



FOURTH ITEM ON THE AGENDA

**Framework for future work on
results-based management**

1. The November 2005 session of the Governing Body considered an external evaluation of results-based management in the ILO.¹ The discussion made clear that the Governing Body sees results-based management (RBM) as a strategic tool that should be applied systematically in ILO strategy formulation and management decisions. Specific topics that were identified as requiring an improved results-based approach included: programme planning and budgeting; human resources development; information and communications technology; evaluation and oversight; knowledge management; and field structure and external resource mobilization. Decent work country programmes (DWCPs) were supported as a means of improving consultation of constituents in countries, setting budget priorities, building links with United Nations goals and strategies, and mobilizing external resources. It was recognized that the changes sought could only result from a long-term commitment and process, and that priorities would have to be set for work in the immediate future.
2. As was requested in the abovementioned discussion, this paper presents an outline of a strategy for the ILO's future work on RBM. Following discussion and priority setting by the Governing Body, this strategy will be reflected in the documentation submitted in November 2006 previewing the Programme and Budget proposals for 2008-09.
3. This paper builds on a number of strategy-formulation efforts that are already under way. These include:
 - the Human Resources Strategy endorsed by the Governing Body in November 2005, on which additional information will be available in March 2006;
 - guidance provided in the Technical Cooperation Committee on resource mobilization and technical cooperation, in anticipation of the full consideration of technical cooperation at the June 2006 session of the International Labour Conference;
 - the Evaluation Strategy endorsed by the Governing Body in November 2005;

¹ GB.294/8/1, GB.294/PFA/8/3.

- the Information and Communications Technology Strategy being developed by the Office for 2007-09;
- knowledge management initiatives, in particular the Electronic Document Management System (EDMS) being implemented with support from the Information Technology Systems Fund and the research and publications strategy being developed by the Office;
- the external evaluation of results-based management by the Joint Inspection Unit (JIU), as discussed by the Governing Body.

RBM and the ILO

Conceptual basis

4. RBM is an approach to management rather than a complete set of management principles and techniques. Its core idea is that real world outcomes are the justification for an organization's programme of work and budget. Organizations therefore should define their objectives and align structures and resources with the outcomes they expect to achieve. Organizations agree to assess their performance against the achievement of the expected outcomes. This is done through measurement of changes in the policies or capacities of direct beneficiaries as a result of some action promoted by an organization.
5. Key techniques associated with RBM are built on the logical framework approach, in which objectives are formulated in terms of results, indicators are established to verify progress, targets are set as the basis for judging progress, and monitoring, reporting and evaluation clarify what has been achieved and provide opportunities to learn from experience.
6. Measurement of performance is central to RBM. Indicators must overcome a number of measurement problems, the most difficult of which is attribution: did the result occur because of what the organization did, or because of the actions of others? Other measurement issues include the qualitative nature of most of the results sought, the time frame needed to achieve significant results, and the potential for external events to influence results. Because of these difficulties, RBM techniques therefore place considerable emphasis on describing the actual results achieved and on improving performance measurement.
7. RBM implies a significant shift in an organization's approach to accountability. Governance becomes less concerned with specific activities and management decisions and gives more time to questions of organizational goals, strategies and performance. Senior management concentrates on higher level objectives and is expected to delegate authority and resources to those responsible for achieving results. Line managers are given clear targets and considerable flexibility in the use of resources allocated to achieve those targets.
8. The characteristics of each organization and in particular its comparative advantages determine the ways that RBM should be applied. The Decent Work Agenda drives an integrated approach to policy change both globally and in member States. It builds on the ILO's comparative advantages of tripartism, international labour standards and knowledge of the world of work.

The ILO's experience with RBM

9. The present Director-General announced at the beginning of his mandate that strategic budgeting and improved management would be a major theme of his term of office.² The ILO has made progress in its efforts over the last three biennia to achieve RBM. This includes:
- consensus among the ILO's constituents on the overall goals of the Organization under the unifying theme of decent work;
 - restructuring of the Office around goals to improve accountability. The first step was restructuring the technical programmes into four sectors corresponding to the four strategic objectives in 1999. Over time, departmental alignment has been brought much closer to operational objectives and a new sector was established in 2004 to regroup management and administration;
 - a continuing process of improving the measurement of performance. For 2006-07, a new level was added to the strategic framework, that of operational outcomes. This additional level has allowed the development of more concrete and detailed indicators. It is expected that actual expenditure will be recorded by operational outcome as of 2006-07;
 - integration of planning, budgeting and reporting for all the ILO's work, under all sources of funding;
 - introduction of DWCPs, which will be used to better link resource allocations to country outcomes and to further improve the quality of performance measurement. A separate paper on DWCPs has been submitted to this session of the Governing Body;³
 - introduction of Programme and Budget preparation and DWCP planning on IRIS, with implementation monitoring and reporting to follow in 2006.

Together with the strategies listed earlier in this paper, this is a solid basis for further improvement.

10. The evaluation of strategic budgeting and RBM in the ILO carried out by the United Nations JIU recognized the progress that has been made and identified a number of measures for continued improvement. As indicated above, these measures for improvement can be summarized as a wider scope for RBM and an explicit strategy leading to a fundamental change in organizational and management culture.

Priorities for November 2006

11. There was considerable support last November for a conceptual framework and implementation strategy for RBM in the ILO (recommendation 1 of the RBM evaluation). A concise statement of the framework now being followed by the Office is given above. A more detailed framework can be provided for November. It would include more specific and concrete information on the internalization of RBM (recommendation 2), possible reforms in results-based planning (recommendation 3) and improvements in RBM

² See in particular the "Executive introduction by the Director-General Elect" in GB.274/PFA/9/1.

³ GB.295/TC/1.

implementation (recommendation 4). In preparing the framework, the Office would concentrate on specific measures with a high ratio of benefits to costs, within the overall constraint that the work must be done within existing resources.

12. More specifically, the framework would contain:

- a description of the approach and main RBM techniques used in the ILO, with emphasis on the implications of the ILO's status as a tripartite standard-setting organization, oriented towards policy change in member States;
- a discussion of the problems that arise in measuring the results the ILO seeks, and approaches to improve performance measurement, with specific proposals for more focused indicators under the ILO's operational outcomes based on experience with DWCPs;
- an analysis of the organizational change and further reform measures that may be necessary, including the naming of a single unit responsible for ensuring a coherent implementation of RBM across the Organization and the need for training and other capacity-building measures, especially for management;
- proposals for streamlining the planning, programming, implementation and reporting cycle of the ILO, with special attention to longer term strategic planning, and to the process through which reporting and evaluation are reflected in future programming proposals;
- related proposals for improvements in the format and contents of the main programmatic documents submitted to the Governing Body (Strategic Policy Framework, programme and budget proposals, implementation reports);
- an explicit strategy for the content and process of country programming (DWCPs);
- measurable indicators and targets for the management and administration sector, including revisions of targets for 2006-07;
- time-bound proposals for improvements in ILO strategies and results measurement related to recommendations 5-10 of the JIU evaluation:
 - human resources;
 - information and communications technology;
 - resource mobilization and technical cooperation;
 - field structure and field roll-out of IRIS;
 - oversight and evaluation;
 - knowledge management;
- improvements in RBM terminology that may be necessary for clarity and to align the ILO with common international usage.

13. In the light of the ongoing discussions within the Governing Body on investments, and in line with the approach recommended by the JIU,⁴ there would be separate proposals on capital budgeting as part of the preview of the Programme and Budget for 2008-09.
14. More specific information on the approach to be taken on several of these recommendations is found in papers before this session of the Governing Body.⁵
15. Resources for implementation of these strategies will have to be found under the regular budget. Nevertheless, a careful balance of the cost-effectiveness of such measures will be required as regular budget resources for their implementation would come from cuts in technical programmes and services to constituents, unless other sources of funding could be made available. The Office repeats the Director-General's request that member States share information and expertise where this is possible, as it would have a positive impact on the quality and pace of the ILO's progress on RBM. In addition, within the framework of technical cooperation, the Office notes that the experience of country programming has shown the need for support to constituents in the application of RBM principles when establishing country priorities within budget constraints. This would be an appropriate area for donor support.
16. ***The Committee may wish to recommend to the Governing Body that it request the Director-General to submit at its 297th Session (November 2006) a strategy for continued improvement of RBM in the ILO, based on this paper and its discussion, as part of the preview of the Programme and Budget proposals for 2008-09.***

Geneva, 16 February 2006.

Point for decision: Paragraph 16.

⁴ GB.294/8/1, GB.294/PFA/8/3.

⁵ See "Preliminary update on the implementation of the revised Human Resources Strategy" (GB.295/PFA/18) and "Decent work country programmes and the role of technical cooperation" (GB.295/TC/1).