

This evaluation covers the period from the first DB report published in 2004 to the report published in September 2007. Data analysis is based on a download of the full data set from the DB Web site in August 2007 and, where noted, as subsequently revised in October 2007. Where appropriate, updating references are made to the 2008 report. In all, the evaluation interviewed 167 individuals: 72 Bank Group staff, 40 DB informants, 22 government officials, and 33 other stakeholders, including representatives from the private sector, international donor agencies, and academia.

The evaluation used the following methods to gather evidence:

1. Analysis of DB Ratings and Underlying Raw Data

(a) *Range, means, and distribution of subindicators and indicators and simulation of reforms:* The evaluation calculated the range, means, frequency distribution, and other characteristics of DB data. The pair-wise correlations among indicators and subindicators were calculated. A simulation was conducted of how rankings would vary for a given change in the underlying indicator (see appendix B for details).

(b) *Revisions in prior data:* The DB team periodically revises data for prior years. The evaluation assessed the revisions made to the data published in the DB 2007 report as part of the process of the DB 2008 report. It assessed the volume and reasons for the changes and their impact on the indicators and overall EODB ranking, as well as on the identification of reformer countries. This analysis is reflected in appendix C.

(c) *Patterns by legal system:* The evaluation analyzed patterns in the values of the subindicators for countries with particular legal systems according to legal origin. The results of this analysis are presented in appendix D.

2. Country Case Studies

Thirteen country case studies were used as the basis for detailed quantitative analysis and to obtain qualitative information from interviews with Bank and IFC staff, private sector representatives, government officials, and donors (see table A.1). Seven of the countries were randomly selected from the total 175 countries covered in *Doing Business 2007*. An additional 6 were randomly selected from the subset of 19 countries that DB identified as “top reformers” in the 2006 and 2007 reports.¹

For all the case studies, evaluators interviewed key Bank and IFC staff and stakeholders in person, by telephone, and/or by e-mail, using uniform interview protocols developed by the evaluation team (see appendix E for a sample of the interview protocols). Telephone calls were used as appropri-

Table A.1: Case Study Countries

Country case studies	Top reformer case studies
Albania	China
Algeria	Netherlands
Burundi	Peru
Moldova	Rwanda
Mongolia	Tanzania
Nigeria	Vietnam
Spain	

ate to clarify and supplement information received by e-mail. In addition, the evaluation visited Moldova and conducted 12 face-to-face interviews with governmental and nongovernmental stakeholders. The mission observed the DB team's videoconference presentation of the 2008 report to an audience in Chisinau on November 2, 2007. The mission also visited the Netherlands and interviewed four country stakeholders. For the case studies, the evaluation conducted a total of 100 interviews: 55 Bank and IFC staff, 22 government officials, and 23 other stakeholders, including representatives from the private sector, international agencies, NGOs, and research think tanks. The evaluation team interviewed IFC staff working on investment climate issues in the Private Enterprise Partnership (PEP) facilities and FIAS, as well as Bank staff working on private sector development issues and relevant projects and analytical and advisory activities (AAA), as well as at least one person from the country management team. These staff directed IEG to the two to three people in the government and donor community most knowledgeable about the DB exercise.

The case studies also included reviews of Bank documents, including Country Assistance Strategies, Investment Climate Assessments, economic and sector work, and project documents related to private sector development, as well as other assessments of the business environment from the World Economic Forum, Heritage Founda-

tion, and the Economist Intelligence Unit. The team reviewed internal correspondence from operational staff commenting on the DB process and indicators for the 2007 and 2008 reports.

3. Validation Exercise

The evaluation reviewed the data collection process in the seven country case study countries through a review of the completed questionnaires and comparison with the final published data, and interviews with informants based on standard guidelines.

In the seven country case study countries, a total of 68 informants are listed by DB for the 5 focus indicators (see table A.2). The evaluation team made at least three attempts to contact each of them and succeeded in contacting and interviewing 59 percent (40 informants) by phone or by e-mail. Of the 28 informants who could not be contacted, 19 had unusable contact information or did not respond after repeated attempts, 7 had left their position, and 2 had died.

The evaluation also analyzed the composition and characteristics of the informants for all 175 countries in *Doing Business 2007* (see chapter 2 for details on the findings from the validation exercise).

4. In-Depth Analysis of Five Indicators

For assessing the relevance of the indicators to

Table A.2: Reach of the Validation Exercise

Country	Questionnaire informants	Supplemental informants	Total	Percent of all questionnaire informants	Percent of all informants (questionnaire and supplemental)	Percent of all informants (68 total)
Albania	5	2	7	62	88	10
Algeria	3	1	4	38	36	6
Burundi	2	2	4	33	36	6
Moldova	3	1	4	43	57	6
Mongolia	2	1	3	25	38	4
Nigeria	7	3	10	70	63	15
Spain	7	1	8	35	38	12
Total	29	11	40	AVG 44	AVG 51	AVG 59

countries and relevant intermediate outcomes, the evaluation focused its analysis on five broadly representative DB dimensions: *starting a business, employing workers, enforcing contracts, getting credit, and paying taxes*. The team reviewed relevant literature and interviewed 8 (non-country-specific) Bank Group staff and 10 other subject matter experts.

5. Portfolio Review

The evaluation reviewed the portfolio of Bank investment operations and IFC technical assistance and advisory services to identify patterns and trends in the Bank’s support of private sector development, and specifically the areas related to the 10 dimensions of the business environment measured by DB between fiscal years 2004 and 2007.

Project descriptions do not explicitly identify the costs related to the dimensions covered by DB. To estimate the volume of Bank operations related to the 10 dimensions covered by DB, the evaluation team selected 11 (of a total of 71)

themes that correspond most directly with the investment climate issues covered by DB. As these themes cover all sectors, the review identified 130 projects that were mapped to the Financial and Private Sector Development Sector Board and approved between fiscal years 2004 and 2007.

As depicted in figure A.1, the Bank provided \$9.8 billion in loans and grants for the 130 projects mapped to the Financial and Private Sector Development (FPD) Sector Board. Not all of this funding was related to strictly DB-measured indicators. Regulation and competition policy, small and medium-size enterprise support, and export development and competitiveness have the most funding and account for nearly three-quarters (72 percent) of the total \$4.8 billion allocated to the 11 DB-related themes.

To estimate how much IFC allocated to technical assistance and advisory services for DB-related areas, the evaluation reviewed the six subareas of business lines that correspond most directly with

Figure A.1: Financial and Private Sector Development (FPD) Sector Board Projects by Theme, Fiscal 2004–07

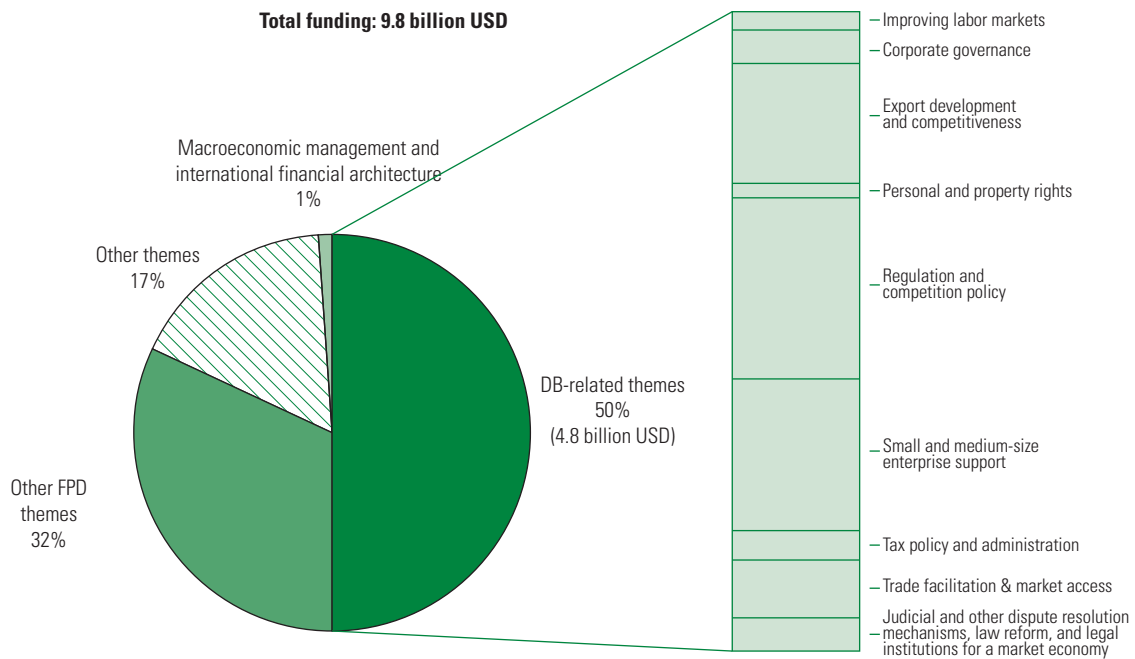
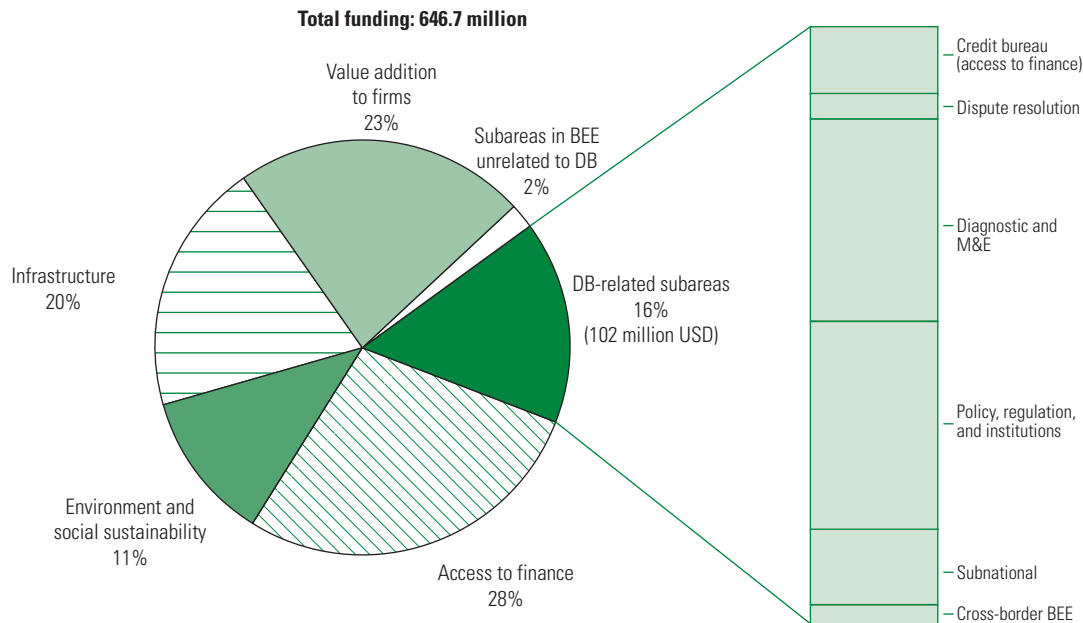


Figure A.2: IFC Technical Advisory Funding, Fiscal 2004–07

the DB indicators. These were one from the Access to Finance business line (credit bureau) and five from the Business Enabling Environment (BEE) business line (dispute resolution, diagnostic and monitoring and evaluation [M&E], policy, regulation and institutions, subnational, and cross-border). As shown in figure A.2, of the 906 technical assistance projects undertaken by IFC between 2004 and 2007, \$102 million (16 percent of a total of \$647 million) were spent on these six subareas. Diagnostic and M&E and policy, regulation, and institutions account for more than two-thirds of this amount.

6. Literature Review

The evaluation commissioned a review of literature on the theoretical and empirical underpin-

nings for the approach adopted by DB. The same review also undertook a cross-country econometric analysis to: (1) assess the consistency of the indicators with other Bank and externally generated indicators of investment climate and business regulation, and (2) determine correlations between the DB indicators and the economic variables that one may expect to be affected using both aggregate and firm-level data. This background paper is available upon request and will be made available on the IEG Web site.

7. Use and Communications

The evaluation interviewed staff at the Bank, IFC-FIAS, and the MCC and reviewed pertinent documents in connection with how the DB indicators are used in various operational contexts.