

**Board of the Centre**

74th Session, Turin, 1-2 November, 2012

**CC 74/3/1**

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**FOR DECISION**

THIRD ITEM ON THE AGENDA

**PROGRAMME AND BUDGET PROPOSALS FOR 2013**



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## EXECUTIVE OVERVIEW

The year 2013 will be the second year of implementation of the Centre's Strategic Plan for 2012-15 (the Plan) which was adopted by the 73<sup>rd</sup> Session of the Board (November, 2011).<sup>1</sup> In accordance with the Plan, the Programme and Budget Proposals for 2013 are presented in a results-based format. The five strategic priorities set down in the Plan will continue to inform and guide the work priorities of the management team of the Centre in 2013.

Underpinning the Plan were the recommendations of the ILO Internal Review Team (2010) concerning the reform of the operating model of the Centre as well as the evolving funding model of the Centre linked to the changing resource environment. The external resource environment, particularly the reduction in un-earmarked voluntary contributions to the Centre since 2010, is accelerating the need for change in the manner in which the Centre funds, organizes, manages and delivers its training and learning programmes.

The necessary process of transition and adaptation will continue in 2013. One of the main challenges of this transition is to ensure that the Centre maintains its focus on its mandate of capacity development for ILO constituents, knowledge-sharing on the world of work and wider institutional capacity development. This will be determined by the Centre's capacity to be more closely aligned with ILO strategies for achieving outcomes at country, regional and global level; to attract new resources linked to offering high-quality, relevant, timely and cost-efficient training as well as entering into new and innovative partnerships with national and regional institutions that share the values and goals of the ILO. Managing this transition successfully also requires new ways of working, more cost-effective use of existing resources, building on success stories, and enhancing staff knowledge and skills. The Centre's image and reputation will be better promoted as well as a better understanding of its role among tripartite constituents, ILO staff, the wider UN System and the development community.

Having regard to the changing resource environment, 2013 will require a further stepping-up of the resource mobilization and diversification efforts of the Centre. Important progress has already been made in 2012 with some new donors and new funding modalities in place, an increasing number of new partnerships, as well as greater coordination with the ILO in the delivery of its technical cooperation. Some of the investments made in 2012 should produce results in 2013. The enhanced collaboration and coordination mechanisms agreed this year with PARDEV should also bear fruit in 2013 and it is expected that the closing of the ILO biennium in the second half of 2013 will entail an acceleration of training delivery in collaboration with the ILO.

The 2013 budget proposals are based on prudent and realistic assumptions taking into account the on-going reduction in voluntary funding, the unpredictability of some of the income streams as well as the time lag between approval and activities. Its implementation will be closely monitored by the Finance Committee and adjustments will be made, as necessary, within the approved budget in accordance with the evolution of the resource situation.

In line with the strategic priorities of the Plan, it is proposed to use the 2011 surplus of €765,000 in 2013 to provide support to training activities, replenish the Innovation Fund and undertake some upgrading of campus facilities.

Section I of this document provides details on progress to be made in 2013 in relation to the five strategic priorities; the strategy statements and targets under each of the three outcomes are also updated. Section II presents the income and expenditure proposals for 2013, including explanatory notes on income, staff costs, fixed costs and variable costs. Section III consists of a series of Information Appendices prepared in accordance with the Financial Regulations.

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<sup>1</sup> CC 73/3.

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# I. RESULTS-BASED FRAMEWORK

## Strategic priorities

1. The Strategic Plan for 2012-15 identified five priorities. The measures that will be taken in 2013 to progress each of these priorities are summarized in the following paragraphs.
2. *Priority 1: The introduction of a results-based framework aligned to the ILO Strategic Policy Framework for 2010-15:* The Programme and Budget Proposals for 2013 are presented in the results-based format introduced in 2012. The results-based approach will be further strengthened in 2013 building on the experience and lessons learned in 2012 and on improved underlying data sources and tools. The Centre's access to the Strategic Management Module of IRIS enables its technical programmes to actively contribute to ILO country programme outcomes (CPOs) and global products. The Centre is participating in the preparation of the ILO's Programme and Budget Proposals for the 2014-15 biennium. The contribution of the Centre to the achievement of the ILO's 19 outcomes will be incorporated by the ILO in its measurement of results for the 2012-13 biennium.
3. *Priority 2: Reinforcing the governance role of the Board of the Centre:* A number of measures are being implemented to strengthen the accountability of management to the Board and to facilitate the oversight and governance functions of the Board. An Interim Implementation Report covering the first half of 2012 is submitted to this Session of the Board; an Annual Implementation Report covering the full year will be submitted to the 2013 Session of the Board. These reports document results achieved and track the progress made in meeting the targets set which provides the Board with an opportunity to give feedback to the management on performance as well as strategic guidance for future implementation. The 2012 Financial Statements and external audit will be prepared in 2013 in full compliance with IPSAS.<sup>2</sup> The Office of Internal Audit and Oversight will present an annual report to the Board summarizing the findings and recommendations of the internal audits or investigations undertaken by it in the course of the previous year. A new Audit Charter is before the Board for approval. A report on the follow-up to the recommendations of the Chief Internal Auditor is presented to the Board. A comprehensive review of the Financial Regulations was undertaken in 2011 to align them more closely with the ILO Financial Regulations as well as to update them to reflect the implementation of IPSAS. A complementary exercise to revise the Financial Rules has been carried out in 2012 and the proposals for revision are before the Board for approval. As a result of these reviews, both the Financial Regulations and the Financial Rules of the Centre are fully in line with the requirements of IPSAS as well as more closely aligned with those of the ILO.
4. *Priority 3: Diversifying the resource base and increasing outreach:* The Centre will implement the following set of actions in 2013 in order to consolidate and diversify its resource base:
  - following the review in 2012 of the role and operations of the Programme Development and Regional Cooperation Service (PRODEV), the Centre's resource mobilization plan and promotion strategies will be implemented through a more systematic interaction between PRODEV and the technical programmes with a view to better seizing opportunities identified through different contacts and networks, including competitive bidding operations;
  - PRODEV launched an internal E-NEWSletter on Partnerships and Resource Mobilization in order to improve internal information-sharing on resource mobilization efforts across the Centre. The first edition of this was issued in July, 2012 and will be continued in 2013;
  - as agreed in 2012, the Centre will systematically work with ILO/PARDEV to

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<sup>2</sup> CC 74/3/3.

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map opportunities for the Centre's active involvement in the design of ILO/donor partnerships and technical cooperation proposals as well as for the development of ILO staff competencies in technical cooperation project-cycle management;

- contacts and negotiations will be pursued with governments and partner institutions - including key potential non-state donors - who have shown interest and willingness in providing direct financial support to the Centre's core programmes and new flagship initiatives;
  - the 2011 surplus funds will be mainly used in support of training activities responding to high policy priorities and/or the diversification of training products and delivery methods in order to reach out to new audiences;
  - the current efforts to identify and partner-up with international, regional or national academic and training institutions will be maintained in order to address a larger public and generate opportunities for mainstreaming Decent Work in the global development agenda.
5. *Priority 4: Reforming internal operating and administrative procedures:* Implementation of the recommendations of the Business Process Review (BPR) undertaken in 2011 will continue in 2013 under the guidance of the Business Process Review Project Team. In the first half of 2013, a new set of tools will be operational to facilitate more efficient and transparent management of donors' funds. A review will be undertaken of the organization of a number of internal services, including travel, extra-curricular activities and third party activities. Key internal administrative procedures will be systematically reviewed with a view to simplification, up-dating and closer alignment with ILO procedures, as well as identifying opportunities for further automation of manual processing.
6. *Priority 5: Upgrading the campus facilities:* The Campus Improvement Fund, which was established in 2002, provides resources for the refurbishment of the campus facilities. The Fund consists of contributions from public and private donors (the Piedmont Region and the Compagnia di San Paolo), as well as any budget surpluses allocated to the Fund from time to time. The budget proposals submitted for 2013 include an allocation to the Fund of euro 165,000 from the 2011 surplus. In 2012, a technical study was undertaken of the Europe Pavilion which has been identified as one of the buildings in most need of urgent and significant repairs. The study recommended that refurbishment works should focus on the removal of asbestos, upgrading of the training facilities and office accommodation, a new fire safety system, replacement of the air conditioning system, improved disability access, and energy-efficiency measures. It is proposed to commence these refurbishment works, on a phased basis, in 2013. In relation to improving the quality of the residential accommodation, an accreditation process will be launched in 2013 with the Piedmont Region. A new access system will be implemented in line with recommended UN Minimum Operational Security Standards (MOSS).

## Outcomes

7. The Plan set down three outcomes, indicators and targets for the period 2012-15. Annual targets under each indicator are set in each programme and budget exercise. This enables progress towards achieving the targets set in the Plan to be tracked on an annual basis and provides an opportunity to the Board, through interim and annual implementation reporting, to review which targets were exceeded, achieved or not achieved.
8. The targets proposed under each indicator for 2013 have been adjusted based on the experience and lessons learned so far in 2012.

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## **Outcome 1: The institutional capacity of ILO constituents to contribute to Decent Work Country Programmes and to address development challenges is enhanced through relevant and effective training**

### **Strategy**

- 9.** In 2013, the Centre will again participate in the review of ILO outcome-based work plans to enhance the relevance of the Centre's learning and capacity development activities to ILO outcomes and strategies. The contribution to specific ILO outcomes and Decent Work Country Programme (DWCP) priorities will be the main criterion for the prioritization of the Centre's responses to constituents' demands. The Centre will continue to offer its services to the Office for the design and facilitation of strategic planning activities with constituents to enhance participatory design, negotiation and effective delivery of Decent Work Country Programmes.
- 10.** In relation to its programme of standard courses and academies, the emphasis will be on supporting the participation of constituents from countries sharing relevant DWCP priorities, in close coordination with the ILO field offices concerned. This will require a systematic effort to mobilize additional resources from relevant ILO offices and programmes, from donor and partner institutions and from the national constituents' organizations themselves.
- 11.** A portfolio of training projects to be delivered in 2013 is already approved or operational with the financial support of the European Commission and the governments of Italy, France, Brazil, Portugal, Bulgaria, the Walloon Community of Belgium among others, including some non-State donors. In particular, the government of Italy has approved new projects in support of the Social Protection Floor Initiative and support to ILO constituents in Myanmar, Northern Africa and Somalia. More initiatives are underway to propose new actions in the context of ILO/donor partnership programmes and/or in response to competitive bidding. The Centre will seek the active involvement of ILO technical sectors and field offices in the planning and delivery of these activities.
- 12.** A specific area of concern and initiative vis-à-vis the Office and potential partners and donors will relate to the consolidation of the training programmes for employers' and workers' organizations and the involvement of social partner representatives across all of the training programmes of the Centre. In addition to targeted fund-raising initiatives, resources from the 2011 surplus will be allocated to support the activities of the employers' and workers' training programmes. The Centre will continue its effort to review its core curricula in order to enhance their relevance to the needs and priorities of tripartite constituents.
- 13.** The investment made in 2012 through the Innovation Fund will be continued and consolidated in 2013 in relation to the diversification of training products in areas highly relevant to the ILO mandate and strategy, including support to tripartite constituents and new tools related to rights at work, gender equality, youth employment, occupational safety and health and domestic workers.
- 14.** In 2013, the Centre will strengthen its collaboration with the ILO Human Resources Development Department with a view to further expanding and systematizing its training offer to ILO staff. This will address induction into the ILO for new staff, staff training needs in high priority institutional areas (e.g. international labour standards, tripartism and gender equality) as well as job-related competencies such as resource mobilization, planning and monitoring of Decent Work Country Programmes, management of technical cooperation projects and research skills.



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| <b>Indicator 1.1:</b> Annual number of participants, disaggregated by gender, from tripartite constituent organizations out of the total number of participants.   |   |
| <b>Baseline (2010):</b> 1,346 employer participants<br>1,937 worker participants<br>1,293 labour ministry participants<br>3,500 other governmental participants<br>40.2 per cent women   | <b>Target:</b> 1,200 employer participants<br>2,000 worker participants<br>1,200 labour ministry participants<br>3,500 other governmental participants<br>43 per cent women   |
| <b>Indicator 1.2:</b> The use made by participants of the knowledge and competencies acquired.   |   |
| <b>Baseline (2011):</b> 99.4 per cent of former participants from labour ministries, employers' and workers' organizations responding to ex-post surveys indicate that their performance improved as a result of their participation in the Centre's training and learning activities. | <b>Target:</b> 90 per cent of former participants from labour ministries, employers' and workers' organizations responding to ex-post surveys indicate that their performance improved as a result of their participation in the Centre's training and learning activities. |
| <b>Indicator 1.3:</b> The use made by the institutions of the knowledge and competencies acquired by the participants.   |   |
| <b>Baseline (2011):</b> 16 per cent of institutions of former participants surveyed to evaluate the impact of the Centre's training and learning activities on their institutions.   | <b>Target:</b> 20 per cent of institutions of former participants surveyed to evaluate the impact of the Centre's training and learning activities on their institutions.   |
| <b>Indicator 1.4:</b> Volume of training income linked to the ILO's 19 outcomes.   |   |
| <b>Baseline (2010):</b> 76 per cent.   | <b>Target:</b> 78 per cent of annual training income.   |
| <b>Indicator 1.5:</b> Percentage of Centre's training activities designed and delivered in collaboration with ILO technical departments and offices.   |   |
| <b>Baseline (2011):</b> 65.8 per cent.   | <b>Target:</b> 70 per cent.   |
| <b>Indicator 1.6:</b> Delivery of specific ILO staff development and training programmes.  |   |
| <b>Baseline (2010):</b> 517 staff.   | <b>Target:</b> 700 ILO staff.   |

## Outcome 2: Policy-makers and decision-makers acquire knowledge of international labour standards, tripartism, ILO values, policies and tools

### Strategy

15. New initiatives will be launched to diversify the Centre's delivery methods to attain a more cost-effective use of resources and to reach out to audiences that for reasons of time or money cannot attend face-to-face courses held at the Centre. This will involve the development or adaptation of training curricula to be offered through a combination of modalities including self-guided e-learning, tutor-assisted and collaborative e-learning, mobile learning and blended-learning (i.e. a combination of distance and face-to-face). Current evidence shows that an initial distance-learning experience is an incentive to know more and participate directly in the Centre's activities. At the same time, the Centre will undertake an internal exercise to consolidate existing distance learning platforms into one e-learning campus with a single entry point. This will increase outreach and help to implement more visible and consistent promotion and marketing of the Centre's on-line products and offerings.
16. The Centre will expand and consolidate its network of institutional partnerships with the dual objective of enhancing policy coherence and resource pooling and of creating opportunities to promote and mainstream the Decent Work Agenda into the work of international, regional and national institutions. Partnership initiatives will primarily target other multilateral organizations, regional or national training and academic institutions which can contribute to the dissemination and customization of ILO approaches and tools.

17. The Centre will establish and implement, before the end of 2013, a coherent certification framework aimed at ensuring that partner training institutions and individual trainers uphold quality standards in the adaptation, use and dissemination of the learning tools and packages of the ILO and the Centre as well as institutionalizing a more coherent and transparent approach to the Centre's own certification processes.
18. In 2013, the Centre will offer an expanded portfolio of academies which provide a conducive environment to forge global communities of practice around issues of high relevance to the ILO and the international development agenda. This will include the launch of a new Youth Academy in collaboration with the ILO Youth Employment Programme and the UN Inter-Agency Network on Youth Development.
19. The Turin School of Development offers a unique opportunity for the dissemination of ILO and UN values through a systematic institutional partnership between the ILO, other UN organizations and academia. While it is not proposed to extend the current portfolio of seven Masters Programmes, a Spanish edition of the Masters in World Heritage and Cultural Projects for Development will be launched in 2013 jointly with the University of Barcelona and the feasibility of offering a French edition of one other existing Masters Programme will be assessed. A pilot Doctorate Programme will be jointly launched with the ILO.

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| <b>Indicator 2.1:</b> Number of training activities organized in partnership with either a national, regional or international training or academic institution.   |   |
| <b>Baseline (2011):</b> 17.3 per cent per cent of the Centre's activities implemented in partnership with other training, research and academic institutions.  | <b>Target:</b> 20 per cent of the Centre's activities implemented in partnership with other training, research and academic institutions. |
| <b>Indicator 2.2:</b> Annual number of participants, disaggregated by gender, and participant days.  |   |
| <b>Baseline (2010):</b> 13,730 participants<br>102,365 participant days<br>43.2 per cent women   | <b>Target:</b> 12,000 participants<br>95,000 participant days<br>45 per cent women  |
| <b>Indicator 2.3:</b> Level of satisfaction of participants with the quality of the training and its relevance for their institutional objectives through end-of-course evaluation questionnaires, ex-post surveys and feedback from the Past Participants' Network. |   |
| <b>Baseline (2010):</b><br>Average score was 4.4 on a scale of 1 to 5.   | <b>Target:</b> Average score on the overall quality of training activities through end-of-course questionnaires is 4.5.                   |

### Outcome 3: Effective and efficient use of all of the Centre's resources

#### Strategy

20. An Information Technology Strategic Plan for the medium-term (2012-15) was adopted by the management team in July, 2012. The priorities in 2013 will be to strengthen the overall IT governance framework, to better align IT with the business needs and priorities of the Centre, and improve the return on IT investment. Initiatives to further improve the efficiency of the IT infrastructure will be implemented such as Data Centre virtualization, equipment consolidation and energy assessment, virtual desktop infrastructure and thin client computing, and campus WiFi.
21. New tools will be introduced to streamline the Centre's budgeting and invoicing operations which constituted the core recommendations of the 2011 Business Process Review. A software project will be piloted to automate and improve the promotion of training activities and help the Centre manage its relationship with constituents, donors, and partners in a more structured way. In support of the diversification of the Centre's delivery methods, new web development functionalities will be developed to more systematically support tutor-assisted, collaborative e-learning and blended-learning. A review of existing

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Document Management Systems has been started. A prototype will be developed in 2013 to showcase effective management of documents and its potential to enhance collaborative working.

22. The management team will continue to periodically review the productivity and cost-effectiveness of the work of individual units as well as pursue efforts to implement cost saving measures across the Centre. With staff retirements in 2012 and the streamlining of organizational structures, savings already realized in 2012 will flow through to 2013. Additional savings in information technology costs are foreseen. A review exercise on the cost effectiveness of a number of internal services will be undertaken.
23. It is proposed to increase resources for staff development in 2013. Based on an assessment of staff training needs to be undertaken before the end of 2012, a more focused and innovative staff development programme will be implemented. Although very limited recruitment is foreseen in the Professional and higher categories in 2013, the Centre will continue its outreach to qualified candidates from under-represented geographical areas as well as qualified women candidates. More generally, the Centre will focus on motivating, developing and retaining the best qualified staff at all levels and increasing their effectiveness and efficiency through improved teamwork and collaboration, and performance management. Initiatives will be pursued to improve work-life balance, occupational health, career planning and development.
24. Further improvements in safety and security will be implemented. New emergency management procedures and evacuation plans will be implemented. The installation of up-to-date fire-fighting and detection systems will be completed in all areas and a central emergency alarm system will be installed. To ensure greater compliance with UN Minimum Operational Security Standards (MOSS), existing security systems will be integrated and a new access system introduced.
25. In 2012, the Centre registered for the Eco-schools Programme of the Federation for Environmental Education (FEE) which awards the *Green Flag*. An environmental audit will be carried out and an action plan established. The Green Campus Advisory Group will continue to lead the Centre's efforts towards the implementation of the seven mandatory steps required for the award of the *Green Flag*. Measures to enhance waste management and recycling, energy saving and reduce carbon emissions will be consolidated. A greener approach will be promoted in relation to major procurement actions.
26. A reduction in 2011 in the overall volume of training activities held on the campus led to a two per cent decrease in accommodation and training facilities' occupancy rates compared to the 2010 baseline. Data available so far for 2012 confirm this trend. Therefore, the occupancy targets for 2013 have been reduced bringing them back to the 2010 baseline. To achieve the targets set for 2013, the Centre will launch a number of new initiatives to optimize the use of its residential and training facilities during low periods for institutional activities. UN entities such as the ICSC and the Chief Executives Board will be encouraged to use the campus as a venue for hosting inter-agency meetings. The Centre will also collaborate closely with the Turin Convention Bureau which promotes the City of Turin as an important destination for meetings and conferences. A benchmarking exercise will be carried out to ensure that the Centre's pricing policy for the use of its facilities is in line with the local market. A quality assessment of the accommodation will be undertaken under the Piedmont Region certification scheme and a voluntary accreditation process launched.
27. The strategy in relation to indicator 3.1 is detailed in paragraph 4 above.

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| <b>Indicator 3.1:</b> Increase the diversification and predictability of the Centre's financial resources.                             |   |
| <b>Baseline (2008-11):</b> €157 million.<br><b>Baseline (2010):</b> 2 new donors.  | <b>Target:</b> Mobilize an overall volume of €36.6 million in funding and earned income in 2013 and identify at least 2 new donors. |
| <b>Indicator 3.2:</b> Administrative and support staff costs as a percentage of total staff costs.                                     |   |
| <b>Baseline (2010):</b> 37 per cent.   | <b>Target:</b> 35 per cent.   |
| <b>Indicator 3.3:</b> Timely management response to all internal and external high priority audit recommendations.                     |   |
| <b>Baseline (2011):</b> Internal audit: 26 per cent.<br>External audit: 75 per cent.   | <b>Target:</b> Internal audit: 80 per cent.<br>External audit: 95 per cent.   |
| <b>Indicator 3.4:</b> Investment in staff development as a proportion of the total payroll.  |   |
| <b>Baseline (2010):</b> 0.3 per cent.  | <b>Target:</b> 1 per cent of payroll.   |
| <b>Indicator 3.5:</b> Increased gender balance and geographical distribution of staff in professional positions.                       |   |
| <b>Baseline (2010):</b> 38 per cent women professional staff.<br>31 per cent professional staff from outside Europe.                   | <b>Target:</b> 40 per cent women professional staff.<br>35 per cent professional staff from outside Europe.                         |
| <b>Indicator 3.6:</b> Greater utilization of the Centre's facilities including its accommodation, classroom and conference facilities. |   |
| <b>Baseline (2010):</b><br>Accommodation room occupancy: 63 per cent.<br>Training facilities occupancy: 58 per cent.                   | <b>Target:</b> Accommodation room occupancy: 63 per cent.<br>Training facilities occupancy: 58 per cent.                            |
| <b>Indicator 3.7:</b> The quality of the residential accommodation.  |   |
| <b>Baseline (2011):</b> Average of 82 per cent of participants rated quality of accommodation as good or excellent.                    | <b>Target:</b> 85 per cent.   |
| <b>Indicator 3.8:</b> Environmental status of the Campus.  |   |
| <b>Baseline (2012):</b> Two of the seven steps completed for the award of the Green Flag.  | <b>Target:</b> Completion of two more of the remaining five mandatory steps for the award of the Green Flag.                        |

## Risk Register

28. The Risk Management Committee (RMC) will continue to meet quarterly in 2013. The RMC will review the identified risks that could impact on the Centre's capacity to achieve the agreed outcomes in 2013 and over the medium-term period of the Plan. The Risk Register will be updated by the RMC to reflect the implementation status of risk mitigation actions as well as taking into account any new or emerging risks.

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## **II. INCOME AND EXPENDITURE BUDGET PROPOSALS FOR 2013**

- 29.** In accordance with Article 4 of the Financial Regulations, the budget proposals for 2013 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.
- 30.** The budget proposals for the General Fund are divided into chapters and items in Information Appendix II, which also shows the latest estimates for 2012 and the actual results for 2011. The income is divided into voluntary contributions (Chapter I), earned income (Chapter II), and expenditure (Chapters III-V) which is divided into three separate categories: staff costs (Chapter III), fixed costs (Chapter IV), and variable costs linked to the volume of training activities (Chapter V). Details of budget lines are presented in Information Appendix I.
- 31.** The following assumptions were made when drafting the income and expenditure proposals:
- the programme will include training activities already in the 2013 calendar for which funding has been secured, together with those for which ongoing or forthcoming negotiations seem likely to be successfully concluded;
  - activities negotiated with financial sponsors should cover their own variable costs and generate an adequate contribution towards the Centre's fixed costs;
  - average inflation rate of not more than 2.5 per cent in Italy.
- 32.** The programme income, programme costs and variable costs relating to training activities are presented in Table 1.

**TABLE 1: PROGRAMME INCOME, PROGRAMME COSTS AND VARIABLE COSTS RELATING TO TRAINING ACTIVITIES**

| (in thousands of euro)   | <u>2011<br/>Actual</u> | <u>2012<br/>Approved<br/>Budget</u> | <u>2012<br/>Estimates</u> | <u>2013<br/>Budget<br/>Proposals</u> |
|--|------------------------|-------------------------------------|---------------------------|--------------------------------------|
| <b>Programme income</b>  |                        |                                     |                           |                                      |
| Income from training activities                                    | 25,641                 | 25,250                              | 23,000                    | 21,400                               |
| Income from publications   | 1,243                  | 1,100                               | 1,450                     | 1,450                                |
| Use of surplus   | 416                    | 650                                 | 550                       | 600                                  |
| <b>Total</b>   | <b>27,300</b>          | <b>27,000</b>                       | <b>25,000</b>             | <b>23,450</b>                        |
| <b>Variable and project staff costs</b>                            |                        |                                     |                           |                                      |
| Project-based staff costs  | 3,003                  | 3,400                               | 3,232                     | 2,862                                |
| External collaborators   | 6,045                  | 5,210                               | 5,142                     | 4,778                                |
| Missions   | 853                    | 840                                 | 726                       | 670                                  |
| Participants costs   | 5,059                  | 5,060                               | 4,303                     | 3,990                                |
| Books, training aids and materials                                 | 1,122                  | 800                                 | 954                       | 890                                  |
| Training facilities and services outside Turin                     | 818                    | 830                                 | 696                       | 650                                  |
| Other variable costs   | 93                     | 830                                 | 79                        | 70                                   |
| Costs related to income from publications                          | 815                    | 750                                 | 1,000                     | 1,030                                |
| <b>Total</b>   | <b>17,808</b>          | <b>17,720</b>                       | <b>16,132</b>             | <b>14,940</b>                        |
| <b>Contribution to fixed costs</b>                                 | <b>9,492</b>           | <b>9,280</b>                        | <b>8,868</b>              | <b>8,510</b>                         |
| <b>Contribution to fixed costs ratio</b>                           | <b>35%</b>             | <b>34%</b>                          | <b>35%</b>                | <b>36%</b>                           |
| <b>Programme costs</b>   |                        |                                     |                           |                                      |
| Staff costs  | 8,138                  | 8,697                               | 8,443                     | 8,808                                |
| Other non-staff costs  | 409                    | 495                                 | 502                       | 461                                  |
| <b>Total</b>   | <b>8,547</b>           | <b>9,192</b>                        | <b>8,945</b>              | <b>9,269</b>                         |
| <b>Contribution to facilities and information technology costs</b> | <b>945</b>             | <b>88</b>                           | <b>-77</b>                | <b>-759</b>                          |
| <b>Share in facilities and information technology costs</b>        |                        |                                     |                           |                                      |
| Facilities costs (70%)   | 1,349                  | 1,395                               | 1,413                     | 1,407                                |
| Information technology costs (70%)                                 | 1,200                  | 1,192                               | 1,082                     | 1,082                                |
| <b>Total</b>   | <b>2,549</b>           | <b>2,587</b>                        | <b>2,495</b>              | <b>2,489</b>                         |
| <b>Support from voluntary contributions and other income</b>       | <b>- 1,604</b>         | <b>- 2,499</b>                      | <b>- 2,572</b>            | <b>- 3,248</b>                       |

33. Programme income includes income from training activities, income from publications and the use of surplus presented in Appendix I, items 20, 21 and 23.
34. Variable expenses are those costs attributed to training activities and projects presented in Appendix I, items 50 to 56.
35. Project-based staff costs have been included as part of variable costs as requirements are dictated by the volume of training and project activities.
36. Contribution to fixed costs (CFC) is arrived at after deducting variable costs from programme income. The CFC ratio (i.e. the CFC as a percentage of programme income) is an indicator used by technical programmes to measure indirect cost recovery of staff costs directly responsible for the marketing, delivery and administration of activities as well as the portion of the fixed overhead costs (administration, management and maintenance) linked to the use of rooms and classrooms.
37. In 2011, the CFC ratio was 35 per cent while the 2012 budget estimates and 2013 budget proposals are forecasted at 35 and 36 per cent respectively. The slight increase in

forecasted CFC is attributed to the savings resulting from the re-organisation and sharing of project-based staff resources in the technical programmes.

38. Part of the staff costs and fixed costs presented in Appendix I have been clearly identified as training or programme costs above. These consist of regular budget staff salaries, and other non-staff costs such as consultants, general operating expenses, missions and representation that are necessary to run the different technical programmes. A share in the facilities and information technology costs, estimated at 70 per cent, is added to programme costs.
39. In 2011, euro 1,604,000 of voluntary contributions and other income supported training activities. The revised 2012 budget estimates and the 2013 budget proposals envisage a contribution of euro 2,572,000 and euro 3,248,000 from voluntary contributions and other income respectively.
40. The management and administrative support costs presented in Appendix I (items 40 to 47 and item 57), along with voluntary contributions and other income, are presented in Table 2.

**TABLE 2: VOLUNTARY CONTRIBUTIONS, OTHER INCOME AND MANAGEMENT AND ADMINISTRATIVE SUPPORT COSTS**

(in thousands of euro)

|   | <u>2011</u><br><u>Actual</u> | <u>2012</u><br><u>Approved</u><br><u>Budget</u> | <u>2012</u><br><u>Estimates</u> | <u>2013</u><br><u>Proposed</u><br><u>Budget</u> |
|---|------------------------------|---|---------------------------------|---|
| <b><i>Voluntary contributions and other income</i></b>                                      |                              |   |                                 |   |
| International Labour Organization   | 2,895                        | 3,057   | 3,177                           | 3,527   |
| Government of Italy ( <i>ex-lege</i> )  | 7,850                        | 7,850   | 7,850                           | 7,850   |
| Government of France  | 105                          | 36  | 36                              | 25  |
| Piedmont Region (Italy)   | 220                          | 400   | 200                             | -   |
| City of Turin   | -                            | -   | -                               | -   |
| Government of Portugal  | 250                          | 250   | 250                             | 250   |
| Other income  | 1,291                        | 1,300   | 1,300                           | 1,300   |
| Use of surplus  | -                            | 350   | 30                              | 200   |
| <b>Total</b>  | <b>12,611</b>                | <b>13,243</b>                                   | <b>12,843</b>                   | <b>13,152</b>                                   |
| <b><i>Management and administrative support costs</i></b>                                   |                              |   |                                 |   |
| Staff costs   | 6,582                        | 6,934   | 6,539                           | 6,375   |
| Consultants   | 317                          | 473   | 405                             | 321   |
| Facilities (30%)  | 577                          | 598   | 605                             | 603   |
| Security  | 342                          | 390   | 378                             | 375   |
| General operating expenses  | 802                          | 707   | 703                             | 706   |
| Missions and representation   | 76                           | 74  | 68                              | 76  |
| Governance  | 175                          | 373   | 394                             | 424   |
| Information technology costs (30%)  | 515                          | 511   | 464                             | 464   |
| Depreciation of fixed assets  | 449                          | 349   | 349                             | 360   |
| Other costs related to other income   | 225                          | 300   | 300                             | 200   |
| <b>Total</b>  | <b>10,060</b>                | <b>10,709</b>                                   | <b>10,205</b>                   | <b>9,904</b>                                    |
| <b>Amount of voluntary contributions and other income available for training activities</b> | <b>2,551</b>                 | <b>2,534</b>                                    | <b>2,638</b>                    | <b>3,248</b>                                    |

41. In 2011, euro 2,551,000 in voluntary contributions and other income was available for training activities after covering management and administrative support costs; it is envisaged to be euro 2,638,000 for the 2012 revised budget estimates and euro 3,248,000 for the 2013 budget proposals.
42. The anticipated operating result is broken down in Table 3.

**TABLE 3: SUMMARY OF INCOME AND EXPENDITURE**

| (in thousands of euro)  | <u>2011<br/>Actual</u> | <u>2012<br/>Approved<br/>Budget</u> | <u>2012<br/>Estimates</u> | <u>2013<br/>Proposed<br/>Budget</u> |
|---|------------------------|-------------------------------------|---------------------------|-------------------------------------|
| Total Programme income  | 27,300                 | 27,000                              | 25,000                    | 23,450                              |
| Variable and project staff costs  | 17,808                 | 17,720                              | 16,132                    | 14,940                              |
| <b>Contribution to fixed costs (CFC)</b>  | <b>9,492</b>           | <b>9,280</b>                        | <b>8,868</b>              | <b>8,510</b>                        |
| <b>CFC ratio</b>  | <b>35%</b>             | <b>34%</b>                          | <b>35%</b>                | <b>36%</b>                          |
| Total programme costs   | 8,547                  | 9,192                               | 8,945                     | 9,269                               |
| Share in facilities and information technology costs  | 2,549                  | 2,587                               | 2,495                     | 2,489                               |
| <b>Total</b>  | <b>11,096</b>          | <b>11,779</b>                       | <b>11,440</b>             | <b>11,758</b>                       |
| <b>Support from voluntary contributions and other income</b>                                | <b>-1,604</b>          | <b>-2,499</b>                       | <b>-2,572</b>             | <b>-3,248</b>                       |
| Voluntary contributions and other income  | 12,611                 | 13,243                              | 12,843                    | 13,152                              |
| Management and administrative support costs   | 10,060                 | 10,709                              | 10,205                    | 9,904                               |
| <b>Amount of voluntary contributions and other income available for training activities</b> | <b>2,551</b>           | <b>2,534</b>                        | <b>2,638</b>              | <b>3,248</b>                        |
| <b>Budget surplus</b>   | <b>947</b>             | <b>35</b>                           | <b>66</b>                 | <b>-</b>                            |

|                          |               |               |               |               |
|--------------------------|---------------|---------------|---------------|---------------|
| <b>Total Revenue</b>     | <b>39,911</b> | <b>40,243</b> | <b>37,843</b> | <b>36,602</b> |
| <b>Total Expenditure</b> | <b>38,964</b> | <b>40,208</b> | <b>37,777</b> | <b>36,602</b> |
| <b>Budget Surplus</b>    | <b>947</b>    | <b>35</b>     | <b>66</b>     | <b>-</b>      |

43. The 2012 revised estimates envisage a surplus of euro 66,000 as contained in the Interim Implementation Report for 2012.<sup>3</sup> The 2013 budget proposals foresee that total revenue would be sufficient to cover total expenditure.

44. The budget estimates for 2013 are summarized in Table 4.

**TABLE 4: GENERAL FUND**

|                                | <b>euro</b> |
|--------------------------------|-------------|
| <b>Income</b>                  |             |
| Voluntary contributions        | 11,652,000  |
| Earned income                  | 24,150,000  |
| Surplus of 2011                | 500,000     |
| Surplus of 2010                | 300,000     |
| Total income                   | 36,602,000  |
| <b>Expenditure</b>             |             |
| Staff costs                    | 18,045,000  |
| Fixed costs                    | 6,279,000   |
| Variable costs                 | 12,278,000  |
| Total expenditure              | 36,602,000  |
| <b>Foreseen budget surplus</b> | <b>-</b>    |

<sup>3</sup> CC 74/2.



45. Resources in the Campus Improvement Fund currently stand at euro 837,000. At the time of preparing this report, the Centre had not yet received the 2010 contribution of euro 500,000 from the City of Turin. Should this contribution be paid in 2013, a further amount of euro 340,000 would be attributed to the Fund, after deducting expenses already incurred in 2010 under this heading. A total of euro 175,000 is earmarked for expenditure in 2013 for campus improvements, including works relating to one of the Pavilion's in need of urgent renovation. The 2013 budget proposal for the Campus Improvement Fund is shown in Table 5 below.

**TABLE 5: CAMPUS IMPROVEMENT FUND**

(in thousands of euro)

| <u>Chapter</u>              | <u>Item</u> | <u>Title</u>                | <u>2011<br/>Actual</u> | <u>2012<br/>Budget<br/>Estimates</u> | <u>2013<br/>Budget<br/>Proposals</u> |
|-----------------------------|-------------|-----------------------------|------------------------|--------------------------------------|--------------------------------------|
| <b>Part A – INCOME</b>      |             |                             |                        |                                      |                                      |
| I                           | 10          | Fund balance                | 186                    | 837                                  | 849                                  |
|                             | 11          | Interest income             | 1                      | 12                                   | 13                                   |
|                             | 12          | City of Turin               | -                      | -                                    | -                                    |
|                             | 13          | Use of surplus              | 650                    | -                                    | 165                                  |
| Total Chapter I             |             |                             | <b>837</b>             | <b>849</b>                           | <b>1,027</b>                         |
| <b>Part B – EXPENDITURE</b> |             |                             |                        |                                      |                                      |
| II                          | 20          | Extraordinary maintenance   | -                      | -                                    | -                                    |
|                             | 21          | Improvements and renovation | -                      | -                                    | 175                                  |
| Total Chapter II            |             |                             | -                      | -                                    | <b>175</b>                           |
| <b>Budget surplus</b>       |             |                             | <b>837</b>             | <b>849</b>                           | <b>852</b>                           |

46. An Innovation Fund to support the development of new training products and approaches was established in 2012. Euro 300,000 was set aside out of the 2010 surplus to be used between 2012 and 2013. It is proposed to set aside euro 100,000 out of the 2011 surplus to ensure on-going support to innovation in learning and training in 2013. The 2013 budget proposals for the Innovation Fund are presented in Table 6.

**TABLE 6: INNOVATION FUND**

**2012 INNOVATION FUND BUDGET PROPOSALS**

(in thousands of euro)

| <u>Chapter</u>              | <u>Item</u> | <u>Title</u>         | <u>2011<br/>Actual</u> | <u>2012<br/>Budget<br/>Estimates</u> | <u>2013<br/>Budget<br/>Proposals</u> |
|-----------------------------|-------------|----------------------|------------------------|--------------------------------------|--------------------------------------|
| <b>Part A – INCOME</b>      |             |                      |                        |                                      |                                      |
| I                           | 10          | Fund balance         | -                      | 150                                  | 50                                   |
|                             | 13          | Use of surplus       | -                      | -                                    | 100                                  |
| Total Chapter I             |             |                      | -                      | <b>150</b>                           | <b>150</b>                           |
| <b>Part B – EXPENDITURE</b> |             |                      |                        |                                      |                                      |
| II                          | 22          | Training innovations | -                      | 100                                  | 100                                  |
| Total Chapter II            |             |                      | -                      | <b>100</b>                           | <b>100</b>                           |
| <b>Budget surplus</b>       |             |                      | -                      | <b>50</b>                            | <b>50</b>                            |

47. **The Board is requested to approve the Programme and Budget Proposals for 2013.**

*Point for decision:* Paragraph 47.

Turin, 28 September, 2012

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### III. INFORMATION APPENDICES

#### Appendix I: Explanatory notes

#### INCOME

**Item 10**

**International Labour Organization**

The Programme and Budget of the International Labour Organization for the 2012-13 biennium makes provision for a total of USD 8,747,000 by way of contribution to the Centre's operating costs for the same period. The sum of euro 3,527,000 (USD 4,373,000) posted to item 10 of the Centre's budget forecasts thus represents the ILO contribution towards the financial year 2013.

**Item 11**

**Government of Italy**

Article 1 of the Agreement between the ILO and the Italian Government, 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 fixed contribution for 2013, an amount of euro 7,850,000 is expected based on historical contributions received from Italy for general expenses.

**Item 12**

**Government of France**

The French Government is expected to make a voluntary cash contribution to the budget. The contribution amounts to euro 25,000.

**Item 13**

**Piedmont Region**

The Piedmont Region is not expected to make a voluntary contribution to the budget.

**Item 14**

**City of Turin**

The City of Turin signed an agreement with the Centre whereby the City would provide euro 500,000 for the three years 2009-12 to cover the cost of extraordinary maintenance. This agreement has not been renewed by the City of Turin.

**Item 15**

**Government of Portugal**

The Government of Portugal signed an agreement with the Centre to provide annual voluntary contributions of euro 250,000 for three years (2011-13) to the Centre's budget for operating costs.

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**Item 20**                      **Income from specific activities**

This item relates to all income expected from the programme of activities for 2013. The income is estimated at euro 21,400,000 for the year.

The detail of income foreseen by source of funding is to be found in Appendix III.

**Item 21**                      **Income from publications**

This item relates to all income expected from publications and external work for outside clients for 2013. The income is estimated at euro 1,450,000 for the year.

**Item 22**                      **Other income**

Other income, expected to amount to euro 1,300,000, consists primarily of earned interest and income from rental of premises and installations on the campus, together with the estimated share of costs paid by the United Nations System Staff College and the United Nations Interregional Crime and Justice Research Institute to the Centre for the use of some of the premises and rental of training and residential facilities.

**Item 23**                      **Use of surplus**

Use of 2011 surplus

In accordance with Article 7.4 of the Financial Regulations, the Director has earmarked the following expenditures in 2013 from the 2011 surplus of euro 765,000:

Training activities: euro 500,000.

Innovation Fund: euro 100,000.

Campus Improvement Fund: euro 165,000.

Use of surplus in 2013

Total use of earmarked surplus foreseen for 2013 under the General Fund is as follows:

|  | <b>euro</b>    |
|--|----------------|
| <b>From 2010 surplus</b>                 |                |
| Business Process Review                  | 200,000        |
| Application of innovations to activities | 100,000        |
| <b>From 2011 surplus</b>                 |                |
| Training activities                      | 500,000        |
| <b>Total</b>                             | <b>800,000</b> |

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## STAFF COSTS

### Item 30

#### Regular budget staff

This item concerns the staff required for the development, execution and technical and administrative support of the programme of training activities. Staff costs are estimated on the basis of a standard cost calculated for each grade in the Professional category and above, and in the General Service category. The "standard cost" embraces all elements of cost envisaged in the Staff Regulations, together with a provision to cover the benefits due to staff members upon termination of their employment, as required under Article 12 of the Financial Regulations.

The total level of resources is estimated at 146/07 work-years, for a total cost of euro 15,183,000 which can be broken down as follows:

|                                 | <b>euro</b>       |
|---------------------------------|-------------------|
| Professional category and above | 7,996,000         |
| General service category        | 6,897,000         |
| Associated costs                | 290,000           |
| <b>Total</b>                    | <b>15,183,000</b> |

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

#### Professional category and above

The estimated costs amount to euro 7,996,000 for a total of 55/11 work-years. A provision has been included in this figure for an increase in salaries of 1.5% in January 2013. A table setting out the standard (based on real) cost per grade within this category is set out below.

| <b>Grade</b> | <b>Standard (based on real) cost per year euro</b> |
|--------------|--|
| ADG          | 219,000  |
| D.2          | 206,000  |
| D.1          | 185,000  |
| P.5          | 166,400  |
| P.4          | 141,100  |
| P.3          | 121,400  |
| P.2          | 82,200   |

#### General Service category

The estimated costs amount to euro 6,897,000 for a total of 90/08 work-years. No provision for increase is made in this figure. A table setting out the standard (based on real) cost per grade within this category is set out below.

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| <b>Grade</b> | <b>Standard (based on real) cost per year euro</b> |
|--------------|--|
|--------------|--|

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|     |         |
|-----|---------|
| G.7 | 110,900 |
| G.6 | 93,400  |
| G.5 | 79,800  |
| G.4 | 68,600  |
| G.3 | 58,200  |
| G.2 | 45,000  |

The following associated costs are also anticipated:

|  | <b>euro</b>    |
|--|----------------|
| Staff development  | 160,000        |
| Provision for increase in repatriation travel and shipping costs of eligible staff | 65,000         |
| Medical insurance  | 20,000         |
| Overtime   | 6,000          |
| Advertisements and interviews  | 20,000         |
| Medical expenses   | 15,000         |
| Other staff costs  | 4,000          |
| <b>Total</b>   | <b>290,000</b> |

### Item 31

#### Project-based staff

This item relates to the cost of staff engaged under short-term contracts or fixed-term contracts linked to specific training projects of fixed-term duration of 1 year or more, in accordance with Article 1.2(c) of the Staff Regulations to provide temporary assistance in carrying out one or more specific activities. Persons engaged under short-term contracts are directly recruited for the implementation of specific training activities.

The total level of resources is estimated at 39/02 work-years, for a total cost of euro 2,862,000 which can be broken down as follows:

|                                 | <b>euro</b>      |
|---------------------------------|------------------|
| Professional category and above | 1,638,000        |
| General service category        | 1,224,000        |
| <b>Total</b>                    | <b>2,862,000</b> |

## FIXED COSTS

### Item 40

#### Consultants

Two types of consultants are included under this heading:

|                 | <b>euro</b>    |
|-----------------|----------------|
| Medical service | 242,000        |
| Consultants     | 205,000        |
| <b>Total</b>    | <b>447,000</b> |

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### **Medical service**

This service provides medical care to participants in training activities. It also provides medical services and advice on the request of the management of the Centre on all 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 30 under staff costs.

### **Consultants**

These are primarily consultants or consulting companies hired to design and develop new programmes and assist in translation and interpretation for the Centre's activities.

## **Item 41**

### **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 have 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 (see paragraph 46 Campus Improvement Fund), are the responsibility of the City of Turin. Operating and ordinary maintenance costs are the responsibility of the Centre. The estimated expenditure is euro 2,010,000 broken down as follows:

|                                      | <b>euro</b>      |
|--------------------------------------|------------------|
| Heating                              | 250,000          |
| Lighting                             | 610,000          |
| Cleaning                             | 230,000          |
| Maintenance and repairs              | 550,000          |
| Garbage disposal                     | 95,000           |
| Water and gas                        | 70,000           |
| Upkeep of gardens and green area     | 75,000           |
| Maintenance of residential equipment | 100,000          |
| Insurance                            | 30,000           |
| <b>Total</b>                         | <b>2,010,000</b> |

## **Item 42**

### **Security**

This item represents the cost of the security services provided by a specialized security firm. The estimated expenditure amounts to euro 375,000 for 2013.

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**Item 43****General operating expenses**

This item encompasses all transport, pouch and mail services, telephone and communication costs, purchase of non-depreciable materials, internal reproduction, office supplies, equipment maintenance and other administrative costs. The estimated expenditure breakdown is as follows:

|  | <b>euro</b>    |
|--|----------------|
| Mail services, pouch, postage and telecommunications | 294,000        |
| Transport costs and maintenance of vehicles          | 113,000        |
| Office supplies and internal reproduction            | 99,000         |
| Equipment maintenance                                | 109,000        |
| Bank charges   | 60,000         |
| Non-depreciable materials                            | 61,000         |
| Books and publications                               | 28,000         |
| Public information and promotion                     | 20,000         |
| Administrative services from ILO                     | 47,000         |
| Other administrative costs                           | 35,000         |
| <b>Total</b>   | <b>866,000</b> |

**Item 44****Missions and representation**

This item is concerned with missions of a technical nature aimed at promoting the Centre's activities and maintaining its close links with both the ILO and other United Nations System organisations. A proportion of the total relates to missions to maintain contacts between the administrative services of the ILO and those of the Centre. Lastly, this item includes a provision to cover hospitality expenses. The total provision for missions and representation amounts to euro 251,000.

**Item 45****Governance**

This item relates to the cost of the services of the external auditors, the cost of ILO internal audit and legal services and expenses relating to the Board and the Trade Union and Employers' Training Committees' meetings. The estimated expenditure of euro 424,000 is broken down as follows:

|  | <b>euro</b>    |
|--|----------------|
| ILO internal audit and legal services                    | 218,000        |
| Auditors' fees   | 126,000        |
| Board of the Centre                                      | 50,000         |
| Trade Union and Employers' Training Committees' meetings | 30,000         |
| <b>Total</b>   | <b>424,000</b> |

**Item 46****Information technology**

This item, totaling euro 1,546,000, covers planned expenditure relating to training technology, maintenance and development of information systems, office automation, maintenance of computer hardware and purchase of non-depreciable computer hardware. This budget line is broken down as follows:

|   | <b>euro</b>      |
|---|------------------|
| Internet costs                                  | 86,000           |
| Maintenance of computer hardware                | 69,000           |
| Application software, licenses and maintenance  | 273,000          |
| Non-depreciable computer hardware and materials | 189,000          |
| Technical assistance                            | 929,000          |
| <b>Total</b>                                    | <b>1,546,000</b> |

**Item 47****Depreciation of fixed assets**

As required by Article 13.2 of the Financial Regulations, provision is made to cover the depreciation of all the fixed assets as listed below:

- office furniture and equipment
- transportation equipment
- audio-visual equipment
- computer hardware (excluding personal computers and related printers which are expensed in the year of purchase)
- reproduction and duplication equipment
- residential equipment
- leasehold improvements

The estimated depreciation provision is euro 360,000 taking into account an anticipated investment of euro 603,000 in 2013 for the purchase of wireless interpretation, information technology equipment, improvements in facilities and other capital purchases that may be required.

**VARIABLE COSTS**

| Item         | Heading  | <b>euro</b>       |
|--------------|--|-------------------|
| 50           | External collaborators                         | 4,778,000         |
| 51           | Missions                                       | 670,000           |
| 52           | Participants' costs                            | 3,990,000         |
| 53           | Books, training aids and materials             | 890,000           |
| 54           | Training facilities and services outside Turin | 650,000           |
| 55           | Other variable costs                           | 70,000            |
| 56           | Costs related to income from publications      | 1,030,000         |
| 57           | Other costs related to other income            | 200,000           |
| <b>Total</b> |  | <b>12,278,000</b> |

This table illustrates estimated variable costs broken down by type of expense. These variable costs are solely related to the implementation of specific training activities. This programme evolves during the budget year



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in accordance with available funding. The level of these costs thus evolves in relation to 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. A series of notes illustrating the nature of the costs related to each of the budget items in the table is given below.

**Item 50**

**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 51**

**Missions**

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

**Item 52**

**Participants costs**

This item covers all accommodation expenses incurred by participants during their stay at the Centre and during their external training. It consists primarily of:

- a) board and lodging
- b) participants' return travel from their countries of origin
- c) participants' travel during study tours
- d) laundry
- e) leisure activities (e.g. excursions, cultural evenings, visits to museums)
- f) cost of tuition provided for participants within the framework of individual or collective placements in government or private institutions
- g) medical care and insurance coverage for participants
- h) refreshment and meals offered to participants

**Item 53**

**Books, training aids and materials**

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

**Item 54**

**Training facilities and services outside of Turin**

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

**Item 55**

**Other variable costs**

This item covers miscellaneous training expenses that could not be classified in the above budget line groupings and other non-training expenses of projects and activities.

**Item 56**

**Costs related to income from publications**

This item covers the cost of graphic design, layout, editing, interpretation and publication costs of work provided by the Centre to the ILO and

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external clients such as the European Commission and other UN agencies. These costs are covered by income from publications (item 21).

**Item 57**                      **Other costs related to other income**

This item relates to costs to generate other income (item 22).

The total expenditure for 2013 is thus estimated at euro 36,602,000 and can be summarized under three headings:

|                | <b>euro</b>       |
|----------------|-------------------|
| Staff costs    | 18,045,000        |
| Fixed costs    | 6,279,000         |
| Variable costs | 12,278,000        |
| <b>Total</b>   | <b>36,602,000</b> |

## Appendix II

### SYNOPSIS OF BUDGET FORECASTS FOR 2012 AND 2013

(in thousands of euro)

|                             |  | <u>2011</u><br><u>Actual</u> | <u>2012</u><br><u>Approved</u><br><u>Budget</u> | <u>2012</u><br><u>Estimates</u> | <u>2013</u><br><u>Budget</u><br><u>proposals</u> |
|-----------------------------|--|------------------------------|---|---------------------------------|--|
| <b>Part A – INCOME</b>      |  |                              |   |                                 |  |
| I                           | <u>Voluntary contributions</u>                 |                              |   |                                 |  |
| 10                          | International Labour Organization              | 2,895                        | 3,057   | 3,177                           | 3,527  |
| 11                          | Government of Italy ( <i>ex-lege</i> )         | 7,850                        | 7,850   | 7,850                           | 7,850  |
| 12                          | Government of France                           | 105                          | 36  | 36                              | 25   |
| 13                          | Piedmont Region (Italy)                        | 220                          | 400   | 200                             | -  |
| 14                          | City of Turin                                  | -                            | -   | -                               | -  |
| 15                          | Government of Portugal                         | 250                          | 250   | 250                             | 250  |
|                             | Total Chapter I                                | <b>11,320</b>                | <b>11,593</b>                                   | <b>11,513</b>                   | <b>11,652</b>                                    |
| II                          | <u>Earned Income</u>                           |                              |   |                                 |  |
| 20                          | Income from activities                         | 25,641                       | 25,250  | 23,000                          | 21,400   |
| 21                          | Income from publications                       | 1,243                        | 1,100   | 1,450                           | 1,450  |
| 22                          | Other income                                   | 1,291                        | 1,300   | 1,300                           | 1,300  |
|                             | Total earned income                            | <b>28,175</b>                | <b>27,650</b>                                   | <b>25,750</b>                   | <b>24,150</b>                                    |
| 23                          | Use of surplus                                 | 416                          | 1,000   | 580                             | 800  |
|                             | Total Chapter II                               | <b>28,591</b>                | <b>28,650</b>                                   | <b>26,330</b>                   | <b>24,950</b>                                    |
|                             | <b>Total Budget Income</b>                     | <b>39,911</b>                | <b>40,243</b>                                   | <b>37,843</b>                   | <b>36,602</b>                                    |
| <b>Part B - EXPENDITURE</b> |  |                              |   |                                 |  |
| III                         | <b>Staff Costs</b>                             |                              |   |                                 |  |
| 30                          | Regular budget staff costs                     | 14,720                       | 15,631  | 14,982                          | 15,183   |
| 31                          | Project based staff costs                      | 3,003                        | 3,400   | 3,232                           | 2,862  |
|                             | Total Chapter III                              | <b>17,723</b>                | <b>19,031</b>                                   | <b>18,214</b>                   | <b>18,045</b>                                    |
|                             | <b>Non Staff Costs</b>                         |                              |   |                                 |  |
| IV                          | <u>Fixed expenses</u>                          |                              |   |                                 |  |
| 40                          | Consultants                                    | 381                          | 588   | 548                             | 447  |
| 41                          | Facilities                                     | 1,926                        | 1,993   | 2,018                           | 2,010  |
| 42                          | Security                                       | 342                          | 390   | 378                             | 375  |
| 43                          | General operating expenses                     | 968                          | 906   | 874                             | 866  |
| 44                          | Missions and representation                    | 255                          | 255   | 256                             | 251  |
| 45                          | Governance                                     | 175                          | 373   | 394                             | 424  |
| 46                          | Information technology                         | 1,715                        | 1,703   | 1,546                           | 1,546  |
| 47                          | Depreciation of fixed assets                   | 449                          | 349   | 349                             | 360  |
|                             | Total Chapter IV                               | <b>6,211</b>                 | <b>6,557</b>                                    | <b>6,363</b>                    | <b>6,279</b>                                     |
| V                           | <u>Variable expenses</u>                       |                              |   |                                 |  |
| 50                          | External collaborators                         | 6,045                        | 5,210   | 5,142                           | 4,778  |
| 51                          | Missions                                       | 853                          | 840   | 726                             | 670  |
| 52                          | Participants costs                             | 5,059                        | 5,060   | 4,303                           | 3,990  |
| 53                          | Books, training aids and materials             | 1,122                        | 800   | 954                             | 890  |
| 54                          | Training facilities and services outside Turin | 818                          | 830   | 696                             | 650  |
| 55                          | Other variable costs                           | 93                           | 830   | 79                              | 70   |
| 56                          | Costs related to income from publications      | 815                          | 750   | 1,000                           | 1,030  |
| 57                          | Other costs related to other income            | 225                          | 300   | 300                             | 200  |
|                             | Total Chapter V                                | <b>15,030</b>                | <b>14,620</b>                                   | <b>13,200</b>                   | <b>12,278</b>                                    |
|                             | <b>Total Expenditure</b>                       | <b>38,964</b>                | <b>40,208</b>                                   | <b>37,777</b>                   | <b>36,602</b>                                    |
|                             | <b>Budget surplus</b>                          | <b>947</b>                   | <b>35</b>                                       | <b>66</b>                       | <b>0</b>   |

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## Appendix III

### INCOME FORESEEN FOR 2013 ACTIVITIES BY SOURCE OF FUNDING

(in euro)

|   |                   |
|---|-------------------|
| ILO Regular Budget  | 3,200,000         |
| ILO RBSA  | 300,000           |
| ILO (other sources: UN Trust Funds, Bilateral Trust Funds, Subcontracts)              | 2,400,000         |
| Other UN agencies and institutions  | 1,250,000         |
| European Union and related institutions   | 3,900,000         |
| Development banks (direct and indirect sources)                                       | 1,000,000         |
| Donors, direct trust funds and self-paying  | 6,550,000         |
| Italian government (Ministry of Foreign Affairs, multilateral voluntary contribution) | 800,000           |
| Italian Ministry of Labour, Ministry of Foreign Affairs, other funds from Italy       | 2,000,000         |
| <hr/>   |                   |
| <b>TOTAL FORESEEN FOR 2013</b>  | <b>21,400,000</b> |
| Use of surplus  | 600,000           |
| <hr/>   |                   |
| <b>TOTAL FUNDING FOR 2013 ACTIVITIES</b>  | <b>22,000,000</b> |
| <hr/>   |                   |

## Appendix IV COMPARATIVE SUMMARY OF STAFF RESOURCES - REGULAR BUDGET FOR 2012 AND 2013

(in euro)

| Grade                    | <u>2013<br/>Budget proposals</u> |                           | <u>2012<br/>Approved budget</u> |                           | <u>2012<br/>Latest estimates</u> |                           |
|--------------------------|----------------------------------|---------------------------|---------------------------------|---------------------------|----------------------------------|---------------------------|
|                          | <u>Work years/<br/>months</u>    | <u>Estimated<br/>cost</u> | <u>Work years/<br/>months</u>   | <u>Estimated<br/>cost</u> | <u>Work years/<br/>months</u>    | <u>Estimated<br/>cost</u> |
| ADG                      | 1/00                             | 219,000                   | 1/00                            | 255,000                   | 1/00                             | 216,000                   |
| D.2                      | 1/00                             | 206,000                   | 1/00                            | 193,000                   | 1/00                             | 199,000                   |
| D.1                      | 3/00                             | 555,000                   | 2/00                            | 342,000                   | 3/00                             | 529,000                   |
| P.5                      | 14/00                            | 2,330,000                 | 16/00                           | 2,542,000                 | 15/10                            | 2,359,000                 |
| P.4                      | 16/06                            | 2,328,000                 | 13/09                           | 1,853,000                 | 16/00                            | 2,192,000                 |
| P.3                      | 19/05                            | 2,358,000                 | 22/07                           | 2,586,000                 | 18/03                            | 2,096,000                 |
| P.2                      | 1/0                              | -                         | -                               | -                         | 1/0                              | -                         |
| <b>Total<br/>ADG+D+P</b> | <b>55/11</b>                     | <b>7,996,000</b>          | <b>56/05</b>                    | <b>7,771,000</b>          | <b>56/01</b>                     | <b>7,591,000</b>          |
| G.7                      | 7/00                             | 776,000                   | 9/00                            | 1,037,000                 | 8/06                             | 944,000                   |
| G.6                      | 12/10                            | 1,198,000                 | 14/08                           | 1,484,000                 | 14/03                            | 1,337,000                 |
| G.5                      | 22/10                            | 1,822,500                 | 21/00                           | 1,762,000                 | 24/01                            | 1,905,000                 |
| G.4                      | 29/10                            | 2,046,000                 | 30/07                           | 2,137,000                 | 27/02                            | 1,831,000                 |
| G.3                      | 18/00                            | 1,047,000                 | 19/06                           | 1,135,000                 | 20/04                            | 1,101,000                 |
| G.2                      | 0/02                             | 7,500                     | -                               | -                         | 1/07                             | 53,000                    |
| <b>Total<br/>G</b>       | <b>90/08</b>                     | <b>6,897,000</b>          | <b>94/09</b>                    | <b>7,555,000</b>          | <b>95/11</b>                     | <b>7,171,000</b>          |
| <b>GRAND<br/>TOTAL</b>   | <b>146/07</b>                    | <b>14,893,000</b>         | <b>151/02</b>                   | <b>15,326,000</b>         | <b>152/00</b>                    | <b>14,762,000</b>         |

## Appendix V

### STAFF RESOURCES BY GRADE AND ORGANIZATIONAL UNIT FOR 2013

| Organizational Unit                                | Professional category and above |             |             |              |              |              |             |          | Total P+D+ADG            |                  | General service category |              |              |              |              |             |          | Total G      |                          | Grand total    |                   |
|--|---------------------------------|-------------|-------------|--------------|--------------|--------------|-------------|----------|--------------------------|------------------|--------------------------|--------------|--------------|--------------|--------------|-------------|----------|--------------|--------------------------|----------------|-------------------|
|  | ADG                             | D2          | D1          | P5           | P4           | P3           | P2          | P1       | Work<br>Years/<br>Months | Cost (euro)      | G7                       | G6           | G5           | G4           | G3           | G2          | G1       | Cost (euro)  | Work<br>Years/<br>Months | Cost<br>(euro) |                   |
| Director's Office                                  | 1/00                            | 1/00        |             |              | 0/06         |              | 1/00        | -        | 2/06                     | 497,400          |                          | 1/04         | 1/00         |              |              |             |          | 2/04         | 184,361                  | 4/10           | 681,761           |
| <b>TOTAL</b>                                       | <b>1/00</b>                     | <b>1/00</b> | <b>-</b>    | <b>-</b>     | <b>0/06</b>  | <b>-</b>     | <b>1/00</b> | <b>-</b> | <b>3/06</b>              | <b>497,400</b>   | <b>-</b>                 | <b>1/04</b>  | <b>1/00</b>  | <b>-</b>     | <b>-</b>     | <b>-</b>    | <b>-</b> | <b>2/04</b>  | <b>184,361</b>           | <b>5/10</b>    | <b>681,761</b>    |
| <b>Training and Management Team</b>                |                                 |             |             |              |              |              |             |          |                          |                  |                          |              |              |              |              |             |          |              |                          |                |                   |
| Learning and Communication                         |                                 |             | -           | 1/00         | 1/00         | 1/00         |             |          | 3/00                     | 445,372          | 1/00                     | 1/00         | 2/00         | 3/10         | 2.00         |             |          | 9/10         | 714,201                  | 12/10          | 1,159,573         |
| Sustainable Development and Governance             |                                 |             | 1/00        |              | 1/00         |              |             |          | 2/00                     | 308,842          | 1/00                     |              |              | 1/00         | 2/00         |             |          | 4/00         | 299,976                  | 6/00           | 608,818           |
| Training Programmes                                |                                 |             | 2/00        | 9/00         | 12/00        | 12/05        |             |          | 35/05                    | 4,974,335        | 2/00                     | 5/00         | 7/00         | 8/08         | 7/00         |             |          | 29/08        | 2,259,571                | 65/03          | 7,233,906         |
| <b>TOTAL</b>                                       | <b>-</b>                        | <b>-</b>    | <b>3/00</b> | <b>10/00</b> | <b>14/00</b> | <b>13/05</b> | <b>-</b>    | <b>-</b> | <b>40/05</b>             | <b>5,728,549</b> | <b>4/00</b>              | <b>6/00</b>  | <b>9/00</b>  | <b>13/06</b> | <b>11/00</b> | <b>-</b>    | <b>-</b> | <b>43/06</b> | <b>3,273,748</b>         | <b>83/11</b>   | <b>9,002,297</b>  |
| <b>Administration</b>                              |                                 |             |             |              |              |              |             |          |                          |                  |                          |              |              |              |              |             |          |              |                          |                |                   |
| Financial Services                                 |                                 |             |             | 1/00         |              | 2/00         |             |          | 3/00                     | 457,841          | 2/00                     | 2/06         | 2/00         | 5/00         | 2/00         | 0/02        |          | 13/08        | 1,132,987                | 16/08          | 1,590,828         |
| Internal Administration Service                    |                                 |             |             | 1/00         | 1/00         | 1/00         |             |          | 3/00                     | 404,911          |                          | 1/00         | 6/10         | 6/10         | 4/00         |             |          | 18/08        | 1,374,457                | 21/08          | 1,779,368         |
| Medical Service                                    |                                 |             |             |              |              |              |             |          |                          |                  |                          |              | 1/00         |              |              |             |          | 1/00         | 68,689                   | 1/00           | 68,689            |
| Human Resources Services                           |                                 |             |             | 1/00         |              | 1/00         |             |          | 2/00                     | 307,508          | 1/00                     |              | 3/00         | 2/06         |              |             |          | 6/06         | 509,190                  | 8/06           | 816,698           |
| Information and Communications Technology Services |                                 |             |             | 1/00         | 1/00         | 2/00         |             |          | 4/00                     | 599,434          |                          | 2/00         |              | 2/00         | 1/00         |             |          | 5/00         | 353,918                  | 9/00           | 953,352           |
| <b>TOTAL</b>                                       | <b>-</b>                        | <b>-</b>    | <b>-</b>    | <b>4/00</b>  | <b>2/00</b>  | <b>6/00</b>  | <b>-</b>    | <b>-</b> | <b>12/00</b>             | <b>1,769,694</b> | <b>3/00</b>              | <b>5/06</b>  | <b>12/10</b> | <b>16/04</b> | <b>7/00</b>  | <b>0/02</b> | <b>-</b> | <b>44/10</b> | <b>3,439,241</b>         | <b>56/10</b>   | <b>5,208,935</b>  |
| <b>GRAND TOTAL</b>                                 | <b>1/00</b>                     | <b>1/00</b> | <b>3/00</b> | <b>14/00</b> | <b>16/06</b> | <b>19/05</b> | <b>1/00</b> | <b>-</b> | <b>55/11</b>             | <b>7,995,643</b> | <b>7/00</b>              | <b>12/10</b> | <b>22/10</b> | <b>29/10</b> | <b>18/00</b> | <b>0/02</b> | <b>-</b> | <b>0/08</b>  | <b>6,897,350</b>         | <b>146/07</b>  | <b>14,892,993</b> |