



UTILISATION OF THE 2009 SURPLUS

1. The 2009 net financial surplus of the Centre as audited by external auditors amounted to € 1.049.000. This excellent result is due to a combination of factors: an increased volume of activities and participants; the implementation of a series of cost-cutting measures adopted by management; ILO's absorption of shared costs; and a reinforced control of bad debts and a more vigorous action for the recovery of old receivables. The Centre's Financial Regulations allows the Director to include the entire or part of such surplus in a future budgetary proposal or use it as an increase in the accumulated reserves of the General Fund. In the interest of maintaining the long-term sustainability of the Centre, the Director is presenting the following request for the use of the entire 2009 surplus to the Officers of the Board for its approval.
 2. The amount of the voluntary contribution to the Centre expected from the Italian government in 2011 is not yet officially known. However, indications are that it will not be higher, and it may be lower, than the € 2.5 million amount received in 2010. For comparison's sake, the amount of the contribution was € 7 million in 2008 and € 4 million in 2009. At the same time, the capacity for the Centre to carry over unspent balances of the contribution from one budget exercise to another gets reduced every year as these funds are used to sustain the Centre's current level of activities. Also thanks to the ILO surplus funds received by the Office in 2009, the Centre was able to carry over some € 3 million in Italian funds from 2009 to 2010. This year, the amount of the carryover into 2011 may be no more than € 1 million.
 3. In addition to the annual contribution, the Italian Ministry of Foreign Affairs has recently approved through the ILO four new small projects for implementation by the Centre for a total amount of over € 500,000, of which some € 400,000 will be used in 2011. This shows once more the commitment of the Italian government to support the activities of the Centre. However, these funds are earmarked for specific activities and cannot be programmed and used in the same way as the annual voluntary contribution.
 4. Beyond its quantitative dimension, in fact, Italy's annual voluntary contribution to the Centre is un-earmarked in nature and has been used by the Centre for the past fifteen years in a similar way as the ILO is currently using RBSA, i.e. to fill funding gaps in relation to institutional priorities, to meet new demands, to facilitate access to training by constituents and national institutions in the poorest countries and to expand the outreach of the Centre's programmes through partnership and cost-sharing arrangements. The level of un-earmarked funding is therefore a critical factor for the Centre's capacity to match its training offer with ILO institutional priorities as represented by Programme and Budget outcomes and Decent Work Country
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Programmes and to fulfill its mandate in relation to the development of the capacity of tripartite constituents.

5. Against this background, a decision by the Officers of the Board to authorize the Centre to use part of the financial surplus obtained in 2009, for the funding of the Centre's training programmes would make a critical contribution to sustaining the current level of activities and balancing the Centre's budget in 2011. If these resources can be allocated in accordance with the same criteria as the Italian voluntary contribution, this will partly offset the consequences of a reduced annual contribution in 2011 and the lower ILO funds expected during the first year of the ILO biennium.
6. This request is made for 2011 to compensate for the lower voluntary funds, as outlined in paragraph 2. In addition, these resources will be used in a structural way to support the launch of new learning events/academies clustering together different courses in a particular field and offering participants individualized learning paths among a variety of thematic and linguistic options. This approach, which has already been successfully tested in areas such as micro-credit and sustainable enterprise development, has attracted interest and ownership on the part of the ILO management and the relevant ILO technical sectors.
7. To this end, the Centre's management is seeking the Officers of the Board's authorization to utilize up to € 500,000 of the 2009 net financial surplus to finance the training programmes in 2011. The use of the funds would be reported in detail to the Board meetings in 2011 and 2012.
8. The remaining €549,000 balance of the net financial surplus will be transferred into the Reserve, but the Centre's Management requests the authorization of the Officers of the Board to utilize this amount not later than 2012, to allow the Centre to adopt measures to bring its current staffing level to a level that future revenue flows could absorb. Specific reports on the use of this second part of 2009 Surplus will be submitted to the Board meetings of 2011/2012.

Points for decision: Paragraphs 7 and 8.
