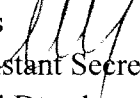




DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

AUG 12 2009

MEMORANDUM FOR **WHITNEY DEBEVOISE**
U.S. EXECUTIVE DIRECTOR, WORLD BANK GROUP

FROM: Scott Morris 
Deputy Assistant Secretary
International Development Finance and Debt

SUBJECT: Implementation of the New Mandate to Reform the World Bank's
Doing Business Report

Attached is a copy of Section 1110 of the Supplemental Appropriations Act, 2009, (P.L. 111-32) signed into law by President Obama on June 24, 2009. This section amends the International Financial Institutions Act by adding Section 1626 *Reform of the "Doing Business" Report of the World Bank*.

Section 1626 aims to reform the treatment of labor market issues in the World Bank's *Doing Business* report and to suspend use of the "Employing Workers" indicator in the report and in any policy guidance from the World Bank Group until a set of indicators can be devised that fairly represent the value of internationally recognized workers' rights, including core labor standards. Some progress has already been made toward meeting these goals. For example, the World Bank has removed the "Employing Workers" indicator as a 'guidepost' for calculating the annual Country Policy and Institutional Assessment (CPIA) score for each recipient country. In other areas, more work is needed to achieve the objectives of the legislation.

As required by the legislation, you are hereby instructed to use the voice and vote of the United States to actively promote and work to achieve the goals in this section.

Supplemental Appropriations Act, 2009 (P.L. 111-32)

SEC. 1626. REFORM OF THE 'DOING BUSINESS' REPORT OF THE WORLD BANK.

(a) The Secretary of the Treasury shall instruct the United States Executive Directors at the International Bank for Reconstruction and Development, the International Development Association, and the International Finance Corporation of the following United States policy goals, and to use the voice and vote of the United States to actively promote and work to achieve these goals:

(1) Suspension of the use of the 'Employing Workers' Indicator for the purpose of ranking or scoring country performance in the annual Doing Business Report of the World Bank until a set of indicators can be devised that fairly represent the value of internationally recognized workers' rights, including core labor standards, in creating a stable and favorable environment for attracting private investment. The indicators shall bring to bear the experiences of the member governments in dealing with the economic, social and political complexity of labor market issues. The indicators should be developed through collaborative discussions with and between the World Bank, the International Finance Corporation, the International Labor Organization, private companies, and labor unions.

(2) Elimination of the 'Labor Tax and Social Contributions' Subindicator from the annual Doing Business Report of the World Bank.

(3) Removal of the 'Employing Workers' Indicator as a 'guidepost' for calculating the annual Country Policy and Institutional Assessment score for each recipient country.

(b) Within 60 days after the date of the enactment of this section, the Secretary of the Treasury shall provide an instruction to the United States Executive Directors referred to in subsection (a) to take appropriate actions with respect to implementing the policy goals of the United States set forth in subsection (a), and such instruction shall be posted on the website of the Department of the Treasury.