

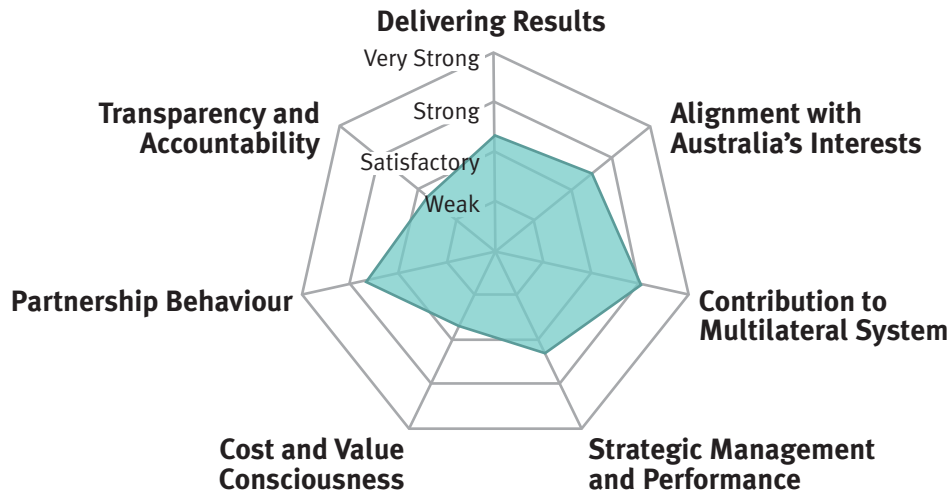


Australian Multilateral Assessment March 2012

International Labour Organization (ILO)



OVERVIEW OF ORGANISATION RATINGS



ORGANISATION OVERVIEW

Established in 1919, the International Labour Organization (ILO) is the United Nations (UN) specialised agency that deals with the world of work. At the core of its remit, ILO is responsible for drawing up and overseeing international labour standards and assisting member states to ratify and implement those standards. These standards include the fundamental principles and rights at work, namely, freedom from forced and child labour and discrimination, freedom of association and the right to collective bargaining.

The 'Decent Work Agenda' is central to the ILO's operations. Work is central to people's wellbeing. In addition to providing income, the Decent Work Agenda promotes the idea that work can pave the way for broader social and economic advancement, strengthening individuals, their families and communities.

ILO's mandate is organised around four interrelated and mutually reinforcing strategic objectives to achieve the Decent Work Agenda. These are:

- > creating jobs
- > guaranteeing rights at work
- > extending social protection, and
- > promoting social dialogue.

ILO conducts more than 1000 technical cooperation programs in more than 80 countries with the help of some 60 donor institutions worldwide. ILO has decentralised the management of most activities to its regional, area and branch offices in more than 40 countries across Africa, Asia, Central and Eastern Europe, Latin America, the Middle East and the Pacific.

A notable feature of ILO is its 'tripartite' nature. Within its structure and function, ILO brings together governments, employer organisations and worker organisations to jointly shape policies and programs that promote the concept of decent work for all.

ILO accomplishes its work through three main bodies: The International Labour Conference and the Governing Body which both comprise governments', employers' and workers' representatives; and the International Labour Office ('the Office') which acts as the ILO secretariat.

The work of ILO is aided by tripartite committees covering specific sectors and industries. It is also supported by committees of experts on such matters as vocational training, management development, occupational safety and health, industrial relations, workers' education, and special issues relevant to women and young workers.

In June 2011, Australia assumed the role of Chairperson of the ILO Governing Body for the 12 months to June 2012. Australia was recently regional coordinator of the Asia-Pacific Group of Governments for the two years 2009–11. Australia is also an active member of the Industrialised and Market Economy Countries government caucus group.

In 2010–11, Australia provided \$17.7 million to ILO, comprising \$10.2 million of assessed contributions and \$7.5 million in non-core funding. The assessed contribution represents the equivalent of 1.7 per cent of the total regular budget, and is the thirteenth highest assessed contribution by a government.

ILO is currently implementing agreed activities under the Australia–ILO Partnership Agreement 2010–15. Activities funded include:

- > the Better Work Program in Vietnam, Cambodia, Indonesia and Bangladesh (\$7.5million)
- > the Green Jobs in Asia project (\$3 million)
- > the Global Jobs Pact Framework for Labour Governance and Migration in the Pacific (\$1.05 million)
- > the Youth Employment Promotion Program in Timor-Leste (\$2.25 million), and
- > Pacific Growth and Employment Plan (\$1.2 million).

Other funding is also provided by Australia to ILO technical assistance projects, usually in the Asia-Pacific region. Such projects have included:

- > the TRIANGLE Project, addressing labour migration and exploitation issues in the Greater Mekong region with funding of \$10.5 million over the period 2010–14
- > promotion of Equality at Work in China with funding of \$300 000 for 2010–11
- > the TIM-Works employment generating, rural road rehabilitation and maintenance project in East Timor which received funding of \$3.2 million for the period 2008–12
- > the Local Empowerment through Economic Development project in Sri Lanka with funding for \$3.39 million for 2010–12, and
- > the Decent Jobs for Egypt’s Young People—Tackling the challenge of young people in agriculture project that received funding of \$3 million over three years until 2013–14.

RESULTS AND RELEVANCE

1. Delivering results on poverty and sustainable development in line with mandate

SATISFACTORY

ILO demonstrates many tangible development results from its activities at country-level. For example, the ILO–International Finance Corporation Better Work Programme in South-East Asia has resulted in the extension of labour rights and improved working conditions for millions of workers in the garment industry. Nevertheless, the quality of activity implementation varies across country and regional offices.

ILO also has more work to do in systematically assessing the impact of its capacity-building activities and better linking its program outcomes to broader developmental goals. Use of Decent Work Country Program reviews has helped in improving reporting, but these efforts can continue and go further. Similarly, while ILO has made a concerted effort to embed results-based management practices across the board, implementation appears to be a top-down process that has yet to be fully implemented at country-level.

Much of ILO’s work, particularly related to its normative and international standards setting role, is targeted at a cross section of society and not limited to targeting the poorest of the poor.

a) Demonstrates development or humanitarian results consistent with mandate

STRONG

ILO’s core mandate is to develop and oversee the implementation of global norms and standards. Its country-level technical assistance activities must be seen in this context. There are many examples of the positive impact of ILO development cooperation activities, often in situations where unemployment (particularly of youth) is or was a contributing factor to political and social instability. Labour-intensive infrastructure rehabilitation projects in Indonesia and East Timor are among these. ILO was proactive in developing youth employment initiatives in Egypt following the Arab Spring, although it is too early to assess their results.

Many ILO initiatives involve capacity building of tripartite partners in the countries in which the organisation works. Measuring the impact of such activities is inherently difficult, but ILO produces little by way of evidence of the success of such interventions. Australia encourages ILO to adopt innovative approaches that use qualitative information to highlight the impact of projects, in addition to rigorous quantitative assessments. ILO has examples of results reporting that link labour and employment issues to broader development outcomes, for instance the ILO–International Finance Corporation collaboration on the Better Work Global Programme coming out of the Better Factories Cambodia initiative. However, results-based reporting such as this is not institutionalised. Australia will closely monitor ILO efforts to mainstream results-based reporting.

Interviews conducted with key ILO staff at all levels—Geneva headquarters, the Bangkok regional office for Asia and the Pacific, and country offices—indicate that while implementation of results-based management is underway and appears to be effective at headquarters level, it is yet to be fully and effectively implemented across the organisation. Better reporting of results will greatly assist ILO in demonstrating its effectiveness to all stakeholders.

b) Plays critical role in improving aid effectiveness through results monitoring

SATISFACTORY

ILO’s focus on results-based management in Decent Work Country Programs DWCPs and other similar measures of quality has been in place for several years now. Focus on the implementation of results-based management, and ongoing evaluation of the success of these efforts, is driven by ILO’s Governing Body and remains a central discussion point in most Governing Body meetings. Whilst these initiatives receive strong endorsement at a headquarters level, ILO is yet to demonstrate a solid or fully implemented results-based management system at all levels.

One of the latest policy developments on this front has been the adoption of ILO’s new evaluation strategy, *Results-based Strategies 2011–2015: Evaluation Strategies, Strengthening the use of evaluations*, adopted by the Governing Body in March 2011. This strategy builds upon previous ILO evaluation strategies and the lessons learned in the 2010 independent external evaluation. Australia will monitor closely the implementation of this strategy to ensure its effectiveness.

Implementation of the results-based management agenda appears to be an ongoing top-down process. Leadership on the issue is strong at the headquarters-level. ILO is looking to further develop its results-based management to allow it to be more closely linked to budgeting in the future. It is recognised that implementation remains a work-in-progress and the level of compliance with results-based management principles varies considerably across countries and across programs within countries. Additionally, progress reports and evaluations of some activities could benefit from more frank assessments of implementation challenges. ILO has expressed a commitment to continuing to invest in this area.

c) Where relevant, targets the poorest people and in areas where progress against the MDGs is lagging	SATISFACTORY
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ILO operates across a wide range of contexts from working with high level international forums such as the G20 through to working with stakeholders in some of the world's smallest nations in the Pacific and unstable political and social environments.

Much of ILO's work, particularly related to its normative and international standard setting role, is targeted at a cross section of society. ILO's mandate therefore is not limited to targeting the poorest of the poor. For example, the newly adopted Convention on Domestic Workers is of particular relevance to the wider Asia Pacific region as it is home to both source and destination countries for domestic workers.

ILO is charged, however, with responsibility for monitoring progress against Millennium Development Goal 1(b), to achieve full and productive employment and decent work for all, and it is this particular goal that most directly relates to the remit of ILO. Its 2009 publication, *Guide to the New Millennium Development Goals Employment Indicators*, is a useful tool for countries to help monitor progress. The 2011 MDG Progress Chart, however, shows that the poorest result ('no progress or deterioration') against MDG 1(b) is in the Oceania region, a region of key geographic interest to the Australian aid program.

The Australian Multilateral Assessment review of ILO operations in the Asia-Pacific region indicates that the organisation's work is generally well regarded—but the 'no progress or deterioration' rating for MDG 1(b) in the Oceania region is a concern. Australia has long advocated for greater resourcing of the Bangkok regional office and even more so for the Suva office for Pacific member countries. Australia will continue to monitor and advocate prioritisation of greater resourcing for our immediate region. At a time when more focus is being placed on organisational efficiency and the accomplishment of the MDGs in least developed countries, the effectiveness of permanent ILO representation in a range of highly developed countries (for example, ILO country offices in France, Germany, Italy, Portugal and Spain) should be closely examined when there is only one office with a small number of staff for all eight (soon to be ten) small island ILO member states of the Pacific. Any review of the effectiveness of ILO operations and permanent representation in already-developed countries must seriously consider the costs and benefits of continuing such permanent representation versus redeploying the funds tied up by those offices to other in-country locations and projects where ILO technical assistance is needed most.

2. Alignment with Australia's aid priorities and national interests	STRONG
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ILO has been a useful partner for Australia in promoting normative processes and technical assistance. Working with ILO has allowed Australia to build linkages in the Asia-Pacific region on labour and employment issues that support Australia's national and regional interests, including regional economic stability.

There is good alignment between the ILO's Decent Work Agenda and the Australian aid program's strategic goals of promoting opportunities for all, sustainable economic development and effective governance.

ILO has a strong gender unit at headquarters level with a dedicated team of 20 gender specialists and a 130-strong network of gender focal points. At country-level, there is evidence of a focus on gender issues. For example, in Sri Lanka, ILO works with the government on its gender equality and the world of work program.

ILO effectively promotes skills development and employment opportunities for people with disability.

ILO's mandate does not specifically refer to working in fragile states but it has had some successes in these states and in fragile situations.

a) Allocates resources and delivers results in support of, and responsive to, Australia's development objectives	STRONG
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ILO has been a useful partner for Australia in promoting normative processes and technical assistance. Working with ILO has allowed Australia to build linkages in the Asia-Pacific region on labour and employment issues that support Australia's national and regional interests, including regional economic stability.

ILO has proven to be an effective player in contributing to the debate on sustainable economic development—in particular through drawing on its tripartite structure. Australia has valued ILO's voice as a global advocate for sustainable economic development through better employment and labour practices and opportunities.

Perhaps the most visible example is ILO's global advocacy on the Global Jobs Pact, an initiative arising from the 2008 Global Financial Crisis. The Global Jobs Pact has been endorsed and used by major international bodies including the G20, the UN's Economic and Social Council and many regional forums as a model for implementing sustainable economic reform based on broad principles of social justice and equity. ILO's work with the G20 has been particularly valuable in relation to skills development and social protection, an area in which there was close collaboration with Australia as a leader of the social protection work stream in the G20 Development Working Group.

In 2010–11, ILO strengthened its technical cooperation and modestly increased resourcing for programs in the Asia-Pacific region. As noted earlier the regional supervision and assistance, as provided by the regional office in Bangkok, is not always sufficient to cover the needs and demands of the Pacific. The physical distance between Bangkok and Suva impedes the ability for ILO specialists to actively engage with Pacific members as often as desirable. Partly because of this, ILO has tended towards creating many small technical assistance activities which, overall, can be quite fragmented. This is evidenced most strongly in the Pacific, where ILO projects could benefit from a more holistic and coherent set of interventions. ILO has indicated it is moving to address this by developing best practice interventions that are replicable in nature; however, this is an area for close monitoring.

b) Effectively targets development concerns and promotes issues consistent with Australian priorities	SATISFACTORY
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ILO provides an employment focus on technical assistance projects, including those funded through the Australian aid program, that link with employment and jobs-related priorities in *An Effective Aid Program for Australia*, including promoting opportunities for all, sustainable economic development and effective governance.

ILO’s Decent Work Agenda encapsulates efforts that support Australia’s development objective to ‘improve incomes, employment and enterprise opportunities for poor people in both rural and urban areas...to boost overall economic development’.

Examples of work ILO has undertaken in recent times that directly supports issues consistent with Australian priorities include:

- > Green Jobs in Asia
- > Youth Employment Promotion Programme in East Timor, and
- > the social protection and anti-trafficking TRIANGLE Project in the Greater Mekong Subregion.

Country and regional visits undertaken through the Australian Multilateral Assessment process have demonstrated the good links between ILO’s work and Australia’s development priorities. As an organisation with a specialised mandate and expertise, ILO has been able to provide a range of technical services from combating labour exploitation to labour law reform. Australia has, and will continue, to work with ILO to ensure its work is sustainable: the strong capacity building focus that is achieving good results in the TIM-Works project in East Timor is one example where ILO is bringing sustainable economic development and the theme of ‘opportunities for all’ to the fore.

ILO’s mandate and development interventions do not directly correlate to the aid program’s strategic goals of saving lives or more effective preparedness and responses to disasters and crises.

c) Focuses on crosscutting issues, particularly gender, environment and people with disabilities	STRONG
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ILO has a positive track record of focusing on some crosscutting issues through its Decent Work Agenda, particularly in gender and disability inclusive development. Specifically, the Decent Work Agenda includes four strategic objectives with gender as a crosscutting objective.

ILO has a strong gender unit at headquarters-level that actively promotes the mainstreaming of gender issues across ILO’s work. There is a dedicated team of 20 gender specialists and a 130-strong network of gender focal points. Gender is mainstreamed through the Decent Work Country Programs and is evaluated by the gender department. The strong organisational capacity in this regard means that gender has become mainstreamed throughout ILO’s work and is an important consideration to both its normative and technical assistance work programs.

The operational aspects of gender are also complemented by the gender-sensitive nature of its normative work, an example being the strong focus on domestic work over 2010–11 and the gendered implications behind the successful adoption of the Domestic Workers Convention and Recommendation at the 2011 International Labour Conference as well as initiatives to ensure established ILO governing texts include gender-inclusive language.

ILO promotes skills development and employment opportunities for people with disabilities based on the principles of equal opportunity, equal treatment, mainstreaming into vocational rehabilitation and employment services programmes and community involvement. The principle of non-discrimination is increasingly emphasised as disability issues have come to be seen as human rights issues. To promote mainstreaming of disability in its body of work, ILO is implementing the Disability Inclusion Initiative that will take place first in its employment sector activities. ILO has also undertaken recent national-level workshops in the Pacific on disability to help identify gaps in legislation, promote skills development and inclusion and to encourage tripartite action in the area of decent work for people with disabilities. Australia has, to date, had limited engagement with ILO on disability issues. With limited first-hand experience, it is difficult to assess their effectiveness at addressing this issue.

Environment mainstreaming is less advanced than gender and disability—perhaps because it is only a relatively new focus for ILO in the context of decent work. Environment and climate change concerns are targeted in particular through ‘Green Jobs’ projects, including one funded under the Australia-ILO Partnership Agreement. The scope of the Partnership Agreement project on Green Jobs focuses mostly on knowledge sharing and does not yet demonstrate the strengths seen in ILO’s gender and disability work.

d) Performs effectively in fragile states	SATISFACTORY
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ILO mandate does not specifically refer to working in fragile states but it has demonstrated some successes in fragile states and situations including contributing to early recovery and reconstruction efforts in a number of African countries.

A successful ILO intervention in the Asia-Pacific region is in East Timor in creating a labour-intensive employment program that seeks to address youth unemployment issues and tripartite capacity building. The TIM-Works project builds the capacity of the government and its social partners, improving mechanisms for dialogue, labour regulation, skill development and labour rights.

3. Contribution to the wider multilateral development system	STRONG
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ILO plays a specialised role through effective provision of policy and expertise in labour statistics and research. It is a standard-setting institution and has played a critical role in developing international labour standards since its inception in 1919. In this time, it has developed 189 legally binding conventions, 201 non-binding recommendations and a number of declarations, including the collation of the Fundamental Principles and Rights at Work.

Other normative areas of ILO work that are particularly valuable include freedom of association and combating child labour. ILO's International Programme on the Elimination of Child Labour is seen as one of its most successful initiatives and is the largest of its kind in the world.

a) Plays a critical role at global or national-level in coordinating development or humanitarian efforts	STRONG
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ILO's mandate is not specifically related to international development or humanitarian efforts. As an organisation with a specialised mandate and expertise, ILO is uniquely positioned to lead policy dialogue and development efforts through employment and labour, particularly at the national-level.

Reflecting its unique structure, ILO is effective at fostering dialogue between tripartite constituents in-country and developing capacity for ongoing dialogue. A good example of this is seen in the Better Work programme which brings together all the key actors in national textile, garment and footwear industries to work together to increase efficiency and productivity for all parties involved and simultaneously improving labour rights for the factory workers themselves.

In some respects, ILO has been an effective participant in global and regional discussions on sustainable development against the context of the global financial crisis. ILO has had a close working relationship with the G20, being tasked to develop policy recommendations and provide research and analysis on several occasions. ILO's Global Jobs Pact and the Social Protection Floor Initiative have also been valuable advocacy tools in this context.

ILO could enhance its visibility and engagement within the multilateral community at a country or regional-level. Whilst ILO has a specific set of stakeholders to engage with (government, employer and employee), increased engagement in general development coordination and policy fora could help enhance multilateral effectiveness at a country-level and avoid the duplication of resources or programs. ILO is encouraged to continue to integrate its agenda at a country and regional-level so it can better contribute to achieving broader development goals.

b) Plays a leading role in developing norms and standards or in providing large-scale finance or specialist expertise	STRONG
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ILO continues to play a central role in developing international labour standards which it has done since its inception in 1919. In this time, it has developed 189 legally binding conventions, 201 non-binding recommendations and a number of declarations including the Fundamental Principles and Rights at Work 1998 and the Declaration of Social Justice for a Fair Globalisation 2008.

ILO utilises the norms adopted at the International Labour Conference to address global challenges such as freedom of association and combating child labour. One ILO's most successful initiatives and the largest of its kind in the world is ILO's International Program on the Elimination of Child Labour (IPEC). The basis for IPEC rests firmly in the norms established by ILO Conventions 138 and 182 (Minimum Age Convention and

Worst Forms of Child Labour Convention, respectively) to provide a framework for the technical cooperation program. The particular success of IPEC helps operationalise these conventions and it is this model of working that ILO should apply to its technical assistance more broadly.

ILO has recognised that achieving a greater number of ratifications of its international instruments is not enough in itself: it is how countries use these norms and standards to shape national policy agendas that is critical. ILO's Committee of Experts on the Application of Conventions and Recommendations regularly reviews and reports on the application of ratified Conventions which are used by ILO to inform technical cooperation.

c) Fills a policy or knowledge gap or develops innovative approaches	STRONG
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ILO makes distinctive contributions in the areas of labour-related research and statistics. The quality of its work is highly regarded and fills a specialist role which complements the work of other international bodies. ILO at headquarters (Geneva) and the Asia-Pacific regional (Bangkok) office have specialist staff to provide technical assistance in this respect; their work also forms key inputs to major international reports published by ILO that measure global work statistics and productivity.

ILO also undertakes numerous joint projects with the International Monetary Fund, World Bank, Organisation for Economic Cooperation and Development and the World Trade Organization on matters of global interest. A particularly strong example is ILO's role as co-leader of the Social Protection Floor Initiative along with the World Health Organization to help advise on the best approach to extending universal coverage of social security. ILO also conducts research and advocacy in conjunction with the World Trade Organization on the intersection between trade and labour which is an area of growing interest as the number of bilateral and regional trade agreements grow around the world.

In this respect, ILO could be more active in leveraging its specialised knowledge and expertise to influence the global development agenda by pushing to mainstream labour and sustainable economic development issues within development policy dialogue. A common critique (which has also been presented during collection of evidence for the Australian Multilateral Assessment) is that ILO can sometimes tend to isolate itself from the broader development system. This might be the case because of its specialised role and mandate. ILO, however, has important contributions to make to the broader understanding of sustainable development. ILO is encouraged to continue its push to use its knowledge, influence and innovative approaches to further integrate its agenda into the international development system.

ORGANISATIONAL BEHAVIOUR

4. Strategic management and performance

SATISFACTORY

ILO has a clear mandate and strong links from this mandate through its operational plans and strategies. There remains some criticism that it can be sometimes inconsistent in applying its strategy and plans to operationalise its mandate.

ILO's Governing Body is tripartite, representing workers, employers and the governments of member states. Such a structure is unique in the UN system. The Governing Body provides adequate oversight of management performance.

In recent years, ILO has produced higher quality program and budget documents and has moved to a more streamlined reporting system that describes priorities under the 19 outcomes of its strategic policy framework with measurable indicators. This has led to better and more consistent implementation of monitoring and evaluation systems.

Recent efforts at headquarters level to more strategically align ILO programs and projects need to be maintained and extended across all levels and offices of the organisation.

ILO has a strong leadership team among its senior executive. Priorities under its Human Resources Strategy 2010–15 include addressing in-house resolution of staff conflict and countering a 'silo mentality' culture.

a) Has clear mandate, strategy and plans effectively implemented

STRONG

ILO operates under a clear mandate and targeted strategies through the Strategic Policy Framework (SPF) and Programme and Budget (P&B). These documents together govern ILO's major planning and strategy development within a results-based programming cycle. Both documents are organised around the four strategic objectives of ILO to enhance linkages and ensure a focus on mandate and expertise. These have also been developed following the adoption of the Declaration on Social Justice for a Fair Globalisation 2008 which was adopted at the ninety-seventh session of the International Labour Conference.

The Strategic Policy Framework 2010–15 was approved at the March 2009 Governing Body. It identified 19 'outcomes' required to achieve each of ILO's four strategic objectives. Outcomes are based on ILO experience and areas of comparative advantage. Importantly, it includes performance indicators to measure the achievement of each outcome. Australia will closely monitor the outcomes against the new SPF cycle at the Governing Body in March 2012 at which the Programme Implementation Report 2010–11 will be presented.

In recent years, ILO has produced higher quality Programme and Budget documents, including moving to a more streamlined report that describes the priorities under the 19 outcomes of the Strategic Policy Framework and with measurable indicators. In addition to this streamlined approach, ILO has taken into consideration current and emerging global issues. For example, the 2010–11 Programme and Budget addressed the implications of the economic and financial crisis on the world of work for achieving ILO

core outcomes and provided concrete proposals or strategic coherence, particularly in the context of member States' constrained budgetary capabilities. The Programme and Budget also recognised the need for increased funding for field delivery and services for the Asia-Pacific region given that many Pacific Island countries are lagging in making progress against the Millennium Development Goals.

b) Governing body is effective in guiding management	SATISFACTORY
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ILO Governing Body is tripartite in nature, reflecting the organisation and its mandate. Such a structure is unique in the UN system. In recent years, the International Labour Office ('the Office', functioning as ILO's secretariat) has been responsive to the decisions of the Governing Body.

The Governing Body has a high level of responsibility in providing strategic guidance on the activities of the organisation. Papers presented to the Governing Body, and the range of decisions it is required to make, are wide-ranging and comprehensive. The most recent (March 2011) budget debates for the biennium 2012–13 show the Office's responsiveness in this respect: due to the concerns raised by some member countries reflecting domestic budget pressures, the Office revised operational budgets downward in favour of greater efficiencies.

In March 2011, the Governing Body achieved tripartite agreement to reform measures applicable to the working and functioning of the Governing Body. The reforms relate to the structure of the Governing Body, its agenda setting process, time management and documentation and consultation with the aim of making it a more effective and efficient management body. The restructure will streamline Governing Body attendance by delegations and shorten meeting times overall. The effectiveness and practical application of these reform measures will take time to bed down—the first opportunity for the Governing Body to meet in its new form was in November 2011. Concerns remain that the tripartite governing structure may impede its ability to encourage improvements in operational effectiveness. Australia will monitor closely.

A notable feature of the Governing Body reform is that it has, in part, been designed to give greater voice to the Government members of the Governing Body. These reforms will be important to ensure a greater balance in influence exercised by all three tripartite partners. The Australian Government will continue to monitor these reforms to assess their effectiveness in implementation.

c) Has a sound framework for monitoring and evaluation, and acts promptly to realign or amend programs not delivering results	SATISFACTORY
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In recent years ILO has reformed many aspects of its monitoring and evaluation framework including improving and strengthening the practice of independent evaluation in ILO. Since 2005, ILO has increased the use of independent evaluations as a means to promote transparency and accountability for the impact of ILO action. Independent evaluations are now required for all projects over US\$1 million. Independent evaluations have been generally thorough in their scope and recommendations and ILO Governing Body regularly reviews both the independent evaluations and ILO's response to them.

An internal evaluation unit (EVAL) works to monitor and report on the overall effectiveness of ILO programs and policies. EVAL also reports to the ILO Director-General (through the Evaluation Advisory Committee) and produces annual evaluation reports for consideration by the ILO Governing Body Committee on Programme, Financial and Administrative Committee. Greater responsibilities for follow-up on evaluation recommendations was given to EVAL following an independent external evaluation of ILO evaluation function in 2010. The new procedures put in place have resulted in improved buy-in from line management and higher quality recommendations that are more specifically linked to action.

ILO has stated that it does not renew projects that receive non-satisfactory final evaluations. Limited evidence has been found, however, on the ability of the organisation to actively realign or amend programs that are not delivering results while under-performing activities are still in place.

d) Leadership is effective and human resources are well managed	SATISFACTORY
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ILO has a strong leadership team among its senior executive. Particularly in recent years, ILO senior management has been actively pursuing the mainstreaming of the results-based management agenda and continues to do so. It is recognised that ILO has adjusted to the results-based management agenda later than other organisations and so Australia will continue to watch with interest the bedding-down of results-based management systems with other like-minded donor countries. The Director-General in particular has been responsible for raising ILO's profile across the international system, particularly in light of the global financial crisis. The Director-General however has announced his retirement leaving the position midway through his third term in 2012. The senior management team in place now is strong, but Australia will monitor ILO's response to the departure of the Director-General.

ILO's efforts in its human resources management will remain an area of interest for Australia. The Human Resources Strategy 2010–15 is one of the four integrated results-based management strategies endorsed by ILO at the November 2009 Governing Body. The strategy focuses on aligning with the strategic objectives of the ILO, the Strategic Policy Framework 2010–15 and the Programme and Budget. Australia will closely monitor the progress of the implementation of this strategy in 2012.

Despite this positive move, some issues remain on the radar for evaluation. At the adoption of the human resources Strategy paper, a notable inclusion was money dedicated to the in-house resolution of staff conflict and countering an existing culture of silo mentality. Addressing these will contribute to a more effective organisation. Recent meetings of ILO have also been marked by ILO staff protests about working conditions. The ILO Governing Body is able to monitor progress on human resources issues by hearing directly from the executive responsible for HR and also from a staff representative's report.

One issue that needs attention, but is also common to many UN bodies and not just ILO, is the ability to ensure the right staff go to the right positions in the field. In particular, the leadership of country managers has proven to have a direct correlation to the quality of

project implementation and delivery. Furthermore, evidence shows that an inability to fill some positions (both at country head-level, and at an activity-level) can adversely impact project implementation.

5. Cost and value consciousness	SATISFACTORY
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While ILO’s Governing Body and annual International Labour Conference have good formal oversight across budgets and scrutinise costs, a culture of cost awareness needs to be embedded across the organisation.

The Governing Body generally considers value for money and has demonstrated responsiveness to the concerns of member states in relation to its budget. In March 2011, it initiated budget cutting and efficiency measures, including establishing an ongoing expenditure review committee to provide members with direct input into budgetary processes and proposals throughout each two-year budget cycle. The first report of this committee is due before the end of 2011.

There is little evidence that ILO challenges its partners to seek more efficient approaches to budgeting and disbursement.

a) Governing body and management regularly scrutinise costs and assess value for money	SATISFACTORY
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Recent Governing Body meetings on the ILO budget reflect concerns of many of the traditional donor countries and their limited fiscal ability to increase funding to international organisations. ILO has sought to maintain its budget in real terms (that is, providing for small budget increases incorporating inflation in costs) and in March 2011 came up with a range of budget cutting and efficiency measures designed to address the concern of many of the major donor countries that were in turn facing their own domestic budgetary pressures.

These negotiations in March 2011 demonstrated a level of responsiveness from the Office, and saw its acceptance of a proposal for an ongoing expenditure review committee—a proposal that was also well received by many governments. This committee will monitor and review all ILO expenditure, with a view to improving effectiveness and efficiency and will feed into biennial budget preparation. The first report of this committee is due before the end of 2011.

b) Rates of return and cost effectiveness are important factors in decision making	SATISFACTORY
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ILO has, in recent years, become acutely aware of the need for greater focus on cost and value. Previous complacency on this issue has seen governments and Governing Body members demand and receive improvement in this area. As mentioned in other criteria in this assessment, the March 2011 negotiations for the two-year budget period of 2012–2013 saw the Office offer up a range of budget cuts in order to satisfy ILO members who were calling for a zero nominal-growth budget.

In some ways then, it can be seen that an initial shift to a culture of cost awareness is being driven by members and the Office is being pulled along by this move. This assessment takes note of ILO's response to the *UK Multilateral Aid Review* published in March 2011, and Australia continues to encourage all levels of the Office, from headquarters through to country-level, to become more proactive in taking rates of return and cost effectiveness into consideration at all stages of the project management and budget cycle.

c) Challenges and supports partners to think about value for money	WEAK
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Minimal evidence was found on this criterion.

The Australian Multilateral Assessment recommends ILO should undertake activities that challenge its partners to seek more efficient approaches to budgeting and disbursement. This is particularly important given that ILO frequently relies on implementing partners for their development activities (including some under the Partnership Agreement).

6. Partnership behaviour	STRONG
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Partnership is at the core of ILO's structure and mandate. Its tripartite structure enables governments, employers and workers of each member country to participate as equal partners in its activities. From this perspective, ILO is highly effective in bringing key stakeholders together.

ILO's approach to partner country priorities and systems in the implementation of its Decent Work Agenda is guided by overarching principles of country ownership and alignment with partner priorities.

Feedback at country-level indicates significant variation in ILO's engagement with partners. For example in China, ILO was commended for providing technical advisory services to the government on legislation for employment promotion and social insurance law, and in working with non-government organisations and universities to promote the employment rights and employability of people with disability. In Kiribati, however, ILO was subject to strong government criticism for its piecemeal and inflexible support for youth employment.

a) Works effectively in partnership with others	STRONG
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ILO's unique tripartite structure enables governments, employers and workers of each member country to participate directly, as equal partners, in its activities. ILO brings together these three groups and promotes open dialogue through the International Labour Conference and the Governing Body. Decisions taken by the Governing Body and the International Labour Conference are taken by tripartite consensus. Tripartism is a key aspect of the ILO that sets it apart from other institutions in the multilateral system.

Social dialogue is one of ILO's strategic objectives. ILO encourages tripartism within member States by promoting social dialogue to help design and implement national

policies. ILO helps governments, employers' and workers' organisations to establish sound labour relations, adapt labour laws to meet changing economic and social needs and improve labour administration. One strong example of ILO in this respect is its Better Work Programme in South-East Asia, in particular the Better Factories Cambodia program. This innovative program brings together factory workers and owners, workers' groups, employers' groups, government and multinational buyers to create a strengthened audit system that aims to simultaneously improve working conditions and business sustainability.

The tripartite model has strengths and weaknesses. In many respects, tripartism allows for government decision making to be complemented by the input and expertise of their social partners, the 'real economy' actors. At an institutional-level however, ILO operates on a consensus basis that requires all tripartite partners to agree on decision points. While this may indeed be beneficial to ensure all partners are moving in the same direction, it can sometimes mean that decision making processes are slowed down or direction changed in order to accommodate the interests of all involved.

Evidence gathered during headquarter and country visits indicate that while ILO is seen as an effective organisation in many respects, there are some instances where ILO is perceived to situate itself 'outside' the in-country team of development organisations. This may be because ILO is a highly specialised agency that has quite a unique remit that other actors don't often actively engage in. This situation is then juxtaposed with other situations where ILO does play a substantial role in the in-country coordination of UN activities with ILO staff taking the role of Resident Coordinator in some locations. This assessment concludes that the operation and characteristics of ILO in-country is highly dependent on the Country Director and the personal angle they bring to their role. ILO would benefit from a more structured organisational approach to mainstreaming the labour and employment agenda within the wider traditional development system. This would bring a more standardised approach to partnerships with other agencies in-country.

b) Places value on alignment with partner countries' priorities and systems	STRONG
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ILO's approach to partner countries priorities and systems in the implementation of its Decent Work Agenda is articulated in ILO's Technical Cooperation Strategy.

Many countries have national development plans or sets of social and economic policies that address issues of relevance to ILO mandate such as youth employment, vocational training and the promotion of gender equality. Many of those plans now refer to internationally agreed goals such as the Millennium Development Goals, and poverty reduction strategies.

ILO works through national development plans and policies in defining the priorities and outcomes of each Decent Work Country Programmes (DWCP). These plans seek to further promote the use of national systems by strengthening the institutional capacity of constituents. Decent Work Country Programmes also recognise the importance of the ownership of development policies by partner countries and encourage the participation of civil society, particularly national social partners.

c) Provides voice for partners and other stakeholders in decision making	SATISFACTORY
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ILO provides a voice for partners and stakeholders at the institutional-level through its formal bodies (International Labour Conference and Governing Body); and close consultation with tripartite stakeholders in national contexts.

ILO takes a consultative approach to program design to a large extent because of its organisational basis in tripartism and its mandate to foster social dialogue. In this regard, social partners are often well represented in program design consultations and are often active participants in many stages of project cycle management.

Some evidence was gathered during country visits and feedback from Australian overseas missions that would indicate the approach to consultation and inclusion of partners in program design and delivery is not always systematic and standardised. While it might not always be possible to undertake in-depth consultations, ILO would benefit from regular auditing of partner consultations and to incorporate lessons learned into future endeavours particularly at country-level.

7. Transparency and accountability	SATISFACTORY
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ILO has taken steps to improve its transparency and accountability. Its use of its biennial program and budget document to outline resource allocation is adequate, and its use of internal and external audit functions is good.

ILO publishes a wide range of material on its website, but it could be better at publicly releasing project assessment information and encouraging higher standards of transparency and accountability in its partners.

While its accountability systems appear to generally work well, ILO has impressed with its commitment to developing stronger frameworks and policies relevant to transparency, accountability and governance.

a) Routinely publishes comprehensive operational information, subject to justifiable confidentiality	SATISFACTORY
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ILO publishes a good deal of operational information on its website and each country, through Governing Body members, has the opportunity to comment and make suggestions for amendment. Reports are released by the Office to give constituents due time to consider prior to a meeting.

ILO has a public information disclosure policy in place and has committed to being an open and transparent organisation. Some project information is however only available to donors via a password-locked website known as the Donor Dashboard. The Dashboard itself is often difficult to use and the depth of information available on the Dashboard varies greatly across projects. Widening the access to key documents, databases and dashboards could enhance ILO's overall transparency and accountability.

b) Is transparent in resource allocation, budget management and operational planning	SATISFACTORY
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The main document that guides resource allocation and operational planning is the Programme and Budget document. The document sets out the resources strategy for the period in question.

Resources are allocated per strategic objective and region. The formulation of the outcomes and related strategies are subject to a basic criterion of relevance, that is, how ILO can make a difference in advancing the Decent Work Agenda. This has tended to work well to date and the approach to resource allocation continues to be supported by the Governing Body.

At the activity-level, financial management documents could be enhanced by more detailed commentary on any variation between anticipated and actual expenditure. Similarly, reports could link in more closely to financial reports to better illustrate progress.

Beyond the Programme and Budget, minimal evidence was found during country visits and via feedback from Australian overseas missions to support a stronger rating in this criterion.

c) Adheres to high standards of financial management, audit, risk management and fraud prevention	SATISFACTORY
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In recent years, ILO has embarked on a process of continuous improvement in respect of its audit and risk management practices. In 2010, the ILO Director-General formalised ILO's accountability framework in line with the recommendations of the Report of the External Auditor 2006–07 and the Report of the Internal Auditor 2008. ILO's accountability framework reflects international standards such as the Standards of Conduct for the International Civil Service (2001). Australia has been pleased with these moves to strengthen ILO's audit and risk management practices, and will need to closely monitor the ongoing implementation and review of these frameworks.

d) Promotes transparency and accountability in partners and recipients	WEAK
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A primary function of ILO's technical cooperation focuses on the promotion of capacity building for tripartite partners to strengthen skills such as governance and accountability and to encourage them to monitor decent work outcomes.

Beyond this focus on capacity building for partners, there is minimal evidence of ILO actively promoting better transparency and accountability by its partners. Given the centrality of capacity building of tripartite partners to the work of the ILO, this is an area that could be improved to ensure value for money.