International Labour Conference

Provisional Record **14**

100th Session, Geneva, June 2011

Second item on the agenda: Programme and Budget proposals for 2012–13 and other questions

Report of the Finance Committee of Government Representatives

1. The Finance Committee of Government Representatives met on 2 June 2011. Mr G. Vines (Australia) was elected Chairperson and Reporter and Mr P. Mwatile (Namibia) as Vice-Chairperson. The Chairperson welcomed to the meeting Sir Roy Trotman and Mr E. Julien, as observers, representing, respectively, the Workers' and Employers' groups of the Programme, Financial and Administrative Committee (PFAC).

Status of collection of member States' contributions

2. The Committee had before it document C.F./D.2 containing information on the status of collection of member States' contributions as at 20 May 2011.

3. The Treasurer and Financial Comptroller reported that, in addition to the information contained in the Office paper, contributions had since been received from the following member States:

Member States	Contribution received for 2011	Contribution received for arrears	Total contributions received in Swiss francs
Barbados	28 819		28 819
Benin	6 770		6 770
Bosnia and Herzegovina	52 659		52 659
China	9 012 725		9 012 725
Congo	7 063		7 063
El Salvador	65 516	5 072	70 588
Kiribati		3 907	3 907
Malaysia	928 589		928 589
Nicaragua	6 222		6 222
Panama	7 056		7 056
Turkey	1 936 619		1 936 619
Total	**12 052 038**	**8 979**	**12 061 017**

Total contributions received in 2011, therefore, amounted to 224,265,312 Swiss francs (CHF) comprising CHF216,256,676 for 2011 contributions and CHF8,008,636 for arrears of contributions. The balance due as of 2 June 2011 was CHF247,005,903.

4. He also highlighted a correction to the paper. The contribution shown as having been received from the Solomon Islands was actually received from Zimbabwe. Therefore, the Solomon Islands had not recovered its right to vote.

5. ***The Committee took note of the information in the document.***

Scale of assessments of contributions to the budget for 2012

6. The Committee had before it Report II: Draft Programme and Budget for 2012–13 and other questions, containing details of the proposed scale of assessments for 2012.

7. ***The Committee recommends that the Conference adopt this resolution, the text of which appears at the end of this report.***

Composition of the Administrative Tribunal of the International Labour Organization

8. The Committee had before it Report II: Draft Programme and Budget for 2012–13 and other questions, containing a draft resolution concerning appointments to the Administrative Tribunal of the ILO.

9. ***The Committee recommends that the Conference adopt this resolution, the text of which appears at the end of this report.***

Programme and Budget proposals for 2012–13

10. The Committee had before it the Director-General's Programme and Budget proposals for 2012–13, first considered by the Governing Body at its 310th Session (March 2011). The Committee also had before it Report II: Draft Programme and Budget for 2012–13 and other questions, containing a report on the consideration of the Director-General's original and revised proposals as approved by the Governing Body. In addition, the Committee had before it document C.F./D.4 containing further adjustments to the Programme and Budget proposals for 2012–13.

11. The Director-General introduced the Programme and Budget proposals for 2012–13 with a proposed expenditure of US$742 million. His introductory remarks are attached as Appendix I to this report.

12. Sir Roy Trotman, speaking on behalf of the Workers' group, observed that the revised proposal reflected further reductions in the budget. Though recognizing that in times of financial crisis governments were often faced with difficult decisions on priorities, it was his opinion that the governments should provide the funding requested in March 2011 in order to reduce suffering later.

13. While the ILO was seeking ways to be more efficient, it already provided value for money and had upgraded its worldwide services over the years. He stressed that greater demands would be placed on the ILO to respond to global issues with even less resources. He confirmed the ILO's relevance and its need for adequate capacity in the light of current social upheavals. He believed these upheavals emanated from widespread poverty, unemployment and lack of social justice.

14. He emphasized the ILO's key role in promoting stable growth through its policy tools and its standard-setting and supervisory mechanisms that should guide the United Nations system and societies. He welcomed the efforts for building capacity of constituents and recognized the key role of social partners in policy-making and stressed the need for their involvement in the Decent Work Country Programmes at all stages.

15. The speaker supported the enhancement of ILO's role in global governance structures and UN structures and its key role in the G8 and G20 processes. He approved of the integration of the South–South and triangular cooperation in its action, built on tripartism and ILO values.

16. Speaking to the regional budgets, he acknowledged a justifiable increase in the budget for Africa. He highlighted the ILO's role in supporting workers in North Africa and the Middle East, where popular uprisings were consequences of the lack of rights of workers, especially for young workers. He felt that the Office needed to allocate more resources to the Arab states region. He believed that greater attention needed to be given to the ratification of Conventions in Asia, particularly Conventions Nos 87 and 98. He felt that Latin America should focus on freedom of association and collective bargaining, working conditions and social security and wages. He expressed some concern about the small increase in budget allocated to the European region over several biennia, in the light of deregulatory approaches and growth in precarious and informal employment.

17. He expressed concern that policy areas covered by 19 outcomes were being undermined along with collective bargaining institutions, a trend which was contrary to the Global Jobs Pact and Decent Work Agenda. He pointed out that attempts had been made to undermine trade unions through changing labour regulations and laws on collective bargaining and freedom of association. He reiterated that the Office required resources in order to help these countries and to intensify efforts on employment, decent work and policies.

18. He fully supported the budget proposals on gender equality and expressed optimism that the Office and member States would make gender equality a reality, emphasizing the need for ratification and implementation of gender equality Conventions.

19. The speaker strongly endorsed the zero real growth proposals and appealed to governments to accept the 2.1 per cent nominal increase in order to address urgent needs for ILO services in crisis and social upheavals. This increase was particularly important in light of the decline in extra-budgetary resources and RBSA. He affirmed the belief that the ILO required adequate resources to support ILO values.

20. Mr Julien, speaking on behalf of the Employers' group, pointed out that a majority had supported the budget proposed in the March 2011 Governing Body and affirmed that his group was still supportive of that proposal.

21. He acknowledged the concerns among governments that contribute the most to the ILO's regular budget and extra-budgetary resources and urged the Office to improve management and efficiency to identify possible savings. He supported the revised proposals, but voiced concern that the budget cut into the actual delivery by the ILO in sectoral and technical meetings.

22. He welcomed the more stable strategic framework which provided coherence, stability and accountability. He approved of the ILO's efforts to work with other UN agencies and highlighted that policy coherence was an important ILO mandate and required when working with partnering organizations.

23. The speaker commented on steps required to address the four priorities of his group. The first priority concerned management strategies. He observed that the Knowledge Strategy required full implementation of the IT and HR strategies. He recognized the effort made by the Office to fill key vacant posts as promised in the March 2011 Governing Body.

24. As the second priority, he emphasized that strengthening the capacity of the Office to respond to the crisis required genuine tripartite intervention. Thirdly, he called for more progress on improving reporting and transparency, particularly in the regions with the involvement of ACT/EMP, ACTRAV and social partners. Fourthly, he expected a focus on services for constituents with a strengthened Bureau of Employers' Activities.

25. He stressed that improvements in technical and policy expertise were needed. Quality of product and transparency for evaluation by the Governing Body were key. The budget proposal included a reduction for ACT/EMP but offered more flexibility and he therefore supported the revised proposal even with the cuts for sectoral activities.

26. The representative of the Government of Argentina, speaking on behalf of GRULAC, recalled that, during the 310th Session of the Governing Body, his group had stressed that the 2012–13 budget needed to strike a balance between the challenges for decent work and the budgetary constraints of contributors. He noted that the regular budget had been stable since 2000 but that consideration must be given to a 14.2 per cent decline in the real value of the budget. He underscored his appreciation for the new adjustments and reduction of 0.3 per cent.

27. He requested more precise details concerning the savings outlined in paragraph 6 of the proposal, including the departments that would be involved and the internal coordination measures required. With respect to paragraph 7, he felt that further details and precision were needed on how the estimates were established for the non-replacement of General Service staff and the reassignment of their administrative duties. He emphasized that the elimination of subregional meetings required a redefinition of such meetings and suggested greater regional decentralization for such meetings.

28. He expressed the need to further explore efficient formulas to decrease interpretation costs at the Governing Body to ensure this would not reduce the capacity, contribution and coordination of the regional groups. He stated that reduced printing costs were possible through the increased use of new technologies.

29. He reaffirmed his group's position to continue discussions on the proposals to ensure resources were used more efficiently.

30. The representative of the Government of New Zealand, speaking on behalf of ASPAG, noted the overall increase of 2.1 per cent in the current budget that had been proposed in times that were financially and economically difficult for many members. The proposed budget impacted on the capacity of member States to contribute and, conversely, on the capacity to meet an increased demand for ILO services. ASPAG supported the maintenance of appropriate funding but noted that processes needed to be in place to ensure efficient delivery of services.

31. He welcomed the Office's acceptance of the proposal for an internal expenditure review committee to evaluate all programmes and expenditure in headquarters and the field on a

continuing basis to ensure value for money. This would enable the ILO to prioritize and provide more effective services. He stated that, in this time of serious fiscal restraint, the same rigour that governments applied to managing their budgets should be applied to ILO budget preparation and management.

32. He welcomed the initiatives in the budget relating to strategic training of management and leadership development, the new performance management framework and strengthening knowledge management and research capacity. However, he stressed that these measures within the programme and budget must be accompanied by an efficiency culture and management reform. He encouraged the efforts needed to secure voluntary contributions in order to support the technical assistance activities of the ILO.

33. The representative of the Government of South Africa, speaking on behalf of the Africa group, took the opportunity to reaffirm his support for the revised proposal. He welcomed assurances that further adjustments would not affect programmes in the face of continuous challenges for social justice.

34. He reiterated that it was essential for the ILO to be involved in crisis recovery and realization of social justice. The situation in the global decent work deficit in Africa had worsened over the last ten years. He expressed concern about the fall of extra-budgetary resources. He stated that extra-budgetary resources were essential for fair patterns of growth and called on donors not to reduce their support. He maintained that the social dimension of globalization required policy tools of the ILO. Technical cooperation resources were critical to implement a Social Protection Floor.

35. He supported the establishment of the internal expenditure review committee to review expenditure patterns and approved of the increase to the Turin Centre and South–South and triangular cooperation. He expressed a note of caution for the proposed reduction in staff and cited the External Auditor’s observation in the PFAC that there was a need to increase institutional capacity and ensure adequate training and development to support the achievement of the ILO’s goals and outcomes. His group supported the proposed budget.

36. The representative of the Government of Sweden, speaking on behalf of the Nordic countries (Denmark, Finland, Iceland, Norway and Sweden), agreed that the ILO had a role in assisting member States facilitate crisis recovery. He recalled that, in March 2011, his group had supported a zero real growth budget. He underlined that the group supported the recommended increase of 29 per cent for the evaluation function. He stressed the need for transparent budget negotiations and expected his group to be continually informed and consulted about the process and the proposals. He concluded by expressing support for the proposals.

37. The representative of the Government of Brazil supported the statement made by GRULAC. He believed that the ILO continued to be highly relevant in a world where a reduction in decent work had occurred due to the financial crisis. He appreciated the effort made by the Office in finding further reductions to the budget. He supported the revised proposals.

38. The representative of the Government of Poland welcomed the effort made by the Office in carrying out consultations and in rationalizing the budget by reducing proposed expenditure. He recognized that the proposed budget might have an impact on delivery of ILO activities but noted that such cuts would help the member States who were facing financial difficulties. He supported the new budget proposals.

39. The representative of the Government of Uruguay supported the proposed budget. He considered a zero real growth budget as appropriate and stressed the importance of regional cooperation.

40. The representative of the Government of India expressed his support for the creation of a committee on expenditure review and for the proposed 29 per cent increase in the budget for the evaluation function. He welcomed the savings and efficiency gains, as well as support for South–South and triangular cooperation and youth employment. The Regional Meeting for Asia and the Pacific should not have been eliminated. He asked that greater resources be allocated to the Asia and Pacific region as well as gender-related activities. In the interest of consensus, the speaker supported the new proposals but conceded the budget would slightly compromise programmes in his region.

41. The representative of the Government of the United States appreciated the efforts of the Office in developing a revised budget proposal. He emphasized that further reductions were needed and that his country advocated zero nominal growth. He urged the Office to continue to work toward agreement on a budget that could be supported by all countries. While it supported the ILO's objectives, because of its own fiscal realities the United States could not support the budget proposals.

42. The representative of the Government of Côte d'Ivoire endorsed the statement made by the Africa group and supported the budget proposal.

43. The representative of the Government of Japan supported the statement made by ASPAG. He appreciated that the new proposal found savings in indirect expenses like General Service staff costs. He stated that due to the financial deficit that Japan was facing, his Government had become more accountable to the public with regard to expenses for international organizations. Therefore, his Government had to examine further the revised proposal before taking a decision.

44. The representative of the Government of Cameroon endorsed the statement made by the Africa group. He stressed the fact that budget cuts would negatively impact the African region.

45. The representative of the Government of United Kingdom thanked the Office for the work undertaken since the March Governing Body discussions. He appreciated that the proposals reduced the proposed nominal increase of 2.4 per cent to 2.1 per cent but considered that the proposals did not fully take into account the extraordinary financial pressures which governments were facing. His Government felt that the call by the UN Secretary-General for all agencies to look very seriously at cutting their budget had not been acknowledged by the proposals. For his Government, zero nominal growth remained the aim. Therefore, the United Kingdom could not support the revised proposal.

46. The representative of the Government of Chile supported the statement made by GRULAC. She appreciated the savings identified but stressed the importance for the ILO not to reduce the quality of work. The speaker supported the proposed budget.

47. The representative of the Government of Kenya endorsed the statement made by the Africa group and supported the proposals.

48. The representative of the Government of Senegal supported the statement made by the Africa group. He emphasized the importance of the work of the ILO to promote social security, decent work and peace within the world. He expressed the expectation that many demands would continue to be placed on the ILO.

49. The representative of the Government of Switzerland recalled that her Government had already supported the programme and budget proposals at the March 2011 session of the Governing Body. She commended the Office for the significant effort made to identify savings and reiterated her country's support for the proposals.

50. The representative of the Government of Mexico supported the statement made by GRULAC.

51. The representative of the Government of Spain recalled the importance of a zero nominal growth budget. He mentioned that other United Nations organizations had adjusted their budget to meet current realities. The speaker stated that his Government did not support the revised proposals.

52. The representative of the Government of the Netherlands expressed his appreciation for the efforts which had been made by the ILO to present a revised and reduced budget, as well as the consultations the Director-General had undertaken. However, given severe government fiscal and budgetary restraints, the Netherlands was striving for a 3 per cent reduction in the budgets of all UN agencies, in line with the call of the Secretary-General of the United Nations. In light of this policy, the Netherlands could not support the proposed budget. Since the Netherlands had previously supported the budget recommendation in the March 2011 Governing Body, and did not want to hinder the adoption of the resolution on the budget, it would abstain in the vote on the budget proposal.

53. The representative of the Government of Germany confirmed his country's support for the content of the programme and budget, which Germany had previously supported during the March 2011 Governing Body. Germany considered that the budget was established at the right level and was not exaggerated. Budgetary cuts were being proposed without a reduction in essential services.

54. The representative of the Government of Panama supported the statement made by GRULAC. Panama had supported the budget proposals during the March 2011 Governing Body and continued to support the latest revision. Panama noted the history of collaboration between it and the ILO, and mentioned the proposed regional cooperative project to establish a training centre for the Americas, specializing in maritime issues.

55. The representative of the Government of Lebanon endorsed the statement made by ASPAG, and expressed his appreciation for the alternative budget presented by the Office. He noted the recent changes taking place in the Arab world, and appealed to the ILO to play a positive role in the transitions. Efforts to combat unemployment and child labour should remain untouched. He supported the proposed budget.

56. The representative of the Government of Togo appreciated the significant effort made to streamline the budget, and endorsed the statement made by the Africa group. He supported the proposed budget, and the aim for better effectiveness and efficiency in delivering the work programme.

57. The representative of the Government of New Zealand commented that current global economic conditions posed serious issues for the ILO and its constituents, and made finding a balance between demand for ILO services and a constrained resource base all the more important. He recognized that this involved difficult choices. Governments have had to reprioritize objectives and make cuts, and the practice of absorbing cost increases had become the norm. His country's own economic situation had required it to adopt a zero-based budget, and the ILO should adopt a similar approach. As the budget proposals were not zero nominal growth, New Zealand could not support them. However, given that there was extensive support for the proposals and not wishing for this position to be misinterpreted as a lack of support for the ILO and its objectives, New Zealand would abstain in the vote on the proposals.

58. The representative of the Government of Portugal was disappointed that the revisions to the March 2011 proposals had not been taken further, in light of the difficulties faced by nations. Portugal believed that a zero nominal growth budget was appropriate.

59. The representative of the Government of Zimbabwe welcomed the efforts made by the Office on the budget revisions, and supported the statement made by the Director-General. He also supported the statement made by the Africa group and welcomed the allocation within the budget targeted towards youth unemployment, with an emphasis on skills development. Zimbabwe believed such measures would help in addressing unemployment across Africa.

60. The representative of the Government of France supported the new budget proposals, and welcomed all attempts to rationalize and restrain expenditure. He spoke of the role of the ILO in achieving social balance in globalization, and how the special approach for the ILO was justified, compared to other UN organizations. He requested continued efforts for budget transparency, and better monitoring of implementation of work.

61. The representative of the Government of Canada noted that the budget discussions took place against a backdrop of a precarious global financial situation. Governments had been forced to make significant cuts to programmes which directly affected citizens, and which had required sacrifices which were regrettably necessary. She noted that the Secretary-General of the United Nations had recognized that international organizations could not be insulated from this reality, and had called on UN bodies to accept this, and to prepare budget proposals with reductions of 3 per cent.

62. Her Government did not agree that the ILO was a special case, and had a more urgent requirement for growth than other UN bodies or national programmes which provided direct essential services. She could not, therefore, agree to the budget proposals which called for a 2.1 per cent increase.

63. The representative of the Government of Gabon commended the Office on the quality of the adjusted budget proposals, and supported the statement made by the Africa group. His Government was particularly sensitive to the challenges throughout the African continent with respect to the fight against poverty, youth employment and social protection, as addressed in the proceedings of the Ouagadougou Summit. To deal with these challenges, strengthening the ILO’s role in Africa was necessary, and thus he supported the proposed budget.

64. The representative of the Government of Namibia said that the revised budget proposed was acceptable, and called on other Members to support it. He supported the statement made by the Africa group. The speaker welcomed a performance management framework and management by results in the ILO.

65. The representative of the Government of Australia supported the statement made by ASPAG. He supported the revised programme and budget proposals.

66. The representative of the Government of Mali supported the statement made by the Africa group, and strongly supported the revised programme and budget proposals.

67. The representative of the Government of Argentina endorsed the statement made by GRULAC, and believed that a balance between resources and needs could be achieved. He supported the revised programme and budget proposals.

68. The representative of the Government of Chad endorsed the statement made by the Africa group. The speaker supported the revised programme and budget proposals, and underscored the need to emphasize work on youth employment and social protection, as noted in the Yaoundé Declaration.

69. The representative of the Government of China supported the revised programme and budget proposals, and the work of the ILO. He highlighted the importance of focusing on value for money, and on achieving increased efficiencies in how resources are spent.

70. The Chairperson, in acknowledging the lack of consensus in the Committee, concluded that there was an overwhelming majority prepared to adopt the proposed budget for 2012–13.

Resolution for the adoption of the Programme and Budget for 2012–13 and the allocation of the budget of income among member States

71. The Committee had before it document C.F./D.5 which contained summarized financial details of the Programme and Budget proposals for 2012–13 and a draft resolution for submission to the Conference. Following the decision in favour of the Governing Body's recommendation concerning the programme and budget and adjusted by the proposals in document C.F./D.4, the Office had carried out the forward exchange contracts for the ILO's US dollar requirements for the 2012–13 biennium. The appropriate figures now to be inserted in the formal resolution were:

Budget of expenditure in US dollars	861 620 000
Budget of income in US dollars	861 620 000
Budget rate of exchange, Swiss francs per US dollar	0.84
Equivalent budget total in Swiss francs	723 760 800

72. The Treasurer and Financial Comptroller explained that document C.F./D.5 showed the final expenditure and income budget following the purchase of forward contracts to cover US dollar requirements. Assessments on member States at CHF723,760,800 were 6.9 per cent lower than assessments for 2010–11. As a result of the contracts, member States' assessments were now protected against further exchange rate fluctuations during the 2012–13 biennium. The difference between the US dollar and the Swiss franc interest rates resulted in an exchange rate premium of approximately CHF2 million. In accordance with the Financial Regulations, this premium would be returned to member States at the end of the biennium, with one half being redistributed through the incentive scheme for the early payment of member States' contributions and the other half being refunded to all member States.

73. The representatives of the Governments of Canada, France and the United Kingdom requested clarification on the process of determining the US dollar budget of expenditure, budget rate of exchange, and equivalent budget in Swiss francs as reflected in the document. They also requested, for future budget discussions, the successive baseline budget figures corresponding to the actual evolution of the budget since the commencement of the Swiss franc assessment system.

74. The Treasurer and Financial Comptroller clarified the process for determining these amounts referring to the decision of the Conference in June 1989 [1] establishing the methodology and provided a detailed note describing the process and calculations (attached as Appendix VI to this report).

75. ***The Committee recommends that the Conference adopt the resolution, the text of which appears at the end of this report.***

Financial report and audited financial statements for 2010

76. The Committee had before it a paper introducing the financial report and audited consolidated financial statements for the year ended 31 December 2010; Report II: Information concerning the Programme and Budget for 2012–13 and other financial and administrative questions; and document C.F./D.3, containing a recommendation submitted by the Governing Body that the Conference adopt the financial report and audited financial statements for the year ended 31 December 2010.

77. ***The Committee recommends that the Conference adopt the financial report and audited financial statements for the year ended 31 December 2010 in accordance with article 29 of the Financial Regulations, and accordingly that it adopt the resolution, the text of which appears at the end of this report.***

Appointments to the ILO Staff Pension Committee (United Nations Joint Staff Pension Board)

78. The Committee had before it a paper, C.F./D.6, containing a draft resolution concerning appointments to the ILO Staff Pension Committee.

79. ***The Committee recommends that the Conference adopt this resolution, the text of which appears at the end of this report.***

Appendices

80. The address of the Director-General regarding the Programme and Budget proposals for 2012–13 is attached as Appendix I to this report.

81. The draft scale for the assessment of contributions for 2012 is attached as Appendix II.

82. A table showing the proposed summarized budget of expenditure and income for 2012–13 is attached to this report (Appendix III), together with a summary of the proposed expenditure budget for 2012–13 by appropriation line (Appendix IV).

83. A statement showing the contributions due from each member State for 2012 is also attached as Appendix V.

[1] 76th International Labour Conference (June 1989), *Provisional Record* No. 15.

84. A note explaining the relationship between expenditure budget level, income assessment level and the US dollar to Swiss franc budget exchange rate is attached as Appendix VI.

Geneva, 9 June 2011

(Signed) G. Vines
Chairperson and Reporter

Resolutions submitted to the Conference

Resolution concerning the scale of assessments of contributions to the budget for 2012

The General Conference of the International Labour Organization,

Decides that, in accordance with the established practice of harmonizing the rates of assessment of ILO member States with their rates of assessment in the United Nations, to adopt the draft scale of assessments for 2012 as set out in column 3 of Appendix II to this document.

Resolution concerning the composition of the Administrative Tribunal of the International Labour Organization

The General Conference of the International Labour Organization,

Decides, in accordance with article III of the Statute of the Administrative Tribunal of the International Labour Organization,

(a) to express to Mr Agustín Gordillo its appreciation for the services he has rendered to the work of the Administrative Tribunal as judge;

(b) to renew the appointment of Ms Mary G. Gaudron (Australia) for a term of three years;

(c) to appoint Ms Suzie d'Auvergne (Saint Lucia) for a term of three years.

Resolution concerning the adoption of the Programme and Budget for 2012–13 and the allocation of the budget of income among member States

The General Conference of the International Labour Organization,

In virtue of the Financial Regulations, adopts for the 73rd financial period, ending 31 December 2013, the budget of expenditure for the International Labour Organization amounting to US$861,620,000 and the budget of income amounting to US$861,620,000, which, at the budget rate of exchange of CHF0.84 to the US dollar, amounts to CHF723,760,800, 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.

Resolution concerning the financial report and audited financial statements for 2010

The General Conference of the International Labour Organization,

Decides, in accordance with article 29 of the Financial Regulations, to adopt the financial report and audited financial statements for the year ended 31 December 2010.

Resolution concerning appointments to the ILO Staff Pension Committee

The General Conference of the International Labour Organization:

Confirms the following persons as its representatives in the ILO Staff Pension Committee (United Nations Joint Staff Pension Board) until 8 October 2013:

Mr T. Montant (Switzerland)

Mr J.-P. Bernard (Employers)

Mr M. Blondel (Workers)

Appendix I

Address by Mr Juan Somavia, Director-General, to the Finance Committee of the Government Representatives on the Programme and Budget proposals for 2012–13

(2 June 2011)

Mr Greg Vines, Chairperson of the Finance Committee,

Sir Roy Trotman, spokesperson of the Workers' group,

Mr Julien, spokesperson of the Employers' group,

Distinguished Government delegates of the Finance Committee,

Your Committee has before it a recommendation from the Governing Body to the International Labour Conference for the adoption of a programme and budget with a provisional total expenditure of some US$744.4 million for 2012–13, including adjustments to my original presentation.

It also has before it a paper proposing additional adjustments to the budget which would revise the provisional total to some $742 million resulting from exploration by the Office after the Governing Body session of possible further adjustments in response to the strong request of some Governments, while assessing the wishes of the large majority that backed the Governing Body recommendations to you.

Let me refer to the overall process.

These documents are the result of a preliminary discussion in November 2010, a rich, insightful and practical debate in the Governing Body last March and further consultations with a number of countries and groups since then.

I want to thank all those who were involved in the development of the proposals, in particular the members of the Programme, Financial and Administrative Committee.

And special acknowledgments go to the President of the PFAC and of the ILO Governing Body – Ambassador Matjila, to the spokespersons of the Employers' group – Mr Julien – and of the Workers' group – Sir Roy Trotman.

They, together with many coordinators of regional government groups, played an important role in shaping the balanced proposal that is before you. Our Chair today contributed substantially as coordinator of the Asia and Pacific group.

Last March the Governing Body discussion underscored a remarkable understanding on the future vision and orientation for the ILO. Let me summarize the main underpinnings of the proposals:

- *First our relevance.* As the geopolitical and global economic scenery is changing rapidly, the Decent Work Agenda and a working tripartism bring the possibility of efficient growth, more peace, more equity, less poverty and more stable development to economies, enterprises, workplaces and societies.

  This is operationalized in the budget by focusing on the 19 outcomes identified in the Strategic Policy Framework 2010–15, based on the four strategic objectives of the Decent Work Agenda, and the increased integration and coherence in delivering them through teamwork and collaboration across the Office.

- Second element that was very much present in our debates in March: *this is the time to strengthen the ILO*. More and more countries, and constituents within those countries, are turning to the ILO for policies and good practices to combine economic growth and productivity with decent work and social advancement. And that is why the budget places more emphasis on strengthening our knowledge base and service capacity.

In this connection, there was wide support to my proposal for a *new knowledge management system* aimed at ensuring greater focus on the quality and timeliness of our knowledge, through a sustainable and coherent effort.

- *Third, we need to implement the 2008 Declaration*. As illustrated in my Report to this session of the Conference, an essential responsibility of the ILO today is to continue advocating for the benefits of efficient growth with social justice – growth that stems from greater coherence and convergence between macroeconomic, social and labour market policies, around people's demands, globally and within countries.

  The central role of the ILO in helping to achieve sustainable, balanced and fair growth in the uncertain conditions of today's world was repeatedly highlighted in the March discussion.

- Fourth, we must *pursue the ongoing process to strengthen the management capacities of the Office*. Much progress has been made to date. The proposals focus on the consolidation and strengthening of ways to become more efficient and effective while maintaining the real value of ILO functions and programmes.

  In March, there was wide support to the proposed reinforcement of the *evaluation function*, in line with the recommendations of an independent external evaluation.

  There was also recognition of the efforts made by the Office towards greater transparency and accountability as reflected for example by the introduction of the *risk register*.

- *Fifth, the budget before you continues the strict financial discipline* I have applied over five biennia. Savings and efficiencies have been central themes of our programme and budgets for the past decade.

I might add that, under my administration, the ILO budget has never overrun its expenditure limit – in other words, we have never had a budgetary deficit. On my watch we have had a conservative fiscal policy.

And I believe this is a guarantee for all governments.

Also, we have had a conservative policy vis-à-vis extra-budgetary funding. Roughly, we have kept a balance of two-thirds regular budget and one third extra-budgetary. This permits us to be in a much less vulnerable position in crisis times compared to many other UN agencies.

Also relevant to our discussion today is that the External Auditor only yesterday made public an unqualified opinion in relation to the ILO accounts together with a number of very useful suggestions we have agreed to as management. I believe it gives assurances to governments at the time of deciding on our future budget.

The 2012–13 biennium is the second under the Strategic Policy Framework for 2010–15, which, as you know, is our medium-term planning instrument.

In the Strategic Policy Framework, the Governing Body endorsed plans to significantly reinforce ILO capacity.

Approved before the crisis, it foresaw a return to real regular budget growth in 2012–13, accompanied by a $45 million increase in RBSA and a $35 million increase in extra-budgetary technical cooperation.

Indeed, due to the crisis, we are facing declines in all three budget categories, with the result that we now expect total real resources from all sources to be some 13 per cent below the planned level of the Strategic Policy Framework. So, we have been hit.

And yet, let me immediately say how much we appreciate the efforts that – even in these difficult circumstances – are made by donors to give us the capacity to support concrete action in member States. We are heartened by the continued engagement that so many of you have shown to the ILO programme and the ILO values, and we continue to explore new donor opportunities with encouraging results.

We have guarded hopes that in the end, extra-budgetary shortfalls will be lower than those projected now.

But none of us should pretend that the ILO has the resources that we could reasonably have expected without the crisis.

In areas ranging from our internal capacity to implement the management strategies endorsed by the Governing Body to our daily work in support of constituents, we too have been directly affected by the crisis.

Let me turn now to the core of our budget discussion today. I would like to focus on three points:

- The first relates to the budget proposals as presented to the Governing Body in March.
- The second concerns the adjustments endorsed by the Governing Body at the end of its discussion, with emphasis on priority areas to be reinforced.
- The last focuses on subsequent adjustments which have resulted from the consultations I have engaged in both with constituents and within the Office between the end of the Governing Body and now.

First, my initial budget proposals.

The budget provides for an increase of $3.2 million for the regions, with a priority to Africa. You know that our work in countries has always been my priority throughout all of these budgets. And this is even more urgent at a time when demands for ILO assistance in countries are increasingly growing.

Resources for the technical sectors have been basically at the same levels. A conscious effort has been made, however, to redirect resources to reinforce technical capacity in some areas. These include: (i) the application of international labour standards in countries; (ii) labour administration and labour inspection; (iii) social protection, in particular to deepen ILO support to the Social Protection Floor; (iv) working time and wages; (v) macroeconomic analysis of policy mixes for employment and social protection; and (vi) rural employment.

The proposal includes a new budget line on South–South and triangular cooperation. Demand and support for ILO work in this area are very rapidly expanding.

A real increase of 29 per cent is foreseen for the evaluation function with the other oversight provisions being maintained at their 2010–11 levels. In March, several speakers welcomed this measure as an important means of improving programme effectiveness and governance.

My initial proposals also included a total of $5.1 million of savings to fund these redeployments. These savings have resulted primarily from tighter working methods in servicing the Governing Body and the Conference, from efficiency gains in support services and administrative procedures, and from the introduction of measures to reduce the cost of travel and to increase the use of videoconferences.

This brings me to my *second* point – the adjustments endorsed by the Governing Body at the end of its March debate.

Since the first round of the discussions, my proposals were widely supported. In addition to full support from the Employers' and Workers' groups, there was backing from the Africa group and large majorities from the Americas and Asia and the Pacific, as well as many European and Arab states governments, like-minded donors and the ASEAN group.

My proposed adjustments in March were thus based on the wishes of the large majority of Members who supported a budget at zero real growth. They concentrated on devoting resources to the highest priorities and value for money.

We identified an additional $2.34 million of savings, which were redeployed to the priorities identified during the discussion, with emphasis on work in the Arab states, Africa and Eastern Europe regions and on work on youth employment and the informal economy.

These measures were accompanied by improvements in results-based management and resource management – areas that the Governing Body has analysed in detail with many useful, practical suggestions to continually enhance our performance.

For example, the Asia and Pacific group took the leadership in requesting the establishment of a high-level committee on internal expenditure review.

I have decided to establish such a committee. This will not be just a one-time exercise. I see it as central to the wider drive towards a cost-conscious organizational culture – a culture that continues to care about the way in which we use our resources because these resources, as you know only too well, come from taxpayers with the purpose of making a difference in daily lives of people through the policy tools of the ILO.

I am committed to making this exercise work in a serious, credible and regular manner.

For example, I have asked all ILO staff working at this Conference to make concrete suggestions for savings. Similarly, in my opening statement to the Conference yesterday, I invited delegates to join this process, as I invite you today, and share with us their ideas on how we could make the Office's services to the Conference more effective, more efficient and less costly.

My plan is that next year I will report back to the Conference on what we have done and what we will save in the 2012 International Labour Conference. That is my hope, but as you know too well, it is also the practice of delegates that helps. So I ask you to think how we can make this possible.

Finally, let me turn to my *third* point – the work we have undertaken after the March Governing Body to identify possible further budget adjustments, summarized in the paper before you.

At the end of the March discussion, several countries, including large contributors to the ILO regular budget, were disappointed that a larger reduction in the budget level had not been found. A few governments asked for at least a modest decrease, while others wanted a reduction of some $19 million to the level of zero nominal growth. Even in those cases, I was pleased to see that the value and quality of the ILO's work were not in question.

I believe that the demand for reduction of the budget by these countries reflects a real and pressing problem for the countries concerned, as everybody has problems in these fields. I have consulted a number of countries over the last weeks, as have senior officials of the Office.

My concern throughout this process has been to find a way to reconcile the demand to maintain or increase services to constituents, supported by the large majority of governments, together with the Employers' and Workers' groups, which is the basis for the recommendation of the Governing Body to you, with the demand for a real decrease in the budget level demanded by others. How do you reconcile those demands?

Throughout these consultations, we have pointed out that there are no longer any easy solutions. We have had five successive budgets with significant savings, coupled with absorption by the Office of large increases in oversight and other costs mandated by the Governing Body – work that I, of course, fully support.

For example, over this period we have decreased the budget for staff travel by 47 per cent, and I proposed further decreases both in the original and the adjusted proposals.

The proposals before you attempt to minimize the effect on services, but it cannot be entirely avoided.

The net effect of the adjustments approved in March, together with those being proposed to you today, is a reduction in the nominal budget by $4.2 million when compared with the original proposals.

The cumulative effect of the adjustments is a reduction of the nominal budget increase from 2.7 to 2.1 per cent. The reduction in the real level of the budget is 0.3 per cent. The budget proposed is 13 per cent lower than that projected by the Strategic Policy Framework for this budget period.

Budgetary decisions are always difficult.

I hope that the additional proposals before you, that reflect a sincere effort by the Office, will find acceptance. They aspire to reach the highest possible level of agreement while respecting the wishes of all those that were behind the recommendation of the Governing Body to you.

They reflect, naturally, a process of consultation.

They aspire to provide a balanced response to what I feel is the aspiration in all of you to reach the largest possible level of agreement on this budget in difficult circumstances. They also reflect a genuine effort to find a compromise between conflicting demands and constraints.

Dear members of the Finance Committee,

I commend the budget in front of you with a provisional total expenditure of some $742 million for adoption.

Let me finish by summarizing my thinking – the Office and the institution as a whole – including the Governing Body and the International Labour Conference must deliver *value for money*.

And you, the Governments, from the biggest to the smallest funders, are contributing money for values – the values of our Constitution; the values of decent work that in so many ways people worldwide are demanding. As I said yesterday, events are showing that with our values and our agenda we are on the right side of history. You provide money for values and all of us, together, must deliver value for money.

Thank you for your attention.

Appendix II

Scale of assessments

	State	ILO assessments 2011 Col. 1 (%)	UN assessments 2010–12 Col. 2 (%)	Draft ILO scale of assessments 2012 Col. 3 (%)	Increase (Decrease) (Difference between cols 3 and 1) Col. 4 (%)
1	Afghanistan	0.004	0.004	0.004	-
2	Albania	0.010	0.010	0.010	-
3	Algeria	0.128	0.128	0.128	-
4	Angola	0.010	0.010	0.010	-
5	Antigua and Barbuda	0.002	0.002	0.002	-
6	Argentina	0.287	0.287	0.287	-
7	Armenia	0.005	0.005	0.005	-
8	Australia	1.934	1.933	1.934	-
9	Austria	0.852	0.851	0.852	-
10	Azerbaijan	0.015	0.015	0.015	-
11	Bahamas	0.018	0.018	0.018	-
12	Bahrain	0.039	0.039	0.039	-
13	Bangladesh	0.010	0.010	0.010	-
14	Barbados	0.008	0.008	0.008	-
15	Belarus	0.042	0.042	0.042	-
16	Belgium	1.076	1.075	1.076	-
17	Belize	0.001	0.001	0.001	-
18	Benin	0.003	0.003	0.003	-
19	Bolivia, Plurinational State of	0.007	0.007	0.007	-
20	Bosnia and Herzegovina	0.014	0.014	0.014	-
21	Botswana	0.018	0.018	0.018	-
22	Brazil	1.612	1.611	1.612	-
23	Brunei Darussalam	0.028	0.028	0.028	-
24	Bulgaria	0.038	0.038	0.038	-
25	Burkina Faso	0.003	0.003	0.003	-
26	Burundi	0.001	0.001	0.001	-
27	Cambodia	0.003	0.003	0.003	-
28	Cameroon	0.011	0.011	0.011	-
29	Canada	3.208	3.207	3.208	-
30	Cape Verde	0.001	0.001	0.001	-
31	Central African Republic	0.001	0.001	0.001	-
32	Chad	0.002	0.002	0.002	-
33	Chile	0.236	0.236	0.236	-
34	China	3.190	3.189	3.190	-
35	Colombia	0.144	0.144	0.144	-
36	Comoros	0.001	0.001	0.001	-
37	Congo	0.003	0.003	0.003	-
38	Costa Rica	0.034	0.034	0.034	-
39	Côte d'Ivoire	0.010	0.010	0.010	-
40	Croatia	0.097	0.097	0.097	-
41	Cuba	0.071	0.071	0.071	-
42	Cyprus	0.046	0.046	0.046	-
43	Czech Republic	0.349	0.349	0.349	-
44	Democratic Republic of the Congo	0.003	0.003	0.003	-
45	Denmark	0.736	0.736	0.736	-
46	Djibouti	0.001	0.001	0.001	-
47	Dominica	0.001	0.001	0.001	-
48	Dominican Republic	0.042	0.042	0.042	-
49	Ecuador	0.040	0.040	0.040	-

	State	ILO assessments 2011 Col. 1 (%)	UN assessments 2010–12 Col. 2 (%)	Draft ILO scale of assessments 2012 Col. 3 (%)	Increase (Decrease) (Difference between cols 3 and 1) Col. 4 (%)
50	Egypt	0.094	0.094	0.094	-
51	El Salvador	0.019	0.019	0.019	-
52	Equatorial Guinea	0.008	0.008	0.008	-
53	Eritrea	0.001	0.001	0.001	-
54	Estonia	0.040	0.040	0.040	-
55	Ethiopia	0.008	0.008	0.008	-
56	Fiji	0.004	0.004	0.004	-
57	Finland	0.566	0.566	0.566	-
58	France	6.126	6.123	6.126	-
59	Gabon	0.014	0.014	0.014	-
60	Gambia	0.001	0.001	0.001	-
61	Georgia	0.006	0.006	0.006	-
62	Germany	8.021	8.018	8.021	-
63	Ghana	0.006	0.006	0.006	-
64	Greece	0.691	0.691	0.691	-
65	Grenada	0.001	0.001	0.001	-
66	Guatemala	0.028	0.028	0.028	-
67	Guinea	0.002	0.002	0.002	-
68	Guinea-Bissau	0.001	0.001	0.001	-
69	Guyana	0.001	0.001	0.001	-
70	Haiti	0.003	0.003	0.003	-
71	Honduras	0.008	0.008	0.008	-
72	Hungary	0.291	0.291	0.291	-
73	Iceland	0.042	0.042	0.042	-
74	India	0.534	0.534	0.534	-
75	Indonesia	0.238	0.238	0.238	-
76	Iran, Islamic Republic of	0.233	0.233	0.233	-
77	Iraq	0.020	0.020	0.020	-
78	Ireland	0.498	0.498	0.498	-
79	Israel	0.384	0.384	0.384	-
80	Italy	5.001	4.999	5.001	-
81	Jamaica	0.014	0.014	0.014	-
82	Japan	12.535	12.530	12.535	-
83	Jordan	0.014	0.014	0.014	-
84	Kazakhstan	0.076	0.076	0.076	-
85	Kenya	0.012	0.012	0.012	-
86	Kiribati	0.001	0.001	0.001	-
87	Korea, Republic of	2.261	2.260	2.261	-
88	Kuwait	0.263	0.263	0.263	-
89	Kyrgyzstan	0.001	0.001	0.001	-
90	Lao People's Democratic Republic	0.001	0.001	0.001	-
91	Latvia	0.038	0.038	0.038	-
92	Lebanon	0.033	0.033	0.033	-
93	Lesotho	0.001	0.001	0.001	-
94	Liberia	0.001	0.001	0.001	-
95	Libyan Arab Jamahiriya	0.129	0.129	0.129	-
96	Lithuania	0.065	0.065	0.065	-
97	Luxembourg	0.090	0.090	0.090	-
98	Madagascar	0.003	0.003	0.003	-
99	Malawi	0.001	0.001	0.001	-
100	Malaysia	0.253	0.253	0.253	-
101	Maldives, Republic of	0.001	0.001	0.001	-
102	Mali	0.003	0.003	0.003	-
103	Malta	0.017	0.017	0.017	-
104	Marshall Islands	0.001	0.001	0.001	-
105	Mauritania	0.001	0.001	0.001	-
106	Mauritius	0.011	0.011	0.011	-

	State	ILO assessments 2011 Col. 1 (%)	UN assessments 2010–12 Col. 2 (%)	Draft ILO scale of assessments 2012 Col. 3 (%)	Increase (Decrease) (Difference between cols 3 and 1) Col. 4 (%)
107	Mexico	2.357	2.356	2.357	-
108	Moldova, Republic of	0.002	0.002	0.002	-
109	Mongolia	0.002	0.002	0.002	-
110	Montenegro	0.004	0.004	0.004	-
111	Morocco	0.058	0.058	0.058	-
112	Mozambique	0.003	0.003	0.003	-
113	Myanmar	0.006	0.006	0.006	-
114	Namibia	0.008	0.008	0.008	-
115	Nepal	0.006	0.006	0.006	-
116	Netherlands	1.856	1.855	1.856	-
117	New Zealand	0.273	0.273	0.273	-
118	Nicaragua	0.003	0.003	0.003	-
119	Niger	0.002	0.002	0.002	-
120	Nigeria	0.078	0.078	0.078	-
121	Norway	0.872	0.871	0.872	-
122	Oman	0.086	0.086	0.086	-
123	Pakistan	0.082	0.082	0.082	-
124	Panama	0.022	0.022	0.022	-
125	Papua New Guinea	0.002	0.002	0.002	-
126	Paraguay	0.007	0.007	0.007	-
127	Peru	0.090	0.090	0.090	-
128	Philippines	0.090	0.090	0.090	-
129	Poland	0.828	0.828	0.828	-
130	Portugal	0.511	0.511	0.511	-
131	Qatar	0.135	0.135	0.135	-
132	Romania	0.177	0.177	0.177	-
133	Russian Federation	1.603	1.602	1.603	-
134	Rwanda	0.001	0.001	0.001	-
135	Saint Kitts and Nevis	0.001	0.001	0.001	-
136	Saint Lucia	0.001	0.001	0.001	-
137	Saint Vincent and the Grenadines	0.001	0.001	0.001	-
138	Samoa	0.001	0.001	0.001	-
139	San Marino	0.003	0.003	0.003	-
140	Sao Tome and Principe	0.001	0.001	0.001	-
141	Saudi Arabia	0.831	0.830	0.831	-
142	Senegal	0.006	0.006	0.006	-
143	Serbia	0.037	0.037	0.037	-
144	Seychelles	0.002	0.002	0.002	-
145	Sierra Leone	0.001	0.001	0.001	-
146	Singapore	0.335	0.335	0.335	-
147	Slovakia	0.142	0.142	0.142	-
148	Slovenia	0.103	0.103	0.103	-
149	Solomon Islands	0.001	0.001	0.001	-
150	Somalia	0.001	0.001	0.001	-
151	South Africa	0.385	0.385	0.385	-
152	Spain	3.178	3.177	3.178	-
153	Sri Lanka	0.019	0.019	0.019	-
154	Sudan	0.010	0.010	0.010	-
155	Suriname	0.003	0.003	0.003	-
156	Swaziland	0.003	0.003	0.003	-
157	Sweden	1.065	1.064	1.065	-
158	Switzerland	1.131	1.130	1.131	-
159	Syrian Arab Republic	0.025	0.025	0.025	-
160	Tajikistan	0.002	0.002	0.002	-
161	Tanzania, United Republic of	0.008	0.008	0.008	-
162	Thailand	0.209	0.209	0.209	-
163	The former Yugoslav Republic of Macedonia	0.007	0.007	0.007	-

	State	ILO assessments 2011 Col. 1 (%)	UN assessments 2010–12 Col. 2 (%)	Draft ILO scale of assessments 2012 Col. 3 (%)	Increase (Decrease) (Difference between cols 3 and 1) Col. 4 (%)
164	Timor-Leste	0.001	0.001	0.001	-
165	Togo	0.001	0.001	0.001	-
166	Trinidad and Tobago	0.044	0.044	0.044	-
167	Tunisia	0.030	0.030	0.030	-
168	Turkey	0.617	0.617	0.617	-
169	Turkmenistan	0.026	0.026	0.026	-
170	Tuvalu	0.001	0.001	0.001	-
171	Uganda	0.006	0.006	0.006	-
172	Ukraine	0.087	0.087	0.087	-
173	United Arab Emirates	0.391	0.391	0.391	-
174	United Kingdom	6.607	6.604	6.607	-
175	United States	22.000	22.000	22.000	-
176	Uruguay	0.027	0.027	0.027	-
177	Uzbekistan	0.010	0.010	0.010	-
178	Vanuatu	0.001	0.001	0.001	-
179	Venezuela, Bolivarian Republic of	0.314	0.314	0.314	-
180	Viet Nam	0.033	0.033	0.033	-
181	Yemen	0.010	0.010	0.010	-
182	Zambia	0.004	0.004	0.004	-
183	Zimbabwe	0.003	0.003	0.003	-
	TOTAL	100.000	99.969	100.000	0.000

Appendix III

Proposed summarized budget of expenditure and income for 2012–13

	Expenditure			Income			
	2010–11 Budget	2012–13 Estimates		2010–11 Budget		2012–13 Estimates	
	US$	US$		US$	CHF	US$	CHF
Part I Ordinary budget	718 898 200	856 950 214	Contributions from Member States	726 720 000	777 590 400	861 620 000	723 760 800
Part II Unforeseen expenditure	875 000	875 000					
Part III Working capital fund	–	–					
Part IV Institutional investments and extraordinary items	6 946 800	3 794 786					
Total Budget	**726 720 000**	**861 620 000**		**726 720 000**	**777 590 400**	**861 620 000**	**723 760 800**

Appendix IV

Proposed expenditure budget by appropriation line (in US dollars)

Item		2010–11 Budget		2012–13 Estimates (in constant 2010-11 dollars)		2012–13 Estimates (recosted and revalued at CHF 0.84 to US$1)	
PART I.	**ORDINARY BUDGET**						
A.	**Policy-making organs**		**79 304 958**		**74 956 841**		**93 292 325**
B.	**Strategic objectives**		**542 334 389**		**549 579 476**		**648 089 068**
	Employment	167 210 568		170 270 713		200 790 955	
	Social protection	110 961 717		111 322 819		131 276 922	
	Social dialogue	155 811 582		156 668 621		184 750 750	
	Standards	108 350 522		111 317 323		131 270 441	
C.	**Management services**		**63 243 523**		**61 972 616**		**75 737 842**
D.	**Other budgetary provisions**		**40 120 297**		**40 105 116**		**47 133 896**
	Adjustment for staff turnover		-6 104 967		-6 089 610		-7 302 917
	Total Part I		**718 898 200**		**720 524 439**		**856 950 214**
PART II.	**UNFORESEEN EXPENDITURE**						
	Unforeseen expenditure		875 000		875 000		875 000
PART III.	**WORKING CAPITAL FUND**						
	Working Capital Fund		–		–		–
	Total Parts I–III		**719 773 200**		**721 399 439**		**857 825 214**
PART IV.	**INSTITUTIONAL INVESTMENTS AND EXTRAORDINARY ITEMS**						
	Institutional investments and extraordinary items		6 946 800		2 920 561		3 794 786
	Total Parts I–IV		**726 720 000**		**724 320 000**		**861 620 000**

Appendix V

Income budget for 2012–13 statement of contributions due from member States for 2012 (in Swiss francs)

	Member States	Assessed Contribution for 2012 %	Assessed Contribution for 2012 Amount	Earned Credits Distributed in Respect of: 2010 Incentive Scheme	Prior years (1) 50% Net Premium	Prior years (1) Surplus	Total Credits	Net Contribution for 2012
1	Afghanistan	0.004	14 475	-	-	13	13	14 462
2	Albania	0.010	36 188	10	-	-	10	36 178
3	Algeria	0.128	463 207	109	-	-	109	463 098
4	Angola	0.010	36 188	5	-	-	5	36 183
5	Antigua and Barbuda	0.002	7 238	-	93	249	342	6 896
6	Argentina	0.287	1 038 597	-	-	-	-	1 038 597
7	Armenia	0.005	18 094	1	-	-	1	18 093
8	Australia	1.934	6 998 767	3 046	-	-	3 046	6 995 721
9	Austria	0.852	3 083 221	10	-	-	10	3 083 211
10	Azerbaijan	0.015	54 282	1	-	-	1	54 281
11	Bahamas	0.018	65 138	27	-	-	27	65 111
12	Bahrain	0.039	141 133	56	-	-	56	141 077
13	Bangladesh	0.010	36 188	17	-	-	17	36 171
14	Barbados	0.008	28 950	13	-	-	13	28 937
15	Belarus	0.042	151 990	26	-	-	26	151 964
16	Belgium	1.076	3 893 833	8	-	-	8	3 893 825
17	Belize	0.001	3 619	-	-	-	-	3 619
18	Benin	0.003	10 856	2	-	-	2	10 854
19	Bolivia, Plurinational State of	0.007	25 332	7	-	81	88	25 244
20	Bosnia and Herzegovina	0.014	50 663	-	-	-	-	50 663
21	Botswana	0.018	65 138	5	-	181	186	64 952
22	Brazil	1.612	5 833 512	-	-	-	-	5 833 512
23	Brunei Darussalam	0.028	101 326	44	-	-	44	101 282
24	Bulgaria	0.038	137 515	31	-	-	31	137 484
25	Burkina Faso	0.003	10 856	3	-	-	3	10 853
26	Burundi	0.001	3 619	-	-	9	9	3 610
27	Cambodia	0.003	10 856	1	-	-	1	10 855
28	Cameroon	0.011	39 807	-	-	-	-	39 807
29	Canada	3.208	11 609 123	5 072	-	-	5 072	11 604 051
30	Cape Verde	0.001	3 619	-	-	-	-	3 619
31	Central African Republic	0.001	3 619	1	-	-	1	3 618
32	Chad	0.002	7 238	-	-	-	-	7 238
33	Chile	0.236	854 038	212	-	-	212	853 826
34	China	3.190	11 543 985	1 014	-	-	1 014	11 542 971
35	Colombia	0.144	521 108	167	-	1 357	1 524	519 584
36	Comoros	0.001	3 619	-	-	-	-	3 619
37	Congo	0.003	10 856	2	-	-	2	10 854
38	Costa Rica	0.034	123 039	-	-	414	414	122 625
39	Côte d'Ivoire	0.010	36 188	-	-	-	-	36 188
40	Croatia	0.097	351 024	82	-	-	82	350 942
41	Cuba	0.071	256 935	-	-	698	698	256 237
42	Cyprus	0.046	166 465	73	-	-	73	166 392
43	Czech Republic	0.349	1 262 963	479	-	-	479	1 262 484
44	Democratic Republic of the Congo	0.003	10 856	-	-	-	-	10 856
45	Denmark	0.736	2 663 440	853	-	-	853	2 662 587
46	Djibouti	0.001	3 619	-	-	-	-	3 619
47	Dominica	0.001	3 619	-	-	-	-	3 619
48	Dominican Republic	0.042	151 990	-	-	-	-	151 990
49	Ecuador	0.040	144 752	-	-	271	271	144 481
50	Egypt	0.094	340 168	134	-	-	134	340 034
51	El Salvador	0.019	68 757	-	-	259	259	68 498
52	Equatorial Guinea	0.008	28 950	-	-	-	-	28 950
53	Eritrea	0.001	3 619	2	-	-	2	3 617
54	Estonia	0.040	144 752	27	-	-	27	144 725
55	Ethiopia	0.008	28 950	5	-	-	5	28 945
56	Fiji	0.004	14 475	5	-	-	5	14 470
57	Finland	0.566	2 048 243	913	-	-	913	2 047 330
58	France	6.126	22 168 793	10 395	-	-	10 395	22 158 398
59	Gabon	0.014	50 663	12	-	-	12	50 651
60	Gambia	0.001	3 619	-	89	-	89	3 530
61	Georgia	0.006	21 713	5	-	-	5	21 708
62	Germany	8.021	29 026 427	8 819	-	-	8 819	29 017 608
63	Ghana	0.006	21 713	5	-	52	57	21 656

	Member States	Assessed Contribution for 2012 %	Assessed Contribution for 2012 Amount	Earned Credits Distributed in Respect of: 2010 Incentive Scheme	Prior years (1) 50% Net Premium	Prior years (1) Surplus	Total Credits	Net Contribution for 2012
64	Greece	0.691	2 500 594	-	-	7 705	7 705	2 492 889
65	Grenada	0.001	3 619	-	-	-	-	3 619
66	Guatemala	0.028	101 326	49	-	-	49	101 277
67	Guinea	0.002	7 238	2	-	-	2	7 236
68	Guinea-Bissau	0.001	3 619	-	-	-	-	3 619
69	Guyana	0.001	3 619	2	-	-	2	3 617
70	Haiti	0.003	10 856	-	-	27	27	10 829
71	Honduras	0.008	28 950	8	-	-	8	28 942
72	Hungary	0.291	1 053 072	387	-	-	387	1 052 685
73	Iceland	0.042	151 990	62	-	-	62	151 928
74	India	0.534	1 932 441	766	-	-	766	1 931 675
75	Indonesia	0.238	861 275	274	-	-	274	861 001
76	Iran, Islamic Republic of	0.233	843 181	-	-	-	-	843 181
77	Iraq	0.020	72 376	21	6 423	8 454	14 898	57 478
78	Ireland	0.498	1 802 164	-	-	5 753	5 753	1 796 411
79	Israel	0.384	1 389 621	699	-	-	699	1 388 922
80	Italy	5.001	18 097 639	112	-	-	112	18 097 527
81	Jamaica	0.014	50 663	-	-	-	-	50 663
82	Japan	12.535	45 361 708	24 713	-	-	24 713	45 336 995
83	Jordan	0.014	50 663	1	-	155	156	50 507
84	Kazakhstan	0.076	275 029	49	-	-	49	274 980
85	Kenya	0.012	43 426	-	-	-	-	43 426
86	Kiribati	0.001	3 619	-	-	13	13	3 606
87	Korea, Republic of	2.261	8 182 116	-	-	28 106	28 106	8 154 010
88	Kuwait	0.263	951 745	300	-	-	300	951 445
89	Kyrgyzstan	0.001	3 619	-	-	-	-	3 619
90	Lao People's Democratic Republic	0.001	3 619	-	-	13	13	3 606
91	Latvia	0.038	137 515	19	-	-	19	137 496
92	Lebanon	0.033	119 421	-	-	439	439	118 982
93	Lesotho	0.001	3 619	-	-	-	-	3 619
94	Liberia	0.001	3 619	2	272	13	287	3 332
95	Libyan Arab Jamahiriya	0.129	466 826	-	-	1 181	1 181	465 645
96	Lithuania	0.065	235 222	53	-	-	53	235 169
97	Luxembourg	0.090	325 692	143	-	-	143	325 549
98	Madagascar	0.003	10 856	-	-	-	-	10 856
99	Malawi	0.001	3 619	-	-	-	-	3 619
100	Malaysia	0.253	915 557	296	-	-	296	915 261
101	Maldives, Republic of	0.001	3 619	-	-	-	-	3 619
102	Mali	0.003	10 856	2	-	-	2	10 854
103	Malta	0.017	61 520	26	-	-	26	61 494
104	Marshall Islands	0.001	3 619	-	-	-	-	3 619
105	Mauritania	0.001	3 619	-	-	13	13	3 606
106	Mauritius	0.011	39 807	18	-	-	18	39 789
107	Mexico	2.357	8 529 521	-	-	-	-	8 529 521
108	Moldova, Republic of	0.002	7 238	2	1 087	2 927	4 016	3 222
109	Mongolia	0.002	7 238	-	-	-	-	7 238
110	Montenegro	0.004	14 475	-	-	6	6	14 469
111	Morocco	0.058	209 891	61	-	-	61	209 830
112	Mozambique	0.003	10 856	-	-	-	-	10 856
113	Myanmar	0.006	21 713	-	-	-	-	21 713
114	Namibia	0.008	28 950	10	-	-	10	28 940
115	Nepal	0.006	21 713	5	-	-	5	21 708
116	Netherlands	1.856	6 716 500	3 087	-	-	3 087	6 713 413
117	New Zealand	0.273	987 933	434	-	-	434	987 499
118	Nicaragua	0.003	10 856	3	-	-	3	10 853
119	Niger	0.002	7 238	1	-	22	23	7 215
120	Nigeria	0.078	282 267	5	-	-	5	282 262
121	Norway	0.872	3 155 597	1 307	-	-	1 307	3 154 290
122	Oman	0.086	311 217	122	-	-	122	311 095
123	Pakistan	0.082	296 742	-	-	763	763	295 979
124	Panama	0.022	79 614	17	-	297	314	79 300
125	Papua New Guinea	0.002	7 238	-	-	-	-	7 238
126	Paraguay	0.007	25 332	2	-	551	553	24 779

	Member States	Assessed Contribution for 2012		Earned Credits Distributed in Respect of :			Total Credits	Net Contribution for 2012
				2010	Prior years (1)			
		%	Amount	Incentive Scheme	50% Net Premium	Surplus		
127	Peru	0.090	325 692	-	-	-	-	325 692
128	Philippines	0.090	325 692	121	-	-	121	325 571
129	Poland	0.828	2 996 370	853	-	-	853	2 995 517
130	Portugal	0.511	1 849 209	812	-	-	812	1 848 397
131	Qatar	0.135	488 539	145	-	-	145	488 394
132	Romania	0.177	640 528	107	-	-	107	640 421
133	Russian Federation	1.603	5 800 943	1 912	-	-	1 912	5 799 031
134	Rwanda	0.001	3 619	2	-	-	2	3 617
135	Saint Kitts and Nevis	0.001	3 619	2	-	-	2	3 617
136	Saint Lucia	0.001	3 619	2	-	-	2	3 617
137	Saint Vincent and the Grenadines	0.001	3 619	2	-	13	15	3 604
138	Samoa	0.001	3 619	2	-	-	2	3 617
139	San Marino	0.003	10 856	5	-	-	5	10 851
140	Sao Tome and Principe	0.001	3 619	-	93	249	342	3 277
141	Saudi Arabia	0.831	3 007 226	1 152	-	-	1 152	3 006 074
142	Senegal	0.006	21 713	-	-	-	-	21 713
143	Serbia	0.037	133 896	3	-	163	166	133 730
144	Seychelles	0.002	7 238	3	-	-	3	7 235
145	Sierra Leone	0.001	3 619	-	-	-	-	3 619
146	Singapore	0.335	1 212 299	591	-	-	591	1 211 708
147	Slovakia	0.142	513 870	105	-	-	105	513 765
148	Slovenia	0.103	372 737	159	-	-	159	372 578
149	Solomon Islands	0.001	3 619	-	-	-	-	3 619
150	Somalia	0.001	3 619	-	-	-	-	3 619
151	South Africa	0.385	1 393 240	-	-	-	-	1 393 240
152	Spain	3.178	11 500 559	4 296	-	-	4 296	11 496 263
153	Sri Lanka	0.019	68 757	1	-	-	1	68 756
154	Sudan	0.010	36 188	-	-	129	129	36 059
155	Suriname	0.003	10 856	2	-	-	2	10 854
156	Swaziland	0.003	10 856	3	-	-	3	10 853
157	Sweden	1.065	3 854 026	1 726	-	-	1 726	3 852 300
158	Switzerland	1.131	4 092 867	2 052	-	-	2 052	4 090 815
159	Syrian Arab Republic	0.025	90 470	-	-	207	207	90 263
160	Tajikistan	0.002	7 238	-	-	-	-	7 238
161	Tanzania, United Republic of	0.008	28 950	-	-	-	-	28 950
162	Thailand	0.209	756 330	317	-	-	317	756 013
163	The former Yug. Rep of Macedonia	0.007	25 332	-	-	-	-	25 332
164	Timor-Leste	0.001	3 619	-	-	13	13	3 606
165	Togo	0.001	3 619	-	-	-	-	3 619
166	Trinidad and Tobago	0.044	159 227	43	-	-	43	159 184
167	Tunisia	0.030	108 564	48	-	-	48	108 516
168	Turkey	0.617	2 232 802	535	-	-	535	2 232 267
169	Turkmenistan	0.026	94 089	-	-	-	-	94 089
170	Tuvalu	0.001	3 619	2	-	10	12	3 607
171	Uganda	0.006	21 713	5	-	-	5	21 708
172	Ukraine	0.087	314 836	5	-	-	5	314 831
173	United Arab Emirates	0.391	1 414 952	-	-	3 904	3 904	1 411 048
174	United Kingdom	6.607	23 909 438	2 703	-	-	2 703	23 906 735
175	United States	22.000	79 613 688	-	-	284 426	284 426	79 329 262
176	Uruguay	0.027	97 708	10	-	-	10	97 698
177	Uzbekistan	0.010	36 188	-	-	-	-	36 188
178	Vanuatu	0.001	3 619	-	-	9	9	3 610
179	Venezuela, Bolivarian Republic of	0.314	1 136 304	-	-	2 586	2 586	1 133 718
180	Viet Nam	0.033	119 421	39	-	-	39	119 382
181	Yemen	0.010	36 188	-	-	90	90	36 098
182	Zambia	0.004	14 475	-	-	-	-	14 475
183	Zimbabwe	0.003	10 856	-	-	-	-	10 856
	TOTAL	100.000	361 880 400	82 524	8 057	351 821	442 402	361 437 998

(1) Should a member State pay previous year's contributions prior to the closure of the 100th session of the International Labour Conference, that member State's earned credits may change.

Appendix VI

ILO Programme and Budget for 2012–13: Explanatory note

Relationship between expenditure budget level, income assessment level and US dollar – Swiss franc exchange rate

1. Background

- The ILO's biennial expenditure budget is the approved programme of work. This has to be fully funded from assessments on member States, which is the income budget.
- The expenditure budget is *expressed* in the programme and budget in US dollars. In reality, however, only some of this is spent in US dollars, while more than half of the ILO's expenditure is actually spent in Swiss francs.
- Assessments are made in Swiss francs. Whatever the rate of exchange approved by the Conference, the expenditure budget and the assessments should be equal at the approved rate of exchange.

2. Impact of expenditure incurred in dollars

- The ILO's income budget is assessed in Swiss francs, but as noted below, some of its expenditure is spent in dollars. A portion of the Swiss franc assessments are therefore converted by the ILO into dollars and used to meet dollar expenses for the biennium. This is accomplished at the rate of exchange approved by the Conference in June when the budget is adopted, by entering into a forward purchase contract involving the sale of Swiss francs for US dollars.
- Everything else being equal, if the dollar weakens against the Swiss franc from one budget period to the next, the ILO needs fewer Swiss francs to cover its dollar expenditure.
- For example, Swiss franc assessments for $305 of expenditure equal CHF326 at an exchange rate of 1.07 Swiss francs to the dollar. If the dollar weakens to say 0.84 Swiss francs to the dollar, the same expenditure of $305 would require only CHF256.
- This explains why the ILO's Swiss franc income (i.e. member States' Swiss franc assessments) falls when the dollar weakens against the Swiss franc.

3. Impact of expenditure incurred in Swiss francs

- Everything else being equal, if the dollar weakens against the Swiss franc, the dollar equivalent figure of the Swiss franc expenditure will increase.
- For example, if the Swiss franc expenditure was CHF468, at 1.07 Swiss francs to the dollar, it equals $437. If the dollar weakens to 0.84 Swiss francs to the dollar, the same expenditure of CHF468 would have to be revalued, in dollar terms, to $557.
- This explains why the ILO's overall dollar expenditure budget rises in nominal terms when the dollar exchange rate weakens against the Swiss franc from one budget period to the next.

4. Conclusion

The overall effect of the above explanations is that if the dollar weakens against the Swiss franc, the ILO's dollar expenditure budget increases but more importantly for member States the Swiss franc assessments decline.

The practical results of the above are summarized in the attachment, which effectively illustrates the level of the proposed 2012–13 budget at two distinct exchange rates.

The methodology described above was approved by the Governing Body and Conference in 1989 with the specific objective of protecting member States from having to pay additional assessments due to unforeseen exchange rate variances during the period of budget implementation and providing certainty in the capacity to deliver the approved programme of work.

Worked example of the relationship between the ILO's expenditure budget level, income assessment level and US dollar – Swiss franc exchange rate

Assume that some 59 per cent of the ILO's expenditure budget is incurred in Swiss francs, and the remainder in US dollars, as follows:

- Swiss francs 468 million (being, for example, salary and other costs incurred in Geneva); and
- US$305 million (being US dollar costs incurred worldwide)

Assume two possible exchange rate scenarios:

- 1.07 Swiss francs to the dollar; and
- 0.84 Swiss francs to the dollar.

Objective

To protect the ILO's programme of work, whatever the exchange rate, the Swiss franc expenditure remains CHF468 million and the US dollar expenditure stays fixed at US$305 million. Income is assessed in Swiss francs.

Result

	Expenditure budget (US dollars millions)		**Income budget/assessments** (Swiss francs millions)
At a rate of exchange of 1.07 Swiss francs to the dollar			
Swiss franc expenditure and US dollar equivalent	**CHF468**	US$437	CHF468
US dollar expenditure and Swiss franc equivalent	CHF326	**US$305**	CHF326
Total expenditure budget and assessments		**US$742**	**CHF794**
At a rate of exchange of 0.84 Swiss francs to the dollar			
Swiss franc expenditure and US dollar equivalent	**CHF468**	US$557	CHF468
Swiss franc expenditure and US dollar equivalent	CHF256	**US$305**	CHF256
Total expenditure budget and assessments		**US$862**	**CHF724**

Conclusion

If the dollar weakens against the Swiss franc, the ILO's dollar expenditure budget increases, and the Swiss franc assessments on member States also decline.

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