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SECOND ITEM ON THE AGENDA

Proposed 2016–17 budgets for extra-budgetary accounts: Inter-American Centre for Knowledge Development in Vocational Training (CINTERFOR)

Purpose of the document

This paper presents a proposal for CINTERFOR's Programme and Budget for 2016–17.

The Governing Body is invited to approve the income and expenditure estimates of the CINTERFOR extra-budgetary account for 2016–17, as set out in Appendix I (see the draft decision in paragraph 20).

Relevant strategic objective: Promoting employment by creating a sustainable institutional, social and economic environment in which women and men can develop and update the capacities and skills they need to be productively employed; sustainable enterprises can prosper and create jobs; and societies can achieve their goals of economic development and social progress.

Policy implications: None.

Legal implications: None.

Financial implications: Budget for 2016–17.

Follow-up action required: None.

Author unit: Inter-American Centre for Knowledge Development in Vocational Training (CINTERFOR).

Related documents: GB.319/PFA/3/2; GB.323/PFA/1.

Introduction

1. Over the last decade, significant progress has been made in Latin America and the Caribbean in relation to economic growth, the reduction of unemployment and poverty, and improvements in various labour-related indicators. However, extensive inequalities remain, and this requires integrated public policies, both economic and social, that promote social inclusion, decent work and productive employment, and an enabling environment for sustainable enterprises.
2. The slowdown in the rate of growth since 2012, lowered forecasts of employment growth and the first indications of an increase in unemployment all highlight the fact that, in order to generate new jobs in an environment of greater competitiveness, added value and a shift toward a knowledge economy, there is a demand for new and more complex skills that are more firmly based on education.
3. Although in recent years, students have been staying in education for longer, this has not necessarily translated into a greater command of the knowledge and skills that they are supposed to acquire and develop. Labour market analyses show that there is a clear mismatch between the skills that employers require and the skills that young people and adolescents acquire in the education system.
4. Highly fragmented access to education hits the poorest people hardest. They tend to complete fewer years of education and are clearly those who most often turn to the free vocational training offered by most of the vocational training institutions participating in the CINTERFOR network. Those institutions also feel under pressure to include content which is not adequately covered by regular education, such as language, mathematics and basic science.
5. Labour market demand is also heterogeneous in nature. A small portion of the production sector is concentrated in large and highly productive companies that are able to compete at the global level. They coexist with a large proportion of small and medium-sized enterprises, which constitute over 90 per cent of the total, with low productivity rates and working practices that are generally informal. The sectoral approach to vocational training – that is, creating new institutional arrangements and plans of action catering to sectors and production chains – provides an opportunity to link the relevant training supply to other policy instruments (such as financial and business development services and technological transfer and development). This path, which has been followed by several vocational training institutions in the region, is a particularly promising means of fostering South–South cooperation, with the encouragement of CINTERFOR.
6. Over the last year, CINTERFOR has pursued a process to discuss and design a new strategy, in tune with the ongoing reform process of the ILO. This culminated in the approval of the corresponding document by the tripartite constituents and participating institutions of CINTERFOR, together with the activity report for 2014–15¹ and a proposed workplan for 2016–17, during meetings of the Programme and Budget Committee and at the 42nd meeting of the Centre’s Technical Committee (Buenos Aires, 12–15 May 2015).
7. The strategy involves improving procedures and work methods in order to respond more effectively to the increasing and changing needs of its constituents and deliver as one ILO in a world of new contexts, which makes heavy demands on training.

¹ Available at http://www.oitcinterfor.org/sites/default/files/report_Cinterfor_42tcm.pdf.

8. The following is a description of CINTERFOR's programme and its estimated revenue and expenditure for the 2016–17 biennium. Appendices I and II provide detailed budget information.

Programme

9. The proposed programme of work for the biennium is part of the strategic framework of the ILO. It includes, in particular:
- (a) redeploying regular budget resources to ensure good value for money and critical mass in the outcome areas most closely linked to the Centre's field of action;
 - (b) transferring administrative support resources to technical, analytical and policy work; and
 - (c) redesigning business operations in order to improve effectiveness, making full use of planned vacancies as a means to redeploy positions.
10. Based on the guidance provided by the Governing Body, CINTERFOR's priorities will be knowledge management, South–South and triangular cooperation, and making the fullest possible use of information and communication technologies in all of its working areas.
11. The Centre plans to make progress in the following lines of action:
- (a) **Foreseeing training needs:** CINTERFOR will continue to support vocational training institutions by providing tools and building capacities which will enable them to anticipate new demands for training and update their programmes accordingly. Specifically, the Centre will seek to include new institutions which have not yet participated in the joint programme between CINTERFOR and the National Industrial Training Service (SENAI) to transfer the SENAI forecasting model, develop a new support stage to support the effective implementation of forecasting and synchronize it with other processes (such as curriculum design, teaching design and planning), by means of South–South cooperation activities and knowledge management in this area, for example, by extending and updating the forecasts database.
 - (b) **Applying new methodologies and technologies to vocational training:** Bearing in mind the increasing complexity and diversification of production systems, the shortening of technological innovation cycles and the need to develop training more closely tailored to the target audience by means of new digital technologies and process re-engineering, CINTERFOR will continue to support the introduction of new methodologies and technologies in vocational training institutions, inasmuch as they constitute tools to improve the management and increase the effectiveness of training.
 - (c) **Jobs and skills for youth:** CINTERFOR will support the development of policies in this field, particularly through information sharing and cooperation activities in the field of learning and other strategies in support of the school-to-work transition. Assistance will be provided on training policies for young people and on synchronizing them with regular education and employment policies. Research activities already under way will be continued, with a special focus on sharing findings and lessons learned with other regions.
 - (d) **Strengthening the capacities of employers' and workers' organizations with regard to tripartism and social dialogue in vocational training:** In consultation with employers' and workers' organizations and in coordination with specialists from

the Bureau for Employers' Activities (ACT/EMP) and the Bureau for Workers' Activities (ACTRAV), CINTERFOR will seek to establish and implement capacity-building programmes to facilitate participation in social dialogue on vocational training, by means of face-to-face activities and designing and providing virtual tools for consultation, self-learning and training process support.

- (e) **Training and decent work in the rural economy:** Through activities to encourage the sharing of experiences and perspectives, CINTERFOR will seek to take into account the many approaches existing in vocational training, in order to address the different situations in the region's rural economy. At a technical meeting to be held in September 2015 in Colombia, CINTERFOR hopes to establish a systematic agenda for sharing information and cooperating in the area of innovative experiences and approaches for the rural economy.
- (f) **Synchronizing vocational training with active employment policies and policies targeting vulnerable groups:** Through a number of different activities CINTERFOR will seek to reinforce information sharing and cooperation on issues such as the synchronization of vocational training with active employment policies, particularly with public employment services and various programmes targeting young people and women facing social and economic inclusion issues, long-term unemployed persons, workers and enterprises in the informal economy, and persons deprived of their liberty, among others.
- (g) **Synchronizing vocational training with productive development policies for inclusive growth and the creation of more and better jobs:** The Centre will conduct research and information sharing and knowledge exchange on policies and cases (national and local) for the promotion of modes of cooperation schemes (such as public-private and inter-institutional cooperation) linked to value chains and local or regional economies, identifying strategies for developing and sharing knowledge, as well as on the role of vocational training in various areas and at different levels. The outcomes of these activities will form the basis for the support provided by CINTERFOR to participating institutions so that their involvement in these kinds of policies and processes is better informed and more relevant.
- (h) **Developing skills and competencies:** Knowledge sharing and cooperation in the field of curriculum design, training of trainers, new teaching strategies and learning environments will be encouraged. The skills and competencies required to enter into paid employment, as well as those related to entrepreneurship, will be addressed.
- (i) **Institutional strengthening of vocational training:** Support will be provided to vocational training institutions and ministries of labour that request it in order to improve their structures for training systems and processes. This will include, among others, strategic planning, institutional diagnostics, establishing programmes and related processes, modifying and adapting institutional arrangements, and identifying staff training needs.

Budget

12. Appendix I presents the proposed income and expenditure for the extra-budgetary account for the financial period from 1 January 2016 to 31 December 2017, together with comparative figures for budgeted and actual expenditure and income for 2014–15. Appendix II provides further information by subprogramme. The total income foreseen for the period 2016–17 is US\$3,374,742.

13. The ILO contribution for the 2016–17 biennium will amount to \$2,384,742, which represents an increase of \$97,850 compared to the previous biennium, to adjust for cost increases and maintain the contribution at the same level in real terms.
14. The contribution of the host country will be maintained at \$50,000 annually. The Government of Uruguay paid \$150,000 over the course of this biennium, corresponding to 2013, 2014 and 2015; still outstanding is the sum of \$50,000.
15. Voluntary contributions provided by participating vocational training institutions are forecast to be \$50,000. This increase is because the institutions' contributions will be reviewed in 2016, and many institutions are expected to clear outstanding balances from previous years.
16. As the printing press will be specializing in digital jobs with a shorter print run, in all likelihood, CINTERFOR will see a drop in the sale of printing services to other agencies in the UN system during the first year. This reduction has been estimated at \$20,000 in comparison to the previous biennium.
17. Other contributions are generated by short-term technical assistance activities funded by the interested parties. Based on these resources, the Centre will deliver technical assistance to countries in the region, promote South–South cooperation among the CINTERFOR-participating institutions, and will work with other ILO offices and the International Training Centre of the ILO (Turin Centre). These services will be provided by hiring consulting services, conducting meetings and technical events, the financing of missions, and hiring staff on a short-term basis to support the technical cooperation activities of the Centre.

Resource mobilization

18. CINTERFOR will continue to mobilize international and national technical cooperation resources. Extra-budgetary resources from technical assistance activities funded by the interested parties (advisory services, research field trips and seminars, among others) are anticipated to be \$350,000.
19. In addition, CINTERFOR will continue to work on identifying and making use of resource mobilization opportunities through technical cooperation projects, both within the host country and regionally.

Draft decision

20. ***The Governing Body approves the income and expenditure estimates of the CINTERFOR extra-budgetary account for 2016–17, as set out in Appendix I.***

Appendix I

Inter-American Centre for Knowledge Development in Vocational Training (CINTERFOR)

The following table shows the proposed income and expenditure for the extra-budgetary account for the period from 1 January 2016 to 31 December 2017, together with comparative figures for budgeted and actual income and expenditure in 2014–15.

	2014–15 approved budget (US\$)	2014–15 anticipated income and expenditure (US\$)	2016–17 proposed budget (US\$)
A. Funds brought forward from previous period	597 518	586 923	402 552
B. Income			
ILO contribution	2 286 892	2 286 892	2 384 742
Host country contribution	200 000	150 000	150 000
Contributions from other countries in the region	500 000	500 000	550 000
Other contributions	–	250 000	250 000
Sales of publications and printing services	50 000	60 000	30 000
Miscellaneous income ¹	10 000	10 000	10 000
<i>Total income</i>	3 046 892	3 256 892	3 374 742
C. Total funds available	3 644 410	3 843 815	3 777 294
D. Total expenditure	3 191 263	3 441 263	3 419 840
E. Funds to be carried forward to the next period	453 147	402 552	357 454

¹ Including interest, exchange/revaluation gains/losses, etc.

Appendix II

Inter-American Centre for Knowledge Development in Vocational Training (CINTERFOR)

**Summary of proposed expenditure for 2016–17
by subprogramme (extra-budgetary account
and ILO contribution)**

Subprogramme	Work-years/months		Cost (in US\$)		
	Professional service	General service	Staff	Non-staff	Total
Programme implementation	2/00	4/00	772 080	60 000	832 080
Knowledge management	–	10/00	820 800	130 000	950 800
Printing services and other contributions	–	–	–	260 000	260 000
Administration, finances and human resources	–	6/00	432 000	140 000	572 000
Management	2/00	2/00	714 960	90 000	804 960
2016–17 proposals	4/00	22/00	2 739 840	680 000	3 419 840