



Governing Body

318th Session, Geneva, 21 June 2013

GB.318/INS/6/1(Rev.)

Institutional Section

INS

Date: 31 May 2013

Original: English

SIXTH ITEM ON THE AGENDA

Report of the Director-General

First Supplementary Report: Update on the internal reform: Establishing a central Research Department

Purpose of the document

Report on progress made in the implementation of the internal reform.

Relevant strategic objective: Cross-cutting.

Policy implications: To more effectively use human and financial resources to serve the needs of the Members.

Legal implications: The usual application of ILO rules and regulations in the process of implementing the reform.

Financial implications: None.

Follow-up action required: None.

Author unit: Director-General's Office (CABINET).

Related documents: ILO Declaration on Social Justice for a Fair Globalization, and accompanying resolution on strengthening the ILO's capacity to assist its Members' efforts to reach its objectives in the context of globalization, 2008.

1. One of the objectives of the reform is to improve significantly the statistical, research and policy analysis capacities of the Office. That is widely recognized as a precondition for establishing the ILO as a centre of excellence on all matters relating to the world of work and for the provision of high-quality, evidence-based services to our tripartite constituents. As such, it is an objective that has strong support in the Governing Body.
2. With this in mind, the existing research capacities of the Office have been the subject of an in-depth review. This has revealed some major weaknesses in existing arrangements. While there are pockets of excellence, much research is currently carried out in a dispersed and uncoordinated manner. Priorities are often unclear, or respond to those of a particular technical department rather than those of the Office as a whole. Certain core ILO areas are inadequately covered. The conclusion of these findings is that significant changes are required to meet the needs of the Organization.
3. The Director-General therefore took a range of immediate steps to improve the ILO's research capacity. Management mechanisms introduced in the Policy Portfolio will ensure much better coordination of research among the new departments and with the Field Operations Portfolio. The Policy Portfolio will, from now on, develop comprehensive and coherent research plans. Recruitment policies and performance management systems are being adjusted to reflect the increased importance of research. Review processes for publications are also being redesigned.
4. The Director-General, convinced that further significant structural changes were needed to achieve the technical excellence to which the ILO must aspire, recently decided to establish a central Research Department in the Policy Portfolio. It will be responsible for carrying out a coherent and expanded programme of research with the critical mass of resources needed to address large and complex questions on which the Organization must have credible, authoritative evidence-based positions.
5. The new Research Department will comprise: (i) the resources and staff of the International Institute for Labour Studies (IILS); (ii) most of the resources and staff of the former Economic and Labour Market Analysis Department, and from some other parts of the former Employment Sector and from the former Conditions of Work and Employment Programme and Industrial and Employment Relations Department; and (iii) part of the resources and staff of the former Policy Integration Department.
6. The new Research Department will be part of a Knowledge Resource Centre which will also include a strengthened Statistical Department led by a Chief Statistician. The two departments will work closely together and report directly to the Deputy Director-General for Policy. The Knowledge Resource Centre will, under the overall guidance of the Policy Senior Management Team respond to demands for upstream technical work from the seven technical departments in the Policy Portfolio and the Senior Management Team.
7. After very careful consideration of all potential options, it has become clear to the Director-General that, to obtain the best results, the new central Research Department will need to incorporate the current resources of the IILS. Merging the IILS into a new research department would provide the following advantages:
 - (a) It is the only way to achieve the required critical mass without excessively "emptying out" the applied research capacity needed for policy departments to operate effectively.
 - (b) It allows the most efficient use of limited resources by putting the US\$7.1 million currently allocated to the IILS directly at the service of a consolidated research capacity.

- (c) It enables a more comprehensive and integrated research agenda to be implemented as envisaged in the 2008 ILO Declaration on Social Justice for a Fair Globalization.
 - (d) It provides a simpler Office structure with clearer lines of accountability.
8. While the Director-General attaches great importance to consulting the Governing Body and keeping it informed of progress and plans in respect of the reform process, decision-making has so far remained within his management prerogatives. However, decisions concerning the future of the ILS fall under the authority of the Governing Body itself. In that regard the Governing Body will be asked to consider dissolving the ILS.
 9. This decision could be taken in two steps in line with its Regulations. Firstly, in October 2013, the Governing Body would be asked to decide in principle to dissolve the ILS. If it does so, in March 2014 the Governing Body would then decide on the disposition of funds and assets that remain in the ILS's account, including a proposal on the settlement of the various contributions, gifts, legacies and grants that were accepted under specific terms linked to the ILS.
 10. To the extent that the functions of the ILS covered by such terms would continue in the ILO's new Research Department, the encumbered funds and assets might be rolled over, subject to the consent of the donor and under the necessary procedures. The proposal before the Governing Body in March 2014 would thus be based on a review of the ILS's various investments, intellectual property, and other obligations or contractual liabilities to permit their orderly conclusion or assignment. This could be undertaken by the ILS's Director and discussed at a final extraordinary meeting of the ILS's Board.
 11. Once the Governing Body decides on these matters, dissolution would be executed. Pending such decisions, the ILS would continue as a unit within the ILO's new Research Department. The present Director of ILS will also be in charge of the new department pending a permanent appointment.

Draft decision

12. *The Governing Body decides to include an item on the agenda of its October 2013 session to discuss the future of the ILS.*