

**FOR INFORMATION**

## SIXTH ITEM ON THE AGENDA

**The ILO and the multilateral system***Contents*

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1. Efforts continued over the past year to promote the Decent Work Agenda and policy coherence around it, in the policies and activities of other international organizations, and in United Nations (UN) country programmes. This paper examines the most significant developments in areas of concern to the ILO in the UN system and other multilateral organizations since the end of 2007.

## I. United Nations

### 1. 62nd Session of the United Nations General Assembly (2007–08)

2. The General Assembly discussed progress on the commitments in the Outcome document of the World Summit (September 2005) regarding environmental governance, revitalization of the General Assembly, system-wide coherence and “Delivering as One”. It hosted a one-day high-level dialogue on climate change: “The future in our hands: Addressing the leadership challenge of climate change”; and held a thematic debate on “Recognizing the achievements, addressing the challenges and getting back on track to achieve the MDGs by 2015”. A three-day ministerial-level dialogue was held to review the promises of world leaders in the Monterrey Consensus. The annual discussion on ways to help African countries meet the objectives of the New Partnership for Africa’s Development (NEPAD) culminated in the adoption of a resolution on progress towards commitments and international support for NEPAD, particularly in the areas of economic and social development. The Assembly held a high-level meeting on the follow-up to its 2002 Special Session on Children, which set time-bound goals in several areas. The Assembly also reviewed progress in realizing the 2001 Declaration of Commitment on HIV/AIDS and the Political Declaration on HIV/AIDS at a high-level meeting in June.
3. The ILO participated in the work of the Assembly and its committees, emphasizing that although progress had been made on several policy outcomes since the World Summit, greater efforts were needed to develop coherent policies to realize the goal of decent work. The ILO highlighted the main achievements of the Organization in social development, youth employment, ageing, work and family, and education. Statements were also delivered on the advancement of women, the promotion and protection of the rights of children, indigenous issues and persons with disabilities.
4. The General Assembly adopted a resolution declaring the Second United Nations Decade for the Eradication of Poverty (2008–17), urging governments and the international community to continue their efforts. A resolution on the implementation of Agenda 21<sup>1</sup> reaffirmed the role of full and productive employment and decent work for all as a key element of economic growth and sustainable development of all nations. A resolution on globalization and interdependence<sup>2</sup> expressed support for fair globalization and the need to translate growth into reduced poverty and to make the goal of decent work a central objective of national and international policies. A resolution on women in development<sup>3</sup> notes continued gender biases in labour markets and recognizes the importance of employment opportunities for effective poverty eradication.

<sup>1</sup> A/C.2/62/L.40.

<sup>2</sup> A/C.2/62/L.60.

<sup>3</sup> A/C.2/62/L.50.

5. A resolution<sup>4</sup> requesting the General Assembly to focus at its 63rd session on “child labour, with a special emphasis on its causes, including poverty and lack of education” was adopted, as well as a resolution on violence against women migrant workers,<sup>5</sup> noting the contribution of the ILO through its Multilateral Framework on Labour Migration. A resolution on the implementation of the outcome of the World Summit for Social Development<sup>6</sup> recognizes that full and productive employment and decent work for all are key elements of sustainable development. A resolution on youth in the global economy<sup>7</sup> calls on member States to promote policies providing real opportunities for decent work, including non-discriminatory transition to work. Resolutions were adopted on several other issues of ILO concern.<sup>8</sup>

## 2. Triennial Comprehensive Policy Review (TCPR) and Implementation Plan

6. The UN General Assembly resolution<sup>9</sup> provides detailed guidance on operational activities for development, including, but not limited to, the areas of: (i) funding, (ii) national capacity development, and (iii) improved functioning of the UN development system. It requests that heads of agencies submit a yearly report to their governing bodies on implementation.
7. UN agencies, the ILO included, and the UN Department of Economic and Social Affairs (DESA) have developed a comprehensive TCPR Implementation Plan, including strong references to: (i) rights-based normative approaches; (ii) the role of line ministries as well as of workers’ and employers’ organizations; and (iii) the *Toolkit for mainstreaming employment and decent work* as the first concrete initiative to better focus the work of all UN agencies around a key issue – decent work and productive employment – when providing coherent and integrated assistance to strengthen the capacity of member States.
8. The Operational Activities Segment of the UN Economic and Social Council (ECOSOC) in June<sup>10</sup> adopted a resolution on operational activities for development,<sup>11</sup> following a report submitted by the Secretary-General, calling on executive heads of UN and multilateral organizations to report annually to their governing bodies on measures taken and envisaged for the implementation of Resolution 62/208, with a particular focus on

<sup>4</sup> A/RES/62/141.

<sup>5</sup> A/RES/62/132.

<sup>6</sup> A/RES/62/131.

<sup>7</sup> A/RES/62/126.

<sup>8</sup> Of note were resolutions on the girl child (A/RES/62/140), the advancement of women, women in development, violence against women, follow-up to the Fourth World Conference on Women and full implementation of the Beijing Declaration and Platform for Action and the outcome of the 23rd Special Session of the General Assembly, the improvement of the situation of women in rural areas, the protection of migrants, and persons with disabilities (A/RES/62/127). For the full list, see [www.un.org/ga/62/resolutions.shtml](http://www.un.org/ga/62/resolutions.shtml).

<sup>9</sup> A/RES/62/208.

<sup>10</sup> [www.un.org/ecosoc/julyhls/oa2008.shtml](http://www.un.org/ecosoc/julyhls/oa2008.shtml).

<sup>11</sup> E/2008/L.12.

measures taken to enhance each organization's participation in and support to the Resident Coordinator system as well as on progress with regard to simplification and harmonization.

### **3. World Day of Social Justice (20 February)**

9. The United Nations General Assembly decided in November 2007 to observe 20 February annually – starting in 2009 – as the World Day of Social Justice. In a unanimously adopted resolution,<sup>12</sup> it invited member States to devote the day to promoting activities at the national level in support of the objectives and goals of the 1995 World Summit for Social Development. The Assembly recognized “the need to consolidate further the efforts of the international community in poverty eradication and in promoting full employment and decent work, gender equality and access to social well-being and justice for all”.

### **4. Economic and Social Council**

10. The High-level Segment of the 2008 Substantive Session of ECOSOC adopted a ministerial declaration on “implementing the internationally agreed goals and commitments in regard to sustainable development” that drew attention in particular to the urgent need to address the global food crisis and to the crucial role of support for agriculture and rural development; and the first full Development Cooperation Forum described mutually supportive policies on trade, debt, investment, technology, climate change, and food as crucial to the impact of development cooperation, and called for measurable targets for untying aid.
11. The Coordination Segment included a round table on “Coherence: Strengthening the normative and operational link in the work of the UN on rural employment”, which was attended by the Chairperson of the Governing Body and the ILO Executive Director for Social Protection, who reported on the conclusions on promoting rural employment for poverty reduction adopted by the International Labour Conference in June.
12. The priority theme of the 46th session of the Commission for Social Development, a subsidiary body of ECOSOC,<sup>13</sup> was “Promoting full employment and decent work for all”. It called on governments to fully implement the ILO's fundamental Conventions and invites stakeholders to take account of the ILO's Decent Work Country Programmes (DWCPs) in order to achieve a more coherent and pragmatic UN approach to development at the national level. The Commission decided that the priority theme for the 2009–10 review and policy cycle should be “Social integration, taking into account its relationship with poverty eradication and full employment and decent work for all”.
13. The priority theme of the 52nd Session of the Commission on the Status of Women<sup>14</sup> was “Financing for gender equality and empowerment of women”. The agreed conclusions call on member States to establish gender-sensitive policies and guidelines for employment practices building on appropriate multilateral instruments, including ILO Conventions, and to allocate adequate resources for the elimination of all forms of discrimination against women in the workplace.

<sup>12</sup> A/RES/62/10, [www.un.org/Docs/journal/asp/ws.asp?m=a/62/l.15](http://www.un.org/Docs/journal/asp/ws.asp?m=a/62/l.15).

<sup>13</sup> [www.un.org/esa/socdev/csd/2008.html](http://www.un.org/esa/socdev/csd/2008.html).

<sup>14</sup> [www.un.org/womenwatch/daw/csw/52sess.htm](http://www.un.org/womenwatch/daw/csw/52sess.htm).

14. The Permanent Forum on Indigenous Issues met in April 2008 for the first time since the adoption of the Declaration on the Rights of Indigenous Peoples.<sup>15</sup> The Permanent Forum recommended that UN agencies, financial institutions, bilateral donors and other interested parties continue to work on the inclusion of indigenous peoples' rights in high-level development policies and Poverty Reduction Strategy Papers. In relation to the extensive child labour practices that in many States involve indigenous children, it urged States to consider their obligations under the Minimum Age Convention, 1973 (No. 138), and the Worst Forms of Child Labour Convention, 1999 (No. 182).

**5. High-level Meeting on the Development Needs of Africa**  
(New York, 22 September 2008)

15. The General Assembly High-level Meeting on Africa discussed the theme of "Africa's development needs: State of implementation of various commitments, challenges and the way forward". The Meeting adopted a Political Declaration,<sup>16</sup> in which member States recognized the need to comprehensively address long-term development in Africa. Paragraph 5 of the Declaration stresses that "eradicating poverty, particularly in Africa, is the greatest global challenge facing the world today. We underline the importance of accelerating sustainable broad-based economic growth, including employment generation and decent work, towards a vibrant Africa".
16. The Director-General of the ILO participated in a round table during the Meeting, where he emphasized the relevance of the ILO Declaration on Social Justice for a Fair Globalization.

**6. High-level Event on the Millennium Development Goals**  
(New York, 25 September 2008)

17. The UN Secretary-General and the President of the UN General Assembly convened a High-level Event on the Millennium Development Goals (MDGs) at UN headquarters in New York on 25 September 2008<sup>17</sup> to review progress and identify gaps. Governments acknowledged that many successes have been obtained, but warned that not enough is being done to achieve the MDGs by 2015.
18. An MDG review summit will be held in 2010, and the President of the General Assembly announced the start of a consultation process on the objectives and modalities of the summit.
19. The ILO and the organization "Realizing rights: The ethical globalization initiative", hosted a one-day workshop entitled "Working out of poverty: A decent work approach to development and the MDGs", which was attended by various Heads of State and other high-level government officials, representatives of civil society, UN agencies and business leaders. The event led to significant pledges of resources and collaboration to help realize the MDGs by 2015; helped identify ways to mainstream employment and decent work

<sup>15</sup> [www.un.org/esa/socdev/unpfii/en/declaration.html](http://www.un.org/esa/socdev/unpfii/en/declaration.html).

<sup>16</sup> A/63/L.1, [www.un.org/Docs/journal/asp/ws.asp?m=A/63/L.1](http://www.un.org/Docs/journal/asp/ws.asp?m=A/63/L.1).

<sup>17</sup> [www.un.org/millenniumgoals/2008highlevel/](http://www.un.org/millenniumgoals/2008highlevel/).

objectives across ministerial portfolios and among international organizations and other actors. The importance of creating a socio-economic floor as an important instrument for reducing poverty and exclusion was emphasized by the ILO Director-General.

## II. Major international meetings

### 1. UNCTAD XII

(Accra, 20–25 April 2008)

20. The 12th United Nations Conference on Trade and Development addressed the theme of “Addressing the opportunities and challenges of globalization”. The Director-General contributed a chapter to the UNCTAD XII volume on “Decent work for sustainable development and a fair globalization”<sup>18</sup> in which the ILO called on the international community to grasp the opportunities offered by globalization by creating an environment conducive to full and productive employment and decent work for all and emphasized the need for an international response to the risks of a marked slowdown in global growth following the current financial turmoil and the sharp rise in food prices worldwide.
21. UNCTAD XII adopted the Accra Accord<sup>19</sup> and the Accra Declaration.<sup>20</sup> The Accord states that “UNCTAD’s expertise should be used to explore how globalization can support inclusive and equitable development, sustainable growth and appropriate development strategies, including an enabling environment for the private sector. It should also contribute to the objective of promoting full and productive employment by examining, in cooperation with the International Labour Organization (ILO) and other relevant international organizations, the contribution of trade to growth, employment creation and poverty reduction”.<sup>21</sup>

### 2. Third High-level Forum on Aid Effectiveness

(Accra, 2–4 September 2008)

22. The Forum<sup>22</sup> met to review progress on the commitments made in Paris (2005), identify the remaining bottlenecks and challenges and determine the key actions donors and partner countries need to take to accelerate progress in making aid more effective. The Forum adopted the Accra Agenda for Action,<sup>23</sup> which is now an important component in the international development agenda and was also to be examined by the General Assembly and at Doha (see next section).
23. Five key principles of effective aid were studied in concurrent round tables: national ownership; the alignment of aid with country strategies and systems; the harmonization of

<sup>18</sup> [www.ilo.org/global/Themes/Decentwork/lang--en/docName--WCMS\\_092103/index.htm](http://www.ilo.org/global/Themes/Decentwork/lang--en/docName--WCMS_092103/index.htm).

<sup>19</sup> [www.unctad.org/en/docs/tl414\\_en.pdf](http://www.unctad.org/en/docs/tl414_en.pdf).

<sup>20</sup> [www.unctad.org/en/docs/tl413\\_en.pdf](http://www.unctad.org/en/docs/tl413_en.pdf).

<sup>21</sup> Para. 37.

<sup>22</sup> [www.accrahlhf.net/](http://www.accrahlhf.net/).

<sup>23</sup> <http://siteresources.worldbank.org/ACCRAEXT/Resources/4700790-1217425866038/AAA-4-SEPTEMBER-FINAL-16h00.pdf>.

donors' actions; managing for results; and mutual accountability. The role of multilateral aid was stressed in the final document which also acknowledges the role of South–South cooperation in international development.

### **3. Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus (Doha, 29 November–2 December 2008)**

24. The ILO has taken part in various preparations for the review conference, including the High-level Segment of ECOSOC (New York, July 2008), to which it submitted a paper as well as other inputs towards the preparation of a draft outcome document. The Secretary-General appointed two designated envoys, the Permanent Representatives of Egypt and Norway, in September and October 2008.
25. The draft outcome document acknowledges the role of decent work in the context of monetary policy, corporate social responsibility and the importance of labour and environmental protection standards.
26. The report of the Secretary-General on the latest developments related to the review process on financing for development and the implementation of the Monterrey Consensus<sup>24</sup> recalls that the UNCTAD XII Accra Accord highlighted the importance of efforts to promote full and productive employment and decent work at the national level, including through the use of the *Toolkit for mainstreaming employment and decent work*.

## **III. Inter-agency coordination and coherence**

### **1. UN System Chief Executives Board for Coordination (CEB)**

27. Following a set of proposals on the structure and working methods of the CEB and its relation to other inter-agency mechanisms in a report presented by the Directors-General of the ILO and the WTO, it was agreed to reinforce the authority of the CEB as the primary organ for policy setting and decision-making in a system-wide context. The most significant consequence has been the integration of the United Nations Development Group (UNDG) into the CEB as a third pillar for development cooperation alongside the High-level Committees on Programmes (HLCP) and Management (HLCM). This has strengthened the legitimacy and oversight of UNDG efforts, on behalf of the entire UN system, to better coordinate operational activities at the country level. This integration has also reinforced the linkages between UNDG and the work of the HLCP on system-wide policy and programme issues, and the HLCM on system-wide management and administrative issues.
28. During its two-day meeting in Bern (28–29 April 2008), the CEB, chaired by the Secretary-General, established a task force to coordinate UN system contributions to resolving the global food crisis. A first report was issued in July 2008. The resolution concerning the ILO's and tripartite constituents' role in tackling the global food crisis, adopted by the International Labour Conference in June, calls on the Office to, inter alia,

<sup>24</sup> A/63/179, 22 July 2008, [www.un.org/Docs/journal/asp/ws.asp?m=A/63/179](http://www.un.org/Docs/journal/asp/ws.asp?m=A/63/179).

contribute to an informed discussion within the UN on the social and employment impact of food prices on decent work.<sup>25</sup>

29. During the last months, the HLCP focused its work on, inter alia, UN system-wide coherence; the UN response to the food crisis; and the preparation of a UN system common position on climate change for the 14th Session of the Conference of the Parties (COP14) of the United Nations Framework Convention on Climate Change (UNFCCC) in Poznan. The Committee also discussed the modalities and feasibility of the evaluation of the “One UN” pilots by the UN Evaluation Group (UNEG). The ILO’s Bureau for Evaluation has been participating actively in this initiative led by UNEG.
30. On its side, the HLCM finalized a Plan of Action on Harmonization of Business Practices. The Plan will be submitted to potential donors for extra-budgetary funding. Another issue on which the Committee focused its energy is the security and safety of staff. In response to the report of the Independent Panel on Safety and Security of UN Personnel and Premises Worldwide (IPSS), the HLCM created a steering committee to examine the recommendations contained in the report and their implementation.
31. As the new third pillar of the CEB, the UNDG has streamlined its structure and established five new UNDG Working Groups.<sup>26</sup> A prioritized consolidated UNDG workplan for 2008 has been adopted. The ILO has been asked to take charge, along with other agencies, of one of five results areas of the Working Group on Programming Issues (WGPI) – that of strengthening normative–operational linkages and cross-cutting issues. This is an important opportunity for the ILO to help integrate international labour standards, human rights, gender equality and concerns for indigenous peoples and people with disabilities into the programming frameworks of the UN system at the country level. In relation to gender equality, the UNDG, with the active involvement of the ILO, has adopted a new set of performance indicators for gender equality and women’s empowerment.
32. The UNDG secretariat is now called the Development Operations Coordination Office (DOCO), to reflect its role of providing guidance and support for the effective coordination of UN operational activities for development. DOCO also supports the UNDG Advisory Group, which has developed, with the active involvement of the ILO, a “Management and accountability system of the UN development and Resident Coordinator system”, including the “functional firewall” for the Resident Coordinator system.<sup>27</sup> The proposal focuses on:
  - gradually moving towards a situation where the Resident Coordinator’s role is empowered to represent the UN system as a whole;
  - the strengthening of the United Nations regional directors’ teams (RDTs); and

<sup>25</sup> GB.303/4.

<sup>26</sup> The five UNDG Working Groups are: (i) RC System Issues; (ii) Joint Funding Mechanisms, Financial and Audit Issues; (iii) Country Office Business Operations; (iv) Post Crisis/Transition Issues; and (v) Programming Issues.

<sup>27</sup> As UN reform processes have evolved, UNDP today manages three key areas of functions on behalf of the entire UN system: (i) support to coordination of UN reform processes and development operations at the country level through the management of the UNDG and its substructures; (ii) management of the Resident Coordinator (RC) system; and (iii) management and administration of multi-donor trust funds (MDTFs). However, in line with the UNDP’s Strategic Plan 2008–11, it has become important to better define a “functional firewall” to help ensure that the UNDP manages its own internal functions separately from the functions it manages on behalf of the UN system.

- the strengthening of governance and oversight for multi-donor trust funds (MDTFs).

## **2. CEB Toolkit for mainstreaming employment and decent work**

- 33.** Work to promote application of the Toolkit has included technical support provided to UN system agencies to assess policies, programmes and activities through the lens of employment and decent work and to improve the respective outcomes.<sup>28</sup> Some 11 agencies have now completed the self-assessment, and several others have noted its usefulness for their own policies and programmes and are in the process of completing it.
- 34.** A web knowledge sharing platform has been developed to enable agencies to share materials and resources for mainstreaming employment and decent work. Representatives of 12 organizations attended the first technical meeting in Geneva in May to discuss arrangements for its use. Plans to broaden its scope and usage by agencies are being developed. Besides, a capacity-building programme is being developed targeted at ILO staff and constituents, UN agencies and other organizations.
- 35.** The Toolkit has been applied to the country level to mainstream employment and decent work in national development frameworks, including strengthening the ILO DWCPs within the “One UN” approach and the United Nations Development Assistance Frameworks (UNDAFs). The Toolkit methodology was successfully applied to the “One UN” programme in the United Republic of Tanzania, with further applications ongoing in Argentina, Iraq and Viet Nam. The Toolkit application is also being adapted for the regional commissions, starting with the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP).

## **3. “Delivering as One”**

- 36.** The “Delivering as One” exercises in eight pilot countries began in January 2007.<sup>29</sup> The aim is to test new forms of country-level cooperation in programming and coordination, and more unified and harmonized business practices. The UN is aiming to deliver as one with one programme or plan, one team under one leader, and a common financial framework – one fund. The pilots are intended to facilitate experimentation, to learn lessons and develop good practices that can be shared and integrated in a new generation of UNDAFs at the country level. Instead of a new package of pilot countries, there will be a push to mainstream lessons learned during the stocktaking exercise into 15 new UNDAF roll-out countries in 2008.
- 37.** Further efforts are needed to improve understanding of the tripartite nature of the ILO and the role of employers’ and workers’ organizations, as well as the assessment of the UN reform by the social partners. In that regard, the Bureau for Workers’ Activities has recently issued a booklet<sup>30</sup> to improve trade union members’ understanding of the current UN reform processes and to help unions benefit more from the work of UN agencies. Most importantly, it is noted that trade unions “will have to be active to transform existing

<sup>28</sup> [www.ilo.org/public/english/bureau/dgo/selecdoc/2008/toolkit.pdf](http://www.ilo.org/public/english/bureau/dgo/selecdoc/2008/toolkit.pdf).

<sup>29</sup> Albania, Cape Verde, Mozambique, Pakistan, Rwanda, United Republic of Tanzania, Uruguay and Viet Nam. See [www.undg.org/index.cfm?P=7](http://www.undg.org/index.cfm?P=7).

<sup>30</sup> *Decent work and UN reform: What’s in it for the workers?*, ILO, Geneva, 2008.

challenges into new opportunities. Those opportunities include the prospect of widening the commitment to decent work through the UN and its development programmes”.

#### **4. Capacity building and knowledge sharing**

- 38.** United Nations regional directors’ teams are being formed in all regions to take responsibility for three core functions: (1) oversight and supervision of the implementation of UN reform initiatives in countries under their jurisdiction, notably the “One UN” pilots; (2) quality assurance and support of UNDAFs/Common Country Assessments (CCA) through decentralized regional technical teams; and (3) performance appraisal and supervision of Resident Coordinators and UN country teams. In March 2007, the Government of Norway hosted a Global Meeting of Regional Directors of the UN, with the participation of all ILO regional directors. As an outcome of this seminal meeting, it has been decided to include the participation of specialized agencies in existing regional directors’ teams which until now, had been composed exclusively of the regional directors of UN funds and programmes (UNDP, UNICEF, UNFPA and WFP). Terms of reference and working methods are being prepared and agreed.
- 39.** With the support of the United Kingdom and the Netherlands, a pilot workshop on capacity building for the management of DWCPs in the context of UN reform for senior ILO officials was held in Turin from 31 March to 4 April 2008. The objective of the workshop was to strengthen the management capacity of ILO officials with regard to DWCPs in the context of UN reform and contribute to the overall ILO approach to results-based management. This modular training programme will be further refined and, in partnership with the regional offices and the Turin Centre, training will be provided to constituents in the subregions and staff in the course of 2009. It will be supported by effective information management and knowledge-sharing strategies.
- 40.** In collaboration with the Turin Centre and UN Staff College, a capacity development component is also being prepared to improve the understanding and ability of the staff and constituents of the ILO and multilateral agencies to implement the Decent Work Agenda, inter alia, by using the Toolkit. The first training course is scheduled for January 2009.

## **IV. International financial institutions**

### **1. International Monetary and Finance Committee and Development Committee (Washington DC, 12–13 April 2008)**

- 41.** The Director-General addressed the International Monetary and Finance Committee and Development Committee in April 2008.<sup>31</sup> Referring to the financial crisis, he drew attention to the importance of monetary and fiscal policies in creating a conducive environment for the international community’s objectives of full and productive employment and decent work for all. Averting the risk of a major global slowdown and ensuring recovery to a sustainable global development required coherent policy action within and between countries across several policy fields, including finance and investment, trade, employment and social affairs and environment. Responding to the current financial turmoil should help find a better balance between the democratic voice of society, the productive dynamic of the market and the regulatory function of the State.

<sup>31</sup> [www.ilo.org/public/english/bureau/dgo/speeches/somavia/2008/ifi.pdf](http://www.ilo.org/public/english/bureau/dgo/speeches/somavia/2008/ifi.pdf).

Enhanced efforts were required, however, in multilateral cooperation, in particular regarding fiscal policies for social and economic stability, the international regulation of financial markets, sustainable enterprise development, and the employment dimension of policies to address climate change.

## 2. *Doing Business*

42. The Governing Body was informed in November 2007<sup>32</sup> of the publication of the 2008 edition of the World Bank's annual *Doing Business* report in September 2007. The paper acknowledged the shared concerns of the ILO and the World Bank in fostering a conducive environment for sustainable businesses, but expressed alarm at the report's ranking of countries, based on a *Doing Business* (DB) index composed of ten subcomponents, including one on employing workers. The Office expressed concern that the methodology of the employing workers indicator (EWI) yielded a narrow and misleading view of the employment environment for business; resulted in a ranking in which some countries with a strong and competitive private sector were placed at the lower end; and that it was being used explicitly and implicitly to determine country lending priorities in the field of labour market reform. The Office had stressed to the Bank that while other aspects of the *Doing Business* report may help focus attention on vital areas of concern for healthy private sector development, such as security of property rights and enforcement of commercial contracts, the methodology of the EWI detracted from this effort.
43. The World Bank's Independent Evaluation Group (IEG) carried out an evaluation of *Doing Business* published in *Doing Business: An Independent Evaluation – Taking the Measure of the World Bank–IFC Doing Business Indicators*.<sup>33</sup> The report stated that:

DB assesses the burden of regulation on firms without aiming to capture the social or economy-wide benefits that regulations yield, such as safety, environmental protection, worker protection, or transparency. DB offers a consistent yardstick for comparing countries on regulation as seen from the firm's private point of view. But a complete appreciation of the quality of the business climate must also measure the quality of infrastructure, labor skills, competition policies, and other determinants and outcomes of investment and profitability.<sup>34</sup>

In its findings and recommendations the report draws attention to the "inherent limitations" underlying the framework of the indicators, the number and types of informants for each indicator in a country", and the "inaccurate nomenclature and overstated claims of the indicators' explanatory power".

44. On the EWI in particular, the evaluation concludes:

The *employing workers* indicator is consistent with the letter of ILO provisions, but four measures do not reflect their spirit. Beyond these minimum standards, the DB criteria give lower scores to countries that have opted for policies of greater job protection.

45. Finally, in conclusion, the evaluation states:

<sup>32</sup> GB.300/4/1.

<sup>33</sup> World Bank: Independent Evaluation Group – Knowledge Programs and Evaluation Capacity Development (IEGKE), Washington DC, 2008.

<sup>34</sup> Page XI.

The annual exercise generates information that is relevant and useful. But it has several weaknesses in process, content, and presentation that should be rectified soon if it is to maintain its credibility and usefulness.

46. In September 2008, the World Bank launched its 2009 edition of *Doing Business*. The report introduces important changes that were specifically commented on by the ILO in direct exchanges with the World Bank responsible for the report. Regarding the narrow focus of the report on the costs of establishing and running enterprises, the 2009 report now acknowledges:

Rankings on the ease of doing business do not tell the whole story about an economy's business environment. The indicator does not account for all factors important to doing business ...

47. Regarding the measurement of ILO labour standards, the 2009 report now contains a more careful formulation stating:

*Doing Business* measures flexibility in the regulation of hiring, working hours and dismissal in a manner consistent with the Conventions of the International Labour Organization (ILO). An economy can have the most flexible labour regulations as measured by *Doing Business* while ratifying and complying with all Conventions directly relevant to the factors measured by *Doing Business* and with the ILO core labour standards.

48. The 2009 report provides a table with information on the ratification of the eight fundamental ILO Conventions. The report states:

This year's report shows which of the 8 Conventions have been ratified by each of the 181 economies it includes (see table on ratification status of the 8 ILO Conventions regarding core labour standards, page 147). Ratification of the core labour standards is not necessarily a good indicator of compliance. A measure of compliance is being developed under the *Doing Business* project for future inclusion in the employing workers indicators.

### 3. Global policy coherence

49. As a follow-up to the G-8 Summit of 2007 held under German presidency, which had expressed in its final declaration:

We are convinced that a globalisation that is complemented with social progress will bring sustainable benefits to both industrial and developing countries ... we support the International Labour Organization's (ILO) Decent Work Agenda with its four pillars of equal importance ...

the German Chancellor, Ms Angela Merkel, in December 2007 invited the Executive Heads of the ILO, the IMF, the OECD, the World Bank and the WTO to review the social dimension of globalization; the informal discussions concluding in commitments for closer cooperation among the five agencies. Another meeting will be held in Berlin at the beginning of February 2009.

Geneva, 28 October 2008.

*Submitted for information.*