

**FOR INFORMATION**

THIRD ITEM ON THE AGENDA

Resource mobilization for technical cooperation: Implementation report**A. Recapitulating ILO policy and recommendations of the Governing Body**

1. The Governing Body adopted a resource mobilization strategy for the ILO in November 2004.¹ This included: (a) promoting multi-annual partnerships with donor agencies consistent with the ILO's own cycles and priorities; (b) upgrading the capacity of ILO field offices to mobilize local resources; (c) streamlining internal priority-setting mechanisms; (d) facilitating greater coordination among ILO donors; and (e) developing incentives for promoting tripartism and specific proposals tailored to employers' and workers' organizations. During its March sessions in 2005 and 2006, the Governing Body recommended, respectively, that all future donor partnership agreements should make provisions to support gender mainstreaming, and that donors should be briefed on decent work country programming, with a view to developing more effective partnership strategies. An implementation report on resource mobilization, covering the issues outlined above, was presented to the Governing Body in November 2006.² The present report focuses on progress made since then.
2. The report begins with a description of the changing environment and modalities for resource mobilization, and the ILO response. This is followed by a status report on the overall trends in allocations and on how the ILO has been dealing with a number of resource mobilization issues. The reader is invited to refer, in conjunction with this report, to "The ILO's technical cooperation programme 2006–07" (GB.300/TC/1), "Regular Budget Supplementary Account" (GB.300/PFA/11), and "Implementation of Decent Work Country Programmes" (GB.300/TC/2).

¹ GB.291/TC/1.

² GB.297/TC/2.

B. Global trends in development assistance

3. The external environment for ILO resource mobilization is becoming more and more challenging. Ambitious aid targets, new development cooperation modalities, and the surfacing of new development actors are key drivers of significant and far-reaching changes to the aid architecture and development funding patterns. Extra-budgetary funding to international agencies is increasingly linked to assessment of agencies' multilateral effectiveness, commitment to policy coherence and the principles of UN reform, but also to a variety of political or contractual conditions.
4. The experience of the eight UN pilots and the effort to integrate UN country efforts worldwide has set new scenarios and processes in relation to ILO local resource mobilization efforts, which had been quite successful in the recent past. On the one hand, the changing role of United Nations system development cooperation could lead to greater acknowledgement of the mandates, expertise and areas of comparative advantage of the specialized agencies. On the other hand, pooled funding modalities for United Nations coherence initiatives require streamlined inter-agency cooperation modalities and present a real challenge where the ILO has no country presence.
5. The need for adequate, predictable, reliable funding, new funding sources, and several key issues related to financing of United Nations operational activities are the subject of the Joint Inspection Unit (JIU) report A.295 on "Voluntary contributions in UN systems organizations"; of General Assembly resolution 59/250 and ECOSOC resolution 2006/14; and of the forthcoming "Discussion paper on funding for United Nations technical cooperation activities", to be prepared for the 2007 Triennial Comprehensive Policy Review.
6. Among the main recommendations of the recent JIU report is the establishment of an intergovernmental working group to develop proposals for a voluntary indicative scale of contributions for core resources for consideration and approval by the legislative bodies; faster progress on the harmonization of support cost recovery policies; the inclusion of candidates from under- and unrepresented countries in associate expert/junior professional officer schemes that are negotiated with donor countries; the development of a corporate resource mobilization strategy for approval by the legislative bodies of individual agencies.

The ILO response

Working in harmony with the UN system

7. The ILO is monitoring these developments closely. Along with the other major specialized agencies of the United Nations system, the ILO has created an informal network to exchange experiences and promote a more harmonized approach to resource mobilization in the context of the new reform environment. A first meeting in April 2007 in UNESCO's headquarters in Paris was followed by meetings in July and August 2007 hosted by the ILO.
8. The ILO is actively participating in weekly working group meetings of the Chief Executives Board (CEB) and the United Nations Development Group (UNDG) on issues relating to the "One UN Fund", new Multi-Donor Trust Fund (MDTF) and joint programming (JP) modalities. The Office took part in joint United Nations missions to selected "One UN pilot countries" in support of the establishment of new financing frameworks for the "One UN Plans". This has exposed ILO staff in key management and

administrative services to the work of other agencies and has further reinforced the ILO's capacity to participate in new UN processes.

The Regular Budget Supplementary Account

9. Following rounds of consultations with the ILO's main donors, in early 2007 the Director-General proposed to establish a Regular Budget Supplementary Account (RBSA) for voluntary contributions to expand and deepen the capacity to deliver on the priorities set by the ILO Programme and Budget for 2008–09, in particular the implementation of Decent Work Country Programmes (DWCPs).
10. The opening of an RBSA on an experimental basis and at a prudent, conservative level represents a key step in the direction of enhancing the overall predictability of funding from different sources and the coherence of ILO activities through DWCPs responding to national development priorities and linked to broader multilateral system's development frameworks. In addition to the regular budget and extra-budgetary resources, the RBSA would constitute a third funding source to expand and deepen decent work priorities and outcomes in dialogue with tripartite constituents in member States in the framework of United Nations reform and inter-agency cooperation. It could also become a permanent mechanism for countries that wish to contribute to the regular budget above the level approved for all member States by the International Labour Conference.

C. Implementation status and outcomes

Overall trends in approvals

11. In 2006, new extra-budgetary approvals totalled US\$243 million. This figure represents an all-time record in annual voluntary contributions pledged to the ILO. The aggregate volume of approvals in 2005–06 approximately represented a 38 per cent increase over 2003–04. The Netherlands was the largest donor in 2006 with over US\$70 million in new approvals, followed by the United States with over US\$40 million.
12. This increase can be explained by both coincidental and structural reasons. A coincidental reason may be the fact that a number of multi-annual agreements were renewed in 2006, including large partnership programmes funded by the Netherlands, Norway, France, the United Kingdom and Denmark. Structural reasons include a growing awareness among donor and recipient countries of the importance of employment and decent work in reducing poverty and attaining sustainable development. A number of donor agencies made a special effort to increase their allocation to the ILO's operational programmes.
13. Another structural reason is the increasing capacity of ILO field offices to generate resources and support from local donor representatives over and above the centrally negotiated partnership programmes between donor agencies and the Office. This is again due to the increased attention to employment and decent work issues in national development processes and priorities. However, that would not have been possible, without the enhanced awareness of local resource mobilization opportunities and response capacity of ILO field offices. The share of locally mobilized resources increased from 11 per cent of the total in 2002 to 28 per cent of a larger total in 2006, with a 44 per cent peak in 2005 – partly due to the extraordinary international solidarity effort that followed the tsunami tragedy in December 2004.
14. Initial forecasts for 2007 indicate that, while the overall volume of new approvals will remain high, the figure recorded in 2006 will not be repeated. One of the reasons was the

decision of the US Department of Labor to discontinue sole source funding to IPEC in 2007 and instead allocate resources to combat child labour through a process of competitive bidding. Conversely, a very significant volume of approvals – in the vicinity of US\$50 million – is expected of the European Commission, mostly through projects negotiated in the field. In addition to funding, the European Commission has become an important policy partner for the ILO. Both institutions are engaged in strong political and institutional cooperation, following the European Commission's May 2006 communication – "Promoting decent work for all. The EU contribution to the implementation of the Decent Work Agenda in the world".

Partnership agreements

15. New partnership agreements have been or should be signed between 2007 and early 2008 with the Governments of Denmark, Germany, Ireland and Sweden. Discussions have started with the Governments of Italy and Spain with a view to establishing a more strategic framework for the planning of their respective programmes with the ILO. The ILO continues to propose improvements to donor partnership arrangements in order to enhance the effectiveness of partnership mechanisms, expand the timeframe to allow for greater impact and strengthen the relevance to ILO strategic objectives, mainstreamed strategies and DWCP priorities.

Local resource mobilization

16. As ILO field offices gain confidence and competence in working together with donor representatives at the country level, local resource mobilization is likely to become a permanent dimension of ILO action. In 2007, a considerable amount of resources should be generated through country partnerships with the European Union, the World Bank and non-state donors (Petrobras, Brazil). A new challenge is being faced as a number of local donors are discontinuing direct funding to individual agencies and channelling resources through the UNDP and Resident Coordinator system in order to promote UN reforms. This new factor should, however, not necessarily penalize the ILO as long as the Office is capable and allowed to fully participate in inter-agency processes at country level. The considerable mobilization of efforts to respond to the calls for inter-agency proposals in the context of the UNDP/Spain Millennium Development Goals Achievement Fund is a good example of this. Nevertheless, it requires further efforts from the Office and a consequent strategy from UNDP and its firewall with the Resident Coordinator system in order to allow the flow of resources through it to the competent specialized agency.
17. Efforts to enhance ILO staff competence to plan and mobilize resources under new funding scenarios – such as direct budget support and pooled funding through the UN system – are being pursued through policy guidelines and staff development activities.

Streamlining internal priority setting

18. The largest beneficiary of new approvals in 2006 was Asia and the Pacific, with some 33 per cent of the total. Africa's share of new approvals was slightly over 25 per cent, not counting a sizeable share of interregional programmes. Because of the substantial increase in total new approvals, all the regions received an increased amount of fresh resources in 2006 compared to the prior year.
19. The largest share in new approvals in 2006 went to the Standards and Fundamental Principles and Rights at Work Sector with some 38 per cent of the total, followed by the

Employment Sector with around 37 per cent. Here again, due to the substantial total increase, the volume of resources grew for all sectors compared to 2005. Nevertheless, the need remains to forcefully promote the development and poverty reduction dimension of social protection and social dialogue among national counterpart and donor agencies.

20. New appraisal processes set up by the Office in 2006, particularly for large partnership programmes, made sure that new projects were demand driven and in line with DWCP priorities. In this internal priority-setting/decision-making process, consultation with the Regional Directors is of crucial importance. The Office has set for itself the objective of using 70 per cent of fresh extra-budgetary resources to be generated in 2008–09 to make a direct contribution to DWCP outcomes.

Greater coordination among ILO donors

21. Following the first meeting of the ILO's main bilateral donors in September 2006 in Turin, a follow-up meeting has been scheduled for November 2007 in Geneva. The first meeting gave the opportunity to ILO donors, social partners and staff to share experiences and views on critical issues such as RBSA and ILO participation in UN reform. The Office presented its new donor information system consisting of a web page on ILO technical cooperation, a periodic bulletin for donor agencies and periodic briefings for donor representatives in Geneva.

Promotion of tripartism and support to employers' and workers' organizations

22. Agreements signed between 2006 and early 2007 with Norway, the Netherlands, France and Sweden set aside special allocations to build employers' and workers' organizations' capacity and to mainstream social partners' concerns. The Office intends to pursue this strategy in all negotiations with donor agencies. The new technical cooperation appraisal policy seeks to ensure that proposals will be systematically screened as to their relevance to tripartism and social partners' concerns.

Mainstreaming gender equality

23. Agreements signed in 2006 and 2007 with Denmark, France, the Netherlands, Norway, Sweden and the United Kingdom included specific reference to mainstreaming gender equality. In addition, the agreements with Denmark, the Netherlands, Norway and Sweden established specific allocations for gender mainstreaming. The new partnership agreement with Ireland maintains a very strong emphasis on gender equality. The new technical cooperation appraisal policy seeks to ensure that proposals will be systematically screened as to their strategy to mainstream gender equality.

Non-state funding and public–private partnerships

24. In follow-up to conclusions adopted by the International Labour Conference at its 95th Session (2006), the Committee on Technical Cooperation will pursue discussion on public–private partnerships in March 2008. Meanwhile, some substantial initiatives with non-state donors in 2007 included the Gates Foundation for a large project on microcredit, and Brazil's Petrobras for a regional programme on the elimination of child labour.

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Submitted for information.