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SECOND ITEM ON THE AGENDA

Proposed 2018–19 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 2018–19.

The Governing Body is invited to approve the income and expenditure estimates of the CINTERFOR extra-budgetary account for 2018–19, as set out in Appendix I (see the draft decision in paragraph 30).

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.

Main relevant outcome/cross-cutting policy driver: All.

Policy implications: None.

Legal implications: None.

Financial implications: Budget for 2018–19.

Follow-up action required: None.

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

Related documents: GB.325/PFA/2.

Introduction

1. The labour market situation in Latin America and the Caribbean in 2017 can be summarized through the following data: 25 million people unemployed; 135 million people working in the informal sector – 47 per cent of the total labour force; 30 per cent of people below the poverty line; an average youth unemployment rate of 18 per cent; persistent gender and ethnic gaps and discrimination.¹ In addition, the region remains among those with the highest level of inequalities in the world. This is the situation, despite significant advances in the decade-long boom from 2003 to 2013.
2. Although this situation is partly due to the economic slowdown of the last four to five years, it basically reflects long-standing structural problems: low levels of productivity² and diversification of production; large gaps in human capital (particularly in the quality and relevance of vocational training and education);³ a high proportion of jobs concentrated in low-productivity micro and small enterprises;⁴ low levels of innovation; and high levels of inequality and exclusion.
3. The new cycle of slowdown has exposed these underlying problems, largely forgotten during the boom years, and has refocused attention on the need to revitalize policies on productive development and investment in human capital. This is especially pertinent because the historical problems are being compounded by the challenges of what some call the “Fourth Industrial Revolution” or, more precisely, the various technological revolutions that are characteristic of today’s world, and which are giving rise to major changes in business models and productive activities and in the skills and expertise required of workers and in labour markets.⁵
4. Inter-American Centre for Knowledge Development in Vocational Training (CINTERFOR) member institutions are at the forefront of efforts made by the countries in the region to address the above challenges. In addition, these institutions have been hardest hit by the current highly fragmented access to quality education: the poorest people, who tend to complete fewer years of education, are clearly those who most often turn to the free vocational training offered by these institutions. This creates pressure for them to include content that is not adequately covered by regular education such as languages, mathematics or basic sciences.

¹ ILO: *2016 Labour Overview of Latin America and the Caribbean*, ILO–AMERICAS, Lima, 2016.

² Inter-American Development Bank (IDB): *Development Effectiveness Overview (DEO) 2010*, IDB, 2011; Crespi et al.: *Rethinking productive development: Sound policies and institutions for economic transformation*, IDB, 2014 ([synopsis available in English](#)).

³ OECD–CAF–ECLAC: *Latin American Economic Outlook 2017: Youth, skills and entrepreneurship*, 2016.

⁴ ILO: *Thematic Labour Overview 2 – Small enterprises, large gaps: Employment and working conditions in micro and small enterprises in Latin America and the Caribbean*, ILO–AMERICAS, Lima, 2015.

⁵ See for example, E. Brynjolfson and A. McAfee: *The second machine age: Work, progress and prosperity in a time of brilliant technologies* (W.W. Norton & Co., NY, 2014); M. Ford: *The rise of the robots: Technology and the threat of mass unemployment* (Basic Books, NY, 2015).

5. The challenges facing countries in the field of vocational training include the need for: greater synchronization with productive development policies and technological developments; strengthened tripartism and social dialogue in vocational training; improved regulatory frameworks and financing schemes; greater synchronization with formal education; the promotion of quality apprenticeships through cooperation between governments, enterprises and trade unions; strengthened institutional management and information systems; methodological and technological innovation; greater relevance and adaptation to foster social inclusion; and synchronization with employment services and other labour market policies. These challenges, which provide a structure for CINTERFOR programming for 2018–19, are a particularly promising means of fostering South–South cooperation, both within the region and between the region and other regions.
6. Over the last biennium, CINTERFOR has continued to make changes in its internal functioning and external relations in line with the ILO’s reform process and with its strategic document “[Vocational training and employment: Towards Cinterfor’s new action to address the challenges of the 21st century](#)”, which was presented to the tripartite constituents for consideration and endorsement 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. This process of continuous improvement involves strengthening technical, analytical and policy areas, programming in coordination with the regional, subregional and country offices, creating a systematic plan for the development of staff capacities, and formalizing links with member institutions. More generally, it 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.
8. The next section contains a description of CINTERFOR’s programme and its estimated income and expenditure for the 2018–19 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;
 - (c) redesigning business operations in order to improve effectiveness, internally as well as externally.
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 lines of action outlined below.

(a) Synchronizing vocational training with productive development policies and technological developments

12. Mindful of the need to promote consistency and functionality between vocational training policies and productive development policies, CINTERFOR will conduct research into, and share information on, national, regional and sectoral experiences of coordinating vocational training systems and institutions with other public agencies involved in the design and implementation of productive development policies, as well as with the private sector and the social partners. It will help member States and institutions to develop their technical capacities to identify skills gaps and to take those into consideration when programming vocational training systems. It will provide advice on improving the management of vocational training system centres or operational units providing activities focusing on productive development (such as applied research, improving prototypes, solving business problems).

(b) Strengthening the capacities of employers' and workers' organizations with regard to tripartism and social dialogue in vocational training

13. Given the benefits that social partner participation and social dialogue in the management of training systems and institutions bring to fostering quality, relevance and equity in training, CINTERFOR will support the processes to develop the capacities of employers' and workers' organizations in this field. This will include improving the programme to strengthen the capacities of trade union representatives to participate in institutionalized social dialogue and collective bargaining on vocational training and offering it to more participants. It will also, together with the Bureau for Employers' Activities (ACT/EMP), take steps to strengthen the capacities of employers' organizations to facilitate their participation in social dialogue in the field of training. Furthermore, it will focus efforts on dissemination and promotion activities to encourage employers' and workers' organizations in the region to adopt the methodology developed by the Centre for the bipartite management of labour skills at sectoral level and the quality apprenticeship approach (see section e). In addition, it will conduct research into, and share information on national, regional and sectoral experiences of social dialogue on vocational training, create a community of practice around the social dialogue forum on the CINTERFOR website, and continue to update the database on collective agreements and social pacts with provisions on training.

(c) Developing regulatory frameworks and sustainable financing schemes for vocational training systems

14. At the request of its member States and institutions, CINTERFOR will support the processes to adjust or reform the regulatory frameworks that govern institutional, participation and social dialogue matters and the different forms of training. In addition to possible technical assistance activities, the Centre will regularly review and update comparative information in this area and make it available through publications or in its databases. Again at the request of member States and institutions, it will provide advice and create and make available comparative information on financing schemes for vocational training and access to private sources of finance through the development of strategic partnerships and international cooperation.

(d) Lifelong learning and synchronizing vocational training with formal education

15. CINTERFOR will continue to review, update and provide its members with comparative knowledge on the relationship between vocational training, formal education and the world of work, through initiatives such as programmes or mechanisms for skills recognition and certification, the standardization of common learning outcomes or a common guiding framework such as national qualifications frameworks (NQFs). Developing NQFs will continue to be a focus of attention through technical assistance and horizontal cooperation, as the countries of the region are increasingly interested in addressing this challenge. Both in the context of integration processes and in the subregions, where migration is a central issue, the aim will be to support the inclusion of tools such as the ones mentioned above in migration management policies.

(e) Quality work apprenticeships

16. Together with member States and institutions, CINTERFOR will promote the development of quality apprenticeship programmes and systems which, through a combination of on-the-job training and classroom-based learning, will help develop participants' skills – in particular young people – and improve work processes. Substantial and sustained action will be taken to promote the quality apprenticeship approach, through research and the sharing of comparative knowledge, technical assistance, horizontal cooperation and sharing experiences. Technical support will be provided to member States and institutions and to employers' and workers' organizations in developing regulatory frameworks in this area, in creating partnerships and alliances to make this possible, and in forging relationships with key sectors with a view to their development. It will continue in its efforts to establish strategic alliances with other multilateral cooperation and funding agencies that are also interested in developing quality apprenticeship programmes and systems. It will also continue to provide advice to member States and institutions throughout the negotiation phases of new projects and during their eventual implementation.

(f) Institutional strengthening and information management in vocational training

17. CINTERFOR will continue to provide support to member States and institutions in their efforts to ensure ongoing improvement and innovation in institutional management, knowledge management and the development of information systems, which are needed for the design, planning, implementation and evaluation of vocational training policies and programmes. Dissemination and South–South cooperation activities will be carried out to further build capacities to expand and diversify the range of training programmes on offer, meet the different needs of individuals and enterprises, adjust them to the priorities of productive development and social inclusion, and reduce the skills mismatch. Support will be provided to the member States and institutions that request it in developing quality management systems, ensuring the relevance of the training on offer, and in the setting of institutional goals through verification mechanisms based on quality information and in consultation with the social partners.

18. In the area of information systems, ILO–CINTERFOR will provide support to member States and institutions in developing and using demographic, social and labour market statistical information for use when planning, managing and evaluating training activities. Support will also be provided to improve information systems based on the performance indicators of institutions, where criteria and developments vary greatly from country to country in the region. This is such an important issue that the idea of creating a regional

programme to harmonize and improve training statistics has been put forward, which would include carrying out activities such as technical assistance and cooperation between institutions and even organizing specific technical meetings.

(g) Applying new methodologies and technologies to vocational training

19. CINTERFOR will continue to provide technical assistance and promote cooperation to encourage ongoing methodological and technological innovation. Surveys and research will be conducted to document experiences and identify trends in the impact of changes in the world of work and technology on training. Needs in the following areas will continue to be addressed: curriculum design and development for project-based learning and for the comprehensive development of skills in the use of information and communication technologies; the training of trainers in the use of technologies to facilitate learning and the training of trainers to facilitate project-based learning; models to develop distance and ubiquitous learning, and models to assess the quality of distance and ubiquitous learning. With regard to research and knowledge sharing, there are plans to survey and systematize experiences in the use of new learning methodologies in the areas of the training of trainers, curriculum design and facilitating learning.

(h) Vocational training for equal opportunities and social inclusion

20. CINTERFOR will continue to document, systematize and share information on experiences of strategies to include vulnerable groups in vocational training and reduce gender inequality. Technical assistance will be provided to countries in synchronizing vocational training with national policies on inclusion and equality and in developing strategies and mechanisms in general to cater for different target audiences. Likewise, technical support will be provided to member States and institutions when setting goals, targets and indicators in the area of inclusion and equal opportunities.

(i) Synchronizing training with employment services, vocational guidance and active labour market policies

21. CINTERFOR will help member States and institutions through initiatives aimed at improving the synchronization of vocational training with other active employment and labour market policies, in particular with public employment services, and their components of vocational guidance and labour intermediation, both for young people seeking to enter the labour market and unemployed workers. It will survey, systematize and share comparative knowledge on service models in vocational training, vocational guidance and labour intermediation, promoting South–South cooperation in this field.

Budget

22. Appendix I presents the proposed income and expenditure budget for the extra-budgetary account for the financial period from 1 January 2018 to 31 December 2019, together with comparative figures for budgeted and anticipated expenditure and income for 2016–17. Appendix II provides further information by subprogramme. The total income foreseen for the period 2018–19 amounts to US\$3,317,303.

23. The ILO contribution for the 2018–19 biennium will amount to \$2,437,303, an increase of \$52,561 compared to the previous biennium, to adjust for cost increases and maintain the contribution at a similar level in real terms.
24. The host country contribution is forecast to remain at \$100,000 for the 2018–19 biennium. An outstanding contribution for 2006 was settled by the host country in 2016.
25. Voluntary contributions provided by participating vocational training institutions are forecast to be \$500,000.
26. With continuing specialization in digital printing and smaller print runs, sales of printing services are expected to decrease to \$20,000.
27. 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 together 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 to the technical cooperation activities of the Centre.

Resource mobilization

28. 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 \$250,000.
29. 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

30. *The Governing Body approves the income and expenditure estimates of the CINTERFOR extra-budgetary account for 2018–19, as set out in Appendix I.*

Appendix I

The following table shows the proposed income and expenditure for the extra-budgetary account for the period from 1 January 2018 to 31 December 2019, together with comparative figures for budgeted and actual income and expenditure in 2016–17.

	2016–17 Approved budget (US\$)	2016–17 Anticipated income and expenditure (US\$)	2018–19 Proposed budget (US\$)
A. Funds brought forward from previous period	402 552	912 935	817 837
B. Income			
ILO contribution	2 384 742	2 384 742	2 437 303
Host country contribution	150 000	150 000	100 000
Contributions from other countries in the region	550 000	500 000	500 000
Other contributions	250 000	250 000	250 000
Sales of publications and printing services	30 000	30 000	20 000
Miscellaneous income ¹	10 000	10 000	10 000
<i>Total income</i>	3 374 742	3 324 742	3 317 303
C. Total funds available	3 777 294	4 237 677	4 135 140
D. Total expenditure	3 419 840	3 419 840	3 569 120
E. Funds to be carried forward to the next period	357 454	817 837	566 020

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

Appendix II

Summary of proposed expenditure for 2018–19 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	788 400	110 000	898 400
Knowledge management	–	10/00	938 160	100 000	1 038 160
Printing services and other contributions	–	–	–	260 000	260 000
Administration, finance and human resources	–	6/00	449 040	110 000	559 040
Management	2/00	2/00	713 520	100 000	813 520
2018–19 proposals	4/00	22/00	2 889 120	680 000	3 569 120