



# Governing Body

340th Session, Geneva, October–November 2020

## Institutional Section

INS

**Date:** 9 November 2020

**Original:** English

Seventeenth item on the agenda

## Report of the 83rd Session of the Board of the International Training Centre of the ILO (Turin Centre) (27 October 2020)

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1. The 83rd Session of the Board of the International Training Centre of the ILO (Turin Centre) was held through videoconference on 27 October 2020.
2. The report of the Board's meeting is submitted to the Institutional Section of the Governing Body in accordance with the Governing Body's decisions at its 310th (March 2011) and 311th (June 2011) Sessions.

## ► Opening of the session

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### A. Introductory statements

3. **The Chairperson, Mr Ryder**, Director-General of the ILO, opened the meeting and welcomed the Board members as well as the representatives of the Government of the Wallonia-Brussels Federation, the Government of Panama and the Former Officials Association of the Turin Centre.
4. For the sake of time management, he asked the Board members to be as concise as possible in their comments about the documents submitted for information. This would allow more time for the discussion on item 2.
5. **The representative of the Government of Italy, Mr Mari**, reaffirmed the continued support of Italy and the Ministry of Foreign Affairs and International Cooperation for the Centre and its training activities, even in these very difficult times, highlighting the threefold nature of Italy's commitment to the Centre: first, as the host country, Italy valued the privilege of hosting such an important United Nations entity; second, as the main contributor to the Centre, Italy's financial support was vital to the existence of the Centre; and third, as an engaged ILO Member State, Italy deemed the full efficiency of the Centre to be key to achieving the goals of the Organization.
6. **The representative of the Piedmont Region, Mr Tronzano**, underlined the added value of a campus where people from all over the world meet, learn and exchange in face-to-face. This is why the regional government had maintained its contribution to the Centre. The recovery after the COVID-19 pandemic would require a higher investment in human resources and in the development of innovative approaches to training, which the Centre had already done in 2020, contributing to its sustainability and ability to overcome the crisis.
7. **The representative of the Unione Industriale di Torino, Mr Rosi**, believed that only a convinced choral common action in the name of sustainability would lead to a future of hope for the younger generations. This gave even greater legitimacy to the United Nations system's activity and supranational representation.
8. **The Chairperson, speaking as the Director-General of the ILO**, acknowledged the commitment and support to the Centre – both political and financial – of the Government of Italy, which was essential to the Centre's success and sustainability. He thanked the authorities of the Piedmont Region for their continued commitment and the Unione Industriale di Torino for its active engagement and support to the Centre.

## B. Adoption of the agenda

### 9. The Board adopted the agenda.<sup>1</sup>

### ► 1. Implementation Report for 2018–19, updated training statistics for 2020 and evolution of the service portfolio of the Centre

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- 10. The Director of the Centre, Mr Liu,** presented the documents<sup>2</sup> and commented on the results of the last biennium. He stated that as the results showed, the Centre's performance during the 2018–19 biennium had been robust and the operations sustainable, which had resulted in a budget surplus of €3.088 million. Though the excellent results had been since partly overshadowed by the impact of the COVID-19 pandemic, they had laid a solid foundation for overcoming the economic shock and building back better in 2021.
- 11. The Employer Vice-Chairperson, Mr Kyriazis,** had no comments to make on the first two documents, other than congratulations to the teams for a great work done during this period. On the third one, he conveyed the agreement of the group on the importance to tailor the services of the Centre to the needs of the market. As mentioned in the foreword, with a more diversified portfolio, the Centre would be in a stronger position to unlock further growth potential, in particular in the digital learning and collaboration space. He highlighted the lack of training activities for the Arab States and invited the Government Board members from these countries to observe the Board meeting from time to time so that they could better understand the unique mandate of the Centre in building capacities of the constituents.
- 12. The Worker Vice-Chairperson, Ms Cappuccio,** took note of the documents but expressed the group's concerns about the fact that only one third of the participants belonged to the ILO constituents. She inquired about the measures the Management of the Centre was intending to take to improve the outreach to constituents. She reminded that no decision had been made yet on the use of the surplus, as no new meeting of the Officers of the Board had been convened. She welcomed the high figures for knowledge acquisition and application and for participants' satisfaction, as well as the impetus provided by the cross-cutting policy drivers but noted that the opening of the Learning Lab had been delayed. She congratulated the Centre for organizing two activities out of three in partnership with the ILO, which indicated the alignment between the Centre and the ILO. On the service portfolio, the Workers' group would like further information about the growth potential of advisory services and believed that a combination of methodologies and blended courses was the best approach as collective learning and face-to-face exchanges were a very rich part of learning experiences.
- 13. The Government Vice-Chairperson, Mr Brizuela,** commended the Centre for the remarkable results achieved, in particular concerning the participant base, mainly due to the increase in distance learning courses. He encouraged the ILO and the Centre to keep working in synergy for the benefit of the constituents and the staff of both

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<sup>1</sup> CC 83 rev.

<sup>2</sup> CC 83/1, CC 83/1 Add.1 and CC 83/1 Add.2.

institutions. He thanked the authorities of the Centre for including into the statistics the comparisons requested by the Government group last year. On the issue of financial performance, he praised the Centre on the savings made during the last biennium, which had allowed the Centre to deal with the consequences of the pandemic from a much stronger position, and perhaps even to finish this year with a balanced budget.

14. **The representative of the Government of China** was impressed by the excellent results achieved by the Centre. He thanked the Director for the good figures and congratulated the Centre for its reaction in the face of the pandemic.
15. **The Director of Training, Mr Klemmer**, replied to the Worker Vice-Chairperson's first question. The document on the evolution of the service portfolio contained complex but concrete suggestions on how to increase the outreach, for instance through online training, which is scalable and more cost-effective. He insisted on the concept of "blended multi-step learning journeys", which might be implemented also in collaboration with local partners.
16. **The Deputy Director, Mr Casale**, answered the second question. The renovation works had been delayed because of a bureaucratic procedure with the City of Turin, but the problem should be solved soon.
17. **The Board took note of the documents.**

## ► 2. Post-COVID-19: future direction of the Turin Centre

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18. **The Director of the Centre** introduced the document <sup>3</sup> and gave an overview of the different visits of the Deputy Director-General for Management and Reform and the meetings with the Staff Union representatives. Most of the comments made or received during these encounters had been integrated into the document.
19. The Director recalled that over the past decade, the Centre had strengthened its position as a globally competitive provider of IT-supported training and learning services, particularly now on those related to the Future of Work. The Centre operated in a complex and constantly evolving environment, having to adapt to new technological developments, challenges to multilateralism, climate change and competitive pressure from other learning service providers. The COVID-19 crisis had exacerbated those pre-pandemic challenges. Since March 2020, the Centre had successfully shifted its focus from face-to-face training to distance learning activities. It had concurrently increased the scope of its institutional capacity-development services to ILO constituents and other ILO partners, to support their move into the digital learning and collaboration space.
20. The document submitted for orientation and guidance analysed the changes to the external environment of the Centre; summarized how the sustainability strategy of the Centre had evolved in response; summarized the financial history of the Centre; outlined its current financial situation; and considered how best to align the Centre's operational model to the new reality, along with the capacity development mandate provided by the ILO Centenary Declaration and the 2019 ILO capacity development strategy.
21. About the latter point, the Director insisted on the fact that the three "scenarios" were not proposals, but only served to inform the discussion. Detailed proposals would be

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<sup>3</sup> CC 83/2.

developed with guidance from the Board, taking into consideration the long-standing and valued relationship with the Government of Italy and the close collaboration with the local authorities. He ensured that any change would be implemented with full regard to the impact on staff, and in consultation with their representatives, the Board and other stakeholders.

22. After describing the three scenarios from five perspectives – service delivery, infrastructure, finance, staff and environmental impact –, the Director invited the Board members to provide guidance on where along the spectrum of operational models options should be further developed. Such options might be presented for decision at an extraordinary meeting of the Board to be convened in Spring 2021 and, following that, the Centre would elaborate a detailed Strategic Plan for 2022–25 and Programme and Budget proposals for the period 2022–23, which would be submitted for approval by the Board in October 2021. Throughout the drafting process, the Management of the Centre would consult with the constituent groups, and seek inputs from ILO entities and staff representatives.
23. **The Employer Vice-Chairperson** considered this subject was by far the most important on the agenda because it would determine the future life of the Centre, much beyond the term of office of the present Board or the Centre's senior management. He would make a long statement, which could be divided into six parts: the rationale of the discussion on the future strategy; the challenges and issues faced by the Centre; the Employer group's vision for the Centre; the guiding principles for arriving at the new strategy; the components of the right scenario; and the way forward.
24. About the reason why the Board was talking about strategy, the Employer Vice-Chairperson recalled the dramatic effects of the COVID-19 pandemic on the Centre's activities. Last Spring, the Management of the Centre had forecasted a deficit of around €7 million for 2020. The accuracy of the initial forecast needed to be examined, nevertheless the Centre and primarily its staff had exhibited their readiness to make the shift to distance learning and save the day. The current way of operating had severe limitations. Although distance learning helped increase attendance in the middle of the pandemic, the Centre was still operating under strict constraints for expenses and within a framework of crisis management rather than a growth strategy. The Board would be soon called upon to discuss the new Strategic Plan for 2022–25. It should seize this opportunity to involve the constituents in the process and to revise several aspects of how the Centre operates.
25. On the challenges and issues, the Employer Vice-Chairperson reminded of the risk analysis contained in the Centre's Strategic Plan for 2018–21, which is still in force. He quoted the fourth risk considered in this document, about the Centre's dependence on fixed contributions from the ILO and from the Italian Government and the need, should these contributions be cut due to budget constraints, to review its business model. Besides that very prominent risk, another risk had now emerged, linked with the penetration of information and communication technology into the world of work. This technological jump had brought the world much closer to the "Future of Work" as intended by the ILO. The Centre should immediately address this risk of relevance and adapt to the new needs of the world of work. Therefore the Employer Vice-Chairperson urged for a growth orientation for the Centre, aimed at expanding the depth and the breadth of its offer, its outreach and its impact. He then raised a series of questions, among others on the "non-sustainable" nature of the current funding of the Centre, asking if other sources of income were at risk apart from the revenue from the training services; on the possibility and the will to establish partnerships with the private sector;

on the possible other reasons why the Centre's business model was not in line with the current trends in needs of the market and the constituents; on whether it made sense to have a training centre that devoted most of its resources to meeting the demands of other stakeholders, as it might disconnect the offer from the constituents' needs; on the relevance of separating the Centre from the ILO and several other questions. These are some of the questions which the Centre needs to address on the way forward.

26. The Employers' group's vision for the Centre had two dimensions. First, the Centre should become a "learning and innovation hub". This meant three things: it should provide training services meeting the needs of the constituents and products aligned with their policy priorities; it should complement its current training modalities by gathering national and sectoral best practices; and it should address how constituents could build a better future, for instance by using the themes they proposed as markers for future research and initiatives, within the scope of the ILO mandate and in close cooperation with Geneva. Second, the Centre should strengthen cooperation and encourage collaboration among tripartite constituents not only at the ILO but also at the national level. This means providing a learning experience to build a culture of trust and cooperation and increasing the profile of employers' and workers' organizations so that governments could work with strong and independent social partners. The Employer Vice-Chairperson insisted on the need to keep in mind that the Centre should be agile and resilient because the challenges relating the Future of Work and the COVID-19 pandemic would not be the last disruptors striking the world of work.
27. The Employers' group suggested to the Board the following guiding principles when deciding on the future business model of the Centre: the new strategy should be a product of real in-depth exchange of views among constituents, and the Centre's Management should provide as many opportunities as possible for ideas to be exchanged among the three groups; the Board should aim at a strategy that helps the Centre grow on all significant key performance indicators, and the human resources plan – with an internal shift of skills to a certain extent – should be adapted to this growth strategy; this strategy should build on the strengths of the Centre which had already been developed, including infrastructure, training materials and the skills of the staff; the campus should continue to be profitably utilized for part of the business model, perhaps offering also different types of services in the future; the connection between the Centre and the ILO itself should be revitalized, creating the conditions in which the ILO could use the Centre as a very agile, effective and unbureaucratic arm for assisting it in promoting its goals all over the world, and see it as a very valuable asset rather than another cost centre; and there was no right, wrong scenario, as the new business model should consist in a combination of components of the different options.
28. The Employer Vice-Chairperson then enumerated the components that would build what he called "Scenario X": growth potential of online learning activities; focus on large-scale events like global academies; move of smaller face-to-face training moved to the field, possibly in partnership with other institutions; investment in non-training services, including advisory services; voluntary contributions from the ILO, Italian Government, Region, City of Turin and other partners; learning and innovation hub concept; possibility of regional satellites; delivery of both training and non-training advisory services; digital learning and collaboration solutions both online and in the field; delivery of face-to-face training with development partners on a cost-sharing/revenue-sharing basis; partnerships with private sector companies; and partnerships with high-class educational institutions to increase outreach to drastically different segments of the market. He emphasized that the group did not agree with the wording "reduced level of face-to-face training activities" because in the growth-oriented scenario pursued, the



absolute numbers of this modality might stay stable or even slightly increase, nor with the reduced use of the campus, as the group would like to see additional activities using what would be left behind by the smaller volume of face-to-face training run in Turin. About the future of staff in such Scenario X, the Employer Vice-Chairperson saw different options: some would stay on the campus; others might join the ILO headquarters or be devoted to field activities in the regions. Eventually, should this growth scenario be only partially successful, current staff would have reskilling and/or advancement opportunities and in the medium-to-long term, a growth in numbers might even be necessary.

29. On the way forward, the Employer Vice-Chairperson proposed a schedule for discussions, starting right after the ILO Governing Body session and culminating in an extraordinary meeting of the Board in April 2021, aiming at reaching a consensus on a final draft, accompanied by a transition plan.
30. The Employer Vice-Chairperson concluded by saying that the Board should start thinking strategically about the future of the Centre now and that everyone had a responsibility they could and should not avoid. There was also the pending issue of the 2018–19 surplus which needed to be resolved.
31. **The Worker Vice-Chairperson** wondered if it was not premature to engage now in a long-term rearrangement of the Centre, as the pandemic was still raging. Many effects from this pandemic were devastating. However, one positive evidence was that there is a need to recover the role of the common goods such as of health, school or social services. In such a critical scenario, education and lifelong learning were and would be more than ever real, concrete levers of transformation for the world of work and social progress. A long-term rearrangement of the Centre, founded in 1964 following a vision from the ILO and the Italian Government which is more relevant and topical than ever, should not be done in a rush. Therefore, the Workers' group would like to engage in a discussion conducted in a constructive and consensual way, in order to set the adequate timeline, to share transparent information, to provide proper consultation and to guarantee the involvement of the staff union in a true and fair social dialogue. The group was relieved to hear that the critical financial situation presented to the Officers in May, with deficit scenarios varying from €3 to €7 million, had been overcome, but reminded the pending question of the 2018–19 surplus, which was closely linked to the sustainability of the Centre.
32. About the changes to the Centre's external environment, the speaker acknowledged the financial importance of considering the learners' buying decisions, but this should not be the only variable to be considered, among others because the ILO constituents were the main target audience of the Centre. On the technological side, the advantages of using technology were real, however the digital gap in terms of both gender and age should be considered seriously. Digital inclusion should be in line with the Sustainable Development Goals and leave no one behind. The Worker Vice-Chairperson insisted on the value of human exchanges and on the fact that the collective nature of face-to-face learning could not be replaced by the individual engagement in online training. She also asked for clarifications about the political changes in the Centre's external environment.
33. About the evolution of the Centre's sustainability strategy, the speaker mentioned that the report discussed in item 1 showed how well the Centre had performed and that it had adapted its service portfolio in line with the decisions taken by the Board and the ILO Agenda.



34. Turning to the response to the new reality, the Worker Vice-Chairperson commended the Centre and its staff for their resilience and adaptability. Based on the information received until now, she did not understand or perceive the urgency and the financial implications of the operational models on which the Board was called to provide guidance. She insisted on the fact that her group was engaged in reinvigorating the Centre as an international provider of knowledge, culture and education, especially on labour and human rights. If a rearrangement was needed, the group was open to engage in proper, structured and well informed consultations. An extraordinary meeting of the Board could be a good option. Any kind of rearrangement of the Centre should take into account its core mission and be in line with its statute as adopted and amended by the Governing Body. To engage in a serious conversation the Board members needed to have the financial implications for the three scenarios, in the short, medium and long term and how these could impact on the staff. The speaker reminded that, according to its Statute, the Centre should be a non-profit-making body, and its teaching independent of any political and commercial considerations. Therefore, the Board should not be tempted to opt for a model that would be guided primarily by financial and market-based considerations.
35. The Worker Vice-Chairperson concluded by saying that her group expected that any staff reorganization be done in consultation with the staff union in an enabling environment for social dialogue, and called for a realistic timeline because if the Centre was to undertake a major rearrangement, the Office should provide the Board with a road map including a concrete timeline.
36. **The Government Vice-Chairperson** noted that important changes in the field of training were already taking place worldwide mainly to the increased availability of alternatives to the traditional face-to-face training. The Centre had already introduced changes to its business model before the COVID-19 pandemic struck and as a result, had successfully taken measures to adapt to the current situation.
37. In this process, the Centre had learned that distance learning activities offered many advantages over face-to-face training, among others the expansion of the participant base; a more favourable cost-to-income ratio, which might contribute to the Centre's financial stability; a stronger appeal for potential beneficiaries, especially young learners; a potential contribution to the ultimate goals of promoting decent work and social justice; an environment-friendly nature; and the possibility of being tailored to individual needs. However, due account should be taken of the asset that the Turin campus represented.
38. The Government Vice-Chairperson noted that the Board was not asked to decide on the best suitable option now but was offered three scenarios to reflect upon. In this sense, the group was willing to consult as needed to take a decision on this matter before the next Conference in June 2021. It expressed its conviction that the 2022–25 strategic framework and the 2022–23 Programme and Budget of the Centre should reflect a consensus among all tripartite constituents. However, while ruling out scenario no. 1, the group looked at scenario no. 2 as the most reasonable one, on which the group members would consult further, as scenario no. 2 could be developed into several alternative configurations.
39. The Government Vice-Chairperson concluded by saying that his group was happy that the Centre had been able to introduce cost-saving measures and increase revenues from its online training services and would achieve near to a balanced reduced budget by year-end. Further measures should be taken to ensure the long-term financial stability of the Centre. The Government group supported the idea of seeking additional funding

as a part of a larger mix of public and private funding and from the ILO core budget, which might be considered during the discussions on the ILO Programme and Budget in March 2021.

40. **The representative of the Government of Italy** aligned himself with the statement of the Government Vice-Chairperson. Italy believed that a reform process should be undertaken to make sure that the Centre adjust to the new challenges quickly and reinforce its status as a leading training and innovation body for the United Nations. A “business-as-usual” approach was no longer viable, as it would jeopardise the very existence of the Centre. Italy would not only support this reform process at the political level, but also maintain its crucial financial contribution to the Centre. This process should be led by five criteria. First, being the Centre a knowledge-based institution, its staff was an invaluable asset. This meant that the reform should not include any layoffs. Second, the Centre could only thrive in Turin, a city at the centre of everything – light and heavy industry, food and agriculture, services, culture and digital innovation. Therefore, the Centre should preserve its current size on the UN campus in Turin. Third, efficiency and reduction of redundant aspects should inspire the reform process. Fourth, special focus should be given to improving core funding from external donors. Italy certainly appreciated that the Centre’s pay-per-service model allowed it to carry out its training activities, but the Centre could not continue to rely mostly on two main donors whose support amounts to one third of the overall annual budget. Therefore, Italy encouraged all ILO Member States to provide a regular amount of core resources to the Centre’s budget and requested that the reform process envisage ways to gather substantial funds from other donors (private or public). Fifth and finally, reforming did not mean downsizing, but quite the opposite. Italy expected the new Centre to become a lighthouse in the training environment, a powerhouse of innovation and training activities. It expected the new Centre to deliver its services to faraway countries never reached before. In short, this reform should create a better, more powerful, more global, more active Centre, one that could provide services anywhere and under any condition. In conclusion, Italy expressed its interest for scenario no. 2 being developed further by the Centre, while ruling out scenario no 1 and no. 3.
41. **The representative of the Government of Nigeria** endorsed the statement made on behalf of the Government group. He believed that the Centre would be able to remain globally competitive and sustainable in terms of cost-effectiveness, in the face of the new normal and that the evolution of the Centre’s online learning offer, complemented with other non-training services would make it more relevant in helping the constituents facilitate Future of Work transitions.
42. **The representative of the Government of Japan** highly valued the attitude of considering the future Centre’s operational model based on the COVID-19 experience and strengthening its functions, rather than simply returning to the pre-pandemic operation.
43. **The representative of the Government of Germany** aligned herself with the statement of the Government Vice-Chairperson and wanted to make clear that no consultation had taken place about a possible move of the Centre to or the establishment of a satellite in Germany.
44. **The Chairperson** thanked all the speakers, and particularly the representative of the Government of Italy.
45. He summarized the discussion. More than ever, the Centre was very important to the ILO, as the discussion on the evolution of its service portfolio had confirmed, and it could

not become any less important. Therefore, the Chairperson echoed the appeal for additional financial support to the Centre.

46. The Chairperson commended the Centre's capacity to respond effectively to change observing that it had reacted promptly and turned the major deficit forecasted in Spring into a near surplus at year-end. This reflected the significant efforts made by its staff and the rapid adaptations they had been able to make to the operations of the Centre.
47. Turning to the scenarios, the Chairperson recalled they should be considered as possible landing zones for the Centre in the future to facilitate deliberations, not fixed options. He understood that the Board was keen to develop a growth strategy based on scenario 2, which would serve as a centre of gravity in the future discussions. Generating a surplus this year did not mean the Centre was out of trouble; it would be under less pressure in the coming months, but a sustainable way forward should be found. The 2022–25 Strategic Plan should reflect this vision.
48. The Chairperson proposed that an extraordinary meeting of the Board could be convened in April 2021, preceded by an intense process of consultations with the tripartite constituents as well as with the Italian national, regional and local authorities and the involvement of staff representatives.
49. The issue of the 2018–19 net surplus needed to be factored into the process being launched which might call for investments in the Centre. It was proposed that the matter should be discussed in the framework of the forthcoming consultations.
50. **The Employer Vice-Chairperson** agreed that the Director-General should make proposals for taking the process forward which would set out the timeline and possible working arrangements including a working group, as well as identifying the various parties who would be involved in arrangements envisaged.
51. **The Worker Vice-Chairperson** agreed with the idea of an extraordinary meeting of the Board and insisted on the fact that all issues should be solved and the Staff Union should be involved in the consultations.
52. **The Government Vice-Chairperson** stated that his group was ready and willing to consult and asked further clarifications about the calendar.
53. **The Chairperson** informed the members that he would provide the Officers of the Board in late November, early December with more precise proposals to take forward the process of developing recommendations for submission to the Extraordinary Board Meeting in April. Consultations would begin as soon as possible involving both the Officers and the Italian authorities. He clarified that some consultations would need to be on a bilateral basis while others should be all together. It would be important to identify the issues and consequences of action associated with each issue. The next milestone was the meeting of the Board in October 2021, when the 2022–25 Strategic Plan of the Centre would be submitted, and it would need to reflect the outcome of the process. He reiterated that there would also be engagement with the Staff Union.
54. **The Board took note of the document.**

### ► 3. Independent evaluation of training and learning activities on the thematic area of skills development

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- 55. **The Chairperson** stated that the document <sup>4</sup> was submitted for information and requested the Board to take note of it.
- 56. **The Worker Vice-Chairperson** noted the strong interest expressed by participants at that time for face-to-face or for blended activities, due to the importance of interpersonal exchanges for trust building and the creation of communities of experts. In relation to the Management response to recommendation 2 about language services, she called for discussions with the interested colleagues prior to engaging in the use of artificial intelligence for interpretation.
- 57. **The Employer Vice-Chairperson** was pleased to note that skills development – one of the three priorities of the Employers’ group at the ILO (providing an enabling environment for productivity and tackling informality as the other two) – had been the thematic area selected for the independent evaluation. He took note of the 12 recommendations and the responses to these recommendations.
- 58. **The Government Vice-Chairperson** had no comments to make.
- 59. **The Board took note of the document.**

### ► 4. Financial questions

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#### Report of the meeting of the Officers of the Board (May 2020)

- 60. **The Chairperson** reminded the Board that it had just been decided to include the question of the use of the surplus into the discussions on the future orientation of the Centre and thus invited the Board to take note of the document. <sup>5</sup>
- 61. **The Employer Vice-Chairperson** thought it was important to have a record of previous discussions. The document correctly reflected what had been said during the May meeting of the Officers of the Board.
- 62. **The Worker Vice-Chairperson and the Government Vice-Chairperson** agreed with the Employer Vice-Chairperson.
- 63. **The Board took note of the document.**

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<sup>4</sup> CC 83/3.

<sup>5</sup> CC 83/4.

## ► 5. Audit questions

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### A. Financial Statements and External Auditor's Report for the financial year ended 31 December 2019

64. **The Chairperson** recalled that the document <sup>6</sup> had already been formally adopted by the Officers of the Board in May 2020 and was submitted for information.
65. **The Board took note of the document.**

### B. Plan for the audit of the 2020 Financial Statements

66. **The representative of the External Auditor, Mr Martin**, presented the plan. <sup>7</sup> This plan aimed to express an independent opinion and reasonable assurance as well as make observations with respect to the efficiency of financial procedures, the accounting system, the internal financial controls and in general, the administration and management of the Centre. The operational audit would focus on the Training Programme implementation and delivery during this time of COVID-19 pandemic.
67. **The Board took note of the document.**

### C. Report of the Chief Internal Auditor for the year ended 31 December 2019

68. **The representative of the Office of Internal Audit and Oversight (IAO), Mr Watson**, presented the audit report <sup>8</sup> for the year ended 31 December 2019. The IAO had issued one audit report, on the Centre's payroll system. He praised the Management of the Centre for their prompt reactions to the recommendations contained in it. About the audits planned for 2020, he explained that the impact of COVID-19 had significantly affected the IAO's audit plan for this year. Also, in light of the challenges faced by the Centre, the IAO would continue to monitor the changing risk environment and assess where it can best focus its resources to support the Centre.
69. **The Employer Vice-Chairperson** was pleased to note that there had been no critical audit findings and encouraged the teams in charge to continue maintaining the same level of diligence and care on risk management.
70. **The Worker Vice-Chairperson** thanked the IAO for the report. She invited the IAO to resume the on-site audits as soon as it would be considered safe to travel again.
71. **The Government Vice-Chairperson** had no comments to make.
72. **The Board took note of the document.**

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<sup>6</sup> CC 83/5/1.

<sup>7</sup> CC 83/5/2.

<sup>8</sup> CC 83/5/3.

## D. Follow-up to the recommendations of the Chief Internal Auditor for the year ended 31 December 2019

- 73. **The Chairperson** stated that the document <sup>9</sup> was submitted for information and requested to Board to take note of it.
- 74. **The Worker Vice-Chairperson, the Employer Vice-Chairperson and the Government Vice-Chairperson** had no comments to make.
- 75. **The Board took note of the document.**

## ► 6. Human resources questions

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- 76. **The Head of Human Resources Services, Ms Shalabi**, introduced the document, <sup>10</sup> which reported on the recommendations of the International Civil Service Commission applicable to the organizations belonging to the UN common system. She requested authorization for the Director to implement them and to take note of possible amendments to the Staff Regulations that would be required as a result. The Board was also called on to take note of the exceptions to the Staff Regulations approved by the Director, as set out in the report.
- 77. **The Worker Vice-Chairperson, the Employer Vice-Chairperson and the Government Vice-Chairperson** endorsed the report and supported the point for decision.
- 78. **The Board approved the point for decision contained in paragraph 9 of document CC 83/6.**

## ► 7. Administrative questions

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- 79. **The Worker Vice-Chairperson** requested further clarification on the point related to infrastructure and the renovation of the Africa pavilion.
- 80. **The Employer Vice-Chairperson** had no concerns or questions.
- 81. **The Government Vice-Chairperson** had no comments to make.
- 82. **The Deputy Director** promised to inform the Officers of the Board as soon as the Centre would have got the green light from the City of Turin and would be able to start with the tendering process.
- 83. **The Board took note of the document.** <sup>11</sup>

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<sup>9</sup> CC 83/5/4.

<sup>10</sup> CC 83/6.

<sup>11</sup> CC 83/7.

## ► 8. Reports of the Trade Union Training Committee and the Employers' Training Committee

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- 84. **The Worker Vice-Chairperson** had no comments to make.
- 85. **The Employer Vice-Chairperson** commended the ACT/EMP-Turin team for their dedication and effectiveness.
- 86. **The Government Vice-Chairperson** had no comments to make.
- 87. **The Board took note of the documents.** <sup>12</sup>

## ► 9. Date and place of the next session

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- 88. **The Chairperson** proposed that the 85th Session of the Board of the Centre be held just before the 343rd Session of the Governing Body of the ILO, which should take place in Geneva from 28 October to 11 November 2021. Therefore, the 85th Session of the Board would be held, if possible, in Turin on 28 and 29 October 2021. He added that, as agreed, an extraordinary meeting of the Board (84th Session) would be convened in April 2021.
- 89. **The Board approved the Chairperson's proposal.**
- 90. **The Chairperson** informed the members of the Board that the report of the 83rd Session of the Board would be considered in the Institutional Section of the 340th 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 the Officers of the Board.
- 91. **The Board approved the Chairperson's proposal.**
- 92. **The Chairperson closed the 83rd Session of the Board.**

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<sup>12</sup> CC 83/8/a and CC 83/8/b.





## ► Appendix

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### Statement by the representative of the Staff Union Committee to the Board of the Centre (27 October 2020)

Mr Director-General,

Distinguished members of the Board,

Dear colleagues,

Ladies and gentlemen,

It is an honour and a pleasure to address you today on behalf of the Centre's staff in my role as Vice-Chairman of the Staff Union Committee. We would like to extend our greetings to Mr Ryder, who, as Director-General has always chaired the meetings of the Board of the Centre.

Today, I am addressing you on behalf of the Staff Union of the Centre with the COVID-19 pandemic still looming large in our everyday life. Unsurprisingly it serves as the backdrop for my remarks as the second wave rages on in many parts of the world. The return to normality, if we may call it that, will be a long and complex process.

Thanks to the ITCILO Staff (176 members) and its extraordinary ability to work and adapt, the Centre has been able to obtain excellent results in past years and has faced the current crisis by acting diligently, efficiently and effectively to minimize the disruption to business continuity. As a result the forecasted deficit for this year will be smaller than the 2018–19 surplus with members of the management even saying that we may break even.

It bears mentioning that this positive outcome is due to the Centre's expanded online offerings but also due to the cost reduction and cost containment measures implemented by Senior Management Team. Such measures have ranged from putting on hold current open competitions, postponing the application of statutory entitlements, the non-renewal of short-term staff, the promotion of functional mobility, and the promotion of agreed termination and early retirement. Such measures, represent in our view proof that a "unilateral" transition process towards some form of reform of the Centre or whichever term you may wish to use is underway.

Fast forward to present day and our contemplation of the document "Post-COVID 19: future direction of the ITCILO Document CC 83/2 (for discussion and guidance)", the document that sets out some options for a possible reform of the ITCILO.

First in regards to how we have arrived to this point.

What we have observed is that there seems to be a disconnect between the reform proposed by the ILO and what the ILO has been preaching to the outside world in regards to the COVID recovery, namely the emphasis on the 4 pillars which we are all familiar with, notably "employment retention measures and relying on social dialogue solutions".

We remain surprised by the fact that a consultation process on the reform has not been presented or conducted in the Joint Negotiation Committee. Last July, the Staff Union showed its will to discuss and agree on additional measures and ready to put on the table concrete proposals for negotiation and then for the Director's decision. This

was why an urgent JNC was requested by the ITCILO Staff Union, and we did not understand why this availability was not taken into consideration.

Our impression indeed is that the Joint Negotiating Committee was deliberately excluded at the beginning of this process with the consequence that it has played no role to date in the formulation of the hypotheses under discussion.

In this regard, perhaps it could be helpful to remind the members of the Board of the chronology of events up until today. On September 14 a Steering Committee was announced to the representatives of the Staff by the ILO DDG for Reform. On this same occasion, the DDG clarified unequivocally that this new committee should not be understood as a space for negotiation but as a simple place for discussion. On September 15 the Director of the Centre communicated information on the creation of this committee to all staff. The document presented in this Board was drawn up after only one meeting of the Steering Committee, on September 28, and we do not understand why there was not any consultation with the staff representatives knowing our availability in this regard; we do not understand why our availability was not taken into consideration.

The process followed to arrive at this document also appears not to have followed the specific guidelines, developed by our own organization for the definition of a road map. In our letter to the Officers of the Board, last June, we already said that the Management had not engaged with us in any form of consultations regarding a future restructuring of the Centre, and that without a clear road map for how the Centre will overcome the crisis, the risk that the Centre will be faced with having to make substantial reductions to staff costs would grow more and more likely, with the probability of irreparable consequences for staff.

With this letter, we expressed to the officers of the Board that for us, the main aim of such a road map should be to ensure the immediate and longer term sustainability of the Centre, and that for such a plan to succeed it would require both the safeguarding of the traditional commitment of the Italian authorities and an important financial commitment by the ILO to absorb certain of the Centre's operating costs.

We were also offering our support as ITCILO Staff Union to establish a joint crisis committee.

On these last points, the "ILO Guidelines on Managing Change and Restructuring Processes" makes explicit reference to the preliminary need, within each reorganization process, to define a "Planning for change", or a road map if you will. This plan should include: cost and benefit analysis, purpose, budget, time, cost, structure and individual works. It is evident that the absence of these elements in the document, which has been shared with you, as part of the second item on the Board's agenda, will limit the member's ability to do its due diligence when considering the merit of each of the proposed scenarios.

In regards to the document before you today, its contents and the scenarios outlined in it are also a source of great concern to us.

The first weakness of this document – in our view - is the lack of due attention given to ITCILO staff, its skills and its know-how.

The current staff, and the campus itself, are the real wealth of our Centre and any reform process should think about how to preserve and enhance it.

On the contrary, the document outlines very alarming scenarios for the staff working in Turin (about 176 employees, 106 with contracts as local staff). Our colleagues

are really worried and do not understand why the same ILO Office which is praising them for the amazing recovery underway, is presenting a document in which only cuts are planned for them.

We would like it to be clear to everyone that the nature of the scenarios envisaged, which I would categorize as follows:

- Scenario 1 – conform to the status quo more or less.
- Scenario 2 – an internal reorganization of the Centre.
- Scenario 3 – reduction of the Centre as we have come to know it into a small learning hub.

All of them have the potential to profoundly alter the structure and strategic function of the ITC.

Any downsizing or transformation of the Campus will certainly have a serious impact and risk directly for jobs on campus but also jobs in Turin, the region and possibly other areas of the country. There will be repercussions in the ITCILO as we have known it so far but also in the city and indeed in the region that has hosted the Centre for over 50 years. Other job positions, those of workers employed in supplier firms, could be lost as the tens of millions of euros that the Centre brings to Turin and the region each year could be seriously reduced.

Leaving or partially abandoning the infrastructure made available by the city of Turin is certainly a hypothesis that can be taken into consideration. Frankly, we find it unwise to consider such an option without having a clear idea of what benefits can be obtained by giving up their use or without knowing what will replace them. I am speaking here about scenario 3. Indeed, we cannot forget that the Centre is a unique place offering inter-continental sharing of experiences, with participants coming from all of the World.

The Campus has proven to be a real asset for the ILO. The current crisis could represent an opportunity to enhance it by expanding its functions (just think of the contribution that the Italian Government has already allocated for the creation of a Learning Innovation Laboratory).

For the last 50 years, Italian Governments and the City of Turin have been guaranteeing ITCILO the most important and fundamental economic contribution and for this effort we are deeply grateful. Even in the current situation of severe crisis caused by the pandemic, Italy has reaffirmed its significant commitment to financially support of the Centre. We believe that putting forward scenarios that could potentially putting this precious contribution at risk to be tantamount to playing with fire.

To avoid any doubts on the matter, we want to clearly state that ITCILO Staff Union Committee is in favor of a Reform process.. We undoubtedly believe that it is useful to update and improve the quality of training. We are aware that new technologies and possible new and different sources of financing can increase our ability to impact on different social realities. However, we are equally certain that a profoundly different approach than the one that is currently unfolding is needed to take up these new challenges.

It is our firm belief that a correct approach should be based on analyzing, processing and sharing all the information necessary to make decisions of this scale, defining together an effective road map. And above all we are convinced that it will not be possible to undertake an authentic process without the real participation of all the

parties concerned and without the definition of a real space for collective bargaining as defined by the ILO itself. The role of the JNC is - for us - fundamental for the implementation of any structural change. An open and transparent process is needed, working through existing governance entities in a spirit of genuine and inclusive consultation with Centre's main stakeholders.

Faced with the continued uncertainty all over the world it is the opinion of the SUC that the most logical strategies to consider in the immediate would be the following:

- (1) continued implementation of cost reduction measures;
- (2) investment in the reskilling of staff;
- (3) internal reorganization.

As the forecasted second wave of COVID-19 is upon us, we would like to obtain from your side, as Board of the ITCILO, an explicit commitment from the Centre regarding the retention of the current staff. ITCILO should confirm that it does not intend to lay off any of its staff.

As the Staff Union Committee, we feel deeply committed to defending and valuing the great potential of the Centre's staff who have amply demonstrated their capability, commitment and professionalism to pivot to online training under the weight of expectations and the pressure of time.

It is in very large part thanks to the precious contribution of every single worker of the Turin Campus that ITCILO has been able to weather the storm and will be able to meet head on the challenges that lay ahead of us.

Thank you for your attention.