

# Capacity Development

## for the World of Work



**Strategic Plan and Programme  
and Budget Proposals for 2016–17**



# Strategic Plan and Programme and Budget Proposals for 2016–17

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All policy outcomes will draw on a consolidated research capacity, a solid knowledge base, an expanding statistical database and the capacity development services of the International Training Centre of the ILO. Together with the three enabling outcomes, they will equip the Organization to effectively serve its constituents and expand its authority and influence globally.

*ILO Programme and Budget for 2016–17*



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# I. INTRODUCTION

## Background

1. The current Strategic Plan of the International Training Centre of the ILO (the Centre) is due to expire in December 2015.<sup>1</sup> The next Strategic Plan will cover the period 2016–17 thereby fully aligning the Centre with the ILO planning cycle. The decision taken by the Board at its 77<sup>th</sup> Session (October 2014) to move the Centre to a biennium programme and budget cycle will also be implemented.<sup>2</sup> As of 2018, it is expected that the Centre will move to a four year planning cycle (2018–21) aligned with that of the ILO and the rest of the UN System.
2. The Strategic Plan for 2012–15 was the first results-based plan adopted by the Centre and was designed to move it to a results-based framework over a four-year period. The introduction of outcomes, indicators and targets was new for the Centre and required improvements in data collection, administrative reforms, and a cultural shift in relation to internal governance, transparency and management accountability. Over the last four years, a number of important lessons have been learned from this experience which has enabled the Centre to deepen and refine further its results-based framework for the period 2016–17.<sup>3</sup>
3. The new Plan builds on a number of key policy papers discussed by the Board in recent years including the paper on *The evolving role of the Centre and the ILO reform agenda* presented to its 75<sup>th</sup> Session (October 2013), and the paper on *The role of the Centre in ILO learning and capacity development* presented to its 77<sup>th</sup> Session (October 2014).<sup>4</sup> It also takes into account recommendations arising from the 2014 review of progress on mainstreaming gender equality in the training and learning activities of the Centre, and the recommendations from the independent evaluation of a selected number of academies.<sup>5</sup>
4. It is proposed to retain for 2016–17 the broad results-based framework implemented during 2012–15 adapted to promote an integrated sustainable model. Indicators have been revised to take into account the cause and effect relationship between training and non-training outcomes. The weaknesses and anomalies that emerged over the period 2012–15 in the definition of indicators and in target-setting have also been addressed.
5. Following the practice adopted by the ILO, the Strategic Plan and the Programme and Budget Proposals for the 2016–17 biennium are presented as an integrated document.

## Context

6. As the training facility of the ILO, the Centre operates within the “One ILO” policy and institutional framework. Close alignment between the Centre and the ILO – both at headquarters and in the regions – remains critical to the relevance, effectiveness and sustainability of the learning and training activities of the Centre. The ILO *Review of field operations and structure, and technical cooperation* (2013) stated that the Centre’s capacity development services for ILO constituents are more effective and efficient when

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<sup>1</sup> CC 73/3: Results-based Strategic Plan for 2012–15.

<sup>2</sup> CC 77/7/2.

<sup>3</sup> CC 78/1: Annual Implementation Report for 2014.

<sup>4</sup> CC 75/3 and CC 77/3.

<sup>5</sup> CC 77/4 and CC 77/5.

they are developed and implemented in partnership with ILO technical departments and regions, and when there is synergy between the respective interventions.<sup>6</sup>

7. A framework for a new learning partnership between the ILO and the Centre was set down in the paper on *The role of the Centre in ILO learning and capacity development* presented to the Board at its 77<sup>th</sup> Session (October 2014). The objectives of this learning partnership will inform and guide the relationship between the ILO and the Centre during the biennium as it seeks to strengthen its role in ILO learning and capacity development, particularly in response to the demand for capacity development from ILO constituents related to the newly defined ILO outcomes and the post-2015 sustainable development agenda.

### Box 1: Learning partnership between the Centre and the ILO<sup>7</sup>

The objectives of the learning partnership are to:

- 1) contribute to a qualitative improvement in the overall capacity development service model of the ILO;
- 2) streamline the provision of training and learning capacity-building services to ILO constituents thereby avoiding duplication, competition and overlap between the Centre and the ILO, and
- 3) create greater synergies and efficiencies in the provision of these services by the Centre and the ILO.

8. The ILO Programme and Budget for 2016–17 states that the strategic partnership between the ILO and the Centre will be strengthened in the following three ways:

- the Centre will adapt its training programmes for ILO constituents to the [ILO] policy outcomes. For each outcome, the comparative advantage of the Centre as a global knowledge hub will be combined with regional and national expertise through learning partnerships with regional and national service providers. Services will be reoriented to reflect different categories of learning needs arising from different stages of social and economic development. This will require accelerating the roll-out of blended and IT-enhanced learning approaches as well as increasing language capacity and thematic expertise at the Centre;
- a learning task force, comprising representatives of the Centre and the ILO's Human Resources Development Department, will facilitate strategic and coherent planning and enhance complementarity in the area of ILO staff development;
- the learning services of the Centre and its wide outreach will be deployed to facilitate the integration of ILO priorities into the emerging post-2015 development agenda. In this context, the Centre will accelerate the pace of networking with other training providers and academic institutions in the field.

9. In the ILO Programme and Budget for 2016–17, participation in the training and learning activities of the Centre is referenced as a means of verification for reportable results under a number of indicators. This calls for a stronger role for the Centre in ILO capacity development through its training and learning activities. The outcomes to be delivered by the Centre will focus on organisational and institutional capacity development for ILO constituents through the transfer of knowledge and skills, and exchange of experience and good practices around the ILO outcomes as well as the broader decent work and sustainable development agenda.

10. The Centre will fully engage with the ILO programme of work associated with the *Centenary Initiatives*.<sup>8</sup> It will organise, and/or support, high-level dialogues on selected themes arising from them; it will promote knowledge-sharing around the initiatives, particularly around the *Future of Work* four “centenary conversations” as envisaged in the Report of the Director-General to the 104<sup>th</sup> Session (June 2015) of the International Labour Conference.<sup>9</sup> ILO research linked to the initiatives on *Shaping the Future of Jobs, the Green Economy, Enterprises, and Women at Work*, will be transformed into training content and products for use in existing training activities, and for the development of new products and activities.

<sup>6</sup> ILO: *Field operations and structure, and technical cooperation review* (2013), p.37.

<sup>7</sup> CC 77/3.

<sup>8</sup> ILO: *Towards the ILO centenary: Realities, renewal and tripartite commitment*, Report of the Director-General, International Labour Conference, 102nd Session, Geneva, 2013.

<sup>9</sup> ILO: *The Future of Work Centenary Initiative*, Report of the Director-General, International Labour Conference, 104th Session, Geneva, 2015, pp. 9-17.



11. The post-2015 sustainable development agenda will strongly influence the role and work of the Centre not just for the period 2016–17, but well beyond. Therefore, it is critical that the Centre starts to integrate the concepts and priorities embedded in this agenda. The promotion of different aspects of decent work arises under a number of goals as well as the specific goal proposed on sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all (Goal 8).<sup>10</sup> The Centre will adapt its training and learning portfolio so that it can play a key role in the ILO's institutional capacity development efforts for the tripartite constituents around the sustainable development agenda, and also for ILO staff under the Joint Staff Development Programme.

12. The ILO Programme and Budget for 2016–17 is driven by the ILO's ongoing commitment to reform.<sup>11</sup> Reform is also an important part of the Centre's agenda and while a number of internal reforms have been implemented during the current Plan with a view to increasing transparency, accountability and efficiency, more remains to be done. Internal reform is a continuous process and the reform momentum will be maintained during the 2016–17 period. Where feasible and appropriate, administrative and internal governance practices of the Centre will be adapted with a view to closer alignment with the ILO to enhance efficiency and coherence.

## Cross-cutting issues

13. The following four cross-cutting issues will underpin and guide all of the work of the Centre.

- *International Labour Standards*: Outcome 2 of the ILO Programme and Budget for 2016–17 (*Ratification and application of international labour standards*) foresees “strengthened capacity and awareness of tripartite constituents, members of parliament, judges and other key actors with regard to applying international labour standards and the guidance of the supervisory bodies.” Through its training and learning activities, the Centre will contribute to the ILO efforts to achieve this key change under Outcome 2. Capacity-building on international labour standards will be strengthened through ensuring that the relevant international labour standards, including fundamental principles and rights at work, are an integral component of all training courses. The International Labour Standards Programme of the Centre will liaise closely with ILO/NORMES on the design, planning and delivery of its training activities. Priority will be given to the revision and updating of existing tools, development of more distance-learning modules, and the roll-out of new standard-related training courses. In addition, training will focus on enhancing the use of international labour standards by judges, lawyers, legal educators, parliamentarians, and the media with a view to increasing their capacity and awareness of international labour standards.
- *Social dialogue and tripartism*: Strengthening the capacity of the tripartite constituents to engage effectively in social dialogue will continue to be a priority for the Centre. Social dialogue will be promoted as the instrument for consensus-building on national development strategies and policies and as an effective tool for promoting economic and social development, gender equality and non-discrimination in the labour market. Reinforcing the capacity of tripartite institutions such as national economic and social councils, dispute resolution institutions, and other tripartite and bipartite mechanisms, will also remain a priority area for training activities. The content of training courses will focus on real labour market and workplace issues which the tripartite constituents face and the training activities will be designed to contribute to strengthening the capacities of the constituents to meet these challenges. This requires the systematic use of needs analysis to inform course design and content complemented by quality assessment and impact evaluation conducted during, and following, the training activity.
- *Gender equality and non-discrimination*: The Centre will continue to pursue its strategy of gender mainstreaming and will adopt an integrated approach towards equality and diversity, addressing the needs and circumstances of specific categories of workers. There will also be opportunities to deepen the equality-related work of the Centre in the context of the post-2015 sustainable development agenda and the ILO *Centenary Initiative on Women at Work*. The findings and recommendations of the independent evaluation of the thematic area of *Promotion of gender equality and diversity* (2015)

<sup>10</sup> UN: *Transforming our World: the 2030 Agenda for Sustainable Development* (finalized text for adoption, 1 August 2015).

<sup>11</sup> ILO: *Programme and Budget Proposals for 2016–17*, Governing Body, 323<sup>rd</sup> Session, Geneva, Mar. 2015, GB.323/PFA/1, p.1.

will also be taken into account.<sup>12</sup> The gender-marker will continue to be used internally to measure progress on mainstreaming gender equality in all of the training activities of the Centre. In addition, the Centre's Gender Action Plan will be revised and updated for the period 2016–17.

- *Technology enhanced learning and training:* The Centre will accelerate its use of technology in support of all of its learning and training activities. This will require exploring new forms of learning, training and assessment to guide both trainers and participants. The *E-campus* will be the central institutional hub of technology enhanced (*e*)learning. During 2016–17, the Centre will move to the next stage of institutionalisation of the *E-campus* which is about scalability, increasing on-line presence, and responding to diverse learning needs with an emphasis on the two important dimensions of quality assurance, and openness and inclusiveness. The focus will be on connecting innovative technologies and methodologies to capacity development around the ILO policy outcomes and Flagship Programmes not only to address the learning and knowledge-sharing needs of ILO constituents and other development partners, but to move beyond that and contribute to organisational development and institutional capacity development.

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<sup>12</sup> CC 78/3.

## II. SUSTAINABILITY STRATEGY

14. The Centre's primary role is to deliver high quality, relevant and effective training and learning services to ILO constituents in support of decent work and sustainable development. In line with its broader mandate to provide training activities at the service of economic and social development, it also works in partnership with other development actors and networks that share the values of the ILO and its commitment to social justice.

15. For the period 2016–17, the work of the Centre will be underpinned by a sustainability strategy.<sup>13</sup> In the context of the Centre, sustainability is defined as the capacity to maintain a dynamic balance between non-financial and financial objectives that together will secure the future of the Centre and enable it to fulfil its mandate in the most effective and efficient way.

16. The proposed sustainability strategy has three pillars: development, finance, and management. The development pillar is related to the performance of the Centre *vis-à-vis* its mandate to strengthen the capacity of ILO tripartite constituents, and to promote decent work and sustainable development more widely through its networks with the UN System and other development partners. The finance pillar addresses financial performance, and in particular the financial sustainability of the Centre through a combination of a strengthened resource base, earned income, and a lean cost architecture. The management pillar is focused on human resources, the quality of the Centre's facilities, the environmental impact of its operations, and risk management.

17. These three pillars are "*interdependent and mutually reinforcing.*" While the development pillar is central as it deals with the mandate of the Centre, weakness under any one pillar will impact performance under the others and thereby undermine the overall sustainability of the Centre. Each pillar is captured in a number of outcomes with associated indicators to enable progress to be tracked towards achieving the targets which are set under each indicator for the two year period 2016–17. The three pillars of the sustainability strategy, complete with outcomes, are illustrated in the diagram below.

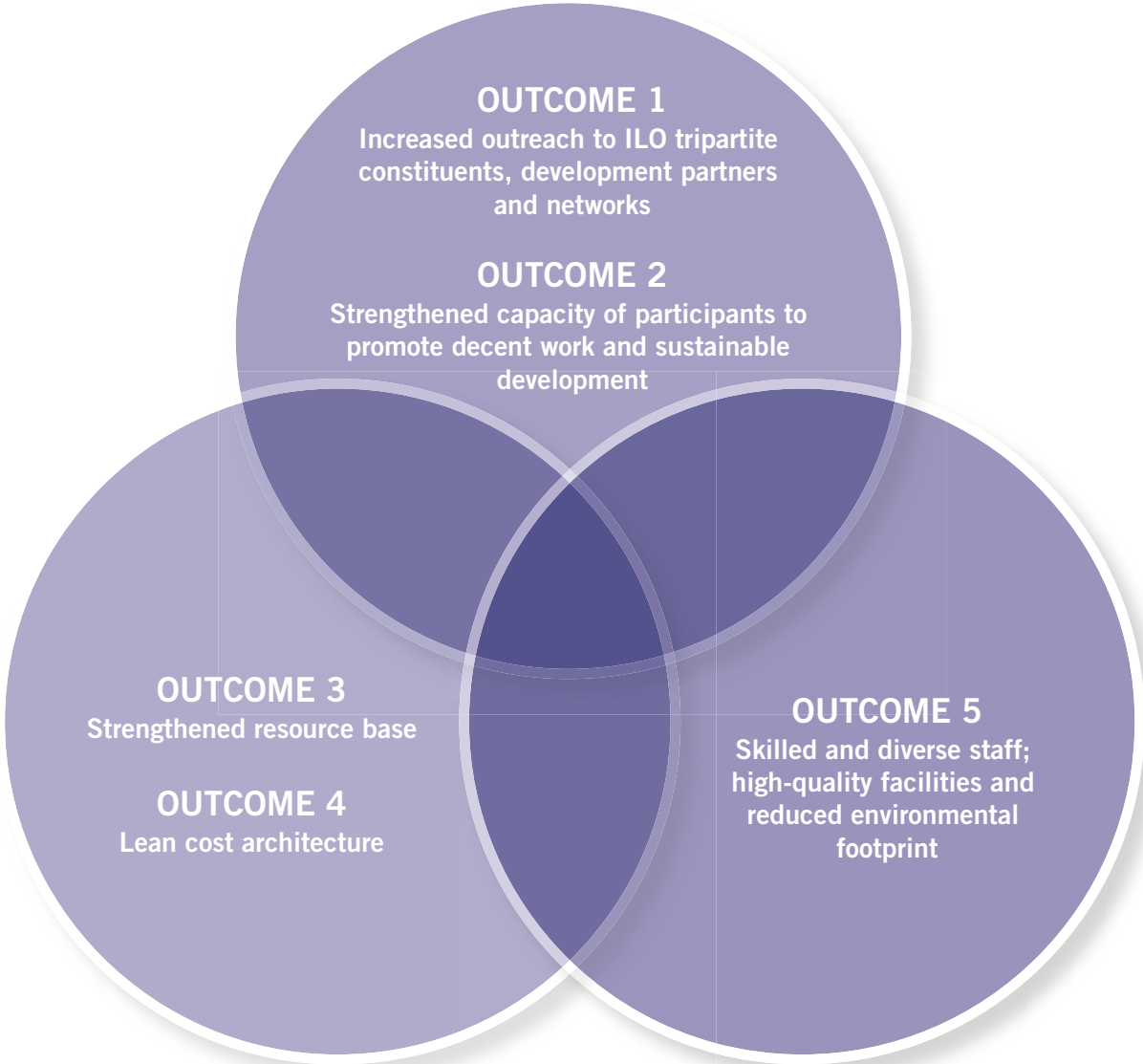
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<sup>13</sup> This sustainability strategy broadly reflects the three pillars of sustainable development set down in the *Conclusions concerning the promotion of sustainable enterprises* adopted by the International Labour Conference (96th Session), Geneva, 2007.

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**THE THREE DIMENSIONS OF THE SUSTAINABILITY STRATEGY**

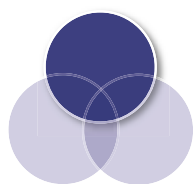
**DEVELOPMENT**



**FINANCE**

**MANAGEMENT**

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## The development pillar of the sustainability strategy is captured through two outcomes covering both quantitative and qualitative aspects of the training and learning activities of the Centre

18. Within the overall ILO goal of promoting decent work for women and men, the technical content of training and learning activities will be driven by the ten high-level policy outcomes of the ILO Strategic Plan and Programme and Budget for 2016–17 while retaining a measure of flexibility having regard to the wider development mandate of the Centre.

19. Progress towards achieving the ten ILO outcomes will be tracked by the ILO through indicators linked to each outcome. Under a number of these indicators, training and capacity development activities of the Centre are *explicitly* identified as the means of verification for reportable results. In line with this, the Centre will focus on the transfer of knowledge, skills, and exchange of experience and good practices for ILO constituents along the ten ILO policy outcomes. It will also work with UN System partners and other development actors and networks to promote knowledge and commitment to the ILO goal of promoting decent work for women and men as an integral part of the post-2015 sustainable development agenda.

### Box 2: Knowledge and capacity development

The knowledge transferred by the Centre is classified into three categories:

- 1) awareness about attitudes, perceptions and values framing the meaning of decent work in policy discourse;
- 2) evidence about what works and what does not work in decent work policy and programme design and facilitation, and
- 3) skills to implement aspects of these policies and programmes according to set standards.

In line with the institutional capacity development approach promoted by the ILO, this knowledge set is inclusive of both technical and functional capacities i.e. subject matter expertise on decent work as much as leadership skills to facilitate a change process on the ground.<sup>14</sup>

## New services and products

20. New training and learning services and products will be developed and rolled-out linked to the Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204). Existing training programmes in the areas of both labour protection and small and medium-sized enterprises will be adapted, and revamped as necessary, to take account of the resolutions and conclusions on these two topics adopted by the 104<sup>th</sup> Session (June 2015) of the International Labour Conference (ILC). In collaboration with ILO headquarters and field offices, new training products and courses for ILO constituents will be developed around the ILO Flagship Programmes. The outcomes of the discussions on the technical subjects on the agenda of the 105<sup>th</sup> Session (June 2016) of the ILC will be incorporated, as appropriate, into the Centre's portfolio of training and learning programmes for 2017.

21. The Centre will consolidate and expand its role in the delivery of capacity development for ILO tripartite constituents under large ILO technical cooperation projects. To achieve this, the Centre will get involved in the project management cycle from the design stage onwards rather than only becoming involved at the implementation/delivery stage. Further to good practices developed and positive outcomes achieved in 2014–15 (see box 3 below), the Centre will systematically promote multi-step learning interventions sequenced over a longer period of time (i.e. 1 to 3 years) which will increase impact, enable a more programmatic approach to learning and training and accelerate the move away from one-off, stand-alone training activities with limited impact and follow-up.

<sup>14</sup> GB.309/TC/1.

### Box 3: Capacity development for ILO constituents: Bangladesh

In 2014, the ILO Country Office for Bangladesh requested the Centre to deliver a series of institutional capacity development activities targeting the ILO constituents. The training is being delivered over a period of 18 months under two ILO projects: Improving Working Conditions in the Ready Made Garment Sector Programme and the Fundamental Principles and Rights at Work project. Both projects promote an institutional capacity-building approach, whereby the capacity of local institutions is strengthened to promote decent work and sustainable business practices in the targeted sectors. The Centre's capacity-building activities are focused on the following three areas:

*Department of Inspection of Factories and Establishments (DIFE):* training of newly recruited labour inspectors, development of training materials for labour inspectors, training of trainers, and facilitation of a series of training courses for labour inspectors.

*Employers' and workers' organizations on occupational safety and health:* series of capacity-building interventions targeted at both workers' and employers' organizations, including training of trainers.

*Industrial Relations Institute (IRI):* carry-out an institutional capacity assessment of IRI; hosting a group of IRI managers on the campus to observe training operations, including the *E-campus*; on-the-job coaching to design training strategy, and support to IRI to launch at least two training products under its new training strategy.

This integrated and longer-term approach has unlocked synergies and achieved scale effects, reduced costs, and fostered collaboration across technical cooperation projects on the ground. It has also enabled the Centre to implement multi-step learning interventions rather than one-off training activities, resulting in higher levels of accountability for learning impact.

22. Where appropriate, activities facing decreasing demand will be replaced with new activities responding to the needs of the ILO constituents and reflecting new developments in ILO standards, policies and priorities. In parallel, the scope and outreach of distance-learning modalities delivered through the *E-campus* will be increased, including through Massive Open Online Courses (MOOCs). The new and additional focus on distance-learning will allow the Centre to scale-up outreach while bringing down costs.
23. The existing library is being transformed into a digital library which will enable all participants to access a wide range of ILO, Centre and other information sources *via* tablet computers. Blended training and learning activities will be increased where face-to-face training is combined with distance-learning modalities (the *Turin Learning Approach*).<sup>15</sup>
24. The Centre will continue to develop and fine-tune the academy format in line with the findings and recommendations of the 2014 external evaluation of a number of selected academies.<sup>16</sup> In addition, the Trade Union Training Committee has recommended the launch of a series of Global Workers' Academies in 2016 to be followed by regional-level follow-up training events to be delivered in partnership with national trade union training institutions.<sup>17</sup>
25. Delivery of training and learning activities in partnership with other training service providers at national and regional levels will be expanded. These partnerships contribute to a number of dimensions of the sustainability strategy as they increase outreach, promote capacity development and also facilitate resource mobilization, particularly at local level. As part of this approach, opportunities will be systematically explored to jointly deliver capacity-building interventions in consortia with national and regional training institutions of ministries of labour, employers' and workers' organizations and others, under the umbrella of non-traditional development cooperation partnerships such as triangular and South-South collaboration. The exchange of learning experts between the Centre and these regional and national training institutions will be facilitated.
26. The Turin School of Development (TSD), an integral component of the capacity-building work of the Centre, will continue to promote high quality teaching and education to students coming from all over the world. Through its Masters' Programmes, it will maintain its commitment to sharing knowledge and expertise, and equip its students to better contribute to economic and social issues including sustainable development, poverty reduction, health and safety at the workplace, and job creation. A new Master in Industrial and Employment Relations will be launched for the academic year 2015-16. The TSD will

<sup>15</sup> For more information on the Turin Learning Approach: <http://www.itcilo.org/en/the-centre/about-us/the-turin-learning-approach>

<sup>16</sup> CC 77/4.

<sup>17</sup> CC 78/7/a.

continue to increase its partnerships and networking with UN System organizations, academia and other development actors.

## Quality assurance and measuring impact

27. Excellence in training and learning will be promoted through continuous quality improvement measures, greater use of on-line surveys, and more systematic independent evaluations. Additional measures will be introduced to enhance the monitoring and evaluation of both the *quality* and the *impact* of the training and learning activities of the Centre taking into account, *inter alia*, the concern expressed in the *ILO Field operations and structure, and technical cooperation review (2013)* about the relevance of the Centre's services to ILO constituents. The new measures will be driven by improved collection and analysis of both quantitative and qualitative data.

28. The Centre will upgrade its monitoring processes and tools to track participants' satisfaction *during* the training delivery process. Daily on-line feedback surveys will be introduced which will be administered *via* tablet computers and processed in real-time. The data will enable the activity manager to fine-tune the learning experience while the activity is taking place; prior to this, satisfaction rates were only assessed once the training was completed – too late to take corrective action to improve the participants' learning experience.

29. The Centre's in-house quality assurance system is being reoriented to focus on validating *knowledge and skills acquisition*. This will be done consistently through end-of-course learning assessments using an online application for each training and learning activity. These self-assessments will be tailored by activity managers to the specific context of the activity, and administered *via* tablet computers. As with the participants' satisfaction surveys, the results will be aggregated by activity to reflect average knowledge acquisition scores and will be used for in-house benchmarking purposes. The results will also feed into refining existing - and developing new - training and learning products and services.

30. This in-house system will be supplemented by ad-hoc external evaluations which will be used to verify *knowledge application* after training. In addition to these ad-hoc external evaluations of specific activities, the Centre will commission each year an external independent evaluation of a cluster of activities linked to one of its thematic areas of expertise, building on the practice established in 2015 with the evaluation of the Centre's training activities linked to *Promotion of gender equality and diversity*. The findings and recommendations of these independent evaluations will be presented to the Board to inform its discussion on the impact of the training and learning activities of the Centre in the selected thematic areas.

### Outcome 1: Outreach of training and learning activities is increased among ILO tripartite constituents, development partners and networks

**Indicator 1.1:** Percentage of ILO tripartite constituents out of the total number of participants reached through face-to-face (including blended) training and learning activities

**Baseline (2014):** 40.1 per cent

**Target:** 43 per cent

**Indicator 1.2:** Total number of participants reached through face-to-face (including blended) training and learning activities disaggregated by ILO constituents, development partners, gender and participants' days

**Baseline (2014):** 10,042 participants

**Target:** 22,000 participants

**Indicator 1.3:** Number of participants reached through distance-learning modalities (excluding blended activities) disaggregated by ILO constituents, development partners, gender and participants' days

**Baseline (2014):** 2,726 participants

**Target:** 8,000 participants

**Indicator 1.4:** IT usage rate in training and learning activities held on campus (expressed as the percentage of campus-based open courses using tablet computers)

**Baseline (2014):** 19 per cent

**Target:** 50 per cent

**Indicator 1.5:** The percentage of training activities designed and/or delivered in collaboration with ILO headquarters and field offices

**Baseline (2014):** 53 per cent

**Target:** 55 per cent

**Indicator 1.6:** The percentage of training activities organized in partnership with either a national or international training institution

**Baseline (2014):** 17 per cent

**Target:** 30 per cent

### Outcome 2: Participants in the training and learning services have strengthened their capacity to promote decent work and sustainable development

**Indicator 2.1:** End-of-activity satisfaction level of participants (expressed as the average score on the overall quality of training activities)

**Baseline (2014):** 4.46

**Target:** 4.5

**Indicator 2.2:** Share of participants in training and learning activities that have acquired new knowledge on policies and programmes to promote decent work and sustainable development

**Baseline:** To be established in 2015

**Target:** 90 per cent of participants in open courses demonstrate increased knowledge

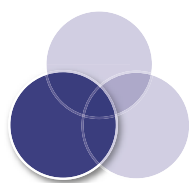
**Indicator 2.3:** Percentage of training and learning activities that achieve a value of 2 under the gender marker system<sup>18</sup>

**Baseline (2014):** 35 per cent

**Target:** 40 per cent

<sup>18</sup> Under the gender marker system, activities coded "2" are those that mainstream gender equality in a significant way, paying full attention to the gender facets of course content, to the appropriate balance of gender role models in lecturing and intervening staff, to providing gender-sensitive documentation, and ensuring an optimal share of men and women as participants to the maximum possible extent.





The finance pillar of the sustainability strategy is captured through two outcomes dealing with the resource base, and the cost architecture

## Strengthened resource base

31. To sustain its training programmes and to deliver them in the most efficient and responsive manner, there is a need to strengthen the resource base of the Centre, increase operational efficiency through streamlining of business and administrative processes and implement a lean cost structure. The finance pillar of the sustainability strategy is captured under two outcomes relating to strengthening the resource base and achieving a lean cost architecture.

32. Strengthening the Centre's resource base is necessary to reduce the risks associated with over-reliance on a limited number of donors, and to also increase the predictability of resources. This is essential in the face of uncertainty about voluntary contributions from development partners, volatile exchange rates and economic and financial instability in the global economy. The following measures will be pursued to strengthen the resource base:

- expand the portfolio of technical cooperation projects funded through multi-bilateral development partners and other institutional clients in close collaboration with the ILO so that the Centre can secure larger-scale and longer-term contracts;
- take a more selective and strategic approach to competitive bidding, including entering into consortia with other training and learning service providers in the public and private sector;
- increase direct outreach to *non-traditional development partners (both trust funds and non-state actors)*;
- expand the scope of the Centre's BRICS outreach programme;
- explore systematically the potential of non-traditional development partnerships, including with the corporate sector;
- facilitate self-paying participants in open courses by establishing an e-payment facility on the Centre's website.

33. The Centre will continue to nurture and reinforce relations with existing multi-bilateral partners building on its established reputation with them for reliability, quality and efficiency in the delivery of training and learning services. In addition to the Government of Italy, the Centre has bilateral relations with other partners including France, Portugal, Spain, and the Walloon Community of Belgium, which contribute financially to the sustainability of the Centre's training activities. These contributions provide important resources to support the development of new products, diversify the range of languages used for activities, and provide access to training opportunities for participants from national institutions with limited resources, including labour ministries, employers' and workers' organisations.

34. To establish a more dynamic relationship *vis-à-vis* its established multi-bilateral partners, the Centre will:

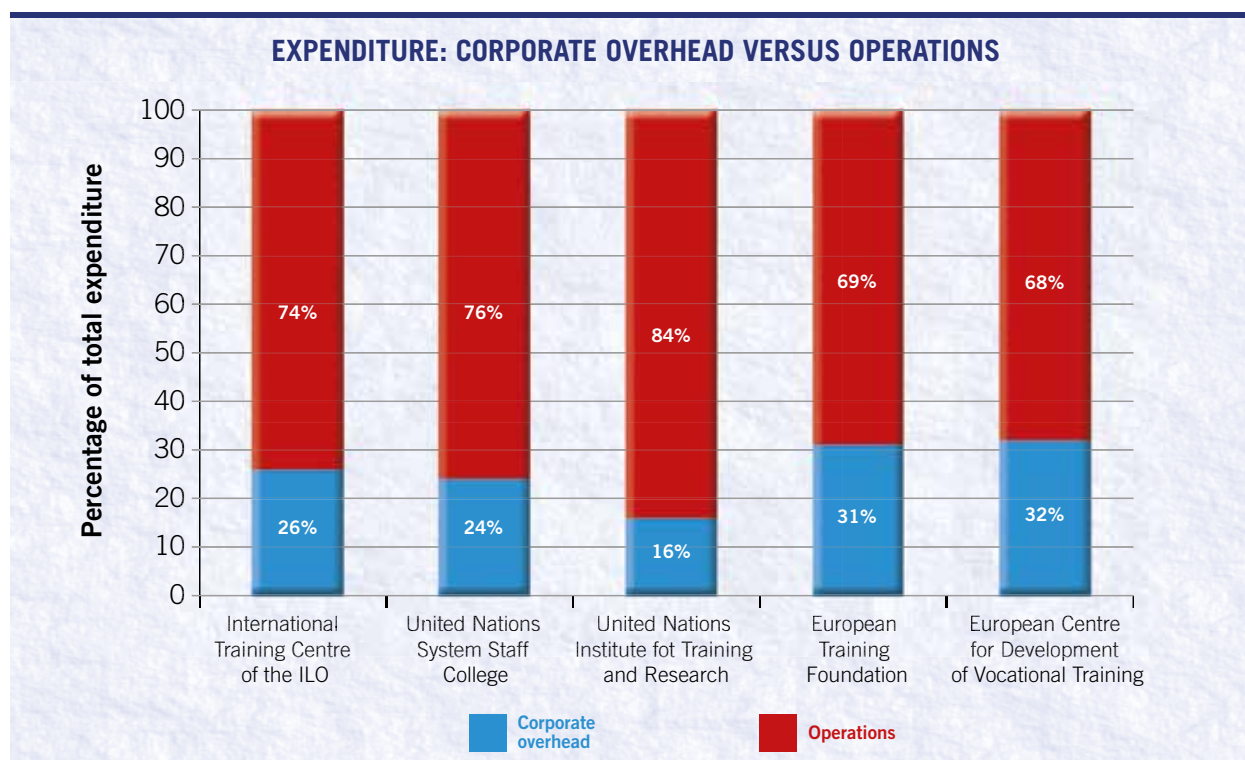
- document success stories and share lessons learned from evaluations of these multi-annual partnerships;
- provide information to donor representatives in capitals and in Geneva-based missions on new developments at the Centre;
- organize briefings and consultation meetings to contribute ideas and expertise on possible new areas of collaboration;
- involve representatives of the donors at country level in events and activities funded through their partnerships;
- source resource persons for technical inputs from the donor countries;
- prepare proposals for joint-activities on specific priority areas in support of broader development objectives.

## Lean cost architecture

35. A Task Team on the redesign, simplification and streamlining of business and administrative processes was established in 2015. It will continue its work in 2016 on the simplification of a limited number of priority workflows which will have significant impact on the efficiency of business operations. The Enterprise Resource Planning (ERP) system will be upgraded in 2016 to contribute to further efficiency gains in workflows. More benefits will be leveraged from the better use of IT solutions.

36. A new indicator on measuring corporate overhead calculates corporate overhead expenditure (staff and non-staff) *vis-à-vis* overall fixed expenditure (staff and non-staff) which is a stable denominator and allows for accurate comparisons to be made on a year-on-year basis. Corporate overhead expenditure has been closely analysed and is now clearly defined as that expenditure which does *not directly support* training activities (i.e. no direct relationship with development or delivery of training). Using this methodology and clear definition, the baseline established for 2014 shows that 74 per cent of total fixed expenditure *directly supported* training activities and the balance (26 per cent) of total fixed expenditure was corporate overhead *not directly supporting* training. It has also been calculated that each percentage point movement in corporate overhead expenditure represents the equivalent of plus/minus €200,000.

37. The Centre has benchmarked the target for this indicator against a number of other international institutions which can be broadly compared to the Centre in terms of mandate (training and learning), resource base (combination of subsidy and earned income) as well as fixed cost parameters (staff salaries and benefits). The following graph illustrates the trends in the overall ratio of corporate overhead versus operational expenditure in the four selected institutions:<sup>19</sup>



38. A new multi-year IT Strategy will be launched in 2016 building on the first IT Strategic Plan for 2012-15. The emphasis will be on achieving a balance between learning technology innovation, business efficiency, better services, and strengthened IT governance. The Centre aims to obtain ISO 27001 certification which is the IT governance framework of the UN and recommended international benchmark for IT security.

<sup>19</sup> UNSSC and UNITAR data are based on actual costs provided for 2014 and 2015. The breakdown for ETF and CEDEFOP are Centre estimates extrapolated from the published 2014 financial statements of each institution. As these estimates have not been verified by ETF or CEDEFOP, they should be considered as indicative only.

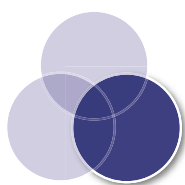
39. Internal and external audits provide important assurance to the Board on the financial control environment and on the quality of financial governance. The recommendations assist management to improve financial governance and promote a culture of transparency and accountability. Implementation of high priority recommendations from both the External and Internal Auditors will be systematically tracked and reported to the Board. Compliance with International Public Sector Accounting Standards (IPSAS) will be assured and any new IPSAS will be analyzed and the required processes or changes implemented, as required.

### Outcome 3: Strengthened resource base

<b>Indicator 3.1: Income</b>	
<b>Baseline (2014):</b> €35.8 million	<b>Target:</b> €75 million
<b>Indicator 3.2: Training income generated from large-scale contracts</b>	
<b>Baseline (2014):</b> €731,000	<b>Target:</b> €5 million
<b>Indicator 3.3: Number of funding agreements signed with new non-traditional partners</b>	
<b>Baseline (2014):</b> 2 agreements	<b>Target:</b> 6 agreements
<b>Indicator 3.4: Average success rate of competitive-bidding</b>	
<b>Baseline (2014):</b> 23 per cent	<b>Target:</b> 25 per cent

### Outcome 4: Lean cost architecture

<b>Indicator 4.1: Number of priority business and administrative processes streamlined</b>	
<b>Baseline:</b> To be established in 2015	<b>Target:</b> Streamlining of six priority business and administrative processes completed
<b>Indicator 4.2: Corporate overhead</b>	
<b>Baseline (2014):</b> 26 per cent	<b>Target:</b> 25 per cent
<b>Indicator 4.3: IT governance framework alignment with the UN and recognized international benchmark for IT security</b>	
<b>Baseline (2014):</b> ISO 27001 gap analysis conducted	<b>Target:</b> ISO 27001 certification obtained and maintained
<b>Indicator 4.4: Unqualified external audit opinion and compliance with IPSAS</b>	
<b>Baseline (2014):</b> 100 per cent	<b>Target:</b> 100 per cent
<b>Indicator 4.5: Implementation of internal and external audit high priority recommendations</b>	
<b>Baseline (2014):</b> Internal audit: 65 per cent and external audit 94 per cent	<b>Target:</b> Internal audit 75 per cent and external audit 95 per cent



## The management pillar of the sustainability strategy is captured through a combined outcome on human resources, quality facilities, and environmental footprint

40. The combined outcome under the management pillar has a series of indicators related to human resources, quality of the facilities on the campus, and the environmental footprint of the operations of the Centre. This outcome is interlinked with, and reinforces, the outcomes under the development and finance pillars.

### Skilled and diverse staff

41. The Centre recognizes that its most important asset is its staff and investing in the development of its human resources is a key component of the sustainability strategy. Investment in staff training will be increased to upgrade the skills of the learning faculty along the ten ILO world of work challenges and to keep pace with learning technology developments. In addition, the following priorities have been identified by the Joint-Committee on Staff Training and Development:

- strengthening leadership and management capacities,
- promoting effective teamwork,
- developing the technical and pedagogical skills of staff in training methodologies and use of technologies, and
- promoting a service-oriented culture across all of the services of the Centre.

42. Language training will continue to be a core component of staff development focusing not just on the four official languages of the Centre (English, French, Italian and Spanish) but also on other working languages including Arabic, Chinese, Portuguese and Russian. Internal mobility and detachments on short assignments will be encouraged to increase opportunities for enhancing technical competencies and gaining wider work experience.

43. The Centre's contracts policy will be more closely aligned with the ILO and the wider UN System. To this end, a review of the contracts policy, including the use of project-based contracts, was initiated in early 2015 by the management with the Staff Union under the auspices of the Joint Negotiating Committee.

44. Efforts will be increased to improve the geographical and regional diversity of staff and to achieve gender parity in the professional category. The proposed targets under both indicators are ambitious but achievable. On the target of 40 per cent of professionals from outside Europe, having regard to the relatively low turnover of staff at the Centre, achieving this target will require a proactive approach to accessing recruitment networks in member States in under-represented regions, greater use of social media, and more targeted recruitment efforts.

45. In consultation with the Joint-Committee on Occupational Health and Safety, the occupational health and safety management system will be strengthened and clarified. Initiatives will be continued to improve the wellbeing of staff at the workplace, including making counsellors and coaches available, and organizing staff development activities aimed at improving the capacity of officials around issues such as time management and work organization. Dedicated staff training activities will continue on the implementation of the Emergency and Evacuation Plan.

### Quality facilities

46. Improvements in the quality of the campus training and residential facilities will be achieved through the implementation of a rolling Master Plan. This will focus on strategic investments to improve the training and accommodation facilities, the quality of campus life for participants and staff, family-

friendly measures, and accessibility for people with disabilities. Residential accommodation standards will be benchmarked against recognised hotel industry standards.

## Environmental footprint

47. Measures will be taken to continue to improve the Centre's environmental footprint, including through the increased use of energy derived from renewable sources, recycling, greater emphasis on sustainable learning, reduced use of paper-based training tools and materials (*PaperSmart*) and rationalization/centralization of printers. The Centre will participate in the UN/WTO initiative *The Hotel Energy Solution*, which is an independently audited project aimed at reducing emissions and the carbon footprint of hotel accommodation facilities. The Green Campus Advisory Group, which includes representatives from the three UN entities on the campus, will continue to advise management on appropriate greening initiatives.

### Outcome 5: Skilled and diverse staff, quality facilities, and improved environmental footprint

#### Indicator 5.1: Investment in staff training and development

**Baseline (2014):** 29 per cent of staff development budget invested in leadership and management training.

**Baseline(2014):** 29 per cent of staff development budget invested in technical, pedagogical and service-oriented training

**Target:** 35 per cent of staff development budget invested in leadership and management training.

**Target:** 35 per cent of staff development budget invested in technical, pedagogical and service-oriented training.

#### Indicator 5.2: Regional and geographical diversity, and gender composition of professional staff

**Baseline (2014):** 31 per cent of professionals from outside Europe.

**Baseline (2014):** 44 per cent of women professionals.

**Target:** 40 per cent of professionals from outside Europe.

**Target:** 50 per cent of women professionals.

#### Indicator 5.3. Quality of the campus residential and training facilities

**Baseline (2014):** 76 per cent rated quality of residential accommodation as good or excellent.

**Baseline:** To be established in 2015.

**Target:** 80 per cent rate quality of residential accommodation as good or excellent.

**Target:** 95 per cent of participants rate quality of training facilities on the campus as good or excellent.

#### Indicator 5.4: Environmental footprint

**Baseline (2014):** Green Flag awarded.

**Baseline (2014):** 40 per cent of energy consumption from renewable energy sources.

**Target:** Retain the Green Flag.

**Target:** 60 per cent of energy consumption from renewable sources.

## Corporate Risk Register

48. The Centre is committed to improving the risk management processes and procedures that are in place. The table below presents a revised Corporate Risk Register summarizing the risks assessed as the most critical in 2016–17. This register will be monitored, and adjusted as necessary, by the Risk Management Committee. This Corporate Risk Register will be complemented by separate risk registers, with appropriate mitigation actions, at the level of key service units.

**Table 1: Corporate Risk Register for 2016–17**

No.	Risk	Identified root cause(s)	Mitigation action(s)	Risk owner(s)
1.	Training programmes are not aligned to the changing operational needs of the ILO, and are not adapted to international best practices in the global development arena.	Failure to integrate training programmes with ILO outcomes; not up-to-date in innovation, knowledge-sharing, benchmarking and networking; poor campus facilities and technologies.	Align the Centre's Strategic Plan and programme of work with the ILO Strategic Plan and Programme and Budget for 2016–17; actively participate in various international networks and partnerships; continuously invest in strategic improvements to the campus facilities and technologies.	Director Deputy Director Director of Training
2.	A crisis event negatively impacts on programme delivery or on business continuity as a whole.	Fire, water damage, malicious act, natural disaster, political unrest, terrorist attack, pandemic or other event.	Business and IT continuity plans in place; Rapid Response Team set-up to organize integrated response across all of the essential services.	Chief Information Officer Chief Operations Officer
3.	Significant reduction in the level of funding by a major contributor/donor which negatively impacts financial sustainability.	Difficult economic climate for major contributors/donors; reduced national development budgets; decreased service demand from the ILO and other partners; increased fixed expenditure; significant increase in uncollectible accounts; inadequate budget monitoring; donor base not expanded.	Regular monitoring by the Finance Committee of key financial performance indicators; monitoring of financial results against the approved budget; containment of fixed expenditure; proactive collection of accounts; strategy on resource mobilization and new partnerships.	Finance Committee Treasurer Chief, PRODEV
4.	Major banking partner goes into receivership resulting in a significant financial loss, operational disruption and reputational damage.	Poor risk management by financial institutions or global financial crisis; failure to exercise due diligence in selection of banking partners.	Strict protocols in place and followed for selection of banks; prudent investment policy; regular monitoring by the Finance Committee.	Treasurer Finance Committee
5.	Transition from an annual to a biennium budget increases uncertainty regarding funding and earned income, the rate of inflation, and predictability of exchange rates.	Difficult global economic environment, inflation rate could vary widely, and unpredictability in the fluctuations of the Euro currency, particularly vis-à-vis the US\$, over a two year period.	Prudent estimates of inflation rate and Euro exchange rate applied in the biennium budget; creation of a line for "contingencies" in the budget; regular monitoring by the Treasurer and the Finance Committee of inflation and currency exchange rates.	Treasurer Finance Committee
6.	Partnerships with inappropriate institutions that negatively impact the reputation of the Centre.	Inadequate screening and due diligence review in place.	Internal screening process and procedures in place to review and approve all partnership and funding agreements.	Contracts and Funding Agreements Committee
7.	Fraud, unethical practices or behaviour result in a significant financial loss and/or negatively impact the reputation of the Centre.	Unethical or illegal behaviour by a staff member, participant or supplier.	Accountability Framework clarified; zero-tolerance policies in place; Accountability Committee established; Contracts Committee in place; policies on ethics and conflict of interest in place; segregation of duties; procedures for selection of participants.	Director of Training Chief, Human Resources Services Treasurer
8.	Security, occupational health and safety hazards resulting in accidents, litigation, financial and reputational loss.	Inadequate information and compliance with security, occupational health and safety standards of the Centre.	Strict compliance with UN security standards; regular fire drills; monitoring of water and air quality; asbestos and insurance coverage; security management system.	Chief Operations Officer Chief, Human Resources Services

### III. INCOME AND EXPENDITURE BUDGET PROPOSALS FOR 2016–17

49. For the first time, the Centre's budget proposals are presented covering a biennium. While this will facilitate more timely and coherent programming with the ILO, it also brings increased financial risks for the Centre. Therefore, a prudent approach has been taken to formulating the budget proposals.

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

- fixed income (i.e. voluntary contributions) is projected at the current level. While the contribution from the ILO for the two-year period is already known and provided for in the ILO Programme and Budget for 2016–17, there is a critical assumption that the *ex-lege* contribution of the Government of Italy will be maintained at its current level for each year of the biennium;
- earned income (from training, advisory services and other activities) is projected at the average levels achieved over the period of the current Plan taking into account the cyclical impact of the ILO biennium programming cycle which tends to provide higher levels of income for training and other activities in the second year of the cycle;
- corporate overhead (staff and non-staff) will be reduced in each of the two years in line with the target set in the Strategic Plan; and
- variable expenditure (staff and non-staff) is projected at the current level.

51. The move to a biennium budget increases financial risk with greater uncertainty over a two year period, particularly concerning levels of inflation and currency exchange rate fluctuations. For example, a higher than estimated increase in the rate of national/local inflation and/or a significant increase in the value of the euro, particularly vis-à-vis the US dollar, would impact negatively. To mitigate this risk, a new budget line for “contingencies” has been included in the budget proposals.

52. It is important to note that even though the Centre is moving to a biennium programme and budget cycle, financial statements and the External Auditor's Report will continue to be prepared and presented on an annual basis.

53. In accordance with Article 4 of the Financial Regulations, the budget proposals for 2016–17 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.

54. In Table 2, the budget proposals for the General Fund are divided into chapters and items which also show the forecast for 2015 and the actual results for 2014. Income (Part A) is divided into voluntary contributions (Chapter I), earned income (Chapter II), and contributions of previous surpluses (Chapter III). Expenditure (Part B) is divided into fixed expenditure (Chapter IV), variable expenditure directly linked to the volume of training activities (Chapter V), and a new contingency line to provide for potential increases in expenditure linked to higher than estimated inflation and/or currency fluctuations (Chapter VI). Explanatory notes on these budget lines are presented in Information Appendix I.

55. The following assumptions were made when drafting the income and expenditure proposals:

- the programme includes training activities already in the 2016 calendar for which funding has been secured, together with those for which ongoing or forthcoming negotiations seem likely to be successfully concluded as well as projections of anticipated earned income based on past performance by the Centre. At this time, this projection is uncertain and a conservative approach has been applied to derive the final figure for 2016–17;
- activities negotiated with financial sponsors should cover their own variable expenditure (staff and non-staff), and generate an adequate contribution towards the Centre's fixed expenditure;
- staff expenditure is based on the approved levels at the time of the preparation of the budget proposals and include standard increases prescribed by the International Civil Service Commission (ICSC) known in June 2015;
- an inflation rate of 1.4 per cent has been applied to the 2016 proposals and a rate of 1.5 per cent to the 2017 proposals.<sup>20</sup>

<sup>20</sup> Source: National Institute of Statistics of Italy (ISTAT).

**TABLE 2: BUDGET FORECAST FOR 2015 AND BUDGET PROPOSALS FOR 2016–17**

(in thousands of Euros)			2014	2015	2014–15	2016–17
Chapter	Item	PART A – INCOME	Actual	Forecast	Total	Budget
<b>I.</b>		<b>Voluntary contributions</b>				
	10	International Labour Organization	2 990	3 712	6 702	7 165
	11	Government of Italy (ex-lege)	7 850	7 850	15 700	15 700
	12	Piedmont Region (Italy)	50	-	50	-
	13	Government of Portugal	250	250	500	500
	14	City of Turin	349	-	349	-
		<b>Total voluntary contributions</b>	<b>11 489</b>	<b>11 812</b>	<b>23 301</b>	<b>23 365</b>
<b>II.</b>		<b>Earned income</b>				
	20	Training activities and advisory services	21 986	24 200	46 186	51 200
	21	Publications	771	1 000	1 771	2 000
	22	Miscellaneous	937	1 400	2 337	2 000
		<b>Total earned income</b>	<b>23 694</b>	<b>26 600</b>	<b>50 294</b>	<b>55 200</b>
<b>III.</b>		<b>Other</b>				
	30	Past surpluses to training activities	655	950	1 605	1 500
	31	Past surpluses to the business process review	-	145	145	123
		<b>Total income</b>	<b>35 838</b>	<b>39 507</b>	<b>75 345</b>	<b>80 188</b>
Chapter	Item	PART B – EXPENDITURE				
<b>IV.</b>		<b>Fixed expenditure</b>				
	40	Regular budget staff	14 593	15 440	30 033	31 971
	41	Consultants	487	460	947	954
	42	Facilities	2 380	2 217	4 597	3 593
	43	Security	360	414	774	826
	44	General operating costs	708	753	1 461	1 457
	45	Missions and representation	175	265	440	528
	46	Governance	374	397	771	732
	47	Information and technology costs	1 618	1 427	3 045	2 971
	48	Depreciation of property and equipment	376	626	1 002	1 348
	-	Other items	(217)	-	(217)	-
		<b>Total fixed expenditure</b>	<b>20 854</b>	<b>21 999</b>	<b>42 853</b>	<b>44 380</b>
<b>V.</b>		<b>Variable expenditure</b>				
	50	Project staff	2 639	2 582	5 221	4 999
	51	External collaborators	4 385	4 590	8 975	9 768
	52	Missions	691	635	1 326	1 350
	53	Participants costs	4 982	6 480	11 462	13 790
	54	Books, training aids and materials	493	540	1 033	1 149
	55	Training facilities and services outside Turin	675	1 080	1 755	2 298
	56	Other variable costs	123	176	299	374
	57	Costs related to income from publications	510	640	1 150	1 280
	58	Other costs related to miscellaneous income	100	100	200	200
		<b>Total variable expenditure</b>	<b>14 598</b>	<b>16 823</b>	<b>31 421</b>	<b>35 208</b>
<b>VI.</b>	<b>60</b>	<b>Contingency</b>				
		<b>Total expenditure</b>	<b>35 452</b>	<b>38 822</b>	<b>74 274</b>	<b>80 188</b>
		<b>Budget surplus</b>	<b>386</b>	<b>685</b>	<b>1 071</b>	<b>-</b>



**TABLE 3: SUMMARY OF EARNED INCOME AND EXPENDITURE RELATING TO TRAINING AND OTHER ACTIVITIES**

(in thousands of Euros)	2014 Actual	2015 Forecast	2014–15 Total	2016–17 Budget proposals
<b>Total earned income</b>				
Income from training activities and advisory services	21 986	24 200	46 186	51 200
Income from publications	771	1 000	1 771	2 000
Past surpluses to training activities	655	950	1 605	1 500
<b>Total</b>	<b>23 412</b>	<b>26 150</b>	<b>49 562</b>	<b>54 700</b>
Variable expenditure <sup>21</sup>	14 498	16 723	31 221	35 008
<b>Contribution to fixed costs (CFC)</b>	<b>8 914</b>	<b>9 427</b>	<b>18 341</b>	<b>19 692</b>
<b>CFC ratio</b>	<b>38.1%</b>	<b>36.0%</b>	<b>37.0%</b>	<b>36.0%</b>
Total costs	10 300	10 696	20 996	21 755
Share in facilities and information technology costs (70%)	2 799	2 551	5 350	4 595
<b>Total</b>	<b>13 099</b>	<b>13 247</b>	<b>26 346</b>	<b>26 350</b>
<b>Support from voluntary contributions and miscellaneous income</b>	<b>(4 185)</b>	<b>(3 820)</b>	<b>(8 005)</b>	<b>(6 658)</b>
Voluntary contributions and miscellaneous income	12 426	13 212	25 638	25 365
Management and administrative support costs	7 855	8 707	16 562	18 707
<b>Amount of voluntary contributions and miscellaneous income available for training activities</b>	<b>4 571</b>	<b>4 505</b>	<b>9 076</b>	<b>6 658</b>
<b>Budget surplus</b>	<b>386</b>	<b>685</b>	<b>1 071</b>	<b>-</b>

56. The 2015 forecast (based on data available at 30 June 2015) anticipates a surplus of €685,000 as reported in the Interim Implementation Report for 2015.<sup>22</sup> The 2016–17 budget proposals foresee that total income will equal total expenditure resulting in a balanced budget.

57. Subsequent to the completion of the renovation of Pavilion Europe in October 2014, the Campus Improvement Fund had a balance of €607,000. A total of €950,000 was allocated from the 2013 surplus for the renovation of Pavilion Italy and the related upgrade of Pavilion Asia, other campus improvements, greening initiatives and the Oracle upgrade.

58. Table 4 provides a summary of income and expenditure under the Campus Improvement Fund and the projected fund balance at the end of 2015.

<sup>21</sup> Excludes other costs related to miscellaneous income.

<sup>22</sup> CC 78/2.

**TABLE 4: CAMPUS IMPROVEMENT FUND**

(in thousands of Euros)	2014 Actual	2015 Forecast	2014–15 Total
<b>INCOME</b>			
City of Turin	250	–	250
Compagnia di San Paolo	1 119	–	1 119
Turin Chamber of Commerce	200	–	200
Use of surplus	<b>118</b>	<b>950</b>	<b>1 068</b>
<b>Total Income</b>	<b>1 687</b>	<b>950</b>	<b>2 637</b>
<b>EXPENDITURE</b>			
Extraordinary maintenance (City of Turin)	–	–	–
Gardening (City of Turin)	–	–	–
Renovation of Pav. Europe	2 465	–	2 465
Renovation of Pav. Italy/Upgrade of Pav. Asia	–	–	–
Campus improvements and greening	–	100	100
Oracle upgrade	–	250	250
Other expenses	18	–	18
<b>Total Expenditure</b>	<b>2 483</b>	<b>350</b>	<b>2 833</b>
<b>Surplus (deficit)</b>	<b>(796)</b>	<b>600</b>	<b>(196)</b>
<b>Fund balance available at the end of the period</b>	<b>607</b>	<b>1 207</b>	

59. An Innovation Fund to support the development of new training initiatives, products and approaches was established in 2012. The 2015 expenditure forecast is presented below in Table 5 and the projected fund balance at the end of 2015.

**TABLE 5: INNOVATION FUND**

(in thousands of Euros)	2014 Actual	2015 Forecast	2014–15 Total
<b>INCOME</b>			
Use of surplus	100	550	650
<b>Total Income</b>	<b>100</b>	<b>550</b>	<b>650</b>
<b>EXPENDITURE</b>			
Training innovations	201	372	573
<b>Total Expenditure</b>	<b>201</b>	<b>372</b>	<b>573</b>
<b>Surplus (deficit)</b>	<b>(101)</b>	<b>178</b>	<b>77</b>
<b>Fund balance available at the end of the period</b>	<b>–</b>	<b>178</b>	

## Use of 2014 surplus

60. In accordance with Article 7.4 of the Financial Regulations, the Director has earmarked the following expenditure from the 2014 surplus of €386,000:

<b>(in thousands of Euros)</b>	
Training activities	286 000
Campus Improvement Fund (renovation of Pavilion Italy)	100 000
<b>Total Income</b>	<b>386 000</b>

61. **The Board is requested to:**

**I) endorse the Strategic Plan, and**

**II) adopt the Income and Expenditure Budget Proposals for 2016–17.**

*Point for decision:* Paragraph 61.

Turin, 25 September 2015

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## INFORMATION APPENDICES

### Appendix I: ADDITIONAL EXPLANATORY NOTES<sup>23</sup>

#### INCOME

##### Voluntary contributions

- Item 10 International Labour Organization
- The Programme and Budget of the International Labour Organization for 2016-17 makes provision for a total contribution of US\$8,240,000 to the Centre's operating expenditure for the same period.
- Item 11 Government of Italy
- Article 1 of the Agreement between the ILO and the Government of Italy, signed in December 1983, states that "the Italian Government undertakes to contribute to the Centre's budget in the form of an annual contribution to the Centre's general expenses, the said contribution to be assessed in relation to both the Centre's requirements with respect to the said general expenses and the annual contribution made by the International Labour Organization towards the financing of the Centre." Article 2 of the same Agreement states that a Joint-Committee composed of representatives of the Centre and the Italian Government shall "make an assessment of the Centre's requirements for general expenses for the following year and express an opinion concerning the amount of the Italian Government's contribution to the Centre for the said following year in the light of the criteria laid down in Article 1 of this Agreement."
- Although the Joint-Committee has yet to meet and approve the contributions to the Centre for 2016 and for 2017, an amount of €15,700,000 was included and represents an annual contribution of €7,850,000 for the period of two years. This is based on historical contributions received from Italy for general expenditure.
- Item 13 Government of Portugal
- The Government of Portugal renewed its agreement with the Centre to provide annual voluntary contributions of €250,000 for three years (2015-17) to the Centre's budget for operating expenditure.

##### Earned income

- Item 20 Earned income from activities and advisory services
- This item relates to income expected from training and advisory activities for 2016-17. The income is estimated at €51.2 million for the biennium. The detail of the income foreseen by source of funding is to be found in Appendix II.

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<sup>23</sup> These additional explanatory notes refer to the budget lines in Table 2.

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- Item 21                      Earned income from publications
- This item relates to income expected from publications during the 2016-17 and is estimated at €2.0 million for the biennium.
- Item 22                      Miscellaneous income
- Miscellaneous income, expected to amount to €2.0 million consists of earned interest, income from rental of premises and installations on the campus, together with the estimated share of costs paid to the Centre by the United Nations System Staff College and the United Nations Interregional Crime and Justice Research Institute for the use of common areas/services and rental of training and residential facilities.
- Items 30 and 31            Past surpluses to training activities and the business process review
- Past surpluses will primarily be used for training activities in 2016-17. The balance of the 2010 surplus allocation for the Business Process Review will be used in 2015-16 to continue the streamlining of business and administrative processes.

## **EXPENDITURE**

### **Fixed expenditure**

- Item 40                      Regular budget staff
- This item concerns the staff required for the development, execution, technical and administrative support of the training activities. In 2016-17, regular budget staff expenditure accounts for approximately 40 per cent of the overall expenditure budget. It shows an increase of €1,938,000 (6.5 per cent) over the total 2014-15 period which is made up of the 2014 actual expenditure and the 2015 forecast expenditure.
- Expenditure under this item reflects the cost adjustments on the latest salary-related policies and decisions on the base salary scale of staff and education grant levels and flat rate for boarding, approved by the UN General Assembly further to the recommendations of the ICSC for general application throughout the UN Common System. As part of the UN Common System, the Centre has an obligation to apply any such statutory increases. The Pensions Board has not recommended any change to the total rate of contribution to the United Nations Joint Staff Pension Fund. The UN General Assembly has not invoked Article 26 of the Regulations of the Fund for deficiency payments from its members. It is assumed that the status quo with respect to the rate and deficiency payments will continue in 2016-17. Contributions made to the Fund are based on the level of pensionable remuneration for each grade. The latest table of pensionable remuneration issued by UNJSPF in February 2013 has been used to forecast the total contribution of the Centre.
- Staff expenditure is estimated on the basis of current grade levels in the Professional category of staff and above, and in the General

Service category including all elements of cost envisaged in the Staff Regulations, together with a provision to cover the benefits due to staff members upon termination of employment, as required under Article 12 of the Financial Regulations.

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

The table below shows the composition of the cost elements of the Professional and the General Service categories. The home leave and annual leave represent an additional expenditure estimated for 2016-17.

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

(in thousands of euro)	2014-15 Total	2016-17 Budget Proposals	% change
Professional category and above	16 094	17 825	10.8
General service category	13 398	13 579	1.4
Associated costs	541	567	4.8
<b>Total regular budget staff</b>	<b>30 033</b>	<b>31 971</b>	<b>6.5</b>
<b>Total full time equivalent</b>	<b>288.5</b>	<b>292.98</b>	

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

#### Professional category and above

Based on on-going discussions, no real increase in base salary for Professional staff is foreseen in January 2016 pursuant to the UN General Assembly decision expected in December 2015. Increases in base salary resulting from statutory entitlements relating to the length of service have been applied.

Changes in the post adjustment indices arise from the exchange rate fluctuations and movements in the cost of living as determined by the ICSC. The budget has been estimated by applying the June 2015 UN operational rate of exchange of US\$1.089/€1.00 and the post adjustment for 24 months has been fixed at 38.20 per cent.

Pensionable remuneration of Professional staff and higher categories remains unchanged since 1<sup>st</sup> February, 2013.

The maximum allowable level for the education grant expenditure incurred in designated countries/currency areas also remains unchanged from 1<sup>st</sup> January, 2013.

The average cost (based on actual and estimated costs) per grade within the regular budget professional staff is set out below.

<b>Grade</b>	<b>2014-15 Forecast</b>	<b>2016-17 Budget Proposals</b>	<b>% change</b>
ADG	207 907	216 195	4.0
D.2	231 337	220 904	(4.5)
D.1	218 325	253 837	16.3
P.5	167 017	172 991	3.6
P.4	144 643	150 378	4.0
P.3	129 285	137 981	6.7

#### General Service category

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

Arising from this decision, a second salary scale for General Service staff recruited on or after 1<sup>st</sup> February, 2013 was created and proposes a 1.2 per cent increase, which was included in 2016-17.

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

The average cost (based on actual and forecasted costs) per grade within the regular-budget general service category is set out below.

<b>Grade</b>	<b>2014-15 Forecast</b>	<b>2016-17 Budget Proposals</b>	<b>% change</b>
G.7	105 633	108 650	2.9
G.6	92 292	94 372	2.3
G.5	76 109	77 533	1.9
G.4	65 298	69 078	5.8
G.3	55 543	54 373	(2.1)
G.2	30 221	-	-

#### Item 41

#### Consultants

Two categories of consultants are included under this heading:

	<b>2014-15 Total</b>	<b>2016-17 Budget Proposals</b>	<b>% change</b>
Medical service	496 000	509 000	2.6
Consultants	451 000	445 000	(1.3)
<b>Total</b>	<b>947 000</b>	<b>954 000</b>	<b>-</b>

### Medical service

This service provides medical care to participants attending training activities. It also provides medical services and advice on the request of the Centre's management on 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 40 under staff expenditure.

### Consultants

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

## Item 42

### Facilities

The Centre's activities are conducted on a campus with an area of roughly 100,000 square metres occupied by 21 pavilions. The various buildings include offices, classrooms and accommodation facilities. These buildings and installations are the property of the City of Turin, which leases them to the Centre at a nominal rent. Under the terms of the Convention signed in July 1964, major repairs and certain maintenance works, such as the restoration of façades, the repair of damage caused by weather, and the upkeep of gardens and roads are the responsibility of the City of Turin. Operating and ordinary maintenance costs are the responsibility of the Centre.

The estimated expenditure is broken down as follows:

	2014-15 Total	2016-17 Budget Proposals	% change
Utilities	1 694 000	1 710 000	1.0
Cleaning	427 000	443 000	3.7
Maintenance and repairs	2 042 000	1 218 000	(40.3)
Garbage disposal	434 000	222 000	(48.8)
<b>Total</b>	<b>4 597 000</b>	<b>3 593 000</b>	<b>(21.8)</b>

## Item 43

### Security

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

## Item 44

### General operating expenses

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



	2014-15 Total	2016-17 Budget Proposals	% change
Mail services, pouch, postage and telecommunications	476 000	491 000	3.2
Transport costs and maintenance of vehicles	213 000	242 000	13.6
Office supplies and internal reproduction	246 000	214 000	(13.0)
Equipment maintenance	168 000	177 000	5.4
Bank charges	75 000	81 000	8.0
Public information and promotion	44 000	50 000	13.6
Administrative services from ILO	82 000	85 000	3.7
Other	157 000	117 000	(25.4)
<b>Total</b>	<b>1 461 000</b>	<b>1 457 000</b>	<b>(0.3)</b>

Item 45 Missions and representation

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

Item 46 Governance

This item relates to the cost of services provided by the external auditor, the cost of ILO internal audit and legal services, as well as expenditure relating to the Board, and the meetings of the Trade Union and Employers' Training Committees. The estimated expenditure for governance is broken down as follows:

(in thousands of euro)	2014-15 Total	2016-17 Budget Proposals	% change
ILO internal audit and legal services	387 000	435 000	12.4
External Auditor	217 000	126 000	(41.9)
Board of the Centre	98 000	101 000	3.1
Trade Union and Employers' Training Committees	69 000	70 000	1.4
<b>Total</b>	<b>771 000</b>	<b>732 000</b>	<b>(5.1)</b>

Item 47 Information and technology costs

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

	2014-15 Total	2016-17 Budget Proposals	% change
Internet costs	119 000	176 000	47.9
Maintenance of computer hardware	133 000	150 000	12.8
Application software, licenses and maintenance	489 000	536 000	9.6
Non-depreciable computer hardware and materials	637 000	362 000	(43.2)
Technical assistance	1 667 000	1 747 000	4.8
<b>Total</b>	<b>3 045 000</b>	<b>2 971 000</b>	<b>(2.4)</b>

Item 48 Depreciation of property and equipment

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

**Variable expenditure**

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

Item 50 Project staff

This item relates to staff engaged under a fixed-term contract either linked to the execution of a specific technical cooperation project of fixed duration (project-based contract), or funded from pooling resources from the budgets of a number of training activities (activity-based contract). The contracts are issued in accordance with Article 1.2(c) of the Staff Regulations and the persons engaged under such contracts are directly recruited. Expenditure under this item represents approximately 14 per cent of the total variable expenditure and shows a decrease in 2016-17 of €222,000 (4.3 per cent) over the total for the period of 2014-15.

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

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

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

(in thousands of euro)	2014-15 Total	2016-17 Budget Proposals	% change
<b>Project staff</b>			
Professional category and above	2 809	2 583	(8.0)
General service category	2 359	2 316	(1.8)
Associated costs	53	100	88.7
<b>Total project staff</b>	<b>5 221</b>	<b>4 999</b>	<b>(4.2)</b>
<b>Total full time equivalent</b>	<b>69.71</b>	<b>64.58</b>	

- Item 51      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 52      Missions
- This item covers missions relating to the selection, preparation and accompanying of participants during study visits, and evaluation and follow-up missions carried out as part of specific activities.
- Item 53      Participants costs
- This item covers all accommodation expenses incurred by participants during their stay at the Centre and during their external training. This includes primarily board and lodging, participants' return travel from their countries of origin as well as travel during study tours, tuition costs provided for participants within the framework of individual or collective placements in government or private institutions, medical care and insurance coverage, refreshments and farewell dinners.
- Item 54      Books, training aids and materials
- This item covers the supply of books, tablets, training aids and other materials to participants as part of specific training activities.
- Item 55      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 56      Other variable costs
- This item covers miscellaneous training expenditure that could not be classified in the above budget line groupings and other non-training expenditure of projects and activities.

- Item 57                      Costs related to income from publications
- This item covers the costs relating to graphic design, layout, editing, interpretation and publication work provided by the Centre to the ILO and external clients. These costs are covered by income from publications (Item 21).
- Item 58                      Other costs related to miscellaneous income
- This item relates to costs associated to generating miscellaneous income (Item 22).
- Item 60                      Contingency
- A provision of €600,000 has been included in the 2016-17 budget proposals in order to cover potential increases in expenditure due to higher than estimated inflation and/or currency fluctuations, especially between the € and the US\$.

**Appendix II - TRAINING INCOME FORESEEN FOR 2016-17 FROM  
TRAINING AND ADVISORY SERVICES BY SOURCE OF FUNDING**

(in thousands of Euro)	<b>2014-15 Total</b>	<b>% to total</b>	<b>2016-17 Budget Proposals</b>	<b>% to total</b>
ILO	15 235	33	15 360	30
Development Banks	462	1	512	1
Italy	6 925	15	7 680	15
European Union	923	2	1 024	2
Other multi-bilateral organizations	15 696	34	18 432	36
United Nations organizations	4 155	9	4 096	8
Self-paying participants	2 790	6	4 096	8
<b>TOTAL TRAINING INCOME AND ADVISORY SERVICES</b>	<b>46 186</b>		<b>51 200</b>	
Earned income from publications	1 771		2 000	
Past surpluses to training activities	1 605		1 500	
<b>TOTAL FUNDING FOR ACTIVITIES</b>	<b>49 562</b>		<b>54 700</b>	

**Appendix III - COMPARATIVE SUMMARY OF STAFF RESOURCES  
(REGULAR BUDGET) FOR 2014-15 AND 2016-17**

Grade	2016-17 Budget Proposals		2014-15 Approved Budgets		2014-15 Forecast	
	FTE	Estimated cost	FTE	Estimated cost	FTE	Estimated cost
ADG	2.0	430 000	2.0	433 900	2.0	416 000
D.2	2.0	442 000	2.0	409 600	2.0	463 000
D.1	2.0	507 000	4.4	809 900	4.0	845 000
P.5	28.0	4 832 000	28.4	4 852 900	25.9	4 327 000
P.4 <sup>24</sup>	45.5	6 924 000	37.67	5 298 500	39.5	5 743 000
P.3 <sup>25</sup>	34.0	4 690 000	37.17	4 519 600	33.1	4 300 000
<b>Total</b>	<b>113.5</b>	<b>17 825 000</b>	<b>111.64</b>	<b>16 324 400</b>	<b>106.5</b>	<b>16 094 000</b>
G.7	12.0	1 301 000	13.0	1 402 900	14.0	1 492 000
G.6	23.4	2 213 000	23.0	2 139 100	24.0	2 242 000
G.5	56.08	4 334 000	47.75	3 787 900	52.2	4 045 000
G.4	66.0	4 538 000	60.75	4 183 500	61.4	4 018 000
G.3	22.0	1 193 000	33.0	1 870 600	26.4	1 479 000
G.2	0.0	-	0.58	18 500	4.0	122 000
<b>Total</b>	<b>179.48</b>	<b>13 579 000</b>	<b>178.08</b>	<b>13 402 500</b>	<b>182.0</b>	<b>13 398 000</b>
<b>GRAND TOTAL:</b>	<b>292.98</b>	<b>31 404 000</b>	<b>289.72</b>	<b>29 726 900</b>	<b>288.5</b>	<b>29 492 000</b>

<sup>24</sup> Includes a P4 funded from the Business Process Review (FTE 0.5 in 2014-15 and 0.5 in 2016-17)

<sup>25</sup> Includes a P3 funded by the Japanese JILAF for a total of 21 months in 2014-15.

**Appendix IV - REGULAR BUDGET STAFF RESOURCES BY GRADE AND ORGANIZATIONAL UNIT FOR 2016-17**

Organizational Unit	Professional category and above										Total FTE <sup>26</sup>	Total Expenditure (Euro)	General service category							Total Expenditure (Euro)	FTE	Grand total Expenditure (Euro)					
	ADG	D2	D1	P5	P4	P3	P2	P1	G7	G6			G5	G4	G3	G2	G1										
Director's Office	2.0	2.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4.0	872 000	369 000	1 241 000	8.08	1 241 000	
<b>TOTAL</b>	<b>2.0</b>	<b>2.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4.0</b>	<b>872 000</b>	<b>369 000</b>	<b>1 241 000</b>	<b>8.08</b>	<b>1 241 000</b>	
<b>Training and Management Team</b>																											
Training Programmes	-	2.0	20.0	36.0	24.0	-	-	-	82.0	6.0	12.0	26.0	40.0	6.0	-	-	-	-	-	-	-	90.0	6 900 000	6 900 000	172.0	19 418 000	
<b>TOTAL</b>	<b>-</b>	<b>2.0</b>	<b>20.0</b>	<b>36.0</b>	<b>24.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>82.0</b>	<b>6.0</b>	<b>12.0</b>	<b>26.0</b>	<b>40.0</b>	<b>6.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>90.0</b>	<b>6 900 000</b>	<b>6 900 000</b>	<b>172.0</b>	<b>19 418 000</b>		
<b>Other Services</b>																											
Financial Services <sup>27</sup>	-	-	2.0	1.5	4.0	-	-	-	7.5	3.4	6.0	10.0	4.0	4.0	-	-	-	-	-	-	23.4	1 783 000	1 783 000	30.9	3 046 000		
Facilities and Internal Services	-	-	2.0	2.0	-	-	-	4.0	586 000	2.0	6.0	4.0	6.0	6.0	-	-	-	-	-	-	18.0	1 303 000	1 303 000	22.0	1 889 000		
Medical Services	-	-	-	-	-	-	-	-	-	-	2.0	-	-	-	-	-	-	-	-	2.0	148 000	148 000	2.0	148 000			
Human Resources Services	-	-	2.0	-	2.0	-	-	4.0	631 000	2.0	-	10.0	2.0	-	-	-	-	-	-	14.0	1 081 000	1 081 000	18.0	1 712 000			
Information and Communications Technology Services	-	-	2.0	4.0	2.0	-	-	8.0	1 329 000	-	2.0	2.0	6.0	2.0	-	-	-	-	-	12.0	805 000	805 000	20.0	2 134 000			
Multimedia Design and Production	-	-	-	2.0	2.0	-	-	4.0	626 000	4.0	-	4.0	4.0	4.0	-	-	-	-	-	16.0	1 190 000	1 190 000	20.0	1 816 000			
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>8.0</b>	<b>9.5</b>	<b>10.0</b>	<b>-</b>	<b>-</b>	<b>27.5</b>	<b>4 435 000</b>	<b>6.0</b>	<b>7.4</b>	<b>30.0</b>	<b>26.0</b>	<b>16.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>85.4</b>	<b>6 310 000</b>	<b>6 310 000</b>	<b>112.9</b>	<b>10 745 000</b>			
<b>GRAND TOTAL</b>	<b>2.0</b>	<b>2.0</b>	<b>28.0</b>	<b>45.5</b>	<b>34.0</b>	<b>-</b>	<b>-</b>	<b>113.5</b>	<b>17 825 000</b>	<b>12.0</b>	<b>23.4</b>	<b>56.08</b>	<b>66.0</b>	<b>22.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>179.48</b>	<b>13 579 000</b>	<b>13 579 000</b>	<b>292.98</b>	<b>31 404 000</b>			

<sup>26</sup> Full-time equivalent

<sup>27</sup> Includes 0.5 FTE relating to the Business Process Review