

Improved Investment Climate within the Organization for the Harmonization of Business Law in Africa
(OHADA) (P126663)AFRICA | Africa | Trade & Competitiveness Global Practice |
IBRD/IDA | Technical Assistance Loan | FY 2012 | Seq No: 7 | ARCHIVED on 07-Jan-2016 | ISR22370 |

Implementing Agencies:

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:--

Original Closing Date:30-Jun-2017

Revised Closing Date:30-Jun-2017

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?

No

Components

Name

Component 1: Institutional Strengthening of the OHADA Permanent Secretariat and Project Implementation Support.:(Cost \$4.50 M)

Component 2: Institutional Strengthening the capacity of the Joint Court of Justice and Arbitration (CCJA) and Regional Superior Sch ool for the Magistracy (ERSUMA)::(Cost \$3.60 M)

Component 3: Improving Corporate Financial Reporting:(Cost \$6.40 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

Both the implementation progress and the progress towards meeting the project's development objective are satisfactory, as reflected by the strengthening of OHADA's capacity to support selected investment climate reforms.

The strengthening of OHADA's capacity is well illustrated by the fact that it is currently carrying out over 20 different activities concomitantly. This is the highest volume of activities that it has carried out in its history. These activities include : (i) the completion of a new human resource strategy, including a multiyear training plan; (ii) the conception and implementation of a communication strategy; (iii) the drafting and implementation of an information technology strategy for OHADA; (iv) the organizational and financial audit with the submission of an action plan; (v) the completion and launch of a new website; (vi) the training of staff in financial management and procurement; (vii) the development of a software to manage and interconnect the commercial and asset registries of all 17 OHADA countries; (viii) the development of a curricula for the full completion of a Certified Public Accountant training within the OHADA countries; (ix) the development and implementation of a quality assurance mechanism for financial audits in OHADA countries; and (x) the development of a code of ethics for the accountancy profession.

OHADA's strengthened capacity has allowed the institutions to introduce some important improvements in the investment climate. This is exemplified by the adoption in June 2014 of Company Law, which is particularly known for (i) making it optional to use a notary in the process of starting up a business and (ii) reducing the minimum capital required from \$ 2,000 to any level that a country sees fit when registering a limited liability firm. Most countries have brought it down to \$10.

Following the adoption of the Company Law, investors and by international business law firms, all concur that the new legislation takes a very important step towards increasing investments in OHADA countries. For example, Shearman & Sterling, 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 was completed in 2015 by the adoption of the Uniform Act on Insolvency. The purpose of the new OHADA Insolvency Law is to preserve economic activities and jobs by promptly restructuring underperforming firms while liquidating non-viable ones in a timely manner, thus, allowing its assets to be redeployed in the economy. The new legislation reduces the time for creditors to recover their credit while increasing the rate of debt recovery and reducing the cost of the insolvency proceedings. The Insolvency Act has been acknowledged by the United Nations Commission on International Trade as reflecting the good practice of the resolving insolvency indicator, set last year by the Doing Business Report, regarding the strength of insolvency framework index, as well as good practices underlying the new indicator based on 2 sources: (i) the World Bank's Principle for Effective Insolvency and Creditor/Debtor Regimes and (ii) the United Nations Commission on International Trade Law's Legislative Guide on Insolvency Law.

The momentum to continue to bring about improvement to the investment climate is expected to be maintained in 2016 with the Uniform Act on accounting standards being finalized and subsequently submitted to the Council of Ministers for review. Likewise, the Uniform Act of Arbitration, Mediation and Conciliation is being prepared with the aim for finalization in the second half of 2016.

The WBG will provide substantive implementation support to OHADA will undertake a mid-term review in January 2016. The WB Director for AFCC1, who is based in Yaoundé, where OHADA is headquartered, went to the OHADA Permanent Secretariat with the project's Team Leader in October 2015, where she witnessed firsthand the client's satisfaction with the Project and the Bank assistance as well as OHADA's desire to undertake more reforms to strengthen OHADA and further improve the investment climate. This project continue to constitute an exemplary collaboration between IBRD, IFC and the Governance Practice. This collaboration, which started at the project design stage has been further strengthened and acknowledged recently by the Governance Director as a collaboration which generates good results ahead of the OHADA day, which took place in Washington in September 2015, as a knowledge sharing event, with the participation of the President of the Council of Ministers and the OHADA Permanent Secretary. The Midterm Review, scheduled to start in January 2016, will be an opportunity to discuss with OHADA how the project can help further strengthen OHADA's capacity to further improve selected aspects of the investment climate.





Risks

Systematic Operations Risk-rating Tool

Risk Category	Rating at Approval	Previous Rating	Current Rating
Political and Governance	--	● Substantial	● Substantial
Macroeconomic	--	● Moderate	● Moderate
Sector Strategies and Policies	--	● Moderate	● Moderate
Technical Design of Project or Program	--	● Moderate	● Moderate
Institutional Capacity for Implementation and Sustainability	--	● Moderate	● Moderate
Fiduciary	--	● Moderate	● Moderate
Environment and Social	--	● Low	● Low
Stakeholders	--	● Moderate	● Moderate
Other	--	--	--
Overall	--	● Moderate	● Moderate

Results

Project Development Objective Indicators

- 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	0.00	95.00	102.00	120.00
Date	26-Jun-2012	01-Jun-2015	14-Dec-2015	30-Apr-2017

► PDO - Indicator 2: Number of newly registered companies within OHADA member countries accessible in the regional RCCM (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	10000.00
Date	26-Jun-2013	01-Jun-2015	28-Dec-2015	30-Apr-2017

Comments

While the software to manage and interconnect the commercial and asset registries of all 17 OHADA countries has now been completed, this has been done with some delays. Coordinating 17 countries and obtaining their technical agreement while developing the content of the software have been time consuming. Now that the software has been finalized and pilot countries agreed upon, the operationalization and test in the pilot countries is expected to take place during the first half of 2016. The project's mid term review will be an opportunity to discuss in detail the next steps so that the deployment is completed and the interconnection done by the end of 2016.

► PDO - Indicator 3: Number of Professional Accountancy Organizations admitted as members of IFAC (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	3.00	3.00	4.00	6.00
Date	26-Jun-2012	01-Jun-2015	28-Dec-2015	30-Apr-2017

Comments

Progress towards meeting this indicator is being made in a timely manner. Given that several professional accountancy organizations have now been admitted as members of IFAC, they are now using a cross learning South-South exchange to help a few more professional accountancy organizations become IFAC members. To that end, a time bound action plan is being developed to support a few more accountancy organizations become IFAC members. The target for the end of the project is likely to be surpassed.

▾ Direct Project Beneficiaries, of which female (Number, Custom Supplement)



	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	13145.00

Overall Comments

Intermediate Results Indicators

► Indicator 1 - Component 1 Number of Registered Users of the Digital Library (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	2000.00
Date	26-Jun-2012	01-Jun-2015	01-Jun-2015	30-Apr-2017

Comments

OHADA estimates that the number of user of the digital library is approaching the end of project target of 2000 users. However, how the data is collected is unclear and multiple counting for same end user seems also to be an issue. As such, a Monitoring and Evaluation Specialist is being hired and will be in place to address this matter, as well as other monitoring and evaluation issues.

► Indicator 2 Component 1: Number of Uniform Acts Revised or Newly Adopted (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	2.00	2.00	5.00
Date	26-Jun-2012	14-Sep-2015	28-Dec-2015	30-Apr-2017

Comments

A third uniform act will be expected to be finalized in late January 2016 and subsequently submitted to the Council of Ministers for review. In addition, the recruitment of a world class firm is underway to draft a fourth Uniform Act on Arbitration, commercial mediation and conciliation. This fourth Uniform Act is expected to be finalized in the second half of 2016, so that it is then submitted to the OHADA Council of Ministers.



► Indicator 3 Component 1: Percentage of Governments that contributes to the OHADA operational budget on a regular basis (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	40.00	77.00	77.00	75.00
Date	26-Jun-2012	15-Jun-2015	28-Dec-2015	30-Apr-2017

Comments

The OHADA countries are contributing to the OHADA budget. This is helped by the fact that for the 8 OHADA member countries that are WAEMU member the payment is made through a single payment by WAEMU for all 8 countries. Currently the countries which do not contribute or do not contribute in a timely manner are countries which were affected by civil war (Central African Republic), devastating health epidemic (Guinea) and institutional instability (Guinea Bissau). This is not proving to undermine OHADA day to day operations. The task team feels that it is critical that OHADA current level of contribution be used efficiently and that revenues generated from arbitration be included in the general budget as is now the case. This strengthens sustainability and reduces the financial burden on the member countries who can then deploy their scarce resources to other needs.

► Indicator 1 Component 2: The Uniform Act on Arbitration is updated (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	NO	Not yet.	In progress.	YES
Date	26-Jun-2012	01-Jun-2015	28-Dec-2015	30-Apr-2017

Comments

A world class consulting firm is being recruited to draft the Uniform Act on Arbitration, commercial mediation and Conciliation. The drafting should be completed in the second half of 2016 and will benefit from the expertise of the United Nations Commission on International Trade following an agreement between this UN agency and the World Bank and OHADA. It may be worth noting that the United Nations Commission on International Trade is a custodian of the good practices in terms of arbitration worldwide.

► 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	0.00	0.00	0.00	9.00
Date	26-Jun-2012	01-Jun-2015	28-Dec-2015	30-Apr-2017



Comments

The setting up of the regional commercial and asset registry is making satisfactory progress, albeit they were delays due to the significant complexity of coordinating 17 different countries and obtaining their agreement, as the technical process moves forward. The development of a software to manage and interconnect the commercial and asset registries of all 17 OHADA countries has been completed. The pilot countries have been selected to start to deploy and test the system. Some of the deployment is expected to start in the first quarter of 2016.

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

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	798.00	1600.00	2100.00	2900.00
Date	26-Jun-2012	01-Jun-2015	28-Dec-2015	30-Apr-2017

► Indicator 1 -Component 3:Percentage of audited financial statements Public Interest Entities (PIEs) compliant International Financial Reporting Standards (IFRS) & International Standards Auditing ISA (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	20.00	75.00
Date	26-Jun-2012	01-Jun-2015	28-Dec-2015	30-Apr-2017

Comments

The percentage of audited financial statements from Public Interest Entities (PIEs) compliant International Financial Reporting Standards (IFRS) & International Standards Auditing ISA is increasing ahead of the approval of the new accounting standards in OHADA. All Public Interest Entities (PIEs) have agree that it would be beneficial to them to become compliant with IFRS. As such, some such as SONATEL, in Senegal are already producing audited financial statements compliant with IFRS. This trend will accelerate over the next few months.

► Indicator 2 - Component 3:The IFRS, the ISA, and the IFAC's code of ethics have been adopted (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	NO	NOT YET	In Progress. The code of Ethic has been drafted.	YES
Date	26-Jun-2012	01-Jun-2015	28-Dec-2015	30-Apr-2017

Comments



The code of ethics has been drafted by a internationally renewed accounting and advisory firm. It is now been distributed for consultation in order to be discussed, and amended, where required before being approved by the accountancy profession.

► Indicator 3 - Component 3: Professional accountants are qualified through the new regional curriculum (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	35.00
Date	26-Jun-2012	01-Jun-2015	28-Dec-2015	30-Apr-2017

Comments

Although a firm was recruited through an international competitive process, the process has been delayed. The mid term review will allow to discuss and adopt a solution to accelerate the implementation of this activity.

Overall Comments

Data on Financial Performance

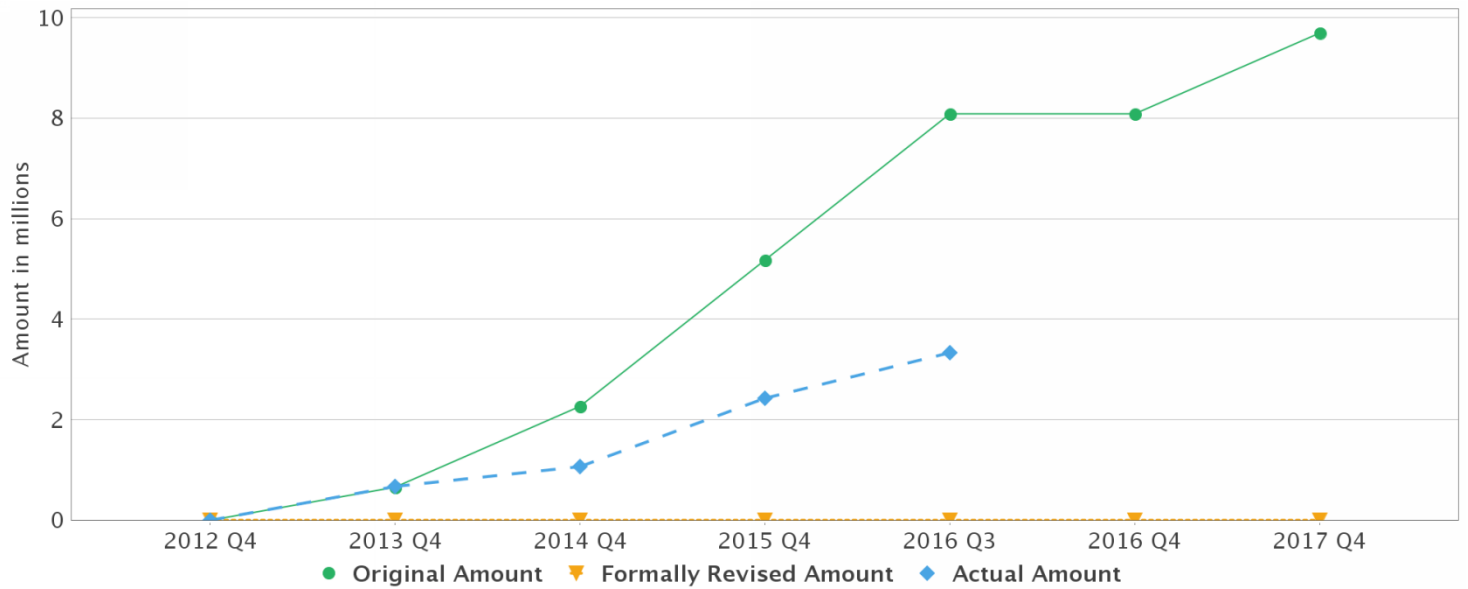
Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	Disbursed
P126663	IDA-H7990	Effective	XDR	9.70	9.70	0.00	3.33	6.37	34%

Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P126663	IDA-H7990	Effective	26-Jun-2012	25-Oct-2012	13-Nov-2012	30-Jun-2017	30-Jun-2017

Cumulative Disbursements



Restructuring History

There has been no restructuring to date.

Related Project(s)

There are no related projects.