

EASE OF DOING BUSINESS RANKINGS CONTROVERSY



Issue

Managing director of IMF, Kristalina Georgieva is receiving support from the executive board of the IMF after the Ease of Doing Business rankings controversy.

Background

There have been allegations of rigging that took place in Ease of Doing Business report when Georgieva was the chief executive.

Details

Georgieva is an economist of Bulgaria. She has been holding critical positions in European politics, including the chief executive of the World Bank group. She is currently the Managing Director of the IMF.

The start of controversy

- Chief Economist of World Bank Paul Romer had said that World Bank's Ease of Doing Business (EoDB) rankings were tweaked for political reasons.
- The allegations started a series of queries in the World Bank about the integrity of EoDB rankings.
- The bank conducted an internal enquiry which found that data in the Doing Business 2018 and Doing Business 2020 reports were tweaked.
- The changes were different from the methodology used by the bank to formulate the Ease of Doing Business rankings. In 2020, the World Bank suspended its EoDB rankings.

- The enquiry found out that the ranking were modified to improve the ranks for China (in EoDB 2018) and Saudi Arabia, UAE and Azerbaijan (EoDB 2020).

Investigations

- A law firm named WilmerHale was hired to conduct enquiry. They found that the staff of World Bank fudged data to help China's ranking under pressure from Georgieva.
- The report is alarming because China is the third largest shareholder of the bank and the move was seen as manipulation by China to get favourable rankings.

Ease of Doing Business rankings

- It ranks countries on a number of parameters to show how easy or difficult it is for anyone to do business in a country.
- The rankings show how much a country has improved on a number of big and small parameters. It has become an important indicator for international investors to assess risk and opportunity across the globe.

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