



SEVENTEENTH ITEM ON THE AGENDA

ILO Human Resources Strategy*Contents*

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Introduction

1. A paper reporting on implementation of the ILO Human Resources (HR) Strategy has been presented to each session of the Programme, Financial and Administrative Committee (“the Committee”) since the Governing Body adopted the Strategy in November 1999. In 2002, the Director-General requested the External Auditor to undertake an in-depth assessment of the problems being encountered in the implementation of the HR Strategy and to make recommendations for its improvement. Since then, the Committee has been kept informed of the measures adopted with respect to each of the Auditor’s recommendations and has provided guidance to the Office on how to address the issues identified.
2. At the November 2004 session of the Governing Body, the Committee asked for a further detailed report on the overall implementation of the Strategy for its March 2005 meeting, including a proposal for its review.¹ Part 1 of the present paper summarizes developments in implementing the Strategy since November 2004; Part 2 outlines the need for a revised HR Strategy, and proposes an approach for its revision, including the need for appropriate monitoring and evaluation. The appendix summarizes action taken by the Office to date to address each of the recommendations made by the External Auditor in his report to the Committee.² The Committee is invited to provide guidance to the Office in relation to the proposal for revision of the HR Strategy, so that a revised Strategy can be presented to the Governing Body for approval in November 2005.

Part 1: Review of implementation of HR Strategy (1999-2004): Developments since November 2004

Collective bargaining

3. Work continued on the implementation of the new procedures for conflict prevention which were reported to the Committee in March 2004.³ Sexual harassment investigators, the mediator and the chairpersons of the Joint Advisory Appeals Board (JAAB) have been appointed. The Office and the Staff Union have identified their respective JAAB members and the JAAB secretariat has been established. The Office has held a series of information sessions for managers on the new procedures and organized a train-the-trainers workshop on conflict resolution. The process of selecting and training facilitators is under way. It is anticipated that increased emphasis on the informal resolution of work-related differences under the new procedures and better training of managers should facilitate quicker and more effective resolution of most work-related problems, thereby reducing the number of cases reaching the formal grievance procedure before the JAAB.
4. The Joint Negotiating Committee (JNC) continued its review of the collective agreement on a procedure for recruitment and selection. This process is expected to be concluded by

¹ GB.291/PFA/17.

² GB.286/PFA/14, “A review of the implementation of the ILO’s Human Resources Strategy: Report by the External Auditor”, March 2003.

³ GB.289/PFA/18.

end April 2005. The JNC work programme for 2005 includes a number of priority issues of common concern namely, occupational safety and health and a review of the collective agreement on personal development plans. The collective agreement on a procedure for job grading will then be the only other agreement still to be reviewed although some amendments have been agreed upon with the Staff Union in 2003.

Job classification and grading

5. At the end of December 2004, the Independent Review Group (IRG), which is examining appeals under the baseline grading procedure, had finalized 85 out of 131 cases. Of the remaining 46 cases, 35 are close to conclusion. To date, the earlier decision in relation to 58 positions has been confirmed, with 26 positions being upgraded, and one appeal being withdrawn. As at 31 December 2004, 99 requests have been received in relation to reviewing the grading of positions under the permanent procedures. HRD has completed the reviews in relation to 81 positions, with 23 (nine Professional and 14 General Service) positions having the original grading confirmed and 58 (17 Professional and 41 General Service) being upgraded. Six appeals have been submitted to the IRG.
6. The anticipated retirements of senior staff, as shown in table 1 below, provide a unique opportunity for the Office to rebalance its grading average by reviewing existing structures and functions for newly established or vacant positions during the next two biennia. Some measures are already being implemented to achieve this.⁴ However, an adequate number of senior level positions must be retained to enable the Office to carry out its mandate and provide an incentive for staff in lower grades for career progression.

Table 1. Expected retirements (regular budget), P.3 and above, 2005-09

Grade	2005	2006	2007	2008	2009	Total
D.2	4	2	3	0	2	11
D.1	6	9	6	5	5	31
P.5	22	22	23	21	15	103
P.4	3	4	4	4	7	22
P.3	0	0	0	0	3	3
Total	35	37	36	30	32	170

7. As noted in GB.292/PFA/8, additional measures are being implemented to secure a rebalancing of the Office's grade average on a considered and planned basis. More detailed analysis of the ILO's grade levels relative to common system grading standards and to benchmarks in other organizations is being carried out. Problems of data comparability still need to be resolved, but it seems clear that the imbalance in the ILO's grading structure consists essentially of a high proportion of P.5 grades and a correspondingly low proportion of P.2 and P.3 grades. The net number of cases in which reviewing of function and responsibilities after retirement would be appropriate is therefore more limited than suggested earlier. Nonetheless, the Office is determined to achieve a balanced and fair grading structure as soon as possible, taking into consideration the expected retirements shown above. To achieve this, the Office has been developing expertise in relation to organizational design, work organization and grading. Several measures are being implemented, including a review of the work responsibilities and organization for each department, at both professional and general service staff levels, as a basis for establishing

⁴ GB.292/PFA/8, paras. 116-118.

an appropriate target grading structure to be achieved within several years. Much closer attention will be given to an analysis of respective job roles, work organization and unit grading and structure to ensure that work units are redesigned over time to more appropriate forms. Moreover, when a vacancy at P.5 level arises, the position will, wherever possible, be reviewed, thus providing an opportunity for rejuvenation. A training programme is also being prepared for line managers on job/organizational design, work organization and grading structure reviews.

8. In addition, the job grading machinery will be examined as part of the review of the relevant collective agreement. The review will need to acknowledge that promotion should occur essentially through successful application to a higher-graded position. HRD will be working closely with all departments to ensure that the process of reducing the grading average is carried out equitably and that proposed staffing arrangements arising from regrading of positions do not jeopardize implementation of departmental programmes or career development opportunities for staff. These efforts to reduce the grading average will be facilitated if managers are given adequate incentives to improve grade structures. A system of differentiation of standard costs by grade is being designed which would, inter alia, encourage managers to achieve more balanced grade structures.
9. Consultations with the Staff Union will need to be carried out on the modality of implementing the New Master Standard (NMS) for grading positions in the Professional and higher categories.⁵ The ILO-specific illustration which HRD has developed is to be used as a basis for discussion on possible generic job descriptions and grade deciding matrices. Recently, the ILO and other agency representatives have also participated through a technical working group in discussions with the International Civil Service Commission (ICSC) on the reform of General Service staff classification standards.

Prospection, recruitment and selection of staff

10. A number of HR policy priorities on diversity, gender equity and mobility emerged during the implementation of the overall Strategy. These priorities are addressed mainly through measures on prospection, recruitment and selection of staff. The Office is committed to increasing diversity by improving the representation of staff from under-represented regions, subregions and countries. During 2000-04, one-third of Professional and higher-level vacancies were filled by nationals from under- or non-represented countries. However, the scope for addressing the diversity issue is limited by the relatively small number of recruitments annually (e.g. 32 recruitments in 2004). In addition, the number of persons appointed at Professional and higher categories from over- and adequately represented countries in recent years is the result of various factors: the promotion into the international Professional category under the regular budget of internal candidates who were previously General Service or national Professional category staff; direct selections of persons external to the Office where competitions have been unsuccessful; resolving the contractual status of persons who had been on temporary contracts for protracted periods of time; and the need to continue providing opportunities for long-serving technical cooperation experts to become regular budget staff. To increase diversity, the Office is examining a number of options including region/subregion-based representation, recruitment campaigns at national, subregional and regional levels; and appointments by direct selection in exceptional cases.
11. The Office continues to make progress in promoting gender equity of its Professional and higher-category staff, including an overall balance in representation of men and women,

⁵ See GB.289/PFA/18.

with a target of 33 per cent women staff at the P.5 and above grades for the current biennium. Table 2 shows that the percentage share of women at P.5 level and above has increased from 19.5 per cent at the end of 1999 to 28.1 per cent at the end of 2004. The most significant progress towards gender balance has occurred at the executive director/regional director levels, followed by the D.1 and then D.2 levels. This reflects the Director-General's commitment to the appointment of women to senior positions which are filled by direct selection. Further promotion of women will be needed if the target identified for 2004-05 is to be achieved. The Office is working with managers of those units where gender representation should be improved to remedy the situation as opportunities arise. More generally, HRD is working with line managers to identify talented women professional staff and target them for accelerated growth through management training and developmental assignments. HRD will commence shortly a review of gender issues as they affect the General Service staff category.

Table 2. Women as a percentage of total staff by grade level

Grade	1999		2000		2001		2002		2003		2004	
	No.	%										
ED/RD	3	23.1	1	9.1	2	20.0	2	22.2	2	20.0	4	44.4
D.2	4	16.0	4	18.2	4	19.0	4	16.0	5	22.7	4	22.2
D.1	12	17.4	14	19.7	19	24.7	19	26.4	18	26.5	19	26.0
P.5	46	20.3	56	22.6	62	23.1	69	24.7	75	26.4	77	26.3
Subtotal	65	19.5	75	21.3	87	23.1	94	24.4	100	26.0	104	28.1
P.4	71	36.7	71	36.2	82	44.3	82	44.1	88	47.3	91	44.1
P.3	61	53.9	69	53.1	60	55.0	60	57.7	67	64.4	66	59.5
P.2	18	64.3	18	60.0	12	63.2	19	67.8	16	61.5	7	58.3
Total	215	31.8	233	32.8	241	34.9	255	36.2	271	37.3	268	37.9

12. The senior management team has endorsed a revised policy on staff mobility. The policy establishes that, to increase their capacities and competencies⁶ and thereby serve ILO constituents more effectively, professional staff should be geographically mobile in the course of their careers with the Office. While some flexibility may be possible on the timing of mobility, the policy makes it clear that such mobility is part of the requirement for continuing service with the ILO. Acknowledging the impact of mobility on individual staff members and families, the Office will provide staff with information on current and prospective mobility opportunities, develop responsive work-life policies and review related policies (particularly staff development and incentives). In consultation with HRD, line managers will discuss mobility options with their staff, taking into account their capacities and the needs of the Office, and reflect rotation options in their departmental HR management plans. Staff members, in turn, are expected to cooperate with their managers and the Office and actively seek out postings in other locations which fit their skills and aspirations. A detailed operational framework has been developed by HRD to implement the policy.

13. As noted in paragraph 4, the Office and the Staff Union are currently renegotiating the collective agreement on a procedure for recruitment and selection. Pending the outcome of these negotiations, the parties have agreed on a series of interim procedural changes. These

⁶ "Competencies" are particular combinations of skills, attributes and behaviours that ILO staff must demonstrate in their work. They serve as a guide for recruitment, promotion, grading, and learning and development programmes.

concern, firstly, as explained in March 2004, limiting the use of assessment centres to external candidates and to General Service and national Professional category staff who are applying for positions in the international Professional category; and, secondly, using calls for candidatures instead of competitions in relation to appointments to deputy director positions in Subregional Offices. It should be mentioned that deputy director positions in those Offices were created as a result of a reorganization of the duties of the former directors of area offices and the directors of the multidisciplinary teams, both of which were filled by direct selection.

14. At the level of improving the efficiency of the competition procedure, the average number of days taken to fill vacancies continued to fall, reaching 149 days during the period January to December 2004 compared with 379 days three years earlier. A further reduction in the duration of filling vacancies can be achieved with the early identification of vacancies through effective succession planning. It should be noted that the reduction in the time period to fill vacancies impacts on the Office's capacity to continue to absorb the staff turnover (or "lapse factor") provision in the regular budget.⁷
15. Recruiting younger professional staff remains a high priority for the Office. As noted from table 1 above, the number of higher-level positions falling vacant upon retirement between 2004 and 2009 presents a particular opportunity to redefine positions, where appropriate, to P.2 and P.3 levels, and thereby provide the basis for a higher intake of younger professionals with high potential for development. The Office has continued the process of integrating onto regular budget-funded positions those professional staff who were recruited under the Young Professionals Career Entrance Programme (YPCEP). In this regard, as at December 2004, out of the 20 YPs recruited, all but three have been placed.
16. Consultations with the Staff Union have been completed on the policy paper on *employment of persons with disabilities*. The policy will actively promote equal access to employment opportunities within the ILO for persons with disabilities. To this end, the Office commits to identify and eliminate barriers to the employment, advancement and retention of persons with disabilities and to promote a workplace culture based on fair practices which will safeguard the rights of persons with disabilities to be treated with dignity and respect and to enjoy equal terms and conditions of employment with other staff.

Staff development

17. The focus of current HRD work on staff development is at three levels: the ongoing review of the Office's Learning and Development Strategy; continuing implementation of the pilot Management and Leadership Development Programme (MLDP); and reviewing the pilot Personal Development Plan (PDP) initiative.
18. The review of the Office's Development and Learning Strategy is continuing. It is expected to be completed by mid-2005, with a view to having in place a revised activities programme at the beginning of 2006-07 which responds more effectively to ongoing management and staff development needs. The objectives of the review were outlined in the update paper provided to the Committee in November 2004.⁸ The review of the Strategy and related issues was initiated by the Joint Training Council at its meeting in late January 2005.

⁷ GB.292/PFA/8, para. 106.

⁸ GB.291/PFA/17, para. 13.

19. As part of the Director-General's initiative on "Strengthening management for delivery and results", the MLDP began in June 2004. The pilot for 56 ILO managers (primarily, D.1 and P.5) comprises three phases: an individual development assessment, a four-day workshop, and the completion of ten self-directed learning modules (from a total of 25, covering generic and ILO-specific management and leadership topics, from which participants will select those most appropriate to their learning needs). The first two phases had been completed by the end of 2004. During 2005 participants will undertake the self-directed modules in their workplace. The modules, particularly those which are ILO-specific, are currently being developed in consultation with both headquarters and field-based staff. The objective of the MLDP is to improve the managerial and leadership capacity of ILO managers, in line with ILO-specific management competencies and managerial messages. The programme will be monitored on an ongoing basis and evaluated at the end of 2005.
20. HRD is currently analysing recommendations arising from the overall assessment of the pilot PDP initiative undertaken by an external consultant. The evaluation concluded that PDPs are a very positive initiative which provide a good framework within which individual managers and staff can hold an open discussion on development and career aspirations and settle appropriate development and learning actions. These actions can then be aggregated by headquarters and regional departments, to identify individual and group priorities and formalize plans in line with strategic "business" needs, thereby facilitating HRD's role in preparing an overall Office Development and Learning Strategy and associated programmes. The consultant has recommended simplification of the PDP process and its associated IT tool; changes to the communication and training sessions; and linking the PDP process clearly to other HR processes, particularly mobility, succession planning, staff development and learning, career development, and performance management. Finally, the consultant has indicated that linking PDP and performance management processes should be examined further. The PDP assessment will be considered in the context of the review of the related collective agreement by the JNC scheduled for 2005 and in developing the Office's proposals for a revised performance management system.

Performance measurement and management

21. The current the ILO performance appraisal process has been in place for a considerable period. A policy paper setting out a possible future direction on performance management is being considered by the senior management team early in 2005. It draws on an analysis of the performance management systems in a number of organizations, including within the UN system, and identifies elements which should be considered in reviewing the ILO's present arrangements.
22. HRD will be consulting with line managers and the staff through the JNC before the policy direction and operational procedures for a new performance measurement and management system are finalized. Following this consultative process, it is expected that a revised performance system will be implemented during 2006.

Work-life agenda

23. The Office is continuing to address a number of work-life issues, including domestic partners, implementing new paternity leave arrangements, and the ongoing review of field security. With regard to policies on *domestic partners*, the Committee was previously informed that the Secretary-General of the United Nations issued a new bulletin on personal status for purposes of United Nations entitlements which entered into force on

1 October 2004. While seeking to resolve individual cases in line with the current provisions of the Staff Regulations, HRD is analysing the longer-term implications of the new bulletin in consultation with other UN common system organizations. To date, the Fifth Committee of the UN General Assembly has not discussed this issue.

24. With regard to *paternity leave*, the Governing Body at its 282nd Session (November 2001) approved the implementation in the ILO, on a pilot basis, of provisions granting one week's leave, pending any guidelines subsequently proposed by the International Civil Service Commission (ICSC).⁹ ICSC has now decided to implement paid leave for paternity purposes of up to four weeks as a minimum standard across the common system. The Office is examining the administrative arrangements required to support this decision.
25. In relation to *field security*, in October 2004, the Secretary-General of the United Nations submitted a report on the UN Security Management System to the General Assembly. The report outlined the development of the System in recent years, analysed current security arrangements and made recommendations for its further strengthening. Following the Fifth Committee's examination of the report and its recommendation, the General Assembly has decided to establish a unified UN Department of Safety and Security (DSS). It has also approved an increase in security personnel both at UN headquarters and in the field. With regard to budgetary provisions, the General Assembly decided to maintain the existing cost-sharing arrangements. Since November 2004, the Office has also continued efforts to raise security awareness among its staff members and to comply with the range of security standards now set by UNSECOORD (i.e. general Minimum Operating Security Standards (MOSS), and country-specific and residential MOSS). The financial resources made available by the Governing Body under the 2000-01 surplus continue to fund these awareness-raising activities.

IRIS implementation

26. Since the commencement of preparation for IRIS implementation, HRD has been heavily involved in a number of processes directed towards substantially improving HR administration throughout the Office. These processes have included: validating and approving HR business processes, and taking the opportunity to streamline and improve, wherever possible. In this connection, HRD policy circulars have been reviewed and are being revised to ensure continued relevance in the IRIS environment. A major exercise has been the review of HR data in the legacy systems in preparation for migration to IRIS. Managers and staff throughout the Office have been involved in intensively testing the new system and a series of user acceptance facilitated sessions has been organized. Once the initial user training is completed, HRD will be responsible for the ongoing training effort to cater to new users.
27. A major ongoing priority for HRD after IRIS "go live" will be to realize – and then extend – the initial improvements arising from HR business process changes and the efficiency gains of a single integrated system. Anticipated improvements and benefits should gain higher visibility at the start of the 2006-07 biennium. But it is expected that HRD will not experience the full impact of an integrated system until it is fully deployed to and stabilized in field offices.

⁹ GB.282/PFA/8/1.

Part 2: A proposal for revision of the HR Strategy

The need for a revised HR Strategy

28. The role of the Office's HR Strategy is to provide the framework within which ILO personnel are managed, both individually and collectively, so as to maximize their contribution to achieving the operational strategy of the Organization. The current HR Strategy has been in place since late 1999 and has been modified to reflect comments and suggestions received from the Committee at its various sessions during this five-year period. It is time to review the Strategy in the light of experience to date, to identify lessons learned and to propose a revised Strategy to meet the major challenges now facing the Organization, as identified in the Committee's discussion on the ILO Strategic Policy Framework (SPF) for 2006-09.¹⁰
29. A number of overall lessons can be drawn from the experience of implementing the ILO's current HR Strategy, including the need for clear priorities, adopting an integrated approach, setting realistic time frames and mainstreaming the HR Strategy across the Office. These overall lessons can be more specifically described as follows:
- (a) In 2003, the External Auditor's report¹¹ acknowledged that the Strategy, though well-conceived, was too ambitious and was not capable of being implemented within the financial resources and staffing capacity available to HRD.
 - (b) Progress in implementation has been uneven across all segments of the HR Strategy. On the one hand, the putting into effect of some of its components and the management of their impact and consequences required much more time, efforts and resources than envisaged; on the other hand, the resource limitations obliged to select some priorities, while leaving other segments for later.
 - (c) The links between the various components of the strategy and the impact that each element had on the other had not been sufficiently foreseen. This jeopardizes the necessary synergies and mutual support between the different components and reduces the potential impact of the overall strategy. A more integrated approach and the clear identification of the linkages between its components is essential for the successful implementation of the Strategy.
 - (d) The Strategy's design and implementation should be more closely linked with the delivery of the ILO's strategic and operational objectives and this cannot be achieved by HRD alone but requires the commitment and active involvement of all managers with the support and guidance of HRD.
 - (e) Some elements of the Strategy remain underdeveloped, such as organizational structure and design, work systems and processes and performance measurement and management. These are necessary to achieve greater efficiency and effectiveness and have to be facilitated by, and developed in consistency with, HR policies and objectives.

¹⁰ "Strategic Policy Framework, 2006-09 and related guidance from the Governing Body", www.ilo.org/public/english/standards/reln/gb/docs/gb291/index.htm .

¹¹ GB.286/PFA/14.

- (f) The results of the implementation of some parts of the Strategy have constrained the development of others. For example, the results of the grading exercise distorted the overall grading structure and there is now the need to reduce the overall grading average, which necessarily makes it more difficult to simultaneously improve gender balance at senior levels.
 - (g) The devolution of increased responsibility and accountability to senior and line managers in relation to HR issues requires a corresponding improvement in their capacity to deal effectively with those issues.
 - (h) Overall collective bargaining has led to the good principles for action but has in some cases restricted the effectiveness of HR operations.
 - (i) The flow of information to and communication between management, the Staff Union and staff needs to be improved, particularly in situations involving restructuring of work units, reorganization of work and policy or other initiatives which have significant change implications.
30. Accordingly, a revised HR Strategy must be more selective in scope, be focused on fewer priorities, set realistic time frames, and be practical and realistic in approach, particularly taking into account limitations of staff capacity and financial resources.

Main components of a revised HR Strategy

31. The proposed ILO Strategic Policy Framework (SPF) for 2006-09 and its discussion at the November 2004 Governing Body session identified a number of major challenges for the Organization. To address these challenges effectively requires, inter alia, sound HR management and an HR Strategy which is linked firmly to achieving the Organization's Decent Work Agenda. In particular, increased emphasis must be placed by the Office on management by results, equipping managers and staff with the required general and technical competencies to undertake changing job roles/functions, improving individual and collective accountability, and developing a performance "culture". Demographic changes within the Office, with the impending retirements of significant numbers of senior staff during the next few years will lead to a loss of knowledge, experience and institutional memory. But it will facilitate the process of reductions in the average grade profile and therefore staffing costs, and will also provide the opportunity to achieve other key HR policy objectives, namely improving diversity, recruiting younger professional staff, improving gender composition, and increasing staff mobility. IRIS implementation should also produce benefits for HR and broader administration. This will require continuing efforts by HRD, PROGRAM and FINANCE in particular to streamline business processes, to review job roles and work organization, and to ensure fully integrated business service operations.
32. To address these needs, the Office proposes that the overall *objective* of a revised HR Strategy should be *to develop a highly competent, motivated and versatile ILO staff to improve the Organization's effectiveness in implementing the Decent Work Agenda*. Stemming from this overall objective, set out below is a range of proposals which the Office considers should form the core components of a revised HR Strategy. The Committee's guidance is sought on these various proposals so that the Office can present a revised Strategy for Governing Body approval in November 2005.
33. In the light of experience and lessons learned during the period 1999-2004, a revised HR Strategy should address the following specific priority areas:
- (a) the capacity of senior and line managers to give effect to the HR Strategy;

- (b) an effective staff planning system and processes to implement key HR policy priorities;
 - (c) a range of measures directed towards rebalancing the grading structure and improving the overall organizational design of the Office, and implementing the new mobility policy;
 - (d) an Office-wide performance measurement and management system, which links ILO strategic and operational objectives with unit and individual objectives and performance measures, integrates staff development considerations, provides for appropriate recognition and reward policies, and addresses effectively cases of poor performance;
 - (e) staff and management development and learning programmes linked to overall organizational improvement measures;
 - (f) a supportive workplace environment to underpin and reinforce the HR Strategy, paying specific attention to work-life issues, staff security including safety, health and well-being, and maintaining effective and efficient internal conflict resolution arrangements;
 - (g) the benefits to HR planning and general administration stemming from IRIS implementation will be maximized;
 - (h) improve communications with managers, the Staff Union and staff on proposed/agreed HR and other organizational changes;
 - (i) enhance staff commitment and motivation to ILO values and principles.
- 34.** The time frame for implementing a revised HR Strategy should be 2006 through end-2009, at which point it should be reviewed again. The revised Strategy should be implemented within the resources (human and financial) made available to HRD and the Office in the normal biennial budget process. It should be recognized that implementing a successful HR Strategy in any organization is a difficult and complex task. As a specialized agency, the ILO is subject to UN common system personnel rules and practices and decisions of the ICSC, which limit the flexibility available to the Office to manage its staff on the basis of its particular needs.
- 35.** The following paragraphs provide additional information on the focus and content of each of the proposed priority areas identified in paragraph 33 above. For convenience, this discussion is summarized under the following headings: building capacity of senior and line managers; integrated HR planning; performance measurement, management and staff development; and establishing a supportive workplace environment.

Building capacity of senior and line managers

Focus: The role and accountability of line and senior managers in giving effect to a revised HR Strategy is critical. To equip all managers and supervisors with the necessary competencies to carry out ongoing and changing roles within the Office, the full roll-out of management and leadership training should be a priority in a revised Strategy. The pilot MLDP will be integrated into a revised Office Development and Learning Programme in 2006.

- 36.** The experience of successful organizations indicates that an effective HR Strategy will: be “owned” and promoted by senior and line managers in the organization; involve strategic

HR expertise in developing and implementing the organization's "business" strategies; require line managers to have day-to-day responsibility and therefore be accountable for resolving HR issues affecting their staff; and be based on a culture of partnership, information-sharing and consultation among managers, staff and their representatives. HRD has directed and will continue to direct considerable efforts to working with line managers, individually and as a group, to facilitate and support their work in addressing HR issues which impact on their work units. To be effective in this role, line managers must fully understand relevant HR policies and issues, be knowledgeable and skilled in various HR practices, and be prepared to learn more "on and off the job". At present, HR planning is still mainly perceived to be the business of HRD rather than a core business requirement of line managers. Forward staff planning, effective work organization, grading, dispute and grievance resolution, performance management and staff development are areas where deft management can make a significant difference to a work unit's effectiveness in achieving its objectives and contributing to the overall objective of the HR Strategy as defined in paragraph 32 above. Managers should be held accountable for the decisions they make in exercising their responsibilities, the quality of key decisions, the motivation and commitment of their staff and their overall performance in delivering unit work programmes more generally. These should become key elements in the individual performance appraisals of managers.

Integrated HR planning

Focus: An integrated HR planning framework should be established at headquarters and regional department levels through dialogue between line managers, staff and HRD. Emphasis should be placed on effective succession planning to ensure that the required technical knowledge and competencies to support programme implementation are available on an ongoing basis. Outcomes should be reflected in HR management plans that establish effective targets and action plans to address key HR policy priorities, including reducing the overall grade average, making specific efforts to recruit younger professional staff, and advancing action on improving gender equity and national diversity. Effective succession planning will be the key to implementing a mobility policy which facilitates developing a diverse workforce that is familiar with work both at headquarters and across the regions and helps maximize individual staff development in line with organizational performance and development objectives.

37. HR management in the Office would be significantly improved if an explicit and effective HR planning framework were established. Under this proposal, line managers would be required to examine their staffing needs, at the level of required technical knowledge and competencies, against their short- and medium-term workplan objectives. Staffing reviews have already been initiated and have demonstrated their potential to contribute to an effective HR planning framework. Through ongoing reviews on a regular basis, HRD would work with headquarters and regional departments to identify critical positions for succession planning purposes and gaps in competencies resulting from programme changes, staff retirement and mobility, so that decisions could be taken on staff development and/or recruitment initiatives to address these issues. Such reviews would also take into account particular department/office design, systems and process issues which affect the way work is carried out and hence may impact on work unit performance. The aim of these various activities would be to establish an integrated HR planning framework at headquarters and regional department levels, the outcome of which would be reflected in management plans that address key HR policy priorities (see further below).
38. Particular attention would be given in this planning process to talent identification, through enhanced prospecting. A number of measures are proposed including: the running of periodic examinations to establish a pool of potential candidates from under- and non-represented countries from which direct selections can be made as vacancies arise;

tapping the network developed by technical departments to access potential candidate supply chains in government departments, trade union and employer organizations, UN agencies, other international organizations, non-governmental organizations, universities, research institutes and professional associations; making more extensive use of the Internet, establishing links to job search engines, and exploiting the capabilities of the Office's job applicant tracking system in an effort to identify suitable candidates; revising the Office's interns programme in collaboration with the Staff Union; and developing further the associate experts programme by identifying other governments interested in joining as well as working with certain donor countries to provide sponsorship of particular candidates from targeted countries.

39. As part of the HR planning process, it is proposed that more specific attention should be given to achieving real and measurable progress against the key HR policy priorities. Of particular importance is the priority which must be accorded to rebalancing the Office's grade structure. Paragraphs 7 and 8 above and the Programme and Budget proposals for 2006-07¹² identify the range of initiatives which are currently under way to address this priority. In addition, the lowering of average position grades is expected to result in lower ages of recruitment.
40. The implementation of the mobility policy will place renewed emphasis on geographical mobility of professional staff. Responsibility for mobility will lie with line managers, individual staff members, and HRD. Line managers will be expected to ensure that their units include staff members who have had work experience both at headquarters and in field duty stations. Staff members will be expected to seek mobility during their career in the Office. HRD will be responsible for tracking mobility as part of HR planning, supporting managers and staff in the implementation of the policy, and facilitating the mobility process. In the latter regard, HRD will announce forthcoming mobility opportunities and staff members may express interest in being considered for in-grade transfers before posts are processed as competitions. HRD is consulting with Staff Union representatives with the aim of facilitating such transfers through simplified procedures.
41. Finally, it is proposed that an integrated approach to HR planning would also reflect continuing measures for improving gender balance (see paragraph 11) and improving national diversity (paragraphs 10 and 38 refer).

Performance measurement, management and staff development

Focus: A revised HR Strategy would build an integrated system to manage staff performance and development. From an organizational perspective, the HR Strategy would help facilitate the efforts of line managers to realign their workplans, processes and unit structures with ongoing developments, such as changes in grade profiles or as a result of IRIS implementation. This would be done through ongoing consultations with managers about unit needs, competency profiles and work-role definitions. From the perspective of individual effectiveness, the HR Strategy would play a key role in providing incentives so that personal contributions and merit are better recognized. Performance measurement and management would be improved through a revised appraisal form and system. The quality of the performance management process would also be improved through management training in relation to defining objectives, setting performance standards, communicating feedback, and coaching for improved performance. The HR Strategy would help define a more comprehensive profile of individual staff strengths and development needs. This would be essential for driving HR succession and development plans so that

¹² GB.292/PFA/8.

results, interests and competencies are reflected in the selection of internal and external candidates. Staff development and learning initiatives would focus initially on developing management and leadership capacities, building on the results of the pilot MLDP. This would serve as the basis for orienting staff around delivery of organizational objectives. A revised Office Staff Development and Learning Strategy would also guide the management of what is anticipated to be an increased training budget in 2006-07 to ensure fair and effective use of funds around priority training needs for all staff.

42. Under this proposal, the performance and development dimension of a revised HR Strategy would be directed to creating a culture of performance and development that would help deliver organizational goals through improved individual manager and staff contributions. This could be achieved by integrating development needs identified separately by managers and staff within a revised performance measurement and management system. The performance and development functions complement each other in achieving organizational goals: performance objectives translate organizational goals into individualized workplans; workplans identify what needs to be achieved; performance standards specify how success will be measured; staff training and development provide support for developing competencies and skills; and performance appraisal reviews highlight strengths and areas for improvement. In this way, the performance appraisal would serve as an ongoing assessment of objectives, achievements and effectiveness, while inputs on development needs from other sources would help identify competencies, interests and development objectives. Combined, they would contribute to organizational achievement as well as personal recognition and growth. Particular attention would need to be given to identify and resolve issues, including poor performance, which may impede the realization of objectives through ongoing communication, regular feedback and specific remedial action, including performance improvement plans.
43. To implement this initiative, it is proposed that work should focus on four main areas as follows:

First, *developing management and leadership capacities* to improve communication, organizational effectiveness and people management skills in order to encourage and support a performance and development culture. Managers should be required to take the lead in creating a performance culture, and their effectiveness in this area should become part of their own performance assessments. The pilot MLDP will launch performance and development training for managers, but will need to be extended further.

Second, *the PDP process will be reviewed* as a result of the external assessment of the pilot initiatives and in the context of a review of the related collective agreement scheduled for 2005.

Third, *the performance management system would be revised*. During 2005, a working group would be established to serve as a sounding board for adapting performance management best practices to the ILO environment, for revising the appraisal review form(s), for preparing new policies and guidelines on associated procedural issues, including recognition and rewards, and for securing senior management and Staff Union endorsement of a revised performance measurement and management system. Implementation of a new system should start in 2006.

Fourth, *the ILO Staff Development and Learning Strategy would be revised* to support better organizational performance and improved personal effectiveness. In this respect, the External Auditor observed that, by comparison with many other organizations and enterprises, current ILO spending on staff development was inadequate and concluded that a properly funded training strategy to build and maintain required staff competencies was

critical to the success of the HR Strategy.¹³ The need to replace general and technical competencies being lost during a peak period of staff retirements and to implement results-based management and IRIS reinforce the urgency with which this situation must be addressed. The Programme and Budget proposals for 2006-07 commit 2.5 per cent of total staff costs to investing in human resources and staff development, which represents a very substantial increase in funding in this area. The main priority will be to implement a revised ILO staff development and learning strategy, policies and programmes for the period 2006-09. This will be built around identified organization needs and priorities and will address specific competency gaps. The headquarters and regional departments will be expected to define strategic learning objectives and activity plans for 2006-07 and to consider setting up “training” committees to facilitate this process and to provide a continuing focus on staff development. During 2006-07, HRD will also be taking a series of initiatives directed to consolidating the process of the ILO becoming a learning organization, based on the principles set out in the Organizational Learning Framework (OLF).

Establishing a supportive workplace environment

Focus: Establishing a workplace environment which underpins and reinforces the HR Strategy requires that the notion of a work-life “balance” is integrated into ILO workplace policies and practices; security issues at the level of physical infrastructure and personal safety, health and well-being are addressed; cooperative workplace practices are encouraged and a fair and effective process for the resolution of workplace disagreements is put in place.

44. In March 2000¹⁴ and again in November 2001,¹⁵ the Governing Body endorsed changes to the HR Strategy which advanced an agenda to establish a more supportive workplace environment around the introduction of a work, family and well-being policy and revising the Office’s current approach to contracts policy, taking into account the ICSC framework. The focus of the proposed work, family and well-being policy was to introduce a number of measures under the following categories: flexible working arrangements; flexible and special leave arrangements; relocation policies; equitable access to entitlements, benefits and facilities; and occupational health and safety issues (including staff security matters – see further below). A revised Office contracts policy was directed to addressing the issue of inappropriate use of contracts and to rationalize the number and conditions of the various current employment contract types so as to provide for more modern and flexible management tools, while maintaining fair and equitable conditions of employment. Progress has been made on some of these work-life issues. However, delays in ICSC’s consideration of a revised contract framework for the UN system has not yet enabled the Office to move forward in this area. It is proposed that a more comprehensive approach be applied to complete the work originally envisaged on these issues.
45. As noted above (paragraph 25), ILO security arrangements have been upgraded by implementing and extending the UNSECOORD MOSS requirements, relying on funding from the 2001 surplus. This will need to be extended during the next few years in line with developments in UN system-wide security arrangements.

¹³ GB.286/PFA/14.

¹⁴ GB.277/PFA/11, Work and well-being: Work and family responsibilities in the ILO.

¹⁵ GB.282/PFA/11, Review of contracts policy.

46. Paragraph 3 above provides a status report on the implementation of the revised collective agreement on conflict prevention and resolution, along with associated amendments to the Staff Regulations and new administrative circulars establishing informal conflict resolution mechanisms and a policy on sexual harassment at work. The emphasis given to “prevention” of conflicts in the workplace through better information, communication and cooperation, and the resolution of workplace disagreements as early as possible and where they arise, provide a firm basis on which the new procedures can operate as intended. The procedures should be kept under review at the level of the JNC and further modifications proposed, if necessary.

Other issues

47. Proposals on maximizing the benefits arising from IRIS implementation need to be included in the revised Strategy. Paragraphs 27 and 31 above make clear what will be required. The proposal identified in paragraph 33(h) reflects the need to ensure that as further work is undertaken in relation to the HR Strategy and as other issues arise which affect relations between the Office and staff, managers, the Staff Union and staff are kept informed and involved, formally and informally. The monthly line managers forum provides a regular means of contact on the management side. Ongoing liaison between the Office and the Staff Union takes place through JNC and through informal contact with HRD and senior management. HRD will continue to give attention to improving the services it provides to managers and staff directly and through its Intranet site. A major effort will also be undertaken during 2005 to review, revise or, where obsolete, cancel HR policy circulars.

Monitoring and evaluation

48. The appendix outlines the current status of the Office’s response in relation to each of the External Auditor’s recommendations. The importance of monitoring and evaluation and the need to establish targets and indicators against which the success of the HR Strategy can be measured has been stressed by the External Auditor and during discussion at the Committee’s various sessions. In line with results-based management, the revised HR Strategy will propose targets and indicators in relation to each component of the Strategy for the period 2006-09.

49. *The Committee may wish to:*

- (a) *provide guidance to the Office in relation to the proposals identified for revising the HR Strategy;*
- (b) *request that, in November 2005, the Office provide for the Committee’s approval a revised Human Resources Strategy, including targets and indicators in relation to each of its core components;*
- (c) *request that a report on implementation of the Strategy be provided in November 2006 and annually thereafter.*

Geneva, 15 February 2005.

Point for decision: Paragraph 49.

Appendix

Summary of action taken to address external audit recommendations

Audit recommendation	Response to audit recommendation
On personal and career development:	
1. In order to ensure that the Personal Development Plan system works well, I recommend the ILO institute a training programme for all staff in the use of the electronically based PDPs; and that sufficient IT resources are made available for the launch.	PDPs were carried out in one Sector and one region. An external assessment of the pilot PDP initiative was carried out in late 2004. It includes recommendations in relation to improved communications and training about PDPs (see paragraph 20 of the main paper). The collective agreement on personal development plans will be reviewed by the Joint Negotiating Committee during 2005, at which time the entire PDP process will be examined.
2. To ensure the effective implementation of PDPs, I recommend that the ILO take steps to accurately assess the training requirement which will flow from the development needs identified in PDPs, and put appropriate resources in place.	See response to 1 above.
3. I recommend that the ILO clarify the continued use of the performance appraisal system in relation to the introduction of PDPs; and take positive steps to ensure that appraisals are fair, balanced and accurate.	A policy paper is being considered by the senior management team (SMT) outlining proposals to change the current performance management system. The relationship of the PDP process to a revised system will be reviewed in that context.
4. To ensure that the best use is made of the graduates from the Young Professionals Programme, I recommend that the ILO take appropriate steps to ensure that funding is in place; that managers understand the benefits of taking graduates from the programme; and that the programme offers best value for the ILO.	The Office has successfully placed all but three of the officials who were recruited onto the Programme. Efforts are continuing to place the remaining three officials.
On prospection, recruitment and selection of staff:	
5. To improve efficiency and effectiveness, I recommend that the ILO review the present recruitment process; and simplify the roles of HR, line managers and the Staff Union, to concentrate on the assessment process and cut down the number of administrative stages involved in recruitment.	The collective agreement on recruitment and selection is in the process of being revised as indicated in paragraph 3 of the main paper. Interim arrangements have been put in place, following consultation with the Staff Union, to limit the use of assessment centres.
6. I recommend that the role of assessors should be enhanced by a greater recognition of their role in the performance assessment process.	The role of assessors will be reviewed as part of 5 above.
7. To assist the effective operation of the assessment centres, I recommend that the ILO consider using them more selectively; and that systematic succession planning be used to predict and run competitions for groups of vacancies.	See 6 above. The main paper also proposes that a major focus of a revised HR Strategy should be to implement a systematic succession planning process.
8. To encourage the use of assessment centres for the development of the individual, I recommend that they be used to encourage staff who wish to test their abilities against required competencies.	See 6 above. To date, HRD's capacity to implement this recommendation has been constrained by the non-availability of staff resources.
On classification:	
9. In order to make the system workable and efficient, and to avoid complex bureaucracy and a plethora of appeals, I recommend that the ILO reconsider the existing procedures in the light of a review of the collective agreement.	The collective agreement on a procedure for job grading is likely to be reviewed in 2005. Steps to redress the overall grade imbalance within the Office are discussed in the main paper (see paragraphs 7, 8 and 39).

Audit recommendation

Response to audit recommendation

10. I recommend that the ILO take steps to make more staff, and particularly managers, better aware of the requirements of classifications; and that they be given appropriate training in the essentials of evidence and procedural requirements.

Paragraphs 7 and 8 of the main paper indicate that such training will be provided as part of the approach adopted to address reducing the overall grading structure of the Office.

11. I recommend that the ILO continue efforts to eliminate the inappropriate use of short-term contracts by the time the new contracts system comes into place.

The situation of almost all staff on "precarious" contracts has been resolved. The relevant administrative circular (6/630) is currently being revised. HRD will continue to work with the Staff Union and line managers to eliminate inappropriate contractual situations. Work will be carried out in 2005 to implement a revised contracts policy in the Office taking into account any emerging ICSC recommendations.

On people management skills:

12. I recommend that each Sector in the ILO consider establishing a training strategy, produced as part of an overall HR Strategy for the Sector, in order to provide resource managers with a basis for decisions on how to prioritize their own resources and ILO training resources more generally.

HRD will be requesting each department, Sector and region to prepare a training strategy and associated budget to guide development of the Office's revised Development and Learning Strategy and programme roll-out in 2006-07.

13. In order to support change management and the successful implementation of the HR Strategy, I recommend that the ILO give priority to a management training programme and that this should be a part of a wider review of training strategy across the ILO.

The issue of management training is being addressed under the management challenges component of the 2000-01 surplus proposals. (see paragraph 19 of the main paper). A review of the Office's Development and Learning Strategy is currently under way (paragraph 18 of the main paper refers).

On employee relations:

14. To ensure that grievance procedures operate for the mutual benefit of both staff and management, I recommend that the ILO review the timescales and details of the procedures, with the aim of securing a more streamlined system that relies to a greater extent on local managers.

The two collective agreements on work-related grievances and on harassment were reviewed and merged into a single agreement on conflict prevention and resolution, which was adopted by the Committee in March 2004 (paragraph 3 of the main paper outlines implementation to date). The new procedures will be kept under review by JNC (paragraph 46 of the main paper refers).

15. I recommend that the role of the ombudsperson be reviewed to address the currently conflicting roles of mediator and investigator.

See 14 above. The position of ombudsperson has been abolished and replaced by a mediator position.

On external awareness:

16. In order to take forward the exchange programme as it was intended, I recommend that the ILO establish an agreed set of contracts and terms; and take steps to actively seek potential staff exchanges.

The Office has exchange programmes with the private sector and some government institutions. There are also currently 15 national officials on detachment from their governments to the ILO. Experience has demonstrated that it is extremely difficult to establish ILO contract conditions which can be applied to all exchange partners. Further work is continuing in this area.

17. I recommend that wherever possible HRD should seek to streamline existing administrative procedures and increase the number of professionally trained staff dealing with strategic HR matters.

Given budgetary constraints, HRD has not been able to recruit professionally trained HR staff. However, training has been provided on key HR issues such as grading and a draft programme is being developed in relation to building core HR professional competencies.

Other overall recommendations arising from audit findings on implementation:

18. I recommend that HRD establish a communications strategy as a matter of priority, in order to identify the needs of all ILO staff for information on changes and developments under the HR Strategy generally.

HRD updated its Intranet site in 2004 and continues to modify its contents. Regular monthly meetings have been established with line managers to improve communications within and outside the department.

Audit recommendation	Response to audit recommendation
19. I recommend that the ILO identify a single focal point within HRD, to be responsible for reviewing the impact of each element of the HR Strategy on other elements; and to provide a link to ILO staff on the benefits of the Strategy.	HRD's organigram identifies a person responsible for each main area of operations, policy and administration. The HR management team will be responsible for coordinating the overall HR Strategy. HRD is currently examining a number of reorganization proposals to streamline and improve its operations.
20. In the light of the uncertainties and potentially large commitment of resources arising under the HR Strategy, I recommend that the ILO carry out a comprehensive review of resource implications and the likely costs of the full implementation of the strategy for future years.	Paragraphs 31-47 of the main paper outline the Office's proposal for a revised HR Strategy, which will be undertaken within the normal allocations made available to HRD under the biennial programme and budget process.
21. In order to provide a measure of the success of the HR Strategy, I recommend that the ILO identify and apply appropriate evaluation criteria.	Work is being undertaken to this end (see paragraph 48 of the main paper).
Work where immediate action could be taken:	
(i) Review global staffing needs and, where advisable, group together competition requests to hold joint recruitment and assessment centres rather than individual events.	The Office is re-examining the use of assessment centres in the context of the review of the collective agreement on recruitment and selection. This issue will be considered in that context.
(ii) Agree an incentive for assessment work, for example a time allowance for all assessors and members of groups and panels.	See response to (i) above.
(iii) Clarify the role of performance assessments in relation to the PDP arrangements.	See response to 3 above.
(iv) Produce simplified guides and checklists for staff and management covering the action needed for grievances and on any other relevant HR issues.	A simplified guide to the revised conflict resolution procedure is being prepared. More generally, HRD has prepared a list of FAQs on its Intranet site which address a range of basic HR issues.
(v) Hold a series of workshops with managers from all Sectors to explain HR requirements and agree how to measure implementation.	HRD has conducted meetings on a monthly basis with line managers since 2003. Training workshops on particular HR issues (e.g. grading and conflict resolution) have been conducted previously, and will be again, in the light of procedural changes.
(vi) Consider the future programme for assessment centres with a view to concentrating on managers or potential managers.	See response to (i) above.
(vii) Provide periodic information to all staff on the progress in each HR area; on what HR expect from staff; and on what staff can expect in terms of service from HR.	See response to 18 above.
(viii) Inform early decisions on the funding of the longer-term management training programme.	A 2000-01 surplus allocation is funding the present pilot MLDP until the end of 2005. From then on, management training will be integrated as a discrete programme element within the revised Office Development and Learning Strategy, and funded in accordance with overall programme and budget provisions for staff development.
(ix) Examine the links between the strands of the HR Strategy and the impacts that each strand has on the other.	Such an examination was carried out as part of the recent cost-benefit analysis undertaken by an external consultant. The revised Strategy will examine the various links in policies and present an integrated approach.
(x) Establish brief workshop-based training for HR staff in client relations and service issues.	See response to 17 above. As noted earlier, HRD has prepared a set of FAQs that are now on the Intranet site to provide more and better information on HR services provided.