

**FOR INFORMATION**

ELEVENTH ITEM ON THE AGENDA

Regular Budget Supplementary Account**Background**

1. The proposal for a Regular Budget Supplementary Account (RBSA) was first floated in November 2006 during the Governing Body discussion on the preview of the Programme and Budget proposals for 2008–09. Several member States had then highlighted real constraints in augmenting their assessed contributions to the ILO. At the same time, the importance of strengthening ILO services in countries, particularly through Decent Work Country Programmes (DWCPs), was highlighted throughout the debate. In addition it was pointed out that the ILO regular budget in constant dollars had declined by 4.7 per cent since 1996–97.
2. The Director-General therefore encouraged innovative reflection on the regular budget to enable the ILO to fully meet its mandate and the increasing needs of tripartite constituents. The Office in turn prepared a first draft RBSA discussion paper in December 2006, which was shared with the tripartite constituents.
3. On the basis of feedback received and further consultations held in January and February 2007, a three-pronged budget strategy was subsequently elaborated. The approach encompassed the two existing sources of funding (i.e. the regular budget based on assessed contributions and the extra-budgetary contributions of donors for specific technical cooperation programmes), plus a new strand proposed as an RBSA.
4. In March 2007, the Office prepared an RBSA Background information note, including questions and answers, to facilitate a full discussion on the RBSA at the 298th Session of the Governing Body in the context of its examination of the Director-General's Programme and Budget proposals for 2008–09. The Director-General proposed to establish an RBSA for voluntary contributions to expand and deepen the ILO's capacity to deliver on the priorities set by the ILO Programme and Budget for 2008–09, in particular the implementation of DWCPs.
5. The Governing Body's response was positive. Following discussion, it supported the Programme and Budget proposals for 2008–09, including the proposal to establish the RBSA, on the assumption that there would be enough time between April 2007 and 1 January 2008 to receive voluntary contributions for the RBSA for 2008–09.

6. In June 2007, the 96th Session of the International Labour Conference (ILC), following on the recommendation of the Governing Body, adopted by overwhelming majority the Programme and Budget for 2008–09, including the proposal to establish the RBSA. Subsequently, the Office put together a strategy to mobilize contributions for the RBSA.

Recent developments

7. Before and during the 96th Session of the ILC in June 2007, the Office convened several meetings and briefing sessions with constituents and potential contributors. On 22 May 2007, the Office invited the top 20 ILO donor countries to an informal RBSA information meeting. RBSA briefings were also included in regular donor meetings. A separate information meeting for the International Organisation of Employers (IOE) and International Trade Union Confederation (ITUC) was held, with the support of the Bureaux for Employers' and Workers' Activities, in addition to several briefings for delegates to the 96th Session of the ILC.
8. To facilitate the meetings and briefing sessions, the Office prepared an RBSA information folder and PowerPoint presentation. These and other RBSA materials were made publicly available on a dedicated public Internet page (www.ilo.org/pardev).
9. In the meantime, the Office, in consultation with all relevant units, developed a method and procedure for recording and accounting for RBSA contributions. In so doing, the ILO has drawn on the experiences and lessons learned of specialized agencies of the United Nations, including UNESCO and WHO, both of which have undertaken to establish a similar "core voluntary" funding mechanism.
10. As a result, the Office has defined procedures as to how RBSA contributions will be managed, monitored and evaluated in support of DWCPs in the regions. Financial reporting formats for RBSA contributors have been developed as has a template for the RBSA contribution agreement.

RBSA contributions

11. The estimated resource level of the RBSA in proportion to the regular budget was established by the Governing Body in the context of its discussions of the Programme and Budget proposals for 2008–09.
12. An initial target of US\$56 million for the RBSA in 2008–09 was agreed by the Governing Body. Table 5 of the Programme and Budget proposals for 2008–09 adopted by the Conference further outlines the broad distribution of the RBSA by region and by strategic objective:¹

¹ GB.298/PFA/13(&Corr.).

Regular Budget Supplementary Account
(by region and strategic objective)

Strategic objective	Region (US\$000)					Total
	Africa	Americas	Arab States	Asia	Europe	
Standards	3 000	3 000	1 000	3 000	1 000	11 000
Employment	10 000	3 000	2 000	5 000	1 000	21 000
Social protection	5 000	2 000	1 000	2 000	1 000	11 000
Social dialogue	4 000	3 000	2 000	2 000	2 000	13 000
Total	22 000	11 000	6 000	12 000	5 000	56 000

13. The Office has proceeded to mobilize resources. A number of governments have come forward to indicate their interest in making contributions to the ILO RBSA. The Office will provide an oral update of the specific contributions received and the allocation of these resources by region and strategic objectives.

Management and allocation of RBSA resources within each region

14. Donors and ILO member States will be requested to sign an RBSA contribution agreement containing standard clauses in order to transfer their contribution to the ILO. RBSA funds will then be allocated and disbursed in line with the priorities and outcomes of the Programme and Budget proposals for 2008–09 as approved by the Governing Body and the Conference. In 2008–09, the ILO will implement one programme, as approved by the Governing Body and the Conference, funded from three complementary sources: the regular budget, the technical cooperation funds and the RBSA.
15. The allocation of RBSA contributions within each region will be based on results-based DWCPs and regional priorities as determined by Regional Meetings and the Governing Body. RBSA allocations will support specific DWCP priorities and outcomes with measurable expected results. Selection criteria will include tripartite support and involvement, the contribution to national development objectives and United Nations country programme goals, ILO comparative advantage and Office-wide support. Final decisions regarding allocations will be taken by the regional directors (acting jointly in the case of South–South cooperation or interregional action) on the basis of a rigorous results-based analysis.
16. Periodic and consolidated reporting will be included in the Office’s regular programme implementation reporting. RBSA funds will be subject to established internal and external audit and oversight. All RBSA-funded programmes will in turn be subject to established monitoring and evaluation. RBSA programmes will include resources for independent evaluation when their scope permits, and will also be subject to DWCP self-evaluation and evaluation, in line with ILO evaluation policy and procedures.

Conclusion

17. The RBSA will constitute a third source of funding used to expand and deepen decent work priorities and outcomes at the regional, subregional and country level. This will be achieved through dialogue with tripartite constituents in member States within the framework of United Nations reform and inter-agency cooperation.
18. In recent discussions and documents on United Nations reform, including preparations for the Triennial Comprehensive Policy Review, several papers and reports have stressed the need for adequate, reliable and predictable financing in order for the United Nations to become more efficient and effective.² Development ministers from developed and developing countries alike have called for increased core funding of United Nations agencies in a reformed United Nations system.
19. The contributions received to the RBSA will enable the ILO to demonstrate how a core voluntary account can work to strengthen delivery of decent work for all, and other internationally agreed development goals. The Office will continue its efforts to increase contributions for this innovative mechanism up to and during the 2008–09 biennium.

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Submitted for information.

² For example “Comprehensive statistical analysis of the financing of operational activities for development of the United Nations system” (A/62/74 – E/2007/54) and “Triennial comprehensive policy review of operational activities of the United Nations development system” (A/62/73 – E/2007/52). In paragraph 32 of the latter, the Secretary-General mentions the RBSA as an example of an innovative approach to make funding for the United Nations system’s operational activities for development more predictable and dependable.