

**Financial Report
and Audited Financial Statements
for the Sixty-seventh
Financial Period (2000-01)**

and Report of the External Auditor

Contents

1.	Financial report on the 2000-01 accounts	1
2.	Report of the External Auditor.....	3
	Executive summary.....	3
	Scope and approach of the audit	6
	Detailed findings for 2000-01	7
	Follow-up to earlier recommendations	25
	Acknowledgement	27
	Annex 1. Action taken in response to the recommendations made in the External Auditor's report on the 1998-99 accounts	29
3.	Certification of financial statements and audit opinion	35
4.	Financial statements and schedules for the financial period 2000-01.....	37
Statement I.	Statement of income and expenditure and changes in reserves and fund balances (all sources of funds)	38
Statement II.	Statement of assets, liabilities, and reserves and fund balances (all sources of funds).....	39
Statement III.	Statement of cash flow – General Fund.....	40
Statement IV.	Status of regular budget appropriations for the financial period 2000-01.....	41
Schedules pertaining to the General Fund		
	Schedule 1.1.1. Income and expenditure and changes in reserves and fund balances (regular budget).....	42
	Schedule 1.1.1.1. Additional expenditure items approved by the Governing Body.....	43
	Schedule 1.1.2. Income and expenditure and changes in reserves and fund balances (Working Capital Fund, Income Adjustment Account and Capital Funds relating to land and buildings).....	44
	Schedule 1.1.3. Income and expenditure and changes in reserves and fund balances (other funds forming part of the General Fund).....	45
	Schedule 1.1.3.1. Income and expenditure and changes in reserves and fund balances (other funds forming part of the General Fund).....	46
	Schedule 1.1.3.2. Income and expenditure and changes in reserves and fund balances (other funds forming part of the General Fund).....	47
Schedules pertaining to other funds managed by the ILO		
	Schedule 2.1. Income and expenditure and changes in reserves and fund balances (other funds managed by the ILO).....	48
	Schedule 2.2. Assets, liabilities, and reserves and fund balances (other funds managed by the ILO).....	49

Schedule 2.1.1.	Income and expenditure and changes in reserves and fund balances (funds with approved budgets) ¹	50
Schedule 2.2.1.	Assets, liabilities, and reserves and fund balances (funds with approved budgets) ¹	51
Schedules pertaining to extra-budgetary technical cooperation		
Schedule 3.1.	Income and expenditure and changes in reserves and fund balances (extra-budgetary technical cooperation).....	52
Schedule 3.2.	Assets, liabilities and reserves and fund balances (extra-budgetary technical cooperation).....	53
	General notes to the financial statements and schedules.....	54
5.	Information annexes.....	65
Annex I.	Strategic objectives: Distribution of appropriation and expenditure for 2000-01	66
Annex II.	Regular budget expenditure in 2000-01 by object of expenditure.....	67
Annex III.	Assessed contributions of member States and amounts due by States for prior periods of membership in the ILO	68
Annex IV.	Distribution of the Incentive Fund amounts established in 2000-01 under the incentive scheme for the early payment of member States' assessed contributions.....	72
Annex V.	Extra-budgetary technical cooperation expenditure by beneficiary country	75

¹ International Institute for Labour Studies (IILS).
Inter-American Vocational Training Research and Documentation Centre (CINTERFOR).
International Occupational Safety and Health Information Centre (CIS).

1. Financial report on the 2000-01 accounts

General Fund

Financial results for 2000-01 – Regular budget

1. The International Labour Conference at its 87th Session (June 1999) approved an expenditure budget for the 2000-01 financial period amounting to US\$467,470,000 and an income budget for the same period for the same amount, which, at the budget rate of exchange for the period of 1.53 Swiss francs to the US dollar, amounted to 715,229,100 Swiss francs. This amount was subsequently adjusted to 715,210,897 Swiss francs following the admission of Kiribati on 3 February 2000 (3,254 Swiss francs), and the change in the assessment rate between the Federal Republic of Yugoslavia and the Former Socialist Federal Republic of Yugoslavia (21,457 Swiss francs).
2. In addition to the expenditure budget, the Governing Body authorized additional expenditure items totalling \$2,550,600 to meet various unforeseen costs not provided for in the approved budget. It proved possible to finance all but \$574,198 of these items from savings in Part I of the programme and budget. The balance of \$574,198 was being financed from the Provision for Unforeseen Expenditure in Part II of the budget.
3. The overall results for the 2000-01 financial period are summarized in [Schedule 1.1.1](#) while the details of contributions paid by member States and expenditure are shown in the notes to [Statement II](#) and in [Statement IV](#) respectively. Valued at the budget rate of exchange and using the accrual method of accounting, total budgetary income for 2000-01 amounted to \$467,458,103. Expenditure under Part I of the budget during 2000-01 amounted to \$466,595,000 as budgeted, after the absorption of \$1,976,402 of the \$2,550,600 in additional expenditure items which were approved by the Governing Body. The excess of income over expenditure for the biennium 2000-01, at the budget rate of exchange, thus amounted to \$288,905; revalued at the rate of exchange in effect at the close of the financial period, the excess of income over expenditure amounted to \$267,893.
4. In accordance with article 18, paragraph 1, of the Financial Regulations, a provision for delays in the payment of contributions in the amount of 100 per cent of the outstanding contributions at 31 December 2001 has been made. Since the total contributions outstanding at 31 December 2001 amounted to 126,651,615 Swiss francs, as compared with the total contributions outstanding at 31 December 1999 of 227,135,227 Swiss francs, the provision required at 31 December 2001 was 100,483,612 Swiss francs less than that which would have been required at 31 December 1999. The net adjustment to income and expenditure was therefore a credit of \$60,899,159 (100,483,612 Swiss francs valued at the December 2001 rate of exchange). This accordingly increased the excess of income over expenditure to \$61,167,052 or 100,925,636 Swiss francs.

Other funds forming part of the General Fund

5. Other funds forming part of the General Fund totalled \$161 million, and consisted, inter alia, of the Working Capital Fund, the Income Adjustment Account, Capital Funds relating to land and buildings, the Building and Accommodation Fund, Programme Support Accounts, and the Terminal Benefits Fund. Details of these funds are given in Schedules [1.1.2](#) and [1.1.3](#).

Other funds managed by the ILO

6. Other funds managed by the ILO totalled some \$148 million at 31 December 2001. The major part of this amount (\$105 million) related to funds held for extra-budgetary technical cooperation activities. Other major funds managed by the ILO included the Staff Health Insurance Fund (\$32 million) and accounts related to the International Institute for Labour Studies (\$10 million). Expenditure on extra-budgetary technical cooperation activities totalled \$206 million in 2000-01 of which \$30 million was financed by the United Nations Development Programme, and \$176 million by other donors.¹ In this latter category, expenditure on the International Programme on the Elimination of Child Labour totalled \$56 million. Compared with 1998-99, expenditure on activities financed by the United Nations Development Programme decreased by 36 per cent while expenditure on activities financed by other donors increased by 29 per cent. Details of funds held for extra-budgetary technical cooperation activities are given in [Schedule 3.1](#), while details of other funds managed by the ILO are given in [Schedule 2.1](#).

United Nations Accounting Standards

7. As noted in previous financial reports and in the general notes to these financial statements, the ILO's financial statements take into account the United Nations Accounting Standards adopted initially by the Administrative Committee on Coordination of the UN system and revised regularly since. The latest revision carried out in 2001 further clarified texts in the Standards on the provision for delays in payment of assessed contributions, on liabilities for after-service health insurance, and on the accounting treatment of voluntary contributions.

¹ Including trust fund deposits by governments, funds placed at the disposal of the ILO by certain government agencies for multi-bilateral programmes and associate expert schemes, activities financed through United Nations organizations including the United Nations Population Fund, and funds placed at the disposal of the ILO by a number of non-governmental agencies.

2. Report of the External Auditor on the audit of the accounts of the International Labour Organization for the financial period 1 January 2000 to 31 December 2001

Comprising:

- | | |
|--|----------------------|
| ■ Executive summary | (paragraphs 1-12) |
| ■ Scope and approach of the audit | (paragraphs 13-18) |
| ■ Detailed findings for 2000-01 | (paragraphs 19-113) |
| ■ Follow-up to earlier recommendations | (paragraphs 114-122) |
| ■ Acknowledgement | (paragraph 123) |

Executive summary

Overall results of the audit

1. I have audited the accounts of the International Labour Organization (ILO) in accordance with the Financial Regulations and in conformity with the Common Auditing Standards of the Panel of External Auditors of the United Nations, the Specialized Agencies and the International Atomic Energy Agency.
2. **My audit revealed no weaknesses or errors that I considered material to the accuracy, completeness and validity of the financial statements as a whole and I have placed an unqualified opinion on the ILO's financial statements for the period 2000-01.**
3. Under the authority of the Additional Terms of Reference Governing External Audit appended to the Financial Regulations, my report includes specific observations and recommendations directed at improving the ILO's financial management and control.

Main audit findings and recommendations

On management matters

4. With the arrival of a new Director-General, the 2000-01 biennium was one in which many changes were implemented at the ILO. My staff carried out focused reviews on three areas of change for the Organization: the ILO's new human resources strategy and reclassification exercise; the introduction of strategic budgeting; and the Office of Internal Audit and Oversight.

Review of the reclassification exercise

5. In 2000-01, the International Labour Office launched a new human resources strategy which involved major changes to the way it would deal with its staff. My staff carried out a review of one of the most important areas of this strategy, the reclassification of positions. The main findings from this review were:

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- a total of 917 Regular Budget positions were subjected to reclassification review against new generic job descriptions;
 - the new classification scheme is in accordance with the ICSC's requirements and the development of the generic job descriptions had been well conceived and managed;
 - there was scope to improve the methodology for review and application of generic job descriptions across the International Labour Office, including the guidance and training of managers;
 - the exercise was carried out against an ambitious timetable, which became subject to delay and which constrained the extent of internal review;
 - the Independent Review Group worked well, adding value and objectivity to the process, although it did this without formal terms of reference; and
 - the Office's prior costing of the effects of the reclassification exercise was limited.

6. I have recommended that:

- **further training be given to managers for future exercises;**
- **in any future exercises, HRD consider carefully the adequacy of planning and implementation timetables;**
- **ILO consider whether there would be merit in carrying out a retrospective evaluation of the reclassification exercise to confirm the consistency of application of the generic job descriptions (and review procedures for ensuring consistency in the future);**
- **the ILO produce formal terms of reference for the Independent Review Group as a matter of priority; and**
- **for good budgetary and financial management, future exercises should be fully costed in advance of approval being sought from the Governing Body.**

The introduction of strategic budgeting

7. This biennium also saw the introduction of strategic budgeting and performance measurement to the ILO, in line with the Director-General's strategy to focus the ILO on its core objectives. My staff reviewed the implementation of strategic budgeting and performance indicators, and found that:

- the initial introduction of the concepts of strategic budgeting had been well implemented, with good support materials available to staff;
- even though baseline data was not available for the setting of targets and performance indicators in 2000-01 or 2002-03, management had undertaken review and consultation to ensure the application of knowledge gained during the process;
- significant progress has been made in the initial introduction of strategic budgeting and performance measurement; and
- further resources may need to be allocated to evaluation, so that lessons learned can be used to refine performance indicators and targets in each subsequent budget cycle.

8. I have recommended that:

- **the ILO reconsider the usefulness of high level performance indicators for support and management functions;**
- **training courses and material should continue to be made available to all staff at headquarters and field locations, to facilitate the widest participation in the strategic budgeting process;**
- **management ensure that any developing systems should be compliant with the principles of the Enterprise Resource Planning system and its standards, to permit data sharing and avoid duplication and waste of resources;**
- **management ensure that sufficient resources are available to analyse and make use of performance data in a timely manner within the normal budgeting process;**
- **management establish systems for estimating the costs of recording and collating the different types of performance information, to ensure that costs incurred do not outweigh the benefits received; and**
- **the International Labour Office’s evaluation strategy should provide for independent review and evaluation of all performance indicators, with the results being reported to the Governing Body.**

Review of the Office of Internal Audit and Oversight

9. An organization’s system of internal control is key to the identification and management of risks that are significant to the achievement of its programme objectives. Internal audit is an integral element of sound corporate governance and internal control. Following the establishment of the Office of Internal Audit and Oversight (IAO) and the updating of the terms of reference for internal audit, my staff carried out a review of this important activity. The main findings of this review were:

- the IAO has a well defined position within the Organization, with clear lines of reporting and authority;
- the internal audit team provide valuable briefing, advice and the dissemination of good practice to management in headquarters and regional and country offices;
- there is scope to improve the training and continuing professional education of the staff of the IAO;
- there is a need for IAO to introduce a systematic and forward looking risk assessment methodology for their work, in addition to an audit manual and improved audit planning;
- IAO would also benefit from prioritizing its recommendations and should seek to identify potential savings from the implementation of audit recommendations.

10. I have recommended that:

- **the Office of Internal Audit and Oversight develop a systematic risk assessment methodology to underpin their work;**

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- IAO develop a more comprehensive audit plan to cover each biennial period, setting out defined objectives, outputs and resources;
 - IAO now finalise and adopt an internal audit manual (planned since 1999) as a matter of priority;
 - IAO consider whether audit reports could include estimates of cost savings that might be achieved as a result of recommendations being implemented;
 - IAO introduce a systematic methodology for the prioritization and follow up of recommendations to management; and
 - in addition to the existing annual reporting, IAO submit a biennial audit plan, outlining their proposed coverage, and a biennial report of the results of their work (linked to the biennial plan) to the Director-General and to the Governing Body.

On financial matters

The Staff Health Insurance Fund (SHIF)

11. The ILO has not as yet completed its review of the three recommendations I made in my 1998-99 report on this subject: that the ILO should review the legal and constitutional status of the SHIF; keep under review the potential costs and benefits of outsourcing the operation of the Fund; and clarify the auditing and reporting arrangements.

- **I have recommended that the ILO address these previous recommendations as soon as possible.**

Administration of staff appointments

12. In their audit of payroll my staff noted that, in the case of some 13 per cent of staff recruited at headquarters, the appointments had not been approved until after the staff member had commenced work.

- **I have recommended that ILO ensure that all contract actions are finalized before employment commences.**

Scope and approach of the audit

Audit scope

13. I have audited the accounts of the International Labour Organization (ILO) for the financial period 1 January 2000 to 31 December 2001 in accordance with Chapter IX, Article 36.2 of the Financial Regulations and the Additional Terms of Reference Governing External Audit appended thereto.

Audit objectives

14. The main purpose of the audit was to enable me to form an opinion as to whether the expenditure recorded in the financial period had been incurred for the purposes approved by the International Labour Conference; whether income and expenditure were properly

classified and recorded in accordance with the Financial Regulations; and whether the financial statements presented fairly the financial position at 31 December 2001.

Audit standards

15. My audit was carried out in conformity with the Common Auditing Standards of the Panel of External Auditors of the United Nations, the Specialized Agencies and the International Atomic Energy Agency. These standards require me to plan and carry out the audit so as to obtain reasonable assurance that the financial statements are free from material misstatement. ILO's management were responsible for preparing these financial statements and I am responsible for expressing an opinion on them based on evidence obtained in my audit.

Audit approach

16. In accordance with the Common Auditing Standards, my audit included a general review of the accounting systems and such tests of the accounting records and internal control procedures as I considered necessary in the circumstances. The audit procedures are designed primarily for the purpose of forming an opinion on ILO's financial statements. Consequently my work did not involve detailed review of all aspects of financial and budgetary systems and the results should not be regarded as a comprehensive statement on them.
17. My audit also included focused work, in which all areas of the financial statements were subject to direct substantive testing. A final examination was carried out to ensure that the financial statements accurately reflected ILO's accounting records and were fairly presented.

Audit conclusion

18. My report includes a number of observations and recommendations intended to be of benefit to the Organization; and, in accordance with normal practice, my staff record additional findings in management letters to the secretariat. None of these matters materially affected my audit opinion on ILO's financial statements and schedules for the biennium; and, notwithstanding the observations in this report, my examination revealed no weaknesses or errors that I considered material to the accuracy, completeness and validity of the financial statements as a whole. Accordingly I have placed an unqualified opinion on the ILO's financial statements for 2000-2001.

Detailed findings for 2000-01

Management matters

Introduction

19. In November 1999, the new Director General laid out his vision for the reform of the International Labour Office. The 2000-01 biennium was a period of structural and management change at the ILO. In the light of these important developments for the Organization, my staff examined the impact of reform in three key areas: the human resources strategy and the impact of the reclassification exercise; the introduction of

strategic budgeting and performance measurement; and internal audit as a management tool in corporate governance.

Review of the reclassification exercise

20. In this biennium the Office launched a new human resources strategy with a paper (GB.276/PFA/16) for consideration by the Governing Body entitled “Results through development: A new personal and career development agenda for the ILO”. The paper set out a vision of a modern, holistic approach to people management with the stated aim of securing high organizational capability and flexibility; high levels of individual, team and organizational motivation; and a fair deal at work culture for the ILO. The strategy was formally noted in Governing Body decisions.
21. My staff carried out an early review of the planning, implementation, delivery and outcomes achieved under one element of this strategy: classification, or grading, in relation to headquarters Regular Budget positions. This important area has a direct effect on the ILO’s budget and management. In particular:
- the development of a new strategy carried an inherent risk of conflict with the principles of the existing Common System classification standards and some members of the Governing Board had expressed concerns about this;
 - decisions on grading are of central significance to the Organization in terms of staff positions or complement (on which it relies to deliver its programme mandate) and its budget; and
 - classification is of direct and personal importance to individual staff members.
22. The range and scope of organizational change involved in the strategy, the strong desire to achieve rapid results, and the need to coordinate the different elements of the process provided a significant project management challenge. It also represented a testing ground for a new developing relationship between the International Labour Office and the Staff Union. Any significant degree of upgrading carries potential for an immediate and continuing long-term effect on the Organization in staff costs. Table 1 shows by sector the total number of Regular Budget positions which required reclassification review during the process.

Table 1. Breakdown of HQ regular budget positions by sector

Sector	G	P	Total
Dialogue	41	58	99
Employment	43	71	114
Protection	38	51	89
Standards	133	97	230
Support	173	55	228
Reporting to DG	95	62	157
Grand total	523	394	917

Source: HRD data.

The human resources strategy

23. The strategy recognized the paramount importance of people to the delivery of an organization’s objectives and identified four core human resource issues for the ILO:

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- the introduction of staff development plans;
 - the introduction of more effective recruitment policies and practices;
 - the improvement and extension of systems for communication and consultation with staff; and
 - a move towards more appropriate gender and national balances with a practical recognition of the value of people diversity.
- 24.** The Office acknowledged that its current personnel policies, practices and institutions were both outdated and inappropriate to the effective delivery of the mission and strategy of the ILO. Specifically:
- they were perceived as too slow, with even apparently routine personnel actions often taking months;
 - they were not designed for a career development culture and not easily adaptable to this;
 - they were considered inflexible, resulting in a focus on grade chasing rather than sustainable career development – a practice which had in turn contributed to the current classification systems being in a state of collapse; and
 - they had been neither effective nor good value for money, given the return they provided.
- 25.** The Office anticipated that achieving the necessary changes would challenge all existing major personnel policies, and identified six main areas where extensive procedural changes were required:
- personal and career development;
 - recruitment and selection;
 - post classification;
 - people management skills;
 - employee relations; and
 - external awareness of the ILO's policies.

The existing classification model

- 26.** The ILO has always followed the International Civil Service Commission (ICSC) Master Standards, used for classifying positions throughout the United Nations Common System, under which the grading of positions is based on a total points system. The process calls for the assessment and scoring of a series of objective factors within a position, such as the nature of tasks carried out, their complexity and the level of responsibility the position carries. A centralized professional Classification Unit grades positions based on their judgement of these factors.
- 27.** The strengths of this system are held to be its easily understood formulaic basis and the fact that it can show where differences between grades arise. The system can take into consideration any number of individual elements of a position in order to arrive at an

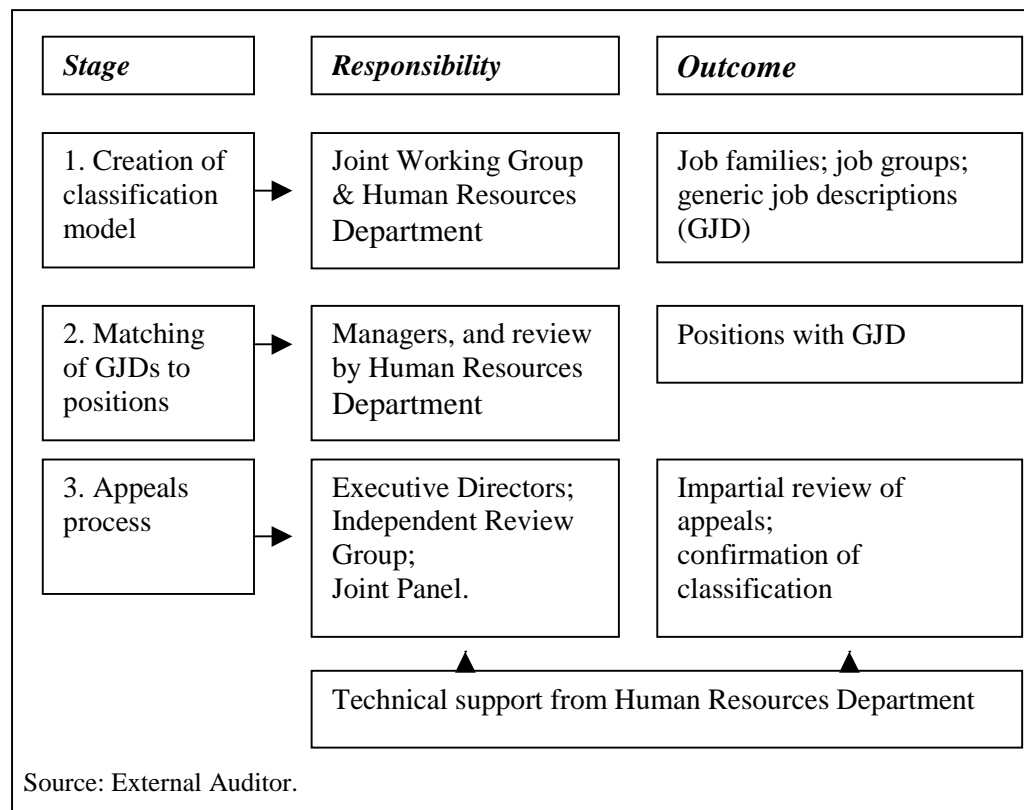
overall grading conclusion, making the results directly relevant and understandable to the position holder.

- 28. Over time, even small changes in task allocations or responsibilities could lead to requests for regrading, since extra points could lift a position into the range for the next grade. This resulted in a situation where each position effectively became unique, a factor which does not facilitate flexibility in working practices and can create backlogs and additional demands on the classification system.
- 29. These circumstances also present some risk that the grading system could be used to address problems in recruitment, retention, rewards and incentives. In circumstances where direct methods of dealing with these factors were insufficiently developed, not all grading decisions were classification based. This can contribute to misunderstanding about the grading process; and a blurring of the underlying principle that classification relates to the position, and not the person.

Overview of the ILO reclassification exercise and timetable

- 30. The reclassification element of the new human resources strategy was directed at addressing existing problem areas while staying in line with ICSC Standards. It was intended to provide a link with other aspects of the overall strategy, such as recruitment and staff appraisal procedures, and with future routine classification actions. Figure 1 provides a diagrammatic overview of the process, responsibilities and outcomes.

Figure 1. Representation of the reclassification exercise



Development of generic job descriptions

- 31.** The first part of the reclassification process involved the creation of a simplified classification model based on fewer categories, to replace highly individualized job descriptions that had developed over the years. The objective was to highlight the common areas of many of the Office's staff positions; and express the tasks, responsibilities and requirements of positions in more general terms, using clear and common language. This would in turn make it possible to define a series of progressively higher requirements for different levels within the group, dependent upon the mix and extent of tasks involved. This approach was intended to support simpler, quicker and more transparent decisions on grading.
- 32.** A Joint Working Group on Classification, with members nominated by both the Office and the Staff Union, was established to steer the project. Activities started in April 2000, with the intention of completing the new structure by December 2000 and beginning implementation from January 2001. Technical development work was to be led by the ILO's Human Resources Department (HRD) Classification Unit, with contributions from external consultants.
- 33.** The Classification Unit analysed the existing ILO Regular Budget headquarters' positions based on common elements such as titles and functions. Broad groupings were identified for new job families: for example, technical specialists from the Professional grades or administration-related support staff from the General Service category. For each of these groups HRD drafted generic job descriptions detailing the kind of work performed in a particular grade. The new generic descriptions contained all the factors required under the ICSC classification standards; and the ICSC points system was applied to a sample of generic jobs throughout the development period to validate the new classifications.
- 34.** The Joint Working Group set up a series of technical committees to review various drafts of generic job descriptions, with committee members who had direct knowledge and experience of the different jobs covered by a job family. The technical committees met between September 2000 and February 2001. HRD updated and maintained a master set of generic job descriptions as they evolved. These were adopted as part of a collective agreement between the ILO and the Staff Union on arrangements for the establishment of a baseline classification and grading, the Baseline Agreement, signed on 14 March 2001.
- 35.** My staff reviewed the way in which HRD had undertaken the development of the generic job descriptions. They examined the underlying ICSC standards and on a sample basis verified that key factors had been carried through into the new job descriptions. They also reviewed a range of job families and job descriptions, including those for secretaries and economists, which had been used by HRD as pilot categories. My staff interviewed members of the technical committees (both Staff Union and Office nominees) responsible for documentalists, the library, secretaries, technical specialists and finance staff.
- 36.** Although the original target date for completion of the new structure by December 2000 was exceeded by 3 months, this was not unreasonable. My staff were impressed by the diligence and the extent of research and self-briefing that the Classification Unit had undertaken at the outset in 2000 in order to develop their approach. The Unit had made considerable efforts to ensure that generic job descriptions were well founded, not only by reference to ICSC standards, but also in detailed application to ILO positions. Throughout the development process the exercise benefited from a central focus and effective involvement of technical experts throughout the ILO, which helped ensure quality of outputs.
- 37.** In March 2001, ILO made a working level presentation of the results to the ICSC, who were content that the generic job descriptions were in line with the common standards and

endorsed the work done. Overall my staff concluded that the development of the generic job descriptions had been well conceived and managed, and provided a very sound tool for the baseline classification exercise to follow.

Matching existing staff to the new baseline

38. The matching exercise had three components: the allocation by managers of a new generic job description and grade to each existing position holder; provision for this to be reconsidered at the position-holder's request; and a formal review and appeal procedure. The arrangements and timetable for this were laid down in the Baseline Agreement signed on 14 March 2001.
39. This arrangement was presented to the Governing Body in March 2001, in a brief update report which also stated that HRD would put procedures in place to ensure consistency in upgrading actions. At the same time the Governing Body was asked to approve derogation from the Staff Regulations concerning promotion and allow the automatic upgrading of position incumbents, where the baseline exercise indicated that upgrading of the position was required. This was approved by the Governing Body, subject to a deadline of November 2001.
40. My staff evaluated the implementation of these arrangements in a number of ways. They reviewed documentary submissions from a range of individual managers and sectors, and HRD's response to those submissions; they undertook a review of the recommendations of classification consultants employed by the ILO; and they interviewed a number of managers and Staff Union officers for their views on the process.
41. From my staff's review of the matching and reconsideration stages of the process, it was apparent that four key issues affected the overall quality, consistency and transparency of the exercise:
 - the role of the manager;
 - communication and training;
 - time scale; and
 - the procedures for ensuring consistency and fairness.

The managers' role

42. During this exercise, line managers became involved in activities that had previously been treated as the sole province of HRD. Managers were best placed to know the tasks required of individual positions within their domain and were considered to be best able to carry out the baseline matching exercise. For many managers this was a totally new concept and, at times, an unwelcome additional role.

Communication and training

43. The extent of dialogue with staff varied greatly during the process. In some cases there had been no consultation with staff before a formal written notification of the resulting position classification. In other instances, an approach involving group meetings or face to face discussion and reflection of views had been followed. There were also differing views on whether the position or the person was being matched to the generic job description. My staff found that, almost without exception, managers had seen their role as being to apply the baseline to their immediate area only and very few had consulted with other managers within the sector to ensure consistency of approach or understanding.

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- 44.** No formal training or detailed briefing had been provided to managers before the exercise was launched. HRD informed my staff that they had felt that the exercise was straightforward and supported by the availability of their classifiers to answer any ad hoc questions. No guidance material had been available to staff in the period March to May 2001, when the initial matching and reviews were performed. Although information was subsequently posted on the HRD intranet pages, this was too late to assist many managers with the exercise and did not facilitate any prior consideration or questioning of what they had to do. Delay in the production of guidance material became inevitable once the target date for preparation of the generic job descriptions was exceeded, as it was to be produced by the same HRD staff who were responsible for the preparation of the intranet and other guidance.

The time scale

- 45.** The timetable proposed for the review exercise was extremely tight. HRD wrote to each executive director at the end of March 2001, enclosing the full range of 125 generic job descriptions covering all Professional and General Service positions. For the majority this was their first sight of the generic job descriptions. Sectors were asked to return within ten calendar days full listings of all staff covered by the exercise, and provide a range of associated information, including the titles of the new job family, the applicable job description and the proposed grade. HRD have acknowledged that this time scale was short but have pointed out that a large proportion of managers complied with the deadline.
- 46.** The Baseline Agreement set a target of 17 April 2001 for all staff members to be informed in writing of their new title and status. This was subsequently extended to 31 May 2001, although without relaxation of consequential key dates, such as the 16 July deadline for executive directors to provide a reasoned decision to those staff members who requested reconsideration of their grades after initial matching. This reduced the time allowed for that part of the process from eight to six weeks; and several appeals were submitted to the independent review group on the basis that this dead-line had been breached.

Procedures for consistency and fairness

- 47.** Under the Baseline Agreement, HRD were intended to review the matching exercise undertaken by managers and act as an moderator across the Office. HRD envisaged carrying out these processes within a maximum of 16 calendar days from receipt of sector proposals. The review was conducted primarily by the Director of HRD and the chief of the Classification Unit.
- 48.** My staff noted that HRD had focused their review on requests for upgradings rather than the majority of positions which were being confirmed; and that they had looked for instances where the overall level or distribution of proposed upgrades seemed out of the ordinary. HRD were of the opinion that it was unnecessary to review cases where the manager and position holder agreed that upgrading was not warranted. Based on this overall review, the specialist classifiers in HRD carried out a further detailed review of some 43 individual cases.
- 49.** My staff found that HRD's review methodology to ensure equal application of the baseline was relatively narrow in scope. No exercise had been undertaken to compare the application of compatible generic job descriptions across the Office by sector; only 43 of 917 cases were reviewed in detail; and these were selected on a judgmental rather than representative basis.
- 50.** My staff concluded that there were three factors which affected efficient matching and implementation of the generic job descriptions:

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- the lack of systematic, formal guidance or training before managers embarked on a major new, technically difficult and subjective exercise;
 - a very tight time-scale for the process, further constricted by delays in implementation; and
 - the relatively limited review carried out by HRD.

Recommendation 1 – To ensure that appropriate grading and classification is applied in relation to newly recruited staff and any non-Regular Budget positions, I recommend that further training be given to all managers who in future would be required to undertake a similar matching exercise.

Recommendation 2 – I recommend that in any future exercises, HRD consider carefully the adequacy of planning and implementation timetables.

Recommendation 3 – I further recommend that ILO consider whether there would be merit in carrying out a retrospective evaluation of the reclassification exercise to confirm the consistency of application of the generic job descriptions; and also review the procedures for consistency of application of generic job descriptions in any future exercises.

The appeals process

51. The Baseline Agreement envisaged a two-stage appeals process in cases where staff did not accept the result of the reconsideration of their initial baseline classification carried out by their Executive Director: technical reassessment by an Independent Review Group; and a further review by a Joint Panel.
52. The Independent Review Group (IRG) comprised 14 staff members jointly nominated by the Staff Union and the ILO, drawn from both Professional and General Service categories. The IRG was composed of people without a classification background, to permit a new dimension to the review; and to avoid any perception that the appeals process could be merely an opportunity for classification experts and consultants to endorse each other's findings.
53. My staff interviewed four members of the IRG to establish how they carried out their function. Notwithstanding a lack of formal terms of reference, the IRG was issued with a set of guidance notes and received two days of group training in 2001. They had worked through a number of theoretical examples and discussed the treatment with classification experts. All IRG members had found this preparation very helpful.
54. Following review by the IRG, any staff member who was still dissatisfied and felt that they had grounds to claim procedural flaw or unfairness at any stage during the baseline exercise, could refer their case to a Joint Panel. The Joint Panel was set up under the ILO's collective agreement on grievance procedures and comprised an external chairperson and two members jointly nominated by the Staff Union and the ILO.
55. The Baseline Agreement set deadlines for cases to be referred to and dealt with by the IRG, with a final date for conclusion of all cases by 30 November 2001. By that date, HRD had forwarded to the IRG only 26 of the 99 cases pending at that stage. The IRG had dealt with 16 cases, although not all results had been transmitted to the staff members concerned. This failure to adhere to deadlines contributed to 53 cases being submitted to the Joint Panel for further appeal and in several cases was the only reason for the referral.

56. This failure to adhere to deadlines was due to a number of factors. Breaches of deadlines under the matching and review stages of reclassification had a consequential delaying effect on later stages of the exercise. The Independent Review Group should have been selected and terms of reference adopted by 30 April 2001. Given other pressures associated with the initial matching around that time, this deadline was extended to 31 May 2001. Nevertheless, terms of reference were never produced. A collective agreement on future grading actions, signed on 18 February 2002, repeated the requirement for terms of reference to be established for the IRG for its future work.
57. Appeals review by the IRG was based on documentation produced in previous stages by managers, staff members, HRD and external classification consultants, together with any additional material submitted by the staff member. My staff reviewed a number of IRG cases drawn at random, to confirm this process in practice and to review documentation. IRG felt that HRD had facilitated their work and supported them effectively without any interference in the objectivity of the review group. Where the IRG upheld an appeal, HRD immediately accepted their recommendation.
58. My staff obtained data from HRD on cases dealt with by the IRG. Table 2 summarizes the results of appeals by sector.

Table 2. Appeals to the Independent Review Group

	Reporting to DG	Dialogue	Employment	Protection	Standards	Support	Grand Total
Appeals sent to the IRG	30	3	6	7	41	12	99
Appeals reviewed	7	1		1	25	1	35
Positions confirmed	7				23	1	31
Positions upgraded		1		1	2		4

Source: ILO Human Resources Department.

59. The largest number of appeals came from the Standards sector. Overall, four per cent of appeals referred to the Independent Review Group were successful and resulted in upgraded positions.

Recommendation 4 – Since the Independent Review Group is an arbitration body in both the Baseline Agreement and the collective bargaining agreement with the Staff Union, and may be involved in future resolution of disputes, I recommend that the ILO produce formal terms of reference for the Group as a matter of priority.

Financial issues in relation to reclassification

60. In an update to the Human Resources Strategy presented to the Governing Body in November 2000 (GB.279/PFA/12), a budget of \$1.95m was proposed to cover the overall administrative and implementation costs of various aspects of the Human Resources Strategy including the reclassification exercise. The Governing Body approved this provision, to be met from savings on Part I of the ILO budget.
61. My staff reviewed the budget process and established that FINANCE and HRD had prepared no detailed estimates of the cost implications of retroactive adjustments and annual increases in payroll resulting from the reclassification exercise. While it would have been difficult to predict the likely level of upgrades in advance, it would have been possible to cost a range of outcomes based on potential levels of upgrading, to support budget and financial planning.

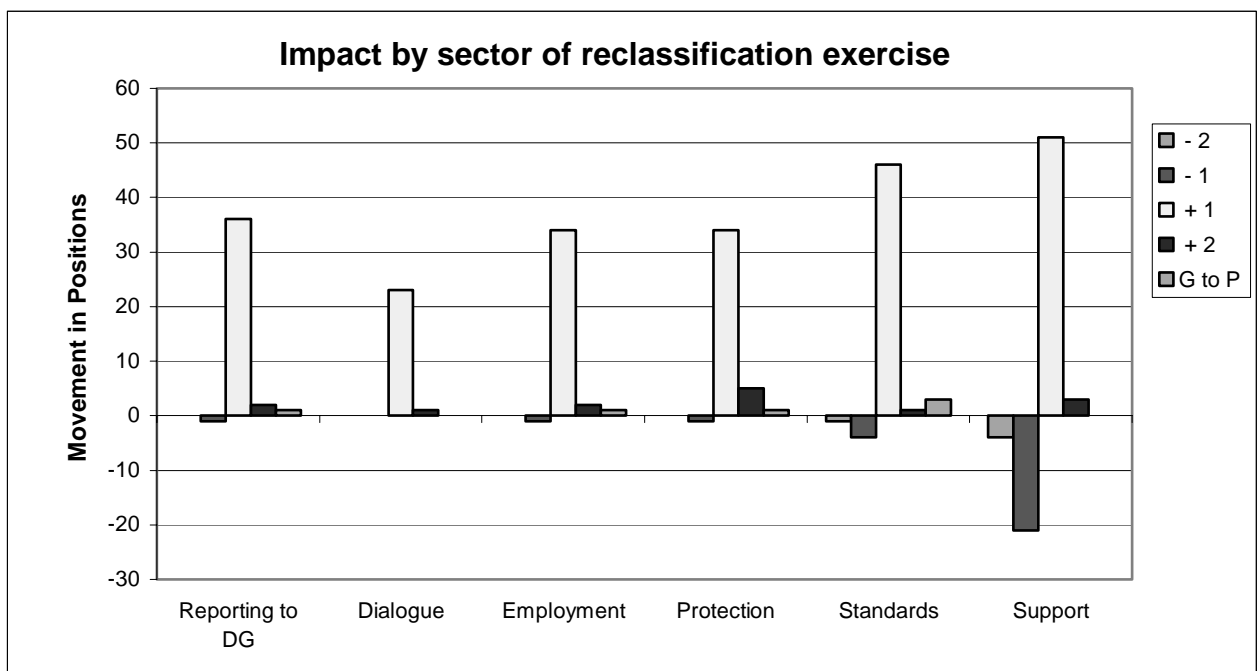
62. My staff asked management to provide the in-biennium cost of reclassifications for 2000-01, as well as an estimate of the continuing cost for future biennia. Management estimated that the impact for a full biennium would be some \$1.4 – 1.8 million additional cost. The Office is meeting this amount in 2000-01 by utilizing savings elsewhere in the budget.

Recommendation 5 – As a matter of good budgetary and financial management practice, I recommend that any future exercises should be fully costed in advance of approval being sought from the Governing Body.

Impact of the reclassification exercise

63. My staff obtained the overall results of the reclassification exercise from HRD and analysed the data by sector. Figure 2 shows the movements in positions by sector, excluding positions reconfirmed at their previous level.

Figure 2. Impact of the reclassification exercise by number of positions and by sector



Source: ILO Human Resources Department data.

64. Analysis of the HRD data indicated that of 917 Regular Budget positions subjected to reclassification review, 640 positions (67 per cent) had been reclassified at the same level as before. A total of 244 positions (27 per cent) were increased by at least one level, of which six positions involved movements from the General Service to Professional category. (119 positions were regraded upwards by at least one level with effect from 1 January 2000. Since 1 January 2000, a further 125 posts were regraded as a result of the application of grade increases where position incumbents changed after 1 January 2000; subsequent reorganizations and duty changes; and implementation of review and appeal decisions.) 33 positions (4 per cent) were reclassified at lower grades than those assigned prior to the exercise.

The introduction of strategic budgeting

65. In November 1999, the Director-General introduced a strategy to focus the ILO on its core mandate. At the request of the Governing Body, he also introduced strategic budgeting to the Office. The introduction of strategic budgeting and performance measurement involves

a significant change of focus for any organization. For the ILO, this has meant a shift away from the measurement of inputs required, to the measurement of outputs and achievements.

- 66.** Strategic budgeting and performance measurement can have a significant impact on the way in which an organization considers the use of its resources; the manner in which it manages and reports on them; and ultimately the accountability of the Office to the Governing Body. My staff therefore reviewed three principal elements of this development:
- the implementation of strategic budgeting to the ILO;
 - the performance indicators and targets themselves; and
 - the systems in place for the verification and evaluation of targets and outputs.

Implementation of strategic budgeting

- 67.** When the first strategic budget was set, ILO carried out a series of internal consultations to identify and agree operational objectives, performance indicators and targets, since no base data was available for reference. Initially, 16 operational objectives were set in relation to the four strategic objectives of the Organization.
- 68.** In November 2000, at the request of the Governing Body, the Office had identified a fifth strategic objective with detailed operational objectives relating to management and support services. However this was removed in 2001, due to difficulties in monitoring and presenting data to the Governing Body for review. The fifth strategic objective had 37 separate performance indicators compared to 47 for the first four strategic objectives (table 3). The fifth objective covered activities to which were allocated approximately one quarter of the Regular Budget resources in 2000-01.

Table 3. Strategic objectives and performance indicators

Strategic objectives	Number of performance indicators	
	2000-01	2002-03
No. 1: Standards	13	14
No. 2: Decent work	8	6
No. 3: Social protection	15	9
No. 4: Social dialogue	11	9
Total	47	38
No. 5: Management and support – discontinued	37	–
Total	84	38

Source: ILO.

- 69.** Management realized that to make the strategic budgeting process a success, it would need a formalized structure to underpin what would become a regular exercise throughout the ILO. In late 2000, earmarked funding was received from donors for a project to implement strategic budgeting, performance indicators and targets. The first phase of this introduction involved holding seminars at headquarters for selected staff; and the production of learning materials to introduce them to the strategic budgeting process. These materials were based on tested methodology, modified by the project staff to be relevant to the ILO's structure, objectives and staff.

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70. The main approach of this training process required managers and staff to question and set both their own personal and unit objectives, and align them with the strategic objectives. This was a fundamental change for all managers and staff. The training material also introduced staff to performance indicators, giving examples of target-setting relevant to their unit goals.
 71. The training of staff in Geneva was undertaken with materials produced in three languages (English, French and Spanish), which assisted in making the training more readily accessible to all staff. The training material and the new approach were introduced to field staff at the beginning of 2002, with project staff visiting regional offices to provide training in the new procedures.
 72. The project has made full use of developments in information technology to achieve its goals. The ILO intranet has been used to keep all staff aware of developments in the strategic budgeting process, by utilizing progress news letters and posting trilingual course material on the intranet site.
 73. To assist in the strategic budgeting process, the project team designed and created a stand-alone database accessible via the intranet. This allows departments and staff to input activities and actions which work towards meeting the strategic objectives and performance indicators set for the period. The system has been designed for ease of use and data entry, utilizing menus to enter data wherever possible and avoiding the imposition of significant data input on staff. It is envisaged that the system will be available for use by all ILO offices connected to headquarters via the internet. My staff were informed that this database functionality would be incorporated into the new Enterprise Resource Planning (ERP) system as it is developed.
 74. When the system is in full use, it will allow management to review globally all activities, at all locations, being proposed and undertaken towards the ILO's strategic aims. This will be an effective tool for management in prioritizing the allocation of resources to objectives; and in identifying areas for efficiencies and collaboration within and outside the organization.
 75. When the 2002-03 budget was prepared in 2001, performance results from 2000-01 were not known and the process had not advanced. No benchmarks were available to assist in setting operational objectives, although the Secretariat used lessons learned from the first round of objective and target setting. This resulted in a decrease in the number of objectives, due partly to the Secretariat focusing on objectives and also to the availability of programming tools and specific training.

Recommendation 6 – I recommend that the ILO reconsider the usefulness of high level performance indicators covering the important support and management functions.

Recommendation 7 – I commend management for their delivery of training to staff; and I recommend that training courses and material should continue to be made available to all staff at headquarters and field locations, to facilitate the widest participation in the strategic budgeting process.

Recommendation 8 – I recommend that management ensure that any developing systems should be compliant with the principles of the Enterprise Resource Planning system and its standards, to permit data sharing and to avoid duplication and waste of resources.

Performance indicators and targets

76. My staff analysed the operational objectives and performance indicators set for 2000-01 and revised for 2002-03. In 2000-01, 43 of the 47 performance indicators were designed to measure an outcome in a member State resulting from the ILO's work; while the remaining four indicators related to specific outputs deliverable by the organization to its constituents. In 2002-03, this changed to 37 of the 38 performance indicators measuring outcomes in Member States; with only one indicator to measure the ILO's outputs. This is, at least in part, an indication of the ILO's role and functions, and also a result of the absence of baseline data for comparison of performance indicators and associated targets. In time, with the implementation of strategic budgeting throughout the entire organization, performance indicators and targets should evolve to become more specific, and more directly and effectively measurable against the strategic aims of the ILO.
77. My staff further reviewed the performance indicators and targets associated with each of the operational objectives, using FABRIC methodology. This assesses whether indicators and targets are Focused, Appropriate to their purpose, Balanced, Robust, Integrated and Cost-effective. They found that:
- (Focused) – All performance indicators had been drafted in line with their respective strategic objectives;
 - (Appropriate) – All performance indicators are appropriate to the stakeholders, providing details on the impact of the ILO on its field of work in Member States;
 - (Balanced) – The strategic objectives and their respective performance indicators cover all aspects of the ILO's responsibilities and work, without being influenced unduly by one area;
 - (Robust) – With the implementation of the strategic budgeting process, the Office was restructured to meet assessed needs. In many cases performance indicators are addressed by the work of different units across the Office;
 - (Integrated) – Performance measurement is an ongoing process within the Office. With further training of staff and strategic input, the performance indicators will have more of an impact on the planning and management of operations; and
 - (Cost-effective) – There has been no analysis on the costs to the Office of the collection of data. Such information would be useful in reviewing and identifying performance indicators in the future.
78. The ILO has made some significant progress in the introduction of strategic budgeting and performance indicators and has used and complied with an established methodology in its implementation. Further work remains to be undertaken in the implementation of the strategic budgeting process throughout the Office as a whole.

Recommendation 9 – I recommend that management ensure that sufficient resources are available to analyse and make use of data produced from performance indicators in a timely manner and as part of the normal budgeting process.

Recommendation 10 – I recommend that management establish systems for estimating the costs of recording and collating the different types of performance information, to ensure that the costs incurred do not outweigh the benefits received from the information.

Evaluation and validation

79. Evaluation and validation of actual performance against indicators and targets is an important part of the strategic budgeting process. Such analysis has a significant impact on future performance setting and on the identification and allocation of resource requirements for the ILO.
80. In their review, my staff found that at present there is only a small amount of independent evaluation or validation of achievement against performance targets by departments within the Office. There are evaluation sections active within the Office, one such having been established in IPEC, the International Programme for the Elimination of Child Labour, although these are primarily concerned with programmatic review. My staff have been informed that in November 2002, management are intending to submit a paper to the Governing Body on an organization-wide evaluation strategy.

Recommendation 11 – I recommend that the ILO’s evaluation strategy should provide for independent review and evaluation of all performance indicators, with the results being reported to the Governing Body.

Review of the Office of Internal Audit and Oversight

81. An organization’s system of internal control plays a key role in the identification and management of risks that are significant to the achievement of its programme objectives. A sound system of internal control contributes to safeguarding Member States’ contributions and the organization’s assets. Good internal control facilitates the effectiveness and efficiency of operations; helps ensure the reliability of internal and external reporting; and assists compliance with the organization’s regulations and rules.
82. Effective internal audit is an integral element in sound corporate governance. Internal audit has an important role in providing senior management, and the organization as a whole, with assurance that an effective system of internal control is in place.
83. During the biennium, the Director-General took action to update the terms of reference for the Chief Internal Auditor and his staff, by proposing amendments to the Financial Rules and Staff Regulations to bring them into line with similar functions elsewhere in the United Nations system (GB.280/PFA/9/2), and to designate the function as an Office of Internal Audit and Oversight (IAO).
84. In the light of these developments, my staff carried out a review of internal audit against professional requirements and best practice in relation to:
- scope of activity and independence;
 - staffing and training;
 - audit strategy and planning; and
 - audit reporting and follow up procedures.
85. In carrying out the review, they had regard to established professional standards for internal audit practice, such as those of the Institute of Internal Auditors, and the requirements of the International Federation of Accountants’ International Standards on Auditing, ISA 610: *Considering the Work of Internal Auditing*. The review involved in-depth discussions with the Chief Internal Auditor; evaluation of plans and audit

documentation; and the examination of internal audit reports and associated working papers.

Scope of activity and independence

- 86.** The revised terms of reference adopted in the biennium by the Governing Body provide the Chief Internal Auditor with full direct access to the Director-General, when previously the management reporting line had been to the Director of PROGRAM. The terms of reference provided amendments to the financial rules which more explicitly define the responsibilities and role of the Office of Internal Audit and Oversight. They also provide the Chief Internal Auditor with a more direct link to the Governing Body in relation to appointment and termination; and define management's responsibilities for the follow-up of recommendations made by the Internal Auditor.

Staffing qualifications and training

- 87.** The Office of Internal Audit and Oversight had a complement of four professional positions for the 2000-01 biennium. During the biennium, one staff member left and was replaced by a more experienced individual; and full time administrative support was recruited to the section at the end of the biennium. As a part of their review my staff confirmed that the educational qualifications and experience of IAO staff met the requirements set for their respective positions. Membership of the relevant professional body, the Institute of Internal Auditors, has not been required but would be desirable. The Chief of Internal Audit has informed my staff that IAO staff have recently enrolled to undertake professional examinations with the Institute of Internal Auditors in November 2002. I commend this move.
- 88.** Internal audit is a professional and technical field of expertise in which there are continual developments, for example in relation to accounting and reporting standards, computer-related activities, investigation techniques, risk assessment and corporate governance. To ensure that staff competencies remain up to date and effective, and that the ILO continues to receive best value from the internal audit function, there is a need to ensure that internal auditors maintain a sufficient level of continuing professional education and development.
- 89.** My staff noted that there is no formal and systematic training plan for the Office of Internal Audit and Oversight. The Chief Internal Auditor informed my staff that training needs were identified in discussions with staff and at the time performance appraisals were drawn up. During the biennium, internal audit staff attended a course held by a group of internal auditors at another United Nations agency in Geneva; they also participated in internal computer software training and language training to assist their work. The Chief Internal Auditor considers that with the recruitment of better qualified and experienced staff when vacancies arise, it should be easier to formulate a continuing professional education and development plan, and that this will be done from 2003.
- 90.** At present the Office does not have a specialist in the field of computer audit. The Chief Internal Auditor has prepared a check-list to aid staff in such reviews, although it has not yet been applied. The Chief Internal Auditor informed my staff that he would seek to recruit information technology consultants as necessary to undertake specialized audit reviews of the ILO's computer systems.

Audit strategy and planning

- 91.** Effective and proactive planning is the most effective way of utilizing limited resources. An assessment of risk, materiality and significance is necessary in the selection of audits to ensure adequate and effective coverage of the organization. My staff reviewed the internal audit work plan for the 2000-01 biennium.

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92. The internal audit plan is derived from a comprehensive needs assessment by the Chief Internal Auditor based on results and findings from previous biennia. There was no documented risk analysis of the ILO to support this process, although the Chief Internal Auditor informed my staff that the criteria of risk, materiality and significance had been considered in formulating the biennial plan. Descriptions of planned activities were brief and little time was allowed for contingencies, which resulted in delays in the issue of planned reports when resources for urgent issues were required.
93. Effective planning needs to be supplemented by well-defined procedures and guidelines for undertaking audit assignments. Audit programmes exist and are used to guide the internal auditors through their work. Such documentation helps to ensure the quality and consistency of work performed at different locations in small units.
94. An audit manual is necessary to provide technical guidance; and to support continuity of practice and the maintenance of adequate standards of work. It provides an essential framework of instruction, best practice and guidance to audit staff on the manner in which work is to be planned, carried out and reported. The Chief Internal Auditor informed my staff that Internal Audit has been planning the production of an internal audit manual since 1999 and aims to have this completed by the end of 2002, resources permitting.
95. To help implement effective planning and provide continuity, it is good practice to maintain standing information on the audited entity, its departments and offices, and its systems. This standing information assists the effectiveness and efficiency of the audit process, both in relation to individual audit activities and over time. My staff were informed that at present Internal Audit maintain no standing files with data on the ILO's regular activities. The Chief Internal Auditor confirmed that such data would be collated and kept up to date as soon as resources became available.

Recommendation 12 – A systematic, forward-looking methodology for the assessment of risk is especially important to an organization such as the ILO in a period of implementing significant changes in its operations, structure and activities. I recommend therefore that the Office of Internal Audit and Oversight develop a formal and systematic risk assessment methodology, to underpin their work and inform their coverage.

Recommendation 13 – I recommend that IAO develop a more comprehensive audit plan to cover each biennial period. This should set out defined objectives and outputs, with corresponding resource and timing requirements.

Recommendation 14 – I also recommend that the IAO finalize and adopt an internal audit manual as a matter of priority, to assist the maintenance of appropriate standards and consistency in audit assignments; to inform the planning and execution of activities; and to structure and guide the internal audit team's work.

Reporting and follow-up procedures

96. To support effective corporate governance, the Chief Internal Auditor should be able to report findings to the highest level; and be assured of an appropriate response to audit recommendations by the organization. My staff reviewed the reports issued by the Office of Internal Audit and Oversight. They noted that the Chief Internal Auditor provides the Programme, Financial and Administrative Committee (PFAC) and the Governing Body with regular reports of audits undertaken, and regular summarized updates on the status of recommendations made in previous years.
97. One of the aims of the Office of Internal Audit and Oversight is to provide assurance to management that sound internal controls exist; and to confirm compliance with the ILO's

Rules and Regulations. My staff reviewed all the reports issued during the biennium (17 issued and 8 in progress at 31 December 2001). During this period there was a definite change in style of presentation by the Chief Internal Auditor, aimed at highlighting issues of concern and best practice for management.

98. A more useful description of control weaknesses for both the Governing Body and management would be the systematic use of clear indications of the priority or importance of each of the recommendations made. I would also advocate that, where possible, Internal Audit should seek to identify any potential savings from implementation of audit recommendations. These factors in combination would focus attention on issues of concern; and would be more easily followed up to verify how management had addressed the issues and the scope for improvement indicated in audit findings and recommendations.
99. My staff noted that the Chief Internal Auditor and the internal audit team provide a valuable source of briefing and advice to management for headquarters and for the regional and country offices. An excellent example of this dissemination of best practice and findings is the use of a check-list on the intranet site, which is available for consultation by all managers and staff. I commend the Chief Internal Auditor for using information technology to disseminate best practice guidance in this way.
100. Current reporting by the Chief Internal Auditor is based principally on past events. There is no document presently submitted to the Governing Body detailing work to be performed by the Office of Internal Audit and Oversight outside the summarized programme and budget document. With the new terms of reference establishing the Office of Internal Audit and Oversight and confirming its independence of reporting, it may prove useful in terms of sound corporate governance for the Governing Body to be notified (through the PFAC) of planned annual activities and their results.

Recommendation 15 – I recommend that IAO consider whether audit reports could include estimates of cost savings that might be achieved as a result of recommendations being implemented.

Recommendation 16 – I recommend that IAO introduce a systematic methodology for the prioritization and follow up of recommendations to management.

Recommendation 17 – I recommend that, in addition to the existing annual reporting, IAO submit a biennial audit plan and a biennial report of the results of their work (linked to the biennial plan), to the Director-General and to the Governing Body.

Financial matters

Staff Health Insurance Fund (SHIF)

101. In my report for 1998-99, I undertook a review of the Staff Health Insurance Fund from which I issued three recommendations, the most fundamental of which was that the ILO should review the legal and constitutional status of the SHIF and its relationship with the sponsoring bodies. The Office has commenced its review of this recommendation and is holding discussions with ITU and the SHIF Management Committee. There are complex issues involving employee benefits which will require extensive analysis and negotiation.
102. Another of my recommendations was that the ILO should continue to keep under review the potential costs and benefits of outsourcing the operation of the SHIF. To my knowledge no formal review has been undertaken to date.

103. The third of my recommendations was that the ILO should clarify the auditing and reporting arrangements for SHIF, including the arrangements for auditing International Telecommunications Union benefit expenditure. The Management Board of the SHIF requested the Auditor General of Switzerland, as the External Auditor of the ITU, and myself to jointly undertake the audit of the SHIF, to which we agreed. However, as the fundamental legal position of the SHIF and its accounts had not been determined, it was not possible to undertake a separate audit of the Fund for 2000-01. The ILO and ITU are currently working to resolve this issue.

Recommendation 18 – In the interests of good governance and accountability, I urge the ILO to address my earlier recommendations as soon as possible.

Administration of staff appointments

104. During their audit of the ILO payroll, my staff noted that there had been some 1005 appointments during the biennium, of which 172 were fixed term staff, 510 short-term staff and 323 recruited in the field. Of the 682 staff recruited at headquarters, the audit identified that some 13 per cent (88 appointments) had been approved after the staff member had commenced working in the post.

105. As a matter of good practice and financial management, all contract action should be finalized before staff members commence employment.

Recommendation 19 – Therefore I recommend the ILO ensure that all necessary contract actions are finalized before the commencement of employment.

Presentation of the financial statements

106. For 2000-01, the ILO has made a number of changes in the presentation of the financial statements.

Overall consolidation of the financial statements

107. The presentation of [Statement I](#), the Income and Expenditure Account, and [Statement II](#), the Assets and Liabilities Statement, has been revised. As previously disclosed in the notes, the Statements formerly presented totals which did not eliminate transactions and balances between funds; and therefore did not accurately reflect the total activities of the ILO, its managed funds and its extra-budgetary technical cooperation activities. The ILO has informed my staff that it will endeavour to undertake a full consolidation of the financial statements for 2002-03. I commend this proposal and suggest that the Office also consider the merits of a consolidated cash flow statement.

Change in prior period comparative figures

108. The 2000-01 financial statements include comparative figures from the previous biennium. These have been adjusted from the figures in the 1998-99 Financial Report and Audited Financial Statements, presented to the International Labour Conference at its 87th Session. The main reason for the adjustments related to changes in presentation of the Special Accounts, the net effect of which was \$763,000 (Note 22 to the 2000-01 financial statements refers). In addition \$2,241,000 of investments in the General Fund and \$5,199,000 in Other Funds Managed by the ILO have been reclassified as cash. The overall effect of these changes is summarized below:

	General Fund		Other funds managed by the ILO	
	31.12.1999	1.1.2000	31.12.1999	1.1.2000
Total assets	274 534	275 297	50 413	49 165
Total liabilities	109 914	110 677	7 061	6 576
Net assets	164 620	164 620	43 352	42 589
Fund balances	164 620	164 620	43 352	42 589

Investments of the International Institute for Labour Studies

- 109.** As part of their audit, my staff routinely review the deposits and investments held by the ILO, including the results of the investment policies in place for the biennium. The ILO's assets include investment holdings on behalf of the International Institute for Labour Studies. These funds are managed by an external fund manager.
- 110.** At the beginning of 2000-01, the investments were valued at \$5.8 million. During the biennium, the fund managers reported unrealized losses of \$1 million against these investments, due to the significant downturn in global investment markets. The ILO Investment Committee has carried out a review of the existing fund management and is currently considering whether alternative arrangements would be appropriate.

Frauds, ex-gratia payments, amounts written off and contingent liabilities

- 111.** The ILO notified my staff of ex-gratia payments totalling \$80,444 (compared with \$180,884 in 1998-99); writes-off against the Regular Budget of \$197,002 (\$290,923 in 1998-99); and write-off of technical cooperation equipment valued at \$47,415 (\$8,013 in 1998-99). ILO provided explanations for all the cases notified and I am satisfied that it has taken proper account of the full circumstances of each case.
- 112.** The ILO notified my staff of thirteen cases of fraud, attempted fraud or presumed fraud (compared with four in 1998-99), involving approximately \$60,000 of ILO funds (\$30,200 in 1998-99). The ILO has recovered all the funds from the officials concerned. Three cases involved irregularities in travel claims of \$5,600; four cases involved fraudulent health and compensation claims of \$9,900; two cases involved falsified education grant claims of \$22,500; and one case related to \$22,000 of unofficial telephone calls from headquarters. A further three cases involved project irregularities of \$2,500.
- 113.** ILO informed my staff of three pending legal cases in respect of which a claim could arise against the Organization. ILO has estimated the maximum potential liability in these cases to be approximately \$380,000 as at 31 December 2001.

Follow-up to earlier recommendations

Action taken in response to the recommendations in my report on ILO's 1998-99 accounts

- 114.** The recommendations I made in my 1998-99 report and the action taken by the ILO are set out in detail at [Annex 1](#) to this report. I comment below on the extent to which ILO has successfully implemented my recommendations.

Management matters

On the International Programme for the Elimination of Child Labour (IPEC)

- 115.** In 1999, my staff undertook a review of IPEC at the specific request of the Director-General. In my report on the 1998-99 Financial Statements, I reported on the progress made by IPEC management in addressing the recommendations. During the 2000-01 biennium further progress was made by IPEC management to address the key elements of my recommendations.
- 116.** Management has now undertaken a reorganization of IPEC's structure, clarifying the reporting lines of staff and field based units. The IPEC working procedures were reviewed and revised, ensuring that all offices had common guidelines to work from. IPEC management has taken significant steps to monitor its expenditures and especially its administrative costs to ensure consistency in budget lines for administrative costs. To aid in both the financial monitoring and the production of financial management reports, IPEC staff have made full use of ILO's report writing software (BRIO), to analyse data and help prepare reports.
- 117.** IPEC has developed a comprehensive evaluation strategy and has a small unit which undertakes programmatic evaluation of its programmes. My staff reviewed the output of this unit. They were informed that a database was being established, with the aim of allowing all staff to consult reviews undertaken, and helping in the dissemination of good practice and lessons learned.

On the procurement of goods and services

- 118.** Various initiatives have been taken by the Procurement Section in revising and streamlining purchasing procedures. I note the decision by management to cease further development of their computerized procurement system in favour of applying resources to the Enterprise Resource Planning system.

On the administration of travel arrangements

- 119.** The Office has carried out a review of its travel unit, VOYAGES, and has taken steps to improve efficiency and rationalize procedures for official travel.

Financial matters

On the full implementation of the United Nations Accounting Standards

- 120.** I am pleased to report that the International Labour Office has complied with my recommendations and revised certain systems and procedures to ensure compliance with United Nations Accounting Standards.

On the funding of extra-budgetary technical cooperation activities

- 121.** I note that the Office has reviewed its extra-budgetary technical cooperation activities and taken action to resolve long outstanding balances with donors.

On the maintenance of inventory records

122. The Procurement section has undertaken a sizeable amount of work in updating the inventory at headquarters and country office levels. My staff were able to undertake audit tests at the end of the biennium to confirm that the inventory had been completed for the 2000-01 biennium.

Acknowledgement

123. I wish to record my appreciation for the cooperation and assistance provided by the Director-General and the staff of the ILO during my audit.

25 April 2002.

(Signed) Sir John Bourn,
Comptroller and Auditor General, United Kingdom,
External Auditor.

Annex 1

Action taken in response to the recommendations made in the External Auditor's report on the 1998-99 accounts

Recommendation	Response from ILO management	External Audit comment
Full implementation of United Nations system Accounting Standards		
Recommendation 1: The ILO should refine its procedures to provide earlier and better guidance for staff establishing accruals, and find better ways to account for the subsequent disbursement of accruals so that any savings are identified and credited to miscellaneous income.	Technical cooperation accounting systems have been modified and similar modifications are being made to regular budget systems to enable an automated accruals procedure to be implemented for the closure of the 2000-01 biennium. The lessons learned from the first closure using accrual accounting will be incorporated into revised procedures and guidelines that will be dispatched to the regions well in advance of the closing of the current financial period.	I am pleased to note that during the audit of the 2000-01 accounts, my staff were able to confirm that systems had been modified and that revised guidelines had been issued to all offices.
Funding of extra-budgetary technical cooperation activities		
Recommendation 2: The ILO should: <ul style="list-style-type: none">• review all closed projects with deficits and take appropriate recovery or write-off action;• make one branch responsible for monitoring income and expenditure and ensuring funds are called for promptly;• update its guidance on the financial procedures to be followed on extra-budgetary technical cooperation projects.	Following receipt of the External Auditor's report, an extensive review of all closed projects was undertaken and the Office has engaged in renewed correspondence with donors where deficit balances existed on their accounts. With the donors' agreement, balances have been transferred from projects with surplus funds to those in deficit; progress payments that had been delayed have been received and further requests have been sent where necessary. The External Auditor's recommendation on merging the responsibility for monitoring income and expenditure with the follow-up of calls for funds is supported by the Office. The merger has already commenced within the Financial Services Department with one staff member having been transferred and a further transfer planned following the closure of technical cooperation projects for the year 2000. However, some separation of responsibilities is desirable and will continue, with the Cooperation Development Department continuing to act as the primary contact point with multi-bilateral donors. The Financial Services Department will continue to provide support to that Department. The general guidance relating to funding	I am pleased to note that Finance has undertaken a review of closed projects and taken appropriate action in respect of balances held. I am also pleased to note that the Office has implemented measures to clarify the responsibilities for monitoring of funding received.

Recommendation	Response from ILO management	External Audit comment
	<p>procedures is contained within the Financial Rules and Regulations. As the Office's practice for receiving donor funds and opening accounts has always been considered relatively straightforward, no formal guidelines had been prepared for these procedures. However, the transfer of responsibilities to a new unit has prompted the Office to address this recommendation by the External Auditor. The work should be completed in conjunction with the transfer of responsibilities referred to above.</p>	
Staff Health Insurance Fund		
<p>Recommendation 3: The ILO should clarify the auditing and reporting arrangements for SHIF, including the arrangements for auditing ITU benefit expenditure.</p>		See main report.
<p>Recommendation 4: The ILO should review the legal and constitutional status of the Staff Health Insurance Fund and its relationship with the sponsoring bodies. This review should also consider whether ILO should continue to include SHIF fund balances in its accounts.</p>		See main report.
<p>Recommendation 5: The ILO should continue to keep under review the potential costs and benefits of outsourcing the operation of SHIF.</p>		See main report.
Inventory		
<p>Recommendation 6: The ILO should take steps to update their headquarter and field inventories as a matter of urgency. This should include a physical verification of the assets held.</p>	<p>Following the recommendation of the External Auditor, work on the updating of inventory Records was given high priority in 2000 both for headquarters and the field. All outstanding Disposals were recorded and the headquarters inventory records were updated as at 31 December 2000. Property and inventory procedures were revised and updated and a property and equipment management manual established. Annual returns from field offices were followed up as were the</p>	<p>I welcome the action taken in the updating of headquarters and field office inventories and the implementation of the Building Management System.</p>

Recommendation	Response from ILO management	External Audit comment
	<p>valuations of project inventories. Difficulties associated with the use of multiple-inventory computer systems were resolved by the amalgamation of these systems into a single database system (Building Management System).</p>	
Procurement of goods and services		
<p>Recommendation 7: The ILO should review the current areas of procurement responsibility and seek to streamline the process by concentrating the tendering and selection of contracts within the procurement section.</p>	<p>In 2000, the Procurement Section took over responsibility for all procurement and contracting activities of the Internal Administration Bureau and is now also coordinating the tendering and selection processes for the Document and Publications, Printing and Distribution Branch, the Bureau of Information Technology and Communications, the Bureau of Library and Information Services and the InFocus Programme on Child Labour. Initiatives have also been taken to enhance the Organization's understanding of, and adherence to, established procedures by the issue in 2000 of three comprehensive circulars on contracting and procurement for headquarters departments and ILO offices in the field. Meetings and briefings are now held with new officials and officials taking up new assignments in order to familiarize them with contracting and procurement procedures. Information pages are being established on the ILO's Intranet to promote the Organization's knowledge of procurement procedures. Monthly procurement meetings with technical units and project staff are also being held.</p>	<p>I welcome the progress that has been made in streamlining the procurement process through the increased involvement and responsibility of procurement section with other departments. I note the issuance of revised guidance information and of the introduction of training courses for new officials and recognise that these will promote procurement section's involvement in the contracting process.</p>
<p>Recommendation 8: The ILO should review all major contracts where the same contractor has been in place for over four years with a view to testing the contract in the open market at the earliest opportunity.</p>	<p>In 2000, a review of all major contracts was undertaken as recommended by the External Auditor. A plan for the review of all contracts has been set up and this will be monitored on a regular basis to ensure proper management follow-up. To date, contracts dealing with catering services, the travel agency, building insurance, telecommunications and security services have been awarded following requests for tenders. The remaining contracts identified by the External Auditor are in the phase of being reviewed and will also be subjected to competitive bidding in the open market.</p>	<p>I welcome the action to test five major contracts in the open market and note the positive results from their tendering. I note the preparation of the new Contracts Plan and support the procurement section in monitoring this closely in order to identify the opportunity to test further contracts in the open market.</p>

Recommendation	Response from ILO management	External Audit comment
<p>Recommendation 9: The ILO should review contracts which are renewed on an implicit basis and assess whether a fixed contract period would be more appropriate.</p>	<p>This observation has been noted and, whenever possible, existing contracts have been converted to include fixed contract periods and all new contracts now operate on this basis.</p>	<p>I welcome the action to institute fixed contract periods for all new contracts. I would urge ILO to continue this practice and consider similar action towards current contracts that are renewed on an implicit basis.</p>
<p>Recommendation 10: The ILO should refer all major contracts of this type to the Contracts Committee for scrutiny when they are renewed.</p>	<p>This comment is a valid one and all contracts whose value exceed \$70,000, including those of the type identified by the External Auditor, will be presented to the Contracts Committee for approval, both for renewal and for new contracts. The Contracts Committee is also consulted on policy issues and whenever it is deemed necessary prior to going to competitive tender.</p>	
<p>Recommendation 11: The ILO should ensure that sufficient time is allocated to the tender (or re-tender) process to allow proper application of the relevant and required procedures.</p>	<p>The Office has issued a circular to all units at headquarters and in the field clarifying procedures to be followed whenever a waiver of competitive bidding procedures is requested. The circular specifically addresses the recommendations made by the External Auditor in that it emphasizes the strict application of Financial Rule 10.20(a) (requirement for competitive bidding) and the requirement of identifying the relevant subsection of Financial Rule 10.30 on every waiver request. The circular also emphasizes:</p>	<p>I note the production of the contracts plan and encourage ILO to use this to monitor the status of contracts in order that sufficient time is allocated to the tender of contracts. I note the involvement of Procurement Section in the review of waiver requests by some units. I encourage all other units to involve Procurement in this process in order to use their expertise to improve the annotation of waiver requests.</p>
<p>Recommendation 12: The ILO should tighten the procedures on the justification of waivers so that they conform more strictly to the laid-down financial rules.</p>	<p>The Office has issued a circular to all units at headquarters and in the field clarifying procedures to be followed whenever a waiver of competitive bidding procedures is requested. The circular specifically addresses the recommendations made by the External Auditor in that it emphasizes the strict application of Financial Rule 10.20(a) (requirement for competitive bidding) and the requirement of identifying the relevant subsection of Financial Rule 10.30 on every waiver request. The circular also emphasizes:</p>	
<p>Recommendation 13: The ILO should aim to subject more contracts to open competition so that contracts can be properly tested against market conditions.</p>	<ul style="list-style-type: none"> • the importance of submitting waiver requests in good time so that sufficient time is available for competitive bidding procedures to be carried out, should a waiver not be granted; • the requirement that waivers requested by the application of Financial Rule 10.30(c)(urgency) will only be granted where they relate to bona fide urgent cases; • the Office's position regarding retroactive waiver requests. 	
<p>Recommendation 14: The ILO should annotate every waiver request with the relevant sub-section of rule 10.30 which is being applied as is currently stated in the rules.</p>	<p>Cases of failure to comply with competitive bidding rules and procedures may be referred to the Committee on Accountability for further action, in accordance with Financial Rule 13.30(b).</p>	

Recommendation	Response from ILO management	External Audit comment
<p>Recommendation 15: The ILO should identify and implement procedures to improve procurement planning and introduce standards to measure the effect of such procedures.</p>	<p>Implementation of a fully integrated procurement management system is planned for the latter part of 2001. This system will be used by the departments and field offices concerned and will specify minimum lead times for departments initiating procurement requests. The Procurement Section has also been involved with the Development Cooperation Department in the formulation of a project manual which will include a chapter on procurement planning.</p>	<p>I welcome the provision of training courses and project manuals to other units to improve planning procedures. I note the planned implementation of an integrated procurement management system and urge ILO to undertake further work to measure the effect of these procedures on the planning process.</p>
<p>Recommendation 16: The ILO should put in place the means to ensure that performance and effectiveness of all areas of procurement can be monitored and measured.</p>	<p>Performance indicators have now been introduced in monthly reports issued by the Procurement Section covering the status of procurement activities, procurement statistics, actions planned and taken and resource management. This first monthly report was issued in November 2000.</p>	<p>I note the production of a monthly report by Procurement that gives information on the number and value of contracts processed for the month and the year to date. I welcome the use of the report in measuring the performance of procurement activities and urge the ILO to further improve this measurement process through target setting or an evaluation of the data in the report.</p>
<p>Recommendation 17: The ILO should cover ethical issues in its guidance on procurement in ways which puts the onus equally on both employee and supplier to abide by the relevant regulations.</p>	<p>The issue of business ethics and codes of conducts in relation to gifts and entertainment is being addressed at monthly staff meetings in the Procurement Section. Additionally, a minute is issued annually to all Procurement Section staff reminding them of the ILO's policy on gifts and entertainment. Ethical issues in relation to procurement are currently being reviewed in consultation with the Human Resources Department with a view to incorporating such issues within the ILO's overall personnel policies.</p>	<p>I note that Procurement has made contact with HRD to discuss action in relation to these recommendations, but that no work has yet been undertaken to implement them. I urge ILO to continue their actions in response to these matters.</p>
<p>Recommendation 18: The ILO should set up registers to disclose financial interests and the receipt of gifts and hospitality.</p>	<p>The issue of business ethics and codes of conducts in relation to gifts and entertainment is being addressed at monthly staff meetings in the Procurement Section. Additionally, a minute is issued annually to all Procurement Section staff reminding them of the ILO's policy on gifts and entertainment. Ethical issues in relation to procurement are currently being reviewed in consultation with the Human Resources Department with a view to incorporating such issues within the ILO's overall personnel policies.</p>	<p>I note that Procurement has made contact with HRD to discuss action in relation to these recommendations, but that no work has yet been undertaken to implement them. I urge ILO to continue their actions in response to these matters.</p>
<p>Recommendation 19: The ILO should establish a code of conduct which reminds staff of their responsibilities in regard to ethical issues and which staff are required to sign on a periodic basis.</p>	<p>The issue of business ethics and codes of conducts in relation to gifts and entertainment is being addressed at monthly staff meetings in the Procurement Section. Additionally, a minute is issued annually to all Procurement Section staff reminding them of the ILO's policy on gifts and entertainment. Ethical issues in relation to procurement are currently being reviewed in consultation with the Human Resources Department with a view to incorporating such issues within the ILO's overall personnel policies.</p>	<p>I note that Procurement has made contact with HRD to discuss action in relation to these recommendations, but that no work has yet been undertaken to implement them. I urge ILO to continue their actions in response to these matters.</p>
<p>Administration of travel</p>		
<p>Recommendation 20: The ILO should expedite the updating of the guidance on travel to reflect the current roles and responsibilities of branches involved in authorising and processing travel expenditure.</p>	<p>A new circular on travel is about to be issued with a view to simplifying and rationalizing all procedures concerning travel, including authorization and supervision processes.</p>	<p>I am pleased to note that the new circular has been issued to simplify the Organization's travel procedures.</p>

Recommendation	Response from ILO management	External Audit comment
<p>Recommendation 21: The ILO should press ahead with the automation of the travel authorisation process.</p>	<p>The new automated travel authorization is part of the scope of the new financial systems which are to be implemented by the ILO.</p>	<p>My staff will follow the developments in this area as they occur.</p>
<p>Recommendation 22: The ILO should review the accounting treatment of income from airlines and notional savings. Conference approval should be obtained if the ILO wish to continue the existing practice of using the income to finance staff posts in VOYAGE.</p>	<p>The past practice of using travel income to finance staff posts in VOYAGE for the travel process has been discontinued and the process for redeployment of the staff concerned has begun. The accounting treatment of income from airlines as well as notional savings is being rectified and savings will be credited to regular budget programmes or technical cooperation projects.</p>	<p>I am pleased to note that prompt action was taken in respect of the treatment of income and funding of posts.</p>
<p>Recommendation 23: The ILO should review the role of VOYAGE and consider a move to sample checking travel itineraries.</p>	<p>The work carried out by the Travel Unit has been systematically reviewed and, under new guidelines which are being prepared, travel procedures will be directly processed by the Office's travel agency under the supervision and delegated authority of the Internal Administration Bureau. Travel processes, including itineraries, will continue to be monitored by the Internal Administration Bureau on a sample basis. Transportation of personal effects, removals, travel documents and insurance will continue to be handled by the Internal Administration Bureau.</p>	<p>I am pleased to note that the review was performed and that the office implemented actions that it identified to improve the performance of VOYAGE.</p>

3. Certification of financial statements and audit opinion

The financial statements numbered I to IV and relevant schedules are approved.

(Signed) Anees Ahmad,
Treasurer and Financial Comptroller.
29 March 2002.

(Signed) Juan Somavia,
Director-General.
29 March 2002.

Opinion of the External Auditor to the Governing Body of the International Labour Office

I have audited the accompanying financial statements comprising, Statements I to IV, the Schedules and the supporting Notes of the International Labour Organization for the financial period ended 31 December 2001. These financial statements are the responsibility of the Director-General of the ILO. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with the Common Auditing Standards of the Panel of External Auditors of the United Nations, specialized agencies and the International Atomic Energy Agency. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, and as considered by the auditor to be necessary in the circumstances, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Director-General of the ILO, as well as evaluating the overall financial statement presentation. My audit includes a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as I consider necessary in the circumstances. I believe that my audit provides a reasonable basis for the audit opinion.

In my opinion, these financial statements present fairly, in all material respects, the financial position as at 31 December 2001 and the results of the operations and cash flows for the period then ended in accordance with the International Labour Organization's stated accounting policies, set out in part II of the general notes to the financial statements, which were applied on a basis consistent with that of the preceding financial period.

Further, in my opinion, the transactions of the International Labour Organization, which I have tested as part of my audit, have in all significant respects been in accordance with the Financial Regulations and Legislative Authority.

In accordance with Chapter IX of the Financial Regulations and the Additional Terms of Reference governing External Audit appended thereto, I have also issued a long-form Report on my audit of the International Labour Organization's financial statements.

25 April 2002.

(Signed) Sir John Bourn,
Comptroller and Auditor General, United Kingdom,
External Auditor.

**4. Financial statements and schedules for
the financial period 2000-01**

STATEMENT I : STATEMENT OF INCOME AND EXPENDITURE AND CHANGES IN RESERVES AND FUND BALANCES
(ALL SOURCES OF FUNDS)
for the biennium ending 31 December 2001
(in thousands of United States dollars)

	GENERAL FUND								Other funds managed by the ILO (Schedule 2.1)		Extra-budgetary technical cooperation (Schedule 3.1)	
	Regular budget (Schedule 1.1.1)		Working Capital Fund Income Adjustment Account Balance of cash deficit, Capital funds relating to land and buildings (Schedule 1.1.2)		Other funds forming part of the General Fund (Schedule 1.1.3)		TOTAL					
	2000-2001	1998-1999	2000-2001	1998-1999	2000-2001	1998-1999	2000-2001	1998-1999				
INCOME												
Assessed contributions for the financial period	467 458	463 805					467 458	463 805				
Budgetary surplus for the financial period 1996-97		16 317						16 317				
		<u>480 122</u>						<u>480 122</u>				
Voluntary contributions									659	1 220	168 675	161 535
Other contributions									43 048	43 655		
Other/Miscellaneous income:												
Revenue producing activities					3 294	4 841	3 294	4 841	380	421		
Funds received under inter-organization arrangements					5 973	5 665	5 973	5 665	9 290	9 572	21 710	63 007
Allocations from other funds					23 704	19 589	23 704	19 589				
Income from services rendered					6 766	6 613	8 057	8 574	2 763	4 975	13 071	7 613
Investment income, including interest			1 291	1 961								
Currency exchange adjustments			(2 515)	(8 468)	(196)	(1 302)	(2 711)	(9 770)	(1 504)	(4 188)	(20)	(5)
Other/Miscellaneous			311	1 052	951	683	1 262	1 735	101	132	1	(51)
TOTAL INCOME	467 458	480 122	(913)	(5 455)	40 492	36 089	507 037	510 756	54 737	55 787	203 437	232 099
EXPENDITURE	467 169	466 517	-	-	46 517	36 222	513 686	502 739	53 962	52 270	206 188	184 234
EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	289	13 605	(913)	(5 455)	(6 025)	(133)	(6 649)	8 017	775	3 517	(2 751)	47 865
OTHER ADJUSTMENTS:												
Revaluation of the budgetary surplus	(21)	(1 112)					(21)	(1 112)				
Decrease(increase) in the provision for delays in the payment of contributions	60 899	13 741					60 899	13 741				
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	61 167	26 234	(913)	(5 455)	(6 025)	(133)	54 229	20 646	775	3 517	(2 751)	47 865
Transfer of 1998-99 surplus (1)												
To IT Fund	(22 904)				22 904		-	-				
To undistributed surplus 1998-99	(2 073)						(2 073)	-				
Revaluation of the surplus	(1 257)						(1 257)	-				
Total	<u>(26 234)</u>				<u>22 904</u>		<u>(3 330)</u>	<u>-</u>				
Adjustments to reserves & fund balances			6 441	5 946	-	10 155	6 441	16 101	(121)	(230)	(985)	-
RESERVES AND FUND BALANCES BEGINNING OF PERIOD	26 234	-	82 811	82 320	55 575	45 553	164 620	127 873	42 589	39 302	108 387	60 522
RESERVES AND FUND BALANCES END OF PERIOD	61 167	26 234	88 339	82 811	72 454	55 575	221 960	164 620	43 243	42 589	104 651	108 387

(1) At the 88th session (2000), the International Labour Conference decided in derogation of article 18.2 of the Financial Regulations, to finance the establishment of an Information Technology Systems Fund in an amount of 38,250,000 Swiss francs from the 1998-99 surplus.

STATEMENT II - STATEMENT OF ASSETS, LIABILITIES, AND RESERVES AND FUND BALANCES (Note 13)
(ALL SOURCES OF FUNDS)
as at 31 December 2001
(in thousands of United States dollars)

	General fund			Other funds managed by the ILO (Schedule 2.2)			Extra-budgetary technical cooperation (Schedule 3.2)		
	2000-2001	1998-1999	References	2000-2001	1998-1999	References	2000-2001	1998-1999	References
ASSETS									
Cash and term deposits	180,288	131,734		14,818	13,871		108,311	108,880	
Investments	21,862	19,610	Note 14	35,016	35,216	Note 14	-	-	
Accounts receivable:									
Contributions receivable from current member States and States which have ceased to be Members	76,759	142,852	Note 15						
Less provision for delays in the payment of contributions	(76,759)	(142,852)							
Other	16,212	17,870	Note 16	72	78		3,068	5,639	
Land and buildings (at cost)	102,466	106,083	Note 17						
TOTAL ASSETS	320,828	275,297	Note 18	49,906	49,165		111,379	114,519	Note 18
LIABILITIES									
Contributions received in advance	8,979	10,205		234	189				
Borrowings payable within one year	2,244	2,328	Note 19						
Accounts payable:									
Unliquidated obligations	18,407	17,509	Note 20	115	137		1,892	383	
Accrued liability for unsettled claims				6,200	6,250				
Other	2,590	3,969		114	-		4,836	5,749	
Amounts payable to member States	11,925	16,142	Note 21						
Borrowings payable after one year	51,608	58,212	Note 19						
Special accounts	3,115	2,312	Note 22						
TOTAL LIABILITIES	98,868	110,677		6,663	6,576		6,728	6,132	
RESERVES AND FUND BALANCES									
1998-99 Surplus	-	26,234	Schedule 1.1.1						
2000-01 Surplus	61,167	-	Schedule 1.1.1						
Operating reserves				37,939	36,291				
Balances relating to projects funded by donors							104,651	108,387	
Working Capital Fund	21,212	22,013	Schedule 1.1.2						
Income Adjustment Account	18,513	15,255	Schedule 1.1.2						
Capital funds relating to land and buildings	48,614	45,543	Schedule 1.1.2						
Other	72,454	55,575	Schedule 1.1.3	5,304	6,298				
TOTAL RESERVES AND FUND BALANCES	221,960	164,620		43,243	42,589		104,651	108,387	
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	320,828	275,297		49,906	49,165		111,379	114,519	

STATEMENT III - STATEMENT OF CASH FLOW - GENERAL FUND
for the biennium ending 31 December 2001
(in thousands of United States dollars)

	<u>2000-2001</u>	<u>1998-1999</u>	<u>References</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net excess of income over expenditure	54,229	20,646	Statement I
(Increase) decrease in contributions receivable (1)	-	-	
(Increase) decrease in other accounts receivable	1,658	(8,843)	Statement II
Increase (decrease) in contributions or payments received in advance	(1,226)	(410)	Statement II
Transfer of 1996-1997 Surplus to 1998-1999 Income	-	(16,777)	
Increase (decrease) in unliquidated obligations	898	5,356	Statement II
Increase (decrease) in other liabilities	(1,379)	(364)	Statement II
Increase (decrease) in special accounts	803	1,706	Statement II
Less: Investment income, including interest	(8,057)	(8,574)	Statement I
NET CASH FROM OPERATING ACTIVITIES	<u>46,926</u>	<u>(7,260)</u>	
CASH FLOWS FROM INVESTING AND FINANCING ACTIVITIES			
(Increase) decrease in investments	(2,252)	(9,399)	Statement II
(Increase) decrease in interfund balances receivable	-	654	Statement II
Increase (decrease) in borrowings (2)	(6,688)	(12,463)	
Plus: Investment income, including interest	8,057	8,574	Statement I
NET CASH FROM INVESTING AND FINANCING ACTIVITIES	<u>(883)</u>	<u>(12,634)</u>	
CASH FLOW FROM OTHER SOURCES:			
(Increase) decrease in land and buildings (2)	3,617	10,622	
Increase (decrease) in credits payable to member States	(4,217)	12,910	Statement II
Transfer of 1998-1999 undistributed surplus	(3,330)	-	Statement I
Other adjustments	6,441	16,101	Statement I
NET CASH FROM OTHER SOURCES	<u>2,511</u>	<u>39,633</u>	
NET INCREASE (DECREASE) IN CASH AND TERM DEPOSITS	48,554	19,739	
CASH AND TERM DEPOSITS, BEGINNING OF PERIOD	131,734	111,995	Statement II
CASH AND TERM DEPOSITS, END OF PERIOD	<u>180,288</u>	<u>131,734</u>	Statement II

(1) Contributions receivable are offset by the 100% provision for delays in the payment of contributions. There is thus no net increase or decrease in contributions receivable.

(2) The decrease in borrowings, representing the decrease in Swiss franc loan for the Headquarters building, and the decrease in land and buildings, are both valued for the 1998-99 biennium at the December 1999 UN monthly accounting rate of 1.59 Swiss francs to the dollar, and for the 2000-01 biennium at the December 2001 UN monthly accounting rate of 1.65 Swiss francs to the dollar.

**Statement IV - Status of regular budget appropriations for the financial period 2000-01
(In thousands of United States dollars)**

Title	Appropriation (1)	Expenditure
Part I. Ordinary budget		
A. Policy making organs	60,897	57,548
B. Strategic objectives	351,729	351,554
C. Management services	37,694	37,670
D. Other budgetary provisions	20,244	19,822
Adjustment for staff turnover	(3,968)	-
Total Part I	466,595	466,595
Part II. Unforeseen expenditure		
Unforeseen expenditure	875	574
Part III. Working Capital Fund		
Working Capital Fund	-	-
Total (Parts I - III)	467,470	467,169
Total 1998-99	481,050	466,517

(1) [GB.276/PFA/9](#), Table1.

Schedule 1.1.1 - Income and Expenditure and Changes in Reserves and Fund Balances
General Fund - (Regular budget)
for the biennium ending 31 December 2001
(in thousands of Swiss Francs and United States dollars)

	2000-2001				1998-1999				References
	Budget		Actual		Budget		Actual		
	Swiss francs	US dollars	Swiss francs	US dollars	Swiss francs	US dollars	Swiss francs	US dollars	
INCOME (1)									
Assessed contributions for the financial period	715 211	467 458	715 211	467 458	677 155	463 805	677 155	463 805	(2)
Budgetary surplus for the financial period 1996-97					25 178	17 245	23 823	16 317	
TOTAL INCOME	715 211	467 458	715 211	467 458	702 333	481 050	700 978	480 122	
EXPENDITURE (1)									
Part I - Ordinary budget		466 595		466 595		480 175		466 517	(3)
Part II - Unforeseen expenditure		875		574		875		-	
TOTAL EXPENDITURE		467 470		467 169		481 050		466 517	
EXCESS OF INCOME OVER EXPENDITURE BEFORE OTHER ADJUSTMENTS, AT BUDGET RATE OF EXCHANGE				289				13 605	
OTHER ADJUSTMENTS									
Revaluation of the budgetary surplus				(21)				(1 112)	(4)
Decrease (increase) in the provision for delays in the payment of contributions				60 899				13 741	(5)
EXCESS OF INCOME OVER EXPENDITURE				61 167				26 234	
FUND BALANCES, BEGINNING OF PERIOD				-				-	
FUND BALANCES, END OF PERIOD				100 926	61 167			41 712	26 234

(1) US dollar income and expenditure figures result from the conversion of Swiss franc income and expenditure to US dollars at the budget rate of exchange (2000-2001: 1.53 Swiss francs to the US dollar, 1998-99: 1.46 Swiss francs to the US dollar)

(2) As adopted by the 87th International Labour Conference 715 229
Assessed on Kiribati, after the adoption of the budget, which joined the Organization on 3 February 2000 3
Change in the 2000 rate of assessment between the Federal Republic of Yugoslavia and the Former Socialist Federal Republic of Yugoslavia (21)
715 211

(3) Details of expenditure are provided in Statement IV and Information Annex II.

(4) Revaluation of the excess of income over expenditure from the budget rate of exchange to the United Nations monthly rate of exchange in the last month of the biennium.

Relevant exchange rates (Swiss francs to the dollar):		2000-01	1998-99
A	Budget rate of exchange	1,53	1,46
B	UN rate of exchange in December	1,65	1,59
Excess of income over expenditure:			
C	In '000s of US dollars	289	13 605
D	In '000s of Swiss francs at budget rate (CxA)	442	19 863
E	In '000s of US dollars at December 2001 UN rate (D/B)	268	12 493
F	Revaluation of surplus in '000s of US dollars (E-C)	(21)	(1 112)

(5) With the introduction of the accrual method of accounting, all contributions due in a financial period shall be recorded as income in the financial period (Article 10, paragraph 5), and the excess or shortfall of income over expenditure in any complete financial period shall be calculated by deducting budgetary expenditure from budgetary income with a financial provision being made for delays in the payment of contributions. Such provision shall amount to 100 per cent of the contributions unpaid at the date of the financial statements at the end of the financial period (Article 18, paragraph 1). Contributions outstanding at 31 December 2001 amounted to 126,651,615 Swiss francs while at 31 December 1999 the amount outstanding was 227,135,227 Swiss francs. The provision for delays in the payment of contributions could thus be reduced by 100,483,612 Swiss francs or \$60,899,159 at the December 2001 rate of exchange. Summary of contributions are provided in Note 15 of the Notes to Statement II.

Schedule 1.1.1.1 - Additional expenditure items approved by the Governing Body

In addition to the programme and budget adopted by the Conference for 2000-01, the Governing Body authorized additional expenditure items totalling US\$2,550,600 to meet various unforeseen costs not provided in the approved budget for the biennium.

It proved possible to finance all but US\$ 574,198 of these items from savings in Part I of the Programme and Budget. US\$574,198 was financed from Part II.

The additional expenditure items approved by the Governing Body are listed below:

Governing Body Sessions	Description of Items	Amount in US dollars
276th (November 1999)	Meeting of the Officers of the Committee on Technical Cooperation	6 600
277th (March 2000)	Tripartite delegation to accompany the Director-General to the Special Session of the General Assembly, June 2000	16 000
277th (March 2000)	Review of field activities, Committee on Technical Cooperation	54 000
279th (November 2000)	Appointment of a Special Representative of the Director-General for Cooperation with Colombia	290 000
279th (November 2000)	Financing arrangements under the Human Resources Strategy	1 950 000 ⁽¹⁾
280th (March 2001)	Meetings resulting from recommendations of the 29th Session of the Joint Maritime Commission	196 000
280th (March 2001)	Tripartite delegations to attend two international conferences in Brussels and Durban	38 000
	Total to date	<u>2 550 600</u>

(1) US\$1,375,802 was financed from savings in Part I and US\$ 574,198 was financed from Part II of the Budget

Schedule 1.1.2 - Income and Expenditure and Changes in Reserves and Fund Balances
General Fund - (Working Capital Fund, Income Adjustment Account and Capital funds relating to land and buildings) (1)
for the biennium ending 31 December 2001
(in thousands of Swiss francs and United States dollars)

	Working Capital Fund				Income Adjustment Account				Capital funds relating to land and buildings (2) (in US dollars)		TOTAL (in US dollars)	
	2000-2001		1998-1999		2000-2001		1998-1999		2000-2001	1998-1999	2000-2001	1998-1999
	Swiss francs	US dollars	Swiss francs	US dollars	Swiss francs	US dollars	Swiss francs	US dollars				
INCOME												
Other/Miscellaneous income:												
Investment income, including interest (3):												
Earned on the Working Capital Fund					1 001	587	638	427			587	427
Other interest earned					1 162	704	2 440	1 534			704	1 534
	-	-	-	-	2 163	1 291	3 078	1 961	-	-	1 291	1 961
Currency exchange adjustments												
Exchange rate gains (losses)					399	242	(332)	(236)	(140)	(297)	102	(533)
Revaluation of fund balances		(801)		(2 635)	-	(540)		(1 492)	(1 276)	(3 808)	(2 617)	(7 935)
	-	(801)	-	(2 635)	399	(298)	(332)	(1 728)	(1 416)	(4 105)	(2 515)	(8 468)
Other/Miscellaneous					504	311	1 672	1 052			311	1 052
TOTAL INCOME	-	(801)	-	(2 635)	3 066	1 304	4 418	1 285	(1 416)	(4 105)	(913)	(5 455)
EXPENDITURE												
EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	-	(801)	-	(2 635)	3 066	1 304	4 418	1 285	(1 416)	(4 105)	(913)	(5 455)
Cancellation of prior period's obligations					3 225	1 954					1 954	-
Other adjustments												
Land and buildings acquired:												
Abidjan									-	345	-	345
Islamabad									-	944	-	944
Capital payments made on loan for headquarters building									4 487	4 657	4 487	4 657
RESERVES AND FUND BALANCES BEGINNING OF PERIOD	35 000	22 013	35 000	24 648	24 255	15 255	19 837	13 970	45 543	43 702	82 811	82 320
RESERVES AND FUND BALANCES END OF PERIOD	35 000	21 212	35 000	22 013	30 546	18 513	24 255	15 255	48 614	45 543	88 339	82 811

(1) The Working Capital Fund and the Income Adjustment Account are wholly Swiss franc-based, while the Capital Funds relating to land and buildings are partially Swiss franc-based (as regards the headquarters building). Fund balances are accordingly either wholly or partially valued in United States dollars at the United Nations monthly accounting rate of exchange in effect at the end of each financial period (2000-2001 : December 2001 rate of 1.65 Swiss francs to the dollar; 1998-1999 : December 1999 rate of 1.59 Swiss francs to the dollar).

(2) See Note 17 to Statement II, which gives details of the Capital Funds relating to land and buildings.

(3) Other interest includes 40 per cent of the interest earned on temporarily surplus regular budget funds.

Schedule 1.1.3 - Income and Expenditure and Changes in Reserves and Fund Balances
General Fund - (Other funds forming part of the General Fund)
for the biennium ending 31 December 2001
(in thousands of United States dollars)

	Other funds (Schedule 1.1.3.1)		Other funds (Schedule 1.1.3.2)		TOTAL	
	2000-2001	1998-1999	2000-2001	1998-1999	2000-2001	1998-1999
INCOME						
Other/Miscellaneous income:						
Revenue producing activities	3,294	4,841			3,294	4,841
Allocations from other funds	650	427	5,323	5,238	5,973	5,665
Income from services rendered			23,704	19,589	23,704	19,589
Investment income, including interest	631	548	6,135	6,065	6,766	6,613
Currency exchange adjustments	(199)	(695)	3	(607)	(196)	(1,302)
Other/Miscellaneous	675	683	276	-	951	683
TOTAL INCOME	5,051	5,804	35,441	30,285	40,492	36,089
EXPENDITURE	4,429	5,392	42,088	30,830	46,517	36,222
EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	622	412	(6,647)	(545)	(6,025)	(133)
Land and buildings acquired	-	(943)			-	(943)
Transfer of income earned in the prior period			-	11,098	-	11,098
Transfer from 1998-1999 surplus (1)			22,904	-	22,904	-
RESERVES AND FUND BALANCES BEGINNING OF PERIOD	9,143	9,674	46,432	35,879	55,575	45,553
RESERVES AND FUND BALANCES END OF PERIOD	9,765	9,143	62,689	46,432	72,454	55,575

(1) At the 88th session (2000), the International Labour Conference decided in derogation of article 18.2 of the Financial Regulations, to finance the establishment of an Information Technology Systems Fund in an amount of 38,250,000 Swiss francs from the 1998-99 surplus.

Schedule 1.1.3.1 - Income and Expenditure and Changes in Reserves and Fund Balances
General Fund - (Other funds forming part of the General Fund)
for the biennium ending 31 December 2001
(in thousands of United States dollars)

	Building Accommodation Fund (1)		Publications Revolving Fund		Compensation Fund		Reserve Fund for Extra-budgetary Accounts		Fidelity Guarantee Insurance Fund		Special Payments Fund		Nobel Peace Prize Fund		TOTAL	
	2000-2001	1998-1999	2000-2001	1998-1999	2000-2001	1998-1999	2000-2001	1998-1999	2000-2001	1998-1999	2000-2001	1998-1999	2000-2001	1998-1999	2000-2001	1998-1999
INCOME																
Other/Miscellaneous income:																
Revenue producing activities	460	831	2,834	4,010											3,294	4,841
Allocations from other funds	217	-			302	290					131	137			650	427
Investment income, including interest	179	108	105	70	55	106			144	129	60	53	88	82	631	548
Currency exchange adjustments	(199)	(695)													(199)	(695)
Other/Miscellaneous					675	683									675	683
TOTAL INCOME	657	244	2,939	4,080	1,032	1,079	-	-	144	129	191	190	88	82	5,051	5,804
EXPENDITURE	141	11	3,218	3,993	963	1,243					68	139	39	6	4,429	5,392
EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	516	233	(279)	87	69	(164)	-	-	144	129	123	51	49	76	622	412
Land and buildings acquired:																
Abidjan	-	(241)													-	(241)
Islamabad	-	(702)													-	(702)
	-	(943)	-	-	-	-	-	-	-	-	-	-	-	-	-	(943)
RESERVES AND FUND BALANCES, BEGINNING OF PERIOD	6,058	6,768	963	876	212	376	25	25	998	869	313	262	574	498	9,143	9,674
RESERVES AND FUND BALANCES, END OF PERIOD	6,574	6,058	684	963	281	212	25	25	1,142	998	436	313	623	574	9,765	9,143

(1) The fund is Swiss franc based. Fund balances are accordingly valued in United States dollars at the United Nations monthly accounting rate of exchange in effect in the last month of each period.
(2000-2001: December 2001 rate of 1.65 Swiss francs to the dollar; 1998-1999: December 1999 rate of 1.59 Swiss francs to the dollar).

Schedule 1.1.3.2 - Income and Expenditure and Changes in Reserves and Fund Balances
General Fund - (Other funds forming part of the General Fund)
for the biennium ending 31 December 2001
(in thousands of United States dollars)

	Programme Support		Reporting costs		Terminal Benefits fund (1)		Appropriation from 1990-91 cash surplus (2)		Appropriation from 1992-93 cash surplus (2)		ITS Fund (4)		TOTAL	
	2000-2001	1998-1999	2000-2001	1998-1999	2000-2001	1998-1999	2000-2001	1998-1999	2000-2001	1998-1999	2000-2001	1998-1999	2000-2001	1998-1999
INCOME														
Other/Miscellaneous income:														
Allocations from other funds					5,318	5,238					5	-	5,323	5,238
Income from services rendered (3)	23,704	19,286	-	303									23,704	19,589
Investment income, including interest	2,393	2,920			3,122	3,020	16	13	96	112	508	-	6,135	6,065
Currency exchange adjustments							(23)	5	(252)	(612)	278	-	3	(607)
Other Miscellaneous	276	-											276	-
TOTAL INCOME	26,373	22,206	-	303	8,440	8,258	(7)	18	(156)	(500)	791	-	35,441	30,285
TOTAL EXPENDITURE	27,377	23,768	15	215	12,134	5,102	159	155	2,246	1,590	157	-	42,088	30,830
EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	(1,004)	(1,562)	(15)	88	(3,694)	3,156	(166)	(137)	(2,402)	(2,090)	634	-	(6,647)	(545)
Transfer of income earned in the prior period	-	11,098											-	11,098
Transfer from 1998-1999 surplus (4)											22,904	-	22,904	-
RESERVES AND FUND BALANCES, BEGINNING OF PERIOD	18,345	8,809	395	307	22,336	19,180	636	773	4,720	6,810	-	-	46,432	35,879
RESERVES AND FUND BALANCES END OF PERIOD	17,341	18,345	380	395	18,642	22,336	470	636	2,318	4,720	23,538	-	62,689	46,432

(1) The estimated liability for terminal benefits as at 31 December 2001 was \$ 89.7 million. The Terminal Benefits Fund serves to meet the cost of repatriation grants and other statutory indemnities payable under articles 11.4, 11.5 and 11.6 of the Staff Regulations upon termination of contracts. It is currently financed from the inclusion in staff costs of a provision of 3.5 per cent of the basic salary of eligible officials and from interest earned on the resources of the Fund.

(2) As approved by the 79th (1992) and 81st (1994) sessions of the International Labour Conference respectively. The accounts are Swiss franc-based. Fund balances are accordingly valued in US dollars at the United Nations monthly accounting rate of exchange in effect at the end of each period (2000-2001: December 2001 rate of 1.65 Swiss francs to the dollar; 1998-1999: December 1999 rate of 1.59 Swiss francs to the dollar).

(3) Includes interest of \$2.8 million earned on Extra-Budgetary technical cooperation fund balances not specifically attributable to donors.

(4) At the 88th session (2000), the International Labour Conference decided in derogation of article 18.2 of the Financial Regulations, to finance the establishment of an Information Technology Systems Fund in an amount of 38,250,000 Swiss francs from the 1998-99 surplus.

Schedule 2.1 - Income and Expenditure and Changes in Reserves and Fund Balances
(Other Funds managed by the ILO)
For the biennium ending 31 December 2001
(in thousands of United States dollars)

	Funds with approved budgets (Schedule 2.1.1)		Staff Health Insurance Funds (Note 23)		TOTAL	
	2000-2001	1998-1999	2000-2001	1998-1999	2000-2001	1998-1999
INCOME						
Voluntary contributions	659	1,220			659	1,220
Other contributions	180	-	42,868	43,655	43,048	43,655
Other/Miscellaneous income:						
Revenue producing activities	380	421			380	421
Allocations from other funds	9,290	9,572			9,290	9,572
Investment income, including interest	(23)	1,217	2,786	3,758	2,763	4,975
Currency exchange adjustments	(75)	(112)	(1,429)	(4,076)	(1,504)	(4,188)
Other/Miscellaneous	101	132			101	132
TOTAL INCOME	10,512	12,450	44,225	43,337	54,737	55,787
EXPENDITURE	10,823	10,856	43,139	41,414	53,962	52,270
EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	(311)	1,594	1,086	1,923	775	3,517
Transfer to operational activities	(103)	(230)			(103)	(230)
Adjustments to reserve balance	(18)	-			(18)	-
RESERVES AND FUND BALANCES BEGINNING OF PERIOD	11,625	10,261	30,964	29,041	42,589	39,302
RESERVES AND FUND BALANCES END OF PERIOD	11,193	11,625	32,050	30,964	43,243	42,589

Schedule 2.2 - Assets, Liabilities, and Reserves and Fund Balances (Note 13)
(Other funds managed by the ILO)
as at 31 December 2001
(in thousands of United States dollars)

	Funds with approved budgets (Schedule 2.2.1)			Staff Health Insurance Fund (Note 23)			TOTAL	
	2000-2001	1998-1999	References	2000-2001	1998-1999	References	2000-2001	1998-1999
ASSETS								
Cash and term deposits	5,930	5,951		8,888	7,920		14,818	13,871
Investments	5,323	5,759	Note 14	29,693	29,457	Note 14	35,016	35,216
Accounts receivable:								
Other	55	52		17	26		72	78
TOTAL ASSETS	11,308	11,762		38,598	37,403		49,906	49,165
LIABILITIES								
Contributions received in advance				234	189		234	189
Accounts payable:								
Unliquidated obligations	115	137					115	137
Accrued liability for unsettled claims				6,200	6,250		6,200	6,250
Other				114	-		114	-
TOTAL LIABILITIES	115	137		6,548	6,439		6,663	6,576
RESERVES AND FUND BALANCES								
Operating reserves	5,889	5,327		32,050	30,964		37,939	36,291
Other:								
Endowment Fund	4,294	5,258					4,294	5,258
Other (see detailed Schedule)	1,010	1,040					1,010	1,040
	5,304	6,298		-	-		5,304	6,298
TOTAL RESERVES AND FUND BALANCES	11,193	11,625		32,050	30,964		43,243	42,589
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	11,308	11,762		38,598	37,403		49,906	49,165

Schedule 2.1.1 - Income and Expenditure and Changes in Reserves and Fund Balances
Other funds managed by the ILO - (Funds with approved budgets)
for the biennium ending 31 December 2001
(In thousands of United States dollars)

	International Institute for Labour Studies (IILS) (Note 24)									Inter-American Vocational Training Research and Documentation Centre (CINTERFOR) (Note 25)			International Occupational Safety and Health Information Centre (CIS) (Note 26)			TOTAL	
	Operational Activities			Endowment Fund		Other Funds (1)		Total		2000-2001 Budget	1998-1999 Actual	1998-1999 Actual	2000-2001 Budget	1998-1999 Actual	1998-1999 Actual	2000-2001	1998-1999
	2000-2001 Budget	Actual	1998-1999 Actual	2000-2001	1998-1999	2000-2001	1998-1999	2000-2001	1998-1999								
INCOME																	
Voluntary contributions:																	
Host country											100	150				100	150
Other voluntary contributions				5	11	-	329	5	340	450	464	597		90	133	559	1,070
Other contributions		180	-					180	-							180	-
Other/Miscellaneous income:																	
Revenue producing activities	20	16	27					16	27	52	64	28	948	300	366	380	421
Allocations from other funds																	
Endowment Fund	145	103	230					103	230							103	230
ILO Regular Budget	4,931	5,227	4,895					5,227	4,895	1,740	1,740	1,700	2,483	2,220	2,747	9,187	9,342
Investment income, including interest	200	722	564	(768)	462	(68)	90	(114)	1,116		73	78		18	23	(23)	1,217
Currency exchange adjustments				(22)	58	(11)	(64)	(33)	(6)		12	18		(54)	(124)	(75)	(112)
Other/Miscellaneous	-	30	-	-	1			30	1		71	131				101	132
TOTAL INCOME	5,296	6,278	5,716	(785)	532	(79)	355	5,414	6,603	2,342	2,524	2,702	3,431	2,574	3,145	10,512	12,450
EXPENDITURE	7,925	5,330	4,680	9	-	1	-	5,340	4,680	2,342	2,524	2,524	4,084	2,959	3,652	10,823	10,856
EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	(2,629)	948	1,036	(794)	532	(80)	355	74	1,923	-	-	178	(653)	(385)	(507)	(311)	1,594
Transfer to operational activities				(103)	(230)			(103)	(230)							(103)	(230)
Adjustments to reserve balance				(68)		50	-	(18)	-							(18)	-
RESERVES AND FUND BALANCES, BEGINNING OF PERIOD	3,422	4,131	3,095	5,258	4,956	1,040	685	10,429	8,736		246	68	1,077	950	1,457	11,625	10,261
RESERVES AND FUND BALANCES, END OF PERIOD	793	5,079	4,131	4,293	5,258	1,010	1,040	10,382	10,429	-	246	246	424	565	950	11,193	11,625

(1) Other funds consist of the Reserve Fund and the Phelan Legacy Fund.

Schedule 2.2.1 - Assets, Liabilities, and Reserves and Fund Balances (Note 13)
Other funds managed by the ILO - (Funds with approved budgets)
as at 31 December 2001
(in thousands of United States dollars)

	International Institute for Labour Studies (IILS) (Note 24)		Reference	Inter-American Vocational Training Reserch and Documentation Centre (CINTERFOR) (Note 25)		International Occupational Safety and Health Information Centre (CIS) (Note 26)		TOTAL	
	2000-2001	1998-1999		2000-2001	1998-1999	2000-2001	1998-1999	2000-2001	1998-1999
ASSETS									
Cash and term deposits	5,087	4,702	Note 14	264	286	579	963	5,930	5,951
Investments	5,323	5,759		8	24	-	-	5,323	5,759
Accounts receivable	47	28		-	-	55	52		
TOTAL ASSETS	10,457	10,489		272	310	579	963	11,308	11,762
LIABILITIES									
Accounts payable: Unliquidated obligations	75	60	26	64	14	13	115	137	
TOTAL LIABILITIES	75	60	26	64	14	13	115	137	
RESERVES AND FUND BALANCES									
Operating reserves	5,078	4,131	246	246	565	950	5,889	5,327	
Other:									
Endowment Fund	4,294	5,258					4,294	5,258	
Other:									
Reserve Fund	391	355					391	355	
Phelan Legacy Fund	619	685					619	685	
	1,010	1,040	-	-	-	-	1,010	1,040	
TOTAL RESERVES AND FUND BALANCES	10,382	10,429	246	246	565	950	11,193	11,625	
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	10,457	10,489	272	310	579	963	11,308	11,762	

Schedule 3.1 - Income and Expenditure and Changes in Reserves and Fund Balances (Note 27)
(Extrabudgetary Technical Cooperation)
for the biennium ending 31 December 2001
(in thousands of United States dollars)

	UNITED NATIONS DEVELOPMENT PROGRAMME		IPEC		Other (including Trust Funds)		TOTAL	
	2000-2001	1998-1999	2000-2001	1998-1999	2000-2001	1998-1999	2000-2001	1998-1999
INCOME								
Voluntary contributions			39,775	59,579	128,900	101,956	168,675	161,535
Funds received under inter- organization arrangements	21,710	63,007					21,710	63,007
Investment income, including interest			7,978	3,699	5,093	3,914	13,071	7,613
Currency exchange adjustments	17	-			(37)	(5)	(20)	(5)
Other/Miscellaneous					1	(51)	1	(51)
TOTAL INCOME	21,727	63,007	47,753	63,278	133,957	105,814	203,437	232,099
EXPENDITURE	29,998	47,219	55,653	23,136	120,537	113,879	206,188	184,234
EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	(8,271)	15,788	(7,900)	40,142	13,420	(8,065)	(2,751)	47,865
Refund to donors			(985)	-			(985)	-
RESERVES AND FUND BALANCES BEGINNING OF PERIOD	11,572	(4,216)	55,803	15,661	41,012	49,077	108,387	60,522
RESERVES AND FUND BALANCES END OF PERIOD	3,301	11,572	46,918	55,803	54,432	41,012	104,651	108,387

Schedule 3.2 - Schedule of Assets, Liabilities and Reserves and Fund Balances (Note 13 and Note 27)
(Extra-budgetary technical cooperation)
as at 31 December 2001
(in thousands of United States dollars)

	United Nations Development Programme		IPEC		Other (including Trust Funds)		TOTAL	
	2000-2001	1998-1999	2000-2001	1998-1999	2000-2001	1998-1999	2000-2001	1998-1999
ASSETS								
Cash and term deposits	3,307	7,641	46,984	56,067	58,020	45,172	108,311	108,880
Accounts receivable:								
Other	2,159	4,572	58	66	851	1,001	3,068	5,639
TOTAL ASSETS	5,466	12,213	47,042	56,133	58,871	46,173	111,379	114,519
LIABILITIES								
Accounts payable:								
Unliquidated obligations	1,863	292			29	91	1,892	383
Other (1)	302	349	124	330	4,410	5,070	4,836	5,749
TOTAL LIABILITIES	2,165	641	124	330	4,439	5,161	6,728	6,132
RESERVES AND FUND BALANCES								
Balances relating to projects funded by donors	3,301	11,572	46,918	55,803	54,432	41,012	104,651	108,387
TOTAL RESERVES AND FUND BALANCES	3,301	11,572	46,918	55,803	54,432	41,012	104,651	108,387
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	5,466	12,213	47,042	56,133	58,871	46,173	111,379	114,519

(1) Includes \$3.8 million to finance terminal benefits for experts employed on extra-budgetary TC projects.

General notes to the financial statements and schedules

I. Statement of objectives and activities

1. The International Labour Organization was founded in 1919 to promote social justice and internationally recognized human and labour rights. It became the first specialized agency of the United Nations in 1946. The 1944 Declaration of Philadelphia affirms that “all human beings, irrespective of race, creed or sex, have the right to pursue both their material well-being and their spiritual development in conditions of freedom and dignity, of economic security and equal opportunity”. The ILO’s strategic objectives cover principles and rights at work, employment, social protection and social dialogue. Taken together, these constitute decent work.
2. The ILO formulates international labour standards in the form of Conventions and Recommendations. These include fundamental standards on freedom of association and collective bargaining, abolition of forced labour, equality of opportunity and treatment, and the elimination of child labour. Other standards regulate conditions across the entire spectrum of work-related issues. The ILO provides advisory services and technical assistance, primarily in the fields of: child labour; employment policy; vocational training and vocational rehabilitation; enterprise development; social security; working conditions; occupational safety and health; labour administration, labour law and industrial relations; and labour statistics. It promotes the development of independent employers’ and workers’ organizations and provides training and advisory services to those organizations. It serves as a centre of information on the world of work and, to this end, conducts research, gathers and analyses statistics, organizes meetings, and publishes a range of information and training materials. Within the United Nations system, the ILO has a unique tripartite structure, with workers and employers participating as equal partners with governments in the work of its governing organs.

II. Statement of accounting policies

General accounting policies

3. The general accounting policies and reporting practices applied in the ILO reflect the requirements of the Financial Regulations and the Financial Rules. Subject to these requirements, they are consistent with generally accepted accounting principles and comply fully with the United Nations Accounting Standards adopted by the Administrative Committee on Coordination of the United Nations (UN) system in October 1993, and revised by the Consultative Committee on Administrative Questions (Financial and Budgetary Questions)¹ in subsequent years.

Particular accounting policies

4. The following particular accounting policies have a material effect on the results reported in the financial statements:

¹ The Consultative Committee on Administrative Questions (Financial and Budgetary Questions) was a subsidiary body of the Administrative Committee on Coordination, now known as the Chief Executives’ Board.

-
- (a) The financial period of the Organization is a biennium consisting of two consecutive calendar years.
 - (b) The Organization's financial statements are prepared according to the historical cost accounting convention and have not been adjusted to reflect the effects of changing price levels for goods and services.
 - (c) Accrual accounting was introduced during the 1998-99 biennium. Income and expenditure for activities carried out for the General Fund (including the regular budget)² and for other funds managed by the ILO³ have been accounted for on an accrual basis.
 - (d) As regards extra-budgetary technical cooperation activities,⁴ income from voluntary contributions is recorded on a cash basis. In accordance with the United Nations Accounting Standards and with individual donors' requirements, expenditure incurred on behalf of the United Nations Development Programme (UNDP) and the United Nations Population Fund (UNFPA) has been accounted for on an accrual basis. However, expenditure for other extra-budgetary technical cooperation activities has been accounted for on a cash basis.
 - (e) With the exception of land and buildings, fixed assets owned by the Organization are not capitalized in the accounting records.
 - (f) No depreciation is charged in respect of capitalized fixed assets, nor are provisions established for end-of-service benefits, post-retirement benefits and unused annual leave.
 - (g) Income and expenditure are accounted for separately except that any allowances or refunds in respect of budgetary expenditure are credited to the corresponding expenditure accounts when brought to account in the same financial period as that in which the original charges were incurred. Expenditure incurred includes an estimate of payments made on behalf of the ILO by the United Nations Development Programme but not yet brought to account.
 - (h) Separate accounting records are maintained for extra-budgetary contributions accepted by the ILO.

Currency of accounting

- 5.** The currency of accounting of the ILO is the US dollar. Subsidiary accounts for member States' assessed contributions as well as some other funds (e.g. the Working Capital Fund) are maintained in Swiss francs. These accounts and other subsidiary accounts maintained in currencies other than the US dollar are converted to US dollars in accordance with the exchange rate policy described below.

Exchange rate translation policy

- 6.** The following accounting policies are applied in relation to exchange rate translations:

² Schedules 1.1.1 through 1.1.3.

³ Schedules 2.1 and 2.2.

⁴ Schedules 3.1 through 3.2.

-
- (a) The financial statements of the Organization are expressed in thousands of United States (US) dollars. Regular budget Swiss franc income and expenditure are translated into US dollars at the ILO budget rate of exchange for the financial period. All transactions in other currencies are translated into US dollars at the UN monthly accounting rate of exchange prevailing at the time of the transaction.
 - (b) An Exchange Equalization Account is maintained to accumulate the difference arising from the application of the monthly UN accounting rate of exchange used in the financial statements and the budget rate of exchange used to translate regular budget income and expenditure for the financial period as well as gains and losses arising from the revaluation of the assets, liabilities, reserves and fund balances belonging to the General Fund. Residual gains or losses on this account at the end of each financial period are set off against the net premium earned on the forward purchase of US dollars (see note 21(b) to [Statement II](#)); where the premium earned is not sufficient to absorb any residual losses, the unabsorbed loss is charged to the Income Adjustment Account.
 - (c) Other gains and losses on currency exchange transactions resulting from currency fluctuations are offset and the net difference is charged or credited to the relevant fund.
 - (d) Assets, liabilities and reserves and fund balances held in currencies other than the US dollar not belonging to the General Fund are translated into US dollars at the UN monthly accounting rate of exchange applicable at the end of the financial period. Exchange gains and losses resulting from the revaluation of these assets, liabilities and reserves and fund balances held in currencies other than the US dollar are offset and charged to the relevant fund.

III. Contingent liabilities

7. The maximum potential liability for legal cases pending before the ILO Administrative Tribunal is estimated at \$380,400.
8. The ILO is a member organization participating in the United Nations Joint Staff Pension Fund (UNJSPF), which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits. The Pension Fund is a funded defined benefit plan. The financial obligation of the Organization to the UNJSPF consists of its mandated contribution at the rate established by the United Nations General Assembly, together with its share of any actuarial deficiency payments which might become payable pursuant to article 26 of the Regulations of the Fund.
9. After-service medical benefits: staff members (and their spouses, dependent children and survivors) retiring from service at the age of 55 or later are eligible for after-service health insurance coverage if they have had at least ten years' service with the United Nations or a specialized agency and have been a participant in the ILO/ITU Staff Health Insurance Fund during the five years immediately preceding cessation of service. The same benefit applies to staff members receiving compensation for disability from the UNJSPF or the ILO pension scheme. Costs of this scheme are covered by joint contributions by the ILO and the participants concerned. The Organization's share of such costs is accounted for on a pay-as-you-go basis and is reported as expenditure in the year in which it is incurred. The ILO contribution during the 2000-01 biennium was \$8.7 million (\$8.4 million for the 1998-99 biennium). An actuarial valuation carried out at the end of 2001, using the projected unit credit cost technique, determined the ILO's liability for after-service medical benefits for eligible staff amounts to be \$214 million as at 31 December 2001. The principal actuarial assumptions used for calculating the ILO's liability for after-service

medical benefits are consistent with those used by the United Nations Joint Staff Pension Fund. Specifically, a discount rate of 8.5 per cent was applied and 6 per cent for medical inflation rate.

10. Other disclosures relating to similar liabilities are contained in the footnotes to the relevant schedules.

IV. Other matters

11. Under the Swiss franc assessment system combined with the forward purchase of US dollar requirements, forward purchase contracts held with banks as at 31 December 2001 in respect of the 2002-03 biennium totalled \$195.8 million.
12. During the financial period, ex gratia payments were made and accounts receivable were written off in the amounts of \$80,444 and \$197,002 respectively.

V. Notes to Statement II: Statement of assets and liabilities, and reserves and fund balances as at 31 December 2001

13. The rate of exchange between the Swiss franc and the United States (US) dollar used for the preparation of this statement is the United Nations monthly accounting rate of exchange for December 2001 of 1.65 Swiss francs to the US dollar.
14. Summary of investments, at cost or market value whichever is lower (in thousands of US dollars):

	2000-01	1998-99
General Fund	21 862	19 610
Other funds managed by the ILO:		
International Institute for Labour Studies (IILS)	5 323	5 759
Staff Health Insurance Fund (ILO and ITU) ⁵	29 693	29 457
Total cost of investments	<u>56 878</u>	<u>54 826</u>
Market value of investments at 31 December 2001	<u>56 982</u>	<u>54 574</u>

⁵ The comparative figure has been restated to exclude \$5,199,371, which has been reclassified as cash and term deposits.

15. Assessed contributions of member States and amounts due by States for prior periods of membership in the ILO - summary (in Swiss francs):

Details	Balance due as at 01/01/00 (1)	Assessed Contributions 2000-2001	Total Amounts due	Amount received or credited (2)			Balance due as at 31/12/2001
				2000	2001	Total Income	
A. Assessed contributions for the financial period 2000-2001:							
2000 - Assessed with the budget		357,617,804	357,617,804	230,686,339	116,974,594	347,660,933	9,956,871
2001 - Assessed with the budget		357,593,093	357,593,093		292,136,435	292,136,435	65,456,658
Total assessed contributions for the financial period 2000-2001		715,210,897	715,210,897	230,686,339	409,111,029	639,797,368	75,413,529
B. Assessed contributions for previous financial periods due from member States	226,724,961		226,724,961	121,883,749	53,966,488	175,850,237	50,874,724
C. Amounts due by States for prior periods of membership in the ILO	410,266		410,266	23,452	23,452	46,904	363,362
Total assessed contributions and other amounts due for previous financial period	227,135,227		227,135,227	121,907,201	53,989,940	175,897,141	51,238,086
Total 2000-2001	227,135,227	715,210,897	942,346,124	352,593,540	463,100,969	815,694,509	126,651,615
Total 1998-1999	248,982,885	677,155,258	926,138,143	425,715,121	273,287,795	699,002,916	227,135,227

Balance due in US dollars at the United Nations monthly accounting rate of exchange for December 2001 (1.65 Swiss francs to the dollar)

76.758.555

(1) Excludes assessed contributions for 2000.

(2) Includes credits to member States in respect of:

	<u>2000</u>	<u>2001</u>
The incentive scheme for 1998 and 1999 respectively	798,028	12,464,856
Cash surpluses for previous financial periods	18,231	2,261,934
50 per cent of the net premium for previous financial periods	632,522	7,456,844
Total Credits	<u>1,448,781</u>	<u>22,183,634</u>

16. Other accounts receivable consist of the following (in US dollars): ⁶

	2000-01	1998-99
Staff advances	6 715 312	5 445 010
Current account with Turin Centre	3 725 150	3 754 072
Miscellaneous tax receivable	1 624 963	2 202 775
Accrued interest	1 407 857	2 240 999
Other miscellaneous	2 738 857	4 227 571
Total	16 212 139	17 870 427

17. Land and buildings held by the Organization and Capital Funds related thereto are shown in the following table in US dollars. Further details on additions to land and buildings made during the financial period are given in the Financial Report.

	Cost		Capital Funds	
	2000-01	1998-99	2000-01	1998-99
Headquarters land and buildings:				
Cost (Swiss francs 158,182,227)	95 868 016	99 485 677		
Capital Funds:				
Net repayments against loan principal:				
2000-01 (Swiss francs 69,327,317)			42 016 556	
1998-99 (Swiss francs 61,922,717)				38 945 105
Regional Office, Lima	163 377	163 377	163 377	163 377
Area Office, Brasilia	406 174	406 174	406 174	406 174
Regional Office, Abidjan	2 417 065	2 417 065	2 417 065	2 417 065
Area Office, New Delhi	566 731	566 731	566 731	566 731
Area Office, Buenos Aires	676 680	676 680	676 680	676 680
Area Office, Islamabad	1 918 420	1 918 420	1 918 420	1 918 420
Area Office, Brussels	449 217	449 217	449 217	449 217
Total	102 465 680	106 083 341	48 614 220	45 542 769

18. In addition to the capital accounts shown above, the value at cost of furniture and equipment at headquarters, in external offices and on regular budget technical cooperation projects on 31 December 2001, amounted to \$32.2 million. The ILO also had custody of equipment for projects financed by the United Nations Development Programme and the United Nations Population Fund on 31 December 2001, amounting to \$7.5 million. This equipment is to be handed over to governments upon completion of these projects.

⁶ The comparative figure has been restated to include accrued interest on deposits, which was previously included in the investment balance.

- 19.** Borrowings payable consist of the loan made to the ILO from the Fondation des Immeubles pour les Organisations Internationales (FIPOI) for the headquarters building.

In July 1996, the Swiss authorities decided to waive interest on all loans made by FIPOI to international organizations for the construction of their buildings and standardize the loan repayment period to 50 years, both measures effective from 1 January 1996. As at 1 January 2000, there were 25 instalments left to be paid until year 2025.

The balance of the loan outstanding at 31 December 2001 was 88,854,910 Swiss francs. Of this amount, 3,702,300 Swiss francs was payable in 2002, and the balance was payable in subsequent years. The corresponding US dollar amounts, at the UN monthly accounting rate of exchange for December 2001, were \$53,851,461, \$2,243,818 and \$51,607,642.

- 20.** Unliquidated obligations are set up in accordance with article 17(1) of the Financial Regulations.

- 21.** The following amounts were payable to member States:

	Ref.	(In US dollars)				
		Balance as at 1 January 2000	Transfers in	Transfers out	Revaluations	Balance as at 31 December 2001
Undistributed surpluses:	(a)					
1982-83		45 414		(344)	(1 641)	43 429
1990-91		32 347		(441)	(1 163)	30 743
1992-93		28 441		(10 609)	(713)	17 119
1998-99			2 072 803	(1 379 228)	33 484	727 059
Total		106 202	2 072 803	(1 390 622)	29 967	818 350
Undistributed net premium:	(b)					
1990-91		24 572		(334)	(883)	23 355
1992-93		10 572		(3 943)	(265)	6 364
1994-95		260 137		(219 016)	(2 823)	38 298
1996-97		206 125		(172 033)	(2 282)	31 810
1998-99		7 177 160		(4 546 856)	(233 431)	2 396 873
2000-01			3 887 889			3 887 889
		7 678 566	3 887 889	(4 942 182)	(239 684)	6 384 589
Incentive Fund	(c)	8 341 436	5 223 489	(8 660 975)	(197 437)	4 706 513
Working Capital Fund amounts	(d)	16 152	390		(573)	15 969
Total amounts payable to member States		16 142 356	11 184 571	(14 993 779)	(407 727)	11 925 421

- (a) Surpluses shall be used to reduce contributions of Members in the following way: Members which paid their ordinary contributions in the financial period in which the surplus accrued shall have their share of the surplus deducted from their contributions

assessed for the second year of the succeeding financial period; other Members shall not be credited with their share until they have paid the contributions due from them for the financial period in which the surplus accrued. When they have done so, their share of the surplus shall be deducted from their contributions assessed for the first year of the next financial period for which a budget is adopted after such payment.

- (b) Any net premium earned on the forward purchase of US dollars for the financial period is distributed in the following manner: one-half to the Incentive Fund (see (c) below) and one-half to member States. The one-half share of any net premium distributed to member States is apportioned between them on the basis of the proportion of each member State's assessed contributions for the biennium in which the net premium was earned to the total of the assessed contributions for the biennium of all member States. The amounts so established are then used to reduce the contributions of the member States in the same way as are surpluses (see (a) above).

The net premium (in US dollars) earned on the forward purchase of US dollars for the financial period 2000-01 was distributed as follows:

	2000-01	1998-99
Premium earned (payable) on the forward purchase of US dollars ¹	10 039 208	11 929 809
Exchange gains (losses) arising on revaluation of:		
Income ²	(40 121 767)	6 894 703
Expenditure	23 862 949	3 222 212
Forward purchase of US dollars ²	16 821 202	2 040 532
Assets and liabilities ³	(7 623 230)	(12 057 902)
Budgetary surplus (deficit) ⁴	21 012	1 112 393
Revaluation of the provision for delays in the payment of contributions	4 776 404	1 212 572
Net premium	<u>7 775 778</u>	<u>14 354 319</u>
Distribution of the net premium:		
One-half to the undistributed net premium account for distribution to member States	3 887 889	7 177 160
One-half to the Incentive Fund (see Information Annex III)	3 887 889	7 177 160

¹ The difference between the actual cost of purchasing dollar requirements forward under forward contracts and the value of the forward purchase contracts at the budget rate of exchange. ² Exchange gains (losses) arising from the revaluation of income, expenditure and forward purchase of US dollars represent the difference between the value of Swiss franc-linked transactions at the budget rate of exchange and the same transactions valued at the prevailing UN monthly accounting rate of exchange. ³ The revaluation of non-US dollar General Fund asset, liability and fund balances and reserves at the UN monthly accounting rate of exchange. ⁴ The difference between the budgetary surplus (deficit) valued at the budget rate of exchange and at the UN monthly accounting rate at the end of the financial period.

- (c) The Incentive Fund established to encourage early payment of member States' assessed contributions is financed by 60 per cent of all interest earned on temporarily surplus regular budget funds and by one-half of the net premium earned on the forward purchase of US dollars. Details of the amounts standing to the credit of member States under the Incentive Fund are given in Information [Annex IV](#).

- (d) Represents the shares of the Working Capital Fund of member States which left the ILO and have since rejoined. These shares will be payable to the member States concerned when the contributions for the prior period of membership have been paid.

22. Special accounts are summarized below (in thousands of United States dollars):

Special accounts	Balance as at 01.01.2000	Receipts	Disbursements	Balance as at 31.12.2001
ILO/ISSA (1) ¹	356	8 624	8 737	243
Invalidity and Assistance Fund ¹	9	1	1	9
World Food Programme ¹	(3)	518	281	234
ILO Administrative Tribunal ¹	0	1 758	1 758	0
ITU Administration of SHIF ¹	401	272	515	158
Language Training	69	938	841	166
Interpretation Services	(271)	1 776	1 223	282
Other miscellaneous activities funded by gifts and voluntary contributions	1 751	3 397	3 125	2 023
Total	2 312	17 284	16 481	3 115

¹ Presentation of these accounts, which were included in Schedule 2.2, Other funds managed by the ILO, of the 1998-99 audited statements, has been changed to form a part of the General Fund. The comparative figures have been restated for consistency and comparative purposes. The net effect of this restatement is an increase of \$763,000 in the assets and liabilities of the General Fund, and a corresponding decrease in the fund balance of Other funds managed by the ILO.

VI. Other funds managed by ILO and extra-budgetary technical cooperation

Staff Health Insurance Fund (SHIF)

- 23.** The Staff Health Insurance Fund provides reimbursement of medical expenses to staff members and former staff members of the ILO, the Turin Centre and the ITU, including their dependants within the limits of the Fund's Regulations. The Fund is financed by contributions of insured persons and of the organizations.

International Institute for Labour Studies (IILS)

- 24.** The International Institute for Labour Studies was established in 1960 as an autonomous facility of the ILO. Its mandate is to promote policy research and public discussion on emerging issues of concern to the ILO and its constituents – labour, business and government. Its programme is funded principally through a contribution from the ILO regular budget and income from its endowment fund.

Inter-American Vocational Training Research and Documentation Centre (CINTERFOR)

- 25.** The Inter-American Vocational Training Research and Documentation Centre was established in 1963 as a technical unit of the ILO, with headquarters in Montevideo, Uruguay. It acts as the coordinating body for a network of vocational training institutions of ILO member States from the Americas and Spain. Its programme is funded principally

through a contribution from the ILO regular budget and contributions from other countries in the region.

International Occupational Safety and Health Information Centre (CIS)

- 26.** The International Occupational Safety and Health Information Centre was established in 1959 as a technical unit of the ILO, with headquarters in Geneva, Switzerland. Its mandate is to collect and disseminate all relevant information concerning occupational safety and health (OSH) being published throughout the world. Its programme is funded principally through a contribution from the ILO regular budget and income derived from sales of information services and copyrights.

Extra-budgetary technical cooperation

- 27.** These are accounts established with specific terms of reference or under specific agreements to record receipts and expenditures of voluntary contributions for the purpose of financing wholly or in part the cost of technical cooperation activities consistent with the Organization's aims and policies.

5. Information annexes

Annex I - Strategic Objectives: Distribution of appropriation and expenditure for 2000-01
(In United States dollars)

Strategic Objectives	Appropriation	Expenditure
Standards, fundamental principles and rights at work	78,223,319	78,184,581
Employment	128,859,972	128,796,158
Social protection	87,219,609	87,176,416
Social dialogue	<u>57,425,603</u>	<u>57,397,165</u>
Total	<u><u>351,728,503</u></u>	<u><u>351,554,320</u></u>

Annex II. Regular budget expenditure in 2000-01 by object of expenditure (in US dollars)

	1	2	3	4	5	6	7	8	9	
	Staff costs	Travel on official business	Contractual services	General operating expenses	Supplies and materials	Furniture and equipment	Acquisition and improvement of premises	Fellowships, grants and field projects	Other items	Total
<u>PART I - ORDINARY BUDGET</u>										
Policy-making organs										
International Labour Conference	6,054,179	50,448	1,442,069	1,012,005	260,584	21,546		9,893		8,850,724
Governing Body		1,944,517		22,425						1,966,942
Major regional meetings	214,053	100,227	69,480	107,421	6,313					497,494
Legal services	1,998,205	36,263	58,417		1,782	14,928		795		2,110,390
Relations, meetings and document services	39,225,367	51,274	1,466,048	2,394,247	109,074	872,516		4,178		44,122,704
Strategic Objectives										
Technical programmes										
Standards and fundamental principles and rights at work	23,188,727	1,118,773	1,963,204	181,342	14,209	310,326		2,200,054		28,976,635
Employment	28,396,404	2,679,034	4,931,331	146,527	61,722	388,871		4,069,036		40,672,925
Social protection	20,146,342	1,389,084	3,545,269	12,342	38,543	374,888		1,796,573		27,303,041
Social dialogue	23,592,619	3,922,264	1,957,951	9,006	76,897	292,883		9,323,894		39,175,514
Gender equality	1,193,558	126,543	489,543	784	670	28,141		135,482		1,974,721
Statistics	5,593,602	249,673	442,026	278	1,795	199,566		114,848		6,601,788
International Institute for Labour Studies	1,876,218	159,479	187,798	18,991	31,011	43,033		2,910,560		5,227,090
International Training Centre of the ILO, Turin								5,340,000		5,340,000
External relations and partnerships	3,269,796	315,776	243,739	557,442	38,728	53,199		62,404		4,541,084
International policy group	1,113,797	93,753	73,792		9,000	18,459		15,358		1,324,159
Communications	3,268,927	133,292	1,626,542	119,663	73,537	191,764		67,208		5,480,933
Regions and technical cooperation										
Development cooperation	2,769,200	144,760	20,094			22,300				2,956,354
Field programmes in Africa	23,935,501	1,817,492	200,552	4,863,767	386,829	588,279		6,233,512	67,686	38,093,618
Field programmes in the Americas	20,778,935	2,072,515	1,645,572	3,600,306	397,899	786,922		4,853,216		34,135,365
Field programmes in Arab States	5,470,287	453,156	151,191	814,780	31,666	130,294		1,420,589		8,471,963
Field programmes in Asia and the Pacific	22,265,581	1,921,563	540,507	3,088,299	408,246	1,163,906		4,001,852		33,389,954
Field programmes in Europe and Central Asia	8,350,995	538,538	592,708	1,596,506	146,691	513,576		919,381		12,658,395
Support Services										
Library and information services	4,914,763	15,584	442,385	13,698	1,238,870	416,825		66,652		7,108,777
Information technology and communications	8,126,895	80,186	478,411	1,510,606		1,008,673		47,415	156,780	11,408,966
Internal administration	16,565,401	8,058	180,689	11,758,379	1,290,747	1,201,961		7,072		31,012,307
Publications	4,629,253	40,755	935,104		2,415	93,204				5,700,731
Management services										
General management	5,017,759	413,058	285,428	361,999	7,286	27,347		4,446		6,117,323
Human resources development	11,054,445	411,521	2,378,992	284,381	4,686	320,728		1,576,318		16,031,071
Financial services	10,037,265	146,921	614,538	5,371	9,004	154,167		2,493		10,969,759
Programming and management	3,882,009	179,036	354,296		1,146	115,191		20,398		4,552,076
Other budgetary provisions	1,072,017	-100,989	1,073	565,271	647	11,690	4,839,608	11,122,846	2,310,034	19,822,197
Total Part I	308,002,100	20,512,554	27,318,749	33,045,836	4,649,997	9,365,183	4,839,608	56,326,473	2,534,500	466,595,000
<u>PART II - UNFORESEEN EXPENDITURE</u>										
Unforeseen expenditure									574,198	574,198
<u>PART III - WORKING CAPITAL FUND</u>										
Working Capital Fund										
TOTAL	308,002,100	20,512,554	27,318,749	33,045,836	4,649,997	9,365,183	4,839,608	56,326,473	3,108,698	467,169,198

Annex III - Assessed contributions of member States and amounts due by States for prior periods of membership in the ILO - Details (in Swiss francs)

State	2000-01 Assessed Contributions							Amounts due for previous financial periods					Total due as at 31.12.01	
	2000			2001				Balance due as at 31.12.01	Balance due as at 01.01.00	Amount received or credited in 2000	Amount received or credited in 2001	Balance due as at 31.12.01		Calendar years of Assessment
	%	Amount	Amount received or credited in 2000	%	Amount	Amount received or credited in 2001								
Afghanistan (2)	0.003	10,728	-	0.003	10,728	-	21,456	143,477	-	-	143,477	1995-99	164,933	
Albania (1)	0.003	10,728	10,728	0.003	10,728	10,728	-	-	-	-	-	-	-	
Algeria	0.085	303,972	303,972	0.085	303,972	303,972	-	-	-	-	-	-	-	
Angola	0.010	35,761	35,761	0.010	35,761	35,761	-	-	-	-	-	-	-	
Antigua and Barbuda (2)	0.002	7,152	-	0.002	7,152	-	14,304	238,431	-	-	238,431	1991-99	252,735	
Argentina	1.086	3,883,694	27,991	1.086	3,883,694	1,352,128	2,531,566	4,216,928	4,216,928	-	-	-	2,531,566	
Armenia (2)	0.006	21,458	-	0.006	21,458	-	42,916	1,885,067	-	-	1,885,067	1992-99	1,927,983	
Australia	1.460	5,221,172	5,221,172	1.460	5,221,172	5,221,172	-	-	-	-	-	-	-	
Austria	0.928	3,318,663	3,318,663	0.928	3,318,663	3,318,663	-	-	-	-	-	-	-	
Azerbaijan (2)	0.011	39,338	-	0.011	39,338	-	78,676	3,794,243	-	171,799	3,622,444	1992-99	3,701,120	
Bahamas	0.015	53,642	53,642	0.015	53,642	53,642	-	-	-	-	-	-	-	
Bahrain	0.017	60,794	199	0.017	60,794	60,794	-	-	-	-	-	-	-	
Bangladesh	0.010	35,761	35,761	0.010	35,761	35,761	-	-	-	-	-	-	-	
Barbados	0.008	28,609	28,609	0.008	28,609	1,034	27,575	26,708	26,708	-	-	-	27,575	
Belarus (1)	0.056	200,264	200,264	0.056	200,264	185,297	14,967	2,839,431	157,746	157,746	2,523,939	1995-97	2,538,906	
Belgium	1.087	3,887,270	3,887,270	1.087	3,887,270	3,887,270	-	-	-	-	-	-	-	
Belize	0.001	3,576	3,576	0.001	3,576	3,576	-	-	-	-	-	-	-	
Benin	0.002	7,152	6,879	0.002	7,152	6,760	392	-	-	-	-	-	392	
Bolivia	0.007	25,033	361	0.007	25,033	-	33,928	34,465	25,207	9,258	-	-	33,928	
Bosnia and Herzegovina (2)	0.005	17,881	-	0.004	14,305	-	32,186	469,707	-	-	469,707	1993-99	501,893	
Botswana	0.010	35,761	32,147	0.010	35,761	35,761	-	-	-	-	-	-	-	
Brazil	1.449	5,181,835	42,902	1.449	5,181,835	-	9,781,665	15,678,349	10,892,230	4,786,119	-	-	9,781,665	
Bulgaria	0.011	39,338	39,338	0.011	39,338	39,338	-	-	-	-	-	-	-	
Burkina Faso	0.002	7,152	7,152	0.002	7,152	7,152	-	5,853	5,853	-	-	-	-	
Burundi	0.001	3,576	-	0.001	3,576	-	7,152	37,244	37,244	-	-	-	7,152	
Cambodia (1)	0.001	3,576	3,576	0.001	3,576	3,576	-	405,924	27,062	27,062	351,800	1981-94	351,800	
Cameroon	0.013	46,491	46,491	0.013	46,491	46,491	-	53,888	53,888	-	-	-	-	
Canada	2.690	9,619,831	9,619,831	2.690	9,619,831	9,619,831	-	-	-	-	-	-	-	
Cape Verde (1)	0.002	7,152	7,152	0.002	7,152	7,152	-	117,712	6,539	6,539	104,634	1993-96	104,634	
Central African Republic (1)	0.001	3,576	342	0.001	3,576	-	6,810	168,275	15,400	-	152,875	1994-99	159,685	
Chad (2)	0.001	3,576	893	0.001	3,576	820	5,439	138,705	2,953	-	135,752	1994-98	141,191	
Chile	0.134	479,203	479,203	0.134	479,203	479,203	-	-	-	-	-	-	-	
China	0.980	3,504,623	3,504,623	0.980	3,504,623	3,504,623	-	-	-	-	-	-	-	
Colombia	0.107	382,648	382,648	0.107	382,648	382,648	-	-	-	-	-	-	-	
Comoros (2)	0.001	3,576	-	0.001	3,576	-	7,152	511,152	-	-	511,152	1980-99	518,304	
Congo (2)	0.003	10,728	703	0.003	10,728	-	20,753	12,121	-	-	12,121	1998-99	32,874	
Costa Rica	0.016	57,218	-	0.016	57,218	57,218	-	63,597	-	63,597	-	-	-	
Côte d'Ivoire	0.009	32,185	28,529	0.009	32,185	3,633	32,208	-	-	-	-	-	32,208	
Croatia	0.029	103,708	3,541	0.029	103,708	-	203,874	419,875	301,376	118,499	-	-	203,874	
Cuba	0.024	85,827	2,451	0.024	85,827	45,767	40,060	311,182	237,177	74,005	-	-	40,060	
Cyprus	0.033	118,013	118,013	0.033	118,013	118,013	-	-	-	-	-	-	-	
Czech Republic	0.105	375,495	375,495	0.105	375,495	375,495	-	-	-	-	-	-	-	
Dem. Republic of the Congo (1)	0.007	25,033	-	0.007	25,033	25,033	25,033	122,926	-	-	122,926	1996-99	147,959	
Denmark	0.681	2,435,355	2,435,355	0.681	2,435,355	2,435,355	-	-	-	-	-	-	-	
Djibouti (2)	0.001	3,576	1,240	0.001	3,576	-	5,912	78,365	-	-	78,365	1995-96 + 1998	84,277	
Dominica	0.001	3,576	399	0.001	3,576	1,210	5,543	-	-	-	-	-	5,543	
Dominican Republic (1)	0.015	53,642	53,642	0.015	53,642	53,642	-	583,240	145,000	145,000	293,240	1992-96	293,240	
Ecuador	0.020	71,523	818	0.020	71,523	-	142,228	153,460	105,113	-	48,347	1999	190,575	
Egypt	0.064	228,873	228,873	0.064	228,873	228,873	-	-	-	-	-	-	-	
El Salvador	0.012	42,914	41,300	0.012	42,914	42,914	-	-	-	-	-	-	-	
Equatorial Guinea (2)	0.001	3,576	-	0.001	3,576	-	7,152	361,318	-	350,325	10,993	1998-99	18,145	
Eritrea	0.001	3,576	3,576	0.001	3,576	3,576	-	-	-	-	-	-	-	
Estonia	0.012	42,914	42,914	0.012	42,914	42,914	-	-	-	-	-	-	-	
Ethiopia	0.006	21,458	21,458	0.006	21,458	21,458	-	-	-	-	-	-	-	
Fiji	0.004	14,305	14,305	0.004	14,305	14,305	-	-	-	-	-	-	-	
Finland	0.535	1,913,238	1,913,238	0.535	1,913,238	1,913,238	-	-	-	-	-	-	-	
France	6.445	23,048,258	23,048,258	6.445	23,048,258	23,048,258	-	-	-	-	-	-	-	
Gabon	0.015	53,642	799	0.015	53,642	27,298	26,344	48,933	48,777	156	-	-	26,344	
Gambia (2)	0.001	3,576	-	0.001	3,576	-	7,152	56,493	-	11,111	45,382	1997-99	52,534	

Annex III - Assessed contributions of member States and amounts due by States for prior periods of membership in the ILO - Details (in Swiss francs)

State	2000-01 Assessed Contributions								Amounts due for previous financial periods					Total due as at 31.12.01	
	2000				2001				Balance due as at 31.12.01	Balance due as at 01.01.00	Amount received or credited in 2000	Amount received or credited in 2001	Balance due as at 31.12.01		Calendar years of Assessment
	%	Amount	Amount received or credited in 2000	Amount received or credited in 2001	%	Amount	Amount received or credited in 2001								
Georgia (2)	0.007	25,033	-	-	0.007	25,033	-	50,066	2,965,683	-	-	2,965,683	1993-99	3,015,749	
Germany	9.707	34,713,644	32,957,284	1,756,360	9.707	34,713,644	34,713,644	-	-	-	-	-	-	-	
Ghana	0.007	25,033	25,033	-	0.007	25,033	4,644	20,389	-	-	-	-	-	20,389	
Greece	0.346	1,237,346	3,321	1,234,025	0.346	1,237,346	886,945	350,401	1,577,663	1,338,903	238,760	-	-	350,401	
Grenada	0.001	3,576	3,576	-	0.001	3,576	3,576	-	56,220	56,220	-	-	-	-	
Guatemala	0.018	64,371	64,371	-	0.018	64,371	64,371	-	-	-	-	-	-	-	
Guinea (2)	0.003	10,728	-	-	0.003	10,728	-	21,456	62,380	-	-	62,380	1997-99	83,836	
Guinea-Bissau (2)	0.001	3,576	-	-	0.001	3,576	-	7,152	246,792	-	-	246,792	1991-99	253,944	
Guyana	0.001	3,576	3,576	-	0.001	3,576	3,576	-	-	-	-	-	-	-	
Haiti	0.002	7,152	272	6,880	0.002	7,152	3,198	3,954	51,187	51,187	-	-	-	3,954	
Honduras	0.003	10,728	10,728	-	0.003	10,728	10,728	-	-	-	-	-	-	-	
Hungary	0.118	421,985	421,985	-	0.118	421,985	421,985	-	-	-	-	-	-	-	
Iceland	0.031	110,861	110,861	-	0.031	110,861	110,861	-	-	-	-	-	-	-	
India	0.294	1,051,387	1,051,387	-	0.294	1,051,387	1,051,387	-	-	-	-	-	-	-	
Indonesia	0.185	661,588	139,259	-	0.185	661,588	18,743	1,165,174	369,158	369,158	-	-	-	1,165,174	
Iran, Islamic Republic of	0.158	565,032	20,838	-	0.158	565,032	-	1,109,226	3,586,474	2,108,426	1,250,000	228,048	1999	1,337,274	
Iraq (2)	0.031	110,861	-	-	0.031	110,861	-	221,722	4,531,752	-	-	4,531,752	1988-99	4,753,474	
Ireland	0.221	790,328	790,328	-	0.221	790,328	790,328	-	-	-	-	-	-	-	
Israel	0.345	1,233,770	6,265	2,508	0.345	1,233,770	-	2,458,767	2,862,532	1,246,110	1,616,422	-	-	2,458,767	
Italy	5.354	19,146,683	97,212	19,049,471	5.354	19,146,683	19,146,683	-	-	-	-	-	-	-	
Jamaica	0.006	21,458	21,458	-	0.006	21,458	21,458	-	-	-	-	-	-	-	
Japan	20.260	72,452,708	72,452,708	-	20.260	72,452,708	72,452,708	-	-	-	-	-	-	-	
Jordan	0.006	21,458	21,458	-	0.006	21,458	21,458	-	19,972	19,972	-	-	-	-	
Kazakhstan (1)	0.047	168,079	168,079	-	0.047	168,079	145,145	22,934	5,146,707	-	257,335	4,889,372	1993-99	4,912,306	
Kenya	0.007	25,033	25,033	-	0.007	25,033	25,033	-	-	-	-	-	-	-	
Kiribati	0.001	3,254	3,254	-	0.001	3,576	3,540	36	-	-	-	-	-	36	
Korea, Republic of	0.991	3,543,960	3,543,960	-	0.991	3,543,960	3,543,960	-	-	-	-	-	-	-	
Kuwait	0.126	450,594	450,594	-	0.126	450,594	450,594	-	-	-	-	-	-	-	
Kyrgyzstan (2)	0.006	21,458	-	-	0.006	21,458	-	42,916	1,074,151	-	-	1,074,151	1992-99	1,117,067	
Lao People's Dem. Rep.(2)	0.001	3,576	-	-	0.001	3,576	-	7,152	67,154	3,576	-	63,578	1997-99	70,730	
Latvia (1)	0.017	60,794	60,794	-	0.017	60,794	60,794	-	1,294,560	143,840	143,840	1,006,880	1995-98	1,006,880	
Lebanon	0.016	57,218	57,218	-	0.016	57,218	51,935	5,283	-	-	-	-	-	5,283	
Lesotho	0.002	7,152	7,152	-	0.002	7,152	1,092	6,060	-	-	-	-	-	6,060	
Liberia (1)	0.002	7,152	-	7,152	0.002	7,152	4,105	3,047	238,377	-	11,919	226,458	1991-99	229,505	
Libyan Arab Jamahiriya	0.122	436,290	-	143,952	0.122	436,290	-	728,628	1,383,462	960,927	422,535	-	-	728,628	
Lithuania	0.015	53,642	53,642	-	0.015	53,642	53,642	-	86,871	86,871	-	-	-	-	
Luxembourg	0.067	239,602	239,602	-	0.067	239,602	239,602	-	-	-	-	-	-	-	
Madagascar	0.003	10,728	377	10,351	0.003	10,728	3,957	6,771	17,853	17,853	-	-	-	6,771	
Malawi	0.002	7,152	-	4,668	0.002	7,152	-	9,636	23,857	20,941	2,916	-	-	9,636	
Malaysia	0.180	643,706	643,706	-	0.180	643,706	643,706	-	-	-	-	-	-	-	
Mali	0.002	7,152	7,152	-	0.002	7,152	7,152	-	6,772	6,772	-	-	-	-	
Malta	0.014	50,066	50,066	-	0.014	50,066	50,066	-	-	-	-	-	-	-	
Mauritania	0.001	3,576	89	3,487	0.001	3,576	3,394	182	34,423	-	34,423	-	-	182	
Mauritius	0.009	32,185	32,185	-	0.009	32,185	32,185	-	-	-	-	-	-	-	
Mexico	0.980	3,504,623	3,504,623	-	0.980	3,504,623	3,504,623	-	-	-	-	-	-	-	
Moldova, Republic of (2)	0.010	35,761	-	-	0.010	35,761	-	71,522	2,635,361	-	-	2,635,361	1992-99	2,706,883	
Mongolia	0.002	7,152	7,152	-	0.002	7,152	-	7,152	40,287	40,287	-	-	-	7,152	
Morocco	0.040	143,046	143,046	-	0.040	143,046	143,046	-	-	-	-	-	-	-	
Mozambique	0.001	3,576	3,528	48	0.001	3,576	3,500	76	52	52	-	-	-	76	
Myanmar	0.008	28,609	28,609	-	0.008	28,609	28,609	-	-	-	-	-	-	-	
Namibia	0.007	25,033	25,033	-	0.007	25,033	25,033	-	-	-	-	-	-	-	
Nepal	0.004	14,305	161	14,144	0.004	14,305	14,305	-	13,110	13,110	-	-	-	-	
Netherlands	1.607	5,746,866	5,746,866	-	1.607	5,746,866	5,746,866	-	-	-	-	-	-	-	
New Zealand	0.218	779,600	779,600	-	0.218	779,600	779,600	-	-	-	-	-	-	-	
Nicaragua	0.001	3,576	3,576	-	0.001	3,576	3,576	-	-	-	-	-	-	-	
Niger	0.002	7,152	-	3,874	0.002	7,152	-	10,430	68,127	29,268	38,859	-	-	10,430	
Nigeria	0.031	110,861	110,861	-	0.031	110,861	110,861	-	612,985	612,985	-	-	-	-	
Norway	0.601	2,149,263	2,149,263	-	0.601	2,149,263	2,149,263	-	-	-	-	-	-	-	
Oman	0.050	178,807	354	178,453	0.050	178,807	32,260	146,547	152,273	152,273	-	-	-	146,547	
Pakistan	0.058	207,416	7,216	194,971	0.058	207,416	-	212,645	210,049	210,049	-	-	-	212,645	

Annex III - Assessed contributions of member States and amounts due by States for prior periods of membership in the ILO - Details (in Swiss francs)

State	2000-01 Assessed Contributions								Amounts due for previous financial periods					Total due as at 31.12.01	
	2000				2001				Balance due as at 31.12.01	Balance due as at 01.01.00	Amount received or credited in 2000	Amount received or credited in 2001	Balance due as at 31.12.01		Calendar years of Assessment
	%	Amount	Amount received or credited in 2000	Amount received or credited in 2001	%	Amount	Amount received or credited in 2001								
Panama	0.013	46,491	46,491	-	0.013	46,491	46,491	-	-	-	-	-	-	-	-
Papua New Guinea	0.007	25,033	25,033	-	0.007	25,033	25,033	-	-	-	-	-	-	-	-
Paraguay (2)	0.014	50,066	-	-	0.014	50,066	-	100,132	709,055	-	45,045	664,010	1974-90 + 1998-99	764,142	
Peru	0.097	346,886	532	383	0.097	346,886	-	692,857	515,924	9,371	506,553	-	-	692,857	
Philippines	0.080	286,092	-	286,092	0.080	286,092	131,609	154,483	77,429	-	77,429	-	-	154,483	
Poland (1)	0.193	690,196	690,196	-	0.193	690,196	690,196	-	6,327,533	790,942	790,942	4,745,649	1984-87	4,745,649	
Portugal	0.424	1,516,286	4,673	-	0.424	1,516,286	32,239	2,995,660	1,381,914	1,381,914	-	-	-	2,995,660	
Qatar	0.032	114,437	114,437	-	0.032	114,437	114,437	-	-	-	-	-	-	-	
Romania	0.055	196,688	196,688	-	0.055	196,688	196,688	-	-	-	-	-	-	-	
Russian Federation	1.061	3,794,290	3,794,290	-	1.061	3,794,290	3,794,290	-	7,888,013	7,888,013	-	-	-	-	
Rwanda	0.001	3,576	361	3,215	0.001	3,576	-	3,576	13,204	-	13,204	-	-	3,576	
Saint Kitts and Nevis	0.001	3,576	3,576	-	0.001	3,576	2,070	1,506	-	-	-	-	-	1,506	
Saint Lucia	0.001	3,576	172	3,404	0.001	3,576	3,576	-	-	-	-	-	-	-	
Saint Vincent and the Grenadines	0.001	3,576	89	-	0.001	3,576	949	6,114	-	-	-	-	-	6,114	
San Marino	0.002	7,152	7,152	-	0.002	7,152	7,152	-	-	-	-	-	-	-	
Sao Tome and Principe (2)	0.001	3,576	-	-	0.001	3,576	-	7,152	207,287	-	-	207,287	1992-99	214,439	
Saudi Arabia	0.553	1,977,608	1,977,608	-	0.553	1,977,608	1,977,608	-	-	-	-	-	-	-	
Senegal	0.006	21,458	272	21,186	0.006	21,458	21,445	13	63,437	60,023	3,414	-	-	13	
Seychelles	0.002	7,152	361	-	0.002	7,152	361	13,943	40,288	40,288	-	-	-	13,943	
Sierra Leone (2)	0.001	3,576	-	-	0.001	3,576	-	7,152	428,072	8,208	15,319	404,545	1984-99	411,697	
Singapore	0.176	629,402	629,402	-	0.176	629,402	629,402	-	-	-	-	-	-	-	
Slovakia	0.034	121,590	121,590	-	0.034	121,590	121,590	-	-	-	-	-	-	-	
Slovenia	0.060	214,569	214,569	-	0.060	214,569	214,569	-	-	-	-	-	-	-	
Solomon Islands (2)	0.001	3,576	-	-	0.001	3,576	-	7,152	70,855	67,469	3,386	-	1999	10,538	
Somalia (2)	0.001	3,576	-	-	0.001	3,576	-	7,152	344,486	-	344,486	-	1988-99	351,638	
South Africa	0.360	1,287,412	1,287,412	-	0.360	1,287,412	1,287,412	-	-	-	-	-	-	-	
Spain	2.551	9,122,747	9,122,747	-	2.551	9,122,747	9,122,747	-	-	-	-	-	-	-	
Sri Lanka	0.012	42,914	42,914	-	0.012	42,914	42,914	-	-	-	-	-	-	-	
Sudan	0.007	25,033	-	-	0.007	25,033	-	50,066	39,681	38,188	-	1,493	1999	51,559	
Suriname	0.004	14,305	262	-	0.004	14,305	1,194	27,154	13,543	-	-	13,543	1999	40,697	
Swaziland	0.002	7,152	7,152	-	0.002	7,152	7,152	-	-	-	-	-	-	-	
Sweden	1.063	3,801,443	3,801,443	-	1.063	3,801,443	3,801,443	-	-	-	-	-	-	-	
Switzerland	1.196	4,277,070	4,277,070	-	1.196	4,277,070	4,277,070	-	-	-	-	-	-	-	
Syrian Arab Republic	0.063	225,297	225,297	-	0.063	225,297	225,297	-	169,238	169,238	-	-	-	-	
Tajikistan (2)	0.004	14,305	-	-	0.004	14,305	-	28,610	569,124	1,364	12,650	555,110	1994-99	583,720	
Tanzania, United Republic of	0.003	10,728	8,116	2,612	0.003	10,728	10,728	-	49,726	49,726	-	-	-	-	
Thailand	0.167	597,216	597,216	-	0.167	597,216	597,216	-	-	-	-	-	-	-	
The Form. Yug. Rep. Macedonia (2)	0.004	14,305	634	-	0.004	14,305	-	27,976	47,197	-	-	47,197	1998-99	75,173	
Togo (2)	0.001	3,576	-	-	0.001	3,576	-	7,152	222,995	-	-	222,995	1992-99	230,147	
Trinidad and Tobago	0.016	57,218	57,218	-	0.016	57,218	57,218	-	-	-	-	-	-	-	
Tunisia	0.028	100,132	93,478	6,654	0.028	100,132	100,132	-	84,161	84,161	-	-	-	-	
Turkey	0.433	1,548,471	1,548,471	-	0.433	1,548,471	1,548,471	-	338,769	338,769	-	-	-	-	
Turkmenistan (2)	0.006	21,458	-	-	0.006	21,458	-	42,916	794,414	-	-	794,414	1993-99	837,330	
Uganda	0.004	14,305	14,305	-	0.004	14,305	14,305	-	53,361	53,361	-	-	-	-	
Ukraine (1)	0.187	668,739	668,739	-	0.187	668,739	668,739	-	7,911,805	527,454	527,454	6,856,897	1997-99	6,856,897	
United Arab Emirates	0.175	625,825	625,825	-	0.175	625,825	625,825	-	-	-	-	-	-	-	
United Kingdom	5.014	17,930,794	17,930,794	-	5.014	17,930,794	17,930,794	-	-	-	-	-	-	-	
United States	25.000	89,403,638	222,960	89,180,678	25.000	89,403,638	38,972,209	50,431,429	126,675,721	84,644,407	42,031,314	-	-	50,431,429	
Uruguay	0.047	168,079	1,444	166,635	0.047	168,079	-	168,079	80,121	80,121	-	-	-	168,079	
Uzbekistan (2)	0.025	89,404	13,479	-	0.025	89,404	-	165,329	1,045,308	-	-	1,045,308	1996-99	1,210,637	
Venezuela	0.157	561,455	561,455	-	0.157	561,455	117,565	443,890	1,822,910	1,822,910	-	-	-	443,890	
Viet Nam (1)	0.007	25,033	25,033	-	0.007	25,033	25,033	-	-	-	-	-	-	-	
Yemen	0.010	35,761	34,530	1,231	0.010	35,761	35,761	-	597	597	-	-	-	-	
Yugoslavia , Federal Republic of (4), (5)	-	9,654	-	-	0.020	71,523	-	81,177	-	-	-	-	-	81,177	
Yugoslavia, former Socialist Fed. Rep. Of (4)	0.026	83,326	-	-	-	-	-	83,326	6,287,297	-	-	6,287,297	1989-99	6,370,623	
Zambia	0.002	7,152	89	7,063	0.002	7,152	7,152	-	38,183	33,244	4,939	-	-	-	
Zimbabwe	0.009	32,185	-	14,980	0.009	32,185	1,624	47,766	-	-	-	-	-	47,766	
TOTAL: Member States	100.001	357,617,804	230,686,339	116,974,594	99.994	357,593,093	292,136,435	75,413,529	226,724,961	121,883,749	53,966,488	50,874,724		126,288,253	

Annex III - Assessed contributions of member States and amounts due by States for prior periods of membership in the ILO - Details (in Swiss francs)

State	2000-01 Assessed Contributions							Amounts due for previous financial periods					Total due as at 31.12.01	
	2000			2001				Balance due as at 31.12.01	Balance due as at 01.01.00	Amount received or credited in 2000	Amount received or credited in 2001	Balance due as at 31.12.01		Calendar years of Assessment
	Assessed Contributions %	Amount	Amount received or credited in 2000	Assessed Contributions %	Amount	Amount received or credited in 2001								
<i>Amounts due by States for prior periods of membership in the ILO</i>														
Albania (1)	-	-	-	-	-	-	-	67,570	11,262	11,262	45,046	1966-67	45,046	
Paraguay (2)	-	-	-	-	-	-	-	245,066	-	-	245,066	1937	245,066	
Viet Nam (1)	-	-	-	-	-	-	-	97,630	12,190	12,190	73,250	1983-85	73,250	
<i>Total - Amounts due by States for prior periods of membership in the ILO</i>								410,266	23,452	23,452	363,362		363,362	
TOTAL	100,001 (3)	357,617,804	230,686,339	116,974,594	99,994 (4)	357,593,093	292,136,435	75,413,529	227,135,227	121,907,201	53,989,940	51,238,086	126,651,615	

(1) Financial arrangements

Member states listed in the following table have financial arrangements for the settlement of arrears of contributions or amounts due in respect of prior periods of membership.

<u>Member State</u>	<u>Session of Conference at which arrangement was approved</u>	
Albania	81st	(1994)
Belarus	86th	(1998)
Cambodia	82nd	(1995)
Cape Verde	85th	(1997)
Central African Republic	89th	(2001)
Dem Rep of Congo	89th	(2001)
Dominican Republic	85th	(1997)
Kazakhstan	88th	(2000)
Latvia	87th	(1999)
Liberia	88th	(2000)
Poland	75th	(1988)
Ukraine	88th	(2000)
Viet Nam	81st	(1994)

(2) Member States which are subject to paragraph 4 of article 13 of the Constitution

The arrears of contributions of these member States equal or exceed the amount of the contributions due from them for the past two full years (1999-2000). Each of these member States had therefore lost the right to vote, in accordance with the provisions of paragraph 4 of article 13 of the Constitution of the Organization.

(3) Includes Kiribati, which joined the Organization on 3 February 2000.

Status of Yugoslavia

(4) The Former Socialist Federal Republic of Yugoslavia was deleted from the list of ILO member States on 24 November 2000.

(5) The rate of assessment for the contribution of the Federal Republic of Yugoslavia of 0.020 is less than that of the Former Socialist Federal Republic of Yugoslavia of 0.026

**Annex IV - Distribution of the Incentive Fund amounts established in 2000-01 under the incentive scheme
for the early payment of member States' assessed contributions (in Swiss francs)**

Member States	Incentive amounts earned in 2000-01				Amounts to be distributed in 2002 and 2003	Percentage of total 2000-01 incentive amounts earned to 2000-01 assessed contributions
	Assessed contributions during 2000-01	60 % of interest on budgetary surpluses		50 % of 2000-01 net premium (1)		
		2000	2001			
Albania	21,456	2	11	69	82	0.38
Algeria	607,944	397	273	3,214	3,884	0.64
Angola	71,522	307	140	2,096	2,543	3.56
Australia	10,442,344	44,224	21,168	307,225	372,617	3.57
Austria	6,637,326	14,955	14,628	145,310	174,893	2.63
Bahamas	107,284	445	89	2,404	2,938	2.74
Bahrain	121,588	0	241	1,335	1,576	1.30
Bangladesh	71,522	307	103	1,890	2,300	3.22
Barbados	57,218	2	0	7	9	0.02
Belarus	400,528	1,077	0	3,729	4,806	1.20
Belgium	7,774,540	32,405	15,313	224,016	271,734	3.50
Belize	7,152	1	21	123	145	2.03
Botswana	71,522	0	44	243	287	0.40
Bulgaria	78,676	60	184	1,277	1,521	1.93
Burkina Faso	14,304	18	34	269	321	2.24
Cambodia	7,152	26	17	205	248	3.47
Cameroon	92,982	11	169	984	1,164	1.25
Canada	19,239,662	82,057	38,918	568,057	689,032	3.58
Cape Verde	14,304	60	34	443	537	3.75
Chile	958,406	2,321	513	12,810	15,644	1.63
China	7,009,246	90	1,123	6,610	7,823	0.11
Colombia	765,296	2,877	1,396	20,092	24,365	3.18
Costa Rica	114,436	0	228	1,265	1,493	1.30
Cyprus	236,026	994	459	6,809	8,262	3.50
Czech Republic	750,990	3,098	1,532	21,796	26,426	3.52
Democratic Republic of Congo	50,066	0	96	530	626	1.25
Denmark	4,870,710	20,779	9,855	143,845	174,479	3.58
Dominican Republic	107,284	406	154	2,599	3,159	2.94
Egypt	457,746	1,942	917	13,417	16,276	3.56
El Salvador	85,828	0	148	823	971	1.13
Eritrea	7,152	23	12	167	202	2.82
Estonia	85,828	367	174	2,539	3,080	3.59
Ethiopia	42,916	172	86	1,215	1,473	3.43
Fiji	28,610	100	54	728	882	3.08
Finland	3,826,476	16,123	7,581	111,252	134,956	3.53
France	46,096,516	41,050	63,007	525,564	629,621	1.37
Germany	69,427,288	0	32,661	181,084	213,745	0.31

**Annex IV - Distribution of the Incentive Fund amounts established in 2000-01 under the incentive scheme
for the early payment of member States' assessed contributions (in Swiss francs)**

Member States	Incentive amounts earned in 2000-01				Amounts to be distributed in 2002 and 2003	Percentage of total 2000-01 incentive amounts earned to 2000-01 assessed contributions
	Assessed contributions during 2000-01	60 % of interest on budgetary surpluses		50 % of 2000-01 net premium		
		2000	2001	(1)		
Ghana	50,066	28	0	98	126	0.25
Grenada	7,152	2	21	126	149	2.08
Guatemala	128,742	473	247	3,400	4,120	3.20
Guyana	7,152	34	16	236	286	4.00
Honduras	21,456	75	27	468	570	2.66
Hungary	843,970	3,517	1,719	24,634	29,870	3.54
Iceland	221,722	938	445	6,496	7,879	3.55
India	2,102,774	8,973	4,251	62,091	75,315	3.58
Ireland	1,580,656	6,055	2,251	38,471	46,777	2.96
Italy	38,293,366	0	22,660	125,635	148,295	0.39
Jamaica	42,916	165	-7	671	829	1.93
Japan	144,905,416	135,475	9,201	632,631	777,307	0.54
Jordan	42,916	145	77	1,050	1,272	2.96
Kazakistan	336,158	1,139	0	3,943	5,082	1.51
Kenya	50,066	160	98	1,230	1,488	2.97
Kiribati	6,830	1	0	3	4	0.06
Korea, Republic of	7,087,920	1,445	17,810	104,952	124,207	1.75
Kuwait	901,188	3,797	1,733	25,911	31,441	3.49
Latvia	121,588	484	252	3,477	4,213	3.46
Lebanon	114,436	144	0	500	644	0.56
Lesotho	14,304	60	0	207	267	1.87
Lithuania	107,284	91	23	518	632	0.59
Luxembourg	479,204	1,836	754	12,057	14,647	3.06
Malaysia	1,287,412	5,310	2,430	36,268	44,008	3.42
Mali	14,304	59	28	407	494	3.45
Malta	100,132	426	202	2,952	3,580	3.58
Mauritius	64,370	273	129	1,890	2,292	3.56
Mexico	7,099,246	7,673	4,940	60,329	72,942	1.03
Morocco	286,092	1,208	449	7,671	9,328	3.26
Myanmar	57,218	233	106	1,588	1,927	3.37
Namibia	50,066	197	103	1,420	1,720	3.44
Nepal	28,610	0	15	84	99	0.35
Netherlands	11,493,732	47,802	22,974	332,599	403,375	3.51
New Zealand	1,559,200	6,109	2,938	42,517	51,564	3.31
Nicaragua	7,152	23	12	170	205	2.87
Nigeria	221,722	570	505	5,251	6,326	2.85
Norway	4,298,526	17,637	8,484	122,760	148,881	3.46
Panama	92,982	392	186	2,716	3,294	3.54
Papua New Guinea	50,066	193	-6	797	984	1.97

**Annex IV - Distribution of the Incentive Fund amounts established in 2000-01 under the incentive scheme
for the early payment of member States' assessed contributions (in Swiss francs)**

Member States	Incentive amounts earned in 2000-01				Amounts to be distributed in 2002 and 2003	Percentage of total 2000-01 incentive amounts earned to 2000-01 assessed contributions
	Assessed contributions during 2000-01	60 % of interest on budgetary surpluses		50 % of 2000-01 net premium		
		2000	2001	(1)		
Poland	1,380,392	4,765	2,774	35,838	43,377	3.14
Qatar	228,874	909	456	6,427	7,792	3.40
Romania	393,376	1,500	740	10,543	12,783	3.25
Russian Federation	7,588,580	2,749	16,416	102,815	121,980	1.61
Saint Kitts and Nevis	7,152	1	0	5	6	0.08
Saint Lucia	7,152	0	16	87	103	1.44
San Marino	14,304	55	27	384	466	3.26
Saudi Arabia	3,955,216	15,279	7,329	106,229	128,837	3.26
Singapore	1,258,804	4,654	2,218	32,274	39,146	3.11
Slovakia	243,180	1,041	488	7,174	8,703	3.58
Slovenia	429,138	1,676	678	10,954	13,308	3.10
South Africa	2,574,824	10,986	5,187	75,925	92,098	3.58
Spain	18,245,494	71,225	29,983	472,018	573,226	3.14
Sri Lanka	85,828	340	145	2,267	2,752	3.21
Swaziland	14,304	60	25	398	483	3.38
Sweden	7,602,886	31,334	15,223	218,924	265,481	3.49
Switzerland	8,554,140	35,611	17,154	247,986	300,751	3.52
Syrian Arab Republic	450,594	21	1,065	5,992	7,078	1.57
Tanzania, United Republic of	21,456	0	46	253	299	1.39
Thailand	1,194,432	5,092	2,415	35,253	42,760	3.58
Trinidad and Tobago	114,436	413	163	2,678	3,254	2.84
Tunisia	200,264	0	462	2,559	3,021	1.51
Turkey	3,096,942	6,300	3,617	47,096	57,013	1.84
Uganda	28,610	89	62	722	873	3.05
Ukraine	1,337,478	560	3,479	21,690	25,729	1.92
United Arab Emirates	1,251,650	4,486	2,414	32,644	39,544	3.16
United Kingdom	35,861,588	135,001	64,206	935,564	1,134,771	3.16
Venezuela	1,122,910	4,292	0	14,857	19,149	1.71
Viet Nam	50,066	1	19	105	125	0.25
Yemen	71,522	0	171	948	1,119	1.56
Zambia	14,304	0	26	143	169	1.18
	502,337,854	858,278	493,460	6,415,017	7,766,755	1.55

(1) Equivalent to 3,887,889 US dollars at the December 2001 United Nations accounting rate of exchange of 1.65 Swiss francs to the US dollar (see note 21 (b) to State Distributed on the basis of the incentive points earned by each eligible member State during 2000-01 to the total incentive points earned by all eligible member State during 2000-01 under the incentive points system use for the annual distribution of interest credited to the Incentive Fund.

**Annex V - Extra-budgetary technical cooperation expenditure by beneficiary country
(in United States dollars)**

Country or territory	United Nations Development Programme	IPEC	Other (including trust funds)	Total
Africa				
Regional	1,772,138	1,243,922	13,829,435	16,845,495
Algeria	485,079			485,079
Angola	390,648		19,015	409,663
Benin	54,844	112,715	200,363	367,922
Botswana			34,887	34,887
Burkina Faso	13,362	149,094	161,014	323,470
Burundi	107,234		6,995	114,229
Cameroon	328,616		1,022,526	1,351,142
Cape Verde	4,750			4,750
Central African Republic	208,906			208,906
Chad	1,376,640			1,376,640
Comoros	882,623		200,186	1,082,809
Congo	62,169			62,169
Côte d'Ivoire	62,708		424,379	487,087
Djibouti	13,570			13,570
Egypt	144,494	297,898	238,136	680,528
Eritrea	185,482		32,114	217,596
Ethiopia	105,883	104,356	1,464,288	1,674,527
Gabon	123,999		581,169	705,168
Gambia	1,081,615			1,081,615
Ghana	32,752	452,954		485,706
Guinea	104,266			104,266
Guinea Bissau	51,502		12,160	63,662
Kenya	1,064,181	908,631	87,910	2,060,722
Lesotho	106,726		87,271	193,997
Liberia	41,665		16,460	58,125
Madagascar	476,318	150,417	2,327,899	2,954,634
Malawi	302,966	39,664	208,770	551,400
Mali	317,351	225,759	533,825	1,076,935
Mauritania	137,599		53,883	191,482
Mauritius	391,569			391,569
Morocco	30,283	97,307	154,403	281,993
Mozambique	2,456,102		950,149	3,406,251
Namibia			182,474	182,474
Niger	756,622	141,030	1,010,543	1,908,195
Nigeria	96,868	408,444	294,149	799,461
Rwanda	41,008			41,008
Sao Tome and Principe	83,076		44,890	127,966
Senegal	90,165	686,348	415,663	1,192,176
Sierra Leone	84,364		97,268	181,632
Somalia				
South Africa	1,036,795	368,671	1,225,570	2,631,036
Sudan	353,855		1,547,648	1,901,503
Tanzania, United Rep. of	812,015	1,150,383	1,097,233	3,059,631
Togo	1,857,556	48,398		1,905,954
Tunisia	2,854			2,854
Uganda	199,654	641,231	1,261,531	2,102,416
Dem. Rep. of Congo	69,814		666,874	736,688
Zambia	733,458	436,695	602,970	1,773,123
Zimbabwe	306,081	38,985	974,118	1,319,184
Total Africa	19,442,225	7,702,902	32,068,168	59,213,295

**Annex V - Extra-budgetary technical cooperation expenditure by beneficiary country
(in United States dollars)**

Country or territory	United Nations Development Programme	IPEC	Other (including trust funds)	Total
<i>Asia and the Pacific</i>				
Regional	1,005	4,219,086	9,633,580	13,853,671
Bangladesh	153,317	2,898,430	459,016	3,510,763
Bhutan				
Cambodia		790,053	3,955,632	4,745,685
China	201,306		301,574	502,880
Fiji	222,565		1,940	224,505
India	193,754	2,843,712	794,978	3,832,444
Indonesia	215,282	676,766	2,286,016	3,178,064
Kiribati	65,150			65,150
Lao People's Dem. Rep.	572,157	100,099	42,139	714,395
Malaysia	136,565			136,565
Maldives	7,000			7,000
Mongolia	78,470	448,660		527,130
Nepal	222,084	912,768	796,189	1,931,041
Pacific Multi Island	67			67
Pakistan	20,073	3,048,431	78,778	3,147,282
Papua New Guinea	680,606		228,944	909,550
Philippines	652,583	1,561,793	1,554,605	3,768,981
Samoa	950			950
Solomon Islands	106,383			106,383
Sri Lanka	319,695	388,761	828,993	1,537,449
Thailand	77,453	787,680	1,152,427	2,017,560
East Timor	23,001		61,710	84,711
Tonga	113,598			113,598
Viet-Nam	536,806	56,789	1,492,544	2,086,139
Total Asia and the Pacific	4,599,870	18,733,028	23,669,065	47,001,963
<i>Latin America and the Caribbean</i>				
Regional	9,572	10,252,717	11,290,673	21,552,962
Argentina			8,812	8,812
Bahamas			76,194	76,194
Barbados			14,525	14,525
Bolivia	30,330		925,779	956,109
Brazil	7,750	1,735,467	283,910	2,027,127
Caribbean Islands			63,620	63,620
Chile			217,093	217,093
Colombia	359,165	73,971	3,509	436,645
Costa Rica		354,274	482,578	836,852
Dominica			44,169	44,169
Dominican Republic		370,491		370,491
Ecuador	186,202	36,835		223,037
El Salvador		221,886		221,886
Grenada			14,526	14,526
Guatemala	9,800	1,125,931	13,861	1,149,592
Guyana			14,526	14,526
Haiti	497,319	524,057	516,369	1,537,745
Honduras		166,837	530,812	697,649
Jamaica		11,227		11,227
Mexico			233,210	233,210
Montserrat			19,522	19,522
Nicaragua		706,809	472,387	1,179,196
Panama			30,441	30,441
Paraguay	76,835	16,950		93,785
Peru			333,393	333,393
Saint Helena			37,715	37,715
Saint Kitts and Nevis			14,526	14,526
Trinidad and Tobago			206,886	206,886
Uruguay			109,872	109,872
Venezuela	3,000			3,000
Total Latin America and the Caribbean	1,179,973	15,597,452	15,958,908	32,736,333

**Annex V - Extra-budgetary technical cooperation expenditure by beneficiary country
(in United States dollars)**

Country or territory	United Nations Development Programme	IPEC	Other (including trust funds)	Total
<i>Arab States, Middle East</i>				
Regional			41,268	41,268
Palestinian Authority		54,240	1,150,139	1,204,379
Bahrain	50,468			50,468
Iraq	394,588			394,588
Jordan	413,032		323,237	736,269
Kuwait			78,846	78,846
Lebanon	10,267	96,158	111,519	217,944
Syrian Arab Republic	35,594			35,594
Yemen	287,956	78,317		366,273
Total Arab States, Middle East	1,191,905	228,715	1,705,009	3,125,629
<i>Europe</i>				
Regional	15,876		1,373,370	1,389,246
Albania		39,517	524,000	563,517
Armenia	13,929			13,929
Azerbaijan	29,400			29,400
Belarus	52,895		71	52,966
Belgium			1,069	1,069
Bosnia-Herzegovina	415,252		1,307,341	1,722,593
Bulgaria	158,798		218,322	377,120
Croatia	1,263,675			1,263,675
Cyprus			36,020	36,020
Czech Republic	-939			-939
Estonia	63,192		91,723	154,915
Georgia	43,553			43,553
Hungary	35,691		175,947	211,638
Italy			49,147	49,147
Kazakhstan	88,453		229,509	317,962
Latvia	57,471			57,471
Lithuania	22,102			22,102
Luxembourg			124,772	124,772
Moldova, Republic of	55,247			55,247
Netherlands			983	983
Poland	5,600			5,600
Portugal		1,803		1,803
Romania	5,600	303,026		308,626
Russian Federation	689,757	140,714	256,530	1,087,001
Tajikistan	37,881			37,881
Turkey		996,425	188,507	1,184,932
Ukraine	740,680	255,781	182,618	1,179,079
Uzbekistan	22,400			22,400
Yugoslavia, Fed. Rep. of				
Total Europe	3,816,513	1,737,266	4,759,929	10,313,708
Interregional	242,983	11,998,063	43,669,756	55,910,802
Net adjustment for UNDP IOVs outstanding	(475,674)	(344,614)	(1,293,954)	(2,114,242)
GRAND TOTAL	29,997,795	55,652,812	120,536,881	206,187,488