

Mid-term Review of the Partnership Programme 2010-2013 between the Minister for European Affairs and International Cooperation of the Netherlands and the International Labour Organisation (ILO)

Final report

Client: Ministry of Foreign Affairs and the Ministry of Social Affairs and Employment

Rotterdam, 17 July 2012



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List of Abbreviations

ACTEMP	Bureau for Employers' Activities in the ILO
ACTRAV	Bureau for Workers' Activities in the ILO
BWG	Better Work Global
CPO	Country Programme Outcome
GP	Global Product
CPO	Country Programme Outcomes
DWCP	Decent Work Country Programme
EVAL	Evaluation unit in the ILO
GB	Governing Body
ILC	International Labour Conference
ILO	International Labour Organization
IOE	International Organisation of Employers
IPEC	International Programme on the Elimination of Child Labour
IRIS	The Integrated Resource Information System
ITUC	International Trade Union Confederation
MAR	Multilateral Aid Review
MDTF	Multi-Donor Trust Fund
MTR	Mid-term review
OBW	Outcome-based Workplan
ODA	Official development assistance
OSH	Occupational Safety and Health
PICCS	Performance Improvement Consultative Committee
PIR	Programme Implementation Report
RBM	Results-based Management
RBSA	Regular Budget Supplementary Account
RBTC	Regular Budget for Technical Cooperation
SPF	Strategic Policy Framework
STAR	Supply-chain Tracking of Assessments and Remediation
TC	Technical Cooperation
UNDAF	United Nations Development Assistance Framework
XBTC	Extra Budgetary resources for Technical Cooperation

Executive summary

Introduction

The Dutch government pays regular contributions to the International Labour Organisation of the United Nations (ILO) and supports additional activities through a voluntary multi-annual Partnership Programme. The current Partnership Programme covers the period 2010-2013. Financial support of the Partnership Programme includes:

- An **unearmarked contribution** paid into the ILOs' Regular Budget Supplementary Account (RBSA) -approximately 80% of the funding;
- An **earmarked contribution** to the Better Work Global Programme (BWG) -approximately 20% of the funding).

The Partnership Programme is composed of two budgetary phases of two years each. The reservation for phase II will be allocated pending the results of this mid-term review (MTR). The scope of this MTR includes a review of the ILO's overall performance, the ILO's RBSA and the BWG for the biennium 2010-11.

The MTR builds upon insights obtained through desk research, interviews with the ILO and stakeholders as well as a survey among Dutch missions abroad.

Findings & recommendations

Overall performance

The MTR recognises that the ILO made significant progress with the intensified roll-out of results-based management (RBM) throughout the organisation in the biennium 2010-11. Outcome-based Workplans now provide a systematic account of inputs, activities, outputs and outcomes related to a Country Programme Outcome or a Global Product. At the same time, overall performance seems to have improved with increased importance that is attached to monitoring and evaluation following a streamlining of procedures.

Given the recent introduction however, it is too early to give a full account of their implications for the ILO's performance. In addition, further attention still needs to be paid to organisational reform, management of the Office by the Governing Body (GB) and the facilitation of organisational learning throughout the ILO.

RBSA

The significance of the RBSA has clearly increased. It is the ILO's most flexible budget and as such used in a variety of ways for ODA-eligible countries. RBSA funding is for example regularly used to bridge funding gaps between two phases of a Technical Cooperation programme or contribute to scale-up existing programmes. RBSA furthermore, is used to support work in countries or in thematic areas that have been neglected by donors.

The expansion of RBSA created momentum for the ILO to introduce the principles of RBM throughout the organisation because donors increasingly indicated being interested in the spending of their unearmarked contributions. Reducing the importance of RBSA may lead to loss of this momentum.

Better Work Global

The Dutch contribution to the BWG has been sufficient to meet the financial needs of the planned activities for Stage II of the programme. Despite the fact that not all targets were met in Stage II, the achieved results are impressive. Yet, a significant imbalance between Global and Country programs can be witnessed as a very high rate of funding is used for the Global level. Aligning the objective of the program, the strategy for implementation and the available resources is necessary to increase the effectiveness of the programme. At the same time, the MTR points at the fact that the current implementation model at country level it is too expensive to roll out on a large scale.

Based on these findings and conclusions of the performance of the ILO, use of RBSA and overall functioning of the BWG, the following recommendations are formulated for the Dutch Ministry of Foreign Affairs and the Ministry of Social Affairs and Employment.

1. The Dutch government is advised to continue to support and monitor the reforms of the GB and the International Labour Conference (ILC) in order to make the ILO operate in a more efficient and effective manner. Both the GB and ILC should ultimately be more focused on decision-making and results.
2. The Dutch government may engage in the current ILO discussion on the reduction of the number of strategic outcomes. Reducing the number of strategic outcomes would generate more focus of the work of the ILO and contribute to a reduction of overlap.
3. In general, the Dutch government is advised to support the creation of a sustainable balance between earmarked and unearmarked funding in order to enable the ILO to pursue objectives in less politicised fields, i.e. fields that are not 'donor darlings'.
4. Reporting on RBSA currently takes place on an aggregate level of region and strategic objective in the Programme Implementation Reports. The ILO may ensure that more in-depth reporting is possible upon request in order to obtain a solid impression of expenditures and to increase accountability and transparency.
5. The Dutch government may bring transfers of donations to the ILO better in-line with the ILO's planning process in order to stimulate the optimisation of the allocation process. In 2010-11 the ILO allocated RBSA in two tranches, one ranging from October-10 until March-11 and another ranging from April-11 until September-11.
6. The Dutch government is advised to continue to monitor coherence of decisions the in Better Work programme and press for joint meetings and information sharing.
7. The Dutch government is advised to scrutinize the log frame for the next phase of the Better Work programme and test whether the proposed objectives and results are realistic within the resources and timeframe of the programme.
8. The Dutch government may request contingency plans for high risk projects in the Better Work Programme
9. The Dutch government is advised to reassess whether the funding for the BWG activities should be (partially) shifted to the Country programmes to increase efficiency of the overall programme.

1 Introduction

This report presents the findings of the Mid-Term Review (MTR) of the Partnership Programme 2010-2013 between the Dutch Minister for European Affairs and International Cooperation and the International Labour Organisation of the United Nations (ILO). To ensure an independent analysis, the Mid-Term Review has been conducted by external consultants, Thijs Viertelhuizen, Annemieke Biesma and Ivo Gijsberts, from Ecorys. Research for the review has taken place between April - June 2012.

Partnership Programme

The Dutch government pays regular contributions to the ILO and supports additional activities through a voluntary multi-annual Partnership Programme. The current Partnership Programme covers the period 2010-2013. Financial support of the Partnership Programme includes:

- An **unearmarked contribution** paid into the ILOs' Regular Budget Supplementary Account (RBSA) -approximately 80% of the funding;
- An **earmarked contribution** to the Better Work Global Programme (BWG) -approximately 20% of the funding).

The Partnership Programme is composed of two phases of two years each. A biennial budget is foreseen for each phase. An amount of 19,3 million Euro has been provided to the ILO's RBSA for phase I (2010-2011) of the Partnership Programme. In addition, an amount of 5 million euro has been provided to the BWG (2010-2012) for phase I of the Partnership Programme. For the second phase of the Programme (2012/2013), the Dutch Minister for European Affairs and International Cooperation has made a reservation of 7 million euro per annum, for RBSA and the BWG. The reservation for phase II will be allocated pending the results of the MTR.

The rationale of the Dutch support for the ILO has been laid down in a Policy Framework Paper. This paper focuses on the following key issues:

- Unearmarked funding is believed to be an effective policy instrument for strengthening the multilateral system in international cooperation. In the particular case of the ILO, unearmarked support for the RBSA allows the ILO to "...optimise its response to emerging needs and address changing circumstances, thus strengthen its overall effectiveness."¹
- Whilst RBSA funding is unearmarked, four selected strategic outcomes constitute priority themes in Dutch development policy, namely skills development; social security; social dialogue and industrial relations and child labour.²
- Progress made on these four outcomes as well as the ILO's overall performance will be monitored throughout the Programme's term.

Objectives of the Mid-Term Review

The objectives of the MTR, as set out in the terms of reference, vary with the nature of the various financial arrangements included in the Partnership Programme:

1. With regard to **unearmarked funding**, the review intends to clarify whether the RBSA funds have been spent in line with the objectives of the RBSA. Key issues concern the allocation of RBSA support to Decent Work Country Programmes (DWCPs) and whether RBSA is managed on the basis of results-based management principles.

¹ Ministry of Foreign Affairs (2011). Policy Framework ILO- Netherlands Partnership Programme 2010- 2013.

² Outcomes 2, 4, 12 and 16 in the ILO's Strategic Policy Framework 2010-2015.

2. The review of unearmarked funding also covers the **overall performance of the ILO**, in particular the implementation of the ILO's Programme and Budget and the overall performance of the ILO in the context of RBSA. Particular attention is paid to the strategic outcomes on skills development (2), on access to more social security (4), on social dialogue (12), and on abolishing child labour (16).
3. With regard to **earmarked funding** the MTR translates the main findings of the independent evaluation of the Better Work Global Stage II into a limited number of hands-on recommendations relevant to Dutch funding for Stage III of the program.

Methodological approach

The findings of this MTR are based on a threefold methodological approach. The main method applied is desk research. A list of documents consulted is included in Annex II of this report. Secondly, face-to-face interviews and consultations have been held with 23 experts from the ILO, ITUC, IOE and the Australian and British Mission to Geneva.³ Further telephone interviews were held with government officials and social partners in Bangladesh and Indonesia. The full list of interviewees can be found in Annex III. Finally, the results of a survey from the Ministry of Foreign Affairs on cooperation with the ILO among Dutch embassies have been included in this MTR.

Structure of the report

The next chapter presents the findings of this review. These findings are subdivided in sections on the ILO's overall performance, the use of RBSA in the past biennium and the results of the BWG. The conclusions and recommendations of this review are presented in chapter three. An additional section on the background of the Partnership Programme can be found in Annex I. Annex II and III include overviews of the literature and of the interviewees consulted.

³ Both the Australian and UK mission have published a multilateral aid review (MAR) in the last two years. The results of these two reviews varied significantly and both contained relevant information for this review.

2 Findings

2.1 Findings overall ILO performance

2.1.1 Organisational setup

The Governing Body (GB) and the International Labour Conference (ILC) have recently been subject of (initial) reforms. A prominent issue of concern was the efficiency and decision-making process in the meetings. Before the reorganisation, the Governing Body consisted of many different committee meetings simultaneously, each providing the opportunity for lengthy discussions on technical matters instead of on governance. Since November 2011 the GB consists of one meeting for all participants at which short and concise papers are presented. These papers are potentially more focused on governance and are selected to be relevant for decision-making. Interviewees that attended the GB meetings confirmed that they have become much shorter and focused without losing transparency.

The reform of the ILC is likely to take more time and effort and is only at an early stage. Given the fact that the ILC's agenda is usually set a long time in advance, it is potentially challenging to have the reform within a short timeframe. Furthermore, some participants may lack a genuine interest in reforming the ILC. Several interviewees indicated that reforming the ILC can have profound implications for some participants, in particular when the duration of future ILC's would be shortened. This would imply for some the loss of a platform to present their cause to the other participants from across the globe.

To conclude, the reform of the GB seems well under-way and provided first results (i.e. shorter and focused meetings), whereas the reform of the ILC seems likely to face a difficult start due to a variety of factors.

2.1.2 The ILO in the UN system

The ILO recognises in the Programme & Budget 2010-11⁴ that improvements in its delivery-capacity depend on a more efficient and effective structure on the ground. In order to strengthen capacity, the ILO expects to streamline its operations with the emerging 'Delivering as One' UN approach.

The ILO ideally aligns its DWCPs with the United Nations Development Assistance Framework (UNDAF), but recognizes at the same time that these DWCPs often exceed the scope of the UNDAF.

Several Dutch Embassies provided a generally positive impression of the ILO's contribution to the development of an UNDAF for their respective host-countries. In India for example, the ILO is chairing a working group on Employment and Livelihood in which also the UNDP, UNWOMAN and the FAO participate. At the same time, there may exist only little incentives to improve coordination of development assistance between the various UN organisations because governments prefer to do business with each separate agency, as is the case in India.

⁴ ILO (2009). Programme & Budget 2010-11, p 11.

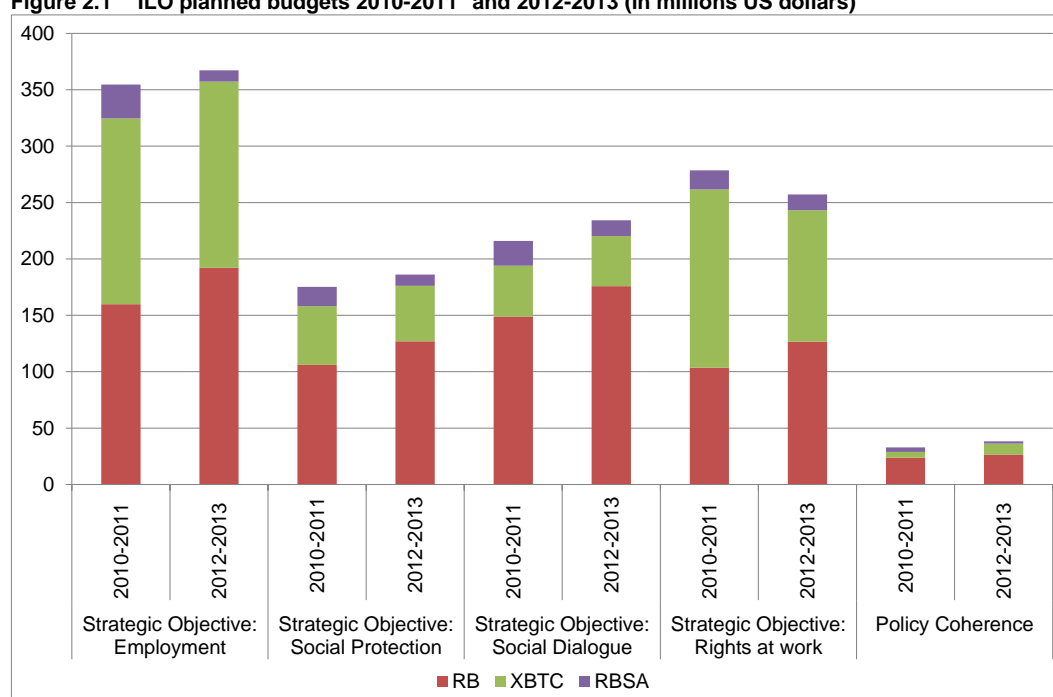
2.1.3 Relevance

Given the broad scope of the ILO Decent Work agenda and its 19 Strategic Outcomes as well as the multiple associated indicators, the actual work of the ILO is less likely to fall outside the ILO's mandate. Cases where the ILO exceeded its mandate are not known by the consultant. Other assessments of the ILO, undertaken for example by the Australian and Irish Government came to similar conclusions.

2.1.4 ILO finances

As explained in Annex I, the ILO draws its main sources of finance from three funds, namely the Regular Budget (RB), the Extra Budgetary Resources for Technical Cooperation (XBTC) and the Regular Budget Supplementary Account (RBSA). The following figure highlights that in both 2010-2011 and 2012-2013 the majority of budget has been allocated to the Strategic Objective: Employment of the Decent Work agenda.

Figure 2.1 ILO planned budgets 2010-2011⁵ and 2012-2013 (in millions US dollars)



For the 2012-2013 biennium the RB is specifically allocated towards staff costs (over two-thirds of the budget), the governance of the organisation, knowledge management, audits, monitoring and evaluations, as well as infrastructure. The budget includes the cost of the field offices, the International Labour Conference and the activities of the Governing Body. Between the four pillars of the Decent Work agenda, the largest share of the RB is allocated to employment activities.

The XBTC can be used for experts, training, equipment, subcontracting and other related project expenses. For 2012-2013, nearly 30% of the XBTC has been allocated by donors to projects in Asia and the Pacific and another 30% to Africa, both mostly to the Strategic Objective: Employment.

⁵ It should be noted that the actual expenditures in 2010-2011 were adjusted slightly throughout the year, but without affecting the balance between the allocation on Strategic Objectives and between funding sources.

As in the case of the RB and the XBTC, RBSA must be used for the 19 objectives set out in the Strategic Policy Framework (SPF). In 2010-2011, the Netherlands was one of the main donors to the account, providing for 50% of the overall RBSA. From the overall RBSA in 2010-2011, the budget was used most frequently in Africa and for activities under the Strategic Objective: Employment.

2.1.5 Accountability and transparency

Due to the layered structure of the ILO, with its GB, the Office in Geneva and field offices around the world, accountability and transparency of the organisation is needed at multiple levels. In this MTR, the accountability and transparency of the ILO has been assessed at the following levels :

- Internal communication and follow-up of recommendations of the evaluation unit, and;
- The allocation of resources and particularly of the ILOs budget by the Office.

Internal communication and follow-up of recommendations of the ILO's evaluation unit (EVAL)

Comments made by interviewees and findings in ILO reports indicate that lines of communication and management approach within the Office can diverge widely and therefore does not function optimally. With the reform of the GB and the continued implementation of Results-based Management (RBM), there is both room and a pathway for improvement in the coming years.

The recent reform of the GB is expected to result in more discussions on the implementation of GB decisions. Due to the fact that the GB formulates decisions that reflect compromises between a large number of its members, the language used in decisions can allow for a variety of interpretations.

In addition, the transfer of knowledge on evaluation processes and techniques across ILO staff is limited. Despite continued efforts of EVAL, such as the recently introduced 'resource kit', "feedback from within the Office suggests that these [evaluation] guidelines are not widely known by ILO staff and that evaluation processes in practice are often not as transparent or participatory as set out in the guidelines".⁶

EVAL furthermore, monitors whether its recommendations, including those made in regional evaluations, are used to improve the functioning of the ILO. For the year 2010-2011, it was noted that 28% of the recommendations of independent decentralised evaluations were not (yet) acted upon. This appeared to be an improvement from 2009-2010 when just over half of the independent decentralised recommendations were not given action.⁷

The fact that not all recommendations are acted upon is largely due to the absence of sanctions. Whilst improved functioning of projects may incentivise compliance with recommendations, sanctions for staff who are reluctant to change are not structurally in place.

⁶ ILO Annual Evaluation 2009-2010.

⁷ Comparison between the two years at a one-on-one level is not possible as 49 evaluations were considered in 2010-2011 and 105 in 2009-2010. One of the explanations for these low numbers in 2010-2011 is that "joint, external or mid-term evaluations or evaluations that had other administrative considerations not requiring a follow up" were not considered in the assessment in 2010-2011. However, these were part of the calculations in 2009-2010. This means that the increased number of recommendations followed up, may in fact not be an actual increase, but rather a different calculation method.

Allocation of resources

Funding of the ILO is pre-allocated through a biannual Programme and Budget that divides the budget between the four decent work strategic objectives and across regions. This pre-allocation in the Governing Body provides the Office with a framework within they can prioritise activities.

The Integrated Resource Information System (IRIS) serves as a management and monitoring tool to determine the progress of each activity. According to the UK assessment in 2011, the roll out of the system “has been rather slow. As a result, the monitoring of projects and reporting on results remains problematic”⁸. A year since this review, the use of the system appears to have improved containing a systematic way to indicate whether projects are on track, need a push to move forward or are falling behind completely.⁹ Whilst this is significant progress, the adaptations of the system are yet to be evaluated. It is thus not yet possible to determine the full functionality of the system.

The following section on performance management provides further details on the process at Office level.

2.1.6 Performance management

The recent introduction of Outcome-based Workplans (OBWs) and the scope of this MTR sets limits to the extent to which the level of application of RBM across the ILO can be assessed. It can be however already safely assumed that it is unlikely that RBM principles are applied throughout the entire organisation worldwide. Reasons for this include the late start of RBM principles being applied in the ILO as well as the fact that IRIS, introduced six years ago, is not yet rolled out everywhere because some offices are still confronted with a lack sufficient network capacity (internet).

At the ILO's Office however, important developments are currently taking place that point to an increased application of RBM principles at the ILO. These developments include the introduction of OBWs as well as the improved way to manage the ILO's performance on the basis of real-time information included in the ICT monitoring system.

Decent Work Country Programmes (DWCPs) are the main ILO instruments for setting priorities at country level. They are underpinned by a situation analysis, country-focused research, and constituents' inputs.

When setting priorities during the biennium, Country Programme Outcomes (CPOs) can be classified as 'Target CPOs' or 'Pipeline CPOs'. Target CPOs are prioritised CPOs since they relate to outcome indicators and associated target as set in the Programme and Budget. The Office then translates these into a list per indicator of the specific countries where a reportable result is expected. All of this is fully documented in IRIS.

Target CPOs refer to a DWCP and require the implementation of a series of activities and projects. Such activities and projects are funded from RB, RBSA and the XBTC. Pipeline CPOs moreover, are those CPOs for which results cannot be (anymore) expected during the biennium. Results may however be expected in subsequent biennia as they reflect long-term processes.

Given the large number of CPOs, the majority of them are pipeline CPOs. During a biennium statuses can change, also from Target CPOs to Pipeline CPOs. Downgrading CPOs may occur in a situation when results can no longer be expected to be achieved in the course of a biennium

⁸ DFID Multilateral Aid Review, February 2011.

⁹ Based on interviews with PROGRAM staff and a demonstration of the IRIS system.

because of changes in the political context in a country, a crisis or because of a lack of resources necessary for delivering the relevant outputs.

A vast number of outcomes is proposed each biennium. Many of these outcomes are unlikely to be achieved during a biennium or even in the course of a SPF. Solid prioritisation of CPOs is thus necessary to achieve efficient and effective programme implementation. A clear procedure of prioritising CPOs has only been established with the continued implementation of RBM principles across the organisation during the biennium 2010-11.

The prioritisation of these CPOs is currently related to the targets set by the GB for a given biennium. Such targets are generally of a generic nature as they basically refer to the number of countries in which a certain result needs to be achieved. In addition, the alignment of the prioritisation process with OBW principles and the availability of information on CPOs in the ILO's IRIS system has further improved prioritisation of CPOs.

The scope of this MTR did not allow for an enhanced assessment of the extent to which these relatively new measures are indeed applied and contribute to improved prioritisation of CPOs.

Within the set of target CPOs the monitoring of progress toward target achievement is facilitated by the recent (2012) introduction of a 'traffic light' system in the ILO's ICT system IRIS. Through this functionality, users are able to track the progress of target CPOs. A GREEN coloured CPO indicates that the progress is on track in order to achieve the expected results during the biennium. A YELLOW coloured CPO indicates that progress has been made but requires more attention as there exists a risk that the expected results will not be achieved in the course of the biennium. A RED coloured CPO means that work has not started or has come to an halt and it is unlikely that results will not be achieved throughout this biennium. RED coloured CPOs can ultimately change into Pipeline CPOs.

The traffic light system offers a comprehensive way for Outcome Coordinators and PROGRAM to monitor progress. Based on information provided by the Field Offices, progress can be monitored and statuses can be changed. Reasons for improving the status include particular solutions for project-related challenges, such as support offered by the ILO's training centre in Turin. Reasons for worsening the status include a lack of funding or a worsening political situation such as currently taking place in Syria.

Monitoring performance potentially enables the ILO to react swiftly to evolving challenges undermining effectiveness. Yet it cannot provide clear-cut evidence of results achieved as monitoring itself remains largely input-based. The ILO's own EVAL unit undertook in 2011 a SWOT analysis of the ILO's RBM framework for the SPF 2010-15. Among others, it identified as weaknesses:

- Current input-oriented control environment contrasting with RBM principles could hamper higher efficiency and effectiveness levels;
- Indicators do not always convey a sense of progress in terms of measuring substantive results/ impact.

At some points the monitoring aspect of the ILO's RBM framework will require some adjustments.

2.1.7 Outcomes 2, 4, 12, 16

The ILO's achievements on each of the four outcomes the Dutch Government considers particularly relevant diverge significantly. Information on the achievements has been obtained through surveys

among Dutch embassies in selected countries, interviews with stakeholders in India and Bangladesh, and through the ILO, including the PIR for the biennium 2010-11.

As stated in the PIR 2010-11, targets laid down in the SPF are very likely to be reached for outcomes 2 and 16, whereas the target for outcome 4 may be reached and target-achievement for outcome 12 is rather uncertain. Divergence in progress to target achievement for each of these outcomes is also reflected in the sheets on target CPOs retrieved from the ILO's ICT system IRIS. The majority of CPOs that fall under outcome 2 and 16 are on track and therefore green coloured. This is different for the CPOs for outcome 4 and 12. For these, the majority of CPOs are coloured yellow and require additional effort to facilitate target-realisation. A minority of CPOs for these two outcomes are green. Several CPOs marked red show no progress at all.

The assessments by Dutch embassies of the ILO's activities in their host countries reflect this variance in progress between CPOs. In the area of skills development for example, the ILO can be regarded as a key player in Uganda, Bangladesh and Indonesia. In Indonesia, for example, the ILO is continuously involved in a skills-development programme for the tourist sector. In order to secure transitions into employment, the programme supported by the ILO includes a job-guarantee for participants.

The ILO furthermore is considered to be successful in combatting child labour, in which the International Programme on the Elimination of Child Labour (IPEC) programme played a significant role. In Bangladesh, for example, 80 action projects under this programme contributed to preventing and eliminating selected worst forms of child labour in the country, particularly in urban areas.

However, even within successful outcomes, there still exist large differences between countries. In Bolivia for example, the ILO is hardly active in the field of skills development. There exists a relevant CPO for this country, but this CPO is not identified as a target in the current biennium.

Embassies also point to the ILO's achievements in those areas in which generally less achievements have been generated. In India for example, the ILO supports the extension of social-protection measures to the informal economy via technical cooperation, knowledge products and policy advice.

Often the social partners are involved in the ILO's activities (e.g. in the formulation of the National Action Plan on Child Labour in Ethiopia). At the same time however, contact between the ILO and the social partners in the field can be constrained because of the close ties between and intertwined interests of the social partners and the government.

The achievements of the ILO thus clearly vary per outcome. Much seems to have been achieved in the field of skills-development and combatting child-labour, whereas this has been less so for the promotion of social security and social dialogue.

2.2 Findings RBSA

The Partnership Programme includes an unearmarked contribution from the Dutch Government to the ILO that is deposited in the RBSA. According to the Dutch Government the provision of unearmarked funding is an effective means to strengthen the multilateral system in international cooperation. In particular, RBSA would allow the ILO to "optimise its response to emerging needs and address changing circumstances" and to continue the internal process of reforms that begun

with the 2008 ILO Declaration on Social Justice for a Fair Globalisation¹⁰. RBSA constitutes in other words, a flexible means for the ILO to anticipate quickly on unexpected developments, through which it ultimately can better achieve its objectives.

RBSA was primarily introduced to comply with arrangements set out in the Paris Declaration on improving aid effectiveness. The introduction of RBSA contributed to the establishment of an overall programming framework to limit cherry-picking and/or extra layers of programming. In addition, its introduction was intended to counteract a growing imbalance between the availability of earmarked funding for technical cooperation in specific policy areas and countries and the lack of resources available for activities that the ILO considered equally important. The Dutch Government has traditionally been among the strongest proponents of such unearmarked budget of the ILO.

Formal arrangements for the allocation and governance of RBSA are laid down in two documents: IGDS Director General's Announcement No. 179 and the IGDS Office procedure No. 182.

The definition and purpose of RBSA is laid down in the IGDS Director General's Announcement No. 179. The RBSA basically constitutes one of the three financial resources (budget lines) of the ILO to realise the decent work priorities. It is funded through voluntary contributions from ILO Member States and operates according to similar procedures to the RB. It is treated separately solely for accounting purposes. The funds reflect Official Development Assistance (ODA) and can only be used in direct support of Member States eligible for ODA.

2.2.1 Availability RBSA 2010-11

In the biennium 2010-11 over 53 million US dollars of RBSA was contributed by various donors. The Netherlands contributed, with almost 27 million US dollars, half of the total RBSA available to the ILO. Other donors that voluntarily provided fully unearmarked resources include Belgium, Denmark, Norway and Italy. Germany provided an RBSA-contribution with a partial earmarking.

An overview of the donors is provided in the table below.

Table 2.1 RBSA Contributions received in 2010-11 and earmarking status

Donor	Strategic Objective	Region	Amount (in thousands of US\$)
Belgium	Unearmarked	Unearmarked	8 814
Denmark		Unearmarked	6 932
Germany	Employment	Unearmarked	1 381
	Social Protection	Africa	2 668
Italy	Unearmarked	Unearmarked	300
Netherlands	Unearmarked	Unearmarked	26 970
Norway	Unearmarked	Unearmarked	6 787
Total			53 852

Source: PIR 2010-11.

The 53 million US dollars available to the ILO over the period 2010-11 is below the target of 90 million US dollars as set in the Programme and Budget 2010-11. This target was originally set during the initial phase of the current financial and economic crisis when the ILO was still optimistic

¹⁰ Ministry of Foreign Affairs (2011). Policy Framework ILO- Netherlands Partnership Programme 2010- 2013.

about generating funding. It was anticipated that donors would allocate funds to the ILO in particular given the relevance of its mandate in the light of the crisis.

At the same time, the amount that has been received exceeds the amount available for the biennium 2008-09 (42.8 million US dollars). Meanwhile, the ILO lowered its target to 50 million US dollars for the biennium 2012-13, in anticipation of decreased available funding due to the financial difficulties that donors currently face at home.

2.2.2 *The RBSA in practice*

Allocating RBSA

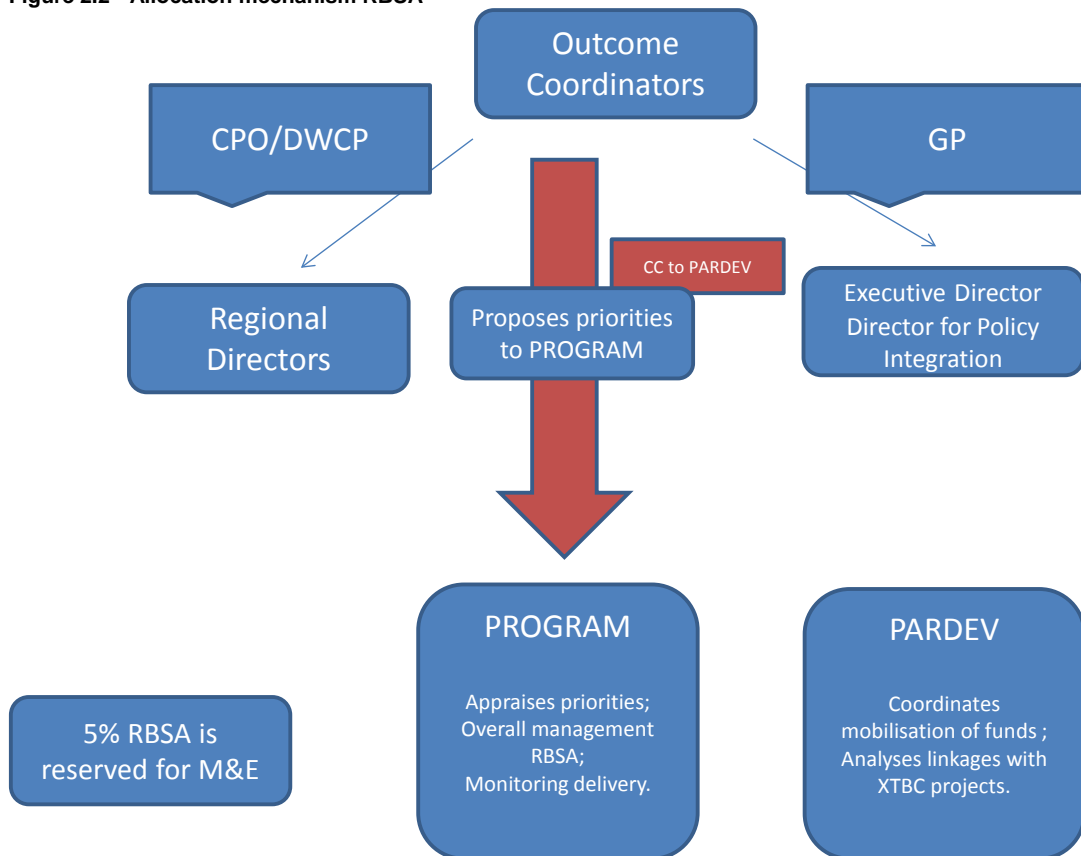
RBSA is the most flexible budget the ILO has at its disposal. Flexible resources are typically allocated when the less flexible resources like the RB or the XBTC are already allocated. Whereas the RB is mainly spent on staff and infrastructure, the XBTC is largely earmarked. The ILO however, has the possibility to mix and match the various types of budgets. RBSA is usually allocated to those CPOs and GPs that are considered as priorities during the biennium, and for which it is likely that the overall resources available will lead to the expected result.

Allocating RBSA is fully integrated in the ILO's result-based framework and is therefore always allocated in order to achieve a given result, albeit in combination with other resources. The increased importance of RBSA is likely to have accelerated the introduction of RBM principles in the ILO as donors indicated to be interested in the destination of their unearmarked contributions.

The allocation process starts with a series of prioritised CPOs and GPs in need of funding that are proposed by the Outcome Coordinators. Outcome Coordinators are engaged in a continuous discussion with field specialists about how to realise the targets set in the Programme and Budget and which CPOs and GPs are in need of funding. Field offices moreover, are in continuous competition with each other in order to become recognised as a priority within a OBW/CPO and subsequently eligible for funding, including RBSA.

Based on these proposals from the Outcome Coordinators, Regional Directors (in case of a CPO) or the Executive Director and the Director for Policy Integration (in case of a GP) rank these prioritised CPOs and GPs and determine the level of RBSA resources required. They are also responsible for submitting these CPOs and GPs to PROGRAM. PROGRAM is ultimately responsible for appraising the prioritised CPOs/ GPs as eligible for RBSA funding. This process is grossly schematically depicted in the figure below:

Figure 2.2 Allocation mechanism RBSA



Source: Ecorys.

PROGRAM is furthermore responsible for the overall management of the RBSA and coordinates with the FINANCE department for monitoring the delivery of RBSA-funded projects. PARDEV moreover coordinates the mobilisation of the fund and is responsible for the identification of linkages between (future) RBSA-funded projects and projects that are financed by the XTBC.

Given the relatively limited availability of RBSA funding and the broad scope of ILO activities advanced by multiple field offices, eligibility criteria should be strictly applied at all stages when selecting CPOs and GPs eligible for RBSA. Funding criteria are laid down in the IGDS Director General's Announcement No. 179 and the IGDS Office procedure No. 182. In addition, the Programme and Budget provides important guidelines for funding. These criteria include:

- All RBSA funding can only be used for the support of countries and activities that are eligible for ODA according to OECD standards;
- RBSA funding shall be allocated across strategic outcomes and regions as stated in the RBSA resource framework included in the Programme and Budget;
- OBWs provide the framework for RBSA allocations;
- These OBWs specify how RBSA funding is used for a limited number of prioritised CPOs in DWCPs and GPs;
- CPOs identified as targets for the biennium usually have priority;
- RBSA shall be used to complement other sources of funds including XTBC;
- RBSA may be used on a fee-for-service basis for inputs from both HQ and DW teams in the regions contributing to the achievement of prioritised CPOs and GPs.

Whereas these criteria are generally strictly applied in practice, Outcome Coordinators as well as PROGRAM also take into account the following issues:

- No RBSA for countries that already receive much other types of funding;

- In cases where RBSA is used to bridge different phases of funding, there should exist certainty about funding from other sources than RBSA in the near future.

Funds are subsequently decentralized or centralized depending on whether allocations are approved for CPOs, therefore managed by ILO field offices, or for GPs managed by Headquarter units. Even when RBSA is allocated to GPs, the Office ensures that resources are used for the development of products and tools that can be adapted and used to support Decent Work Country programmes' outcomes in ODA eligible countries.

2.2.3 Expenditures 2010-11

The ILO managed to spend 35 million US dollars of RBSA out of the 53million US \$ collected in total. There are several reasons for this under spending. On the one hand, the allocation process is time-consuming and it therefore takes time before the fund can be deployed. On the other hand, the ILO can only allocate RBSA when it is effectively received from donors. RBSA contributions received by the ILO late in the biennium 2010-11 could not have been fully spent within that biennium.

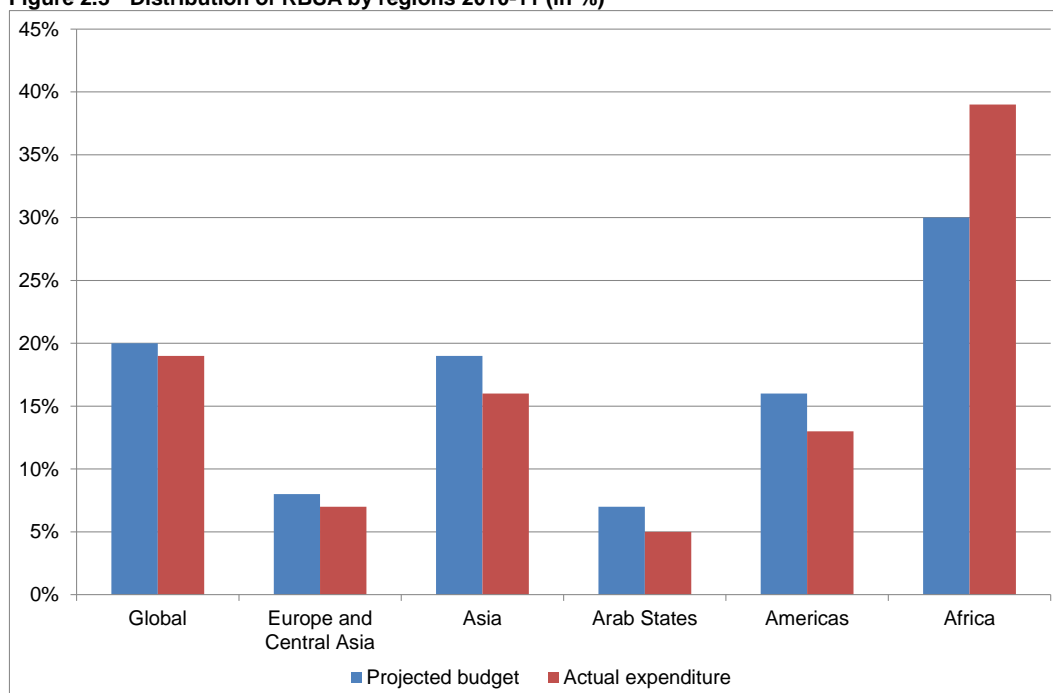
During the biennium 2010-11 there were tranches of RBSA allocations, processed during the following periods:

- 1st tranche: from October-10 until March-11;
- 2nd tranche: from April-11 until September-11.

Formal financial reporting on RBSA expenditure by the ILO is currently limited to the Region and Strategic Objectives and Programme and Budget Outcomes to which RBSA is allocated.

As shown in the PIR 2010-11, the regional distribution of RBSA funds during the biennium 2010-11 was roughly in line with the indicative allocations stated in the Programme and Budget 2010-11. A bit more RBSA than originally planned in the Programme and Budget was spent in the African region.

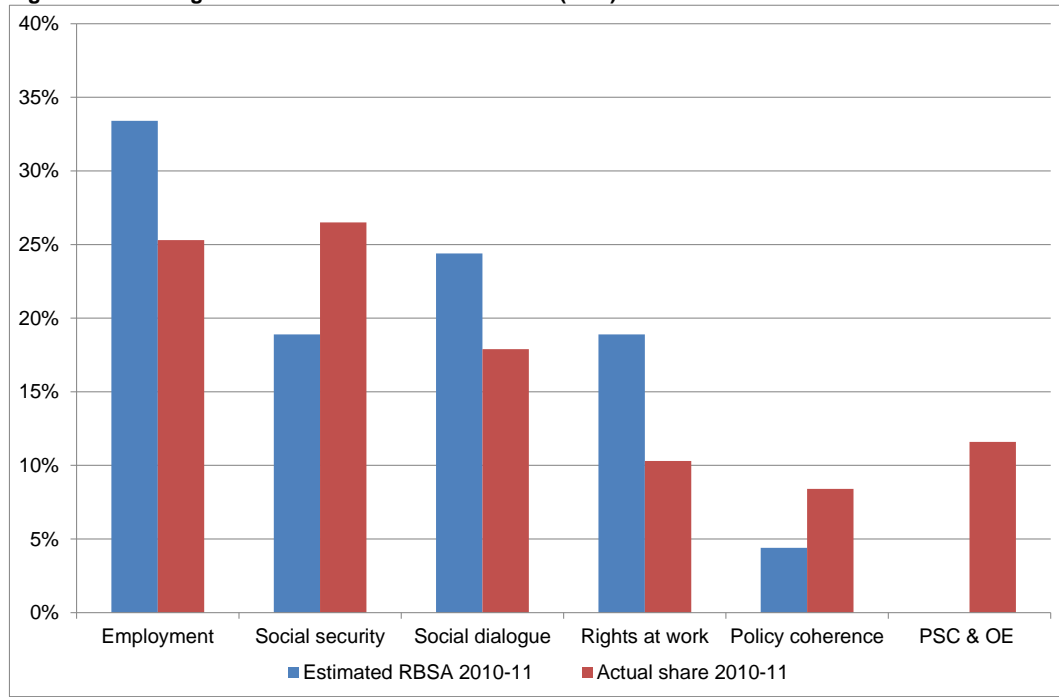
Figure 2.3 Distribution of RBSA by regions 2010-11 (in %)



Source: Programme and Budget 2010-11, PIR 2010-11.

With regards to RBSA funding and the Strategic Objectives, a slight deviation from the Programme and Budget estimates can be witnessed. First, more money has been allocated to Social Security than to Employment. Second, Policy Coherence received relatively more funding than the other strategic objectives vis-à-vis the estimations stated in the Programme and Budget 2010-11. The Strategic Objective to promote rights at work has somewhat become of a lower priority.

Figure 2.4 Strategic framework and RBSA resources (in %)



Source: Programme and Budget 2010-11, PIR 2010-11.

2.2.4 Achievements

RBSA is solely allocated to ODA-eligible countries. A comparison between the list of RBSA recipient countries 2010-11 that has been made available by the ILO for the purpose of this MTR and the OECD DAC list of ODA recipients confirms this.

RBSA allows the ILO to respond quickly and flexibly to emerging needs. A prominent example in this respect is the usage of RBSA to support social dialogue and industrial relations in Tunisia immediately after the Arab Spring. According to ILO information, RBSA was used to finance a temporary ILO expert in the country and to develop a capacity building plan to strengthen social dialogue.

This flexibility of RBSA is somewhat limited because of its integration in the RBM framework in which the allocation of RBSA (as well as other funding) takes place. In the case of Tunisia, a DWCP already existed in draft version and was supposed to be finalised in 2011. Because of this draft DWCP, there were already CPOs in the ILO RBM framework which were slightly altered towards labour rights and social dialogue in the event of the Arab Spring. The existence of these CPOs enabled the ILO to allocate RBSA and to take action.

A similar point can be made with regards to geographical and thematic pre-allocation of RBSA in the Programme and Budget. Pre-allocated RBSA may create expectations of stakeholders who subsequently may calculate a share of RBSA in their budgets even though it is not strictly necessary.

Despite the limitations to flexibility resulting from its integration in the RBM framework, the procedure(at least potentially) increases transparency and accountability.

RBSA furthermore is regularly used to bridge funding gaps between two phases of a Technical Cooperation (TC) programme in order prevent costly staff turnover, the housing within reach and the momentum going. Bridging funding gaps with RBSA also helps to avoid the costs associated with restarting a TC programme in the future. For example, RBSA helped to bridge a six-month gap of a child labour programme in Morocco. Also in China, RBSA enabled the continuation of Norwegian funded ILO project to promote the Labour Inspection Convention, 1947 (No. 81) and to assist the Government with the ratification.

RBSA furthermore is also used as 'seed-money' to support work in countries or in thematic areas that either have been neglected by donors or to leverage new donor funding. The ILO itself provided examples from Myanmar (social dialogue) or of Burundi (child labour).

Examples can also be found where RBSA contributed to scale-up existing programmes. In Sierra Leone for example, RBSA is used to upscale a joint UN youth employment project. A similar project was up scaled with the help of RBSA in Liberia.

An overview of the top 10 of RBSA receiving countries reveals the often complementary character of RBSA as quite some countries receiving large amounts of RBSA and also large amounts of Regular Budget for Technical Cooperation (RBTC), India and Indonesia for example.

Table 2.2 Top 10 RBSA recipient countries 2010-11

Rank	Country	Expenditures on RBSA (US \$)	Expenditures on RBTC (US \$)
1	Cambodia	726.211	205.000
2	Brazil	652.416	416.000
3	Yemen	593.414	80.000
4	Zambia	590.681	154.000
5	Chile	567.755	322.000
6	Morocco	544.471	50.000
7	India	509.612	604.000
8	Indonesia	450.340	652.000
9	Mexico	447.547	302.000
10	Ethiopia	431.882	268.000

Source: ILO.

2.2.5 Accountability

Accountability of the use of RBSA rests with the PROGRAM department. PROGRAM is responsible for allocating the RBSA funds and monitoring the level of its delivery together with the FINANCE department.

From the start of the use of RBSA, five per cent of the budget has been allocated to monitoring and evaluating. This budget is divided between independent evaluations, internal monitoring and self-evaluations (4.6% of the RBSA budget) and audits of operations covered by RBSA (the remaining

0.4% of the RBSA budget).¹¹ Responsibility for the budget of evaluations is held by the regional offices implementing RBSA projects whereas the budget for auditing is applied by the Internal Audit and Oversight team in the ILO's Head Office. The division of the budget thereby is not allocated through EVAL, responsible for the quality of evaluations for the ILO, although they may be consulted and provide an approval for the final monitoring and evaluation plan of the regional offices.

The independent evaluation of the ILO's evaluation services cautioned that the current way of allocating RBSA finances to the regional office is not sufficiently streamlined. They recommended that "a more systematic use of these funds to support independent evaluations would remove some of the financial constraints on independence."¹² Considering that the overall task of EVAL includes the streamlining of quality evaluations, it could be considered to redirect additional allocation responsibility to this unit.

"The RBSA reserve account can only be used to support and supplement on-going monitoring and evaluation activities related to Decent Work Country Programmes where there is a clear need for additional or expanding monitoring or evaluation activities as a result of RBSA-funded initiatives"¹³ According to interviews held, this was not only done but has also strengthened evaluation services at the regional level in general. More tools have become available over the years to support regional evaluations and attention is paid to using independent evaluators for large projects.¹⁴

An assessment of the RBSA used budget for evaluations highlighted that:

1. The Americas, Africa and Asia and the Pacific have used RBSA M&E reserve funds to **improve the evaluability** of DWCP frameworks and **better align project activities to DWCP outcomes**;
2. Regions have partially financed M&E officers who are charged with **improving M&E activities** related to DWCP and building **evaluation capacity** within the region;
3. Evaluations funded from RBSA resources are increasingly a means to **account for and learn about**, country programme outcomes;
4. These funds have also been used to generate **specific technical knowledge** regarding good practises and lessons learned through thematic assessments.

These are noteworthy results and signify great potential for increased capacity of regional offices. EVAL also recognized that "progress in disseminating evaluation knowledge has not produced a quantum leap in terms of institutional uptake of evaluation experience".¹⁵ The assessment of evaluations produced at regional level has led to the conclusion that there is evidence of learning related to project management, but less so when it comes to developing coherent policies and strategies.¹⁶

2.3 Findings Better Work Global Programme

On 5 November 2010, the Netherlands signed into an agreement with the ILO to fund the Better Work Global Programme (BWG). The earmarked voluntary contribution has been intended to

¹¹ ILO's Regular Budget Supplementary Account Update for the Governing Body 313th Session, March 2012.

¹² AIMS Evaluation of IEEE p. 35.

¹³ Use of the Regular Budget Supplementary Account reserve for evaluation, monitoring and oversight Office Procedure IGDS number 63 11 February 2009.

¹⁴ For example, the I-EVAL Tools Kit. At least 10 independent evaluations of RBSA funded activities were conducted in 2010-2011 and another 7 commissioned in 2011-2012 According to the Annual Evaluation Report 2010-2011, Oct 2011.

¹⁵ Lessons Learned: Utilizing lessons learned from ILO project evaluations in policy decision making, ILO p. 3.

¹⁶ Lessons Learned: Utilizing lessons learned from ILO project evaluations in policy decision making, ILO.

support BWG Stage II 2009-2012 and the BWG Stage III 2013-2016. The Netherlands paid five million euro to the programme to span across 1 November 2010 to 31 December 2012 (referred to as 'Phase I' of the partnership agreement) and pledged an additional maximum of 5 million euro from 1 January 2013 – 31 December 2013 (phase II of the partnership agreement), pending the outcomes of the independent evaluation in the first half year of 2012.

The arrangement sets out nine conditions the partnership agreement needs to meet for the continuation of the funding for Phase II of the partnership agreement. All of these conditions have been met, as highlighted in Table 2.3. However, the independently conducted Better Work Stage II Evaluation of April 2012, identified multiple concerns on the organisation and effectiveness of the current programme set up. This mid-term review therefore suggests that continuing funding for the second phase of the agreement should not be halted based on the nine conditions, but instead consider how improvements in the identified areas of weakness will be assessed. Funding is also to be reconsidered in light of the available budget and any changes in Dutch development cooperation policies and politics.¹⁷

Table 2.3 Overview of requirements in the BWG partnership agreement relevant for continued funding

Conditions	Finding	Status
Funding is used for the BWG: ¹⁸ Stage II 2009-2012 and; Stage III 2013-2016.	Dutch funding is accounted for in the budget of the BWG.	Achieved ¹⁹
An annual policy meeting is held. ²⁰	Annual global strategic and work planning meeting have been held.	Achieved ²¹
A representative of the Minister is invited to the Better Work Donor Coordination meetings and to the Better Work Advisory Committee. ²²	<ul style="list-style-type: none"> • A bi-annual donor meeting has been held; • A bi-annual Advisory Committee meeting has been held. 	Achieved ²³
The contribution is administrated according to ILO financial regulations, rules, directives and procedures. ²⁴	Governance mechanisms are functioning as intended.	Achieved ²⁵
The contribution may be used for the programme expenditures and indirect support costs (no more than 13% of the programme expenditures). ²⁶	The overall budget allocated for indirect support costs of the BWG in total is less than 5%; even if all of the indirect support costs came from Dutch funding, it would still be less than 13% of the overall Dutch funding.	Achieved ²⁷
An independent evaluation of the programme is conducted and submitted to the Minister in 2012. ²⁸	Under service contract No. 40077538, the "Better Work Stage II Evaluation" was delivered on 12 April 2012 by Nexus Associates.	Achieved

¹⁷ Paragraph 4 (Funding review), article 2.

¹⁸ Paragraph 2 (Scope and Objective).

¹⁹ Better Work Stage II Evaluation, Nexus Associates, Service Contact No. 40077538, 12 April 2012,

²⁰ Paragraph 3 (Policy Dialogue and Policy meeting).

²¹ Better Work Stage II Evaluation, Nexus Associates, Service Contact No. 40077538, 12 April 2012, Output 4.2 Effective management of BW global program.

²² Paragraph 3 (Policy Dialogue and Policy meeting).

²³ Better Work Stage II Evaluation, Nexus Associates, Service Contact No. 40077538, 12 April 2012, Output 4.1 Governance and stakeholder engagement, confirmed by Mr Robert-Jan Scheer, the representative of the Ministry of Foreign Affairs in both the Donor Coordination and Advisory Committee of the Better Work Programme.

²⁴ Paragraph 6 (Administration, audit and evaluation).

²⁵ Better Work Stage II Evaluation, Nexus Associates, Service Contact No. 40077538, 12 April 2012.

²⁶ Paragraph 6 (Administration, audit and evaluation).

²⁷ Better Work Stage II Evaluation, Nexus Associates, Service Contact No. 40077538, 12 April 2012.

Conditions	Finding	Status
Annual certified financial statements are provided to the Minister ²⁹	Annual certified financial statements have been provided to the policy meeting representatives	Achieved ³⁰
Regular annual narrative reports are provided to the Minister ³¹	Regular annual narrative reports have been provided to the policy meeting representative	Achieved ³²
Regular semi-annual country updates are provided ³³	The country updates have been provided semi-annually during the Donor Coordination and Work Advisory Committee meetings	Achieved ³⁴

2.3.1 Funding of the Better Work Programme

Consisting of an overall global and selected country specific programmes, donors were able to earmark the type of activities they wanted to contribute to in the Better Work Programme. The Government of the Netherlands offered earmarked funding to contribute directly to the development of the Better Work Programme at global level.

The **Global** component of the Better Work Programme provides centralised services and support to the **Country** programmes, allowing, amongst others, for coherence in strategy, tools and communication. Funding of the BWG may be used for global development costs, country programme scoping and development, training services, sustainability and engagement activities and indirect programme costs.³⁵ As a result, the effectiveness and efficiency of the Global programme is intrinsically linked to the functioning of the Country programmes.

The combined Global and Country programmes received 48 million US dollars from all donors in total, of which approximately 35 per cent was allocated to the Global programme. The Netherlands funded just over half of the Global programme, which made it the second largest donor for the overall Better Work Programme.

²⁸ Paragraph 6 (Administration, audit and evaluation).

²⁹ Paragraph 7 (Financial Reporting).

³⁰ Confirmed by the Dutch Ministry of Foreign Affairs.

³¹ Paragraph 8 (Progress Reporting).

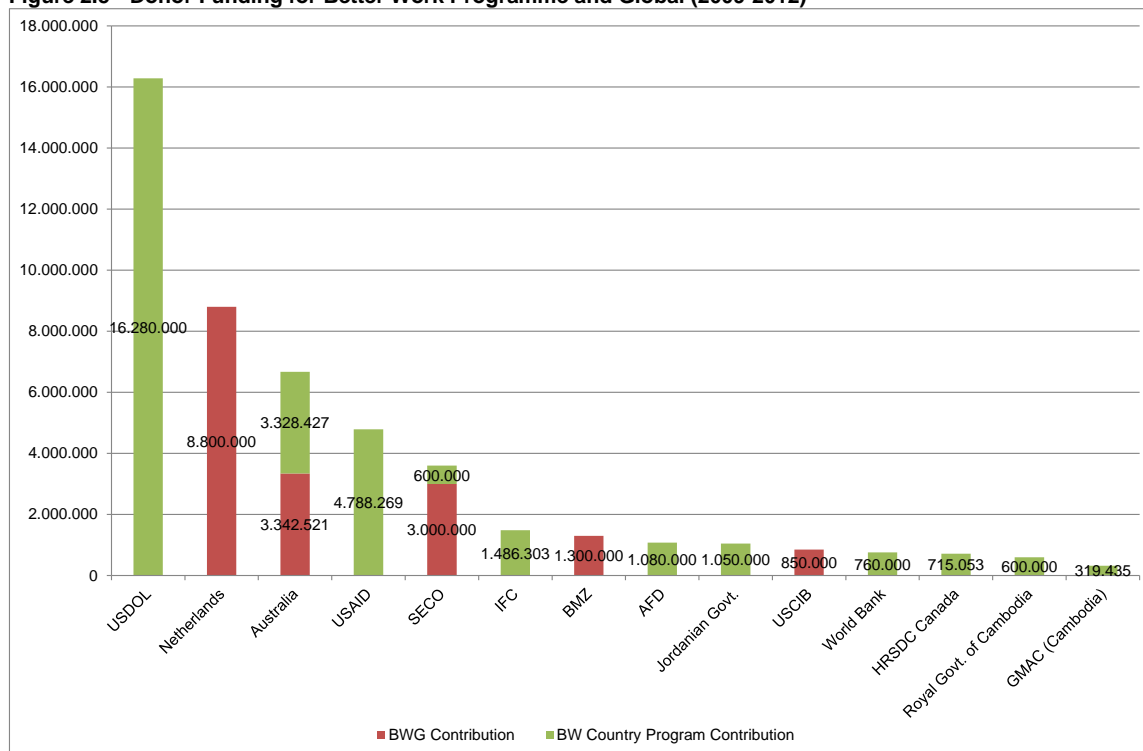
³² Confirmed by the Dutch Ministry of Foreign Affairs.

³³ Paragraph 8 (Progress Reporting).

³⁴ Confirmed by the Dutch Ministry of Foreign Affairs.

³⁵ These are the agreed components under which the activities are measured in its program budget.

Figure 2.5 Donor Funding for Better Work Programme and Global (2009-2012)



According to the actual expenditures of the programme, 83 per cent of the planned budget for the BWG has been spent by 30 June 2012. Donor funding, including the Dutch contribution to the BWG, has indeed been sufficient to meet the financial needs of the planned activities for Stage II.

The evaluation of Stage II recommends that a decision on the funding structure is vital before Stage III can commence. A new funding structure should allow for joint fundraising of the ILO and IFC and enhance efficiency of the programme and transparency to donors.³⁶ The Management Group meanwhile accepted this recommendation for improved coordination. Rather than establishing a multi-donor trust fund (MDTF) to increase donor coordination, the Management Group opted to allocate funding to the partner with the most responsibility per component and to involve donors in a more coordinated manner.³⁷ The new approach aims to provide a resource mobilisation strategy aligned to the accountability and responsibility of both the ILO and IFC by providing:

- A clear overview of which organisation is responsible for which donor of Better Work;
- Joint fundraising events;
- Clear and transparent reporting lines and timeframes on progress regarding fundraising.

Whilst this new model may enhance efficiency once funds are transferred, namely by holding one partner responsible, it does not sufficiently tackle the issue of donor coordination. The Management Group calls for joint-donor discussions, but unless a coherent structure is in place, this will not guarantee an improved balance between the Global and Country programmes (see 'Efficiency in the programme'). In addition to direct donor funding, expertise and funding may also be derived from other multi-lateral country programmes. The results of the new structure and collaboration with others multi-lateral activities, especially from the ILO and IFC, should therefore be closely monitored for coherence of delivery.

³⁶ Better Work Stage II Evaluation, Nexus Associates, Service Contact No. 40077538, 12 April 2012 pg. 48.

³⁷ Response of the Management Group to the Better Work Stage II Evaluation.

2.3.2 Achievements

The BWG log frame contains four immediate objectives with specific activities and indicators. The indicators to measure the progress of the programme were adjusted (dropped, added and revised) in March 2011 upon recommendations of the mid-term review of the programme. Based on both the initial and revised log frame, not all targets were met across the four immediate objectives.

Since the start of Stage II, the main achievements of BWG, have been the initiation of new programmes in four countries of which three are fully established, and the signing of twenty-five international brands to the BW Buyer Principles. Services were furthermore expanded and improved, including public websites for the global and four country programmes and training programmes for factory managers and workers. Additional tools were initiated but are still under development, including a new model for buyer engagement and a Supply-chain Tracking of Assessments and Remediation (STAR) system.

The Evaluation of Better Work Stage II recognized that not all targets were met, but that “its accomplishments were significant”. In that sense, it refers to the scope of the activities undertaken that achieved positive results, including:

- The expansion of the programme to new countries;
- The design of new policies and methods to implement the programme;
- The organisational change it has created within the ILO.³⁸

Indeed, the ambitions for Stage II were rather high considering that not all Global tools were fully developed and yet new country programmes were initiated. There is therefore a need to assess the feasibility of the logical framework for Stage III, both at Global and at Country³⁹ level. Lessons learned from Stage II in terms of the feasibility of activities at country level should thus be evident in the new framework. The strategy for Stage III would furthermore benefit from possible contingency plans for high-risk projects.

The long-term vision and strategy of the programme has been identified as a key area of concern for Stage III. At the time of the evaluation, there were various options still to be decided for Stage III of the programme, including how it would develop the compliance assessment framework, how it would tackle the transfer of projects to local organisations and how it would expand to more factories and countries. The evaluation, for example, cautioned against expanding to more country programmes and to focus on the garment/footwear industry where it has built significant expertise. Ensuring that the objective of the programme, the strategy for implementation and the available resources are aligned will be essential for the prevention of missing targets in Stage III.

2.3.3 Efficiency

The evaluation of the Better Work Programme highlights that the current system of the ILO does not allow for activity-based costing. Furthermore, it is too early to determine the full effects of the programme. An assessment of the efficiency or value for money per activity has thus not been determined at Global level. Nevertheless, some related findings indicate that efficiency is a key area of concern for the sustainability of the programme.

Less funding was spent than originally planned on all components, except for sustainability and engagement. In the case of the sustainability and engagement activities, more financing was spent on nearly all planned activities. An additional budget was even made available for the (originally

³⁸ It was, for example, the first program of the ILO to initiate a fee for services.

³⁹ The evaluation points to several inconsistencies in the country evaluation framework, as designed by the Global program.

unbudgeted) financial management activities. Originally unplanned continued governance support to country programmes, in particular to Better Work Cambodia, furthermore affected the resource allocation of the BWG. In Cambodia, the government requested the ILO to continue operating the programme at a time the programme should have become self-sufficient and independent. The Government of Cambodia indicated to be concerned about the quality of local governance and hence considered it too risky to remain unsupported. Even though, the programme reached a high level of self-financing, the ILO's continued involvement in governance was deemed necessary.

The evaluation of the programme pointed out that the current level of financing of the Global programme is high and "may not be proportional to the size of the programme". The evaluators explained that the high costs "reflect the development stage of the programme". This means that the costs of the BWG should become proportionally lower to the Country programmes in the next phase. This will require better donor coordination.

The evaluators also criticised the current financing model of the Country programmes in the sense that the current implementation model is too expensive to roll out on a large scale. Indeed one of the recommendations of the evaluation of the programme is to refine the service delivery model to increase the potential reach of the programme. Throughout the Better Work Programme more emphasis on measuring and improving efficiency is required to ensure its sustainability.

2.3.4 *Accountability*

From the beginning of the programme, methods have been developed to allow for rigorous impact assessments. Independent experts put together a framework for the continued assessment of the programme, which have been upheld and monitored throughout the duration of Stage II. Sufficient information through this framework should be available to perform additional analysis to determine potential improvements in the programme. The evaluation particularly points attention to the need to determine the added value of the Performance Improvement Consultative Committee (PICCS) for factories.

Whilst the evaluation highlights significant shortcomings of the current programme, it also recognizes the efforts of the Better Work Programme to continue to improve. It pointed in particular to the recommendations from an independent mid-term review held in 2011, which have indeed been implemented to improve the programme. The programme demonstrates a willingness to be transparent, to improve and to take on lessons from external assessments.

2.3.5 *Ways forward*

In addition to the previously mentioned issues related to funding, strategy and efficiency, the evaluation identified several actions required in Stage III, including:

1. **Refining the buyer engagement model** in terms of engagement and participation in the programme as well as increasing sustainability through long-term agreements;
2. **Developing specific plans for transferring responsibility to local organizations** as such plans do not exist for each country programme yet;
3. **Continue to refine the approach to assessing compliance** to ensure that there are no ambiguities arising from national laws or that disincentives arrive through public disclosure;
4. **Considering certifying Enterprise Advisors**, as many more will be needed as the programmes are expanded and will be important for the opportunity to transfer responsibility to local organisations.

3 Conclusions and recommendations

3.1 Overall performance

The ILO seems committed to **'Delivering as one'** and actively participates in the development of an UNDAF for several countries. This has been confirmed by Dutch Embassies abroad. At the same time however, the ILO's mandate clearly exceeds the scope of an UNDAF. The ILO therefore can only to a limited extent actively pursue its objectives in the framework of an UNDAF.

The **reform of the GB** is well under way as it already produced shorter meetings with more focus on decision-making. The **reform of the ILC** is likely to face a difficult start, given the time-consuming agenda-setting procedure and the potential lack of interest in the reforms among some of the ILC's participants.

With the introduction of **Outcome-based Workplans** in the biennium 2010-11, the ILO's RBM approach became tangible. Each OBW provides a systematic account of inputs, activities, outputs and outcomes related to a CPO or a GP for a biennium. Given its recent introduction, it is too early to give a full account of their implications for the ILO's performance.

The importance of **Monitoring and Evaluation** is widely recognised in the ILO: Logical frameworks, indicators, etc. are often used. The evaluation unit is a relatively independent unit within the ILO and it gradually obtained more capacity, became more streamlined in operations and offered more possibilities to learn from the past. Yet, not following recommendations of previous evaluations is not sanctioned. This leads to 'cherry picking' of recommendations that are considered most suitable.

3.2 RBSA

RBSA expenditures increased over the biennium 2010-11 but did not reach targeted levels because of optimistic planning and delayed payments.

The expansion of RBSA created momentum for the ILO to introduce the **principles of RBM** throughout the organisation. Reducing the importance of RBSA may lead to loss of this momentum.

RBSA is the **most flexible budget** of the ILO and is allocated after less flexible resources like the RB or the XBTC are allocated. It is solely allocated to **ODA-eligible countries**.

The RBSA is regularly used to **bridge funding gaps** between two phases of a TC programme. This is not necessarily negative as it contributes to avoid future extra costs of restarting that programme and prevents staff from being laid off, keeps the housing within reach and the momentum of the programme going. Examples can also be found where RBSA contributed to **scale-up** existing programmes. RBSA furthermore is also used to support work in countries or in thematic areas that have been neglected by donors.

The flexibility of RBSA is somewhat limited because of its integration in the results-based framework in which the allocation takes place. The latter however (at least potentially) increases **transparency and accountability**.

Approximately five per cent of the total RBSA resources are reserved for **monitoring and evaluation**. A recent assessment illustrated that the M&E needs improvement, as well as its sustainability and risk management.

3.3 Better work

The arrangement sets out **nine conditions** for the partnership agreement needs to meet for the continuation of the funding for Phase II of the partnership agreement. All of these conditions have been upheld.

Donor funding, including the Dutch contribution to the BWG, has been sufficient to meet the financial needs of the planned activities for Stage II (though not all planned activities took place). A new **funding structure** is needed and has been established, but does not sufficiently meet the needs for better donor coordination.

There is an imbalance between **Global and Country** programs with a very high rate of funding going to the Global level.

Not all **targets** were met in Stage II, but the achieved results are impressive. The work required during Stage II was underestimated from the beginning. The strategy for Stage III would therefore benefit from contingency plans for high-risk projects.

Ensuring that the **objective of the program**, the strategy for implementation and the available resources are aligned will be essential for the prevention of missing targets in Stage III (this was not the case in Stage II).

The current implementation model at country level it is too expensive to roll out on a large scale: Measuring and improving efficiency is required.

The program demonstrates a willingness to be **transparent**, improve and to **take on lessons** from external assessments.

3.4 Recommendations

Based on these findings and conclusions of the performance of the ILO, use of RBSA and overall functioning of the Better Work Global, the following recommendations are formulated for the Dutch Ministry of Foreign Affairs and the Ministry of Social Affairs and Employment.

1. The Dutch government is advised to continue to support and monitor the reforms of the GB and the ILC in order to make the ILO operate in a more efficient and effective manner. Both the GB and ILC should ultimately be more focused on decision-making and results.
2. The Dutch government may engage in the current ILO discussion on the reduction of the number of strategic outcomes. Reducing the number of strategic outcomes would generate more focus of the work of the ILO and contribute to a reduction of overlap.
3. In general, the Dutch government is advised to support the creation of a sustainable balance between earmarked and unearmarked funding in order to enable the ILO to pursue objectives in less politicised fields, i.e. fields that are not 'donor darlings'.

4. Reporting on RBSA currently takes place on an aggregate level of region and strategic objective in the Programme Implementation Reports. The ILO may ensure that more in-depth reporting is possible upon request in order to obtain a solid impression of expenditures and to increase accountability and transparency.
5. The Dutch government may bring transfers of donations to the ILO better in-line with the ILO's planning process in order to stimulate the optimisation of the allocation process. In 2010-11 the ILO allocated RBSA in two tranches, one ranging from October-10 until March-11 and another ranging from April-11 until September-11.
6. The Dutch government is advised to continue to monitor coherence of decisions the in Better Work programme and press for joint meetings and information sharing.
7. The Dutch government is advised to scrutinize the log frame for the next phase of the Better Work programme and test whether the proposed objectives and results are realistic within the resources and timeframe of the programme.
8. The Dutch government may request contingency plans for high risk projects in the Better Work Programme.
9. The Dutch government is advised to reassess whether the funding for the Global activities should be (partially) shifted to the Country programmes to increase efficiency of the overall programme.

Annex I Background to the ILO

The ILO's Mandate

The ILO has a history of over 90 years of promoting social justice and international acceptance of labour standards. In 1999, the ILO's mandate was translated into the Decent Work agenda, containing four strategic objectives in the areas of employment, rights at work, social protection and social dialogue. The promotion of gender equality was given additional attention as a cross-cutting objective.

A Strategic Policy Framework (SPF) containing a mid-term vision on the four strategic objectives guides the ILO's mandate for a six-year period. The strategy is set within a defined logical framework containing outcomes, indicators and targets. A Programme and Budget specifies outcome strategies needed to achieve the results over a biennium, as well as the capacities and resources needed to deliver these results.

Figure A1 ILO Strategy planning



The SPF applicable to the Mid-Term Review spans across 2010-15. It is therefore relevant to both the previous funding phase of the Dutch Partnership Programme (under review) and the subsequent funding phase (for which the recommendations of this review are tailored).

Within the logical framework of this planning period, the ILO has set 19 outcomes. The following table provides an overview of the outcomes for this planning period.

Table A.1 ILO defined 19 Outcomes for the strategic planning period 2010-2015

Nr.	Outcome title
1	Employment promotion
2	Skills development
3	Sustainable enterprises
4	Social Security
5	Working conditions
6	OSH
7	Labour migration
8	HIV/AIDS
9	Employers' organisations
10	Workers' organisations
11	Labour administration and labour law
12	Social dialogue and industrial relations

Nr.	Outcome title
13	Decent work in economic sectors
14	Freedom of association and collective bargaining
15	Forced labour
16	Child labour
17	Discrimination at work
18	International labour standards
19	Mainstreaming decent work

For each strategic outcome, a set of indicators are assigned in the Programme & Budget. The Programme & Budget also foresees targets for each indicator and the criteria for measuring target-achievement. An example of this results-based framework is provided below:

Table A.2 Example results-based framework: Elimination of child labour

Strategic outcome	16. Child labour is eliminated, with priority given to the worst forms
Indicator	16.1 Number of member States in which constituents, with ILO support, take significant policy and programme actions to eliminate child labour in line with ILO Conventions and Recommendations
Target	45 member States, of which 15 in Africa
Measurement	To be counted as reportable, results must meet one of the following criteria: <ul style="list-style-type: none"> • Policies, programmes and/or action plans are adopted or implemented by one or more of the ILO's constituents, to bring them in line with international labour standards to prohibit and eliminate child labour. • Time-bound measures to eliminate the worst forms of child labour as a matter of urgency are implemented by one or more of the ILO's constituents. • Child labour concerns, considering the special situation of the girl child, are included in relevant development, social and/or anti-poverty policies and programmes. • Policies that address child labour are adopted and promoted through global, regional or subregional economic and social inter-governmental organizations or groupings.

Source: Programme and Budget 2010-11.

Organisation of the ILO

The ILO is governed by three main bodies that are of a tripartite nature. Governments', employers' and workers' representatives are present in the International Labour Conference (ILC), the Governing Body (GB) and the ILO Office.

Whereas the International Labour Conference issues international labour standards and broad policies, the Governing Body decides, being the executive council of the ILO, on ILO policy and on the biennial Programme and the Budget that it submits to the Conference for adoption. Daily operations are managed by the International Labour Office in Geneva. This Office comprises the ILO secretariat, the operational headquarters, a research centre and a publishing house. The Administration and management are furthermore decentralized in regional, area, and branch offices.

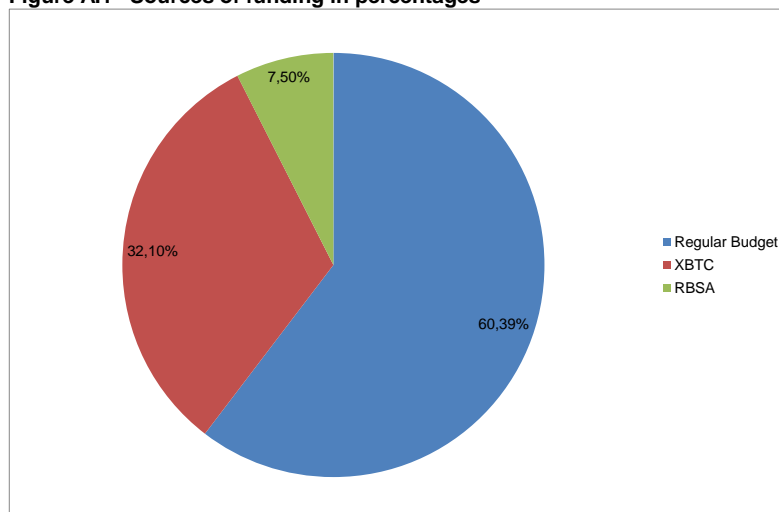
Funding the ILO

All activities within the ILO intend to contribute to the 19 outcomes. Funding for these activities is derived from member (State) contributions and only in rare cases and minimal amounts through fee

charging services⁴⁰. For the biennium 2012-2013 the organisation expects to raise two billion US dollars for all of its services.

The main source of funding for the ILO is the unearmarked contributions of members to the Regular Budget followed by voluntary Extra Budgetary resources for Technical Cooperation (XBTC) and the voluntary Regular Budget Supplementary Account (RBSA), as depicted in the following figure.

Figure A.1 Sources of funding in percentages⁴¹



The **Regular Budget** pays for the main running of the organisation as required to achieve the 19 objectives. The Governing Body decides on its size and allocation on a bi-annual basis. The **XBTC** funds technical cooperation projects that are aimed at reaching the 19 objectives and that cannot be funded through the Regular Budget. As these are earmarked and voluntary contributions, the donor can indicate the objective and region to which the funding should flow. In the case of the Netherlands, funding has for example been allocated to the Better Work Global Programme.

The **RBSA** also provides a voluntary contribution, but unlike the XBTC, is unearmarked. It provides the ILO office untied support with unplanned but necessary activities specifically in ODA countries. Such activities can range from bridging activities, seed money, underfunded objectives, or to support with the build of labour market departments in a new government (for example a labour inspectorate in South Sudan).

Results-based management

Regardless of the source of funding, the ILO strives to operate fully in line with principles of results-based management (RBM). RBM is understood by the ILO as “a management approach that directs organisational processes, resources, products and services towards the achievement of measurable outcomes.”⁴² This approach would ultimately enable the ILO to demonstrate its contribution to the results achieved in the field of decent work.

The UN-system adopted RBM in the late 1990s in order to improve the effectiveness and accountability of UN agencies. This was accompanied with more collaboration between the different UN agencies and with greater harmonisation of UN programmes with national priorities.

⁴⁰ For example in the Better Work Global Program.

⁴¹ Based on the projects as reported in the Programme and Budget for the Biennium 2012-2013.

⁴² Insert reference.

Within the ILO, outcome based workplans (OBWs) form the essential elements of the RBM approach. OBWs have been only introduced with the Programme and Budget of 2010-11 and link budgets to outcomes. The use of this results-based management tool is thus still very young. OBWs are intended as biennial workplans for the outcomes set in the SPF and the Programme and Budget, providing the basis for more detailed workplans to be developed by headquarters and field units.

Each OBW provides a systematic account of inputs, activities, outputs and outcomes. They contain the following elements:

- Outcome strategies by which it is explained how targets will be achieved that are based on the strategies described in the Programme and Budget but allow to take emerging needs into account.
- Country programme outcomes (CPOs) stem from the Decent Work Country Programmes and elaborate on the results to be achieved at country level. Each CPO is linked to a specific indicator that belongs to a Programme and Budget outcome. Together these constitute the basis for the formulation of targets for the biennium.

Table A.3 Example CPO

Region	Country	CP description	Outcome	Outcome indicator
Africa	Botswana	Improved capacity of labour administration system to service collective bargaining, dispute resolution, and conciliation and arbitration mechanisms in the Public and Private Sector	12. Social dialogue and industrial relations	12.2 Number of member States that, with ILO support, strengthen machinery for collective bargaining and labour disputes settlement, in line with international labour standards, and in consultation with the social partners

Source: ILO.

- Global products are not linked to specific countries but include deliverables such as training or capacity building tools, research, workshops and conferences. Each global product is associated with an outcome. Some outcomes include multiple global products. A GP refers for example to a tool to identify promising sectors that lack skilled staff to flourish.

Whether funding is indeed allocated to the 19 objectives, and whether outcome-based workplans were properly followed is checked annually by both the Internal Audit and Oversight team and the evaluation unit (EVAL) in the ILO's Office. The annual evaluation reports of the ILO are made publicly available in an effort to increase transparency.

Annex II Literature

Partnership Agreement documentation

- Policy Framework ILO-Netherlands Partnership Programme 2010-2013;
- Netherlands –ILO Partnership Programme: Policy Dialogue Information Note Outcome 4- Social Security, 26 May 2011;
- Netherlands –ILO Partnership Programme: Policy Dialogue Information Note Outcome 2- Skills Development, 26 May 2011.

ILO documentation

- Programme and budget for the Biennium 2010-2011
- Programme and budget for the Biennium 2012-2013;
- IPEC Action against child labour 2010-2011: progress and future priorities (February 2012);
- ILO Programme implementation 2010-2011 report for the Governing Body Session 313, 15-30 March 2012;
- Annual Evaluation Report 2010-2011 (October 2011);
- ILO's Regular Budget Supplementary Account Update for the Governing Body Session 313, March 2012;
- Better Work Independent Evaluation Response from the Management Group April 2012;
- Better Work Research Brief 1, 2, and 3;
- Progress towards IPEC Targets;
- Promoting Collective Bargaining Convention NO. 154;
- Promoting Tripartite Consultation Ratify and Apply Convention No 144;
- Regular Budget Support Supplementary Account Introductory Note Meeting 8 May 2012;
- Director-General's announcement on RBSA IGDS Number 179 Version 1, 1 July 2010;
- RBSA Office Procedure IGDS number 182 16 July 2010;
- Use of the Regular Budget Supplementary Account reserve for evaluation, monitoring and oversight Office Procedure IGDS number 63 11 February 2009;
- Outcome-Based Workplan Office Directive IGDS number 135 7 January 2010;
- Outcome-Based Work planning 2012/2013 Q&A Version 2 20 March 2012;
- Outcome Based Work plan examples of outcome 2,4, 12, and 16.

Other documentation

- Better Work Stage II Evaluation, Nexus Associates, 12 April 2012;
- Helping the World's Poor through Effective Aid: Australia's Comprehensive Aid Policy Framework to 2015-2016;
- Australian Multilateral Assessment March 2012 ILO Report;
- Employment and Sustainable Enterprises: The Contribution of the African Private Sector to the G20 Debates High Level Conference Report of 8-10 April 2010;
- African Employers' Forum: The financial crisis, economic recovery and employment Meeting Report 18-19 May 2009.

Annex III Interviews

Face to face interviews

	Name	Position	Organisation	Department
1	Corinne Vagha	Senior specialist labour inspection	ILO	Social Dialogue
2	Ritas Sarna	Programme officer	ILO	PROGRAM
3	Christine Evans-Klock	Director	ILO	Skills & Employability Department
4	Philippe Egger	Director	ILO	PROGRAM
5	Francesca Fantoni	Programme officer	ILO	PROGRAM
6	Yousef Ghellab	Outcome Coordinator	ILO	Social Dialogue
7	Jurgen Schwettman	Department Director	ILO	PARDEV
8	Juan Felipe Hunt Ortiz	Chief	ILO	PARDEV
9	Peter Rademaker	Resource mobilisation coordinator & relationships with donors	ILO	PARDEV
10	Pawel Gmyrek	Programme Officer	ILO	PARDEV
11	Guy Thijs	Director	ILO	EVAL
12	Francisco Guzman	Principal Evaluator	ILO	EVAL
13	Mary Read	Chief Programme & Planning	ILO	Elimination of Child Labour
14	Patrick Quinn	Senior Technical Specialist	ILO	Elimination of Child Labour
15	Esther Germans	Technical Specialist Strategy Planning & Finance	ILO	Better Work
16	Raghwan Raghwan	Desk officer for Asia & Pacific	ILO	ACTRAV (workers)
17	Tugschimeg Sanchir	Senior Technical Advisor	ILO	ACTEMP (employers)
18	Nicole Noble	Second Secretary Specialised Agencies	UK Mission to the UN in Geneva	Specialised Agencies & Humanitarian Team
19	Jonathan Joo-Thomson	Head, First Secretary	UK Mission to the UN in Geneva	Specialised Agencies & Humanitarian Team
20	Leonie Oates-Mercier	Humanitarian Policy Officer	Australian Permanent Mission to the UN	AusAid
21	Peter Higgins	First Secretary	Australian Permanent Mission to the UN	

	Name	Position	Organisation	Department
22	Frederick Muia	Regional Adviser for Africa, IEO technical cooperation advisor	IOE	Geneva Office
23	Esther Busser	Assistant Director	ITUC	Geneva Office

Telephone Interviews

Bangladesh

- Mr Faizur Rahman, Joint Secretary ,Ministry of Labour and Employment;
- Dr Wajedul Islam Khan, General Secretary, Bangladesh Trade Union;
- Mr Anwer H Patwary, Dhaka City Corporation;
- Ms Shahida Begum, Save the Children.

Indonesia

- Iftida Yasar, Vice Secretary General of Indonesian Employers' Association (APINDO);
- Ibu Sulistri, Deputy President KSBSI
Rekson Silaban, Chairperson of National Advisory Board of KSBSI;
- Mr Guntur Witjaksono, Director for International Relations, Ministry of Manpower and Transmigration;
- Ms Rahma Iryanti, Director for Labour and Employment Opportunities, National Development and Planning Agency (BAPPENAS).



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