

BOARD**FOR DECISION**

SECOND ITEM ON THE AGENDA

Programme and Budget for 2010–11*Contents*

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I. Introduction

1. As the autonomous research arm of the Organization, the International Institute for Labour Studies has a strategic role to play at the service of constituents. In November 2007, the Board agreed to take advantage of the research capacity of the Institute by launching a new periodic publication that would help achieve a greater critical mass in research.¹ In response to this, the first issue of the *World of Work Report* was released in October 2008² and its second edition will appear by the end of 2009. In November 2008, the Board mandated the Institute to mobilize its upgraded research capacity in order to shed light on the implications of the global crisis.³ This materialized in a comprehensive analytical paper submitted to the ILO Governing Body in March 2009,⁴ which paved the way for the adoption of the Global Jobs Pact by the International Labour Conference in June 2009, and was subsequently published.⁵ Its preparation was coordinated by the Director of the Institute and involved cooperation with the Office, in accordance with the mandate given by the Board to build greater complementarities with other parts of the Organization.
2. The Institute's mandate has been reinforced as a result of the adoption in 2008 of the ILO Declaration on Social Justice for a Fair Globalization (Social Justice Declaration), which calls for a stronger knowledge base and research capacity to help implement the Decent Work Agenda. The need for a stronger analytical base has been made more urgent by the global crisis. As stressed in the Global Jobs Pact, it is crucial to make available the best possible analysis and expertise in order to promote recovery and achieve a fairer globalization. The Institute's analytical expertise has therefore become more central.
3. For 2010–11, it is proposed to build on these achievements and respond to the new analytical challenges associated with the global crisis.

II. Budget

Total proposed budget level

4. The Programme and Budget proposals for 2010–11 – valued at the 2008–09 budget exchange rate of 1.23 Swiss francs to the US dollar – amount to US\$6,394,049. This entails a decrease in the volume of resources of US\$355,951. This decrease arises mainly from the loss of expected interest income due to the financial crisis. Indeed, the contribution from the ILO regular budget remains constant in real terms. The adjustment in prices and the budget exchange rate between 2008–09 and 2010–11 are summarized as follows:

¹ GB.300/19(Rev.), paras 6 and 24.

² ILS: *World of Work Report. Income inequalities in the age of financial globalization*, ILO, Geneva, 2008.

³ GB.303/18.

⁴ GB.304/ESP/2.

⁵ ILS: *The financial and economic crisis: A decent work response*, ILO, Geneva, 2009.

Adjustment in prices and the budget exchange rate, 2008–09/2010–11

	US\$
2008–09 approved Institute expenditure budget, excluding activities financed from extra-budgetary funds, at an exchange rate of 1.23 Swiss francs to the US dollar	6 750 000
Proposed programme decrease in 2010–11	(355 951)
2010–11 Institute expenditure budget proposals at 2008–09 prices (at an exchange rate of 1.23 Swiss francs to the US dollar)	6 394 049
2010–11 cost increase and adjustment to an exchange rate of 1.07 Swiss francs to the US dollar	655 951
2010–11 programme and budget proposals	7 050 000

5. The exchange rates of 1.23 and 1.07 Swiss francs to the US dollar are those used by the ILO for the Programme and Budget for 2008–09 and 2010–11 respectively.
6. The standard cost factors for all Professional and General Service staff at headquarters included in the 2010–11 programme and budget proposals are the same as those of the ILO. These amount to \$224,268 per work-year for the Professional category (\$196,176 in 2008–09) and \$134,244 per work-year for the General Service category (\$117,540 in 2008–09).
7. The level of the proposed 2010–11 budget is increased in nominal terms to \$7,050,000, but, in real terms, there will be a reduction in funds available as a result of the impact of the financial crisis on expected interest income, as mentioned in paragraph 4. It should be noted that implementation of this programme rests partly on the use of 68 per cent of the funds carried forward from the 2008–09 biennium.

Summary of 2010–11 proposed income and expenditure budget and comparison with 2008–09 (in US\$)

	2008–09 approved budget	Forecast income and expenditure	2010–11 programme and budget proposals
A. Funds brought forward from previous biennium	1 827 972	3 001 676	1 789 184
B. Income			
Endowment Fund			
– Interest income	–	–	–
– Investment income realized	300 000	–	–
Contribution from ILO regular budget	5 134 508	5 134 508	5 790 459
Interest	120 000	100 000	32 000
Sales of publications and miscellaneous	20 000	3 000	3 000
Receipts			
Total income	5 574 508	5 237 508	5 825 459
C. Total funds available (A + B)	7 402 480	8 239 184	7 614 643
D. Expenditure	6 750 000	6 450 000	7 050 000
E. Funds to be carried forward to next biennium	652 480	1 789 184	564 643
F. Other source: Phelan Legacy (estimated resources)	50 000	6 000	–

8. The Institute's proposed expenditure budget for 2010–11 is presented in two main sections: the substantive programmes, consisting of research, education, dialogue and outreach; and management and programme support. The table below summarizes the 2010–11 proposals and details the expenditure by programme.

Summary of proposed 2010–11 expenditure budget by programme

Programme	Work-years/months		Cost (US\$)		
	Professional	General Service	Staff costs	Other costs	Total resources
A. Substantive programmes					
Research	11/00	4/00	3 003 924	349 613	3 353 537
Education, dialogue and outreach	5/00	5/00	1 792 560	430 294	2 222 854
B. Management and programme support	2/00	5/09	1 357 071	116 538	1 473 609
C. Total 2010–11 proposals	18/00	14/09	6 153 555	896 445	7 050 000

III. Substantive programmes

9. For the next biennium, it is proposed to: (i) focus attention on the analytical underpinnings of the global jobs crisis, including by examining medium-term scenarios for decent work and sustainable enterprises; and (ii) integrate the findings of this work into the education programme so as to share new analytical insights with constituents and discuss associated policy issues.

Programme	Work-years/months		Cost (in US\$)		
	Professional	General Service	Staff costs	Other costs	Total resources
A. Research					
2010–11 proposals	11/00	4/00	3 003 924	349 613	3 353 537
2008–09 approved budget	11/00	4/00	2 628 096	583 866	3 211 962
B. Education, dialogue and outreach					
2010–11 proposals	5/00	5/00	1 792 560	430 294	2 222 854
2008–09 approved budget	5/00	5/00	1 568 580	477 708	2 046 288

1. Research programme

10. For 2010–11, the aim is to deepen the analysis of the crisis, assess responses and identify those that promote recovery and decent work as mandated by the G20. This will contribute to fulfilling the Organization-wide mandate to implement the Global Jobs Pact and lead to two new issues of the *World of Work Report*. This work will offer significant opportunities for cooperation with different sectors in the Office, in line with the Organization's proposed Knowledge Strategy,⁶ while at the same time drawing on the comparative advantage of the Institute, namely its autonomous research capacity. The Institute is also

⁶ See GB.306/PFA/12/3.

establishing an experts' group with a view to enhancing peer review of the work and thus promote analytical quality.

Global jobs crisis: Sustainable recovery strategies

11. Although there are signs that an economic recovery, fragile as it is, might be under way, the global jobs crisis remains an issue of considerable concern. The *World of Work Report* will therefore examine conditions for a sustainable exit and recovery from the crisis. The reports for 2010 and 2011 will complement the assessment of specific crisis measures carried out by the Office by focusing on key longer-term analytical issues, including those described below.

- **Employment and social sustainability** issues.⁷ First, the extent to which a prolonged jobs crisis is being averted will be discussed. Initially, the crisis affected skilled workers, the financial sector and large firms. However, the crisis has spread more widely. As the economy recovers, there is a risk that certain disadvantaged groups like the low-skilled, women and youth, temporary and informal workers and small entrepreneurs will be the main longer-term victims of the crisis. The report will examine how these groups have been affected across a wide set of countries. Second, the report will discuss the prospects for broader-based recovery. It will examine different employment and income scenarios for successful exits from the crisis, and will discuss how these scenarios interact with announced reforms. The model recently developed by the Institute, "global economic linkages",⁸ will serve as basis for the scenarios.
- The report will examine how a successful decent work response to the crisis can be carried out without compromising long-term **fiscal sustainability**. Government deficits and public debt have increased significantly in the wake of the crisis – partly as a result of fiscal stimulus measures, and partly reflecting the bail out of the financial system. Reining in deficits is imperative. But it is equally important to build a solid social protection system, as highlighted in the Global Jobs Pact. The report will consider how the two goals can reinforce each other over the medium term, even if trade-offs may exist in the short term. This will require consideration of how the most effective employment and social protection programmes, while creating a social floor, can also support the economy and fiscal sustainability in the long term. The report will pay specific attention to the situation of emerging and developing economies in the context of inadequate fiscal space.
- As stressed in the Global Jobs Pact, a successful jobs recovery needs to address the **global imbalances** that lay behind the crisis. The 2008 report suggested a link between global imbalances and trends in the world of work. It is proposed to carry out more research to deepen analysis of this crucial issue. This would directly respond to the Global Jobs Pact's requirement to make globalization fairer. It will entail, first, an analysis of wage, productivity and income developments on the one hand, and global imbalances on the other. Second, financial development will continue to be centre stage for growth, jobs and social protection. The report will therefore examine how financial reforms can support sustainable enterprises and decent work goals. This will include an analysis of the impacts on jobs and incomes of alternative mechanisms for

⁷ It is envisaged to focus attention on the topic of employment and social sustainability in both the 2010 and 2011 issues of the report. By contrast, the other topics below will be treated as part of one or the other report.

⁸ See Charpe M. and Ernst E.: *Global economic linkages. A model of employment and income dynamics in open economies*, ILS Discussion Paper No. 198, ILO, Geneva, 2009 (DP/198/2009).

funding enterprise investments (such as market-based finance, bank loans or private equity funds). An analysis will be made on how the composition of funds affects the real economy, employment and incomes and associated policy issues. More generally, the crisis has also raised broader issues regarding the respective roles of government intervention and markets. Given the urgency of the situation, governments have so far responded in an ad hoc manner, including through unprecedented support to the financial sector. However, the issue arises as to whether a more strategic response is desirable and possible in the medium term.

- The report will consider the employment and social dimensions of policies to promote *environmental sustainability*. It will build upon modelling work carried out by the Institute concerning the employment effects of green taxes. In particular, the report will examine the possible effects of green technologies on changing patterns of production and employment both within countries and internationally. It will also discuss the distributional effects of different green policies – an issue which has received little attention so far.
- The economic crisis has exposed longstanding *vulnerabilities in developing countries* that had been overshadowed by strong economic growth during the recent commodity boom. First, underinvestment in agriculture has been a longstanding problem: the UN Food and Agriculture Organization (FAO) estimates that the amount of food available in developing countries will have to double by 2050 in order to keep pace. Investment in agriculture, if labour-intensive, could promote business and employment opportunities, improve wages and productivity, and foster more sustainable economic growth. The report will discuss the prospects for green jobs, food security and agricultural productivity in developing economies and the role of international initiatives and aid in this respect. Second, integrating the informal economy more effectively into domestic and international production chains would support resilience to future crises. Building on the recent joint project with the World Trade Organization (WTO), the report will consider how informal economies can generate a self-sustained economic recovery, and how the linkages and interactions with the formal economy can be made more decent work friendly. The report could also identify additional support that policy-makers could provide in terms of infrastructure investment, the development of local banking systems and the creation of proper legal and administrative frameworks extending to the informal economy.
- Migrants have been strongly hit by the crisis, eroding the flow of remittances to countries of origin, which may also be confronted with return migrants seeking sustainable income sources. This raises the issue of how to make *migration a stronger factor of development* that relies not just on remittances. The report will consider several options in this respect, including: shaping new entrepreneurship possibilities for returning migrants in their home country; and governments' role in maximizing employment-enhancing outcomes for returning migrants. This work will draw upon the ongoing project on migration in African countries.

Globalization in the aftermath of the global crisis

12. A follow-up to the report produced jointly with the WTO on globalization and informal jobs in developing countries⁹ is under consideration. This may involve consideration of how well-designed trade reforms can help improve the international integration of

⁹ Bacchetta M., Bustamante J., Ernst E.: *Globalization and informal jobs in developing countries*. A joint study of the International Labour Office and the secretariat of the World Trade Organization, Geneva, 2009.

developing countries and at the same time improve decent work outcomes. Particular attention might be devoted to agricultural trade, development and decent work in these countries.

13. As part of the follow-up to the Social Justice Declaration, the Institute will coordinate country studies that put together lessons from successful crisis responses. The Declaration emphasizes the need for examining the interactions between the different domains of the Decent Work Agenda and calls for better empirical knowledge and understanding that the strategic objectives are inseparable, interrelated and mutually supportive.¹⁰ To support ILO constituents in developing responses to the economic and social challenges they face, including the consequences of the current economic crisis, five country studies will be initiated in 2010 to analyse the economic and labour impacts of the crisis and other developments at the country level and the implications of the policy packages implemented. Participation will be on a voluntary basis and constituents will be involved in the process. This project will involve teamwork with ILO regional offices and technical departments.

ILO Century Project

14. The initial phase of the ILO Century Project was closely linked to the celebration of the ILO's 90th anniversary. The period preceding the centenary in 2019 gives room to undertake more in-depth research and to develop a comprehensive programme. The new phase would include the following three main areas of work.
15. First, it will support academic research related to the ILO's historical role and action. The Century Project currently enjoys a very favourable climate in terms of research and knowledge development as there is growing interest in the academic community for transnational and global history. The objective is to deepen the knowledge and understanding of the ILO's impact in key areas and at crucial historical moments like the Great Depression. A special effort will be made to broaden the regional scope of research, which until now had extensively focused on Europe and the Western world.
16. Capacity-building activities for constituents and ILO staff will be a second major area of work. The aim is to show how lessons from history can shed light on current preoccupations and strengthen the capacity to intervene in today's policy debate and decision-making process. This will in particular imply a better understanding of the modalities of action as well as the impact of the Office and constituents in several historical circumstances and areas of work. An obvious case for the development of such activities will be past economic and financial crises and the corresponding responses. A series of seminars on this theme is already being planned to start during the last quarter of 2009.
17. Third, the Century Project will aim at raising the visibility of the ILO among the general public through disseminating information on its historical role and achievements. This will be done through publications (academic, pedagogical, general public, etc.), online dissemination of information, audio and video material, conferences, external partnerships, etc. The Century Project will continue to be funded from special allocations of the Office's regular budget.

¹⁰ ILO Declaration on Social Justice for a Fair Globalization, II, (A)(iii) and Annex, II(D).

2. Education programme

18. The Institute's education programme complements ILO training activities and aims to provide policy-makers, employers' organizations and trade unions with an international comparative perspective on social policy, to introduce them to the ILO and its tripartite programmes and means of action, and to develop their capacity for social policy research and analysis. To this end, the Institute organizes educational activities including the annual International internship course on labour and social policies for the promotion of decent work, fellowships and studentships and policy forums. The outcomes of these activities are disseminated through a variety of means including reports, CD-ROMS, and the Institute's web page.

International internship courses

19. The Institute fulfils its mandate to transfer ILO knowledge to constituents mainly through organizing annual international internship courses. The courses are intended for a worldwide audience of officials from ministries of labour and social affairs, as well as representatives of employers' and workers' organizations who are expected to rise to positions of greater responsibility in the future. The next course will be held for a period of three weeks in Geneva from 13 May to 3 June 2010.
20. For 2010–11, the course curricula will strongly draw upon the main findings of the ILO's work on the global crisis. The course will consist of an introduction to the ILO and its objectives, structure and programmes, and a detailed presentation of the ILO's approach to economic and social policies for the promotion of decent work for women and men in a global economy. The course in 2010 will be held in Spanish and a total of 22 fellowships will be offered to representatives of the ILO tripartite community who will be selected among the nominations made by the respective groups in the Governing Body. In 2011, the course will be held in English.

Visiting scholars and students

21. The 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, which will continue over the period 2010–11, is intended to foster interaction between ILO staff and the academic community and to encourage academic work on the priorities and concerns of the ILO, notably in connection with the global crisis.
22. Peter Auer (ILO), Francis Maupain (ILO) and Eddy Lee (ILO) will continue their affiliation with the Institute for part or all of the biennium.
23. The Institute will continue to accept 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.
24. In addition, the Institute is expected to organize over the 2010–11 biennium a series of study visits, including presentations by Institute staff and specialists from technical units of the ILO.

3. Knowledge exchange and dissemination

Knowledge exchange

25. The global financial crisis has highlighted the need for achieving a better balance between economic and social goals in the context of a globalized economy. In this respect, it is important that institutions and organizations concerned with these issues work together to build a stronger knowledge foundation through exchange in order to widen our understanding of the problems and opportunities, and promote dialogue among the actors concerned.
26. To support this, the Institute has established an experts' group, involving a wide range of expertise. This will also help ensure peer review of the *World of Work Report*. A framework of cooperation with the University of Geneva and the Institute for Human Development of India has been established, to increase exchange and synergy in research, as well as education and policy dialogue on global issues.
27. The Institute will continue its collaboration with the Global Labour University, which is aimed at strengthening cooperation between academic institutions and trade unions through the development of a postgraduate programme on labour and social policy.
28. The Institute will continue to organize seminars, public lectures and conferences. Such debates are instrumental for improving understanding of how new analytical findings can improve policy-making. By promoting dialogue between policy-makers and analysts, these events should help make the research agenda as policy-relevant as possible.
29. Building upon the success of the previous biennium, 2010–11 offers an excellent opportunity to further improve the links with other parts of the ILO. This can take the form of discussions of project specifications, joint research projects with other researchers in the Office, and staff seconded to work at the Institute.
30. Depending on the availability of sufficient interest income over the biennium, the ILO will award the Decent Work Research Prize for outstanding contribution to the advancement of knowledge regarding the ILO's central goal of decent work for all. If awarded, the 2010–11 laureate would be selected by a jury of five eminent international experts in labour and social policy issues. The winner will be invited to give a lecture to a global audience of government, employers' and workers' representatives and be made Honorary Fellow of the Institute.

Publications, communication and dissemination

31. A large number of expected research outputs will lead to the release of either an edited volume, or a working paper, notably under the discussion papers series. These publications will be announced or, in the case of working papers, published on the Institute's web site. Proceedings and lectures from research conferences which are part of the Institute's programme of work will also be posted on the web site.
32. Since its relaunch in 2007 under the guidance of a new editorial board, 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. For 2010–11, the *Review* will contribute to the ILO's crisis response and broader research agenda, notably through a special issue devoted to research-based perspectives on the global crisis.

33. The final goal of research carried out at the Institute is to improve policy-making. In this regard, communication of solid, policy-oriented research plays a key role. This involves engaging in dialogue with constituents and greater efforts to diffuse the work through the media. It is planned to strengthen both aspects through the preparation of short policy briefs – which will explain in plain, non-technical language the policy relevance of research findings – as well as media releases with the support of the ILO Department of Communication and Public Information, as appropriate.
34. As part of the dissemination strategy, it is planned to organize a research conference on the global crisis during the biennium.

IV. Management and programme support

	Work-years/months		Cost (in US\$)		
	Professional	General Service	Staff costs	Other costs	Total resources
2010–11 proposals	2/00	5/09	1 357 071	116 538	1 473 609
2008–09 approved budget	2/00	7/00	1 336 380	155 370	1 491 750

35. The programme of work provides the framework for the Institute's management. The Director of the Institute is responsible for the implementation, review and coordination of the programme of work; is directly involved in research, education, communication and outreach activities; and manages the relations with the Board and with external partners.
36. 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, assistance in publishing the *World of Work Report* and other publications, including discussion papers and research series, and records and communication. Productivity gains will be realized as a result of better management of information and documentation services, permitting an increase in the ratio of Professional to General Service staff.
37. The Institute will also play an important role in the implementation of the Organization's Knowledge Strategy. As Chair of the ILO's Research and Publications Committee, the Director will help ensure greater complementarities between the different research projects, while contributing to enhance the peer review process for high-profile publications.
38. ***On the basis of the above, and in accordance with Article II, paragraph 6, of the Regulations of the Institute, the Board may wish 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.***

Geneva, 3 November 2009.

Point for decision: Paragraph 38.