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INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT PAPER  
ON A  
PROPOSED ADDITIONAL REGIONAL GRANT

IN THE AMOUNT OF SDR 10.5 MILLION  
(US\$15 MILLION EQUIVALENT)

TO THE

ORGANIZATION FOR THE HARMONIZATION OF BUSINESS LAW IN AFRICA

FOR AN  
IMPROVED INVESTMENT CLIMATE WITHIN THE ORGANIZATION FOR THE HARMONIZATION OF  
BUSINESS LAWS IN AFRICA (OHADA) PROJECT

May 18, 2018

Finance, Competitiveness And Innovation Global Practice  
Africa Region

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## CURRENCY EQUIVALENTS

(Exchange Rate Effective April 30, 2018)

Currency Unit = CFA Franc

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CFAF 550 = US\$1

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SDR 0.6954 = US\$1

## FISCAL YEAR

January 1 - December 31

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Country Director: Elisabeth Huybens

Senior Global Practice Director: Ceyla Pazarbasioglu-Dutz

Practice Manager: Rashmi Shankar

Task Team Leader(s): Magueye Dia, Celestin Adjalou Niamien

## ABBREVIATIONS AND ACRONYMS

AF	Additional Financing
BCC	<i>Banque Centrale du Congo</i> (Central Bank of Congo)
CAMES	<i>Conseil Africain et Malgache pour l'Enseignement Supérieur</i> (Council of African Universities)
CAR	Central African Republic
CCJA	Common Court of Justice and Arbitration
CEMAC	Central Africa Economic and Monetary Community
CFA	<i>Communauté Financière Africaine</i> (African Financial Community)
CMU	Country Management Unit
CNC OHADA	<i>Commission de Normalisation Comptable de l'OHADA</i> (National Accounting Council of OHADA)
CPD	Continuing Professional Development
DA	Designated Account
DB	Doing Business
DRC	Democratic Republic of Congo
ECOWAS	Economic Community of West African States
ERSUMA	<i>Ecole Régionale Supérieure de la Magistrature</i> (Regional Superior Magistrate School)
GRS	Grievance Redress Service
ICC	International Chamber of Commerce
IDA	International Development Association
IFAC	International Federation of Accountants
IFC	International Financial Corporation
IFR	Interim Financial Report
IPF	Investment Project Financing
IPO	Initial Public Offering
IT	Information and Technology
KfW	<i>Kreditanstalt für Wiederaufbau</i> (German Development Bank)
LTA	Long-Term Advisor
MSME	Micro, Medium and Small Enterprises
NPF	National Procurement Framework
OHADA	<i>Organisation pour l'Harmonisation en Afrique du Droit des Affaires</i> (Organization for the Harmonization of Business Law in Africa)
PAFA	Pan African Federation of Accountant
PAO	Professional Accountancy Organization
PDO	Project Development Objective
PIU	Project Implementation Unit
PPP	Public-Private Partnership
PPSD	Project Procurement Strategy of Development
RCCM	<i>Registre du Commerce et du Crédit Mobilier</i> (Commercial Registry)
RF	Results Framework
RMT	Regional Management Team
ROSC	Reports on the Observance of Standards and Codes

TA	Technical Assistance
UEMOA	<i>Union Economique et Monétaire Oue</i> st Africaine (West African Economic and Monetary Union)
WA	Withdrawal Application
WAEMU	Western Africa Economic and Monetary Union
WBG	World Bank Group
WFALA	World Bank Loan Operations



**BASIC INFORMATION – PARENT (Improved Investment Climate within the Organization for the Harmonization of Business Laws in Africa (OHADA) - P126663)**

Country Africa	Product Line IBRD/IDA	Team Leader(s) Magueye Dia		
Project ID P126663	Financing Instrument Investment Project Financing	Resp CC GFCAC (9779)	Req CC AFCC2 (6546)	Practice Area (Lead) Finance, Competitiveness and Innovation

Implementing Agency: Organization for the harmonization of Business Law in Africa

Is this a regionally tagged project?

No

Bank/IFC Collaboration

No

Approval Date 26-Jun-2012	Closing Date 31-Dec-2018	Original Environmental Assessment Category Not Required (C)	Current EA Category Not Required (C)
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Situations of Urgent Need or Capacity Constraints

Financial Intermediaries (FI)

Series of Projects (SOP)

Project-Based Guarantees

**Development Objective(s)**

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.

**Ratings (from Parent ISR)**

	Implementation				
	07-Jul-2015	07-Jan-2016	23-Sep-2016	05-Apr-2017	21-Nov-2017
Progress towards achievement of PDO	S	S	MS	MS	S
Overall Implementation Progress (IP)	S	S	S	S	S
Overall Safeguards Rating					
Overall Risk	M	M	M	M	M

**BASIC INFORMATION – ADDITIONAL FINANCING (Improved Investment Climate within the Organization for the Harmonization of Business Laws in Africa (OHADA) AF - P164728)**

Project ID	Project Name	Additional Financing Type	Urgent Need or Capacity Constraints
P164728	Improved Investment Climate within the Organization for the Harmonization of Business Laws in Africa (OHADA) AF	Scale Up	No
Financing instrument	Product line	Approval Date	
Investment Project Financing	IBRD/IDA	08-Jun-2018	
Projected Date of Full Disbursement	Bank/IFC Collaboration		
30-Dec-2022	No		
Is this a regionally tagged project?	Country (ies)		
Yes	Burkina Faso, Benin, Central African Republic, Congo, Republic of, Cote d'Ivoire, Cameroon, Gabon, Guinea, Equatorial Guinea, Guinea-Bissau, Comoros, Mali, Niger,		



	Senegal, Chad, Togo, Congo, Democratic Republic of
<input type="checkbox"/> Situations of Urgent Need or Capacity Constraints	<input type="checkbox"/> Financial Intermediaries (FI)
<input type="checkbox"/> Series of Projects (SOP)	<input type="checkbox"/> Project-Based Guarantees
<input type="checkbox"/> Disbursement-linked Indicators (DLIs)	<input type="checkbox"/> Contingent Emergency Response Component (CERC)
<input type="checkbox"/> Alternative Procurement Arrangements (APA)	

**Disbursement Summary (from Parent ISR)**

Source of Funds	Net Commitments	Total Disbursed	Remaining Balance	Disbursed	
IBRD				<div style="width: 0%;"></div>	%
IDA	15.00	13.52	0.21	<div style="width: 98%;"></div>	98 %
Grants				<div style="width: 0%;"></div>	%

**PROJECT FINANCING DATA – ADDITIONAL FINANCING (Improved Investment Climate within the Organization for the Harmonization of Business Laws in Africa (OHADA) AF - P164728)**

**FINANCING DATA (US\$, Millions)**

**SUMMARY**

<b>Total Project Cost</b>	15.00
<b>Total Financing</b>	15.00
<b>of which IBRD/IDA</b>	15.00
<b>Financing Gap</b>	0.00

**DETAILS**

**World Bank Group Financing**

International Development Association (IDA)	15.00
IDA Grant	15.00



## COMPLIANCE

### Policy

Does the project depart from the CPF in content or in other significant respects?

Yes  No

Does the project require any other Policy waiver(s)?

Yes  No

## INSTITUTIONAL DATA

### Practice Area (Lead)

Finance, Competitiveness and Innovation

### Contributing Practice Areas

Governance

### Climate Change and Disaster Screening

This operation has been screened for short and long-term climate change and disaster risks

### Gender Tag

Does the project plan to undertake any of the following?

a. Analysis to identify Project-relevant gaps between males and females, especially in light of country gaps identified through SCD and CPF

No

b. Specific action(s) to address the gender gaps identified in (a) and/or to improve women or men's empowerment

Yes

c. Include Indicators in results framework to monitor outcomes from actions identified in (b)

Yes



## PROJECT TEAM

### Bank Staff

Name	Role	Specialization	Unit
Magueye Dia	Team Leader (ADM Responsible)		GFCAW
Ibrah Rahamane Sanoussi	Procurement Specialist (ADM Responsible)		GGOPF
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Maiko Miyake	Team Member		GFCA2
Nightingale Rukuba-Ngaiza	Team Member		LEGAM
Tanangachi Ngwira	Team Member		GFCAC

### Extended Team

Name	Title	Organization	Location
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**AFRICA**

**IMPROVED INVESTMENT CLIMATE WITHIN THE ORGANIZATION FOR THE HARMONIZATION OF  
BUSINESS LAWS IN AFRICA (OHADA) ADDITIONAL FINANCING (AF)**

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## **I. INTRODUCTION**

1. The Organization for the Harmonization of Business Law in Africa (OHADA) was established in 1993 through a Treaty to improve the legal security and predictability of doing business in West and Central Africa. The 17 current member states are: Benin, Burkina Faso, Cameroon, Central African Republic (CAR), Chad, Comoros, Republic of Congo, Côte d'Ivoire, Democratic Republic of Congo (DRC), Equatorial Guinea, Gabon, Guinea, Guinea-Bissau, Mali, Niger, Senegal, Togo. Throughout, this Project Paper refers to 17 member countries.
2. OHADA encompasses member countries which belong to different economic, trade and monetary unions, such as the West Africa Economic and Monetary Union (WAEMU) sharing the same CFA currency in West Africa, the Central Africa Economic and Monetary Community (CEMAC), also sharing the same currency, as well as Guinea which is part of the Economic Community of West African States, and the DRC. Although theoretically separate and pegged to the Euro (via the defunct French Franc), the two CFA currencies are, in effect, interchangeable. Guinea and the DRC have their own national currencies.
3. The OHADA governance structure comprises the following Institutions: the Conference of Heads of State; the Council of Ministers (Justice and Finance), the Permanent Secretariat and the respective OHADA national commission for each member country. Two other operational institutions attached to OHADA are: the Common Court of Justice and Arbitration (CCJA) and the Regional Superior Magistrate School (ERSUMA). Although these structures are in place, to effectively carry out their roles and responsibilities, they need to be strengthened.
4. The OHADA Permanent Secretariat is a bona fide regional organization that has the legal status to receive grant funding and the legal authority to carry out the activities financed.
5. As mandated under the OHADA Treaty, member states have adopted unified legislative norms in commercial law areas that, once adopted, have become domestic law. This unification created a harmonized set of laws and regulations, intended to make it easier for the private sector to do business in the member countries.

## **II. BACKGROUND AND RATIONALE FOR ADDITIONAL FINANCING**

6. The original Improved Investment Climate within the Organization for the Harmonization of Business Laws in Africa (OHADA) (P126663), approved on June 26, 2012 as an Investment Project Financing (IPF) in the amount of US\$15 million, became effective on November 13, 2012.
7. The original Project Development Objective is "To strengthen OHADA's institutional capacity to support, in its member countries, selected aspects of the investment climate reforms, including improved corporate financial reporting." To that end the Project covers the following three components:
  - Component 1: Institutional Strengthening of the OHADA Secretariat and Project Implementation Support: To strengthen the institutional capacity of the Permanent Secretariat.



- Component 2: Institutional Strengthening of the Common Court of Justice and Arbitration (CCJA) and Regional Superior Magistrate School (ERSUMA).
- Component 3: Improving Corporate Financial Reporting: To improve and strengthen financial reporting: accounting standards; professional standards and practices; regional professional qualifications.

8. The original project has achieved highly positive results. Currently, both implementation and progress towards meeting the development objectives are rated satisfactory and the disbursement rate is about 97 percent with all remaining funds fully committed.

9. OHADA's capacity has been strengthened, resulting in OHADA becoming a key driver in modernizing and improving the OHADA legal framework, which in turn contributed to the improved investment climate reforms in the 17 member states and a better coordinated and more effective organization. The institution has drafted and obtained the approval of the Council of Ministers for six different Laws<sup>1</sup> including for corporate financial reporting. The original project performance target for new Uniform Acts has been surpassed. Based on the organizational and financial audit commissioned by the Council of Ministers and financed by the original project, OHADA's internal governance has improved, with changes in some senior officials and the establishment of new financial management, procurement and human resources procedures (training, recruitment) in line with the practices in similar international organizations.

10. The Uniform Acts/Regulations recently adopted have increased the attractiveness of the OHADA jurisdiction as a place to do business. A recent evaluation has concluded that there has been a significant increase in business registration and domestic credit to the private sector, at least partly attributable to new OHADA laws.<sup>2</sup> OHADA's progress in improving the investment climate is acknowledged independently by the Doing Business (DB) Reports for 2016 and 2017<sup>3</sup>. As a result, new countries (including some outside the sub-Saharan Africa region) have expressed interest to join OHADA, such as Morocco, Tunisia, Ghana, and Cabo Verde. International organizations such as Afreximbank has expressed interest in partnering with OHADA to support the establishment of an enabling environment for private sector development in Africa.

11. After this first set of reforms which built the credibility and leadership of the institution, OHADA faces three key challenges: (i) institutional sustainability; (ii) support the member states in improving the legal framework of new business areas; and (iii) better application of the existing OHADA laws.

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<sup>1</sup> Including the Uniform Act on accounting standards and the Regulation on the auditing standards which are creating the conditions for strengthening corporate financial reporting.

<sup>2</sup> ECOPA and Economisti Associati, Assessing the Impact of the OHADA Investment Climate Advisory Program of the WBG's Trade and Competitiveness Global Practice, Dec. 2017.

<sup>3</sup> The 2017 Doing Business report notes that "Substantial regulatory efforts have been undertaken by the 17-member states of the Organization for the Harmonization of Business Laws in Africa, known by its French acronym, OHADA. The OHADA Uniform Act also introduced provisions in cross border insolvency that were implemented in all 17 OHADA member States." The 2016 Report also acknowledged the importance of the OHADA investment climate reform in stating that the "members of the Organization for the Harmonization of Business Laws in Africa (OHADA) were particularly active during the past year." The DB Report 2016 added that, "out of 69 reforms in 35 economies in sub-Saharan Africa, 14 of the OHADA's 17-member countries implemented 29 reforms."



12. The institutional governance reforms initiated as part of the original project need to be locked in during the upcoming leadership transition in the Permanent Secretariat and further work should be done to solidify the Common Court of Justice and Arbitration and Regional Superior Magistrate School. In addition, the financing arrangements require more attention in order to ensure long-term sustainability. OHADA's main source of funding – much more than donor support – has been the annual contributions of member States. Over the past years, payments have been made with increasing delays, creating some problems of cash flow and program management. A Reserve Fund has been established to mitigate this problem, but the organization needs to ensure regular payments by its member states, as well as attract new members in order to be truly sustainable. Some resources can also be raised by the Regional Court and Training Institution affiliated with OHADA through arbitration services, training programs and seminars. The efforts to secure regular contribution and foster self-generated revenues should go in par with serious efforts to rationalize costs within the organization by aligning its activities with the likely level of resources generated within the region with minimal outside support.

13. Member contributions have enabled OHADA to cover its basic operating expenses, but need to be more reliable. Significant amounts are often paid late, though they then go into a reserve fund which can be drawn upon in subsequent years. In 2015 and 2016, OHADA was able to generate a surplus of about CFAF1 billion for new programs. This was largely due to an arrangement with WAEMU whereby this regional organization took responsibility for the payment of the dues owed by its member states, drawing on the resources it earns through a fee imposed on all imports. When this agreement was terminated, it created problems in 2017. This mechanism, or a similar one, needs to be reinstated for WAEMU and extended to CEMAC.

14. In addition, following the continuous changes in the structure of the economies of the members states, some new areas of business climate reform have emerged requiring OHADA leadership to develop new Uniform Acts in areas such as leasing, debt recovery, electronic transactions, and conflicts between countries on OHADA laws.

- a. The member states of the West African Monetary Union adopted a regional *leasing law* in 2016, but the law still takes some time to be implemented in each country, as it requires ratification. In the meantime, to build on this existing base, the Council of Ministers has mandated the OHADA secretariat to draft harmonized regulations that will be immediately enforced without the process of ratification and will also be applied in all WAEMU member countries. In particular, the enforcement of the repossession rule in the case of cross-border leasing, which is critical for cross border leasing business, will benefit from the introduction of OHADA provisions.
- b. Revision of the Uniform Act on organizing simplified debt recovery procedures: The existing Act dates from June 1998 (Libreville) and a diagnostic assessment has determined the need for its revision. Currently, OHADA countries are behind other regions in Doing Business indicators related to time taken to recover debt, related procedures and costs. Additionally, time taken for legal decisions and their execution also lag other regions. Current procedures have discouraged lenders and reduced access to credit. The revision of this act is anticipated to reduce this gap and improve debt recovery procedures. In addition, there is no legal and uniform definition of *Factoring* in the region, which is a mechanism that allows creditors to sell their overdue accounts receivable to a third party who is specialized in debt recovery. Absence of this alternative has

stunted the development of this activity and limited the options for generating additional cash flow for firms. The lack of factoring has discouraged Afireximbank from investing in OHADA countries. OHADA seeks to remedy this gap by financing a Uniform Act on the subject.

- c. Legislation on regularizing conflicting OHADA laws and circulation of public acts: This law is required to fill a legal void in a very specific sub-set of cases that at the moment are lacking guiding texts. The issue pertains to decisions made at lower courts of appeals (Not CCJA) that deal with OHADA laws on rulings made in one country to be applied in another. Currently the country that must apply the ruling made in another must go through the process of registering it as though it were a foreign decision, even though, due to it stemming from the OHADA law, it is in fact a national legal decision. This law would fix this potential problem by introducing articles allowing it to be registered as a national decision.
- d. *Electronic transactions* pose a similar issue as the majority of member countries are not equipped to regulate the digital economy, and there are large disparities between laws that do exist, as well as gaps in legal coverage for countries with such legislation. This has undermined some of the progress made in digitalizing government procedures (for instance establishing one-stop shops for importing/exporting). The development of a Uniform Act on electronic transactions will ensure a harmonized legal framework and fill gaps in order to be able to effectively regulate and grow this sub-sector.

15. The OHADA secretariat also needs to step-up its role to ensure the implementation of the revised Uniform Acts. Although OHADA Uniform Acts are applicable immediately in the member states without the process of ratification, it does not mean that these Acts automatically become “live” as soon as they are adopted. For example, the computerization of a regional credit registry (*registre du commerce et credit mobilier*), which is authorized under the new legal framework, still requires the effort of each member state to develop accompanying procedures and acquire equipment. The new Insolvency Uniform Act requires, for example: (i) preparing secondary legislation covering such areas as examination and licensing requirements, ethical standards, and remuneration/fee schedules applicable to insolvency administrators, including conciliators and bankruptcy trustees; (ii) drafting practice/procedural manuals and handbooks describing the OHADA insolvency reforms; and (iii) operationalizing national insolvency commissions at the individual country level to regulate insolvency administrators. The Council of Ministers instructed the OHADA Secretariat to step up its efforts on the monitoring of the implementation of the Acts and encouraged them to implement the laws through the dissemination of best practices, but little has been done so far.

16. The proposed Additional Financing (AF) for Improved Investment Climate within the Organization for the Harmonization of Business Laws in Africa (OHADA) AF (P164728) is consistent with Bank Policy Investment Project Financing under which IDA may provide AF for investment lending for scaling up the development effectiveness of a project that is performing well. Both progress toward achievement of the PDO and Implementation Progress are satisfactory.

17. The proposed AF is in line with the Africa region’s strategy, which emphasizes public sector capacity and improved investment climate. It is also aligned with the need to further strengthen capacity building in Africa, both at the country and regional levels. As shown in the Discussion Note “What’s Next for Capacity Building in Africa”, presented to the Africa Region RMT meeting of May 25, 2017, bringing about



sustainability is a key challenge in achieving capacity building results. This Discussion Note also points to the fact that the capacity building efforts of most World Bank financed projects has been focused on building capacity for project implementation.

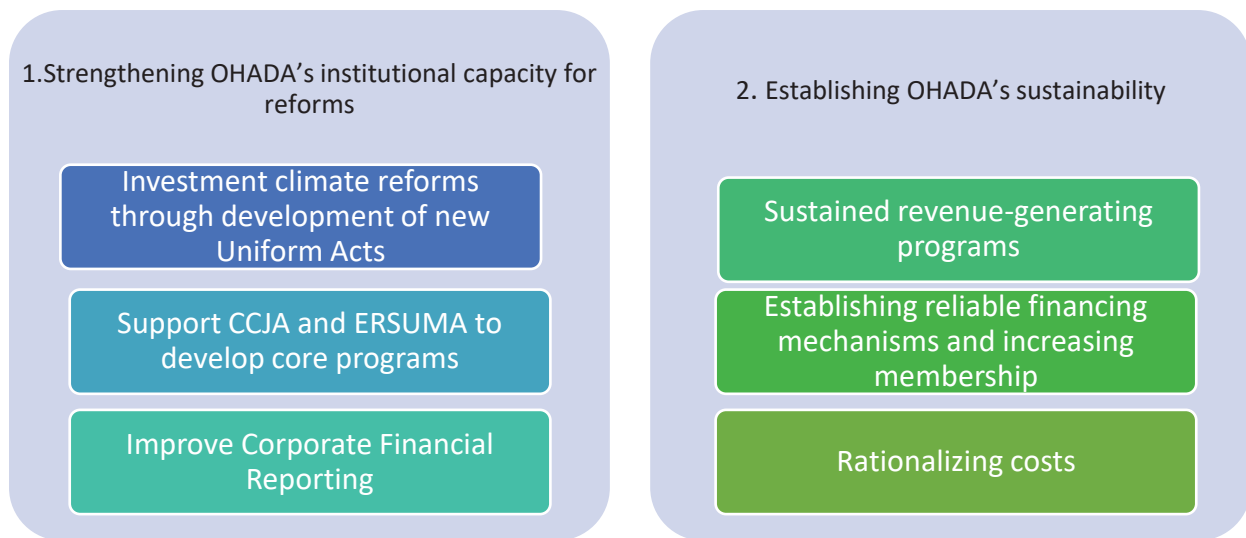
### III. DESCRIPTION OF ADDITIONAL FINANCING

18. The proposed additional financing is meant to scale-up and maximize the development impact, which has started to take place under the OHADA Improved Investment Climate Project. In addition, a restructuring is being sought to (a) change the Project Development Objective; (b) revised the indicators in the Results Framework (RF); (c) changes the costs and components; and (d) changes the disbursement estimates.

19. With the additional financing, the objective is two-fold. First, the aim is to continue strengthening OHADA’s institutional capacity to bring about investment climate reforms. The second is to establish OHADA’s sustainability.

20. The first objective will be met by providing technical and financial assistance to undertake a new generation of investment climate reforms. The second objective of making OHADA a sustainable institution will be achieved by using a three-pronged approach.

#### *Additional Financing: Two-Fold Objectives*



21. The first prong of the additional financing will help OHADA increase its own revenue generation by providing private parties high-quality services in commercial dispute resolution through alternative dispute resolution such as arbitration and commercial mediation. This will be done by the OHADA Center for Arbitration in Abidjan. This approach will be coupled with the provision of high-quality courses on OHADA laws for private firms and individuals. These courses will be delivered by the Regional Superior Magistrate School (ERSUMA) in Benin. Another option being explored is the construction of a new headquarters for the OHADA secretariat with considerable excess office space for lease.



22. The second prong will help OHADA secure increased annual contributions by expanding the number of member countries and re-establishing an appropriate and efficient financing mechanism for the WAEMU countries and the CEMAC countries. From 2012 to 2016, WAEMU took responsibility for paying all its members' dues to OHADA from its own budget. Such an arrangement needs to be reinstated for WAEMU and extended to CEMAC. Other regional organizations such as the West African Development Bank (BOAD) will also be approached, as they have an interest in a common legal framework for their member states.

23. A third prong will focus on reviewing the cost structure of all three components of OHADA. The objectives of the Common court and the regional school will be examined in the context of similar national institutions to ensure complementarity and cost-effectiveness. The structure of the secretariat will be analyzed taking into account the long-term work program, including the balance between further development of new laws and the implementation of existing laws. A strategic plan will be drawn up for OHADA, with business plans for the court and the school. The goal will be to enable OHADA to function on the basis of the likely level of resources generated within the region with minimal outside support.

24. This three-pronged approach will ensure the sustainability of the institution well beyond the project's life.

25. The AF would therefore have multiple beneficial effects, through implementation of structural and transformational business environment reforms, positively contributing to improving the investment climate in OHADA member countries and subsequently supporting the Project Development Objective (PDO). In addition, key institutional strengthening would be supported under the additional financing to further enhance the efficiency and sustainability of the organization beyond the project's life.

26. The project will leverage and complement the support being provided by existing and future World Bank projects within the OHADA region and including investment climate reform related components. Such projects cover eight of the 17 OHADA member countries as well as the Economic Community of West African States (ECOWAS), a regional institution which comprises nine OHADA member countries (Table 1; Appendix 3). The project will also coordinate with an IFC advisory project on OHADA implementation (Project #601661).





<b>Change in Results Framework</b>						
Explanation: The Results Framework will be modified to align with the revised PDO. Some of the indicators that have been achieved will be dropped, revised and new indicators will be added						
<b>Finance</b>						
<b>Loan Closing Date - Additional Financing (Improved Investment Climate within the Organization for the Harmonization of Business Laws in Africa (OHADA) – P164728)</b>						
<b>Source of Funds</b>				<b>Proposed Additional Financing Loan Closing Date</b>		
IDA Grant				December 30, 2022		
<b>Ln/Cr/TF</b>	<b>Status</b>	<b>Original Closing Date</b>	<b>Current Closing Date</b>	<b>Proposed Closing Date</b>	<b>Previous Closing Date(s)</b>	
IDA-7990	Effective	June 30, 2017	December 31, 2018			
<b>Change in Disbursement Estimates (including all sources of Financing)</b>						
Explanation: The disbursement estimates include the Additional Financing.						
<b>Expected Disbursements (in USD Million) (including all Sources of Financing)</b>						
<b>Fiscal Year</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Annual	0	1,900,000	2,580,500	5,514,000	3,005,500	2,000,000
Cumulative	0	1,900,000	4,480,500	9,994,500	13,000,000	15,000,000
<b>Allocations - Additional Financing (Improved Investment Climate within the Organization for the Harmonization of Business Laws in Africa (OHADA) Additional Financing – P164728)</b>						
<b>Source of Fund</b>	<b>Currency</b>	<b>Category of Expenditure</b>	<b>Allocation</b>		<b>Disbursement % (Type Total)</b>	
			<b>Proposed</b>		<b>Proposed</b>	
IDA	USD	Goods, Consulting Services, Non-consulting services, Training, Operating costs	15,000,000		100%	
		<b>Total:</b>	15,000,000.00			



Components
<b>Change to Components and Cost</b>
<b>Component 1: Building institutional capacity and sustainability of OHADA and Project implementation (SDR4.88 million) (US\$6.98 million equivalent)</b>
Component 1 will be expanded to include, in addition to the support to OHADA legal reforms agenda and the strengthening of the Permanent Secretariat, a subcomponent aiming to implement activities that will contribute to ensure the sustainability of OHADA. Projected activities under Component 1 will now be as follows:
<b>Subcomponent 1.1: Strengthening OHADA Programs (SDR 2.89 million) (US\$4.13 million equivalent)</b>
This sub-component will finance the development of new priority Uniform Acts on: (i) leasing; (ii) electronic transactions; (iii) factoring; and (iv) regularizing conflicts of laws and circulation of public acts. Financing will also support:
<ul style="list-style-type: none"><li>• Revision of the Uniform Acts on organizing simplified loan recovery procedures.</li><li>• Validation of a new Act on factoring</li><li>• Support for the implementation of the existing OHADA legal framework through dissemination of existing Uniform Acts</li><li>• Reform and capacity building of the OHADA National Commissions</li><li>• Validation of the Credit Registry (RCCM) forms and list of activities</li></ul>
<b>Subcomponent 1.2: Supporting OHADA sustainability (SDR 0.89 million) (US\$1.27 million equivalent)</b>
This sub-component will finance the activities below to help OHADA generate revenues and collect on a regular basis contribution from member states:
<ul style="list-style-type: none"><li>• Elaboration of a business plan for the regional school (ERSUMA) to maximize its potential to generate revenues through fee-based training services and rationalize costs.</li><li>• Support for the elaboration, adoption and implementation of an appropriate mechanism for reliable payment of member dues.</li><li>• Elaboration and implementation of a communication strategy to raise the profile of the regional school, the common court, and OHADA generally, with a view to attracting more business and strengthening political support among member states.</li><li>• Support to the enlargement of the membership of OHADA to bring in more resources.</li><li>• Elaboration of a strategic plan to review the objectives and cost structure of OHADA in light of available sources of revenue.</li><li>• Elaboration of a feasibility study for a new headquarters that will supply commercial office space for lease.</li></ul>
<b>Subcomponent 1.3: Strengthening OHADA Permanent Secretariat and supporting project implementation (SDR 1.1 million) (US\$1.58 million equivalent)</b>
Activities will support the OHADA permanent secretariat (see details in Annex 2) through the financing of equipment, technical assistance, operating costs related to the project fiduciary supervision, development of integrated information system, systems development, training and capacity building. This subcomponent will also help OHADA strengthen its monitoring capacity by:



- Developing qualitative scorecards by using standard templates to systematically track and provide at-a-glance status on the Uniform Act implementation status. OHADA Secretariat will prepare an assessment of the current implementation status of the existing laws. A significant amount of work has already been done by IFC to which OHADA Secretariat had requested this support. The present project will be well-positioned to pilot the scorecard, refine it based on the findings, roll out widely. There will be a strong element of training for the staff of the Secretariat to run the scorecard.
- Compiling Standardized outcome and impact indicators on a regular basis in a live monitoring database.

**Component 2: Capacity building for the Common Court of Justice and Arbitration (CCJA) and Regional Superior School for Magistrates (ERSUMA) (SDR 3.64 million) (US\$5.20 million equivalent)**

**Subcomponent 2.1:** Strengthening the Institutional capacity of the Common Court of Justice and Arbitration (SDR 1.81 million) (US\$2.59 million equivalent)

To enhance judicial security in the OHADA region and foster the use of Alternative Dispute Resolution Methods, this sub-component will support the following activities:

- Completion of the deployment and installation of the RCCM system in all member countries.
- Promotion of arbitration and mediation services.
- Interconnection of RCCM software to central OHADA systems.
- Capacity building for the CCJA (training, technical assistance).
- Upgrading of the CCJA facilities.
- Development of a case management system.
- Digitalization of the archives and modernization of the documentation center.

**Subcomponent 2.2:** Strengthening the institutional capacity of the ERSUMA (SDR 1.83 million) (US\$2.61 million equivalent)

This subcomponent will focus on: (i) enhancing ERSUMA's position as a leading training institution, and (ii) developing ERSUMA's research capacity on business law.

**Subcomponent 2.2.1:** Enhancing ERSUMA's position as a leading training institution

The project will finance the following activities:

- Business plan for a master's program and the development of distance learning.
- Support to the implementation of the business plan including provision of TA to develop the program and IT equipment.
- Development of training program targeting common law countries.
- Certification and labeling of ERSUMA training programs.
- Training sessions on new OHADA uniform acts and connected areas.
- Study to examine the long-term role of ERSUMA and its situation within the educational ecosystem of West and Central Africa.



**Subcomponent 2.2.2:** Developing ERSUMA's research capacity on business law

Under this subcomponent the project will:

- Support a research program on four emerging topics affecting the business climate within OHADA countries in collaboration with outside academics.
- Overhaul ERSUMA IT infrastructure.
- Develop an annual directory of business law professionals as well as a guide to OHADA law.

**Component 3: Improving Corporate Financial reporting (SDR 1.89 million) (US\$2.70 million equivalent)**

This component will improve the financial reporting of companies in OHADA member countries using modernized accounting standards, support the adoption and implementation of updated audit standards, strengthen the capacity of Professional Accountancy Organizations (PAOs), and increase access to quality training and continuing professional development programs. It also aims to assist in the implementation of Reports on the Observance of Standards and Codes (ROSC) recommendations and to promote the convergence of regional practices towards international standards. These objectives will be pursued through three subcomponents:

**Subcomponent 3.1** Supporting the dissemination of the accounting standards (SDR 0.77 million) (US\$1.1 million equivalent)

This subcomponent will focus on:

- Dissemination of the revised OHADA accounting standards, in the 17 countries.
- Improvement of the modalities of functioning of the resource center which were set up within OHADA as part of the original project.
- Supporting the Members States in the creation and operationalization of the national accounting council (*Conseil National de la Comptabilité*).

**Subcomponent 3.2** Supporting the Professional Accounting Organizations (SDR 0.35 million) (US\$0.5 million equivalent)

This subcomponent will focus on:

- Dissemination of the legislation and the code of ethics on auditing standards.
- Implementation of the quality assurance system.
- Promotion, support and advocacy for the establishment of Professional Accountancy Organizations (PAO) in countries where they currently do not exist.

**Subcomponent 3.3** Sustaining the Development of a Chartered Accounting Diploma (SDR 0.77 million) (US\$1.1 million equivalent)

This sub-component will finance the following activities:

- Organization of validation sessions of the study on the creation and development of a Chartered Accounting Diploma in the OHADA area.
- Launch of the new Chartered Accounting Diploma.



Current Component Name	Proposed Component Name	Current Cost (US\$ million)	Proposed Cost (US\$M)	Action
Building institutional capacity and sustainability of OHADA and Project	Building institutional capacity and sustainability of OHADA and support to Project Implementation	4.50	6.98	Revised
Component 2: Institutional Strengthening of the Common Court of Justice and Arbitration (CCJA) and Regional Superior Magistrate School (ERSUMA)	Institutional Strengthening of the Common Court of Justice and Arbitration (CCJA) and Regional Superior Magistrate School (ERSUMA)	3.60	5.20	Revised
Component 3: Improving Corporate Financial Reporting	Improving Corporate Financial Reporting	6.40	2.70	Revised
Unallocated		0.50	0.00	Revised
	<b>Total:</b>	15.00	15.00	

**Appraisal Summary**

**Economic and Financial Analysis**

The value added of the WBG is that it can provide the relevant technical and financial support that neither the member countries nor other development partners can provide at the moment. The WBG has extensive experience in supporting developing countries’ investment climate reforms agenda or institution capacity building programs.

The project's resources will be used to strengthen OHADA's capacity to support investment climate reforms, financial reporting and the resolution of commercial disputes in at least 17 countries. They will also finance training, awareness raising, studies, and research. As such, it is not appropriate to conduct a cost-benefit assessment. Instead, a qualitative review of the likely benefits is provided, including the factors which could impede their realization. One of the studies financed by the project will analyze the impact of the OHADA’s programs in more detail.

**Economic benefits and costs**

Improvements in the investment climate will encourage the creation of new enterprises, the expansion of existing ones, and enhance their profitability. Entrepreneurs will enjoy higher incomes, and more jobs, both direct and indirect will be created. New legislation for public-private partnerships will attract new investment, and render public investment more effective. Creating opportunities for factoring and leasing will improve the financial situation of small and medium enterprises by providing new options to recover accounts receivable and obtain equipment.



Similarly, supporting the fast and effective resolution of commercial disputes removes key bottlenecks to private sector development. Weak judicial systems often discourage business persons from pursuing their legitimate rights which, in addition, can encourage delinquency among clients. As documented in the literature, there is a positive correlation between judicial efficiency and the influx of external finance.

The project will generate additional economic benefits by improving accounting and auditing standards, and continued professional development in these critical fields. The development of capital markets requires credible and reliable financial information to build investor confidence, ensure sound economic and financial management, and increase the attractiveness of OHADA member countries. Stronger Professional Accountancy Organizations (PAOs) can also enhance transparency and accountability in the use of public funds.

By working simultaneously across 17 or more countries, OHADA achieves significant economies of scale while also minimizing risks. Some of the member countries may suffer shocks which temporarily discourage investment, but most will likely be in a position to take full advantage of the opportunities provided by OHADA laws, arbitration and training. The project also draws on the experience of the more advanced member states, reducing the risk of adopting unsuitable or sub-optimal laws.

**Project costs**

IDA grant amount of US\$15.0 million. OHADA’s contribution of US\$27 million for salaries and operating costs over four years.

The estimated economic benefits are therefore considered to be high relative to the costs, and face relatively low risks.

**Technical Analysis**

The Project is technically sound. It is consistent with OHADA’s reform agenda, and the development strategies of all OHADA member countries, which emphasize a need to improve the investment climate. The proposed laws reflect explicit demands from the Council of Ministers of OHADA.

As with previous OHADA laws, those proposed in this project will be developed with stakeholders from the member countries in a well-developed process of consultation. Each component of the project is well defined and draws on World Bank group experience. The first phase of the project has been satisfactorily implemented, and the proposed second phase stands on even firmer foundations as a result of the progress in capacity building already achieved and implementation of investment climate reforms.

The most significant internal risk is associated with the replacement of the existing Secretary General. His successor will be identified through a competitive process managed by an international firm specialized in such matters.

**Social Analysis**

The primary goal of the Additional Financing is to strengthen OHADA’s institutional capacity and sustainability to contribute to improving the investment climate in member countries. The project provides financial technical assistance for institutional reforms for well-defined, time-bound activities that include permanent improvements in the Borrower’s institutional framework and capacity. These changes are expected to translate into significant positive impacts on the population.



<b>Environmental Analysis</b>
The Project comprises mainly institutional capacity building and technical assistance for subsector reforms. There is no direct or indirect physical investment. The proposed Project has no environmental impact.
<b>Risk</b>
<p>Explanation:</p> <p>The original project overall risk was rated “Moderate”. The Additional Financing design will therefore rely on the robust implementation arrangements set up by the original project. Furthermore, the activities proposed in this Additional Financing remain well within the areas of expertise of OHADA staff.</p> <p>The Political and Governance risk is rated Substantial. The main risk is the upcoming change in the leadership of the OHADA Permanent Secretariat that could weaken the ongoing governance effort. This risk will be mitigated by a transparent recruitment process managed by an international firm.</p> <p>There is also some risk related to the fact that six of the 13 judges in the CCJA will be replaced at the end of their mandates in 2018. This will require significant capacity-building which will be supported in part by training in Paris, France at a similar institution.</p> <p>Overall, the risk for this project remains “Moderate”.</p>

**Financial Management**

27. The financial management arrangements will be managed within the existing set-up for the original Improved Investment Climate within the Organization for the Harmonization of Business project for which a financial management review was conducted in March 2018. The review concluded the project has acceptable and adequate financial management arrangements to ensure reliability of financial reporting, effectiveness and efficiency of project operations and compliance with applicable laws, guidelines and procedures. The project is endowed with a procedures manual and an accounting software. However, as a result of the FM officer overseeing several activities which do not respect the segregation of duties, the overall FM performance of the project and associated risk were rated Moderately Satisfactory and Substantial respectively. The risk level will remain the same for the AF. The project is taking actions to recruit an accountant under the AF in order to mitigate associated risk. On that basis, it has been agreed that financial management arrangements would remain the same as for the original project. However, since the current arrangement is not taking into account the AF specificities, it is considered that the project procedures manual should be updated to take into account the accounting and reporting needs under the AF will be done by project effectiveness and the following additional measures should be taken after the project becomes effective to mitigate the associated risk: (i) the accounting software should be customized to fit the AF accounting and reporting needs, (ii) one dedicated designated account should be opened and managed by OHADA Permanent Secretariat; and (iii) to ensure the annual financial statements that will be produced under the AF are audited, the Terms of Reference (ToR) of the initial project external auditor will be updated to reflect the AF activities.

28. There are no overdue interim un-audited financial reports (IFRs) or audit reports in the project and the sector at the time of preparation of this AF. The IFRs are prepared every quarter and submitted to the Bank regularly (for example: 45 days after the end of each quarter). For the sake of reporting on the activities



performed under the AF, the project FM team will submit quarterly interim financial reports in a form and content acceptable to the Bank within 45 days after the end of the quarter. The format will be the same as the ongoing project and would be prepared jointly.

29. The 2016 audit report was submitted on time and the external auditor expressed an unqualified opinion. The accounts of this AF will be audited together with the initial project on an annual basis and the external audit report along with the management letter will be submitted to IDA within six months after the end of each calendar year. The TOR of the external auditing firm will include the scope of this AF and the project will comply with the Bank disclosure policy of audit reports.

30. Disbursement. Upon AF effectiveness, the current disbursement arrangements under the initial project will apply to the AF as well. The proposed additional funding of an amount of US\$15 million to be disbursed over four years will finance 100 percent of eligible expenditures inclusive of taxes. For that purpose, one new designated accounts (DA) will be opened in a commercial bank acceptable to IDA and managed by OHADA. The ceiling of the DA was agreed during Negotiations. In addition to the advances to the DA, the other methods of disbursing the funds (reimbursement, direct payment and special commitment) will also be available to the project. The minimum value of applications for these methods is 20 percent of the DAs ceiling. The project will have to sign and submit Withdrawal Applications (WA) electronically using the eSignatures module accessible from the World Bank’s Client Connection website. Additional instructions for disbursements will be provided in the Disbursement Letters that will be issued for this AF.

31. The Payment Currency is Euro.

32. The AF proceeds will be disbursed under one category as per Table 1 below.

**Table 1: Allocation of the proceeds of the AF by disbursement category, in US\$**

Category of Expenditure	Allocation	Disbursement %
	Proposed	Proposed
Goods, Consulting Services, Non-consulting services, Training, Operating costs	15,000,000	100.00

**Action Plan**

Risk	Mitigation measures	Timeline
The AF activities may not be adequately captured in the current internal control system	Update the procedures manual to take into account the AF specificities (new activities)	Before effectiveness
The AF funds might be comingled with the initial financing funds	Open one segregated designated account, DA	Immediately after effectiveness (not legal covenant)
Delays may occur for the submission of agreed consolidated IFRs and annual project financial statements	Customize the accounting software to take into account the AF activities	Within two months of effectiveness (legal covenant)
The AF annual financial statements might not be audited	Update the ToR of the external auditor	Within three months of effectiveness (legal covenant)



## A. Procurement

### Applicable Policies and Procedures

33. The project will be governed by the New Procurement Framework (NPF). All goods, works, non-consulting services, and consulting services required for the project and to be financed out of the proceeds of the loan shall be procured in accordance with the requirements set forth or referred to in the Procurement Regulations (World Bank Procurement Regulations for IPF Borrowers, dated July 1, 2016, revised in November 2017) and the provisions of the Procurement Plan.

### Procurement Arrangements

34. The procurement activities for the Additional Financing will be carried out by the existing OHADA PIU in close collaboration with the respective beneficiaries.

35. The procurement performance for the original project has been rated Moderately Satisfactory during implementation thus far.

36. The key risks identified for procurement under this AF project are as follows: (a) staff involved in the project may not have sufficient knowledge of the NPF and/or there is a risk of confusion with previous sets of guidelines; (b) inadequate communication and interaction between the beneficiaries and the PIU may lead to delays in procurement processes and poor cost estimations; (c) Internal administrative procedures may increase delays in the procurement processes and affect project implementation; and (d) poor filing may lead to the loss of documents.

37. The Procurement risk for this AF is rated substantial. The residual risk will be moderate after adopting the agreed mitigation action plan summarized in Table 2.

**Table 2: Procurement Action Plan**

Risk	Action	Responsibility	Date
1. Staff involved in the project may not have sufficient knowledge on the NPF and/or risk of confusion with the former guidelines	Organize workshop sessions to train all staff involved in the procurement of the project on the NPF	PIU/World Bank	2 months after effectiveness (not legal covenant)
	Continuous hands-on trainings of identified key staff on the NPF	World Bank Procurement Specialist	During the life of the project (not legal covenant)
2. Inadequate communication and interaction between the	Update the manual of administrative, financial, accounting procedures to	PIU	Before effectiveness



Risk	Action	Responsibility	Date
beneficiaries and the PIU, which may lead to delays in procurement processes and poor estimation of the costs	consider this AF and the NPF and clarify the role of each team member involved in the procurement process of the project and the maximum delay for each procurement stage, specifically with regard to the review, approval system, and signature of contracts		
3. Internal administrative procedures may increase delays in the procurement processes and affect project implementation	Exercise quality control on all aspects of the procurement process, including developing ToRs, technical specifications, bidding documents, proposals, request for quotations, evaluation, and award	PIU	During the life of the project (not legal covenant)
	Monitor, on a regular basis, the Procurement Plan implementation and set up a close follow-up in relation with beneficiaries and official bodies involved, to ensure that appropriate actions are taken on time	PIU	During the life of the project (not legal covenant)
4. Poor filing, which can lead to loss of documents	Set an appropriate filing system at the level of PIU to ensure compliance with the World Bank procurement filing manual	PIU/procurement specialist	During the life of the project (not legal covenant)

38. Frequency of procurement reviews and supervision. The World Bank’s prior and post reviews will be carried out based on thresholds indicated in Table 2. The IDA will conduct six-monthly supervision missions and annual post-procurement reviews; the standard post-procurement reviews by World Bank staff should cover at least 15 percent of contracts subject to post review. Post reviews consist of reviewing technical, financial, and procurement reports by World Bank staff or consultants selected and hired by the World Bank. Project supervision missions shall include a World Bank procurement specialist or a specialized consultant. IDA may also conduct an Independent Procurement Review at any time until two years after the closing date of the project.

39. Procurement prior review. The procurement risk is rated substantial. Table 3 summarizes the procurement prior review thresholds. These prior review thresholds can evolve according to the variation of procurement risk during the life of the project.

**Table 3: Procurement Prior Review Thresholds (US\$, millions)**

Type of Procurement	Thresholds
Goods, information technology, and non-consulting services	2.0
Consulting firms	1.0
Individual consultants	0.3

40. A Project Procurement Strategy of Development (PPSD) and a derived Procurement Plan for the first 18 months of project implementation was prepared during appraisal and approved during negotiations of the project. During implementation, the Procurement Plan will be updated, as required, at least annually to reflect the actual program implementation needs and improvements in institutional capacity.

#### PPSD and Procurement Plan

41. The finalized versions were approved during negotiations. The different approaches, selection methods, the need for prequalification, estimated costs, prior review requirements, and time frames have been agreed between the recipient and the World Bank in the Procurement Plan. Major procurements will include the following:

- (a) Recruitment of firms to carry out specialized studies, training, or technical assistance – (Open market approach/Quality Cost based selection or Open market approach/Consultants Qualification based selection); in very specific cases, direct selection will be used in compliance with the provisions of the Borrower Regulations;
- (b) Procurement of Vehicles: package of vehicles for the PCMU to be procured by the Project direct selection will be used in compliance with the provisions of the Borrower Regulations through UN Agencies as per Paragraphs 6.47 and 6.48 of the Borrower Regulations;
- (c) Procurement of computers, IT equipment and installation of a centralized UPS and the RCCM management software will be procured with open National Request for bids through Limited National market approach; procurement of equipment maintenance and license renewal, direct selection will be use in compliance with the provisions of the Borrower Regulations.

42. As summary of PPSD, the Table 4 below includes major procurement:

**Table 4: Procurement methods for key procurement packages (US\$ million)**

Activity	Category	Estimated cost (US\$)	Market approaches Selection method	Bank Review
Recruitment of Consultant firm for Leasing Uniform act	Consultants	350,000	Open-International/Quality and Cost based Selection	Post
Recruitment of Consultant firm for Uniform Act on Conflicts resolution and act circulations	Consultants	250,000	Open-International/Quality and Cost based Selection	Post
Recruitment of Consultant firm for a Uniform Act on electronic transactions	Consultants	250,000	Open-International/Quality and Cost based Selection	
Revised simplified procedures	Consultants	300,000	Open-International/Quality and Cost based Selection	Post



Recruitment of Consultant firm for Study for the construction of the new OHADA headquarters (topographical, architectural, environmental and social)	Consultants	100 000	Open-International/Quality and Cost based Selection	Prior
Recruitment of internal auditor	Consultants	50 000	Open/Selection of Individual Consultants	Post
Equipment Strengthening OHADA National Commissions	Goods	240 000	Open-National/Request for Bids	Post
Documentation Strengthening OHADA National Commissions and IT equipment for the library and offices for the SPO	Goods	300 000	Open-National/Request for Bids	Post
Specialized documentations and online subscriptions for the three institutions	Goods	200 000	Open- National/Request for Bids	Post
Office equipment and supplies for the OHADA's institutional repository archive	Goods	60 000	Limited-National/Request for quotations	Post
Acquisition of IT equipment for 7 countries	Goods	800 000	Direct contracting	Post
Interconnection of National Files and the Regional System (RCCM)	Goods	100 000	Open- National/Request for Bids	Post

43. During Project implementation, the Procurement Plan will be updated as required, but, at a minimum, on an annual basis, to reflect actual program implementation needs and improvements in institutional capacity.

#### IV. WORLD BANK GRIEVANCE REDRESS

44. Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit [www.inspectionpanel.org](http://www.inspectionpanel.org).



**V. SUMMARY TABLE OF CHANGES**

	Changed	Not Changed
Change in Project's Development Objectives	✓	
Change in Results Framework	✓	
Change in Components and Cost	✓	
Change in Legal Covenants	✓	
Change in Implementing Agency		✓
Change in Loan Closing Date(s)		✓
Cancellations Proposed		✓
Reallocation between Disbursement Categories		✓
Change in Disbursements Arrangements		✓
Change in Safeguard Policies Triggered		✓
Change of EA category		✓
Change in Institutional Arrangements		✓
Change in Financial Management		✓
Change in Procurement		✓
Other Change(s)		✓

**VI. DETAILED CHANGE(S)**

**PROJECT DEVELOPMENT OBJECTIVE**

**Current PDO**

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.

**Proposed New PDO**

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.

## RESULTS FRAMEWORK

### Project Development Objective Indicators

PDO - Indicator 1: Number of commercial disputes referred to alternative dispute resolution mechanisms within OHADA; of which are resolved Unit of Measure: Number Indicator Type: Custom				
	Baseline	Actual (Current)	End Target	Action
Value	110.00	110.00	300.00	Revised
Date	26-Jun-2012	25-Oct-2017	30-Dec-2022	
PDO - Indicator 2: Number of newly registered companies within OHADA member countries Unit of Measure: Number Indicator Type: Custom				
	Baseline	Actual (Current)	End Target	Action
Value	0.00	70,000.00	10,000.00	Marked for Deletion
Date	26-Jun-2013	25-Oct-2017	31-Dec-2018	
PDO - Indicator 3: Number of IFAC SMOs met by OHADA legal instruments on accounting and auditing Unit of Measure: Number Indicator Type: Custom				
	Baseline	Actual (Current)	End Target	Action

Value	2.00	5.00	7.00	Revised
Date	31-Mar-2017	25-Oct-2017	30-Dec-2022	
PDO - Indicator 4: Number of new uniform acts adopted Unit of Measure: Number Indicator Type: Custom				
	Baseline	Actual (Current)	End Target	Action
Value	0.00	0.00	2.00	New
Date	06-Apr-2018	06-Apr-2018	30-Dec-2022	
PDO - Indicator 5: Percentage of Governments paying their dues on a regular basis Unit of Measure: Percentage Indicator Type: Custom				
	Baseline	Actual (Current)	End Target	Action
Value	60.00	60.00	80.00	New
Date	06-Apr-2018	06-Apr-2018	30-Dec-2022	

### Intermediate Indicators

Indicator 1 - Component 1 Number of Registered Users of the Digital Library Unit of Measure: Number Indicator Type: Custom				
	Baseline	Actual (Current)	End Target	Action
Value	0.00	357,000.00	40,000.00	Marked for Deletion
Date	26-Jun-2012	25-Oct-2017	31-Dec-2018	
Indicator 2 Component 1: Number of Uniform Acts Revised or Newly Adopted Unit of Measure: Number Indicator Type: Custom				
	Baseline	Actual (Current)	End Target	Action
Value	0.00	4.00	6.00	Marked for Deletion
Date	26-Jun-2012	25-Oct-2017	31-Dec-2018	
Indicator 3 Component 1: Percentage of Governements that contributes to the OHADA operational budget on a regular basis				



Unit of Measure: Percentage Indicator Type: Custom				
	Baseline	Actual (Current)	End Target	Action
Value	40.00	66.00	75.00	Marked for Deletion
Date	26-Jun-2012	25-Oct-2017	31-Dec-2018	
Indicator 1 Component 2: The Uniform Act on Arbitration is updated Unit of Measure: Text Indicator Type: Custom				
	Baseline	Actual (Current)	End Target	Action
Value	NO	Yes, submitted for approval	YES	Marked for Deletion
Date	26-Jun-2012	25-Oct-2017	31-Dec-2018	
Indicator 2 Component 2: The Regional RCCM is operational and connected to several computerized national registries Unit of Measure: Number Indicator Type: Custom				
	Baseline	Actual (Current)	End Target	Action
Value	2.00	6.00	17.00	Revised
Date	26-Jun-2012	25-Oct-2017	30-Dec-2022	
Indicator 3 Component 2: Number of Professionals trained by ERSUMA Unit of Measure: Number Indicator Type: Custom				
	Baseline	Actual (Current)	End Target	Action
Value	798.00	3,500.00	5,600.00	Revised
Date	26-Jun-2012	25-Oct-2017	30-Dec-2022	
Of which female Unit of Measure: Percentage Indicator Type: Custom Supplement				
	Baseline	Actual (Current)	End Target	Action
Value	0.00	0.00	20.00	New





<b>Indicator 2 - Component 3: The ISA, the IFAC and the IFRS code of ethics have been adopted</b>				
Unit of Measure: Yes/No				
Indicator Type: Custom				
	Baseline	Actual (Current)	End Target	Action
Value	No	No	Yes	Revised
Date	26-Jun-2012	25-Oct-2017	30-Dec-2020	
<b>Indicator 1 – Component 3: The revised Uniform Act on Accounting in line with the international standards is adopted by OHADA Council of Minister</b>				
Unit of Measure: Yes/No				
Indicator Type: Custom				
	Baseline	Actual (Current)	End Target	Action
Value	No	Yes	Yes	Marked for Deletion
Date	31-Mar-2017	25-Oct-2017	31-Dec-2018	
<b>Number of uniform acts submitted to the Council of Ministers for adoption</b>				
Unit of Measure: Number				
Indicator Type: Custom				
	Baseline	Actual (Current)	End Target	Action
Value	0.00	0.00	4.00	New
Date	30-Mar-2018	30-Mar-2018	30-Dec-2022	
<b>Regional (OHADA) accounting curriculum is adopted</b>				
Unit of Measure: Yes/No				
Indicator Type: Custom				
	Baseline	Actual (Current)	End Target	Action
Value	No	No	Yes	New
Date	30-Mar-2018	30-Mar-2018	30-Dec-2022	
<b>Number of professional accountants trained on the revised uniform act on accounting law</b>				
Unit of Measure: Number				
Indicator Type: Custom				
	Baseline	Actual (Current)	End Target	Action
Value	0.00	0.00	100.00	New

Date	30-Mar-2018	30-Mar-2018	30-Dec-2022	
Of which Female				
Unit of Measure: Percentage				
Indicator Type: Custom Supplement				
	Baseline	Actual (Current)	End Target	Action
Value	0.00	0.00	20.00	New
Citizen Engagement - Beneficiaries involved in planning/ implementation/ evaluation of development programs				
Unit of Measure: Yes/No				
Indicator Type: Custom				
	Baseline	Actual (Current)	End Target	Action
Value	No	No	Yes	New
Date	30-Mar-2018	30-Mar-2018	30-Dec-2022	

## COMPONENTS

Current Component Name	Current Cost (US\$, millions)	Action	Proposed Component Name	Proposed Cost (US\$, millions)
Component 1: Institutional Strengthening of the OHADA Permanent Secretariat and Project Implementation Support.	6.85	Revised	Component 1: Building institutional capacity and sustainability of OHADA and Project Implementation	6.98
Component 2: Institutional Strengthening the capacity of the Joint Court of Justice and Arbitration (CCJA) and Regional Superior School for the Magistracy (ERSUMA)	3.60	Revised	Component 2: Capacity building for the Common Court of Justice and Arbitration (CCJA) and Regional Superior School for the Magistracy (ERSUMA)	5.20
Component 3: Improving Corporate Financial Reporting	4.55	Revised	Component 3: Improving Corporate Financial Reporting	2.70
Unallocated	0.00	Revised	Unallocated	0.12
<b>TOTAL</b>	<b>15.00</b>			<b>15.00</b>

**Expected Disbursements (in US\$, millions)**

Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Annual</b>	0.00	1.03	0.61	1.95	3.46	4.10	1.64	2.40	2.58	5.51
<b>Cumulative</b>	0.00	1.03	1.65	3.59	7.05	11.15	12.79	15.19	17.77	23.28

**SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)**

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

**LEGAL COVENANTS – Improved Investment Climate within the Organization for the Harmonization of Business Laws in Africa (OHADA) (P126663)**

Loan/Credit/TF	Description	Status	Action
IDA-H7990	Finance Agreement :Article V, 5.01   Description :Adoption of the Project Operations Manual by the Recipient   Due Date :21-Sep-2012	Complied with	Marked for Deletion
IDA-H7990	Finance Agreement :Section 1 A. (a)   Description :Appointment of an additional procurement specialist, a financial management specialist for the Project, and an accounting specialist for Part 3 of the Project   Due Date :11-Feb-2013	After delay complied with	Marked for Deletion



IDA-H7990	Finance Agreement :Section 1 E. 3   Description :Convene the first meeting of the project monitoring committee   Due Date :21-Mar-2013	Complied with	Marked for Deletion
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**LEGAL COVENANTS – Improved Investment Climate within the Organization for the Harmonization of Business Laws in Africa (OHADA) AF (P164728)**

**Sections and Description**

The Recipient shall within two (2) months from the Effective Date customize the accounting software to take into account the new activities under the Project, all in a manner satisfactory to the Association (Section IV A).

The Recipient shall within three (3) months from the Effective Date update the terms of reference for the external auditor in a manner satisfactory to the Association (Section IV B).

**Conditions**

Type	Description
Effectiveness	Article V 5.01: The Additional Condition of Effectiveness consists of the following, namely that the Recipient has updated the Project Operations Manual to reflect the new activities and the new procurement requirements under the Procurement Regulations in a manner satisfactory to the Association.



**VII. RESULTS FRAMEWORK AND MONITORING**

**Results Framework**

COUNTRY : Africa

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

**Project Development Objectives**

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.

**Project Development Objective Indicators**

Action	Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source / Methodology	Responsibility for Data Collection
Revised	Name: PDO - Indicator 1: Number of commercial disputes referred to		Number	110.00	300.00	ANNUALLY	Greffe/ CCJA	CCJA



**The World Bank**

Improved Investment Climate within the Organization for the Harmonization of Business Law in Africa (OHADA) AF (P164728)

	alternative dispute resolution mechanisms within OHADA; of which are resolved							
Description: PDO - Indicator 1: Number of commercial disputes referred to alternative dispute resolution mechanisms within OHADA; Of which are resolved								
Revised	Name: PDO - Indicator 3: Number of IFAC SMOs met by OHADA legal instruments on accounting and auditing	Number	2.00	7.00	ANNUALLY	IFAC	OHADA PS/PAOs	
Description:								
New	Name: PDO - Indicator 4: Number of new uniform acts adopted	Number	0.00	2.00	ANNUALLY	OHADA PS	OHADA PS	
Description:								
New	Name: PDO - Indicator 5: Percentage of Governments paying their dues on a regular basis	Percentage	60.00	80.00	ANNUALLY	OHADA PS	OHADA PS	
Description:								



**Intermediate Results Indicators**

Action	Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source / Methodology	Responsibility for Data Collection
Revised	<b>Name:</b> Indicator 2 Component 2: The Regional RCCM is operational and connected to several computerized national registries		Number	2.00	17.00	ANNUALLY	CCJA-RCCM	CCJA-REGIONAL RCCM
Description:								
Revised	<b>Name:</b> Indicator 3 Component 2: Number of Professionals trained by ERSUMA		Number	798.00	5,600.00	ANNUALLY	ERSUMA	ERSUMA
New	Of which female		Percentage	0.00	20.00			
Description:								
Revised	<b>Name:</b> Indicator 2 - Component 3: The ISA, the IFAC and the IFRS code of ethics have been adopted		Yes/No	No	Yes	ANNUALLY	OHADA PS	OHADA PS
Description:								
No Change	<b>Name:</b> Indicator 3 – Component 3: A		Yes/No	No	Yes	ANNUALLY	OHADA PS	OHADA PS

**The World Bank**

Improved Investment Climate within the Organization for the Harmonization of Business Law in Africa (OHADA) AF (P164728)

	regional curriculum has been adopted for the 17 countries							
Description:								
New	Name: Number of uniform acts submitted to the Council of Ministers for adoption	Number	0.00	4.00	ANNUALLY	OHADA PS	OHADA PS	
Description:								
New	Name: Regional (OHADA) accounting curriculum is adopted	Yes/No	No	Yes	ANNUALLY	OHADA PS	OHADA PS	
Description:								
New	Name: Number of professional accountants trained on the revised uniform act on accounting law	Number	0.00	100.00	ANNUALLY	OHADA PS	OHADA PS	
New	Of which Female	Percentage	0.00	20.00				
Description:								
New	Name: Citizen Engagement - Beneficiaries involved in planning/ implementation/ evaluation of development programs	Yes/No	No	Yes	ANNUALLY	OHADA PS	OHADA PS	



Description:

**The World Bank**

Improved Investment Climate within the Organization for the Harmonization of Business Law in Africa (OHADA) AF (P164728)

**Target Values****Project Development Objective Indicators**

Action	Indicator Name	Baseline	YR1	YR2	YR3	YR4	End Target
Revised	PDO - Indicator 1: Number of commercial disputes referred to alternative dispute resolution mechanisms within OHADA; of which are resolved	110.00	10.00	85.00	95.00	105.00	300.00
Revised	PDO - Indicator 3: Number of IFAC SMOs met by OHADA legal instruments on accounting and auditing	2.00					7.00
New	PDO - Indicator 4: Number of new uniform acts adopted	0.00	0.00	0.00	1.00	2.00	2.00
New	PDO - Indicator 5: Percentage of Governments paying their dues on a regular basis	60.00	60.00	65.00	70.00	80.00	80.00

**Intermediate Results Indicators**

Action	Indicator Name	Baseline	End Target
Revised	Indicator 2 Component 2: The Regional RCCM is operational and connected to several computerized national registries	2.00	17.00
Revised	Indicator 3 Component 2: Number of Professionals	798.00	5,600.00



**The World Bank**

Improved Investment Climate within the Organization for the Harmonization of Business Law in Africa (OHADA) AF  
(P164728)

	trained by ERSUMA		
New	Of which female	0.00	20.00
Revised	Indicator 2 - Component 3: The ISA, the IFAC and the IFRS code of ethics have been adopted	No	Y
No Change	Indicator 3 – Component 3: A regional curriculum has been adopted for the 17 countries	No	Y
New	Number of uniform acts submitted to the Council of Ministers for adoption	0.00	4.00
New	Regional (OHADA) accounting curriculum is adopted	No	Y
New	Number of professional accountants trained on the revised uniform act on accounting law	0.00	100.00
New	Of which Female	0.00	20.00
New	Citizen Engagement - Beneficiaries involved in planning/ implementation/ evaluation of development programs	No	Y



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**ANNEX 1: Detailed Project Achievements: OHADA (P126663)**

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

1. Overview. Activities under this component have been either implemented or are being finalized. 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.

2. Improved organizational effectiveness and knowledge sharing. 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. Today, OHADA's budget is developed jointly by the three OHADA institutions and reflects its strategic objectives. Moreover, financial management and procurement procedures and practices have been developed, based on good practice. The three institutions now have regular coordination meetings and the ability to communicate daily at a low cost through either the internal telephone system or the video conference system, which links the three OHADA institutions located in Cameroun, Côte d'Ivoire and Benin. Knowledge sharing and outreach across the organizations and the OHADA national commissions is also being done through regular face to face and virtual communication. This is complemented by an updated website, which contains all the Uniform Acts, and other relevant information. The project has also helped develop a digital library which helps share knowledge on OHADA. Moreover, OHADA now has a weekly digital newsletter, which is targeted at private entrepreneurs, business lawyers, and policy makers. This newsletter had more than 4,000 subscribers as of December 2017. In addition, OHADA also uses social media tools, including Facebook, Twitter, and YouTube to keep different audiences up to date regarding its work. Another aspect that the project successfully achieved under this component is the enhancing of OHADA's leadership in formulating legislation.

3. Capacity has been strengthened which has helped improve the investment climate: This is most visible in the enhanced leadership in formulating legislation. Since the project started, OHADA has approved six Uniform Acts. The revised performance indicator by the Project closing date is the approval of six Uniform Acts, so this target has been met.

4. It is worth noting that the enhancement of OHADA's leadership in formulating legislation has been done by giving OHADA full ownership of the process to develop new laws. Moreover, the legislation which has been developed is considered good practice. OHADA has also accelerated the pace at which it develops and gets legislation approved. For the first time in its history, during 2016, OHADA simultaneously finalized the Uniform Act on accounting standards while developing both the Uniform Act on Arbitration and the Uniform Act on Commercial Mediation. This concomitant development of legislation requires a high level of technical sophistication, commitment and capacity to bring about consensus. With support from the Project, OHADA has reached this high level.



5. To support OHADA's capacity building efforts, the project has also financed the development of a human resources management and training strategy, which has helped OHADA strengthen its hiring procedures, resulting in better recruitment of staff, including senior staff such as the Director of the Regional School of Magistrate.

6. Under this component, one critical factor has been the success of project implementation support. The Project design limited the number of in house specialists to be financed under the Project to two, in: (i) financial management and (ii) procurement. Both have carried out their roles and responsibilities extremely well, resulting in all financial management and audit reports being submitted on time and assessed as satisfactory by the World Bank. Additionally, the Project had only unqualified audit reports and interim financial reports have been submitted on time and of generally good quality. OHADA is now using the good practices in procurement and financial management learned from the project for its own budget and resources.

7. More significantly, as the Project Coordinator is the OHADA Permanent Secretary, and the OHADA staff implement the Project's activities, the procurement and financial management specialists interact with all the OHADA staff on a daily basis. As a result, good practices in financial management and procurement have been adopted by OHADA.

8. The aspect of OHADA's strengthening which remains to be addressed is to reinforce OHADA's financial sustainability. While a financing mechanism for the eight WAEMU countries exists, it has not always been implemented, and the payments made by the other nine countries have had mixed results.

**Component 2: Strengthening the capacity of the Regional Common Court of Justice and Arbitration (CCJA) and Regional Superior School for Magistrates (ERSUMA) (US\$3.6 million)**

9. The Center for Arbitration's capacity was strengthened through a combination of actions. The staff from the Center and the Court went through training at the International Arbitration Court. Furthermore, the project financed the delivery of training and awareness activities on best practices on arbitration and commercial mediation through regional training in Abidjan, Ouagadougou, and Dakar, among others. These trainings have benefited over 600 beneficiaries, including business lawyers, business executives, policy makers, and members of academia, although the PAD envisaged reaching 500 professionals for both arbitration and mediation. In addition, an arbitration guide was developed and is available electronically and in hard copy to help standardize procedures so that all parties understand it better. Furthermore, the Center for Arbitration's web site was revamped and better integrated with the OHADA web site.

10. 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.



11. 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. Developing the software proved to be labor intensive, time consuming, and complex, as it required a review and approval of the various, processes, forms and templates, which underpin the system, which will be used by the 17 OHADA member countries. The software which operationalizes the regional registries has now been deployed in a few OHADA member countries. It is worth noting that the data from the commercial and collateral registries will be made available worldwide through the web. It is the first time that 17 commercial and collateral registries will be both interconnected and make the data available electronically to anyone in the world. Besides having basic information such as the companies' by-laws, changes in ownership structure, the RCCM will also have information about securities, which allow third parties such as commercial banks to be informed about the respective securities. The registry will thus play a pivotal role in ensuring legal security to investors and third parties and help foster access to credit.

12. In terms of the Common Regional Court of Justice, the project supported the revision of its rules 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's 17 member countries can petition the Court electronically from anywhere within those countries, thus reducing the cost of and time of litigating commercial disputes.

13. 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.

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

14. Sub component 3.1: Improving accounting standards. All the activities under this sub component are completed or being finalized. They mainly relate to: (a) the recruitment of a technical expert; (b) the review and update of the OHADA accounting standards, approved in January 2017, during the OHADA's Council of Ministers; (c) the diagnosis of the institutional arrangements of the national accounting council; and (d) the development of website for the OHADA accounting commission. The key change under this sub component has been the approval of the new accounting standards. The new accounting norms for the 17 countries improves the reliability and credibility of financial information 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 obtain financing from banks. Furthermore, the new accounting standards will improve transparency in the financial reporting practice, hence the predictability of the corporate taxation base that would be enhanced with related effect on the rationalization of the corporate tax administration.



15. Sub component 3.2: Improving auditing standards. The new legislation enacting the international auditing standards, the code of ethics and the quality assurance scheme was approved by the OHADA Council of Ministers in June 2017. This new legislation benefited from excellent consultations, including relevant Global Practices within the World Bank Group to ensure that it reflects good practice, before being submitted to the OHADA Council of Ministers. The adoption of the auditing standards and Code of Ethics will fill an important legal void and help raise auditing standards across all OHADA member countries.

16. Sub component 3.3: Developing a regional professional qualification curriculum. The key activity under this sub component pertaining to the development of a regional professional qualification curriculum in accounting has not progressed well as a result of the failure of the consulting firm to deliver the work. It has been re-started with new consultants and is expected to deliver a new regional professional qualification curriculum during the proposed extension period. The development of a regional professional qualification curriculum will also address an important void since there is no qualification scheme at the regional or individual country level.



## **ANNEX 2: Detailed Additional Financing Activities Description**

### **Component 1: Building institutional capacity and sustainability of OHADA and Project implementation (SDR 4.88 million) (US\$6.98 million equivalent)**

#### **Subcomponent 1.1: Strengthening OHADA Programs (SDR 2.89 million) (US\$4.13 million equivalent)**

1. This sub-component will focus on supporting the expansion and roll-out of core competencies and programs of OHADA, centering on the development of several new priority Uniform Acts. This includes acts on: (i) Leasing; (ii) regularizing conflicts of OHADA laws and circulation of public acts; and (iii) revision of the Uniform Act on organizing simplified loan recovery procedures. It will also provide partial support for the validation of a new Uniform Act on factoring.

2. OHADA is well placed as an institution and an effective mechanism to develop and pass Uniform Laws that, after approval from its Council of Ministers, apply to its 17 member countries without needing to be translated into national legislation. It has developed strong capacities in undertaking the required convocation of experts, elaboration of best practice acts, and country consultations. Its convening power and unique structure allows the rapid adoption of harmonized laws over its member countries that would otherwise require disparate efforts and extended timelines to pass separately for each country.

3. Developing these Uniform Acts will allow member countries to: (i) improve their business environment at a time when such reforms are increasingly becoming national priorities; (ii) harmonize laws across countries, thus facilitating doing business across borders and in multiple states; and (iii) equalize the playing field, allowing countries lagging in reforms to benefit from regional best practices.

4. The proposed Uniform Acts have been selected through rigorous consultations with each member country, by way of the OHADA Council of Ministers. Each Act has generated significant demand from client countries and has the potential for substantial impacts on the members' business environments, by opening new markets, facilitating existing ones, reducing transaction costs and diminishing financial risk. Initially, a broader subset of subjects was discussed (including PPPs, leasing, electronic transactions, extractives, FinTech, mobile payments), and several were not retained due to reasons of political economy, regional priorities, budgetary constraints and sector readiness. The process for the selection of retained Acts is as follows: (i) OHADA discussions with member countries on Uniform Act parameters and priorities, often supported by preliminary studies; (ii) consultations within member countries on priorities and feasibilities; (iii) shortlisting consultations between OHADA and member countries' Council of Ministers; (iv) screening, evaluation and discussion with partners and World Bank team for inclusion in project; and (v) budget rationalization and retention of selected Acts.

5. Whereas the original financing focused on Uniform Acts that facilitated firm creation, the additional financing will move up the firm life cycle and target Acts pertaining to firm operations, including access to finance and contract administration. Acts supported in this iteration are purely regulatory and do not require additional measures to become effective in member countries, nor investments in national-level processes or software, which will improve their likelihood of successful national implementation and enforcement. Nevertheless, this Component includes funding to increase the effectiveness of National Committees, charged with the national implementation and monitoring of Acts. Additionally, the task team





will ensure the collaboration of Country Management Units (CMUs) covering member countries and coordinate the inclusion of related aspects in country-level projects, to ensure synergies and leverage OHADA's initiatives. Annex 2 includes an example list of national-level project collaboration.

6. The following Uniform Acts will be developed and approved:
  - i. **Leasing:** Leasing laws facilitate the financing of investments in equipment and therefore the means of production, providing financial solutions for, among others, informal and rural communities to finance equipment without additional guarantees. In the few leasing laws that exist in member countries, procedures for asset recovery are too restrictive and cumbersome, thus discouraging leasing operators due to the high risk of non-recovery. A leasing law already exists in the eight BCEAO countries, which can be used as a basis to produce an improved and harmonized law across all OHADA member countries. This will streamline asset recovery, allowing an expansion in this market and therefore providing additional financing options for equipment.
  - ii. **Legislation on regularizing conflicting OHADA laws and circulation of public acts:** This law is required to fill a legal void in a very specific sub-set of cases that at the moment are lacking guiding texts. The issue pertains to decisions made at lower courts of appeals (Not CCJA) that deal with OHADA laws on rulings made in one country to be applied in another. Currently the country that must apply the ruling made in another must go through the process of registering it as though it were a foreign decision, even though, due to it stemming from OHADA law, it is in fact a national legal decision. This law would fix this potential problem by introducing articles allowing it to be registered as a national decision.
  - iii. **Electronic transactions:** The rapid development and evolution of the global digital economy, and with it, electronic transactions, has posed new challenges for member countries, the majority of which are not equipped to structure and regulate the sector, which brings with it issues of cybercrime and fraud, among others. In 2012 OHADA commissioned a study on the potential to develop an Uniform Act on Electronic Transactions, along with an audit of existing laws. It concluded that no current Uniform Act comprehensively covers the issues related to electronic transactions, and, upon the assessment of a sample of four member country laws, found a gaps in member countries legal coverage of such transactions and large disparities between each member country. The development of a harmonized Uniform Act will take into account principles governing electronic transactions including the posting of public and private information, recognition of the validity of electronic documents, electronic signatures and certification services, archiving, e-commerce, data protection and criminal penalties, among others. This will support initiatives to digitalize government procedures in member countries and enable them to effectively regulate and grow this sub-sector.
  - iv. **Revision of the Uniform Act on organizing simplified debt recovery procedures:** The existing Act dates from June 1998 (Libreville) and a diagnostic assessment has determined the need for its revision. Currently, OHADA countries are behind other regions in Doing Business indicators related to time taken to recover debt, related procedures and costs. Additionally, time taken for legal decisions and their execution also lag other regions. Current procedures have discouraged lenders and reduced access to credit. The revision of this act is anticipated to reduce this gap and improve debt recovery procedures.



v. **Factoring:** Across the board, there is an absence of specific legislation and regulations for factoring, in which a firm sells its accounts receivable invoices to a third party (factoring firm) at a discount. There is no legal and uniform definition of Factoring in the region, which has stunted the development of this sub-sector and limited the options for generating additional cash flow for firms. OHADA is particularly suited to undertake this reform considering the relevance and feasibility of extending uniform business law to this type of contract at a regional level.

7. Specifically, this sub-component will finance expert consultants for the development of each Uniform Act, consultations, validation workshops, and translation, when applicable. It will also support the validation of a new law on factoring, to further improve debt recovery.

8. This subcomponent will also finance the further dissemination of existing Uniform Acts in member countries. Other activities to be financed that relate to OHADA's core mandate include: (i) the elaboration of an accounting system for associations and nonprofit organizations; (ii) revision of the OHADA internal financial management manual and updating its ERP system; (iii) revision of CNC regulations; (iv) the validation of Credit Registry (*Registres de Commerce et de Crédit Mobilier; RCCM*) activities for its software deployment; (v) training of key OHADA personnel; and (vi) reforming the structures of the OHADA National Commissions and supporting their key activities. The National Commissions are the key focal bodies for implementation and rollout of Uniform Acts at the national level and require strengthening to enable them to become effective and efficient bodies.

#### **Subcomponent 1.2 Financial sustainability (SDR 0.89 million) (US\$1.27 million equivalent)**

9. OHADA has made some progress in improving its financial sustainability. Its regional school, ERSUMA, is now charging for courses offered to the private sector. The regional court, CCJA, earns resources through its arbitration services. Two different mechanisms have been used for direct payment of annual membership dues through WAEMU and CEMAC for their member states, although neither one is currently operational. And a proposal has been developed to build a new headquarters for the OHADA secretariat which would include substantial space for lease. A market study is being conducted and efforts have been initiated to mobilize resources. OHADA is already able to cover its salaries and essential operating costs.

10. The proposed additional financing would reinforce these efforts with a view to making OHADA financially independent at the end of the project. An analysis of the regional school will be conducted in order to develop a business plan which maximizes its potential to cover costs, while recognizing that some on-going subsidy will be required for the training of public officials. Discussions will be intensified with WAEMU and CEMAC leadership to agree on the most appropriate mechanism for reliable payment of member dues. Support from World Bank management may be important to facilitate finding a solution.

11. A communication strategy and associated activities and events will be financed to raise the profile of the regional school, the common court, and OHADA generally, with a view to attracting more business and strengthening political support among member states. An evaluation of the economic impact of OHADA will provide further substance for the communication and awareness-raising programs. The support to OHADA national commissions in countries where they are not sufficiently active will serve to



raise the profile of the organization and build ownership, thereby promoting continued support from WAEMU and CEMAC, and encouraging regular payment of dues by countries not belonging to either of these organizations.

12. A feasibility study for a new headquarters will be financed, recognizing that much will depend on the conclusions of the market study on the demand for and supply of commercial office space.

13. A concerted effort will be made to enlarge the membership of OHADA in order to bring in more resources. A budget is being provided in the proposed project to reach out to five new countries which have previously indicated an interest in joining. Likely candidates are Ghana, Cabo Verde, Sao Tome and Principe, Angola and Madagascar. The plan is to conduct an initial visit once the authorities have confirmed their interest, and to follow up with a workshop to explain the role and benefits of OHADA. Financing is also provided for the translation of all new acts into Portuguese and English, the official languages of most prospective countries. Previous acts and other OHADA documents, as well as the web site, are already available in these languages. Analysis has already been conducted to confirm that OHADA laws and regulations are consistent with the common law tradition in Anglophone countries, and further work will be conducted along these lines.

14. Finally, a strategic plan will be financed in order to review the objectives and cost structure of OHADA in light of available sources of revenue, in order to ensure the institution's long-run viability. At the end of the project, it is expected that OHADA will be in a position to finance many of the programs which currently depend on World Bank support. However, it may not be able to maintain the same level of activity without some further, more limited, donor funding.

**Subcomponent 1.3: Strengthening OHADA Permanent Secretariat and supporting project implementation (SDR 1.1 million) (US\$1.58 million equivalent)**

15. This sub-component will support the following activities:

- Revision of the OHADA internal financial management manual and updating its ERP system;
- Revision of CNC regulations;
- Securing Permanent Secretariat IT infrastructure developed under the original project;
- Creation of an online repository of academic work on OHADA in collaboration with the Council of African Universities (CAMES);
- Fiduciary costs associated with the project;
- Training of key OHADA personnel.

16. This sub-component will also help OHADA strengthen its monitoring capacity by:

- Developing qualitative scorecards by using standard templates to systematically track and provide at-a-glance status on the Uniform Act implementation status. OHADA Secretariat will prepare an assessment of the current implementation status of the existing laws. A significant amount of work has already been done by IFC to which OHADA Secretariat had requested this support. The present project will be well-positioned to pilot the scorecard, refine it based on the findings, roll out widely. There will be a strong element of training for the staff of the Secretariat to run the scorecard.



- Compiling Standardized outcome and impact indicators on a regular basis in a live monitoring database. A key consideration should be simplicity and ease of use. This activity will establish a data collection mechanism in collaboration with the national authorities OHADA commission.

**Component 2: Capacity building for the Common Court of Justice and Arbitration (CCJA) and Regional Superior School for Magistrates (ERSUMA) (SDR 3.64 million) (US\$5.20 million equivalent)**

**Component 2.1: Institutional Strengthening of the Common Court of Justice and Arbitration (SDR 1.81 million) (US\$2.59 million equivalent)**

17. The Common Court of Justice and Arbitration (CCJA), based in Abidjan, is the supranational, apex court of OHADA. It consists of thirteen judges elected by the OHADA Council of Ministers for a non-renewable term of seven years; the Court currently has three chambers (two chambers of five judges and one of three judges). The OHADA Treaty, supplemented by the CCJA's Rules of Procedure, organizes the functioning of the Court and the status of its judges. The institution is an integral part of its member states' national judicial systems: it functions as the highest national court of its member states. This includes the receipt of appeals from private litigants and decisions of cases on merits.

18. The CCJA, operational since 1998, requires continued support in order to maintain its relevance and institutional leadership. Six of its thirteen judges' mandates will expire in 2018; such a substantial turnover requires building the capacity of new judges and training them on OHADA laws and procedures, as well as updating and implementing new procedures and institutional systems.

19. The CCJA's operational priorities under additional financing include: (i) the deployment and installation of its RCCM system in all member countries. This will allow it to institutionalize important reforms undertaken under the initial project financing; and (ii) the further promotion and growth of its services in arbitration and mediation, its core mandates. By improving its portfolio of services and better communicating its attributes, it can ensure more effective service provision and improve revenue generation from arbitration and mediation activities.

20. Activities to be financed under this sub-component include consulting services, goods/equipment, workshops and travel: (i) the deployment of RCCM software in member states; (ii) interconnection of RCCM software to central OHADA systems; (iii) immersive trainings of new CCJA judges at the International Chamber of Commerce (ICC) Paris; (iv) participation to international events; (v) the implementation of registry management and arbitrage center software; (vi) implementation of an integrated archives system and equipment of the CCJA Documentation Center; and (vii) upgrading of CCJA technical rooms.

**Component 2.2: Institutional Strengthening of ERSUMA (SDR 1.83 million) (US\$2.61 million equivalent)**

21. The Regional Superior School for Magistrates has established itself as a solid regional institution providing quality training for magistrates, other court and public officials, and the private sector. Academics and other professionals are hired to provide these programs in collaboration with ERSUMA and other OHADA staff. It has already started to earn revenues from seminars targeting companies and private



individuals. It also serves as a center for documentation and research on legal issues, and publishes the ERSUMA Review. OHADA now proposes to build on this base, expand its programs, and improve its financial viability. ERSUMA is facing growing demand from governments, and also from the private sector as indicated by their willingness to pay for some training. The AF will help ERSUMA build the needed capacity to position itself as a training center of reference and deliver on the need expressed by practitioners both from the public and private sectors.

22. A variety of training events will be held at ERSUMA's headquarters in Benin and in other member countries. Opportunities for distance learning will be explored, supported by the acquisition of necessary equipment. Among other ideas, a diploma course is proposed focusing on alternative approaches to dispute resolution, including arbitration. A specialist in common law will be hired to assist in adapting ERSUMA's training to the needs of Anglophone countries. A feasibility study will be conducted to examine the potential for a professional Master's program, also using distance learning. Given ERSUMA's past experience in the setup and operation of programs, it is expected that if deemed feasible, it disposes the capacity and ability to launch such programs internally. A comprehensive study of ERSUMA will be initiated to examine the long-term role of ERSUMA, situating it within the educational ecosystem of West and Central Africa, and evaluating the potential for greater cost recovery.

23. An evaluation of ERSUMA financed by the EU at the end of its support in 2012 concluded that there should be more research and publication activity. Consequently, selected research projects will be conducted in collaboration with outside academics, notably in the areas of the application and fiscal implications of OHADA uniform acts. An annual directory of business law professionals will be produced, as well as a guide to OHADA law.

24. ERSUMA will be encouraged to maximize cost recovery to the extent possible, but inevitably it will continue to depend on significant financial support from OHADA's core funds.

### **Component 3: Improving Corporate Financial reporting (SDR 1.89 million) (US\$2.70 million equivalent)**

25. The objective of this component is to contribute to improving the quality of financial reporting by raising the quality standards and providing the necessary tools, norms and training. The project will improve the financial reporting of companies in OHADA member countries using modernized accounting standards, support for the adoption and implementation of updated audit standards, strengthen the capacity of Professional Accountancy Organizations (PAOs), and increase access to quality training and continuing professional development programs. It also aims to assist in the implementation of the ROSC recommendations and to promote the convergence of regional practices towards international standard. These objectives will be pursued through the 3 subcomponents:

#### **Subcomponent 3.1 Supporting the dissemination of the accounting standards (SDR 0.77 million) (US\$1.1 million equivalent)**

26. The new accounting standards were developed for the 17 countries and approved in January 2017. They will contribute to improve the reliability and credibility of financial information hence will foster investor confidence and promote sound economic and corporate governance. Therefore, the



subcomponent aims at disseminating and promoting the implementation of the accounting standards and will consist of the following activities: (a) dissemination in the 17 countries of the revised OHADA accounting standards which call for adoption of IFRS for listed companies and improved OHADA accounting standards for other companies, by the organization of training sessions (including training of trainers) with additional specialized training materials to be developed under the Uniform Act on Accounting Law and Financial Information for the OHADA Member States (the Professions, the academia, the chambers of commerce, the teachers) and the regional regulators (such as the regional central banks, and the regional stock exchanges regulators); (b) improvement of the modalities of functioning of the resource center set up within OHADA as part of the original project (in charge of providing technical advices/guidance<sup>4</sup> to the practitioners on the new tools developed by the project and suggesting periodic revisions of these tools in line with the changes occurring in the international accounting and auditing standards). A reflection will also be initiated on the development and the sustainability of the resources center; and (c) support to the Members States for the creation and the operationalization of the national accounting council (*Conseil National de la Comptabilité*).

**Subcomponent 3.2 Supporting the Professional Accounting Organizations (SDR 0.35 million) (US\$0.5 million equivalent)**

27. During the AF period, this subcomponent will focus on: (a) the dissemination of the legislation on the auditing standards and the code of ethics through a combination of face to face trainings and the use of social media and the internet to the same audience as the accounting standards; (b) the implementation of the quality assurance system; and (c) the promotion, support and advocacy for the establishment of Professional Accountancy Organizations (PAO) in the countries where they currently do not exist, in addition to support missions to the PAOs to evaluate compliance with the IFAC requirements, of which five of the seven criteria are met by the application of the OHADA texts. In so doing the subcomponent will contribute to reinforce the collaboration between OHADA and international accountant organizations such the Pan African Federation of Accountant (PAFA).

**Subcomponent 3.3 Sustaining the development of a Chartered Accounting Diploma (SDR 0.77 million) (US\$1.1 million equivalent)**

28. The Accounting profession is facing critical challenges related to limited human and financial resources, rigidity in the educational system and limited impact on development agendas. Hence the need for the development of a chartered accounting diploma has been thoroughly discussed and agreed amongst OHADA member countries with the objective of reinforcing the accounting profession and contributing to build more qualified accountant who will respond to the quality evolving demand on the labor market. This subcomponent will finance the ongoing development of a regional professional qualification curriculum<sup>5</sup> through: (a) organization of validation sessions of the study on the creation and

<sup>4</sup> The website developed during the original project will serve as an exchange platform for the resource center <http://www.ohada.org/index.php/fr/cnc-ohada-menu/presentation-de-la-cnc-ohada#>

<sup>5</sup> The ongoing development of the regional professional qualification curriculum reached a critical step on December 2017 with (i) the setting of a unique platform comprising WAEMU and OHADA aiming to avoid duplication of resource and improve the content WAEMU's qualification curriculum; and (ii) the adoption of the diagnosis report on the new qualification curriculum. The consultants are finalizing the work in a clarified and adequate environment backed with political and technical endorsement.



development of a chartered accounting diploma in the OHADA area; (b) support to the Permanent Secretariat for the start of the new chartered accounting diploma. This will require the definition of a business model that could ensure sustainability of the diploma (e.g. initial contribution by the project and subsequent contributions from the students by the payment of fees/tuitions); and (c) development and adoption of a mandatory Continuing Professional Development (CPD) requirement in line with International Education Standards.



ANNEX 3: OHADA Interventions at National Level (Projects)

Country	Project Name	Activities
Chad	Value Chain Support Project (P133021)	<p>Component 1: Improving the Business Environment by supporting the transposition of the OHADA Business Law into the Recipient’s legal framework.</p> <p>Sub-Component 1.1: Support with formulating and implementing business environment reforms. The project will finance the transposition by consultants of the new supranational OHADA law (<i>Acte Uniforme Relatif au Droit des Sociétés Commerciales et du Groupement d’Intérêt Économique</i>) adopted by 17 African states on January 31, 2014, into Chad’s legislation and will support its dissemination. This new law allows each country to make the role of the notary optional for the company’s deeds and articles of association and to determine its own minimum capital requirement.</p> <p>Accounting arrangements. At the central level, the PCU will ensure that financial activities are recorded in the books and that the interim financial reports and the annual financial statements are produced in a timely manner and in line with the SYSCOHADA accounting system.</p> <p>Financial Reporting Arrangements. The General Secretariat of the Ministry of Pastoral Development and Livestock Production (GS/MPDLP) will also produce the project’s annual financial statements, which will be in compliance with SYSCOHADA and World Bank requirements.</p>
Congo, Republic of	Support to Enterprise Development and Competitiveness Project (P161590)	<p>Component 1: Policy, regulatory and institutional support to strengthen the enabling environment for Private Sector Development - Sub-component 1.1: Investment climate reform and public private dialogue. The project will support cross-sectorial SMEs reforms related to the institutional, legal and regulatory framework, from their creation to their day-to-day operations. The cross-sectorial approach will enable reaching other SME operating out of the priority sectors. The project will support: (a) the government and the thematic groups responsible for proposing, drafting or improving reform texts in five out of six DB areas; (b) the review, implementation and operationalization of the OHADA legal framework. Indeed, RoC is an OHADA member state and a significant part of its business climate regulations come from the OHADA legal framework, one of the primary objectives of which is to ease doing business for MSMEs, including the informal sector. Therefore, the project will assist the country with the</p>





Country	Project Name	Activities
		<p>implementation of necessary reforms so that it could benefit for a more conducive for business growth. The activities to be carried out may include the following:</p> <ul style="list-style-type: none"> <li>• Assistance for dissemination of information and for mastering the main changes included in the existing revised laws (trainings, communication sessions);</li> <li>• Support to effectively modernize the commercial and collateral registry (RCCM) to record and facilitate the exchanges of information on firms and collateral (ongoing but much remains to be done);</li> <li>• Solve issues to enable the revised secured transaction law to reach its target by spreading the lending practice against movable assets (easing access to credit for MSMEs);</li> <li>• Develop a special program to enable RoC to benefit from the changes introduced by the revised company law (Simplified business entry procedures, Improved protection of investors, Introduction of corporate governance best practices, Improved access to finance by the introduction of new types of securities, new regime of IPOs and development of financial markets and private equity).</li> </ul> <p><b>Information and accounting system.</b> The RoC is a member of the OHADA, thus, adheres to its accounting standards, in line with the international accounting standards. Hence OHADA’s accounting standards will apply to this project. An integrated financial and accounting system is in place and will be updated to accommodate this project.</p>
Congo Democratic Republic of	Financial Infrastructure and Markets Project (P145554)	<p><b>Component 2: Technical Support to Financial Market Development - Sub-component 2.1:</b> Strengthening Microfinance Regulation and Supervision by Central Bank of Congo (Banque Centrale du Congo [BCC] - The microfinance sector is governed by three laws, two of which were adopted in 2002 and one in 2011 and the entire sector is regulated by the BCC. The BCC intends to take advantage of the harmonization of Law No. 002-2002 on savings and loan cooperatives with the OHADA Uniform Act on Cooperatives to introduce a minimum capitalization ratio.</p> <p>A Long-Term Advisor (LTA) to provide coaching to the regulator on effective coordination with KfW and other development partners in</p>



Country	Project Name	Activities
		<p>planning and executing their collective programs to support expansion of consumer literacy and protection, building upon efforts already begun under the PSDC project in collaboration with IFC and CGAP on basic legislation and institutional/regulatory establishment. This sub-component will therefore support continuation of activities begun under the PSDCP, by strengthening Microfinance laws and regulation, to be put in compliance with OHADA for the COOPECs, and broadening understanding and compliance with recently revamped Microfinance prudential framework and associated accounting, financial management and disclosure rules. In coordination with other development partners, and led by the Long-Term Advisor (LTA).</p> <p>Staffing and Training. The staff will have its capacity reinforced over the project implementation with the rolling out of the training plan which includes among other, training on IDA disbursement procedures, training on OHADA accounting principles and its implication for a donor-financed operation, and training on IDA financial reporting arrangements.</p>
Guinea-Bissau	Private Sector Rehabilitation and Agribusiness Development Project (P127209)	Component 2: Developing Entrepreneurship - <i>Sub-Component 2.2: Improving climate for new investments.</i> This includes focus on introduction of a simplified tax regime for Micro, Small and Medium Enterprises measured by Simplified tax regime (OHADA entrepreneur status) for MSMEs created.
Mali	Support to Agro-Industrial Competitiveness Project (P151449)	<i>Component 1: Expand Mango Processing and Investment Opportunities- Subcomponent 1(a): Promote Mango Processing and Exports:</i> Strengthening the IFM statistical capabilities and strategic ownership of the value chain development and help farmers to consolidate into formal Organization for the Harmonization of Business Law in Africa (OHADA) cooperatives.