JOB-FOCUSED GROWTH AND REDUCTION OF INEQUALITY MUST BECOME PRIORITIES OF THE IFIs

Statement by Global Unions[1] to the 2012 Spring Meetings of the IMF and World Bank Washington, 20-22 April 2012

Introduction

1. The economic slowdown in most regions of the world economy reflects both erroneous policy decisions taken by global economic governance structures and a lack of rapid and decisive action to address the second recent major financial crisis which threatened the global economy after the near meltdown of the US financial system in 2008. The erroneous decisions included the premature call by the G20, which was echoed by the international financial institutions (IFIs), for countries to engage in "fiscal consolidation" before a self-sustaining economic recovery was underway. The lack of decisive action was the failure to act quickly to protect European countries in financial difficulty from the predatory actions of the private financial sector, leading to the euro-zone sovereign debt crises.

2. Instead of concentrating on assisting countries facing unsustainable debt levels, caused in most cases by reckless decisions taken by an insufficiently regulated financial sector, much of the focus has been placed on reducing workers' living standards and dismantling labour market regulations – policies that are intensifying job losses, precarious work and compression of wages. These phenomena are particularly affecting young workers. The IFIs should instead centre their assistance on employment-creation strategies, using initiatives such as the joint work between the International Monetary Fund and the International Labour Organization for job-focused growth, their inputs to the G20 and to the "Rio+20" preparatory process, and the World Bank's upcoming World Development Report on the theme of jobs. The Bank's new social protection and labour strategy already presents advances in some areas for engaging the Bank in the implementation of a social protection floor and for improving respect of fundamental workers' rights. The Bank's upcoming review of its safeguards policy provides an opportunity for ensuring respect of these rights in the Bank's own operations.

3. This statement also includes recommendations for actions that the IMF should take with the Financial Stability Board to promote the adoption of an appropriate regulatory framework for financial institutions so as to avoid recurrence of financial crises and to

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[1] The Global Unions group is made up of the International Trade Union Confederation (ITUC), which has 175 million members in 153 countries; the Global Union Federations (GUFs), which represent their respective sectors at the international trade union level (BWI, EI, IAEA, ICEM, IFJ, IMF, ITF, ITGLWF, IUF, PSI and UNI); and the Trade Union Advisory Committee (TUAC) to the OECD.

ensure that the financial sector contributes to the development of the real economy, including through financial transactions taxes. Finally, it includes proposals for contributions the IFIs should make to support transparent and accountable governance structures in member countries, notably in the Middle East and North Africa region, where IFI lending is likely to increase in the near future. The statement recommends that the IFIs set an example by improving the transparency and representativeness of their own governance structures, and by contributing fully to the Busan Partnership for Effective Development Cooperation.

Renewed global economic slowdown

4. A premature shift toward fiscal consolidation policies in most major economies and repeated delays in responding to the ongoing financial crisis, particularly in Europe, has contributed to a renewed economic slowdown around the world. In early 2011 the IMF's economic forecasters decided that the global economy was well on its way to recovery from the worst financial crisis in eight decades. On three occasions in 2011 and into early 2012 the IMF was obliged to revise these forecasts downward. The Fund's growth predictions for 2012 were reduced substantially even for high-growth regions such as East Asia, while Europe entered into a renewed contraction of GDP and was thus technically again in a recession. Unfortunately, the IMF contributed to the new slowdown by advising member countries a year ago that the recovery was self-sustaining.

5. European authorities also contributed to the slowdown by hesitating for months, even years before putting in place their enhanced euro zone bailout funds (consisting of the European Financial Stability Facility and European Stability Mechanism) to be operational in mid-2012. Should additional large economies require massive financial assistance, the euro zone will probably require far more resources than the amounts allocated so far. And while the London G20 Summit of April 2009 moved to triple the IMF's lending resources, no firm decision has been taken to further increase the Fund's financial resources during the latest crisis.

6. Much of the blame for the latest round of financial turbulence has been placed on Greece, an economy that represents about 2 per cent of the EU's total GDP. Yet the serious repercussions of the debt crisis in Greece on the economies of all of Europe and beyond, and which are far from having come to an end, show how much the global financial system is inter-connected. The failure to address an already unsupportable debt level when Greece first sought international assistance in early 2010 only allowed the situation to deteriorate further. Indebtedness reached even more unsustainable levels as the economy plunged into a deep recession as a result of austerity policies and Greece was unable to refinance its debt at accessible interest rates. Other European economies have faced similar scenarios.

7. **Global Unions support the increase of financial resources available to provide emergency lending at low rates so that countries can avoid the exorbitant lending charges imposed by private financial institutions.** In the case of several euro-zone countries, these were the very institutions that caused the large public debts in the first

place. The emergency lending resources could be provided either through specific regional arrangements, such as for the euro area, or a global one managed by the IMF. **However a primary criterion must be that financial assistance is provided to support growth strategies in borrowing countries, with priority given to policies that have maximum employment impact, not for strategies to make debt burdens even heavier by imposing economic contraction through austerity policies.**

8. The IMF's managing director has at various times over the past several months spoken strongly in support of fiscal and monetary stimulus measures wherever possible, as a means of enhancing the prospects for global recovery and minimizing the risks of a double-dip recession. **In its policy advice to the G20, the IMF must continue to advocate strongly that all countries with capacity for expansionary policy should undertake such measures. It must further ensure coherence with its policy advice at the national level, whether dealing with its larger or smaller member economies, and ensure that fiscal resources are deployed to the maximum extent possible.**

9. **Similarly, the World Bank, whose lending capacity has been augmented following a general capital increase endorsed by the G20, must give higher priority than it has in the past to job creation as the central objective of its development strategies.** Given the continuing fragility of the global economy, with renewed recession in Europe and slowdowns taking place even in high-growth regions such as East Asia, Global Unions also support an additional general allocation of Special Drawing Rights. The new SDR allocation would build on the first general allocation made in the global recession year of 2009, following decisions taken at the London G20 Summit.

Policies to create decent work, not deregulate labour markets

10. As the International Labour Organization showed in its recent *Global Employment Trends 2012*, the recovery that started in 2009 has been short-lived and there are estimated to be 27 million more unemployed workers than at the start of the crisis. The number of additional unemployed is more than double that figure if so-called "discouraged workers" unable to find jobs are also counted. As well, the ILO estimates the global number of workers in vulnerable employment to be 1.52 billion, an increase of 23 million since 2009.

11. The situation for working people is particularly dire in those countries experiencing sovereign debt crises, which in most cases originated in financial booms and busts caused by reckless and insufficiently regulated practices of private financial institutions. Despite this, much of the focus of IMF programmes has been on reforms aimed at making labour markets more "flexible". The measures supported by the IMF and implemented by many countries have included reduced minimum wages, easier dismissal procedures, less limits on working hours and dismantling of national or sector-level collective bargaining. The World Bank has also supported labour market deregulation measures in several country-level technical assistance programmes.

12. Various economic studies show that these kinds of **deregulatory measures to increase flexibility and reduce labour costs result in higher short-term unemployment, in large part because they make it easier to dismiss workers and reduce workers' buying power even further, thus decreasing demand and deepening the crisis**. Moreover, the dismantling of national, regional or sector-level bargaining arrangements hinders any possibility of introducing widespread agreements to mitigate the impact of higher unemployment such as reduced working-time arrangements, which have proved to be very effective in reducing joblessness in some countries. **Assumptions by some major international institutions, including the IFIs and the OECD, that deregulatory labour market reforms enhance economies' longer-term growth prospects, are also increasingly being questioned**, including by the OECD itself. In an important recent study, the OECD found that legislated reforms to increase labour market flexibility had no statistically significant impact on employment rates but did result in higher wage inequality.[2]

13. In a conference in Oslo held jointly with the ILO in September 2010, the IMF agreed that there had to be a greater focus on policies to promote employment-creating growth in response to the global economic crisis. The IMF has since engaged in joint analysis with the ILO in some countries, with the objective of placing greater emphasis on employment and improved social protection in recovery strategies, and to design these strategies by engaging in dialogue with trade unions and employers as well as the government. These country-level ILO-IMF initiatives are continuing and trade unions in those countries are putting forward proposals for new growth strategies that maximize the creation of decent jobs. In other countries, the IMF and ILO are working on the design of financing mechanisms for national social protection floors.

14. Global Unions believe that the IMF should draw appropriate lessons from its joint work with the ILO and workers' organizations in those countries and adopt strategies aimed at creating decent work and social protection for all, while abandoning its long-standing positions in favour of labour market deregulation. **The IMF should carry out careful analysis of the employment and distributional impact of all its policy recommendations.** These should cover the full range of policy options, such as macroeconomic policy including fiscal and exchange rate policies, issues related to income distribution and wage levels, policies on public services and social protection, employment policies that promote high-productivity job creation including investment in value-adding sectors, and active labour market policies.

15. The IMF has played a coordinating role in the G20's Mutual Assessment Process (MAP) for "Strong, Sustainable and Balanced Growth" since its inception following the Pittsburgh G20 Summit of September 2009. Furthermore, both IFIs are currently engaged with the ILO and OECD in the preparation of a report to G20 finance ministers on job creation in the context of the global employment outlook, as mandated by the Cannes G20 Summit in November 2011[3]. In both these inputs, the IFIs' advice needs to

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[2] OECD, *Divided We Stand: Why Inequality Keeps Rising*, 2011

[3] "We have tasked international organizations (IMF, OECD, ILO, World Bank) to report to Finance Ministers on a global employment outlook and how our economic reform agenda under the G20 Framework will contribute to job creation" http://www.g20-g8.com/g8-g20/g20/english/for-the-press/news-releases/cannes-summit-final-declaration.1557.html - para 3.

recognize the key role of employment in contributing to economic recovery. They should emphasize the need for G20 finance ministers to allocate resources to implementing recovery plans that prioritize the growth of decent work and focus on maintaining and creating jobs, providing adequate social protection and training opportunities and investing in the green economy. They should advocate adequate funding to achieve the integration of young people into the labour market, and take into account the recommendations of the forthcoming conclusions of the G20 Task Force on youth employment. In its MAP responsibilities, the IMF needs to invite the ILO to take the lead on employment aspects of the process.

16. The World Bank also has an opportunity for developing a position more supportive of decent work creation in the preparation of its upcoming *World Development Report 2013* to be released in October 2012, which will be devoted to the theme of jobs. The WDR 2013 provides the Bank an appropriate moment to put behind it once and for all the one-sided deregulatory stance on labour issues characterized by the controversial *Doing Business* labour market indicator, which the Bank has wisely decided to suspend. In the past, this indicator had been used by the Bank to recommend that countries undertake labour market deregulation measures usually without paying attention to national context, including social protection and industrial relations regimes. A new World Bank approach is needed for ensuring that national development strategies supported by the Bank foster job-rich growth and jobs with social protection and workers' rights. The Bank needs to advocate forcefully the strong role of trade unions in protecting workers, raising incomes and fighting poverty, enhancing equity and contributing to increased global aggregate demand. **Global Unions encourage the Bank to put forward a new approach in support of decent work in the WDR 2013 and incorporate it into Bank policies and programmes.**

Support for employment-creating growth

17. There are several measures that the IMF and the World Bank should take to ensure that elimination of the employment deficit is given top priority in national recovery strategies:

- **Fiscal consolidation plans should be modified so as to avoid worsening the employment situation**, meaning that consolidation should be delayed or its pace slowed down and, if needed, Fund and Bank financial assistance should be extended over a longer period until a sustainable recovery is in place.
- **Greater emphasis should be paid to revenue-generating measures to achieve reductions of fiscal deficits, rather than the emphasis on expenditure reductions** that have taken place in most fiscal consolidation plans; these plans impose a disproportionate cost on beneficiaries of social programmes, particularly women, and on public sector workers and have the strongest negative impact on employment.
- **The IFIs should pay special attention to protecting, promoting and funding quality public services such as health care and education;** reduced spending for education and training will hinder long-term economic and social development and create a lost generation of children and young people with insufficient and inadequate education, while reduced spending on health care could significantly

detract from global efforts to achieve universal access to HIV/AIDS prevention and treatment.

- **In order to prevent a prolonged period of economic stagnation, the IFIs should encourage countries to increase public investments in key growth areas, particularly recognizing the importance of "green economy" and climate-related investments** because of their employment-creation potential and also because of the importance of achieving environmental sustainability.
- In particular, the IFIs should support the adoption by the upcoming **Rio +20 conference** of a **strong and ambitious work plan to integrate global efforts towards a Just Transition for workers** in moving towards a sustainable green economy.
- **The IFIs should encourage countries to reduce deficits through tax measures that have the least impact on employment levels and that help reduce income inequality**, such as the replacement of "flat taxes" by progressive income taxes, actions to prevent tax avoidance and evasion, measures to formalize informal economy activities and financial transactions taxes.
- **The IFIs should support debt restructuring where necessary in order to alleviate among the most important obstacles to national economic recovery;** this restructuring should include reductions of home mortgages in countries where real estate values have collapsed, and rescheduling of sovereign debt repayments in countries with unsustainable levels of indebtedness.

18. In the area of new IFI initiatives or policy reviews, the Bank and the Fund should support approaches that entail a refocusing of policy priorities towards those that promote creation of decent work:

- In its current Conditionality Review, for which Global Unions made a submission, **the IMF should ensure that its new conditionality criteria are consistent with national development plans seeking to achieve full employment, universal social protection, reduced income inequality and respect for fundamental workers' rights.**
- **The World Bank's new Social Protection and Labour Strategy represents an evolution in the Bank's policies regarding improved social protection for all and respect for workers' rights that, along with the upcoming WDR 2013, should be used by the Bank to promote decent work creation and reduced income inequality.**

World Bank's social protection and labour strategy

19. **The World Bank's new social protection and labour strategy, which the Bank adopted just prior to the Spring Meetings, presents advances on the Bank's previous policies in some key areas**:

- It states that the World Bank is a "strategic partner" with UN agencies for the realization of the Social Protection Floor Initiative
- It acknowledges that involvement of the Bank in supporting social protection programmes in low-income countries has been limited and

proposes a stronger engagement, putting emphasis on the expansion of coverage from the low levels currently existing in most of these countries

- It affirms the importance of upholding the core labour standards in order for the Bank to contribute to building more inclusive social protection and labour systems[4]
- It proposes to incorporate the gender dimension more fully into the Bank's support for social protection and labour programmes
- It identifies the important role that programmes such as unemployment benefits can play to protect vulnerable workers, to act as "automatic stabilizers" in times of economic downturn and to reduce inequality
- It emphasizes the necessity of cooperation with the ILO and other UN agencies, and the important role that trade unions and other civil society organizations play in building better social protection systems and in reducing poverty and inequality.

20. The challenges of making real progress in protecting workers' interests and providing social protection for all remain immense. **Building on its new social protection and labour strategy the Bank should develop specific action plans to move forward.** For example, the Bank should put forward the steps it intends to take to ensure that its **reoriented approach on pension reform**, which would put **greater emphasis on the central role of government rather than on the creation of multiple pension pillars**, will be put into operation. Additionally, the Bank should elaborate the steps it intends to take for implementing **support for unemployment benefits** and describe how it intends to work more closely in the area of social protection with **non-Bank international agencies, CSOs and trade unions**.

21. **The Bank's support for the social protection floor is a positive step, but Global Unions invite the Bank to define an action plan for working to implement the initiative and to agree with other agencies on putting forward a global target year for the universal implementation of the SPF.** Through this approach, the Bank could help correct the lack of sufficient support for social protection initiatives in the LICs that the report recognizes. The action plan needs to address financing mechanisms for the SPF in national contexts, as the IMF has already begun to do with the ILO. Overall, the Bank needs to do more to assist countries in achieving adequate funding for social protection programmes, including through tax policy.

22. **Global unions welcome the unequivocal support for the core labour standards in the new strategy but invite the Bank to further specify how it can contribute to promotion of and respect for the CLS.** Thus, the Bank's country-level advice should include recommendations to fully abide by international conventions on freedom of association and right to collective bargaining as important instruments for reducing

[4] Core labour standards are internationally-agreed fundamental human rights for all workers, irrespective of countries' level of development, that are defined by the ILO conventions that cover freedom of association and right to collective bargaining (Conventions 87 and 98); the elimination of discrimination in respect of employment and occupation (Conventions 100 and 111); the elimination of all forms of forced or compulsory labour (Conventions 29 and 105); and the effective abolition of child labour, including its worst forms (Conventions 138 and 182).

income inequality. And beyond the CLS, there are other rights and standards that the Bank should encourage member countries to adopt and respect. For example, some developing countries have made substantial progress in extending social protection coverage by first recognizing the country's residents' rights to certain types of protection, such as basic old-age pensions or health care. The Bank should also do further work in defining its approach towards informal work and support, as the ILO has done, strategies aimed at extending protection to all workers through formalization.

23. **The new strategy builds on some positive recommendations in favour of gender equality contained in the World Development Report 2012.** A key issue that requires further attention in the Bank's programmes is the continued discrimination working women face and which shows up, as the WDR 2012 demonstrated, in a persistent gender wage gap and the over-representation of women in precarious work. The structural inequalities must be addressed through an approach that emphasizes the importance of decent work for women; the inclusion of child care in equity strategies; the establishment of the SPF, which will be of particular benefit to women; improving the participation of girls and women in education and training; increased public investment in basic health care; and better policies for maternity protection. **The Bank should assist countries in setting targets for equality of outcomes, not only equality of access.**

Protecting fundamental workers' rights in World Bank operations

24. The recognition of the importance of core labour standards is included in the World Bank's new social protection and labour strategy. CLS are the underpinning of well-functioning labour markets and effective industrial relations systems that promote productive work and fair wages. They are central to equitable distribution of income and therefore the World Bank's mission of poverty reduction. **Beyond the important role the Bank can play in the promotion of CLS, the Bank's most effective contribution is to make certain that its own operations comply with them.**

25. Global Unions are concerned that the World Bank's new "Programme for Results" (PforR) lending tool does not mention core labour standards among the social considerations included in its programme assessments. In the PforR pilot phase, the World Bank should pay particular attention to labour standards issues and make clear that borrowing countries' ratification of the ILO's core conventions will be considered by Bank staff when determining whether to fund a government-managed programme. The Bank should also stipulate review of ILO resolutions or complaints against a potential borrowing country before extending lending through PforR. Pilot projects should include consultation of workers' organizations in project design and implementation, and this best practice should be integrated into the PforR operational policy.

26. The Bank's private sector lending arm, the International Finance Corporation (IFC), has required since 2006 that client companies comply with CLS as part of its Social and Environmental Performance Standards. IFC's revised performance standards, which went into effect in January 2012, reaffirm the importance for borrowing companies to respect CLS and expand on some other basic working condition requirements, such as occupational health and safety and workers' right to information. The revised standards

also include the obligation for borrowing companies to consider alternatives to retrenchment of workers and to monitor the standards' application to contract workers and some labour practices in supply chains.

27. Global Unions' affiliates in developing countries have encountered some problems of non-compliance of which they have informed IFC. In some cases the problems were corrected but in others companies repeatedly failed to carry through on compliance obligations. The enterprises' lack of commitment has been compounded by the absence of clear timelines and insufficient transparency regarding action plans for achieving full compliance. **IFC should improve its monitoring and implementation procedures. It should make clear to borrowing companies that compliance is not voluntary and that failure to meet the Performance Standards will lead to loss of financial support.** Global Unions also recommend that IFC must take measures to ensure that the standards are fully applied to the projects financed through financial intermediaries; the latter comprise 45 per cent of IFC's current investment portfolio.

28. In 2010, **the World Bank and the regional development banks jointly incorporated CLS clauses into their harmonized procurement of works documents**, applicable to lending for major construction projects. This reflects the World Bank's recognition in its procurement policy that "sound public procurement policies and practices are essential to good governance". **However, no measures to ensure implementation of these clauses have been taken by the Bank. Furthermore, the PforR instrument skirts application of the procurement policy**, which includes references to guidelines for protecting fundamental workers' rights.

29. **In order to resolve the ambiguities and inconsistencies in the requirements regarding CLS and their application, the Bank must update its social and environmental safeguards to ensure that all divisions of the World Bank respect internationally agreed fundamental rights of workers.** In a report issued in 2010, the Bank's Independent Evaluation Group underlined the inconsistency of practices across the World Bank Group (WBG) in this regard: "[T]he thematic coverage of the [IFC] Performance Standards is more relevant to the WBG's investment project portfolio than the policies in the current safeguards suite, due to the addition of explicit provisions on labor impacts, community impacts, and pollution prevention and abatement… There is no obvious reason to presume that community and labor impacts are not relevant to the Bank's portfolio".

30. **The revision of the World Bank's safeguard policies, which is scheduled to be completed in 2013, should include a safeguard on labour standards.** The policy should require compliance with all four of the core labour standards and also properly adapted requirements such as those found in IFC's Performance Standards for other basic working conditions, namely the provision of information to workers on conditions of employment, retrenchment procedures, grievance mechanisms, occupational health and safety standards and supply chain standards.[5]

[5] For more detail see: Global Unions, *Labour Standards in World Bank Group Lending: Lessons Learned and Next Steps*, 2011

Need to make progress for appropriate financial regulation

31. The institutions responsible for global financial governance are nowhere near to enacting the "sweeping reforms to tackle the root causes of the crisis and transform the system for global financial regulation" that G20 leaders stated were urgently necessary in their Pittsburgh Summit declaration of September 2009. In some countries partial initiatives to re-regulate financial sectors have taken place on the national level but some measures could be rolled back due to pressure from private financial institutions, which apparently feel they should have the right to return to earning super-profits in a deregulated environment while relying on the state to bail them out if they make bad investment decisions.

32. It is ironic that in some regions still deeply affected by the impact of the global financial crisis governments and international institutions are now talking more about labour market deregulation, which will do nothing to address the root causes of the crisis, than about the pressing need for serious financial sector reform. Even though mandates were given to the Financial Stability Board (FSB), of which both the IMF and World Bank are member institutions, progress is proceeding at a snail's pace. In 2011 the FSB announced an agreement to increase capital ratios of "systemically important financial institutions", otherwise known as the "too-big-to-fail" institutions, but only in 2016 would these start to phase in. The FSB also asserted the importance of regulating the shadow banking system and derivatives markets, but despite having considered the matter for more than two years, it could only agree to engage in further study.

33. **Global Unions urge the Financial Stability Board, the IFIs and member countries to take swift and coordinated action for adequately regulating the global financial system before a new crisis occurs, including:**

- **Rapid implementation of reforms to rules and procedures so as to restructure "too-big-to-fail" financial institutions, such as through mandatory separation of risky investment banking activities from commercial banking operations, thus reducing the real and immediate threats for public finances**
- **Strong controls over the non-bank shadow financial economy, hedge funds and private equity firms**
- **Obligatory shifting of all forms of derivative trading to organized exchanges and restrictions on short-term trading strategies, including a ban on naked short-selling**
- **Elimination of commonly used tax avoidance and evasion schemes, including transfer pricing, tax arbitrage, and tax and regulatory havens**
- **Curbing bonuses and other irresponsible and excessive financial sector remuneration plans**
- **Strict regulations over credit rating agencies to end the current oligopoly situation and limit conflicts of interest**
- **Providing consumers with protection against predatory lending and other abusive financial practices and fully involving employees in supervisory processes**
- **Supporting financial services that serve the real economy, such as cooperative banking, mutual insurance and public financial services.**

34. A financial transactions tax (FTT), which several countries are currently in the process of adopting, would go a long way towards curbing short-term speculative trading, including high-frequency trading. The IMF's technical studies have confirmed the feasibility as well as the revenue-generation potential of the FTT. **Given the growing worldwide support for an FTT to finance job-intensive recovery programmes and public services, and achievement of development and climate-finance goals, the IMF and the FSB should offer their assistance for an internationally coordinated implementation of the FTT in as many countries as possible.**

IFIs and national and global governance

35. In the past decade, both the IMF and the World Bank avoided recognizing the deep governance and socio-economic problems in the **Middle East and North Africa**, focusing on a few macroeconomic indicators at the expense of data on unequal income distribution, poverty, unemployment and corruption. For example, in late 2010 the IMF continued to applaud Tunisia's macroeconomic management and structural reforms, calling for further containment of public spending on wages and food and fuel subsidies even while food prices were on the rise.

36. As countries such as Tunisia and Egypt enter into possible new loan agreements with the IMF and the World Bank, the IFIs should make clear the changes they have made in their approach and their objectives concerning the development challenges in these countries and others in the region. **Full transparency regarding loan negotiations and programme conditionality must among the chief characteristics of new practices in the region. Most importantly, IFI programmes must be based upon the economic and social priorities identified by the people of those countries, including the workers.** As new governance structures emerge in countries of the region, IFI programmes should follow, not lead, the national dialogues to establish development strategies. The IFIs should support and encourage broad civil society input, including from workers' organizations, and defend freedom of association and expression as a basic condition for these dialogues to be effective. This approach will be equally important as the IFIs consider re-engagement with Burma.

37. **Management structures of the IFIs must set an example for all member countries in their transparency and accountability, particularly with regards to the selection procedures for the heads of the institutions.** Global Unions support procedures which are open and democratic and which aim at choosing the best candidate for the post, rather than the unwritten and outdated practices allowing certain economic powers to monopolize certain posts since the founding of the IFIs.

38. **Global Unions have also supported an increase in the representation of developing and emerging-economy countries in the governing bodies of both the IMF and World Bank.** The marginal increase in the voting weight of emerging economies in the IMF, although supported by most member countries, has not yet been fully ratified and applied. It must be implemented and followed up by further increases,

benefiting developing countries in particular, such that the group of developing and emerging economies at the IFIs attain at least parity representation with high-income countries. The IFIs should also examine a double-majority voting system whereby a majority of voting countries as well as a majority of weighted votes must approve decisions taken at board meetings.

39. Finally the IFIs should fully participate in global initiatives to increase coherence between the actions of multilateral organizations, particularly regarding development initiatives. This should entail their active support and involvement in implementation of the Busan Partnership for Effective Development Cooperation adopted in December 2011 by the 4th High Level Forum on Aid Effectiveness.

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