Gaming country rankings: Consultancies as knowledge brokers for global benchmarks

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ABSTRACT
This article explores how for-profit consultancies mediate knowledge about global benchmarks in developing countries. Drawing on the case of the Ease of Doing Business rankings, published annually by the World Bank and the International Finance Corporation between 2005 and 2019, it examines the role consultancies play as *knowledge brokers* connecting global benchmarks produced by intergovernmental organizations to regulatory reform projects undertaken by national public administrations. The article shows how consultancies contracted to implement business enabling environment projects by the United States Agency for International Development advised national policymakers on how to design reforms to improve their country's ranking status. Lending weight to criticisms that shifts in country rankings may be misleading as an indicator of changes in regulatory quality, the findings suggest that consultancies have leveraged benchmarks to perpetuate demand for their own expertise rather than to improve the evidence base for aid allocation and the evaluation of development projects.

Keywords: business regulation; expertise; development contractors; International Finance Corporation; USAID; World Bank.

INTRODUCTION

For the past three decades, the practice of comparing national performance through benchmarking has enjoyed increased popularity across a broad variety of policy domains (Global Benchmarking Database, 2021). Benchmarking is distinct from more direct modes of transnational governance, such as regulatory directives (Kelley and Simmons, 2021) or policy conditionality (Babb and Kentikelenis, 2021), and forms part of a wider shift towards reliance on quantified knowledge as a tool of governance evaluation, political accountability, norm advocacy, and policy reform (Broome and Quirk, 2015; Cooley, 2015). For donor agencies, benchmarks produced by intergovernmental organizations have become an important evidence base to signal better information, greater transparency, and a more equitable basis for allocating aid and assessing impact. This article examines two intersected empirical questions raised by the increased use of global benchmarking in development projects. First, how do benchmarks work in the allocation and evaluation of development aid? Second, what effect does the extensive involvement of consultancies have for how benchmarks are applied in development projects? Empirically, the article focuses on the World Bank Group's flagship *Doing Business* reports, which were produced annually by the World Bank and the International Finance Corporation (IFC) between 2003 and 2019 and were used extensively by donor agencies such as the United States Agency for International Development (USAID).

In September 2021 the management of the World Bank (2021) took the unprecedented decision to formally discontinue its popular *Doing Business* reports, citing widely-reported 'data irregularities' and ethical concerns about the conduct of World Bank officials involved in their production. Until they were discontinued, the reports centrally featured the *Doing*

Business indicators (DBIs), which were promoted as offering policymakers a comparative 'benchmarking tool' for business regulation that was 'useful in stimulating policy debate… by exposing potential challenges and by identifying good practices and lessons learned' (World Bank 2019: 25). The impact of the annual *Doing Business* reports on regulatory reform debates in national public administrations over nearly two decades has been significant. According to the World Bank, more than 70 countries formed committees to coordinate reform processes across different government agencies, which drew on the DBIs as 'objective, actionable data' to inform the design of regulatory changes. After aggregate country rankings based on the DBIs were introduced in the third *Doing Business* report published in 2005, policymakers from a diverse range of countries announced reform programmes designed specifically to increase their relative position in the Ease of Doing Business (EBD) rankings (Cooley, 2015: 1; Doshi et al., 2019: 635). Between 2003 and 2019 governments reported more than 3,800 changes to business regulation processes. This included 1,316 regulatory reforms where the World Bank identified that 'information provided by *Doing Business* was used in shaping the reform agenda' (World Bank 2019: 25, 27). When the EDB rankings were first introduced, the founders of the *Doing Business* indicators argued that 'the main advantage of showing a single ranking' was that 'it is easily understood by politicians, journalists and development experts and therefore creates pressure to reform' (Djankov et al., 2005: 1). As this article shows, rankings also provided a useful tool for consultancies to establish and sustain a niche for their expertise in regulatory reform processes.

While there is an extensive body of scholarly work on the impact of the World Bank's *Doing Business* project on business regulation around the world, how consultancy firms have used the DBIs in development projects remains under-researched and poorly understood. This article combines the literatures on global benchmarking and knowledge brokerage to understand how a small group of for-profit consultancies contracted by USAID used the EDB rankings to shape aid-recipient governments' regulatory reform processes. USAID is the world's largest provider of official development assistance in absolute dollar terms and a lucrative source of funding for private firms, with almost one-fifth of total USAID funding going to US for-profit development contractors in 2014 (Tarnoff, 2015: 29-30). As the article demonstrates, during the fifteen years the EDB rankings were issued, development consultancies diffused conceptions of international best practices in business regulation that were explicitly based on the DBIs, thereby fostering the instrumentalization of regulatory reforms (Ylönen and Kuusela, 2019: 254). By acting as *knowledge brokers* that translated global benchmarks into the design of 'business enabling environment' projects for aid-recipient governments, consultancies produced strategic advice for the purposes of boosting a country's ranking position and used subsequent ranking improvements as evidence to justify their contracting work for USAID. Because consultancies prioritized symbolic improvements in future rankings over increasing the quality of business regulation, this served to undermine the objective of achieving a more facts-based distribution of aid through comparative performance metrics.

The analysis in this article builds on two main data sources to establish the degree of variability in the EDB rankings since their inception and to assess whether the consultancy-guided implementation of USAID-sponsored regulatory reform projects impacted positively on a country's ranking. The first is the World Bank and IFC's *Doing Business* reports where the annual EDB ranking was published, from *Doing Business 2006* (published in 2005) to *Doing Business 2020* (published in 2019), which were used to create a complete dataset of EDB rankings over fifteen years. The dataset was used to calculate variability over time across the 190 economies included in the EDB rankings and to identify which countries gained the most significant improvements in ranking positions. The second is a collection of over 150 documents retrieved from USAID's Development Experience Clearinghouse repository related to development projects in 31 countries that were directly connected to the DBIs. This source material includes country assessments, quarterly and annual project reports, project completion reports, and independent project evaluations as well as USAID policy framework documents, with most documents approximately 50–150 pages in length. Documents were reviewed to ascertain whether countries received ranking upgrades associated with USAID-sponsored projects implemented by consultancy contractors.

The article proceeds as follows. The second section develops a framework for understanding the role of development consultancies as knowledge brokers that mediate indicator knowledge between aid-recipient governments and global benchmark producers. The third section demonstrates how the DBIs developed as a new mode of regulatory governance, and how this created opportunities for consultancies to engage in knowledge brokering activities. The fourth section explores the connection between business enabling environment reform programs funded by USAID and developing countries' changing positions in the EDB rankings. The article concludes that consultancies served as knowledge brokers that advised states on how to boost their scores in global benchmarks rather than supporting donor agencies to achieve a more evidence-based allocation and evaluation of aid. USAID contracted consultancies to help align national business regulations with international best practice standards, aimed at improving the quality of the business environment in developing countries. Instead, the research findings show that consultancies targeted ways to advance a country's position in the EDB rankings as an end in itself. By brokering knowledge about which reform choices would lead to the greatest boost in a country's ranking, consultancies perpetuated demand for their expertise.

CONSULTANCIES AND THE CONSTRUCTION OF POLICY SOLUTIONS

Government use of consultancies has increased significantly in recent decades as modes of governance in many countries have shifted towards greater reliance on private expertise in policy advisory systems, a trend which consultancies themselves have facilitated. The growth of external consultancies as a distinct form of knowledge production has become a central concern for research in public administration (Howlett and Migone, 2013). Reliance on consultancies can lead to governance problems including the erosion of internal expertise, the attenuation of political accountability, and the depletion of institutional memory (Seabrooke and Sending, 2020). Consultancy usage can also influence how policy problems are diagnosed and how solutions are constructed and supplied (and by whom) (Béland and Howlett, 2016). A key point of debate in existing research is whether external consultants help governments to develop original solutions – by identifying and responding to their specific policy problems and transferring knowledge to fill gaps in the technical expertise of public administrations – or are more likely to promote standardization and encourage harmonization (Canato and Giangreco, 2011). A particular focus in the work on 'instrument constituencies', for example, is the extent to which consultancies stimulate demand for their own advisory services through the co-construction of policy problems with clients in ways that match their preferred solutions and thereby create a supply push for their advice through '*repackaging solutions for new problem domains*' (Sturdy, 2018: 86, emphasis in original).

One limitation in the existing literature on consultancies in public administration is that the rapid growth of consultancy usage is often represented as a universal phenomenon, without acknowledging or accounting for national variation (Sturdy and O'Mahoney, 2018). Research has focused on national public administrations in Western developed countries that were first to embrace new public management ideas and practices in the 1980s and 1990s (Editor's introduction to this Symposium). Much less attention has been paid to exploring the causes and effects of the rise of consulting on public administrations in developing countries (Hamilton-Hart, 2006: 254) and the use of consultancies as development contractors by major donor agencies (Roberts, 2014: 1033). Likewise, the literature on 'new actors in development' has tended to focus on the growing importance of private philanthropic foundations in development cooperation and public-private partnerships rather than the role of consultancies as development contractors (Fejerskov et al., 2016). This is surprising given the extensive use of project-based contracting in development assistance over many years, which sustains a high level of demand for consultancy services from for-profit contractors as implementing agencies for aid projects in developing countries (Freeman and Schuller, 2020: 3).

This study starts from the premise that consultancies are actors that routinely engage in the co-construction of policy problems and solutions with government clients, and that this includes the process of how best practices in business regulation are understood and disseminated through global benchmarks. Benchmarking is usually seen as a noncoercive mechanism that facilitates policy change and the dissemination of 'best practice standards' via comparative performance measurement (Benz, et al, 2016; Hodson and Maher, 2001). While the existing literature recognises that many global benchmarks suffer from inherent methodological flaws and normative biases, they remain popular as governance tools that purport to supply value-neutral, independent, and transparent evidence of comparative regulatory and institutional quality across jurisdictions (Beaumont and Towns, 2021; Broome and Quirk, 2015; Merry, 2016: 19-20). Moreover, as the article shows, a reliance upon global benchmarks for diagnostic, design, and evaluation purposes in regulatory reform processes also increases demand for consultancy services by maintaining regulatory reform as a problem requiring ongoing external expertise and strategic advice.

Much of the existing literature on the rise of comparative performance metrics as a new mode of regulatory governance has conceptualised benchmarking as a dyadic interaction between the benchmark producer and the individual administrations that are subject to country rankings. Here, third party actors only feature if they use benchmark indicators for resource allocation decisions, such as eligibility criteria for foreign assistance in the case of the Millennium Challenge Corporation (Kelley and Simmons, 2019: 59). While such research has produced valuable insights into the material, political, and social factors that can influence government reactions to benchmark assessments of national performance (Cooley, 2015: 4-5; Kelley and Simmons, 2015: 56-57), the role that consultancies play as *mediators* of indicator knowledge between aid-recipient governments and global benchmark producers has largely been ignored. A notable exception is Beaumont and Towns (2021: 12), who suggest this role can be conceptualised as that of 'coaches' who 'sell their expertise' to governments 'on how to perform better to move up in the ranking'. As the following sections show, while donor agencies see global benchmarks as an important tool for improving the evidence base for development projects, consultancies have brokered indicator knowledge to help countries boost their scores in rankings to perpetuate demand for their own expertise and advisory services.

To move beyond the broad-brush assumption of a dyadic process that sees technical expertise on country rankings as transferred to national public administrations via the benchmarking process itself, consultancies are here conceptualized as for-profit knowledge brokers that mediate indicator knowledge between 'independent' global benchmarks of country performance and national public administrations. Understood as 'people or organizations that facilitate the creation, sharing, and use of knowledge' between two different parties (Meyer, 2010: 119), they serve as intermediaries between knowledge producers and consumers with specific demands for expertise and knowledge, brokering the supply of knowledge by transporting, managing, and translating expertise across organizational boundaries (Canato and Giangreco, 2011: 234-5; Sturdy and Wright, 2011: 494-5). The notion of knowledge brokering thus focuses attention on triadic rather than dyadic configurations in which consultancies bolster the connection between international best practice standards defined in global benchmarks and national reform priorities.

Global benchmarks offer development consultancies advising national public administrations on programmes of regulatory reform three attractive benefits. First and foremost, they introduce an iterative competitive mechanism to reform processes, which creates demand for their expertise. The internal use of benchmarks in the public sector has been shown to produce ‘a form of knowledge that strongly urges if not forces those organizations that fall below the normal to launch procedural or organizational changes’ (Triantafillou, 2007: 844). In turn, external governance benchmarks can establish a form of ‘yardstick competition’ that increases momentum for policy change if a government’s performance receives a relatively poor rating (Benz, 2012). This provides incentives for policymakers to adapt regulatory and administrative processes to converge with how benchmarks define international best practice standards (Benz et al., 2016). Country rankings can generate significant pressure for national policymakers whose countries are ranked below ‘model’ performers (such as those in the ‘top ten’ ranking positions, see Broome et al., 2018) to introduce regulatory reforms to improve their relative status with peers, and to avoid being stigmatized as ‘bad’ performers (Cooley, 2015; Kelley and Simmons, 2015).

Second, global benchmarks offer development consultancies efficiency gains by providing a one-size-fits-all framework for diagnosing problems and designing targeted solutions that can be justified as pragmatic reforms based on best practice standards (Bernstein and Ven, 2017). Such standardized templates for regulatory reform can be repackaged for multiple projects across different jurisdictions, or for consecutive projects in the same country. Third, global benchmarks supply consultancies with authoritative independent metrics for documenting and evaluating the impact of their advisory services in development projects. Routine evaluation of project impact has become an important donor priority as an accountability mechanism to control the activities of development contractors over the last two decades (Freeman and Schuller, 2020), stimulated by a wider shift towards results-based management in international development assistance (Clegg, 2010; Holzapfel, 2016) and pressure for greater aid transparency (Honig and Weaver, 2019).

When consultancies use global benchmarks to formulate strategic advice for national policymakers on the diagnosis of regulatory problems and the design of regulatory solutions, they are not simply responding to the comparative performance metrics produced by intergovernmental organizations as an ‘objective’ set of standards. Rather, as the framework developed by Boussebaa and Faulconbridge (2019: 76) suggests, they are playing an active role in sustaining, intensifying, and extending the influence of global benchmarks as a basis for promoting a specific articulation of best practice standards across different national policy contexts. As the following sections show through the example of for-profit USAID contractors, consultancies represent a ‘missing link’ for understanding how the mechanism of ranking competition has been amplified and instrumentalized in multi-year projects of regulatory and administrative reform in developing countries.

RANKINGS AS A MODE OF REGULATORY GOVERNANCE

Benchmarking as a new mode of governance emerged gradually over the course of the 1990s, led initially by the construction of global benchmarks of national performance by intergovernmental organizations such as the United Nations Development Programme’s Human Development Index (Homolar, 2015) and the World Bank’s Worldwide Governance Indicators (Thomas, 2010). Country rankings based on national economic performance began to proliferate with right-wing thinktanks publishing annual indexes of economic freedom in the mid-1990s. Prominent examples included the creation of the Heritage Foundation and Wall Street Journal’s Index of Economic Freedom in 1995 and the Cato Institute and Fraser Institute’s Economic Freedom of the World ranking in 1996. With a shift towards the routine use of global benchmarks to evaluate comparative national performance across an increasingly wide range of policy domains, a consensus gradually emerged among major donor agencies that development aid could only be used effectively if national administrations had 'good' policies and regulatory settings in place (World Bank, 1998).

At the same time as global benchmarking of national performance expanded in the 1990s, USAID began developing new tools for evaluating the quality of a country's business environment. This involved greater use of diagnostic surveys and focus groups of private sector market participants to assess a country's regulatory weaknesses and to identify priority areas for reform. For example, in collaboration with the World Bank and IFC's Foreign Investment Advisory Service (FIAS, established in 1985), USAID created an Investor Roadmap diagnostic tool in 1995, which used time-and-motion studies to examine the barriers a hypothetical foreign investor would face in starting a business in a particular country. This enabled officials to focus on identifying targets for regulatory reform to expand market access for foreign investment. In the case of Ghana, for example, a 1995 Investor Roadmap documented regulatory constraints including unnecessary duplication of registration requirements, itemized lists of start-up costs and delays for businesses, and the existence of a private market for official forms because of the difficulties in obtaining them from government offices (FIAS/USAID, 1995). Similar Investor Roadmap diagnostics were initiated by USAID and FIAS, contracted to consultancy firms such as Chemonics International, PricewaterhouseCoopers, and The Services Group, for countries such as Jordan (1998), Nigeria (2001), Senegal (1999), and Tanzania (1996 and 1998).

The politics of expertise in contests over regulatory reform often hinges on diagnostic struggles, whereby the mode of diagnosis that prevails frequently determines what prescriptions for solutions become formalized in regulatory change (Halliday, 2015: 212; see also Broome and Seabrooke, 2015). The proliferation of global benchmarking of comparative national performance and time-and-motion diagnostic studies of how administrative regulations impact on private sector business activity in individual countries helped to lay the groundwork for the subsequent expansion of indicator-driven approaches to development assistance after the turn of the century. This contributed to a growing reliance on indicators as 'objective' proxy measures of country progress under the Millennium Development Goals and, since 2015, the Sustainable Development Goals (Fukuda-Parr and McNeill, 2019). Indeed, the Investor Roadmap diagnostic is credited by USAID with providing the conceptual framework subsequently used by World Bank staff to develop the *Doing Business* indicators (DBIs) in 2003 (AMEX International, 2011).

When comparative time-and-motion diagnostics that estimate the time required for regulatory compliance procedures and business transactions were produced on a global scale and combined with benchmarking techniques to create the Ease of Doing Business rankings, this stimulated competitive pressure for national administrations to eliminate, streamline, or standardize business regulations. First released in the *Doing Business 2006* report (published in 2005), the EDB rankings constituted a significant change in how donor agencies and private contractors approached administrative and regulatory reform in developing countries. This shifted the locus from structural adjustment and macroeconomic reform (Babb and Kentikelenis, 2021) to measuring the transaction costs of existing regulatory practices and leveraging the DBIs as international best practices for microeconomic reform. This in turn served to orient processes of regulatory change towards both (*a*) an itemized list of microeconomic reforms and (*b*) a specific diagnostic template for drawing causal conclusions about regulatory problems and programmatic solutions.

Despite rapidly gaining the status of the most prominent business climate benchmark (Doshi et al., 2019: 618), the EDB rankings were plagued by several validity problems that are commonly associated with country performance metrics (on the multidimensional and multilevel challenges of ranking design, see Goertz, 2020: 27-29). Most problematic was the tenuous link between the construction of the primary concept at the heart of the ranking (the ‘ease of doing business’) and the secondary level of concepts that defined its core normative features and attributes. The secondary level concepts consisted of ten indicator categories used to score performance, including ‘starting a business’, ‘getting credit’, ‘paying taxes’, and ‘enforcing contracts’, among others. The EDB methodology assumed that these ten score categories were commensurable, with overall rankings produced by averaging country scores weighted equally across each category.

As an early evaluation of the indicators used to construct the EDB rankings by the World Bank’s Independent Evaluation Group (2008: xvi) noted, ‘most of the indicators presume that less regulation is better’. The report identified the idea that ‘less regulation is preferable’ as one of three main principles underlying the construction of the DBIs (Independent Evaluation Group, 2008: 6). Despite substantive methodological changes to the DBIs over the fifteen years in which they were issued (Arslan, 2020), this continued to be a key assumption shaping the design of the indicators and how country rankings were produced.

Table 1 shows the 41 sub-indicators that were used in the final *Doing Business* report to calculate countries’ scores. Several of the sub-indicators aimed to measure the quality of regulations and the effectiveness of institutions, such as those related to indicator categories on enforcing contracts, resolving insolvency, getting credit, and protecting minority investors. Others had a narrower focus on regulatory efficiency by measuring the number of procedures involved, the time required, and the cost of compliance, including the indicator categories on starting a business, dealing with construction permits, registering property, and trading across borders. This methodological bias, which rewarded countries with fewer and less-costly business regulations with higher rankings, made it easier for consultancies to coach national policymakers on how to eliminate, streamline, or standardize regulations rather than tailoring regulatory reforms to fit existing institutional characteristics and the needs of the local business environment.

[Table 1.]

While the source material used to construct the EDB rankings had the appearance of robustness and objectivity, a closer examination reveals that the evidence base for some country ranking positions was thin. The data collection process for the DBIs was standardized, based on questionnaires completed by more than 15,000 experts around the world. However, the data used in *Doing Business 2020* relied on only 1-2 respondents per indicator category in 14 percent of countries and 3-5 respondents in a further 31 percent of countries (averaged across categories) (World Bank, 2020a).

Ease of Doing Business also suffered from the related problems of clustering and dispersing performance, which obscured the degree of similarity and difference in regulatory settings between countries by arranging national positions evenly in an ordinal ranking. In *Doing Business 2020*, for example, the score differential between the top-10 ranked countries was 4.8, on a scale from 0 to 100. The score differential between the middle-10 ranked countries (rankings 95-104) was only 1.4, while the score differential between the bottom-10 ranked countries was 19.7 (World Bank, 2019). Ranking countries using an ordinal scale thereby obscured the difference in cardinal values between countries’ *Doing Business* scores. Yet World Bank officials deemed the country rankings – not the *Doing Business* scores or their underlying indicators – to be most influential in providing national policymakers with incentives for reform (Independent Evaluation Group, 2008: 43). Evidence from case studies also suggests that some governments were highly sensitive to changes in their relative rankings over time (Doshi et al, 2019; Schueth, 2015).

The 'best' and 'worst' performers in the top-ten and bottom-ten countries in the EDB rankings tended to remain stable over time (Broome et al., 2018: 521). Among the remaining 170 countries included in the ranking that fell outside the top-ten and bottom-ten positions, however, there was significant variability in year-on-year performance. Part of the variation in country rankings can be explained as a mechanical effect produced by changes in the indicators used to construct the EDB rankings. The methodology was altered each year for at least one category of indicators between the launch of the EDB rankings in *Doing Business 2006* and *Doing Business 2018*, which reduced the comparability of country rankings over time (World Bank, 2020b). In 2015, for example, the methodology was changed for 9 of the 10 categories of indicators with the launch of 'distance to frontier' scores to better capture regulatory 'quality' alongside 'efficiency' (Arslan, 2020).

A basic measure of the degree of variability in the EDB rankings can be constructed by calculating the spread between countries' highest and lowest rankings in the fifteen years the rankings were issued. To measure the spread in high/low positions for individual countries, data from fifteen years of the aggregate EDB rankings was compiled for the 190 economies that are included in the benchmark, illustrated in Table 2. EDB rankings were extracted from the version that was publicly available in the year each ranking was published, due to the routine practice of revising previous rankings based on methodology changes.

[Table 2.]

Table 2 illustrates this high rate of variability in a sample of the thirty largest spreads in country positions in the EDB rankings from *Doing Business 2006* to *Doing Business 2020*. The largest spread is observed in Rwanda, which improved its position by 129 places from 158th in 2007 to 29th in 2019. Even when countries climbed in the EDB rankings, however, their improvements were not unidirectional, and Rwanda's ranking fell in 2020 to 38th. As Table 2 shows, some of the countries whose positions rose substantially climbed from the bottom of the ranking to the middle (such as Uzbekistan, whose ranking improved by 97 places from 166th in 2012 to 69th in 2020). A select few moved from the middle of the ranking to the top (such as Georgia, whose ranking improved by 94 places from 100th in 2006 to 6th in 2019). Some saw their ranking fall sharply (such as Saudi Arabia, ranked 11th in 2011 and 94th in 2017), while others' rankings were more volatile (such as Pakistan, ranked 60th in 2006, 105th in 2012, 147th in 2018, and 108th in 2020). Large spreads between countries' rankings over time were not limited to those illustrated in Table 2. Between *Doing Business 2006* and *Doing Business 2020* over 59 percent of the countries included in the EDB ranking received a spread between their highest and lowest ranking of more than 40 places.

The high degree of volatility created opportunities for development consultancies to game country rankings by acting as knowledge brokers for aid-recipient governments that were interested in climbing the EDB rankings as quickly and efficiently as possible. For the purposes of this study, 'gaming' is not defined as a deliberate attempt at data manipulation (see Aragão and Linsi, 2020) but instead centres on the prioritization of regulatory and administrative reforms that could improve a country's ranking position with the least effort (Beaumont and Towns, 2021: 5). After their introduction in 2005, USAID incorporated the EDB rankings in a range of development practices that involved for-profit third-party actors. In 2006, for example, USAID awarded a four-year $15 million contract to consultancy firm Booz Allen Hamilton, Inc. to integrate the agency's existing microeconomic diagnostic tools with the *Doing Business* indicators. The project led to the creation of the Business Climate Legal and Institutional Reform (BizCLIR) diagnostic tool based on USAID's Commercial Legal and Institutional Reform (C-LIR) assessments, which had been developed in an earlier project contracted to

Booz Allen Hamilton in 1998 to analyse laws that restrict a country's trade and investment relations.

BizCLIR diagnostic assessments were subsequently used by Booz Allen Hamilton to conduct 40 assessments of the business climate in 26 countries from December 2006 to November 2010, at a cost ranging from $250,000 to $500,000 per assessment. An evaluation of the BizCLIR project conducted for USAID by consultancy AMEX International (2011) suggested that BizCLIR assessments were most useful in designing and informing follow-up USAID projects. It also found that they stimulated a broader debate among national policymakers about business regulation reform, with governments such as Jamaica indicating a strong desire to improve their EDB ranking in the belief that this would help them to attract greater foreign direct investment (Amex International, 2011: 14).

While the BizCLIR diagnostic assessments developed by Booz Allen Hamilton provided a focal point for policy dialogue with national administrations on business regulation reform and a convenient baseline for follow-on development projects, they lacked a clear mechanism for demonstrating impact and were quietly discontinued after the project ended in 2010. This coincided with the introduction of new evaluation practices within USAID, prompted by broader normative changes in international development assistance. In 2003, for example, the Organisation for Economic Cooperation and Development (OECD) Development Assistance Committee created the Network on Development Evaluation, which functions as a standard-setting body for evaluation practices by donor agencies. Since its establishment, the network has shaped international evaluation principles and has promoted systematic data collection standards over anecdotal and opinion-based evaluations of development projects (Rutkowski and Sparks, 2014), which tended to rely on self-reporting by development contractors.

The adoption of new evaluation practices within USAID was prompted by a Presidential Policy Directive on Global Development, signed by President Obama in 2010, which sought to foster greater accountability through systematic evaluation of US development programs. USAID subsequently introduced a new Evaluation Policy in 2011. This was described by the Administrator of USAID as constituting a 'cultural shift' within the organisation from 'checking the box' to understanding impact, learning lessons, and evaluating progress 'based on facts and evidence' (Smith, 2016). Drawing on the principles developed by the OECD's Network on Development Evaluation, the 2011 Evaluation Policy required systematic evaluations of all USAID projects commissioned from consultancy firms (either third-party contractors or project contractors). The stated purpose of the new policy was to address a problem of variation in USAID staff experience and skills to implement evaluation requirements across USAID missions, and to reverse the tendency for a majority of evaluations prior to 2011 to rely heavily on anecdotal information and expert opinion rather than systematic evidence collection (USAID, 2012: 2).

These changes created a specific type of policy advisory system for US development assistance (Howlett and Migone, 2013), which is characterized by strong political demand for development consultancy firms to adopt comparative performance metrics of regulatory quality for diagnostic analysis, reform design, and evaluations of program performance. In particular, the 2011 Evaluation Policy significantly increased demand for consultancy services to evaluate development projects. Commissioned evaluations numbered approximately 200 each year during the last decade compared with 89 evaluations in 2010. The cultural shift within USAID towards a systematic cycle of project analysis → evaluation → evidence was intended to increase public accountability and to drive improvements in development results. At the same time, it motivated consultancies to utilize global benchmarks in each stage of the design, implementation, and evaluation of business enabling environment development projects. This compounded the validity and variability problems in the EDB rankings by turning an independent measure of regulatory quality and efficiency into a target for instrumental reforms.

KNOWLEDGE BROKERS AND BUSINESS CLIMATE REFORMS

USAID has a long history of projects geared towards fostering microeconomic reforms in developing countries. A stocktaking review of the agency's activities in 2004 by the Office of Economic Growth within the Bureau for Economic Growth, Agriculture and Trade found that almost all USAID missions in 75 countries had implemented microeconomic reform programs since 1990, with total development assistance funding of nearly $3 billion. USAID-sponsored microeconomic reform projects during this period were typically designed as follow-on activities based on a prior diagnostic exercise – such as the agency's Investor Roadmap or Commercial Legal and Institutional Reform diagnostics, discussed above. This provided a baseline for identifying specific legislation and regulations as targets for reform and for subsequently assessing the scope and pace of regulatory change. Following the introduction of the *Doing Business* indicators in 2003, officials within the Bureau for Economic Growth, Agriculture and Trade identified global benchmarking as a practice that 'stimulates peer pressure and spurs governments to action, providing an excellent opportunity for USAID to capitalize on this new momentum for reform' (USAID, 2004: 1).

Table 3 illustrates a selection of USAID business enabling environment projects between 2006 and 2020 that aimed to improve countries' positions in the Ease of Doing Business rankings.[1] Large consultancy firms contracted to deliver business enabling environment projects during this period included Cardno Emerging Markets USA, Chemonics International (currently the third-largest recipient of USAID funding after the World Bank and the United Nations), DAI Global, and global professional services firm Deloitte Consulting. These firms employ thousands of people and operate in dozens of countries, with each maintaining a larger international bureaucracy than either the International Monetary Fund, the World Trade Organization, or the Organisation for Economic Co-operation and Development (Cardno employs a workforce of 4,000, Chemonics 5,000, and DAI Global 5,400). Other consultancies contracted to implement business enabling environment projects were smaller firms, such as Management Systems International, Nathan Associates, and Pragma Corporation (with total workforces of approximately 800, 150, and 100, respectively).

[Table 3.]

In the selected cases listed in Table 3, the instrumentalization of business enabling environment projects to boost countries' EDB rankings permeated each stage of the development project cycle. This strategic approach to regulatory reforms saturated pre-project diagnostic analysis of a country's business climate, project design and objectives, quarterly/annual progress reporting documentation, end-of-project reporting, and post-project evaluation. Figure 1 illustrates three key knowledge brokering activities consultancies undertook with national policymakers through which the indicators underlying the EDB rankings were translated into regulatory reform priorities.

[Figure 1.]

Table 4 shows the high degree of integration between USAID's business enabling environment projects and the DBIs during the period of this study, as well as providing snapshots of changes in countries' rankings from the *Doing Business* report produced the year

[1] These represent only a small proportion of USAID's business enabling environment projects. In 2008, for example, USAID had active programs to improve the business environment in over 50 countries with funding of several hundred million dollars each year (USAID, 2008: 37).

before a project commenced and the year after it was completed. The example of Georgia illustrates a model case of a USAID business enabling environment project associated with a steep climb in the country's EDB ranking. Following the introduction of the EDB rankings in 2005, Georgia became one of the first and most visible cases of rapid regulatory changes driven by competitive ranking dynamics (Schueth, 2015). The Georgia Business Climate Reform (GBCR) project (2005-2009), implemented by Chemonics International, demonstrated how national public administrations could quickly climb the EDB rankings under an USAID-sponsored program with strategic advice from consultancies.

[Table 4.]

From the initial design of the GBCR project, improvements in Georgia's EDB ranking were incorporated as a key component of the project's Performance Monitoring Plan Base Indicators. The government's goal was to gain an overall ranking in the top 25 countries in *Doing Business 2007*, which was listed as a key 'deliverable' in the project's work plan. Establishing a better ranking position as an explicit project objective shaped both the content of consultant advice on regulatory reform priorities and how regulatory weaknesses were identified. In order to streamline business registration procedures and tax registration, for example, Chemonics developed a regulatory map to provide step-by-step descriptions of the country's formal business and tax registration processes, then compared this with responses from a focus group of newly-registered businesses to identify administrative delays that exceeded statutory time limits (Chemonics, 2007a). In terms of customs reforms, Chemonics not only advised on the draft of a new customs code to simplify import and export procedures and assisted with training for customs officials, but also contributed to the development of a communication strategy to publicize customs reforms and subcontracted time measurement studies to measure processing time improvements (Chemonics, 2007a). In these two illustrative examples, consultants diagnosed regulatory problems as a priority for reforms that would be captured by the DBIs and attempted to assess the quality of reform implementation. This increased the likelihood that streamlined procedures would translate into improvements in local contributors' responses in subsequent *Doing Business* surveys.

Throughout the lifetime of the GBCR project, the EDB rankings were used both to demonstrate the success of business regulation reforms already implemented and as an incentive for policymakers to continue reform momentum. Consultancy advisors regularly provided policymakers with updated calculations of prospective ranking improvements linked to specific reforms that were in the process of being implemented. These estimates were developed using the World Bank's *Doing Business Simulator* tool both for individual indicator categories and for the country's overall ranking (Chemonics, 2007b). Quarterly reports not only detailed when regulatory changes would affect specific time, cost, or administrative procedures captured by the *Doing Business* sub-indicators, but also highlighted instances where adopted changes would have contributed to a higher position in that year's EDB rankings if the reforms had been implemented more rapidly (Chemonics, 2007c: 9).

A key initiative in the consultancy's work plan for the GBCR project was to benchmark the country's reform priorities and provide recommendations for regulatory solutions against 'model states' that were ranked as top-performing countries in a series of prominent global benchmarks. Besides the EDB rankings, Chemonics provided detailed analyses of Georgia's performance in the Failed States Index, the Heritage Foundation's Index of Economic Freedom, and the World Economic Forum's Global Competitiveness Index. A related initiative involved consultancy advisors mapping the sub-indicators used to construct the EDB rankings and other relevant benchmarks to support the Office of the State Minister on Reforms

Coordination ‘in identifying high impact reform areas’ that would deliver the greatest boost to its position in country rankings (Chemonics, 2007d: 50).

The GBCR project was described by Chemonics (2009: 3) in its final report to USAID as representing ‘the broadest, deepest, fastest business climate reforms of any country in the last 50 years’. The country’s success in climbing the EDB rankings subsequently provided a model that was adopted in other USAID projects. Encouraged by the World Bank’s Doing Business Team, consultancy advisors coordinated a study tour for a delegation of government officials from Azerbaijan to Georgia to disseminate the project’s measurement methodologies and strategic advice on how to link regulatory reforms to the EDB rankings. Chemonics also sent project personnel to Azerbaijan to advise a USAID Trade and Investment Reform Support Program. Further technical assistance missions to diffuse lessons learned from the consultancy’s approach to business climate reforms in Georgia were undertaken in three Caribbean countries, Haiti, Kazakhstan, Kyrgyzstan, Tajikistan, and Zambia (Chemonics, 2009: Annex D).

The case of Georgia illustrates that consultancy firms’ use of the DBIs in USAID-sponsored projects amplified their influence as diagnostic tools for identifying regulatory problems in a particular jurisdiction and for designing reform solutions, as well as a yardstick for evaluating the impact of consultancy expertise in business enabling environment projects. Consultancies played a critical role as knowledge brokers in this process of instrumentalizing regulatory reforms. As consultancy advisors noted, the EDB rankings could ‘signal an area in need of reform, [but] they do not tell *how* to improve the environment’ (Chemonics, 2010: iv). This is where consultancies came in. By mediating indicator knowledge between aid-recipient governments and the World Bank and IFC’s *Doing Business* project, they translated a country’s EDB scores across the ten categories of indicators used in the rankings into actionable knowledge about undertaking regulatory reforms in ways that were most likely to produce an increase in a country’s position in subsequent rankings.

CONCLUSION

The creation of the Ease of Doing Business rankings in 2005 stimulated competitive processes of administrative and regulatory reform among national public administrations over the fifteen years in which they were issued and served to maintain business regulation as a problem that required political attention and development assistance. This article has shown how the mechanism of ranking competition introduced by global benchmarking was amplified and sustained by private for-profit consultancies. In a regulatory environment characterized by jostling for position between countries, national public administrations must engage in continuous reforms oriented towards international best practices defined by global benchmarks if they wish to attain and maintain the status of a higher ranking. Consultancies have facilitated this competitive dynamic by selling their expertise to ‘coach’ national officials on which reforms should be prioritised to maximize their impact on comparative performance metrics (Beaumont and Towns, 2021).

Contracted by USAID to perform the role of knowledge brokers for aid-recipient governments based on international best practice regulatory reforms, consultancies routinely disaggregated the *Doing Business* indicators to convert them into tools for diagnosing regulatory problems. This enabled them to provide national public administrations with standardized reform templates that incentivized regulatory changes via the prospect of boosting their ranking status. The DBIs were thus used by consultancies as a convenient means to instrumentalize regulatory reforms by linking them to external benchmarks of national performance. This helped to further sustain the inherently problematic reliance on the EDB rankings as comparative metrics of regulatory performance, which simultaneously functioned as: (1) diagnostic tools; (2) reform targets; and (3) evidence for evaluating the impact of reforms (as well as the impact of consultancies' advisory services *on* reforms) over time. In this way, consultancies served as 'agents of economic globalization' that exercised both *episodic* and *systemic* forms of power (Boussebaa and Faulconbridge, 2019: 78), linking specific projects of administrative and regulatory reform to the competitive systemic pressures generated by global benchmarking practices.

Leveraging the EDB rankings to strategically advise national public administrations on regulatory reform priorities allowed USAID contractors to take advantage of information asymmetries, to provide reform diagnostics and evaluation practices that restricted alternatives, and to define regulatory problems and what counted as viable solutions. The focus on improving ranking performance empowered development consultancies to perpetuate demand for their expertise in follow-on business enabling environment projects sponsored by USAID. Because this type of knowledge brokerage was primarily aimed at gaming country rankings, however, it worked against the donor agency's objective to use comparative performance metrics for strengthening the evidence base in the allocation of aid.

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Table 1
Indicators used to calculate countries' Ease of Doing Business scores

Doing Business indicator categories	*Sub-indicators*
Starting a business	Procedures (number) Time (days) Cost (% of income per capita) Minimum capital (% of income per capita)
Dealing with construction permits	Procedures (number) Time (days) Cost (% of warehouse value) Building quality control index (0-15)
Getting electricity	Procedures (number) Time (days) Cost (% of income per capita) Reliability of supply and transparency of tariffs index (0-8)
Registering property	Procedures (number) Time (days) Cost (% of property value) Quality of land administration index (0-30)
Getting credit	Strength of legal rights index (0-12) Depth of credit information index (0-8)
Protecting minority investors	Extent of disclosure index (0-10) Extent of director liability index (0-10) Ease of shareholder suites index (0-10) Extent of shareholder rights index (0-6) Extent of ownership and control index (0-7) Extent of corporate transparency index (0-7)
Paying taxes	Payments (number per year) Time (hours per year) Total tax and contribution rate (% of profit) Postfiling index (0-100) Time to comply with VAT refund (hours) Time to obtain VAT refund (weeks) Time to comply with corporate income tax correction (hours) Time to complete a corporate income tax correction (weeks)
Trading across borders	Time to export: documentary compliance (hours) Time to export: border compliance (hours) Cost to export: documentary compliance (US$) Cost to export: border compliance (US$) Time to import: documentary compliance (hours) Time to import: border compliance (hours) Cost to import: documentary compliance (US$) Cost to import: border compliance (US$)
Enforcing contracts	Time (days) Cost (% of claim) Quality of judicial processes index (0-18)
Resolving insolvency	Recovery rate (cents on the dollar) Strength of insolvency framework index (0-16)

Source: World Bank (2019: 80-81).

Table 2
30 largest spreads in country positions in the Ease of Doing Business rankings, 2006–2020

Economy	*Spread*	*Highest ranking*	*Lowest Ranking*
1. Rwanda	129	29	158
2. Kiribati	119	45	164
3. Maldives	116	31	147
4. Bangladesh	111	65	176
5. Marshall Islands	105	48	153
6. Micronesia, Fed Sts	104	56	160
7. Uzbekistan	97	69	166
8. Yemen, Rep	97	90	187
9. Palau	95	50	145
10. Russian Federation	95	28	123
11. Georgia	94	6	100
12. Belarus	92	37	129
13. Papua New Guinea	88	57	145
14. Ukraine	88	64	152
15. Pakistan	87	60	147
16. St Vincent and the Grenadines	86	44	130
17. Croatia	84	40	124
18. Nicaragua	83	59	142
19. Saudi Arabia	83	11	94
20. Solomon Islands	83	53	136
21. Macedonia, FYR/North Macedonia	82	10	92
22. Antigua and Barbuda	80	33	113
23. Kenya	80	56	136
24. Belize	79	56	135
25. India	79	63	142
26. Kosovo	79	40	119
27. Albania	78	58	136
28. Uganda	78	72	150
29. Bhutan	77	71	148
30. Grenada	77	70	147

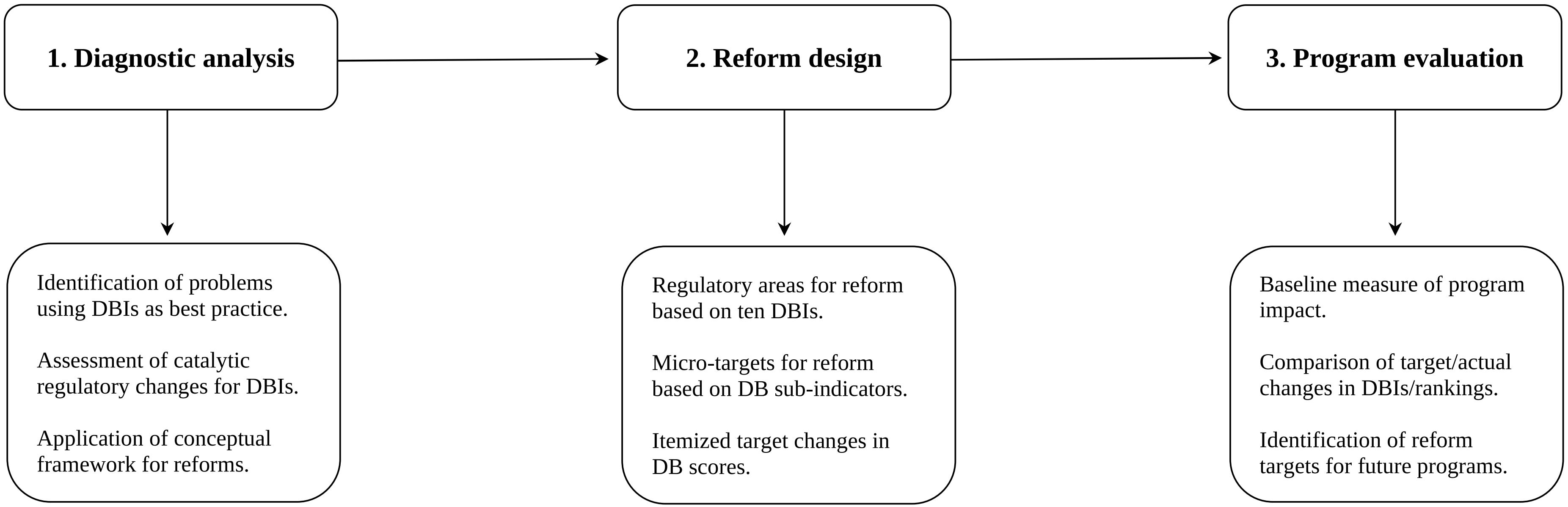
Source: Author’s dataset of Doing Business rankings.

Table 3
Selected USAID business enabling environment projects

Country	*Project title*	*Budget (US$)*	*Project years*	*Consultancy prime contractor*
Georgia	Georgia Business Climate Reform	12.9m	2005-2009	Chemonics International, Inc.
Georgia	Governing for Growth	19.3m	2014-2019	Deloitte Consulting, LLP
Kazakhstan	Business Environment Improvement	Undisclosed	2006-2011	Pragma Corporation
Kosovo	Business Enabling Environment Program	16.1m	2010-2013	Chemonics International, Inc.
Kosovo	Partnerships for Development	11.5m	2014-2018	Chemonics International, Inc.
Kyrgyzstan	Business Environment Improvement	Undisclosed	2006-11	Pragma Corporation
Moldova	Business Regulatory, Investment, and Trade Environment	9m	2012-2016	Chemonics International, Inc.
Mozambique	Support Program for Economic and Enterprise Development	19.4m	2010-2014	DAI Global, LLC
Mozambique	Supporting the Policy Environment for Economic Development	37.2m	2016-2020	Management Systems International
Serbia	Business Enabling Project	19.5m	2011-2018	Cardno Emerging Markets USA, Ltd.
Tajikistan	Business Environment Improvement	Undisclosed	2006-10	Pragma Corporation
Vietnam	Governance for Inclusive Growth (GIG)	42.1m	2013-2018	Chemonics International, Inc.

Source: Program reports accessed from the USAID *Development Experience Clearinghouse*. Retrieved from https://dec.usaid.gov.

Figure 1
An ideal type of knowledge brokering by consultancies for the *Doing Business* indicators



Source: Author's analysis.

Table 4
Selected USAID projects linked to the *Doing Business* indicators

Doing Business indicators[a]	Georgia		Kazakhstan	Kosovo		Kyrgyzstan	Moldova	Mozambique		Serbia	Tajikistan	Vietnam
	(1)	(2)		(1)	(2)			(1)	(2)			
Starting a business	X		X	X	X	X	X	X	X	X	X	X
Dealing with construction permits	X	X	X	X	X	X	X	X		X	X	
Getting electricity	X	X		X	X				X			
Registering property	X	X	X	X	X	X		X			X	
Getting credit	X	X		X	X			X		X		
Protecting minority investors	X			X	X		X		X			
Paying taxes	X	X	X	X	X	X	X	X		X	X	X
Trading across borders	X	X		X	X		X	X	X	X		X
Enforcing contracts	X		X		X	X		X		X	X	
Resolving insolvency	X	X			X		X	X				
EDB ranking – start of program	100	8	86	113	86	84	81	135	133	89	133	99
EDB ranking – end of program	11	7	47	86	44	70	44	127	-	48	139	69
Aggregate ranking change	+89	+1	+39	+27	+42	+14	+37	+8	-	+41	–6	+30

Source: Author's analysis of program reports accessed from USAID's *Development Experience Clearinghouse*. Retrieved from https://dec.usaid.gov.

[a]The ten categories of indicators were used to calculate Ease of Doing Business rankings from 2012-2020 ('protecting investors' was changed to 'protecting minority investors' in 2015). Previous categories used included: 'dealing with licenses' (2006-2008); 'hiring and firing workers' (2006); 'employing workers' (2007-2010); and 'closing a business' (2006-2011).