



FIFTEENTH ITEM ON THE AGENDA

International Institute for Labour Studies**Report of the 46th Session of the Board**

1. The Board of the International Institute for Labour Studies held its 46th Session on 9 November 2004, chaired by the Director-General of the ILO. It had before itself four items for discussion: a strategic review of the IILS;¹ a document on a Decent Work Prize;² the report of the Director;³ and a document concerning the acceptance of contributions and gifts for the Institute.⁴
2. The Director-General thanked the Director ad interim and the Institute staff for their work and introduced the strategic review. In his opinion, the approach taken in the review accurately reflected the needs of a policy-oriented organization like the ILO. It assigned the Institute a key role as knowledge broker, both internally – in developing and coordinating an Office-wide research strategy – and externally, by favouring dialogue between researchers and policy-makers. He noted with satisfaction the review's emphasis on expanding networks, both virtual and physical.
3. He also underlined the role of educational and outreach activities, both per se and as opportunities to learn from others, and the importance of the review's recommendations concerning external funding. He expressed the view that the Decent Work Prize proposal was important for the Institute's profile and visibility, and that efforts should be made to raise funds for the prize. He concluded by welcoming Mr. Javillier to the Institute and by stating that the search for a new Director was still ongoing. He informed the Board that, in the meantime, he had asked the Director ad interim to continue in his tasks.

Discussion of the strategic review of the IILS

4. The Director ad interim introduced the debate by emphasizing the need to balance ambition – building a centre of excellence on social issues and decent work – and realism – doing so without a large increase in the Institute's regular budget. He underscored four of

¹ INS.B.XLVI/1.

² INS.B.XLVI/2.

³ INS.B.XLVI/3.

⁴ INS.B.XLVI/4.

the review's proposals: the establishment of an advisory committee composed of experts and academics; a research programme articulated in two poles, on economic and legal/institutional analysis, respectively; the strengthening of the Institute's role as discussion forum; and the importance of consolidating networks with research centres and universities around the globe.

5. Mr. Suzuki (Employer Vice-Chairperson) expressed his group's support for the idea that the Institute should play a role in coordinating the research activities of the ILO, and underlined the need to strengthen the Institute's networks with external institutions, particularly employer and worker organizations. With reference to the report of the World Commission on the Social Dimensions of Globalization, he expressed his group's disagreement with taking any mandate from a document that had not been formally approved by the ILO's Governing Body. Concerning research priorities, he emphasized private sector development, competitiveness and productivity enhancement. It was very important, he added, to increase the legitimacy and credibility of the Institute's research by enhancing the tripartite structure. In this regard, while his group agreed with the advisory committee proposal, it also proposed that such a committee take a tripartite form. More generally, he stated that issues of the committee's size, term duration, and relationships with the Institute's Board needed to be clarified in greater detail before his group could endorse them.
6. Concerning human resources, he underlined the relevance of exchanges between the Institute and researchers in operational departments, and the fruitfulness of hiring external researchers for specific, time-framed projects. While it was a useful contribution to the discussion, he concluded, the strategic review needed to be complemented with a more concrete approach emphasizing actions and programmes, as well as results to be achieved.
7. Ms. Yacob (Worker Vice-Chairperson) also agreed, on behalf of her group, that the strategic review provided a useful starting point, even though it seemed to be the result of an internal (rather than external) consultation process. In view of its limited resources, she continued, the Institute needed to focus on a few strategic and long-term issues. The ILO Constitution, the Declaration of Philadelphia, the ILO standards, and the Decent Work Agenda all centred around the issue of social justice in a global world. This issue needed to be at the core of the Institute's research agenda. In her group's opinion, the areas identified as research priorities by the review were too narrow. In particular, the proposed research on global production systems missed the underlying point of whether or not production systems contributed to equitable distribution. Research on social dialogue seemed to focus on institutional structures at the expense of outcomes, particularly those related to fair distribution, and, in so doing, risked being perceived by external observers as an exercise in self-promotion. Research on migration should not replicate, or even simply integrate, research conducted within the relevant operational departments and should take a broader approach.
8. Ms. Yacob conveyed her group's support for the Institute's role in building networks with other ILO departments, constituents and researchers. She welcomed the Institute's cooperation with the ILO's Bureau for Workers' Activities (ACTRAV) and the international labour movement in developing the Global Union Research Network (GURN) and said her group would like this innovative work to continue. While supporting the proposal to set up a Globalization Policy Forum, she noted this would be subject to the approval by the ILO's Governing Body. Concerning educational activities, she related her group's view that overlaps with the Turin Centre were to be avoided and that organizing a one-week programme for new Board members seemed useful. Promoting high-quality publications was important in strengthening the profile and reputation of the Institute. As to governance, her group supported the idea of an advisory committee, even though it shared the Employers' view that this structure should be accountable to the Board. As to

human resources, the Institute needed high-profile researchers. Available posts, particularly the Directorship, needed to be filled promptly.

9. Concerning the new Director, Mr. Anand (Employer member) recommended the hiring of a good research manager. He emphasized the importance of strengthening links with the Turin Centre and of carrying out research on the informal economy. He also expressed support for the advisory committee.
10. The representative of the Government of Brazil stated that the new Director was to be capable of selecting talented staff as well as of interacting with both the Board and the advisory committee. He considered that the proposal of a task force on research had more to do with the ILO than with the Institute. He also emphasized the importance for the Institute to be on the cutting edge of information technology and to be able to favour dialogue between developed and developing countries in cost-effective ways. The Institute, he added, should favour interactions between different generations. In this regard, greater efforts needed be made to attract young, promising researchers through a strengthened Visiting Student Programme. He also felt that having a profile of the Director would greatly facilitate the search effort.
11. Mr. Ahmed (Worker member) expressed the view that the Decent Work Agenda, which inspired the Institute's research work, risked remaining an empty shell if it was not premised on respect of fundamental rights and genuine tripartism. He added that the ILO needed to increase its capacity to influence the policies of the international financial institutions, especially as regards the importance of social protection, and that the Institute needed to be more visible, including to its own Board members, by more promptly circulating information on activities and outputs.
12. Speaking about the advisory committee, Mr. Lambert (Employer member) asked what was the reasoning for such a committee and stated that its size should be proportional to the size of the Institute's staff and should not exceed three to four members. Moreover, it did not seem helpful for this committee to meet only a few days before the Board meeting, as proposed in the strategic review. It would be more useful for it to meet one or two months before.
13. Mr. De Arbeloa (Employer member) expressed reservations about the desirability of an advisory committee, which might end up taking possession of a structure intended to serve the constituents. He supported the idea of a Director with management capacities. He also warned against excessive reliance on extra-budgetary resources. As far as research priorities were concerned, he suggested a focus on social dialogue, the promotion of productive employment, and the relationship between economic and demographic growth. On outreach activities, he stated that web-based activities were insufficient and not especially helpful for poor people in developing countries, owing to lack of access.
14. The representative of the Government of South Africa underscored the importance of strengthening the Institute's networking capacities. On the issue of hiring researchers for short-term projects, she expressed the wish for developing countries to be duly considered in this process.
15. The representative of the Government of Slovenia conveyed her Government's appreciation for the idea, expressed in the strategic review, of the Institute as a centre of excellence within the ILO, particularly with regard to the promotion of research on labour issues and the transfer of knowledge.
16. In summarizing the discussion, the Director ad interim underscored both broad support for the main orientation of the strategic review and the need for refinements. He proposed to

submit a revised version of document INS.B.XLVI/1 to the members of the Task Force on the strategic review. The Board instructed the Task Force to reconvene to amend the strategic review in light of the discussions. The Task Force met on 11 November and agreed on a revised strategic review, reproduced in the Appendix to this document.

Discussion of the Decent Work Prize

17. The Director ad interim introduced the discussion by stating that, while the document under consideration articulated a series of proposals, there were several issues that needed to be discussed further. Ms. Yacob and Mr. Suzuki, on behalf of their respective groups, as well as the representative of the Government of South Africa, agreed that a new paper should be submitted to the Board the following year. Ms. Yacob emphasized that the prize should be given to researchers in developing countries whose work was related to the research priorities of the ILS.
18. Mr. De Arbeloa suggested that the recognition associated to the prize could be non-monetary, for example through a plaque or a certificate. Mr. Anand stated that, while it was important not to use internal resources to finance the prize, it was also important not to be dominated by external donors.
19. The representative of the Government of Brazil observed that, apart from the options of either recognizing individuals or specific projects, a third option could be considered, that of recognizing institutions practising ILO values and promoting social justice.
20. In view of the broad consensus that emerged from the debate, the Director ad interim proposed that the Task Force continue to work on the issue of a Decent Work Prize, with a view to submitting a new document to the Board in November 2005. The Board members approved this proposal.

Discussion of the report of the Director

21. In the introduction to the report, the Director ad interim mentioned the Tokyo Nobel prize lectures and the publication that ensued from them as examples of high-quality work, as well as the collaboration between the Institute and ACTRAV on the GURN. He stated that the Institute was prepared to engage in similar collaboration with the ILO's Bureau for Employers' Activities.
22. Ms. Yacob commented, on behalf of the Workers' group, on the research project on technical change and the demand for child labour, which her group regarded as an example of overly narrow research.
23. Mr. Suzuki expressed his group's view that the report of the Director be maintained, with additional information on the timetable of the activities listed in the report, as well as full staffing and financial information. This was intended to facilitate the checking of implementation and the measurement of impact. He wondered whether the goal of providing analytical foundations for decent work, which inspired the research programme, had ever been formally approved by the Board. Nonetheless, he expressed his group's support for the research activities carried out during the past year.
24. Mr. Anand stated his appreciation for the publishing of academic lectures delivered during training activities. The representative of the Government of South Africa requested a copy of the paper on South Africa upon its completion. She also suggested that the Institute's work be disseminated to parliamentarians all over the world.

25. The report of the Director was approved by the Board.

Discussion on acceptance of contributions and gifts

26. The document in question was approved after Mr. Suzuki expressed his group's desire to put on record that future documents should include (for example in footnotes) explanations of particular transactions.

Geneva, 11 November 2004.

Appendix

A strategic review of the International Institute for Labour Studies ¹

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¹ Revised version of INS.B.XLVI/1.

Introduction

1. In November 2003, the Board of the International Institute for Labour Studies (IILS) decided that a strategic assessment should be carried out to determine the future direction of the IILS and its further contributions to the world of work.¹ A Task Force was set up, which held its first meeting in March 2004. A number of informal consultations then took place with ILO constituents, key ILO officials and outside academics and researchers. A draft note for a strategic review of the IILS was distributed during the ILC in June 2004. The Employer and Worker members of the Task Force provided detailed comments in writing, and further comments were made orally by members of the Task Force. The present document synthesizes the findings and proposals of the Task Force for consideration by the Institute Board. In conformity with the terms of reference for a strategic review, it focuses on recommendations concerning changes designed to increase the effectiveness of the Institute.

Background

2. The Institute was created in 1960 to undertake educational and research work, promote discussions on key issues of social policy and provide information on new labour and social developments. The emphasis placed on these various activities has varied over time, with greater priority given to educational work in the early years. The Institute forms an integral part of the ILO and is guided by its mission of decent work for all. It derives major benefits from its association with ILO including access to expertise, data sources and empirical and analytical material on labour and work. The Institute also benefits from close working relations with the ILO's tripartite constituency. Furthermore, it is largely financed through the regular budget of the ILO. The Institute in turn contributes to the knowledge, service and advocacy vocation of the Organization, taking advantage of its position as an autonomous, multisectoral and flexible entity of the Office. Its activities and work programme exploit these special features and complement and reinforce the work undertaken by other parts of the ILO.

I. Strategic challenges

3. The general orientation of the Institute seems well adapted to its goals and commands general support from constituents. Nevertheless, the whole Office has undertaken a comprehensive

¹ In the light of discussions, the Board adopted the following conclusions:

- The Board held a discussion on the forthcoming work programme of the Institute. It considered that, following the overall restructuring of the ILO on the basis of four strategic sectors and the promotion of decent work, it will be timely to undertake a strategic assessment of the objectives, positioning, activities and means of action of the Institute. This review will also explore the feasibility of new initiatives to strengthen the position of the Institute within the framework of the ILO's Decent Work Agenda.
- The Board decided to set up a task force, composed of the Director-General as President of the Board, the Employer and Worker Vice-Chairpersons, the representative of the Government of Brazil and the Director ad interim of the Institute, to undertake this strategic assessment. The terms of reference shall clearly define the scope, objectives and methods of assessment. For the task force to carry out an effective assessment and develop innovative approaches, support from external experts to assess the strengths and weaknesses of the Institute is required. The Task Force will hold consultations with managers and experts from relevant research centres, and examine policies and practices followed in other international organizations. It will also examine the role of the Institute in the follow-up to the WCSDG report and the possibility of establishing an award related to decent work. The task force will hold a first meeting in March 2004, and a second one during the International Labour Conference in June 2004, with a view to finalizing its work and formulating its recommendations in the autumn of 2004, for examination and adoption by the Board at its meeting in November 2004. *International Institute for Labour Studies, Report of the 45th Session of the Board, 288th Session; Geneva, November 2003.*

restructuring since 1999 on the basis of the four strategic objectives of decent work. The Institute has not been involved in this process, and it is now time to consider renewed synergies with the different sectors of the ILO. In its strategic orientation the Institute will also need to reflect on follow-up activities resulting from the report of the World Commission on the Social Dimension of Globalization (WCSDG). The precise nature of these activities depends on the decisions to be made by the ILO Governing Body and the Board of the Institute. Another reason for introducing change is the general recognition that the ILO knowledge base needs to be significantly strengthened, and that the Institute is well placed to help respond to this strategic challenge.

4. Compared with similar institutions, the Institute's strategic orientation should be based on its comparative advantages: its tripartite constituency, and the involvement of the social partners in its Board; its autonomy; its capacity to undertake research on medium to long-term issues, and to complement the work of the ILO technical programmes and regional teams by taking on research of a multisectoral nature, and often of a multidisciplinary character; and its potential to stimulate encounters and discussions on key policy issues concerning the world of work.

1.1. Strengthening the ILO knowledge base

5. In economic and social matters, the twenty-first century has begun in a new and fragmented intellectual environment. Keynesian analysis and policies have been progressively marginalized during the last two decades. But the predominance of the neo-classical economics and market-fundamentalist recipes of the 1980s and early 1990s has also been challenged. Since the 1997-98 Asian crisis, issues of governance have come to the forefront of the international agenda. They include the design of institutions, rules and processes which are able to reconcile economic efficiency with respect for human rights and social equity. However, from the social science point of view, most economic analysis does not correspond well with legal and institutional considerations. There are substantial difficulties in integrating economic and social policies in a comprehensive and coherent manner.
6. The risk of compartmentalizing the ILO knowledge base is a major challenge for the Organization as a whole, and for the Institute. A number of academic bodies and international organizations consider that the ILO knowledge base has become weaker, that the ILS and the ILO have lost ground in areas where they used to lead the field, and that the scope and impact of ILO research has declined in recent years. It is suggested that the Institute respond in two ways: by contributing to an ILO-wide research strategy, and by expanding effective networks with external institutions.

The role of the Institute in an ILO research strategy

7. *Setting-up an ILO research strategy.* The ILO has no Office-wide research strategy, and it needs to adopt a coherent policy on studies related to the goal and strategic objectives of decent work. The Institute could take part in drawing up a research strategy, and would clearly benefit from it. It could assist the Office in mapping future trends in the world of work and in identifying emerging issues of concern to the Organization. It would benefit from closer connections with ILO units involved in research work, and from complementarities between more analytical and more policy-oriented types of research.
8. *Developing synergies in research activities.* Valuable studies are being undertaken in many ILO units, and research activities are mostly decentralized. Many research projects are carried out by the various sectors and programmes at headquarters, and through technical cooperation projects in the regions. Most of them cover a specific programme and/or a specific region, are linked with policy concerns of recipient and donor countries, and are short term (not exceeding two years). The ILS should not duplicate the kind of research conducted in other ILO programmes, and it should not focus on short-term applied policy research. Its primary role should be to promote synergies between ILO units and between specialists from different professional backgrounds; it should promote an interdisciplinary approach to contemporary issues in the world of work.
9. *Creating a research task force.* With no basic coordination of research activities Office-wide, trends towards fragmentation will persist. It is therefore suggested that an Office-wide research task force be set up. In the first instance, this task force would gather information and act as a clearing house on research work. It would enhance quality control through the development of peer review and the adoption of clear indicators of achievement. Over time, it could be entrusted with further tasks, and contribute to the elaboration of an ILO research policy. The task force would comprise senior

officials from the Policy Integration Department, ACT/EMP and ACTRAV, the strategic sectors and the regions, as well as from the IILS. The Institute could be in charge of its secretariat.

10. *Increasing IILS research capacities.* In this context, the IILS should increase its research capacities, and structure them around two poles. Firstly in economic analysis, both at macro and micro levels, it is crucial for the IILS and the ILO to gain a better understanding of the economic implications of decent work policies, with a special emphasis on developing countries. Such policies include conceptual frameworks conducive to full and productive employment as well as enterprise creation. Secondly, on issues of governance, the ILO has a rights-based mission, and compliance with the fundamental rights at work should be part of an interdisciplinary approach to future research. It is necessary to study the impact of up-to-date international labour standards and to continue to examine the effects of social dialogue systems for the integration of economic and social policies. Much analytical and empirical research remains to be done to assess the relations between social dialogue mechanisms and institutions, on the one hand, and the socio-economic performance of countries at different levels of development, on the other. This field of research would lead to a better understanding and assessment of the contributions of employers' and workers' organizations to development, and the elaboration of different models of governance. The evolving institutional and legal devices of governance in the world of work require further in-depth research.

Networking with external institutions

11. The Institute acts as an interface between the ILO and the academic and research community. Given its resource limitations, it needs to expand its networking capacities substantially. The IILS could work more intensively with global networks of scholars and research centres in implementing its research programme and policy dialogue activities. The benefits of well-functioning networks include cost effectiveness, improved quality of work, flexibility, intellectual enrichment and greater impact. It is essential for the IILS to build systematic and lasting working relationships with academics and research institutions and to avoid one-time contracted research.
12. *Thematic networks.* Some of these networks are thematic. For instance, the Institute has recently been developing networks related to social dialogue and participatory policy-making, and to international migration issues; these networks are linked to specific IILS research projects. The Institute could also become involved in networks engaged in research on various aspects of globalization, as mentioned in the WCSDG report.
13. *Institutionalized relations.* The Institute also needs to develop lasting institutional relations with selected research centres and networks. Such relations have been consolidated recently with Cornell University, with the University of Montreal, and with the Geneva International Academic Network (GIAN/RUIG). There is ample scope for expansion, in particular towards key academic and research institutions in developing countries.
14. *Research networks of workers' and employers' organizations.* In 2004, the Institute has contributed to launching the Global Union Research Network (GURN), an association of trade union research centres, and it has been involved in GURN activities. It will continue to support efforts by the ILO social partners to strengthen their research capacities, and tap into networks of employers' and workers' organizations as a source of research.
15. *Research institutions of other international organizations.* The IILS should develop ongoing working relations with the research units of other international organizations: the World Bank on poverty reduction; the OECD on employment generation; UNRISD on social development; and the European Foundation for the Improvement of Living and Working Conditions, which also has a tripartite constituency and plays a leading role in social dialogue analysis at European level.
16. *International associations.* The Institute has played a major role in establishing the International Industrial Relations Association (IIRA) and it has been closely associated with the work of the International Society for Labour Law and Social Security (SIDTSS). The IILS could consider consolidating these links into a consortium of research centres and networks specializing in the analysis of labour and social issues in a globalized economy. In this respect, a first *Global Labor Forum* was convened in Seoul in June 2004. The IILS participated in this initiative which brought together representatives of 15 research institutions on labour and social issues from all over the world.

1.2. Follow-up to the World Commission report

17. The ILS Board should seek clear direction from the ILO Governing Body regarding the role that the Institute could play in relation to the recommendations contained in the WCSDG report. This point has been emphasized by the Employer member in the review Task Force. Subject to approval by the Governing Body, the World Commission report highlighted a number of issues which could be important for the ILS strategic orientation. The next programme and budget of the Institute, to be submitted to its Board in November 2005, will spell out follow-up activities on the basis of the ILO Governing Body's decisions.
18. The main challenges identified by the Commission report for the ILO and the Institute may be grouped under the following headings:
 - Improving global macroeconomic coherence so that finance, trade, investment and employment policies work together to generate a major and sustained boost to employment. Such improved coherence should also aim to ensure that the creation of more and better jobs for women and men accelerates the reduction of poverty and the achievement of the Millennium Development Goals.
 - Integrating policies to promote decent work into national economic and social strategies so as to ensure that women and men are able to benefit from globalization to the largest extent possible and avoid the risks that it can pose to individuals and communities.
 - Developing the concept of a socio-economic floor through the extension of social protection systems and other policies to help women, men and families cope with and recover from the strains caused by a more volatile global economy.
 - Strengthening the promotion of fundamental principles and rights at work as a foundation for modernizing labour laws and systems of social dialogue, including the promotion of gender equality.
 - Deepening our knowledge of how global production systems function and our understanding of the possible roles of international cooperation on investment incentives in export processing zones. This could lead to a new framework for international agreement on investment, more effective means of ensuring corporate social responsibility and other actions in bringing about more balanced development within and between countries through decent and productive employment.
 - Investigating the scope for a broad-based international framework for the governance of migration.
19. In examining these challenges the cross-cutting theme of promoting gender equality, highlighted by the Commission, needs to be built into the Institute's work.
20. The Commission report emphasizes that developing knowledge within the multilateral system is important for more effective and coherent policy-making (paragraph 623). It calls on multilateral agencies to undertake more joint research and urges the expansion of research networks linking academic and public policy institutions (paragraphs 627-629). The Commission report also emphasizes the importance of dialogue in the development of policies and governance mechanisms for a fair globalization. This strong emphasis on the exchange of ideas and opinions as a vital means of deepening knowledge is an important guideline for the Institute, and should be part of its strategic orientation.

II. A new direction for the Institute

21. The Institute has four components: a research centre; a forum for policy dialogue; educational activities; and communications and publications. It is proposed to reorient and streamline its future activities as follows:
 - to strengthen its research capacities and significantly increase its role as a forum for policy dialogue; and
 - to streamline its educational activities and introduce a new policy of high-quality publications.

2.1. A research centre

22. Research should be the primary activity of the ILS. It is highly desirable for the ILO to include an entity which is able to organize research on complex, sensitive and controversial themes in a space that is less constrained than the forums of negotiation and policy decision-making. The Institute has a pivotal role as a catalyst for analytical, innovative, multisectoral and longer term thinking. And, even if the ILS needs to expand its networking capacities, it remains essential to have a core of high-quality researchers within the Institute to provide leadership, generate new ideas, develop team spirit, produce, coordinate and supervise research, drive networks and prepare publications.
23. The following themes could be considered for inclusion in the Institute's future research agenda:
- *Tripartism and social dialogue for the twenty-first century.* Tripartism and social dialogue constitute the basic value added of the ILO in the multilateral system, and the ILS is one of the few research centres to benefit from a tripartite constituency. It is suggested that the Institute should continue to give priority to research on tripartism and its socio-economic impact. Such research would not necessarily focus on particular tripartite institutions; rather the focus should be on globalization challenges (both macroeconomic and microeconomic) and outcomes, with a view to examining empirically the ways in which an array of institutional forms, which embody the ILO fundamental principles and rights and allow for effective influence of the social partners, refract common challenges in different ways, thus giving rise to different policy responses, some of which are closer than others to the goals of the Decent Work Agenda. This field of research could lead to an understanding of different models of governance, of their socio-economic effectiveness, and of how they contribute to the integration of economic and social policies at national and international levels. This should be part of the strategic orientation of the Institute in a long-term perspective.
 - *Fair globalization and the cross-border movement of people.* A number of initiatives and sets of measures have been proposed in the Director-General's Report to the Conference on this theme. They include a renewal of existing commitments through the implementation of ILO and other multilateral Conventions on migration; the promotion of a dialogue on key policy issues; the progressive elaboration of a multilateral framework for international migration; and a proposal to establish a Globalization Policy Forum on migration. The Institute began to undertake research and to develop a policy dialogue on migration in 2003, in preparation for the 2004 session of the Conference. It has developed close cooperative links with the ILO migration programme, contracted a leading international scholar on migration as a consultant, and consolidated a significant network of scholars and research centres dealing with migration issues. It has already built the foundations to pursue efficient research work and policy dialogue activities in this field. This research is not intended to duplicate the research activities and efforts of operational departments within the Office. Rather, the overarching goal is, more broadly, that of producing a conceptual framework for the elaboration of migration policies that respect the rights of migrants and reconcile the interests of both sending and receiving countries.
 - *Social justice and economic development.* This proposed research programme draws its inspiration from the core values of the ILO, based on its Constitution, the Declaration of Philadelphia, and the 1998 Declaration on Fundamental Principles and Rights at Work. It is structured in three parts: the first is a value-based, conceptual investigation of what is fair and socially just, and whether the notion of social justice is characterized by cultural specificities or has changed over time. This conceptual analysis is complemented, in the second part of the research, by empirical investigations of the various areas in which there seems to be a trade-off between equity and efficiency (e.g. growth and inequality), with a view to ascertaining whether the two values are truly incompatible, and whether globalization has worsened the trade-offs. This portion of the research relies on the extensive research available on these themes. The third part is based on case studies and other research methods to identify economic and social policies as well as interesting institutional innovations that reconcile social justice and economic development in innovative ways. This portion pays particular attention to fundamental rights at work and international labour standards, and to the way these can lead, in particular institutional environments, to greater competitiveness and employment generation. Attention is also paid to obstacles that may hinder the transition from the informal to the formal economy.

The areas of research mentioned above do not exclude the possibility of other topics in the future programme of work, if the Institute has the capacities and resources to deal with them. The Employer and Worker members in the review Task Force proposed several additional themes for consideration by the Institute Board, which are reported in document INS.B.XLVI/1, paragraphs 24 and 25.

2.2. Fora for policy dialogue

24. It is widely perceived that the Institute's value and potential lie also in its capacity to encourage discussion on key policy issues, and there is consensus that this role should be significantly strengthened. As an example, the WCSDG has recommended a number of policy fora on issues related to globalization, which would gather key decision-makers and scholars from the international community, and in which the Institute could play a pivotal role, if these recommendations are endorsed by the ILO Governing Body. The IILS should promote intellectual encounters, establish task forces and organize brainstorming sessions which would explore new themes, seek consensus on contentious issues, prepare for major events and develop positions for the Office on technical policy questions. The Institute should make its facilities for such activities available to the sectors and programmes of the Office. The IILS already arranges monthly research workshops which are open to all ILO officials and it organizes lectures during Governing Body sessions and for special events. It has the potential to provoke more lively intellectual encounters, in a timelier manner and with greater visibility.
25. *An annual IILS conference.* In addition, the Institute could organize a periodical "flagship event", which would attract researchers and representatives from other international organizations and the ILO constituency. The proposal to hold a major IILS conference or seminar on an annual basis has been unanimously supported. The theme of the conference could be determined by the progress of research projects, or in preparation for the International Labour Conference. Inspiration might also be drawn from the pattern of the World Bank ABCDE conference or the UNECE spring seminar. Such a conference should be of a scholarly character, with papers submitted in advance. The event should lead to the publication of one or more edited volumes. The theme of each forthcoming conference would be discussed and approved by the Institute Board during its November session.

2.3. Educational activities

26. The first aim and function of the Institute, according to the Regulations adopted in 1960, is to provide educational facilities for the study of labour problems. This no longer seems to be its primary activity, and the strategic review of the Institute provides an opportunity to re-examine the future role of the IILS in this field.
27. *Special programmes.* A number of activities do not raise major questions, such as the Visiting Scholar programme, the Nobel Peace Prize social policy lectures, the Phelan fellowship programme, the Visiting Student programme or the study visits which are designed to introduce students from universities worldwide to current ILO programmes and activities. Academics on sabbatical take advantage of IILS facilities every year, and often participate in the Institute's research programme as part-time consultants. By the same token, between 10 and 15 graduate students from various universities contribute to research projects each year. The Nobel Peace Prize lectures have gained recognition and visibility in academic circles. These activities will be pursued and expanded.
28. *International internship course.* This three-week course gathers 20 to 25 participants each year; it takes place during May, before the ILC. The course is based on lectures given by senior ILO officials and constituents and provides in-depth exposure to decent work policies and ILO programmes. The ILO Governing Body is directly involved in selecting the participants. ILO constituents, and in particular the social partners in the Governing Body, have supported this course, which is aimed at middle-level managers in governments, employers' and workers' organizations. It is intended to pursue the course in future years, while avoiding any duplication of work with the Turin Centre. The Institute and the Turin Centre have cooperated in the preparation of teaching materials on decent work policies, designed for the IILS course, and further complementarities will be explored. In these and other domains, the Institute intends to strengthen its links with the Turin Centre. The format of the course has been evolving recently, with the focus on an education programme rather than a training course. In 2004, several academics lectured on the course, and

participants exchanged their views and practical experience in a number of study groups. For budgetary reasons, the course might be reduced from three to two weeks.

2.4. Communications and publications

29. *A newsletter.* A few proposals have been made with the objective of increasing the Institute's visibility. The ILS could issue a newsletter in electronic and printed format. The newsletter could provide information on Office-wide research activities. Also, the Institute will continue to update and develop its web site; this has been thoroughly restructured in 2004, and currently includes all publications and working papers issued since 1989.
30. *High-quality publications.* The ILS needs to improve the quality of its publications. There has been a tendency to issue mostly discussion papers and unpublished documents in the recent past. The best assurance of quality is through a rigorous peer review by leading specialists in the particular field of research. For this reason, Institute researchers should be encouraged to submit at least a portion of their research production to international journals. In the case of books, the opinion of academic presses around the globe (which are peer reviewed) may be sought, or similar mechanisms of quality control may be established in-house. An indicator could be set, according to which the Institute would bring out at least two high-quality publications per year. If an annual conference is organized, as mentioned earlier, an edited volume will follow, based on the preparatory work and the proceedings. Further publications would derive from research projects and major seminars. Their quality would be screened through a coherent internal and external peer review process. As an example, the World Commission report envisaged a periodical survey of the state of globalization; this could also be included in the future ILS programme of work, in cooperation with several other ILO units, if accepted by the Governing Body.

III. Issues of governance

31. The abovementioned proposals could provide a new strategic orientation to the ILS, but they need to be supplemented by an appropriate framework at institutional level.

3.1. Supervision

32. For many years, the ILS Board has included a number of scholars and academics who have provided guidance and advice on the Institute's research and publications. Following budgetary restrictions, this arrangement was terminated in 1995, and the ILS Regulations were amended in 1996 to reflect this change. There is a widespread perception that it is crucial for the Institute to be more closely connected to the academic community, and that a few scholars and academics should become part of the governance structure of the Institute.
33. *An advisory committee.* A new advisory or scientific committee should be set up, composed of scholars and other personalities with an exceptional knowledge of the ILS core competencies. To avoid excessive costs, the committee would have between five and eight members. It would convene once a year. Its role would be to review the Institute's research and other activities, to provide guidance on new projects, to stimulate networking, and to undertake external peer review. It is suggested that one representative of the advisory committee could attend the Board meeting in an observer capacity and respond to questions. At a later stage, such a committee could assist not only the Institute but possibly the whole Office in developing an ILO research strategy.
34. The advisory committee members would be appointed by the Chairperson of the Board upon approval by the Board. The advisory committee could also be entrusted with an evaluation of the work performed by the Institute, and it would submit a report to the ILS Board. The committee would play a purely advisory role, and the Board, with its tripartite structure, would remain fully responsible for the strategic orientation of the Institute.

3.2. Human resources

35. *An interdisciplinary research team.* The quality of a research institution depends on the quality and commitment of its staff. The Institute has the financial resources to employ 11 professionals (including a director), most of them in research and networking activities. An interdisciplinary research team should be built around the two poles mentioned earlier, economic and governance issues. New recruitment should follow the best academic criteria, and positions should be advertised in scientific journals and communities. Practical experience in industrial relations or in development policies should also be taken into account.
36. *Developing synergies with other ILO researchers.* A new scheme of secondment for ILO professionals to the Institute has been suggested. Professionals eager to pursue a research project and who are not in a position to undertake such work in an ILO unit, would be transferred to the Institute for a limited period (six months to two years) to do research and prepare a publication. Such a scheme would require approval by the ILO programme or region concerned and by the Institute; it would also require an arrangement with the human resources department on the distribution of staff costs. Applications should be examined through a peer review. Such a scheme could build bridges and develop mutually beneficial synergies between the Institute and ILO technical programmes and field offices, thus helping to strengthen the ILO knowledge base.
37. *Hiring academics and external researchers for specific projects.* During the last two years, the Institute has hosted over 15 academics and researchers on sabbatical leave. Several have worked as consultants for the Institute on a part-time basis. They include the Director of the Industrial Relations School of the University of Montreal and the Dean of the Law Faculty of the University of Toronto. Similarly, an MIT researcher has recently joined the Institute to work on a specific research project for two years. Such partnerships can appeal to scholars who wish to work with the ILS and the ILO for a limited period of time, and then return to their university. Their potential to improve research and networking activities appears significant.

3.3. Financial resources

38. *Streamlining budgetary costs.* At this stage, it is not suggested that the ILS budget should be increased significantly. A number of the changes proposed in this document could be accommodated within the financial resources already approved by the Institute Board and the ILO Governing Body. The ILS has the capacity to execute three or four research projects in the near future. Developing more effective and stable networks will have financial implications, but mainly as indirect costs on staff resources. The holding of an annual conference resulting in a high-quality publication is possible within the current budget. The basic issue is to redefine priorities and better adjust ILS activities to the restructured objectives of the Office rather than to call for a sharp increase in the Institute's regular budget, which could not be met.
39. In particular, it is not suggested that the number of regular posts for professional staff at the Institute should be increased. The current budget amounts to US\$8.2 million for the biennium, of which 60 per cent comes from the regular budgetary contribution of the ILO, and the rest mostly from funds carried over from previous biennia. If the strategic orientation outlined earlier is approved, some financial resources could be saved from educational activities, especially in administrative costs and support staff, to be allocated to research and policy dialogue activities. The structure of the Institute's budget could also be streamlined and clarified, drawing a distinction between the different sources of funding. The regular contribution from the ILO budget should cover the staff costs of regular officials, and the non-recurrent sources of funds should be allocated to specific, time-limited costs.
40. *Financing specific projects.* Nevertheless, several initiatives proposed in this document would have significant financial implications. A sharp increase in the number of research projects would make it necessary to recruit new researchers, some of them on a long-term basis. International seminars and conferences are often costly. In particular, launching a Globalization Policy Forum would have important cost implications, as well as publishing a periodical report on the state of globalization. When the parameters of these initiatives are better delimited, a specific budget will have to be drawn up for each project. In a number of cases, the sources of funding could be diversified. There is potential for co-financing some research projects or seminars with academic institutions or foundations. During the current biennium, the Institute is carrying out a research project costing some US\$600,000. The project is co-financed by the Geneva International Academic Network

(GIAN) which covers half of this sum. If a Globalization Policy Forum is approved, cost-sharing arrangements would probably have to be worked out between several ILO units. The possibility of raising the level of the Institute's Endowment Fund should be further explored, and some technical cooperation funds could be made available for specific projects. However, too much reliance should not be placed on extra-budgetary funding, and the regular budget will probably continue to be the main source of ILS funds in the near future. Further sources of financing would be allocated to time-limited projects, and checks and balances would be set up to ensure that all projects, including those dependent on donor funding, are in line with the Institute's mandate. It is suggested that the next programme and budget of the Institute, to be submitted to its Board in November 2005, should include detailed accounts based on the priorities identified in this strategic review.

Annex

Terms of reference for the review Task Force

The Task Force will examine the major policy challenges facing the ILO and its constituents in the medium term with a view to assessing the Institute's capacity to assist the ILO towards its goal of decent work for all. This will entail among other things an assessment of the working methods of the Institute, its human and financial resources and, if necessary, its structure.

The aim of the review is to make recommendations on changes required to increase the effectiveness of the Institute. The Task Force could offer proposals for a funding strategy for the Institute.

The Task Force will consult officials of the Office and outside experts knowledgeable in the fields of research of the Institute and the methods of work of similar bodies.

The Task Force will take into account discussions in the Governing Body and the International Labour Conference on the strategic response of the Organization to the report of the World Commission on the Social Dimension of Globalization.

A final report will be presented to the Board of the Institute at its November 2004 meeting for its consideration. The report of the Board to the Governing Body will make recommendations consequent on the review that require decisions by the Governing Body.