



Governing Body

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Institutional Section

INS

ELEVENTH ITEM ON THE AGENDA

International Training Centre of the ILO, Turin

Report of the 73rd Session of the Board of the Centre (Turin, 3–4 November 2011)

Opening of the session

A. Introductory statements

1. *The Chairperson, Mr Thurman*, representing the Director-General of the ILO and Chairperson of the Board of the Centre, Mr Somavia, welcomed the members of the Board, especially those participating for the first time.
2. *The Mayor of Turin, Mr Fassino*, welcomed the participants to Turin. He said that, although many of the fundamental rights at work had been strained under the pressure of the global financial crisis, there was growing awareness around the world of the inviolable and indivisible nature of those rights. He underscored the importance of ensuring decent conditions in all aspects of work and noted the increasingly important role played by the ILO in promoting the application of social rights. The European Social Charter, which had been signed in Turin in October 1961 and whose 50th anniversary had just been celebrated, served as a model for defending workers' rights. Reiterating the support of the City of Turin for the Centre, he thanked the Centre for its work and for the international visibility that it brought to Turin, and expressed the hope that it would continue to develop its spectrum of training activities.
3. *The representative of the Piedmont Region, Mr Giordano*, greeted the members of the Board on behalf of the President of the Region, Mr Cota. In spite of financial constraints, the Region remained committed to the Centre and its activities, within the framework of the regional legislation adopted in 2003. The Region saw the ILO's presence as a valuable asset, which fully warranted its support. He confirmed that the precise amount of the financial support of the Region for 2012 would be approved within a few days. In that respect, he reiterated that the Region's support for the Centre was not only financial, but

also political and institutional, and he thanked the Centre for the useful skills that its training promoted and delivered.

4. *The representative of the Unione industriale di Torino, Mr Rinaldi*, expressed his wish for closer collaboration between the Centre and the local private sector, which already contributed indirectly to activities through public bodies.
5. *The Chairperson* thanked the speakers for the support provided by their institutions to the Centre.

B. Adoption of the agenda

6. *The Chairperson* announced that agenda items 1 and 2 would be considered together and that the first sitting would adjourn at 5 p.m. to allow for a presentation to be made to the Board on one of the most important innovations in the work of the Centre over recent years, the academies. He also informed the Board that there was no document for discussion under *Administrative questions* (item 7).
7. *The Board adopted the agenda.*¹

C. Election of Vice-Chairpersons

8. *The Chairperson* invited the groups to nominate the Vice-Chairpersons in accordance with article 3 of the Statute of the Centre. The Employers' group nominated Mr de Meester; the Workers' group nominated Mr Ntshalintshali; and Ms Coënt (Government of France) was nominated by the Government group. As there was no other nomination, those nominated were elected by the Board. The Chairperson congratulated them on their election.

D. Tribute to Ms Fitting

9. *The Director, Ms O'Donovan, and the Vice-Chairpersons of the Board (Ms Del Rio speaking on behalf of the Workers' group)* paid tribute to the memory of Ms Fitting, former representative of the Government of Germany and Government Vice-Chairperson of the Board, who had passed away in January 2011.
10. *The members of the Board observed a minute of silence in tribute to the memory of Ms Fitting.*

¹ CC 73(Rev.).

I. Annual report on the activities of the Centre in 2010 (First item on the agenda)

II. Interim report on the activities of the Centre for 2011 (Second item on the agenda)

11. *The Director* introduced the documents.² She pointed out that the annual report set out statistics and trends relating to the training activities carried out in 2010 and provided information on the funding and implementation of those activities and on management and administration developments. She paid tribute to her predecessor, Mr Eyraud, and to the staff of the Centre for the results achieved in 2010. She highlighted in particular the stability in the number of participants; the signing of agreements with new donors, in particular with Portugal and Brazil, whom she thanked for their support; the new partnerships with training institutes in India and Pakistan; the Centre's participation in ILO outcome-based work planning; the organization of three academies; the success of competitive bidding processes, which had provided the Centre with additional funding of €9.2 million; the completion of the Piemonte Conference Centre; and a budget surplus of €1.9 million.
12. The interim report for 2011 covered the first six months of the year. It contained information on training activities, the evaluation of those activities and provisional financial results. She highlighted in particular the increase in the number of participants from Africa, the Americas and the Arab States and the small decrease in the overall number of activities and participants and in the number of women participants compared to the same period in 2010. She referred to the ten academies organized in 2011 and the gradual introduction of a new evaluation methodology for the academies; the business process review; the further work on upgrading the campus facilities; the continued financial support of local foundations; and the forecast of a small budget surplus at the end of the year.
13. *The Director of Training Programmes, Mr Graziosi*, provided an update on activities, covering the third quarter of 2011. He confirmed that there was a slight decrease in the number of participants and activities in 2011; there continued to be an upward trend in the number of participants from Africa and the Americas, while the number of European participants was lower than in 2010, owing to the fact that a major project with the European Commission had come to an end. He referred to the decrease in unearmarked funds, which had led to a reduction in the number of available fellowships; worker participation was increasing, while that of employers and governments remained stable. He drew attention to the fact that the spectrum of training activities provided by the Turin School of Development had been consolidated and that a new agreement would shortly be signed with two training institutions of the United Nations (UN) system, namely the United Nations System Staff College and the United Nations Institute for Training and Research.
14. *The Worker Vice-Chairperson* regretted the absence of the Director-General and noted with concern that the budgetary constraints had affected the activities of the Centre, particularly with regard to tripartite participation. He urged the Director to take steps to reverse that trend and suggested that at least 30 per cent of new resources from the ILO and from projects should be devoted to building the capacity of constituents. He also

² CC 73/1 and CC 73/2.

expressed concern about the emergence of a two-tier Centre: one that was oriented towards the ILO's mandate and the other that was market-oriented. He raised some questions about cost reduction and about the strategy of diversifying sources of funding and resource mobilization, particularly in the context of the reduction in unearmarked funds, and asked what strategy was envisaged by the Centre's management to increase worker participation and worker inputs in tripartite courses and to achieve the outcomes presented in the new Strategic Plan.

15. *The Employer Vice-Chairperson* stressed the need for continuity in reporting; for example, tables should be generally presented in the same format every year. He noted some interesting developments, such as the greater autonomy in the regions and the introduction of the academies. The balance in funding from the ILO and from other actors demonstrated a responsible approach. Noting that some successful partnerships had been set up with national institutions, he said that it would be useful to explore how institutions in other countries could also benefit from collaboration with the Centre. In that regard, although mention had been made of some partnerships with Asian institutions, the impact was not clear. With regard to the savings resulting from the new enterprise resource planning project, he wondered whether the cost of additional training had been taken into account. In connection with the 2011 interim report, he would be interested to learn more about the implications for the Centre of the further integration of its activities with those of the ILO.
16. *The Government Vice-Chairperson*, after noting that the Centre had an important role to play in supporting employment by developing training, including to assist the implementation of the Global Jobs Pact, stressed the importance of geographical balance in the activities of the Centre and recognized the efforts that had been made to improve its efficiency, to develop innovative approaches to training and to develop closer relations with the ILO and other international organizations. She stressed the importance of ensuring a proper balance in funding and activities across the four strategic objectives of the ILO, emphasizing the importance of social protection and employment in the global context. She also sought clarification on the category of "international civil servants" and the activities included under the heading of "Others." The Government group would like to know whether there were plans to increase the role of distance and decentralized learning; improve access to training activities for persons with disabilities; and how future activities were planned, including for the academies. She stressed the importance of tripartism, noting that reporting on that item should include governments as well as workers and employers.
17. *The Director* stated that the Centre had responded clearly to the ILO's agenda and priorities, maintained its level of activity and would generate a small surplus in 2011, in spite of concerns about its financial viability. Other activities not directly related to the ILO's Decent Work Agenda also had an important role to play, as they secured the Centre's viability and supported core activities. While there had been a minor decrease in the number of participants and level of activities in 2011, the relevance and quality of the Centre's training activities had remained intact.
18. *The Director of Training Programmes* stressed that, in relation to the participation of the social partners, in addition to the dedicated workers' and employers' programmes, constant efforts were being made to ensure that activities were relevant to tripartite constituents. He highlighted the strategic importance of Italy's contribution, which was unearmarked, noting that part of it had traditionally been set aside for the social partners. Unfortunately, those funds were now declining and most other contributions were for very specific purposes. To ensure that the training programmes responded to the constituents' needs, systematic peer reviews were carried out. With regard to the new partnership programme between the ILO and the European Union, although there were advantages in terms of

greater reliability and consistency, unfortunately funds were lower than those previously generated by competitive bidding.

19. He clarified that the term “international civil servants” used in the reports referred mainly to ILO officials who had participated in the Centre’s training courses and additional participants from a variety of other regional or international organizations. With regard to training activities dealing with social protection or employment, there were only minor variations from year to year. The term “Others” referred to all programmes that could not easily be classified under other items and usually conveyed generic skills. As to the distribution between face-to-face and distance learning, he referred to a table in the report that showed the growing importance of blended courses, which had doubled in number in 2010. There were a number of dedicated programmes for people with disabilities and efforts were under way to make the Centre fully accessible. With regard to the planning of courses, he said that standard courses were constantly adjusted in response to growing demands or priorities and tailor-made programmes were developed in response to specific demands or emerging priorities. Participants from labour ministries made up about 10 per cent of the total, while the participants from governments accounted for about 50 per cent.
20. *The Board took note of both documents and requested the Director to take into account the comments and guidance provided by the Board during its discussion.*

III. Results-based Strategic Plan for 2012–15 (Third item on the agenda)

21. *The Chairperson* said that he was particularly pleased that the Centre had prepared a Results-based Strategic Plan that was fully consistent with the ILO’s Strategic Policy Framework for 2010–15 and the Programme and Budget for 2012–13. The plan would facilitate joint planning, implementation and reporting. It gave the Board a chance to define its achievements in measurable terms. He recalled that results-based management was a journey, not a destination, and that it provided opportunities for continuous improvement.
22. *The Director* presented the document and thanked Mr Thurman and his team for their invaluable help in its preparation.³ The introduction of the Results-based Strategic Plan had been the result of the 2010 internal review and led to closer alignment with the 19 ILO outcomes, enabled the measurement and improvement of performance, and enhanced management accountability to the Board. Outlining the main features of the plan, she said that it contained a number of guiding principles and means of action, namely tripartism, international labour standards, gender equality and the Turin Learning Approach. It set down five strategic objectives: implementation of a results-based framework; reinforcement of the governance role of the Board; diversification of the resource base and better outreach; reform of internal operating and administrative procedures; and upgrading of the campus facilities. It committed the Centre to the achievement of three outcomes: enhancing the institutional capacity of the ILO constituents to contribute to Decent Work Country Programmes and to address development challenges; the acquisition of knowledge on international labour standards, ILO values, policies and tools by policy-makers and decision-makers; and an effective and efficient use of all resources. The plan also established a risk register as an essential component of a results-based approach.
23. *The Employer Vice-Chairperson*, emphasizing that learning was an indispensable tool with which to tackle economic, political and other changes, said that there needed to be a shift

³ CC 73/3.

from an ideological to a reality-based approach that valued entrepreneurship. It was essential to seize the opportunity provided by the Strategic Plan, which was clear, transparent and allowed for flexibility. He welcomed the strong emphasis placed on implementation, alignment with ILO outcomes and its quantitative and qualitative aspects, taking the needs of the social partners into account. However, further attention should be given to business continuity planning and enhancing the efficiency of support and administrative structures. Opportunities to increase non-ILO funding should not be limited, if they did not jeopardize the achievement of the ILO outcomes.

24. He stated that the Centre was entering a new era with a strategic plan, vision and a clear management approach. There were many challenges and the key word was “change”. The group expected the Board as a whole to give clear support to that change and that message should go out to all staff. Through leadership, coaching and follow-up, all staff of the Centre should be inspired by, and immersed in, the philosophy behind the Strategic Plan and the attached budget.
25. *The Worker Vice-Chairperson* appreciated that consultations had been held with the constituents on various drafts of the Strategic Plan. In view of the continued structural financial problems faced by the Centre, he welcomed the proposal to submit to the Board an annual implementation report. He also welcomed, among other things, the plan’s clarity; the emphasis given to the role of the Centre as the training arm of the ILO and to enhancing integration and cooperation between the Centre and the ILO; the importance given to tripartism, international labour standards, gender equality and improved learning methodologies in the Centre’s activities; and the plans for staff development and the improvement and greening of the campus facilities. Further improvements could be made, however, for example, with regard to resource allocation and collaboration with the ILO on donor partnerships and integrating the Centre in its resource mobilization strategy. A detailed evaluation of the academies should be submitted to the Board in the next annual implementation report, especially assessing the impacts on tripartism, worker participation and the incorporation of standards.
26. While his group welcomed the attention given to increasing the participation of workers and employers in the Centre’s training activities, the group was concerned about the limited resources available to reach that objective. Furthermore, a specific strategy would be needed to disseminate ILO values and priorities when cooperating with other UN agencies. Noting that the plan did not sufficiently address the Centre’s structural financial problems, he requested further details on the resource mobilization strategy. In that regard, while the Workers’ group supported the proposals to invest more in developing the skills of the Centre’s staff, workloads should not be increased and regular negotiations should continue to be held with the Staff Union Committee. He noted that the plan was a work in progress and that the indicators and targets could be modified in the light of experience.
27. *The Government Vice-Chairperson* welcomed the Strategic Plan, which provided for greater interaction between the Centre and the ILO, measurable targets and a transparent approach to governance. Every effort must be made to ensure the implementation of the ambitious targets on a yearly basis. Emphasizing the importance of identifying appropriate indicators, as well as suitable targets to ensure the relevance of the outcomes, she highlighted, in connection with Outcome 1, the cross-cutting issue of gender equality, and suggested that the target on women’s participation in training activities under that outcome should be increased to 50 per cent. In addition, she asked why the target for government participants was the same as the baseline figure and why there were no indicators to measure the proportion of distance and decentralized learning or the effectiveness of new learning methods. Referring to Outcome 2, she said that efforts should go beyond raising awareness of international labour standards and ILO values to cover also the training of policy-makers and decision-makers. She pointed out the difficulty of evaluating progress

in respect of certain targets in the absence of a baseline figure and asked why the target number of participants had decreased. She stressed the importance of considering the definition of an additional indicator to better assess the adequacy and impact of activities with respect to that outcome. Concerning Outcome 3, she requested further information about efforts to increase the geographical diversity of the Centre's staff and to obtain the three-star hotel classification and said that the efforts to reduce maintenance costs and make the Centre more accessible to persons with disabilities should be reflected in the targets and indicators.

28. *The representative of the Government of the Netherlands* said that, while the Centre clearly had to deliver on the priorities set within the ILO's results-based framework, it was also important to bear in mind that a large proportion of the Centre's income came from activities that were not directly linked to those priorities.
29. *Mr Lima Godoy (Employer, Brazil)* said that more emphasis should be given to the important role that sustainable enterprises played in social and economic development and to the achievement of decent work, as had been highlighted during the discussions on the promotion of sustainable enterprises at the 96th Session (2007) of the International Labour Conference.
30. *The representative of the Government of Ghana* said that she welcomed the risk register contained in the appendix to the plan and urged the management to focus on risk assessment.
31. *The Director* emphasized that the Strategic Plan would be adapted to reflect the changing circumstances and needs of constituents. Noting that many of the targets were ambitious, she said that it was important to try to stretch the Centre's capacities. In her view, the targets were achievable over the four-year period covered by the plan. Efforts had been made to develop indicators that would measure the quality as well as the quantity of the Centre's activities. The focus would increasingly be on gauging the effectiveness of training activities from the perspective of the institutions of the participants, as well as from the perspective of the participants themselves.
32. With regard to the balance between activities linked directly to the ILO's objectives and other activities, she stressed that the primary focus of the Centre – as reflected in the Strategic Plan – was to support the delivery of the Decent Work Agenda and to support the constituents through relevant and effective training. Given the broad scope of the Decent Work Agenda, the plan could in no way be seen as restrictive. The Centre would continue to explore new opportunities to promote the values and policies of the ILO, including among a wider pool of development partners. It would not be easy, however, to measure the impact of the Centre's activities among such partners. Referring to the reduction in some of the quantitative indicators, she emphasized that the plan's focus was on quality and not just quantity, taking into account the Centre's capacity. Efforts were being made to manage the continuing structural financial problems, including by reaching out to new donors and by making the most efficient use of the Centre's resources. In that regard, the focus was not on staff cuts, but rather on shifting resources from administration to training activities linked to the streamlining of work processes. Steps were being taken to make the campus more accessible to persons with disabilities as part of the target to obtain international accreditation as a green campus (green flag).
33. *The Board took note of the document and endorsed the Results-based Strategic Plan for 2010–15, requesting the Director to take into account the views expressed during the discussion.*

IV. Financial questions (Fourth item on the agenda)

A. Programme and Budget proposals for 2012

34. *The Director* presented the document and noted that 2012 was a transition year, in which the Centre was moving towards the new results-based system with targets and indicators set by the Board.⁴ More systematic data-gathering was required in order to establish a number of baselines. There would also be internal reforms linked to the business process review, new cost efficiency measures and a comprehensive resource mobilization strategy. New features included annual targets set under each indicator; the consolidation of the academies based on lessons learned; a new evaluation methodology; a formalized training programme for ILO staff; a new financial reporting model; the establishment of an Innovation Fund; and a campus improvement plan. She underlined that the proposals were based on prudent and conservative financial assumptions. They included staff salary increases of 2.5 per cent, an inflation rate of 2.5 per cent and an increase in staff development funds to 0.8 per cent of the payroll. When the budget proposals had been prepared, the expectation had been that there would not be an increase in the voluntary contribution from Italy. The Director reported that, more recently, the Centre had been advised by the Italian Ministry of Foreign Affairs that the Italian voluntary contributions to all UN entities in 2012, including the Centre, were at serious risk.
35. A small surplus of €35,000 was projected for 2012. Referring to the 2010 surplus of €1.8 million, the Director explained that it was proposed that the funds be directed to the strategic priorities. As to the challenges ahead, she mentioned the ongoing economic uncertainty; the unpredictability of training income; the need to do more with less; the need to keep pace with innovation in learning and training technologies, and change management linked to internal reforms.
36. *The Worker Vice-Chairperson* welcomed the new format of the budget proposals based on the results-based approach of the Strategic Plan. While his group agreed with the main challenges and the five priorities, it was concerned that there was still some distance to be covered in terms of integration with the ILO, in particular with the Partnerships and Development Cooperation Department. The diversification of the resource base should be consistent with the main priorities of the ILO's core mandate. As to the business process review and steps towards integration with the ILO's Integrated Resource Information System (IRIS), his group asked to be kept informed of progress. It agreed with the allocation of the surplus to workers' and employers' programmes, but would like more details about additional fund-raising activities and the prioritization of specific actions.
37. His group requested more detailed information on the identification of support costs; whether the ILO's contribution to operating costs included the increased contribution of US\$500,000; the level of income sources for 2012 compared with the budget for 2011; whether the assumption of an inflation rate of 2.5 per cent was realistic; and whether security costs could be shared with other partners on the campus.
38. *The Employer Vice-Chairperson* welcomed the clarity of the report and the very useful changes that had been made to the format. As an additional improvement, he suggested that the figures set out in tables should reflect trends over a three-year period. His group welcomed the five priorities and considered that limiting their number was the right approach. It supported the developments under Outcome 1, especially with regard to youth

⁴ CC 73/4/1.

employment, an item that would be included on the agenda of 2012 session of the International Labour Conference.

39. His group considered the budget to be balanced and agreed with the use of the surplus, in particular with regard to the establishment of the Innovation Fund and the development of new training methodologies. Nevertheless, the budget seemed to be based on rather positive assumptions, even though there were clear risks, such as the possibility of a reduction in the voluntary contribution of the Italian Government. He stressed the need to look for alternatives, to step up efforts in that regard and to make sure that all staff were vigilant and open to opportunities for new sources of income. His group did not want to see the spending of the 2010 surplus affected.
40. His group stressed that, compared to the overall target in the Strategic Plan to achieve a reduction from 37 per cent to 25 per cent in administrative overhead costs, the pace of reduction of overhead costs proposed in 2012 was too slow (only 1 per cent). Coming from a very high level of 37 per cent, it should be possible to achieve a serious reduction in the first year of the plan through greater efficiencies in the support functions and the administrative overhead (“quick wins”). The additional investment for internal reform should have an impact. He insisted on a more ambitious first year target. He also noted that the figures on staff costs contradicted the Strategic Plan, since they showed an increase.
41. *The Government Vice-Chairperson* said that many of the comments made concerning the Strategic Plan were also applicable to the programme and budget. She recalled the remarks that had been made on the importance of setting additional indicators to better assess the adequacy and impact of activities with respect to the outcomes. She noted that there was clearly an effort to do more with less, which she considered a pertinent strategy in the current climate. Although she would have expected the increased integration of the ILO and the Centre to be reflected in the ILO’s financial contribution, according to the figures there had actually been a slight decline. She queried why administrative costs had increased; whether in the crisis context the campus improvements were really necessary; why the staff was receiving a pay increase of 2.5 per cent; and why a relatively high amount was spent on consultants.
42. *The representative of the Government of Brazil* underscored the importance of capacity building and the important role of the Centre in that regard. Brazil welcomed initiatives to secure the financial viability of the Centre in a context of limited financial resources. He also stressed the importance of closer cooperation with field offices and of strengthening the participation of employers’ and workers’ organizations.
43. *The representative of the Government of the Walloon Region (Belgium)* suggested including separate information on the voluntary contributions received by the Centre. He noted that the Walloon Region had recently signed an agreement with the Centre targeting Central Africa to develop projects that were very well balanced in terms of benefits for employers and workers.
44. *The representative of the Government of Ghana* asked for further clarification with regard to the Innovation Fund; for example, she wanted to know how it would be replenished.
45. *The representative of the Government of Italy* stressed the importance of diversifying the Centre’s resource base and increasing outreach, particularly in the light of the imbalance in voluntary contributions. He said that it was imperative to reach out to countries that had acquired a more prominent role on the international stage. The ILO should also consider getting involved in helping countries in the southern flank of the Mediterranean with respect to institution building.

46. *The representative of the Government of China*, noting a decline in the number of participants from the Asia and the Pacific region, said he hoped that the trend could be reversed by increasing cooperation with the region, in particular with relevant Chinese institutions.
47. *The Director* took note of the useful suggestions that had been made to improve the presentation of the budget information. As to the assumed inflation rate, she explained that a recent change in VAT had led to an increase in inflation in Italy but that an annual average had been used based on international data. Staff salary increases reflected decisions of the International Civil Service Commission (ICSC), which the Centre had a statutory obligation to implement. In the field of resource mobilization, a more structured dialogue was under way with the relevant departments in the ILO. An important development with regard to integration with the ILO was that the Centre now had access to the Strategic Management Module of IRIS, which was the main tool for planning the ILO's technical work at headquarters and in the regions. The Centre would now be able to participate in and contribute to that exercise in "real time". That marked an important step forward, as that work-planning exercise was the driving force behind the ILO's delivery model.
48. With regard to upgrading the campus, the Director assured the Board that the measures would focus on improvements that were essential to the proper functioning of the accommodation and training facilities. As to the new Innovation Fund, she explained that an internal panel had been established to review proposals based on agreed criteria. Currently, there was no provision for the future replenishment of the fund, but she hoped that a minimum level could be maintained. With regard to the ILO's contribution to the Centre for 2012–13, she believed that the Board could be satisfied that the Director-General and the Governing Body had recognized the importance of maintaining the ILO's budgetary support to the Centre for the 2012–13 biennium.
49. *The Director of Training Programmes* said that the Centre intended to continue to expand its resource base and that discussions were under way with several governments in order to secure contributions, as was the case with Portugal for example, which had contributed an additional amount of €250,000 in 2011 and would do the same in 2012. Ambitions should, however, remain realistic at a time that was characterized by a general reduction in government funding for official development assistance and by a reduction in the resources allocated by the national institutions for human resources development. Noting that the solution lay in the better use of available resources and in enhancing the competitiveness of the Centre, he drew attention to the agreements that had been reached with training institutes in several countries, including Morocco and Pakistan. The Centre was exploring alternative forms of collaboration, in addition to financial support, and was trying to enhance synergies with several national development agencies.
50. *The Treasurer, Ms Dungca*, replied to the questions raised by the members about the method used to calculate the costs of administrative and support staff and the mechanism used for attributing contributions to fixed costs. Security-related costs were shared with the two other institutions on the campus and were calculated on the basis of the number of staff of the respective institutions. The reduction in the ILO's contribution in 2011 was a result of changes in exchange rates. For 2012, in accordance with International Public Sector Accounting Standards (IPSAS), the contribution would be converted into euros as soon as the money was received.
51. *The Director*, replying to comments concerning the possible reduction in Italy's voluntary contribution, said that she would inform the Board, through the officers, if and when that happened and would keep them informed if there were any significant implications for the operations of the Centre. However, she recalled that internal adjustments to the budget

could be made to take into account such changes within the framework of the overall budget approved by the Board. With regard to the management's intentions concerning the reduction in administrative and support costs, she reassured the Board that the focus was not necessarily on a reduction in staff, but rather on the more efficient use of all staff resources.

52. *The Board approved the Programme and Budget proposals for 2012 as presented in document CC 73/4/1.*

B. Review of the Financial Regulations

53. *The Treasurer* introduced the document.⁵ The proposed amendments were a result of the Centre's application of IPSAS and alignment to the ILO's Financial Regulations. The next step, after the adoption of the revised Financial Regulations, would be to amend the Financial Rules, on which proposals would be presented to the Board in 2012.

54. *The Worker Vice-Chairperson* requested that the reference in article 4(5) to contract types be reinstated.

55. *The Government Vice-Chairperson* said that, for the sake of clarity, she would have liked to receive a complete copy of the full text of the revised Financial Regulations, and not only the revised clauses.

56. *The Treasurer* clarified that a complete staff list showing the contract types of staff was on the Centre's web page. The deletion of that reference from article 4(5) was intended to eliminate the requirement to reproduce that list as an annex to the written document presented to the Board, in the interests of reducing the length of Board documents.

57. *The Chairperson* proposed that the amendments put forward by the Director be agreed by the Board subject to the Vice-Chairpersons' approval of the full text of the revised Financial Regulations.

58. *The Board:*

(a) *approved the amendments to the Financial Regulations, as set down in Appendix I of document CC 73/4/2, and submitted them for consultation to the Governing Body of the ILO; and*

(b) *authorized the Officers of the Board to amend the Financial Regulations, as set down in Appendix I of document CC 73/4/2, taking into account any views expressed by the Governing Body.*

C. Implementation of IPSAS: Progress report

59. *The Treasurer* introduced the document and briefly outlined the timetable for the implementation of IPSAS.⁶ In 2012, the financial statements would be in full conformity with the requirements of those standards.

⁵ CC 73/4/2.

⁶ CC 73/4/3.

60. *The Worker, Employer and Government Vice-Chairpersons* requested that the groups be kept informed of the outcome of the process and of the impact of the new accounting standards, noting that their implementation provided a good opportunity to strengthen the Centre's integration with the ILO.

61. *The Board took note of the document.*

V. **Audit questions (Fifth item on the agenda)**

A. **Financial statements and External Auditor's report for the financial year 1 January–31 December 2010**

B. **Plan for the audit of the 2011 financial statements**

62. *The Treasurer* introduced the financial statements.⁷ She recalled that the financial statements were now presented in the format prescribed by IPSAS. The changes included the transition to accrual accounting, provided for the recognition of voluntary contributions upon the signing of the corresponding agreement and for the recognition of liabilities related to employee benefits. Benefits of the new format included increased transparency and financial accountability; consistency of accounting treatment; greater comparability with the financial statements of the ILO and other UN agencies; and a strengthened governance role for the Board. She set out the objectives of full implementation of IPSAS by the 2012 financial year; early preparation of the financial statements in order to allow for their timely consolidation with the ILO; providing the Centre's staff with training on the new processes driven by IPSAS; and obtaining an unqualified opinion from the External Auditor.

63. The net total of reserves and fund balances had amounted to €8.7 million in 2010. After providing a breakdown of the funds, she stated that the Investment Fund had been replaced by the Innovation Fund. She provided an explanation of the budgetary surplus in 2010 and outlined its major components. Although there had been a reduction in voluntary contributions, the revenue generated by training activities had been higher than expected. Other measures had also contributed to the positive results, including further savings in fixed costs, an increased allowance for doubtful accounts, foreign currency gains and the cancellation of old obligations.

64. *The Treasurer* replied to questions explaining that cost-reduction measures had been taken in 2009 and 2010 and had included measures to reduce staff costs by freezing recruitment and deferring the purchase of information technology (IT) equipment and software. With regard to reducing the risk of excessive divergence between the approved budget and the final results, she said that the Centre would like to be more cost intelligent and to eliminate activities that did not add value. The business process review would help in that regard.

65. *The Board approved the financial statements for 2010.*

⁷ CC 73/5/1.

66. *The representative of the External Auditor, Ms McMahon*, presented the External Auditor's report.⁸ It provided detailed information on the audit of the Centre's financial statements for 2010, observations related to the audit, a review of the status of the recommendations made, and observations on the status of implementation of IPSAS. She summarized the contents of the report, which concluded, among other things, that the Centre's financial statements were sound, both in terms of its financial position and performance and in terms of cash flows, that the accounting principles had been applied in a manner consistent with that of 2009, and that the Centre's transactions examined during the audit reflected the provisions of the Financial Regulations approved by the Board. After outlining some of the changes that had been introduced following the application of the new standards in 2010, including to the presentation of the financial statements, she indicated that the External Auditor would follow up on progress made in the area of risk assessment in the next audit. She congratulated the Centre for its efforts and for the progress made in the achievement of IPSAS, but urged it to plan for future changes, including through discussions with the ILO. She thanked the Director and her team for their cooperation during the audit process.
67. She then presented the report on the plan for the audit of the 2011 financial statements, noting that it was the first time that such a report had been prepared.⁹ It contained information on the audit mandate and objectives; the responsibilities of both parties; the significant audit areas; the approach to be taken during the audit; a description of information to be reported to the Board after the audit; and other relevant matters. In particular, she mentioned that, during the transition to IPSAS, changes should be monitored carefully. Furthermore, specific procedures would be carried out to review the new accounting methods used to hedge exposure to fluctuations in the United States dollar. She looked forward to continued cooperation with the Centre.
68. Replying to questions, the representative of the External Auditor explained that the transition to the new system certainly presented some challenges, including with regard to understanding the new format of the financial statements, but that the intention was for all United Nations bodies to adopt a similar framework and to disclose all their liabilities and related expenses on their financial statements. Discussions were currently under way on the implementation of IPSAS 23 on revenue from non-exchange transactions, with regard to training revenues. Her office had been very impressed by the speed and completeness of the management's response to the recommendations it had sent in its management letter.
69. *The Employer and Worker Vice-Chairpersons*, after clarifications were given to the points raised, both indicated their support for the documents.
70. *The Government Vice-Chairperson* commended the Centre for its efforts and requested a clarification on the use of amortized assets. She urged the Centre to take into account the External Auditor's comments.
71. *The Board approved the report of the External Auditor and took note of the plan for the audit of the 2011 financial statements.*

C. Internal audit report

72. *The representative of the Office of Internal Audit and Oversight (IAO), Mr Watson*, presented the document, noting that it was the first time that such a report had been

⁸ CC 73/5/1.

⁹ CC 73/5/2.

presented to the Board.¹⁰ After outlining the mission of the IAO and its overall audit approach and identifying the areas that could be subject to an audit, he noted with satisfaction that the Centre had included a risk register in its Strategic Plan. The IAO would aim to finalize its audit plan for 2012 before the end of the year and would liaise with the External Auditor in order to avoid any overlap of effort. It would then conduct individual audit assignments, using an established internal control framework that focused on risk management, internal control and fraud deterrence.

- 73.** Following an audit carried out in 2011 on income generated from the Centre's training activities, the IAO had concluded that there were no major weaknesses in internal controls. However, it had called on the Centre to review its workflows in order to improve efficiency. It had also called for a review of IT administration and security policy. Noting that the process of selecting consultants had already been completed, he said that the IAO would report the results of the review at the next session of the Board. It would also follow up on the Centre's actions to implement its recommendations.
- 74.** Replying to questions, he emphasized the importance of streamlining and of building institutional memory. When selecting areas on which to focus in the audit strategy for 2012–15, the discussions on the Strategic Plan, the Programme and Budget for 2012 and the suggestions made by the Board would be taken into account. For example, he took note of a suggestion to focus on fee-setting and on the use of external collaborators. A risk assessment model would be used to set priorities. Timing, resources and the need to avoid duplication of effort were other factors that would be taken into account.
- 75.** *The Board took note of the document. The Director was requested to take into account the comments and guidance provided by the Board.*

VI. Human resources questions (Sixth item on the agenda)

- 76.** *The Director of Human Resources Services, Mr Villemonteix,* presented the document, which took into account the recommendations of the ICSC and proposed an amendment to the Staff Regulations.¹¹ He outlined the recommendations which related to changing the current eligibility requirements for the receipt of the education grant – a change that was unlikely to affect the Centre in the near future – and to revising the base/floor salary scale for Professional and higher categories, which would lead to increases in end-of-service payments. The Board was requested to approve the recommendations of the ICSC, subject to their approval by the UN General Assembly. The aim of the amendment to article 1.2(b) of the Staff Regulations was to align the Centre's procedures with the ILO Staff Regulations.
- 77.** *Ms Del Rio (Worker, Italy),* speaking on behalf of the Workers' group, said that her group accepted the ICSC's recommendations as set out in the document and authorized the Director to give effect to the changes, subject to their approval by the UN General Assembly. It also approved the proposed amendment to the Staff Regulations and welcomed the consultation that had taken place with the Staff Union.
- 78.** *The Employer Vice-Chairperson* indicated the group's support for the two points for decision contained in the document.

¹⁰ CC 73/5/3.

¹¹ CC 73/6.

79. *The Government Vice-Chairperson* sought clarification on the proposed change to the Staff Regulations to allow for a two-year direct appointment instead of the current possibility of one year only.
80. *The Director of Human Resources Services* explained that, in addition to aligning the Centre's Staff Regulations in that area with those of the ILO, the amendment would also facilitate the mobility of the staff of the Centre with the ILO and with other UN agencies.
81. *The Board approved the points for decision contained in paragraphs 6 and 8 of document CC 73/6.*
82. *The Chairperson*, following the normal procedure, invited the Board to listen to a statement by the Chairperson of the Staff Union Committee (see Appendix I).

VII. Reports of the Trade Union Training Committee and the Employers' Training Committee (Eighth item on the agenda)

83. *The Worker Vice-Chairperson* presented the report of the Trade Union Training Committee.¹² The Workers' group recognized the paramount importance of education for trade union organizations and welcomed the efforts by the Bureau for Workers' Activities (ACTRAV) aimed at permanently improving the quality of training activities. It thanked the entire staff of ACTRAV–Turin for their efforts over the year, in a climate that continued to be marked by unpredictability, and the Governments of Italy and Spain for their financial support to the Workers' Activities Programme.
84. *The Employer Vice-Chairperson* presented the report of the Employers' Training Committee.¹³ The Employers' group was deeply concerned about the continuous decline in stable funding of the ACT/EMP–Turin Programme, and emphasized the high potential of the Programme and the need for the Centre to increase its investment in that regard. The group was satisfied with the new approach to tripartism taken in 2011 and had commented positively on the first drafts of the Strategic Plan. It was satisfied with the response of the management of the Centre to its requests for further resources.
85. *The Board took note of both documents.*

VIII. Date and place of the next session (Ninth item on the agenda)

86. *The Chairperson* proposed that the 74th Session of the Board of the Centre be held before the 315th Session of the Governing Body of the ILO, which would be held in Geneva from 1 to 16 November 2012. The exact date would be communicated to members.
87. *The Board approved the Chairperson's proposal.*

¹² CC 73/8/a.

¹³ CC 73/8/b.

IX. Other questions

A. Delegation of authority to finalize the report of the Board

88. *The Chairperson* informed the members of the Board that, further to the reform of the Governing Body, the report of the 73rd Session of the Board would be considered in the Institutional Section of the 312th Session of the Governing Body. He proposed that, in order to facilitate the preparation and finalization of the report, the Board should delegate the task of approving the draft report to its Chairperson and Vice-Chairpersons.

89. *The Board approved the Chairperson's proposal.*

B. Amendments to the Rules of Procedure of the Board

90. *The Chairperson* also proposed that, in order to reflect the new structure of the Governing Body, article 11 of the Rules of Procedure of the Board, which provided that the report of the Board would be submitted to the Programme, Financial and Administrative Committee, should be amended to read:

Article 11

Report

A report shall be drawn up after each meeting by the secretariat. This report will be communicated to members of the Board as soon as possible and submitted to the Institutional Section of the Governing Body in accordance with the decisions taken by the Governing Body of the ILO at its 222nd (February–March 1983), 310th (March 2011) and 311th (June 2011) Sessions.

91. *The Board approved the amendment to the Board's Rules of Procedure.*

C. Presentation on developments in the Arab States

92. *The Chairperson* invited the ILO Regional Director for the Arab States, Ms Al-Nashif, to make a presentation to the Board on developments in the Arab States and the scope for cooperation between the Arab States and the Centre on capacity development of constituents in the region.

X. Closure of the session

93. *The Chairperson* thanked the participants for their contribution and closed the 73rd Session of the Board.

Turin, 8 November 2011

Appendix I

Statement by the representative of the Staff Union Committee to the Board of the Centre

(4 November 2011)

Mr Chairperson, distinguished members of the Board and dear colleagues,

Greetings from the Staff Union Committee!

I am happy to have this opportunity to be here before you, to convey a message on behalf of the staff of the Turin Centre. At the outset, the union wishes to clarify that we are not bringing before you a litany of complaints or criticisms regarding the management. At the Centre, we have a tradition of good social dialogue with the management, which continues with our new Director, and we are hopeful of working together in a constructive spirit to resolve the issues facing the staff here. We see this opportunity today to share with you the staff's views on our work and our concerns regarding the future, so that informed guidance is provided by the Board to all of us who implement the decisions of the Board.

As you will be well aware, the difficult socio-economic and political times facing many member countries have also had an impact on the work of the Centre and on the conditions under which the staff here works. We are, however, happy to report that both the staff and the management have stepped up to the challenge and have been working together to "do more with less". Through new partnerships, cost savings, innovations and diversifications, we have so far faced these difficult times quite well. Staff efforts have ensured that earnings from training activities have not only been consistently more than the staff costs, but have also ensured that a surplus has been generated.

Looking towards the future, the Staff Union is aware that these difficult and uncertain financial times will continue, but we are confident that, with the support of the Board, the management and the staff of the Centre can meet these challenges.

What we would like to underline here today is that, given the nature of the work of the Centre, the major asset that the Centre possesses is its staff. The Centre comprises colleagues with a unique range of competencies, knowledge and experience, which is a major factor behind its reputation as a centre of excellence in training. It is this resource that will keep the Centre growing and help meet the challenges in times ahead. It is essential therefore that this inherent strength of the Centre be nurtured and promoted through supportive management policies that create opportunities for the development of its staff. Within the bounds of the financial outlook, ensuring conditions of "decent work" to keep the staff motivated and productive is perhaps one of the most important management tasks for this institution's leadership.

It is in this context that the Staff Union Committee urges the Board to take a look at the third item on the agenda (Results-based Strategic Plan for 2012–15). In principle, the Staff Union welcomes this initiative for securing the viability of the Centre and looks forward to working with the management to implement this. We wish, however, to point out that, in order to achieve the goals of this plan, we need supportive human resources policies and a plan to back the targets that are being proposed.

In the Strategic Plan, there are higher targets – both quantitative and qualitative – for training activities, participants, resource mobilization and the capacity utilization of the Centre's facilities. The staff is committed to achieving the improved quality and cost

effectiveness of our work here at the Centre. In fact, the certification of the quality of the staff's work can already been seen in the participants' evaluation of the training activities, which is quite high at 4.4 on a scale of 5 (benchmark for 2010). However, we are concerned about the implications of some of these targets for staff and our working conditions here. For example:

Indicator 3.2 for Outcome 3: Reduction of administrative and support staff costs as a percentage of total staff costs from 37 per cent (in 2010) to 25 per cent in 2015. We understand the need to improve cost efficiencies, but the way this indicator has been expressed implies only one thing – possibilities of non-renewal of contracts of some staff. This is unfair to the colleagues working here and hard to accept, because as matters stand, in relation to the current volume of activities undertaken, the staff is stretched to the limits, to such an extent that many members of staff are not in a position to utilize fully their annual earned leave. Against this scenario, higher targets for capacity utilization of the Centre's facilities are being set (Indicator 3.6), while at the same time aiming for further reduction of staff. The Staff Union is of the view that, if this is the vision of the management, then not only would there be difficulties in achieving the objectives of the Strategic Plan, but there would also be an unhappy, stressed and demotivated staff in times ahead, and a staff relations situation that will do no credit to the Centre or to the ILO, which stands for promotion of decent work for all.

We would suggest that this indicator be reoriented and reworded to read: *Reduction of administrative, support and management costs as a percentage of the total costs of the Centre.* This would allow us to look at something more than just the staff for improving efficiencies. The Staff Union is of the view that, unless there is a reason to expect a major financial catastrophe, there must be a commitment on the part of the Centre – in the form of a “Turin Centre Jobs Pact” – to ensure that no long-serving precariously employed staff member is terminated. This should not be difficult to do, given the critical shortages in some departments and the foreseen retirements.

Similarly, there is a necessity to ensure a balance between the proposed policy of geographical diversification of staff and the need to stabilize the employment conditions of existing project- and activities-based staff, who have been working on precarious terms for a number of years. We need to avoid a situation where such a policy denies opportunities for the regularization of employment of existing project-based staff just because they do not have the right nationalities.

Decent Work at the Centre: There is a need to ensure employment stability and non-discrimination in the employment conditions of the Centre's staff, as the ILO recommends to its constituents. Indeed, there has been some improvement in recent years, but the problem persists. The Staff Union urges the review of contractual arrangements for the short-term and project- and activities-based staff. We should reduce, at the very least, the detrimental consequences of these contractual relationships on conditions of service. Contractual uncertainties for the same staff, year after year, foster fear and stress and are not conducive to staff morale and productivity.

Internal operating and administrative procedures, including reorganization of the training and administrative teams: The Staff Union Committee acknowledges the need for streamlining procedures and processes, as well as redeployment of staff where needed. However, we strongly recommend that the proposed review of internal operating and administrative procedures also look into the work of the staff from the point of view of workload and stress, especially in regard to the project-based and general services staff in different departments. We also urge that this review process be done with involvement of the representatives of the relevant departments, to ensure that further enhancements in productivity do not come at the expense of the morale and welfare of existing staff who already feel stressed owing to pressure of procedures and current volume of activities.

Business process review: We understand that a business process review (BPR) was undertaken with the support of the ILO earlier this year and based on this it is proposed to reform the Centre's operating model and internal business processes in the coming period (as outlined on page 5 of document CC 73/4/1). We look forward to receiving the report of this BPR and hope that changes will be introduced in consultation with and in the spirit of "joint decision-making" with the Staff Union.

The Turin/Geneva relationship: The integration of the Centre with the ILO has been a longstanding issue. The Centre's move towards aligning closely with the ILO's Strategic Policy Framework and seeking to contribute to the ILO outcomes is relevant and a step in the right direction. However, the Centre has always been contributing to the ILO's mandate and to its operational work, especially in regard to the capacity building of constituents. What is needed is for the ILO to recognize this and to follow up with organizational integration, at least at the staff level. In terms of staff, the Centre and the ILO must be considered as a single organization. Improved mobility possibilities between the Centre and the ILO would be beneficial for the career development prospects of the staff of both organizations. We strongly request the Board to push within the ILO Governing Body for more organizational integration of the Centre with the ILO.

Investment in staff development at the Centre: We welcome the initiative to improve the investment in staff training and development. We hope to work with the management to prepare a plan for staff development, starting with the staff training needs of both P and G staff.

In closing, we wish to state that you have here at the Centre some of the most committed, creative and hardworking people who have chosen to work here because we believe in the ILO and its values. And the staff is always willing to adjust and to do more to fulfil the Organization's mandate. But there is a point beyond which it will not be possible to go and it is for this reason that we seek your support – to ensure work-life balance for the staff, to promote an environment that has opportunities for career growth and development and working and service conditions that are set on the basis of the standards that the ILO recommends to the world and that is not driven by the financial exigencies and short-term needs of the Centre.

Thank you, and we look forward to your support.