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Panel urges World Bank to drop country rankings from 'doing business' report

By James Politi in Washington

An independent panel has urged the World Bank to eradicate the overall country rankings in its controversial Doing Business report following a sweeping review that cited a litany of issues with one of the institution's flagship publications.

The review – chaired by Trevor Manuel, South Africa's planning minister and commissioned by the World Bank – found that the use of aggregate rankings to compare the business climate in different countries was “problematic,” while the governance of the project was “insufficient”.

It also said the analysis relied on a “narrow information source” which could do with improved data collection and was “not designed to help countries respond appropriately”.

“Any report that opts to demonstrate causally linked outcomes must be able to stand or fall on its evidentiary rigour, and on its policy orientation. The Doing Business report was, as we have come to discover, lacking in both these areas,” Mr Manuel said.

The panel said the report – which has come under attack by emerging economies including China and India as well as some international charity groups – should continue to be produced, but with some changes, most notably a new title and the elimination of overall country rankings.

“Removing [aggregate rankings] would defuse many of the criticisms levelled against the report, but would diminish the report's influence on policy and public discussion in the short term. In the long term, however, doing so may improve focus on underlying substantive issues and enhance the report's value,” the panel said.

The panel's findings mark a test for Jim Yong Kim, World Bank president, who commissioned the review last year. In a statement earlier this month, he welcomed its work, but seemed reluctant to embrace its most high-profile finding on scrapping the aggregate rankings.

“The panel has made valuable suggestions for how to enhance the report, which merit consideration”, Mr Kim said. But he also added that “I am committed to the Doing Business report, and rankings have been part of its success”.

The World Bank is not required to accept any of the suggestions made by the review panel and Mr Manuel said the 2014 report would proceed as planned because the report was not completed in time. “We have no further mandate. All decisions now rest with the World Bank,” he said.

While the panel did suggest removing the aggregate rankings, it is proposing to keep country by country scores by category, saying these “have an advantage of showing where a country is located in the world distribution of an indicator”.

The panel also recommended implementing a peer review process for the report, provide for more oversight by the World Bank's economic research department, and more prominently display a “health warning” on its shortcomings.

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