



FOR DISCUSSION

FIFTH ITEM ON THE AGENDA

**Building the capacity of ILO constituents:
A medium-term strategy for the Turin Centre**

Introduction

This report is intended to stimulate discussion by the Board of the strategies the Centre should follow in the coming years. It comes in response to the ‘Joint Employer-Worker Declaration on the Turin Centre’, made during the ILO Governing Body session in March 2009, which called for a report to be presented to the Board in November 2009.

Although the Centre’s current Development Plan covers the period 2007-2011, a review of the strategy is timely. The Centre today faces a number of strategic opportunities and challenges. The focus in the Declaration on Social Justice on developing the capacity of ILO constituents means there is a need to develop their staff’s competencies and skills as part of a larger capacity-building strategy for the Organization. The Strategic Policy Framework and the 2010-11 Programme and Budget repeatedly refer to the contribution expected from the Turin Centre to the achievement of ILO outcomes. This is partly reflected in the 7.9% increase in regular budget resources proposed for 2010-11.

In addition, the substantial involvement of the ILO in addressing the financial and economic crisis, through its Global Job Pact initiative and its participation in shaping new global regulation, may increase the need and demand for training and learning concerning labour and social issues on the part of both national and international economic, trade and financial regulatory institutions.

This paper analyses the conditions for the Centre to fulfil the role assigned to it by the SPF, and outlines the main elements of a response strategy.

The global economic and financial crisis is putting pressure on national and international budgets for training and human resource development, which is likely to affect the Centre. The Centre’s long-term financial viability was analysed by a working party set up by the GB, and its conclusions – which were approved by the GB and the Board of the Centre in November 2007 (see annexes) – remain relevant. However, further reductions in development aid budgets – including that of the Centre’s main donor, the Government of Italy – may limit the Centre’s capacity to ease access to training by national institutions and to provide financial support to deserving participants. At the same time, substantial resources available to the ILO and continued challenges to timely delivery create an opportunity for the ILO to make better use of the capacity of the Centre to improve both the quality of its technical cooperation and its delivery rate.

In this document, we present the Centre’s strategies and proposals to: 1) strengthen its role in reinforcing the impact of the operational activities of the ILO as a whole; 2) improve the financial structure and strategy of the Centre, including cost saving; 3) develop its programmes and products, improve their effectiveness and relevance in relation to constituents’ needs and demands, and make use of technological and teaching innovations; and 4) the future development and cost-effective use of the campus.

1. Recognizing and strengthening the role of the Turin Centre in improving the impact of ILO technical cooperation

The ILO and the World Bank are the only UN organizations which have at their disposal a training centre of significant size and reputation. Such added value can give the ILO a definitive comparative advantage vis-à-vis constituents and donors as long as a clear and consistent strategy is in place regarding the role of training and capacity building within ILO technical cooperation.

Technical cooperation always aims in one way or another at reinforcing the capacity of national institutions to manage their development process. In the case of the ILO, this means implementing the Decent Work Agenda. The development of the competence and motivation of human resources plays a critical role in capacity development.

Systematically embedding training activities in project and programme design would give the ILO a definitive comparative advantage in meeting its constituents' needs and would promote the image of the ILO as a centre of excellence for technical cooperation.

Further unique added value lies in the possibility of generating synergy and cross-fertilization among operational activities and projects of a similar nature. For instance, experts, national coordinators and social partners involved in the different projects - say, on youth employment - that the ILO is implementing across the world could regularly meet to learn together about ILO values and policies, and to share knowledge and experience. This would enhance the consistency of ILO approaches and promote the dissemination of good practice.

In line with the 2008 Declaration, the Centre will take steps to make the contribution of its training services to the capacity building of constituents more explicit, thereby maximizing the impact of training on capacity development. The contribution of the Centre's activities to the attainment of SPF outcomes and Decent Work Country Programme objectives should be recognized as part of the results-based management approach adopted by the ILO. This will not only allow the ILO to show better how its activities as a whole have an impact but will also facilitate access to resources.

This, in turn, requires closer collaboration with field offices in identifying training needs, leading to better selection of participants and the integration of Turin-based training with DWCP outcomes for each country. It also means that the Centre must align its work more closely with the ILO Global Outcomes and propose specific capacity-building results and indicators, as set out in the P&B 2010-11 and in the SPF.

1.1. Support for DWCPs

The Centre is not systematically involved in the design and planning of DWCPs nor of field projects, particularly those in the context of the RBSA. The Centre's intervention may be requested on an ad-hoc basis and often at the last minute, rarely as part of an integrated approach that maximizes all the capacities of the ILO as a whole. However, the Centre is now part of the DWCP quality-assurance process and may be able to influence the design and planning of DWCPs, so that they pay greater attention to developing constituents' human capacity as a critical component of institutional capacity building, as foreseen in the Declaration on Social Justice.

There are several ways in which the Centre can make a useful contribution to DWCP implementation. It can help the Office design and implement training and learning strategies for individual DWCPs with substantial capacity-building components; it can organize and facilitate experience-sharing among constituents involved in different DWCPs with similar priorities; it can make DWCP constituents familiar with other countries' experiences and good practices in its regular training courses; it can support the development of Office staff's capacity to plan, design and implement DWCPs in the context of broader UN national development strategies.

In 2009, the Centre has started to coordinate more closely with the offices regarding the selection and recruitment of participants for open courses. Applicants who are directly related to DWCPs are given priority in selection and the award of fellowships. As from 2010, closer targeting of the Centre's courses is envisaged through systematic consultations with ILO field offices. The Centre is also having its management information tools link training activities not only to global outcomes but also to specific DWCP outcomes. The objective is to demonstrate an explicit link with Decent Work Country Programmes for at least 50 per cent of the Centre's participants.

In 2008 and 2009, the Centre has also been progressively establishing a network of focal points in ILO field offices. The Centre proposes to hold a meeting of these focal points in Turin in 2010 to raise their awareness of the Centre's role and added value, and to review current ways of operating, with a view to maximizing the cost-effectiveness of Turin-field cooperation.

1.2. Capacity building for ILO constituents: P&B 2010-11 proposals

Institutional capacity has different dimensions. Over time, the ILO has progressively withdrawn from direct implementation and emphasised the transfer of know-how and the strengthening of national institutions' capacity to take over responsibility for developing policies and programmes.

The roadmap of the Declaration has entrusted the lead responsibility for building the capacity of constituents to the Turin Centre. A new plan will strengthen the capacity of the Office to contribute to the development of the institutional capacity of tripartite constituents across its operational activities. In particular, the plan seeks to endow ILO sectors, offices and programmes with tools and competencies to systematically analyse constituents' capacities and identify additional capacities required to reach a desired outcome at the level of individual performance (knowledge, skills and attitudes), organizational performance (mechanisms, tools and procedures) and the wider institutional framework (the rules of the game and an enabling environment).

To follow this roadmap, the Centre has proposed to the Office: an implementation strategy comprising an inventory of tools and methods for capacity assessment and development within the ILO; a capacity-development checklist to use in the results-based management approach adopted by the ILO for its programmes; a new module on capacity development produced within ILO staff development programmes on results-based management; three fully fledged work plans related to P&B outcomes no. 9 (employers' organizations), no. 10 (workers' organizations) and no. 11 (labour administration) to be drawn up using common analytical tools and methodology; up to ten national exercises to help the constituents to identify precise capacity needs and gaps on the basis of the

organizations' specific mandate, mission and objectives in the context of Decent Work Country Programmes; and an ILO help desk to advise and assist departments, programmes and external offices design and deliver capacity-development components within their operational plans and strategies. It is still unclear if specific resources will be allocated by the Office in 2009 or in 2010-11 for both the design and the implementation of this strategy. It will have a significant influence on the attainment of the proposed objectives.

Beyond the specific scope of the Centre's involvement in the implementation of the Declaration roadmap, the concern to strengthen participation by employers' and workers' organizations remains an important focus for the Centre. As the training arm of the ILO, the Centre is fully aware that capacity building goes well beyond governmental agencies.

Over the years, the Centre has put in place different mechanisms that have enhanced the tripartite dimension and visibility of its training programmes. While the majority of the Centre's participants continue to come from government agencies, the number of employer and worker participants, combined, more than tripled in absolute numbers and more than doubled (from 13.5 to 29 per cent) as a share of total participants between 2000 and 2008.

There is still scope for enhancing employers' and workers' presence in the Centre's programme, as part of a strategy to be developed together with the ILO Bureaux for Employers' Activities and for Workers' Activities. Such a strategy would stress the unique character of the Turin Centre as a meeting place for ILO constituents, where they can reflect on issues of common concern and explore innovative avenues for dealing with them.

The implementation of this strategy, however, faces a major challenge: the expected drastic reduction of funds from Italy between 2009 and 2010 will limit the capacity of the Centre to fully subsidize social partners' participation in regular courses. To offset this, the Centre gives high priority to employer- and worker-specific proposals as well as bipartite or tripartite proposals for submission to donors, directly or through the ILO, and for the allocation of RBTC and RBSA resources channelled through the Centre. The Centre will also systematically review and update training curricula to ensure their relevance to a tripartite audience. The Social Partners Support Facility, created in 1999 and re-designed in 2008, will be maintained despite the shrinking resource base. It will focus on curricula and audiences of critical strategic importance.

Finally, changes in the way the employer and worker training programmes are planned and run may be required in order to maintain and expand employers' and workers' access to the Centre's programme in the context of reduced funds. This may entail a reconsideration of the existing balance of campus v. field v. distance learning, and the generation of more internal synergy and external partnerships to expand outreach.

1.3. Alignment with the ILO on the delivery of the global outcomes

The programming system of the ILO does not currently take Turin Centre activities into account as regards either contribution to operational outcomes or results measurement. However, the Centre has set up a system to monitor and report on all training activities by ILO outcome, making the Centre's contribution to the achievement of these outcomes

more visible and measurable (in terms of number of people trained, financial allocations per outcome, etc.).

In 2010-2011, this process of alignment should be taken a step further. Firstly, the Centre will, from the outset, indicate the contributions it expects to make to each ILO outcome by providing inputs to the outcome-based work plans developed by Geneva. Using an RBM approach, training outputs will be linked to the achievement of ILO outcomes. At the same time, the Office and the Centre should consider making Turin's contributions visible in IRIS, so that the role of the Centre can be easily identified in ILO monitoring and reporting outputs, including in financial terms.

2. Resource mobilization and management: sustainable and predictable funding for the Centre

The financial structure of the Turin Centre has been described to the Board and discussed by it on several occasions (see annex II). Without returning to that subject, the following chapters outline the three avenues that the Centre intends to follow to improve its financial governance, and the general rationale behind them: 1) cost containment and productivity; 2) an increase in regular contributions; and 3) better integration into the resource mobilization strategies of the ILO. Before that, however, the current financial outlook and, in particular, the implications for the Centre of the reduced voluntary contribution from Italy are analysed.

2.1. The financial consequences of the reduction in the Italian voluntary contribution

A substantial reduction in Italy's development aid budget was announced in 2008 in the general guidelines of the Italian budget for the period 2009-2011. As a result, the Italian voluntary contribution to the Centre has fallen from € 7 million in 2008 to € 4 million in 2009. This cut is a serious problem for the Centre, even though it is considerably less drastic than the overall 80 per cent cut in the Italian multilateral development aid budget. On the other hand, the world financial crisis has made it unlikely that it will be compensated for through additional allocations from other governmental sources.

In the period 2006-2008, the Italian contribution totalled € 19.3 million. For the period 2009-2011, the Centre expects to receive some € 11 to 12 million.

In 2009, the reduction in Italy's contribution has been absorbed by carryover of funds from the previous year, the release of ILO slippage funds linked to the end of the programme and budget biennium, and the mobilization of additional projects and funds. From 2010 onwards, however, the consequences will be more apparent, since Italy's contribution has an important multiplier effect on additional income from co-financing arrangements. Experience shows that the Centre almost doubles the allocation from the Italian contribution by attracting additional funds through a range of cost-sharing arrangements. This leverage is possible because the Italian contribution is only lightly earmarked and committed at the beginning of the planning period.

This is happening in a context in which other factors may have a negative impact on the Centre's income generation. The economic and financial crisis has made national institutions less able to allocate funds for human resource development from their own

budgets. The complexities of Schengen visas are having an impact on attendance at standard courses in Turin. Finally, aspects of the new ILO technical cooperation strategies make it more arduous for the Centre to secure predictable funds in the context of the ILO's resource mobilization.

The Centre's inevitably greater dependence on market demand will make it more difficult to reconcile the planning of activities with compliance with ILO strategic priorities, work plans and cycles. In particular, it will reduce the possibility of facilitating access to training by social partners and by institutions from the least developed countries, which have a lower capacity to purchase training services. In addition, in the current financial context, it is difficult for the Centre to set aside adequate resources for longer-term undertakings of strategic importance to the ILO and its constituents, in particular a systematic evaluation of the impact of its activities, follow-up with participants and their institutions, and the development of its alumni network to support the Decent Work agenda both nationally and internationally.

2.2. Cost containment and productivity

The Centre operates in a competitive market, where different public and private institutions also provide similar training with different levels of subsidy. Its services need to attain excellence in content, pedagogy, efficiency and, last but not least, price. Cost effectiveness is therefore a constant concern for the Centre.

Cost containment measures concern two main areas, namely campus management and the staff. On both accounts, it is important that cost containment measures taken by the Centre do not adversely affect the quality of the training and logistical services offered to partners and participants, as this would have negative repercussions on the Centre's reputation and on the demand for its services.

While the Centre's institutional credibility, competence and innovative learning approaches are an extraordinary asset, the Turin learning experience will ultimately be successful if accompanied by quality services to participants that fulfil the highest expectations.

For all these reasons, a great effort has been made in recent years to improve all aspects of life on campus, from catering and hotel services to training facilities, IT connectivity, leisure activities and medical assistance. Thanks to a general revision of procurement criteria and turnover of contractors, this has even produced savings - in the range of € 500,000 per year.

As regards campus management, the fixed-costs budget has increased at an average 5 per cent per annum. Taking into consideration inflation and the mandatory increase in salaries, fixed costs have remained steady in real terms during the last eight years. Energy-saving measures could contribute to further reducing operational costs. However, this requires investment in equipment and technology, which would need to be covered by some special fund allocation.

As regards staff, the current strategy is not to reduce the number of staff across the board, as this would have a negative impact on the volume of activities and therefore on the Centre's income. The priority is to strengthen the capacity of training teams while trying to contain the number of staff in the administrative sector. Still, between 1990 and 2008,

the total number of regular budget staff members fell from 159 to 146 despite a five-fold increase in the number of training activities. At the same time, close monitoring of short-term recruitment, combined with specific policy measures, made it possible to reduce the number of short-term staff required to meet temporary needs. A new category of project-based staff was created in the early 1990s to allow adequate staffing of the training programmes without placing additional constraints and long-term liabilities on fixed costs.

The Centre has kept its grade structure under control and avoided grade inflation through a systematic policy of reducing the grade level of posts vacated by retiring staff.

Higher staff productivity and flexibility are the major reasons why the Centre has been able to significantly increase its activities in volume, complexity and value while slightly reducing its staffing resources on the regular budget. This has been achieved by: i) restructuring organizational functions to make economies of scale and move staff to meet programmatic and operational needs; ii) reengineering and automating work processes; and iii) transferring resources from support functions to direct income-producing sectors.

On this last point, in 2008 administrative support staff accounted for only 21 per cent of the overall workforce. Whereas certain units, such as the Management Information Services, have increased staff to meet changing technology needs and demand, other units, such as the Internal Administration Service, saw their staff reduced by more than 50 per cent between 1990 and 2008. Whenever feasible, the Centre has outsourced non-core functions and has brought in automated systems to reduce staff time spent on those functions.

Additional efforts to optimize the use of the Centre's human resources should rely on improved human resources planning processes, in order to: (i) ensure that the Centre has the right staff to fulfil its mandate; (ii) plan the replacement of retiring staff members without disruption and inefficiency caused by unfilled positions; (iii) improve data-supported decisions about posting and costing structures; (iv) identify skills and knowledge required for the future; and (v) simplify staff mobility between the Office and the Centre, including temporary transfers.

Further economies of scale can be achieved by: reengineering and streamlining work processes; better planning of staff deployment for training activities; encouraging cross-programme support and internal mobility to reduce the use of external temporary staff; automating work processes to reduce staff time devoted to administrative support; streamlining financial transactions with the ILO; improving the collection and monitoring of payments; and exploring further possibilities for outsourcing non-core functions performed by regular budget staff.

Integrating additional support functions with those of ILO headquarters should be considered as part of the global cost containment effort, as long as opportunity costs are not generated by lower responsiveness of those services. This option should be tackled pragmatically, bearing in mind the possibility of redeploying redundant human resources across the Centre.

2.3. An increase in regular contributions

Fixed contributions accounted for only 29 per cent of the total budget of the Centre in 2008. The remaining income was generated by mobilizing financial resources for individual courses or projects. This has prompted the Centre to take a results-based management perspective with greater responsiveness to demand.

The downside is the increasing difficulty for the Centre to run activities which are of core importance to the ILO, but for which there may be insufficient market demand, and to facilitate access to training by national institutions with limited capacity to purchase the Centre's services.

Also, the Centre must charge a substantial part of its staff time to the budget of activities, which provokes criticism that they are too expensive. This places the Centre in a very different situation from other multilateral or bilateral development organizations – including the ILO itself and some training and capacity-building agencies – whose staff costs are covered by assessed contributions from member countries or by donor grants. Many training activities organized within bilateral cooperation programmes are offered free.

The Centre, in contrast, is constantly asked to justify the allocation of staff costs to the budget of training activities with individual partners and clients – including, all too often, ILO colleagues. Although the Centre is prepared to maintain a market-oriented approach – its costs have not prevented successful competitive bidding – it considers that the ratio of assessed contributions to the total budget is too low.

The Centre therefore wishes to increase its regular budget by having more direct contributors than Italy (including Italian local governments), France and the ILO. To this end, the ILO could ask its constituents to create a specific facility for the Centre in addition to the regular budget of the ILO.

An additional €10 million would be needed to cover the Centre's fixed costs fully. This would free net earned income from training activities to implement a quality strategy. In the medium term, the current ratio of regular to extra-budgetary resources should be raised from 29:71 to 50:50. With even a modest increase in assessed contributions by the top twenty member states of the ILO, with the exception of Italy, this target would not be difficult to achieve and would provide important relief for the Centre's finances.

2.4. Increasing the Centre's contribution to the ILO's technical cooperation

The reasons for pursuing this objective are two-fold. First, to improve the impact of ILO technical cooperation (see para. 1 above). Second, to increase the proportion of the ILO extra-budgetary technical cooperation resources - which for the time being make up only nine per cent of the Centre's total training income - and to make those resources more predictable.

2.4.1. ILO donor partnerships

Following recommendations by the PFAC's 'Working Party on the Financial Strategy for the Centre', the Centre has become more regularly involved in the design and appraisal of ILO programmes financed from regular budget or extra-budgetary funds. The programming of the regional RBTC has been done on the basis of regional priorities. The Centre has contributed to RBSA proposals and held a range of training activities funded from the RBSA. Further, the Centre is involved in discussions on new partnerships with donors and has, in turn, involved ILO offices in developing country-based activities and in bidding for tenders. All this, however, needs to be institutionalized, as collaboration so far has remained on an ad-hoc basis with high transaction costs.

To build on these results to achieve the aim set by the Working Party of more stable and sustainable funding, the Centre proposes a number of improvements for 2010-11 in programming mechanisms with the Office that will streamline delivery of training activities while contributing to the larger ILO programme.

The Centre maintains that allocating upfront resources for training and learning activities in the budget of ILO/donor partnerships would greatly enhance the cost-effectiveness and reliability of the Centre's planning. Within the context of global programmes funded through donor partnerships, the Centre could design and run training programmes for a range of countries and constituents requiring capacity building and training concerning any given ILO outcome in the framework of priorities set by the ILO for different countries. This option, which has been successfully implemented in some donor partnerships, would dramatically reduce the uncertainty and the transaction costs of negotiating training components within individual projects.

This approach would also allow the ILO to make the most of the Centre's potential. The Centre's role is not played best in isolated training activities in individual countries, unless these are a major project component. The essential service that the Centre can render to the implementation of ILO strategies and policies is to bring together constituents and national institutions from different countries that share the main problems and challenges to learn from one another how social and labour issues have been tackled, what worked, what did not work, what lessons can be learnt and what good practices can be adapted or replicated.

As part of an Office-wide initiative by PARDEV to identify 'resource gaps' for 2010-11, the Centre will put forward proposals per global outcome indicating training outputs the Centre can contribute towards achieving the outcome (targeting specific member states). These proposals will set out the funding the Centre can make available from its captive resources and the resource gap that would require RBSA or other donor funding.

2.4.2. RBSA

As of June 2009, some US\$ 700,000 of RBSA for Africa had been programmed with the Centre for 2009, mainly in the areas of youth employment, labour market information and labour migration. In addition, in 2009 the Centre has handled a substantial training component for ILO constituents in the context of a new collective agreement for the sugar industry in Mexico.

The Centre has made specific suggestions as to how it could be better involved in future rounds of the RBSA. The arguments presented in the above chapter in relation to donor partnerships apply to the RBSA mechanism as well. Most DWCPs funded through the RBSA lack the critical mass of resources for training and human resource development that would allow cost-effective participation by the Centre. Many “training activities” are isolated one or two-day local workshops or seminars with no long-term learning strategy to which the Centre could make a meaningful contribution.

It would make a great deal of sense for DWCPs to be clustered together, e.g. by operational outcomes, with the RBSA contributing to the financing of joint training and knowledge-sharing activities through the Centre. However, in practice, the implementation of individual DWCPs is decentralized to ILO field offices, which plan and run activities in isolation. In addition, in many areas of work of the ILO and the Centre there is no critical mass of DWCP activities that would allow for learning and knowledge-sharing activities fully funded by these activities.

In this case again, allocating upfront RBSA resources to the Centre for programme to be designed and implemented in collaboration with DWCP managers would substantially reduce transaction costs and improve the running of these activities. The Centre is already discussing with technical sectors at headquarters how to include training and capacity-building components in their global product proposals.

At the same time, the Centre has prepared a global Turin RBSA proposal and is discussing it with headquarters. If it were accepted, it would help reduce the transaction costs of having training and learning components disseminated in dozens of individual RBSA activities, and would enable the Centre better to plan and design learning and knowledge-sharing components for constituents in different DWCPs.

2.4.3. RBTC

RBTC funds are earmarked for Turin every biennium, as part of regional allocations. The use of these resources is determined every biennium through joint planning and negotiation with ILO regional offices. These resources play a critical role in ensuring that the Centre’s programmes are in accordance with ILO regional priorities. The practical mechanisms for the release of these funds, however, are cumbersome and cause significant delays in their planning and use, particularly at the beginning of each biennium.

It is proposed that RBTC allocations be made directly to the Centre (instead of first going to the region and then being returned in a series of sub-allocations). This would speed up delivery and also enable the Centre to then allocate RBTC resources more flexibly to either training activities in the field - to be decided upon with the responsible offices and specialists - or to fellowships for those standard courses that each Regional Office would select in line with regional priorities.

2.4.4. UN and international partnerships

The Centre actively pursues partnership with other multilateral and UN organizations on the basis of pooling resources and expertise for new training products. Recent partners include the World Bank, the ISDR, the OECD and different UN organisations and

agencies, all concerning the development of the post-graduate portfolio. In addition to expanding the scope and visibility of the Centre's programmes, these partnerships become a channel for bringing the Decent Work Agenda into the mainstream of the multilateral system.

Beyond global partnerships, the Centre seeks to contribute to the process of UN reform at the country level (Deliver as One) by developing its training curricula on the Decent Work Toolkit and by training ILO field staff in working with the UN at country level. For the Centre to reach out to UN country teams effectively, two factors are critical: a) the effective presence and participation of the ILO in national UN processes and teams – including adequate consideration given by UNDAFs and UN plans to the involvement of social partners in the design and running of national development plans; and b) opportunities to train and sensitize UN country teams about the Decent Work Agenda, with particular regard to the Decent Work Toolkit implementation strategy. Initial experience shows that UN country managers' sensitivity to the need and scope for mainstreaming the Decent Work Agenda should not be taken for granted. However, the Centre has been successful in negotiating and running a series of national workshops to train gender audit facilitators from three UN country teams in Africa in 2009. Promoting the Decent Work Agenda through specific thematic entry points is therefore a promising option in some cases.

Finally, the new role foreseen for the ILO in global regulation may bring new activities to the Centre. ILO international staff will have to be trained in the ILO mandate, in particular in better handling the Global Job Pact. This means that, when discussing follow-up to the decisions taken by the G20 with donors, the ILO should explicitly include training and learning activities with the Turin Centre in the proposals.

2.4.5. Non-traditional donors

The Centre is ready to integrate its resource mobilization strategies into the broader policy frameworks set by the ILO regarding donor partnerships and the RBSA. At the same time, the Centre can use the comparative advantage of its institutional flexibility to attract resources to the ILO from non-traditional donors with whom the RBSA or partnership approach cannot be taken. This includes participation in competitive bidding, cooperation with local governments and public-private partnerships.

In parallel with the progressive reduction in traditional funding, the Centre will need to boost its resource mobilization activities among non-traditional donors and partners. This should be coordinated with PARDEV as well as the ILO offices and departments concerned. At the same time, the Centre should enhance its scope for taking initiatives in this field, in the interest of promoting the Decent Work Agenda among a bigger non-captive audience of both public and private institutions.

3. Improvements in training design and methodology

3.1. Strategy for improving the content and process of our learning activities

The Turin Centre has put considerable effort into improving its training and learning. It has sought to recruit specialists with an excellent command of their subjects, who can interact on a peer basis with lawyers, economists and other social scientists from major academic or international institutions. In addition, however, they need to possess or acquire knowledge of teaching tools and techniques.

To this end, crash courses on pedagogy are held for newly recruited specialists. Regular staff development activities also take place within a multi-year programme to update and reinforce learning facilitation and teaching skills. Peer reviews upgrade the quality of curriculum design. In addition, the Centre has hired training methodology and technology specialists.

A special “learning laboratory” has been designed. It will be a place where staff can brainstorm and plan new activities, design them, brief/debrief facilitators, organize peer reviews, try out new learning methods, etc., in an environment that will stimulate innovation and creativity.

There is, however, a significant trade-off between investing time and resources in developing the staff’s competencies and the running of a large training programme to ensure the Centre’s financial viability. It would therefore be useful to create a Research and Development Fund to compensate for the time spent revising existing curricula and creating new ones. This fund could be financed by a consortium of interested donors.

3.2. Campus v. field learning activities strategy

The view that the Centre should run its activities as much as possible in the field to save costs and reach out to more people has been expressed many times. The same argument has also triggered the development of distance learning and blended activities.

The two main criteria determining the choice of modality and location are the training objective and cost-effectiveness. As a general principle, field activities are justified when participants are from a single country or sub-region and the cost of international transport would be very high. Other reasons are the possibility of partnerships with national or regional institutions and training centres and an explicit objective of contributing to developing their training capacity. In yet other cases – particularly in joint programmes with ILO field offices – a concern for political visibility prevails.

On the other hand, holding training in Turin allows the Centre greater control over logistic and methodological variables. Moreover, residential costs are usually lower on the Turin campus than in hotel or resort locations, even in developing countries. However, the biggest difference is that campus activities bring people from different countries together and offer broader scope for knowledge-sharing and synergy among participants, whereas in field activities knowledge and information are almost entirely

channelled through ILO trainers and experts. Feedback from participants' evaluation clearly shows that activities on campus are better appreciated than activities in the field.

We consider that the current ratio of campus (40%) v. field activities (50%) is a reasonable one. However, the Centre is trying to reinforce the campus as the privileged platform for the knowledge-sharing which is at the heart of the Turin Learning Approach, while reducing the length of face-to-face courses by using more blended approaches to save costs. Course participants at the Centre are, in general, senior people with in-depth experience. It is essential that the Centre be able to capture and share their experience with a view to producing new knowledge, sharing experience, and experimenting.

3.3. The Turin Learning Approach (TLA)

The 'Turin Learning Approach' is the main reference for quality standards in the design and running of the Centre's training activities. In a traditional learning set-up, knowledge is transferred by experts. In more innovative approaches, knowledge is produced by the participants themselves and shared among them. The TLA offers a learning process which encompasses the two types of learning, and puts participants and their organizations at the centre of the learning process.

While sharing knowledge, participants are at the centre of the process. The Centre still needs to develop tools for sharing experience in an international context in which cultures and attitudes are very diverse. In the case of knowledge transfer, the TLA makes sure that the knowledge is the kind needed by the participant.

Knowledge transfer should be concentrated before the face-to-face phase in order to maximize the time dedicated to knowledge-sharing on the campus. The Centre uses a pre-course e-learning phase for each of its standard courses. This covers the basic common elements of the content. Knowledge-sharing and networking can also begin before face-to-face courses by creating e-platforms on which participants start connecting with the Centre and with one another. This process goes on after the course as participants continue to exchange and access updated information.

The Centre is also considering the systematic inclusion of a training-of-trainers module. This will allow participants to design a way to embed what they have learned into their organization or disseminate it within their home country.

The Centre is currently considering adding a new dimension to its training portfolio by offering participants in selected courses the possibility of obtaining diplomas in accordance with an internationally recognized certification standard, namely UNESCO's International Standard Classification of Education (ISCED). This has significant implications for the design and running of training activities - in particular, making systematic assessment of learning a pre-requisite for obtaining the diploma. As the Centre's core mission is institutional development rather than personal development, this option would be voluntary: an additional incentive to make full use of the learning opportunities provided by the Centre's courses.

To help insert the Centre among the leading development training institutions, the first "Learning Link" in Turin is envisaged for December 2009. It will be a milestone in progress on the common agenda of the development training and learning community. It will involve the World Bank Institute, national organizations like InWent and the

Train4Dev donor network in a participatory but unconventional learning environment. Learning Link activities will deal with the issues and challenges identified at the Berlin High-level Retreat on the Effectiveness of International Development Training (4-5 June 2008), the Accra High-level Forum on Aid Effectiveness (2-4 September 2008) and the Washington Forum on Improving the Results of Learning for Capacity Building. An action-oriented, continuous learning approach to improving the effectiveness of learning programmes will emphasize planning and implementation at the individual, institutional and international levels.

3.4. New products

The Centre constantly seeks to renew its portfolio of training products with a view to updating the content and modalities of its existing curricula, adapting them to different linguistic and cultural contexts and producing new curricula in anticipation of, or response to, training and learning demand and new partnerships. Recent innovations include new training products on non-discrimination, wage policy, vocational education and training, sustainable enterprise development, natural disaster recovery, labour inspection, labour migration, green jobs, the social dimension of international trade and investment, corporate social responsibility, the Decent Work toolkit and the economic and financial crisis.

Since the economic and financial crisis began in the second half of 2008, the Centre has sought to support the ILO's global initiatives in its sphere of responsibility. Training curricula and products have undergone a critical review and update with a view to integrating the crisis and its impact on Decent Work. This includes curricula on: employment and labour market policy; trade, investment and employment; social security; public procurement; labour-intensive investment.

A further project, recently approved by the European Commission, on enterprise restructuring in EU countries, has taken on a new dimension and significance against the background of the economic crisis. Following the high-level meeting on the European social model in July 2008, the European Commission also agreed to finance a new tripartite meeting in 2009 on industrial relations in the context of the crisis. In addition, an interregional tripartite workshop has been organized for late 2009 in Turin to allow constituents to share experience and enhance the dialogue with the ILO on the employment and decent work dimensions of the crisis and to mobilize support for the Global Job Pact. Specific employers' and workers' training workshops have also been held or planned to strengthen the constituents' capacity to tackle the crisis. The Centre expects that, under the Office's guidance, these initial activities may lead to a sustained tripartite training programme that will support the Global Job Pact both globally and nationally.

Innovation in training modalities include large events that combine different training curricula within a single area (e.g. micro-finance, enterprise development, local development). The idea is to replace individual open courses by two- or three-week events at which participants choose specific modules but also do a few shared modules. This gives the participants a more comprehensive view of the subject, brings more participants together at the same time and gives the Centre's activities more visibility. The Boulder microfinance event and a "Sustainable Enterprise Academy" are already

running on this model. Discrimination and migration are two further fields to which the Centre intends to apply this model.

4. The Centre and the campus

This chapter does not set out a fully fledged strategy but rather a few ideas aimed at provoking a discussion by both the Board and the Governing Body on the relationship between the Centre and the campus, which hosts two other, smaller UN institutions: the Staff College and UNICRI.

The Centre manages the whole campus and bears the main costs of maintaining the common facilities. This, indeed, is a significant part of the fixed costs of our budget.

In 2008, it cost the Centre € 5,351,000 to manage the campus. This included utilities, specialist services like security or ICT maintenance, transport and communications, building maintenance, and more. This was 220 per cent of the ILO's fixed contribution (€ 2,440,000), 68 per cent of the Italian fixed (or ex-lege) contribution (€ 7,850,000), or 60 per cent of the contribution to fixed costs generated by training activities (€ 8,859,000). In other words, more than 50 per cent of the combined fixed contributions by the ILO and Italy. If we exclude the cost of hardware and software maintenance, in 2008 the Centre's expenditure on the campus was around € 3,500,000. The cost-recovery mechanism deriving from the presence of the two other organizations on campus produced an income of only € 100,000. Under stringent financial constraints, this may no longer be sustainable, as it is extremely difficult to foresee substantial savings on this type of expenditure without jeopardising the safety and the working conditions of both the Centre's staff and participants.

On the other hand, the Italian authorities - while knowing and recognizing the central role played by the Centre - tend to refer to a UN campus more than an ILO campus. As a matter of fact, part of their generosity at both national and local levels is linked to the image of a UN hub on their territory. Transforming the campus into a UN entity would increase its visibility worldwide and attract more funds – something that the Centre's main sponsor might appreciate.

Indeed, there is still a consensus that the Centre should continue to manage the campus. However, this role might be questioned if the Centre had difficulty generating enough revenue through its ILO-related activities. One answer is to take advantage of the facilities offered by the campus.

The Centre has always tried to exploit the possibilities offered by the campus to generate extra resources to offset its fixed costs. Non-training residential activities (renting of classrooms and residential facilities to outside institutions) bring in an average € 300,000 per year, with a peak of € 900,000 in 2006, the year of the Turin Olympic Games. As from 2010, the availability of a conference centre in pavilion L, made possible by the generosity of the Piedmont Region and the SanPaolo Foundation, may boost the income generated by third-party activities, because no other location in town can offer equivalent residential and training facilities.

The post-graduate course programme is a non-core activity which was developed primarily to satisfy the wish of local authorities to promote the international dimension of Turin University. Its potential is being further developed to bring more prestige to the

Centre and attract more resources. These activities are also important because they contribute to cost recovery by distributing occupancy of training and residential facilities throughout the year. In fact, for the last five or six years, the post-graduate programmes have accounted for around 20 per cent of all participant days (19,836 out of 99,608 in 2008). If we look at the occupancy of the Centre's residential facilities, the ratio is almost the same, with some 10,000 nights out of approximately 50,000.

The next development could be a big increase in partnerships with international organizations and with prestigious non-Italian universities. It would certainly be profitable for the Centre to further develop this. However, it raises a number of questions. The balance between ILO core programmes and other types of activity is inevitably related to the level of ILO resources available to the Centre.

In any case, it is essential that the Centre keep ahead in developing new partnerships and initiatives. One option is to invite UN organizations and programmes (e.g. the Human Rights Commission or the UNHCR) to hold some of their core training activities on the Turin campus. The Centre would then be able not only to make the best possible use of its facilities but, even more important, to contribute its learning expertise to those activities.

Inviting other organizations to use the facilities rather than hosting more UN organizations on the campus would allow the Centre to keep its leading role in campus development. In addition, given the increasing role that the ILO plays in the new international regulations, bringing other UN activities into an ILO environment may help disseminate its values and policies while making the campus a more attractive place.

The time may therefore have come to take up this option. However, endorsement by the CEB may be required for it to come to fruition.

JOINT EMPLOYER-WORKER DECLARATION ON THE TURIN CENTRE

Both employers and workers would like to re-emphasize the unique position of the Turin Centre within the UN system and comparative advantage to provide capacity-building support for the social partners and ILO Member states.

Therefore the Turin Centre should feature prominently in the ILO's strategic documents such as the ILO's Strategic Policy Framework document, ILO's budget for 2010-2011 biennium, giving effect to the 2008 ILO Declaration on Social Justice and a Fair Globalization particularly with regard to capacity building of the ILO constituents.

Bearing this in mind, the Director of the Centre is requested to submit a document to the Board of the Turin Centre at its November 2009 session outlining a coherent and a strategic plan aimed at building the capacity of ILO Constituents.

A number of issues need to be given due consideration in the above document:

- The role of the Turin Centre in the implementation of the 2008 Declaration particularly with regard to capacity building of constituents
- Improving and strengthening participation of the social partners in activities of the Centre through ACTRAV and ACTEMP
- Improving the relevance of programmes and products offered by the Centre
- Adoption of Results Based Management
- Role of the Turin Centre in understanding and responding to the Global Financial Crisis
- Opportunities and consequences for the Centre in ILO involvement in Delivery as One and UN reform processes
- Cooperation with the ILO Field Structure and the Centre and in particular inclusion of a training component in DWCPs
- Striking the right balance between Turin based and field based activities and how to improve the effective involvement of social partners

Resource Mobilization

At the moment the financial situation of the Centre is vulnerable. Relying on the contribution of the Italian government for which we express again our appreciation, cannot be a sustainable solution. Moreover the financial and economic crisis will no doubt make the market for the Centre more difficult and less predictable. The Centre therefore urgently needs a broader and more stable source of funding. As stated by the Working Party on the funding of the Centre and as discussed at the Turin Board and PFA Committee in November 2008, there are several ways to do this:

1. First, the regular contribution of the ILO to the Centre is very low: 3 million Euros out of a total budget of 42 million. This by no means reflects the effort of the Centre of building the capacity of its constituents to successfully implement the strategic objectives of the ILO. The regular contribution of the ILO to the Centre should therefore increase in the future
2. Secondly, a more structured cooperation with PARDEV is needed to ensure that the Turin Centre gets more funds from partnership agreements in order to develop courses for constituents. The Centre should also be involved more systematically in technical cooperation programmes and funded accordingly. It should also take part in meetings with donors. Finally the Centre should be able to access funding from RBSA funds in order to develop training programmes in particular in Decent Work Country Programmes.
3. Last but not least, governments could consider a direct contribution to the Turin Centre using one or more of the modalities that were presented in the report of the Working party in 2007, or to consider a specific chapter and budget for the Training Centre as part of a wider partnership programme with the ILO.

In this way, the funding of the Centre could become more predictable and stable, a stronger delivery of outcomes directly related to the decent work agenda could be achieved together with a strengthening of constituents' capacity via the enhanced role and capacity of ACTRAV and ACTEMP. This should enable greater and more effective participation of the social partners in the Centre's activities. The Training Centre could therefore play a more effective role as support centre of the ILO and the Decent Work Agenda.

The Board and the PFA Committee should be informed annually on the implementation of the recommendations of the Working Party 2007 report, including the budget involved.

The PFA Committee should continue to examine annually how to improve the integration between the Centre and the ILO.

Geneva, 11 March 2009



INTERNATIONAL TRAINING
CENTRE OF THE ILO

CC 69/5
69th Session

Board of the Centre

Geneva, 29 – 30 October 2007

FIFTH ITEM ON THE AGENDA

Report of the Working Party

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1. The Programme, Financial and Administrative Committee addressed, at its 298th session (March 2007), the issue of the role of the Turin Centre (International Training Centre of the ILO – ITC-ILO) within a coherent ILO capacity building strategy¹. The Governing Body suggested a set of proposed measures that could achieve a more stable budgetary and funding platform from which the ITC-ILO could fulfil its mandate as the training arm of the ILO.
 2. It was proposed to ‘*prepare a working paper to submit to the Board of the Centre and the PFAC Committee of the GB of the ILO in November 2007*’ (para 27). The report states further that ‘*there will be prior consultations with the members of the GB, and the paper will put forward options and proposals*’. As Chairperson of the Board of the Centre, the ILO Director General endorsed this idea and, moreover, invited the Employers’ and Workers’ Groups to provide their support.
 3. The Director of the ITC-ILO facilitated the setting-up of a Working Party, composed of representatives of 18 countries and representatives of the Workers’ and Employers’ Groups. The Working Party, on the basis of background papers provided by the ITC-ILO, identified broad elements of a funding strategy. The attached paper ‘*A funding strategy for the Turin Centre*’ is provided for information.
 4. There was agreement that by more closely linking the work of ITC-ILO to the overall ILO programme, including through the proposed measures in the March 2007 PFAC discussion (para 28, GB.298/PFA/14/3), it should be possible to provide a more sustainable funding basis for the Centre. The recommendations on the Field Structure Review regarding effective and efficient arrangements of ILO external offices (including in relation to ITC-ILO) will also contribute to this. On this basis, the Working Party proposes the following:
 - (a) In order to develop synergies and complementarities the ITC-ILO and the ILO departments and regional offices should be encouraged, where appropriate, to engage jointly in programme identification, planning, resource mobilization and in exchange of personnel to further the implementation of the ILO’s strategic objectives. This should enhance the predictability of resources necessary and required for the delivery of relevant services by the ITC-ILO. The ILO should provide for reporting on the cooperation and the follow-up.
 - (b) ILO departments and regional offices and the ITC-ILO should make arrangements to facilitate better coordination, including through a direct link between technical sectors and departments at headquarters and corresponding ITC-ILO technical departments and through the appointment of ITC-ILO focal points in regional offices.
 - (c) ILO departments and regional offices should liaise closely with the ITC-ILO in the identification, formulation and implementation of the ILO programmes of technical cooperation. The ITC-ILO shall be entrusted with the relevant training and capacity development components of the ILO programme of technical cooperation in areas of ITC-ILO’s expertise.

¹ GB.298/PFA/14/3

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- (d) The strategy would be to provide support to ITC programmes in line with the 2007-2011 Development Plan, covering:
- Training support to the delivery of Decent Work Outcomes (P&B);
 - Country (responding to DWCP outcomes), Subregional or Region specific training support;
 - Knowledge management: training & learning capacity, technology;
 - Infrastructure and systems alignment with the ILO.
- (e) Donors are encouraged to increase their voluntary contributions to the ITC-ILO, based on the Development Plan and the '*Funding Strategy for ITC-ILO*' which suggests priority areas and modalities for such contributions.
- (f) In line with its Development Plan, the ITC-ILO should actively seek direct voluntary contributions from a broad range of potential partners, in consultation with the ILO and its constituents. This includes other UN agencies in the context of 'One UN'.
- 5.** In the light of the Working Party discussions, the PFAC is invited to:
- endorse the broad strategy defined by the Working Party as summarized here;
 - request the Office to put in place with the ITC-ILO the necessary arrangements for this strategy to be implemented as mentioned under a, b and c in paragraph 4 above;
 - request the Director of the Centre to initiate a resource mobilization strategy for the ITC-ILO, in close coordination with the ILO, especially PARDEV.



INTERNATIONAL TRAINING
CENTRE OF THE ILO

Working Party

Geneva, 10 September 2007

ANNEX FOR INFORMATION

**Funding Strategy for
the International Training Centre of the ILO**

Summary of the financial challenges

1. The medium and long-term financial sustainability of the Centre raises concerns as fixed costs continue to rise, despite stringent cost-control measures, largely because of factors outside the control of the Centre's management. If it is to remain competitive and responsive to the financial capacity of the ILO's constituents, the Centre cannot allow itself to raise the prices of its services substantially. Annex 2 provides an overview of the main parameters and trends.
2. In a context of stable direct contributions, the Centre's capacity to cover rising fixed costs through an increased margin on activities has reached a ceiling in terms of staff productivity and available capacity. To balance the budget, essential investments in infrastructure (including training hardware), systems and staff training have been deferred and recruitment frozen, while delaying the filling of vacant staff positions. The limits are being reached in terms of maintaining the high standards and capacity of the Centre to deliver its services.
3. Moreover, the constant focus on productivity has meant that the Centre has little time for innovation and development and for work with the ILO field structure to identify and respond to regional priorities for training and capacity building, and to support Decent Work Country Programmes. Eventually, such a situation will erode the quality and relevance of the Centre's services. Finally, the Centre lacks the time and resources to participate more fully in the ILO's programming processes and systems and cannot contribute sufficiently to the ILO's technical cooperation programme in terms of strengthening the training and capacity-building components.

A funding strategy for the Turin Centre

4. To address the financial challenges, a funding strategy for the ITC-ILO is proposed. The strategy reflects the discussions of the Working Party, the challenges and measures identified in earlier Governing Body documents as well as in the paper submitted by the Director of the Centre to the Working Party.
5. A *two-pronged strategy* is proposed. First of all the mobilization of new voluntary contributions by donors to fund priority ITC programmes in line with the 2007-2011 Development Plan, covering:
 - Training support to the delivery of Decent Work Outcomes (P&B)
 - Country or Region specific training support
 - Knowledge management: training and learning capacity and technology
 - Infrastructure and systems alignment with the ILO
6. The second part of the strategy is a concerted joint effort by the ILO and the ITC to entrust the ITC with the delivery of an increased number of training and learning outputs within the overall ILO's technical cooperation programme.

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7. It is expected that the successful implementation of the strategy will result in a more balanced funding structure of the ITC, with the share of more stable and predictable funding increasing, including for investments in innovation while remaining fully responsive to the demands in the training market.

Prong 1: Voluntary Contributions to the ITC Development Plan

8. The 2007-2011 Development Plan of the ITC provides the basis for resource mobilization that will support both the ongoing programmes and investments in innovation, infrastructure and systems.² Such new funding would contribute to a better coverage of fixed costs and have the same characteristics as what is presently accounted for as ‘direct contributions or ‘general contributions to activities’:
- Multi-annual and renewable commitments, providing *predictability and stability*;
 - Setting broad thematic and geographic priorities along the lines of the Development Plan but leaving detailed allocation to the ITC, providing the *flexibility* to respond to changing circumstances and new opportunities;
 - Targetting not just additional training outputs but also research and development as well as structural investments, *ensuring innovation*;
 - Contributing to cover ITC’s fixed costs.

Priority Areas for Voluntary Contributions

9. Based on the 2007-2011 Development Plan and following the directions provided by the Centre’s Board, the ITC will consult with donors³ on the basis of a prioritised list of programme areas where voluntary contributions are being solicited. The programme areas can be divided into 4 categories:

A. Training support to the delivery of Decent Work Outcomes

10. The focus will be on supporting those immediate outcomes of the ILO’s Programme and Budget for which either there is no immediate market for fee-based training services or there are no current ITC products and services (or what exists is in need of innovation and updating) despite obvious demands from constituents for training and learning services. This will be done without jeopardizing the existing programmes and services.
11. For such outcomes, selected with the ILO and interested donors, the Centre will implement comprehensive programmes that will draw upon the research, field

² In addition to modest investments made from the ITC’s General Fund reserves for a limited number of outcomes

³ As per the Centre’s statutes, article VI.1, voluntary contributions can come from a range of sources. In the context of this paper, ‘donors’ therefore refers to national and increasingly also local government institutions, workers’ and employers’ organizations, international development agencies, private enterprises and foundations etc.

experience and expertise of the ILO to develop and implement a training and learning programme with well defined and measurable outputs.

12. Each programme would provide for staff and non-staff resources to define training needs, develop materials and courses in multiple languages, validation and testing, series of interregional and regional training courses, distance learning products and tools, tailor made courses in specific regions and countries etc. Where relevant, post-graduate programmes jointly with prestigious academic institutions are also foreseen. The implementation of programmes in this area would be closely coordinated with respective ILO units and field offices.
13. *Taking into account the Centre's absorptive capacity, two such programmes could be taken forward at the same time. One example would be to support immediate outcome 2b.1: **Increase member States and constituents capacity to develop or implement training policies.** There is strong demand from constituents to provide support in revitalizing vocational training systems, centers and methodologies. The expertise of the ITC and the ILO (SKILLS) can be harnessed to rebuild a focused series of training services. This is all the more relevant since in many UNDAFs, under the 'education' heading there are references to vocational education and training where the ILO is considered within the UN as the lead-agency.*

B. Country or (sub) region specific training support

14. Responding to the DWCP outcomes or subregional and regional priorities, the ITC would implement a tailor-made learning programme for a country or a region. Examples would be a comprehensive programme for the PALOPs, a special programme for Palestine, a regional initiative for the CIS countries, a programme with ASEAN etc.
15. *One example, taking into account the priority in the ITC Development Plan for Africa, could be a programme for the Portuguese-speaking countries in Africa (PALOPs), drawing on existing materials and responding to DWCP priorities and wider opportunities in UN context. Such a programme for the PALOPs would work closely with the ILO field offices for the implementation.*

C. ITC knowledge management: training & learning capacity and technology

16. To maintain the relevance, quality and effectiveness of the Centre's interventions, there is a need to invest in human resources and in the technology available to the technical programmes of the Centre. So far this has only been possible to a very limited extent, the focus being on the actual delivery of (income-earning) activities. Three key areas for investment have been identified for the period 2008-2011:
 - **Upgrading the skills of ITC staff on advanced training and learning technology**, covering the complete learning cycle, using a learner-centred approach. Special focus on ICT to make learning more effective and contextualised, suit different learning styles, increase the effects of learning and create knowledge in collaborative networks.

- **Creating an on-line repository** of referenced learning materials, training guides, manuals and other available tools. This will be connected to those of other UN agencies, using the UN Learning Portal⁴.
- **Strengthening the evaluation and impact assessment** capabilities of the Centre⁵ to measure the impact on the participants' work and on their institution. It would require a significant upgrading of the capacities of the existing Evaluation Unit at the ITC-ILO and close cooperation with the ILO's evaluation unit.

D. Infrastructure and systems alignment with the ILO

17. To facilitate close collaboration with the ILO, the Centre needs to invest in its systems and capacity that take into account and where possible adopt the latest developments in the ILO on results based management, programming and reporting. There is also a need for continued investment in the ITC's infrastructure, as part of a Master Plan that includes renovation of older pavilions, IT infrastructure etc.
18. An important component is the upgrading of the financial systems to reach compatibility with IRIS, an overhaul of the Centre's programming processes and systems (MAP) so that planning, implementation and reporting formats can be incorporated in overall ILO reporting on results, including through IRIS's Strategic Management Module and based on a results-based management approach.
19. *Further analysis is needed but an initial step would be to upgrade the existing MAP programme to gain in administrative efficiency and to allow ITC to be fully compatible with ILO programming and reporting requirements. Another area would be to accelerate the campus renovation plan, focusing on rehabilitating class-rooms etc.*

Funding Arrangements

20. In line with the 2007-2011 Development Plan, donors would make voluntary contributions to the work of the Centre in line with their priorities, specific thematic and geographic interests. The modalities would take into account the constraints and requirements for instance attached to the multi-bilateral funding windows of donor countries' development agencies. Contributions can be made to any of the four categories described above, with the ITC providing programme and budget descriptions as well as reporting arrangements.

Choice of Funds

21. In terms of the actual funding arrangements it is proposed to make use of existing modalities. The ITC currently operates 3 different 'Funds' to administer income, each of them established and managed under the financial rules of the ITC and covered by all the existing auditing and reporting arrangements:

⁴ Being established by UN agencies under the overall coordination of the United Nations System Staff College.

⁵ Currently systematic end-of-activity evaluation of satisfaction, without further evaluation of application or impact.

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- The ‘General Fund’ to administer contributions to the ongoing operational programmes, covering training activities and courses, scholarships etc. For these activities, a standard ‘contribution to fixed cost’ is included.
 - The Investment Fund captures contributions linked to the Development Plan, not geared towards delivery of training but rather research and programme development, learning technology, monitoring and evaluation systems etc. They represent one-off investments that enhance the overall capacity and know-how of the ITC. A significant part of these investments concern staff time.
 - The Campus Improvement Fund would be used to administer all contributions to enhance the ITC infrastructure of the campus in Turin.
- 22.** New voluntary contributions will mainly flow through the Investment Fund, while some donors may directly sponsor ongoing work at the Centre through the General Fund or contribute to the infrastructure through the Campus Improvement Fund.

Choice of earmarking

- 23.** The greatest flexibility exists with unearmarked contributions, where the donor makes a general multi-annual contribution to the ITC programme, indicating yearly allocations but leaving detailed allocation decisions up to the ITC. Reporting on the contribution is part of the general financial reporting and the annual ‘Director’s Report’.
- 24.** It is however possible to earmark contributions to a certain extent, the donor providing a contribution on the basis of a programme proposal that specifies the outputs to be achieved by ITC as well as an output-based budget. The ITC will provide annual financial statements and progress reports.

Channeling of Funds

- 25.** Voluntary contributions can be made directly to the ITC on the basis of a ‘Contribution Arrangement’ or other form of legal agreement acceptable to the donor, specifying legal issues, annual allocations, payment and reporting schedules etc.
- 26.** Some donors may find it preferable to route funding through the ILO, for instance by allocating to the ITC a part of their voluntary contributions to the ILO. Whether as part of a partnership programme or funding for the RBSA, the ILO would be requested to pass on the funding on the basis of an administrative agreement that uses (reporting) systems currently in place between the ILO and the ITC.

Prong 2: Training and Learning in the ILO TC portfolio

- 27.** This second prong of the strategy aims to increase the part of the ILO’s technical cooperation portfolio that is channelled to the ITC, identifying the specific training and learning outputs to be delivered by the ITC.

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- 28.** Each biennium a fixed allocation from the ILO's Regular Budget for Technical Cooperation (RBTC) is reserved for services and training provided by the ITC-ILO. Beyond that, from the ILO's extrabudgetary resources (donor funding), a small portion of is channelled through the ITC⁶. This is complemented with ad-hoc funding from ILO projects in the course of their implementation, funding for instance participants to specific courses. While this is useful, such unpredictable funding does not support the development of training programmes as such.
- 29.** It is therefore essential that in the design and formulation of projects, specific objectives on capacity development are identified which will be achieved through training and learning outputs. Provided the ITC can deliver such outputs in a competitive way⁷, these outputs will then be entrusted to ITC. Donors should indicate their support for the inclusion of such specific training and learning outputs in ILO project proposals presented to them for funding.
- 30.** The process needs to follow a number of steps:
- At the time PARDEV identifies new donor funding for the ILO, triggering new project formulation, the ITC is asked to contribute specific training and learning outputs, drawing on its in-house expertise, available tools and know-how on training needs assessment, capacity development and training course design.
 - The outputs to be delivered by the ITC are costed using the ITC's standard internal budgeting and costing systems to arrive at the full cost to the ITC (including the contribution to fixed costs) of delivering such outputs.
 - In budgets, resources to be channeled to the ITC must be clearly identified in separate budget lines⁸ that are transferred to the ITC upon approval of the project.
- 31.** What is essential is that the ITC can plan ahead for the outputs it is requested to deliver, disposing upfront of the overall corresponding yearly budgetary allocations of the project instead of being provided for each activity in a piece meal fashion. Provided donors actively support this process, the appropriate detailed arrangements can be rapidly worked out, with certain targets being set if needed.

⁶ From 2004-2006, on average 0.4% of ILO TC approvals were directly entrusted to the Centre (figures from CODEV).

⁷ Competitive as compared to private training providers or to the full cost of the ILO delivering such training (including the cost of ILO staff time funded from the regular budget).

⁸ ITC costs can be broken down in budget lines for staff-time, missions, training costs, etc.

Possible Financial Scenario

- 32.** The 2-pronged strategy will increase the more predictable, multi-annual contributions from donors and the share of ILO TC resources being channelled through the ITC. This will be partly new funding as well as funding shifted from the current ‘ad-hoc funding for activities’. A possible scenario that would provide the ITC-ILO with a sound funding basis could be as follows:

		Now (2006)		Future Scenario		Change
1	Direct contributions	13,807	29.8%	14,807	30.9%	3,500
2	Regular contributions for activities	10,536	22.7%	13,036	27.2%	
3	Funds from donors (project funding)	1,097	2.4%	2,097	4.4%	1,000
4	Funds for specific services rendered	20,910	45.1%	18,000	37.5%	-2,910
		46,350		47,940		1,590

1 & 2 = increase US\$ 3,5 million/year from direct & regular voluntary contributions

3 = additional US\$ 1 million from an increased share of the ILO TC portfolio

4 = decline reflecting shift by donors of resources in favour of lines 2 and 3

Annex 1

Below are some examples of immediate outcomes from the ILO's P&B for 2008-09 that could be the target for a programme by the ITC to provide related training and learning services.

2b.1: Increase member States and constituents capacity to develop or implement training policies:

There is already quite a strong demand from countries for the ITC to provide support in revitalizing vocational training systems, centres and methodologies. The expertise in the Centre and in the ILO as a whole has somewhat eroded but there are clear opportunities to rebuild a focused series of services. Within a range of UNDAFs, under the 'education' heading there are references to vocational education and training where ILO is seen within the UN as the lead-agency.

2c.3: Increase the capacity of member States to develop post-crisis recovery programmes:

Experience has been build up across the ILO and the ITC and the ILO's involvement with wider UN post-crisis recovery coordination provides important opportunities to build up a programme in this area.

3c.1: Increase member State capacity to develop policies or programmes focused on the protection of migrant workers:

This is an area already identified in the development plan of the Centre and ties in well with the ILO's own efforts including through a range of ongoing TC programmes. The precise niche of the ITC needs to be further defined, acknowledging the expertise other organisations such as the IOM have built up.

3d. 1/2/3: Workplace policies respond to needs for HIV/AIDS prevention, treatment, care and support:

Despite attempts, the ILO and the ITC have not yet developed a comprehensive training and learning offer in this area, for which there is considerable demand among constituents. The effort would focus on bringing together ad-hoc work into a programme that would also reach out to partners beyond the constituents.

Joint immediate outcome on Strengthening Labour Inspection:

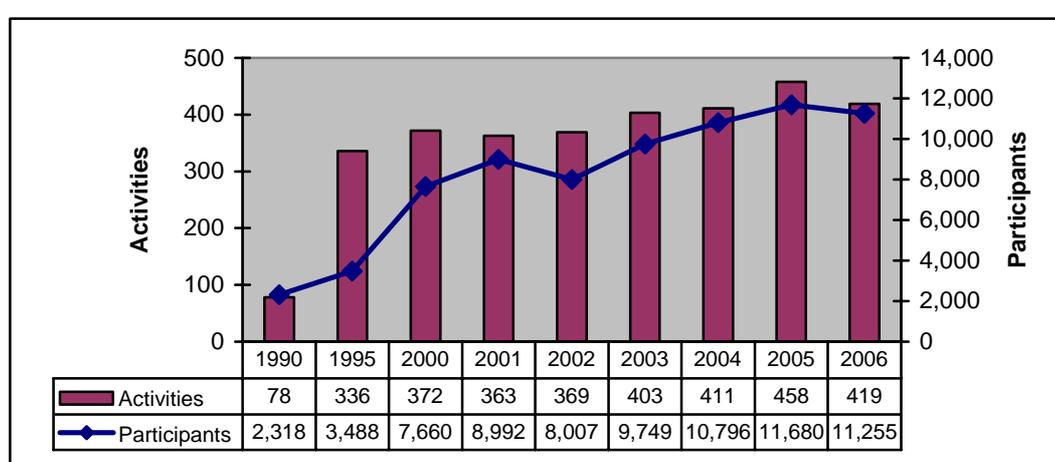
This is an area where many countries are requesting assistance in revitalizing their inspection systems. The ITC has build up experience in certain specific technical areas of labour inspections and has worked with certain countries. In collaboration with the ILO a comprehensive multi-language training package could be developed and delivered, including through country-level adaptations.

Annex 2 Financial Situation of the Centre (summarized from paper submitted to the Working Party)

The Programme

Since 1990 the Centre's activities have significantly increased, not only in terms of activities on campus in Turin but even more significantly in activities in the field. Distance learning and on-line courses have also seen considerable growth. Since 2004 however, the Centre has reached the limit of the volume of activities and participants it can manage within its existing resource, staffing and capacity framework. This despite evidence of further strong demand for the Centre's services.

Table: Number of training activities and number of participants



Expenditures

The budget of the Centre consists of fixed and variable costs. The variable costs are all those, including short-term and project-based staff costs, which are related to specific activities and are charged to beneficiaries or to donors. Fixed costs include regular staff contracts and permanent non-staff costs, as well as the operation and maintenance of the campus infrastructure and facilities.

Table: Staff costs and other costs in USD (000)

YEAR	2002	2003	2004	2005	2006	2007 (estimate)
STAFF COSTS						
Fixed	12,558	14,915	16,063	16,536	17,858	18,553
Variable	6,272	8,329	9,559	10,543	10,423	10,300
OTHER COSTS						
Fixed	5,779	6,180	6,345	6,967	8,559	9,027
Variable*	8,380	13,766	12,038	12,223	12,074	13,150
TOTAL COSTS	32,989	43,190	44,005	46,269	48,914	51,030

* Subsistence, travel, external tuition, books, aids and supplies, other variable costs

Fixed costs have increased significantly, despite the fact that staff numbers has been kept stable, partly due to obligations inherent in the Centre's mandate and its belonging to the United Nations system. This ranges from specific human resources regulations and compulsory periodic salary adjustments to security measures to comply with more stringent United Nations Department of Safety and Security requirements. There are further increased costs for internal and external auditing requirements as well as costs of reporting to different levels of supervision.

Income

The Centre receives less than a third of its annual budget in the form of direct, untied contributions, mainly from the ILO and the Government of Italy. The remainder of the annual budget is funded from resources provided for specific activities. The level of this category of resources is fluctuating and unpredictable, making it difficult to plan ahead. Moreover they require case-by-case negotiation, administration and reporting.

Table: Sources of funding by category in USD

Source of funding by category in USD (000)	2002	2003	2004	2005	2006
I – Direct (untied) contributions	10,237	11,966	12,909	13,008	13,807
International Labour Organization	2,770	2,765	2,937	2,937	3,043
Government of Italy	7,376	9,092	9,620	9,708	9,753
Government of France	91	109	111	119	118
Region of Piedmont (Italy)			241	244	255
City of Turin					638
II – Earmarked funds	22,563	31,533	31,252	32,299	32,543
a) General contributions for activities					
ILO RBTC allocation to the Turin Centre	1,690	1,879	1,696	1,839	1,558
Ireland, Ministry of Employment and Trade	37	40	43	56	53
Italy, Ministry of Foreign Affairs	5,954	6,601	8,178	7,896	8,487
<i>sub-total a)</i>	7,681	8,520	9,917	9,791	10,098
b) Funds from donors (project funding)					
AGFUND	108	232	296	290	78
Regional Government of Flanders (Belgium)	544	420	720	601	241
Regional Government of Walloon Region (Belgium)	131			73	79
Government of France	141	192	278	311	187
Government of Spain	267	358	460	262	532
<i>sub-total b)</i>	1,191	1,202	1,754	1,537	1,117
c) Funds for specific services rendered					
ILO	2,193	3,287	3,200	3,204	2,445
Govt of Italy, European Social Fund	2,797	8,177	5,025	4,662	3,868
Govt of Italy, Other services	436	402	1,262	2,680	1,078
DelNet Programme:					
- Spain, decentralized authorities, Caja Granada	519	576	805	497	958
- others, including individual fees	669	521	367	668	340
UNDP and other UN agencies	1,783	1,705	917	1,728	3,077
European Union	506	1,892	2,059	904	2,501
World Bank	1,251	2,217	1,402	1,334	1,010
Sponsorships, self-paying, others	3,537	3,034	4,544	5,294	6,574
<i>sub-total c)</i>	13,691	21,811	19,581	20,971	21,851
GRAND TOTAL	32,800	43,499	44,161	45,307	46,873