

Global Economy

World Bank urged to shake up report rankings

Robin Harding in Washington JUNE 7 2013

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An independent panel will advise the World Bank to [scrap the overall ranking of countries](#) in its [controversial Doing Business report](#), according to two people familiar with the matter.

But in a compromise that is likely to please neither opponents nor supporters, the panel's draft recommendations say the bank should keep ranking countries based on individual aspects of their small business regulation, such as the difficulty of getting a construction permit.

The proposed change would strip out the highest-profile element of Doing Business – the ranking that puts Singapore number one in the world and the Central African Republic number 185 – but keep all the information needed to produce it.

That would spare the feelings of low-ranked countries such as China, which comes in at number 91 and which has pushed hard to scrap the rankings altogether, but could also dilute the incentive it gives countries to improve their business environment.

Jim Kim, president of the World Bank, [said he had received a preliminary review](#) and discussed it with the bank's executive directors. The people familiar with the matter warned that the report could still be changed before it was finalised.

“As I discussed with board members today, it is indisputable that Doing Business has been an important catalyst in driving reforms around the world,” said Mr Kim. “The panel has made valuable suggestions for how to enhance the report, which merit consideration.”

But Mr Kim appeared to signal some reluctance to accept the panel's advice and scrap the overall ranking. “I am committed to the Doing Business report, and rankings have been part of its success,” he said.

He also said the preparation of Doing Business for this year was “well advanced” and would “proceed as planned”.

Doing Business has long attracted opposition from an unusual alliance of large developing countries, international trade unions and development charities. Last year they pushed Mr Kim to [set up the independent review](#), which is chaired by South Africa’s planning minister, Trevor Manuel.

Critics of the report say it makes no sense if fast-growing economies such as China rank low. They also argue that it has a built-in bias towards deregulation and that the World Bank should not be in the business of ranking its members.

Last autumn China’s deputy executive director at the World Bank, Bin Han, said the report “used wrong methodologies, failed to reflect facts, misled readers and added little value to China’s improvement of the business environment”.

But supporters say that Doing Business is objective, thoroughly researched and spurs reform as countries try to improve their ranking. A group of academics and policy makers [has published an open letter](#) to the World Bank calling on it to keep the rankings and broaden the data in the report.

“The data and the rankings provided by Doing Business make for helpful benchmarking tools,” they wrote. “They lead countries to consider and tackle important institutional challenges. Precisely due to the power of the data criticism persists.”

A Treasury official said the US supported keeping the rankings in Doing Business. “We believe that the Doing Business country rankings serve as an important benchmarking tool at a time when all of us are focused on supporting demand and job creation,” the official said.