



FOR DISCUSSION

SIXTH ITEM ON THE AGENDA

Report of the Meeting on 25th September 2009

Officers of the Board

Ms. O'Donovan opened the meeting.

1. *The Director of the Centre* presented the overall situation and perspectives of the Centre. Following the reduction in Italy's voluntary contribution from €7 million in 2008 to €4 million in 2009 and 2010, the Centre foresees a €1.2 million operational deficit in the 2010 budget. An Officers of the Board meeting was convened to seek advice on how to deal with this situation.
2. *Mr. Renique, representative of the Employers' Group*, started by saying that the Employers' Group would not normally accept a budget proposal with a deficit, but provided that the deficit was related to more fundamental problems, the Group would be prepared to do so if the issue were brought up before the PFA. The ILO had to translate into practice the notion that the Centre was the training arm of the ILO. The suggestions made by the PFA on the basis of the Working Party's conclusions on the funding of the Centre in 2007 required concrete follow-up. He proposed a multiple approach.
 - The ILO should increase its regular contribution to the Centre to a significant level, reflecting the position of the Turin Centre as the training arm of the ILO.
 - A significant contribution could be made by the ILO to the Centre if an adequate share of RBSA and extra-budgetary resources were devoted to training constituents as part of Decent Work Country Programmes. This would reflect the key role of the Centre in building the capacity of constituents, as indicated in the 2008 Declaration on Social Justice.
 - A renewed appeal should be made to member countries to become donors to the Centre. Modalities for donorship (un-earmarked contributions, project sponsoring, etc.) were described in the report submitted by the working party to the PFA.
 - Given the "One UN" developments and the acceptance of the Decent Work Agenda by the UN, activities in collaboration with other UN organizations also served the strategic objectives of the ILO agenda and were therefore consistent with the mandate of the Turin Centre.

The Employers' Group would seek the support of the Turin Board for that approach to stabilizing the funding of the Centre. The Employers' Group realized the far-reaching character of the proposal, but found that the time had come to make fundamental decisions on the relationship between the ILO and the Turin Centre.

Mr. Renique raised a separate issue more specifically related to employers' activities, which also touched on the broader question of how seriously the mission of the Turin Centre as the ILO's training arm was taken. During the forthcoming Board meeting in November, the Employers' Group would point out the wide gap between the role that the Declaration on Social Justice gave to the Centre in building the capacity of constituents and the resources available for specific programmes. The Employers' Programme at the Centre had expanded considerably and had also shown a capacity to attract funds from third parties. However, the Programme only had one regular professional staff member besides the programme

manager, which was unacceptable. The Employers' Group insisted on adequate resources for the Programme. Responsibility for capacity building as envisaged in the Declaration needed adequate staffing and more regular resources for both the Employers' Programme and the Workers' Programme at the Turin Centre. The Centre's limited capacity to support social partners' participation in regular courses also had to be addressed.

3. *Ms. Busser and Ms. González, representatives of the Workers' Group (Mr. Sidi Said, the workers' spokesperson, was not able to participate)* expressed concern over the budget deficit for 2010. However, they believed that the deficit could be overcome, as it reflected a situation already analysed in previous meetings (especially by the Working Party in 2007). The Working Party had clearly indicated the need for increased financing for Turin, as well as a strategy by which to achieve that. In 2007, the GB had recognized that the vulnerability stemming from reliance on a single donor had to be reduced through increased voluntary contributions by other donors. The Workers' Group asked what had been done to implement that strategy, what obstacles had been met and why certain reductions in voluntary contributions were expected in 2010. The Workers' Group called upon governments to increase their contributions to the Centre, in particular for financing training activities rather than for covering fixed costs. It supported the idea that more coordination should take place between the ITC and the ILO, and that the ILO should support ITC training programmes linked to decent work outcomes. It asked about resource mobilization in coordination with PARDEV after 2007, and the level of resources allocated from the RBSA. It strongly supported the allocation of a percentage of the RBSA, or some sort of direct contribution from the RBSA, to close the budget gap. Finally, it asked for the reasons for the expected reduction in ILO regular budget contributions for activities in 2010 as shown in the Board document, CC71/2 add.1. It would like to know if and how Turin would be involved in the outcome-based work plans
4. *Ms. Fitting, representative of the Governments' Group*, welcomed the proposals and comments by the Workers' and Employers' Groups. She underlined that nobody could expect that in 2011 the contribution of Italy would increase. Therefore, first of all, an overall plan had to be devised to ensure the future of the Centre in the long run, bearing in mind that the ILC offered training units that were unique and at the heart of the ILO's mandate. She underlined the need for more information on the steps to be taken by the Centre and the Office to resolve the problem in 2010. She asked the ILO to accept more active responsibility for the ITC. Moreover, she wanted the discussions over the last few years to lead to concrete proposals and measures, especially concerning the use of the RBSA and the RBTC. She recognized that an increase in voluntary contributions to the Centre would help, but pointed out that it could not replace more visible commitment by the ILO. She underlined that the ILO and the ITC were partners.
5. *Ms. Zappia, representative of the Italian Government*, fully endorsed the three previous statements. The Italian Government did not foresee an increase in its voluntary contribution for 2010-2011, and it was not going to cover the deficit. She supported agreeing upon a fixed percentage or a mechanism to use RBSA resources for the Centre.

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6. *The management of the Centre* agreed that increasing direct contributions was the long-term solution and that the proposal should probably come from the GB of the ILO. The question was to find a solution for the coming three years. If more countries made even small direct contributions to the Centre's regular budget, the Centre would gain in predictability and reduce the need for cost recovery, which would allow it to run more programmes. In relation to expanding the portfolio of activities, attempts had been made to convince donors to move from project-based funding to a programmatic approach, in the same way as the Centre used the Italian voluntary contribution. The decrease in the ILO regular budget contributions in the 2010 budget proposal was linked to the ILO biennium cycle, in particular to the RBTC and slippage delivery.
 7. *The ILO representatives, Ms. Van Leur and Mr. Thurman*, stated that the allocation process for the RBTC for 2010-11 had to be improved to reduce transaction costs. They stressed the importance of outcome-based work planning, which was part of the ILO's results-based management programme. The outcome-based work plans offered a real opportunity for transparent allocation of resources within the Office, and included participation by the Turin Centre. The use of the Centre's services was encouraged within broader ILO programmes and technical cooperation projects, but that could not become compulsory. It was important to find ways to integrate the services of the Turin Centre better into outcome-based work plans, including the identification of funding gaps for the Centre's training activities. This was a more appropriate solution than a fixed allocation for Turin from the RBSA, which would be inconsistent with the Office's commitment to results-based management. The Centre was also encouraged to look for other funding opportunities, e.g. with non-state bodies, development banks or bilateral donors.
 8. After discussions with the ILO representatives, it was decided that the ILO would come back with concrete proposals before the meeting of the Centre's Board and the GB, along the following lines. In the short term, the ILO would look into ways to expedite the use of the Turin's regional RBTC allocations, and the Centre should be involved in the development of the new outcome-based work plans, in order to benefit directly from RBSA resources and other donor contributions. In the medium term, the scope and mechanisms for increased direct contributions to the Centre by ILO constituents would be reviewed.