

**BOARD**48th Session  
Geneva, November 2006

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## FIRST ITEM ON THE AGENDA

**Report of the Director***Contents*

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## Introduction

1. The Institute's programme for 2006-07, which was approved by the Board in November 2005, includes new research aimed at strengthening the knowledge base needed to achieve decent work goals. It also involves a reinforced effort of networking and partnerships, and a renewal of educational activities. This is a transitional report, which highlights both the completion of activities and projects from earlier programmes and the initial stages of new projects which have been started in 2006. The report was prepared in September 2006 and so covers the 12 months up to that date. It also briefly notes some activities which are scheduled for the period September-December 2006.

## I. Research

2. During the period under review, the Institute's research has concentrated on two broad themes: (1) decent work in development; and (2) social goals in the governance of the global economy. A background paper describing the programme, "Decent work in a global economy: A research strategy" is available on the Institute's web site at <http://www.ilo.org/public/english/bureau/inst/download/dw2006.pdf>. A number of research and outreach activities which were started in 2004-05 were also completed in 2006.

### 1. Decent work in development

3. The Institute's work on decent work in development includes both research on specific topics, described below, and broader analysis at global and country levels. The latter has started with an integrated review of global developments (including changing patterns of trade, investment, financial flows, production, technological change, migration and related issues) and their impact on employment, which is presently under way. In addition, analysis of the impact on decent work goals of different national development paths is planned within the Institute's country networks. In this context, work has started in India, will start shortly in Brazil, and is planned in South Africa and China. Some of the issues were explored in presentations by the Director on "Policy dimensions of work: The jobs crisis and the goal of decent work" in Buenos Aires in February and on "Decent work, social inclusion and development" in New Delhi in August.
4. One way to address the overall relationship between decent work and development is through the analysis of "social models", in the sense of coherent sets of policies aimed at simultaneously achieving economic and social goals. The Institute is working with a European research network which is analysing the challenges faced by the "European social model", and a project has been developed to examine these issues further in Latin America as the central focus of a Latin American research network. This theme will also be addressed in the Institute's research conference scheduled for late November 2006 (see below).

### *Trade and employment*

5. The Institute was given the lead responsibility within the ILO for preparing a joint issues paper on "Trade and employment" with the World Trade Organization (WTO). A draft of this paper was completed at the end of July. It reviews the current state of knowledge on the complex interrelationships between trade policies on the one hand, and employment and labour policies on the other. The paper also identifies priority areas for future research

on policies to strengthen the employment benefits of trade expansion that could be undertaken jointly by the ILO and the WTO. After revision, it will be published jointly by the two organizations.

### ***Global production networks and local development***

6. This topic has also been made a central theme of the research conference in November 2006 and research projects are under development in India and Brazil. Two publications, based on earlier research, address this issue. First, the recently published 2005 ILO social policy lectures addressed the topic of the new offshoring of jobs and global development (see below). Second, papers from the 2005 France-ILO symposium were published under the title *Offshoring and the internationalization of employment*.

### ***Internationalization of labour markets***

7. Work on issue papers and literature reviews is under way as the first step of the project examining this topic, which aims at better understanding of the links between mobility, employment and development. The project will examine how different development paths are related to the internationalization of labour markets and production systems, and the link between the latter two phenomena. As a starting point, it seeks to understand why some international labour flows produce positive externalities in the migrants' countries of origin (such as the creation of new industries and more jobs) while others lead to negative externalities (such as a lack of essential skills and lower productivity).

### ***Labour law and decent work in low-income settings***

8. This research project examines the challenges facing labour law as a tool to promote social goals in low and middle-income countries with high income inequality. The project will analyse the effectiveness of regulatory and policy approaches that have been developed to tackle problems of limited de jure or de facto coverage of labour law.
9. The first phase of the project is mapping out and critically appraising existing research in this area. A literature review has been carried out and seven thematic papers have been commissioned to labour law scholars and sociologists from different regions.
10. A workshop is to be organized before the end of 2006 to conclude the first phase of the project. It will be attended by the authors of the commissioned papers and ILO experts. The workshop will consider the preliminary conclusions concerning the factors challenging the effectiveness of labour law in low-income settings, and the adequacy of national solutions. It will also help refine the research questions and methodology of the second phase of the project in 2007, when in-depth case studies will be carried out in a small number of countries.

### ***Tripartism and economic reform***

11. This research project, which started in 2005, is near completion. It examines the contribution of tripartism to policy-making in developing and transition countries and its impact on socio-economic outcomes in the context of economic liberalization in the 1990s. It asks whether tripartism has modified economic reforms (i.e., their pace, sequence, mix and/or content) as well as the environment for their implementation in eight countries: Chile, Poland, Singapore, Slovenia, South Africa, South Korea, Uruguay and Zimbabwe. Regional experts responsible for the country studies met for a second workshop at the ILS

in May 2006. The studies are currently being edited and an introductory chapter to the book based on these studies is being drafted.

12. Generally speaking, tripartism appears to have contributed to the sustainability and credibility of reforms, providing, to varying degrees, a measure of social peace and buy-in from key social actors. Tripartism also seems to be associated with a more gradual approach to reform and with attempts to reconcile efficiency and equity concerns in the reform agenda. This is often reflected in a greater emphasis on training and other active labour market policies to facilitate economic restructuring, on measures to extend or strengthen social protection, and on labour rights and policies towards low-wage workers. In some cases, moreover, tripartite incomes policies have been a useful tool to navigate crises and/or facilitate smooth economic adaptation.

## 2. Social goals in the governance of the global economy

13. The Institute has contributed to dialogue on the recommendations of the World Commission on the Social Dimension of Globalization, through organization of and participation in follow-up events, and the publication of articles analysing the World Commission's recommendations. Two research projects are under development which are intended to pursue these issues further. The first, which would be a common effort with other United Nations research bodies, would aim to build better global development frameworks which integrate decent work and other social goals; the second would examine how far the national space for social policy is constrained by the existing pattern of international governance and regulation.
14. In 2006, the main research effort in the area of governance has concentrated on the three topics described below.

### ***Corporate social responsibility (CSR) and international labour standards***

15. This research work involves a number of legal issues currently relating to the use of international labour standards by private actors (especially enterprises and non-governmental organizations). It is increasingly rare that reference is made to these standards either in the application of unilateral practices such as codes of ethics or declarations of principle, or in collective negotiations such as international framework agreements, or group and enterprise agreements.
16. The initial task is to understand the reasons why use of international standards seems to be developing, albeit in a way that is different depending on the continent, country, legal system and professional relationships. The second task is to determine the difficulties that result once the issue of international, mainly labour, standards, is raised, especially as the classic and natural target group for international standards is governments and not private entities. Thirdly, the various legal risks that such practices can involve, mainly "privatization" of international labour standards, must be assessed.
17. During this period, research in hand has focused on improved ownership of international, mainly labour, standards, by private entities at different levels across the world.
18. A first research seminar was held in July 2006 with the various actors (the social partners and representatives of multinational enterprises) taking part in a discussion. Deepening of some legal issues needs to take place as a result of this seminar. A book will be published in 2007.

### ***Cross-border social dialogue***

19. A research project has been initiated which examines the role of international framework agreements (IFAs) as instruments of voluntary regulation of labour-related matters at the cross-border level. A review is under way of the approximately 50 IFAs reached between global union federations (GUFs) and certain multinational enterprises. In addition to research conducted in the Institute on this topic, a number of collaborations with outside researchers is being developed.
20. At this stage, the research aims at systematically mapping these initiatives, as well as studying and categorizing their content and scope. Interviews are being conducted with actors involved in order to understand whether there is a shift of interest from strictly unilateral CSR initiatives (and collaboration with NGOs), towards agreements negotiated with unions, and if so, why.
21. A research workshop on “Cross-border social dialogue and agreements” will take place in December 2006, in order to take stock of ongoing and completed research.

### ***Social dialogue regimes***

22. This project, which started in 2004, aims at understanding the structural determinants (e.g. economic, social, cultural, institutional) and socio-economic outcomes of different “social dialogue regimes”. As a first step, the project will fill a basic methodological gap, namely, the collection and operationalization of social dialogue indicators, based on a sample of approximately 50 countries. The newly developed indicators will subsequently be introduced in statistical models seeking to better understand the desirability of particular labour market institutions and the conditions in which these institutional configurations might be sustainable. The project, co-funded by the Geneva International Academic Network (GIAN) and jointly conducted with the University of Geneva, is to be completed in spring 2007.

## **3. Completion of other 2004-05 research projects**

### ***Participatory governance and decent work***

23. Several discussion papers and a research series publication have been issued as a result of research on this topic. Further discussion papers are under review and a book is being prepared for publication in 2007.

### ***Effects of technical change and industry restructuring on the demand for child and adult labour***

24. Several Institute discussion papers are being published as a result of this project, based on industry studies that were conducted in India. They find that technical change and industry restructuring led to large declines in child labour, even in the absence of programmes specifically aiming to reduce child labour.

### ***Sustainable labour migration***

25. Three books and two discussion papers were published, incorporating the findings of earlier research (see appendix). In addition, as part of networking in the area of migration research, a paper was prepared on “Foreign science and engineering students in France and

Germany” for publication by Georgetown University’s Institute for the Study of International Migration (ISIM) under its research project “Declining numbers of S & E students and immigrants: Policies, labor markets, and global competition”.

## II. Education

26. The educational activities of the Institute aim to strengthen the capacity of ILO constituents to analyse key labour and social issues and develop policy responses. Some are also addressed to academics, researchers and students, with a view to enhancing interest and research in the social and labour field.

### 1. International internship course on labour and social policies for decent work (Geneva, 11-31 May 2006)

27. Twenty-two participants, 11 of them women, representing the tripartite constituents of the ILO from 14 Latin American countries, attended the 41st internship course, held this year in Spanish. The major purpose of the course was to strengthen the knowledge base on decent work and to enhance the capacity of participants to contribute to labour and social policy development in their respective countries.

28. The course lasted three weeks. A mix of pedagogical methods included lectures, workshops, field visits and group work. In addition to the principal learning activities, the course included attendance at the opening day of the 95th Session of the International Labour Conference. A number of distinguished academics from different European universities gave lectures and led discussions on major topics of the course. These discussions were complemented with presentations by experts from different technical units of the ILO.

29. There were several opportunities for the participants to evaluate the organization of the course and to give suggestions on ways to improve its value. All of the teaching materials used in the course and the course work by participants have been converted into electronic format for distribution to all participants on CD and for placement on the Institute web site.

### 2. Pedagogical materials on decent work

30. The Institute completed a project, launched in 2003, to prepare pedagogical materials on decent work. A Spanish language version was used during this year’s internship course. These materials were based on studies by leading academics explaining the different dimensions of decent work with special reference to the four strategic objectives of the ILO. The full studies were also brought out in 2006 as an Institute publication under the title: *Decent work: Objectives and strategies*, edited by Dharam Ghai.

### 3. Other educational courses and visitors

31. As part of an agreement for academic collaboration, the Institute and Cornell University jointly organized a course on “Globalization and employment relations in transition” which was targeted to all interns of the ILO. The course ran from February to May 2006, and consisted of a series of ten lectures and/or seminars given by ILO specialists in Geneva, and Cornell University professors in Ithaca through videoconferences.

32. During the year under review, Robert Weaver (Youngstown State University, Ohio, United States) and Dr. Aelim Yun (Korean Confederation of Trade Unions) carried out research at the Institute as visiting scholars. Two fellows, Professor Jacques Marcovitch (University of São Paulo, Brazil) and Dr. Eddy Lee (ILO), were appointed for 2006-07.
33. Resources from the Phelan fellowship endowment were only sufficient for one fellow for 2006-07 and the process of selection is under way. The candidate will be chosen from the Latin America and Caribbean region.
34. During the period under review, the Institute hosted five visiting students. Six study visits of students from various universities were also organized. The programmes of these visits included presentations by Institute staff and specialists from technical units of the ILO.

### III. Policy dialogue

35. Policy dialogue activities aim to translate research findings into policy options, notably by stimulating debate on issues of concern to the ILO's employer, worker and government constituents.

#### 1. Public lectures

36. The Institute organized several public lectures, scheduling most of them so that members of the Governing Body could easily attend. In November 2005, there was a panel discussion on "Philosophical and spiritual perspectives on decent work" with the participation of Sister Gayatri Naraine, Brahma Kumaris representative to the United Nations, and Reverend Samuel Kobia, General Secretary, World Council of Churches. The ILO's Bureau for External Relations and Partnerships co-hosted this event.
37. In March 2006, Professor Arjun K. Sengupta, Chairperson, National Commission on Enterprises in the Unorganised/Informal Sector, Government of India and Member of Parliament (Rajya Sabha) gave a public lecture on "Rights at work and the right to work".
38. Also during the March Governing Body, and together with the ILO's Employment Sector, the Institute organized a book launch and panel discussion on "Offshoring and the internationalization of employment: A challenge for a fair globalization?". Speakers included Bernard Gazier, Professor of Economics, University of Paris 1, and Marie-Ange Moreau, Professor of Law, European University Institute, Florence.
39. In May, Sir Richard Jolly, Honorary Professor, Institute of Development Studies at the University of Sussex, delivered a memorial lecture entitled "Hans Singer: Gentle giant of development". This event was co-organized with the United Nations Research Institute for Social Development.

#### 2. ILO Nobel Peace Prize Social Policy Lectures

40. The 7th Nobel Peace Prize Social Policy Lectures were hosted by the University of the West Indies (UWI) in Jamaica from 5 to 7 December 2005. The lectures were delivered by Professor Gary Gereffi (Duke University, United States) on the theme: "The new offshoring of jobs and global development". There were three lectures covering: (i) an overview of the contemporary global labour market; (ii) global consolidation: China, India and the apparel industry; and (iii) globalization and the demand for governance. Each

lecture was followed by panel discussions. The lectures and discussions concluded with a round table meeting that included the ILO tripartite representatives from the Caribbean.

41. The main venue of the lectures and related events was the Mona Campus of UWI. The entire proceedings were transmitted via videoconference facilities to the other two major campuses of the university. A full-length video recording of the lectures and associated events has been prepared by UWI for use by its students and researchers and for posting on the Institute web site. A revised version of the lectures has now been published jointly by the Institute and the UWI.

### 3. Other policy dialogues

42. The IILS organized a panel at the International Forum on the Social Science-Policy Nexus sponsored by UNESCO in February 2006 in Buenos Aires. The panel analysed the work of the World Commission on the Social Dimension of Globalization and included Commission members Ruth Cardoso and Daniel Funes de Rioja, as well as other distinguished academics and policy-makers from Latin America, Africa and Asia.
43. The IILS hosted a round table discussion on the occasion of the 40th anniversary of the Institute of Development Studies (Sussex University), entitled "The influence of IDS and development research on the agenda of the UN agencies: Past, present, future". The round table, held on 18 May 2006, involved 30 alumni and development specialists from the United Nations and Geneva-based international organizations and was part of a series of round table discussions being organized in over 25 cities around the world.

## IV. Partnership and networks

44. The IILS continues to support the development of research capabilities within the Office and among constituents, and to develop its external partnerships and research networks.

### 1. Linkage with employers' and workers' organizations

45. The IILS has strengthened its links with the research and education centres of the constituents both at national and international levels.
46. Collaboration has continued with the Bureau for Workers' Activities (ACTRAV) on the Global Union Research Network (GURN). This includes the provision of technical inputs from staff members to the Global Labour University (GLU) project and to other technical meetings under the aegis of the network. The GLU project aims at strengthening cooperation between universities and trade unions on a global scale through the development of a postgraduate programme on labour and social policy. The Institute is taking part in the development of the course curriculum and teaching materials. In 2006, the Institute also contributed to GURN fellowships for trade union researchers from developing countries, selected for training courses organized under the auspices of the network.
47. The IILS has also been working in collaboration with the Bureau for Employers' Activities (ACT/EMP) towards the development of a network of research institutions linked to employers' organizations. The aim is to extend the knowledge base for policy formulation by employers' organizations. A first meeting with participants from Latin American institutions was held in Buenos Aires in July 2006. Three themes were explored: (i) the

informal economy; (ii) global production chains, small enterprises and employment; and (iii) socio-labour indicators and enterprise surveys. Work is under way to build a collaborative research agenda at the regional level on the basis of the discussion in the meeting, in cooperation with ACT/EMP and the ILO Regional Office.

## **2. Closer linkage with the Office**

**48.** The ILS decent work research seminars series continued to function as a platform for discussing research on the ILO Decent Work Agenda. Presentations included: “The employment challenge in Argentina, Brazil and Mexico” (EMP/ANALYSIS); “The notion of ‘flexicurity’ in developing countries” (CEPOL); “Tripartism-plus and decent work in South Africa” (INSTITUTE); “Working time and the on-call work debate in the EU” (TRAVAIL); “The revival of labour inspection in Latin America” (MIT, Professor Mike Piore); “Labour law reform in Latin America” (DECLARATION); and “Labour recommodification in the new transformation” (IFP/SES). Short summaries of each presentation are available on the Institute’s web site.

## **3. Reinforcing external networks**

**49.** Institute staff visited research institutions and gave presentations or discussed research projects and collaborations in Argentina, Belgium, Brazil, Chile, Germany, Finland, France, India, Jordan, Netherlands, Peru, Romania, South Africa, Switzerland, United Kingdom and United States. A list of presentations can be found on the Institute web site.

**50.** In the framework of activities related to governance and international labour standards, contacts were made during the first six months of 2006 with legal experts (from universities and private practices) working in all types of institutions. The aim was to create a network of multidisciplinary legal experts both at international and regional levels. Permanent contact has been established with the European Foundation for the Improvement of Living and Working Conditions in Dublin, Ireland, as well as with different universities (mainly in Canada, China, France, United Kingdom and United States).

**51.** Preparations were made for the Research Conference to be held from 29 November to 1 December 2006. This conference will bring external researchers and research networks to the ILO to exchange ideas and findings with ILO staff and constituents, and so strengthen the links between the ILO and the academic community. Between 100 and 150 participants are expected. It will combine broad plenary sessions (inter alia, to identify research needs of the Decent Work Agenda) with in-depth review of research on two particular topics: (i) the challenges faced by social models in different parts of the world; and (ii) the contribution of global production networks to the local creation of decent work.

**52.** The Institute contributed to the development of the Global Labour Research Forum (GLRF), a network of research institutions concerned with work and employment, including labour markets, working conditions, migration and social protection. The Institute hosted a planning meeting at the ILO in Geneva on 3-4 April 2006, with the participation of institutions from China, Germany, India, Republic of Korea, South Africa, Sweden and United States. The network will focus on north-south collaborative research on “cross-border” issues relevant to a broad range of countries and regions.

**53.** As a first step towards more systematic collaboration between the Institute and research institutions in India, the Institute organized a workshop on “A development agenda for employment and decent work in India” in Mumbai in August 2006. Three themes were

addressed: (i) economic and social policies for embedding employment in the development agenda; (ii) global value chains and their impact on employment and incomes at local level; and (iii) social regulation and protection in the informal economy. This event helped to define a research agenda grounded in national priorities, which will be pursued by Indian research institutions in collaboration with the Institute. Similar workshops on research priorities are planned in Brazil and South Africa in the first half of 2007.

54. First steps are being taken towards developing a research network in Africa, involving a first meeting in Addis Ababa in the first half of 2007. Extra-budgetary funding has been sought. A network of researchers in Latin America is also being developed in the context of research into social models (see above).
55. Discussions are under way with the ILO Turin Centre on how to strengthen collaboration, including – among other ideas – research networking, joint organization of new courses or seminars, the preparation of pedagogical/training materials from ILS research, and postgraduate education in labour issues.

## V. ILO Decent Work Research Prize

56. Following decisions at the Institute Board meeting in November 2005 and subsequent discussions in the ILO's Governing Body, the Institute made arrangements for the first ILO Decent Work Research Prize to be awarded during the 2007 International Labour Conference. Agreement has been reached that the prize includes a financial reward of US\$10,000 and the winner will be made honorary fellow at the Institute.
57. The prize winner will be selected by a five-member jury consisting of eminent personalities with an international scientific reputation in labour and social policy issues. By August 2006, consultations on the composition of the jury were completed.
58. In September, a call for nominations, approved by the jury members, was launched with a deadline of 31 December 2006 for receipt of candidatures. Only individuals qualify as candidates. Each nominee must have the support of at least one member of the ILO's tripartite constituency and one leading academic, who should come from different regions of the world.
59. The jury will examine publications submitted by the candidates. The prize can be awarded on one of two separate grounds: (1) major but specific contributions to the understanding of socio-economic relationships and policy instruments for the advancement of decent work; and (2) lifetime contribution to knowledge on the central concerns of the ILO and its constituents and, in particular, contributions which advance understanding of the Decent Work Agenda. In either case, both the excellence of the work and its relevance for policy purposes will be taken into account.

## VI. Publications and outreach

60. A list of papers, books and monographs published since November 2005 is appended to this report. As in previous biennia, all publications are disseminated through print and electronic media. They can be downloaded in PDF format from the Institute web site.
61. The Institute public web site is accessible in English, French and Spanish and periodically revised and updated. Over the last year, there were an average of 456,000 successful hits per month.

62. The Institute published its own periodical journal until 1991, and this played a valuable role in giving visibility to its work. Discussions on ILS participation in a new policy for ILO periodical publications, including the *International Labour Review*, were under way at the time of preparation of this report, and an oral presentation will be made to the Board on developments and proposals.

Geneva, 12 October 2006.

## Appendix

### Publications since November 2005

#### *Discussion papers*

- No. 161. R. Bourque: *Les accords-cadres internationaux (ACI) et la négociation collective internationale à l'ère de la mondialisation*, 2005.
- No. 162. L. Baccaro and S.-H. Lim: *Social pacts as coalitions of "weak" and "moderate": Ireland, Italy and South Korea in comparative perspective*, 2006.
- No. 163. A. Gatto: *The law and governance debate in the European Union*, 2006.
- No. 164. S. Friedman: *Participatory governance and citizen action in the post-apartheid South Africa*, 2006.
- No. 165. P. L. Martin: *GATS, migration and labor standards*, 2006.
- No. 166. K. Papadakis: *Socially sustainable development and public participation: Legal and political aspects*, 2006.
- No. 167. A.E. Latapí, E. Janssen: *Migration, the diaspora and development: The case of Mexico*, 2006.

#### *Research series*

- No. 112. K. Papadakis: *Civil society, participatory governance and decent work objectives: The case of South Africa*, 2006.

#### *Books*

- P. Auer, G. Besse and D. Méda (eds.): *Offshoring and the internationalization of employment*, 2006.
- , —, —: *Delocalisation, normes de travail et politique d'emploi : vers une mondialisation plus juste*, éditions La découverte, Paris, 2005.
- D. Ghai (ed.): *Decent work: Objectives and strategies*, 2006.
- C. Kuptsch (ed.): *Merchants of labour*, 2006.
- and E.F. Pang (eds.): *Competing for global talent*, 2006.
- P. Martin, M. Abella, C. Kuptsch: *Managing labor migration in the twenty-first century*, Yale University Press, New Haven and London, 2006.

#### *ILO social policy lectures*

- G. Gereffi: *The new offshoring of jobs and global development*, 2006.

#### *Public lecture series*

- R. Jolly: *Hans Singer: The gentle giant*, a memorial lecture, 2006.

***Pedagogical materials***

Pedagogical materials on decent work, 2006.

Material pedagógico sobre el trabajo decente, 2006.

***Articles in external publications***

L. Baccaro: “Civil society meets the state: towards associational democracy?”, in *Socio-Economic Review*, 4(2), 2006, pp. 185-208.

G. Rodgers: “A stronger social dimension for globalization”, in *Lahore Journal of Economics*, 2006.

L. Baccaro and S.-H. Lim: “Social pacts as coalitions of ‘weak’ and ‘moderate’: Ireland, Italy and South Korea in comparative perspective”, forthcoming in *European Journal of Industrial Relations*, 2007.

L. Baccaro and M. Simoni: “Centralized wage bargaining and the ‘Celtic Tiger’ phenomenon”, forthcoming in *Industrial Relations*, 2007.

G. Rodgers: “Labour market flexibility and decent work”, forthcoming in UNDESA volume on productive employment and decent work, New York, 2006.