

Press Release: Why the World Bank must do better at Doing Business

On the eve of the release of the World Bank's Doing Business 2014, civil society organisations call on the World Bank to implement the major recommendations delivered by an independent panel in June, which included ending the ranking of countries according to an "Ease of Doing Business" index and permanently removing the report's controversial tax and labour indicators.

This year's Doing Business report, which ranks countries according to how business-friendly they are, comes in the wake of widespread criticism of its relevance and robustness. Advance information about Doing Business 2014 indicates that the recommendations for its comprehensive reform by a panel of experts nominated by World Bank President Jim Kim have not yet been implemented.

Christina Chang, CAFOD's lead economic analyst, said: "Decision makers will rightly wonder how much weight to give to a publication that has ranked Zambia 12th in the world on access to credit for businesses, when over 90% of small businesses there cite this as a major constraint for their success."

The expert panel led by Trevor Manuel concluded that Doing Business is a "poor guide" for policy-makers and gave a list of reforms needed to make the World Bank flagship research publication more robust.

Peter Bakvis, Washington director of the International Trade Union Confederation, said: "For a decade, Doing Business has been publishing data on labour regulations, based on the wrong assumption that driving down labour standards is good for the economy and good for business."

Jesse Griffiths, director of Eurodad (the European Network on Debt and Development), said: "The World Bank needs to keep up with new thinking and directions on development

"It is unthinkable that the Bank still issues a publication that promotes the lowest corporate taxation rates as the ideal for development. The problem of most developing countries is that they have collected too little tax from transnational corporations, not too much.

"It's time for the Bank to listen to its independent panel of experts and stop ranking countries based on the partial and controversial indicators in Doing Business. They should also slash the outrageous publicity budget for this flawed report."

The Panel also recommended that Doing Business be moved to the World Bank's research department so that it can be aligned with progress in development thinking and the Bank's poverty eradication mandate.

Christina Chang added: "The reform of Doing Business is important, if we are going to achieve the World Bank's new corporate goals to eradicate poverty by 2030 and achieve shared prosperity.

"Small businesses provide up to 90 per cent of jobs in developing countries and represent the most promising route out of poverty for most poor men and women, but Doing Business does not reflect their reality. Including their perspectives in the discussion around Doing Business reform is critical."

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