



SIXTEENTH ITEM ON THE AGENDA

**The International Institute for
Labour Studies****Report of the 51st Session of the Board**

1. The Board of the International Institute for Labour Studies (IILS) held its 51st Session on 13 November 2009. The meeting was chaired by the Director-General, and co-chaired by the Institute's Director. The Director-General welcomed the members of the Board and recalled the three main items for discussion, namely, the report of the Director,¹ the Programme and Budget for 2010–11,² and the acceptance of contributions and gifts in support of the Institute's activities.³ It was decided to start discussions with item 2 of the agenda, namely the Programme and Budget for 2010–11.

**Programme and Budget for 2010–11
(INS.B.LI/2)**

2. The Director-General opened his remarks to the Board by highlighting the outstanding contribution of the Institute to the Organization's response on the global crisis, through high-quality research and policy analysis. He congratulated the Director and the Institute team for providing the main analytical background to the Global Jobs Pact. That was a major achievement and had received global support, first by endorsement at the International Labour Conference, then from the G8, G20, the United Nations, regional organizations and other international organizations. He welcomed the close collaboration of the Institute with other parts of the Organization in carrying out that major project and said that the Institute could count on his full support going forward.
3. The Director-General elaborated on his recent announcement regarding special Office arrangements to support ILO constituents in implementing the Global Jobs Pact. As part of those arrangements, the Director would guide research and analytical work, in close coordination with technical sectors and regions, and supported by the Research and Publications Committee.

¹ INS.B.LI/1.

² INS.B.LI/2.

³ INS.B.LI/3.

4. The Director-General stressed the key role of the Institute in the knowledge strategy, encompassing three challenges: links between micro-level policies and national crisis strategies; policy coherence at the country level; and policy coherence at the global level with attention to interlinkages between social, economic and environmental agendas. He emphasized the need to understand previous imbalances and to articulate the ILO's contribution to a balanced and sustainable growth. He welcomed the Institute's programme for further work in that area, drawing on the strong research capacity that had been built recently. Such work could also help assess reforms of the financial system through a decent work lens. The Director-General felt that the Institute, as an analytical think tank, was ideally placed to provide comparative international analysis of how policies could best be packaged to be mutually supportive.
5. The Director-General expressed appreciation of the joint ILO–WTO study *Globalization and informal jobs in developing countries*. He also said that it was very encouraging that the *International Labour Review* had increased its readership and received so many submissions annually. He welcomed the work being done on the ILO Century Project. That essential work on the ILO's contribution could provide insight on the way forward.
6. Before introducing the Programme and Budget for 2010–11, the Director thanked the Board members for the guidance, provided at the November 2008 session, on future directions and priorities for the Institute. That had helped focus the Institute's work on the global crisis. He proposed that further policy-relevant analysis on the global crisis be carried out during the following biennium, focusing on the overarching topic of sustainable recovery strategies. That would include evidence-based analyses of: (i) the risk of "irreversibility" of certain crisis consequences such as long-term unemployment, informality and reduced participation; and (ii) the links between social and labour policies emanating from the Global Jobs Pact and the macroeconomic, financial, development and environmental policy settings. He suggested that the following two issues of the *World of Work Report* should examine those questions, with a view to shedding light on how best to implement the Global Jobs Pact and to create a more sustainable economy.
7. The Director highlighted the new orientations of the ILO Century Project, under the leadership of Mr Reynaud. The project would pay attention to the lessons learned from past crises and the historical role of the ILO in that respect. He noted that the *International Labour Review* under the leadership of Mr Lansky had increased its readership and audience significantly. A special issue on the crisis would appear the following year. He appreciated the work done by the Education Programme under the leadership of Mr Tobin. Over the following two years, the courses would offer an excellent opportunity to exchange views with constituents on the findings of crisis-related analytical work.
8. The Director explained plans to enhance the links between the Institute and research networks, notably through the establishment of an expert group, which would also peer review the *World of Work Report*. He stressed the importance of diffusion activities, such as short policy briefs which would be issued in association with each key publication. The Decent Work Research Prize would be awarded in 2010 and a review of the prize would be subsequently discussed by the Board. Finally, the Director pointed to the Institute's constrained budget, and the fact that the reserve would soon reach critically low levels.
9. The Worker Vice-Chairperson (Ms Byers) congratulated the Institute on its excellent work on the global crisis – an exceptional contribution to the Organization's response to the crisis, which had paved the way to the Global Jobs Pact. She expressed support from her group for the Programme and Budget for 2010–11 and found it worrisome that the regular expenses of the Institute exceeded regular income. She felt that the Office should tackle the underfunding issue, so as to ensure that the Institute could continue to produce high-level, cutting-edge research, especially in view of its growing role as part of the Global Jobs Pact

implementation. She invited the Office to seek long-term solutions to the funding problem, preferably through an increase in the regular budget of the Institute.

- 10.** Ms Byers stressed the need for an evidence-based, but easily readable, approach to research as achieved by the Institute over the previous year. She welcomed the focused programme of work, as presented by the Director, around the issue of “sustainable recovery strategies”. The Institute should be the place in the Organization that dealt with broader and strategic issues to advance the Decent Work Agenda. Sustainable recovery was certainly such an overarching theme and in particular the focus on global imbalances and inequalities. The role of employment-oriented financial reforms, progressive taxation, environmental sustainability and vulnerabilities in developing countries should be key issues in that respect. Work on developing countries should not focus exclusively on agriculture, but highlight the need for strategies for industrial development and industrial upgrading as no country had escaped poverty without building an industrial base. She emphasized that more detailed research about crisis impacts on disadvantaged groups and issues such as fiscal sustainability of social security provisions should not be the main focus of the Institute’s work. Those issues were of great importance, but the Institute should not duplicate research tasks, which should and must be addressed by the larger ILO technical departments. She expressed satisfaction with the key orientations of the ILO Century Project, the *International Labour Review* and the education programme. Going forward, she indicated that the international internship course should devote greater attention to the role of international labour standards and different normative instruments emanating from the Global Jobs Pact. She welcomed the announcement on the award of the Decent Work Research Prize in 2010 and looked forward to a review of the prize at the following year’s Board meeting.
- 11.** The Employer Vice-Chairperson (Mr Suzuki) highlighted the Institute’s crucial contribution to the ILO response to the global crisis and congratulated the Director as well as the Institute’s staff on the achievement. He noted that the Institute had become more central, especially in light of the Director-General’s recent announcement on arrangements for the implementation of the Global Jobs Pact. He expressed satisfaction with collaborative work between the Institute and other parts of the Organization. For high-quality outcomes to be sustained, however, he emphasized the need to improve the funding base of the Institute.
- 12.** While the Institute’s work had been very useful and the Employers’ group had high expectations for the future, Mr Suzuki encouraged further analysis of the impact of the crisis on sustainable enterprises and small businesses. He mentioned the change in labour productivity and its importance for recovery, and invited the Institute to focus greater attention on productivity measurement and associated policy-relevant issues, and to discuss the findings with constituents, including in the international internship course. He noted that the wealth created in the global economy had benefited the financial sector disproportionately, and that that was a cause of concern for non-financial firms around the world. He illustrated the trend by noting the declining share of after-tax profits accruing to the real economy before the crisis. He welcomed the Institute’s forthcoming research on how to balance the world economy as part of a sustainable response to the global crisis. That should also include consideration of the environmental dimensions, an issue of growing importance to employers. He also emphasized the importance of productivity improvements at enterprise level. In conclusion, his group recommended the adoption of the proposed Programme and Budget for 2010–11.
- 13.** The representative of the Government of Belgium congratulated the Institute on being able to mobilize its resources to work on the financial and economic crisis and provide the analytical basis for the Global Jobs Pact. His country supported the recommendations made by the Director-General and welcomed the Director’s proposed analysis of fiscal

issues. Recovery measures put in place by governments needed to take into account budget constraints and limitations in fiscal space, but should also aim to meet decent work goals. He pointed out that much had been spent on saving the financial sector, but the recovery was still fragile. He therefore agreed with the proposed focus on sustainable recovery and global imbalances, especially the environmental dimension – an issue that would figure prominently during the Belgian EU presidency the following year. More generally, he encouraged further research on the systemic dimensions of the crisis, as planned in the proposed Programme and Budget for 2010–11. That would also help strengthen the visibility of the Decent Work Agenda among policy-makers. Finally, he congratulated the Institute on the joint ILO–WTO study.

- 14.** The representative of the Government of Argentina expressed full support for the report of the Director and the Programme and Budget for 2010–11. He reiterated the Workers' praise of ambition, focus and creativity in the Institute's programme. He drew attention to the educational nature of the Institute's work and the critical role of translating academic findings to the practical level. He endorsed the programme of sustainable recovery and emphasized that addressing the imbalances between the financial and real economy necessitated a systemic change in economic theory. He further emphasized that the sustainability of enterprises should be considered. Regarding the vulnerabilities of developing countries he reiterated the need to look at industrial development, not just agriculture, as the sector was a large employer and brought with it specific decent work opportunities and challenges. He welcomed the initiative to launch policy briefs, taking the intended audience into account, and suggested that the educational programme be extended to include regional training. He endorsed the exchange of knowledge through cooperation with other international organizations and emphasized similar exchanges with regional bodies such as the Latin American Association of Sociology.
- 15.** The representative of the Government of the Islamic Republic of Iran expressed his thanks and appreciation for the work of the Director and his team. He noted that the reputation and visibility of the ILO had increased significantly thanks to the Director-General's presence in global forums, the Global Jobs Pact and the Institute's team that had established its foundations, and the collaboration with other international organizations. His country fully approved the report of the Director and the Programme and Budget for 2010–11. He proposed that the Institute establish better links with national-level researchers and research centres. While he recognized budget constraints and welcomed support from the Office to overcome them, he proposed the possibility of having a research conference on the crisis.
- 16.** An Employer member (Mr Anderson) expressed his satisfaction with the previous year's work, which had exceeded his expectations, particularly in light of the real financial pressures facing the Institute. He emphasized the centrality of the labour market recovery and highlighted the fact that the capacity of enterprises and workers to recover from the crisis formed the basis of a global economic recovery – not a consequence. Meanwhile, regarding the research agenda of the Institute, he noted that it should be forward looking. He elaborated on Australia's strong recovery, noting the centrality of the country's well-performing labour market. He echoed Mr Suzuki's proposition of research on enterprise productivity.
- 17.** A Worker member (Mr Ahmed) stated that imbalances had been created by financial managers not workers, and that those sectors needed to be reformed. While he commended the collaboration with other international organizations, he noted that at a national level some policies of international organizations, such as those of the International Monetary Fund, ran counter to ILO efforts and should be reformed. He commended the results of the joint study with the World Trade Organization, emphasizing the fact that poor working conditions were damaging both to the labour market and to economic competitiveness.

Regarding the agenda of enterprise productivity he noted that other factors, such as working conditions and training unskilled workers, were vital in order to achieve that goal. He welcomed the Institute's strong high-quality research capacity, which had become more visible.

- 18.** An Employer member (Mr Lima Godoy) congratulated the Director and his staff on their excellent work and encouraged the Director-General to strengthen support to the Institute. He highlighted the opportunity for cooperation with other sectors of the ILO and emphasized that the social partners should be strongly involved, via ACTRAV and ACT/EMP. He noted that sustainable enterprises embodied all the aspects of sustainability needed to respond to a systemic crisis. He said that decent work and sustainable enterprises should guide the recovery, which would naturally address the systemic crisis. Echoing the representative of the Government of Argentina, he stated that industrial development must be addressed with due awareness of the vulnerabilities of developing countries, and of other obstacles such as differences in knowledge, training and marketing. Meanwhile, he expressed his surprise that the expected income from publications for 2010–11 was only US\$3,000.
- 19.** The representative of the Government of Hungary expressed his appreciation for the high-quality research of the Institute, congratulated the ILO for its reliance on the Institute as part of the response to the global crisis and emphasized that more financial resources for the Institute would be a good investment. Explaining the tight fiscal position of Hungary and many other Central and Eastern European States, he called upon the ILO and the Institute to take into account the different situations of constituents and the feasibility of various crisis response packages.
- 20.** The representative of the Government of Spain expressed her support, appreciation and congratulations of the work of the Institute. She supported the Programme and Budget for 2010–11 in general. She noted the responsibility that the Director would shoulder in 2010–11 and expressed confidence in his ability to carry out the task. The ILO, in coordination with other international organizations, must inform the discussion regarding exit strategies. She welcomed forthcoming Institute workplans in that respect.
- 21.** An Employer member (Ms Awassi Atsimadja) expressed her thanks to the Institute for its role as a service provider and as an autonomous think tank within the ILO. She noted its work and education programme, particularly emphasizing improvements to the internship course that made it user-friendly and relevant to the world of work. Regarding the African research project on migration, she echoed the Director's emphasis on the importance of paying attention to national conditions when tackling the crisis. Building on the statement of the representative of the Islamic Republic of Iran, she noted the need to observe the areas of illegal migration and child trafficking – phenomena that were growing as a result of the crisis.
- 22.** The representative of the Government of Portugal expressed her congratulations on the Global Jobs Pact and to the Director and staff of the Institute, noting the high-quality work and increased visibility. Providing her full support for the programme of work, she noted that in times of crisis one must make the best of existing resources. She suggested that analysing national experiences and labour market policies could offer insight into why some countries recovered faster. She stated that the challenge and opportunity of green jobs remained important in the face of the crisis. Meanwhile, she emphasized the possibility of collaboration with research institutes, including the high-quality Portuguese immigration observatory.
- 23.** A Worker member (Mr Gurney) expressed interest in an assessment of the employment impact of the current proposals of the Doha trade talks. He noted that the positive and

negative impacts of trade imbalances should be considered as part of the follow-up to the joint work with the World Trade Organization.

24. The representative of the Government of El Salvador noted the relevant, well-focused work of the Institute and urged the ILO and the Institute to pay attention to the evolution of recovery. Echoing the representative of Argentina, he suggested that internships and scholarship programmes should be extended and noted that there was a shortage of places, particularly for Spanish courses.
25. An Employer member (Mr Modi) emphasized that the crisis was also an opportunity and that attention should be focused strongly on the recovery of jobs, particularly within developing countries. He said that in India alone 12 million jobs must be created each year. Jobs required sustainable enterprises and the involvement of trade unions, employers and governments. He emphasized that jobs should go before concerns of fiscal sustainability and long-term recovery. He expressed confidence in the Institute's work and hoped that the Director-General would support it with additional resources.
26. The representative of the Government of Bangladesh expressed his thanks and emphasized the importance of the environment and migration, particularly in terms of job creation. He felt that migration should be analysed from the point of view of countries of origin, not just from the lenses of host countries.
27. The Director-General thanked the members of the Board for the thoughtful exchange and was pleased to see that they strongly supported the general direction of the Institute's work. Regarding the budget, he urged constituents from G20 countries to approach their finance ministers and ask for increased resources to be earmarked for the ILO. While the G20 had recognized the contribution of the ILO, particularly regarding labour market analysis, the budget allocations had not been increased. The Director-General recommended that the Office and Institute play the role of conveners of research and leverage external research efforts. Meanwhile, he asked whether the concept of enterprise productivity should perhaps be rethought to assess the role of productivity in the context of a sustainable enterprise that generated decent work. More generally, he emphasized the importance of ILO analysis on sustainable exit strategies. He thanked the Board for its role in guiding the research of the Institute through what had been an excellent 2009 vintage.
28. The Director thanked the Board for its encouragement. He welcomed the Employers' and Workers' statements that financial reforms should address the real economy. Regarding fiscal sustainability, he emphasized the importance of taking a long-term perspective and said that short-term remedies, such as lower participation rates, could carry large long-term costs. Creating jobs and supporting incomes would bring long-term gains, even if costly in the short term. He emphasized the centrality of the ILO's broader agenda within the environment agenda. He welcomed suggestions for further work with the World Trade Organization such as on the social dimensions of the Doha Round. He recognized the importance of focusing on the micro level and the national level, and paying attention to the dialectic between those areas and global responses. He stressed that the creation of the Institute that biennium now stood as the best asset.
29. Responding to specific questions from delegates, the Director said that policy briefs largely targeted ILO constituents. He welcomed the suggestion of building academic connections and informed the Board that the Institute had concluded agreements with the University of Geneva, the main research institute of India and the Global Labour University, and was in the process of negotiation with other institutes. He said that he would take up the suggestions regarding regional internship programmes, within existing budget constraints. He noted the Board's position that the financial situation of the Institute should be improved.

30. *Noting the above comments, the Board, in accordance with article II, paragraph 6, of the Regulations of the Institute, decided to adopt the programme and budget for the International Institute for Labour Studies for 2010–11, to transmit the programme to the Governing Body of the ILO for endorsement, and to submit the budget for final approval. The Board also encouraged the Office to consider ways to improve the budget sustainability of the Institute, especially in view of its more central role.*

Report of the Director (INS.B.LI/1)

31. The Employer Vice-Chairperson noted that the Institute had exceeded previous expectations and that that carried with it the challenge that audiences' expectations would rise further. The Worker Vice-Chairperson agreed with the Employer Vice-Chairperson and congratulated the Institute on the impressive achievements.
32. *The Board took note of the report.*

Acceptance of contributions and gifts (INS.B.LI/3)

33. *The Board took note of the document.*

Other questions

34. *There were no other questions. The sitting closed at 1 p.m.*

Geneva, 17 November 2009.