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Programme, Financial and Administrative Section
Programme, Financial and Administrative Segment

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Other financial questions: Progress report on expenditure review

Purpose of the document

This paper provides a brief update on the work of the Expenditure Review Committee established by the Director-General following the discussion of the Programme and Budget proposals for 2012–13. It contains a proposal to amend article 9.1(c) and paragraph 19 of Annex III of the Staff Regulations in respect of travel and removal expenses (see the draft decision in paragraph 29).

Relevant strategic objective: All.

Policy implications: None.

Legal implications: Approval to amendments to the Staff Regulations.

Financial implications: When fully implemented, proposed measures would generate efficiency gains and savings.

Follow-up action required: If the Governing Body so decides, the amendment of article 9.1(c) of the Staff Regulations as well as of paragraph 19 of Annex III of the Staff Regulations as set out in paragraph 14.

Author unit: Management and Administration Sector (ED/MAS).

Related documents: GB.312/PFA/7/1(Rev.); GB.306/PFA/12/3; GB.310/10/3(Rev.).

Introduction

1. In response to the Governing Body debate on the Programme and Budget proposals for 2012–13, the Director-General announced his decision with immediate effect to establish a high-level internal Expenditure Review Committee (ERC).¹ The ERC establishes task teams to review structures, working methods and processes with a view to enhancing effectiveness of service delivery and efficiency of operations. The task teams are composed of staff of all levels, including staff managing services, providing services and service recipients. The reviews cross functional boundaries and are not limited by current organizational structures.
2. The ERC supports the process of Governing Body and Conference reform and has established task teams to analyse costs and operations in the following areas:
 - travel entitlements and policies for the reimbursement of travel expenses;
 - printing and publications;
 - desktop printing and copying;
 - local area network (LAN) administration functions.

Governing Body and Conference reform

3. Implementation of reforms related to the working methods of the Governing Body began with the November 2011 session. A streamlined agenda, better planning and organization of the programme of sittings, including one continuous plenary session, have all contributed to a more efficient Governing Body. Of note are the following points:
 - A decrease in interpretation costs of approximately 15 per cent and a decrease in staff overtime of approximately 10 per cent in November 2011 in comparison to the November 2010 session, resulting in estimated savings of some US\$140,000.
 - A reduction in the number of agenda items for the March 2012 session to 45, from 55 for the November 2011 session, 69 in March 2011 and 72 in November 2010.
 - A reduction in the number of documents on the agenda for the March 2012 session to 60, 70 in the November 2011 session, 94 in March 2011 and 91 in November 2010.
 - Positive results from the web-based reporting mechanism, with very few amendment requests.
4. The monitoring of expenditure related to the Governing Body will continue in view of achieving the full benefits of its new mode of functioning.
5. Due to the current structuring of Governing Body discussions, it would however seem premature to draw final conclusions about the real impact of the implementation of the reform package before the discussion of the next programme and budget (November 2012)

¹ GB.310/10/3(Rev.) Appendix II, p. 55.

and March 2013).² As specified in the reform package adopted in March 2011, the Governing Body will have the opportunity to review the actual implementation of the reforms in November 2013 and to proceed to any adjustments that may be required.

6. The review of the functioning of the Conference is under way. The real reduction in the budgetary provision for the Conference (US\$535,000), adopted as part of the Programme and Budget for 2012–13, was made in anticipation of revised more cost-effective arrangements being introduced from 2012. Every expenditure item of the Conference budget was carefully reviewed as part of the preparations for the 101st Session of the Conference. Cost saving measures implemented in 2012 resulted in savings of some US\$580,000, slightly exceeding the programme and budget target. These measures included:
 - reduced external recruitment (including interpretation services) costs;
 - limitations on night/evening sessions for non-standard-setting committees;
 - reduced staff overtime;
 - reduced rental of Conference facilities and equipment.
7. The decision to end the Conference half a day earlier than originally scheduled also had an impact on these savings. The sustainability of all of the savings measured will be closely monitored during the 2013 session of the Conference.
8. A review of the working methods of the Relations, Meetings and Document Services Department is linked to the Governing Body and Conference reforms. An operational audit resulted in the text-processing and translation functions being merged into a single entity. The production chain for official documents is being reviewed and a central document coordination unit is expected to be fully operational by early 2013. The changes will positively impact the cost-efficiency of document services.

Travel

9. Discussions have continued with the Staff Union Committee on a package of measures concerning conditions of work related to travel, as well as on ideas aimed at improving travel management, reducing travel costs and harmonizing travel arrangements with other United Nations organizations.
10. Consistent with the request of the Governing Body as well as the understanding of the Joint Negotiating Committee that efficiency and cost effectiveness measures would have to be implemented as soon as possible during the 2012–13 biennium, the Director-General has decided to implement the following saving measures as of 1 January 2013 for all travel by ILO staff:
 - The threshold for business class travel will be increased from five to nine hours in line with travel standards applied by the vast majority of UN organizations;

² Given the current format for the discussion of the programme and budget proposals, the March session of the second year of a given biennium is one week longer than the March session of the first year in order to allow for a thorough analysis of and discussion on the proposals for the next biennium.

- Arrangements relating to daily subsistence allowances (DSA) have been amended to:
 - (a) require evidence of lodging costs to justify entitlement of full DSA;
 - (b) remove the supplementary DSA of 15 per cent paid to officials holding the grade of D1 and above;
 - (c) provide for the removal of the half-day DSA paid on the final day of travel.
11. The estimated savings to the regular budget from this package of measures amounts to US\$1.6 million for a full biennium.
 12. The introduction of these saving measures will be accompanied by a series of improvements in working conditions relating to travel contained in a collective agreement recently concluded with the Staff Union Committee as a response to the concerns of staff regarding fatigue, safety and security and work–life balance considerations. Such improvements include:
 - addition of the concept of “most direct route” to the general requirement that travel be by the most economical route, in line with the travel policies in other United Nations organizations;
 - provision for possible adjustments to the new business class threshold of nine hours in cases where medical or security conditions so justify, or in respect to particularly distressing itineraries;
 - extension of the business class threshold to travel for official work-related training activities;
 - introduction of compensatory leave in respect of public holidays or weekly rest days used to undertake official travel, as well as of public holidays of the staff member’s duty station lost as a consequence of the staff member being on duty travel in a location where those days are not a public holiday;
 - extended rest period entitlement in respect to overnight travel in economy class;
 - introduction of a limitation in the total period on official mission travel a staff member might be required to undertake in a given year (90 calendar days), as well as of a maximum duration of each mission (30 days) and a minimum interval between two missions (seven days).
 13. Other improvements in the overall management of travel will also be implemented, including a revised centralized approach to budgeting for videoconferences, which is expected to further encourage use of this technology as an alternative to travel activities; revised guidance and requirements in order to enhance the benefits of better planning and the early purchase of tickets.
 14. The above changes in the ILO travel policy will be introduced by means of the ILO’s Internal Governance Documents System (IGDS). There are however two changes that require prior approval by the Governing Body of amendments to the Staff Regulations:

Article 9.1(c) concerning the general definition of travel entitlements:

Travel shall normally be by the most **direct and** economical route ~~and means of transport~~, account being taken as far as possible of the wishes of the official concerned.

Paragraph 19 of Annex III in connection with the removal of the half-day DSA on the last day of travel:

For the purpose of calculating subsistence allowance, the day is defined as the 24-hour period from midnight to midnight. Subject to the provisions of paragraph 20 below, the full rate shall be paid for every day on which the official is in travel status, ~~and half rate for the last day of travel.~~

Printing and publications

15. Two closely coordinated task teams are reviewing costs and business processes in this area. The first, led by the Director of the International Institute for Labour Studies, works closely with the Research and Publications Committee and has been assigned the task of reviewing the quality and volume of Office publications. The second task team, led by the Director of the Document and Publications Production, Printing and Distribution Branch, is reviewing the means of production and distribution of publications.
16. The Research and Publications Committee is looking into a more focused approach to research and publications. In accordance with the Programme and Budget for 2012–13, research will be grouped into four topics and the task force is coordinating the research activities for each. The aim is to build complementarities around key topics and identify research gaps. A dedicated website, as exists in other major international organizations, has been launched and an ILO research series has been created for each of the four research topics. The peer-review process will be further strengthened to ensure the quality of publications, in particular the global reports: Global Employment Trends, the Global Wage Report, the World of Work Report and the World Social Security Report. An editorial board has been created to establish a planning process for publications. The diffusion of publications will be reviewed to determine the most efficient and effective means of carrying out this task.
17. The second task team, supported by a consultant, is reviewing working methods and business processes in the production and distribution of documents and publications, with a view to enhancing efficiency and improving service levels. The ILO will increasingly diversify into digital-type outputs to disseminate its work. The use of modern technologies in the production of documents, such as print-on-demand, will require the implementation of more modern management and planning tools. A review of the working methods and business processes for the full production cycle will give rise to a new distribution policy, user specifications for a modern system to manage the publications process and recommendations for changes to internal processes. All relevant units in the Office are involved in this review.
18. Estimated savings due to this reform, once it has been fully implemented, will be determined by taking into consideration the volume of publication, the means of dissemination and the cost of production.

Desktop printing and copying

19. The headquarters building is equipped with leased and shared multifunction print/photocopy/fax/scan machines located in central, common areas and networked to desktop computers through the LAN. Today, staff have the ability to print documents on these machines, but individual units also have the option to supplement these multifunction machines with desktop printers; over 1,200 desktop printers are currently in service.
20. A task team conducted a review of printing services and costs at the ILO headquarters and established some US\$550,000 of savings per biennium through the exclusive use of the leased and shared multifunction machines for all printing. Achieving these savings requires

the progressive non-replacement and removal from service of all desktop printers, with due consideration given to exceptional situations. The purchase of desktop printers will be centralized, as for desktop computers, and authorized only in exceptional circumstances, such as confidentiality, convenience of higher-graded officials, and where setting up shared multifunction leased printers is impractical.

21. This initiative will be implemented in early 2013 when the contract for the current multifunction machines expires. The Office will benefit from a recent competitive bidding process concluded by the United Nations Office in Geneva for multifunction printer/photocopy/fax/scan machines and enter into a contract with the selected supplier. The contract includes the provision of consumables and support. This common procurement arrangement would avoid cost and time delays of the ILO conducting its own competitive procurement process.
22. In addition, the following benefits will be achieved:
 - The Office will no longer need to purchase, stock and distribute a variety of toner cartridges for the desktop printers. This would also eliminate the processing of individual purchase orders and invoices.
 - The Office will no longer need to process individual purchase orders and invoices for desktop printers.
 - All printing will default to recto-verso, which will reduce paper consumption and improve the ILO's environmental footprint.
 - Electricity consumption will decrease as desktop printers are removed from service.

LAN administration functions

23. The LAN administration function in headquarters is currently split between operating units and the Bureau of Information Technology and Communications (ITCOM), with some units recruiting staff to perform this function while others rely on ITCOM staff. This organizational arrangement is not consistent with best practices for IT service and support.
24. A task team has been created consisting of representatives from ITCOM, the Human Resources Development Department (HRD), the Staff Union, the operating units and the LAN administrators with support from an external consultant. An initial analysis has found that service levels vary greatly across the Office and that the workload is unevenly distributed. A move towards a centralized service model would greatly improve the effectiveness of LAN administration, including:
 - LAN administrators would report to or become part of the ITCOM team, which would result in supervision by IT professionals, enhanced technological collaboration, better career development opportunities and continuous technical training.
 - Service levels would be standardized across all headquarters units.
 - Headquarters unit managers would no longer need to recruit and supervise IT staff, nor would they need to arrange for coverage during absences.
25. Further development of possible scenarios is expected to be completed in October, with a final decision to be taken by the end of 2012.

Going forward

26. The new Director-General and his management team are committed to delivering value in all ILO activities. Efficiency, transparency, teamwork and responsiveness will be key to the ILO's success. The transition team has undertaken a detailed programme of consultations with staff and designated units with a view to developing concrete proposals for reform and change. These consultations and the reviews conducted by the ERC will directly contribute to the Programme and Budget proposals for 2014–15.
27. The ERC enables the critical review of work and working methods. In line with the overall objective of ensuring value for money, an assessment will be carried out of management practices, the organization of administrative support services, and financial resource management. Proposals will be developed to improve the efficiency of central administrative services.
28. Management and organizational structures will be streamlined and management responsibilities attributed on the basis of clearly defined roles and accountability.

Draft decision

29. *The Governing Body approves the proposed amendments to the Staff Regulations and authorizes the Director-General to amend article 9.1(c) and paragraph 19 of Annex III of the ILO Staff Regulations as set out in paragraph 14 above.*