



Governing Body

309th Session, Geneva, November 2010

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Programme, Financial and Administrative Committee

PFA

FOR INFORMATION

NINTH ITEM ON THE AGENDA

International Training Centre of the ILO, Turin

Report of the 72nd Session of the Board of the Centre (Turin, 4–5 November 2010)

Opening of the session

1. *The Chairperson, Ms O'Donovan*, representing the Director-General of the ILO and Chairperson of the Board of the Centre, Mr Somavia, who was regrettably unable to attend, welcomed the members of the Board, especially those participating for the first time. She also welcomed the three Vice-Chairpersons: Ms Fitting, for the Government group; Mr Renique, for the Employers' group; and Mr Sidi Saïd, for the Workers' group. She noted with satisfaction that the session was being held at the Turin Centre's new conference centre, which was the result of positive collaboration between the Italian authorities and the management of the Centre.
2. *The Board adopted the agenda.*¹
3. *The representative of the Piedmont Region, Ms Marcon*, greeted the members of the Board on behalf of the President of the Region, Mr Cota, who could not be present due to his institutional commitments. In spite of financial constraints, the Region remained committed to the Centre and its activities, as demonstrated by the joint workplan that would be approved within a few days. Reiterating the support of the Region, she thanked the Centre for the useful everyday skills that its training promoted and delivered.
4. *The representative of the City of Turin, Mr Dealessandri*, welcomed the members of the Board on behalf of the Mayor of Turin, Mr Chiamparino, he too detained by other institutional commitments. The Mayor and his deputies, who were coming to the end of their mandate, had always had a great interest in the Centre. Despite the financial difficulties, the Mayor was confident that his successor would continue to honour the City of Turin's obligations under recent agreements on maintaining the Centre's structures. The

¹ CC 72(Rev.).

City of Turin would continue to promote the Centre, a platform for exchange and reflection on the most topical social issues, and hoped that it would continue to develop its spectrum of training activities.

5. *The representative of the Unione industriale di Torino, Mr Rosi*, welcomed the members of the Board and expressed his wish for closer collaboration between the Centre and the local private sector, which already contributed indirectly to activities through public bodies.
6. *The Government Vice-Chairperson* read out a statement on behalf of the three groups, expressing concern about reports received through informal channels that the Director-General had requested the Director of the Centre to take up a new assignment in headquarters. After highlighting the Board's appreciation of the work of the Director, and in particular his commitment to ensure the future of the Centre in difficult times, she expressed the groups' strong disappointment that no formal consultations had been held with the Board or its Officers prior to the decision being made. She asked whether a time frame had already been set and called on the Director-General to consult with the Board prior to the appointment of a new director.
7. *The Worker and Employer Vice-Chairpersons and the representative of the Government of South Africa* reiterated their support for the statement.
8. *Mr Adyanthaya (Worker, India)*, speaking on behalf of the Workers' group, expressed his support for the statement and noted with disappointment that, for as long as he could remember, the Director-General had not attended the Board's sessions.
9. *The representative of the Government of Italy* supported all aspects of the joint statement. He was, however, concerned by the lack of respect shown for procedure and for the Centre's Board.
10. *The Chairperson* said that it had been her intention to advise the Board of the Director-General's decision at the current session. She assured the Board that its views would be conveyed to the Director-General, and that its Officers would be consulted with regard to the appointment of a new director, in accordance with the Statutes of the Centre. Decisions regarding the time frame and the transition period would take fully into account the interests of the Centre.

I. Director's report on the activities of the Centre in 2009–10 and perspectives for 2011 (First item on the agenda)

A. Director's report

11. *The Director of the Centre* introduced the paper.² He took the opportunity of the first session of the Board to be held at the new conference centre to thank the Region and the Compagnia di San Paolo Foundation for their financial support. He recalled that 2009 had been a year without any particular financial problems but also the best year in the history of the Centre in terms of the number of activities and participants. That positive dynamic was the result of three factors: the development of new training products under the Investment Programme; the diversification of funding sources; and improved operational integration between the Centre and the sectors and departments of the ILO.

² CC 72/1.

12. With training activities in the field accounting for about 50 per cent of activities, the Centre was increasingly moving towards a three-phase approach which, as stated in the report, would mean a reduction in the length and logistical costs of the face-to-face components.
13. Better integration with the ILO had made it possible to increase the involvement of the sectors and departments at headquarters and in the field in designing the Centre's courses, in such areas as corporate social responsibility, green jobs and HIV/AIDS.
14. The Director referred to some of the figures contained in the report. In 2009, the overall social partner participation rate had been 23 per cent, around the usual level of recent years. The proportion of women participants had been 45 per cent, a level never before reached. With regard to the geographic representation of participants, the highest rise had related to Africa. An increase had also been seen in the number of European participants, the result of strengthened collaboration with the European Commission, notably by means of calls to tender, which demonstrated the Centre's competitiveness on the world stage.
15. The development of relationships with other training institutes had led to the first "Learning Link" and to meetings to share tools in order to improve training.
16. With respect to the diversification of funding sources, the Director said that the European Commission, Italy – which had compensated for the fall in its voluntary contribution by an increase in other allowances – Spain and France had confirmed their commitment to the Centre. An agreement had been signed with Brazil the previous week and Portugal had also promised to make a regular contribution to the Centre's budget. In 2010, as a result of cost-cutting measures, increased headquarters support and calls to tender that the Centre had won, the budget should remain balanced. The same should be true for 2011.
17. Lastly, the Director said that, in March 2011, a monument in the form of the ILO logo would be placed at the roundabout next to the Centre.
18. *The Worker Vice-Chairperson* presented his group's comments on the Director's report. While the budgetary deficit had finally been made up, he was concerned about the continued lack of sustainable funding for the Centre, and noted that making up the deficit had nevertheless had an impact on its activities, particularly in respect of tripartite participation, especially with regard to workers' participation and workers' activities. He asked the Director to take action to reverse that trend and proposed that at least 30 per cent of the new resources coming from the ILO and projects should be earmarked for capacity building and constituent training.
19. He asked questions about cost containment, the diversification of funding sources and the resource mobilization strategy, particularly in the context of the reduction of non-earmarked contributions, and expressed his concern in that regard. He drew attention to the low levels of worker participation in the programmes organized by the Centre's different departments.
20. He also expressed the concern of the Workers' group regarding the growing trend to organize more visible and more attractive events, such as academies, and recalled that the primary objective of the Centre was to provide training in the values of tripartism in the framework of international labour standards. Those activities should also be beneficial to workers and should be developed with contributions from the Turin Programmes for Employers' Activities (ACT/EMP–Turin) and for Workers' Activities (ACTRAV–Turin).
21. He also voiced concern that the growing reliance on distance-learning technologies could lead to a de facto exclusion of workers, traditionally the weakest constituents at the

socio-economic level, and that the standards programme had so few participants; in general, standards should be better integrated into all activities.

22. Regarding the tripartite nature of the Centre's activities, he felt that it was indispensable for ACT/EMP–Turin and ACTRAV–Turin to participate in, and contribute to, developing and delivering courses for other technical programmes. He also said that he feared a further reduction in the number of grants available to Worker and Employer participants and called for a new strategy or alternative measures to make up for the cut in the volume of the Social Partners' Support Facility. In conclusion, he suggested that assessments should also take into account the impact of training in the organizations where the participants were from.
23. *The Employer Vice-Chairperson* first expressed his regret that one of the Employer members, Ms Muñoz from the Bolivarian Republic of Venezuela, could not attend the session, due to the consequences of a kidnapping and shooting involving leaders of the Venezuelan Federation of Chambers of Commerce and Manufacturers' Associations (FEDECAMARAS). The International Organisation of Employers had asked the Director-General to ensure that the case was brought before the Committee on Freedom of Association and requested the Government of the Bolivarian Republic of Venezuela to judge the guilty. On the first agenda item, he said that, although the Director's report reflected some positive developments with regard to improved cooperation between the ILO and the Centre, it raised concerns with regard to the continuing uncertainty caused by a lack of predictable resource allocation, high transaction costs and disagreements by some donor countries with regard to ILO earmarking for the Centre's budget components in donor contracts. While there were clearly signs of goodwill, the necessary structural measures were still a long way off. While he welcomed the balance that had been achieved between expenditure and income, that balance was unstable. The Centre had found only short-term solutions to the challenges facing it and remained as vulnerable as it had the previous year. He stressed the need to look for further savings, especially in overhead costs, and for realistic ways to increase income, either from existing or new sources. Finally, he stressed the important role to be played by the social partners in the work of the Centre, not only in terms of participation in training courses but also in terms of involvement in decisions regarding the content of technical courses and plans concerning donor spending.
24. *The Government Vice-Chairperson* welcomed the fact that the Director's report had been delivered on time. While she appreciated the joint efforts that had been made to cut costs and tackle the challenges facing the Centre, the picture painted in the report seemed a little too optimistic, as many of the structural problems had not yet been solved. While she noted with satisfaction that the initial results of the internal review of the Centre's operations had been presented to the Officers in September 2010, she was disappointed that the issue had not been included on the agenda of the current session.
25. She congratulated the Centre on its efforts to avoid a deficit through cost savings, but questioned the sustainability of the measures taken, especially with regard to the planning and deployment of existing human resources. Concerning the integration of the Centre into the ILO's long-term strategy, she expressed satisfaction that the Centre's involvement in the outcome-based planning exercise in the second half of 2009 had been successful, but said that the issues of predictability and early planning of resources were a matter of concern. She wondered how it would be possible to discuss the budget in the light of so much uncertainty. She requested further information on whether the funding figures provided in the report represented a real increase as compared to the previous year, on the steps being taken to address the fact that certain donors were discontinuing previously agreed modalities for collaboration with the Centre, and on the ILO's new resource

planning and allocation mechanisms. She stressed that the Board should be informed of scenarios anticipated by the Centre.

26. In view of the problems being faced with regard to maintaining and enhancing voluntary contributions, she said that sustainable solutions needed to be found for a regular budget that was able to maintain the services necessary for the functioning of the ILO. The fact that fixed-term staff were still not paid by the regular budget showed that the goal to stabilize the Centre was still far from being achieved. With regard to the Turin Learning Approach, she expressed surprise that blended types of learning – involving both training in the field and at the Turin Centre – seemed to be decreasing. She asked the Centre to prepare a paper outlining the advantages and disadvantages of the different types of learning.
27. Noting that tripartism was key to the ILO's credibility, she expressed concern that, even with the budgetary surplus of 2009, social partner participation in training programmes had decreased. A strategy should be developed to remedy that and to continue to increase the number of women participating in the Centre's training activities, especially from Africa. She asked why the courses on social protection and standards, which were crucial to the Decent Work Agenda, had had relatively low levels of participation.
28. *The Director of the Centre* responded to several of the points that had been raised, many of which related to the uncertainty of funds and their specific allocation. The reduction in Italy's voluntary contribution was being felt most keenly in the training of constituents, precisely because the Italian funds were not earmarked. One solution would of course be to return to the pre-existing level, but the Italian Government had already made a big effort to maintain its commitment to the Centre, for which the Director thanked it once again.
29. Finding supplementary resources therefore meant negotiating with existing donors, notably through European Commission tenders, and looking for new donors. The Centre endeavoured to ensure that workers and employers played an important role in that resource mobilization.
30. As to the academies, this was not a new venture but more often a new presentation of existing courses by structuring them better. With regard to resources, it was a question of strengthening what already existed in many cases: the active participation of other specialized institutions in the area in question, which would play their role in mobilizing resources. That would make it possible to save more of the voluntary funds from Italy.
31. *The Director of Training Programmes, Mr Graziosi*, said that statistical information could be provided at a later date in response to some of the more complex questions that had been raised. In response to questions about participation in training activities, he clarified that the majority of participants were government officials. Other participants included, in addition to employers' and workers' representatives, judges, members of national legislative assemblies, representatives of local governments, international civil servants and individual students, among others. He pointed out that the Centre had only started accounting for labour ministry officials in 2009. While employer participation had remained stable between 2008 and 2009, the level of worker participation had declined, partly because additional funding had exceptionally been made available in 2008, which had led to an exceptionally high level of worker participation that year. He noted the concerns raised about the need to ensure social partner participation in training activities and suggested that unearmarked resources could be allocated, to the extent possible, to promote such participation, which was certainly an institutional priority. With regard to granting fellowships for participation in training programmes, he reassured the members of the Board that the correct procedures were scrupulously followed to ensure that candidates were eligible.

32. The Centre's resource mobilization strategy was essentially: to seek a balance between core contributions and contributions for specific training activities; to encourage donors to give the Centre more unearmarked resources; to diversify sources of funding; and to increase non-traditional partnerships. The Governments of Brazil and Portugal were among those that had been receptive to suggestions to change their modalities with the Centre. In response to questions on the Centre's participation in the ILO's results-based management process, he said that the process was in its early stages and would be evaluated by the Governing Body.
33. *The representative of the Government of Mozambique* thanked the Portuguese Government for its first direct contribution to the Centre's budget for the social security extension project. He also thanked the Brazilian Government for supporting the prevention of natural and social disasters programme and for its commitment to South-South cooperation.
34. *The representative of the Government of South Africa* asked whether there was a time frame for the cost-containment measures identified by the Centre's management, in particular with regard to reducing staff development spending.
35. *The representative of the Government of India*, noting that the poorest countries were often those that were most in need of training, said that promoting the regional dimension of the Centre's activities would help cut costs. Countries such as India could perhaps offer to host training activities.
36. *The representative of the Government of the Walloon Region (Belgium)* welcomed the fact that the Centre was expanding its programmes at such a difficult financial time, particularly through its activities aimed at Africa. The Walloon Region was targeting that continent, and especially Central Africa, as the prime recipient of the projects it was developing with the Centre, a trend that would undoubtedly be confirmed over the next biennium.
37. *The representative of the Government of China* thanked the Governments of the Walloon Region and Italy for their continued support for training activities. He expressed the hope that training activities would continue to be held in China in the future, despite the fact that participation by the Asia and Pacific region had decreased slightly in 2009.
38. *Mr Javed (Employer, Pakistan)* expressed concern that developing countries, which were not only the hardest hit by natural disasters and global emergencies, were also experiencing a withdrawal of support from the United Nations agencies. He urged the ILO to lobby to ensure that resources were made available to promote decent work in the countries of the South, in addition to emergency aid. Many of the countries in his region had state-of-the-art training facilities that should be supported.
39. *The representative of the Government of France* emphasized the importance of the academies and partnerships, which she saw as a way of spreading the values and standards of the ILO.
40. *Ms Del Rio (Worker, Italy)* said that cooperation with regional training institutions could be developed, provided that such activities were complementary to those provided by the Centre, organized under the guidance of the ILO and based on the Decent Work Agenda and the promotion of ILO standards. She stressed the need for continued interregional courses and the added value of such courses for worker participants.
41. *The representative of the Government of Spain* recalled how valuable the Centre's training was from the interregional standpoint and welcomed the organization of courses on labour migration.

42. *The Director of the Centre* commented further on the points made. Obviously, the cost-cutting measures were having an effect on the functioning of the Centre, but their impact was limited. For example, obsolete computer equipment would be replaced progressively rather than all at once. Funds had already been earmarked for staff training, notably pedagogical training. Partnerships helped to spread the ILO's values among other circles, but the quality of the training dispensed needed to be monitored and partnerships could therefore not be concluded from one day to the next. The partners' institutions first had to be strengthened. Finally, regarding the "Learning Link", the institutions of the industrialized countries had financed the participation of the developing countries.

43. *The Board took note of document CC 72/1.*

B. Officers of the Board: Report of the meeting held on 24 September 2010

C. Follow-up to the recommendations of the ILO team and preparation of a new medium-term strategy for 2012–15

44. *The Director of the Centre* presented the documents before the Board.³ Regarding document CC 72/1/Add.1, he explained why the Officers of the Board had met in September 2010. Document CC 72/1/Add.2 concerned the first phase of the new medium-term strategy for 2012–15.

45. He referred in particular to the Centre's mission, the consolidation of the Turin School of Development, the regular courses, the academies – which he saw as one of the features of the Centre's new economic model – and the resource mobilization strategy, which still had some shortcomings that the Centre was looking into.

46. *The Treasurer and Financial Comptroller of the ILO, Mr Johnson*, provided an overview of the findings of the ILO team that had been requested to undertake an internal review of the Centre's operations with a focus on cooperation between the Centre and the Office. On the programmatic side, the team had been encouraged by the high level of integration already in evidence and had noted broad recognition of the respective roles of the Centre and the Office, one as a provider of training and the other as a policy formulator. One successful development had been the active involvement of the Centre in the ILO's outcome-based workplanning process. That involvement could be enhanced by adapting the Integrated Resource Information System (IRIS) module at headquarters to fully reflect the role of the Centre. The team had also observed that the Centre should move towards the use of results-based management methodologies in its next development plan, to bring it more into line with the management approach endorsed by the Governing Body.

47. On the financial side, the team had found that there was a great deal of interaction and consultation, but not as much integration, between the Centre and the Office. The deployment of IRIS would help improve that situation in the medium term. Such a move would require a significant amount of work and analysis, however, as the Centre and the Office operated on the basis of different models. He outlined the key financial proposals, which involved enhanced cost attribution and revised reporting formats, noting, among other things, that the Centre had started to investigate business intelligence software that would help consolidate some of its performance data.

³ CC 72/1/Add.1 and CC 72/1/Add.2.

48. *The Employer Vice-Chairperson* noted that, in line with the requests of the Board and the Programme, Financial and Administrative (PFA) Committee in November 2009, the aim of the medium-term strategy was to ensure sustainable and predictable funding, but that, according to the plan now being presented, without predictable funding, it would be impossible to deliver such a strategy. In order to break that vicious cycle, there was a need for transparent agreements between the Office and Centre, and for an integral review of the expenditure and income of the Centre. With regard to the recommendations of the ILO team, he said that his group had hoped for clearer scenarios regarding what cooperation between the Centre and the Office could mean in practice, in particular with regard to savings and investments. He expressed his disappointment that there had been a delay of three months between the preparation of the ILO team's report and its presentation to the Officers.
49. He called for a clearer distinction to be made between instruments and mission, noting that the mission of the Centre was to strengthen the capacity of constituents and help them implement the Decent Work Agenda. Regarding the recommendation made by the ILO team with regard to a new operating model for the Centre, he said that he would welcome input from the Centre about the characteristics of such a model. The operating model should make much more tangible and measurable the level of integration and cooperation between the Centre and the ILO. With regard to the Centre's proposal to create learning academies, he said that, although such academies might provide a good opportunity for further cooperation between the Centre and the Office, further analysis was needed. In addition, he expressed concern that the role of the Turin Centre was not adequately addressed in the document submitted by the Office to the Committee on Technical Cooperation of the Governing Body on the issue of capacity development.
50. He regretted that no concrete scenarios had been provided with regard to the long-term predictable funding of the Centre. His group was therefore of the opinion that there was too little information available for any request to be made to the PFA Committee of the Governing Body relating to budget matters for the next biennium. He asked the management to carry out a further analysis of the costs and income of the Centre from the perspective of longer term structural solutions and to work with the Office to present scenarios on integrating the activities of the Centre with the Office's activities and programmes, which might include suggestions for more integrated governance. In conclusion, he stressed that, if a decision was to be taken in 2011 on a new medium-term strategy, the preparatory work should be done in tripartite consultation and a special meeting of the Board should be convened ahead of the March 2011 session of the Governing Body. A first draft of the strategy should be ready no later than early February 2011.
51. *The Worker Vice-Chairperson* expressed regret that the Officers of the Board had not been consulted during the review and that no one had ever seen the full report of the ILO team. He could not understand why the Centre's management seemed to have given up the idea of presenting a strategic plan for ensuring stable, sustainable and unearmarked financing for the Centre, as the PFA Committee and the Governing Body had requested. He had the impression that the document before the Board basically entailed carrying on with the current development plan and short-term funding solutions and that it was more concerned with methodologies and procedures than with specific goals.
52. He welcomed the adoption of a new operating model for the Centre as a means of integrating it better with the ILO, but said that it was a two-way process which called for changes also in how ILO headquarters operated.

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53. He regretted that tripartism, the role of the social partners and standards did not feature among the important aspects of the strategy and said that the academies should be assessed in detail before they were promoted.
54. The Workers' group felt that it was premature to accept the conclusions and implement the recommendations of the ILO team and would prefer to see a document, prepared before March 2011 in consultation with the Officers of the Board, which indicated clearly a medium-term strategy for the Centre's stable and sustainable financing and which looked at all the possible funding options.
55. *The Government Vice-Chairperson* expressed her appreciation to the Director for the report, which reflected her group's concerns about the structural stability of the Centre. Her group supported the idea of learning academies, but would prefer to assess the risks more closely before taking any decisions about funding. Noting that the Centre's experience was that successful instances of programme integration between the Centre and the ILO's technical and regional departments derived much more from collaboration than from compulsory institutional mechanisms, she said that without a compulsory mechanism, clear rules were needed. The paper provided a good basis for discussing the medium-term strategy.
56. *The Director of the Centre* said that it was difficult to meet all the concerns expressed by the groups. Here again, it was a matter of financial sustainability; he therefore referred participants to the previous documents concerning the Centre's financing strategy.
57. He added that the Centre would not in future only be organizing academies. Given the risks entailed, such events would be introduced gradually and carefully.
58. *The Treasurer and Financial Comptroller of the ILO* said that, in the interviews carried out by the ILO team, staff members in both Turin and Geneva had expressed their satisfaction with the current levels of integration at the programmatic level. He clarified that some of the ILO team's recommendations, including those relating to IRIS and outcome-based workplanning, required a major investment from headquarters. Efforts were also being made in selected areas to identify where greater integration and workload sharing should be possible, including human resources management, resource mobilization and payroll administration.
59. *The Employer Vice-Chairperson* said that, when considering the medium-term strategy of the Centre for the next four years, it was essential to take into account the ILO's programme and budget and to know with some certainty what level of cooperation could be expected between the ILO and the Centre. With regard to results-based management, he said that proposals made to the PFA Committee showing how the Centre contributed to the outcomes of the ILO might be translated into mechanisms for allocating resources. It would be a pity if the Board missed the opportunity to present a clear strategy to the Governing Body in March 2011.
60. *The Worker Vice-Chairperson* said that his group was prepared to negotiate within the Board. That way, all the Board's members could develop and implement the strategy together because, although their various approaches did sometimes diverge, the interests of the parties concerned were the same.
61. *The Board* endorsed the approval of the Officers regarding the use of €500,000 of the 2009 net financial surplus to finance training programmes in 2011. It also endorsed the Officers' approval to add the remaining €549,000 to the reserve and to decide on investment after proposals from the management that should fit into the perspective of the further developed strategic plan. Eventual proposals for human resources measures could be made

in that context. Reports on the use of the funds would be submitted to the Board meetings of 2011–12.

62. *The Board took note of documents CC 72/1/Add.1 and Add.2.*

II. Report on the implementation of the Programme and Budget for 2010, and proposals for the 2011 financial year (Second item on the agenda)

63. *The Director of the Centre* presented the documents.⁴ Regarding the financial statements for 2009 he recalled that, with the usual prudence, the budget proposals had foreseen a slight deficit. He was therefore very pleased that there had eventually been a surplus of over 1 million dollars. That was mainly attributable to three factors: the fact that training, especially that provided by other ILO structures, was more attractive; the cost-cutting measures introduced in the middle of 2009, when the first signs had appeared of a future reduction in Italy's voluntary contribution; and the writing off of some of the Centre's debts by headquarters at the end of the 2008–09 biennium. The surplus in 2009 was largely attributable to a reduction in costs and not in income, for which the forecasts based on activities had proved to be accurate.

64. *The representative of the External Auditor, Ms McMahon*, presented the External Auditor's report, as contained in document CC 72/2, which provided detailed information on the audit of the Centre's financial statements for 2009, observations made during the audit, including a key challenge with regard to the Centre's transition to International Public Sector Accounting Standards (IPSAS). After summarizing 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 2008, that the Centre's transactions examined during the audit reflected the provisions of the Financial Regulations approved by the Board and that the Centre had been well prepared for the audit even though the deadline had been advanced by four months – she thanked the Director and his team for their cooperation during the audit process.

65. *The Employer Vice-Chairperson* said that, in view of the recent trends in the income of the Centre, there was a need for a more fundamental approach to the relationship between the ILO and the Centre if a sustainable funding situation was to be achieved. He expressed concern about the reduction in staffing levels in the training department, especially as the same cuts had not been made in the area of administration, and would like to see the trend reversed, as the training staff played a key role in providing quality programmes and attracting donors. He did not agree with the objections from some donor countries that direct earmarked contributions to the budget of the Centre within an ILO donor programme would be in contradiction with results-based management and suggested that the issue should be clarified with the donor community.

66. The management had presented a balanced budget for 2011, as it had for 2010. However, he was not sure that the achievements of 2010 could be repeated. Looking closely at the figures, it was clear that the balance was not the result of further cost reduction, but rather of further increases of income. He asked a number of questions about how realistic the expectations were, noting that his group did not consider the 2011 budget proposal to be

⁴ CC 72/2 and CC 72/2Add.1.

sufficiently solid, and asked the management to come up with proposals for further cost-reduction measures – which should apply to overhead costs and not to the level of activities – and more certainty with regard to the increase of income from ILO-related sources. He reiterated the need for further consideration of how new sources of income could be found. That approach should be part of the medium-term strategy that should be delivered before the March 2011 session of the Governing Body and, if possible, measures should be implemented as from 2011. Given the relatively low level of regular income, the budget of the Centre for 2012 should show a surplus in the order of €1 million to make the Centre less vulnerable in the event of the non-realization of certain incomes.

67. *The Worker Vice-Chairperson* asked for clarification of certain points in the financial statements. In particular, he expressed his concern about the fact that the insurance fund was not financed entirely by workers' contributions and that coverage was not guaranteed for retired officials. The Workers' group took note of the auditor's report and invited the management of the Centre to consider seriously the comments and suggestions it contained.
68. Turning to the Programme and Budget proposals for 2011, he welcomed the fact that several donors had compensated for the reduction in Italy's voluntary contribution and thanked them for doing so. He wondered, however, whether the sources of funding were reliable and could be looked upon as structural, and he expressed some doubt as to the forecasted allocation of resources from the Regular Budget Supplementary Account (RBSA) and from the European Commission. New resources were generally earmarked and could not be used as flexibly as Italy's voluntary contribution. This could have repercussions on worker participation and activities.
69. The Workers' group also asked for an objective grading system that would compare trends in staff-related costs and fixed and variable costs, in order to promote job stability. It took note of the document and endorsed the approval of the Programme and Budget proposals for 2011.
70. *The Government Vice-Chairperson*, emphasizing the need to focus on more predictable financial planning in the future, welcomed the unqualified opinion of the External Auditor. Noting that the budget reflected her group's wish for stability, she asked for further information about the increase in the number of unliquidated obligations and urged the management to look carefully, especially in the transition period, at the fixed expenditure and to bear in mind that cost savings should not have a negative impact on the quality of training or the capacity to invest in future commitments. In that regard, she requested more information about the forecasted allocation of resources from the RBSA in 2011. On the issue of the training programmes covered by the budget, she wondered why there was an expected decrease in the number of participants from Africa and only a slow increase in the number of participants from Asia and the Pacific and expressed concern about the decrease in social protection programmes.
71. *The representative of the Government of Kenya* said that, while he welcomed the envisaged cost-cutting measures, it was important to ensure that the quality of the services provided by the Centre was not diluted and to find sustainable forms of resource mobilization. He asked how the management intended to maintain a balance between staff costs and the core activities of the Centre and what criteria were used by the management to determine which thematic areas received the most support.
72. *The representative of the Government of India* also welcomed the cost-containment measures that had been envisaged, but said that under no circumstances should they affect the Centre's main activities or credibility. He asked how decisions were made with regard to how many people from each region would participate in training activities and expressed

concern about the relatively small number of expected participants from Asia and the Pacific, in view of the region's huge workforce, poverty levels and requirements for capacity building, both in the formal and informal sectors.

73. *The Director of the Centre*, replying to questions raised by the Board, said that the training support unit and its staff had been moved to under the heading "administration" in the Centre's organigram, which gave the impression that there had been an increase in administrative staff. With regard to the forecasts for 2011, he said that they were not guaranteed, but they were realistic, because budgetary estimates were by definition a gamble on the future. However, the starting point was sound, in particular with regard to the amounts concerning Italy and the European Commission. Moreover, the fact that the revenue generated by training activities in 2010 would be higher than forecast and that 2011 would be the second year of the biennium – traditionally one where the different departments and offices at headquarters were spending their money – significantly added to the forecasts. With regard to the increased participation of the different regions, he stated that the main criterion, even though it was not the only one, was that of "solvent" demand, in other words the ability of learners to self-finance their participation.
74. *The Director of Training Programmes*, replying to questions about the income forecasts for 2011, said that while estimates were partly based on historic trends, a system was now in place to monitor income and expenditure on a weekly basis, so the Centre was well equipped to adjust trends over the course of the year as necessary. Furthermore, the Centre had also taken into account the fact that ILO regular budget funding tended to increase in the second year of a biennium. He noted that the estimates for RBSA income for 2011 were cautious as it was not yet clear what amounts would be allocated to training. With regard to other funding sources, the Centre expected an increase in funding in 2011 from the European Commission as a result of a number of contracts awarded or under negotiation with the Centre for different projects. Furthermore, new project or programme agreements had been signed with the Governments of Brazil, Spain, France and Italy, and other such agreements were under negotiation with the Walloon Region and the Flemish Community of Belgium, and the Government of Portugal. In his opinion, the forecast for 2011 was realistic. In response to questions about the regional and thematic breakdown of the training programmes, he said that it was essentially the result of different factors such as the volume of demand, the level of donor earmarking and the level of operational integration with ILO sectors and regions.
75. *Ms Dungca, Treasurer of the Centre*, said that the provision for doubtful accounts had decreased between 2008 and 2009 and explained how it was calculated, as outlined in the report. The decrease was the result of an increased effort to collect receivables. Unliquidated obligations should be considered in combination with other accounts payable, and, overall, a decrease was actually recorded as compared to 2008. Unliquidated obligations were higher for 2009 only because the books had been closed earlier in the year. With respect to the call to reduce fixed costs, she reported that the actual costs for 2009, and the 2010 and 2011 budgets, were at 2006 levels. She further assured the Board that the Centre's management was fully engaged in the review of its costs to identify contributors to and detractors from cost efficiencies.
76. *The Employer Vice-Chairperson* said that it would be useful in the future to receive more information about what hypotheses were used when developing the programme and budget. Care should be taken to avoid wide gaps between budget estimates and the realization of the budget at a time when it would be preferable to err on the side of caution.
77. *The Board approved the financial statements as presented in document CC 72/2.*

78. *The Board approved the budget proposals for 2011* summarized in paragraph 17 of document CC 72/2/Add.1 and the synopsis presented in the table in Information Annex I.
79. *The Director of the Centre* introduced a document⁵ on the progress made with regard to the application of IPSAS and congratulated the Financial Services team for their efforts.
80. *The Worker Vice-Chairperson and the Employer Vice-Chairperson* also congratulated the Financial Services team.
81. *The Board took note of the report and of the progress made by the Centre in the adoption of IPSAS.*

III. Human resources questions (Third item on the agenda)

82. *The Director of the Centre* presented the document,⁶ briefly outlining the key points. First, despite the increasing number of activities, staffing levels had remained stable or had declined slightly. That had inevitably had an impact on the working conditions of staff. Second, the Centre's management had noted real involvement by the staff in the cost-cutting measures, especially through the Staff Union, which had entered into a general discussion of the possible cost-cutting options. Third, although there had been cuts in funding for staff training, those cuts had been made in a strategic way, with particular attention being given to strengthening language and teaching skills. For 2011, funds would be earmarked for the participation of staff at conferences in their technical field to ensure that their knowledge was up to date and to strengthen their levels of expertise. Fourth, the practice of granting indeterminate contracts to eligible colleagues, which had been frozen since 2006, had been reintroduced, in close consultation with the Staff Union.
83. *The Worker Vice-Chairperson* noted the steady decline in the Centre's staffing levels and the structural imbalance between administration and training. He asked whether the Staff Union had been consulted with regard to recruitment at lower grades and the freeze in vacant posts which, in his group's opinion, led to precarious contractual conditions such as short-term contracts. He suggested that a table should be drawn up showing the start and end dates of each short-term contract to make it easier to follow developments with regard to precarious contracts. With regard to mobility, he asked whether the issue of staff movements was part of the agreement between Turin and headquarters and whether the officials concerned were selected through the normal recruitment process and considered to be the most suitable candidates. The Workers' group took note of the proposed amendments to the Staff Regulations and supported the point for decision.
84. *The Employer Vice-Chairperson* reiterated his concern about the reduction in training staff and said that any future reductions should be made at the administrative level, for example, as a result of the introduction of IRIS, which was a good tool for the further integration of the activities of the Centre and could lead to savings in overhead costs and reduce duplication between the ILO and the Centre. At the same time, the shared use of IRIS could increase transparency on the contribution of the Centre to the outcomes of the ILO. He expressed concern about the precarious contractual situation of project-based staff and welcomed the exercise on productivity indicators.

⁵ CC 72/2/Add.2.

⁶ CC 72/3.

85. *The Government Vice-Chairperson* noted with satisfaction that progress had been made in the area of gender equality, but she stressed that the balance, especially in the higher positions, had to be improved. Furthermore, she asked what the main obstacles to staff mobility were, and whether the right to return was guaranteed. She also asked some questions about the distribution of staff between the administrative services and the training programmes. She welcomed the systematic approach but said that it was not sufficient. The current situation and the ongoing call for more mobility, flexibility and innovation were a constant challenge for the staff. Therefore, the Government group would like the management to develop a comprehensive human resources strategy.
86. *The Director of the Centre*, referring to some of the comments raised by the Vice-Chairpersons, explained that the issue of staffing figures for administration and training was a matter of statistical presentation, and gave his assurances that the presentation would be modified in the future to prevent any misunderstandings. The next report on human resources management would give some indications of the number of individuals with a project-based contract who had been incorporated into the regular budget. With regard to recruitment, the Staff Union was always involved through the selection committee. With regard to capacity building, he indicated that it was necessary first to strengthen technical capacities and then educational capacities.
87. *Mr Zefola, Chief ad interim of Human Resources Services*, said that there was an increasing trend towards mobility between Turin and Geneva. That mobility was the result of the application of the 2005 circular on loans of staff. As with the other organizations of the United Nations system, mobility was achieved through secondments and inter-agency loans. The right of return was not automatic, but negotiations were under way on that issue with the Human Resources Department at headquarters. He indicated that the number of short-term contracts had been halved between 2009 and 2010, and that the Centre complied with the rule that the maximum duration of short-term contracts was 364 days, to be followed by a mandatory six-month break in service.
88. *The Board took note of document CC 72/3 and approved point for decision* contained in paragraph 6 of the annex on the proposed amendments to the Staff Regulations.
89. *The Chairperson*, following the normal procedure, invited the Board to listen to the statement made by the representative of the Staff Union Committee (see Appendix II).

IV. Reports of the Trade Unions' Training Committee and the Employers' Training Committee (Fourth item on the agenda)

90. *The Worker Vice-Chairperson* read out a joint statement by the Workers' and Employers' groups, in which the two groups stressed the importance of tripartism – and its incorporation in the new strategy for 2012–15 – and of earmarking a more substantive amount of funding for workers' and employers' activities. He said that tripartism in programming was not only a matter of having special training programmes for employers and for workers, nor about having employer and worker participants in technical courses; it was also a matter of enabling ACT/EMP–Turin and ACTRAV–Turin to cooperate with the technical programmes to ensure balanced content and relevance for all constituents.
91. The Workers' group thanked the entire staff of ACTRAV–Turin for their efforts over the year, as well as Governments of Italy and Spain for their financial support to the Workers' Activities Programme.

92. *The Employer Vice-Chairperson* congratulated Mr De Koster, manager of the ACT/EMP–Turin Programme, for the positive results achieved in 2009. The Programme had over 1,000 participants and a budget of some €2.2 million. The number of external sponsors had increased, confirming ACT/EMP–Turin as a net contributor to the Centre’s activities. He was convinced that there was room for further expansion, for example in Asia, and the Programme now needed the support of the Centre and of the ILO in order to find resources for that region. He stressed the importance of ensuring that the issue of corporate social responsibility was adequately addressed in tripartite technical programmes, taking into account its voluntary nature. Good communication was crucial in that regard.

93. *The Board took note of documents CC 72/4/a and CC 72/4/b.*

V. Other questions (Fifth item on the agenda)

94. *The Chairperson* informed the members of the Board that the report on the 72nd Session of the Board of the Centre would be made available to the PFA Committee of the Governing Body of the ILO from Wednesday, 10 November 2010. In accordance with the usual practice, and taking the very short deadline into account, she proposed that the Board should delegate the task of approving the draft report to its Vice-Chairpersons.

95. *The Board approved the Chairperson’s proposal.*

VI. Date and place of the next session (Sixth item on the agenda)

96. *The Chairperson* proposed that the 73rd Session of the Board of the Centre should be held on a date to be determined by the Officers of the Board before the 312th Session of the Governing Body of the ILO, which would be held in Geneva from 3 to 18 November 2011. The exact date would be communicated to members by the Officers of the Board, taking the other meetings of the ILO into account.

97. *The Board approved the Chairperson’s proposal.*

VII. Closure of the session

98. *The Deputy Director of the Centre, Mr Arrigotti*, referring to the forthcoming departure of the Director of the Centre, thanked the Director on behalf of the management team for his excellent collaboration over the last four-and-a-half years. He mentioned, in particular, the competence, respect, availability and trust that were characteristic of Mr Eyraud.

99. *The Employer Vice-Chairperson* said that, through his hard work and cooperation, the Director had helped the Centre through a very difficult period and had helped contribute to building a climate of trust that was necessary for solutions to be found on a tripartite basis.

100. *The Worker Vice-Chairperson* thanked the Director of the Centre and said that he had been impressed by the Director’s straightforward and intelligent approach. The Workers’ group believed that Mr Eyraud had brought a new dimension to the Centre, thanks to the dynamic of consensus that he had instilled in it.

101. *The Government Vice-Chairperson* expressed the Government group's regret at the news of the Director's departure and thanked him warmly for his commitment, dedication and availability.
102. *The Director of the Centre* thanked the Board members for their kind words. During his time at the Centre, he had always found the staff to be enthusiastic, motivated and involved. The Centre's developments in recent years had been possible only because of the Board, which provided a forum for contacts with donors.
103. *The Government Vice-Chairperson* read out a statement on behalf of the three groups (see Appendix I).
104. *The Chairperson* thanked the participants for their contribution and closed the 72nd Session of the Board.

Turin, 5 November 2010

Submitted for information

Appendix I

Tripartite closing statement

1. We welcome the fact that the Centre has managed to compensate for the loss of income by making cost savings and increasing income from other sources. We all are aware that short-term measures cannot provide a structural long-term solution. We have to bear in mind that short-term measures have to be compatible with the medium-term strategy, in order to maintain and enhance quality. The work on building a stable and sustainable basis for the Centre is not finished and should be carried on with commitment.
2. At the initiative of the Office, the ILO team reviewed the activities of the Centre from the perspective of increased integration between the Centre and headquarters. We are encouraged by the results and the constructive recommendations. Further discussions about their implications are needed. In particular, a human resources strategy should be elaborated to enhance the possibilities for the staff to shape their work under the new conditions.
3. Though there are some indications that integration between the Centre and the ILO is improving, we feel strongly that more concrete and practical – and moreover more visible and sustainable – steps have to be taken. The practical arrangements should be such that they guarantee a more predictable and sustainable resource base for earmarked and unearmarked funding for the Centre, without high transaction costs for the Centre. The aim of the exercise should be to ensure that it is understood at headquarters as well as in the regions that the Centre is the training arm of the ILO, serving to meet the needs of the tripartite constituents, just as it is necessary for the Centre to understand that the implementation of the Decent Work Agenda with its four pillars is its core business.
4. A balanced approach to sustainable and predictable financing will also require that efforts be made within the Centre on the expenditure side. Therefore, we also ask for further work to be carried out with respect to the review on cost savings, especially with regard to reducing administration costs without damaging the training capacity of the Centre, and with respect to new income resources.
5. New innovative ways to achieve these aims are possible, for instance via the so-called academies, but we would like to see a review of these academies before promoting them in large numbers. They should be based on an analysis of the needs of the constituents, an analysis of opportunities in the Centre and in the regions and possible partnerships, an analysis of different learning approaches, a careful analysis of the impact on resources and an analysis of the mainstreaming of tripartism in all its aspects.
6. We welcome the measures to attract more donors from within the membership of the ILO, which means in the current circumstances a joint effort by the ILO and the Centre with regard to the whole process of resource mobilization and training design, planning and implementation in the regions as well as at headquarters. We welcome the efforts to attract more partners, such as training institutions from outside the membership, and see this as a chance to enhance political coherence by disseminating the principle of the Decent Work Agenda.
7. We therefore ask the management to include these elements in the new medium-term strategy for 2012–15. Tripartite consultations should be held as early as possible in 2011 to discuss a consolidated paper based on the draft that was presented at the Board meeting. A special meeting for the Officers should be convened before the March 2011 session of the Governing Body to discuss the second draft of the medium-term strategy for 2012–15, aimed at providing a constructive input to the programme and budget discussions at the March session of the Governing Body.

8. For reasons of expertise and continuity, we request the Director-General to consider a transition stage in the management of the Centre in such a way that it makes possible for the present Director to be fully involved in the drafting of the next version of the medium-term strategy for 2012–15.
9. Changes can progress if they are accompanied by perseverance, reliability and mutual trust. The members of the Board will follow these principles, and we hope that the Office and the Centre will do so too, whenever substantial decisions have to be made.

Appendix II

Statement by the representative of the Staff Union Committee to the Board of the Centre (5 November 2010)

Madam Chairperson, distinguished members of the Board, dear colleagues, ladies and gentlemen,

First of all, *Monsieur le Directeur*, on behalf of the staff of the Turin Centre, we would like to express our regrets at the confirmation of the news of your future departure. We would like to thank you for your dedication in leading the Centre in these times of crisis, and for your openness and availability for dialogue. We can only hope that your successor will understand the value in following this path. Indeed, the Centre is a place to be proud of and is a case of good practice of agreement between the union and management, for instance with its joint selection committee. Social dialogue is a value under threat in the most unlikely places and, in the name of the staff of the Centre, we express our solidarity with the difficulties faced by our colleagues in Geneva. As one union, we share their concern and hence wear that badge which symbolizes their efforts in improving selection processes, staff reclassification in the field and collective bargaining.

We would also like to thank the long-standing supporters of the Centre, namely the Governments of Italy and France, the Piedmont Region, the City of Turin, and the newer ones, such as the Government of Portugal.

1. **Recognizing the efforts of the staff**

It was in December 2009, less than a year ago, that the staff of the Training Centre was informed by the management of how much the Centre was actually suffering from the financial crisis. As a result, a number of cost-saving measures with a direct impact on the staff were announced. These included the suspension of the meal subsidy and of staff training funds, as mentioned in the Board documents. Recourse to short-term staff was also restricted. The outlook was bleak and these sacrifices seemed logical, and many of us would have been ready to go even further, but the clouds of December had never looked greyer and the morale of the staff was at its lowest.

Today, the Staff Union Committee (SUC) is pleased to read the favourable statistics and to learn that the 2010 deficit has been turned into a surplus. This, however, came at a price: as the Director's report states, the level of activity of the Centre was the highest in its history in 2009, in terms of activities and of participants. The trends for 2010 are even higher. This was achieved at almost equal levels of staffing, by limiting the possibility of part-time work and by not compensating overtime.

Monsieur le Directeur, your work for diversifying sources of funding and partners has yielded some obvious results and deserves our congratulations. However, we would like you to also recognize the efforts that the staff has made and, in addition to you having already reinstated part of the training funds, to also reconsider the suspension of the meal subsidy for a second year – which had in fact not been discussed with us.

2. **The need for a long-term human resource strategy to accompany change at the Centre**

Monsieur le Directeur, thanks to your action, the Centre is changing – externally and, maybe, internally. An important element of our new modus operandi will rely on the “academies”. These bigger events, as attractive as they sound, will have an impact on the

way we work. And we are wondering whether the Centre is ready for that. We need to understand better how our work will be affected, for instance by launching an internal reflection of what the internal risks and opportunities for the Centre are of engaging into a radically new way of working. Our human resources strategy should adapt to the new challenges – we already have regular methodological training, but these will themselves have to be adapted to the new needs of larger, multilingual groups. Logistically, is the Centre ready to host several big events in a month? But, more to the point, I would like to mention now what the SUC believes to be the highest price of the crisis and what is likely to stand in the way of the changes the Centre has to operate – whether it be running academies or competing for tenders – namely the acute deterioration of the working relations within the Centre. Even though the Centre should function as a team, it does not. Paradoxically, it delivers as a team – the results, in terms of income or number of participants, show it – but it does not function as one. There is a tangible, and ever growing lack of trust, sometimes even respect, between colleagues and services. This needs to be addressed urgently before we go into new ways of working, which we can easily predict to be very labour intensive and add further to the workload.

In short, the Centre needs to be accompanied through the changes that you are engineering. This will require proactive action, including a long-term human resource policy, which needs to cover medium-term succession planning and staff motivation and retention mechanisms. The SUC stands ready to engage in meaningful and constructive dialogue for finding feasible and plausible solutions for new ways of implementing the Centre's mandate.

We, the SUC, are already anticipating the change. For instance, we will shortly launch an online survey to gather data on levels of stress at the Centre. Social dialogue will be crucial to successful change and the union needs to be strong and professional. So, we are working to strengthen our institutional presence and capacity. For instance, we are sending for training the person who is our most stable representative, our secretary. We will propose to amend our statute to adapt our election rules: currently the whole of the Committee stands for re-election every year. We want to change it so that the mandate of Committee members is lengthened to two years and so that only half the Committee be changed every year, just as it is done with the ILO Staff Union in Geneva.

3. *The employment situation at the Centre*

My last point is about the situation of employment at the Centre.

With regard to gender inequality, this is still a problem that we need to face seriously. While efforts have been made to hire more women at professional levels, much more still needs to be done. When positions have been filled at a higher level, we have seen a predominance of men: only two top managers out of the six top managers of the Centre are women. Also, all administrative staff and the majority of short-term administrative staff are young women. Finally, heavy workload of last year, need for overtime and the difficulties in maintaining part-time work are obviously impacting women more negatively, as they tend to be more engaged in family responsibilities. There is still a lot of work to be done in terms of improving a gender equality culture at the Centre. We would like the management to open a constructive dialogue on how to assess the achievement of the gender equality policy of the Centre, and see how this can be translated into more concrete results, to the benefit of all staff, women and men.

Precariousness at the Centre is a persistent problem. One extreme case involves a colleague who has been working for eight years, in the same position, in the same unit, as an external collaborator. Two other colleagues, one P-staff and one G-staff, have worked 14 years each, continuously, on project funds. In at least one of these three cases, discussions were initiated more than a year ago to address the situation specifically, without having yet reached a conclusion.

First, precariousness is the increasing length of time that colleagues are working under short-term contracts. Admittedly, efforts were made to decrease their numbers, which paid off. For instance, programme managers were only allowed to hire short-term staff in relation to the level of activity and income of their programme. In addition, short-termers had to take a six-month break after 12 months of employment. As a result, there were 36 short-term contracts in 2009, 11 less than in 2008. But we are back at 40 in 2010 – and the year is not finished. Crucially, to come back to my point, the average duration of these contracts increased over the years: between 2006–08, the average duration was 128 days. Since 2009, the average duration has been 159 days, a whole month longer.

Second, precariousness is also reflected in the increasing length of time that colleagues are working under fixed-term contracts on project funds. There are more and more of these colleagues who have more than five years of service. For P-staff, there were 19 in 2007, 11 of them (58 per cent) with more than five years of employment. In 2009, there were 25, 19 of them (or 76 per cent) with more than five years of employment. For G-staff colleagues with fixed term contracts on project funds, the situation has improved markedly, already in 2009 and further in 2010, thanks to concerted efforts between the management and the SUC.

Third, what these statistics do not show, is the even more precarious situation of colleagues going in and out of all these various types of contracts, from external collaboration to project-based contracts, sometimes even straddling staff categories, going from G to P and back. In the absence of individual longitudinal data, the knowledge of these cases remains coincidental, but the SUC has repeatedly asked to be provided with information regarding these colleagues specifically.

In terms of security in employment, the number of contracts without limit of time (also called indeterminate contracts) has decreased from 54 in 2006 to 33 in 2010, in other words from 36 to 22 per cent of total staff.

The employment outlook at the Centre is one characterized by a persistent problem of precariousness and a decline in employment security. There is urgency in acknowledging this situation as the Centre is fighting for the assurance of its funding and therefore for its existence. Undermining employment quality at the Centre should not be the way out of the crisis.

Thank you.