

Terms of Reference for the *Doing Business* External Review Panel

December 2020

The *Doing Business* report is produced in the Development Economics (DEC) Vice-Presidency of the World Bank, headed by the World Bank Group Chief Economist. The Chief Economist is convening an external panel of experts (“the Panel”) to perform a comprehensive review of the *Doing Business* report. These terms of reference share background information, lay out the scope of the review, note the main criteria for the selection of Panel members, and outline a timeline for reporting back to the Chief Economist.

Background

Since its first publication in 2003, the annual *Doing Business* reports have received much attention. *Doing Business* indicators were conceived to help catalyze reforms of business regulations and track progress on the implementation of the reforms measured by the indicators. Policymakers, academics, civil society organizations, and international development agencies use the indicators and the underlying data in research, in monitoring and evaluation programs, and to benchmark private-sector development and the business environment.

Over the years, the *Doing Business* project has benefited from a number of formal external reviews: the IEG Independent Evaluation (June 2008), the Independent Panel Review (June 2013), and the external audit on Integrity of the “Ease of Doing Business” Indicators (June 2018).¹ Changes in methodology and data collection processes were implemented as a result of the recommendations emerging from these reviews. Currently two further independent reviews of *Doing Business* are underway: (i) a review of the integrity of the data production process, conducted by the Bank’s Group Internal Audit (GIA); and (ii) an evaluation of the policy impact of *Doing Business* carried out by the World Bank’s Independent Evaluation Group.

Given its prominence in policy discussions, and given the time elapsed since the last comprehensive review in 2013, an external review of the *Doing Business* methodology is opportune. Since its inception, the *Doing Business* methodology has been the subject of widespread discussions and debate inside and outside of the World Bank Group. The external review will serve to crystalize key elements of these debates and draw implications from them for consideration by World Bank management as they seek to refine the *Doing Business* methodology and enhance its policy impact.

Scope of review

The Panel will assess and make recommendations to improve the overall *Doing Business* methodology, including in the following areas:

¹ Additional information on previous reviews of Doing Business is available on the project’s website: <https://www.doingbusiness.org/en/methodology>.

- The selection of topic areas measured by *Doing Business*, including possible new areas for inclusion (e.g., support for digital transformation) as well as suggestions for streamlining and/or eliminating existing components of *Doing Business*.
- The suitability of the “case study” approach used as a framework to collect comparable data across countries.
- The *Doing Business* data gathering process, including the process for identifying contributors, ensuring accurate and independent responses, and providing appropriate data transparency.
- The methodology for aggregating and “scoring” indicators to develop topic scores and overall scores.
- The appropriateness of the balance that the *Doing Business* approach strikes between streamlining regulations (e.g., “Starting a business”) and providing public services (e.g., “Contract enforcement”) for a business-friendly environment, and recommendations to improve.
- The appropriateness of the balance that the *Doing Business* approach strikes between measuring the cost, quality, and benefits of regulation, and recommendations to improve.
- The appropriateness of the *Doing Business* approach in capturing *de jure* regulations and their *de facto* (yet norm-abiding) implementation, and recommendations to improve.
- The appropriate role of the Bank as a producer and consumer of *Doing Business* data and as the provider of policy advice on the business regulatory environment, and recommendations for how these roles should evolve.

In addition to these areas, the Panel is specifically requested to review the methodology of the “total tax contribution rate” component of the “Paying Taxes” indicator.

DEC staff will cooperate actively with the Panel and will provide all information that it may need to formulate its assessment of these questions. The Panel will also have access to staff, documents, analysis, and other information that could help inform its deliberations (respecting confidentiality of information where relevant). As it proceeds with its work, the Panel is expected to undertake open consultations, internally with members of the World Bank Executive Board and staff, and externally with stakeholders at the country level, including consumers and contributors to *Doing Business*.

Composition of the Panel

Members of the Panel will be reputable professionals with distinguished careers in their fields of expertise, and familiarity with international benchmarking studies and/or regulation of small and medium-sized enterprises. Reflecting the multilateral nature of the World Bank Group, it is expected that the Panel will have a diverse representation from advanced and developing countries. The Panel will be comprised of up to 5 members, led by a Chair who will have overall

responsibility for ensuring the smooth functioning of the Panel's deliberations, the development of needed content, and the timely delivery of the Panel's recommendations.

Timeline

A preliminary draft report is to be presented to the World Bank Group Chief Economist for feedback by July 1st, 2021, and the final report is to be provided by August 31st, 2021.