

## Governing Body

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Institutional Section

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### NINTH ITEM ON THE AGENDA

## ILO-wide strategy for institutional capacity development

#### Purpose of the document

This document is presented in response to a request for an ILO-wide strategy for institutional capacity development, made by the Governing Body in point 4.1 of the programme of work to give effect to the resolution on Advancing Social Justice through Decent Work, adopted by the International Labour Conference in 2016. The Governing Body is invited to request the Office to implement the strategy, taking into account the guidance received during the discussion (see draft decision in paragraph 34).

**Relevant strategic objective:** All.

**Main relevant outcome/cross-cutting policy driver:** All.

**Policy implications:** Yes.

**Legal implications:** None.

**Financial implications:** Yes, within available budget.

**Follow-up action required:** Yes.

**Author unit:** Deputy Director-General for Field Operations and Partnerships (DDG/FOP) and Deputy Director-General for Policy (DDG/P).

**Related documents:** GB.335/INS/10; GB.335/PFA/1; Resolution concerning effective ILO development cooperation in support of the Sustainable Development Goals and resolution concerning the second recurrent discussion on social dialogue and tripartism, International Labour Conference, 107th Session, 2018; Final Report of the ILO Global Commission on the Future of Work.



## Introduction

1. The context in which the ILO needs to deliver on its mandate is evolving rapidly. Successful implementation of the 2030 Agenda for Sustainable Development and the attainment of the Sustainable Development Goals (SDGs) will require the effective engagement of all stakeholders, from citizens to governments, workers' and employers' organizations and civil society, supported by international organizations. The reform of the United Nations Development System (UNDS) is introducing several important changes to the functioning of UN operations, in particular at country level.<sup>1</sup> To seize the opportunities created by these dynamic transformations and to ensure that institutions continue to be relevant by attracting and retaining members, ILO constituents need to strengthen the capacities that will enable them to advance their respective mandates, effectively contribute to national policy dialogues, and continue promoting tripartism, social dialogue and international labour standards as a means of achieving decent work, realizing the goal of social justice and contributing to the attainment of the SDGs.
2. The ILO Institutional Capacity Development Strategy proposes a new, holistic approach to developing the capacity of ILO constituents on the basis of lessons learned in recent years. The document is presented in follow-up to the decision taken by the Governing Body at its 329th Session (March 2017).<sup>2</sup>

### I. Capacity development in the context of the ILO

3. For the ILO, capacity development is one of its core means of action to achieve decent work and further social justice. The ILO defines capacity development as a “process through which individuals, organizations and societies obtain, strengthen and maintain the capabilities to set and achieve their own development objectives over time”.<sup>3</sup> The ILO's role in capacity development efforts is to “help, wherever necessary, the institutional capacity of member States, as well as representative organizations of employers and workers, to facilitate meaningful and coherent social policy and sustainable development”.<sup>4</sup> Capacity development is hence understood as an endogenous process in which the role of the Office is that of a supporter led by its constituents' priorities and needs.
4. The ILO distinguishes three mutually reinforcing and interdependent levels of capacity development: individual, organizational, and resulting from the enabling environment. The first means increasing the skills and abilities of individuals; the second focuses on increasing the capacity of organizations to fulfil their mandates; and the third involves improvements in policies, legislation, regulations, labour market institutions, and societal systems. At all three levels it is also possible to distinguish technical capacities (for example, in such fields

<sup>1</sup> [GB.334/INS/4](#) and [GB.335/INS/10](#).

<sup>2</sup> [GB.329/INS/3/1](#). Point 4.1 of the programme of work to give effect to the resolution on Advancing Social Justice through Decent Work includes a specific request for an ILO-wide strategy on institutional capacity development.

<sup>3</sup> [GB.317/POL/6](#). This definition is largely consistent with the broadly accepted concept defined by the Organisation for Economic Co-operation and Development (OECD) (Development Assistance Committee (DAC), 2006) and used by the UN Development System (high-level evaluation (HLE), 2018).

<sup>4</sup> [ILO Declaration on Social Justice for a Fair Globalization, 2008](#).

as employment, entrepreneurship, social security, occupational safety and health, and normative matters that stem from the ILO's supervisory mechanisms) and functional capacities (such as leadership, financial management, management of national budgets, and partnership and relationship building). Both technical and functional capacity improvements are needed to ensure a positive impact on decent work and the attainment of the SDGs.

5. The institutional capacity development strategy must therefore give particular attention to coordinated action at all three levels through a dynamic cycle of interventions based on constituents' evolving needs.<sup>5</sup> This requires continuous and participatory analysis of the results, with information fed back into the planning of new programmes and activities.

## II. Need for an improved ILO-wide approach

6. A variety of sources inform the design of this new ILO strategy. In 2018, the ILO's capacity development efforts underwent an independent high-level evaluation (HLE), which covered the 2010–17 period.<sup>6</sup> The HLE recognized that ILO constituents were benefiting from capacity development activities and the ILO's support was broadly relevant to their priorities and needs. The report also identified a range of shortcomings, including an excessive focus on activities designed to support project-specific objectives, a limited focus on building the competencies of constituents to engage in effective social dialogue, and the uneven application of gender equality in such activities. The report made nine concrete recommendations for further improvements in the sustainability, coherence and impact of capacity development efforts.
7. The HLE summarized ILO constituents' main expectations regarding capacity development. Many of the demands articulated by constituents were related to the functional capacities of their organizations, including internal governance structures, management tools and systems, and their capacities for strategic planning and leadership. In the area of technical capacities, ILO constituents mostly expected support in research and policy development skills in areas such as labour law, occupational safety and health, and migration. In addition, topics related to the future of work, the informal economy, precarious employment, and digital transition received the highest ranking.<sup>7</sup>
8. In a separate survey, which formed part of the preparations for the 2018 International Labour Conference (ILC) discussion on development cooperation, constituents ranked possible ways of improving the relevance, impact, and sustainability of the ILO's capacity development efforts.<sup>8</sup> Figure 1 shows that governments', workers' and employers' views on

<sup>5</sup> Further development of these concepts and of the theory of change for capacity development can be found in the "An independent evaluation of ILO's capacity development efforts 2010–2017" (ILO Evaluation Office, Oct. 2018). This is consistent with the methodology for developing the ILO's results framework for 2020–21 included in the Director-General's Programme and Budget proposals for 2020–21 (GB.335/PFA/1).

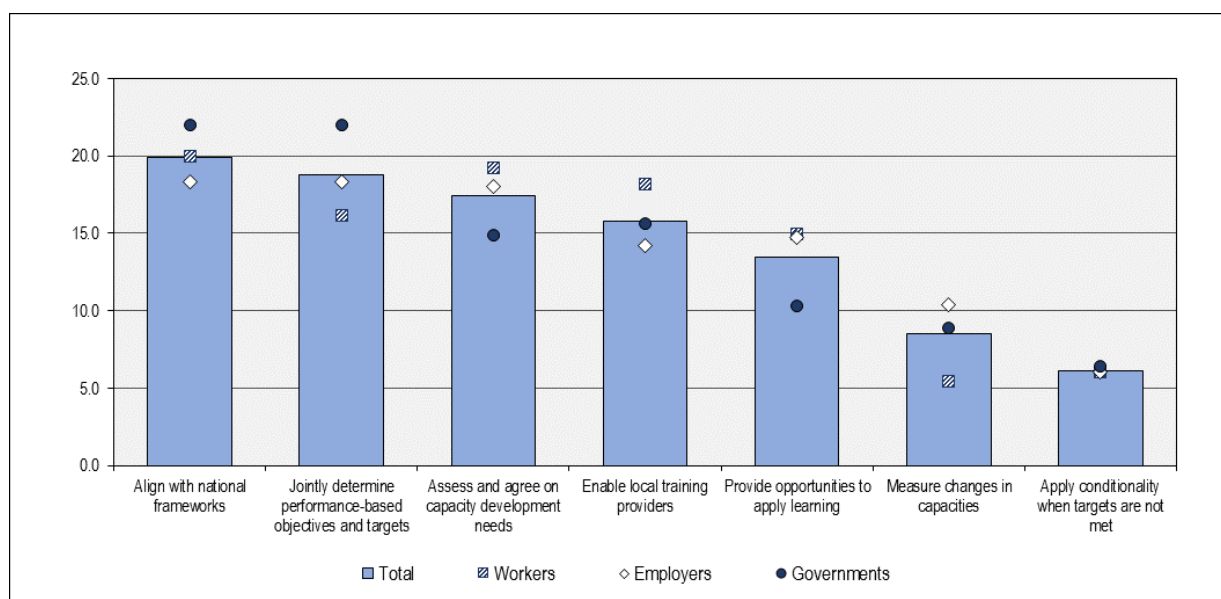
<sup>6</sup> [https://www.ilo.org/eval/Evaluationreports/Strategyandpolicyevaluations/WCMS\\_646756/lang--en/index.htm](https://www.ilo.org/eval/Evaluationreports/Strategyandpolicyevaluations/WCMS_646756/lang--en/index.htm).

<sup>7</sup> *ibid.*

<sup>8</sup> The question was posed as part of the survey among constituents and development partners conducted by the ILO in 2017. Full results as well as the methodology of the survey are discussed in the ILC report *Towards 2030: Effective development cooperation in support of the Sustainable Development Goals*, Report IV, International Labour Conference, 107th Session, 2018.

this matter coincided.<sup>9</sup> The importance of ownership, accountability, the alignment of ILO capacity development activities with national priorities, and the direct involvement of beneficiary organizations in planning, implementation and evaluation processes emerged as key directions. These are largely consistent with the overall concept of development effectiveness<sup>10</sup> and with the recommendations made in the assessment of the ILO conducted in 2017 by the Multilateral Organisation Performance Assessment Network (MOPAN).<sup>11</sup> In addition, constituents expressed the view that the Office’s capacity development would become more effective if it supported local training providers in their efforts to become leaders in world-of-work training, and if it provided opportunities to apply the new skills acquired through training.

**Figure 1. Options selected by constituents to improve the relevance, impact and sustainability of ILO capacity development activities, by constituent type (percentage of all responses)<sup>12</sup>**



9. Various aspects of capacity development have been discussed by the Governing Body<sup>13</sup> and are reflected in the ILC resolutions on ILO development cooperation in support of the SDGs and on the second recurrent discussion on social dialogue and tripartism, adopted in 2018. In particular, the Office was requested to –

“strengthen the capacities of its constituents to effectively participate in achieving the objectives of the 2030 Agenda, focusing more on sustainable organizational and institutional capacity building”; [to reinforce] “national capacities of institutions responsible for receiving and providing development cooperation”; ... [and to] “proactively promote and advocate for its

<sup>9</sup> The preferences were also consistent across the regions.

<sup>10</sup> As reflected in the Busan Partnership for Effective Development Cooperation, 2011.

<sup>11</sup> MOPAN 2017 – Institutional Assessment Report: ILO.

<sup>12</sup> The figure shows the number of times the corresponding option was chosen as a percentage of all responses in the constituent survey. The survey question asked respondents to select three of the seven options. See Appendix A to the report submitted to the ILC in 2018 for methodological details concerning the constituent survey (footnote 8).

<sup>13</sup> See [GB.317/POL/6](#) (2013); [GB.309/TC/1](#) (2010); [GB.298/PFA/14/3](#) (2007).

unique value added, including its tripartism, normative action and social dialogue, in the implementation of the 2030 Agenda in the reform of the UNDS at the global, regional, national and local levels, including the integration of DWCP [Decent Work Country Programme] priorities into UNDAFs [UN Development Assistance Frameworks].”<sup>14</sup>

10. The Office was also called on to help constituents reach equal gender representation in governance mechanisms, such as the ILC. In March 2018, the Governing Body once again urged all groups to aspire to gender parity in delegations and in Regional Meetings, and requested the Office to host capacity-building workshops for all groups, including the social partners, which needed assistance to reach such parity.
11. Taken together, these requests call for a coordinated approach that addresses both the institutional challenges and the major implications of UN reform, while advancing the ILO’s core values of tripartism, normative action, social dialogue and gender equality.

### III. Key elements of the strategy

12. The overarching goal of the strategy is to enhance the ability of constituents to give value to their members and potential members, and have the capacity to engage in policy-based advocacy, so that they can make the maximum possible contribution to decent work outcomes. The key elements of the strategy have been encapsulated in three interrelated results areas:
  - (a) improve the delivery of capacity development activities;
  - (b) expand partnerships and innovative approaches for capacity development;
  - (c) fully mainstream institutional capacity development in the ILO’s global policy frameworks.
13. Implementation of the strategy comprises two stages. Stage I concerns the remainder of the 2018–19 biennium and the 2020–21 biennium, for which concrete deliverables are determined under each results area. The operational arrangements for stage II will be elaborated following the approval of the new Strategic Framework and taking into account the outcomes of the 2019 ILC discussions.<sup>15</sup>

#### Results Area 1: Improved delivery of capacity development

##### (a) *Consolidating the portfolio of tools and methods for capacity development*

14. Effective capacity development must be grounded in an in-depth understanding of the recipients’ organizational needs and priorities, established through a process of consultation. It also has to account for the dynamic character of environments in which the ILO constituents operate and allow for flexible adjustments in constituents’ institutional

<sup>14</sup> [Resolution concerning effective ILO development cooperation in support of the Sustainable Development Goals](#), International Labour Conference, 107th Session, 2018, paras 9(1)(b), 8(h) and 9(1)(a).

<sup>15</sup> See section IV of this paper.

priorities. Taking these factors into account, benefits of scale can be achieved through a common approach to diagnostic methods, subsequent joint planning of implementation, and ensuring linkages of organizational strategies with capacity development at the individual and enabling environment level. The development of such a common approach in turn requires further conceptual work that can build on existing methods, in particular those already in use by the Bureau for Workers' Activities (ACTRAV), the Bureau for Employers' Activities (ACT/EMP), the ILO's technical policy departments and field offices, and the International Training Centre of the ILO in Turin (ITC-ILO).

15. The Office will undertake a review of the already existing tools and methods used in assessing, planning, implementing, monitoring and evaluating capacity development, with a particular focus on methodologies that embrace and promote diversity. On the basis of identification of the best practices, the Office will develop overall ILO guidance that links the three levels of capacity development through a theory of change for each of these levels, distinguishing between technical and functional capacities. Particular attention will be given to innovative approaches and methodologies that can be easily adapted to specific audiences.
16. The Office will move towards an improved method of understanding and recording the capacity development needs of its tripartite constituents and making such knowledge more accessible to field offices and headquarters departments. ACTRAV and ACT/EMP will lead the conceptual work and operational implementation of the improved assessments of workers' and employers' institutional priorities, building on their current priority-setting systems and the network technical specialists of the two bureaux. For labour administrations, the existing system of assessments/audits will be improved to play an important role in defining capacity development needs and designing joint plans of action. The improved system of capacity needs diagnostics will include components concerning both the technical and functional priorities of ILO tripartite constituents, addressing which would help them maximize the benefits from the available policy space and ensure meaningful participation in broader national policy processes and frameworks, including in the context of the UN Country Teams (UNCTs) and UNDAFs.
17. On the basis of this conceptual work, the currently available capacity resources and materials which aim to guide capacity development efforts will be updated to address the recommendations of the HLE and to align them with the ILO's overall approach. ILO staff will be trained and assisted in the use of the new resources and materials.

**(b) *Strengthening the focus on institutional capacity development at all stages of ILO operations***

18. Institutional capacity development will be gradually integrated into the overall programming and reporting cycle of the DWCPs, with emphasis on incorporating the ILO's cross-cutting policy drivers and the concern for diversity. The DWCP revision process will build on the work of the ILO internal task force on results-based management (RBM), including the lessons learned from the four ongoing DWCP pilots, and will take into account the development of new ILO guidance on capacity development. The DWCP mechanism which will also need to be adapted to the context resulting from the ongoing reform of the UNDS and the new generation of UNCTs.<sup>16</sup> In countries without an active DWCP, institutional capacity development needs will be integrated into the existing processes for priority setting and tripartite consultation.

<sup>16</sup> GB.335/INS/10.

19. The focus on institutional capacity development in development cooperation<sup>17</sup> will be strengthened by making better use of initial diagnostics of needs, and implementation of capacity development plans. Office guidance will be adjusted in a way that places greater emphasis on initial consultation with constituents at the design stage of interventions and on the monitoring of long-term changes in institutional capacities.
20. In technical policy areas, the choice and combination of capacity development activities will depend on the global outcomes specified in the ILO programme and budget and the context-specific outcomes defined in UNDAFs and DWCPs, with a strengthened focus on long-term institutional capacities. In addition, the role of outcome coordination teams (OCTs) in ensuring that common and consistent approaches to institutional capacity-building and training are built into projects, DWCPs and Country Programme Outcomes (CPOs) will be reinforced. To enhance the planning process, OCTs will work closely with ACT/EMP and ACTRAV to ensure that the design, inception and delivery of capacity development components in ILO policy advice is grounded in the capacity development priorities expressed by workers' and employers' organizations. For labour administration systems, the OCTs will rely on the updated methodology for assessing capacity development needs. Particular emphasis will be laid on the strengthening of social dialogue systems and institutions. Outputs and outcomes of capacity development efforts will be systematically tracked through the improved institutional monitoring system to be developed by the RBM task force in 2019.
21. In line with the recommendations of the HLE, the ILO's evaluation guidelines will be further refined to make capacity development more explicit in evaluations of results frameworks. Evaluations will henceforth more explicitly assess capacity development interventions at all levels. Revised evaluation approaches to reflect the ILO's specific mandate and the use of strategic and clustered evaluations, as identified in the current ILO Evaluation Strategy, will provide a basis for the assessment of the medium- and long-term effects of capacity development. This will include the development and use of specific tools to measure capacity development results and ex-post analysis.

**(c) Strengthening ILO staff capacities**

22. The Office will also strengthen the institutional capacity development competencies of its own staff, including understanding of the specific institutional roles and functions of the social partners and labour administrations. In consultation with the Human Resources Development Department (HRD), the Multilateral Cooperation Department (MULTILATERALS), ACT/EMP and ACTRAV, the UN Development Operations Coordination Office (UNDOCO), and the United Nations System Staff College (UNSSC), the ITC-ILO will develop a staff training course on the common capacity development approach of the UN system and its application to the capacity development work of the ILO. The course will be piloted in one of the regions, targeted at ILO staff tasked with the development of capacity development projects, and subsequently rolled out to other regions. ACTRAV, ACT/EMP and Policy Portfolio departments will be involved in the development of ILO staff training, including building their gender mainstreaming capacities. The content of the training courses will incorporate the outcomes of the conceptual work on the ILO's approach to institutional capacity development, outlined in Results Area 1(a).

<sup>17</sup> This refers to all development cooperation activities, funded from voluntary sources and out of the regular budget.



## Results Area 2: Expanded partnerships and innovation

### (a) *Expanding partnerships*

23. The 2030 Agenda places greater emphasis on partnerships and South–South and triangular cooperation (SSTC). Partnerships are also an important area of the ILO’s current plan of action for the preparation of the ILO Development Cooperation Strategy.<sup>18</sup> In order to achieve results, partnerships require adequate capacities among the actors involved, and an enabling environment that supports their goals. The ILO’s capacity development efforts will therefore focus both on enabling participation by its tripartite constituents in broader partnership frameworks, and on raising non-traditional counterparts’ awareness of topics relevant to the ILO’s mandate, linking up with them on shared priorities, and leveraging complementary strengths. This might include non-traditional governmental counterparts, civil society organizations, other agencies of the UN active in particular UNCT contexts and UNDAFs, as well as other high-potential and committed stakeholders, such as women’s rights groups, who support inclusiveness and social justice.
24. Field offices of the ILO, together with employer and worker specialists, will deepen partnerships with other UN agencies in UNCTs in order to jointly implement capacity development activities targeted at ILO constituents under the umbrella of the next-generation UNDAFs. At the regional level, the ILO’s programming processes also open many partnership opportunities. Particular emphasis will be laid on development partners from emerging economies that have prioritized SSTC modalities to partner in supporting exchanges of expertise between countries within and between regions in the framework of SSTC, taking into account the outcomes of ILO Regional Meetings. The ILO will also build on existing technical partnerships within the UN system to strengthen coordination and common approaches to capacity development efforts. Finally, the Office will facilitate exchanges of experience and expertise between its constituent organizations, for example through communities of practice and other relevant communication platforms.
25. In order to ensure an adequate resource base for institutional capacity development efforts, continued dialogue with the voluntary funders of ILO programmes will aim to encourage lesser degrees of earmarking, not only in the design of individual projects, but also in the selection of recipient countries. Ensuring continued financial support to the Regular Budget Supplementary Account (RBSA) and thematic, pooled funding will be crucial in this regard, as it allows the ILO to better distribute its capacity development support across the countries that need it. These efforts will be pursued as part of the ILO’s future Development Cooperation Strategy. In the meantime, the current strategy, if approved by the Governing Body, will be applied to capacity-building activities for the tripartite constituents in ongoing development cooperation projects.

### (b) *Enhancing the capacity of local training providers*

26. The Office, through the ITC-ILO, will provide management advisory services for regional and national training institutions, including those operated by the constituents, aiming at the sustainable delivery of capacity development and training activities.<sup>19</sup> The ITC-ILO has already piloted a number of initiatives in this area. On the basis of these experiences, partnerships with regional and national training institutions will be further expanded to

<sup>18</sup> GB.334/INS/3/1.

<sup>19</sup> *Strategic Plan of the ITC-ILO for 2018–21: Capacity Development for the World of Work*, p. 16.

address the current limitations of training accessibility for many field-based constituents and to make capacity development efforts more sustainable. These partnerships shall develop local institutional capacity through the delivery of advisory services, including on portfolio management, product development, training technology, and training applications. The partnerships will also aim to enhance the coordination and coherence of capacity-building activities delivered by local training providers with the technical approaches to ILO policy areas developed by ILO policy departments, Decent Work Team/Regional Office (DWT/RO) field specialists and development cooperation project staff.

**(c) *Stimulating innovative approaches to capacity development***

27. Capacity development can clearly benefit from innovation, especially in terms of technological advances, new analytical perspectives, and overall methodological progress in learning techniques that support and promote diversity. One of the functions of the ITC-ILO is to serve as a safe space for elaborating and testing new and innovative approaches to capacity development. This function will be further expanded, ensuring stronger links to the innovative approaches developed in headquarters policy departments and in the field. In 2019, the ITC-ILO will invest in the establishment of a learning laboratory that will provide ILO constituents from 2020 onwards with access to the latest developments in learning technology.

**Results Area 3: Full integration of institutional capacity development into the ILO's global policy frameworks**

**(a) *Improved ILO-wide programing and reporting of institutional capacity development***

28. Capacity development is a core component of the current Strategic Plan (SP) for 2018–21. The ILO Programme and Budget for 2018–19 treats capacity development as a core means of action in its results frameworks. The revision of the results framework for 2020–21<sup>20</sup> and the development of the new SP for 2022–25 will provide an opportunity to better embed capacity development within overall ILO strategies, taking into consideration the report of the Global Commission on the Future of Work, the ILC discussions in June 2019, and the guidance received during recent Governing Body discussions.<sup>21</sup> The Office will ensure that results expected in terms of the increased institutional capacities of constituents are included in each of the prioritized policy areas, building on their needs and considering the trends that are shaping the future of work.

**(b) *Integration of the principles of the new Capacity Development Strategy into other policy frameworks***

29. Capacity development is also relevant to a number of other ILO policy frameworks and strategies that are currently under implementation or have to be renewed. This particularly concerns the ILO results-based Evaluation Strategy 2018–21, the Human Resources Strategy 2018–21, the Partnership and Policy Coherence Strategy, and the forthcoming Development

<sup>20</sup> The initial proposals on this matter may be found in document GB.335/PFA/1.

<sup>21</sup> In particular, but not exclusively, discussions on items covered by GB.334/INS/4, [GB.334/PFA/1](#) and [GB.334/PFA/7](#).

Cooperation Strategy for 2020–25. The Office will review the existing frameworks in order to align their implementation arrangements with the operational principles and approaches to institutional capacity development discussed in the present document. It will also ensure alignment of the future Development Cooperation Strategy, in particular the elements concerning capacity development, with the overall approach proposed in this paper.

#### **IV. Further steps**

30. The Office will appoint an internal steering committee for the implementation of the strategy, with the participation of headquarters, including ACTRAV and ACT/EMP, the regions and the ITC-ILO.
31. The steering committee will draw up an internal implementation plan for the first phase of the strategy, taking into account additional guidance received from the Governing Body.
32. The Programme Implementation Report for 2020–21 will include a specific assessment of progress in the implementation of the strategy, based also on the results achieved during the biennium, identifying the lessons learned and areas for future improvement.
33. The strategy will be reviewed and, if necessary, adjusted by the Office following the adoption of the Strategic Plan for 2022–25.

#### **Draft decision**

34. *The Governing Body requested the Office to implement the ILO Institutional Capacity Development Strategy, taking into account the guidance received during the discussion of document GB.335/INS/9.*