



Governing Body

322nd Session, Geneva, 30 October–13 November 2014

GB.322/INS/11/1

Institutional Section

INS

Date: 28 May 2014

Original: French

ELEVENTH ITEM ON THE AGENDA

Reports of the Board of the International Training Centre of the ILO, Turin

Report of the 76th Session of the Board (Geneva, 28 May 2014)

Opening of the session

A. Introductory statements

1. *The Chairperson, Mr Hounbo*, speaking on behalf of the Director-General, welcomed the members of the Board.
2. He explained that a session of the Board was being held in May, in conjunction with the International Labour Conference, in response to a request by the constituents as to whether the Centre's financial statements could be approved prior to their consolidation with those of the ILO and for an initial discussion on the annual implementation report. He recalled that the report would be the subject of a second discussion at the October session of the Board, when there would also be a discussion on the interim implementation report for 2014.

B. Adoption of the agenda

3. *The Board adopted the agenda.*¹

¹ CC 76.

I. Annual implementation report for 2013 (First item on the agenda)

4. *The Director, Ms O'Donovan*, introduced the document.² She pointed out that 2013 had been a good year for the Centre, with substantial increases in earned income (26 per cent), in the number of participants in training and learning activities (24 per cent) and in the volume of training activities (17 per cent), as compared to 2012. A number of factors had contributed to that positive outcome, including the increased demand from the ILO for training and capacity-building services and the decision by the Government of Italy to make a new voluntary contribution in 2013. She thanked the Government of Italy for its ongoing commitment and support to the Centre.
5. In 2013, the Centre had been involved in all aspects of the ILO reform process and, among other things, had organized a large number of workshops, expert meetings and other discussions on the areas of critical importance.
6. She concluded by saying that, in her opinion, the Centre was now operating at full capacity and the challenge for the future would lie in maintaining that high level of performance.
7. *The Worker spokesperson, Ms Del Rio*, thanked the Director for the informative report. She wished, however, to share her group's concerns with regard to the Centre's tendency to generate a budget surplus year after year. Recalling that the surplus of around €3 million generated in 2013 had been largely attributable to the commitment of the Centre's staff, the Workers' group hoped that negotiations would be opened between the management and the Staff Union of the Centre on using part of that surplus to improve working conditions, provide stability for those working under precarious conditions and facilitate the recruitment of the additional staff necessary for the organization and successful implementation of activities. While a profit margin might well be evidence of sound financial management, such a margin should also be used to finance activities falling directly under the ILO's mandate.
8. She asked for clarification concerning the apparent contradiction between the increase in the ILO contribution and the decline in the number of activities organized in collaboration with the ILO, and wanted to know what measures were envisaged by the Centre's management to stabilize the level of women's participation in the Centre's activities, which had decreased in 2013.
9. *The Employer Vice-Chairperson, Mr De Meester*, congratulated the Centre for its outstanding performance in 2013, noting that some of the targets set out in the Strategic Plan had even been surpassed. He thanked the donors for their generosity and the staff of the Centre for their unwavering commitment. He welcomed the increased participation of employers in the Centre's activities, but would like to see additional resources being channelled into activities designed specifically for the constituents.
10. The financial results bore testimony to the Centre's resilience, but he wondered what the reasons were for the difference between the budget forecasts and the actual figures. He asked whether the surplus generated in 2013 was a one-off and exceptional positive outcome or whether it was the consequence of a structural trend, in which case it should be presented strategically to donors, and the staff should also benefit from it. In that regard, he hoped that the Centre's management would present an updated forecast of results to the Board at its October 2014 session.

² CC 76/1.

11. *The Government Vice-Chairperson* commended the efforts made by the Centre's management, who had made it possible to achieve such positive results and, in particular, to generate a budget surplus of €3 million. Nevertheless, she called for a communication strategy for presenting the surplus, which must not become a counterproductive result that would discourage donors. She joined the Workers' group in asking what steps the Centre intended to take to increase the participation of women in its activities.
12. She was also of the view that the Centre should look into why the ex-post evaluation questionnaires had such a low response rate and she stressed the importance of building partnerships with other institutions and of creating networks.
13. *The representative of the Government of Kenya* said that the areas of critical importance provided an excellent basis for the organization and implementation of joint activities and stressed that cooperation with the ILO regional offices was of paramount importance.
14. *The representative of the Government of Brazil* also referred to the drop in the participation of women and the low response rate to the evaluation questionnaires. He expressed concern about the uneven geographical distribution of the Centre's staff and asked whether the Centre had considered in-kind contributions and staff loans from the governments of developing countries.
15. *The Director* thanked the Vice-Chairpersons and the Government members for their comments and answered their questions. Regarding the budget surplus, she said that, as usual, she would make proposals at the next session of the Board concerning the strategic use of the surplus and investments to ensure the Centre's future. The participation of women in the Centre's activities was traditionally linked to major projects funded by the European Union. She added that a progress report on the Gender Action Plan for 2012–15 would be presented to the Board in October.
16. Regarding the evaluation of activities, she said that an evaluation of the academies would be presented at that session of the Board and that the questionnaires would be reviewed. With regard to the geographical origin of the Centre's staff, she recalled that the Centre applied the same rules as the ILO and that every effort was being made to ensure greater diversity among staff. On the issue of staff exchanges, she said that, since the previous year, a Japanese official had been seconded to the Centre from her ministry. She expressed the Centre's interest in similar arrangements with other countries.
17. *The Chairperson* concluded by inviting the Centre's management to take note of the points raised at the current session of the Board for the October 2014 meeting.

II. Audit questions (Second item on the agenda)

A. Financial statements and External Auditor's report for the financial year 1 January–31 December 2013

18. *The Treasurer* introduced the document and provided an overview of its key points.³ She said that the Centre's financial statements had once again received an unqualified audit opinion and that they had been prepared in accordance with the International Public Sector

³ CC 76/2.

Accounting Standards (IPSAS). She described the various fund balances and provided a breakdown of ILO contributions to the Centre in 2013. She explained that the budget surplus generated in 2013 was due to a mix of favourable and unfavourable factors, including an increase in earned income, a decrease in contributions and a reduction of fixed costs. The reduction in the provision for bad debts and foreign exchange losses were the remaining factors explaining the budgetary variance.

19. *The Employer Vice-Chairperson* welcomed the fact that the financial statements had received an unqualified audit opinion from the External Auditor. He stressed the need for better budgetary forecasts and suggested to that end, and also to hedge against foreign exchange losses, that the Centre's management should explore the possibility of a two-year programming cycle.
20. *The Worker spokesperson* considered that the financial statements were proof that measures should be taken to strengthen the Centre's mandate and prevent the generation of a surplus from becoming an end in itself and said that a discussion should be held on the issue at the next session of the Board and in the Governing Body of the ILO. The Workers' group invited the Centre's management to monitor developments in the financial results of 2014 very closely and to invest any surplus in the ways it had described in the discussion under the first item on the agenda.
21. *The representative of the External Auditor, Ms McMahon*, presented the External Auditor's report. She commended the Centre for its full application of IPSAS and for having introduced three new standards that allowed for more detailed information on the financial instruments. She concluded by drawing the Board's attention to three points: the recognition of the value of the land and buildings used by the Centre; the financing of the employee benefits that would be payable in the years ahead; and the importance of having financial statements that were in compliance with IPSAS. She thanked the Director and her staff for their cooperation during the audit process.
22. *The Treasurer* briefly addressed the points that had been raised and said that she would provide more detailed answers to members upon request.
23. *The Board adopted the financial statements and approved the report of the External Auditor for the financial year 2013.*

III. Concluding remarks

A. Date and place of the next session

24. *The Chairperson* recalled that the 77th Session of the Board of the Centre would be held on 30 and 31 October 2014, just before the 322nd Session of the Governing Body of the ILO.

B. Delegation of authority to finalize the report of the Board

25. *The Chairperson* informed the members of the Board that the report of the 76th Session of the Board would be considered in the Institutional Section of the 322nd Session of the Governing Body. He proposed that, in order to facilitate the preparation and finalization of the report, the Board should delegate the task of approving the draft report to its Chairperson.

26. *The Board approved the Chairperson's proposal.*

IV. Closure of the session

27. *The Chairperson thanked the participants for their contribution and closed the 76th Session of the Board.*

Geneva, 28 May 2014