

PROGRAMME & BUDGET PROPOSALS FOR 2018-19

CAPACITY DEVELOPMENT
FOR THE WORLD
OF WORK



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PREFACE

The 2018-19 Programme and Budget (P&B) document is presented within a zero real-growth budget context, as outlined in the following pages. This document presents the work to be carried out by the International Training Centre of the International Labour Organization (the Centre) over the 2018-19 biennium. The 2018-19 P&B should be read in conjunction with the unit operational plans of the organization's zero real-growth budget.

The 2018-19 P&B is the result of a series of consultations held with internal and external stakeholders of the Centre to identify the needs of its target groups over the next biennium and to determine the capacity required by the organization to address these demands.

The document is presented in four parts, together with a set of Appendices. The first part briefly summarizes the 2018-21 strategy framework of the Centre. The second part describes the outcomes to be achieved over the 2018-19 biennium in each of the three performance dimensions underpinning the strategy framework, complete with outcome-specific performance indicators and targets. The third part outlines the three policy drivers that cut across the work done in relation to each outcome of the 2018-19 P&B.

The fourth part provides the projected total revenue and expenditure for the 2018-19 biennium. The Appendices set out the indicators that link the work of the Centre to the ILO 2018-19 P&B, and the performance indicators underpinning the 2030 Agenda for Sustainable Development.

The 2018-19 P&B presented here is ambitious but realistic, envisaging growth in service outreach and improvements in service quality while maintaining expenditure at the levels of the 2016-17 biennium. The Centre is thus prepared to provide ILO constituents and international partners with competitive capacity-building services, while maintaining a financially sustainable Centre and meeting global standards of good governance.

Yanguo Liu
Director

Abbreviations

DELTA	Distance Education and Learning Technology Applications
ETF	European Training Foundation
FIS	Facilities and Internal Services
HRS	Human Resources Services
ICTS	Information and Communications Technology Services
ILO	International Labour Organization
ILS	International Labour Standards
ISO	International Standards Organization
IPSAS	International Public Sector Accounting Standards
ISMS	Information Security Management System
MOOC	Massive Open Online Course
P&B	Programme and Budget
SDG	Sustainable Development Goal
TSD	Turin School of Development
UN	United Nations
UNSSC	United Nations Staff System College



EXECUTIVE SUMMARY

Part I

1. As outlined in its 2018-21 strategy framework, the Centre's competitiveness strategy has three interlinked and mutually reinforcing performance dimensions:

- Technical performance: the capacity of the organization to fulfil its development mandate, measured by two outcomes relating to service outreach and service impact.
- Financial performance: the capacity of the organization to generate sufficient revenue to meet its expenditure, measured by two outcomes relating to a strengthened resource base and leaner structures.
- Institutional performance: the capacity of the organization to run its internal processes in an efficient and effective manner, measured by three outcomes relating to diverse, skilled and motivated staff, effective oversight, and reduced environmental footprint.

Part II

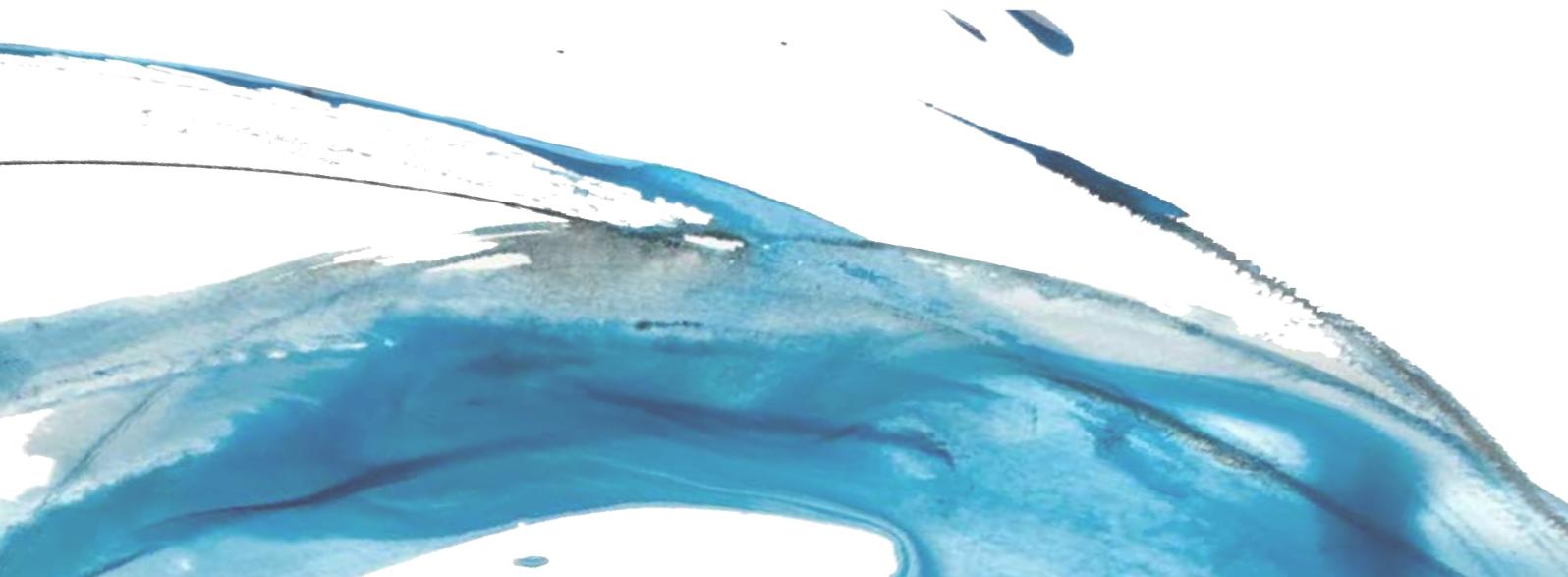
2. The Results-Based Management Framework of the 2018-19 P&B propounds seven outcomes relating to the three performance dimensions, plus three cross-cutting policy drivers. Each outcome and the achievement of each policy objective is tracked with a set of indicators.

3. Outcomes relating to technical performance

- Higher service outreach (Outcome 1): The Centre has further extended the global outreach of its capacity-building support services among ILO constituents and international partners through a combination of IT-enhanced face-to-face training and distance-learning activities, often delivered in partnership with other training institutions.
- Better service impact (Outcome 2): The Centre has further enhanced its capacity-building support services, as well as improving their quality and impact.

4. Outcomes relating to financial performance

- Strengthened resource base (Outcome 3): The Centre has further diversified financial



risk and identified additional sources of revenue, including non-traditional development partners.

- Leaner costs (Outcome 4): The Centre has applied a zero real-growth policy to its non-staff fixed expenditure and kept its current staffing level on a par with that of the previous biennium. The Centre has continued to streamline its business and administrative processes to achieve efficiency savings.

5. Outcomes relating to institutional performance

- Skilled and motivated staff (Outcome 5): The Centre has further developed the skills base of its staff and strengthened the in-house performance recognition system.
- Effective oversight (Outcome 6): The Centre has complied with the highest standards of good governance for intergovernmental organizations.
- Reduced environmental footprint (Outcome 7): The Centre has reduced the environmental footprint of its operations on campus.

6. The performance indicators of Outcome 1 track the number of participants reached through face-to-face training activities and distance-learning activities, the percentage of participants from the tripartite constituency of the ILO in the participant mix, the percentage of training activities designed and/or delivered in institutional partnership with the ILO, the number of ILO staff trained by the Centre, and the percentage of activities designed and/or delivered in partnership with other training organizations. The indicator-specific performance targets envisage stable outreach through face-to-face training and growth in outreach through distance learning, a stable ratio of ILO constituents and ILO staff in the Centre's participant mix, close collaboration between the Centre and ILO, and closer collaboration with partner organizations in the field.

7. The performance indicators of Outcome 2 track the end-of-activity satisfaction levels of participants with the overall quality of training, the percentage of participants who acquire new knowledge during training, and the percentage of participants who apply the newly acquired knowledge after training. The indicator-specific performance targets envisage incremental improvements in participant-satisfaction and knowledge-acquisition rates, and stronger focus on knowledge application after training.

8. The performance indicators of Outcome 3 track the revenue earned from training and publications, the portion of revenue earned from training and publications linked to larger-scaled funding agreements (as a proxy for the effectiveness of resource-mobilization efforts), and the success rate of competitive bids for training contracts. The indicator-specific performance targets envisage moderate growth in revenue to offset inflation (equivalent to a zero real-growth budget), a stronger focus on larger-scale funding agreements as a source of revenue, and maintenance of the success rate of competitive bids as achieved during the 2016-17 biennium.

9. The performance indicators of Outcome 4 track the Centre's total fixed expenditure, and the ratio of corporate overhead expenditure to total expenditure, as a proxy for operational efficiency. The indicator-specific performance targets underline the Centre's priority of containing fixed expenditure, including fixed staff expenditure, at the level of the 2016-17 biennium.

10. The performance indicators of Outcome 5 track, among other things, the Centre's staff development budget as a proportion of its total approved budget. The indicator-specific performance targets underline the Centre's priority of developing its staff skills.

11. The performance indicators of Outcome 6 track the receipt by the Centre of an unqualified external audit opinion on its IPSAS-compliant financial statements and the implementation rate of high-priority recommendations made by external and internal auditors. The indicator-specific performance targets underline the Centre's intention to maintain the global standards of good governance recorded in the 2016-17 biennium, including certification of its Information Security Management System in compliance with ISO/IEC 27001:2013.

12. The performance indicators of Outcome 7 track the retention of the Centre's Green Flag status and reductions in campus-generated waste. The indicator-specific performance targets indicate the Centre's commitment to further reducing its environmental footprint.

PART III

13. The seven outcomes of the Centre's 2018-19 P&B are cross-cut by three policy drivers:

- A. The promotion of gender equality and diversity throughout its operations;
- B. The embracing of an organizational culture of innovation and learning; and
- C. The promotion of tripartism, social dialogue and international labour standards as fundamental values that underpin its portfolio of capacity-building services.

14. The indicators used for tracking performance in relation to the cross-cutting driver of promoting gender equality and diversity are a mix of outward-looking and inward-looking metrics: the percentage of training activities explicitly referencing gender equality and diversity; gender balance among Centre staff; the proportion of non-European staff; and obstacle-free access to offices for staff with disabilities. The performance targets motivate the Centre to consolidate its current position as a globally competitive provider of training services that promotes inclusiveness and gender equality, improves gender balance among staff, creates a more enabling working environment for staff with disabilities, and continues to embrace cultural diversity among its staff.

15. The indicators for tracking performance in relation to the cross-cutting concern for nurturing a culture of innovation and learning track the rate of investment in new product development and the number of new products/enhancements for existing products resulting from these investments. The performance targets indicate that investment in innovation will increase to a moderate extent. The expected impact of these investments is an increase in the number of products and innovations.

16. The indicator for tracking performance in relation to the cross-cutting concern for the promotion of tripartism, social dialogue and international labour standards is enhancement of the training curricula of the Centre's courses with subject-specific content. The performance target underlines an intention to increase subject-specific content by offering technical programmes with a wide range of learning tools, including standard-specific case studies, videos and exercises to complement course curricula.

INFORMATION APPENDICES

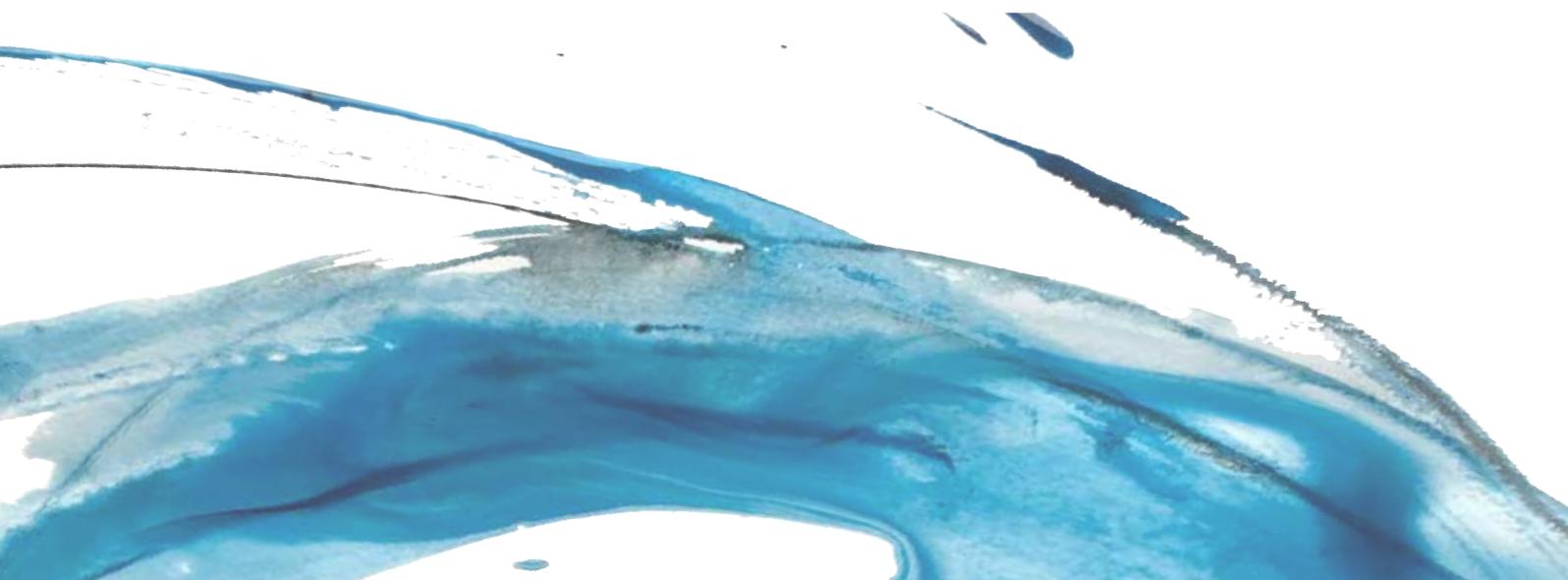
17. The Centre's total projected revenue for the 2018-19 biennium is €80.842 million. Total projected expenditure is €80.241 million, resulting in a balanced budget for the period.

OVERVIEW OF THE STRATEGY FRAMEWORK OF THE CENTRE

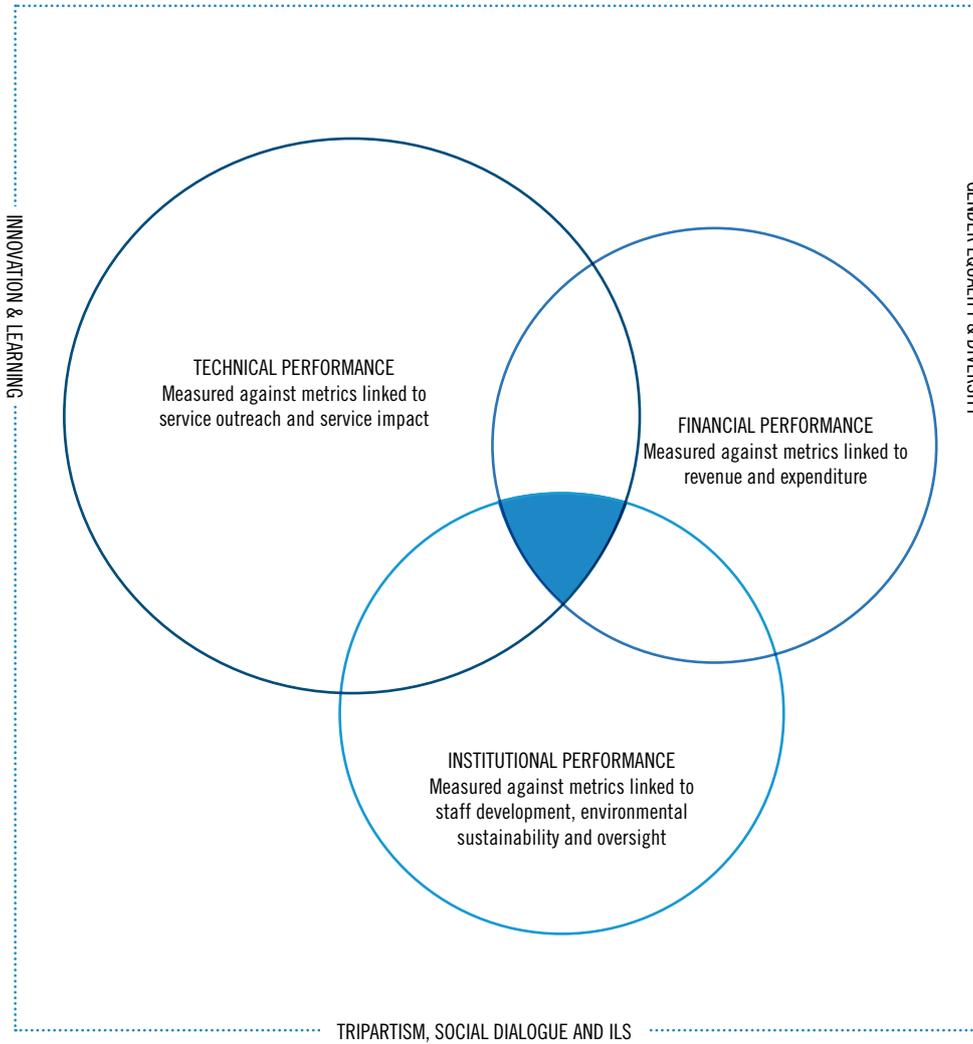
18. As outlined in the 2018-21 Strategic Plan of the Centre, the competitiveness strategy has three interlinked and mutually reinforcing performance dimensions:

- Technical performance; the capacity of the organization to fulfil its development mandate, measured by performance criteria relating to service outreach and service impact. Technical performance is the core dimension of sustainable organizational performance since it is directly connected with the Centre's development mandate.
- Financial performance: the capacity of the organization to generate revenue streams that enable it to meet its expenditure, measured by performance criteria relating to revenue and expenditure.
- Institutional performance: the capacity of the organization to run its internal processes in an efficient and effective manner, measured by performance criteria relating to staff development and well-being, the environmental sustainability of the campus' operations, and governance.

19. The three performance dimensions are cross-cut by concerns for the promotion of (a) innovation and learning, (b) gender equality and diversity; and (c) tripartism, social dialogue and international labour standards. The results-based management framework underpinning the Centre's strategy framework is further described in the following diagram.



THE STRATEGY FRAMEWORK ILLUSTRATED



OUTCOMES TO BE ACHIEVED IN 2018-19

OUTCOMES RELATING TO TECHNICAL PERFORMANCE

Outcome 1: Increased service outreach

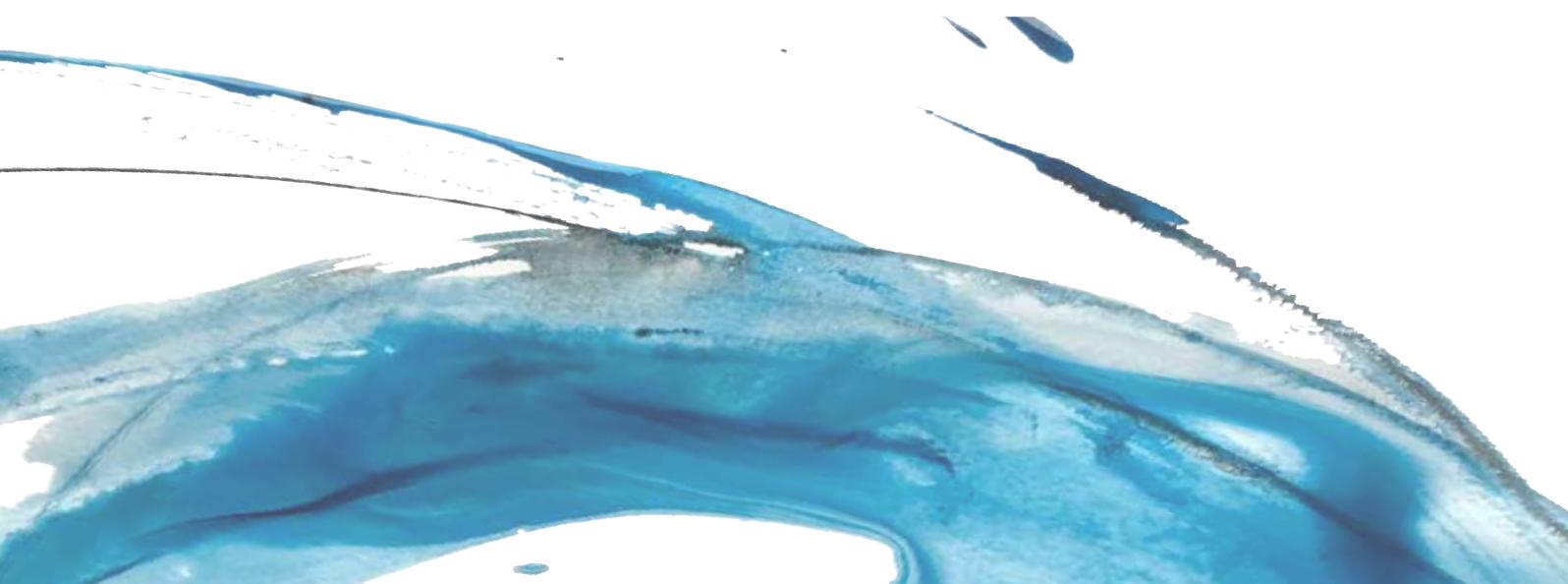
Outcome statement

20. The Centre has further extended the global outreach of its capacity-building support services among ILO constituents, and national and international partners, through a combination of IT-enhanced face-to-face training and distance-learning activities, often delivered in partnership with other training institutions.

Key lessons from previous work

21. Face-to-face training activities delivered in the field and on campus in Turin continue to be the training modality of choice for most participants, particularly from the ILO constituency. However, participants acknowledge the added value of blended-learning activities combining face-to-face training and distance learning, which is particularly appreciated by younger participants .

22. Demand for the customization of training has increased, requiring the Centre to further differentiate its products for target groups and regional markets with distinct needs and particular price sensitivities. In this context, distance-learning activities have been successfully used by the Centre to reach out to participants in countries affected by conditions of fragility, and to bridge the distance to participants in overseas regions.



23. The Centre has significantly deepened its collaboration with the ILO: during the 2016-17 reporting period, more than 60 per cent of its activities were designed and delivered jointly with the ILO, and an increasing amount of training revenue derives from large-scale training contracts commissioned by ILO technical cooperation projects. The Centre has yet to fully explore the potential synergies and scale effects of partnerships with local institutions in ILO member countries, and jointly design and deliver face-to-face training or distance-learning activities.

24. The Turin School of Development has made a significant contribution to consolidating the reputation of the Centre as a globally competitive Centre of academic excellence. The School is also an important contributor to revenue during the low season of the annual training calendar and thus plays an important role in the financial performance of the Centre.

Expected changes

25. By the end of 2019, the Centre will have further extended its global outreach among ILO constituents, and national and international partners, through face-to-face training activities (maintained at 2016-17 levels) and growth in the number of participants in distance-learning activities. The number of ILO staff trained by the Centre will be maintained at 2016-17 levels. The Centre will have further increased its share of blended activities that combine face-to-face training and distance-learning modalities. The Centre will have further increased the ratio of activities delivered in partnership with local service providers.

Means of action

26. The Centre's work in extending its service outreach will be guided by the Training Department's 2018-21 strategy implementation framework and the operational plans of its Technical Programmes and Partnership Development Unit .

27. The Centre will further refresh its portfolio of face-to-face training products by introducing information-technology enhancements. For example, the Centre will prioritize the production of digital-media content, including e-books and online learning materials that allow Technical Programmes to continuously update information and users to directly contribute to modules. The Centre will furthermore continuously upgrade its training technology and invest in upgrading the skills of its learning experts (also see Outcome 5 of this P&B and the cross-cutting policy driver relating to Learning and Innovation).

28. The Centre will further expand its suite of Massive Open Online Courses (MOOC) and self-guided distance-learning courses to take advantage of economies of scale and the lower per capita training costs of these distance-learning modalities. For example, the Centre will pilot an online micro-masters programme on participatory learning technologies and, from 2018, will host the ACTRAV MOOC on workers' rights in the global economy.

29. In line with the Turin Learning Approach, and for better training impact, the Centre will further increase the proportion of activities advertised in its course calendar that combine face-to-face training and distance-learning activities (blended training) in multi-step learning journeys.

30. In the 2018-19 biennium, the training portfolio of the Centre will evolve around the priority themes specified in the higher-level ILO P&B 2018-19:

- More and better jobs for inclusive growth and improved youth employment prospects;
- Ratification and application of international labour standards;
- Creating and extending social protection floors;
- Promoting sustainable enterprises;
- Decent work in the rural economy;
- Formalization of the informal economy;
- Promoting safe work and workplace compliance, including along global supply chains;
- Protecting workers from unacceptable forms of work;
- Fair and effective international labour migration and mobility; and
- Strong and representative employers' and workers' organizations.

31. The Centre will furthermore offer capacity-building services contributing to the achievement of the three enabling outcomes of the ILO P&B 2018-19. Together with ILO/MULTILATERAL, the Centre will train ILO constituents and other international partners in how to advocate for the inclusion of decent work in national sustainable development plans and activities linked to the 2030 Agenda for Sustainable Development (enabling outcome A). Together with the ILO/EVAL unit, the Centre will deliver training in support of the in-house evaluation function of the ILO (enabling outcome B). Together with ILO/PROGRAM and ILO/PARDEV, the Centre will train ILO staff in the Decent Work Country Programme Cycle Management and effective resource mobilization for development cooperation (outcome C).

32. In response to changing learning habits, particularly among younger participants, the Centre will further upgrade and roll out its mobile training offer, emphasizing the publication of online media content and investing in training technology that facilitates immersion in gaming and workplace simulations, including augmented-reality applications. One example of an augmented-reality application scheduled for refinement and roll-out is the virtual ship-inspection exercise developed in 2017 for

the Maritime Labour Academy. Another example is the Centre's Green Game, destined to become part of a suite of training tools that will facilitate the implementation of the ILO's Environmental Sustainability Action Plan. These products were developed with resources from the Centre's Innovation Fund.

33. The Centre will support the implementation of selected ILO Centenary Initiatives :

- Under the Future of Work Initiative, and in anticipation of emerging demand for training on the impact of demographic change on the world of work, the Centre will touch on such issues as social security reform, inter-generational employment relationships and third-age entrepreneurship development. In addition, the Centre will expand its range of training products relating to the impact of technological change on the world of work.
- As part of the Green Initiative, the Centre will support the work of the ILO Green Jobs Programme under the UN Partnership for Action on Green Economy. In 2018, the Centre will host a global Green Jobs Academy. It will also review its ILO Green Jobs Expert Certification Programme before opening it up to a wider audience. In close partnership with the lead units concerned, the Centre will deliver training and learning activities linked to the implementation of the ILO's Environmental Sustainability Action Plan (also see paragraph 32 above).
- Under the Women at Work Initiative, the Centre will explore the development of sector-specific capacity-building products relating to the promotion of gender equality and diversity, including in the care economy. These services will be promoted through a dedicated knowledge-management platform linked to the Women at Work Initiative and accessible via the Centre's public website.
- As part of the End to Poverty Initiative, the Centre will contribute to the promotion of Decent Work under the 2030 Agenda for Sustainable Development, with emphasis on capacity-building support for ILO constituents, and advocate for the incorporation of Decent Work in national development strategies relating to Sustainable Development Goal 8 and other Sustainable Development Goals in which Decent Work issues are addressed (also see paragraph 31 above).

34. The Centre will provide training assistance for the implementation of the ILO Action Plan on Decent Work in Global Supply Chains . In particular, to promote effective national and cross-border social dialogue, working closely with the ILO Enterprises Department, the Centre will provide training for tripartite constituents at sectoral, sub-regional, regional and international levels on the principles of the Multi-National Enterprises (MNE) Declaration regarding home/host government dialogue and company/union dialogue, and will facilitate exchanges of experience on effective policies to maximize the decent work outcomes of foreign direct investment and MNE operations. Furthermore, the Centre will strengthen the capacities of MNE to apply international labour standards and to promote Decent Work along their global supply chains.

35. Through its activities, the Centre contributes to the intertwined and mutually reinforcing objectives of developing the capacities of a) individuals, b) organizations and c) societies:

a) To strengthen the capacity of individuals, the Centre will offer training in both functional and technical skills for promoting Decent Work, focusing on the priority themes identified in paragraph 32 above. Each year, the Centre will offer a calendar of open courses on these subjects and organize tailored training activities on request.

b) To strengthen the capacity of organizations, the Centre will extend its suite of tailored training and advisory services to labour market institutions on the topics of strategic planning, rules and regulations, partnerships, leadership, organizational policies and power structures. The Centre will also be one of the implementing agents of the ILO's 2018-21 institutional capacity-building strategy to promote the 2008 Declaration on Social Justice and will target ILO staff and constituents by running tailored training activities relating to the enabling outcomes of the ILO 2018-19 P&B, as described in paragraph 33.

c) To strengthen the capacities of societies and facilitate an enabling environment for the promotion of decent work, the Centre will roll out new training products on policies to address economic, political, environmental and social factors, including cultural aspects and value systems. One of the flagship products is a training package to create an enabling environment for sustainable enterprises, earmarked for roll-out in 2018.

36. The Centre will deepen its existing partnerships with other multi-bilateral organizations in providing capacity-building support services. For example, together with the United Nations System Staff College, in 2018 and 2019 the Centre will offer a joint executive leadership training programme for ILO staff and, together with the European Training Foundation, will pilot a systems approach to network facilitation in selected EU accession countries. The Centre will place stronger emphasis on partnerships with training institutions in the field, including universities, local academies and profit-making service providers.

37. Close attention will be paid to the facilitation of partnerships with organizations recognized as quality assurance bodies in priority sectors, such as the ready-made garment industry, construction and commercial agriculture.

38. The Centre will maintain a joint staff development programme with the ILO. Activities will include training courses for newly recruited staff and training for office directors and executive leaders, with the intention of making a direct contribution to the implementation of the ILO Reform Agenda.

39. The Turin School of Development is fully embedded in the Centre's training programmes. The ITCILO has the comparative advantage of being a global knowledge Centre, combining regional and national expertise, and this will be further enhanced by each master's course. In 2018, the TSD will extend its masters' programme to

several other technical areas, including the development of certificate-level training programmes, discussed below in Outcome 2, with leading universities and research institutes. At the same time, it will strengthen its established research cluster in cooperation with leading universities and research institutes by investing additional resources.

Risk assessment

40. The main risks are as follows:

- The Centre lacks the financial resources to fund the development of new training products;
- The Centre lacks the financial resources to invest in the upgrading of skills for its teaching faculty;
- The learning faculty of the Centre is slow in acquiring new skills and in adapting to new learning technologies and learning approaches;
- The Centre cannot attract the talent and diversity needed among its staff to respond to the particular needs of participants from different age groups, regions and educational backgrounds;
- The Centre's training products are considered to be generic, insufficiently focused on target groups with particular needs;
- The Centre's training products are perceived by some to be too expensive;
- The Centre is losing the support of ILO constituents.

41. In response to these risks, the Centre will:

- Prioritize, when feasible, funding for innovations in training products, including new learning technologies and approaches;
- Further emphasize continuous skills upgrading for its learning faculty members (see Outcome 5 and cross-cutting policy driver B of the P&B);
- Carry out more systematic market research about participant needs, involve future participants from the outset in the design of new training products and develop segment-specific outreach campaigns (also see Outcome 3 of the P&B);
- Where applicable, bring down the average per-capita costs of training through the use of distance-learning modalities;
- Limit any increases in non-staff fixed expenditure by adopting a zero real-growth budget in this category (see Outcome 4 of the P&B);
- Liaise continuously with the representatives of the Workers' Group, the Employers' Group and Governments on the Board.

Indicators of Achievement

42. Listed below are the indicators for achievement of the performance targets relating to Outcome 1 of the P&B 2018-19:

Indicator 1.1. Number of participants reached through face-to-face training activities (including blended training courses), disaggregated by gender and tripartite constituents	
Target (cumulative number for the 2018-19 biennium): 22,000, with 45 per cent of them women Among them: 2,796 employer participants 3,067 worker participants 3,157 labour ministry participants	
Baseline (2016-17 biennium): Total number of participants: 20,122, with 44 per cent women Among them: 2,443 employer participants 2,653 worker participants 2,653 labour ministry participants	
Indicator 1.2. Number of participants reached through distance-learning activities, disaggregated by gender and tripartite constituents	
Target (cumulative number for the 2018-19 biennium): 14,000 participants, with 45 per cent of them women Among them: 1,148 employer participants 3,444 worker participants 1,148 labour ministry participants	
Baseline (2016-17 biennium): Total number of participants: 8,629 (including 3,483 participants enrolled in tutor-supported distance learning courses and 5,146 participants in Mass Open Online Courses, self-guided distance learning courses and Communities of Practice).	
For the 3,483 participants in tutor-supported distance learning courses: 45.2 per cent women 312 employer participants 1,280 worker participants 253 labour ministry participants	For the 5,146 participants in Mass Open Online Courses, self-guided distance learning courses and Communities of Practice: N/A (Disaggregation by type of distance learning modality, gender and constituent organization will be compiled with effect from 1 January 2018).
Indicator 1.3. Percentage of training activities designed and/or delivered in institutional partnership with ILO technical departments and/or ILO field offices	
Target (average for the 2018-19 biennium): 66 per cent	
Baseline (2016): 63.1 per cent	
Indicator 1.4. Number of ILO staff trained by the Centre	
Target (cumulative number for the 2018-19 biennium): 1,600	
Baseline (2016): 768	
Indicator 1.5. Percentage of activities designed and/or delivered in partnership with other training organizations	
Target (average for the 2018-19 biennium): 25 per cent	
Baseline (2016): 17.1 per cent	

Outcome 2: Better service impact

Outcome statement

43. The Centre has further enhanced its capacity-building support services, as well as improving their quality and impact.

Key lessons from previous work

44. Participants coming to the Centre continue to have high expectations with regard to both the quality of the training they receive and related services such as accommodation and catering. In response, the Centre has renewed its efforts to improve the quality of its training offer and to provide participants with better accommodation and catering services and social activities. For example, in the 2016-17 biennium, the Centre increased its use of information technology in training activities by rolling out online learning platforms; upgraded the bedrooms, training rooms and catering facilities; and broadened its range of leisure activities, including week-end excursions for participants. The Centre is now in a better position to demonstrate improved participant satisfaction and high training impact, having introduced end-of-training knowledge acquisition assessments and annual external evaluations. The Centre will continue down this path of pursuing continuous quality improvements in incremental steps.

Expected changes

45. During the 2018-19 biennium, the Centre will further emphasize quality as the key differentiator of its services. To this end, the Centre will explore in 2018 the feasibility of an ISO accreditation and a paper on the subject will be submitted for decision to the 81st meeting of the Board in October 2018. Furthermore, the Centre will customize its service offer in response to the needs of distinct customer segments, such as constituents from middle-income countries or from countries affected by conditions of fragility. The Centre will refine its in-house monitoring and evaluation system. By 2019, the Centre will have upgraded its campus facilities and further upgraded the skills of its teaching faculty (also refer to Outcomes 5 and 6 of the P&B).

Means of action

46. The Centre's efforts to improve its service quality will be guided by the 2018-21 strategy implementation framework of the Training Department.

47. The Centre will emphasize quality in all aspects of its work, so as to provide participants with a world-class service experience. The Centre will seek certification under the upcoming ISO 21001 standard for educational organizations. ISO 21001 is scheduled to be released during the biennium and will provide a common management tool for organizations providing educational products and services, enabling them to meet learner and other customer requirements and needs. ISO 21001 focuses on the interactions between an educational organization, learners, participants and other relevant interested parties.

48. As part of the certification process, the Centre will review the set of competencies underpinning its in-house learning approach and draft a new in-house accreditation framework that is aligned with global best practices. In 2018, the Centre will test the application of the accreditation framework in selected aspects of the Workers' Activities Programme, including both face-to-face and distance-learning modalities. Depending on the outcomes of the pilot, the accreditation framework might then be extended to other technical programmes run by the Training Department.

49. The Centre will pilot the introduction of modular diploma-type training programmes that exceed the requirements of the certificates of achievement and participation currently awarded in house. In 2018, for example, the Centre will pilot a so-called micro-masters programme in Technology-Enhanced Learning Solutions in partnership with the Open University of the Netherlands. Participants in this course will be expected to complete a series of distance-learning modules as part of a multi-step learning journey.

50. The Centre will refine its monitoring and evaluation systems. During the reporting period, the refinement measures will focus on both outputs and outcomes, to verify whether participants acquire new knowledge during training and whether they go on to apply this knowledge to promote Decent Work. In 2018, the Centre will roll out and automate the knowledge-acquisition assessments administered at the end of its training activities and will introduce participant panels to follow up on former trainees six months after training, in order to assess progress in knowledge application at the half-way point between the output and outcome levels. Through these panels, the Centre will also seek advice from end-users about the design of next-generation training services.

51. As of 2018, the Centre will monitor the knowledge-application rate of participants after training. This will be independently verified as part of the annual external training evaluations commissioned by the Centre and reported using a newly introduced outcome indicator (see below).

Risk assessment

52. The main risks are:

- Certification with ISO standards is a complex exercise that requires the realignment of business processes. The business process review and realignment might be resisted by internal stakeholders;
- The funding of the 2018-19 P&B is insufficient to allow certification to proceed;
- The development of diploma-level training products could be delayed, and demand for this service from the Centre's current customers might be limited;
- Knowledge-application rates after training are influenced by many factors beyond the control of the Centre. Impact (or lack of impact) might therefore only be partly attributable to the Centre's training efforts; the results might only reconfirm performance in previous biennia and have limited relevance for validating current service quality.

53. In response to these risks, the Centre will:

- Implement an internal communication campaign to raise the awareness of all staff as to the benefits of certification and the process steps involved; review and apply the lessons learned from the similar certification process for IT security (ISO 27001), which was completed in 2016;
- Prioritize, when feasible, sufficient funding to cover the certification of flagship services with internationally recognized sector bodies;
- Pilot the introduction of diploma-level service products in 2018 before taking a decision about the roll-out of these services and, where applicable, market the new services to new market segments;
- In addition to the annual external evaluations, track emerging training impact six months after treatment by way of customer panels made up of former participants; in this way, it is possible to bridge the attribution gap between treatment and training impact assessed one year after training .

Indicators of Achievement

54. The performance indicators and performance targets for Outcome 2 of the P&B are set out below:

Indicator 2.1. End-of-activity level of participant satisfaction with overall quality
Target (average for the 2018-19 biennium): 4.5
Baseline (2016): 4.49

Indicator 2.2. Percentage of participants who acquire new knowledge during training
Target (average for the 2018-19 biennium): 85 per cent
Baseline (2016): 84 per cent
Indicator 2.3. Percentage of participants who apply the newly acquired knowledge after training
Target (average for the 2018-19 biennium): 66 per cent
Baseline: N/A (this indicator will be introduced for the first time during the 2018-19 biennium)

OUTCOMES RELATING TO FINANCIAL PERFORMANCE

Outcome 3: Strengthened resource base

Outcome statement

55. The Centre has further diversified its revenue base and identified new sources of revenue, including non-traditional development partners.

Key lessons from previous work

56. Voluntary contributions without conditions received from development partners stabilized in the 2016-17 biennium, after several years of decline. In 2017, such contributions accounted for approximately 30 per cent of the Centre's total revenue and represented more than two thirds of the revenue earned from training activities, media production and other services. Growth in earned revenue was driven mainly by an increase in the number of tailored activities, including those commissioned as part of large-scale ILO technical cooperation projects. The Centre has also gradually increased the number of self-paying participants taking open courses.

57. Overall, the Centre's revenue-diversification strategy has yielded satisfactory results. The Centre has been able to meet its obligations and still generate a surplus for providing fellowships, developing new products and refurbishing the campus.

Expected changes

58. The Centre will continue to rely on a combination of different sources of revenue to meet its obligations, as per the past biennium.

Means of action

59. The Centre's efforts to strengthen its resource base will be guided by the Training Department's 2018-19 strategy implementation framework and, as far as revenue earned from training and media production is concerned, by the marketing plan forming part of the said framework.

60. In the 2018-19 biennium, the Centre will continue its efforts to strengthen its resource base by adopting a two-pronged strategy that relies on the mobilization of unconditional

voluntary contributions and on revenue earned from training activities, media production and other sources.

61. To mobilize voluntary contributions, the Centre will further strengthen cooperation with its traditional development partners, prominent among them the governments of Italy, Portugal, Ireland and Japan, and the Regional Government of Wallonia. In addition, the Centre will seek to mobilize voluntary contributions from new development partners; these may include in-kind contributions, for instance the temporary secondment of training experts to the Centre.

62. To secure revenue from open courses and retain existing customers, the Centre will refine its promotional tools. The Centre's online course catalogue will be improved by using social media and email marketing, introductory video clips, search engine optimization and data analysis to support effective and efficient course promotion. The Centre will run tailored social-media outreach campaigns to attract self-paying participants, particularly from upper middle-income countries such as China, India, Russia, Brazil and South Africa. The Centre will upgrade its participant information management system and better mine the data in order to approach potential repeat participants with targeted outreach campaigns.

63. To acquire additional revenue from new participants, the Centre will seek to increase the number of tailored activities it offers. It will launch targeted outreach campaigns aimed at institutional intermediaries with a mandate to sponsor capacity-building interventions for ILO constituents and international partners. This will be done through the ILO Centenary Initiatives and Flagship Programmes; the Centre will bundle its relevant capacity-building support services and promote them in partnership with the ILO lead units via dedicated internet platforms. By the end of 2018, the Centre will be running at least four platforms in support of the Global Flagship Programme for Jobs for Peace and Resilience, the Future of Work Centenary Initiative, the Women at Work Centenary Initiative and the Enterprise Centenary Initiative.

64. Furthermore, the Centre will launch a pilot sector-specific promotional campaign, delivered in partnership with ILO lead units, to showcase its training expertise in priority sectors such as ready-made garment production and the construction industry. These sector-specific outreach campaigns will focus on non-traditional development partners, including international foundations and corporate businesses, in areas where the Centre can leverage its comparative advantage, always in line with the corresponding policies and guidelines set by the ILO. The Centre will also upgrade the website presentation of its portfolio of tailored activities.

65. The Centre will expand its portfolio of large-scale project accounts, for which country-level training activities are delivered under commission from ILO-facilitated

projects, grouped in multi-step learning journeys spread over a number of years and often delivered in collaboration with local partner organizations. Examples for such large-scale projects are the Youth Employment Promotion project in Afghanistan, implemented by the Centre and funded under the ILO-Norway Partnership Agreement, and the ILO-facilitated Social Dialogue and Industrial Relations project in Bangladesh.

66. The Centre's resource-mobilization efforts will also encompass competitive bidding for technical cooperation contracts put out to tender by development partners such as the European Union, the World Bank and other international financial institutions, in consultation with ILO PARDEV and ILO field offices. Further attention will be paid to exploring the potential for innovative development partnerships, possibly through South-South and triangular cooperation mechanisms modelled on the pilots implemented in the 2016-17 biennium with support from the governments of China and Norway.

67. The Centre will also expand the scale of its operations on campus during the low season by launching new training products, such as summer universities, and by sub-letting accommodation and training facilities to third parties. The Centre will further explore the market for online publishing and online media design. To this end, the service portfolio of the Centre's Media Development Unit will be aligned with other internal technical areas to maximize links with the global network of media-content developers and infuse cutting-edge design thinking.

Risk assessment

68. The main risks are:

- The voluntary contributions received from traditional development partners could further decline due to budget constraints;
- These budget constraints might also indirectly affect revenue earned from training activities linked to technical cooperation projects implemented by the ILO (and financed by the same development partners);
- Revenue from non-traditional development partners such as international foundations and multinational enterprises might have to be forgone, since these organizations impose funding conditions such as limits on eligible indirect costs and reporting obligations that the Centre cannot fulfil;
- Self-paying participants from middle-income countries might consider the Centre to be expensive and could opt for more price-competitive local training offers.

69. In response to these risks, the Centre will:

- Further build capacity in the Training Department's Partnership Development Unit with a view to increasing its bidding operations and promotional activities;

- Make its pricing policy in respect of tailored activities more flexible, by offering discounts for the bulk purchase of tailored activities in large-scale training contracts, and possibly reducing the prices of activities held on campus during the low season;
- Focus its promotional campaigns on target groups with lower price sensitivity, such as middle-management level civil servants and UN agency staff.

Indicators of Achievement

70. The performance indicators and performance targets for Outcome 3 of the P&B are set out below:

Indicator 3.1. Revenue earned from training activities and media production
Target (for the 2018-19 biennium): €55,775,000
Baseline (2016): €24,593,000
Indicator 3.2. Revenue earned from training and media production activities linked to funding agreements with a contract value exceeding €500,000
Target (for the 2018-19 biennium): €6 million
Baseline (2016): €2,8 million
Indicator 3.3. Success rate of competitive bids for training activities, expressed as a percentage of contracts won as a result of the total number of bids submitted during the calendar year
Target (for the 2018-19 biennium): 38 per cent
Baseline (2016): 38 per cent

Outcome 4: Leaner structures

Outcome statement

71. The Centre has applied a zero real-growth policy to its non-staff fixed expenditure and has maintained its current staffing level at that of the previous biennium. The Centre has continued to streamline its business and administrative processes to make efficiency savings.

Key lessons from previous work

72. The Centre has been working at ensuring that fixed expenditure is kept at the lowest possible level in order to ensure the competitiveness of its products. This means that financial resources are directed to priority areas as part of the budgeting process and that any incremental increases are well justified.

73. Current staffing levels have been maintained at those of the previous biennium and funds have been monitored very closely to ensure that staffing expenditure is also kept at an acceptable level. Savings have been made during the past two years by filling vacant positions with staff on lower levels or grades.

74. Significant efforts have also been made to redesign, simplify and streamline the Centre's business and administrative processes. Such work requires not only planning but also substantial consultation with staff members at all levels, as well as internal and external expertise in information technology and financial best practices. To support the proposed changes, existing policies, rules and procedures also need to be revised or replaced. The roll-out of completed projects has had an impact on how staff members work, with new information technology tools simplifying the various processes.

Expected changes

75. The Centre will adopt a zero real-growth policy, which will be applied to all non-staff fixed expenditure in order to further reduce costs and maintain competitiveness over the next biennium. The Centre will maintain its current staffing level.

76. The Centre will also integrate the Multimedia Design and Production Unit into the Training Department. The role of the unit will change to better support the efforts of the Training Department and its future marketing strategy. The current in-house printing services will be closed, the related assets will be sold and resources will be shifted to the training activities.

77. The Centre's current ERP financial system, Business Intelligence and e-Campus will be enhanced to expand their analytical capabilities, and a new reporting system will be introduced to better monitor the Centre's performance, as well as provide improved information for decision-making. The streamlining efforts will continue with the redesign and simplification of further business and administrative processes. This will also include the automation of the Centre's operations involving its banking institutions. Consultations will continue to be held with staff at all levels so that projects can be completed more efficiently and quickly.

Means of action

78. During this current budgeting process, the Centre will adopt a new policy of zero real-growth in non-staff expenditure. It will maintain its current staffing level over the next biennium, while continuing to direct its financial and human resources to priority areas and ensuring that its products remain competitive.

79. The Centre will integrate the MDP unit into an existing training unit in order to optimize the utilisation of all its resources and enhance support for training activities. The Centre will also strive to reduce the production costs of its services by gradually standardizing the design platform underpinning its training courses, with the aim of facilitating the interchangeable use of learning materials (such as videos, training modules, exercises and case studies) and reducing lead times for product assembly. As a further cost-cutting measure, the Centre will phase out its internal printing facility.

80. The use of data analysis, data-visualization tools and business-intelligence systems will be further improved to enhance the Centre's performance-monitoring, decision-making and reporting capabilities. A pilot initiative will be launched to extend the Business Intelligence concept beyond the traditional training programmes' dashboard and include additional management tools, by taking advantage of a broader range of data from internal business systems, learning-management systems and global development indicators.

81. For the sake of efficiency, the Centre will also introduce a financial report writer software that will provide management and financial services with a user-friendly tool for creating multiple financial reports and eliminating the current data-manipulation work. All manual interventions on the Centre's data will be automated as much as feasible, resulting in time savings.

82. The Centre's key business processes will be further rationalized and streamlined, building on gains already made, to ensure the most cost-effective delivery of training services and responsiveness to constituents' needs. Internally, the Centre will provide

a proactive and responsive service by making available user-friendly reports that will enhance accountability and corporate decision-making across the organization. The Centre will automate its processes as much as possible and increase its use of information technology tools. This will also generate savings in the area of printing, as documentation will, as far as possible, be maintained electronically. For example, the purchasing process will now include electronic copies of agreements, purchase orders and invoices, as well as all the related approvals. The adoption of the fully functional e-leave system will also eliminate the need to print documents, as all requests and approvals will now be in electronic format.

83. In addition, an overall review of the policies, rules and procedures currently in place at the Centre will be conducted in order to identify risks and mitigating best practices, while bearing in mind that the Centre must be able to react quickly to the changing training environment. Overall, these efforts will make the Centre leaner and more efficient.

Risk assessment

84. The main risks are:

- While some allowance is made for inflation and exchange-rate fluctuations in the overall budget, there is a risk that the purchasing power of the Centre could be insufficient to cope with unexpected fixed expenditure;
- The actual financial results of the Centre's operations could be significantly different from the approved budget;
- Issues could arise as a result of the combination of the MDP services with an existing unit, possibly resulting in a loss of revenue or longer lead times in the delivery of services;
- The Centre could encounter problems when adopting new IT tools during the automation of current processes, resulting in impaired service delivery.

85. In response to these risks:

- The Centre's biennium budget includes forecasts for inflation and exchange-rate fluctuations based on reliable sources, and provision has been made for unexpected or unforeseen events;
- During the biennium period, the Centre will carry out regular financial reviews to assess its performance and take well-informed decisions, including corrective actions to ensure the financial health of the organization;
- A detailed strategy will be elaborated for the integration of MDP with another unit, setting new objectives and targets for the integrated services, as well as divesting the Centre of its printing services;
- Prior to the roll-out of the new tools, transactions will be carefully tested and staff trained as appropriate to ensure that there is minimal disruption in the performance of new processes.

Indicators of Achievement

86. Listed below are the indicators for achievement of the performance targets relating to Outcome 4 of the P&B 2018-19:

Indicator 4.1. Total fixed expenditure of the Centre
Target: €44,645,000
Baseline (2016): €45,442,000
Indicator 4.2. Percentage of corporate overhead costs in relation to total costs
Target: maintain at 25 per cent
Baseline (2016): 25 per cent
Indicator 4.3. Number of streamlined business and administrative processes
Target: 6 processes
Baseline (2016): 3 processes

OUTCOMES RELATING TO INSTITUTIONAL PERFORMANCE

Outcome 5: Skilled and motivated staff

Outcome statement

87. The Centre has further developed the skills base of its staff and strengthened the in-house performance recognition system.

Key lessons from previous work

88. The Centre has made notable efforts during the previous two strategic cycles to develop its human capital in order to further the ILO mandate and achieve its strategic goals. The budget allocated for staff development in 2016 and 2017 represented 1.5 per cent of the total payroll, in line with the target set in previous years. The Centre placed greater emphasis on a more qualitative approach. The objectives set under this indicator in the 2016-2017 Strategic Plan were fully met and exceeded.

89. With the aim of strengthening management capabilities and leadership, the Centre offered its senior management a series of initiatives and dedicated development activities, such as assessment centres for managers and team leaders. Career support and personal development opportunities were also provided for mid-level professional staff, with the aim of promoting professional growth and creating a pathway to more responsible roles. While this was a successful first step towards a more structured approach to leadership and management development, more can be done to encourage the target group of managers to take a proactive and responsible role in addressing this issue.

90. To upgrade the skills of the teaching faculty in line with ILO priorities and world-of-work challenges, and to keep pace with learning technology development, the Centre provided staff development opportunities at both the collective and individual levels. The Centre also piloted various learning facilitation certification schemes; these need to be further promoted and supported by senior management in order to maintain their momentum.

91. Where the geographical distribution and gender balance of staff are concerned, overall progress continues to be reported, despite the limited turnover of staff. The Centre should continue to target qualified candidates from under-represented countries and regions, and improve the gender balance of staff in the Professional and Higher categories, whenever staff are recruited on a competitive basis.

92. Following extensive negotiation within the Joint Negotiating Committee, a “Collective Agreement Concerning Staff with Fixed-Term, Project-Based Contracts Linked to Specific Training Activities Forming a Coherent Programme” was signed between the Centre and the Staff Union on 26 October 2016. It is expected that the successful conclusion of this long and intensive negotiating process will pave the way for further constructive social dialogue, while respecting the roles and prerogatives of Management and the Staff Union.

93. In consultation with the Joint Committee on Occupational Health and Safety, at the end of 2016 the Centre launched a general risk assessment, due for completion in 2017. It will lead to a comprehensive mapping of the Centre’s occupational risks, including an OSH improvement action plan that will be incorporated in the Centre’s Health and Safety Management system.

Expected changes

94. During the 2018-19 biennium, the Centre will continue to invest in staff development activities: strengthening leadership and management capacities; developing technical and pedagogical skills, including skills for designing and delivering IT-enhanced training services via the e-campus; and promoting a service-oriented culture. Specific and structured learning paths will be established to support leadership development and professional accreditation, with a specific focus on learning facilitation.

95. Performance management will be extensively reviewed, with a view to adopting new systems and tools to support management in assessing and proactively managing staff performance. In association with this process, the Centre will pilot a recognition and reward scheme for teams and individuals designed to complement the performance management system and the existing statutory provisions for rewarding especially meritorious service.

96. Important safety and security projects will be completed, providing the Centre, its staff and learning community with a safer and more secure environment. Reviews of the internal justice policy, well-being initiatives and work/life-balance policies will provide an enabling environment for staff to perform at their best with trust and confidence.

97. Last but not least, more constructive social dialogue will be pursued by the Management of the Centre and the Staff Union Committee, using the existing means of information, consultation and negotiation available to both parties.

Means of action

98. The Centre's human resources development activities will be guided by the Human Resources Services' (HRS) operational plan.

99. During the reporting period, the Centre will maintain its current level of investment in upgrading the skills and thematic expertise of its teaching faculty and staff in relation to the ten ILO outcomes set out in the ILO Programme and Budget for 2018-2019, including the cross-cutting policy drivers. This will involve a specific focus on the capacity to innovate, diversified language capacity and cutting-edge technical capabilities, in particular in the area of certified learning and pedagogical skills.

100. The Centre will actively pursue the possibility of increasing mobility and staff exchanges between the Centre and the ILO in order to foster closer integration and enhance technical competencies and knowledge in substantial areas of the ILO's work. The existing provisions for mobility between the Centre and the ILO should be extended so that careers in either or both agencies are viewed as a seamless whole within the "One ILO". Inter-agency staff exchanges within the UN system, or with other international organizations, should be encouraged through secondments or loans. The same principles and benefits should apply to internal mobility. In this vein, the Centre's Temporary Assignment Programme will be re-designed to provide staff with greater opportunities to experience work in different functional and departmental areas.

101. The Centre will consider new approaches to performance management and recognition at the Centre, with the aim of fostering individuals' and teams' motivation and efficiency. A simple, goal-oriented performance framework will be developed, marking a clear shift from task-based performance appraisal reports to goal and development-setting performance management. The performance management system will be articulated around a new competency framework that will guide staff and managers in setting clear goals, maintaining an open dialogue on progress and/or development needs at all stages of the process, and assessing results at the end of the performance cycle. A new reward and incentive scheme will be piloted to recognize merit at the individual and team levels.

102. The Centre will continue to implement initiatives to promote more cohesive and inclusive teams and to provide team members with clearer roles and a sense of purpose in pursuing their common goals. Initiatives to promote team cohesion will continue to be offered, with the possibility of organizing team retreats and team-building exercises - activities that have been widely adopted and appreciated in the past. Further innovative developments will include team coaching and the appointment of a professional "critical friend" to observe team dynamics and provide coaching support to all team members.

103. The Centre will also develop a new leadership and people-management path to enable managers to become leaders capable of achieving results by leveraging energies, skills and talents. Leadership development at the Centre will be supported by individual and collective activities, as well as individual coaching sessions for managers. The multi-rater 360-degree feedback and assessment initiative will be further institutionalized to ensure that all managers attend to this exercise at regular intervals, and that personal development plans are established accordingly. This will contribute to the creation of a common managerial culture and to the establishment of a peer community whose members share the same values and managerial principles.

104. The Centre will strive to provide an enabling environment that allows its staff to contribute to the best of their abilities in a positive, flexible and safe workplace. The Centre aims to be a trusted workplace which promotes accountability, transparency and sound labour relations. Awareness-raising activities and information campaigns will be launched in collaboration with the ILO Ethics Officer to reinforce UN and ILO values and beliefs, and create a strong sense of the ethical principles advocated by the Centre. Access to information will be made easier, and the protection of personal data will be more systematically regulated through appropriate policies.

105. Another priority is to review and reinforce the collective-bargaining machinery, in full recognition of the respective roles of the parties and with a view to creating an environment in which trust and confidence prevail at all levels of the organization. It is important that Management and the Staff Union Committee reach a shared understanding of the terms of reference of the respective elements of the collective-bargaining machinery. Last but not least, special attention needs to be paid to the current grievance handling procedure, as the current system does not fully meet the requirements of a modern appeal system.

106. The Centre will continue with its ongoing security programme (SecurityFirst), an extensive Plan/Do/Check/Act process encompassing staff, procedures and physical equipment. It is fully aligned with the guidelines provided by the UN Security Cell for Italy and by the local police forces.

107. The Centre will define a strategic facility management plan, based partly on the outcomes of the campus-wide safety audit included in the OSH Management Plan for 2016-2017, and taking into account the applicable ILO and Italian safety standards, which provide the reference legal framework. The Centre will invite the City of Turin - as owner of the Campus - to participate in the design and implementation of this strategic facility management plan.

108. The Centre will strive to foster a culture of innovation-oriented entrepreneurship among its staff.

Risk assessment

109. The main risks are:

- An organizational environment and culture that does not embrace change in the implementation of major HR reforms;
- Financial, HR and IT resources are insufficient to cope with implementation of the action plan;
- Financial resources and institutional stakeholders are not available to implement the critical interventions arising from the campus-wide safety audit;
- A major security incident occurring on campus or in the field affecting staff and participants.

110. In response to these risks, the Centre will:

- Promote a participatory approach to the implementation of HR policies and engage in consultation with main stakeholders and the staff union;
- Undertake forward planning to identify the staff and budget resources needed for implementation;
- Involve local institutional authorities and stakeholders at an early stage in implementation of the mitigation actions recommended in the centre-wide safety audit;
- Secure an adequate level of internal resources for the strategic facilities management plan, including ... insofar as compliance with applicable OSH standards are concerned;
- Ensure strict compliance with UNDSS standards and other campus-specific security protocols.

Indicators of Achievement

111. Listed below are the indicators for achievement of the performance targets relating to Outcome 5 of the P&B 2018-19:

Indicator 5.1. Enhanced leadership and management capacities
Target: 50 per cent of staff with managerial responsibility will have completed the leadership development programme
Baseline (2016): Leadership development programme will be started in 2018
Indicator 5.2. Enhanced facilitation skills in the teaching faculty
Target (for the 2018-19 biennium): 24 professional staff in the Training Department accredited as facilitators with the International Facilitator Association
Baseline (2016): eight professional staff in the Training Department accredited as facilitators with the International Facilitator Association
Indicator 5.3. Establishment of a reward and incentive scheme
Target: Scheme successfully piloted and four awards granted for each year of the biennium
Baseline: Reward and incentive scheme to be established in 2018

Outcome 6: Effective oversight

Outcome statement

112. The Centre has complied with the highest standards of good governance for intergovernmental organizations.

Key lessons from previous work

113. The change in external auditor has resulted in an increase in the number of recommendations made to management confirming the need for the Centre to enhance and simplify its documentation of policies, rules and procedures in order to maintain a strong internal control framework while keeping processes as simple as possible.

114. The Centre's Enterprise Risk Management Framework has become more ingrained, used continuously in decision-making at all levels; further refinements will be made in the coming biennium, as recommended by the external auditor.

115. The multi-year process to obtain ISO certification for IT security highlighted the strengths and weaknesses of the former IT-governance and security-management structure. It was helpful in re-allocating IT management resources to priority areas and in strengthening the Centre's process-oriented and well-structured IT service delivery models.

Expected changes

116. When a process is reviewed as part of the streamlining project, the Centre will continue to identify the applicable policies, rules and procedures with a view to simplifying the documentation, which is to be kept in one location, as well as ensuring that controls are in place for areas of risk, considering the Centre's risk-appetite level.

117. The Centre will define its risk-appetite level within its Enterprise Risk Management Framework and will communicate this to all staff members in order to provide them with clearer information to support decision-making at all levels of work.

118. As the ISO IT security certification process was completed in the previous biennium, IT investment can be more focused on training outreach, quality and impact.

Means of action

119. The Centre will continue to ensure that recommendations made in reports to the Board and to Management highlighting weaknesses or suggesting improvements in operations and the internal control framework are implemented in a timely manner.

120. The Centre will continue to manage risks through its Risk Management Committee in order to protect its efficiency and effectiveness. In today's continuously changing business environment, many factors can and do affect the Centre's delivery of training services. The likelihood and impact of the risks identified at the programmes, services and corporate levels require regular review, and the Centre strives to adjust itself continuously. The Corporate Risk Register developed by the Centre provides Management and the Board with a tool to ensure that appropriate actions are taken to mitigate risk.

121. The Centre, having adopted IPSAS in 2012, will continue to monitor new developments in the reporting standards issued by the IPSAS Board. It will ensure that these are reviewed as they apply to the Centre, and that they are implemented within set deadlines. This will provide Management and the Board with complete and transparent information regarding the Centre's operational results and will facilitate the decision-making process.

122. The Centre is committed to working in close collaboration with all its stakeholders, including Board members, and to engaging with them as a matter of good corporate governance. This will enable Board members and the Centre's Management to detect, assess and manage any change in the Centre's environment that could prove critical to the achievement of its objectives, as well as its capacity to implement the 2018-21 Strategic Plan and the Centre's Programmes and Budgets for 2018-19 and 2020-21. Management will continue to hold informal consultations with representatives of each group on the Board on various matters well in advance of Board meetings. This will result in more timely exchanges of views and submissions to the Board.

123. As part of the multi-year operational plan of the Information and Communication Technology Services (ICTS) Unit, the Centre will maintain ISO/IEC 27001:2013 certification for its Information Security Management System (ISMS) by continuously improving IT controls and processes in compliance with the requirements set out by the standard.

Risk assessment

124. The main risks are as follows:

- Without clear and complete policies, rules and procedures to support the Centre's processes, weaknesses in internal control could expose the Centre to fraudulent actions;
- Decisions taken in daily operations to deliver training could be erroneous due to inadequate or incorrect identification or mitigation of risks to a level acceptable for the Centre;
- Insufficient monitoring of new IPSAS developments could result in financial information being incorrectly presented to management and, consequently, a qualified audit opinion on the Centre's financial statements from the external auditor;
- Lack of timely informal consultations with Board members could result in misunderstandings over matters presented at Board meetings and delays in their final approval;
- Insufficient business-impact analysis of IT services and systems may expose the Centre to major business disruption risks.

125. In response to these risks, the Centre will:

- As part of the streamlining process, carry out reviews of the supporting policies, rules and procedures relating to processes, including assessment of the related internal controls, in order to align the revised processes with all underlying documentation;
- Continue to review the risks faced by the Centre and its various units and assess whether the mitigation actions in place are still valid and sufficient; these risks are to be escalated to the Risk Management Committee for additional discussion so that appropriate actions can be taken at the corporate level and further clarifications included in the current Framework;
- Yearly IPSAS updates are being monitored to ensure that new applicable standards are applied to the financial statements;
- Encourage informal consultations between Management and Board members to disseminate information on matters for which Board approval is required, thus ensuring that comments and views are considered in a more timely manner;
- Continue improving IT business-impact analysis and IT risk-management processes based on the ISO/IEC 27001:2013 IT security standard.

Indicators of Achievement

126. Listed below are the indicators for achievement of the performance targets relating to Outcome 6 of the P&B 2018-19:

Indicator 6.1. Unqualified external audit opinion and compliance with IPSAS
Target: Unqualified external audit opinions in 2018 and 2019
Baseline (2016): Unqualified external audit opinion
Indicator 6.2. Rate of implementation of high-priority recommendations made by external and internal auditors
Target: Internal audit: 75 per cent; External audit: 70 per cent
Baseline (2016): Internal audit: 69 per cent; External audit: NA (no recs.)
Indicator 6.3. Compliance with ISO/IEC 27001:2013
Target: Retain certification
Baseline: Certification achieved in 2016

Outcome 7: Reduced environmental footprint

Outcome statement

127. The Centre has reduced the environmental footprint of its campus facilities.

Key lessons from previous work

128. The Centre has pressed on with the community-wide awareness campaign aimed at reducing its environmental footprint and can confirm the following:

- In a virtuous albeit small-scale green economy model, efficient use of resources and energy saving are fully complementary elements;
- In the light of the Greenhouse Gas (GHG) inventory reports, unavoidable emissions can be neutralized only by procuring carbon offsets;
- The Centre has reached a plateau of nearly 100 per cent renewable sources for its energy needs;
- Staff engagement and collaboration across departments and units are key enabling factors in the progressive greening of our campus.

Expected changes

129. The Centre will be increasingly challenged by changes in global public opinion, as well as by its donors, sponsors, participants and staff, to further engage in tangible green initiatives, including the achievement of internationally recognized eco-certifications.

130. In view of the fact that the internal action plan has been gradually aligned with the ILO Environmental Sustainability Action Plan, the Centre might consider running pilot projects to test, on a small but significant scale, further innovations designed to keep up with growing green awareness and increase its competitiveness.

Means of action

131. The Centre's efforts to further reduce its environmental footprint will be guided by the operational plan of the Facilities and Internal Services (FIS), and by the action plan associated with Green Flag certification, in collaboration with the TD and other units involved.

- In each remodelling project, the adoption of advanced energy-saving solutions will be considered a priority;
- While the Green Campus Advisory Group will remain as an open mechanism for the participation of staff and other UN agencies on campus, an official ITCILO eco-

committee will be created with specific TOR aligned with the Centre's strategic goals and linked to the formal action plan;

- In collaboration with the UNFCCC, unavoidable emissions will be neutralized by procuring carbon offsets;
- The action plan will be implemented with further measures designed to retain Green Flag certification, ensure that the plan is aligned with the ILO Environmental Sustainability Action Plan, and effectively involve the whole community in eco-sustainability issues;
- A feasibility study will be conducted to evaluate the possibility of obtaining a higher level of eco-certification;
- In all tendering processes, eco-sustainability issues will be emphasized as much as possible as evaluation criteria.

Risk assessment

132. The main risks are:

- Loss of competitiveness due to inadequate perception among participants, donors and stakeholders of the Centre's eco-awareness;
- The effect of natural disasters impacting good practices in terms of eco-sustainability;
- While the increased use of information technology leads to improvements in training outreach and impact, it can also increase power consumption and e-waste.

133. In response to these risks, the Centre will:

- Actively follow the ILO's environmental and social safeguard project and assess its linkages and implications for the greening of our training services and operations;
- Pay more attention to the communication and marketing aspects of the Green Campus Initiative ;
- Adopt organizational, technical and infrastructural solutions to protect its premises, as well as ensuring sound clauses and conditions in insurance agreements;
- Adopt the concepts of a modern Data Centre infrastructure by investing in facilities using eco-friendly technologies, such as air-conditioning based on "free-cooling" and a fire-suppression system based on atmosphere-friendly extinguishing agents. Optimize utilization by balancing the usage of hybrid on-premises-virtualization with cloud-computing technologies.

Indicators of Achievement

134. Listed below are the indicators for achievement of the performance targets relating to Outcome 7 of the P&B 2018-19:

Indicator 7.1. Retention of Green Flag status
Target: Green flag status retained
Baseline: Green Flag status
Indicator 7.2. Waste reduction
Target: Reduction of 10 per cent in the per capita volume of undifferentiated waste
Baseline: Official 2016 waste inventory data
Indicator 7.3. Eco-certification
Target: Feasibility study of a project to complement the current education-oriented Green Flag certification with a more business-oriented one (LEED, ISO)
Baseline: Green Flag status

03

CROSS-CUTTING POLICY DRIVERS

Policy driver A: Innovation and learning

Statement of the policy driver

135. The Centre embraces a culture of innovation and learning.

Key lessons from previous work

136. During the past four years, the Centre has made significant progress in accelerating the pace of innovation and learning. The e-campus , with its suite of distance-learning modalities developed by the Distance Education and Learning Technology Applications (DELTA) Programme in the Training Department, has been rolled out for use throughout the Centre's training activities, including in-house training for staff. As a result, the number of participants reached with distance-learning modalities, or linked to the Centre through multi-step learning journeys combining distance learning with face-to-face training, has steadily increased. Every year, the Centre has invested a portion of its surpluses in the development of new training products, several of which – like the Massive Open Online Course for Employers Organizations, the virtual reality application for maritime labour inspectors and the foresighting techniques training course - have since been added to the training portfolio. The Centre has further enhanced its reputation for providing innovative training solutions to the capacity-building constraints of ILO constituents and international partners. Each year, the Centre has also set aside significant resources for the continuous technical training of its staff. The Centre has achieved certification of compliance with international standards of good practice for internal services (Green Flag status and compliance with IT security) and training services (through the International Association of Facilitators). The challenge is now to nurture this culture of continuous learning and to institutionalize mechanisms for the stimulation of product innovation.



Expected changes

137. By 2019, the need for continuous learning will be met by the inclusion of an explicit assessment parameter in staff performance evaluations, and a wide range of work-related training opportunities will be offered to meet this objective. The Centre will have successfully introduced at least two new training products each year and will further enhance its existing training products with information and communication technology, as well as digital-media content. The Centre will have established a physical innovation hub with a learning laboratory on its campus, which is acknowledged by participants as a source of reference for innovative institutional capacity-building support.

Means of action

138. The innovation function of the Training Department's DELTA Programme will be strengthened to promote experimental learning and new product development. To this end, the Centre will:

- Establish a learning laboratory linked to the Training Department's DELTA unit;
- Provide additional funding to support innovative product development;
- Strengthen the capacity of the DELTA unit to produce digital-media content and online publications;
- Launch a biannual academy on approaches to and tools for better knowledge management.

139. ICTS will continue to support the e-campus by providing tablets, as well as developing and improving the learning technologies ecosystem by:

- Keeping pace with changes in learning technology, combining pedagogically informed selection with robust operational delivery (including for activities in the field);
- Implementing better communication and collaboration tools;
- Increasing and measuring participant engagement;
- Implementing a common digital repository of training content as part of its Digital Library Initiative;
- Establishing synergies with its work on web and social-media promotion to further improve the e-campus's outreach ;
- Introducing an e-campus mobile app and evaluating off-line players in support of digital inclusion (SDG 4).

Risk assessment

140. The main risks are:

- The Centre does not generate the surplus required to support innovative developments and a new learning laboratory;
- Innovation and learning do not receive the same attention as other Centre priorities when allocations of surplus or captive funds received through voluntary contributions are decided on;
- The Centre's new product developments are supply-driven and fail to attract interest among potential participants;
- Staff resist the “inevitable change” and fail to adapt to a fast-changing market environment.

141. In response to these risks, the Centre will:

- Prioritize, as much as possible, funding to support innovative developments a new learning laboratory;
- Establish customer panels and invite potential participants to advise on new product development processes;
- From the beginning, consult staff on the development of new learning services to be launched on the e-campus of the HRS ;
- Link the learning achievements of staff to the criteria for the awards-recognition process and, where applicable, career-development opportunities.

Indicators of Achievement

142. Listed below are the indicators for achievement of the performance targets relating to Policy Driver A of the P&B 2018-19:

Indicator A.1. Number of new training products introduced to market each year
Target: Three products per year
Baseline: Two per year
Indicator A.2. Percentage of open courses using the e-campus
Target: 50 per cent
Baseline (2016): 25 per cent
Indicator A.3. Establishment of a learning laboratory
Target: to be established in 2018
Baseline: N/A

Policy Driver B: Gender equality and diversity

Statement of the policy driver

143. The Centre promotes gender equality and diversity throughout its operations.

Key lessons from previous work

144. The Centre's results-based Strategic Plan for 2011-15 identified gender equality as one of its principles, as well as a means of action underpinning and guiding all the work of the Centre. To implement this commitment, in 2012 the Centre launched a Gender Equality Promotion Plan to promote gender equality and diversity in its staff development strategies, and provided incentives to identify women participants for its programmes and activities. The Action Plan also committed the Centre to systematic use of the Gender Marker to enhance gender mainstreaming in the planning, design and delivery of training and learning activities. It also benchmarked the Centre to other UN agencies in the field of gender-equality promotion under the United Nations System-wide Action Plan on Gender Equality and the Empowerment of Women (UN SWAP) coordinated by UNWOMEN.

145. Overall, the objectives set out in the 2012-15 Gender Equality Action Plan, were successfully achieved. Since 2012, the number of women participants has exceeded 40 per cent of the total each year, notwithstanding the decline in voluntary contributions (including funding for fellowships to promote the enrolment of women). Gender balance among professional-category staff has been substantially achieved, as shown by a ratio of 45 per cent in 2016. In that year, the Gender Marker for training activities showed that 48 per cent of all activities explicitly referenced gender-equality aspects during sessions. The Centre also achieved high marks in the 2017 UNSWAP benchmarking exercise.

146. In 2016, an external Gender Audit of the Centre was commissioned and identified new areas in which work is needed to consolidate past achievements. The Centre has further stressed its commitment to the promotion of diversity, particularly with regard to the inclusion of people with disabilities. As a result, a new action plan to promote gender equality and diversity was developed in 2017, which links to the cross-cutting policy driver of the 2018-21 Strategy Framework.

Expected changes

147. By end of 2019, the Centre will have increased the percentage of male staff in its administrative category, achieving a better gender balance in this category and

breaking down the work-related gender stereotypes noted in the audit. The Centre's workforce will have become culturally more diverse and non-European staff will be better represented within the administrative group. The Centre will also promote and provide a more enabling work environment for staff with disabilities.

Means of action

148. The Centre's work in the field of gender equality and diversity promotion will be guided by its 2018-21 Gender Equality and Diversity Action Plan, and coordinated through the Office of the Director.

149. During the 2018-19 biennium, the emphasis of the Centre's work will be to promote gender equality and diversity by:

- Re-training the gender focal points in each unit in order to better coordinate the mainstreaming of gender equality and diversity in training and support services;
- Developing at least one training product each year which will explicitly aim to include people with disabilities in the world of work;
- Enforcing a zero-tolerance anti-harassment policy, which is to be re-launched in 2017;
- Providing adequate financial and technical support to those concerned for the implementation of the Women at Work Centenary Initiative;
- Refurbishing facilities to provide disability access to the first floor of the Asia 14 pavilion for all participants and staff;
- Continuing its efforts to improve geographical diversity in the professional category;
- Formulating policies to attract and improve access to jobs for people with disabilities.

Risk assessment

150. The main risks are:

- The Centre does not generate the necessary surplus required to invest in refurbishment of the campus facilities, and to support the development of new training products geared towards persons with disabilities;
- The promotion of gender equality and diversity does not receive the same attention as other Centre priorities when allocations of the surplus or the captive funds received through voluntary contributions are decided on;
- Staff and participants do not fully support the enforcement of the zero-tolerance anti-harassment policy due to a lack of understanding of the underlying objectives;
- The Centre's gender-focal-point network is ineffective due to a lack of capacity on the part of the appointed officials.

151. In response to these risks, the Centre will:

- Publish the zero-tolerance anti-harassment policy on its website and publicize related information throughout the campus, as well as holding awareness-raising sessions about its underlying objectives for all staff and participants;
- Prioritize funding, when feasible, for the refurbishment of Pavilion Asia 14 in the Centre's rolling refurbishment plan;
- Establish an in-house high-level advisory council to give an institutional voice to the promotion of gender equality and to support the Director of the Centre in the implementation of the Gender Action Plan.

Indicators of Achievement

152. Listed below are the indicators for achievement of the performance targets relating to Policy Driver B of the P&B 2018-19:

Indicator B.1. Percentage of training activities scoring two or higher on the Gender Marker
Target (average for the 2018-19 biennium): 48 per cent
Baseline (2016): 48 per cent
Indicator B.2. Barrier-free access to the first floor of Pavilion Asia 14
Target: Complete refurbishment of Pavilion Asia 14
Baseline: NA
Indicator B.3. Percentage of women among professional staff
Target: 47 per cent
Baseline: 45 per cent
Indicator B.4. Percentage of professional staff from non-European countries
Target: 38 per cent of professional staff from non-European countries
Baseline: 36 per cent of professional staff from non-European countries

Policy Driver C: Tripartism, social dialogue and international labour standards

Statement of the policy driver:

153. The Centre promotes tripartism, social dialogue and International Labour Standards (ILS) as fundamental values that underpin its portfolio of capacity-building services.

Key lessons from previous work

154. The Centre has a value-driven mandate founded on the belief that sustainable economic and social development needs to be based on mutual respect for the principles and rights at work set forth in ILS. The Centre also believes that dialogue between social partners is the best way to mediate conflicting interests in the formulation, ratification and application of these standards.

155. In recent years, the Centre has sought to promote respect for rights at work, tripartism and social dialogue through three mechanisms:

- Dedicated training courses on ILS, social dialogue and tripartism; the most recent example is the Master on Industrial and Employment Relations launched in the academic year 2016-17;
- Dedicated training sessions on ILS, social dialogue and tripartism in training courses linked to other aspects of the Decent Work Agenda, usually delivered through standards and social-dialogue specialists at the Centre;
- A reference to the relevant ILS and to the principles of Social Dialogue and Tripartism in the curriculum of all training courses.

156. As the number of tailored training activities has increased over recent years, and is set to further increase in the future, the second and third prongs of this strategy will need to be revisited; the curriculum of tailored activities is typically developed in an ad hoc manner as per client specifications, thus leaving less space to insert dedicated sessions on ILS, tripartism and social dialogue. An added complexity is the fact that many of the tailored activities take place in the field, where the additional costs of bringing in a standards specialist or social-dialogue expert can be prohibitive.

Expected changes

157. By 2019, the technical programmes in the Training Department will have access to online tools on ILS, social dialogue and tripartism, enhancing their respective training courses on the subject. They will also be able to draw on both self-guided and tutor-supported distance-learning modules on the subject and so blend their own training courses with the expertise of standards specialists and social-dialogue experts.

Means of action

158. To mainstream ILS, social dialogue and tripartism, the Centre will:

- Develop a set of learning tools that can be used to enhance the training courses offered by the Centre;
- Complement the existing self-guided distance-learning modules on ILS, social dialogue and tripartism with a tutor-supported distance-learning offering and make these courses available via the e-campus.

Risk assessment

159. The main risks are:

- Institutional clients and some participants are not willing to accept the insertion of learning modules on ILS, social dialogue and tripartism during training on other aspects of the Decent Work Agenda;
- The Centre lacks the financial and human resources to commission the development of the learning tools and the distance-learning courses.

160. In response to these risks, the Centre will:

- Prioritize, as much as possible, funding to develop new learning tools and distance-learning modules;
- As part of its outreach campaigns (see Outcome 3 for more details), raise awareness among institutional clients and participants of the added value of training sessions on the ILO's rights-based approach.

Indicators of Achievement

161. Listed below are the indicators for achievement of the performance targets relating to Policy Driver C of the P&B 2018-19:

Indicator C.1. Percentage of training activities incorporating at least one learning tool or session on ILS
Target : 50 per cent
Baseline: N/A
Indicator C.2. Percentage of training activities incorporating at least one learning tool or session on Social Dialogue and Tripartism
Target: 50 per cent
Baseline: N/A
Indicator C.3. Percentage of participants stating that ILS had been explicitly referenced during training.
Target: 75% of participants in activities with an ILS marker of 2 or higher
Baseline: N/A

04

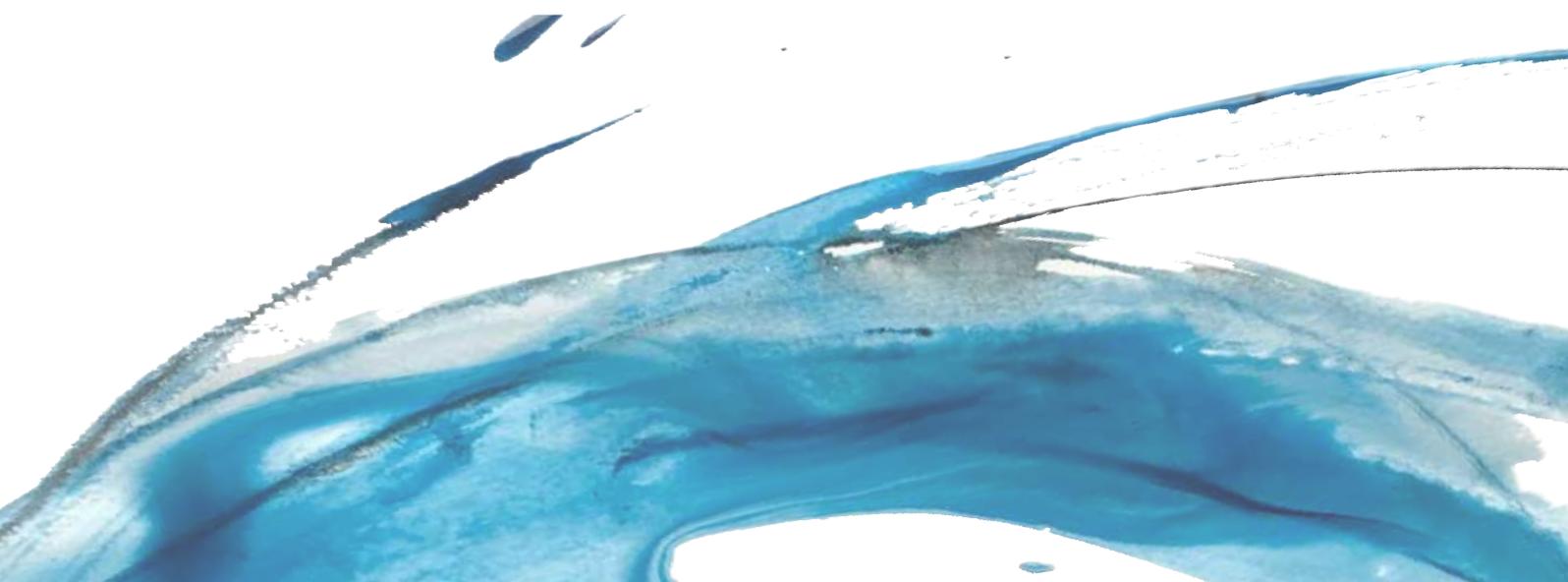
REVENUE AND EXPENDITURE BUDGET PROPOSALS FOR 2018-19

162. While the biennium budget proposals facilitate more timely and coherent programming with the ILO, it also brings increased financial risks. Therefore, a prudent approach has been taken in formulating the proposals.

163. The key financial parameters underlying the budget proposals are as follows:

- voluntary contributions will remain at the current level. While the biennial ILO contribution is already known and provided for in the 2018-19 ILO Programme and Budget, there is a critical assumption that the *ex-lege* contribution of the Italian government and the Portugal government will be maintained at their current levels for each year of the biennium;
- external revenue from training activities and advisory services will be maintained at the average level achieved over the period of the current Plan taking into account the cyclical impact of the ILO programming cycle which tends to provide higher levels of revenue for training and media production/publications in the second year of the cycle;
- fixed expenditure (non-staff) not directly supporting training activities will be subject to a zero real-growth policy in each of the two years in line with the target set in the Strategic Plan; and
- fixed expenditure (staff) and variable expenditure (staff and non-staff) will be maintained at the current level.

164. Financial risk is also increased with greater uncertainty concerning levels of inflation and currency exchange rate fluctuations estimated over a two year period. For example, a higher than estimated rise in the rate of national/local inflation and/



or a significant increase in the value of the euro, particularly vis-à-vis the \$US, could impact negatively on the financial situation of the Centre. Therefore, the budget line for “contingencies” has been maintained in the budget proposals to mitigate the financial impact of such risks.

165. In accordance with Article 4 of the Financial Regulations, the budget proposals for 2018-19 are set out below. In addition to the budget proposals for the General Fund, information is also provided on the Campus Improvement Fund and the Innovation Fund.

166. In Table 1, the General Fund budget proposals show the 2016-17 forecasted results which is a combination of the 2016 actual and the 2017 forecasted results. Details of budget lines are presented in Appendix I.

167. The following budgetary assumptions were made when drafting the revenue and expenditure proposals:

- the programme includes training activities already in the 2018 calendar for which funding has been secured, together with those for which ongoing or forthcoming negotiations seem likely to be successfully concluded as well as projections of anticipated external revenue based on past performance by the Centre. At this time, this projection is uncertain and a conservative approach has been applied to derive the final 2018-19 figure;
- activities negotiated with financial sponsors should cover their own variable expenditure and generate an adequate contribution towards the Centre's fixed expenditure;
- staff expenditure is based on the current number of positions existing at the time of the preparation of the budget proposals, which maintains the number of positions for both the regular budget and variable budget staff categories and includes standard increases prescribed by the International Civil Service Commission known in June 2017; and
- an inflation rate of 1.9%² which was applied to the biennium budget proposals.

². Source: Aligned to approved ILO Programme and Budget Proposals for 2018-19 (GB.329/PFA)

TABLE 1: BUDGET FORECAST FOR 2016-17 AND BUDGET PROPOSALS FOR 2018-19				
(in thousands of Euro)			2016-17 Budget Forecast	2018-19 Budget Proposals
Chapter	Item	PART A – REVENUE		
I		Voluntary contributions		
	10	International Labour Organization	7 738	6 867
	11	Government of Italy (<i>ex-lege</i>)	15 700	15 700
	12	Piedmont Region (Italy)	-	-
	13	Government of Portugal	500	500
	14	City of Turin	750	-
		Total voluntary contributions	24 688	23 067
II		External revenue		
	20	Training activities and advisory services	51 200	52 225
	21	Media production	2 000	2 050
	22	Miscellaneous	2 000	2 000
		Total external revenue	55 200	56 275
III		Other		
	30	Past surpluses to training activities	1 500	1 500
	31	Past surpluses to the business process review	77	-
	32	Past surplus to the HRS IT applications	50	-
		Total revenue	81 515	80 842
		PART B - EXPENDITURE		
IV		Fixed expenditure		
	40	Regular budget staff	31 150	32 177
	41	Consultants	1 233	864
	42	Facilities	4 778	3 669
	43	Security	852	843
	44	General operating costs	1 626	1 466
	45	Missions and representation	533	503
	46	Governance	699	680
	47	Information and technology costs	2 965	2 999
	48	Depreciation of property and equipment	1 299	1 300
	49	Other	365	-
		Total fixed expenditure	45 500	44 501
V		Variable expenditure		
	50	Variable Budget (VB) staff	5 042	5 222
	51	Project Budget (PB) staff	472	358
	52	External collaborators	9 658	9 740
	53	Missions	1 335	1 347
	54	Participants' costs	13 633	13 751
	55	Books, training aids and materials	1 136	1 146
	56	Training facilities and services outside Turin	2 272	2 292
	57	Other	369	373
	58	Costs related to revenue from media production	1 280	1 312
	59	Costs related to miscellaneous revenue	218	200
		Total variable expenditure	35 415	35 741
VI	60	Contingency	600	600
		Total expenditure	81 515	80 842
		Budget surplus	-	-

TABLE 2: SUMMARY OF EXTERNAL REVENUE AND EXPENDITURE RELATING TO TRAINING AND OTHER ACTIVITIES		
(in thousands of Euro)	2016-17 Budget Forecast	2018-19 Budget Proposals
Total external revenue relating to training and other activities		
Training activities and advisory services	51 200	52 225
Media production	2 000	2 050
Past surpluses to training activities	1 500	1 500
Total	54 700	55 775
Variable expenditure ³	35 197	35 541
Contribution to fixed costs (CFC)	19 503	20 234
CFC ratio	36%	36%
Total expenditure	22 172	21 744
Share in facilities and information technology costs (70%)	5 420	4 668
Total	27 592	26 412
Support required from voluntary contributions, miscellaneous revenue and past surpluses	(8 089)	(6 178)
Voluntary contributions and misc. revenue	26 688	25 067
Management and administrative support expenses	18 599	18 889
Amount available for training activities	8 089	6 178
Budget surplus	-	-

168. The 2016-17 forecast (based on 2016 actual data and 2017 forecast) anticipates balanced results at the end of the period as reported in the Interim Implementation Report for 2016⁴. The 2018-19 Budget Proposals also foresee a balanced budget.

169. The Centre reaffirms the important role of the Workers Activities Programme and the Employers' Activities Programme and will ensure its sustainability both in terms of financial and human resources. Specific measures to this extent will be taken, in coordination with both Programmes. In reflection of this, the ITCILO Management will in the course of 2018 provide an additional Professional staff to the Employers' Activities Programme, within the allocated budget resources.

Campus improvement fund

170. The following table provides a summary of forecasted movements under the Campus Improvement Fund during the period of 2016-17, the 2018-19 Budget Proposals and the projected fund balance at the end of the period.

³ Excludes other costs related to miscellaneous revenue.

⁴ CC 78/2.

TABLE 3: CAMPUS IMPROVEMENT FUND		
(in thousands of Euro)	2016-17 Budget Forecast	2018-19 Budget Proposals
ALLOCATIONS OF PAST SURPLUSES		
Use of 2015 surplus	693.5	-
Total Revenue and Allocations	693.5	-
EXPENDITURE		
Renovation of cafeteria, restaurant and self-service area	693.5	-
Campus greening	-	-
Other expenses	130	-
Total Expenditures	823.5	-
Surplus (deficit)	(130.0)	-
Fund balance available at the end of the period	1 987	-

Innovation fund

171. This table provides a summary of forecasted movements under the Innovation Fund during the period of 2016-17, the 2018-19 Budget Proposals and the projected fund balance at the end of the period.

TABLE 4: INNOVATION FUND		
(in thousands of Euro)	2016-17 Budget Forecast	2018-19 Budget Proposals
ALLOCATIONS		
Use of 2013 surplus	550	-
Total revenue	550	-
EXPENDITURES		
Training innovations	385	-
Total expenditure	385	-
Surplus (deficit)	(165)	-
Fund balance available at the end of the period	42	-

172. **The Board is requested to:**
- i) endorse the Strategic Plan, and**
 - ii) adopt the Programme and Budget Proposals for 2018-19.**

Point for decision: Paragraph 172.

Turin, September 2017

APPENDIX I - ADDITIONAL EXPLANATORY NOTES⁵

REVENUE

Voluntary contributions

Item 10 - International Labour Organization

The Programme and Budget of the International Labour Organization for 2018-19 makes provision for a total contribution of US\$8,240,000 to the Centre's operating expenditures for the same period.

Item 11 - Government of Italy

Article 1 of the Agreement between the ILO and the Government of Italy, signed in December 1983, states that "the Italian Government undertakes to contribute to the Centre's budget in the form of an annual contribution to the Centre's general expenses, the said contribution to be assessed in relation to both the Centre's requirements with respect to the said general expenses and the annual contribution made by the International Labour Organization towards the financing of the Centre." Article 2 of the same Agreement states that a Joint-Committee composed of representatives of the Centre and the Italian Government shall "make an assessment of the Centre's requirements for general expenses for the following year and express an opinion concerning the amount of the Italian Government's contribution to the Centre for the said following year in the light of the criteria laid down in Article 1 of this Agreement."

Although the Joint-Committee has yet to meet and approve the contributions to the Centre for 2018 and for 2019, an amount of €15,700,000 was included and represents an annual contribution of €7,850,000 for the period of two years. This is based on historical contributions received from Italy for general expenditures.

Item 13 - Government of Portugal

Although the current agreement with the Government of Portugal to provide the Centre with an annual voluntary contribution has yet to be renewed, an amount of €500,000 was included and represents the current level of €250,000 per year for the period of two years. This is based on historical contributions received from Portugal for general expenditures.

⁵ These additional explanatory notes refer to budget lines in Table 1.

External revenue

Item 20 - Revenue from training and advisory services

This item relates to revenue expected in 2018-19 which is estimated at €52.225 million for the biennium. The details of the revenue foreseen by source of funding can be found in Appendix II.

Item 21 - Revenue from media production

This item relates to revenue expected in 2018-19 and is estimated at €2.05 million for the biennium.

Item 22 - Revenue from miscellaneous sources

This is expected to amount to €2.0 million for the biennium and consists mainly of revenue from the rental of premises and installations on the campus, the recovery of the estimated share of expenses paid to the Centre by the United Nations System Staff College and the United Nations Interregional Crime and Justice Research Institute for the use of common areas/services, rental of training and residential facilities and interest revenue.

Item 30 - Past surpluses to training activities

The use of past surpluses to be used for training activities in 2018-19 is estimated at €1.5 million for the biennium.

EXPENDITURE

Fixed expenditure

Item 40 - Regular budget (RB) staff

This item concerns the staff required for the development, execution, technical and administrative support of the training activities. In 2018-19, regular budget staff expenditure accounts for approximately 40 per cent of the overall expenditure budget. It shows an increase of €1.03 million (3.3 per cent) over the total biennium.

Expenditure under this item reflects the cost adjustments on the latest salary-related policies and decisions on the base salary scale of staff and education grant levels approved by the UN General Assembly further to the recommendations of the ICSC for general application throughout the UN Common System. As part of the UN Common System, the Centre has an obligation to apply any such statutory increases.

The Pensions Board has not recommended any change to the total rate of contribution to the United Nations Joint Staff Pension Fund. The UN General Assembly has not invoked Article 26 of the Regulations of the Fund for deficiency payments from its members. It is assumed that the status quo with respect to the rate and deficiency payments will continue in 2018-19. Contributions made to the Fund are based on the level of pensionable remuneration for each grade. The latest table of pensionable remuneration issued by UNJSPF in February 2017 has been used to forecast the total contribution of the Centre.

Staff expenditure is estimated on the basis of current grade levels in the Professional category of staff and above, and in the General Service category including all elements of cost envisaged in the Staff Regulations, together with a provision to cover the benefits due to staff members upon termination of employment, as required under Article 12 of the Financial Regulations.

A provision has also been included to allow for any increases approved during the biennium which were not known at the time of the budget calculations.

The table below shows the composition of the cost elements of the Professional and the General Service categories. The home leave and annual leave represent an additional expenditure estimated for 2018-19.

The level of regular budget staff expenditure is broken down as follows:

(in thousands of Euro)	2016-17 Budget Forecast	2018-19 Budget Proposals	% change
Professional category and above	17 657	18 188	3.0
General service category	13 493	13 989	3.7
Total RB staff	31 150	32 177	3.3
Total Full-time equivalent	288.5	288.0	

A detailed account of the estimated staffing resources and the corresponding expenses are set out in Appendices III and IV.

Professional and higher categories

Based on on-going discussions, a net based salary increase for Professional and higher categories of staff is foreseen in January 2018 pursuant to the UN General Assembly decision expected in December 2017 however this is on a “no gain, no loss” basis. At the time of the budget, the future outcome was still unknown and the increases in base salary resulting from statutory entitlements relating to the length of service have been applied.

Changes in the post adjustment indices arise from the exchange rate fluctuations and movements in the cost of living as determined by the ICSC. The 2016 cost-of-living survey resulted in a decrease of 6.6% in the post adjustment index for Professional and higher categories of staff. Mitigation measures have been put in place by the ICSC. However at the time of the budget, the financial impact on the budget could not yet be assessed. The budget has been estimated by applying the May 2017 UN operational rate of exchange and post adjustment multiplier.

Pensionable remuneration of Professional and higher categories of staff changed on the 1st February, 2017 and this remained unchanged for 2018-19.

New maximum allowable levels for the education grant expenditure incurred in designated countries/currency areas have been issued. Due to the unknown impact on the 2018-19 period, an estimate based on the past historical data has been made.

General Service category

Based on a decision taken by the Food and Agriculture Organization of the United Nations (FAO) in 2012, the General Service salary scale will remain frozen until further adjustments to fill the 9.2 per cent salary average resulting from a survey of the best prevailing conditions of employment conducted by the UN Secretariat for UN Rome based organizations (including the Centre) is completed.

Arising from this decision, a second salary scale for General Service staff recruited on or after 1st February, 2013 was created and proposes a 0.6 per cent per year increase, which was included in 2018-19.

Pensionable remuneration remains the dollar equivalent of the sum of the local gross salary, plus any language allowance.

Item 41 - Consultants

Two categories of consultants are included under this heading:

	2016-17 Budget Forecast	2018-19 Budget Proposals	% change
Medical service	495 000	504 000	1.8
Consultants	738 000	360 000	(51.2)
Total	1 233 000	864 000	(29.9)

The medical service provides medical care to participants attending training activities. It also provides medical services and advice on the request of the Centre's management on occasions when this is required by the Centre's administrative procedures. Part-time physicians and part-time nurses provide these services on an external collaboration basis. They are assisted by a senior nurse who is an official of the Centre, whose cost is included in budget item 40.

Other consultants or consulting companies are retained to provide the Centre with external expertise in various fields as well as assist in the translation and interpretation services to support the Centre's activities.

Item 42 - Facilities

The Centre's activities are conducted on a campus with an area of roughly 100,000 square metres occupied by 21 pavilions. The various buildings include offices, classrooms and accommodation facilities. These buildings and installations are the property of the City of Turin, which leases them to the Centre at a nominal rent. Under the terms of the Convention signed in July 1964, major repairs and certain maintenance works, such as the restoration of façades, the repair of damage caused by weather, and the upkeep of gardens and roads are the responsibility of the City of Turin. In 2016, the 2013, 2014 and 2015 annual contributions were received for a total of €750,000 thus increasing the 2016-17 budget forecast under this category. Operating and ordinary maintenance costs are the responsibility of the Centre.

	2016-17 Budget Forecast	2018-19 Budget Proposals	% change
Utilities and garbage disposal	1 797 000	1 690 000	(5.9)
Maintenance and repairs, cleaning and other costs	2 981 000	1 979 000	(33.6)
Total	4 778 000	3 669 000	(23.2)

Item 43 - Security

This item represents the cost of the security services provided by a specialized security firm and the annual maintenance cost of security systems.

Item 44 - General operating costs

This item includes expenditures relating to transportation, pouch and mail services, postage, telecommunications, office supplies, internal reproduction, equipment maintenance, and other administrative costs.

Item 45 - Missions and representation

This item relates to missions of a technical nature aimed at promoting the Centre's activities and maintaining its close links with the ILO and other UN organisations, as well as missions to maintain contacts between the administrative services of the ILO and those of the Centre. This item also includes a provision to cover hospitality.

Item 46 - Governance

This item relates to the expenditures relating to the services provided by the external auditor, the ILO internal audit and legal services, as well as to the Board, the Trade Union and Employers' Training Committees meetings.

Item 47 - Information and technology costs

This item covers expenditures relating to training technology, maintenance and development of information systems, office automation, computer hardware maintenance and purchase of non-depreciable computer hardware. This budget line is broken down as follows:

	2016-17 Budget Forecast	2018-19 Budget Proposals	% change
Internet costs	175 000	179 000	2.2
Maintenance of computer hardware	150 000	153 000	2.0
Application software, licenses and maintenance	535 000	545 000	1.8
Expendable computer hardware and materials	361 000	341 000	(5.5)
Technical assistance	1 744 000	1 781 000	2.1
Total	2 965 000	2 999 000	1.1

Item 48 - Depreciation of property and equipment

As required by Article 13.2 of the Financial Regulations, a provision is estimated to cover the depreciation of all property and equipment as well as intangible assets.

Variable expenditure

Variable expenditure is related solely to the implementation of specific training activities and evolves during the budget period. The level of this expenditure is dependent on the level of the programme of activities, just as it is subject to variations resulting from the diversity of the cost factors associated with implementation of the activities.

Items 50 and 51 - Variable expenditure staff

- Variable Budget (VB) staff

This item relates to staff engaged under a fixed-term contract funded from the recovery of projected resources from training activity budgets. The contracts are issued in accordance with Article 1.2(c) of the Staff Regulations and the Collective Agreement. In addition, short-term staff that is recruited to assist in training activities is also included.

(in thousands of Euro)	2016-17 Budget Forecast	2018-19 Budget Proposals	% change
Professional category	2 598	2 722	4.8
General service category	2 444	2 500	2.3
Total VB Staff	5 042	5 222	3.6
Total full-time equivalent	67.6	62	

- Project Based (PB) staff

This item relates to staff engaged under a fixed-term contract of one year and fully funded from a specific technical cooperation project of fixed duration and are directly recruited. This item could vary depending on the award of future projects.

(in thousands of Euro)	2016-17 Budget Forecast	2018-19 Budget Proposals	% change
Professional category	341	211	(38.1)
General service category	131	147	(12.2)
Total PB Staff	472	358	(24.1)
Total full-time equivalent	6.0	4.8	

Expenditure under these two items reflects the cost adjustments on the latest salary-related policies and decisions on the base salary scale of staff and education grant levels, approved by the UN General Assembly further to the recommendations of the ICSC for general application throughout the UN Common System.

The expenditure is estimated on the basis of current grade levels in the Professional category of staff and above, and in the General Service category including all elements of cost envisaged in the Staff Regulations, together with a provision to cover the benefits due to staff members upon termination of employment, as required under Article 12 of the Financial Regulations.

A provision has been included to allow for any increases approved during the biennium which were not known at the time of the budget calculations.

Item 52 - External collaborators

This item covers lecturers engaged under external collaboration contracts and other external collaborators, such as interpreters, translators and language teachers engaged for courses given to participants.

Item 53 - Missions

This item covers missions relating to the selection, preparation and accompanying of participants during study visits, and evaluation and follow-up missions carried out as part of specific activities.

Item 54 - Participants costs

This item covers all accommodation expenditures incurred by participants during their stay at the Centre and during their external training. This includes primarily board and lodging, participants' return travel from their countries of origin as well as travel during study tours, tuition expenditures provided for participants within the framework of individual or collective placements in government or private institutions, medical care and insurance coverage, refreshments and farewell dinners.

Item 55 - Books, training aids and materials

This item covers the supply of books, tablets, training aids and other materials to participants as part of specific training activities.

Item 56 - Training facilities and services outside of Turin

This item covers the cost of classrooms and conference facilities, administrative expenditures, rental of training equipment, and other expenditures incurred for training activities held outside of Turin.

Item 57 - Other variable expenditures

This item covers miscellaneous training expenditures that could not be classified in the above budget line groupings and other non-training expenditure related to projects and activities.

Item 58 - Costs related to revenue from media production

This item covers the expenditures relating to graphic design, layout, editing, interpretation and publication work provided by the Centre to the ILO and external clients. These expenditures are covered by revenue from media production (Item 21).

Item 59 - Costs related to miscellaneous revenue

This item relates to expenditures which are incurred, in some instances, to generate miscellaneous revenue (Item 22).

Item 60 - Contingency

A provision of €600,000 has been included in the 2018-19 budget proposal in order to cover potential increases in expenditures due to higher than estimated inflation and/or currency fluctuations, especially between the € and the US\$.

APPENDIX II - 2018-19 REVENUE FORESEEN FROM TRAINING ACTIVITIES AND ADVISORY SERVICES BY SOURCES OF FUNDING

2018-19 REVENUE FORESEEN FROM TRAINING ACTIVITIES AND ADVISORY SERVICES BY SOURCES OF FUNDING				
(in thousands of Euro)	2016-17 Budget Forecast	% to total	2018-19 Budget Proposals	% to total
ILO	15 360	30	15 668	30
Development Banks	512	1	522	1
Italy	7 680	15	7 834	15
European Union	1 024	2	1 044	2
Other multi-bilateral organizations	18 432	36	17 757	34
United Nations organizations	4 096	8	4 178	8
Self-paying participants	4 096	8	5 222	10
TOTAL REVENUE FROM TRAINING ACTIVITIES AND ADVISORY SERVICES	51 200		52 225	
Revenue from media production	2 000		2 050	
Past surpluses to training activities	1 500		1 500	
TOTAL FUNDING FROM ACTIVITIES	54 700		55 775	

APPENDIX III - COMPARATIVE SUMMARY OF REGULAR BUDGET STAFF RESOURCES FOR 2016- 17 AND 2018-19

COMPARATIVE SUMMARY OF REGULAR BUDGET STAFF RESOURCES FOR 2016-17 AND 2018-19						
	2018-19 Budget Proposals		2016-17 Approved Budget		2016-17 Budget Forecast	
Grade	FTE	Estimated cost	FTE	Estimated cost	FTE	Estimated cost
ADG	2.0	489 000	2.0	430 000	1.9	444 000
D.2	2.0	451 000	2.0	442 000	2.0	437 000
D.1	2.0	500 000	2.0	507 000	2.0	508 000
P.5	32.0	5 721 000	28.0	4 832 000	34.2	5 842 000
P.4 ⁶	41.2	6 408 000	45.5	6 924 000	42.0	6 315 000
P.3	24.0	3 262 000	34.0	4 690 000	22.1	3 037 000
P.2	10.8	1 005 000	-	-	7.6	861 000
P.1	-	-	-	-	0.2	9 000
Total	114.0	17 836 000	113.5	17 825 000	112.0	17 453 000
G.7	12.0	1 309 000	12.0	1 301 000	11.9	1 288 000
G.6	24.0	2 282 000	23.4	2 213 000	25.6	2 364 000
G.5	58.0	4 719 000	56.08	4 334 000	57.4	4 378 000
G.4	64.0	4 464 000	66.0	4 538 000	62.4	4 261 000
G.3	16.0	944 000	22.0	1 193 000	16.2	927 000
G.2	-	-	-	-	3.0	114 000
Total	174.0	13 718 000	179.48	13 579 000	176.5	13 332 000
GRAND TOTAL	288.0	31 554 000	292.98	31 404 000	288.5	30 785 000

⁶ Includes a P4 funded from the Business Process Review (FTE 0.5 in 2016-17)

APPENDIX IV - REGULAR BUDGET STAFF RESOURCES BY GRADE AND ORGANIZATIONAL UNIT FOR 2018-19

REGULAR BUDGET STAFF RESOURCES BY GRADE AND ORGANIZATIONAL UNIT FOR 2018-19																				
Organizational Unit	Professional category and above						General service category							Total Expenditure (Euro)	Total FTE	Grand total Expenditure (Euro)				
	ADG	D2	D1	P5	P4	P3	P2	P1	Total FTE ⁷	Total Expenditure (Euro)	G7	G6	G5				G4	G3	G2	G1
Director's Office	2.0	2.0	-	-	-	-	-	-	4.0	958 000	-	4.0	-	-	-	-	-	385 000	8.0	1 343 000
TOTAL	2.0	2.0	-	-	-	-	-	4.0	958 000	-	4.0	-	-	-	-	-	-	385 000	8.0	1 343 000
Training Department																				
Training Programmes	-	2.0	24.0	29.2	20.0	10.8	-	86.0	13 125 000	10.0	10.0	26.0	34.0	4.0	-	-	-	6 907 000	170.0	20 032 000
TOTAL	-	2.0	24.0	29.2	20.0	10.8	-	86.0	13 125 000	10.0	10.0	26.0	34.0	4.0	-	-	-	6 907 000	170.0	20 032 000
Other Services																				
Financial Services	-	-	2.0	2.0	2.0	2.0	-	6.0	1 022 000	-	2.0	6.0	12.0	4.0	-	-	-	1 814 000	24.0	2 836 000
Facilities and Internal Services	-	-	2.0	2.0	2.0	-	-	6.0	946 000	-	4.0	12.0	10.0	8.0	-	-	-	2 619 000	34.0	3 565 000
Medical Services	-	-	-	-	-	-	-	-	-	-	-	2.0	-	-	-	-	-	155 000	2.0	155 000
Human Resources Services	-	-	2.0	2.0	-	-	-	4.0	685 000	2.0	2.0	10.0	-	-	-	-	-	1 233 000	14.0	1 918 000
Information and Communications Technology Services	-	-	2.0	6.0	-	-	-	8.0	1 452 000	-	2.0	2.0	8.0	-	-	-	-	876 000	12.0	2 328 000
TOTAL	-	-	8.0	12.0	4.0	-	-	24.0	4 105 000	2.0	10.0	32.0	30.0	12.0	-	-	-	6 697 000	86.0	10 802 000
GRAND TOTAL	2.0	2.0	2.0	41.2	24.0	10.8	-	114.0	18 188 000	12.0	20.0	58.0	64.0	16.0	-	-	-	13 989 000	288.0	32 177 000

7. Full-time equivalent

