and IMEC’s support to the ILO’s work on forced labour and discrimination. He encouraged the Office to continue its efforts towards more systematically linking the Committee on the Application of Conventions and Recommendations to technical cooperation, and stressed that, apart from signalling rights violations, the Office should provide assistance to address these rights violations. IMEC welcomed the increased focus on training constituents on results-based management to strengthen the application of DWCPs, and urged the Office to further integrate its programmes into PRSPs and UNDAF, while ensuring the ILO’s role in the “One UN” model.

126. He pointed out that the report gave the impression that the ILO worked primarily at country level while not exploring the potential for regional and subregional activities. Referring to the mainstreamed strategies, he requested information on how they contributed to the integrated approach in daily work and the work experiences with these strategies. With regard to the InFocus Initiatives, he also asked about their status and their continuation into the next biennium. In particular, he referred to the initiative on the informal economy and the proposed Joint Outcome on this for 2008–09. He requested information on the status of the “innovative approach to collecting statistics and data on women and men in the informal economy”.
127. The representative of the Government of South Africa, speaking on behalf of the Africa group, noted the need for the ILO to formulate indicators that would outline achievements and outcomes in a more accurate way. DWCPs had provided the opportunity to identify priorities and therefore to establish accurate indicators. He acknowledged the support given to the Decent Work Agenda in international forums and the role of DWCPs in the UN development efforts, which had made employment issues more central to socio-economic development in some member States in the African region.
128. Concerning Strategic Objective No. 1, the speaker welcomed the technical assistance granted to governments and social partners to realize the fundamental principles and rights at work. He also acknowledged the targeted actions implemented against child labour.
129. With regard to Strategic Objective No. 2, he noted that employment and decent work policy issues were being integrated into PRSPs and other national poverty reduction strategies, which was critical in the implementation of the Ouagadougou Declaration and Plan of Action on Employment and Poverty Alleviation. He welcomed the initiative to establish an African Labour Market Information Library network and the use of the 2000–01 surplus to launch the rural youth employment initiative in Africa.
130. Under Strategic Objective No. 3, the speaker noted that social protection schemes were being established in the African region, as well as national policies to address HIV/AIDS, for which major challenges still remained.
131. Concerning Strategic Objective No. 4, the speaker welcomed the work done in establishing social dialogue institutions, and noted the importance of modernizing labour ministries and building the capacity of labour ministry officials.
132. The speaker took note of the weaknesses in the current reporting system and the proposal to move to a single biennial implementation report. He stressed the need to show the challenges encountered and whether or not targets had been met.
133. The representative of the Government of Mexico made a number of suggestions to improve or clarify information on targets under the various strategic objectives. She proposed that the Office prepare a cost-benefit analysis in relation to the preparation of reports. She provided clarification in relation to paragraph 143, which referred to a comprehensive diagnosis of local conciliation and arbitration councils completed by the ILO in Mexico.
134. The representative of the Government of Kenya supported the statement made by the Africa group and expressed his support for DWCPs. In referring to the section on the SYNDICOOP programme, he requested that the Office re-examine the involvement of ministries of labour in projects and programmes that cut across other ministries, to ensure their participation. He commended the Office for the technical assistance provided for the

modernization and capacity building of labour ministries. He welcomed the proposal for an updated public database on export processing zones.

135. The representative of the Government of Nigeria supported the proposal in paragraph 24 to move to a single implementation report covering the full biennium. She described some of the work taking place in Nigeria with ILO assistance, such as the development of a DWCP, the removal of children from trafficking and the establishment of a national workplace policy.
136. The representative of the Government of Spain expressed support for the IMEC statement. He noted that while the document was rather complete, the ILO had done more than what was listed within it. He recognized the limits on ILO action in the area of migration, but emphasized that migration was a priority area for Spain. He also suggested that there was a need to better quantify work related to employment, such as direct job creation, and that in the future figures should be provided as far as possible. He requested statistics on the number of jobs created through ILO action. He considered that reducing poverty through job creation should be the ILO's top priority, and that the ILO should make greater efforts to involve constituents in that area.
137. The representative of the Government of Japan endorsed the statement made by IMEC. The speaker emphasized the importance of occupational safety and health as a component of Strategic Objective No. 3, noting that it was one of the most fundamental requirements of the Decent Work Agenda. The speaker also added that it was important to promote the early ratification of the Promotional Framework for Occupational Safety and Health Convention (No. 187), which was expected to help encourage the continuous improvement of national policy frameworks. He was also encouraged to know that various countries had made efforts to revise their national systems in alignment with ILO Conventions, including the new Convention, illustrating the ILO's key role in promoting progress in this field.
138. The representative of the Director-General (Mr Thurman) thanked the speakers for their suggestions regarding implementation reporting. The implementation report for the biennium would contain more information on problems and lessons learned. Links between DWCPs and UN reform were a high priority, and a number of practical activities were being carried out in relation to that issue. He acknowledged that there was much to improve in IRIS, and explained that the reference to 99.95 per cent availability related to the overall availability of the IT infrastructure during working time.
139. He noted that most ILO work was directed towards influencing policies and improving the capacities of member States. Evaluation therefore was the best way to make the connection between ILO work and long-term impacts. The ILO was moving away from InFocus Initiatives, which did not have specific results, in favour of joint immediate outcomes. A questionnaire to assist with the collection of statistical information on men and women workers in the informal economy had been completed and would be issued to field offices. A number of DWCPs dealt specifically with subregions, as was the case in Central America and the Caribbean.
140. Mr Blondel recalled that he had requested the Office to provide him with a definition of the term "flexicurity" employed in the document.
141. The representative of the Director-General, Mr Thurman, explained that "flexicurity" was defined as "employment security delivered by the private or public sectors and social protection which together should permit 'protected transition' towards new jobs for those adversely affected by changes in the business environment".

142. Mr Blondel thanked the Office for that explanation, which provided a clear framework for the discussion. He stressed that, if standards were to be flexible, they had to exist in the first place. The debate had been opened and the issue would certainly arise again in the course of later discussions.
143. Mr Barde said that he could not see the relationship between flexicurity and standards, and suggested to the Worker spokesperson that the issue be discussed.

Other financial questions (Fourteenth item on the agenda)

The United Nations System Chief Executives Board (CEB) for Coordination – Statistical report on the budgetary and financial situation of organizations of the United Nations system

144. The Committee had before it a paper¹³ containing a statistical report on the budgetary and financial situation of organizations of the UN system.
145. Mr Blondel, speaking on behalf of the Workers' group, expressed his dismay at the fact that, in the United Nations System Chief Executives Board for Coordination Report on the budgetary and financial situation of organizations in the UN system (document No. A/61/203), in table 7 on the collection of assessed contributions, the ILO featured in last place with a rate of 50 per cent. That was a regrettable situation at a time when the Organization was urging UN reform: the ILO had been created in the wake of the First World War in 1919, and, as such, ought to have more to be proud of. It should also be recalled that the ILO's contributions were first and foremost an investment for peace. He concluded by telling the Government representatives that the Workers would try to ensure that the situation returned to normal.

Meeting of Experts on Labour Statistics

146. The Committee had before it a paper¹⁴ regarding a Meeting of Experts on Labour Statistics.
147. Mr Barde, speaking on behalf of the Employers' group, supported the principle of holding a Meeting of Experts on Labour Statistics on the International Standard Classification of Occupations (ISCO) in accordance with a Governing Body decision of March 2004. However, he wished to know how many employer experts would be invited and whether the co-financing mentioned in paragraph 2 was confirmed. He furthermore recalled that the Governing Body's decision had recommended that: (i) the issue of decent work indicators should be the subject of a debate at a future session of one of the committees of the Governing Body, as a precondition for convening a tripartite meeting of experts; and (ii) priority should be given to the organization of a meeting of experts on working time, and asked why these latter points had been eclipsed.

¹³ GB.298/PFA/14/1.

¹⁴ GB.298/PFA/14/2.

148. Mr Blondel, speaking on behalf of the Workers' group, accepted the point for decision in paragraph 3 and hoped that the co-financing of the Meeting would be confirmed and the cancellation of activities owing to financing methods would not be definitive. He cited the example of the Resolutions Committee, which had been obliged to give way in order to allow the follow-up to the Maritime Conference to take place, and hoped that it would be reinstated and enabled to meet with more consistency in future. He concluded by asking which activities would be affected in the present case.
149. The representative of the Government of Canada believed that it was difficult to make a decision on the basis of the information currently provided. She requested the Office to provide additional details on the proposed meeting regarding the preparatory work undertaken since 2004 which would make this an appropriate time to hold the Meeting of Experts, and the breakdown of the 32 participants in terms of representation.
150. The representative of the Government of Spain commented that the most important factor to consider was not the financing of the Meeting, but its subject matter, as the uniform international classification of occupations was obviously essential.
151. The Treasurer and Financial Comptroller provided details on the estimated cost of the Meeting: the US\$178,000 was made up of US\$108,000 for air ticket costs; US\$63,000 for per diem allowances; and the balance of US\$7,000 on travel incidentals. No activities would have to be sacrificed to undertake the Meeting, as the proposal was that it be financed from savings under Part I or Part II of the budget.
152. The representative of the Director-General (Mr Young, Director of the Bureau of Statistics) explained that the estimated 32 participants would be composed of 16 Government, eight Worker and eight Employer representatives. The Meeting would take place in Geneva, and since the decision in 2004, there had been regular consultations with member States and constituents on the issues that should be discussed by way of updating the classification of occupations.
153. Regarding the co-financing of delegates' participation, positive discussions had taken place with the African Development Bank and some member States. Five governments had agreed to finance participation of their delegations, and the African Development Bank had promised to finance participation of African countries. The Asian Development Bank had been contacted about financing participants from the Asian region.
154. The Meeting of Experts would not address the question of decent work indicators. It had been decided that the Governing Body would first consider the measurement of decent work before there could be a discussion on the indicators; that debate by the Governing Body had not yet taken place.
155. The representative of the Government of the United States commented that, whilst it was expected that donations would decrease the meeting cost to the Office, air ticket costs were also an area where savings could be made.
156. *The Committee recommends that the Governing Body approve the additional cost of the Meeting, estimated at US\$118,700, and that it be financed from savings in Part I of the budget for 2006–07 or, failing that, through Part II.*

ILO capacity-building strategy: The role of the International Training Centre of the ILO, Turin

- 157.** The Committee had before it a paper¹⁵ on the role of the International Training Centre of the ILO, Turin.
- 158.** Mr Barde, speaking on behalf of the Employers' group, thanked the Office for the very comprehensive report on the relations between the Turin Centre and the Office, both in Geneva and in the regions. The Employers' group strongly supported the Centre, which produced very satisfactory results. With regard to the emphasis placed on the priority given to strengthening constituents' capacities as the principal strategy for technical cooperation, the Turin Centre was very well placed and had developed numerous activities for its constituents.
- 159.** However, with regard to the funding of activities for employers, the Programme for Employers' Activities ought to be able to benefit from a similar base to that of the Programme for Workers' Activities. The speaker thanked all donors for their contributions to the Turin Centre's activities for employers. He supported the proposals concerning the financing of the Centre, in particular an approach based on voluntary contributions. The Centre and the Office should hold consultations with governments soon and inform the Board of the Centre and the PFAC of the outcome.
- 160.** The Employers supported the establishment of a working group, as proposed in paragraph 27. As the Employer and Worker spokespersons on the Board would have to be members of such a group, the Office and the Centre could count on the Employers' support.
- 161.** It was also important for the Centre to be fully integrated into the Organization's activities so as to promote the decent work objectives. Better coordination was needed to avoid overlapping activities. Nonetheless, the Employers were in favour of the Centre maintaining its practical approach, as described in paragraph 18 of the document. However, the Centre should aim to select participants from the highest possible levels, particularly in order to strengthen constituents' organizations. That would involve adapting certain programmes.
- 162.** With regard to technical cooperation projects, thought should be given to better involving the Centre in their implementation. The Employers therefore encouraged the Office to form an internal group to consider the issue, as proposed in paragraph 29. The group could submit its conclusions to the Governing Body. ILO staff from headquarters and the regions could be trained in Turin, in certain cases.
- 163.** In the context of UN reform, the Turin Centre could play a significant role, given that the UNDP had no such centre. The ILO could have a key role in the "One UN" programmes. DWCPs should therefore fully integrate the Centre into possible ways to address priorities.
- 164.** The Employers' group wished to see a document setting out in more detail the cooperation options, both at country level and in terms of cooperation between Geneva, Turin and the regions. Furthermore, the speaker considered that the loss of expertise in Geneva on numerous subjects would affect such cooperation. The spokespersons on the Board of the Centre should be involved in the process. The next report should also include more information on UN reform and its implications for the Centre.

¹⁵ GB.298/PFA/14/3.

- 165.** Mr Blondel, speaking on behalf of the Workers' group, having clarified that it was not the Workers who received money from the Turin Centre but ACTRAV which transferred funds to the Centre, expressed satisfaction that the PFAC once more had before it a document on the role of the ILO International Training Centre and its relations with other organizations. Defining a training strategy and strengthening constituents' capacities were essential elements for the integration which the Workers wished to see between the Office and the Turin Centre. The Centre should be seen as a vehicle for training ILO constituents and a tool for implementing the Decent Work Agenda. The moment had come to reflect on the creation of a permanent strategy to increase the Centre's regular income.
- 166.** With regard to the points of convergence, the Workers endorsed the need to establish a coherent strategy to strengthen constituents' capacities by including a training element in ILO programmes and projects assigned to the Turin Centre. That would require a willingness on the part of the Office and donors to increase the share of the technical cooperation budget allocated to the Turin Centre. The Workers also agreed that greater coherence between the various parts of the ILO should be promoted, as described in paragraph 3 of the document. They did not share the view expressed in paragraph 4 that integration between the Office and the Centre would cause severe legal and financial problems, and believed that the problems could and should be overcome. The Workers agreed with the view expressed in paragraph 5 concerning the potential danger posed to the Centre by undue dependence on outside sources of finance. Such dependence would effectively limit the Centre's capacity to implement the ILO's strategic objectives and the Decent Work Agenda. The External Auditor had already underlined, in his report to the Board of the Centre in 2004, that any strengthening of links with the ILO's strategic objectives could be compromised by the Centre's increasing dependence on other partners and donors to finance its activities. That advice was still entirely relevant.
- 167.** Turning to the capacity-development strategy for the ILO and the role which the Turin Centre could play in that regard, the Workers fully endorsed the general orientations for work proposed in the document, but wished to emphasize that the comments of the External Auditor took on even greater significance in the light of UN reform. In that context, the Centre would need to become more viable, since training was a tool for promoting and implementing decent work and tripartism within other UN organizations. It should not be forgotten that the Centre's primary mandate was to train constituents. The situation required additional resources to be allocated to the Turin Centre.
- 168.** Addressing the question of the Centre's position with respect to similar establishments, such as the United Nations Staff College, the speaker explained that the Workers wanted the Centre to become an institution which was able to operate at UN level on a whole range of issues and, in particular, with regard to decent work. He trusted that the Office would develop appropriate ways to achieve that goal.
- 169.** The Workers endorsed the proposal made in paragraph 27 to prepare a working paper for submission to the Board of the Centre and the PFAC. At the same time, they wished to emphasize that their agreement did not imply that they had abandoned their desire to see the share of the regular budget allocated to the Centre increased at some time.
- 170.** The Workers proposed that a tripartite working group be established with responsibility for analysing models for a system which would allow the Centre's regular budget to be increased, on the basis of voluntary contributions by member States. They also proposed that the Board of the Centre and the PFAC should receive regular annual reports on the progress made in implementing the points set out in the document, particularly in paragraph 28. The Turin Centre should be the training centre for ILO staff.

- 171.** The representative of the Government of South Africa agreed that the Turin Centre had a unique role in transferring knowledge of ILO issues and concerns through capacity building. He supported the call for an optimal division of labour between the Office and the Centre. That would require a pragmatic and coherent approach and resources. Resources were a significant concern. The Centre remained highly dependent on voluntary contributions, and that created difficulties for the proper planning of its activities. The Africa group agreed with the proposal to look at the possibility of direct contributions to the Centre's budget. It further supported the use of the Centre to design and run training and refresher programmes for ILO staff and induction courses for new officials. The group looked forward to the working paper to be submitted to the Board of the Centre and the PFAC in November 2007.
- 172.** The representative of the Government of Spain referred to the contents of paragraph 28 of the document, which highlighted the need to harmonize programming cycles between the ILO and the Turin Centre. He believed that there was also a need to harmonize the cycle of control and monitoring of programmes carried out during the previous year. The review of programmes in 2006 would take place in November 2007, and the intervening period was too long. It did not encourage members of the Governing Body to actively guide and review the Centre's activities. In November 2006, with the support of the Employer members and some governments, he had suggested that a meeting be held in March 2007 to discuss the Centre's 2006 programmes. There was no intention to hold two meetings every year but simply two meetings in 2007. No such meeting had been organized and no reason had been given. A meeting had now been scheduled for November 2007, without any mention of the request for a March meeting. He would appreciate an explanation as to why such a meeting had not been organized.
- 173.** The representative of the Government of Kenya recognized the significant role played by the Centre in training, publication activities and research relating to the Decent Work Agenda. He endorsed the proposals in paragraph 27 on the need to prepare a working paper to be submitted to the Board of the Centre, and thereafter to the PFAC, in November 2007. He also supported the set of concrete measures in paragraph 28 and the seven proposals culminating in the actions envisaged in paragraph 29 of the paper.
- 174.** The representative of the Government of Nigeria referred to the dependence of the Centre on outside sources of finance and supported the idea of finding a new mechanism by which direct contributions to the Centre's budgets could be made by industrialized countries. She was concerned that the same group of countries being called upon to contribute to the Centre's budget would also be called upon to contribute to the ILO's proposed Regular Budget Supplementary Account, as outlined in the Programme and Budget for 2008–09.
- 175.** The representative of the Government of Italy welcomed the paper, which represented a positive synthesis of the issues and debate concerning the work of the Centre. The Centre was an essential instrument with which the ILO could execute its strategy for strengthening constituents' capacities, and such a strategy could be the only valid basis for integrating the Centre's operations into the ILO's programme.
- 176.** She shared the views presented in the second part of the paper. A central element of such a strategy would be to enhance the cohesion between the work of the Turin Centre and that of the ILO. The Centre's activities must be fully integrated with the ILO's Technical Cooperation programme, a point acknowledged by both the Centre's Board and the Committee on Technical Cooperation.
- 177.** The objective of integrating the Centre's activities was a complex issue, giving rise to many questions. She therefore supported the proposal for the preparation of a working

paper putting forth options and proposals, to be presented to the PFAC in November 2007. The paper would also address the difficult issue of the Centre's funding, in the context of integration with the ILO, notably the dependence on sources of external funding and the constraints of zero growth budgeting at the ILO.

- 178.** The representative of the Government of Germany described the Turin Centre as the strategic arm of the ILO, and recalled that the plan put into place in November 2006, which covered the Centre's activities for the period 2007–11, had foreseen a very close relationship between the work of the Centre and the objectives of the ILO. Participants in training at the Centre were increasing in number and the Centre had become the largest training facility within the UN system. Consequently, she fully supported the proposal to form a tripartite working group which would consider such matters as harmonizing programmes between Turin and the ILO, the exchange of personnel, and development of capacity. She looked forward to seeing a paper covering those subjects and the question of obtaining additional financing for the Centre in November 2007.
- 179.** The representative of the Government of France wished to see further action towards building a coherent strategy of capacity building for the ILO's constituents, a strategy in which the Turin Centre had a key role to play. There was a need to improve the links between Geneva and Turin and to dispel the uncertainty still facing the Centre with regard to programming. He also supported the proposal to establish a tripartite working group which would address the issues facing the Centre.
- 180.** The representative of the Government of the Philippines hoped that the role of the Turin Centre within the ILO's activities would be given more importance and that regular financial support would be provided accordingly.
- 181.** The representative of the Director-General (Mr Eyraud, Director of the Turin Centre) thanked the Committee for its ongoing support of the Training Centre. The issue of its integration into the ILO would continue to be discussed but such integration faced certain fundamental problems. The fact that the Centre had to find 80 per cent of its funding from voluntary contributions was one such problem. It was important that the Centre continue to attract voluntary funding but it was also vital to establish an acceptable threshold level for permanent funding. He acknowledged the support given for the establishment of a working group to analyse the role of the International Training Centre in the ILO capacity-building strategy as a whole and the financial consequences. He confirmed that action would be taken accordingly to set up this working group.
- 182.** Questions raised about the employer programme at the Centre were now being actively addressed following the recent arrival of the staff member responsible. Referring to the suggestion that the Centre should hold two board meetings per year, Mr Eyraud explained that the proposal was being considered. It would necessitate an amendment to the constitution of the Centre and would obviously have cost implications.

- 183.** The representative of the Government of Spain clarified his request concerning board meetings. He had not requested two meetings per year but rather a change to the month in which the meeting took place, from November of the year under review to March of the following year.

Geneva, 26 March 2007.

(Signed) S. Modeen,
Reporter.

Points for decision: Paragraph 17;
Paragraph 78 ;
Paragraph 91;
Paragraph 93;
Paragraph 94;
Paragraph 101;
Paragraph 111;
Paragraph 112;
Paragraph 156.