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**NINETY-SECOND SESSION**

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**REPORT ON THE HUNDRED AND THIRD SESSION  
OF THE EXECUTIVE COMMITTEE**

Geneva

7 June 2006

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## **REPORT ON THE HUNDRED AND THIRD SESSION OF THE EXECUTIVE COMMITTEE**

### **OPENING OF THE SESSION**

1. The Executive Committee convened for its Hundred and third Session at the Palais des Nations, Geneva, on Tuesday, 7 June 2006. Two meetings were held. The session was chaired by H.E. Ms. Sarala M. Fernando (Sri Lanka).

2. The session was attended by representatives of the following members of the Executive Committee:<sup>1</sup> Afghanistan, Algeria, Bangladesh, Belarus, Chile, Congo, Costa Rica, Egypt, El Salvador, Germany, Ghana, Guatemala, Hungary, Iran (Islamic Republic of), Italy, Japan, Kenya, Madagascar, Mexico, Morocco, Netherlands, Nigeria, Peru, Romania, Senegal, South Africa, Sri Lanka, Thailand, Ukraine, United Kingdom and the United States of America.

3. In addition, the following Member States were represented by observers: Angola, Argentina, Australia, Austria, Azerbaijan, Belgium, Benin, Bosnia and Herzegovina, Brazil, Bulgaria, Cambodia, Canada, Colombia, Croatia, Czech Republic, Democratic Republic of the Congo, Dominican Republic, Estonia, Finland, France, Guinea, Haiti, Honduras, Ireland, Israel, Jordan, Kazakhstan, Kyrgyzstan, Latvia, Libyan Arab Jamahiriya, Lithuania Luxembourg, New Zealand, Norway, Pakistan, Panama, Philippines, Poland, Portugal, Republic of Korea, Republic of Moldova, Rwanda, Serbia, Slovakia, Slovenia, Switzerland, Tunisia, Turkey, United Republic of Tanzania, Uruguay, Venezuela (Bolivarian Republic of) and Zambia.<sup>1</sup>

### **CREDENTIALS OF REPRESENTATIVES AND OBSERVERS**

4. The Executive Committee took note that the Director General had examined the credentials of the representatives of and observers for Member States and found them to be in order.

### **ELECTION OF OFFICERS**

5. H.E. Ms. Sarala M. Fernando (Sri Lanka) and Mr. Osvaldo Alvarez (Chile) were elected Chairperson and Vice-Chairperson respectively, by acclamation.

### **ADOPTION OF THE AGENDA**

6. The Executive Committee adopted the agenda set out in document MC/EX/672.

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<sup>1</sup> See List of Participants (MC/EX/678).

**STATEMENT BY THE DIRECTOR GENERAL; REPORT OF THE DIRECTOR GENERAL ON THE WORK OF THE ORGANIZATION FOR THE YEAR 2005; STATEMENTS BY DELEGATIONS**

7. The Director General said that 2005 had been IOM's biggest year ever in terms of activities, budget and growth. Expenditure had totalled almost USD one billion, and the Organization had continued to experience substantial growth in all four major areas of activity: migration and development, migrant workers, law enforcement and counter-trafficking, and emergency humanitarian work. In order to manage growth within the constraints of zero nominal growth (ZNG), IOM had adopted two key approaches. The first was decentralization, whereby numerous administrative tasks were moved to more cost-effective sites; when combined with projectization, in which costs were charged directly to activities, decentralization resulted in substantial savings.

8. The other key to continued growth was IOM's internal controls procedure. An organization that spent nearly USD one billion of donor money every year in almost 300 locations worldwide had to have strict internal control procedures, and IOM was continuing to strengthen those it had put in place. The Director of Resources Management had focused on that task, enabling the Organization to adopt many cost-cutting measures. Further savings had been achieved by hiring most of IOM's 6,000 employees locally.

9. The procedures put in place by IOM had been so successful that many other organizations, in Geneva and in New York, were turning to it for advice.

10. Growth was also a source of problems, however, and the Executive Committee would learn about some of the problems associated with rapid growth, decentralization and strong internal controls in the statement to be made later in the day by the Staff Association Committee (SAC).

11. Turning to IOM's role in natural disasters, the Director General said that 2005 had also been an important year for disaster relief and response. IOM's activities in response to the December 2004 tsunami had made Indonesia its biggest country operation. The recent earthquake in Yogyakarta had added to the workload. The October 2005 earthquake in Pakistan had posed a special challenge, with IOM racing to get relief supplies into high mountain areas before the onset of winter.

12. IOM was now a major disaster relief agency, and the Inter-Agency Standing Committee (IASC) had recognized its role in the new cluster process and given it special standing with regard to natural disasters, i.e. emergencies that were not caused by war, oppression or human rights violations. Such disasters seemed to be increasing in number and duration, prompting IOM to focus more attention on them from the point of view of what Japan referred to as human security and from the policy perspective. Indeed, in late 2006 IOM would be organizing a workshop on migration and the environment as part of the International Dialogue on Migration. In addition, many of the Director General's Awards presented in May 2006 had rewarded staff who had performed outstandingly in disaster situations.

13. Turning to the United Nations High-Level Dialogue on Migration and Development and *International Migration and Development: Report of the Secretary-General*, issued the day before, the Director General welcomed the enhanced attention being paid to migration and development issues. IOM had participated in numerous preparatory sessions in order to ensure that the High-Level Dialogue, which would take place in New York on 14 September 2006, was a

success and that migration was seen as an engine of human development and one of the ways in which human potential could be enhanced.

14. A number of staff members and governments had pointed out to him that the Secretary-General's report, which the Director General had not yet had the opportunity to read in detail, had a number of omissions; it had pretty much omitted IOM, the International Dialogue on Migration and other things IOM had been doing, in particular the migration management programme activities IOM was conducting with its government partners and other stakeholders worldwide. This was disappointing and puzzling, and the Director General would be writing a letter to the Secretary-General or his Special Representative to give his views on the report.

15. In another development, the new, enlarged Global Migration Group (GMG, formerly the Geneva Migration Group) had held its first meeting in May. The meeting had been chaired by Dr. Supachai, Secretary General of the United Nations Conference on Trade and Development (UNCTAD), and there had been good discussions of topics that would be deliberated at the High-Level Dialogue, such as the international movement of service providers, Mode 4 of the General Agreement on Trade in Services (GATS) and remittances.

16. The Member States should think about how to enhance the GMG's role and how to ensure a proper relationship with governments. This could be one of the things the HLD could look at when it considered institutional issues. The UN Secretary-General's suggestion that a forum be established on migration issues had given rise to a number of questions: what form such a forum would take, where it would meet, and so on. In that respect, the GMG could perhaps occupy a more central position as a convener of dialogue and thus provide an answer to some of those questions.

17. The Chairperson drew attention to the Report of the Director General on the work of the Organization for the year 2005 (MC/2197) and invited delegations to comment on it. She reminded delegations that, after its examination, they would be asked to adopt a draft resolution (MC/EX/L/167) formally taking note of the Report.

18. Statements were made by the representatives of Afghanistan, Chile, Iran (Islamic Republic of), Italy, Japan, Morocco, speaking on behalf of the African Group, Nigeria, Romania, Sri Lanka and the United States of America, and by the observers for the Democratic Republic of the Congo and Switzerland.

19. Congratulations were extended by many speakers to the Chairperson and Vice-Chairperson on their election and several delegations expressed their appreciation to members of the outgoing bureau for their work. In addition, a number of representatives thanked the Director General for his comprehensive and informative report.

20. The representative of Japan said that his country provided support for IOM activities, especially in the areas of emergency humanitarian assistance and counter-trafficking, for three reasons. First, IOM provided humanitarian assistance to vulnerable people in a field-focused manner that was in line with the Japanese concept of human security, of which notions such as "ownership", "partnership" and "inner-generated power" were key components. People became empowered through self-reliance, by the fact that they helped others and developed their society: what benefited others benefited them. The task was to increase the number of such self-reliant

people. In addition, vulnerable people should not be the victims of crime, and Japan therefore attached great importance to its cooperation with IOM on counter-trafficking activities.

21. Secondly, in Japan's view, IOM's ability to respond swiftly to new situations in the field sprang from its unique projectization system, which enabled Japan to extend assistance through IOM to vulnerable people in disaster zones. Lastly, Japan's fundamental budget principle was ZNG. It therefore appreciated the Administration's ongoing efforts to streamline and restructure the Organization and its activities, and trusted that it would continue to manage its resources within the ZNG principle. Japan would continue to provide support for IOM activities as long as those key elements remained unchanged.

22. The representative of Chile expressed concern at the perceived omissions in the Secretary-General's report. He suggested that, given the importance of the topic for IOM, the agencies in the GMG and the Permanent Missions, an informal meeting be organized to discuss the outlook for the High-Level Dialogue, in particular the contributions to be made to it, some of which were at odds with each other but many of which were complementary. The outcome of the High-Level Dialogue should serve as a roadmap for the international follow-up activities of IOM and United Nations agencies. It was important in that respect for all agencies to coordinate their activities so as to avoid overlap and ensure efficient management of financial, human and technical resources.

23. The representative of Sri Lanka remarked that IOM had launched over 400 new projects in 2005, achieving an increase in operational expenditure of over 52 per cent while containing administrative costs. The Organization had carried out a number of internal audits, evaluations and rapid project assessments, and he would welcome some indication of whether the outcomes were found to be satisfactory and in compliance with United Nations standards. He thanked the many donors who had contributed unstintingly to IOM's tsunami assistance programmes in Sri Lanka. Thanks to their generosity, IOM had constructed transitional housing in tsunami-affected districts, conducted livelihood development programmes in those districts and undertaken comprehensive community health programmes, including nutrition surveys and feeding for malnourished mothers and children, immunization and eye care.

24. The theme of labour migration was high on the United Nations agenda in 2006, and it was therefore surprising to note a significant reduction in IOM's expenditure on labour migration activities in 2005. IOM should be encouraged to increase its cooperation in areas such as human trafficking and irregular migration, which were ongoing concerns for many countries. In that connection, it was satisfying to note that, for the first time, countries of destination had also attended the Ministerial Consultations on Overseas Employment and Contractual Labour for Countries of Origin in Asia, the third round of which had been held in Bali in September 2005.

25. For the African Group, the High-Level Dialogue would give States a unique opportunity to share best practices on migration management and to foster cooperation on key migration issues. In April 2006, as part of the preparations for the Dialogue, IOM had submitted a set of key messages and suggested concrete outcomes. Three of those key messages had implications for stronger ties between IOM and its African membership.

26. With regard to the first message – *migration needs to be integrated into development policy and planning* – as IOM had pointed out, the lack of reliable data prevented many African States from developing coherent migration policies. The need for such data had been explicitly recognized by the African, Caribbean and Pacific (ACP) Group of States in the 2006 Brussels

Declaration on Asylum, Migration and Mobility, and by the Least Developed Countries (LDC) in the 2006 Cotonou Ministerial Declaration on Migrants' Remittances. In that respect, IOM could provide support for the establishment of the Virtual Observatory for ACP Migration and the International Migrant Remittances Observatory for LDCs.

27. IOM's call for further research on the link between migration and development was also pertinent, and the African Group looked forward to receiving the IOM/World Bank joint study on "development-friendly" migration policies and the recently released report, sponsored by IOM and The Hague Process on Refugees and Migration, on the role of remittances in development. It also appreciated IOM's willingness to help governments mainstream migration in international Poverty Reduction Strategy Papers (PRSPs) and national development plans, and hoped that many African Member States would soon benefit from that help.

28. In a second key message – *countries need migration policies and the internal capacity to develop them* – IOM called upon the High-Level Dialogue to encourage international organizations, individually and in the framework of the GMG, to continue supporting government capacity building, an area in which it had been successfully assisting many States. As the needs of African Member States in that regard were huge and steadily increasing, the African Group in turn called upon IOM to consider opening capacity-building centres in Africa. Delocalization had proved to be worthwhile for administrative functions and might well be extended to operational activities. The African Group looked forward to receiving a concrete Administration proposal in that respect during the consultations on the Programme and Budget for 2007.

29. A third key message – *the development potential of diasporas needs to be explored and enhanced* – addressed a vital aspect of the migration/development nexus and had been identified by the New Partnership for Africa's Development (NEPAD) as a sectoral priority within its Human Resource Development Initiative. The African Union (AU) 2004-2007 plan of action also placed the diaspora at the centre of the AU's priorities.

30. Although remittances were private funds and therefore not substitutes for national development efforts or official development aid, they had the potential to make significant contributions to economic development at the household, local, national and regional levels. They provided a source of foreign exchange, enabling recipient countries to acquire vital imports, pay off external debts or increase their creditworthiness, and served to reduce household poverty and spur individual consumption, savings and investment. The African Group welcomed IOM's call for lower remittance costs and hoped the Organization would share its valuable experience in that field with others at the High-Level Dialogue and elsewhere, in particular in Africa. One good example was IOM's temporary migrant worker programme in Canada, where migrant workers' remittances were bundled and sent in a single transfer through a Canadian bank to a collective account in IOM's name at a bank in Guatemala, with the cost of the transaction being divided between the workers.

31. IOM's experience in enhancing the development impact of remittances through incentives should also be extended to Africa. Its pilot project for the construction of affordable housing for Guatemalan migrants in their places of origin, and the IOM/UNDP joint micro credit initiative in rural Tajikistan, were tangible examples of what could be done.

32. The brain drain was another matter of grave concern to African countries, many of which suffered shortages of qualified human resources brought about in part by the large-scale departure

of professionals and university graduates. IOM's Migration for Development in Africa (MIDA) programmes, which made it possible for African professionals in Europe and North America to return temporarily to their home countries to provide short-term assistance and expertise in various fields, had achieved some substantive results but were seriously hampered by lack of funding.

33. Last but not least, addressing the root causes of migration was fundamental to any comprehensive approach to migration management. In order to stabilize the population in areas of high migration pressure, and offset the pull factor of opportunities abroad, realistic opportunities had to be made available at home. IOM had launched several pilot projects, notably in Morocco and Tunisia, that focused on targeted community development activities in regions with high levels of unemployment and outbound migration, with a view to improving local living conditions, building local capacity for the establishment of micro enterprises, and providing vocational counselling and training courses to unemployed persons. Although not a substitute for more comprehensive development efforts, such programmes presented concrete opportunities to link development and migration management goals, and the African Group therefore encouraged IOM to implement similar programmes in other African countries.

34. The delegate of the United States of America said that the role of the Director of Management Coordination was vital to strong internal communication and cooperation and could serve to maximize IOM's organizational coordination and productivity. IOM should continue providing key players in migration with regional and inter-regional initiatives to build capacity, increase cooperation between governments and regional actors and create partnerships. IOM's work in migration and natural disaster response was important and unique. The Organization should pursue its role as a central body providing technical expertise to governments and programme services to migrants and vulnerable populations. The upcoming High-Level Dialogue would provide IOM with an excellent opportunity to demonstrate its technical expertise and comparative advantage in facilitating dialogue among States at the regional level through regional consultative processes, and at the international level through the International Dialogue on Migration. Its work within the GMG was also important. The time had come, however, for the Organization to review its performance of the past ten years with special emphasis on the changing nature of its mandate and mission. IOM should take a proactive approach in finalizing its three- to five-year strategy paper and present it to Member States for consultation.

35. The representative of Italy agreed that the High-Level Dialogue would be a unique opportunity for the international community to engage in a comprehensive dialogue on migration and its impact on development. The aim of the High-Level Dialogue should be to foster positive discussion, identifying policies and actions able to maximize the benefits of legal migration while combating illegal flows and criminal activities. The Government of Italy was fully engaged in the preparation of the event and would lend its support to the International Symposium on International Migration and Development to be held by the Population Division of the United Nations Department of Economic and Social Affairs in cooperation with the Fondazione Rosselli in Turin on 28 to 30 June 2006. The symposium would allow an exchange of views between governments, experts, the United Nations, international organizations and civil society.

36. The Italian Government strongly supported the GMG's function as the leading multilateral body for the coordination of all international organizations dealing with migration policies and IOM's pivotal role within the Group. It was time for IOM to consider taking a more active part within the United Nations system.



37. With regard to the possible establishment of an inter-State forum for the discussion of migration and development, the main focus of the High-Level Dialogue and its follow up should not be the establishment of additional bodies, but rather the appropriate and enlightened use of existing instruments. IOM should further strengthen the International Dialogue on Migration.

38. Italy did not support ZNG, which it considered as stifling for an organization that had almost doubled in size in the past few years, and urged Member States and the Administration to find a way forward for the Programme and Budget for 2007. It appreciated IOM's effective response to natural disasters and viewed its membership of the IASC as a cogent example of stronger ties being forged between IOM and the United Nations.

39. The representative of the Islamic Republic of Iran said that migration had become a priority on the international agenda. Many people believed that efficient migration management could transform the challenges of migration into opportunities for sending, receiving, and transit countries, and the key to efficient migration management lay in a comprehensive, consistent and integrated approach based on regional and international cooperation and dialogue. IOM had a paramount role to play: building capacities, improving migration management, providing countries with the necessary infrastructure and helping them define migration policy.

40. Because of its geopolitical situation, the Islamic Republic of Iran had always been a magnet for migrants from neighbouring States, and the recent flows of irregular migrants had had a serious impact. Security problems in Afghanistan, the lack of incentives to return and the large-scale presence of Afghans on the border with Iran represented formidable challenges. Because the Islamic Republic of Iran was also a sending country, the Government was actively involved in managing the opportunities and challenges presented by the community of Iranians abroad. It was also a transit country for refugees and illegal and legal migrants, hence the need for strategic partnerships and cooperation between the countries and regions involved. The trilateral dialogue between Iran, Afghanistan and Pakistan to be funded by the 1035 Facility was a good starting point for dialogue on such matters. The Government of Iran had also taken part in talks with the Interior Ministers of Pakistan, Turkey and Greece on migration management in the region.

41. Social and economic development in developing countries were key to reducing the irregular flow of migrants; from that point of view, the reconstruction and development of Afghanistan were crucial. The lack of social and economic development drove thousands of people from their countries each year. A comprehensive approach was needed that took account of the root causes of migration, with a focus on regional and international cooperation in order to increase public awareness of the issue, partnerships, capacity building and technical assistance. IOM's role in this process should be enhanced. It was to be hoped that migration challenges in the Islamic Republic of Iran could be managed efficiently through the exchange of experiences and expertise with other countries and partners, including IOM. The Academy for Migration and Refugee Studies in Tehran was making progress as a provider of technical and conceptual support to the Government.

42. The delegate of Afghanistan wondered whether the Organization could continue its rapid growth, under the constraints of ZNG, and if this would have an effect on its projects. He also wondered whether IOM might not be overstepping the bounds of its mandate. IOM had a key role to play in the High-Level Dialogue, and it was therefore surprising that the Secretary-General's report failed to mention it; perhaps because IOM was considered to be primarily an emergency relief organization?

43. IOM had an important role to play in promoting regional policy dialogue, and in that respect he shared the previous speaker's optimism with regard to the trilateral dialogue between Afghanistan, the Islamic Republic of Iran and Pakistan. The Organization was to be commended for its many projects in Afghanistan, including community stabilization and livelihood programmes, which he hoped would stem the tide of regular and irregular migration alike. He urged IOM to focus on three core areas: migration and security, migration and development and, most importantly, capacity building, for example in document identification units and policy management.

44. The representative of Romania thanked the Director General for having attended the Black Sea Forum for Dialogue and Partnership Summit held in Bucharest on 4 to 6 June 2006. Finding solutions to security problems in the Black Sea region was a major concern for her Government, and the Forum had provided an opportunity to do so. Human trafficking was a serious problem in the region; in that respect it was vital to recall that international human rights instruments applied to all people regardless of their nationality or status and that they covered fundamental social and economic as well as civil and political rights.

45. It was regrettable that IOM's role had not been given its due in the Secretary-General's report, but the Organization would have an opportunity to make a valuable contribution at the upcoming High-Level Dialogue by focusing on the principles set out in international human rights instruments and the possibilities they opened up, and on IOM migration management programmes. She agreed that informal consultations were required in the run-up to the event.

46. The observer for Switzerland appreciated IOM's constant efforts to achieve enhanced efficiency while maintaining ZNG. Switzerland was ready to consider all measures aimed at controlling and even cutting administrative costs by delocalizing certain services. However, such a strategy should be well thought out and include medium- and long-term goals and information on the added value of the process. Projected savings should be backed by figures and presented in a transparent manner. In view of the Organization's fast growth over the past five years, it was questionable whether the strategy should be reduced to simply delocalizing certain administrative services, as such a decision would directly affect the staff. Staff management, management of career paths and the Organization's global strategy were indissociable. Transparency in all staff-related matters was vital, yet IOM's staff management policies and its request to open another delocalized centre continued to be unclear.

47. The cluster activities in which IOM had become involved did not fall within its mandate and it was not sure that the Organization had the means required to act as a "first port of call and/or last resort" when it came to camps for internally displaced persons. IOM had to adopt a vision that was in keeping with its mandate and carry out an overall review of its services in Geneva and Manila, in regional and country offices. In addition, any further steps to delocalize or decentralize activities should go hand in hand with the revision of IOM's global strategy and its institutional framework.

48. He concluded with the announcement that the Swiss Government had decided to make an unearmarked contribution of CHF 200,000 to the Operational Part of the Budget.

49. The observer for the Democratic Republic of the Congo agreed that the High-Level Dialogue would be an excellent opportunity to discuss all migration-related issues. The omission of IOM in the Secretary-General's report was regrettable, but it was to be hoped that the oversight

would soon be rectified in the light of IOM's ongoing achievements in the world of migration. IOM played an important role in the implementation of development projects in developing countries, and the Director General and Deputy Director General were to be commended for their efforts to that end. The Democratic Republic of the Congo, a landlocked country, shared borders with nine countries and benefited from IOM's services in many fields. IOM should upgrade activities in the three key areas mentioned by the African Group, namely, migration and development, capacity building in Africa and the diaspora's role in contributing to development in countries of origin. However, those goals could only be met if IOM were given the financial means to do so, an item that should be on the agenda of the High-Level Dialogue.

50. The Director General responded to the points and questions raised. He thanked the Japanese Government for its strong support and agreed with it that human security had to be a key component of development programmes and humanitarian work. He also thanked the Swiss Government for the contribution it had announced to the Operational Part of the Budget.

51. As the delegates of Chile and Romania had suggested, it would be useful to hold informal consultations in preparation for the High-Level Dialogue, and he volunteered IOM's help in that respect. It was important to ensure that the High-Level Dialogue produced specific programmes aimed at helping governments and other stakeholders achieve better migration management.

52. IOM was a firm believer in internal controls and strong financial discipline, and its activities were the subject of internal and external audits carried out by the Office of the Inspector General at IOM and the Office of the Auditor General of Norway respectively.

53. Although the figures might suggest the contrary, the Organization was placing increased emphasis on labour migration, as illustrated by the relevant discussions taking place in many fora, including the Colombo Group of Labour Ministers of South and East Asia. More and more countries were becoming interested in the issue: the Government of the Republic of Korea, for example, had recently launched a successful employment permit scheme.

54. The Director General agreed with the African Group on the need to focus on three key areas. The GMG would be an excellent source of migration data, and IOM was in favour of capacity building and setting up technical cooperation centres in Africa. It was already working in that direction and had sent a technical cooperation expert to Pretoria to look into the matter. Diaspora management was another worthwhile undertaking and a key component of MIDA programmes and the AU's plan of action. Much still needed to be done to address the root causes of migration, as both the African Group and the Islamic Republic of Iran had stated, but overall, IOM was on the right track. In that connection, it agreed with the Black Sea Economic Cooperation Organization and the countries surrounding the Black Sea, all of which, except the Russian Federation, were members of IOM, that migration management was crucial in that region as well.

55. As the delegate of the United States of America had pointed out, the Director of Management Coordination had an important role to play within IOM, especially as the Organization grew and decentralized its services. It was to be hoped that the strategy paper could be finalized in 2006, although the Vice-Chairperson of the Council had recommended that it be taken up again after the High-Level Dialogue.

56. Italy's support for the High-Level Dialogue was much appreciated, as was its willingness to reconsider the issue of ZNG. Whatever the outcome of the High-Level Dialogue, the Director

General felt there was no need for new institutions dealing with migration; rather the international community should strive towards better coordination and common directions reflecting its goal of efficient migration management.

57. As two delegations had stated, the trilateral dialogue between Afghanistan, the Islamic Republic of Iran and Pakistan was a key element in the new regional process underway in south-west Asia. Tehran's Academy for Migration and Refugee Studies, which had recently received a generous contribution from the Australian Government, fit in well within the context of the dialogue, which was yet another worthy venture the 1035 Facility had helped get off the ground.

58. Before the 2004 tsunami disaster, Afghanistan had been the largest IOM country operation in terms of budget, numbers of offices and staff, and it remained high on the Organization's agenda. For IOM to continue thriving under ZNG, however, the Administration would clearly have to show creativity and flexibility. Decentralization had become a viable option to that end, as certain services could easily be provided in places other than Geneva. This was part of the rationale behind the proposed Western Hemisphere Administrative Centre. Operating technical cooperation centres in many parts of the world, including Africa, was another alternative.

59. There might be some truth in the statement that the United Nations considered IOM to be essentially an emergency relief organization, perhaps because IOM was an active member of the IASC. It was also true that IOM was better known in Geneva than in New York, but the upcoming High-Level Dialogue would provide the means of giving IOM greater exposure and visibility at the United Nations in New York.

60. As to IOM's cluster role in disaster relief operations, it was up to Member States to decide whether or not that activity was part of IOM's mandate. They should do so, however, bearing in mind the Organization's many accomplishments in those endeavours.

61. In the absence of any further comments, the Executive Committee adopted Resolution No. 113 (CIII) on the Report of the Director General on the work of the Organization for the year 2005 (MC/2197).

## **FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2005**

62. The Executive Committee considered the Financial Report for the year ended 31 December 2005 (MC/2196), the relevant section of the Report of the Subcommittee on Budget and Finance on its Ninety-fifth Session (MC/EX/675), the Report by the External Auditors (Office of the Auditor General of Norway) on the accounts of IOM for the financial year 2005 (Conference Room Paper/20 (*English only*)) and the draft resolution on the Financial Report for the year ended 31 December 2005 (MC/EX/L/168).

63. The Rapporteur of the Subcommittee on Budget and Finance summarized the relevant discussions in the Subcommittee. The year had been marked by continued growth in the level and variety of IOM's programmes, bringing with it significant management and financial control challenges. The Administration had regularly reviewed and implemented control measures to ensure proper stewardship of the Organization's financial resources.

64. Total expenditure had amounted to approximately USD 952 million in 2005, an increase of 49 per cent over 2004. An estimated USD 1.9 million, a significant portion of which related to staff security, had been carried forward under the Operational Part of the Budget. In the Administrative Part of the Budget, a negative balance of CHF 637,548 brought forward from 2004 had been eliminated, and 2005 had ended with a surplus of CHF 356,038, partly due to a decrease in the provision for doubtful receivables and contributions from new Member States.

65. The External Auditors had informed the Subcommittee that the financial statements presented a true and fair view of IOM's resources and expenditures. A separate report summarizing the audit results, main observations and recommendations had been submitted for information and consideration.

66. The Executive Committee took note of the above-mentioned reports and adopted Resolution No. 114 (CIII) on the Financial Report for the year ended 31 December 2005 (MC/2196).

#### **STATEMENT BY A REPRESENTATIVE OF THE STAFF ASSOCIATION**

67. A representative of the Staff Association Committee (SAC) made a statement to the Executive Committee. He said that, despite the Organization's substantial growth over the past 10 years, conditions of service had deteriorated significantly, bearing serious consequences for an organization with the potential to meet the ever increasing challenges of migration.

68. A source of great concern to the staff was the lack of motivation caused by recent trends in IOM's human resources policies: shorter-term contracts, the perception of arbitrary staff rotation and lack of transparency with regard to promotions. Sadly, that environment did not bring out the best qualities of staff.

69. The accelerating trend towards decentralization had left management at Headquarters with little experience, unable to come to grips with the realities of field work. As a result, field workers had few possibilities of influencing the Organization's vision, and the interests of those who delivered core migration services had been ignored. Decisions relating to strategy and staff other than technical and operational staff had been left to a handful of people at Headquarters.

70. Another area of concern and puzzlement was the Administration's growing recourse to staff disciplinary measures. This was all the more regrettable since the Administration seemed to encourage high-risk ventures, but did not stand by its staff in time of need.

71. It had become clear to the SAC that many of the problems had been caused by the opposing forces of growth and financial constraints. Staff were being stretched to the limit, and institutional checks and balances were rare. Staff were concerned that the Administration's policies could seriously affect the Organization's future by supporting a type of management that was undermining IOM's capacity to maintain its competence throughout its growth.

72. Although most of those concerns had been raised in previous years, no response or remedy had been offered by the Administration. The SAC respectfully requested the Council, through the Executive Committee, to take steps to meet with the Administration and the SAC to discuss and clarify those issues.

73. The delegate of the United States of America praised IOM field staff for their dedication and accomplishments, in particular their efforts to provide life-saving assistance in times of crisis and at high risk. He would take up the points raised by the SAC representative, notably the request for a meeting with the Administration.

74. The Executive Committee took note of the statement made by the representative of the Staff Association Committee.

## **REVISION OF THE PROGRAMME AND BUDGET FOR 2006**

75. The Executive Committee considered the Revision of the Programme and Budget for 2006 (MC/EX/673), the Programme and Budget for 2006 (MC/2176), the relevant section of the Report of the Subcommittee on Budget and Finance on its Ninety-fifth Session (MC/EX/675) and a draft resolution on the Revision of the Programme and Budget for 2006 (MC/EX/L/169).

76. The Rapporteur of the Subcommittee on Budget and Finance said that the Subcommittee had examined document MC/EX/673, Revision of the Programme and Budget for 2006.

77. The Administration had reminded the Subcommittee that as a result of the Council's decision to apply ZNG to the Administrative Part of the Budget in 2006, reductions amounting to CHF 992,000 had been required to cover statutory and cost increases. Reductions amounting to CHF 450,000 had been made to non-staff budget lines and the implications presented in the Programme and Budget for 2006 (MC/2176). The outstanding amount of CHF 542,000 had been further reduced by CHF 434,000 by waiting to fill vacancies. The Administration would continue to consider options to find the remaining CHF 108,000 and would report in the Summary Update on the Programme and Budget for 2006.

78. The Administration had reiterated its concern about the negative impact of ZNG on the Organization's core structures and said that it intended to open discussions on the issue in the context of the 2007 budget process.

79. The scale of assessment had been revised to include the assessment of the Republics of Belarus, Cameroon, Ghana and Togo, which had joined the Organization in November 2005. The scale of assessment stood at 101.413 per cent, with contributions from the new Member States amounting to CHF 51,312.

80. The budget originally approved under the Operational Part of the Budget had been USD 429.6 million, but the expansion of ongoing activities and new projects had pushed it up by USD 183.2 million to USD 612.8 million. The increase was due primarily to humanitarian assistance activities in emergency operations, assistance to internally displaced persons and returnees, and counter-trafficking initiatives. As a result of the increase in project funding, the anticipated Discretionary Income had gone up, and the Administration had proposed that a significant portion of the increase be invested to change the outdated financial system, which could no longer cope with the financial transactions and processes implicit when expenditure reached almost USD one billion. The new system would fit in with the human resources management system and would give IOM an integrated IT platform for improved resource management. It had been endorsed by the External Auditors, who had pointed out that the present system did not meet the requirements of an organization as large and complex as IOM.

81. Having examined document MC/EX/673 in detail, the Subcommittee had recommended that the Executive Committee approve the Revision of the Programme and Budget for 2006.

82. In the absence of any comments, the Executive Committee adopted Resolution No. 115 (CIII) approving the Revision of the Programme and Budget for 2006.

### **ASSESSMENT SCALE FOR 2007**

83. The Executive Committee considered the proposed adjustment of the IOM assessment scale for 2007 (MC/EX/674) and the relevant section of the Report of the Subcommittee on Budget and Finance on its Ninety-fifth Session (MC/EX/675).

84. The Rapporteur of the Subcommittee on Budget and Finance, summarizing the Subcommittee's deliberations, said that the Administration had recalled that it was standard practice for the Subcommittee to deal with the proposed adjustment to the IOM assessment scale for 2007 at its spring session and had recommended to the Executive Committee the adoption of an assessment scale to be used for the budget of the following year. The same principles, guidelines and criteria that the Council had endorsed for the assessment scales of previous years had been applied and explanations provided on how the assessments were calculated and on the relationship with the United Nations scale of assessment.

85. The Subcommittee had recommended that the Executive Committee adopt the scale of assessment for the Administrative Part of the Budget, as shown in column 5 of the Annex to document MC/EX/674, and that the governing bodies review the assessment scale for 2008 in May 2007.

86. Without further comment, the Executive Committee approved the proposed adjustment to the IOM assessment scale for 2007 as set out in column 5 of the Annex to document MC/EX/674 and requested that the assessment scale for 2008 be reviewed in the spring of 2007 by the governing bodies.

### **OTHER ITEMS ARISING FROM THE REPORT OF THE SUBCOMMITTEE ON BUDGET AND FINANCE**

#### **(a) Outstanding contributions to the Administrative Part of the Budget**

87. The Rapporteur of the Subcommittee on Budget and Finance said that the Subcommittee had considered the status report on outstanding contributions to the Administrative Part of the Budget (SCBF/288). Although some progress had been made, many contributions remained outstanding.

88. The Deputy Director General had reported on the Administration's efforts to seek payment of outstanding contributions. The delay in settling those arrears had hindered IOM's ability to help Member States, governments and other stakeholders tackle their migration needs. The Administration had therefore urged Member States to make every effort to honour their commitments or to agree to a repayment plan.

89. Some delegations from countries with outstanding contributions had explained developments in their country's situation, while others had indicated that steps had been taken to settle part of the outstanding amount.

90. The Subcommittee had taken note with appreciation of the efforts made by some States to pay their outstanding contributions. It had also expressed serious concern about the situation and urged all Member States in arrears to make every effort to pay their outstanding contributions as soon as possible; in particular, it had urged Member States whose contributions had been outstanding for two or more consecutive years to pay their contributions in full, or to agree to a repayment plan. It had also recommended that they pay a first instalment as soon as possible. The Subcommittee had urged Member States who had concluded a repayment plan to fully respect the repayment conditions.

91. The Administration informed the Executive Committee that, since the Subcommittee's Ninety-fifth Session, Colombia and Croatia had fully paid their assessed contributions for 2006. The Republic of Korea had reduced its outstanding contributions to approximately CHF 200,000 and the Government of Nicaragua had paid an instalment in its repayment plan, which meant that it was no longer subject to Article 4 of the IOM Constitution. With outstanding contributions to the Administrative Part of the Budget amounting to CHF 6.5 million for 2005 and previous years, and to CHF 16.8 million including 2006, the situation remained alarming. It was vitally important for Member States to pay their contributions on time.

92. The Executive Committee took note of the status report on outstanding contributions to the Administrative Part of the Budget (SCBF/288) and endorsed the recommendations of the Subcommittee on Budget and Finance at its Ninety-fifth Session.

**(b) Support for developing Member States and Member States with economy in transition – 1035 Facility**

93. The Executive Committee considered the reports on support for developing Member States and Member States with economy in transition (SCBF/285 and SCBF/286) and the relevant part of the report of the Subcommittee on Budget and Finance on its Ninety-fifth Session (MC/EX/675).

94. The Rapporteur of the Subcommittee on Budget and Finance said that the aforementioned documents had followed the normal pattern of reporting, giving details on criteria of eligibility and types of project. Various adjustments had been made to the criteria and guidelines pursuant to the recommendations set out in the second evaluation of the Facility, undertaken by the Office of the Inspector General. The Administration had expressed its appreciation for the interest shown by delegations in the management of the Facility since its establishment and invited them to make specific voluntary contributions to it. The delegation of Morocco had announced a financial contribution to the Facility and encouraged other Member States to consider similar donations.

95. The Executive Committee took note of the reports on support for developing Member States and Member States with economy in transition (SCBF/285 and SCBF/286) and of paragraphs 39 to 50 of the report of the Subcommittee on Budget and Finance on its Ninety-fifth Session (MC/EX/675).



**(c) Delocalization**

96. The Executive Committee examined three documents: Delocalization: Update on the planned establishment of a western hemisphere administrative centre (WHAC) (SCBF/287), IOM's delocalization process and additional information on the Western Hemisphere Administrative Centre (WHAC) (MC/EX/676), and the relevant paragraphs of the Report of the Subcommittee on Budget and Finance on its Ninety-fifth Session (MC/EX/675).

97. The Rapporteur of the Subcommittee on Budget and Finance reported that the Administration had indicated that it wished to establish the WHAC in order to meet the needs and manage growth within the constraints of a budget held to ZNG, one effective method of which had been shown to be delocalization. A number of delegations had expressed support for the proposal to establish a second administrative centre, while others had requested additional information on the cost and funding implications. The African Group had expressed concern about paragraph 12 of document SCBF/287, which seemed to close the door on the establishment of any future centres in other regions. The Administration had taken note of that concern and promised to meet with the African Group. The Group of Latin American and Caribbean States (GRULAC) had announced the withdrawal by Uruguay of its offer to host the WHAC, leaving Panama as the only remaining possible location. As the Administration had said it would be discussing the issue further and providing more information, the Subcommittee had taken no formal decision on document SCBF/287.

98. The Administration said that document MC/EX/676 summarized the rationale for administrative centres and provided further clarification on the criteria on which locations and functions were selected. The Member States should bear in mind that delocalization was a process that evolved in relation to the changing nature of IOM's operations and administrative needs. In the five years since its establishment, the Manila Administrative Centre (MAC) had gone from being a small unit of approximately ten staff to a large office with over 120 staff. It was also important to bear in mind that a decentralized structure required strong internal controls, and that it was for that reason that the Administration wanted to spread risks and establish another administrative centre in a different part of the world. Furthermore, if needs or situations changed, the administrative centres could be moved, reduced in size or changed.

99. Paragraphs 11 and 12 of the document further clarified the criteria for transferring the kind of functions the Administration wanted to delocalize, not only from Geneva but also from other expensive locations.

100. It was currently estimated that about USD 500,000 would be needed to establish the WHAC, and that amount would be included in the Programme and Budget for 2007 under Discretionary Income, not in the Administrative Part of the Budget. Moreover, as clearly stated in paragraph 9 of the document, the Administration was not closing the door on other centres in other regions, particularly in Africa.

101. Numerous delegations expressed support for the WHAC, on the grounds that it would make IOM more effective and more productive. Document MC/EX/676 contained useful additional information on the WHAC's establishment and, in particular, removed all ambiguity as to how the delocalization process would continue. In that connection, several delegations also expressed support for the strengthening of IOM's administrative and programmatic structures in Africa.

102. Several other delegations expressed concern about a number of outstanding issues: one representative requested more information on the functions to be transferred to the WHAC and a financial plan with expenditure specifics extending beyond 2007, and various other delegations asked the Administration to quantify the benefits of opening the WHAC. The African Group, for its part, pointed out that document MC/EX/676 did not say how the criteria for selecting the functions to be transferred and the location had been taken into account or where the USD 500,000 needed to establish the WHAC would come from. Given the limited time the Administration had had to prepare the document, it was willing to be flexible and agree in principle to the WHAC's inclusion in the Programme and Budget for 2007, but nevertheless invited the Administration to provide additional information in due course and to continue its consultations with the Member States.

103. The Director General assured the Member States that IOM would work closely with them, when formulating the Programme and Budget for 2007, to answer the questions they had raised. He welcomed the flexibility of the African Group, adding that IOM was considering delocalizing technical cooperation and assistance activities to African countries. He was especially grateful that GRULAC had agreed on a single candidacy, and pledged to report on the benefits of the WHAC for all Member States.

104. The representative of Panama thanked IOM and the Member States for having agreed to establish the WHAC in Panama's City of Knowledge. The City of Knowledge had been conceived as a strategic point of convergence for the operations of international bodies and as a venue for multilateral meetings. The WHAC would be able to count on the support of the Government of Panama in terms of infrastructure, human resources, special fiscal and customs incentives, social stability and security.

105. The Executive Committee took note of the documents *Delocalization: Update on the planned establishment of a western hemisphere administrative centre (WHAC) (SCBF/287)* and IOM's delocalization process and additional information on the *Western Hemisphere Administrative Centre (WHAC) (MC/EX/676)*, and of the relevant paragraphs of the Report of the Subcommittee on Budget and Finance on its Ninety-fifth Session (MC/EX/675), and invited the Administration to submit proposals for the establishment of the Western Hemisphere Administrative Centre in Panama in the context of the Programme and Budget for 2007.

## **OTHER BUSINESS**

106. The Executive Committee noted that requests for membership had been received from the Governments of Mauritius and Spain, their assessments being 0.035 and 2.755 per cent respectively. The applications for membership would be considered at the forthcoming Ninety-first (Special) Session of the Council.

## **DATE AND PLACE OF THE NEXT SESSION**

107. Pursuant to Council Resolution No. 972 (LXXIV) of 26 November 1997, the Executive Committee would not hold a session in November 2006. The next session would therefore be held in spring 2007 in Geneva, on the provisional dates of 6 and 7 June 2007.

## **CLOSURE OF THE SESSION**

108. The Chairperson thanked the Meetings Secretariat and the interpreters and declared closed the Hundred and third Session of the Executive Committee of the International Organization for Migration at 3.55 p.m., on Wednesday, 7 June 2006.