# FOR DECISION

NINTH ITEM ON THE AGENDA

# Results-based management

# (a)   Progress report and review of the programming cycle

*Contents*

**1.** In November 2006 the Governing Body endorsed a results-based management (RBM) strategy for the ILO, [1] referred to as the RBM road map. The Governing Body also asked for a progress report in November 2007 on meeting the milestones in the road map. [2] This paper responds to that request. It consists of five parts:

I. A review of relevant developments since November 2006.

II. A progress report on the milestones under integrated management strategies.

III. A progress report on the milestones under performance and accountability systems.

IV. A progress report on the milestones under reform of the programming cycle, together with proposals for the programming cycle to be applied in the next Strategic Policy Framework to be submitted in November 2008.

V. Conclusions.

# I. Review of developments since November 2006

## The Programme and Budget for 2008–09

**2.** The discussion of the Programme and Budget for 2008–09 in March 2007 was an opportunity for the Governing Body to provide further guidance on RBM. The programme and budget proposals applied for the first time the concepts, logical framework and simplified terminology described in the road map. The proposals concentrated on immediate outcomes, "real-world results to which the Office's contribution is direct and verifiable".

**3.** The programme and budget uses a simplified three-level results framework which facilitates harmonization with the other UN agencies. While the indicators used are more concrete than in earlier biennia, the Governing Body considered that more progress was required. Some immediate adjustments were made in Report II to the International Labour Conference, and it was agreed that the Programme Implementation Report for 2006–07 would include examples of further improvements using benchmarks and baselines.

**4.** The need for an Office-wide work planning system was emphasized in the discussions. It was agreed that progress under the milestones on work planning in the road map should be accelerated.

**5.** The need for results-based ILO strategies was underscored, in particular the development of a knowledge strategy and the building of a strategy matrix showing linkages among strategies. Separate papers on the knowledge, human resources and information technology strategies are being submitted to the present session of the Governing Body, as is the Annual Evaluation Report. The linkages between these strategies are discussed later in this paper.

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[1] GB.297/PFA/1/1.

[2] GB.297/11/1, para. 35.

**6.** There was widespread agreement on the need to strengthen the links between Decent Work Country Programmes (DWCPs) and the programming process. Improvements in DWCPs have been the focus of intensive efforts, summarized in the next section.

**7.** The Programme and Budget for 2008–09 also launched a Regular Budget Supplementary Account (RBSA). The RBSA will require considerable RBM support related to needs identification, design of effective ILO responses and reporting to the Governing Body and to donors.

## Decent Work Country Programmes

**8.** DWCPs give concrete expression to the priorities of constituents, contribute to more focused ILO action and help to forge links with UN-wide programming. While only a relatively small number of DWCPs were in final form during development of the Programme and Budget for 2008–09, preliminary information on DWCPs from a majority of developing member States was used. [3]

| Regions | DWCP concept paper | Draft DWCP document | DWCP final document |
|---|---|---|---|
| Africa | 6 | 7 | 11 |
| Americas | 5 | 10 | 3 |
| Arab States | 2 | 2 | 1 |
| Asia and the Pacific | 11 | 4 | 4 |
| Europe | – | 1 | 11 |
| Total | 24 | 24 | 30 |

**9.** DWCPs are results-based. A quality assurance mechanism has been set up at regional level in order to foster quality and coherence of DWCPs and to ensure closer collaboration between field and headquarters in the delivery of DWCP components. This is supported by knowledge-sharing measures, in particular Internet and Intranet pages. The process of developing and improving results-based DWCPs with the full involvement of constituents is being supported by projects funded by the Netherlands and the United Kingdom. These projects have supported the development of training materials for constituents and for ILO staff, and the Office is now in the process of pilot testing these materials and moving to concrete application in countries.

**10.** The strategic management application of IRIS, available in all regions as well as headquarters, is a major source of support for DWCPs. It summarizes the results expected for each DWCP and links resources from headquarters, regional offices, subregional offices and ILO country offices to each outcome. It also links DWCP outcomes to immediate outcomes and their indicators. This information is used in preparation of the programme and budget as well as the Programme Implementation Report.

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[3] For more detailed information on DWCPs, see GB.300/TC/2. See also http://www.ilo.org/public/english/bureau/program/dwcp/.

## UN reform

**11.** The rapidly evolving development landscape and in particular UN reform place new requirements on RBM in the ILO, and offer new opportunities. The implications for the ILO have been described in detail to the Governing Body. [4]

**12.** The ILO's DWCPs are an important asset in linking RBM in the ILO with the rest of the UN system. Partly as a result, country commitments to decent work and productive employment are increasingly included in national poverty reduction and development plans. The ILO's guidance on DWCPs is being updated to take into account the latest experience on linking DWCPs to UNDAF and similar UN frameworks. RBM terminology is now more closely aligned with that used in other parts of the UN system.

## Consultations during and after the 2007 International Labour Conference

**13.** An informal consultation note on key ideas and proposals of the review of the ILO's programming cycle was discussed with ILO constituents last June and subsequently. The following key elements emerged from these discussions:

- The ILO's Strategic Policy Framework (SPF) should cover a six-year period and should better use lessons from past performance and evaluations.

- The SPF should include a matrix summarizing the links between the different ILO strategies.

- The relationship between the SPF and the programme and budget should be clarified. The most frequently supported option is to use the SPF as a "living" document, updated through discussions and decisions of the Governing Body and Conference, for example the proposed "strengthen ILO's capacity" (SILC) reviews. It would provide context and stability to the ILO's results framework, but it would act as a guide for successive programme and budget documents, not as a constraint.

- The programme and budget should be more clearly grounded in the outcomes established in DWCPs, and provide more measurable performance targets including benchmarks and baselines. It should provide greater detail on global products and their use in outcome strategies.

- The programme and budget should have a standard format for each outcome strategy covering topics such as collaboration with constituents and reinforcement of tripartism, international labour standards, knowledge generation and sharing, communications, partnerships within the UN system and with donors, gender, poverty and globalization. This would facilitate comparisons among the strategies proposed.

- Higher-level workplans should be prepared for each sector and regions, and there should be internal workplans providing greater detail for each unit.

- Constituents should be more systematically involved in the preparation and implementation of DWCPs, and the reinforcement of their capacity should be an integral part of DWCPs.

- The ILO's Programme Implementation Report should be produced once for each biennium and should go into greater depth, notably concerning problems encountered,

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[4] GB.298/4/1; GB.298/4/2; GB.298/4/3.

lessons learned, adjustments in strategy, financial data and the contribution of the Office to immediate outcomes.

■ The ILO's internal management and accountability systems and tools, in particular work planning and performance management should be strengthened. The Human Resources Strategy should become an active tool towards better implementation of the programme and budget.

■ The above should be achieved while ensuring that planning, budgeting, reporting and evaluation activities of the Office do not become an excessive administrative burden on management and operations.

## Strengthening ILO's capacity (SILC)

**14.** The June 2007 International Labour Conference examined proposals to strengthen the governance of the ILO and its capacity to better serve constituents. This was conducted in the context of the possible consideration at next year's International Labour Conference of an authoritative document. There are a number of implications for RBM and for the programming cycle, discussed in this paper. In particular it is important that the strengthening process offers improved means to clarify priorities and strategies within a framework of measurable results.

## II. Integrated management strategies

**15.** This section corresponds to the section of the road map with the same title. The table below lists the relevant milestones and gives their status. The rest of the section describes the progress made and the implications for further work by the Office.

### Status of RBM milestones under "integrated management strategies"

| Milestones | Year | Status |
|---|---|---|
| A results-based IT strategy is approved for 2007–09. | 2007 | The strategy was approved, conditional on submission of an updated strategy in November 2007 (GB.298/PFA/ICTS/1). |
| A results-based knowledge-sharing and research strategy is approved. | 2007 | A knowledge-sharing strategy is submitted for adoption at the current session of the Governing Body (GB.300/PFA/9/2). |
| A common approach and terminology are adopted for the development of all ILO strategies. | 2008 | Work has been initiated and a set of criteria is under development. |
| All strategies have been revised and use a common approach and terminology. They are included in an explicit results framework and explicit links between all Office strategies are identified. | 2009 | Preliminary ideas are found in this paper. The existing strategies show some RBM characteristics. |

## A common approach to all strategies

**16.** As the road map pointed out, the Office has had a number of strategy-building exercises. A distinction should be made between core management strategies on human resources, information technology, knowledge, evaluation and RBM and other strategies that have been developed over time, whether identified as such (e.g. the Resource Mobilization

Strategy) or not (e.g. the Global Employment Agenda, the Action Plan on Gender Equality).

**17.** A certain amount of confusion has resulted from common use of the word "strategy" to mean any higher-level or longer-term approach. When used in the context of RBM, a strategy is a statement of how results in a specific area of the ILO's work or mandate are going to be achieved. Strategies therefore proceed from a statement of measurable, time-bound indicators and targets and explain in convincing terms how ILO action is expected to lead to results.

**18.** Results-based strategies on human resources, information technology [5] and knowledge sharing [6] have been submitted to the Governing Body as called for in the RBM road map milestones for 2007.

**19.** Work has started on measures to ensure that ILO strategies meet more rigorous RBM criteria, that they use a common RBM approach and terminology, and that they are more systematically integrated into a coherent management plan.

**20.** At this stage, it is envisaged – subject to further discussions – that basic criteria for all ILO strategies include the following dimensions, to be flexibly applied:

- RBM terminology is consistent and standardized.

- The results the strategy is expected to lead to are expressed in explicit, measurable, time-bound terms.

- Major outputs and activities are identified through milestones.

- There is adequate Office-wide coordination (internally) and a review of necessary partnerships (externally).

- Resources are concentrated on a limited number of priority areas.

- Costs are explicitly identified.

- There is flexibility to accommodate changes and for the inclusion of lessons learned.

## Linkages to core strategies

**21.** While ILO strategies may cover different time periods and are discussed in different Governing Body committees, it is important in all cases to identify linkages with core strategies.

**22.** More work is required on integrated strategies, for which there are further milestones for 2008–09. The following table gives a strategy matrix showing examples of key outcome

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[5] While acknowledging that more work is needed, the results-based IT strategy for 2007–09, approved in March 2007, incorporates initial basic elements of RBM and contains cross-references to other strategies. Some clarifications are found in GB.300/PFA/ICTS/1.

[6] The knowledge-sharing strategy presented at the current Governing Body also has a results-based framework. The strategy aims at enhancing the quality of ILO work with a focus on the delivery of results and increased operational effectiveness. It introduces a number of outcomes and associated indicators and targets for internal and external knowledge sharing for 2008–09, to be refined with the results of the baseline study undertaken in 2007.

areas linking strategies. These can be further developed in the individual strategies. Additional strategies can be added as needed.

| Strategy | Linkages to core management strategies | | | | |
|---|---|---|---|---|---|
| | Human resources | Information technology | Knowledge | Evaluation | Results-based management |
| Human resources | | Upgrade IT skills among staff | Upgrade core competencies | Upgrade evaluation skills | Upgrade management competencies |
| | | | Upgrade knowledge-sharing skills | Accountability for results; follow-up to recommendations | Support results-based performance assessment |
| | | | Support preservation of institutional memory | | |
| Information technology | | | Support knowledge management and knowledge sharing | Support lessons, storage and retrieval | Support management information systems |
| Knowledge | | | | Support knowledge sharing on evaluation | Integrate knowledge into results measurement, reporting and DWCPs |
| Evaluation | | | | | Build lessons learned into key planning and programming steps |
| | | | | | Monitor implementation of recommendations of evaluations |
| Gender equality | Improve gender balance | Encourage use of gender-differentiated databases | Upgrade knowledge base on good practices | Use gender audits and evaluations to encourage gender equality | Build gender outcomes, indicators and targets into programming steps |
| | Adopt measures to combat harassment at the workplace | | Support gender network | | |
| | Upgrade gender mainstreaming competency | | | | |
| Resource mobilization | Upgrade resource mobilization skills in field offices | IRIS support to technical cooperation reporting | Integrate knowledge into partnership frameworks | Integrate evaluation lessons; follow up recommended next steps | Strengthen RBM in technical cooperation proposals and reporting |

**23.** Work on integrated management strategies is on schedule. No changes are proposed to the existing milestones.

# III.  Performance and accountability systems

**24.** This section corresponds to the section of the road map with the same title. The table below lists the relevant milestones and gives their status. The rest of the section describes the progress made and the implications for further work by the Office.

Status of RBM milestones under "performance and accountability systems"

| Milestones | Year | Status |
|---|---|---|
| DWCPs are in operation in an increasing number of member States. DWCPs are subject to a quality assurance procedure and regular evaluation | 2007 | – DWCPs have been finalized in 30 countries with an additional 49 DWCPs in process.<br>– 26 DWCPs have been or are being appraised though the quality assurance procedure put in place earlier this year. |
| A new staff performance management system introduced. | 2007 | New performance management and measurement systems including standards for planning at the job level have been designed and are being tested in pilots both at headquarters and in the field. Preparations are under-way to make use of IRIS so the new system can be run electronically. |
| Standards for work planning are issued. | 2007 | These standards are in preparation along with IRIS support. They will be used in developing workplans for 2008–09. |
| DWCPs are in operation in a defined number of member States. | 2008 | A target should emerge from the discussion of DWCPs in the Technical Cooperation Committee. |
| A common computerized format for work planning of operational units. | 2008 | Under development. |
| RBM performance measures are piloted in technical programmes, regions and management and administrative services. | 2008 | Not yet started. |
| A fully revised system of internal administrative circulars is in place. | 2008 | The new system has been designed and IT support is completed. Conversion of circulars to the new format is being launched. |
| Standards and format for work planning are used by a majority of the Office's operational units. | 2009 | (To feature in future reporting.) |
| Efficiency targets and substantive goals are set for an increasing number of technical programmes, regions and management and administrative services. | 2009 | (To feature in future reporting.) |

## Decent Work Country Programmes

**25.** As detailed in GB.300/TC/2, formulation and implementation of DWCPs have been actively pursued in all the regions. DWCP documents are available at various stages of finalization in 75 countries. Key elements emerging are as follows:

- The main substantive priorities identified in DWCPs reveal that although there are a number of common themes in every region, there are marked differences in focus within the themes.

- Links to UN country programmes, especially One-UN pilot countries or UNDAFs can be seen in all the regions.

- The role of the social partners in the development and/or implementation of DWCPs – while needing improvement and varying in scope and modalities – has been substantive. Establishment of national tripartite committees as key consultative and policy advisory bodies for monitoring implementation of DWCPs seem to be emerging.

■ Thus far, the ILO has mostly used its own RBTC resources to develop DWCPs. Ongoing and new technical cooperation projects are being incorporated into the DWCPs in an increasing number of countries and in several cases constituents have committed to contribute in kind for the implementation of their respective DWCPs. Efforts have been intensified in all regions to mobilize extra-budgetary resources and the introduction of the (RBSA) is seen as a positive move to bridge the resource gap.

26. A detailed list of lessons learned and steps to be taken into account for the way ahead for each region is also provided in the above reference document.

## Staff performance management

27. Following consultations with officials at headquarters and in the field, a new performance management framework has been designed with features specifically addressing the shortcomings identified. The approach follows best practices identified through research and discussions with other organizations and agencies. The framework is based on work planning at the unit and individual levels, linking objectives to the results expected of the unit as well as to competencies and their development, with a special focus on managerial competency.

28. The new approach is being pilot tested in a number of headquarters and field units. The pilots have started with workshops enhancing communication skills and ensuring a common understanding of definitions and measures applied; they will compress the normal two-year appraisal period into three months. At the end of the pilot exercise, participants will be asked to evaluate the impact of the new system in the performance of their unit and to provide detailed input as to the tools and instruments. This input will serve as a basis for finalizing the framework and the instruments, prior to implementing the new system worldwide in a phased approach. Complementary activities related to the use of IRIS features for running the system electronically, as well as to training workshops for managers and staff, are to take place in the first half of 2008.

## Joint programming and work planning

29. Workplans are a management tool designed to clarify strategies, schedule production of outputs and activities, establish accountabilities and earmark resources. They permit monitoring of results and use of resources. Good practices include collaborative development of plans, built-in flexibility, and regular monitoring, updating and reporting.

30. A considerable amount of systematic work planning takes place in the ILO. The SM/implementation planning module of IRIS supports implementation plans for DWCPs in countries, subregions and regions and also for global products. Work is under-way to support both the development of high-level plans compiling DWCP elements and more detailed plans, as called for in the RBM milestones for 2008. It is intended to accelerate this work so that the main elements can be used before the end of 2007 in work planning for 2008–09.

31. It is proposed to modify two milestones. The roll-out of the performance management framework is foreseen for the second half of 2008, after results of the pilots have been incorporated. It is foreseen that the IRIS features will have been programmed and tested in that timeframe, so as to roll out the system electronically. Secondly, it is proposed to set a specific target level for the number of DWCPs based on the discussion in the Committee on Technical Cooperation.

**32.** An additional milestone is proposed on tracking management follow-up to evaluations. The milestone would be stated as follows: "Policy on follow-up for all types of independent evaluations is consistently applied and a database for tracking and managing follow-up is fully operational". Achievement of the milestone is expected in 2009. Some work has already been done, including the design of the database.

# IV. Reform of the programming cycle

**33.** This section corresponds to the section of the road map with the same title. The table below lists the relevant milestones and gives their status. The rest of the section briefly describes a review of programming cycle documents in the UN, the progress made by the Office in the milestones and the implications for further work.

Status of RBM milestones under "reform of the programming cycle"

| Milestones | Year | Status |
|---|---|---|
| A revision of the programming cycle is approved and includes a review of the purposes, length and timing of medium-term planning. | 2007 | Proposals for the revision of the programming cycle are found in the present document. |
| The SPF is redesigned and periodicity adjusted to the revised programming cycle. | 2008 | If the Governing Body agrees, the next SPF covering the 2010–15 will be discussed in November 2008 and will be based on the approach outlined in the present document. |
| An overall programme implementation and performance reporting plan including articulation with Governing Body reviews and independent evaluations is endorsed by the Governing Body. | 2008 | The overall programme implementation and performance reporting plan, making use of the discussion at the present Governing Body, will be proposed as part of the SPF in November 2008 |

## Programming cycle documents in the UN system

**34.** The Office has made a particular effort to learn from the experiences of other UN organizations on how they are incorporating RBM into their programming cycles. In addition to informal consultations bilaterally and in the framework of UN reform, recent planning, budgeting and reporting documents were reviewed from ten UN organizations. [7]

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[7]   Documents (in some cases drafts) reviewed from ten UN agencies were: Food and Agriculture Organization (FAO): Medium-term Plan 2006–11; Programme of Work and Budget 2006–07; Programme Implementation Report 2004–05. Office of the United Nations High Commissioner for Human Rights (OHCHR): Plan of Action (2006–11); Strategic Management Plan 2006–07. United Nations Educational, Scientific and Cultural Organization (UNESCO): Medium-term Strategy 2008–13; Programme and Budget for 2008–09; Report of the Director-General 2004–05. United Nations Children's Fund (UNICEF): Medium-term Strategic Plan 2006–09; Biennial Support Budget for 2006–07; Annual Report 2006. World Food Programme (WFP): Strategic Plan (2004–07); Annual Report 2005. World Health Organization (WHO): Medium-term Strategic Plan 2008–13; Proposed Programme Budget 2008–09; Programme Budget 2004–05; Performance Assessment Report. World Intellectual Property Organization (WIPO): Medium-term Plan for WIPO Program Activities 2006–09; Proposed Program and Budget for 2006–07; Annual Report 2005. United Nations Development Programme (UNDP): Strategic Plan 2008–11; Biennial Support Budget 2008–09; Annual Report 2006. United Nations Population Fund (UNFPA): Strategic Plan 2008–11; Biennial Support Budget 2008–09; Annual Report 2006. Joint United Nations Programme on HIV/AIDS (UNAIDS): The Unified Budget and Workplan for 2006–07; Annual Report 2006.

35. The strategic planning documents all have a timeframe spanning four or six years, with the specialized agencies tending towards six years. Apart from their six-year medium-term plans, the WHO and FAO have long-term planning documents covering ten years and 15 years respectively. Each medium-term plan features the organization's results framework, but they differ considerably in terms of the degree of detail. Most organizations provide information on outcomes and indicators but not targets, baselines or expected budget levels. The WHO is the main exception. It provides indicators, baselines, targets and projected budgets for nearly all outcomes. A few organizations focus outputs or deliverables rather than results.

36. The budget documents, which are all biennial, vary considerably in length and level of detail. A number of the budgets provide few if any links to the results-based framework set out in the strategic planning document. Because its plan is detailed, the WHO's budget document is brief. It provides no information on trends in costs, exchange rate factors, internal structures or operational resource allocations. UNESCO's programme and budget is a very detailed document containing expected results, performance and impact indicators and targets, and extensive operational budget detail.

37. Implementation reporting shows even greater variation. With the exception of the WHO, none of the organizations reviewed have consolidated reports that address progress towards outcomes identified in the planning or budget documents. While nearly all organizations have an implementation report released either annually or biennially, the reports vary in nature, format, content, and titles, suggesting that the reports may possibly have different purposes and different audiences.

## The Strategic Policy Framework

38. There is wide agreement that the ILO should have a strategic planning instrument based on the existing SPF. There are a number of improvements that have been proposed for future versions. These relate to the need to ensure wide tripartite consensus on the SPF, to link it more clearly to the Millennium Development Goals and other international frameworks, and to make it a more effective RBM instrument.

39. From the outset, the SPF has had the overall objective of establishing the policy goals and priorities that shape the programming and budgeting process. It does not attempt to predict the future through projections or scenarios, but it does draw upon current developments and lessons from past experience. It is proposed to concentrate on lessons from experience with the current design of the SPF, and to make a series of modifications that should result in a more dynamic, effective and results-based approach to planning.

40. It is not proposed to use the SPF to project expected budgetary levels. The Director-General has proposed another approach to the need for discussion of the level and structure of resources, and it is expected that March 2008 will offer an opportunity for consideration of resource issues outside the constraints of the budgeting cycle.

41. The move to a six-year planning cycle has already been discussed and approved in principle. This would permit alignment with the Millennium Development Goals and the decent work decades established in regions. It would correspond to a more realistic span of time to achieve and measure significant results. A number of other UN bodies are moving in this direction.

42. The next SPF should profit from the increasing amount of information on priorities that is emerging from DWCPs. It should also include an explicit set of evaluation lessons.

**43.** The SPF should include a longer-term vision statement, which would update the Decent Work Agenda in the light of experience and of increasing global support. The Decent Work Agenda has been central to the SPF documents submitted to the Governing Body. The theme of the SPF for 2002–05 was "Consolidating the Decent Work Agenda" and that for 2006–09 is "Making decent work a global goal". Considerable global support has been mobilized around this agenda, which has been refined through tripartite discussion, in particular at the International Labour Conference. [8]

**44.** It is proposed to continue to base the SPF on the Decent Work Agenda. To ensure a common understanding, it is proposed to start the SPF with a statement of the vision and content of the agenda, drawing on the ILO Constitution and Declaration of Philadelphia as well as key tripartite discussions and resolutions. This would of course include more specific treatment of each of the four strategic objectives, drawing on guidance from the Conference and Governing Body, for example through references to the Global Employment Agenda.

**45.** The SPF should establish the results framework for the planning period. It is therefore an opportunity to review intermediate and immediate outcomes, indicators and high-level strategies and to strengthen the foundation for results measurement. This will require specific guidelines and training.

**46.** While much of the detailed specification of strategies to achieve results will be found in separate strategy documents submitted to the Governing Body, the SPF also provides an opportunity to move towards better structured and more detailed outcome strategies. This could include a standard format for each strategy. The topics covered should include, as appropriate, collaboration with constituents and tripartism, international labour standards, knowledge generation and sharing, communication, partnerships within the UN system and with donors, gender, poverty and globalization.

## The programme and budget

**47.** The programme and budget determines, for each immediate outcome and its indicators, the performance targets for a biennium, the level of resources allocated and the implementation strategy. The programme and budget is linked to the SPF and the priorities identified by constituents through DWCPs, decisions of the Governing Body and Conference, and various other tripartite forums such as Regional Meetings and meetings of experts. The programme and budget integrates all resources available to the Office and targets all results to be achieved. This has become even more important after the launching of the (RBSA). It is proposed to continue to make an integrated presentation, which is in harmony with practice in other UN agencies.

**48.** The division between the SPF and the programme and budget has never been perfectly clear, especially since the SPF is submitted to the Governing Body at the same time as a preview of the forthcoming programme and budget. It is proposed above that the SPF should contain the results framework for the planning period, in particular the intermediate and immediate outcomes and the indicators to be used. This level of detail is important in the SPF because the framework should be reasonably stable over the planning period. Inevitably the SPF will also contain high-level strategies. It is therefore proposed that the

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[8] See in particular: *Working out of poverty,* Report of the Director-General, International Labour Conference, 91st Session, June 2003; *A fair globalization: The role of the ILO* Report of the Director-General, International Labour Conference, 92nd Session, June 2004; *Decent work* Report of the Director-General, International Labour Conference, 87th Session, June 1999.

programme and budget emphasize more detailed strategies for immediate outcomes, together with targets and resources.

49. The need for better links between the programme and budget and DWCPs has been widely expressed. This would provide a better way of clarifying priorities and the resources proposed for each. It could help to identify gaps between the highest priorities and resources available, and at the same time would show whether some areas of ILO work have relatively low demand. It is therefore proposed to provide summaries of the priorities resulting from DWCPs in the programme and budget.

50. While much of the ILO's work should be based on DWCPs, there is of course other work that has high priority and that may be poorly reflected in DWCPs. This includes the development, promotion and supervision of standards; the building of the ILO's knowledge base and its dissemination; global products to support ILO objectives; and the ILO's participation in global and regional initiatives. Strengthening of the ILO's constituents and of tripartism is a special case. While this should be a part of every DWCP – and usually is – there are situations in which support to constituents should go beyond what is identified.

51. Budgeting by results is a goal of RBM. Further progress should be made, in particular by specifying results and resources in DWCPs. At the same time, resources should not always simply follow results. In some cases, achievement of targets is weak because resources are inadequate, or because targets have been set artificially high. In other cases, measurement of results fails to capture their scope or importance. Emerging good practice is to demonstrate that results have an influence on budgets through explicit reference to lessons learned from past performance.

52. Consultations on the degree of administrative detail in the programme and budget did not result in a consensus. Some felt that a number of the budgetary details in the programme and budget could be dispensed with, while others did not wish to see any reduction in detail. No change in the level of budgetary detail is proposed at this stage.

## Implementation reporting

53. RBM implies that resources are used flexibly, adjusting to emerging opportunities and constraints. Detailed specification of outputs and activities in advance works against dynamic adjustment to changing circumstances, and therefore against the achievement of results. For this reason, the ILO's planning and budgeting documentation concentrates on outcomes rather than outputs and activities.

54. At the same time, organizations applying RBM are still accountable for the efficient and effective use of their resources. For this reason, RBM systems increasingly emphasize implementation reporting and evaluation.

55. Implementation reporting under RBM is built on the indicators and targets established in the planning and budgeting processes. The core of reporting is on results. However, the Governing Body has made clear that it expects five major improvements in implementation reporting.

56. In the first place, reported results should give a better qualitative understanding of ILO performance. The past practice of listing the numbers and locations of achievements, with examples, is not sufficient to fully clarify the nature of the results. Starting with the Implementation Report for 2006–07 to be submitted to the Governing Body in March 2008, each outcome will be reported separately.

**57.** Second, the immediate outcomes set out in the programme and budget are achieved through the action of constituents and other partners as well as the Office's work. Implementation reporting should therefore specify the ILO contribution. This improvement is also being introduced in the report for 2006–07.

**58.** A third improvement is better use of lessons from experience, and more forthright reporting on difficulties. Steps have been taken to gather more information of this nature for the 2006–07 report.

**59.** Fourthly, implementation reporting needs to reflect improvements in measurement that also apply to planning and budgeting. The 2006–07 report will contain a limited number of examples of how this could be done, which then will influence the formulation of indicators going forward.

**60.** The fifth improvement relates to better financial information in the Programme Implementation Report. The Office is committed to report on expenditure at the level of immediate outcomes for 2008–09. The proposed strengthening of work planning and monitoring will improve financial reporting, as will the implementation of IRIS in the field.

**61.** These measures to strengthen the biennial Programme Implementation Report will require considerable time and effort across the Office. While this effort is justified because it provides more meaningful information on results and related expenditure, internal consultations strongly indicate that a limit has been reached in terms of the cost of reporting, which can cut into the resources available to provide services to constituents. At the same time, it has become clear that the mid-biennium Programme Implementation Report has a number of weaknesses linked to its timing. In practice, the mid-term implementation report covers only the first nine months of a biennium, so few results or lessons are available. The expense and administrative burden of preparing an Office-wide report of this nature is considerable. These resources could be much more effectively used to preparing a better biennial report.

**62.** A large majority of those consulted would agree to discontinue the mid-term implementation report. There has been a considerable increase in the Office's work on RBM with no corresponding elimination of lower priority work. All components of the programming cycle are being reinforced in terms of the detail and analysis required of managers. It is therefore proposed to eliminate the mid-biennium implementation report as the only measure that partly compensates the increased load on managers and central services.

## Evaluation

**63.** Evaluation provides a distinct, essential and complementary function to performance measurement and RBM. The evaluation function provides performance information not readily available from performance monitoring systems, in particular in-depth consideration of attribution, relevance, effectiveness and sustainability. Evaluation also brings to the performance system elements of independence of judgement. It addresses why results were or were not achieved and provides recommendations for appropriate management action.

**64.** For these reasons evaluation is an essential component of RBM. Evaluation inputs are required at all stages of the governance and programming cycle.

**65.** The SPF should include a summary of key evaluation lessons that should influence the ILO's strategies over the planning period, including lessons learned from other organizations. It should also include an overview of the evaluation strategy.

**66.** The outcomes and indicators in the SPF should be sufficiently detailed and measurable so that evaluations can reach concrete conclusions.

**67.** Evaluation information and lessons learned can also help to develop better links between the programme and budget and DWCPs, and can strengthen the DWCPs themselves. This will in turn permit improvements in implementation reporting.

**68.** During programme implementation it will be important to ensure that adequate performance information is kept for evaluation purposes.

**69.** Evaluation contributes significantly to the quality of implementation reporting, through its quality control function, reliance on using lessons learned and above all, the generation of an "evaluation culture" whereby programme managers and implementing staff are encouraged to become more analytical and to learn from their experiences. This is an important contribution to the overall results culture of management and staff.

**70.** Over the next five years, the Office will review the options for a more integrated approach to implementation and performance reporting, based on the range of information sources, including information from all types of evaluations, including self-evaluation and reporting from managers.

**71.** The contribution of the evaluation function to the RBM processes and to the programming cycle documents is highly significant. It contributes independent review and a learning orientation. Evaluation should go beyond formal reports to influence programme and policy design through quality control, evaluability mechanisms, lessons learned and feedback mechanisms. The evaluation function will be more tightly aligned with the Governing Body's planned agenda.

## Relation of the programming cycle proposals to SILC

**72.** If the Organization decides to follow the lines established during its discussion of SILC, regular discussions in depth of each strategic objective could lead to revision of the relevant SPF material, in particular the strategy for the strategic objective and for its intermediate and immediate outcomes. This would have several advantages:

- It would ensure that the International Labour Conference discusses elements of the Office's strategic plan, which is not at present the case.

- It would permit a discussion in much greater depth than would be possible in the Governing Body, which normally devotes only a few hours to the SPF each time it is submitted, and only in the Programme, Financial and Administrative Committee. The discussion time for each strategic objective is limited.

- It would provide continuing relevance and dynamism to the SPF. Medium-term plans in many organizations are used very little once adopted.

**73.** The exact modalities of the links between SILC and the SPF would have to be established in the light of decisions of the Conference. It is not difficult to imagine how conclusions or resolutions could be referred to the Governing Body so that the SPF could be modified.

**74.** The proposals made above are in line with the milestones on reforming the programming cycle. The work is on schedule. It is therefore proposed to retain unchanged the milestones on this topic. However, an additional milestone on systematic evaluation follow-up has been added above under performance and accountability systems.

# V.  Conclusions

**75.** While it is for the Governing Body to draw conclusions about the Office's progress on RBM, a few points seem worth raising.

**76.** The road map has provided an agreed framework and schedule for work on RBM. It seems to have met the goal of encouraging a more structured and transparent approach.

**77.** The road map calls for a large number of steps that are directed at effectiveness and transparency, but which in practice also place demands on the Office and in particular on managers. One of the purposes of introducing RBM is to encourage managers to flexibly use resources to obtain results. At some point, the demand for greater detail reduces the real capacity of the Office to serve constituents. It also overstretches the capacity of central policy units that must support change. RBM should also be subjected to the discipline of concentration on the highest priorities. The discussion of this paper will hopefully lead to such concentration.

**78.** The discussion of RBM in the ILO has governance implications that go beyond the scope of the road map. These include the use of results-based approaches in papers submitted to committees of the Governing Body in addition to the Programme, Financial and Administrative Committee, and to the functioning of the Governing Body and its Committees.

**79.** *The Programme, Financial and Administrative Committee may wish to invite the Governing Body to:*

*(a) endorse the steps proposed to implement the strategy for RBM in the ILO presented in this paper, account being taken of the views expressed by the members of the Committee during the discussion of this item of its agenda;*

*(b) request the Director-General to submit a six-year SPF in November 2008 taking account of the proposals contained in this paper.*

Geneva, 12 October 2007.

*Point for decision:*     Paragraph 79.