

**ZUR BESCHLUSSFASSUNG**

## ACHTER PUNKT DER TAGESORDNUNG

**Evaluierung:****c) Externe Überprüfung der Umsetzung der strategischen Haushaltserstellung durch die IAO im Rahmen des ergebnisorientierten Managements**

1. Der Verwaltungsrat des IAA hat eine externe Überprüfung der Einführung der strategischen Haushaltserstellung in der IAO, wie sie im Evaluierungsrahmen der IAO 2002 vorgeschlagen wurde, gefordert. Das Amt hat die Gemeinsame Inspektionsstelle (JIU) der VN beauftragt, diese Evaluierung durchzuführen. Die im Anhang wiedergegebene Evaluierung enthält Ergebnisse und Empfehlungen ihrer Beurteilung.
2. Die folgenden Absätze behandeln die Reaktion des Amtes auf die Evaluierung.
3. Die Ergebnisse und Empfehlungen der Evaluierung der strategischen Haushaltserstellung in der IAO durch die Gemeinsame Inspektionsstelle sind ermutigend und stellen zugleich eine Herausforderung dar. Sie eröffnen die in der Evaluierungsstrategie der IAO vor fünf Jahren vorgesehene Möglichkeit einer eingehenden Diskussion des Verwaltungsrats und von Halbzeit-Korrekturen der Einführung und Anwendung der strategischen Haushaltserstellung.
4. Die Evaluierung stützt die grundlegenden Elemente der Strategie, die das Amt nach den Vorgaben des Verwaltungsrats verfolgt hat, und anerkennt die großen Fortschritte, die die IAO bei der Umsetzung des ergebnisorientierten Managements erzielt hat. Es ist ausgesprochen hilfreich, daß die Evaluierung Länderprogramme für menschenwürdige Arbeit als richtigen Schritt zur vollständigen Umsetzung des ergebnisorientierten Managements, als Mittel zur besseren Einbindung der Mitgliedsgruppen in die Arbeit der IAO in den Ländern, zur Mobilisierung interner und externer Ressourcen und zur Stärkung der Zusammenarbeit innerhalb des VN-Systems sowie als bevorzugtes Mittel zur Anwendung von IRIS als einem integrierten Managementinformationssystem und einem Instrument zur Förderung der Effektivität und Effizienz befürwortet.
5. Die Evaluierung liefert hilfreiche Beispiele für gute Praxis, die im Zusammenhang mit einigen ihrer Empfehlungen relevant sind, erkennt aber gleichzeitig an, daß Anpassungen erforderlich sein werden.

6. Die Evaluierung beinhaltet zehn Empfehlungen, unterteilt nach 33 spezifischen Punkten. In vielen Fällen bedingen diese die Ausarbeitung zusätzlicher Strategien und deren Erörterung durch den Verwaltungsrat. Es gibt weder Kostenschätzungen für die durch die Empfehlungen bedingte Arbeit noch wird der Zeitaufwand berücksichtigt, den der Verwaltungsrat für die Behandlung so vieler Punkte benötigen würde. Im übrigen beabsichtigt der Verwaltungsrat in vielen Fällen bereits die Aufsicht über die Entwicklung von Strategien, beispielsweise durch die Tätigkeit des neuen Unterausschusses für Informations- und Kommunikationstechnologie, die Überprüfung der Einrichtungsstrategie und die Überprüfung der Evaluierungspolitik und -strategie.
7. Nachstehend folgen zu jeder Empfehlung kurze Kommentare.
- **Empfehlung 1:** Ein umfassender konzeptioneller Rahmen für das ergebnisorientierte Management und eine zeitgebundene Umsetzungsstrategie. In Anbetracht der sehr umfassenden JIU-Begriffsbestimmung des ergebnisorientierten Managements würde dies ein Dokument sein, das neben allen in der bestehenden Evaluierung berücksichtigten Themen Informationstechnologie, Managementsysteme, Humanressourcen, Außendienststruktur, Einrichtungen, die Investitionsplanung usw. umfaßt. Nach Ansicht des Amtes sind gesonderte eingehende Diskussionen ein besserer Weg zur Behandlung einer so umfassenden Agenda. Allerdings ist eine Diskussion über ergebnisorientierte Grundsätze von Vorteil, die bei der Vorbereitung der Vorschläge des Amtes für all diese Bereiche Anwendung finden sollten.
  - **Empfehlung 2:** Internalisierung des ergebnisorientierten Managements durch a) die Nennung einer einzigen rechenschaftspflichtigen Stelle, b) eine Kommunikations- und Ausbildungsstrategie, c) periodische Erhebungen auf allen Ebenen der Organisation und d) die Festlegung der Rollen der Internationalen Arbeitskonferenz, des Verwaltungsrats, des Amtes und der Aufsichtsorgane. Das Amt begrüßt diese Empfehlung, stellt aber fest, daß es Kosten- und Kapazitätsfragen gibt. Es schlägt vor, den ersten beiden Punkten höhere Priorität einzuräumen und den vierten Punkt durch die regelmäßige Überprüfung der Fortschritte bei der Umsetzung des ergebnisorientierten Managements durch den Programm-, Finanz- und Verwaltungsausschuß des Verwaltungsrates zu behandeln.
  - **Empfehlung 3:** Reformen der Planungs-, Programmierungs- und Haushaltserstellungsprozesse, um folgendes einzubeziehen: a) ein SMART-Planungsinstrument für einen Zeitraum von zwölf Jahren, b) Prioritäten für die technische Zusammenarbeit auf der Grundlage der Länderprogramme für menschenwürdige Arbeit für denselben Zeitraum von zwölf Jahren, c) einen mittelfristigen Vier- oder Sechsjahresplan mit Mittelschätzungen, und d) einen Zweijahreshaushalt, bei dem Ergebnisse mit Resultaten verbunden werden. Das Amt hält diese Vorschläge für nicht sehr praktisch. Einigermaßen zuverlässige Informationen über künftige Entwicklungen sowie realistische nützliche Planungen und meßbare Ergebnisse sind über einen Zwölfjahreszeitraum nur schwer erhältlich. Ein so langer Zeitrahmen ist nicht mit dem SMART-Ansatz des ergebnisorientierten Managements vereinbar. Schon bei einem Zweijahresrahmen ist es schwierig, sich auf Mittelzusagen für die technische Zusammenarbeit oder den ordentlichen Haushalt zu einigen, und bei zwölf, sechs oder vier Jahren wäre dies noch schwieriger. In Punkt d) wird lediglich erneut auf die gegenwärtige Intention des Zweijahreshaushalts hingewiesen.
  - **Empfehlung 4:** Bessere Umsetzung des ergebnisorientierten Managements durch a) eine größere Deckungsgleichheit von Zielen und Zielvorgaben auf unterschiedlichen Organisationsebenen, b) SMART-Messungen auf allen Ebenen, c) Verbindungen mit Länderprogrammen für menschenwürdige Arbeit, d) Anpassung der Länderprogramme für menschenwürdige Arbeit an die Prioritäten der Mitgliedsgruppen, die nationalen Ziele und die Planung des VN-Systems sowie e) regionale und subregionale Strategien

zur Unterstützung der Länderprogramme für menschenwürdige Arbeit. Das Amt unterstützt alle diese Empfehlungen und hat lediglich Bedenken zu b) hinsichtlich der Frage, ob es praktisch möglich ist, die Zielvorgaben der höheren Ebene zu messen.

- **Empfehlung 5:** Dezentralisierung der Kapazität. Das Amt stimmt zu, daß zusätzliche Mittel ausdrücklich für eine kohärente amtsweite Unterstützung der Umsetzung der Länderprogramme für menschenwürdige Arbeit zugewiesen werden sollten.
  - **Empfehlung 6:** Eine Ressourcenmobilisierungsstrategie. Dies ist Teil vorhandener Pläne des Amtes.
  - **Empfehlung 7:** Eine gezieltere Ausrichtung der Länderprioritäten durch a) die Koppelung von Programm- und Haushaltszielen an regionale, subregionale und Länderziele sowie b) die Koppelung von Ausgaben in Ländern an Ergebnisse und Zielvorgaben. Dies ist Teil der vorhandenen Pläne des Amtes und ein wichtiges Merkmal der Entwicklung von IRIS.
  - **Empfehlung 8:** Stärkung der Aufsicht durch a) eine einzige Aufsichtsstelle, b) die Zuweisung von Aufsichts- und Untersuchungsaufgaben an diese Stelle, c) Risikobewertung, d) Berichterstattung über den Stand der Audits, e) einen Aufsichtsausschuß, dem Mitglieder des Verwaltungsrats, leitende Manager und Mitglieder interner und externer Aufsichtsorgane angehören. Die ersten vier Empfehlungen sind zwar nicht mit den gegenwärtigen Entwicklungen unvereinbar, sollten jedoch am besten als Teil der neuen Evaluierungsstrategie erörtert werden. Die letzte Empfehlung dürfte aufwendig und schwer umzusetzen sein. Noch wichtiger ist, daß dieser Ausschuß wesentliche Aufsichtsaufgaben des Programm-, Finanz- und Verwaltungsausschusses und des Verwaltungsrates übernehmen würde.
  - **Empfehlung 9:** Stärkung der Evaluierung durch neun Maßnahmen. Diese Maßnahmen sind mit den Vorschlägen für die neue Evaluierungsstrategie vereinbar und sollen am besten in diesem Rahmen erörtert werden.
  - **Empfehlung 10:** Entwicklung einer Strategie für Wissensmanagement und organisatorischen Wandel. Wissensmanagement ist zwar wichtig, führt aber leicht zu aufwendigen oder unpraktischen Maßnahmen. Das Amt hat eine Reihe konkreter Initiativen entwickelt, z.B. sein Intranet, ein neues elektronisches Datenmanagementsystem, die Verbesserung der Qualität von Statistik- und Forschungsarbeiten durch Planung und kollegiale Kontrolle, die Förderung interner Foren und Netzwerke und die Verwendung von IRIS, um programmatische Informationen in transparenter Weise amtsweit zur Verfügung zu stellen. Zwar wird anerkannt, daß technologische Werkzeuge und Wissensinhalte zusammenhängen und für ein wirksames Wissensmanagement von entscheidender Bedeutung sind, es sollte jedoch weiterhin separate und klare Rechenschaftspflichten geben.
- 8.** Aus Kosten- und Kapazitätsgründen dürfte es wichtig sein, Prioritäten für die Folgemaßnahmen zur Überprüfung der Fortschritte bei der Durchführung der strategischen Haushaltserstellung und des ergebnisorientierten Managements festzulegen. Es ist festzuhalten, daß das Amt bereits in verschiedenen Bereichen der strategischen Entwicklung durch andere Prozesse tätig ist, insbesondere im Bereich der Humanressourcen, der Informationstechnologie und der Strategie der technischen Zusammenarbeit. Hinsichtlich der ergebnisorientierten Haushaltserstellung schlägt das Amt die folgenden Prioritäten vor:
- Die Leistungsmessung sollte qualitative Veränderungen erfassen und aufzeigen, in welchem Umfang die Ergebnisse auf die Arbeit des Amtes zurückgeführt werden können, und in transparenter Weise an Haushaltsstände gekoppelt sein.

- Das Amt sollte dem Verwaltungsrat im November 2006 im Rahmen der Vorschau auf die Programm- und Haushaltsvorschläge für 2008-09 verbesserte Leistungsindikatoren vorlegen.
  - Länderprogrammen für menschenwürdige Arbeit sollte im Hinblick auf die vollständige Umsetzung des ergebnisorientierten Managements Vorrang eingeräumt werden, und sie sollten herangezogen werden, um die Indikatoren wirklichkeitsnaher und aussagekräftiger zu gestalten.
  - IRIS-Funktionen sollten genutzt werden, um eine transparentere Berichterstattung über den Einsatz von Ressourcen zur Erzielung konkreter Ergebnisse in der Zweijahresperiode 2006-07 zu gewährleisten.
  - Der Generaldirektor stimmt der Empfehlung zu, daß er „den Auftrag des Büros für Programmleitung und -überwachung und die ihm übertragene Verantwortung klarstellen sollte, eine kohärente Durchführung des ergebnisorientierten Managements in der gesamten Organisation zu gewährleisten“. Zu diesem Zweck sollte das Büro im Rahmen der vorhandenen Ressourcen des Sektors Management und Verwaltung verstärkt werden, wobei diese Ressourcen soweit möglich durch Sondermittel und außeramtliche Fachkräfte zu ergänzen wären. Dies würde die Förderung eines besseren Verständnisses für das ergebnisorientierte Management unter den Mitgliedsgruppen ermöglichen, vor allem für die schwierigen Wahlentscheidungen, die zwischen den Prioritäten einzelner Landesprogramme getroffen werden müssen.
9. Selbst mit dieser begrenzteren Agenda dürfte die Kapazität des Amtes nicht ausreichen. Im Einklang mit dem Aufruf des Generaldirektors vom letzten Juni könnten Mitgliedsstaaten mit entsprechender Erfahrung in diesen Bereichen eine Unterstützung durch Sondermittel in Betracht ziehen, insbesondere um sicherzustellen, daß Mitgliedsgruppen und Mitarbeiter in angemessener Weise mit Konzepten und Praktiken des ergebnisorientierten Managements vertraut gemacht werden, u.a. mit der Erstellung von Länderprogrammen für menschenwürdige Arbeit.
10. Das Amt beabsichtigt, auch weiterhin mit der Gemeinsamen Inspektionsstelle im Bereich der in ihrer Evaluierung angesprochenen Themen zusammenzuarbeiten. Neben den Beispielen für bewährte Praktiken in bezug auf eine Vielfalt von Aspekten des ergebnisorientierten Managements wird erwartet, daß die Gemeinsame Inspektionsstelle Informationen zu Leistungs- und Kostenkennziffern für bestimmte Funktionen liefern kann.
11. Der Generaldirektor bekräftigt nochmals seine nachdrückliche Befürwortung einer strategischen Haushaltserstellung und eines ergebnisorientierten Managements, die seinen Führungsstil geprägt haben, seit er wenige Tage nach Amtsübernahme seinen ersten Haushalt vorlegte. Er begrüßt die Lehren, die aus der Evaluierung gezogen werden können. Er verpflichtet sich, die Vorgaben des Verwaltungsrats energisch und wirksam umzusetzen.
12. ***Der Ausschuß möge dem Verwaltungsrat empfehlen, den Generaldirektor zu ersuchen, die vorstehenden Ergebnisse und Empfehlungen sowie die Beratungen des Ausschusses bei künftigen Entscheidungen über die strategische Haushaltserstellung und das ergebnisorientierte Management zu berücksichtigen.***

Genf, 20. Oktober 2005

Zur Beschlußfassung: Absatz 12.

## Anhang

JIU/REP/2005/6

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# External Review of the Implementation of Strategic Budgeting within a Results-based Management Framework in the International Labour Organization (ILO)

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## Abbreviations and acronyms

ACT/EMP	Bureau for Employers' Activities (ILO)
ACTRAV	Bureau for Workers' Activities (ILO)
CEB	United Nations System Chief Executives Board for Coordination
DWCPs	decent work country programmes
ILO	International Labour Organization
IPEC	International Programme on the Elimination of Child Labour
IRIS	Integrated Resource Information System
FAO	Food and Agricultural Organization
JIU	Joint Inspection Unit of the United Nations system
KM	knowledge management
MLDP	Management Leadership Development Programme
PRSPs	poverty reduction strategy papers
RBB	results-based budgeting
RBM	results-based management
SMART	specific, measurable, attainable, relevant and time-bound
SMM	Strategic Management Module
SPF	Strategic Policy Framework
UNDAF	United Nations Development Assistance Framework
UNDG	United Nations Development Group
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
WMO	World Meteorological Organization
WHO	World Health Organization

## Objective

The objective of the review is to test the degree of implementation of RBM in the ILO, and to make recommendations on how to adapt RBM principles, methodology and techniques to the specific needs of ILO.

## Introduction

1. The International Labour Organization (ILO) requested the Joint Inspection Unit (JIU) in March 2005 to undertake an external evaluation of its implementation of strategic budgeting. This report responds to that request and is in line with JIU policies regarding independence. The purpose of this report is to summarize findings and recommendations regarding the implementation by ILO of strategic budgeting based on approaches taken, noting progress made and the factors to consider for successful implementation in the future. The evaluation was approached from an analysis of the strategic framework of ILO against the results-based management (RBM) benchmarking framework contained in the series of reports on managing for results in the United Nations system (JIU/REP/2004/5, JIU/REP/2004/6, JIU/REP/2004/7 and JIU/REP/2004/8).
2. The Committee for Programme and Coordination of the United Nations, at its Forty-fifth session, 6 June to 1 July 2005, recommended “that the General Assembly: (a) Endorse the benchmarking framework proposed by the Joint Inspection Unit as a tool for the Secretary-General and the oversight bodies and for itself in order to measure the progress towards an effective implementation of results-based management in the United Nations”. It also requested, inter-alia, the Secretary-General, “as Chairman of the United Nations Chief Executives Board for Coordination [CEB], to encourage relevant participating organizations to take the necessary steps to endorse the benchmarking framework as a tool for them, without prejudice to legislative action by those organizations”.<sup>1</sup> The CEB also expressed its support for the RBM benchmarking framework developed by JIU indicating “... since RBB [results-based budgeting] is the tool for linking resources to results in an RBM framework, agencies might wish to first endorse the JIU-recommended benchmarks for RBM as the overall chapeau of RBB”.<sup>2</sup>
3. The ILO has used the JIU benchmarking framework in the preparation of its Strategic Policy Framework for 2006-09 (GB.291/PFA/9), which, in paragraph 52 indicates, “A recent JIU report on *Managing for results in the United Nations system* provides useful guidance on experience to date. The JIU identifies key techniques of managing for achieving results centred on improving performance. ... These techniques have guided the efforts of ILO to systematically apply results-based management to the preparation, implementation, monitoring and evaluation of programmes.”
4. The ILO defines strategic budgeting as the budget process that directly connects resource allocation to specific, measurable results selected by the broad agreement of internal and external stakeholders, and is directly linked to the overall organizational planning process.
5. The Inspectors have identified the process of planning, programming, budgeting, monitoring and evaluation as the core element of strategic budgeting. However, a comprehensive RBM approach implies a much wider scope, including, inter alia,

<sup>1</sup> Overview of the series of reports on managing for results in the United Nations system, Committee for Programme and Coordination, E/AC.51/2005/L.4/Add.12, 27 June 2005.

<sup>2</sup> Concept paper on results- based budgeting (RBB) in the organizations of the United Nations system, Chief Executives Board for Coordination, CEB/2005/HLCM/R.6, 23 Mar. 2005, p. 14.

information management systems and human resources management, in particular, delegation of authority and accountability, as well as staff performance management and contracting, which are the additional main pillars for the development of a solid RBM system. Given the time constraints for the preparation of this report, it focuses on the planning, programming, budgeting, monitoring and evaluation cycle; further review by JIU in the abovementioned areas is envisaged. The present evaluation aims at helping to guide the future direction of ILO in the context of RBM.

## Context

6. The first serious attempt to implement RBM in a structured manner began with the 2000-01 programme and budget proposal submitted by the new Director-General in 1999 to the Governing Body. Since then, the Director-General has led efforts to reform ILO practices towards a strategic budgeting and RBM approach. Over the past six years, ILO has continued its long-term commitment to implement an RBM approach, which is now entering its fourth cycle with the adoption of the Programme and Budget for 2006-07.
7. RBM is not an event, but a process. Its implementation is an ongoing effort and it does not happen overnight. In this respect, ILO has made considerable progress. The Director-General introduced the concept of strategic planning through the four strategic objectives, which are reflected in the Decent Work Agenda, and streamlined in the Office structure. This strategic approach constitutes a solid basis for the development and implementation of budgeting within a results-based framework. The dialogue between parties at different levels, from the Governing Body down to programme management, contains elements of a results-based approach. This is a positive evolution in the long way to the implementation of RBM.
8. The most important barrier to overcome in the implementation of an RBM approach within any organization, is the development of a results-oriented organizational culture, and for staff at all levels to become familiar with the concepts and terms of RBM, and understand the advantages and the implications for their work. This change has already begun within ILO. However, a comprehensive implementation of RBM, based on a well-defined strategy and subsequent coordinated and systematic action at all levels within the organization, remains to be developed. The experience of ILO over the past five years has provided a number of lessons to the Office, which has raised awareness of the complexity and long-term nature of a shift to a strategic budgeting process.
9. The methodology followed for the preparation of this report has been developed by JIU. Consistent with ILO practice for external evaluations, JIU finalized the terms of reference and managed the evaluation process from outside ILO. Interviews were held with members of the Governing Body, taking into consideration its tripartite nature. Representatives of member States, workers and employers' organizations were also interviewed during the field missions undertaken. Additionally, a large number of ILO officials at all levels, in different areas of activity and in several geographical locations were interviewed, including senior officials in the Bureau for Workers' Activities (ACTRAV) and the Bureau for Employer's Activities (ACT/EMP). Finally a confidential survey of more than 700 staff members (349 responses) was used to assess perceptions and attitudes regarding RBM.
10. The Inspectors would like to thank all those who took the time to participate in this exercise, either through interviews or by providing valuable data through questionnaires. It is important to mention the cooperation and support received from the Office, and in particular the role of the Evaluation Unit, which greatly facilitated the preparation of this report.

## 1. Understanding and internalization of the concept of RBM in ILO

11. The ILO approach to strategic planning is based on the operational objectives, performance indicators, targets and strategies as set out in the programmes and budgets for the periods 2000-01 and 2002-03, 2004-05 and 2006-07.
12. This approach is centred around: (i) planning for results as conceived in the Strategic Policy Framework; (ii) integrating national priorities and strategies into country- and sub-regional-level programming; (iii) establishing procedures, building systems, writing guidelines and developing tools to build capacity; and (iv) training and other means of reinforcing skills, and management roles and responsibilities for planning, implementing and monitoring within a results-based framework.
13. In 2003, ILO launched a diagnostic initiative to revitalize results-based planning at the country level, following principles and methods adapted from United Nations Development Assistance Framework/United Nations Development Group (UNDAF/UNDG) policies. Emphasis is now being placed on the Millennium Development Goals, Poverty Reduction Strategy Papers (PRSPs), and other national development frameworks, and joint ownership with national constituents and other partners, in order to achieve intended outcomes. The country frameworks and associated implementation planning are now being introduced to field and headquarters technical units.
14. Also beginning in 2003, ILO invested in an integrated resource information system, IRIS, within which a Strategic Management Module was added. This module is in the development stage but has the capacity to support joint implementation planning, monitoring and reporting. Eventually it will link decisions to resource allocation at the outcome level for both countries and thematic areas.
15. The magnitude and complexity of shifting the ILO planning and budgeting process to a results-based framework has been considerable. A major challenge has been to shift attitudes and practices of ILO managers, technical staff and support services to think and plan strategically. To this end, ILO has carried out regular briefings with line management, developed guidance materials and tools, and delivered several series of training courses. Funding from the United Kingdom Department for International Development (DFID), in particular, supported the development of an integrated planning database, with complementary tools and guidance, and training courses on strategic budgeting within regions and sectors.
16. Improvement has been achieved in the quality of indicators, priority definition and setting, strategic choice between different areas of work, interdepartmental integration and multidisciplinary programming, and in field and headquarters integration. The overall quality of the 2006-07 Programme and Budget proposal demonstrates the progress made so far by the Office.
17. The first attempts to introduce RBM within ILO started in the programming and budget areas; in fact the concept used for the introduction of RBM techniques was “strategic budgeting”. A comprehensive RBM approach implies a much wider scope, including, inter alia, information management systems and related human resources policies. Because ILO has been slow to embrace a broader effort to support a comprehensive RBM approach to strategic budgeting, implementation and understanding has been uneven within the different regions and departments. There is a good, in some cases excellent, understanding of RBM concepts, requirements and implications within some departments at ILO headquarters. Official documents show in most cases a sound knowledge of RBM

techniques. The situation in other departments, and especially in field offices, is somewhat different; in this case the rule is mainly “learning by doing”.

- 18.** In order to promote a common understanding of RBM within any organization, a clear conceptual framework for RBM is required as a broad management strategy. The framework should, inter alia, provide clear definitions of RBM concepts and techniques, and become a basis for a time-bound, coherent strategy for implementing RBM. Additionally, it should emphasize the advantages, implications and requirements of adopting RBM at all levels. In this respect, the implementation of RBM within ILO, as in all United Nations system organizations, is still a work in progress, with room for improvement, as many of the components and elements necessary for the development of a comprehensive RBM approach need further refinement. The Inspectors believe that the strategy for a comprehensive implementation of RBM could be presented to the Governing Body for its consideration at its November 2006 session.
- 19.** The differences in understanding and development regarding the implementation of RBM within the different sectors/programmes/organizational units of the ILO are considerable. The International Programme on the Elimination of Child Labour (IPEC) can be considered as a good example of a meaningful application of RBM techniques. There are still areas where the implementation of RBM is not sound. Activities funded through extra-budgetary resources, in general, are more in line with the application of RBM principles than those funded through regular resources. This is mainly due to donors’ reporting requirements, and to the temporal, short-term nature of specific programmes/projects, which facilitates the establishment of realistic indicators, associated targets and results to be achieved.
- 20.** In order to improve the uneven level of understanding of RBM within the Office, it would be useful to develop a training strategy that would promote change management throughout the Office, and by which managers and staff at all levels could become more familiar with RBM concepts and requirements. The Office has already developed some RBM training materials as part of the Management Leadership Development Programme (MLDP), but this effort has not reached all managers nor been extended to other staff. The Inspectors consider that the time limit for the training of all staff in RBM should not go beyond 2008. The deadline could be advanced to 2007 for line managers, as some training initiatives are already underway. The United Nations Development Programme (UNDP) could be considered as a best practice regarding RBM training activities. Training kits have been prepared at all levels and web-based support training is updated each year. UNDP provides year-round face-to-face and web-based training on managing for development results. Face-to-face training is provided to entry-level professionals and senior country office managers. Web-based training is entering its fourth year and variations of the RBM course are being developed for all staff members.
- 21.** The Inspectors are aware that the implementation of RBM might require start-up resources in certain areas, for instance training, as well as the strengthening of decent work country programmes (DWCPs) in regional and country offices. Nevertheless, in the middle and long term, the introduction of RBM should help to streamline the administrative and management processes, thus releasing sufficient resources to self-finance its implementation and consolidation.
- 22.** As indicated in the JIU report “Implementation of results-based management in the United Nations organizations: part I of the series on managing for results in the United Nations system” (JIU/REP/2004/6), an organization in order to internalize RBM should “Assign a clear institutional responsibility to a defined entity within the organization to assist and oversee the orderly and systematic introduction of RBM and ensure its coherent implementation within the organization”. This responsibility in ILO rests within the

Bureau of Programming and Management, but there is no structured and comprehensive strategy for the full implementation of RBM, nor is there a systematic follow-up of related activities.

23. The responsibilities of all the main parties involved in the Organization's governance, namely the Governing Body, the Office, and the oversight bodies, should be clearly defined. In ILO, the Constitution and related rules determine the respective responsibilities of each body. Experience shows that in many United Nations system organizations, governing bodies interfere in areas, which are the exclusive responsibility of the Executive Heads.
24. The ILO Governing Body should focus primarily on setting clear, measurable, and time-bound goals, objectives, and targets for the Organization; identifying the responsibilities of the Office in attaining the Organization's goals and objectives; monitoring the progress of ILO towards those goals and objectives by focusing on results, and insisting on accountability for results; and authorizing resources commensurate with the approved programmes, and/or giving clear guidance on programme and resource allocation priorities when and where sufficient resources cannot be provided. However, the political agenda, specific interests and the economic situation of different member States heavily influence decisions regarding resource allocations, relegating in some cases the clean application of RBM. The planning and programming exercise currently starts with the level of resources available, and it is only afterwards that objectives/results are considered.
25. The ILO's Governing Body is not a uniform one, given its tripartite nature. The tripartite character of the Governing Body ensures a wider representative base than with most United Nations system organizations, where there is only government participation, but this makes the governance process more complex. The process of reaching consensus on setting priorities and policies is integral to its tripartite approach. Views and perceptions of the diverse constituents can differ considerably. The Office's role, then, has been to anticipate the different views under specific proposals, and facilitate the consensus-building process. This approach does not facilitate a straightforward and precise decision-making process.
26. The Office should satisfy the Governing Body that the established goals and objectives are translated into effective programmes and activities that contribute to or ensure their achievements, and that resources are used efficiently, fully respecting the mandates and priorities established by the Governing Body; promote a sense of ownership and accountability among managers and staff; promote an environment of trust among parties; and provide at timely intervals, through defined tools, clear assessments of the Organization's performance. Oversight bodies should satisfy the governing bodies that the secretariats are discharging their responsibilities in the most effective and efficient manner, and advise and guide the secretariats in their efforts towards greater efficiency.
27. A clearly articulated and agreed division of roles between these three components would help to cope more effectively with the challenge posed by RBM. The Inspectors suggest that the Governing Body considers the roles and responsibilities involved in the implementation of RBM at its November 2006 session.

### **Recommendation 1**

**The Office should now institutionalize a comprehensive RBM conceptual framework, and a time-bound implementation strategy, for consideration and approval by the Governing Body in 2006. In formulating its conceptual framework, the Office may like to refer to the JIU benchmarking framework for RBM, and the**

glossary of key terms prepared by the Organisation for Economic Co-operation and Development (OECD), as well as development frameworks such as UNDAF/UNDG.

## **Recommendation 2**

**In order to internalize the concept and practice of RBM within the Organization, the Director-General could:**

- (a) make explicit the mandate and assigned responsibility for ensuring a coherent implementation of RBM across the Organization to the Bureau of Programming and Management;**
- (b) develop and implement a communication and comprehensive training strategy, to acquaint managers and staff with the RBM concept, requirements and impact on their day-to-day work;**
- (c) survey periodically the level of understanding and risks/opportunities of the implementation of RBM, at all levels of the Organization, with emphasis at the country level; and**
- (d) seek to establish clear roles and responsibilities for all actors involved in the implementation of RBM, namely the International Labour Conference, the Governing Body, the Office and oversight bodies, both internal and external.**

## **2. Strategy, the ILO Strategic Policy Framework and the planning/programming process**

**28.** The Strategic Policy Framework (SPF) 2002-05 introduced the first components of a strategic planning approach into mid-term planning and focused for the first time on a global goal “decent work”. This goal was supported by four strategic objectives, which are still used in the second SPF proposal, covering the period 2006-09, as follows:

- (i) promote and realize standards and fundamental principles and rights at work;
- (ii) create greater opportunities for women and men to secure decent employment and income;
- (iii) enhance the coverage and effectiveness of social protection for all; and
- (iv) strengthen tripartism and social dialogue.

**29.** The proposed SPF for 2006-09 introduces an additional level in the logical framework, namely operational outcomes. These 19 operational outcomes define results the Organization expects to achieve, and measure, in the medium term, as a consequence of actions taken. At this level, indicators have been introduced to facilitate measuring against pre-determined targets. The logical framework is completed with some cross-functional strategies and programmes, such as the mainstreamed strategies, the InFocus Initiatives and DWCPs. “In the near future, outcomes identified in DWCPs will also be linked to operational outcomes in the strategic framework”.<sup>3</sup> The mainstreamed strategies build on the issues introduced from the start of strategic budgeting, initially called “cross-cutting” and then, with the introduction of performance indicators in 2004-05, “shared policy

<sup>3</sup> ILO’s official answer to the JIU’s corporate questionnaire on RBM.

objectives”. The current stage in formulation continues the initial recognition that these issues “cut-across” all areas.

30. The strategic objectives of the ILO have been endorsed by the Governing Body, and can be considered as long-term objectives. They were introduced with the first SPF for the period 2002-2005. The carry-over of the strategic objectives from the current SPF period to the next one, as proposed in the SPF for 2006-2009, thus covering a period of eight years, confirms that the overall objectives of the ILO, as with most international organizations, are of a long-term nature. A long-term planning strategy is therefore justified.
31. The overall goal set by the ILO, “decent work”, is a long-term one, and the impact and changes produced through ILO’s action towards the achievement of this goal are long-term issues but the Office has yet to develop a long-term planning mechanism. “Decent work” is a global goal that needs to be translated from long-term planning into specific objectives and tangible results to be achieved in the short-term. The current SPF is not a long-term planning tool; additionally, the different organizational layers do not cascade down with clear linkages, most of the targets are not supported by baseline data, which is the basis to establish the appropriateness of any target chosen, and many indicators need refining. All of these represent a sample of the usual problems faced by any organization trying to implement RBM. However, the Inspectors believe that the ILO has developed a powerful tool in the form of DWCPs, which should be used as the basis for future planning.
32. Country programmes should be the starting point for the ILO to build its long-term strategy. When properly designed, DWCPs are extremely powerful tools, as they should be the result of national consensus, reflecting the priorities of constituents and responding to their needs. The Organization is well aware of the importance of DWCPs, as indicated in various documents. “Decent work country programmes will, over the biennium 2006-07, become the main framework for ILO work within countries, complemented by research and services at a regional and global level.”<sup>4</sup> It is mainly through DWCPs that ILO can demonstrate its value to its constituents, and strengthen its public accountability. Furthermore, they are key to the global strategy of the Organization as stated by the Director-General, “Decent work country programmes, which constitute the backbone of the ILO’s support to national constituents, are central to the global strategy. It is at the national and local level that the decent work goals are embedded in the lives and aspirations of people, and where the mutual reinforcement between progress on rights at work, employment, social protection and social dialogue is most apparent and most effective.”<sup>5</sup>
33. The adoption of a long-term planning instrument for the Organization (corporate strategic framework) is considered a must. The global long-term strategy, or corporate strategic framework, should include the internationally agreed goals that closely relate to the Organization’s mission, and to which a contribution from the Organization is expected in view of its specific mandate and sphere of competence. In addition, it should clearly define the long-term objectives for the Organization that would contribute to the attainment of the identified goals. The Inspectors propose that ILO builds a long-term strategy (to cover a 12-year period), initially following a bottom-up approach, starting with proposals of DWCPs developed through dialogue and consensus among ILO constituents at the national level. These DWCPs would then be consolidated at the subregional and regional levels to form an initial global strategic proposal for long-term. For planning the 2004-05 Programme and Budget, ILO used input from subregions and regions to consolidate

<sup>4</sup> The Director-General’s Programme and Budget proposals for the biennium 2006-07, GB.292/PFA/8(Rev.), March 2005, para. 85.

<sup>5</sup> *ibid.*, para. 66.

national priorities into regional priorities. “The ILO is well placed to take up the challenge of connecting local and national action to regional and global initiatives.” (Programme and Budget proposals 2006-07). The challenge remains moving from theory to specific and measurable action.

- 34.** An analysis of the global strategic proposal, taking into consideration the estimated resources that could be made available, and combined with the areas of strategic importance for the Organization, would form the basis for the establishment of a global strategy, setting specific priorities that would then be cascaded back in a top-down manner. These priorities would then be presented as specific global, regional and subregional mid-term programmes, including an indication of associated resources for each level that would finally appear in approved DWCPs, with appropriation of resources to be implemented every two years. The intention of this proposal is to build a long-term strategy solidly based on real needs at the national level, thus being global and specific at the same time. This approach is not entirely new to ILO, as the 2006-2007 budget proposals were partly prepared through a consolidation of country, subregional and regional needs.
- 35.** The need for a long-term planning instrument is evident not only in the normative activities and social policy-oriented programmes of ILO, but also in the need for a strategic medium- and long-term institutional investment plan, which should be part of the Organization’s long-term strategy. This has been highlighted in the Programme and Budget proposals for 2006-07. The use of such a long-term strategic planning instrument is not new to the United Nations system, the Food and Agricultural Organization (FAO) has in place a long-term strategic framework for 2000-15, and the World Health Organization (WHO) plans to follow this approach.
- 36.** The long-term strategic planning instrument, if accepted, should be sent for the Governing Body’s consideration at its November 2006 session. In this way and if approved, it can be the basis for the preparation of the mid-term programme (March 2007) and subsequent programme and budget proposals, starting with the programme budget for 2008-2009. Thus long-term objectives could be adapted and reflected in DWCPs within the Programme and Budget for 2008-2009, and the first long-term strategic planning instrument could cover the period 2008-2019.
- 37.** The Organization’s programmes and resources should be well aligned with its long-term objectives. The long-term planning exercise should include an estimated level of resources. In this way, long-term planning (12-year cycle) could be translated into mid-term programmes (four to six years). In the case of medium-term programming (four years or more), a forecast of a targeted level of resources would be required, and appropriation could be done on a biennial basis according to the length of implementation cycles (DWCPs and/or decent work “regional” programmes). In this regard the World Meteorological Organization (WMO) serves as an example, as expenditure ceilings are approved for a four-year period. Planning for the long-term cycle would be done once every 12 years; the programming exercise would be repeated two or three times within the long-term cycle, taking into consideration programme evaluation feedback from previous periods, and adopting a zero-based budgeting and programming instrument linking resources to results. Finally, the implementation cycle of two years would be repeated two or three times within a programme period. It is important to guarantee coherence and compatibility between budgeting and programming decisions (e.g. any budget cuts should correspond to specific, identified programme cuts).
- 38.** The strategic and operational objectives of ILO are of a long-term nature, and should be supported through a long-term planning strategy. Therefore, in the Inspectors’ opinion, there is little need to re-think and discuss them every two or four years. Current practices take up time and resources that could be better used for implementation and performance

review. As experienced in other organizations, the mechanisms used for long-term planning should be flexible enough to allow for adaptation to a fast changing environment, and be able to accommodate new requests that might emerge in the middle of the cycle.

39. The broad nature of the strategic objectives of ILO makes it difficult to determine if any impact achieved is the consequence of the exclusive action of the Organization. In fact, there are additional players, such as governments, other international organizations, NGOs, etc that are key to the success or failure of these strategic objectives. The Office considers impact measurement at this level very difficult and costly, thus there are no associated indicators to verify progress against pre-established targets. The strategic objectives should be considered as overall goals, whereas the use of the word “objective” implies means to verify its achievement.
40. The same conclusion can be applied to the “operational objectives”: they are not measurable. Using RBM terminology, the objectives should be specific, measurable, attainable, relevant and time-bound (SMART), and constitute, therefore, the critical results to be accomplished or assessed by the organization over the period of time covered by its strategic framework. The strategic and operational objectives of ILO are in reality wide areas of activity or goals and in this respect, the Organization’s structure was changed after the strategic objectives were defined.
41. The Office estimates that the first level where some measurement of progress, through appropriate indicators, could be introduced is the operational outcome level. The Office indicated that “Indicators are not used at other levels of the hierarchy: higher levels would be difficult to measure and lower levels would be too detailed”.<sup>6</sup> The biennial Programme and Budget establishes the results that will be sought and reported on for the biennium, the strategic budget that will be used for this, and a summary presentation of the strategies that will be undertaken in order to achieve the indicated results. In this respect, several operational outcomes theoretically contribute to the achievement of results directly linked to specific operational objectives, but it is not possible to determine to what extent each of the specific outcomes contributes to the overall achievement of a given operational objective.
42. The operational outcomes do not systematically cascade down into departments’ and regions’ work plans with clear and measurable links into lower level and individual work plans. The current framework does not provide a logical link between the objectives and results at different organizational levels, showing little consistency from the organizational level down to the individual one. This feature has been observed in other United Nations system organizations. The ILO’s objectives, both strategic and operational, have been defined in a top-down manner; they have not been formulated through the consolidation of national and regional common interests, although consultations were widespread, particularly in preparing the 2006-09 SPF.

### **Recommendation 3**

**The Governing Body may wish to consider requesting the Director-General to submit to the Governing Body for consideration and approval:**

- (a) **a long-term strategic planning instrument covering 12 years, identifying those agreed specific, measurable, attainable, relevant and time-bound (SMART) long-term objectives related to its mission and mandate, as well as the goals that would contribute to the attainment of such objectives, derived from ILO overall**

<sup>6</sup> ILO’s official answer to the JIU’s corporate questionnaire on RBM.

priorities, the Millenium Development Goals, and other related global conferences;

- (b) the priority areas for technical cooperation in-line with decent work country programmes, in the form of strategic objectives/goals to be achieved at the end of the period in question;
- (c) a mid-term (four- or six-year) plan, together with an overall estimate of required resources both regular and extra-budgetary, for the first phase of implementation of the long-term objectives, with the understanding that the associated resources estimates are presented for information purposes; and
- (d) a biennial operational budget to appropriate resources linked to specific outcomes (expected results).

#### **Recommendation 4**

In doing so, the Director-General may wish to:

- (a) align objectives and goals in such a way that they cascade at all levels of the Organization in a cause-effect relationship;
- (b) ensure that the objectives and goals and their related indicators at all levels are SMART, and agreed through a participatory process involving management at all levels, including regions, so as to allow measurement of results;
- (c) link the objectives and goals of the DWCPs so that they are in line with the global objectives and goals, and ensure that long-term objectives and goals are mutually adapted to, and reflected in, formal DWCPs.
- (d) make sure that country strategies are tailored to national needs, and coordinated with workers and employers' organizations as well as with other United Nations organizations present in the country to avoid duplication, through the use of national plans of action, as a result of consensus at the country level; and
- (e) Develop regional and subregional strategies supporting the implementation of DWCPs.

43. DWCPs were established formally as the next step in the development and implementation of results-based budgeting, through an ILO Circular issued in May 2004 (ILO Circular Series 1, No. 599, decent work country programmes). The Organization expects DWCPs to be the main tool to plan, programme, monitor and report on ILO's work in the field. The Inspectors share this view. DWCPs should reproduce consensus among end beneficiaries within a given country and provide a solid base for the long-term global strategy of ILO. Additionally, DWCPs lend themselves to a full application of RBM. "The application of results-based management in decent work country programmes is a strong feature of my proposals."<sup>7</sup> National interests should form the basis of DWCPs, which are still in an early stage of development, as they were only introduced throughout ILO's field structure in 2004-05.

44. The member States of ILO have been experimenting with national plans of action on decent work (NPADW) since 2001, when they were called for by the 13th Asian Regional Meeting. This promising pilot initiative in that region has proved to be successful. The

<sup>7</sup> GB.292/PFA/8(Rev.), op. cit., para. 35.

concept is that of a broad national consensus on decent work, with the constituents holding the main responsibility for implementing the plan. NPADWs can be a useful framework for national action and can help to programme the ILO's work in a country within DWCPs. At the same time, limited experience has shown that NPADWs tend to cover all aspects of decent work in general terms, and to raise expectations that ILO will be able to make an important contribution under each of many different headings. Given resource limitations, the danger is that the absence of NPADWs agreed among the parties, or partial NPADWs, will lead to a fragmentation of DWCPs, and a failure to set priorities and concentrate the resources necessary to achieve measurable results. Conversely, in countries where national tripartite consensus is difficult to achieve, NPADWs may fail to include essential priorities, in particular those related to the constitutional principles and standards of ILO.

45. In order to launch strong country programmes, the role of the regional and subregional offices needs to be reconsidered and their structures strengthened by, inter alia, increasing the level of delegated authority. Currently it is not very clear what their share of responsibility is for contributing towards the achievement of results. The proposed approach requires a higher degree of decentralization in line with the trend expressed in several ILO documents. Resource capacity should be increased and decentralized progressively for DWCP implementation. The strategies for decentralization to the regions and subregions would have to be included within the first long-term strategic planning instrument covering the period 2008-19, and given strong emphasis in the first two biennia (2008-11).
46. This approach also provides an answer to the concerns expressed by constituents during interviews, where governments, workers and employers' representatives indicated that they generally approach ILO to request support for their own specific projects and activities, without a previous dialogue and consensus on the national priorities, and having no clear idea of what ILO plans to or could do in their specific countries. The Inspectors share this concern, which has already been highlighted in the Governing Body discussions. At the national level, better involvement of the social partners is crucial and DWCPs are a key element to achieve this.
47. It is fundamental to better balance central organizational goals and national priorities, and this can be achieved notwithstanding the role of ILO as a policy-based organization. Its priorities and action are not limited to those aspects of its mandate that give rise to consensus in countries or regions. Advocacy is an essential part of ILO's work.
48. Political and social instability in many countries where the Organization operates represents a major obstacle for long-term planning. In this regard, DWCPs must be the result of national consensus, as already indicated, and be supported, whenever possible, by a firm state commitment, going well beyond governmental cycles.
49. For the successful implementation of DWCPs there is a precondition to be met, and this is the need for consensus among ILO constituents on the use of results-based management for ILO action in countries. Information sessions and national workshops for constituents on results-based management could help to ensure that DWCPs – and thus the ILO programme as a whole – follow results-based principles. Cross-fertilization through the exchange of views on the experience among the regional and country operators in the application and development of DWCPs would serve for identifying good practices in the field.
50. The Governing Body will review field structures in 2006-07 and could look at the balance of headquarters, regional, subregional and country offices at that time. This review will be a good opportunity to set criteria and guidelines as a tool for the Office to make field operations more effective and efficient. Given the large number of member States and the

much smaller number of offices that the ILO can afford, the approach to decentralization will have to carefully balance demands with effectiveness and efficiency criteria.

### **Recommendation 5**

**The Director-General should look for additional opportunities to increase and decentralize capacity that provides a coherent approach to the implementation of DWCP. This approach should include the establishment of clear criteria for the distribution of resources at the subregional and regional level, and the setting up of long term incremental targets to shift resource allocation to countries, in line with the national plans of action on decent work.**

### **3. Resource mobilization**

- 51.** The approach of ILO to strategic budgeting has called for an integration of extra-budgetary with regular budget resources to support a single strategic programme, its implementation and reporting. Like most other United Nations system organizations, ILO has been subject to zero real or nominal growth over multiple biennia. Under these conditions, productivity and efficiency gains become fundamental, and the need for scarce extra-budgetary resources more compelling. ILO's framework for resource mobilization has been somewhat fragmented, with different parts of the Office often in competition. A resource mobilization framework and strategy based on country-level priorities and opportunities could improve the efficiency and focus the scope of fund-raising efforts.
- 52.** The design of meaningful and attractive programmes and projects, based on consensus at the country level thus reflecting real national needs, would facilitate the mobilization of extra-budgetary resources. The analysis of DWCPs proposals can help in the identification of appealing projects. IPEC is a very good example of how a global strategy built on real country needs is translated into a packaged product appealing to donors. There is a need for a higher degree of proaction in fund-raising activities. Fund-raising appeals could be organized annually following the example of the United Nations Children's Fund (UNICEF), or take the form of multi-year funding frameworks (UNDP's approach). Funding appeals can also take the form of "thematic" appeals, or be designed specifically to cope with a particular situation.
- 53.** The preparation of the next Programme and Budget (2008-09) should include the development of a resource mobilization framework, including, inter alia, the possibility of annual or multi-year funding frameworks, which should be aligned and linked with the first long-term strategic planning instrument, as well as with the first mid-term programming period starting in 2008.

### **Recommendation 6**

**The Director-General should develop and submit to the Governing Body for consideration and approval, a resource mobilization framework, taking into consideration the possibility of establishing annual appeals and/or multi-year funding frameworks. In doing so, the Director-General should ensure that fund-raising activities are conducted in a more proactive manner, and that they clearly link to the Organization's priorities and any consolidated appeals made by the organizations of the United Nations system.**

#### **4. Performance measurement, monitoring and reporting**

- 54.** The first step in performance measurement, whether organizational or individual, involves clarifying the objectives, and defining precise and measurable performance indicators concerning the results to be achieved, and then identifying the means (i.e., resources and activities/processes) to be employed to meet those objectives.
- 55.** ILO has made progress in improving the clarity of its operational objectives and associated indicators. In the Programme and Budget 2006-07, it has distinguished between the intended outcome of a given priority and strategy, and the performance indicators that define and quantify the scale of achievement. These indicators are general, however, and require further definition, particularly in how they are to be applied at the country level. The Office is planning to refine the definitions and baseline or starting conditions during the implementation planning phase.
- 56.** The establishment of sound objectives, indicators and targets at different organizational levels is a precondition for meaningful monitoring. The Inspectors note that the current approach to setting targets is based on historical performance, and not work planned at country or subregional level.
- 57.** Baseline values – which measure conditions at the beginning of a budget proposal – are needed to set realistic targets for achievement within the constraints of resources and time available. As the starting conditions at country level are not known at the programme budget planning phase, it is unclear to the Inspectors how targets in the programme budget are being set. During the 2002-05 period, targets were adjusted based on previous experience. In this case the performance results reported in the previous programme period were used as a benchmark for planning the new period. However, this approach does not provide a breakdown of targets across regions for which performance accountabilities can be designated.
- 58.** The implementation of an RBM approach requires the development of effective cost-accounting systems that link expenditures to expected results. In this respect ILO is fairly well equipped. The Integrated Resource Information System (IRIS) has been developed to track and record programming, implementation, results and expenditure for all of the Organization's programmes within a given country, subregion or region. It is expected that once IRIS is fully operational in the next biennium, internal transparency and accountability for DWCP will be enhanced. As much work remains to be done, there is a need for the Office to define how to prioritize needs, and to decide at what level of results to establish the linkage to expenditure.
- 59.** The Strategic Management Module (SMM) of IRIS has the feature of linking resource use at the outcome level. If combined with country-level expenditure data, this tool could constitute a major advancement in results-focused cost accounting linked to high-level objectives. The SMM is expected to be operational in 2006, thus the improvement of DWCPs by linking country level expenditure to outcomes and objectives could be targeted for full implementation during the following biennium (2008-09).
- 60.** Monitoring progress towards results is a weak point in ILO practices. Many managers acknowledge that, as a rule, they neither develop unit-level performance measures and targets to plan and report on their work, nor do they consider their performance targets SMART. Through extra-budgetary funding, the Office has provided training in how to develop unit-level work plans and set performance indicators and targets. However, more effort is needed to improve internal practice in this fundamental area.

**Recommendation 7**

**The Office should:**

- (a) link targets more directly to the specific outcomes intended in each region and subregion. DWCPs can be a framework for this; and**
- (b) continue efforts to build its capacity to link expenditures at country and activity levels to outcomes and objectives.**

**5. Oversight and evaluation**

- 61.** Oversight and control mechanisms play a key role in the exercise of accountability. Oversight, which should be adequate in terms of independence, mandate, reporting, structure, staffing and professional strength to cope with the exigencies of results-based management, should help in taking corrective action, if required; and formulate, disseminate and enforce codes of conduct and ethical standards for all staff. A comprehensive system of oversight must cover the functions of audit, monitoring, evaluation, inspection and investigation. The audit function is the best known and established within ILO. The evaluation unit has just been established, and inspections and investigations are undertaken exceptionally on an ad-hoc basis.
- 62.** Currently, the audit function within ILO is evolving from compliance audits, mainly in the financial and administrative areas, towards operational audits more concentrated in management. The audit function is also responsible for investigations, which are undertaken only on a reactive basis. Although both audits and investigations are based on the analysis of evidence, they are slightly different and require specific training, capabilities and resources. The investigative capabilities of ILO should be strengthened, as they are extremely limited. According to the interviews held, the independence of audit within ILO is not an issue.
- 63.** ILO lacks a comprehensive vision and policy regarding oversight. The functions of evaluation and audit could be consolidated under the overall umbrella of an oversight structure, but this should be pursued by the Office once an oversight policy framework has been established. This approach might be helpful in order to reinforce synergies within oversight activities as both are supported by monitoring and compliance mechanisms. The Office of Internal Oversight Services of the United Nations is an example of an integrated oversight unit, covering audit, evaluation, monitoring, inspection and investigation functions.
- 64.** Follow-up of oversight recommendations is a weak area within most United Nations system organizations, including ILO, although some progress is being experienced through the creation of specific mechanisms. In this respect, ILO would benefit by establishing an oversight committee to ensure follow-up and compliance with recommendations from external and internal oversight bodies. Such a committee should be formed by senior-level officials from ILO, learning from the best practices of, and retaining the possibility of incorporating members from, other United Nations system organizations. In this respect, WMO can serve as an example. This possibility could be considered by the Governing Body at its November 2006 session.

## **Recommendation 8**

**The Director-General should strengthen the oversight function by:**

- (a) placing the audit and evaluation functions under the overall umbrella of an oversight unit and establishing relevant operational procedures;**
  - (b) including the inspection and investigation functions under the oversight unit's responsibilities;**
  - (c) ensuring that the oversight unit plans apply risk assessment and efficiency techniques in audits;**
  - (d) ensuring that the oversight unit reports regularly on the number and status of implementation and impact of audit recommendations; and**
  - (e) recommending to the Governing Body the establishment of an oversight subcommittee, composed of members of the Governing Body, senior managers and members of the internal and external oversight bodies, to oversee the effectiveness of the oversight function and compliance with its decisions as well as with the recommendations of the oversight bodies, both internal and external.**
- 65.** The Governing Body has consistently called for reinforced and more independent evaluation capacity within ILO. In response, the Director-General decided to strengthen the capacity and independence of evaluation within ILO by establishing a new organizational unit. The evaluation unit was established within the Management and Administrative Sector (ED/MAS). Its establishment is a very positive initiative and during the transitional year of 2005, the unit will develop plans and procedures addressing different evaluation-related issues. It is separate from the Bureau of Programming and Management and it will report directly to the Director-General. This is best practice in terms of independence. In addition ILO is changing its evaluation policy to systematically incorporate self-evaluation as part of its evaluation framework. According to the Office, further details on the new evaluation unit and the evaluation policy will be provided to the Governing Body in November 2005.
- 66.** ILO is aware of the importance of evaluation as a fundamental instrument in any RBM approach. Since 2002, the Office has written an evaluation policy and strategy, and reports have gone to the Governing Body on the outcome of regular budget programme and technical cooperation project evaluations. There has been consultation with ILO's constituent groups in the evaluation topics and terms of reference. Additionally, some efforts are being made in order to promote the use of self-evaluation.
- 67.** Self-evaluation should be built on management processes, with self-evaluation conducted in real time and in a systematic manner, allowing managers to detect and correct deviations from the path leading to the accomplishment of objectives before it is too late. Self-evaluation should be institutionalized at all levels within the Organization.
- 68.** Evaluation has no meaning without systematic feedback into future planning/programming/budgeting and this is still a practice that is not well institutionalized within ILO. Systematic follow-up on evaluation recommendations is another area for further improvement. Systems of accountability and reporting are needed to track whether there is effective follow-up of recommendations.
- 69.** There is considerable room for improvement in the evaluation area, as evaluation should be extended to all organizational units and not be restricted to those indicated in the 2002 Evaluation Framework (project, programme/thematic and country evaluations). The

current evaluation structure should be strengthened, as the resources allocated are small to adequately cover an organization like ILO. In this regard, evaluation resources should be reconsidered, if possible, within the first year of the next biennium (2006).

- 70.** It is obvious that not every single organizational unit can be evaluated in a biennium, thus only those of strategic importance for the functioning of the Organization, plus those projects and risk areas with significant allocation of resources should be evaluated systematically by internal evaluation mechanisms. These should be supplemented by a random sample of other organizational units to be evaluated every biennium. This would help to promote an evaluation culture within ILO. Once the evaluation structure and the evaluation culture of the Office is improved and well established, there is a need to periodically assess the impact of follow-up internal mechanisms of evaluation findings, starting during the 2008-09 period.
- 71.** External evaluation should fulfil the same role in respect of internal evaluation, as internal evaluation does in respect of self-evaluation, and it should be conducted systematically and in a balanced manner among the different organizational areas and sectors. The new evaluation strategy should address these issues.

### **Recommendation 9**

**The Director-General of ILO could:**

- (a) submit, as planned, for the Governing Body's approval, an evaluation strategy that defines the different types, level and timing of evaluations;**
- (b) ensure that self-evaluation is a main component of the strategy, combined with internal and external evaluations;**
- (c) ensure that baseline conditions are established to support effective and systematic performance measurement;**
- (d) ensure that resources are clearly allocated for evaluation purposes;**
- (e) approve biennial evaluation plans and monitor their implementation;**
- (f) align the Organization's evaluations plan with the planning, programming and budgeting cycle;**
- (g) set up a follow-up mechanism to ensure implementation of evaluation findings;**
- (h) establish a mechanism to ensure that evaluation findings and lessons learned are fed back into the planning, programming and budgeting process; and**
- (i) periodically assess the impact of such mechanisms.**

## **6. Knowledge management**

- 72.** A successful implementation of RBM does not require necessarily a parallel knowledge management (KM) strategy, however, both concepts are complementary, both require a cultural change and both have considerable influence when planning future information management systems. The organizational culture change is perhaps the most important barrier to overcome in both cases. A culture change requires intensive staff training, development of appropriate human resources policies and specific internal communication

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campaigns. If a given organization is trying to promote both approaches, as it seems to be the case of ILO, then it is worth planning the joint implementation of both concepts.

73. ILO has not developed a comprehensive KM strategy covering the aspects of capture, codification, structure, and storage, sharing and dissemination of knowledge (including innovations and best practices, both internal and external) supported by appropriate information management systems. Since 2004, however, it has been piloting new technologies to better manage the Organization's electronic information, and to integrate this with web management systems. Despite work done to improve access to, and the extent and timeliness of information for staff and management available through KM tools, ILO has not clearly assigned responsibility for coordination of KM systems and practices. In an earlier study, JIU advised ILO to (a) prepare a comprehensive KM strategy, (b) adopt measures aiming at cultural change, and (c) fully align information management systems with KM/RBM approaches, coupled with the necessary telecommunications infrastructure, as well as training for users.
74. Beginning in 2003, ILO began work on IRIS, to consolidate all resource information into one system, installed centrally and able to be accessed worldwide. The SMM of the system provides managers with a consolidated strategic view of resource information to access, share and update strategic planning and reporting. The system consolidates and makes transparent strategic budgeting proposals, implementation planning and management. The SMM has already been used to plan the 2004-05 Programme and Budget implementation, and prepare strategic and operational budget proposals for the 2006-07 Programme and Budget. As a new system, much can still be improved. However, the tool holds great potential for developing capacities to link resources to results, and to more effectively monitor performance.
75. IRIS has created high expectations to provide transparency and visibility, and to improve the adaptation of RBM techniques to the business and operations of ILO. This is a work in progress. Further advancement will require a strong results-oriented culture, with improved mechanisms and processes to measure performance. Given the considerable investments made, every effort should be made to see that IRIS satisfies management and other user needs. The Inspectors believe that, given the current development stage of IRIS, there is considerable scope to fine-tune the system according to the needs of users, including regions.

### ***Recommendation 10***

**The Director-General should develop a comprehensive strategy for knowledge management that encompasses all core priorities for systems development and organizational change.**