



Governing Body

319th Session, Geneva, 16–31 October 2013

GB.319/PFA/INF/2

Programme, Financial and Administrative Section

PFA

FOR INFORMATION

Financial questions relating to the International Institute for Labour Studies

Summary: The paper provides the Governing Body with advance copies of the Programme and Budget proposals of the Institute for 2014–15 and information on the acceptance of contributions and gifts to the Institute as well as the financial position of both the Institute's Endowment Fund and the Phelan Legacy as at 31 December 2012.

Author unit: International Institute for Labour Studies (INSTITUTE).

Related documents: INS.B.LVI/2 and INS.B.LVI/3.

1. The Board of the International Institute for Labour Studies will consider, at its 56th Session, on 24 October 2013, the Programme and Budget proposals of the Institute for 2014–15 and the acceptance of contributions and gifts to the Institute. It will also review the financial statements concerning the Institute's Endowment Fund as at 31 December 2012.
2. Following its consideration of these proposals, the Board will be called upon, in accordance with article II, paragraph 6, of the Regulations of the Institute, to transmit the programme to the Governing Body for endorsement and the budget for final approval. Should the Board so decide, it will also recommend that the Governing Body accept any contributions and gifts.
3. In order to avoid placing the proposals before the Governing Body at the last minute, copies of the documents¹ in which they are contained are being circulated in advance as appendices to the present paper. Circulation of the documents at this stage is, of course, entirely without prejudice to whatever action the Board may take in relation to the proposals.

Geneva, 4 October 2013

¹ INS.B.LVI/2 and INS.B.LVI/3.

Appendix I

INTERNATIONAL INSTITUTE FOR LABOUR STUDIES

INS.B.LVI/2

BOARD

56th Session
Geneva, October 2013

SECOND ITEM ON THE AGENDA

Programme and Budget for 2014–15

Purpose of the document

The report provides programme and budget proposals for the next biennium for consideration by the Board in due cognizance of the discussion on the new Research Department that will also take place during the current session of the ILO Governing Body.

I. Introduction

1. A discussion on the possible dissolving of the International Institute for Labour Studies into the new Research Department will take place during the current session of the ILO Governing Body.¹ Therefore, the programme and budget proposals which are contained in the present document provide only broad indications of the nature of activities which would be carried out by the Institute over the next biennium, subject to the decisions adopted by the ILO Governing Body. If appropriate, a more detailed discussion of the programme and budget proposals could take place at a special session of the Institute's Governing Board in March 2014. Otherwise, the proposed programme of work could be transferred to the items for the consideration of the new Research Department, should the decision to dissolve the Institute into the latter Department be accepted.
2. With this in mind, the programme and budget proposals build on the various achievements of recent years, notably through the *World of Work Report*. Indeed, the coverage of this annual flagship has further improved and its brand has become firmly established.² The main purpose of the proposed Programme and Budget for 2014–15 is to add a more forward-looking dimension to this work, with a view to assessing the key challenges posed by a range of underlying trends, notably the deepening of the globalization process and the changing nature of the economic and social fabric. This work could pave the way for enhanced cooperation with member country research centres, United Nations (UN) agencies, the International Monetary Fund (IMF) and the World Bank.

II. Budget

Total proposed budget level

3. The Programme and Budget proposals for 2014–15 – valued at the 2012–13 budget exchange rate of 0.84 Swiss francs to the US dollar – amount to US\$8,261,624. The adjustment in prices and the budget exchange rate between 2012–13 and 2014–15 are summarized in table 1.

Table 1. Adjustment in prices and the budget exchange rate, 2012–13/2014–15

	US\$
2012–13 approved programme and budget, excluding activities financed from extra-budgetary funds, at an exchange rate of 0.84 Swiss francs to the US dollar	8 398 980
Proposed programme decrease in 2014–15	(137 356)
2014–15 programme and budget proposals at 2012–13 prices and at an exchange rate of 0.84 to the US dollar	8 261 624
2014–15 decrease and adjustment to an exchange rate of 0.95 Swiss francs to the US dollar	(702 785)
2014–15 programme and budget proposals	7 558 839

4. The exchange rates of 0.84 and 0.95 Swiss francs to the US dollar are those used by the ILO for the Programme and Budget for 2012–13 and 2014–15 respectively.

¹ See GB.319/INS/14/2.

² See Report of the Director, INS.B.LVI/1.

5. The main budget proposals are presented in table 2, subject to the decisions adopted by the ILO Governing Body concerning the future of the Institute. The standard cost factors for all Professional and General Service staff at headquarters included in the 2014–15 programme and budget proposals are the same as those of the ILO. These amount to US\$239,220 per work-year for the Professional category (US\$263,388 in 2012–13) and US\$148,524 per work-year for the General Service category (US\$171,324 in 2012–13).

Table 2. Summary of 2014–15 proposed income and expenditure budget and comparison with 2012–13 (in US\$)

	2012–13		2014–15
	Approved budget	Forecast income and expenditure	Programme and budget proposals
A. Funds brought forward from previous period	2 617 952	2 417 193	2 061 453
B. Income			
Endowment Fund			
– Interest income	–	–	–
– Investment income realized	–	–	–
Contribution from ILO regular budget	7 128 495	7 128 495	6 425 710
Interest	10 000	13 612	12 000
Sales of publications and miscellaneous receipts	10 000	8 000	8 000
Other income/exchange gain/loss	–	-5 847	–
Total income	7 148 495	7 144 260	6 445 710
C. Total funds available	9 766 447	9 561 453	8 507 163
D. Expenditure*	8 398 980	7 500 000	7 558 839
E. Funds to be carried forward to next biennium	1 367 467	2 061 453	948 324
F. Other source: Phelan Legacy (estimated resources)	–	–	–

* In addition, special allocations totalling US\$1,502,772 were provided by the Director-General to perform tasks on behalf of the Office in the areas of knowledge sharing and crisis-hit European countries.

6. The Institute's proposed expenditure budget for 2014–15 is presented in two main sections: the substantive programmes, consisting of research, education, dialogue and outreach; and management and programme support. Table 3 summarizes the 2014–15 proposals and details the expenditure by programme.

Table 3. Summary of proposed 2014–15 expenditure budget by programme

Programme	Work-years/months		Cost (in US\$)		
	Professional	General Service	Staff costs	Other costs	Total resources
A. Substantive programmes					
Research	12/0	4/0	3 453 288	125 673	3 578 961
Education, dialogue and outreach	5/8	4/0	1 949 676	650 601	2 600 277
B. Management and programme support	4/0	2/0	1 253 928	125 673	1 379 601
C. Total 2014–15 proposals	21/8	10/0	6 656 892	901 947	7 558 839

III. Substantive programmes

7. The Global Jobs Pact that was agreed by ILO constituents in 2009 recommended a series of structural changes in order to put the world economy on a sustainable track, thus reducing the risk of future systemic crisis. In particular it was advocated to: (i) achieve a fairer globalization process and (ii) improve the decent work outcomes of financial, taxation and other macroeconomic policies.
8. It is proposed to address these issues in the next two editions of the *World of Work Report* and as part of the *Studies on Growth with Equity*. Importantly, this work would be carried out in close connection with ILO projects, notably initiatives such as the Future of Work Initiative launched by the Director-General in his Report to the International Labour Conference. It would also provide an opportunity to enhance cooperation with the Institute's network of research centres and with other international organizations. Finally, the findings of this work would be integrated into the education programme so as to promote evidence-based policy dialogue among constituents.

1. Research programme

Globalization, jobs and income distribution

9. Globalization presents opportunities and challenges for policy-makers, workers and families all over the world. This opens the door for a broader debate on how to maximize the benefits derived from globalization, while addressing social costs, adjustment difficulties and growing inequalities through a proper mix of domestic and international action. It would pave the way for both economic and normative analysis.
10. From the economic point of view, the project would discuss the different forms that the search for greater external competitiveness could take. Competitiveness can be enhanced through investment in the tangible and intangible assets that are needed to achieve the structural transformation. This includes improved skills, innovation and business practices. However, there are cases where the search for external competitiveness affects wages and working conditions, thus contributing to greater economic and social inequalities, in turn impinging on global demand. The project would explore the various dimensions of external competitiveness, income inequalities and global demand patterns with a view to identifying good practices. The links between globalization and the scope for implementing international labour standards in the context of stiffer international competition would also be investigated.

Quality jobs as drivers of development

11. Many emerging and developing countries have witnessed a resurgence of employment growth since the crisis, as well as a decline in poverty and some expansion of the middle class. However, as the *World of Work Report 2013* illustrates, a closer look reveals that many families have reached income levels just above national or international poverty lines, with continued vulnerability to lapse back into poverty. These achievements would be boosted through a greater focus on quality jobs as drivers of development.
12. The purpose of this project would indeed be to illustrate how various dimensions of the Decent Work Agenda could concretely contribute to sustainable development. It would include both country-specific analysis – such as that performed under the series entitled *Studies on Growth with Equity* – and cross-country research. A special focus would be devoted to the issue of how to boost quality jobs and incomes in economies where the comparative advantage lies in the production and export of natural resources.

Inclusive finance and macroeconomic policies

13. There is growing awareness of the need to combine macroeconomic and employment goals. For instance, recent G20 statements call for more integrated strategies that promote economic growth while addressing the employment and distributional gaps that currently exist. The purpose of this project would be to deepen earlier Institute analysis on the interactions between macroeconomic policies, labour markets and income developments. It would be essential to ensure adequate complementarities with the IMF and the UN Department of Economic and Social Affairs (DESA) in order to both enhance synergies and promote the visibility of the work.
14. As part of this project, the interactions between the financial system, enterprise creation and growth, and jobs would be examined. This is all the more timely because new financial bubbles have appeared in several emerging economies, while in advanced economies there are concerns that the financial system has not been sufficiently reformed. The result is increased vulnerabilities, which blur the horizon for investing in the real economy and creating quality jobs.
15. This work would also engage in a more fundamental consideration of how to address mounting government debt in a manner which meets decent work goals.

International Labour Review

16. Since its relaunch in 2007, the *International Labour Review* has been managed by the Institute on the Organization's behalf. These arrangements – together with the journal's new format and the publishing contract concluded with Wiley-Blackwell with effect from January 2008 – have contributed to significant improvements in the research standards, policy relevance and dissemination of the ILO's constitutionally mandated flagship journal. This is illustrated by the steep trend increase in the number of downloads of articles published in the journal in recent years. For 2014–15, the *Review* will contribute to the ILO's research agenda, including through a special issue on the informal economy and another one on quality employment in emerging economies. It is planned to produce short policy briefs that draw analytical lessons from these dedicated volumes of the *Review*.

2. Education programme

17. The aim of the Institute's education programme is to provide constituents with updated knowledge on key dimensions of the Decent Work Agenda. Its research focus complements the ILO's training activities, notably those provided by the Turin Centre.

18. To this end, the Institute would continue to organize educational activities, including the annual International Internship Course, fellowships and studentships. The outcomes of the education programme's activities are disseminated on the Institute's web page. With regard to the point made above regarding the discussion on the future of the Institute under GB.319/INS/14/2, it should be noted that such activities could also be transferred to the new Research Department should the Governing Body so decide.
19. The 2014 edition of the annual International Internship Course on Labour and Social Policies for Decent Work will be conducted in Spanish and will offer 22 fellowships: six for governments, six for national employers' organizations, six for national workers' organizations, two for the International Organisation of Employers (IOE) and two for international workers' federations. The structure of the course will take into account the results of the evaluation conducted after the 2013 edition, which pointed to the need to strengthen the pedagogical approach.
20. The Institute's Visiting Scholar Programme offers academics in the labour field on sabbatical from their universities, office space, facilities and access to ILO documentation services. The programme will continue over the period 2014–15 with the intention of fostering interaction between ILO staff and the academic community and encouraging academic work on the priorities and concerns of the ILO, notably in connection with the Director-General's Future of Work Initiative.
21. The Institute would continue to accept fellowships and interns on a regular basis so that students, across a range of disciplines, can acquire research experience while also contributing to the Institute's work programme. In addition, the Institute is expected to organize over the 2014–15 biennium some study visits, including presentations by Institute staff and specialists from technical units of the ILO.

IV. Management and programme support

22. The programme of work is also the framework for the management of the Institute. The Institute's Director has management responsibility for the implementation, review and coordination of the programme of work. The Director is also directly involved in the research, education, communication and outreach activities, including as chair of the editorial board of the *International Labour Review*, and is responsible for relationships with the Board and for managing the external relationships of the Institute.
23. Programme support includes programming, personnel, finance, administration and information services. This includes support in the preparation of programme and budget proposals and other documents for the Board, general financial supervision and management, equipment and office space, and assistance in publishing the *World of Work Report* and other publications.
24. ***On the basis of the above, and bearing in mind the proposals that have been put forward by the Director-General of the ILO concerning the future of the Institute, the Board may wish to discuss the Programme and Budget for the International Institute for Labour Studies for 2014–15.***

Geneva, 2 October 2013

Point for decision: Paragraph 24

Appendix II

INTERNATIONAL INSTITUTE FOR LABOUR STUDIES

INS.B.LVI/3

BOARD

56th Session
Geneva, October 2013

THIRD ITEM ON THE AGENDA

Acceptance of contributions and gifts

Endowment Fund

1. Since the 54th Session of the Board, there have been two contributions to the Institute's Endowment Fund amounting to a total of US\$4,753.
2. The financial statement of the Institute's Endowment Fund as at 31 December 2012, as prepared by the Treasury and Accounts Branch of the ILO, is appended.

Phelan Legacy

3. The financial position of the Phelan Legacy as at 31 December 2012, as prepared by the Treasury and Accounts Branch of the ILO, is appended.

Geneva, 1 October 2013

Appendix

Endowment Fund of the International Institute for Labour Studies

Income and expenditure account for the year ended 31 December 2012 (in US dollars)

Fund balance as at 1 January 2012		7 587 459
Movement in the value of the Fund:		
Contributions	4 753	
Interest expense	(827)	
Exchange gain/(loss)	416	
Management fee rebates	14 254	18 596
Unrealized gain/(loss) from investment		1 552 323
Fund balance as at 31 December 2012		9 158 378

Statement of assets, liabilities and Fund balance as at 31 December 2012 (in US dollars)

Assets		
Investments: Managed portfolio including bonds and shares at market value		9 332 300
Accrued income		11 402
Total assets		9 343 702
Liabilities and Fund balance		
Accumulated Fund balance on 31 December 2012		9 158 378
Accounts payable		185 324
Total liabilities and Fund balance		9 343 702

Phelan Legacy

Financial position of the Phelan Legacy for the year ended 31 December 2012 (in US dollars)

Fund balance as at 1 January 2012		943 844
Movement in the value of the Fund:		
Interest income	59	
Exchange gain/(loss)	(30)	
Management fee rebates	1 701	1 730
Unrealized gain/(loss) from investment		185 220
Fund balance as at 31 December 2012		1 130 794

The Fund is held as follows:

Investments: Managed portfolio including bonds and shares at market value		1 113 512
Accounts receivable		15 922
Accrued income		1 360
		1 130 794