REVIEW OF MANAGEMENT AND ADMINISTRATION IN THE INTERNATIONAL LABOUR OFFICE

Prepared by

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ACRONYMS

ACT/EMP	Bureau for Employers' Activities
ACTRAV	Bureau for Workers' Activities
APP	Active Partnership Policy
CIS	Commonwealth of Independent States
CRADAT	African Regional Centre for Labour Administration (ILO)
EECAT	ILO Area Office and the ILO Eastern European and Central Asian Multidisciplinary Advisory Team
GB	Governing Body
HRM	Human resources management
IAU	Internal Audit Unit
ILC	International Labour Conference
IMIS	Integrated Management Information System
IMF	International Monetary Fund
IPEC	International Programme for the Elimination of Child Labour
IT	Information Technology
ITCOM	Information Technology and Communications Bureau
MDT	Multidisciplinary Team
MERS	Monitoring, Evaluation and Reporting System
MTP	Medium-term plan
OIOS	Office of Internal Oversight Services
PERSIS	Personnel Information System
PFA	Programme, Financial and Administrative Committee
PROGRAM	Bureau for Programming and Management
RBCT	Regular Budget for Technical Cooperation
SUC	Staff Union Committee
TC	Committee on Technical Cooperation
YPs	Young professionals

OBJECTIVE, CONCLUSIONS AND RECOMMENDATIONS

The objective of the present report is to contribute to the solution of some administrative and managerial problems that the International Labour Office has been facing in such areas as: (a) strategic planning, budgeting, and reporting on performance management; (b) oversight and control; (c) human resources management; and (d) implementation of the Active Partnership Policy.

Strategic planning, budget, and reporting on performance management

Strategic planning and budgeting is becoming a major management tool in the International Labour Office. The first strategic programme and budget document, covering the 2000-01 period, was considered by the 274th session of the Governing Body as a welcome starting-point for a fully developed strategic budgeting approach. Its discussion, however, revealed a number of weaknesses. The Inspectors believe that the Director-General needs a dedicated unit, in order to be assisted systematically in the preparation of a viable, coherent, and sufficiently flexible programme and budget document, bringing into harmony the strategic and operational objectives of the Organization. This unit could also assist the Director-General in ensuring linkage and feedback between strategic planning, programme, budgeting, monitoring of implementation, and evaluation. It may also integrate and catalyse managerial tasks and responsibilities, in order to strengthen organizational flexibility and responsiveness, and address current management issues such as decentralization/delegation, "benchmarking", and competitiveness.

Recommendation I

As part of his reforming and restructuring efforts, the Director-General should set up a unit dedicated to strategic planning, performance management, effective accountability and management improvement.

Reporting on programme performance in a concise and integrated manner is an integral part of the strategic budgeting concept, and a fundamental management and government tool both for the Director-General and the Organization. It allows for formulation, expansion, reduction or elimination of programmes and activities on the basis of lessons learned from evaluations, changed circumstances or emerging priorities. To date, reporting on substantive programme performance in ILO is not entirely satisfactory. Indeed, the annual ILO activities report is a lengthy document which allows only a very limited assessment of the ILO success or failure in meeting the objectives set. The preliminary implementation report is mostly narrative and provides little summarisation of results or outputs. The deficiencies of the Interim report on programme implementation were clearly demonstrated in the course of its discussion at the 270th session of the Governing Body (November 1997). The Inspectors believe that the Interim report, once its analytical content is improved, may become a document which would allow the Governing Body to operatively monitor the implementation of the ILO programme and to adjust it, if and when necessary.

Recommendation II

The Interim report on programme implementation should be a major instrument to allow the ILO constituents to continuously monitor the implementation of ILO programme, and reflect on its impact, and more importantly, its relevance. To become such an instrument, the Interim report should, firstly, indicate specific targets, clear outputs and measurable performance indicators against which efficiency of implementation can be determined. Secondly, the Interim report should be presented to the Governing Body early enough, e.g. at its March session, to allow it to adjust or review the programme and budget, should priorities change owing to unexpected external or internal circumstances. (See paras.14-22).

Currently, a Monitoring, Evaluation and Reporting System (MERS) is being applied throughout the Office. There is no doubt that the concepts and tools underpinning MERS are highly relevant to the needs of the ILO. If MERS did not exist, a similar system would have to be invented. Through the analysis of problems or difficulties in achieving the stated objectives, MERS is capable to prompt corrective measures relating either to the implementation of the project or to its design. However, MERS is a stand-alone self-assessment system, insufficiently tied to planning and programming exercise at the level of the ILO as a whole. To date, MERS is not very popular among ILO staff because of its apparent unsuitability for some activities, its rigidity and cumbersomeness, and the conviction of some staff members that MERS should focus more on outputs than on objectives. For these reasons, utilization of MERS' potential as a management tool is limited.

Recommendation III

The Director-General should examine the possibility of enhancing MERS potential as a management tool through establishing a direct linkage between MERS and the strategic planning and programming exercise. More training should be undertaken in MERS application. On the basis of comments received from MERS users, measures should be taken to make MERS software more flexible and user-friendly. (See paras. 23-28).

ILO oversight and control system

The ILO enjoys a comprehensive oversight and control system, including both external and internal mechanisms which, on balance, are performing efficiently and effectively. The Governing Body, whose governance role over recent years has significantly increased, ensures effective and dynamic control through its Programme, Financial and Administrative Committee. The activities of the External Auditor, which cover both financial and management audit, are highly appreciated. The Bureau for Programming and Management (PROGRAM), in additionto its programme planning and coordination functions, is responsible for conducting all five elements of internal oversight (audit, inspection, investigation, evaluation and monitoring). While these oversight functions are being performed satisfactorily, the authority and the credibility of the Internal Audit should, however, be enhanced.

Recommendation IV

In order to enhance the authority and the credibility of the Internal Audit function, the following measures should be taken:

(a)   establishment of direct reporting by the Internal Audit Unit to the Director-General;

(b)   revision of the terms of reference of the Internal Audit Unit to include such oversight functions as investigation of fraud and presumptive fraud;

(c)   recruitment of a professional investigator to the Internal Audit Unit; and

(d)   improvement of the Chief Internal Auditor's annual report through providing a better analysis, including statistical, of the implementation of his previous recommendations.(See paras. 42-47*).*

The Governing Body has increasingly requested more evaluation studies and, above all, a higher quality of evaluation work. The External Auditor, having reviewed the evaluation work carried out by ILO Programme and Project Evaluation Unit, has made 8 recommendations, 6 of which concerned the Unit and 2 were related to the Office as a whole. With the introduction of MERS, the Unit has become deeply involved in processing MERS reports coming both from the headquarters and field offices, and in providing feedback to programme managers. There is an obvious discrepancy between the tasks of the Unit and its capacity.

Recommendation V

In order to improve the Office's evaluation function and performance of the Programme and Project Evaluation Unit, the Director-General may wish, in consultation with the Governing Body, to consider the following measures:

(a)   to provide for a built-in evaluation process in each programme through allocating for this purpose a specific amount of resources as a percentage of budget allocations made for each specific programme; and

(b)   within the limits of available resources, to strengthen the capacity of the Programme and Project Evaluation Unit.(See paras. 48-55).

The Programme and Budget documents for both the 1996-97 and 1998-99 biennia drew attention to the inevitable need to replace the obsolete central budgetary/accounting system and the general ledger system by new integrated financial tools. The principal conclusions of a preliminary study on possible replacement of these systems were reported to the 273rd session of the Governing Body. While there was a unanimous agreement to address this problem, the proposed approaches to solve it diverged. As the ILO is definitely moving toward strategic budgeting, its financial and accounting tools have to be able to provide the kind of information and accountability that this new approach requires. This is the reason for the urgency to solve the problem of the Organization's ageing financial and accounting system.

Recommendation VI

In order to ensure the successful transition to an effective implementation of strategic budgeting and modern management systems, the Governing Body may wish, as a matter of priority, to address the problem of the Organization's ageing financial and accounting tools. To facilitate the consideration of this issue, the Governing Body may wish to invite the Director-General to prepare recommendations based on a comparative analysis of similar systems used in other UN system organizations. (See paras. 60-62).

Human resources management

Human resources is an area which requires the particular attention of the Governing Body and the Director-General. To date, the Office has not developed a human resources management strategy which would deal in a comprehensive manner with such important issues as: (a) staff-management relations; (b) proactive recruitment; (c) career development; (d) comprehensive management development and training programmes; (e) encouraging and counselling of staff; (f) promoting staff mobility; and (g) responsibility of managers for the human resources entrusted to them. Another problem requiring urgent action is that of redressing the situation of geographical imbalance of the Office's staff. At present, almost 60 Member States are not represented in the Office; the number of under-represented and over-represented Member States is not reported to the Governing Body. The report on the composition and structure of ILO staff makes no mention of the efforts made by the Office to improve the geographical composition of its staff. The Inspectors believe that ILO recruitment practices need to be carefully reconsidered.

Recommendation VII

The Director-General should:

(a)   develop a comprehensive human resources management strategy and submit it to the Governing Body for consideration and approval;

(b)   design measures to improve the geographical composition of ILO staff; and

(c)   improve the content of the Office's report on the composition and structure of ILO staff.

The report should contain consistent information on the number of staff from all of the following categories of Member States: (i) unrepresented, (ii) represented below the desirable range, (iii) represented within the desirable range, and (iv) over-represented. Moreover, the report should inform the constituents on the measures taken and to be taken to improve the geographical distribution of posts. (See paras. 63-82).

Technical cooperation and implementation of the Active Partnership Policy

Consensus exists to the effect that the Active Partnership Policy (APP) is a valuable tool that has brought the ILO closer to its constituents. The conclusions of the evaluation of APP implementation undertaken by a Tripartite Working Party and those of the extensive discussion of the role and the impact of APP by the Technical Cooperation Committee in March 1999 are consonant with the JIU findings reached as a result of its examination of the work of the Moscow Area Office/MDT. Evaluation of APP by the constituents is an important element in ensuring the relevancy and efficiency of ILO activities.

Recommendation VIII

In order to regularly analyse the implementation of the Active Partnership Policy, an evaluation, similar to that undertaken by the Tripartite Working Party in 1997, should be carried out every four to five years. Lessons learnt as a result of this exercise should serve to improve and adapt this policy as well as to enhance the functioning of the ILO field structure. The tripartite evaluation should complement the assessment of APP and MDTs made within the context of MERS.(See paras. 94-99).

There also seems to be a general agreement that ILO activities should be further decentralized and the time has come to take decisive steps to ensure a more coherent and effective delegation of administrative and financial authority to ILO field units, without losing directional control or functional accountability. The analysis of the documentation containing review and evaluations of ILO technical cooperation activities and APP implementation, the statements made by the ILO constituents on the subject at the recent Governing Body sessions, and the results of the examination of the ILO Moscow office by JIU lead to the following major conclusions: (a) the ILO field structure should be rationalized, (b) substantial savings and better efficiency can be achieved as a result of the merger of ILO Area Offices and MDTs, (c) the delegation of responsibility to ILO field units should be supported by their better financing; (d) bureaucratic obstacles related to determining the professional profile of field experts, recruitment of local temporary staff and training of field staff are contradictory to the APP concept and run against the Director-General's intention to turn ILO into an organisation capable of providing rapid response. Below follow the relevant recommendations.

Recommendation IX

The ILO field structure should be reviewed and rationalized. The Agency, after having weighed up the costs and benefits of such a revision, should, as a first step, merge Area Offices and MDTs located in the same cities, as has already been the case in Moscow, Addis Ababa, Cairo, Dakar, Lima and Port of Spain. For this purpose, the regional competencies of the Area Offices and MDTs to be merged should be reconsidered to assure full alignment between the two.
(See paras. 90-103).

Recommendation X

In order to ensure the systematic use of resources from the Regular Budget for Technical Cooperation (RBTC) for the purposes of the implementation of country objectives as well as a definite and efficient shift towards a demand-driven approach for the use of technical cooperation funds that ILO has been striving to install for many years, the system and pattern of RBTC distribution should be rationalized. The country objectives should serve as the main reference for elaborating programme and budget proposals for technical departments. (See paras. 111-115).

Recommendation XI

The heads of field offices should be given the authority to:

(a)   determine the professional profile of experts that are to be part of their area offices and MDTs in accordance with the relevant country objectives and priorities established jointly with the constituents; and

(b)   recruit local professional (local experts and national programme officers) and supporting staff against non-established positions, in accordance with the relevant administrative directives and without passing through the headquarters' Personnel Department.
(See paras. 116-119).

Recommendation XII

The share of resources allocated for the training of ILO staff who are to serve or are already serving in the field should be increased tangibly, with some of these resources put at the disposal of field offices for staff training on the spot. (See para.120).

Recommendation XIII

The programmes and facilities of the Turin Centre, having an excellent record in training, should be used more extensively. The training of experts at the Turin Centre, prior to their being posted to ILO field offices, should become a standard practice, in order to avoid the sending of unprepared experts, which results in delays to the implementation of field programmes.
(See para. 120).

I. INTRODUCTION

1.   On the eve of the twenty-first century, the future role and priority objectives of the International Labour Organization have been extensively debated among its constituents. The Employers have expressed their views in a document entitled "Proposals for a thorough reform of the ILO." The Workers have put forward their ideas in a paper "The ILO towards the 21st century." In 1994, the Government, Employers' and Workers' representatives discussed the same issues during the 81st session of the International Labour Conference (ILC) on the basis of the Director-General's report entitled *"Defending values, promoting change - Social justice in a global economy: An ILO agenda."* Certain aspects of these problems have been central to discussions at the ILO Governing Body (the Governing Body) and its committees.

2.   The debates have led, firstly, to the establishment, in 1993, of the Organization's new priorities. Secondly, the new mission statement was adopted positioning the ILO as: (a) a centre of excellence and reference whose work is regarded as authoritative at the international level; (b) the focus for elaboration, implementation and supervision of workers' rights; and (c) an Organization offering services to all its constituents in member states, taking due account of the differing and changing environments faced by constituents. Thirdly, significant reform measures were undertaken with regard to the functioning of the ILO annual Conference and the Governing Body. Fourthly, a strategic approach was adopted in the area of ILO technical cooperation activities, known as the Active Partnership Policy (APP) which aims primarily to bring the ILO closer to its tripartite constituency in Member States. It needs to be noted that ILO priorities were further refined at the 274th session of the Governing Body (March 1999) into four strategic objectives of the Organization, geared to: (a) promote and realize fundamental principles and rights at work; (b) create greater opportunities for women and men to secure decent employment and income; (c) enhance the coverage and effectiveness of social protection for all; and (d) strengthen tripartism and social dialogue[1].

3.   In the course of the above mentioned debates, the Governing Body and its committees have extensively discussed the problems of reforming the International Labour Office with a view to enhancing efficiency and transparency of its activities, and improving its reporting to the legislative bodies. In particular, criticism was expressed with regard to:

▸   lack of focus and strategic vision in the Organization's operational activities;
▸   insufficient and inadequate information on programme performance and use of resources;
▸   implementation of management reform measures, particularly those related to personnel management, staff-management relations, delegation of authority to and enhancing accountability of programme managers; and
▸   implementation of APP, including interaction between the ILO substantive departments and field offices, as well as among field offices.

4.   The objective of the present report is to contribute to the solution of some administrative and managerial problems that the International Labour Office has been facing in such areas as: (a) strategic planning, budgeting, and reporting on performance management; (b) oversight and control; (c) human resources management; and (d) implementation of the Active Partnership Policy. Apart from the information provided by the Office on its recent major management reforms and initiatives, two recent JIU reports were used as background, namely: "Accountability, management improvement and oversight in the United Nations system. Part I. Overview and analysis"[2] and "More coherence for enhanced oversight in the United Nations system."[3] In the course of preparation of the present report, the Inspectors have benefitted from the ideas and professional expertise of both the constituents' representatives and ILO officials serving in the headquarters as well as in the field. They are thankful to all of them for their kind contributions.

5.   The present report reviews primarily the situation in the area of administration and management of the Office, which existed prior to the 274th session of the Governing Body. This analysis, in the Inspectors' view, remains relevant today to the extent that it, as well as the recommendations contained in the report, can be helpful in the on-going efforts by the constituents, the new Director-General and his staff to make theOrganization more relevant, efficient and effective. The Inspectors welcome the initiatives that the new Director-General introduced at the 274th session and his ensuing measures in that respect.

II. STRATEGIC PLANNING, PROGRAMMING, BUDGETING, MONITORING OF IMPLEMENTATION, EVALUATION, AND REPORTING ON PERFORMANCE MANAGEMENT

6.   Any organization intending to remain relevant and an authority in the current highly competitive environment, needs to review periodically its strategic objectives and how they are being attained. For this purpose, it has to analyse its performance through systematic and objective evaluations with a view to not only identifying difficulties in carrying out its programmes and taking corrective measures, but also to making sounder proposals for the next programme and budget. Eventually, a review of strategic objectives themselves may be necessary on the basis of the experience in the preceding period. In sum, a feedback loop must exist between programme and budget implementation, evaluation and strategic planning. The analysis of how the ILO is responding to these requirements is presented below.

A.   Strategic planning, programming and budgeting

7.   The Office's weakness in strategic planning, programming, and budgeting had been systematically criticised by the constituents. Indeed, a strategic plan for the Organization as a whole was non-existent. Nor has it currently a Medium-term plan (MTP). The last MTP covered the 1990-1995 period. Having no linkage to global strategic objectives, the ILO plans related to specific activities, including operational, were losing in value. In the absence of strategic planning documents, the ILO, until recently, had to rely on the introduction to the programme and budget document, and the introductory paragraphs to major programmes. These paragraphs provided only a brief general assessment of the environment in which the ILO expected to operate in the medium to long term.

8.   The above may, at least partially, explain both the constituents' insistence on being more involved in planning and the very complicated nature of this process. The analysis of consideration and approval of the 1998-99 Programme and Budget suggests that this process consisted of seven stages.[4] In order to improve strategic planning and facilitate discussion of biennial programme and budget proposals, the External Auditor, in his report for the 1997-1998 period, recommended to include in the Programme and Budget document a "discrete strategic planning section" intending "to demonstrate that the biennial programme is based on a realistic assessment of global trends and developments and the impact of other factors such as likely changes in the availability of resources to the ILO"[5]. The constituents, on the other hand, have insisted on the need to move from a traditional, predominantly administrative, programme budget, contingent on organizational units, to one based on strategic and operational objectives. They have also requested that resources be set down in the form of budgetary envelopes for the strategic objectives.

9.   Their other major preoccupation has been the lack of transparency and user-unfriendly nature of the Programme and Budget document, including that for the period 1998-1999. Indeed, it indicated neither objectives nor expected outputs. It contained no reference to any key performance target or indicator against which achievements could be assessed. It mentioned only briefly the key outputs to be delivered in the biennium, and inputs were often presented in a highly summarised manner which made it impossible for a reader to figure out the level or proportion of resources allocated for specific objectives. On several occasions, faced with difficulties to understand programme and financial documentation, the ILO constituents were compelled to request supplementary information in a tabular or diagrammatic form.

10.   A major step in meeting the constituents' requirements was made by the new ILO Director-General to submitting his strategic programme and budget to the 274th Governing Body session (March 1999), consisting of two volumes, which consolidated all the former 65 ILO programmes into the four above mentioned strategic objectives (see para. 2 above). Thus, the proposals, contained in Volume 1 of the document, presented a clear and focused picture of the fundamental elements of the ILO's programme of work, and their corresponding operational objectives. Although the figures provided by the Director-General for the four strategic objectives were understood to be indicative and subject to a further review, on balance, volume 1 was considered as a welcome starting-point for a fully developed strategic budgeting approach and valuable as a major management tool.

11.   With regard to volume 2, the Governing Body felt that it was inconsistent with the notion of a strategic budget and requested therefore that the document be revised for submission to the Governing

Body at its 1999 November session. More specifically, the programme and budget document, in their view, suffered from the following deficiencies:

- ▸ four main budgetary envelopes corresponding to the main objectives of the Organization appeared to be based to a large extent on current expenditure;
- ▸ lack of linkages between Volumes 1 and 2 of the proposals, as the latter contained neither properly costed and measurable short-term objectives of departments, based on strategic priorities, nor clear outputs, nor financial resource allocation;
- ▸ insufficient information provided on the Office's human resources development intentions, with specific budgetary allocations for the organizational changes required and for training, and reorientation programmes for the new strategic planning methodology;
- ▸ insufficient explanation of the operational systems needed for the four pillars and InFocus programmes related to cross-cutting departmental activities; and
- ▸ somewhat arbitrary distribution of technical programmes, regional programmes and support activities according to the strategic objective framework.

12. The ILO constituents look forward to results-based budgeting in ILO, i.e. to further articulation of specific targets, clear outputs, expected results and measurable performance indicators for the objectives, as well as resource allocations with the traditional staff and non-staff breakdowns. In their view, the final programme and budget document should provide the baseline for monitoring and evaluating results in accordance with strategic and operational objectives, and should afford the opportunity to refine and further elaborate objectives, targets and performance indicators as necessary. These should be fully integrated with resource allocations. In his closing statement at the 274th session of the Governing Body, the Director-General committed himself to complying with the above requests of the constituents.

13. It will be recalled that the strategic programme and budget document under discussion has been prepared by the Director-General and the Office with the help of the Transition Team. It is clear that strategic planning and budgeting will, from now on, be not only an integral part but also a major tool for managing the Office. In order to systematically assist the Director-General in this exercise, it would be judicious to set up a unit dedicated to strategic planning, performance management, effective accountability and management improvement. This unit would assist the Director-General in the preparation of a coherent programme and budget document, as well as in ensuring linkage and feedback between strategic planning, programme and budget implementation, and evaluation. It may also integrate and catalyse managerial tasks and responsibilities in order to strengthen organizational flexibility and responsiveness, and should address current management issues such as decentralization/delegation, "benchmarking", and competitiveness.

B.   Monitoring of implementation, evaluation, and reporting on performance

14. Over the years, the ILO constituents have emphasized the Office's obligation to report regularly, fully and objectively to the Governing Body on the use of funds and on the results of its programmes. However, its relevant documentation has continued to lack the necessary transparency. More often than not, the constituents' appeals to be better informed by the Office on programme implementation have resulted in submission of more bulky rather than of more focused and transparent documentation.

15. However, the continuous process of monitoring, assessment and reporting is an integral part of the strategic budgeting concept, and a fundamental management and government tool both for the Director-General and the Organization. It allows for formulation, expansion, reduction or elimination of programmes and activities on the basis of lessons learned from internal and external evaluations, changed circumstances or emerging priorities. The key to strategic planning is an evaluation and measurement of progress, success or failure.

16. In this regard, it is encouraging to note that the new Director-General has committed himself to developing an effective monitoring and evaluation function early in his tenure and to reporting regularly, fully and objectively to the Governing Body on the use of funds and programme results. His intention to engage in a dialogue with the constituents on the nature and frequency of reporting on programme implementation and on evaluation, as well as to provide measurement tools through agreed performance indicators, is laudable. The deficiencies of current reporting on programme performance are presented below.

17.	**The ILO activities report**, which the D-G submits to the International Labour Conference, is a lengthy document. Thus the report for 1996-97 contained 208 pages. However, it did not assess, in verifiable quantitative and qualitative terms, the extent to which the ILO had achieved its objectives. Although, the ILO's financial statements revealed the amount of expenditure incurred against the approved budget, this allowed only a very limited assessment of the success in meeting the objectives set.

18.	**The preliminary implementation report** is mostly narrative and, therefore, voluminous. Thus the report covering the period from January 1996 to June 1997 contained 51 pages. It highlights some findings and key items, however there is little summarisation of results, or outputs, in tabular form. This report may be qualified as user-unfriendly and as not allowing the reader to assess easily the extent of programme implementation or whether the programme is being implemented according to plan and within budget. The External Auditor has recommended shortening this report by using summary tables to compare outputs delivered to those planned.[6]

19.	Until 1992, the Governing Body also examined once every two years at the May session of non-budget years, a **Programme implementation report** prepared by the DG. As part of the reforms in the functioning of the ILC adopted by the Governing Body in November 1992, this report to the Governing Body was discontinued on the grounds that it duplicated the DG's Report on the activities of the Office submitted to the Conference.

20.	Instead, an **Interim report on programme implementation** is presented to the Governing Body. The discussion of such a report for 1996-97[7] by the Governing Body in November 1997 clearly demonstrated its deficiencies. In the view of the Employers, it did it provide the PFA with any substantive additional information compared to what already had been known, nor did it identify problems or difficulties encountered in the execution of the programme.[8] In fact, the document mostly consisted of a compilation of information concerning the first 18 months of the biennium which was also found in the Director-General's report to the Conference in June 1998. The general conclusion was that little attempt had been made to evaluate the effectiveness of the substantive activities of the ILO.

21.	In the Inspectors' view, the Interim report on programme implementation should be a major instrument which would allow the ILO constituents to monitor the implementation of the ILO programmes, reflect on their impact and more importantly their relevance. To become such an instrument, the interim report should indicate specific targets, clear outputs and measurable performance indicators against which efficiency of implementation can be determined. Secondly, the interim report should be presented to the Governing Body early enough to allow it to adjust or review the programme and budget should priorities change owing to unexpected external or internal circumstances. This type of flexibility within prescribed envelopes is a requirement of modern management techniques.

22.	In its recent report entitled "Accountability, management improvement, and oversight in the United Nations system", the JIU recommended that each organization should report annually to its primary oversight governing body in a concise and integrated way, utilizing the strategic planning unit.[9] In the same report, the JIU also suggested that oversight governing bodies need to assert their leadership role much more firmly and consistently and to insist on improved accountability, performance, oversight and sound management systems. They also need to provide clearer guidance to secretariats, sharpening their focus on performance and results, following up more systematically on the implementation of past policy decisions.[10]

## C.	Monitoring, Evaluation and Reporting System (MERS)

23.	MERS - a self-management system by objectives - was brought in, on an experimental basis, in 1994. By his circular of November 1997, the D-G introduced MERS for Office-wide use from the beginning of the 1998-99 biennium.

24.   MERS has been widely publicized both in and outside the ILO as a means to:

▸   render the management of ILO activities more rigorous and transparent;
▸   improve the planning of future work and contribute to the formulation of overall programme policies; and
▸   enhance accountability at all levels.

In short, MERS has been presented not only as a powerful but also as an inexpensive instrument that would promote a change in management culture throughout the ILO and enhance the overall ILO oversight system. The Office also argues that, from the point of view of using such a management tool, it is "way ahead of most international organizations."

25.   While a rigorous analysis of MERS' actual application and its capability, if properly used, to deliver has still to be made, some observations in this regard are deemed necessary. There is no doubt that the concepts and tools underpinning MERS are highly relevant to the needs of the ILO, particularly the emphasis placed on a clear statement of objectives and the inclusion of "indicators of achievement" to provide verifiable evidence to assess the progress made. MERS is above all a self-assessment system, and, if it did not exist, a similar system would have to be invented. Neither is there any doubt that MERS is capable, through the analysis of the problems and difficulties faced in achieving the stated objectives, to prompt project or programme managers to take corrective measures relating either to the implementation of the project or to its design. The experience of MERS application to technical cooperation projects confirm this. The usefulness of MERS application in other areas is, however, more problematic.

26.   It should be noted from the outset that the major deficiency of MERS is that it is currently not an integrated but rather a stand-alone system. It is insufficiently tied to both the planning and programming exercise at the level of the ILO as a whole. An evaluation note, prepared by each department on the basis of managers' synthesis of the individual MERS reports received, is submitted to the General Management Committee (GMC). What happens further to these notes remains to be clarified. It appears, however, that neither PROGRAM, nor substantive Departments receive any feedback from GMC in terms of guidance for future planning. Since the ILO has now shifted to strategic planning, the issue of establishing a proper linkage with MERS is on the agenda. To date, MERS is not a part of a comprehensive management system. Therefore, its capacity as a management tool is not sufficiently used. As to the value of MERS as an evaluation tool, it may be worth noting that self-evaluation, although very useful, is not an objective internal evaluation and should, therefore, be complemented by independent outside evaluation.

27.   Up to now, MERS is not very popular among ILO staff who were not "bought in" to the system and who still consider it a system imposed by the Administration. This psychological barrier has to be overcome through explanatory work and training. Other reasons of resistance to MERS include: (a) its apparent unsuitability for some activities, e.g. routine or repetitive administrative procedures; (b) its rigidity and cumbersomeness for some staff members, who are distracted from their normal activities; and (c) the conviction of some staff members that MERS should be more oriented towards results rather than objectives.

28.   In the course of their mission to Moscow, the Inspectors observed that MERS is being used by the Area Office/MDT for preparation of all reports on project implementation (100% application). The Moscow staff, who master MERS, consider it as a time-saver, while objecting to a certain rigidity of its software.

III. ILO OVERSIGHT AND CONTROL SYSTEMS

29.   Obviously, a strategic budget, which allows a certain degree of flexibility in the use of allocated resources, should be accompanied by a rigorous and effective oversight system. Such a system, in turn, requires a partnership among (a) the constituents, (b) senior management, including internal oversight officials; and (c) external oversight mechanisms. Senior management should be "the first line" of oversight.

30.   Apart from the General Conference - the ILO's legislative arm and the only body in which all Member States are represented - the ILO oversight and control systems include both external bodies (Governing Body, External Auditor, JIU) and internal components (Director-General, Accountability Committee, Internal Audit Unit, Evaluation Unit, Management Advisory Services Unit).

A.   External oversight

(a)   Governing Body

31.   The Governing Body is the only entity which ensures effective and dynamic control. Its major function is to establish policies that would provide direction for ILO activities. The Governing Body oversight function with regard to administration and management of the Office is exercised mainly through its Programme, Financial and Administrative Committee (PFA) which examines financial questions, programmes, personnel matters and general administration. It reviews audited accounts and the external and internal auditors' reports.

32.   For a long time, the only formal input by the Governing Body to the programme and budget was its examination of the biennial proposals made by the D-G. Since 1987, the Governing Body has been asking to be more involved in the process of programme orientation at an early stage. Following the discussions held in 1987, 1990, 1992, 1994 and 1996 on the basis of the relevant papers submitted by the DG, preliminary consultations between him and the Governing Body were institutionalized. For instance, the discussion of the DG's paper on "Preparation of the Programme and Budget proposals for 1998-99" by PFA in November 1996 has enabled the D-G to refine his proposals.

33.   A much greater involvement of the Governing Body in the process of preparation and approval of the programme and budget, increased focus on essential tasks, such as basic guidelines, decisions and accountability, have significantly enhanced its oversight role. While micro management, in principle, is often a reaction to a lack of transparency and accountability, a demarcation line must exist between governance and management of the Office. It will be recalled that at the 274th session of the Governing Body, a suggestion was made that its members should consider in due course the way in which they were involved in the governance of the Organization, and, in this context, to envisage new approaches.

(b)   External Auditor

34.   The ILO External Auditor has two major functions: (a) to carry out management and financial audits; and (b) to give assurances to the Governing Body "that the internal controls, including the internal audit, are adequate in the light of the extent of reliance placed thereon."[11] The work of the External Auditor, which includes elements of evaluation and management audit in addition to the traditional areas of external audit, is highly regarded. His recent analysis of the monitoring, evaluation and reporting systems developed by the ILO in respect of its major programmes and projects, has focused in particular on:

- the adequacy of ILO's Strategic Planning and Budgeting Framework;
- the extent to which ILO has developed comprehensive output and performance measures for all major programmes; and
- the effectiveness of ILO's evaluation procedures, including the dissemination of lessons learned.

Fourteen out of the total thirty-seven recommendations were made on these issues. The Inspectors note their relevance and soundness.

35.   While the Office is required to report to the PFA on action taken in response to the Auditor's recommendations, the latest report raises some issues (e.g. increasing budget allocations) which are rather within the competence of the Governing Body than that of the Office. Still others are of a strategic nature. Taking adequate action thereon will therefore require some time. The Inspectors believe, however, that follow-up to the recommendations of the External Audit concerning the monitoring, evaluation and reporting system is particularly important now that the ILO has adopted a strategic approach to its programming and budgeting.

36.   The External Auditor maintains effective working relations with the Chief Internal Auditor through regular meetings, the exchange of audit reports and the discussion of planned audit assignments. These working arrangements ensure that internal and external audit work is coordinated to promote optimal audit coverage and to avoid duplication of efforts.

(c)   Joint Inspection Unit

37.   The JIU's oversight role is being exercised through its reports. Since its creation, the JIU has prepared a number of reports specific to the ILO, some examples being reports on secretariat accommodation standards, management review of the ILO African Regional Centre for Labour Administration (CRADAT), ILO's social security programme, or its recruitment policies and practices. The Unit's expertise and services are available to all participating organizations for tackling their specific problems. However, JIU's unique strength lies in its system-wide competence. Its most significant contribution related to ILO is to be found more in its comparative analysis of trends and problems faced by various organizations and in harmonized, practical and concrete solutions proposed by the Unit on the basis of such an analysis.

38.   In the past several years, JIU has produced about twenty system-wide reports. Those particularly relevant and still of topical importance to ILO include: "Budgeting in organizations of the United Nations system"; "Technical cooperation and the use of national project personnel"; "United Nations system cooperation with multilateral financial institutions"; "An integrated library network for the United Nations system"; "Decentralization of the United Nations system organizations"; "Working with non-governmental organizations", "Accountability, management improvement, and oversight in the United Nations system"; "More coherence for enhanced oversight in the United Nations system".

39.   These provide both analysis and recommendations based thereon, in particular with a view to improving the oversight function in the United Nations system organizations, including ILO. Thus, as far as oversight is concerned, in its recent report entitled "Acccountability, management improvement, and oversight in the United Nations system", the JIU recommended that each organization should:

▸   carefully consider the balance and capacities of its internal audit, evaluation, monitoring, inspection, and/or investigation units;
▸   keep under review ways to consolidate, strengthen, or better support them; and regularly assess and improve their effectiveness;
▸   ensure that it has integrated and dynamic internal control systems in place and, in particular, develop clear guidance and actions to be taken concerning personal accountability, financial liability and standards of staff conduct.[12]

In its another report entitled "More coherence for enhanced oversight in the United Nations system", the JIU also invited legislative organs to request the executive head of each organization to submit, for approval, an optimal plan for conducting and coordinating all elements of internal oversight, appropriate to characteristics of his/her organization, and indication of the related personnel and financial requirements.[13]

B.   Internal oversight

(a)   Senior management

40.   As mentioned above, senior management, and above all the Director-General, should be "the first line" of oversight. Indeed, once a policy decision is taken and the parameters within which it should be

implemented are set out by the Governing Body, it is up to the Director-General to ensure its effective execution and optimal utilization of the Office's financial and human resources for this purpose. This is surely the proper division between governance and management.

41.   It is the responsibility of the Director-General to put in place a strategic planning, implementation, monitoring, evaluation and reporting systems which would ensure that programmes are formulated, funding allocated and expenditures approved on the basis of targets, clear outputs and measurable performance indicators. It is also up to him to set up appropriate mechanisms for being assisted in this function.

42.   It is the Bureau for Programming and Management (PROGRAM) which, in addition to its programme planning and coordination functions, is responsible for conducting all five elements of internal oversight (audit, inspection, investigation, evaluation and monitoring)[14]. The Bureau is headed by a D-2 official who reports directly to the Director-General. Responsibility for oversight is divided among three units in the Bureau, with Internal Audit responsible for audit, inspection and investigation; the Programme and Project Evaluation Unit responsible for evaluation; and the Programme Planning Unit responsible for monitoring. Monitoring activities are conducted by programme managers, with the Bureau responsible for coordinating and establishing relevant policy and guidance. The Programme and Project Evaluation Unit provides regular reports to the appropriate committees of the Governing Body. The Management Advisory Services Unit, which is also a part of PROGRAM, provides advice and guidance to departments whenever inefficiency or violation of procedures is discovered. In addition, the Bureau produces a number of reports and studies for review by legislative organs. The Bureau does not provide, *per se*, an annual oversight report to the ILO Governing Body.

(b)   Internal Audit Unit

43.   Established in accordance with article 30 (d) of the Financial Regulations, the Internal Audit Unit (IAU) recommends improved control features for systems and procedures under its review. Its work is designed to ensure a sound and adequate internal control at reasonable cost; compliance with ILO rules, regulations, policies and procedures; the integrity and soundness of management practices; the efficient use of resources; and the accuracy of the accounting, financial and other data used for management information. The Unit should also evaluate the extent to which assets are accounted for and safeguarded from loss.

44.   Following the audit undertaken, individual IAU reports or management letters are sent, as a general rule, to the chief of the department that was the subject of auditing, with copies to the Director-General, the Assistant Director-General responsible for the department and to the External Auditor. A system of follow-up has been introduced to ensure that all recommendations are properly followed up. Each IAU annual report, for example, contains a short section on the implementation of its previous recommendations. In order to assist the constituents in monitoring compliance with these recommendations, the content, both analytical and statistical, of this section should be improved.

45.   IAU does not develop or install procedures nor engage in any activity which it would normally review and appraise or which could be construed as compromising either its independence or objectivity. (Independence of the audit function requires that the responsible entity should not be involved in operational activities). The fact that the ILO Internal Audit Unit, being a part of PROGRAM, reports to the The Director-General through its Director, does not seem to be in line with this principle. The Office argues that this reporting is totally independent, and that the PROGRAM Director does not interfere in the choice of subjects by the IAU. The Inspectors, however, believe that in order to avoid any potential conflict of interests and to further increase the transparency, the authority and the credibility of the Internal Audit function, there should be direct reporting by the Unit to the Director-General.

46.   IAU comprises the Chief Internal Auditor (D-1), three staff members in the Professional category (all are at the P3 grade) and one GS staff (on a half-time basis). The Chief Internal Auditor regularly attends meetings of internal auditors of the UN system. He and his staff participate in relevant training organized on a system-wide basis. It needs to be mentioned, however, that while IAU is also responsible for investigations, none of the staff is a professional investigator. Nor have any of them received any extensive training in this area, which requires specific skills different from those of an auditor. (With regard to fraud, the Chief Internal Auditor should report all such cases also to the Accountability Committee.) This IAU deficiency should be corrected through the recruitment of a professional investigator.

47.	In this context it is worth mentioning that, in accordance with Financial Rule 8.40, all cases of loss of cash or negotiable instruments and all cases of fraud, presumption of fraud or attempted fraud must be reported immediately to the Treasurer who "will ensure that appropriate follow-up action is taken and that full details are submitted to the External Auditor..."[15] The Inspectors observe however that there is no mechanism in place to encourage individual staff members to report on such cases and ensure their adequate protection.

### (c)	Programme and Project Evaluation Unit

48.	Two main types of evaluations exist in the ILO: (a) self-evaluations (carried out by those directly responsible for the implementation of specific programmes and projets); and (b) independent evaluations (can be done either by ILO staff or outside experts). In terms of coverage, there are also two main types, namely, individual project/programme evaluations and thematic evaluations. The latter focus on themes that cut across programmes and projects, or programme/project components, and departments or sectors.

49.	In accordance with existing guidelines, all ILO activities are subject to annual self-evaluations, while independent evaluations are carried out ad hoc according to specific needs and purposes. More specifically, evaluations within ILO are carried out as follows:

▸	All technical cooperation programmes and projects will be subject to annual self-evaluations under the MERS system;
▸	All programmes and projects budgeted for $250,000 or more are subject to an independent evaluation at least once during implementation; and
▸	All phases of programmes and projects, regardless of their duration and budget, are subject to an evaluation (either self- or independent) before the start of a new phase.

Only technical cooperation activities are evaluated independently in a systematic manner. The problem faced by ILO now is to enhance independent evaluation of the rest of its activities. In this context, the Inspectors would like to observe that self-evaluation by itself does not satisfy entirely the criteria of an objective evaluation.

50.	Currently composed of three Professional (D-1, P-4, and P-3) and two GS staff, the Unit it is responsible for:

▸	promoting evaluation work throughout the Office (now mainly through MERS application) to ensure the relevance and effectiveness of programmes and projects and to assess their effects and impact;
▸	developing an institutional memory to ensure that experience and knowledge gained from past work is documented and that appropriate lessons learned are used in strategic planning and future programming;
▸	providing technical advice and support to headquarters and regional units on the organization and preparation of evaluation and impact studies; and
▸	advising and training ILO constituents on the development of their capacity to design, monitor and evaluate their own nationally executed projects.

51.	The Programme and Project Evaluation Unit participates in individual programme and project evaluations and conducts thematic evaluations of a wide range of ILO activities on various themes cutting across programmes and projects. These thematic assessment papers are regularly submitted to the appropriate Committee of the Governing Body. It also monitors the approval of technical cooperation projects and ensures that proper provision is included for evaluations. When an evaluation is due to be conducted, the Unit writes to technical units reminding them of the requirement and requesting copies of the report. The Unit also requests explanations from technical units when evaluations appear to have been delayed or when reports have not been received on time.

52.	In 1997, the Unit provided general guidance material on the conduct of evaluations. With the introduction of MERS, it has become deeply involved in processing MERS reports coming from both the headquarters and field offices, and in providing feedback to programme managers. In this context, it will be recalled that the Governing Body has increasingly requested more evaluation studies and, above all, a higher quality of evaluation work.

53.	The External Auditor, having reviewed the evaluation work carried out by ILO and Evaluation Unit activities, made 8 recommendations. Six of them are addressed to the unit, whereby it should:

▸	produce a detailed evaluation strategy, updated at least bi-annually, setting out which activities are to be subject to evaluations;
▸	monitor and control the quality of evaluation work and provide formal feedback on the quality of reports to evaluators;
▸	ensure that evaluation teams are suitably qualified and experienced;
▸	ensure that the results of all evaluations are recorded on the database and made available to users;
▸	modify the evaluation database to record findings on key aspects of all evaluations performed to facilitate the production of high level summary reports of performance; and
▸	re-introduce the production of an Annual Report summarising the results of evaluations performed and the lessons learned.

The other two recommendations were addressed to the organisation as a whole to the effect that it should review the criteria governing the selection of activities for independent evaluation and consider increasing resources for the planning, monitoring and controlling of evaluation work[16]. The follow-up on these recommendations was reported by the Office to the 274th session of Governing Body.[17]

54.	Two major observations can be made on the above recommendations. First, these recommendations are extremely important and, as mentioned in para. 35 above, deserve the most serious consideration. Second, there is an obvious discrepancy between the tasks of the Unit and its capacity.

55.	In order to improve the evaluation work in the Organization and to enhance efficiency of the Evaluation Unit, two measures seem to be necessary. First, a built-in evaluation mechanism may be provided in each programme by allocating a specific amount of resources for this purpose as a percentage of total budget allocations for each specific programme. Second, the Unit's capacity should be strengthened through the provision of additional Professional posts.

### (d)	Financial control and accounting systems

56.	These areas are covered by regulations, rules and instructions. Increased accountability is required at all levels regarding adherence to regulations, rules and instructions governing finance, personnel and administrative matters, with emphasis being placed on obtaining value for money in the use of resources.

(i) Accountability Committee

57.	For this purpose in February 1998, the Director-General established an Accountability Committee composed of the Director of the Financial Services Department and one representative from each of the following departments and offices: the Financial Services Department, the Office of the Legal Advisor and the Personnel Department, with the Chief Internal Auditor or his representative attending in a consultative capacity.

58.	The Committee, which reports to the Director-General through the Treasurer and Financial Comptroller, has been empowered to: (a) examine all cases which have resulted in financial or other loss to the ILO, including fraud, presumption of fraud and attempted fraud, dishonesty, negligence and disregard of ILO procedures or directives; (b) make recommendations to the D-G concerning, if appropriate, the reimbursement of losses and the need to refer cases to the Personnel Department for disciplinary measures; (c) authorise the write-off of losses; and (d) examine cases of persistent failure to implement recommendations of either External or Internal Audit.

59.	The Inspectors observe that the composition of the Accountability Committee allows it to consider the above cases in their personnel, legal and financial aspects. The participation of the Chief Internal Auditor, in addition, has a practical aspect as it allows the Committee, wherever necessary, to have access to the data which otherwise can not be made available to it. Another observation, which is of a procedural nature, is that staff members have the possibility to comment both on the findings and final reports of the Accountability Committee.

(ii) The problem of the ageing financial and accounting system

60.　　The Programme and Budget for both the 1996-97 and 1998-99 biennia drew attention to the inevitable need to replace the central budgetary/accounting system and the general ledger system, which are 21 and 12 years old respectively, by new integrated financial systems. The Office, with the assistance of an independent professional consultant, has completed a very preliminary study of the possible replacement of these systems. The principal conclusions of the study are summarized in the document on information technology presented by the Office to the 273rd session of the Governing Body[18].

61.　　During the session, there was unanimous agreement to address the problem of a new financial and accounting system. However, the approaches to solve it diverged. The Workers' and Employers' representatives, in principle, supported the idea of a special fund proposed by the Office, whereas the representatives of Member States generally favoured financing an upgrade from the regular budget, particularly through savings.

62.　　As the ILO is definitely moving toward strategic budgeting, its financial and accounting tools have to be able to provide the kind of information and accountability that this new approach requires, which makes it urgent to solve the problem of the Office's ageing financial and accounting system. Therefore, the Inspectors encourage both the Office and the Governing Body to make concerted efforts to find an appropriate solution. In order to facilitate the detailed consideration of this issue by the Governing Body, the Director-General should prepare recommendations based on a comparative analysis of similar systems used in other UN system organizations.

IV. HUMAN RESOURCES MANAGEMENT

63.   The staff is the ILO's most valuable resource. It is, obviously, a decisive factor in a successful implementation of reforms and the overall improvement of the quality of the services provided by the Office. During the last several years, the ILO constituents have repeatedly called on the Office to conduct an active personnel policy. Thus, the Workers' Group emphasized that ILO has a particular responsibility as well as a direct interest in maintaining an exemplary personnel policy, as it can only benefit from a highly-motivated workforce having fair pay and conditions and access to adequate industrial relations procedures.[19] The current personnel policy and practices have been criticised by the Staff Union Committee (SUC). Thus at the 268th Governing Body session (March 1997), the SUC Chairman stated, in particular, that, compared with the tremendous efforts made to render programmes more relevant, personnel policy had the air of a "poor relation" and had seriously dropped behind. In his view, it was high time to adopt a genuine human resources management strategy and leave behind "staff administration" as practised at present with its current shortcomings, including delays in the recruitment and selection procedures[20].

64.   In this connection, it is worth noting that, recently, most United Nations system organizations have shifted from staff administration to human resources management. The former may be described as the labour-intensive day-to-day work of ensuring mechanical compliance with complex rules and cumbersome processes that are seen as impeding rather than supporting programme delivery and not doing enough to maximize the contributions of staff, while the latter is a both rational and forward-looking concept. Some organizations, including the United Nations proper, have adopted or are implementing comprehensive human resources management strategies providing for: (a) proactive recruitment; (b) career development; (c) conducting fairly comprehensive management development and training programmes; (d) encouraging and counselling staff; (e) promoting staff mobility; and (f) holding managers accountable for the human resources entrusted to them. To date, the Office has not yet developed such a comprehensive strategy, although on some aspects (i.e. training), strategic documents do exist.

65.   At least two HRM areas need to be urgently addressed by the new Director-General: (a) staff-management relations; and (b) geographical distribution of ILO staff.

A.   Staff-management relations

66.   ILO management and the Staff Union consider improving staff-management relations to be of considerable importance. Both parties recognise the significant benefits to be achieved by working together cooperatively to address issues of common interest and concern within the Organization. To this end, they rely on the range of current consultative arrangements available at headquarters and in the field. However, the ILO cannot claim to have optimal working arrangements in respect of staff-management relations. According to certain complaints, the management style of the former Director-General and his lack of communication with the staff has led to a troubled working atmosphere in the Office.

(a)   Staff-management machinery

67.   The role of the Staff Union, its Committee (SUC) and staff representatives is recognised in Chapter 10 of the ILO Staff Regulations. It provides information on the statutory bodies established at ILO headquarters on which staff are represented, together with the main purposes of such bodies and their composition. These bodies meet on an agenda-driven basis, with some meeting more regularly than others.

68.   At headquarters, the Staff Union is recognized as representing of ILO staff:

▸   in joint staff-management committees and bodies provided for in the Staff Regulations or otherwise established by the Director-General, as well as in the preparation for meetings of such bodies and related duties. Currently, the Staff Regulations provide for staff representation on the Administrative Committee; the Selection Board; the Joint Committee (considers grievance, disciplinary and related matters); and the Invalidity Committee. In addition, the Staff Union participates in a range of non-statutory bodies, including the Staff Welfare Committee, the Advisory Committee on Safety and Health, the Joint Staff Training Committee, the Joint Committee on Grading Policy and Procedures and a range of other Working Groups having specific remits;

▸ in the context of individual grievance and disciplinary cases;
▸ in specific meetings convened by the Director-General for the purpose of holding consultations on matters affecting the staff Office-wide, or of assisting the Director-General in the application of the Staff Regulations; and
▸ in inter-organization staff bodies of the United Nations common system and by participation in their work, as well as in forums promoting union action at the international level.

69.   At the regional and country levels, Staff Union representatives are involved by management in discussions on a range of mainly local issues. The processes used (informal and formal) vary between regions and offices. Issues having broader implications across the Office may be referred to the SUC or central management for consideration in appropriate headquarters bodies.

70.   A number of significant personnel policy issues have been the subject of consultation/negotiation with the SUC during the past few years. Relevant discussions have taken place under the aegis of the Administrative Committee, which is an ongoing brief to consider virtually all personnel questions affecting ILO staff as a whole. The Working Group on Human Resource Development has been considering performance management issues (including revised performance appraisal procedures and forms). It has now commenced discussions on policy and operational matters concerning mobility of staff between field and headquarters assignments within an overall personnel policy, including issues related to career development. The Joint Committee on Grading Policy and Procedures has been examining changes to existing procedures for reclassification of posts. Some progress has been made in both bodies towards resolving relevant issues, but their current work is not yet completed. Since mid-1996, a total of 20 meetings of the above working groups have been held.

71.   With regard to the issue of the suspension of statutory provisions, it will be recalled that at the 268th session of the Governing Body, the Director-General, unsatisfied with the way existing procedures as set out in the Staff Regulations were working, proposed changes in recruitment and selection procedures.[21] His declared objective was to speed up the process and improve its effectiveness. These changes covered four areas: increasing the maximum limit for temporary fixed-term contracts from two to four years; extending the scope for use of direct selection, notably for internal transfers at the same grade and for recruitment of Young Professionals (YPs); increasing the role of programme managers in the selection process; and introducing new procedures for external recruitment under which the selection of candidates would be the joint responsibility of the relevant technical department and the Personnel Department, with the Selection Board being limited to an oversight role.

72.   In the view of SUC, those changes did not guarantee the respect of competence, independence, fairness and transparency in internal competitions and external recruitment, transfers and promotions. In its view, it narrowed the scope of the basic criteria of competence, fairness and transparency which normally applied to recruitment in the international civil service and represented a step backwards, restoring, to a certain extent, the situation which had led to the creation of the Selection Board.

73.   It will also be recalled that the Employers' group endorsed the Director-General's proposals, noting the suggested two-year trial period. The Workers' group agreed to approve the Director-General's recommendation on three conditions: first, that the PFA should receive a progress report at its March 1998 meeting; second, that the modalities for evaluation at the end of the trial period be worked out with the Staff Union; and third, that the introduction of the new procedures on a trial basis should not interrupt the dialogue with the Union on the issues involved, and especially that the consultations on comprehensive personnel policy issues should be pursued vigorously. Some government representatives also supported the Director-General's proposals, on the understanding that consultations with the Staff Union would continue on the issues of staff planning and human resource development.

74.   The results of the evaluation of the suspension of statutory provisions are to be submitted to the Governing Body at its 1999 November session. However, as of March 1999, 18 months after suspension of the relevant staff regulations, its preliminary results were not shared by the Personnel Department with the Inspectors.

(b) Issues for urgent solution

75.　　At the 274th session of the Governing Body, some of its members described provisions related to the ILO personnel as contained in paragraph 122 of programme and budget proposals "as a low-key statement on a very important issue". It will be recalled that, having analysed the D-G's proposed reforms since 1995, SUC, in its document entitled "Recruitment and appointment procedures: position of the Staff Union", recommended:

▸　　establishing competence needs;
▸　　establishing abilities, potential and aspirations of staff;
▸　　developing career plans;
▸　　planning training for all categories of staff, at headquarters and in the field;
▸　　promoting conditions and climate of work; and
▸　　safeguarding the safety and independence of officials.

The atmosphere perceived by the Inspectors leads to the opinion that the negotiating process on the above issues is proceeding at a slow pace. The relationship with staff will gain from an effort of the Administration to respond rapidly to some of the personnel's expectations.

76.　　Another pending issue of the staff/management relations is that of collective bargaining. Discussions on the possible introduction of a form of collective bargaining have recently started through a working group established for this purpose. The staff is hoping to resume discussions with the Personnel Department on the basis of a relevant draft prepared by SUC and to come to a mutual agreement in one way or another. One possibility might be compensatory measures to be established in consultation with other organisations of the United Nations system. The introduction of collective bargaining is, certainly, a delicate problem not only for ILO, but for the entire system, as it has not yet recognized the right to collective bargaining. It will be recalled that this fundamental right was reaffirmed by the Declaration on fundamental principles and rights at work adopted by the 86th session of the International Labour Conference (June, 1998).

B.　Geographical distribution of staff

(a) Basic statistics

77.　　As of 31 December 1998, the Office counted a total of 2258 staff members. The corresponding figures, at the end of the respective years, were: 2258 in 1997, 2286 in 1996 and 2404 in 1995. Hence, despite the lingering financial crisis, the staff has not undergone any substantial reduction.

78.　　The current distribution according to place of assignment, category, type of contract and source of funds, is given in Table 1. The table suggests that ILO currently employs 941 officials in the Professional category and above (41.7%) and 1317 General Service staff (58.3%). Fifty per cent of the total staff (53.4% and 46.0% of P and GS staff, respectively) are working at ILO headquarters. It may also be added that 1568 posts (69.4%) are being financed from the regular budget. The staff occupying these posts are holders of WLT (without limit of time) and FT (fixed-term) contracts. The 1568 posts included 645 (41.1%) Professional and 923 (58.9%) General Service posts.

Table 1

Distribution of staff according to place of assignment, category, type of contract and source of funds, effective 14 October 1998

Place of assignment and category of staff	Officials Employed						TOTAL
	Regular Budget Resources			Extra-budgetary Resources			
	WLT*	FT**	Sub-total	WLT*	FT**	Sub-total	
(a) Headquarters							
P category and above	241	218	459	22	21	43	502
GS category	280	231	511	41	55	96	607
Sub-total (a)	521	449	970	63	76	139	1109
(b) Field offices (other than branch and correspondent Offices) and multidisciplinary teams							
P category and above	60	105	165	1	5	6	171
GS category	132	233	365	9	53	62	427
Sub-total (b)	192	338	530	10	58	68	598
(c) Branch and correspondent offices							
P category and above	3	13	16	1	-	1	17
GS category	12	32	44	3	17	20	64
Sub-total (c)	15	45	60	4	17	21	81
(d) Technical cooperation							
P category and above	-	5	5	-	246	246	251
GS category	-	3	3	-	216	216	219
Sub-total (d)	-	8	8	-	462	462	470
GRAND TOTAL	**728**	**840**	**1568**	**77**	**613**	**690**	**2258**

*WLT = Without limit of time **FT = Fixed-term
Source: GB.274/PFA/11.

(b) Geographical distribution

79. According to the Office's latest report on composition and structure of staff, 626 posts in ILO are subject to geographical distribution. The tripartite nature of the Organization does not affect the functioning of the system of geographical distribution to any great extent. As a rule, specialist positions in employers and workers activities, while subject to geographical distribution, are usually exempted from it. The number of these positions is limited. Similarly, posts requiring special linguistic qualifications are not geographically distributed.

80. The basis for geographical distribution in ILO is "desirable ranges," which are not considered as quotas since the primary weight is accorded to competence and integrity. The distribution formula, based on the assessed budgetary contributions of each member State, with a small factor for membership, was established in the 1980s and was approved by the Governing Body. It differs from the practice in many other UN Common System organizations which use three factors in their formulae: membership, population and assessed contributions.

81.	The Office argues that serious efforts are being made to ensure the geographical balance of staff, including external calls for candidatures limited to nationalities which are not over-represented, the use of recruitment missions, direct contacts with permanent missions and universities, etc. However, the current geographical composition of the Office's staff is far from being satisfactory. Indeed, out of a total of 176 Member States, almost 60 are not represented on non-linguistic posts. The report makes no mention of countries represented either below or above their respective desirable ranges.

82.	This omission in the report should be corrected. Another weakness of the report on the composition and structure of staff is the absence of any analysis or description which would allow the constituents to have an idea of what the Personnel Department is doing in order to redress the unbalanced structure of the Office's staff. As the latest report suggests, during the period 1 January-31 December 1998, only 20 officials were recruited from Member States " with less than adequate number of nationals on the staff", while the number of officials recruited from Member States with "an adequate and more than adequate number of nationals on the staff" amounted to 34. The conclusion is unavoidable: if measures to recruit more nationals from unrepresented and under-represented countries than from countries within and above the desirable range are not taken, improvement of the geographical composition of staff can hardly be attained.

## C.	Personnel Information System (PERSIS)

83.	PERSIS is a customized Integrated Management Information System (IMIS). The overall purpose of IMIS, which was approved by the General Assembly in December 1988, is to develop an integrated system for the processing of, and reporting on, administrative actions. Although initially envisioned and funded specifically for the United Nations, its potential for use in other United Nations organizations has been recognized. The IMIS application is being implemented in five major stages, or releases as they are known.

84.	In 1992, ILO chose IMIS Personnel, Entitlements and Payroll modules for implementation of the PERSIS project. Following the phased release strategy the functionalities of IMIS have been progressively installed, not without extreme difficulties and with severe slippage from earlier expectations, since 1993. As a result, IMIS development and implementation at the UN has taken much longer than planned, which, in turn, has caused delays in the introduction of PERSIS, directly dependent on the UN delivery of software. The first release, Human Resources Management, has been progressively installed at the UN offices over the period 1996 through 1998. ILO has been processing IMIS Human Resources release since 1995. It is worth noting that the lag between implementation of the first release in the UN and ILO was rather short, taking into account that implementation of the ILO's PERSIS has required considerable work in terms of customization, testing, data conversion and training.

85.	ILO reports that the introduction of PERSIS has brought significant benefits as follows: (a) accumulation of nearly four years of comprehensive personnel information in the database (there are 2,650 staff members recorded in the ILO IMIS database); (b) a considerable reduction in manual paperwork for many personnel workflows such as contract processing, conference payrolls, etc.; and (c) much tighter control and follow-up on personnel actions through reports on pending matters; and (d) the automatic and precise application of certain staff regulations.

86.	The major release of Entitlements took place at UN Headquarters in the middle of 1998. Since September 1998, the Contractor has been busy with the installation of the release in its overseas offices, which will be followed by the UNICEF, UNDP and ILO. Due to delays in the availability of the Contractor, delays in implementing the releases in the IMIS programme in the United Nations (New York), problems associated with the Y2K, which has drained staff time, further delays are expected in the implementation of both the ILO entitlements and the payroll modules in 1999 and in 2000.

87.	The Office reported that once the Entitlements and Payroll releases (modules) are fully operational, the major return on investment will accrue: reduced staffing requirements (approximately four GS work-years) and greatly reduced processing time for many personnel/payroll transactions, which are currently done manually (e.g. creation of obligations and processing of historical payroll actions), yielding higher productivity; automatic calculation of staff members' entitlements to be printed on contracts providing improved accuracy and efficiency; elimination of the existing personnel/payroll system and all resources dedicated to supporting it (reduction of approximately three GS work-years). An added benefit

for all participating organizations in the IMIS project is that improvements and subsequent developments made by any one organization could then be shared by others.[22]

88.   As recently recognized by the consultants who have submitted a report on IMIS implementation to the General Assembly, the major accomplishment of IMIS is that it has not failed as have done many similar IM/IT initiatives elsewhere. The ILO staff, working with PERSIS, despite delays in its implementation, have expressed their full satisfaction with the system's functioning, but recognize that there is a long learning curve for the users, which leads to dissatisfaction and that there are many areas where improvements could be introduced in the general system.

V. TECHNICAL COOPERATION AND IMPLEMENTATION OF ACTIVE
PARTNERSHIP POLICY

89.   Technical cooperation activities are among the principal means of achieving the ILO's strategic objectives. Technical assistance is provided to constituents in the form of technical advisory services and operational activities within a number of new technical cooperation programmes, mainly funded from extra-budgetary sources and by the regular budget allocations for technical cooperation (RBTC). The Technical Cooperation Committee (TC) prepares an annual report containing an analysis of all technical cooperation activities conducted by the ILO in the framework of the Organization's major objectives. The latest report on the subject was submitted to the 273rd session of the Governing Body.[23] Technical outputs from the analytical work carried out by the Office have been used not only to identify new programmes, but also to reinforce the ILO's action to respond to the constituents' demands.

90.   The effective functioning of field structures is of critical importance for the programming and delivery of ILO technical assistance in the regions. Sixty-four units currently make up the ILO's field network, including 5 Regional Offices (ROs), 28 Area Offices (AOs), and 16 Multidisciplinary teams (MDTs). The remainder are branch offices (BO), liaison offices (LO) and national correspondents (NC). The system is very complicated, and one of the announced objectives of the new management is to streamline it. It is essential that needs in the field, identified in consultation with the constituents in the different regions, are reflected in the ILO strategic objectives.

91.   A major change in the implementation of the ILO technical cooperation programme occurred in 1993 when ILO adopted its Active Partnership Policy (APP). That followed a detailed discussion of the active partnership concept at the 252nd session (February-March 1992) of the Governing Body. It will be recalled that three major reasons were invoked for a new policy, namely that:

▸   the major donors and UNDP had proposed national execution, with the transfer of responsibilities for their implementation and management of operational activities to recipient member States;
▸   the transformation of most countries to a market economy; and
▸   there was the need for the ILO to compete in the international market for technical cooperation.

92.   The aim of APP is well known: to bring ILO closer to its tripartite constituency in member States and enhance the coherence and quality of the technical services provided to them. In order to put the new policy into practice, the Organization underwent important internal changes:

▸   16 multidisciplinary teams were established in the regions;
▸   area offices were made responsible for developing an active partnership with constituents and drawing up ILO programmes and projects through more extensive tripartite consultations;
▸   accordingly, certain administrative and financial functions were progressively transferred to field offices;
▸   personnel and recruitment policies were revised, and the whole system was to be supervised by the regional offices; and
▸   the link between the work of the multidisciplinary team (MDT) members responsible for employers' and workers' activities with ACT/EMP and ACTRAV was specified.

As a result of APP and of the new programming framework, the ILO has reached a good level of technical cooperation activities directly linked to the major priority areas and objectives. Contributions to the ILO's overall objectives have been made through a process of in-depth analysis, selecting major topics and issues after consultations with constituents[24].

A.   Active Partnership Policy and the Technical Cooperation Committee

93.   The Committee on Technical Cooperation (TC) monitors the progress of APP. At its sessions held in 1994, 1995 and 1996, it *inter alia* discussed:

▸   the need for a multidisciplinary approach in the services provided;
▸   cooperation and teamwork between headquarters technical departments; the MDTs and the field offices;

▸   the need for full consultations with constituents to ensure that their priorities and concerns are fully integrated into country objectives;

▸   the need to implement activities in support of country objectives and to mobilize external resources for this purpose; and

▸   the need to ensure and maintain the demand-driven nature of country objectives exercises and to maintain dialogue with the constituents at the highest level.

94.   In March 1997, the TC recommended to the Governing Body that an evaluation of the APP be undertaken. A Working Party submitted its report on the evaluation of the APP to the TC in November 1998[25]. This commendable product of the Working Party had become possible after five years of APP implementation. An evaluation of that dimension would not have been feasible after one or two years. The contribution of the Working Party Group must be seen as an evaluation of what a "policy" is, in all its positive and negative aspects. It is a valuable instrument for learning lessons and for improving or modifying what is considered to be unsatisfactory.

95.   By a Governing Body decision taken at its November 1998 session, the Officers of the Committee were requested to work out a proposal for the March 1999 Governing Body meeting on the follow-up of the report and on the establishment of an evaluation methodology for the APP as well as a system for its ongoing monitoring by the Governing Body. Such a paper was accordingly submitted.[26] It needs to be mentioned, however, that APP, being a policy, requires a different kind of evaluation from the annual assessment of programmes' results. Therefore, in the Inspectors' opinion, the kind of evaluation made by the Working Party should be a regular one, say, every four to five years. This does not exclude the assessment of the results of APP and MDTs within the context of MERS as a contribution to internal evaluation.

96.   At the 274th Governing Body session, after extensive discussion of APP implementation, the TC reached consensus on the conclusions and recommendations to the effect that:

▸   the Active Partnership Policy (APP) has helped address the problems currently faced by the constituents in the areas of the ILO competence;

▸   greater resources needed to be put to the task of ensuring that the APP met the needs of constituents, in particular, through: I) strengthening current MDTs and considering the creation of additional MDTs; ii) clarifying the roles and responsibilities of all concerned; and iii) examining the field structures associated with the APP;

▸   the mobility obligation and commitment of staff were essential ingredients in successful implementation of the policy;

▸   the APP was a vehicle to improve the delivery of ILO technical cooperation and advisory services. Its success would depend on the quality and relevance of technical cooperation policies and programmes. Continuous effort was necessary to improve and expand the quality services of the ILO to its constituents;

▸   five years of experience with the APP had shown that it needed particularly strong direction from senior management;

▸   it was essential that ongoing communications, exchanges and dialogue between all participants in the implementation of the APP continued to be enhanced.[27]

97.   The above conclusions and recommendations are consonant with those reached by the Inspectors as a result of their mission to examine the activities of the Moscow Area Office/MDT. The latter are presented below in paras. 100-120.

B.   **Active Partnership Policy and the Governing Body**

98.   At the 274th session of the Governing Body, its members requested in particular that:

▸   more MDTs in some regions should be provided for in the programme and budget for 2000-01;

▸   the relationship and distribution of labour between headquarters and the field, and among the technical departments in Geneva should be reviewed in order to maximize the efficiency and effectiveness of the ILO delivery system;

▸   budget allocations for the regions should be directed towards strengthening field structures and the effective delivery of technical assistance;

▸ more resources be allocated to making ILO activities more relevant to the situations and needs of the member States;
▸ the decentralization of ILO activities be accelerated;
▸ more resources be allocated for implementation of programmes in the countries experiencing the transition period;
▸ coordination and communication between the regional and local offices and their constituents be in accordance with the specific situation of each area.

99. The proposed strategic budget for 2000-01 provides that "In accordance with the conclusions reached in the Governing Body in November 1998 on the Active Partnership Policy, action will be taken to strengthen managerially and politically the planning processes with constituents and to have a system of regular evaluation of the results achieved from work done in the regions. The ILO's regional organizational structures will be reviewed. As part of that review the geographical coverage of the multidisciplinary teams will be examined. Personnel issues will also figure in this study. In parallel with this work there will be a review of the policies and managerial arrangements for technical cooperation"[28].

C. Case study of the Moscow Area Office/Eastern European and Central Asian Multidisciplinary Advisory Team (EECAT)

100. For the purpose of the evaluation of samples of field offices activities a JIU mission was undertaken to Moscow. Some of the conclusions presented below are, in the Inspectors' view, relevant not only to the Moscow Office, but also to the entire ILO field structure as they deal with such common issues as strengthening of field offices and devolution of authority and responsibility from headquarters to the field.

(a) Area Office/Multidisciplinary team merger

101. Set up in 1959, the Moscow Office was considerably strengthened in 1998 when a Multidisciplinary Team joined it. The ILO Office in Moscow groups under one Director an Area Office and a MDT which cover ten countries[29]. This unified leadership for the two functions of the ILO presence (administrative, financial, representation on the one hand, technical on the other) has proven to be efficient. First, synergies have been created. The Area Office has no difficulties in availing itself of the services of the MDT, and *vice versa*. Second, the artificial division between programme formulation and its implementation has disappeared. Third, savings have been generated in terms of using high level management staff, support staff and common premises. Fourth, a basis for a better working climate and relations has been established.

102. The Inspectors believe that this type of merger (Area Office plus MDT) can be generalized. As a first step, Area Offices and MDT, located in the same cities should be combined. At present, six African cities, two cities in the Americas region and three cities in Asia and the Pacific host both MDTs and Area Offices. The Inspectors understand that a question of geographical competencies may arise in a number of cases, especially where a MDT "covers" more than one Area Office. This problem could be considered within the framework of a broader review of distribution of the geographical coverage by Area Offices and MDTs. This issue is included in the Office's plans for further operationalization and strengthening of APP[30].

103. The Inspectors are confident that, as a result of the proposed combining of Area Offices and MDT, a better efficiency of ILO field activities and substantial cost savings will be achieved.

(b) APP formulation and implementation

104. Country objectives have become the basic instrument for EECAT's activities over a relatively short period of time. In less than six months, three fully fledged country objective documents have been completed, which were thoroughly discussed with and endorsed by all constituents of the Russian Federation, Kazakhstan and Kyrgyzstan. These documents will result in programmes of activities already under discussion with the constituents. UNDP and World Bank have been associated in the elaboration process.

105.   In this regard, it should be mentioned that coordination among the United Nations agencies represented in Moscow is well organized. The United Nations Resident Coordinator, who is the UNHCR representative, holds weekly meetings with other agencies' representatives to find coordinated approaches and actions related to the problems being faced. He is also very active in trying to arrange for renting premises which would house all the UN agencies in Moscow. It will be recalled that, in its report entitled "Coordination of policy and programming frameworks for more effective development cooperation", JIU recommended that "ACC should formulate and agree upon a standard set of more specific and binding administrative instructions to be issued by each executive head to his/her field representatives requiring their active and consistent support for the resident coordinator system, as an integral part of their job descriptions".[31]

106.   The ILO technical departments have also been a part of the initial discussions of a country's objectives on the basis of pre-existing or anticipated requests. First drafts were submitted via the European regional office to all technical departments, whose comments and suggestions were duly taken into consideration in the process of finalizing the documents for signature. Similar exercises are scheduled in the ILO Moscow Work Programme for 1998 and early 1999 concerning several others CIS countries. It is expected that by the end of 1999 a framework for cooperation will be available for all countries in the geographical area of competence of the ILO Office in Moscow.

107.   The Inspectors conclude that the above country objectives are established on a very solid basis, and contain only commitments which correspond to activities within the reach of the ILO in terms of financing and human resources, along with activities of a broader impact, for which the availability of external support is clearly stipulated. The documents are short, focused, and easy to revise in view of subsequent events. Two of them (Russia and Kyrgyzstan) were signed personally by the ILO Director-General. Apparently, this practice is not so frequent and should be encouraged.

108.   The Russian government authorities and Employers representatives with whom the JIU team has had extensive discussions, have highly appreciated the activities of the ILO experts and, in this regard, have emphasized the efficient leadership and excellent professional skills of its Director. Although, in certain areas, the expected results have not been achieved, this has at times been due to insufficient resources, unpreparedness of the Russian side for reasons beyond the control of both EECAT and social partners, and insufficient authority, as delegated to the Director from ILO headquarters, especially with regard to financial and human resources.

109.   It is to EECAT's credit that for the first time in Russia, it has organized a donors' meeting on labour and social issues. As a result, a wealth of information on all countries covered is now available from the ILO Office in Moscow, thanks to both active networking and the use of modern means of communication. Interaction with multilateral and bilateral donors is especially important in countries like Russia where the resources are too thin compared to the enormous problems to be addressed. Combining the efforts of all the donors with a view to the most efficient use of limited funds, and ensuring a comprehensive approach to labour and social issues, should be a constant preoccupation of all UN agencies, including the Bretton Woods institutions. It should also be a major concern of governments. In Russia, the Deputy Prime Minister for social affairs is the coordinator of all activities in the field of labour and social security, including international assistance.

110.   Special appreciation has been expressed by the Russian authorities to the Moscow Office for consultations and comments provided on the new labour and pension legislation bills now being discussed by the State Duma. The EECAT was able to do so with the support of technical departments.

(c)   Difficulties and financial constraints

111.   A major difficulty is, obviously, the geographical dimensions of the EECAT area which has an enormous need for assistance in the ILO areas of competence. The EECAT team is too small (it counts only 4 experts and a director) to provide the assistance needed. Another difficulty, seriously complicating the task of the EECAT, is political instability in some of the countries of the area. This issue has been repeatedly raised and frankly recognized by the constituents' representatives in the course of the discussions with the JIU Inspector.

112.   The first major constraint of EECAT activities is the lack of resources, which does not allow for a sufficient diversification of meaningful interventions. In particular, there is a considerable uncertainty about resources (amount and timing) allocated from the regular budget for technical cooperation (RBTC), the use of which remains largely HQ and supply driven. Second, not all technical departments accept to allocate their RBTC resources according to country objectives. With the European Office's own RBTC 1998-99 allocation amounting to US$ 692, 000 (4.66% of total regional allocation), ILO Moscow's direct initial RBTC allocation was limited to only US$ 160, 000 (about 26% of the Regional Department's direct allocation, excluding Turin), as was the case with the Budapest Area Office/MDT. This amount is clearly insufficient to cover identified needs eligible for RBTC financing. There seems to be a paradox to the effect that, while responsibility for the design of country programmes has been officially assigned to field offices, the financial means for execution of these programmes remain in the hands of technical units at ILO headquarters.

113.   One can reasonably expect that the priority allocation of technical departments' RBTC to the fulfilment of country objectives would provide decisive support to Area Offices/MDTs, including that located in Moscow, the more so since clear-cut policy provisions with regard to RBTC distribution do exist. It is sufficient in this respect to recall paragraph 6 of ILO circular 34 (rev. 6) which stipulates that: "*The major shift in programming of RBTC resources arising from the Active Partnership Policy is the emphasis on country objectives as the framework for programming and priority setting. To this end, directors of ILO offices in the field are responsible for the preparation of country objectives and for the identification of needs and priorities in close consultation with ILO's tripartite constituents. The country objectives should form the framework for the programming of all ILO activities at the country level. To ensure an integrated planning and programming of RBTC resources linked to country objectives (or, as appropriate, subregional, regional or intercountry priorities), directors of ILO offices in the field should inform the concerned Headquarters department of needs and priorities identified at the country level as a basis for the programming of the Headquarters-based allocations.*"

114.   In practice, however, things work differently. Thus, for instance, when agreeing to participate in activities included in country objectives, technical departments usually require that ILO Moscow and/or the European regional office cover the total or partial costs involved (travel, DSA, and sometimes staff time), claiming that their own RBTC is already fully committed for other activities, some of which may have only loose links with the implementation of country objectives and could or should be addressed through other means, notably research and action programmes. Endless bargaining and begging for resources sometimes result in exceptional and/or late allocations in the course of the biennium, which often render meaningless some of the efforts planned under the threat of scarcity. Finally, planning cycles for RBTC, those of donors and country objectives, etc. do not coincide, which lowers the potential for implementation of plans made at the beginning of a biennium. The latter is certainly beyond ILO's control.

115.   Clearly, the system and pattern of RBTC distribution should be rationalized. It is country objectives that should serve as a main reference for elaborating programme and budget proposals for technical departments. It would then be possible to ensure: (a) systematic use of the ILO RBTC resources for the purposes of the implementation of country objectives, which is their actual destination and (b) a definite and efficient shift towards the demand-driven approach for the use of technical cooperation funds that ILO has been striving to install for many years.

(d)   Bureaucratic constraints

116.   Bureaucratic constraints are a major obstacle for the Active Partnership Policy. It has to be recognized that the APP implementation and the subsequent devolution of responsibilities to the field have not resulted in a commensurate delegation of authority in administrative matters, for reasons which often seem to have little to do with objective constraints. UNDP Resident Representatives have in many instances a much greater freedom of action than ILO representatives, and this discrepancy considerably diminishes the ILO capacity to meet the constituents' or partners' requests. As observed by the UNDP Resident Representatives in Moscow, because of the lengthy ILO bureaucratic procedures and despite the fact that the needed expertise is often available in EECAT, he prefers sometimes to work with other partners. The situation as described above contradicts the very idea of APP and is certainly at odds with the Director-General's intention of turning the ILO into an organization capable of providing rapid response.

117.   In the Inspectors' opinion, the time has come for decisive steps to ensure a more coherent and effective delegation of administrative authority to ILO field units. Among the areas where significant improvements can be made is the approval of project budgets and issuance of corresponding codes.

118.   Furthermore, the field offices which have not yet been given the authority to recruit local professional staff (local experts and national programme officers) and supporting staff against non-established positions should be allowed to do so. It appears that the Director-General's circular No. 494 of 13 October 1993, which stipulates the responsibility of Directors of ILO area offices and MDTs "to appoint local staff who report to them,"[32] has not been put into full effect. Due to non-existence of relevant specific procedures, such recruitment often continues to be carried out by the headquarters, which sometimes results in delays of up to 6 months. When, after this extremely long procedure, the "green light" finally comes from Geneva, either the expert is no longer available or there is no longer a need for his/her services. Recruitment of national programme officers is important because they represent the interface between international staff and national constituents. In their absence, all problems have to be dealt with by MDT specialists, often through interpreters, which is cumbersome, time-consuming and inefficient. It also needs to be added that, in the case of Moscow, staff cost for one professional would suffice to finance roughly 12 national programme officer posts at the L. level. Once this authority is devolved to the field level, cost savings and gains in efficiency will be substantial. Moreover, much less burden will be placed on the Personnel Department.

119.   The directors of field offices should also be given the authority to determine the professional profile of experts to serve in their relevant Area Office or MDT. This profile should obviously be defined in accordance with the relevant country objectives and priorities established jointly with the constituents.

120.   Last but not least, the ILO resources allocated for training require certain redistribution in favour of field offices. First, their share destined to the training of staff who are to serve or are already serving in the field should be increased. Second, some of these resources should be put at the disposal of field offices for staff training on the spot. Third, it is important to use more extensively the programmes and facilities of the Turin centre which has an excellent record in training. The training of experts at the Turin Centre before they are posted to the ILO field offices should become a current practice in order to avoid the sending of unprepared experts, which results in delays in the implementation of field programmes.

VI. INFORMATION TECHNOLOGY MANAGEMENT - ITCOM

121.   Presently, most organizations of the UN system are reassessing and modernizing their internal control systems to enhance efficiency, effectiveness, and accountability. Almost all the organizations have also been active in computerizing administrative systems and arranging for office automation. The JIU, in its above mentioned report on "Accountability, management improvement, and oversight in the United Nations system" recommended that each organization should establish a comprehensive information systems strategy to ensure that it is using information technology effectively to carry out its substantive programmes, enhance its management and programme decision-making, and carefully analyse and streamline its work patterns and processes.[33]

122.   In his programme and budget proposals for 2000-01, the Director-General has emphasized that "the Office needs effective communication systems, information technology and procedures, equipment and materials, in order for its staff to perform their duties. Access to appropriate new technologies is critical to ensuring productive delivery of services to constituents, especially in the more decentralized environment in which the Office currently operates"[34]. The ILO relies heavily on Information Technology (IT) to support all its major technical, administrative and financial functions. A report "Information technology in the ILO", which was submitted at its 273rd session in November 1998,[35] describes some of the IT applications in the Office, as well as the functioning of two major systems that are in the realm of its management activities, namely the financial and accounting systems and the Personnel Information System (PERSIS).

ITCOM

123.   It is the Information Technology and Communications Bureau (ITCOM) that provides the support infrastructure to enable the ILO to use computer technology. ITCOM's guidance, pending the establishment of the Information Technology Advisory Committee, comes from the following two sources:

▸   Information Technology Strategy covering the period 1997-2000; and
▸   regular dialogue with in-house users.

124.   Formerly called Computer Services, ITCOM, has undergone a major reorientation of its functions. Thus the responsibility for the development and maintenance of computer applications has been devolved to departments at headquarters and in the regions. As a result of the decentralization of applications development and consolidation of computer networking, the reorganized ITCOM is now more focused on information technology. Specifically, it is now responsible for:

▸   maintaining the ILO's mainframe computers and all central enterprise servers;
▸   ensuring optimal use of the facilities of the International Computing Centre (ICC);
▸   providing user support to departments (undertakes analyses and provides guidance to facilitate their decisions on information technology);
▸   the planning, coordination and standard-setting for the use of IT and computer communications;
▸   the Office-wide Enterprise Network;
▸   standard E-mail software; and
▸   all aspects of Internet connectivity.

125.   As a result, of the development of a public site on the World Wide Web, the ILO constituents have been able to access information more readily in their country of residence. Several other categories of information, such as the publication of press releases, job vacancies, etc. have also proven to be of practical value. The constituents and the general public now have access to information concerning the main resources and outputs of the Office.

126.   ILO also maintains an internal INTRANET site which, in addition to the information contained on the main ILO website, includes internal information, administrative documents and directives for the management of the Office. It is expected that in 1998-99 the fully networked ILO will enable field offices and the MDTs to have full access to the electronic information in headquarters and vice versa, which will provide *inter alia* improved support for the implementation of the APP.

127.   Since 1996, all officials at headquarters with network-connected PCS have had access to the Office-wide E-mail system. This facility has also gradually been expanded to the regional offices, other external offices and the multidisciplinary teams, with the result that almost all officials are now able to communicate instantly with each other, regardless of their geographical location. Some 60 ILO offices worldwide now have the facility to communicate by E-mail with each other, with headquarters and with the outside world. In addition to achieving efficiency and productivity gains, the introduction of these modern means of communication has permitted the Office to decentralize important functions and responsibilities to the external offices. These include Imprest account management and the preparation and management of budgets and local payrolls.

128.   The ILO has produced five major databases for its constituents.[36] These databases are available in print and CD-ROM and, to a limited extent, on the Internet. A project was recently completed for electronic commerce (E-commerce) to sell ILO publications directly on the Internet via the secure use of credit cards. The E-commerce system could also eventually be used to provide paid access to databases and other online services through the ILO website.

129.   ITCOM has been gathering information and documenting possible solutions to the Y2K problem for some time. The Treasurer and Financial Comptroller reported to the 273rd session (November 1998) of the Governing Body that, while some of the hardware, operating systems, and applications had been made Y2K compliant, the most demanding and important work related to the IBM mainframe applications still needed to be done. According to him, the mainframe work was expected to be completed, verified and tested by the middle of 1999.
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130.   The ILO's strategy for the introduction of new technology has been cautious and conservative to ensure that only mature and time-tested technologies are adopted. Some of the future applications that are under development or consideration include:

▸   the creation of discussion groups and virtual conferences, etc., both at headquarters and in the field, through electronic mail (E-mail) and its associated technologies;
▸   Internet-based desktop videoconferencing;
▸   videoconferencing through normal telecommunication lines;
▸   upgrading of the communication infrastructure, both at headquarters and in the field, to incorporate a Virtual Private Network (VPN) over the Internet so that sensitive data can be incorporated and transmitted in a secure manner. The use of VPN technology, would allow data and hardware to be shared by ILO offices worldwide in order to maximize the use of the ILO's investment in IT;
▸   real-time broadcasting of the proceedings of public meetings of the ILO;
▸   Internet telephony; which may result in a substantial reduction in telecommunication costs; PC-based speech recognition; and
▸   remote interpretation.

131.   The Inspectors observe that the Office has been successfully implementing the Information technology strategy which it had developed and subsequently revised, taking into account extremely rapid progress in information technology.

NOTES

1. "Programme and budget proposals for 2000-01. Volume 1: Strategy and Orientation." Doc. GB.274/PFA/9/1, Geneva, March 1999, p.1-2.

2. Programme of work of the Joint Inspection Unit for 1997-1998 and preliminary programme of work for 1998-1999. Doc. A/52/267, 6 August 1997, para.2.

3. "More coherence for enhanced oversight in the United Nations System", JIU/REP/98/2.

4. These stages were as follows: (a) preliminary consultations with Members (March 1996); (b) submission of a preliminary consultation document to the Governing Body for discussion (March 1996); (c) presentation of the D-G's preliminary proposals to the Governing Body (November 1996); (d) submission of a second paper on the Programme and Budget to the PFA (November 1996); (e) presentation of the D-G's Programme and Budget Proposals (January 1997); (f) discussion of a comprehensive set of proposals including the amounts to be spent on each programme at a Governing Body session (March 1997); (g) discussion and approval of the Programme and Budget by the ILC (November 1997).

5. Financial Report and Audited Financial Statements for the Sixty-fifth Financial period (1996-97) and Report of the External Auditor, recommendation 8.

6. Ibid., para. 94

7. Interim report on programme implementation during the 1996-97 biennium. Doc. GB.270/PFA/10.

8. Reports of the Programme, Financial and Administrative Committee. First report: Financial and general questions. Doc. GB.270/8/1, para.102.

9. "Accountability, management improvement,and oversight in the United Nations system", JIU/REP/95/2, paras. 235-237.

10. Ibid.,recommendation 8.

11. International Labour Organization. "Financial Regulations", 1993 edition, p.15.

12. JIU/REP/95/2, op. cit., recommendations 1-3.

13. JIU/REP/98/2, op. cit., recommendation I.

14. "Re-organization of the Bureau of Programming and Management (PROGRAM)". See ILO Circular, Series 2 - ORGANISATION, No. 131 of 30 Jully 1981.

15. International Labour Office. "Financial Rules", 1998 edition, p.16.

16. Financial Report and Audited Financial Statements for the Sixty-fifth Financial period (1996-97) and Report of the External Auditor, recommendations 13-20.

17. Follow-up on the report of the External Auditor on the accounts for 1996-97. Doc. GB.274/PFA/4

18. See doc. "Information technology in the ILO". GB. 273/PFA/6, paras.15-23.

19. The ILO Towards the 21st Century (November 1993). Document submitted by the Workers' Group.

20. See Reports of the Programme, Financial and Administrative Committee. Second report: Personnel questions. Doc. GB.268/7/2, paras. 1-8.

21. See GB.268/PFA/8 and Add. 1.

22. GB.273/PFA/6, op. cit., para. 29.

23. The ILO technical cooperation programme, 1997-98. Doc. GB.273/TC/1.

24. Ibid., para.163.

25. Report of the Working Party on the Evaluation of the Active Partnership Policy. Doc. GB.273/TC/2.

26.Effect to be given to the recommendation of the Working Party on the Evaluation of the Active Partnership Policy. Doc. GB.274/TC/1.

27. Report of the Committee on Technical Cooperation. GB.274/14 and Corr.1.

28. GB.274/PFA/9/1, op. cit., para.125.

29. Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan and the Russian Federation.

30. See doc. GB.274/TC/1, op. cit.

31. "Coordination of policy and programming frameworks for more effective development cooperation", JIU/REP/96/3, recommendation 3(b).

32. "Active Partnership Policy - Personnel Issues." Circular No. 494 of 13.10.93., para. 2(d).

33. JIU/REP/95/2, op.cit., recommendation 4.

34. GB.274/PFA/9/1, op. cit., para.123.

35. GB.273/PFA/6)

36. Ibid.