

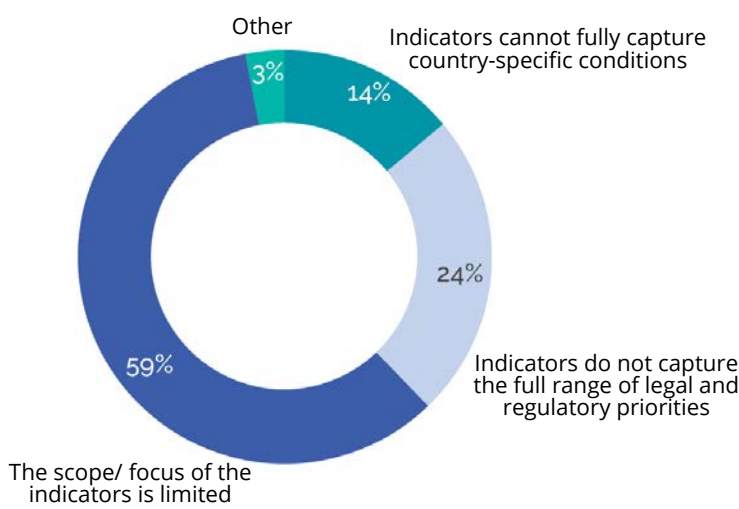
LESSONS ABOUT USING GLOBAL INDICATORS

Evidence-based indicators have substantial power to motivate and engage client countries in business environment reform. In recognition of this, the World Bank Group should ensure that any new approach involving evidence-based global indicators uses them in a balanced and accurate manner.

IEG's evaluation of the use of Doing Business Indicators produced important lessons about how to use global indicators.

Lesson 1

There is no perfect set of indicators for something that is as complex as the "business environment." The coverage and guidance that any single indicator set can offer on its own is limited.



Complementary sources of information and analytic tools should, therefore, be integrated with indicators to guide the reform priorities of countries.

Figure 1. Doing Business reports caution readers on the indicators' limitations. Source: IEG analysis of 87 caveats identified in Doing Business 2010–20 reports.

Lesson 2

The Bank Group should avoid using business regulatory or similar global indicators as explicit reform objectives or monitoring indicators in projects and country strategies focused on improving the business environment.

Lack of granularity and stylization limits the ability of indicators to be used to monitor and evaluate reforms and to reflect local context.

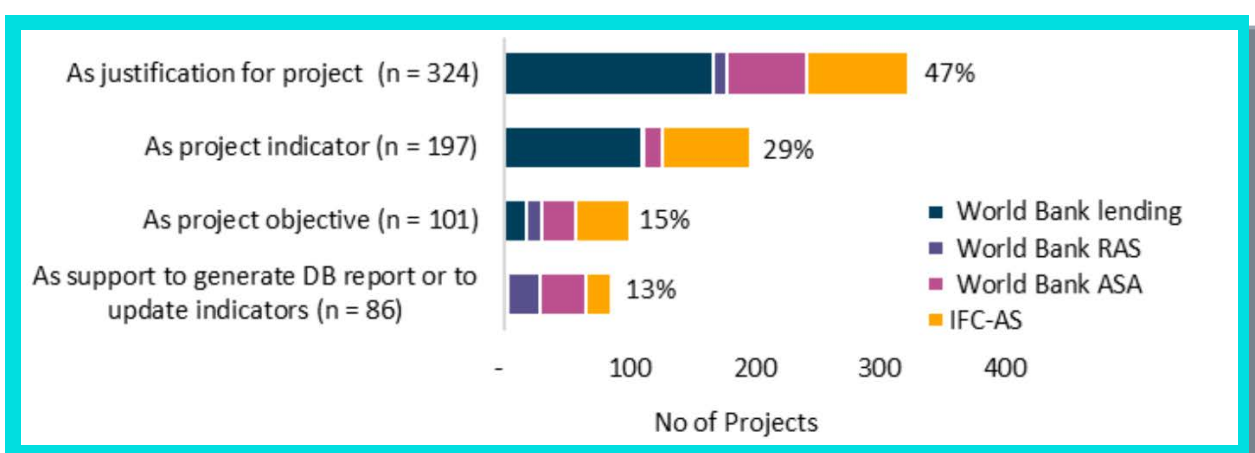


Figure 2. Roughly 44% of World Bank Group projects informed by Doing Business use it as a monitoring indicator or project objective. Source: IEG report on the Development Effectiveness of the Use of Doing Business Indicators

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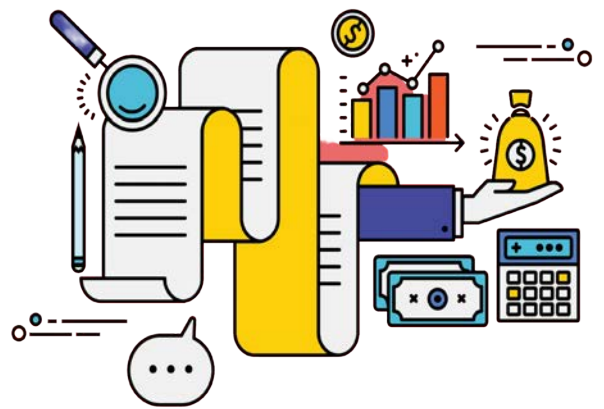
Lesson 3

It is necessary to update indicators to reflect learning and evidence about their relevance and effectiveness. Their coverage and specifications improve when they are updated at regular and predictable intervals to reflect new lessons from research and field experience.

Doing so can improve the link of indicators to development outcomes, make them more relevant to their subject of coverage, and allow them to adapt to technological changes.

For example:

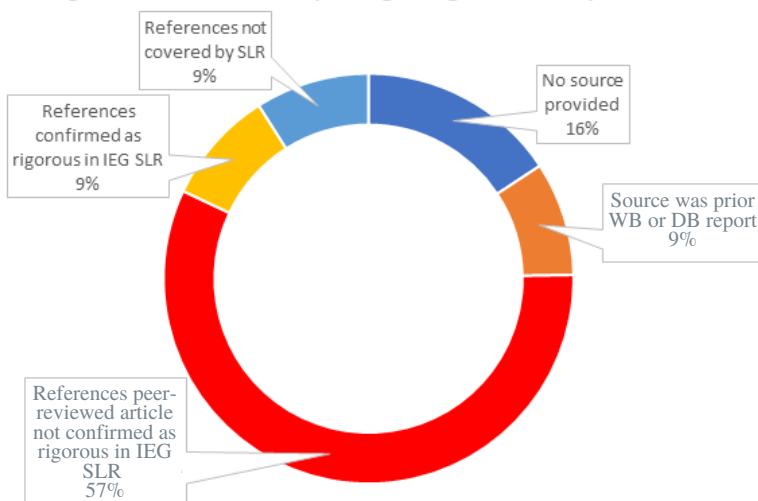
- Progress in e-government may invalidate traditional assumptions and measurements regarding the number of procedures or time taken by each step in such contexts as starting a business and paying taxes.
- There is no rigorous evidence that the current “getting electricity” indicator as constructed is linked to developmentally important outcomes.



Lesson 4

Mechanisms and safeguards are needed to assure the accuracy and validity of Bank Group global indicator-based reports and related communications, using robust and transparent standards of evidence.

Transparent and systematic reporting of the available evidence with attention to nuance and complexity is necessary to guard against potential bias, oversimplification, overgeneralization, and reputational risk.



Most of the 89 claims identified in DB reports linking improvements in DB indicators to development outcomes are not supported by rigorous evidence.

Figure 3. Rigor of references underpinning Doing Business report claims
Note: SLR = IEG's structured literature review
Source: [Independent Evaluation Group, analysis of DB reports 2010–20](#)

If claims for evidence of outcome are not held to a consistent and high standard, or if they are cited selectively only to support the case for the effectiveness and relevance of the indicators to development outcomes, the risk is that the World Bank Group may be increasingly regarded more as advocates than as trustworthy interpreters of evidence.