



## 1. Project Data

<b>Project ID</b> P126663	<b>Project Name</b> Improved Invest Climate within OHADA	
<b>Country</b> Western and Central Africa	<b>Practice Area(Lead)</b> Finance, Competitiveness and Innovation	
<b>L/C/TF Number(s)</b> IDA-D3340,IDA-H7990	<b>Closing Date (Original)</b> 30-Jun-2017	<b>Total Project Cost (USD)</b> 22,614,997.97
<b>Bank Approval Date</b> 26-Jun-2012	<b>Closing Date (Actual)</b> 30-Dec-2022	
	<b>IBRD/IDA (USD)</b>	<b>Grants (USD)</b>
Original Commitment	15,000,000.00	0.00
Revised Commitment	29,997,377.24	0.00
Actual	22,643,018.65	0.00

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## 2. Project Objectives and Components

### a. Objectives

As per the Grant Financing Agreement on page 5, the original "project development objective is to strengthen the Organization for the Harmonization of Business Law in Africa's (OHADA) institutional capacity to support, in its member countries, selected aspects of investment climate reforms, including improved corporate financial reporting". The PDO statement in the PAD on page 12 was identical.



During the 2018 restructuring, the PDO was slightly expanded in the Grant Agreement, and aimed "to strengthen OHADA's institutional capacity and sustainability to support, in its member countries, selected aspects of investment climate reforms." The PDO statement in the restructuring paper was identical.

This review will assess the PDO based on the December 2021 OPCS guidance indicating that "when the scope of the project has been expanded, the operation can be assessed based on more ambitious revised outcomes and outcome targets" (paragraph 60). Therefore, this review will assess the PDOs as revised during the 2018 restructuring as follows: "To strengthen OHADA's institutional capacity and sustainability to support, in its member countries, selected aspects of investment climate reforms." Because the revised PDO had the features of a compound PDO, with multiple outcomes linked together, this review, in compliance with Bank guidance, will unpack the PDO in two sub-objectives as follows:

Objective 1: Strengthening OHADA's institutional capacity for reforms.

Objective 2: Establishing OHADA's sustainability.

**b. Were the project objectives/key associated outcome targets revised during implementation?**

Yes

**Did the Board approve the revised objectives/key associated outcome targets?**

No

**c. Will a split evaluation be undertaken?**

No

**d. Components**

The project components at appraisal and during implementation are delineated below.

**Component 1: Building institutional capacity and sustainability of OHADA and Project Implementation: Original and revised amount of US\$3.6 million and US\$11.76 million respectively, actual amount at closure of US\$11.63 million.**

**Original Component**

- The original objective of this component was twofold: (a) to strengthen the institutional capacity of the Permanent Secretariat (PS) to enable it to fulfill its mandate by implementing critical recommendations of the 2009 operational and financial audits; and (b) to provide to the PS the needed assistance to become an effective Project Implementation Unit (PIU). The two subcomponents were: (i) strengthening the OHADA Permanent Secretariat institutional capacity, and (i) the project implementation support.

**Revised component**



- The revised three subcomponents were as follows: (i) strengthening OHADA programs, (ii) supporting OHADA sustainability, and (iii) strengthening OHADA Permanent Secretariat and supporting project implementation.

**Component 2: Institutional Strengthening of the Joint Court of Justice and Arbitration (CCJA) and Regional Superior Magistrate School (ERSUMA). Original and revised amount of US\$3.6 million and US\$8.64 million respectively, actual amount at closure of US\$6.68 million.**

#### **Original Component**

- The objective of this component was to provide legal certainty for orderly execution of commercial transactions to better enable investment climate through the strengthening of the CCJA. The two subcomponents were: (i) strengthening the institutional capacity of the Joint Court of Justice and Arbitration (CCJA), and (ii) institutional strengthening of Regional Superior Magistrate School (ERSUMA).

#### **Revised component**

- The revised two subcomponents were as follows: (i) strengthening the institutional capacity of CCJA and Arbitration, and (ii) strengthening the institutional capacity of the Regional Superior Magistrate School (ERSUMA).

**Component 3: Improving Corporate Financial Reporting. Original and revised amount of US\$6.4 million and US\$9.1 million respectively, actual amount at closure of US\$4.3 million.**

#### **Original Component**

- The objective of this component was to improve corporate financial reporting in OHADA countries through three sub-components as follows: (i) Improving accounting standards, (ii) Improving professional standards, and (iii) Developing a regional professional qualification curriculum.

#### **Revised component**

- The revised three components were as follows: (i) supporting the dissemination of the accounting standards, (ii) supporting the Professional Accounting Organizations, and (iii) sustaining the development of a Chartered Accounting Diploma.

#### **e. Comments on Project Cost, Financing, Borrower Contribution, and Dates**

**Project Cost:** At project appraisal, project cost amounted to US\$15.0 million. At closure, actual project cost amounted to US\$22,61 million, representing 81 percent of the total approved amount. An undisbursed amount of US\$7.39 million was canceled at closure.

**Financing:** The project was funded by two IDA grants totaling US\$30.0 million, with an original grant of US\$15.0 million, and an additional financing of US\$15.0 million.



**Borrower Contribution:** At approval the Government contribution was estimated at US\$10 million and was to cover salaries and operation costs. During implementation, there was no borrower contribution.

**Dates:** The project was approved on June 26, 2012, and became effective on November 13, 2012. The project was restructured twice: (i) the first on May 27, 2017, and (ii) the second on December 21, 2018, and was closed on December 30, 2022, five years six months after the original closing date.

### 3. Relevance of Objectives

#### Rationale

**The PDO was congruent with the priorities of OHADA member countries toward improving their business environment.** The project's objectives were highly relevant from the outset until the time of closing in December 2022. The project sought to address key impediments to investment climate and provide legal and judicial security to commercial and investment ventures. As noted in the PAD, investment climate in the 17 OHADA countries was severely constrained due to a legal framework that was obsolete and inconsistent with good practices, and an implementing agency and professional bodies hampered by low capacity and resources. OHADA's institutions needed improved capacity to accelerate reforms and show impact in the 17 member countries. In the Doing Business reports, the business environment reference indicators at appraisal consistently acknowledged the need for investment climate reforms in the OHADA space. During the period of project implementation, most OHADA member countries were focusing on improving their investment climate. For instance, the CPF FY17-FY22 for Cameroon had "improved business environment and access to financial services" (Objective 8) as a subset of Pillar II, which was on fostering infrastructure and private sector development. Also, the focus area 2 of Senegal's CPF 2020-2025 (P166708) has as an objective to boost competitiveness and job creation through private sector led growth.

**The PDO was aligned with the WB regional strategic pillars.** There was a strong rationale for this project to leverage assistance being provided by other World Bank projects, which included OHADA-related components covering 11 of the 17 OHADA member countries as well as CEMAC and WAEMU, the 2 regional institutions closely related to OHADA. The development objectives of the project remained relevant to the existing and newer World Bank's country partnership frameworks (CPF) and regional integration strategies over the last ten years. Improving the investment climate to foster private sector-led growth and jobs for the 17 OHADA countries remained a priority throughout until the project closure and has been included in WB strategies and projects over the years, at the regional and country levels: At the regional level, the World Bank Group's Regional Integration and Cooperation Assistance Strategy (RICAS 2021-2023) had among its major objectives, "to ensure a greater role for the private sector in regional integration, addressing country and sub-regional investment climate issues." More recently, the "Supporting a resilient Recovery program- World Bank's Western & Central Africa Region Priorities for 2021-2025" stated that "leveraging intra-regional cross-border capital flows is essential for meeting the continent's investment needs across sectors" and that work will focus on the "private sector, regional and international investors, and development partners to deliver results at scale, raise impact, and disseminate best practices across countries". At the country level, the last CPF FY17 – FY22 for Cameroon had "improved business environment and access to financial services" (Objective 8) as a subset of Pillar II which was on Fostering Infrastructure and Private Sector Development. Focus area 2 of Senegal's CPF 2020-2025 (P166708) has as an objective to boost competitiveness and job creation



through private sector led growth. Most OHADA member countries were also focusing on improving their investment climate.

**The PDO was pitched at an appropriate level.** Original activities aimed to strengthen the OHADA secretariat by undertaking activities aimed at strengthening the technical capacity of the PS and the Joint Court of Justice and Arbitration (CCJA) and Regional Superior Magistrate School (ERSUMA). Because of good progress, an Additional Financing was approved to fund further activities targeting the strengthening of the OHADA institutions, including OHADA's financial sustainability. The project activities were properly sequenced, starting with the strengthening of the implementing agency (PS) and associated institutions and followed by accompanying reforms supporting the improvement of the private business environment.

Overall, the relevance of the objectives is rated as High.

## Rating

High

## 4. Achievement of Objectives (Efficacy)

### OBJECTIVE 1

#### Objective

Strengthening OHADA's institutional capacity for reforms

#### Rationale

#### Theory of change

There was no theory of change in the 2012 PAD, but the ICR team reconstructed one based on the project's appraisal and restructuring documents and is summarized below.

The project activities aimed mainly to (i) build institutional capacity and sustainability of OHADA, including strengthening the institutional capacity of the Permanent Secretariat (PS) and provide to the PS the needed assistance, (ii) strengthen the Joint Court of Justice and Arbitration (CCJA) and Regional Superior Magistrate School, with the goal of providing the legal certainty for orderly execution of commercial transactions to better enable investment climate and (iii) improve corporate financial reporting. Expected outputs included a strengthened capacity and sustainability of the OHADA Permanent Secretariat, and of the Joint Court of Arbitration and Regional Superior Court, and the Regional Superior School for Magistrates (ERSUMA). Expected outcomes included: (i) an increased number of commercial disputes referred to alternative dispute resolution mechanisms within OHADA, and (iii) an increased number of business lawyers, business executives, policy makers, and members of academia trained on arbitration and commercial mediation.



The theory of change was sound overall, as there was a logic and causal chain between the activities, the expected outputs and outcomes enumerated above. The ICR identified the following assumptions that could warrant achievement of the project outcomes and PDO: (i) uniform acts and corporate financial norms ought to be disseminated within the OHADA countries, (ii) the strengthened OHADA institutions needed to accelerate reforms in the beneficiary countries, (iii) a continued consultative process was needed toward supporting investment climate reforms and aligning the priorities of countries and key stakeholders, and finally (iv) the elaborated norms, the modern tools and training provided needed to contribute to enhanced corporate financial reporting. However, the theory of change did not discuss the attribution of achieved outcome; this was a gap in the theory of change, because in parallel to this project, there were other bilateral and multilateral financing supporting investment climate in OHADA countries.

## **Outputs**

Toward OHADA's institutional capacity, the project supported: (i) the institutional strengthening of OHADA's Permanent Secretariat, (ii) the institutional strengthening of the CCJA and ERSUMA, and (iii) an improved financial and accounting reporting in OHADA member countries. Specific achievements are listed below.

### **Institutional strengthening**

- The OHADA Permanent Secretariat was strengthened through the recruitment of: (i) an Internal Auditor; (ii) an IT Specialist; (iii) an Asset Manager; (iv) a Manager for Legal Affairs and Communication, (v) an operations advisor / Deputy Project Coordinator, (vi) a world-class legal expert and a procurement and a financial management specialist.
- New IT systems and equipment for the Permanent Secretariat were installed, including an OHADA video conferencing and telephone facility, and Facebook, Twitter, and YouTube social media became active.
- The Regional Commercial Registry (RCCM) became operational and connected to 13 computerized national registries, against a target of 17.
- The Joint Court of Arbitration and Regional Superior Court, and the Regional Superior School for Magistrates were strengthened through (i) improved Joint Court of Justice and Arbitration's website, (ii) arbitration guides available electronically and hard copy, (iii) installation of a centralized inverter and upgrading of the technical room for the CCJA, (iv) the upgrading and equipment of the CCJA documentation center, and (v) the upgrading of the ERSUMA multipurpose room and computer network.

### **Corporate financial reporting**

- The number of professional accountants trained on the revised uniform act on accounting law was achieved, reaching 31 persons, who were trained on procurement, accounting, IT security, evaluation and archiving, including 3 women.
- The number of new uniform acts adopted - Target 5; Achieved during first phase of project – New Target at AF was 2; Not yet achieved with 1 at closing of project. Total targeted on whole project 7 – Achieved 7 – but 3 more Uniform acts ready for adoption.

### **Training and capacity building**





- Several awareness-raising seminars on Arbitration have been held in connection with ERSUMA (254 participants in 7 countries).
- Training session on the application of International Financial Reporting Standards (IFRS) for listed companies (39 participants – 16 countries).
- 71 participants including 10 women attended Level 2 training sessions for trainers in each OHADA Member State on the Uniform Act on Accounting Law and Financial Reporting.
- Three training sessions of trainers on the Uniform Act on Accounting Law and Financial Reporting were organized in the Central African Republic, Guinea and Chad.
- The project also provided support to six OHADA National Commissions by financing the acquisition of books, computers, and capacity-building opportunities.
- The target number of professionals trained by ERSUMA was exceeded, reaching 5,618, of which 30% were female, against a target of 5,600 with 20% female.
- Professionals and stakeholders trained on Uniform Acts/new legislations through training and regional workshops.
- Organization of the training of trainers to accelerate the process of digitization of the Orders of chartered accountants.
- Judges from the CCJA participated in training at the International Arbitration Court, and IT facilities were significantly strengthened. The project financed training for all the CCJA judges, including the President, the two Vice Presidents, and over 200 people from the legal profession.
- Staff from the Center and the Court (13 judges) went through training at the International Arbitration Court, including 3 women.
- 600 beneficiaries, including business lawyers, business executives, policymakers, and members of academia, trained in arbitration and commercial mediation.
- The number of IFAC SMOs met by OHADA legal instruments on accounting and auditing was partially achieved, reaching 5 against a target of 7. No change occurred in 2023.

### **Outcome**

- The target for the number of commercial disputes referred to alternative dispute resolution mechanisms within OHADA and resolved was partially achieved at 188 against a target of 300 (63% achievement) due to a decrease in activity in 2020 and 2021, following the COVID-19 crisis. The total number of disputes submitted for arbitration to the CCJA Arbitration Center reached 201 in 2023, but those resolved are unknown.
- The target for the number of newly registered companies within OHADA member countries accessible in the regional RCCM was exceeded mainly, reaching 70,000 against a target of 10,000. This indicator was dropped at AF because of overachievement.
- There were 40,000 weekly users of the digital newsletter, 357,000 subscribers of the Digital Library, and 40,000 visits per month to the website with Uniform Acts and texts available.
- According to the CCJA, the time to resolve appeals, which was about 2 years in 2017, has dropped to about 4 months in 2019.
- While there is no quantitative evidence, OHADA reforms contributed to a substantial increase in domestic credit to the private sector and increased business incorporation which in turn has contributed encourage formalization of businesses and increase job opportunities.



Results related to capacity and institutional building, and financial reporting were strong: (i) newly registered companies within OHADA member countries exceeded the target, (ii) increased use of the website with Uniform Acts and texts soared, (iii) the time to resolve appeals was reduced, and (iv) the OHADA Permanent Secretariat, the Regional Commercial Registry, the Joint Court of Justice and Arbitration, and Regional Superior Magistrate School were strengthened.

There were moderate shortcomings. Commercial disputes referred to alternative dispute resolution mechanisms within OHADA and resolved was only partially achieved until end-2023. Moreover, the attribution of achieved outcome is unclear, especially with respect to the newly registered companies, given that many other national and international bodies were involved in supporting business sector reforms, including additional projects funded by the World Bank, the IFC, the French Government, and the European Union. The ICR team clarified that the project contributed to supporting the implementation of business registration simplification measures including (i) supporting the computerization and interconnection of national company registries to the regional company registry (RCCM); (ii) strengthening the capacity of the CCJA who is in charge of managing the RCCM; and (iii) supporting the reform of the UA on General Commercial law (AUDCG) by simplifying and reducing the cost of the business incorporation procedures (i.e. elimination of minimum capital requirement).

Overall, the objective is rated as Substantial with moderate shortcomings.

### **Rating**

Substantial

## **OBJECTIVE 2**

### **Objective**

Establishing OHADA's sustainability.

### **Rationale**

Establishing OHADA's sustainability.

### **Rationale**

### **Theory of change**

There was no theory of change in the 2018 restructuring paper, but the ICR team reconstructed one based on the project's 2019 restructuring document as summarized below.

The project activities aimed mainly to: (i) launch sustained revenue-generating programs, (ii) establish reliable financing mechanisms and increase membership, and (iii) rationalize costs. Key expected outputs included increased OHADA own revenue generation by providing private parties high-quality services in commercial dispute resolution through alternative dispute resolution such as arbitration and commercial mediation and provision of high-quality courses on OHADA laws for private firms and individuals by the Regional Superior Magistrate School (ERSUMA) in Benin. Expected outcomes included: (i) an increased number of commercial disputes referred to alternative dispute resolution mechanisms within OHADA and being resolved, (ii) an expanded membership and a higher percentage of Governments paying their dues on a regular basis, (iii) the





establishment of reliable financing mechanisms, and (iv) a rationalization of costs. It was understood that the sustainability of OHADA entails financial solvency as well as stable and reliable streams of revenues. The theory of change was sound overall, though the linkage between some of the activities, the expected outputs and outcomes could have been better defined e.g. proposed measures for cost rationalization.

### **Outputs**

- A new accounting system was developed to enhance the transparency of the organization, and there was a capacity building of chartered accountants' associations in the digitalization of the audit mission.
- The ability to communicate daily at a low cost also improved coordination between the three OHADA institutions in Cameroon, Ivory Coast, and Benin, as well as with the National Commissions.
- OHADA has moved several of the UA approval steps to virtual sessions (instead of costly in person meetings in member countries), and ERSUMA has also moved to the delivery of many of its courses in virtual format.

### **Outcome**

- The target for the number of commercial disputes referred to alternative dispute resolution mechanisms within OHADA and resolved was partially achieved at 188 against a target of 300 (63% achievement) due to a decrease in activity in 2020 and 2021, following the COVID-19 crisis. The total number of disputes submitted for arbitration to the CCJA Arbitration Center reached 201 in 2023, but those resolved are unknown. The CCJA has also enhanced its capacity to earn income by providing arbitration services. Revenues from Arbitration at the CCJA reached about US\$700,000 in 2019 from almost nothing in 2012. The number of arbitration cases resolved by the CCJA increased by 71 percent between 2012 and 2022; those resolved in 2023 are unknown.
- CCJA's fees generated from administrative transactions increased by 18 percent in 2023 compared to 2022. ERSUMA continues generating revenues from paid trainings, and revenue was increased by over 300% between 2021 and 2023.
- The target of member states honoring their contributions to OHADA on an ongoing basis was not achieved at closure, as results reached 63 percent against a baseline of 60% and target of 80 percent of the targeted member states honoring their contributions to OHADA on an ongoing basis due to fiscal constraints and conflict. However, there were significant improvement by end-2023, as 76.6% of the expected annual contributions had been paid by member countries as against the target of 80%.
- The Bank team also shared that given the increased capacity, the Permanent Secretariat has been able to lead fund raising efforts with other donors including direct financing from the AFD (Euro 4 million) and Technical Assistance from the EU (PAIRIAC Project). Government annual contributions have also improved and are at 76.6% as of end-2023.
- Regarding cost rationalization, there is limited quantitative evidence. The Bank team notes that there have been efficiency gains with OHADA, ERSUMA and CCJA having moved several of the UA approval steps and delivery of courses to virtual format instead of costly in person meetings in member countries. The project contributed to these efforts by investing on modern VC and IT technology financed by the project.

Given the substantial increase in member states honoring their contributions to OHADA contributions in 2023, as well as the increase in CCJA and ERSUMA fees generation during 2021-23, there is a strong likelihood



that they can generate sufficient own revenues on a regular basis, which can fund their own functioning. However, there is limited quantitative evidence on cost rationalization for OHADA. The achievement of the objective of sustainability is rated as Substantial with moderate shortcomings.

**Rating**  
Substantial

## **OVERALL EFFICACY**

### **Rationale**

Toward the PDO-1, OHADA's institutional capacity has been significantly strengthened, resulting in OHADA institutions (PS, the CCJA and ERSUMA) becoming the key driver for investment climate reforms in member countries, and a better coordinated and more effective organization. There were some shortcomings in resolved cases in the area of alternative dispute resolution mechanisms within OHADA, and attribution concerns because achieved outcome was supported by many external donors. Toward the PDO-2, there has been substantial increase in member states honoring their contributions to OHADA contributions in 2023, as well as the increase in CCJA and ERSUMA fees generation during 2021-23. However, there is not sufficient on cost rationalization. The project's overall Efficacy is rated Substantial with moderate shortcomings.

### **Overall Efficacy Rating**

Substantial

## **5. Efficiency**

### **Economic efficiency**

This was essentially a TA project devoted to building capacity for an improved investment climate within 17 countries, and at appraisal its direct benefits could not be completely captured in a cost-and-benefit analysis. Therefore, a full economic and financial analysis capturing cost and benefit quantification, was not completed to assess the efficiency of this project. At project closure, the ICR conducted multiple scenarios aimed at capturing the economic and financial efficiency (paragraphs 44-66), but the two scenarios below were assessed to be more meaningful.

Using Nigeria as a comparator, the cost savings for using OHADA to implement investment climate reforms in 17 countries has been estimated at US\$45 million. Similarly, Nigeria undertook similar reforms between 2003 and 2011, the cost of reforms was about US\$7 million. This amount was used to estimate the cost to do similar reforms in one country. Therefore, the total cost for reforming 17 countries individually is estimated at US\$125.8 million. Also, the total investments for the OHADA project from preparation in 2011 until ICR in 2023 have been estimated at US\$80.90 million. The total cost of reforms was estimated by adding total disbursements to staff costs and OHADA member contributions for each year and summing up. Thus, if this were to be our only



measure of efficiency, then by investing US\$22.64 million of IDA funds in the OHADA project to improve the investment climate in 17 member countries, the WBG helped the OHADA countries save US\$45 million which is significant value for money.

**The project led to savings by created firms.** Business cost savings (BCS) in the OHADA space between 2013 and 2019 are broadly estimated at around \$86 million. Still, because gains are limited to the formation of limited liability companies (SARL), BCS might be somewhere between US\$40 and US\$50 million. IFC's impact assessment in 2018 tends to suggest that business cost savings were derived only from the creation of limited liability companies (SARL) for which OHADA rules led to cost reductions in business creation procedures such as a reduction in required minimum capital from FCFA 1 million to FCFA 100 000 in most jurisdictions and the waiving of notarial requirements and simplification of procedures to start a business (time savings).

**Gains arose from OHADA reforms.** The ICR estimated that SARLs represent about 50% of all new firms created in the OHADA space. This applied to the initial result implies a business cost saving of US\$43 million. IFC's 2018 impact assessment report using 7 OHADA countries with data between 2015 and mid-2017 estimates a total compounded value of US\$7.8 million in BCS. This does not cover the period mid-2017 to 2019 and leaves out 10 OHADA countries. Hence the BCS accruing to the implementation of some OHADA uniform acts could be anywhere between US\$40 and US\$50 million if one factors in only the gains from the creation of SARLs.

### **Operational efficiency**

Implementation progress arose from a good level of collaboration between the Bank team and OHADA institutions. The success factors included: (i) technically and operationally advanced engagement with the PS, even if during the AF, the collaboration was more complicated because of COVID-19 and leadership transition; and (ii) relatively stable WB team leadership as well as organized transitions among the different TTLs.

IFC's technical assistance during part of the project was very critical to unlocking the process for drafting and approving Uniform Acts (UAs). In 2010, IFC supported the drafting of 2 UAs which paved the way for the revision of subsequent UAs during the implementation period of the project. But IFC's support was terminated in 2015, and the discontinuation of the production of DB Reports from 2020 has made it difficult to comparatively follow and assess progress of reforms and impact since 2020.

The project was marred by the COVID-19 pandemic and governance challenges during the AF disbursement, which partially contributed to undermining the performance of a project whose parent had fully disbursed. Despite the significant progress made, the accumulated delays were of material nature and not all activities were completed as 16 percent of the proceeds of the grant were not disbursed. The project was closed on December 30, 2022, sixty-six months, or five and a half years, after the original closing date.

Based on the calculations reported above, the project's financial and economic savings seem to have been generally strong. However, considering compounded delays, governance weaknesses, and incompleteness of planned activities that required closing date extensions, the project's overall efficiency in achieving the PDO is rated Modest.

### **Efficiency Rating**

Modest



a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal		0	0 <input type="checkbox"/> Not Applicable
ICR Estimate		0	0 <input type="checkbox"/> Not Applicable

\* Refers to percent of total project cost for which ERR/FRR was calculated.

## 6. Outcome

The relevance of objectives was High. The project substantially achieved both objectives related to institutional capacity building and financial sustainability, though there were moderate shortcomings. The efficacy is rated as Substantial with moderate shortcomings. The efficiency of the project was modest. The overall outcome rating is Moderately Satisfactory.

- a. **Outcome Rating**  
Moderately Satisfactory

## 7. Risk to Development Outcome

Whereas the institutional capacity and achievements of the reforms, such as the UAs, are sustainable, the institutional and financial sustainability outcome of the OHADA organization is contingent on OHADA member countries continuing to provide the required contributions for a sustainable organization, and OHADA's continued ability to generate fee-based training income.

The discontinuation of the IDA grant to OHADA's annual budget (30% on average) is likely to negatively impact the pace of preparation and adoption of new reforms without new sources of revenue. However, OHADA has been able to negotiate a follow-up project for 4 million euros with the French Development Agency (AFD), which would support the continuation of reforms. The team also noted that OHADA is also conducting fundraising activities with other donors, including the European Union and GIZ. An interinstitutional fundraising and oversight committee (CIRFIPO) was created in December 2023 by the decision of the Permanent Secretary to improve the coordination and effectiveness of fundraising efforts.

## 8. Assessment of Bank Performance



### **a. Quality-at-Entry**

As regards to the strategic relevance of the operation, the project objectives were clear, realistic, and grounded in sound analytics, but the design overestimated the potential of OHADA institutions to be sustainable within the project time frame. The PAD indicated that OHADA institutions faced human, financial and material constraints that hindered the existing laws to be known by stakeholders and to be enforced within the OHADA member countries. As IFC was providing technical assistance supporting the legal amendments to the different UAs at the time, this project focused its resources on the strengthening of three key OHADA institutions (PS, CCJA, and ERSUMA) to ensure the dissemination and enforcement of the UAs. However, the project's initial design did not have enough specific and comprehensive activities to address OHADA sustainability challenges and M&E arrangements to measure the project efficacy in that regard.

There was a strong alignment between this project and the WB Regional integration strategy to strengthen regional organizations to achieve economies of scale. The strategy was forward-looking and reflected the WB global experience with the work that had been done with regional blocks in the East Africa Region, Asia, and Latin America. On the negative side, OHADA did not have experience working with WB financial management and fiduciary procedures and lacked even personnel for such roles. The project opted not to have an independent implementation unit, preferring to have the Permanent Secretary of OHADA as Coordinator, based on the fact that the project contributed a significant amount (on average 30 percent of OHADA annual budget) in addition to building capacity within and ensuring direct use of the institution's existing capacity. Mitigation measures proposed were to adopt an administrative and financial manual of procedures in which mechanisms for implementation will be designed.

As discussed under Section 9, the M&E was inadequate to track results from activities supporting institutional sustainability. Given the shortcomings in the design and M&E framework, the quality at entry is rated as Moderately Unsatisfactory.

**Quality-at-Entry Rating**  
Moderately Unsatisfactory

### **b. Quality of supervision**

The team undertook 16 regularly scheduled supervision missions with experts from both the WB and the client in the field and 4 virtual missions, and recommendations from these missions and their follow-up accelerated progress. Three successive Task Team Leaders (TTLs) closely supervised the OHADA PS, and two of the 3 TTLs and Co-TTLs who managed the project were based in the region and the parent project was smoothly implemented and completed.

However, the quality of the WB supervision suffered from one shortcoming when OHADA leadership changed in 2019. The team was unable to significantly move forward with the implementation of activities between late 2019 and part of 2021 due to disagreements between the OHADA PS and other beneficiary entities about the scope of certain components (in particular ERSUMA and CCJA). The difference of opinions between PS and ERSUMA leadership reached a point where TORs for critical activities were blocked and not sent for non-objection to the WB. Most of these difficulties happened in the background



without the WB being able to intervene despite formal requests in the context of missions and aide-memoires. The negative ratings of the project as well as efforts from the Bank team to engage constructively with OHADA allowed the relaunch of the majority of activities at the PS and CCJA, but this was not the case for ERSUMA activities. The ICR notes (para 92) that the downgrade of the project to problem status, aide memoires indicating potential project cancelation and non-extension of the project closing date allowed for the resumption of activities and strong implementation pace. Implementation resumed strongly during the last 12 months of the project, which also was translated into high disbursement levels, but attempts to restructure the project were unsuccessful. Despite the significant progress, not all activities were completed, as 16 percent of the proceeds of the grant were not disbursed. In particular, many activities identified during the 2017 restructuring toward financial sustainability could not be implemented.

The emergence of the COVID-19 pandemic limited travel and negatively impacted the pace of preparation of reforms, and limited the capacity to work with international consultants who could not travel for about two years. This greatly slowed the progress for country assessments towards enacting UAs. The WB played its role of monitoring the implementation of the project despite the challenges posed by COVID-19 towards the last 2 years of the project. Overall, the quality of supervision is rated as Moderately Satisfactory.

Given a moderately unsatisfactory quality at entry, and moderately satisfactory supervision, the overall Bank performance rating is assessed by this review as Moderately Satisfactory.

### **Quality of Supervision Rating**

Moderately Satisfactory

### **Overall Bank Performance Rating**

Moderately Satisfactory

## **9. M&E Design, Implementation, & Utilization**

### **a. M&E Design**

The PDO was clear, but the results framework had some weaknesses. While the results indicators were aligned to PDOs, those measuring performance in institutional capacity and financial sustainability were inadequate. Moreover, there was no clear conceptual and schematic framework, and it was easy to miss some of the achievements of the project. For example, even though PDO aimed to strengthen OHADA institutions, it was only going to be indirectly captured by measuring the use of ADR mechanisms provided by the CCJA. The indicator tracking the number of UAs adopted also presented conceptual issues. Although it provided a good opportunity to track the approval of new legislation, this indicator had some limitations because the project could only manage the preparation of new UAs, the approval process being outside of the control of the project team. The capacity of the OHADA institutions to work with other organizations and manage a consultative process was not being directly measured. Also, the indicator, 'financial contributions from governments,' was useful as a measure to track how the organization was getting the financial resources it needed to operate. The data collection responsibility to inform the M&E system during the project implementation was the sole responsibility of the OHADA PS. The M&E





system included data collection at the level of the participating OHADA institutions to monitor indicators linked to the PDO and intermediate results and linked to Project RF.

### **b. M&E Implementation**

The PS hired an M&E expert to implement the monitoring and evaluation process. The consultant worked with the other beneficiary institutions to regularly collect data to update the M&E indicators. However, the consultant had some difficulties following the implementation of activities of CCJA and ERSUMA especially with regards to gender tagging and the fee-based income generated by these institutions. Similarly, the M&E arrangement could not capture data on implementation of reforms within countries and consequently could not track long-term outcomes such as financial access. The ICR notes that there was no way to systematically obtain data on number of companies registered, number of loans issued on issues that obscured the real impact of the project.

M&E reports were produced on a regular basis, in particular the reports on the status of the project including arbitration cases and number of persons trained by the project. These reports were produced and transmitted regularly to the WB, and included information related to periodic activity of the implementation of reforms, together with performance indicators for the various activities, and technical, financial and implementation monitoring reports on the procurement plan.

### **c. M&E Utilization**

Data from the M&E reports were utilized by both the WB team and PS to monitor progress of key activities of the Project. M&E data were regularly compiled, and this helped the implementation unit to track the pace of execution of activities. The data were also used to adequately prepare supervision missions. Internal M&E data collected were in general of good quality. Overall, the M&E process worked adequately to help evaluation of Project progress, including informing one restructuring during implementation and an additional financing.

Overall, there were weaknesses in the M&E design because the selection of activities supporting institutional capacity and financial sustainability of OHADA was not specific at appraisal and at the 2018 restructuring. M&E implementation did correct the above shortcoming but did not select adequate indicators that could track all outcomes. The team provided additional evidence to support the achievement of the outcomes based on IEG's request.

Overall, this review rates the M&E performance as Modest.

### **M&E Quality Rating**

Modest

## **10. Other Issues**

### **a. Safeguards**



This was a technical assistance project funding principally advisory services and analytics (ASA), and equipment toward institutional capacity and sustainability. As there were no investments, no environmental and social safeguards were triggered.

## **b. Fiduciary Compliance**

### **Financial Management**

The overall financial management performance of the project was rated as moderately satisfactory over the life cycle of the project and the financial management risk was constantly substantial. The performance rating was mainly due to shortcomings in the implementation of the institutional arrangements agreed upon in the financing agreement, including the concurrent holding of the position of accountant by the project administrative and financial officer. Despite the lack of segregation between these two incompatible functions, the accounting was regularly maintained, financial monitoring reports were submitted on time and of acceptable quality, and audit reports were also submitted on time with unqualified opinions. At project closure, the overall disbursement rate was 84 percent, and the final audit report highlighted ineligible expenditures, which were not returned at the time of this validation.

### **Procurement**

The Project set up a single level of procurement to cater for the three OHADA institutions. The WB conducted frequent procurement training for the project coordination unit and procurement Post Reviews (PPR) were conducted annually. No misprocurement was declared but there were delays in archiving procurement elements under STEP. Procurement procedures were slow, especially during the Covid-19 period. The Project strategy was to build procurement capacity of OHADA. However, because procurement was centralized at the OHADA permanent secretariat, there was no opportunity to build procurement capacity in the other two institutions, ERSUMA and CCJA. This centralization impacted negatively on the speed of the procurement process which was completely out of the control of the latter institutions. The performance and compliance were rated Moderately Satisfactory throughout the life of the project.

## **c. Unintended impacts (Positive or Negative)**

The ICR highlighted two developments which directly or indirectly can be linked to the project achievements as summarized below.

**The project enhanced credit mobilization by the private sector.** IFC (2018) states that the project had helped mobilize about US\$3.9 billion in credit to the private sector from banks by mid-2017. The calculations of the ICR team also reveal that credit increased by 37% in the OHADA space between project inception in 2012 and 2020 while the project was still effective. The findings from further analyses also suggest that the OHADA reforms contributed significantly to credit growth in the region.

**Increased creation of firms might have led to economic growth in Sub-Saharan Africa.** The adoption of the UA on Commercial Law, investors, and international business law firms, all concurred for the new



legislation toward an important step towards increasing investments in OHADA countries. A leading U.S. corporate law firm, stated that the “Revised Code adds tailwind to a fast-developing market and further incentivizes investors, including private equity investors, to enter the dynamic African markets.” This reform also helps improve the creation of firms by reducing the cost and time required to do so and has a truly transformative impact in the OHADA countries, since it helps substantially increase the number of firms created in Sub-Saharan Africa. An econometric analysis performed by the ICR team based on available data on business cost savings also tends to suggest that a reduction in the cost of business startup procedures led to an increase in per capita GDP growth in the OHADA space between 2012 and 2019.

**d. Other**

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**11. Ratings**

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Moderately Satisfactory	Moderately Satisfactory	
Bank Performance	Moderately Satisfactory	Moderately Satisfactory	
Quality of M&E	Modest	Modest	
Quality of ICR	---	Substantial	

**12. Lessons**

The ICR identified a few lessons and recommendations, and this review highlighted two lessons, as summarized below.

**Coordination, decision-making, and conflict-resolution mechanisms need more scrutiny in the design of regional integration projects.** The project design centralized the fiduciary functions in the PS OHADA designated as the PIU. Implementation arrangements designated the Permanent Secretary as the Project Coordinator with powers to decide on activities to be implemented by the other affiliate institutions of OHADA – CCJA and ERSUMA. Because the Permanent Secretary disagreed with the content and scope of ERSUMA-led activities, these were delayed, resulting in the inability of the project to disburse fully. In future projects with multiple beneficiary institutions relying on a centralized PIU, it is important to (i) clarify the roles and functions, avoid making the head of an organization project coordinator, and hire a dedicated technical project coordinator or give more technical implementation autonomy to satellite institutions, and (ii) identify high-level steering committees with representatives of member countries to increase accountability of beneficiary entities. Moreover, country commissions, which depend on governments and not OHADA, were not specifically assigned by the project to monitor and collect data on the implementation of UAs at the



country level. This has limited the project's ability to track long-term outcomes and the impact of the investment climate reforms in the member countries.

**A more effective lending instrument to fund regional technical assistance must be thought through to warrant results on the ground.** The World Bank usually uses the Development Policy Operation (DPO) or Program for Results (P4R) to trigger reforms. In the context of the OHADA operation, a DPO was not a viable option as it is not possible to use such an instrument in regional operations with regional institutions. The PforR did not exist at the time of the project design and assumes that the regional organization being supported has resources that can be used up front and later reimbursed. Based on the above and the overall results of the project, the IPF was the only viable lending instrument to support OHADA. In the future, the World Bank should pilot a hybrid instrument in the context of operations with regional organizations, blending both policy reform triggers and investments.

### 13. Assessment Recommended?

Yes

Please Explain

This project supported a comprehensive program aimed at boosting OHADA institutional capacity and sustainability for a period of about ten years. Both the World Bank and OHADA would learn on the impact of the project in the next three to four years. Such an assessment would shed light on the efficacy of the completed reforms and on the way forward for aspects of the project especially financial sustainability.

### 14. Comments on Quality of ICR

The ICR provides a detailed narrative of the project context and the achieved results and is generally evidence-based and internally consistent. The theory of change was not prepared at approval but was reconstructed during the ICR. The ICR was consistent with the guidelines.

However, the quality of the analysis had weaknesses, particularly in collecting evidence related to OHADA sustainability and institutional capacity. The team provided substantial additional and latest evidence beyond the results framework in response to IEG's request due to the shortcomings in M&E. Annex 3 on project cost by component was not completed, and the information was provided on request.

Overall, the quality of the ICR is rated as Substantial.

#### a. Quality of ICR Rating Substantial

