

Mobilizing Domestic Resources Direct Trust Funds

Increasingly ILO member States commit resources from their own public budgets to partner with the ILO. While external development assistance (Official Development Assistance) can provide an important boost and allow the ILO to deliver significant technical cooperation to a country, ultimately the commitment of ILO's constituents and the allocation of domestic financial resources are key to achieving national Decent Work goals. This is especially the case for countries that have moved to Middle Income Country status.

'Domestic Trust Funds' (DTF) refers to the cooperation between the ILO and member States who entrust the ILO with financial resources to deliver technical assistance under mutually agreed conditions, over and above the regular support that the ILO can provide from its regular budget. Typically this targets national policy priorities as reflected in Decent Work Country Programmes, with the ILO and the government counterpart agency agreeing on a specific project, with clear deliverables and a budget.

Funding channelled through domestic financing to the ILO comes from multiple sources:

- ▶ National public resources (Central Ministries, State Governments, Regional Entities, Municipalities, etc.); and
- ▶ Proceeds of grants or loans provided by International Financial Institutions (IFIs), such as the World Bank, IFAD and regional development banks;

Often the Ministry of Labour or one of its specialised agencies will be the main contracting partner. There are also cases in which other national, regional or local government entities (such as the Ministry of Finance in Bangladesh or the Department of Public Works in South Africa) wish to entrust domestic resources to the ILO for specialized technical expertise. In all cases a formal

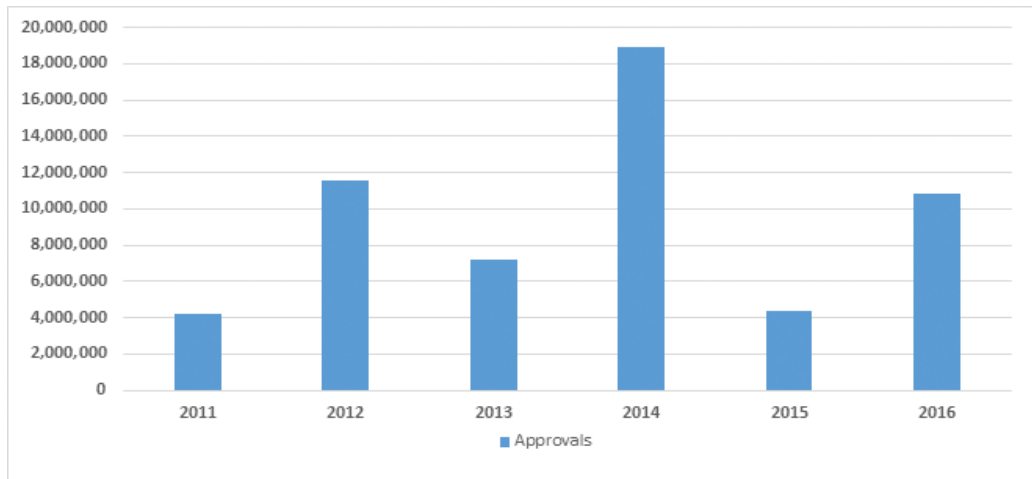
legal agreement is concluded. Implementation of work funded by DTFs is done in line with ILO rules and regulations. The agreement will have a Project Document as Annex that sets out the objectives to be achieved, outputs, activities and the budget required.



THE GLOBAL PARTNERSHIP FOR EFFECTIVE DEVELOPMENT CO-OPERATION

The Global Partnership for Effective Development Cooperation recognizes the critical importance of domestic resource mobilization for development.

DTF Approvals, 2011-2016 (US\$'000)



Selected DTFs countries + partners

Least Developed Countries (LDCs)

Bangladesh – Ministry of Finance, Economic Relations Division

Cambodia – Ministry of Commerce

Other Low Income Countries (OLIC)

Cameroon – Ministry of Public Works

Iraq – Ministry of Labour and Social Affairs

Lower Middle Income Countries (LMIC)

El Salvador – Institute of Social Insurance

Egypt – Government of Egypt

Upper Middle Income Countries (UMIC)

Chile – Government of Maule Region

Colombia – Ministry of Labour

Peru – Ministry of Health

South Africa – Department of Public Works

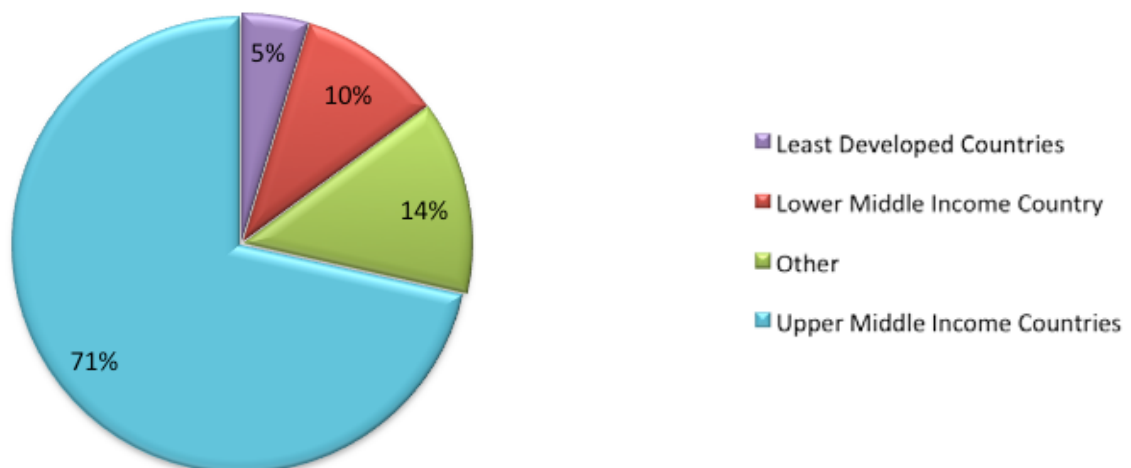
Other

Cyprus – Ministry of Labour and Social Insurance

BRAZIL: INNOVATIVE SOURCE OF FUNDS

Under Brazilian law, labour prosecutors and judges inflict penalties on violations of labour law, which vary widely in volume and can go into millions of dollars. The proceeds from these fines do not go to the treasury, but are assigned to actions to remedy the original cause of the fine. In 2016, the Labour Attorney General of Brazil engaged the ILO in an innovative project whereby proceeds from these fines are entrusted with the ILO for remedial action. Under this strategic alliance, two projects on domestic work and child labour are already being implemented while other projects are being developed.

Active DTFs by OECD/DAC classification in 2014/2015



Colombia: Enhancing social dialogue

Since 2007 the Ministry of Labour of Colombia has signed several financing agreements amounting to about US\$ 11 million with the ILO Office for the Andean Countries, through which the ILO implements priority projects of common interest to the Government and social partners in Colombia.

The areas of intervention include prevention and resolution of labour conflicts, the promotion of decent work policies at the municipal and district levels, employment promotion social security and the elimination of child labour.

Among the results to date, the following can be highlighted:

- ▶ 24 departmental tripartite commissions with the participation of more than 300 tripartite stakeholders have been put in place, 8 decent work programmes approved at district (Magdalena, Caquetá, Guajira, Quindío, San Andrés y Tolima) and also at city level (Medellín and Cartagena). A youth employment action plan is being implemented in Magdalena and another was designed in Nariño. ILO provided technical assistance to strengthen the employment public service, which has a national coverage;
- ▶ the design of an information kit on labour formalization to be disseminated through employment services;



- ▶ significant improvement in labour market analysis and forecasting based on new projection methods and statistical modelling; and
- ▶ the elaboration of a white book of Colombian System of Family Subsidies

to contribute with the objective to promote a social dialogue to define a revision of the national system http://staging.ilo.org/public/libdoc/ilo/2014/114B09_239_span.pdf.

South Africa: Creating jobs through employment intensive investments



South Africa has a long-standing partnership with the ILO on employment intensive investment programmes. The ILO contributes technical advisory services and support to innovative public work programmes, leveraging the creation of jobs.

The flagship Expanded Public Works Programme (EPWP) in the Northern Province of South Africa combats persistent unemployment and contributes to poverty reduction. It is one of the largest public employment programmes in the world operating in four sectors: infrastructure, environment and culture, social and non-state sectors. Its great-

est strengths include leveraging public infrastructure investments to maximise employment, enhancement of employability through technical and entrepreneurial skills development, and improvement of service delivery to vulnerable sections of the community.

On 1 April 2014, the EPWP transitioned to its third 5-year phase and is expected to create 6 million jobs, specifically targeting decent work opportunities for women, youth and persons with disability. The programme is expected to inject over US\$ 4.5 billion in the form of wages into community workers in boosting local economic development.

Ensuring the actuarial sustainability of social insurance schemes

The actuarial and financial assessment service of the ILO provides policy and technical recommendations for achieving financial sustainability, wider coverage and adequate level of benefits. The ILO's technical opinion, based on tripartite principles and international labour standards, is often called upon in the case of difficult reforms requiring broad public acceptance.

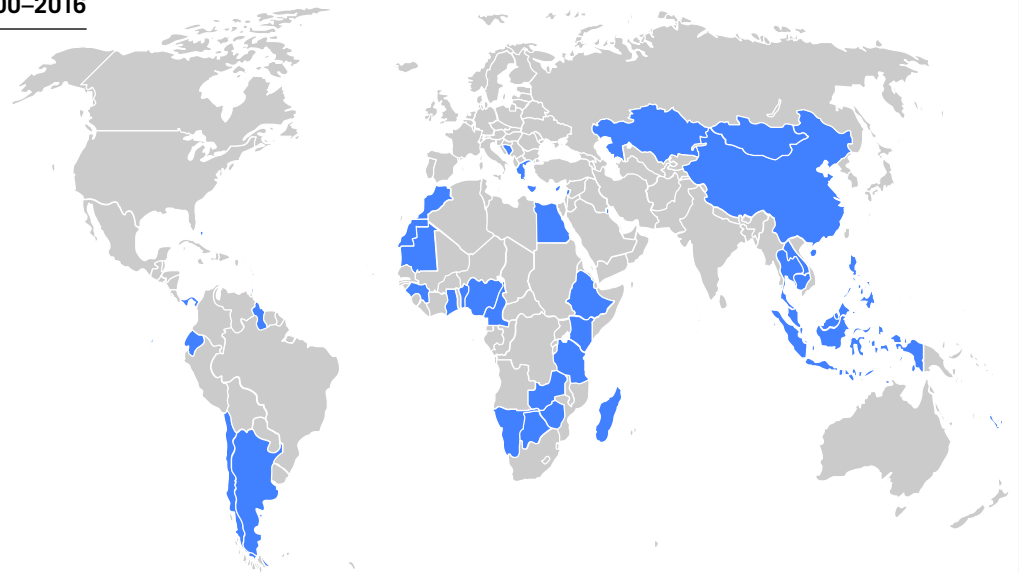
The demand for financial and actuarial assessments has been growing in the context of ageing societies and in the

wake of the global crisis of 2008 and the ensuing austerity measures that often affected social security. The service of the ILO has been rendered to more than 100 countries, on every continent for all benefits provided under Convention 102, namely medical care, sickness, unemployment, old-age, employment injury, family, maternity, invalidity and survivors' benefits. Many of these projects are financed by the countries themselves, highlighting the importance of the issue.

Through financial assessments and actuarial valuations, policy recommendations and capacity-building, the autonomy of ILO member States in assessing policy reforms in their day to day business has been strengthened. In some cases, new schemes have been designed leading to the establishment of social insurance programmes for new risks and to widening coverage for previously non-protected populations.

Actuarial services performed, 2000–2016

82 countries, 150 documents



Bangladesh: facilitating compliance with ILS in the shrimp industry

The processed/frozen shrimp industry is one of the largest export industries in Bangladesh. It provides direct employment to over 60,000 people who in turn support well over 3.5 million dependents. It is estimated that 80% of the export processing workers are women.

The ILO Shrimp project which ran from January 2014 to June 2016 was funded by the Government of Bangladesh and sought to promote better compliance with international labour standards, particularly fundamental principles and rights at work in the export oriented shrimp processing industry.

Major achievements of the initiative include the enhancement of the capacity of staff of the Department of Inspections for Factories and Establishments (DIFE) and Department of Labour (DOL) to perform their labour law compliance functions. The development of an industry specific inspection checklist for DIFE inspectors is a good example of a practical action that will have long-lasting benefits. A guide to help employers and owners of shrimp processing factories better understand and undertake compliance of national labour legislation will also pay long-term dividends. Meanwhile, the capacity of union staff

has been improved while some 8,700 workers have been trained in rights and safety areas through a number of innovative initiatives, including the use of traditional musical drama known as 'Pot songs.'



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