



THIRD ITEM ON THE AGENDA

Progress report on strategic budgeting

1. This report provides information on the work on strategic budgeting carried out since November 1999, when the Governing Body approved Volume 3 of the Programme and Budget for 2000-01, and on future plans.
2. The current programme and budget covers the work of the regions and of headquarters technical programmes under the four strategic objectives. This work is intended to contribute to the achievement of the 16 operational objectives and their established targets under the InFocus programmes, which are shared between headquarters and the regions.
3. The operational objectives have been endorsed by the Governing Body. However, the targets associated with the objectives were in many cases not specified or were left for later development. Those that were specified were also somewhat headquarters-oriented, as time did not permit full consultation with the field structure. This was also true of the performance indicators.
4. The Governing Body agreed to a cycle of reporting on programme implementation in which the degree of achievement of the operational objectives and the attainment of targets are the basis of annual reports to be presented each March. However, for the proper management of programmes a further level of objectives, indicators and targets is often necessary. These have been termed local objectives, indicators and targets. They are each linked to the operational and strategic objectives and they guide the daily work of officials. These local objectives and targets will be the basis of internal reporting, coordination and control of the work programme.
5. In respect of service and support and management programmes, the standards and targets for improvement at the local level have still to be developed, the higher level of objectives having been described in Volume 3 of the Programme and Budget for 2000-01.
6. Since January work has been under way on these issues. Departments are developing their local objectives, indicators and targets. Workplans have been formulated or are being finalized. Five meetings have been organized involving in turn each of the regions with each of the four technical sectors. One such meeting was held in Bangkok in February in conjunction with a field structure meeting for Professional staff in Asia and the Pacific. Separate meetings with senior staff of each of the four other regions have been organized in February and March in Geneva. At these meetings the comments and suggestions by staff from the regions were sought on indicators and targets for operational objectives to

ensure their relevance in the regions. Workplans were discussed to determine the respective responsibilities of headquarters and the field structure with regard to the attainment of targets and to ensure coordination of programme implementation.

7. Service and support and management programmes are similarly working on the definition of service standards and targets.
8. The internal deadline for the completion of this work is the end of March. It is not possible, therefore, for the present paper to give the results of these exercises. However, it is clear that considerable progress has been achieved in the specification or modification of indicators and targets and in determining measurement systems for targets. The results will be provided to the Committee in November. The experience of joint planning of work has been positive. This has not previously been done on a systematic basis, and the exercise has served to link more closely the activities (and those responsible for them) of headquarters and the regions.
9. It is planned to place the workplans of headquarters and regional departments on the ILO Intranet. A computer-based system is now being tested and reviewed by users, to be deployed by the end of June. This will enable all staff to be aware of the activities of units other than their own and will facilitate cooperation and coordination across the Office. It will enable management to track progress and intervene in cases of difficulty.
10. Internal allocations for regular budget technical cooperation have been issued. All projects financed by these resources are to specify the operational objective and target that they serve. Projects that cannot be linked to these objectives and targets will not be undertaken.
11. Work is under way on the preparation of a strategic policy framework for the period 2002-05. The term "strategic plan" had been used in Volume 3 of the Programme and Budget for 2000-01. However, that term suggests a level of detail and rigidity that is not realistic for the environment in which the ILO operates. The strategic policy framework will not call into question the strategic and operational objectives, for which a clear consensus exists among constituents. It will be concerned rather with the broad strategies by which those objectives are to be achieved.
12. The approach taken is to identify a number of strategic issues, cross-cutting in nature, which will be vital to the success of ILO programmes. Such issues will concern both the external and internal environment, and the aim will be to identify the opportunities and threats in the external environment and the strengths and weaknesses of the internal environment. The strategic policy framework will endeavour to set out the courses of action by which the ILO can adjust itself to meet these challenges. The list of strategic issues is not yet complete. However, three are clearly important – to make operational the decent work paradigm, to better manage and disseminate knowledge and to develop a more effective external communications policy.
13. A zero draft of the strategic policy framework is scheduled to be ready by the end of May. The period from June to early September will be used to consult with constituents to determine whether there is agreement on the strategic issues and the manner of addressing them.
14. The summer months will also be the period during which the Programme and Budget proposals for 2002-03 will be prepared. In November the Governing Body will receive the strategic policy framework, the future evaluation strategy, a final list of indicators and targets for the operational objectives and an outline of the proposals for the next programme and budget.

15. Submitted for information and observations.

Geneva, 1 March 2000.