

**Investigation of Data Irregularities in
Doing Business 2018 and *Doing Business 2020***

**Investigation Findings and
Report to the Board of Executive Directors**

September 15, 2021

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1. On January 20, 2021, the International Bank for Reconstruction and Development (“the Bank”) engaged our firm to review the internal circumstances at the Bank that contributed to the data irregularities identified in the *Doing Business 2018* and *Doing Business 2020* reports. To that end, we undertook to understand: (1) how improper changes to the data for China (*Doing Business 2018*) and Saudi Arabia, the United Arab Emirates, and Azerbaijan (*Doing Business 2020*) were effected; (2) who at the Bank directed, implemented, or knew about the changes to the data and how their direction or pressure manifested; and (3) what internal circumstances, whether related to policies, personnel, or culture, allowed for the changes to take place.¹
2. Building on investigative work undertaken by the Bank’s Office of Ethics and Business Conduct (“EBC”), our review has proceeded on two investigative tracks simultaneously: The first focused on the ethical aspects of conduct relating to Board officials and was conducted pursuant to the Code of Conduct for Board Officials; the second focused on potential misconduct by Bank staff members and was conducted pursuant to applicable Staff Rules and Directives.² Our investigation was supported by, but wholly independent from, the Bank. WilmerHale retained sole discretion as to the investigative measures necessary to conduct a thorough investigation. Over the course of our investigation, our team collected roughly five million documents from Bank employees; reviewed 80,000 of those documents most likely to contain relevant information; and interviewed more than three dozen current and former Bank employees. The findings, analysis, and recommendations set out in this document are those of WilmerHale alone. The factual findings in this document are well supported and substantially corroborated by the witness statements and documents collected in our review.³

FACTUAL FINDINGS

Doing Business 2018

3. Published on October 31, 2017, the *Doing Business 2018* report was released at a pivotal moment for the Bank and its leadership: From mid-2017 to April 2018, Bank management was consumed with sensitive negotiations over its ongoing capital increase campaign. Among other issues complicating the process, there was concern that at least one key stakeholder would meaningfully reduce its commitment to the institution, and that other significant countries, including China, were apprehensive about how ownership shares at the Bank were going to be re-calculated in response to increased financial commitments.

¹ WilmerHale has not been charged with any review of the accuracy of the *Doing Business* data itself. The Bank’s earlier reviews examined the data and have already concluded that irregularities occurred in both *Doing Business 2018* and *Doing Business 2020*.

² This document is our report to the Board of Executive Directors and addresses only the first track. Our work on the second track remains ongoing and, as per Bank policy, will culminate in a written report to the Human Resources Vice Presidency addressing any potential misconduct of staff members. If we learn of any additional pertinent details related to Board officials during the ongoing second track, we will update the Board accordingly.

³ One area where we were unable to recover data was from Bank employees’ mobile devices. The Bank’s policy is to delete all content from, or “wipe,” employees’ mobile devices when employees leave the Bank or when they upgrade their devices. Accordingly, there may be information relevant to our investigation that was lost as a result of this policy.

Then-President Dr. Jim Yong Kim and then-CEO Dr. Kristalina Georgieva were overseeing the capital increase campaign, and, according to a then-Development Economics Vice Presidency (“DEC”) manager, CEO Georgieva was engrossed in the effort’s success. Indeed, CEO Georgieva explained in her interview that multilateralism was at stake, and the Bank was in “very deep trouble” if the campaign missed its goals. In his interview, President Kim described the significant tensions he faced between managing the disparate expectations and objectives of key shareholders.

4. It was against that backdrop that the data irregularities pertaining to China occurred. Beginning as early as May 2017 and continuing through the *Doing Business 2018* cycle, high-ranking Chinese government officials repeatedly expressed their concerns to President Kim and other senior Bank officials that the country’s ranking in the *Doing Business* report—78 in *Doing Business 2017*—did not accurately reflect its economic reforms. President Kim acknowledged the Chinese officials’ concerns and responded that the report’s methodology might require an update, but also encouraged the Chinese officials to focus on enacting economic reforms that would boost the country’s ranking under the report’s current methodology. President Kim explained that this was the same response he gave to every country that complained to him about *Doing Business*. For her part, CEO Georgieva stated in her interview that it appeared that Chinese officials were convinced from their interactions with Bank staff members (particularly those in the China country management unit) that the country’s ranking would improve in *Doing Business 2018*.
5. In the month leading up to the publication of the report, outreach from senior Chinese officials to Bank leaders over the country’s ranking in *Doing Business* intensified. For example, President Kim discussed the report and China’s performance with a senior Chinese government official on September 12; the then-Executive Director (“ED”) for China met with members of the Bank’s East Asia & Pacific (“EAP”) Regional Office on September 14 to inform them that if China’s ranking improved “everyone w[ould] be relieved” (and he made a personal plea to this effect to President Kim privately); during the Bank’s annual meetings, another then-senior Chinese government official met with EAP leadership on October 13 to express his hope that the *Doing Business* report would “better reflect China”; and, on October 14, the same Chinese government official had dinner with CEO Georgieva, during which he emphasized CEO Georgieva’s role as “the responsible person” at the Bank to “ensure” that China’s reforms were acknowledged in the report.⁴
6. Contemporaneous with this outreach from China, key staff members from President Kim’s Office—presumably at President Kim’s direction—began contacting DEC management to inquire how China was “coming out” in the report. In September 2017, DEC management indicated to some of President Kim’s senior staff members that “[a]s of now it looks like [China’s] results will not be positive but not as bad [as] we initially thought. However, we

⁴ To be clear, our review should not be read to imply that there was any inappropriate conduct on behalf of any Chinese or other government officials. Our understanding is that country officials often demonstrated keen and legitimate interest and concern regarding their country’s rankings in the *Doing Business* report.

don't yet know by how much they will drop." In response to that email, one aide to President Kim wrote to another aide in the President's office, "I think I'm going to cry."

7. In October 2017 there were several conversations between staff to the President; CEO Georgieva and one of her senior advisors; and DEC and Doing Business leadership focused on China's *Doing Business 2018* ranking. On October 11, at the request of the Office of the President, the then-Senior Director for DEC sent a written briefing on the *Doing Business 2018* report that included the final country rankings in which China dropped seven places from the prior year's report to 85. In response, on October 14, one of President Kim's senior staff members emailed the Senior Director for DEC to note that China was not "coming out OK" and inquired whether DEC had a plan to "address the chronic complaint" that China had voiced about the report. The Senior Director for DEC responded later that day that, though China had "improved in absolute terms," its relative ranking had dropped "because other countries in [its] ranking neighborhood did much better."
8. Two days later, on October 16, 2017, a member of Doing Business leadership approved the final report (with China ranked 85) and authorized submission of the report to the printer to be published. That same day, the same staffer to President Kim who earlier expressed concern about China's ranking received an email from another senior member of the Office of the President regarding China's ranking:

make sure that [the DEC leader] addresses the issue of where China will wind up in the rankings ... Jim will not be happy if the explanation is not clear, and also if there is not a plan to manage the political side of it.
9. Later that evening, the then-Chief of Staff to President Kim sent a meeting invitation to the then-Senior Director for DEC, as well as to staff members in the Office of the President and Office of the CEO, with the subject line "Meeting on Doing Business." The meeting would be held the next day, October 17, 2017, at 12:00 p.m. in the Chief of Staff's office in the President's office suite.⁵ The invitation included a note from the Chief of Staff to the Senior Director for DEC asking him to "[k]indly bring Preliminary Doing Business Ranking." The Senior Director for DEC forwarded the invitation to a manager on the Doing Business team.
10. The next day, October 17, 2017, the Chief of Staff and another senior staffer to President Kim met with DEC and Doing Business leadership in the President's office suite. During the meeting, the President's aides raised the issue of how to improve China's ranking in the report. Doing Business leadership believed that the concern was coming from President Kim directly. The group discussed methodological changes to the report that might boost China's ranking, including by incorporating data from Taiwan, China and/or Hong Kong

⁵ The meeting invitation was also sent to Simeon Djankov, one of the founders of the *Doing Business* report, who, at that point, was serving as an advisor to CEO Georgieva. Bank physical access records suggest that Mr. Djankov did not attend this meeting.

SAR, China into China's data.⁶ According to a Doing Business manager, DEC and Doing Business leadership conveyed to the Presidential staff members that the data for China was accurate and should be published as calculated by the Doing Business team. Nevertheless, President Kim's aides directed the DEC and Doing Business leadership to simulate China's score if data for Hong Kong SAR, China was integrated into the existing data for China. Following the meeting, Doing Business leadership, in turn, instructed the Doing Business team to recalculate China's numbers by adding in data from Hong Kong SAR, China; email communications from Doing Business leadership to the Doing Business team explain that the direction came from the "senior management" of the Bank.⁷

11. The following day, October 18, 2017, the same staffer to President Kim who initially expressed concern about China not "coming out ok" in the Doing Business rankings, sent an encrypted email message to Doing Business and DEC leadership, and copying the Chief of Staff, asking what China's ranking would be if data for Macao SAR, China was also added into China's calculation in addition to data for Hong Kong SAR, China. A Doing Business leader responded that the Doing Business team did not collect data for Macao SAR, China, and therefore, could not incorporate that data into China's score. But the Doing Business leader also noted that by incorporating Hong Kong SAR, China's data, China's ranking in Doing Business 2018 would rise to 70, which was eight spots higher than the previous year. The Doing Business leader indicated that the then-Senior Director for DEC had signed off on integrating Hong Kong SAR, China's data into China's data, and that the revised report would be sent to the printer. In response, this same aide to President Kim instructed the Doing Business leader that the issue was "still under discussion" and instructed the leader not to release the report for publication until everyone was "on the same page."
12. At that point, CEO Georgieva became directly involved in efforts to improve China's ranking. On the afternoon of October 18, CEO Georgieva convened a meeting in her office with the then-Country Director for China, and members of DEC and Doing Business leadership. During that meeting, CEO Georgieva represented that she was now overseeing the issue. She explained to Doing Business leadership that they could not incorporate Hong Kong SAR, China's data into China's data for political reasons, and therefore needed a different solution. A member of Doing Business leadership suggested that one way to raise China's ranking would be to alter the methodology and use the higher scoring of the two cities included in China's data (Beijing and Shanghai) rather than a weighted average as was typically used for countries with data collected from two cities; CEO Georgieva instructed this employee to run a simulation using that strategy and to report back.
13. During this same meeting, CEO Georgieva also chastised the Bank's then-Country Director for mismanaging the Bank's relationship with China and failing to appreciate the importance of the Doing Business report to the country. The Country Director suggested

⁶ Hong Kong SAR, China and Taiwan, China appear as separate economies in the *Doing Business* report rankings. In the draft *Doing Business 2018* rankings that were sent to the Office of the President, Hong Kong SAR, China ranked 5 and Taiwan, China ranked 15, while China ranked 85.

⁷ If Hong Kong SAR, China had been incorporated, China would have been the only country in the *Doing Business* report that included data from three different cities.

that he meet with the then-Chinese ED to gauge how the country would react to a possible drop in the rankings. CEO Georgieva approved the outreach, and, shortly after, the Country Director and another EAP employee met with the ED for China and inquired how the country would respond to a drop in the rankings. The ED responded that China would not be pleased if the country's ranking dropped.

14. The following day, October 19, 2017, the then-Senior Director for DEC emailed CEO Georgieva to inform her that the methodological change discussed in her office of using the best data of the two cities would not be feasible. While the change would increase the ranking for China, it would also in turn, increase the rankings of other peer countries. Therefore, the Senior Director for DEC wrote to CEO Georgieva:

In light of the fact that we have considered several alternatives to recasting the data, and found none of them satisfactory, I suggest we go back to Plan A, which is to present the actual *Doing Business* numbers, and have an extensive explanation about how China has made substantial progress on a number of indicators (as documented in the report) but that, through no fault of their own, the countries in their ranking neighborhood did exceptionally well this year.

Later that day, a member of Doing Business leadership was instructed that CEO Georgieva had asked Mr. Djankov to guide the report to final publication. Mr. Djankov worked with Doing Business management to identify changes to China's data that would raise the country's score and increase its ranking. A member of Doing Business leadership explained that—after convening a meeting with members of the entire Doing Business team to discuss the pressure from senior management to alter China's data—a small group of Doing Business leaders searched for data points for which there could be some “reasonable question” justifying a shift and that would cause the “least damage” to other data in the report if changed. For example, on the Legal Rights indicator, the Doing Business team had, as part of its initial assessment of a Chinese law relating to secured transactions, declined to award China the full complement of possible reform points. As part of the effort to increase China's score, the team reversed course and gave China more credit for this law. A Doing Business leader told us that this data point was an ideal vehicle to accomplish the objective because changing it could be justified in light of differing expert opinions on the effect of the Chinese law and, because the law was unique to China, the change would not cause ripple effects for the data of other countries.

15. After identifying three such data points, the small group of Doing Business team leaders unlocked the report's underlying data tables and executed the changes. The findings of the DEC review confirm this series of events. As concluded by the DEC Review,⁸ the three changes affected the Starting a Business, Legal Rights – Getting Credit, and Paying Taxes indicators. The modifications, for example, reduced the amount of time necessary to comply with various regulations, which, in turn, boosted China's score. These changes boosted China's score by nearly a point and increased its ranking by seven places to 78,

⁸ See Management of the Development Economics (DEC) Vice-Presidency, the World Bank Group, *REVIEW OF DATA IRREGULARITIES IN DOING BUSINESS* (December 16, 2020) at 11-15 (available at <https://tinyurl.com/6bdnpr>).

the same ranking that the country had in *Doing Business 2017*. A member of the Doing Business leadership then sent the proposed changes to the three data points to Mr. Djankov, who wrote in response, “Excellent work. Please go ahead with report publication.”⁹

16. The following day, on October 20, 2017, the then-Senior Director for DEC emailed CEO Georgieva to inform her that he could “live with” the “technical solution” that had been found by Doing Business leadership and Mr. Djankov. CEO Georgieva responded in an email to him to “wrap this up” and come by her office. In his interview, the Senior Director for DEC ultimately acknowledged that the Doing Business leadership made “judgment calls” to push the data in a certain direction to accommodate geopolitical considerations. He explained that when he went to meet with CEO Georgieva, she thanked him for doing his “bit for multilateralism.” The Senior Director for DEC interpreted her comment to mean not angering China during the sensitive capital increase negotiations affecting the Bank’s future.
17. A week later—during the weekend of October 28-29, 2017—CEO Georgieva visited the home of a Doing Business manager to retrieve a physical copy of the report with the aforementioned data changes incorporated. During the conversation in the manager’s driveway, CEO Georgieva commented that it had been a “very unusual year” for the report and thanked the Doing Business manager for helping “resolve the problem” with China’s ranking. During her interview, former CEO Georgieva said that this was the first and only time she had ever visited this employee at the employee’s home. She further stated that she could not recall why she felt it was necessary to visit the employee’s home personally rather than have the report delivered to her at work during business hours.
18. A few days later, on October 31, 2017, *Doing Business 2018* was published. In the report, China was ranked at 78—the same ranking it held in *Doing Business 2017*.

Doing Business 2020

Saudi Arabia and the United Arab Emirates

19. As early as September 2018, government officials from Saudi Arabia voiced displeasure over the country’s *Doing Business 2019* performance to President Kim, namely the decision by the Doing Business team not to recognize many of what the government officials viewed as the country’s successful reforms. Members of the Doing Business team described a tense relationship with the Saudi government, and, as one Bank employee noted, following the disappointing results for Saudi Arabia, there were significant efforts to better integrate Doing Business considerations into the extensive set of Reimbursable Advisory Services (“RAS”) contracts that the Bank had executed with the country.¹⁰

⁹ In his interview, Mr. Djankov claimed that he had no memory of this email, and could not explain why he was approving the data changes or authorizing the publication of the report.

¹⁰ RAS projects are paid advisory and analytic services provided by the Bank to middle- and high-income countries upon request from the member countries. RAS projects can focus on a wide variety of subjects related to economic development, and some RAS projects focus on improving economic conditions underlying the indicators that comprise the *Doing Business* report.

Indeed, in March 2019, Bank employees in the Middle East and North Africa (“MENA”) Vice Presidency prepared a briefing for CEO Georgieva ahead of a meeting with a Saudi government official that flagged the country’s concerns with the *Doing Business* report.

20. In August 2019, the Doing Business team generated a draft of its Top Improvers list for *Doing Business 2020* that had Jordan as the top reformer with Saudi Arabia placing second. The following month, September 2019, Mr. Djankov—by then serving as the DEC Director— instructed the Doing Business team to find a way to alter the data such that Jordan fell from its first-place position in the Top Improvers list. According to one Doing Business manager, Mr. Djankov explained that, at the time, Jordan was experiencing economic and social pressures, and therefore, the report would not be credible if Jordan was the top reformer.
21. To that end, Mr. Djankov first sent a member of the Doing Business team to Jordan to scrutinize whether a subset of the reforms with which the country had been credited were legitimate. When the employee reported that Jordan’s data was indeed correct, the Doing Business team, pursuant to Mr. Djankov’s direction, pivoted to search for ways to boost Saudi Arabia’s score to leapfrog Jordan on the list. In his interview, Mr. Djankov stated that the impetus for the change to Saudi Arabia’s data came from two senior officials in the MENA Vice Presidency, one of whom previously served as Chief of Staff to President Kim and was involved in the changes to China’s data in *Doing Business 2018*.¹¹ On September 30, the Doing Business team altered Saudi Arabia’s data in an effort to boost the country’s ranking past Jordan.¹² As detailed further in the DEC review, a point was added regarding the treatment of debts, bringing the Legal Rights index to 4 instead of 3, and the compliance time for the newly enacted VAT (“Value Added Tax”) was reduced. The latter change to Saudi Arabia also led to a corresponding change to UAE’s data because that country had a similar tax system. The change to UAE did not affect its overall ranking.
22. We identified no evidence suggesting that the Office of the President or any members of the Board were involved in the data changes affecting Saudi Arabia and UAE in the 2020 report.

Azerbaijan

23. In August 2019, Mr. Djankov instructed the Doing Business team to scrutinize Azerbaijan’s data due to his concerns that the Azeri government improperly influenced the private sector contributors from whom the team collected its data. The Doing Business team performed an “internal audit” on its data for Azerbaijan and confirmed the accuracy

¹¹ Mr. Djankov stated that the members of the MENA Vice Presidency asserted that Jordan taking the top spot could not “be right” in light of challenges the country was facing. A Doing Business management member recalled that Mr. Djankov spoke with her after the meeting with the MENA officials and communicated their wish to displace Jordan from the top spot. For their part, the two MENA officials denied suggesting that Jordan should be removed from its position atop the Top Reformers list.

¹² See Management of the Development Economics (DEC) Vice-Presidency, the World Bank Group, *REVIEW OF DATA IRREGULARITIES IN DOING BUSINESS* (December 16, 2020) at 8-9 (available at <https://tinyurl.com/6bdnpr>).

of the large majority of reforms in the report. Nevertheless, on three topics, Azerbaijan’s reforms were “frozen,” or not counted, in the final version of *Doing Business 2020* at the direction of Mr. Djankov.¹³ Indeed, Mr. Djankov confirmed in his interview his skepticism of the Azeri government, and asserted his view that the decision to omit the reforms was the correct one. The changes reduced Azerbaijan’s score by nearly two points, dropping it from the Top Improvers list.

24. In addition to alterations made to three Azeri data points,¹⁴ Mr. Djankov also ordered a last-minute change to the methodology underscoring the Protecting Minority Investors (“PMI”) indicator, further damaging Azerbaijan’s score, as well as scores of numerous other countries. Initially proposed by a Doing Business topic leader during the *Doing Business 2020* cycle, the change to the PMI indicator was intended—per the Doing Business team’s general practice—to be introduced in future reports after consultation with member countries. Mr. Djankov, however, accelerated the rollout of the change after being informed that it would reduce Azerbaijan’s score, implementing it just weeks later in that year’s report. In his interview, Mr. Djankov acknowledged that he ordered the PMI methodology change but maintained that it produced a more accurate report. Mr. Djankov admitted that he may have erred by introducing the change immediately rather than first informing member countries about the proposed adjustment and incorporating it into future reports.
25. We identified no evidence suggesting that the Office of the President or any members of the Board were involved in the changes affecting Azerbaijan in the 2020 report.

**DIAGNOSTIC ASSESSMENT OF DATA IRREGULARITIES IN
DOING BUSINESS 2018 AND DOING BUSINESS 2020**

26. In addition to investigating *how* the irregularities in *Doing Business 2018* and *Doing Business 2020* occurred, we were also charged with determining *why* the changes happened. Although the two reports were marked by different pressure points leading to the publication of illegitimate data, there were also striking consistencies in the circumstances surrounding the irregularities.

Undue Pressure from Bank Leadership

Doing Business 2018

27. The changes to China’s data in *Doing Business 2018* appear to be the product of two distinct types of pressure applied by Bank leadership on the Doing Business team: (1)

¹³ In his interview, Mr. Djankov claimed that a Doing Business manager made the decision not to count the reforms, but that answer was inconsistent with the evidence. Multiple members of the Doing Business team, for example, recalled either that Mr. Djankov gave the instruction to freeze Azerbaijan’s data or that a Doing Business manager communicated to them that the instruction was coming from Mr. Djankov. And the Doing Business manager also asserted that Mr. Djankov directed her to implement the changes to Azerbaijan’s data. Therefore, we did not find Mr. Djankov’s claim credible.

¹⁴ See Management of the Development Economics (DEC) Vice-Presidency, the World Bank Group, *REVIEW OF DATA IRREGULARITIES IN DOING BUSINESS* (December 16, 2020) at 5-7 (available at <https://tinyurl.com/6bdnpr>).

pressure—both direct and indirect—applied by senior staff in the Office of the President, presumably at the direction of President Kim, to change the report’s methodology in an effort to boost China’s score; and (2) pressure applied by CEO Georgieva and her advisor, Mr. Djankov, to make specific changes to China’s data points in an effort to increase its ranking at precisely the same time the country was expected to play a key role in the Bank’s capital increase campaign.

Pressure from Key Aides to President Kim

28. As detailed above, the evidence suggests that members of President Kim’s staff, including the Chief of Staff, directed the DEC and Doing Business leaders to explore changes to improve China’s ranking in *Doing Business 2018*. These efforts included emails from key staffers indicating that China was not “coming out OK” and requests for briefings on the plan to address this, instructions to delay printing the report, and discussions about how the methodology could be changed to increase the country’s ranking.
29. For his part, President Kim confirmed that he participated in numerous meetings in which Chinese officials raised concerns about the country’s *Doing Business* performance and that, in the run-up to the publication of *Doing Business 2018*, he asked his staff to make contact with DEC leadership to determine where China was “coming out” in the report rankings. President Kim also acknowledged that he vaguely recalled a conversation at some point regarding incorporating data from Hong Kong SAR, China, Taiwan, China, and/or Macao SAR, China into China’s score.¹⁵
30. Although we identified no evidence proving that President Kim directly ordered anyone to make illegitimate changes to China’s data, the Doing Business manager explained that it was clear that aides in President Kim’s office were acting on his behalf. In his interview, President Kim claimed that his staffers may have misinterpreted his desire to be *informed* about China’s ranking as an implicit instruction to *improve* that ranking, noting that he would be “very sorry” if anyone at the Bank received that message. But President Kim stated that he would not throw his staffers “under the bus” and that it was unlikely they had acted on their own. Whatever President Kim’s intention, it is likely that his aides acted to bring about a result they believed he wanted them to accomplish. As one of President Kim’s top aides explained, he would not have engaged in discussions about altering the *Doing Business* report’s methodology on his own initiative. Instead, he stated that the direction would have likely come from either President Kim himself or his Chief of Staff, though he declined to identify which one, claiming he could not recall.

Pressure from CEO Georgieva and her Team

31. Actions taken by CEO Georgieva also played a key role in the changes to China’s data. Actions by the CEO mirrored those by staff in the Office of the President in the form of emails and “urgent” meetings. According to the Doing Business leader who actually implemented the final changes to China’s data with Mr. Djankov, CEO Georgieva

¹⁵ Although President Kim called these discussions “very informal,” “flippant,” and probably “a joke,” he never asserted that he dismissed the conversations out of hand or attempted to shut them down.

appeared to take over the issue with China’s ranking on October 18, 2017. Indeed, CEO Georgieva rejected the methodological changes DEC and Doing Business leaders had discussed with President Kim’s aides,¹⁶ and subsequently explored with the Doing Business manager other ways to change the methodology to raise China’s ranking.

32. Soon thereafter, Mr. Djankov, a former Doing Business leader, got involved to help solve the problem of China’s lower ranking.¹⁷ Mr. Djankov worked with the Doing Business team to identify specific data points that could be changed to increase China’s ranking. When that goal was accomplished, CEO Georgieva’s actions following the changes to China’s data confirm her involvement: (1) she summoned the then-Senior Director for DEC to her office and thanked him for doing his “part for multilateralism”—ostensibly a reference to the positive effect that an improved ranking for China would have on the Bank’s relationship with the country during the ongoing capital increase campaign; and (2) she drove to the home of the Doing Business manager—something she had never done before—the weekend before the report was formally published to retrieve a hard-copy of the report (presumably to make sure the changes to China’s data were sufficient) and to thank the manager for resolving the problem with China.

Doing Business 2020

Saudi Arabia and UAE

33. The evidence demonstrated that the changes to Saudi Arabia’s and UAE’s data in *Doing Business 2020* was likely the result of efforts by a senior Bank staff member to achieve a desired outcome and reward Saudi Arabia for the important role it played in the Bank community, including its significant and ongoing RAS projects.
34. As to the first consideration, Mr. Djankov told us that senior MENA officials—including one staff member who had served as Chief of Staff to the President during the *Doing Business 2018* cycle—expressed concern that Jordan’s ranking in the Top Improvers list could not be accurate. And one Doing Business employee told us that she recalled Mr. Djankov relaying conversations he had with these MENA officials regarding the need for Saudi Arabia to displace Jordan atop the Top Improvers list, explaining that, according to what Mr. Djankov told her, the MENA officials believed that it would risk the credibility of the *Doing Business* report for Jordan to take the Top Improver spot in light of the turmoil it was facing at the time.

¹⁶ From Bank physical access records, interviews, and email time stamps, we were able to determine that the Doing Business leader relayed to a subordinate the instruction about abandoning the integration of Hong Kong SAR, China’s data into China’s data immediately after the conclusion of the meeting with CEO Georgieva. Indeed, seven minutes after leaving the Bank’s Main Complex, the Doing Business leader swiped into her office and the subordinate relayed the update to the entire Doing Business team eleven minutes later.

¹⁷ Whether and how Mr. Djankov became involved in the *Doing Business* report is disputed. Mr. Djankov claimed that he had no role in revising the report, and CEO Georgieva similarly denied asking him to get involved; the DEC leader and Doing Business leadership, however, asserted the contrary and we found the latter position more credible, especially given that emails corroborated Mr. Djankov’s involvement and the Bank’s access records demonstrated that Mr. Djankov was physically present at the Bank’s offices in Washington, D.C. in the run-up to publication of *Doing Business 2018*, despite his claim that he was in London during the vast majority of the relevant period.

35. As to the second consideration, we learned that there were multiple factors that could have motivated Mr. Djankov to modify the data in Saudi Arabia’s favor, including:
- Saudi Arabia executed a series of significant RAS contracts with the Bank, some focused on issues germane to the *Doing Business* report. Elevating Saudi Arabia to first place in the Top Improvers list would demonstrate the effectiveness of the Bank’s efforts and validate the amount of money that Saudi Arabia had spent on RAS projects relating to the *Doing Business* report.
 - In January 2019, Mr. Djankov traveled to Saudi Arabia to give a speech asserting that Saudi Arabia would see significant gains in its *Doing Business* performance as a result of the Bank’s advisory services. Altering the data allowed Mr. Djankov to demonstrate that his public prediction was correct.
 - Mr. Djankov and other Bank officials were engaged in conversations with Saudi Arabia government officials to host a revival of the Reformers Club, an initiative that sought to gather and recognize the countries that had made the most significant strides in implementing business-friendly regulations.

Azerbaijan

36. The chain of cause-and-effect is more direct with respect to the data changes affecting Azerbaijan in *Doing Business 2020*: Mr. Djankov ordered the *Doing Business* team to alter the country’s data based on his own belief that the country had not actually implemented the reforms the *Doing Business* team had credited. Indeed, multiple employees told us that Mr. Djankov appeared to harbor a personal animus against the country, unwilling to believe that the reforms the *Doing Business* team recognized—and confirmed—were legitimate. Despite the team’s efforts to convince him otherwise, Mr. Djankov overruled the team and demanded that it refrain from recognizing three Azeri reforms in *Doing Business 2020*.

Toxic Culture on *Doing Business* Team and Fear of Retaliation

37. The improprieties described above required members of the *Doing Business* team to execute data changes that they knew were inappropriate. WilmerHale examined why these employees were willing to make the improper changes rather than reporting the improprieties to the EBC or other senior Bank officials. The answer appears to be largely twofold.
38. First, members of the *Doing Business* team stated that they felt they had nowhere at the Bank to turn for support. With respect to *Doing Business 2018*, rank-and-file employees were told that the instructions to change China’s data came from the highest rungs of Bank management. Employees felt that they could not challenge an order from the Bank’s president or CEO without risking their jobs. With respect to *Doing Business 2020*, Mr. Djankov had publicly threatened at a team meeting that he had connections within EBC and that he would find out if anyone complained about him. Thus, staff members felt powerless to object to carrying out the data improprieties being requested by senior bank management.

39. Second, nearly every Doing Business employee with whom we spoke described the environment on the Doing Business team under the management of Mr. Djankov to be, at best, deeply problematic, and, at worse, emotionally harrowing. Employees said that Mr. Djankov was a “bully” who instilled fear on the team; that he managed “by terror and intimidation”; that his management style constituted “psychological terrorism” that created a “toxic environment”; that he was a “larger than life fear factor” for everyone on the team; and that his management style was pompous and undiplomatic. We heard that Mr. Djankov dangled promotions in front of Doing Business leadership to incentivize compliance with his personal objectives, and that he retaliated against those who questioned his authority. Notably, this critique of Mr. Djankov’s management style was near-universal from all those who worked under him at the Bank.
40. Not surprisingly, a majority of the Doing Business employees with whom we spoke expressed a fear of retaliation from Mr. Djankov. Tellingly, members of the team did not approach DEC management to voice their concerns about the integrity of the report until after he had departed from the Bank. Concerns that Mr. Djankov would retaliate against employees who challenged his decisions appears to have been felt most acutely by those employed under short-term consulting contracts. These employees feared the Bank could decide not to renew their contracts which, for some of them, would jeopardize their ability to remain in the United States.
41. But the fear of retaliation was not limited to these employees on short-term consulting contracts; indeed, we heard from full-time employees on the Doing Business team that they, too, feared retaliation if they did not go along with Mr. Djankov’s wishes. Indeed, numerous employees provided examples of adverse employment actions—being passed over for promotions, stripped of supervisory responsibilities, or being demoted from senior positions—that they attributed to their refusals to accede to Mr. Djankov’s wishes. A number of employees stated that this fear persisted even more than a year after Mr. Djankov’s departure from the Bank.

A Lack of Consistent, Enforceable Policies Guiding the Production of the *Doing Business* Report

42. The data irregularities in the *Doing Business 2020* report—particularly with respect to Azerbaijan—laid bare the lack of rigorous or written DEC procedures directing how the report was to be assembled. Indeed, some of the changes ordered by Mr. Djankov were plausibly justifiable, contravening only a series of uncodified rules about how *Doing Business* data was to be assessed and methodology was to be revised.
43. For example, Mr. Djankov claimed that the decision to freeze recognition of certain Azeri reforms over the objection of the Doing Business team was, in his view, consistent with the “Uzbekistan Protocol,” an unwritten rule that permitted holding back on implementing

suspect reforms.¹⁸ And Mr. Djankov’s decision to change the PMI methodology affecting numerous countries’ scores just weeks before publishing *Doing Business 2020* reflects a similar issue: The Bank employees stated that the late change violated Bank policy not to announce and adjust report methodology in the same production cycle, but none of them could present a written rule barring Mr. Djankov’s action.

44. In both situations, the lack of codified policies for how such situations are to be handled allowed for the manipulation of data and result-oriented decisions. In addition, the absence of strict policies appears to have dissuaded employees from reporting the issue to EBC or other Bank managers. In the future, it will be important for employees who feel uncomfortable with data changes being ordered to be able to point to a clear, objective procedure that is being violated.

Advisory Services

45. Finally, the specter of the Bank’s advisory services program hung over the irregularities in both reports. The vast majority of Bank employees that we spoke to raised the issue of the inherent conflict of interest that advisory services creates. In the aftermath of China’s performance in *Doing Business 2018*, senior leadership at the Bank worked with Chinese officials to introduce a series of advisory projects focused on improving the country’s *Doing Business* results. And with respect to Saudi Arabia, the Bank had significant engagement with the country following its disappointment with the *Doing Business 2019* results through a “central RAS unit” that had been in place for several years to support the country’s myriad RAS projects. More generally, *Doing Business* team members detailed accounts of being lobbied for reforms by Bank advisory service colleagues on behalf of the countries for which they were advising.
46. Advisory services projects can present a risk to data integrity in a number of ways. On a basic level, we understand that RAS projects generate revenue to the Bank. Numerous employees that we interviewed raised concerns about the Bank’s financial interest in RAS projects. These *Doing Business* RAS services can lead to the impression of a pay-to-play scheme where countries agree to pay for RAS services in exchange for an increase in their *Doing Business* rankings. And on a more abstract level, providing advisory services creates mismatched incentives across the Bank. Even after phasing out “cross-support” advisory services provided by *Doing Business* employees,¹⁹ the Bank still has an institutional interest in linking advisory services to concrete gains in products like the *Doing Business* report. The Bank, for example, wants to demonstrate to its member

¹⁸ Others on the *Doing Business* team denied knowledge of the Uzbekistan Protocol as an established methodological principle, and one *Doing Business* manager noted that when the team froze Uzbekistan’s data in a past report, it did so as part of a collective decision-making effort with the relevant country director, country manager, regional vice president, and executive director rather than as a result of a unilateral edict from leadership as was the case here.

¹⁹ We acknowledge the current DEC leadership had formally discontinued the Bank’s practice of permitting *Doing Business* employees to provide “cross-support” advisory services pertaining to the indicators measured in the *Doing Business* report. Despite the Bank’s efforts to eliminate conflicts of interest by prohibiting *Doing Business* employees from measuring countries’ performance on the indicators for which they provided cross-support services, multiple employees told us that such conflicts were impossible to avoid. Accordingly, the Bank should continue to assess ways to insulate *Doing Business* employees and the report production from such conflicts.

countries that its advisory services efforts result in objective improvements, and ranking or score increases on the *Doing Business* report serve that purpose

RECOMMENDATIONS

The Bank's commitment to investigating the circumstances and motivations that led to the data irregularities in *Doing Business 2018* and *Doing Business 2020* is commendable. But those efforts will achieve maximum positive returns for the Bank's culture and processes only if the institution endeavors to take concrete actions to ensure that similar irregularities do not occur again. In service of this goal, we provide the following recommendations for the Board's consideration:

The *Doing Business* Report

- Formalize and enforce the methodology and procedures used by the Doing Business team to collect, analyze, and confirm the data incorporated into the *Doing Business* report.
- Consider establishing an authorization process at the senior management level for changes to the *Doing Business* report's methodology or publication process to avoid abuse of discretion by a single manager.
- Enhance procedures/safeguards to data changes occurring during or after Bank-Wide Review.
- Consider further embargoes on distribution of rankings, including not sharing rankings outside of the Doing Business team until the report is finalized.
- Develop and implement procedures for the routine audit of *Doing Business* data and rankings by an independent party (*i.e.*, external to the Doing Business team).
- Establish safeguards to protect DECVP's research-focused mission and to reduce potential conflicts of interest that can arise from DEC taking on operational or client-facing responsibilities such as RAS support.
- Consider making the underlying data for the *Doing Business* report available to external researchers following publication of each year's report to have an independent check on the reliability of DB methodology and calculations.

Bank Culture

- Establish firm procedures to protect the Doing Business team from pressure or influence from Bank senior management, regional vice presidencies, advisory services colleagues, and member countries.
- Publicize and promote the Bank's non-retaliation policies to employees across the organization and encourage reporting of concerns through a variety of channels.
- Reintroduce Bank employees to the Office of Ethics and Business Conduct and inform employees of the services the Office provides.

- Consider changes to the Bank’s employment practices, particularly the use of short-term contract employees on the Doing Business team.
 - To the extent short-term contract consultancies remain a staffing mechanism for the Doing Business team, consider implementing procedures aimed to remove pressures associated with any one individual’s ability to renew (*e.g.*, skip-level signoffs; greater participation from HRVP) consulting contracts at his/her discretion.
- Consider discontinuing the practice of executing separation agreements that include provisions preventing the Bank from designating a former employee as the subject of an EBC investigation.
- Consider discontinuing the practice of immediately deleting content from employees’ personal mobile devices upon the return of those devices to Information and Technology Solutions.