



## Improved Investment Climate within the Organization for the Harmonization of Business Laws in Africa (OHADA) (P126663)

AFRICA | Africa | Finance, Competitiveness and Innovation Global Practice |

IBRD/IDA | Investment Project Financing | FY 2012 | Seq No: 13 | ARCHIVED on 03-Oct-2019 | ISR38624 |

Implementing Agencies: Organization for the Harmonization of Business Law in Africa, Organization for the harmonization of Business Law in Africa

### Key Dates

#### Key Project Dates

Bank Approval Date: 26-Jun-2012

Effectiveness Date: 13-Nov-2012

Planned Mid Term Review Date: 15-Jan-2016

Actual Mid-Term Review Date: 15-Feb-2016

Original Closing Date: 30-Jun-2017

Revised Closing Date: 30-Dec-2022

### Project Development Objectives

Project Development Objective (from Project Appraisal Document)

The project development objective is to strengthen OHADA's institutional capacity to support, in its member countries, selected aspects of investment climate reforms, including improved corporate financial reporting.

Has the Project Development Objective been changed since Board Approval of the Project Objective?

Yes

Board Approved Revised Project Development Objective (If project is formally restructured)

To strengthen OHADA's institutional capacity and sustainability to support, in its member countries, selected aspects of investment climate reforms.

The reason for the change is to include sustainability of the organization as a result of Project activities.

The assumption is that strengthened OHADA institutions with additional capacity to elaborate, adopt and disseminate a new generation of investment climate reform regulations, enforce contracts, and provide fee based services to the private sector will contribute to improved investment climate in OHADA member countries and make the organization more sustainable. The assumption is also that the elaboration of norms, provision of tools and training will contribute to improved corporate financial reporting.

### Components

Name

Component 1: Building institutional capacity and sustainability of OHADA and Project Implementation:(Cost \$6.98 M)

Component 2: Capacity building for the Common Court of Justice and Arbitration (CCJA) and Regional Superior Sch ool for the Magistracy (ERSUMA):(Cost \$5.20 M)

Component 3: Improving Corporate Financial Reporting:(Cost \$2.70 M)

Unallocated:(Cost \$0.12 M)

## Overall Ratings

Name	Previous Rating	Current Rating
Progress towards achievement of PDO	☐Satisfactory	☐Satisfactory
Overall Implementation Progress (IP)	☐Satisfactory	☐Satisfactory
Overall Risk Rating	☐Moderate	☐Moderate

## Implementation Status and Key Decisions

Implementation progress of Parent Project per component is detailed below.

### Component 1: Strengthening the OHADA Secretariat and Project Implementation (US\$4.5 million)

The project was effective in enhancing OHADA's leadership in formulating legislation and disseminating its reforms be it through the internet or in country, as envisaged under the Project. OHADA's capacity has clearly been strengthened. The institution is now a reference of excellence in terms of effective regional organizations. A pan African bank has requested the drafting on an OHADA Uniform Act on factoring to facilitate access to credit in the 17 OHADA member countries. The fact that this pan African bank is willing to pay for the technical assistance and use OHADA as a vehicle for a major investment climate reform and pay for the reform is a testimony to OHADA's strengthened capacity. OHADA is also invited by the United Nations Conference on Trade & Development to participate in the Intergovernmental working group of experts on International Standards of Accounting and Reporting. OHADA's organizational effectiveness and knowledge sharing has been significantly strengthened to the point that it is now charging for some of its knowledge sharing. Furthermore, private operators are also building on OHADA's work to provide services. In September 2017, one of the consulting firm part of "the big 4" delivered a training on OHADA accounting norms and standards and later informed OHADA that given the high demand, the training will be repeated.

As planned in the project appraisal document, the project helped improve OHADA's organizational effectiveness and developed knowledge sharing across OHADA institutions and the 17 OHADA national Commissions. Moreover, OHADA now has a weekly digital newsletter, which is targeted at private entrepreneurs, business lawyers, and policy makers. This newsletter has over 5,000 subscribers and should have 6,000 subscribers by December 2019. In addition, OHADA also uses social media tools, including Facebook, Tweeter, and YouTube to keep different audiences up to date regarding its work. OHADA's website averages over 40,000 visits per month.

**Capacity has been strengthened and helped improve the investment climate: This is most visible in the enhanced leadership in formulating legislation.** Over the last years, OHADA has approved six Uniform Acts. Given that a legislation enacting new auditing standards, a Code of Ethics and a Quality Assurance system in accounting was already approved, the total is 7. The revised performance indicator by the Project closing date targeted the approval of 6 Uniform Acts. By May 2018, this target has been met and even surpassed since 6 Uniform Acts and one legislative act have been approved. Legislation has been done by giving OHADA full ownership of the process to develop capacity. Moreover, the legislation developed has been recognized as good practice by member countries, experts within OHADA and the World Bank.

Procurement processes for the Additional Financing have been initiated and are being finalized. These include purchase of computer equipment for STAFF and the OPS Library, a financial regulation and a manual of financial and accounting administrative procedures, a specific accounting plan for non-profit entities and non-governmental organizations and the completion of the audit of the Project's 2018 financial statements.

### Component 2: Strengthening the capacity of the Regional Joint Court of Justice and Arbitration (CCJA) and Regional Superior Magistrate School (ERSUMA) (US\$3.6 million)

**The Center for Arbitration's capacity was strengthened through a combination of actions.** The first action was for the staff from the Center and the Court to go through training at the International Arbitration Court. Subsequently, an arbitration guide was developed and is available electronically and hard copy to help standardize procedures so that all parties understand it better.



Under this component, **one of two key activities was financing the drafting of (i) the Uniform Act of Arbitration and (ii) the Uniform Act of Commercial Mediation.** Both Uniform Acts were approved by the OHADA Council of Ministers in November 2017. The revision of these uniform acts is meant to make the use of alternative dispute mechanisms more prevalent, as training and awareness-raising need to be complemented by greater standardization of the process, increased transparency and further simplification.

**The other key activity financed under this component is the design and review of the customized software, which will run and interconnect the 17 commercial and collateral registries.** After some detailed technical work and the consultation and agreement of all 17 OHADA member countries, the software which operationalizes the national and regional registries has now been deployed in 6 OHADA member countries. Additional resources have been allocated under the AF to support deployment in 6 more countries. This activity should be completed by Q2 2020.

The data from the commercial and collateral registries will be made available worldwide through a web. It is the first time in the World that 17 commercial and collateral registries will be both interconnected and make the data available electronically to anyone in the world for search. Besides having basic information such as the companies' registries and by-laws, the RCCM will also have information about securities, which allow third parties, such as commercial banks to be informed about the respective status of securities for each firm. The registry is thus playing a pivotal role in ensuring legal security to investors and third parties.

As for the Court itself, the project supported the revision of its rule of procedures, including revising article 28 section 3, which provided that the parties to a commercial conflict must elect a domicile in the city where the Court has its seat, in Abidjan. This rule has been changed and lawyers across all OHADA 17 member countries can petition the Court electronically from anywhere within the 17 OHADA countries.

For the regional school of magistrates, ERSUMA, the project has financed the editing of the school's curriculum and courses in order to make them more demand driven and start establishing the basis for a training system, which is partly fee-based. Additionally, the Project helped develop and deliver selected training, as planned under the Project Appraisal Document. These activities were complemented by the development of a digital library as well as the strengthening of the research and documentation center with the acquisition of research equipment, including computers, books and journals. The last months were characterized by an increased delivery of paid training. In October 2017, ERSUMA delivered training on OHADA arbitration in Morocco and the cost per participant was US\$1,000. These paid training will be continued to help the OHADA institutions generate revenues to financing their operating and investment costs to rely less on donors and Government funding.

Two immersion courses for the Judges were held at the Court of Cassation and the CCI in Paris in April and June 2019. The RCCM forms have been validated and a list of activities has been harmonized into the integrated management software of local, national and regional files of the RCCM.

The RCCM Software deployment activities are also continuing, and the delivery of computer equipment is expected for four countries in 2019. In addition to this delivery, other countries that have acquired equipment from World Bank Projects are awaiting the deployment schedule and training of the team.

At ERSUMA, the training and extension of Community Law in Comoros is being conducted through using a model of eight training sessions.

### **Component 3: Improving Corporate Financial reporting (US\$6.4 million)**

This component 3 aims to improve the quality of financial reporting by raising the quality standards and providing the tools, norms and training.

All the activities related to **"improving the accounting standards"** have been completed. They mainly relate to: (i) the recruitment of an expert for the implementation and coordination of activities under component 3; (ii) the review and update of the OHADA accounting standards, which has been completed and approved in January 2017 during the OHADA's Council of Ministers; (iii) the diagnosis of the institutional arrangements of the national accounting council; and (iv) the development of a website for the OHADA accounting commission. In addition to these, a set of tools to ease the enforcement of the revised accounting standards were developed such as training modules, technical guides and chart of accounts (comprising about 1,000 pages).

The dissemination of the revised accounting standards was also done through two regional workshops organized in Abidjan and Douala that gathered about 100 participants from the 17 OHADA countries (per country: 2 accountants professional, 2 tax directors, and 2 accounting teachers). National disseminations workshops were held, and several professionals took the initiative to promote the revised accounting standards in their respective countries. A resource center was set up and operationalized with the project's assistance. The resource center is in charge of handling any query/request from the practitioners, and the users. It is staffed with two experts. These new accounting standards for the 17 countries will contribute to improve the reliability and credibility of financial information so as to foster investor confidence, ensure sound economic and corporate governance. By increasing the attractiveness of OHADA countries investment climate, the revised Uniform Act promotes investment and growth. In addition, improved financial

reporting will facilitate the access of Small and Medium Enterprises to finance from banks. Furthermore, the new accounting standards will improve transparency in the financial reporting practice, hence the predictability of the corporate taxation base.

All the activities planned under “**Improving professional standards**” sub component have been completed. The new regulation enacting the international auditing standards, the code of ethics and the quality assurance scheme has been approved by the OHADA Council of Ministers in June 2017. Unlike the accounting standards which existed before the project and were revised with the project financing, this new regulation is a further critical step in the harmonization of auditing practices in the OHADA countries. Together with the revised accounting standards, this regulation will increase the compliance of OHADA’s Professional Accountancy Organizations towards the International Federation of Accountants (IFAC)’s Statement of Membership Obligations. Thanks to the adoption of these 2 instruments (i) revised accounting standards and (ii) regulation on auditing standards, code of ethics and quality assurance in line with international standards, 4 out of 7 IFAC’s are now met [SMO 1 (Quality Assurance); SMO 3 (Quality Control, auditing and assurance standards); SMO 4 (Code of Ethics for Professional Accountants), SMO 6 (Investigation and Discipline) and SMO 7 (International Financial Reporting Standards)].

The key activity under “**Developing a regional professional qualification curriculum**” has been achieved. But it is worth mentioning that during the workshop held in Cotonou in April 2019, a consensus, between all stakeholders (including CEMAC) has been met, and related activities have started and will be pursued under the additional financing.

Under “**improving the accounting standards**”, the resource center is operationalized and continue to provide guidance and support to practitioners and users of the revised accounting standards. In addition, the elaboration of an accounting plan for not-for-profit entities is ongoing and the preparation of the training of trainers activity on accounting standards has been launched. No activity was performed for “**Improving professional standard**” as most of related activities are to be coordinated by the technical expert not yet recruited. Reflections led by the CNC OHADA and a committee put in place are underway to set the content and governance rules for the **development of a regional curriculum**. It is expected that when the technical expert contract is signed, it will help accelerate the implementation pace of the activities under component 3.

A rigorous impact evaluation will be launched in November to fully capture all the achievements of the parent project.

## Risks

### Systematic Operations Risk-rating Tool

Risk Category	Rating at Approval	Previous Rating	Current Rating
Political and Governance	--	<input type="checkbox"/> Substantial	<input type="checkbox"/> Substantial
Macroeconomic	--	<input type="checkbox"/> Moderate	<input type="checkbox"/> Moderate
Sector Strategies and Policies	--	<input type="checkbox"/> Moderate	<input type="checkbox"/> Moderate
Technical Design of Project or Program	--	<input type="checkbox"/> Moderate	<input type="checkbox"/> Moderate
Institutional Capacity for Implementation and Sustainability	--	<input type="checkbox"/> Moderate	<input type="checkbox"/> Moderate
Fiduciary	--	<input type="checkbox"/> Moderate	<input type="checkbox"/> Moderate
Environment and Social	--	<input type="checkbox"/> Low	<input type="checkbox"/> Low
Stakeholders	--	<input type="checkbox"/> Moderate	<input type="checkbox"/> Moderate
Other	--	<input type="checkbox"/> Low	<input type="checkbox"/> Low
Overall	--	<input type="checkbox"/> Moderate	<input type="checkbox"/> Moderate



## Results

## PDO Indicators by Objectives / Outcomes

Strengthen OHADA's institutional capacity and sustainability to support, in its member countries				
▫PDO - Indicator 1: Number of commercial disputes referred to alternative dispute resolution mechanisms within OHADA; of which are resolved (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	110.00	110.00	110.00	300.00
Date	26-Jun-2012	07-Dec-2018	20-Sep-2019	30-Dec-2022
▫PDO - Indicator 3: Number of IFAC SMOs met by OHADA legal instruments on accounting and auditing (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	5.00	5.00	7.00
Date	31-Mar-2017	07-Dec-2018	20-Sep-2019	30-Dec-2022
▫PDO - Indicator 4: Number of new uniform acts adopted (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	2.00	2.00	2.00
Date	06-Apr-2018	07-Dec-2018	20-Sep-2019	30-Dec-2022
▫PDO - Indicator 5: Percentage of Governments paying their dues on a regular basis (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	60.00	60.00	60.00	80.00
Date	06-Apr-2018	07-Dec-2018	20-Sep-2019	30-Dec-2022

## Intermediate Results Indicators by Components

Component 1: Institutional Strengthening of the OHADA Permanent Secretariat and Project Implementation Support.				
▫Number of uniform acts submitted to the Council of Ministers for adoption (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	4.00



Date	30-Mar-2018	07-Dec-2018	20-Sep-2019	30-Dec-2022
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### Component 2: Institutional Strengthening the capacity of the Joint Court of Justice and Arbitration (CCJA) and Regional Superior School for the Magistracy (ERSUMA)

Indicator 2 Component 2: The Regional RCCM is operational and connected to several computerized national registries (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	2.00	6.00	6.00	17.00
Date	26-Jun-2012	07-Dec-2018	20-Sep-2019	30-Dec-2022

Indicator 3 Component 2: Number of Professionals trained by ERSUMA (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	798.00	3,500.00	3,500.00	5,600.00
Date	26-Jun-2012	07-Dec-2018	07-Dec-2018	30-Dec-2022

Of which female (Percentage, Custom Supplement)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	20.00

Regional (OHADA) accounting curriculum is adopted (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	Yes
Date	30-Mar-2018	07-Dec-2018	07-Dec-2018	30-Dec-2022

### Component 3: Improving Corporate Financial Reporting

Indicator 1 Component 3: Number of professional accountants trained on the revised uniform act on accounting law (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	100.00
Date	30-Mar-2018	07-Dec-2018	07-Dec-2018	30-Dec-2022

Of which Female (Percentage, Custom Supplement)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	20.00



Indicator 2 - Component 3: The ISA, the IFAC and the IFRS code of ethics have been adopted (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	Yes
Date	26-Jun-2012	07-Dec-2018	07-Dec-2018	30-Dec-2020
Indicator 3 – Component 3: A regional curriculum has been adopted for the 17 countries (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	Yes
Date	31-Mar-2017	07-Dec-2018	07-Dec-2018	31-Dec-2018
Indicator 4 – Component 3: Citizen Engagement - Beneficiaries involved in planning/ implementation/ evaluation of development programs (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	Yes
Date	30-Mar-2018	07-Dec-2018	07-Dec-2018	30-Dec-2022

## Data on Financial Performance

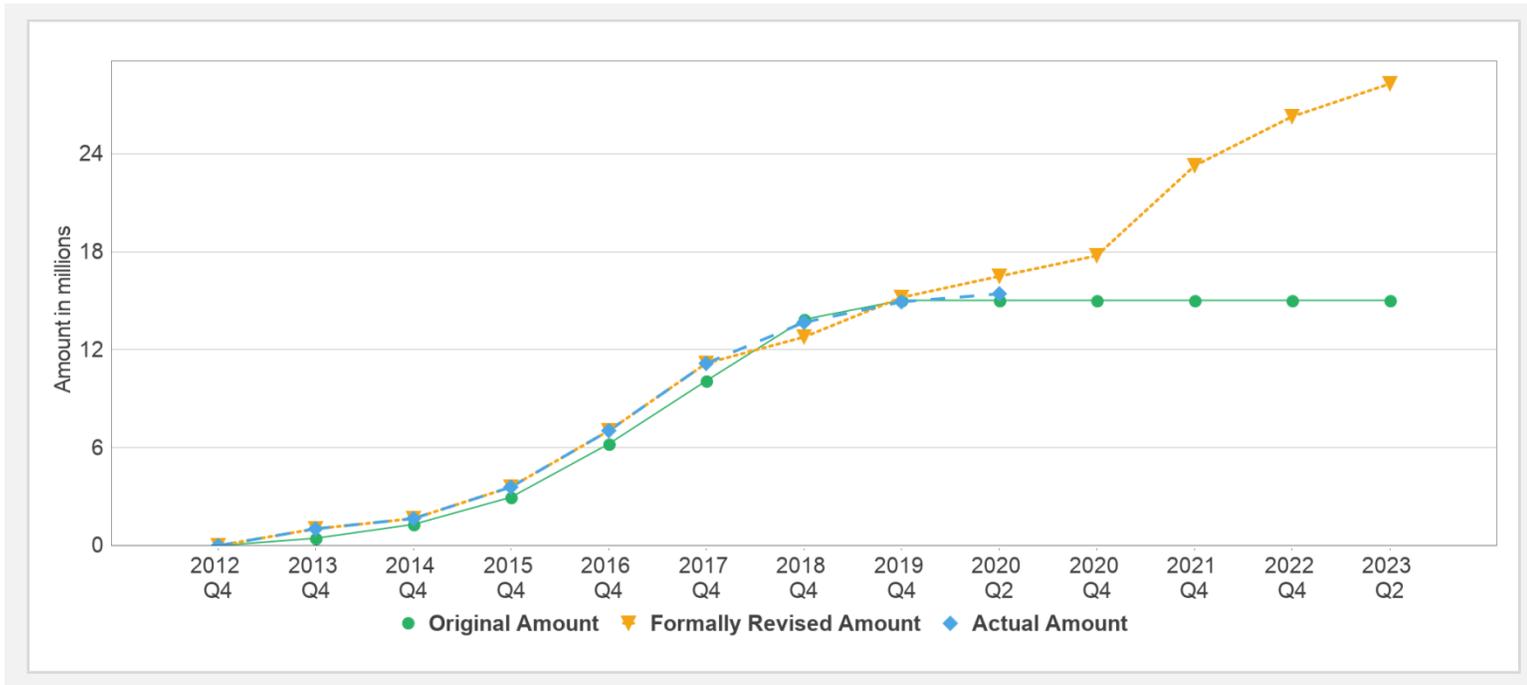
### Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P126663	IDA-D3340	Effective	USD	15.00	15.00	0.00	1.71	12.71	12%
P126663	IDA-H7990	Closed	USD	15.00	15.00	0.00	13.72	0.00	100%

### Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P126663	IDA-D3340	Effective	08-Jun-2018	13-Jul-2018	04-Oct-2018	30-Dec-2022	30-Dec-2022
P126663	IDA-H7990	Closed	26-Jun-2012	25-Oct-2012	13-Nov-2012	30-Jun-2017	30-May-2019

### Cumulative Disbursements



### Restructuring History

Level 2 Approved on 27-May-2017 ,Level 2 Approved on 21-Dec-2018

### Related Project(s)

P164728-Africa Region - Improved Investment Climate within the Organization for the Harmonization of Business Laws in Africa (OHADA)