

Decision Support Unit (DSU)

Short-term research support: Lessons in
implementing one-stop shops (OSS) in OHADA
countries

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About the Decision Support Unit (DSU)

The DSU is a UK Department for International Development (DFID)-financed project implemented by Oxford Policy Management (OPM) in the Democratic Republic of Congo (DRC). It is designed as a support function to DFID's overall management of its Private Sector Development (PSD) programme. The DSU provides evidence and analysis aimed ultimately at improving the programme's overall impact of increasing incomes for the poor in the DRC. In addition, the DSU provides an external learning role targeting improved implementation practices of the broader development community working in the field of economic development.

As part of a broader assessment of the context in which the PSD programme operates in DRC, the annual *problematique* review, the DSU is mandated to provide short-term research support as one of its deliverables. The aim of the research activity is to support the PSD programme by conducting research on issues requiring more detailed investigation as identified through other workstreams, or requested by DFID DRC or the PSD programme component projects (currently ÉLAN, Essor, and the DSU), and agreed with DFID.

This study was developed by Laura Watson (DSU Business Environment Reform Expert), based on an initial research scan carried out in collaboration with Joseph Holden (Foresight and Associates) and reviewed by Hamish Colquhoun (DSU team leader), Marcus Jenal (Making Markets Work For the Poor Expert), and Alistair Grattidge (DSU Assistant Project Manager).

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List of abbreviations

DFID	Department for International Development
DRC	Democratic Republic of Congo
DSU	Decision Support Unit
FCS	Fragile and Conflict Affected States
GUCE	<i>Guichet Unique de Création d'Entreprise</i> (One-Stop Shop for Enterprise Formalisation)
IEG	Independent Evaluation Group
IFC	International Finance Corporation, World Bank Group
OHADA	Organization for the Harmonization of Business Law in Africa
OPM	Oxford Policy Management
OSS	One-Stop Shop
PSD	Private Sector Development
PwC	PriceWaterhouseCoopers
RCCM	<i>Registre du Commerce et du Crédit Mobilier</i> (Trade and Personal Property Credit Registry)

1 Context, objectives, and methodology

1.1 Context

Established in 1993, the Organisation for the Harmonization of Business Law in Africa (OHADA) devises innovative, ambitious initiatives for francophone Africa, supplying uniform legal and regulatory frameworks encompassing accounting standards, arbitration, commercial law, collaterals, company law, and insolvency law.

Essor is an up-to-£35-million, five-year project launched in May 2015 and managed by PriceWaterhouseCoopers (PwC). It is a significant component of DFID DRC's £100 million PSD programme, which also includes ÉLAN RDC and the DSU. One of the major components of the Essor project is a business environment reform intervention designed around assisting the DRC government to implement OHADA, including providing support to the roll-out of the GUCE (the DRC One-Stop Shop for Enterprise Formalisation) and an integrated Registry of Commerce and Property Credit (RCCM).

DSU has been commissioned by DFID to conduct this study to inform the ongoing implementation of the GUCE, which is a significant component of Essor.

1.2 Objectives

The purpose of the study is to identify the operational lessons that have supported the successful roll-out of One-Stop Shops (OSS) and RCCM within OHADA countries and similar countries globally, and to identify models of financial sustainability for these countries by answering the following research questions.

- What factors influenced the success (or otherwise) of the roll-out of the RCCM in OHADA countries?
- Sustainability issues:
 - How is the roll-out of the RCCM funded in different OHADA countries, and are there working models for sustainability without donor support?
 - How is the roll-out of OSS funded in fragile countries, and are there working models for enhancing sustainability?
- What approaches have been made in the assessment of OSS (including identification of survey or other assessment instruments)?

A more detailed Terms of Reference is appended as Annex C.

1.3 Definitions

An OSS is a tool for streamlining business registration to simplify business formalisation. Broadly speaking, business registration refers to the process of fulfilling all generic requirements for a given organisational form that allows businesses legally to begin operations in the areas that do not require additional licences or permits. An OSS—at a virtual or physical location—brings together agencies necessary for business registration, while best practice OSS include business registration process re-engineering to integrate and streamline registration procedures.

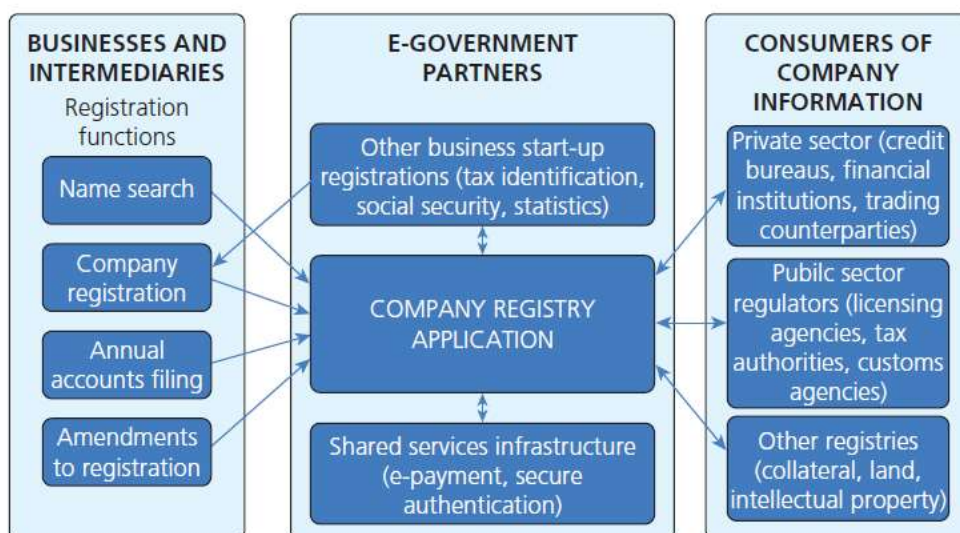
Traditionally, the introduction of OSS has aimed to improve business registration, leading to a reduction in the time and cost taken to start a business. This might then lead to increased business registration and/or increased profits, and ultimately business growth.

Commercial, business, or company registries are the database of company information held by the government, which is recorded at business registration and updated periodically. Information on a company registry can include the name of a company, the type of a company, company ownership, the articles of association, company accounts, etc. This information can be extremely useful for other users.

A collateral registry is where financial institutions register moveable assets ('collateral') used to secure a loan or other obligation. In all instances, therefore, before agreeing to a security right, a creditor must easily be able to verify that the asset is not already encumbered by another pledge. Alternatively, if a security right already exists, subsequent creditors must know their ranking for reimbursement purposes precisely. This applies to both conventional credit and leasing—it is important to record in a register the fact that the asset financed belongs to the financial lessor and not to the debtor (in possession of the asset) if there is to be rapid restitution (or sale) in the event of default. Lastly, the same requirements apply to commercial credit (related to a deadline for payment rather than to a financial loan)—a supplier may wish, for example, to register a retention of title clause to guarantee proper enforcement thereof (World Bank Group 2005).

Well-functioning collateral registries enable businesses to effectively use their assets as security to attract loan capital for operation and expansion (Love, Peria, and Singh, 2013). Love, Peria, and Singh (2013) explain why such registries are important: collateral registries allow businesses without immovable assets such as land or property to obtain finance against moveable assets. The report found a significant impact of the introduction of a collateral registry on the availability of finance to firms, with a higher benefit to small- and medium-sized enterprises.

A collateral registry can be integrated or coordinated with a company registry to access and provide useful company information. The following schematic shows how a best practice automated company registry can be an information exchange hub for business (International Finance Corporation (IFC), 2012). Zambia, Malawi, and Ghana have all introduced collateral registries in combination with business registration systems.



Source: IFC (2012) 'Reforming business registration: a toolkit', p. 15

RCCM: within francophone countries, registration of business is frequently undertaken at the court, where the registration of collateral is also performed. A key part of the OHADA treaty commitment is the presence of both a commercial (*Régistre du Commerce*—RC) and collateral (*Crédit Mobilier*—CM) register—RCCM—which should be national and digitised, and ultimately accessible regionally. This is the model that is being rolled out by Essor within the DRC. The development of a centralised and digitised collateral register is designed to improve access to finance.

1.4 Methodology

This research study summarises some of the existing research on the roll-out of OSS and RCCMs within OHADA countries, particularly from the IFC and World Bank. These summaries have been augmented with interviews with operational staff/consultants engaged in these programmes. A full list of these individuals is included as Annex B.

The study found there is limited documentation on the experience of rolling out RCCM in OHADA countries to date. One World Bank Group OHADA evaluation (World Bank Group OHADA, 2018) has reviewed the roll-out and found that progress has been very slow.

There is also very little written up on the funding of OSS and cost sustainability, except in more developed countries like Malaysia, Canada, or the UK.

This study has instead had to rely on discussions with key operational practitioners to respond to these questions.

2 Findings

2.1 Findings: Research question 1

Research question: What factors influenced the success (or otherwise) of the roll-out of the RCCM in OHADA countries?

Summary findings

RCCM roll-out has been slow, mainly due to difficulties with the development of the RCCM software and the challenges of managing a significant IT project, requiring skills outside the core competence of OHADA. However, the roll-out of an automated RCCM is thought to have led to increased coordination within and between governments, as well as between legislators and IT professionals. Through this, many other e-governance issues have been resolved.¹

Detailed findings

The original design assumed that each country would undertake its own computerisation based on a guideline developed through OHADA. However, regional software was developed for different countries. This has caused confusion and slowed down implementation.

As a result:

- computerisation took longer than expected. A World Bank Group OHADA Impact Evaluation (2018) found that, despite the broad support extended by a variety of donors, RCCM computerisation has not yet been achieved, with most RCCMs in the region still running manually and using paper-based systems (11 countries exclusively use paper-based systems); and
- different countries responded differently. Some developed their own software, some used the regional software, and some used a customised version of the software. In general, the regional software, even with customisation, was not adequate to meet specific country needs. Nationally developed software platforms in Côte d'Ivoire and Senegal compete with the OHADA-sponsored software platform, and collateral registries are emerging as RCCM alternatives. According to the World Bank Group evaluation report, the Côte d'Ivoire's RCCM is independent of the business registration OSS set up within the Investment Promotion Agency.

In Cameroon and Niger, the RCCM computerisation process introduced by the 2010 Uniform Act on General Commercial Law has not been completed. Two projects overlap in Cameroon: one for the RCCM, and another to develop another collateral registry. As of June 2017, the RCCMs—120 in Cameroon and 10 in Niger—were still run manually on paper-based systems.

¹ Feedback from operational experts.

The slow progress of the IT roll-out is caused by lack of coordination between the national and regional integration efforts,² the complexity of the IT challenges that lie outside the core competence of the OHADA secretariat (both regionally and nationally), and slow development of the regional RCCM system.³ For example, standardised OHADA-wide software to manage national registers and RCCM files was only recently developed and delivered to OHADA in 2016 to be piloted in 2017 and 2018; this pan-OHADA system caused major data migration challenges.⁴

Experts also cite the need for a vendor with a local presence who can handhold, customise, and guide the implementation of the IT software for business registries. For the RCCM regional software, a Canadian company has the contract to implement the system, and the lack of local presence in many OHADA countries is seen as another challenge for implementation.⁵

Nevertheless, progress has been made in Senegal and Côte d'Ivoire, which have both developed their own automated RCCM. This is **partly credited to the presence of a strong and effective champion** within the government, who was able to convene different stakeholders from implementing departments and drive through the workplan, as well as to the decision to press on with their own software development independent of the regional solution.

Court-run business registry systems are, by their nature, challenging because of the number of different courts (each town may have its own court). This requires data/systems to be integrated, which in turn requires a more complex IT roll-out. In addition, the culture and structure of the organisation is one of an institution focused on administering the law rather than facilitating commerce, which makes it less likely to focus on delivering speed and ease of use rather than effective compliance. Unsurprisingly, court-run registry systems tend to be less effective than registries in a commercial/administrative centre (such as the Investment Board or Ministry of Commerce) (Bruhn *et al.*, 2018), as the table below illustrates.

² According to the report and the interviews, this includes lack of donor coordination, where development partners are supporting the development of duplicating regional software and local software.

³ This background borrows from the World Bank Group OHADA evaluation and augments it with expert interviews.

⁴ In Côte d'Ivoire, E-TribCom handles all of the Abidjan Commercial Court's judiciary processes in addition to the RCCM, something the OHADA-sponsored Geolmage system by nature cannot do. As a result, software installed at the Abidjan Commercial Court is not in effective use (World Bank Group OHADA Impact Evaluation, 2018).

⁵ Feedback from interviews with experts.

Table 1: DB Ranking of Countries with Administrative vs. Court Business Registries

Administrative Registries	Ranking DB 2018	Court Registries	Ranking DB 2018
New Zealand	1	France	25
Canada	2	Slovenia	46
Hong Kong SAR, China	3	Croatia	87
Georgia	4	Germany	113
Jamaica	5	Austria	118
Singapore	6	Bosnia and Herzegovina	175

Source: Doing Business 2018 data obtained from www.doingbusiness.org

Building a collateral registry creates another layer of complexity. A general challenge in establishing a collateral registry is the need to build linkages between the different institutions that will use and update the data. For a collateral registry to function effectively, the RCCM data also must be used and accepted by the Central Bank and commercial banks. In most cases, the Central Bank holds the collateral registry, and the RCCM will have a subset of collaterals, which means that firms find they have to register in both places and will often decline to reregister at the RCCM. For example, in the case of Cameroon, an additional layer was created for recording collateral at the Central Bank, but the requirement to register different moveables at RCCM was not changed.⁶

Automation can overcome this, provided there is interoperability or an exchange of data between the collateral registry at the Central Bank and the RCCM, and between different RCCMs within the country.

The World Bank Group technical note reviewing problems with implementing the RCCM in Mali (World Bank Group, 2005) highlights the need for automation to achieve effective implementation. It concludes that, for the RCCM to operate, it must be automated so that it can be readily updated to record the chronology of pledges provided respecting the same asset, and also guarantee adequate public disclosure for sector stakeholders and the other creditors.

The note highlights the performance of the Liberian register, which facilitated, *inter alia*, the granting of US\$ 27 million in credit to the private sector during the six-month period following its introduction. This register has led to a significant increase in credit, as it has expanded access to credit previously limited to debtors who could pledge immovable property. A central pillar of the Liberian register is its very user-friendly website, which allows for the following to be carried out remotely through connection to a personal account in the case of debtors and creditors; registration of security rights through direct payment of the appropriate fees, thus ruling out the possibility of misappropriation; and free verification of the existence of security rights by conducting a search by relevant name or asset.

As a result, **although the business registration has been substantially improved and speeded up**, there is more work to do on the collateral registry and the roll-out of the RCCM. This will require effective coordination at national and regional level, strong IT capability within government, the capacity to coordinate across ministries and with the Central Bank, and a powerful champion capable of driving this forward.

⁶ Feedback from expert interviews.

2.2 Findings: Research question 2

Research question: How is the roll-out of the automated⁷ RCCM funded in different OHADA countries, and are there working models for sustainability without donor support?

Summary findings

Roll-out of RCCM is funded by development partners. Unsurprisingly, sustainability is a challenge that must be addressed at the outset. For fragile economies with a small formal sector, cost recovery is unlikely, and in time government must be prepared to fund the ongoing maintenance costs of the RCCM out of its central budget.

Detailed findings

In general, the establishment of the RCCM in OHADA registries is funded by development partners:

- at the OHADA level, the World Bank Group funds the deployment of the regional Geolmage system;
- various development partners have unsuccessfully supported the modernisation of the RCCM in Niger since 2011, and the World Bank Group is currently funding it through the Competitiveness and Economic Growth Support Project;
- France is supporting RCCM and business registry projects in the Republic of Congo, Benin, and Chad; and
- World Bank Group projects have supported RCCM projects in Benin, Burkina Faso, Cameroon, Côte d'Ivoire, Mali, and Senegal.

According to discussions with operational experts, sustainability is a significant problem.

Some registries can cover their costs by providing services to business and banks or through the revenue from business registrations, but the implementing institution (e.g. the GUCE) needs to access the revenue. In general, the money goes directly to the Treasury, and the funds must be applied for through government budgeting processes.⁸

The expectation is that, despite these challenges, the collateral registry will move closer to cost recovery over time, funded by fees from the financial institutions; if they will not pay to use it, then clearly its services are inadequate. However, for countries with small numbers of formal business, it may take years for the service to become commercially viable.

At the moment, however, even for those countries with a functioning automated RCCM, the services are inadequate.

⁷ The research question has been amended to add the word 'automated', as RCCMs already exist, but the automation is the key feature of the OHADA reform.

⁸ For example, in Côte d'Ivoire, funding for equipment was raised from the investment promotion agency, who themselves had donor funding to address investment climate issues. But ongoing funding, particularly the costs for the software licence (in Côte d'Ivoire's case it is Oracle), must be extracted from their departmental budget, and this is very difficult (expert interviews).

- Sometimes, this may be because the registry does not have the requirements demanded by the private sector. For example, in Côte d'Ivoire, the collateral registry has been built, but the finance institutions are not using it because they complain they do not have proper access to the register. .
- Another reason may be legal impediments, which make lending based on moveable collateral unattractive. For example, in Senegal, the private sector sees no point in using the collateral registry because the Central Bank has imposed onerous requirements for financial institutions lending on the basis of moveable collateral.
- A third reason may be a lack of understanding or education on collateral registries.

This implies that an effective collateral registry requires engagement from government and the private sector, as well as education and awareness-raising for the banks and a conducive legal environment.

2.3 Findings: Research question 3

Research question: How is the roll-out of OSS funded in fragile countries, and are there working models for enhancing sustainability?⁹

Summary findings

OSS face similar sustainability issues to collateral registries, as successful OSS depend on a strong IT infrastructure. While many economies are able to cover costs through increased registration and commercial services (such as credit searches or commercial analysis), cost sustainability for fragile and conflicted affected states (FCS) will be challenged by the lack of formal enterprise density. Sustainability of the IT system is also a challenge due to the skills/competence needed to manage the integrity of the database, and some governments have been supported to establish a government-wide IT data centre which manages data integrity and interoperability across the government.

Detailed findings

OSS face similar issues to collateral registries in terms of financial sustainability. Like the RCCM, well-run OSS rely heavily on automation, which requires significant investment and maintenance. They are mostly established through donor funding, and there needs to be an understanding from the start on how the additional maintenance costs will be covered. Nepal's additional maintenance costs for their national OSS approximated US\$ 100,000 *per annum* to cover the cost of the software licence, the generator, fuel, IT, and a helpdesk. It took 12 months to persuade the Ministry of Finance to allocate the money in the budget.

Interviews with experts suggest that one funding model is to outsource to a third party who charge a fee for business services to cover operational costs. It can be done with a BOT (build, operate, and transfer), where an outsource company charges a fee from the main user for a while until it passes the operation back to the government or to some other vendor. Lesotho are covering their costs through an operating cost recovery model. However, they have been given the software free of charge by the New Zealand government, so their costs are very low. Other

⁹ Responses to this question are mainly from practitioner interviews.

countries use other agencies, e.g. Columbia outsources the registration process to the Chambers of Commerce.

In any case, it is easier to access the government budget when the OSS can clearly demonstrate the financial benefits of the OSS. The Kenya and Uganda registries are examples of registers which more than cover their costs through registration and update fees paid by business. Through automation, the Kenyan registry has increased its revenue from KES 1 million to KES 70 million in just two years. For this to be effective, there would need to be sufficient enterprise density to enable transaction volumes to generate sufficient income to cover the large fixed costs. This is unlikely to be the case in fragile economies.

Unsurprisingly, there is limited information on self-sustainable company registries in fragile economies. In general, there is little documentation on the funding of company registries, but you would expect that it is even more unlikely to be found in FCS. Successful company registries rely on complex IT and automation, and FCS lack the enterprise density required to provide sufficient fees to cover costs. More advanced economies have a Companies House that operates on a cost recovery basis. The Malaysian Registrar makes a substantial profit through the provision of both regulatory and non-regulatory services such as training and business certification. According to the 2016 Annual Report of their Company House (called SSM), their Annual Income was RM 390 million, with nearly RM 350 million coming from regulatory services (registration, change of company name, bankruptcy services, and access to company information), providing an operating profit of RM 96 million (around US\$ 24 million). SSM contributes 30% of their surplus to the federal government. Their fees and charges can be found on their website.

Another issue for sustainability is secure management and storage of the data. One model used in many countries is the establishment of a data centre for government information. This enables data protection and decisions on security of government data to be centralised and strict data protocols to be developed across different ministries. Such a system can also support the interoperability and exchange of data across different government institutions, which is one of the key benefits of a strong company registry (one of the potential outputs of the OSS). In Nepal, the implementing team of the project had to work across ministries and funding partners to help to establish the data centre that would house the company register.

2.4 Findings: Research question 4

Research question: What approaches have been made to the assessment of OSS, including identification of survey or other assessment instruments?

Summary findings

The assessment of the impact of OSS has tended to focus on the rationale for OSS: reduction in procedures, reduction in cost, reduction in time to start a business, and the resultant increased business registration. Studies have also assessed the comparative performance of OSS with different institutional setups. Assessments have compared country performance against external indicators (such as the World Bank Doing Business report), as well as reviewing the impact of the OSS on firms before and after the reform. Perception surveys have also been used.

Detailed findings

1. World Bank Group have implemented dozens of such OSS during the last two decades, and have developed a cost model used to estimate private cost savings, which calculates the cost impact on:
 - a. direct costs: direct impact on economic cost (labour or administrative costs) of an enterprise resulting from the reform of regulatory procedure; and
 - b. indirect (opportunity) costs: impact on revenues or costs, due the different use of time formerly dedicated to administrative procedures.

A description of the calculation is attached as Annex A (see Liepina *et al.*, 2007).

2. An assessment of OSS (World Bank Group, 2005) presented a review of the countries with OSS and the averages for the number of procedures, and days it takes to start a business using data from the Doing Business database.

Comparative performance of the types of one-stop shop

	No. of countries	Average		
		No. of procedures	No. of days	Ranking (out of 183)
A Commercial Registry with other bodies on the same site	7	7.0	24	99
B Commercial Registry which liaises with other bodies	20	6.7	19	61
C One-Stop Shop (not a Commercial Registry) which liaises with other bodies	13	6.3	27	98
D Integrated registration function	12	5.8	13	49
E Online registration facility	15	5.2	14	48
All countries with one-stop shops	67	6.1	19	67
F Other countries	116	9.3	46	106

Source: Doing Business database.

3. The World Bank Group Toolkit (World Bank Group, 2013) analysed data from the Doing Business database to show that, in the 83 economies with OSS offering at least one service in addition to business registration, start-up processes are more than twice as fast as in those without such shops.
4. An independent evaluation of World Bank Group reforms (World Bank Group Independent Evaluation Group (IEG), 2014) analysed similar reforms to OSS (i.e. reforms aimed at reducing the amount of time taken to comply with business procedures). The review covered 819 projects implemented by World Bank Group over the period 2007–13 (133 in FCS), including investment climate interventions. IEG also reviewed 25 countries with reforms within that period, including (in Africa) Senegal, Kenya, Liberia, Mali, South Sudan, Sudan, Rwanda, Ghana, and Guinea.

15% of the World Bank Group projects were implemented in FCS countries, and the evaluation concluded that projects in these countries are generally less successful than projects in non-FCS. Their success depends on political feasibility, institutional capacity building, and implementation assistance/handholding.

The evaluation assessed the relevance of the interventions by comparing the interventions with the results of Country Enterprise Surveys and the priorities of the World Bank Country Partnership/Assistance strategies.

IEG uses a number of measures to assess the effectiveness of the programmes:

- achievement of project outcomes: the standard World Bank Group impact indicator for business registration projects is compliance cost savings;
 - comparing impact on country performance against external indicators related to the area of intervention, e.g. the World Economic Forum Global Competitiveness report, and (for business registration) the Starting a Business indicator of the World Bank Group Doing Business report. The comparison used two methods:
 - the before and after method, comparing performance before and after the reform; and
 - the difference method, comparing performance in countries where the World Bank Group had worked on the interventions and countries where the World Bank Group had not worked; and
 - using country case studies to assess how positive impact on indicators correlate with feedback from companies in interviews, through enterprise surveys, and with changes in investment, growth, and employment.
5. Klapper and Love (2010)'s paper on business registration uses panel data on the number of new firm registrations in 91 countries to study how the ease of registering a business and the magnitude of registration reforms affect new firm registrations. The authors found that the costs, days, and procedures required to start a business are important predictors of the number of new firm registrations. However, they found that only significant reforms—in general resulting in more than a 40% reduction in procedures or a 50% to 60% reduction in costs and days—have a strong effect on new registrations. They also found important synergies in multiple reforms of two or more business environment indicators. Finally, they showed that countries with relatively weaker business environments prior to reforms require relatively larger reforms to impact the number of newly registered firms.
 6. Other assessments have used perception survey data to compare the performance at business start-up before and after the implementation of the OSS (expert interviews). Typically, these have targeted intermediaries (before and after surveys), as well as entrepreneurs (using difference-in-difference methods and before and after surveys).

Over time, as more evidence is collected, the impact of OSS implementation on business registration has appeared less clear, particularly where the target has been small informal traders. The evidence indicates that improvements in business registration have the strongest impact on larger informal traders, both in terms of their likelihood to register and in terms of the impact on their profits and growth (see the 2018 *Entreprenant* research study).

The evaluators are now also looking at less tangible benefits from the implementation of a well-run OSS:

- increased information transparency (now to be collected for the Doing Business rankings);
- establishing better information on companies, which is measured on the use of data by other institutions (banks; research houses);
- increasing collaboration and cooperation with the private sector, including increased trust in government institutions (measured through feedback surveys); and

- the establishment of an area of excellence within government that would have spill-over effects to other government institutions.

3 Conclusions

RCCM computerisation has experienced significant delays in most OHADA member states. In general, the development of OHADA-wide regional software caused confusion and slowed progress in the automation of the RCCM. Countries which developed their own software and did not wait to customise the OHADA regional one (Senegal and Côte d'Ivoire) have moved faster than those who waited.

The successful reform of the RCCM depends on a good automation project (which allows interoperability between ministries), facilitates storage, and exchange of data. This creates multiple layers of complexity and learning for the project, requiring coordination and IT connectivity between different government agencies and departments and with banks and credit agencies, as well as the acquisition of locally based IT skills and capabilities. Without this 'integrated' approach, the registry will be underutilised. If it is underutilised, it will not be updated and will become less useful. In turn, this will reduce its impact and opportunity to cover costs.

Even with interoperability, the registry must be trustworthy, which means there must be strong controls on data entry, protection of data, and incentives/enforcement systems to maintain the data. Encouraging the establishment of a government data management system would address this issue, but this is normally outside the scope of an OSS project.

It is difficult to drive such reforms within the government without strong incentives and/or a commitment to deliver quality. Stakeholder management and coordination is a key skillset for a successful project, as is the availability of a political champion.

Cost sustainability is also difficult to achieve (and probably unlikely in a fragile environment). It requires good planning and championing within government to access the funds needed for maintenance including software licences, updates, hardware, and training. Ideally, this should be agreed at the start of the project, but certainly 12 to 18 months before the project's end date to give time for Ministry of Finance to provide budget approval for the system if no other funding is available.

There is good evidence that the OSS can lead to reduced time and cost for business to comply with business regulation, but the evidence is less clear when the target is increased registration. The performance of court based commercial registries is less effective than other registries based on commercial or administrative institutions, so achieving RCCM's goals of reduced time and cost within the DRC context is extremely challenging. An OSS benefit not measured (but cited by practitioner interviews) is the implementation of foundational competencies in government (better regulation, working with the private sector, information on the private sector, IT enabled services).

The benefits for the establishment of a strong collateral registry are much clearer in terms of its link to access to finance. In general, then, the hard work in implementing the RCCM through the GUCE may pay off as much in spill-over benefits (collateral registry; better government services) as through other more traditional objectives.

The implications for Eссор are as follows.

1. The roll-out of the DRC RCCM seems to be ahead of other OHADA countries. Eссор's experience can provide useful lessons to the other member countries.
2. Given the lack of IT skills and government commitment and persistent fragile environment, the GUCE is unlikely to deliver an effective service to the Eссор target population on cost

recovery terms. Therefore, Eссор should commence reviewing funding and support options with the government for the maintenance of the system post project completion and ensure government buy-in to a business plan to support the GUCE post-2020, at the end of DFID's support of Eссор. This should include a plan for the maintenance and support of the database, which is currently housed within Eссор.

This is a substantive task, which should be included as a deliverable within the project.

3. Part of this process should be a cost–benefit exercise to review the likely benefits of the GUCE to the DRC, to ensure the benefits justify public funds. Such an exercise should include the feasibility for the RCCM to provide a foundation for a data warehousing system that will support related commercial databases (e.g. intellectual property; collateral registry).
4. To help RCCM achieve its goals of reducing time and cost to register, techniques for overcoming the inherent institutional weakness for a court to manage a commercial registry must be overcome, specifically building in more accountability to delivery of effective services to the private sector and supporting coordination of other key ministries involved in registration.
5. Eссор should consider capturing wider benefits, such as accurate and transparent information, as part of its monitoring and evaluation framework.
6. Eссор should also identify blockages from previous projects in the implementation of the GUCE (e.g. automation of the Commercial Registry) and implementation of the collateral registry, and develop a mitigation strategy for Eссор to avoid delays and failure in the remaining time for implementation.

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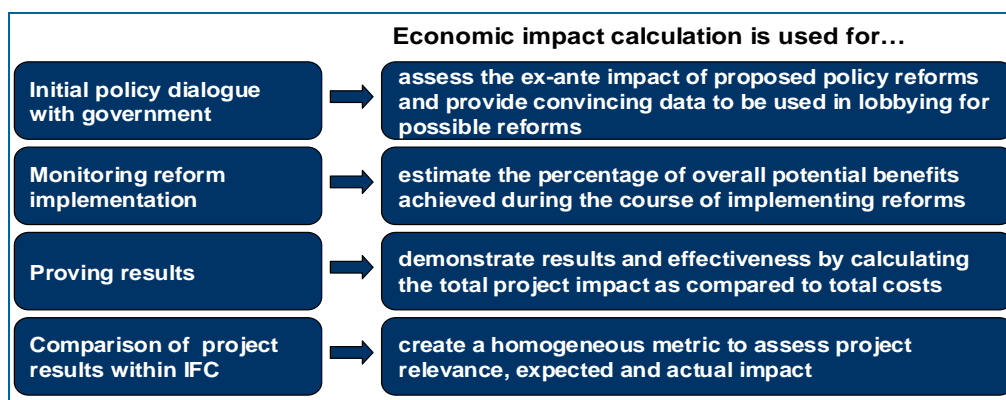
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Annex A Show me the money! Quantifying the impact of regulatory simplification projects

“SHOW ME THE MONEY!” QUANTIFYING THE IMPACT OF REGULATORY SIMPLIFICATION PROJECTS

SANDA LIEPINA, ANDREA DALL’OLIO AND SANWAREE SETHI

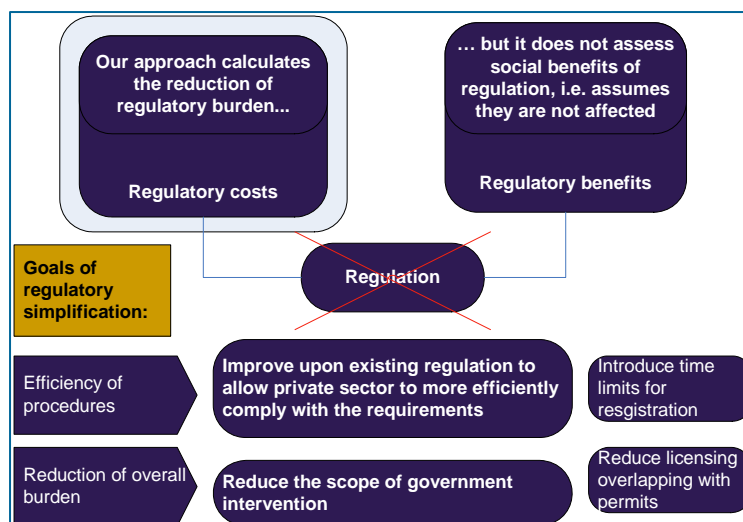
IFC PEP has developed the following methodology to measure and attribute the economic impact of its national-level Business Enabling Environment (BEE) Regulatory Simplification Projects in Eastern Europe and Central Asia. By comparing specific aspects of the business environment *before and after*¹ IFC-supported reforms are enacted by the government, it is possible to quantify the benefits accruing to the target population, i.e., the aggregate cost savings to businesses. This effort to quantify the benefits of regulatory improvements has been welcomed by both government counterparts and IFC PEP’s donor partners. Using this methodology, IFC PEP has estimated an aggregate cost savings of US\$84 million for businesses in its focus countries.² The developed methodology is relevant throughout the project life-cycle and can be a useful tool for engaging and motivating key stakeholders to reform.



Desired impact of regulatory simplification projects

The goal of regulatory simplification is to reduce to the greatest extent possible the administrative burden of compliance with government regulations, while maintaining a necessary level of regulation to protect the public. Regulatory simplification thus benefits businesses by reducing the total cost of the administrative burden arising from government regulations and by freeing up these resources for other pursuits.

IFC PEP’s BEE program includes a number of multiyear national-level regulatory simplification projects. They are designed as targeted interventions addressing key hindrances to



¹ IFC PEP understands that under ideal circumstances, impact assessment would involve the use of experimental analysis to compare the counterfactual of an IFC intervention rather than a before/after comparison. However, given that in our region the relevant legislation exists at the national level, it is not possible (or advisable) to construct municipal-level comparisons for the sake of impact assessment. We believe that this methodology provides a sound alternative in cases where project intervention occurs at the national level, i.e., in cases where it is virtually impossible to assess impact using experimental methodology.

² Examples from three IFC PEP projects can be found in Annex 1.

private sector development³ and generally pursue the following objectives: 1) diagnostics and monitoring via regular SME surveys; 2) streamlining of 2-3 selected administrative procedures (national-level policy and legislative changes and implementation support for pilot agencies); 3) advocacy work with governments and the private sector to facilitate reforms and outreach to increase legal awareness by SMEs of selected administrative procedures.

Key aspects of methodology

We have developed our approach to calculating the economic effect of regulatory improvements for businesses by adapting methodologies used in a number of OECD countries. More specifically, our approach builds on methodologies⁴ developed by the Ministry of Finance of the Netherlands, the European Commission, as well as the U.S. Small Business Administration and Office of Management and Budget. The key challenge was to have an approach that is reliable, simple, and applicable in an environment best characterized by scarce data. We have leveraged the data commonly available within projects as part of the M&E framework and have ensured basic standardization of SME surveys in order to consistently capture data needed to produce and verify our estimates of economic impact.

The methodology employed distinguishes between two types of costs on businesses (see Annex 2 for a more detailed outline of the methodology):

1. **Direct costs:** The direct impact on economic cost (e.g., administrative costs, including official and unofficial payments and labor costs) of an enterprise resulting from the reform of a regulatory procedure, calculated at the firm level, the sector level, or for the SME sector as a whole. Direct costs are calculated by multiplying the following:
 - Number of times the given procedure (e.g., licensing) is undertaken by a representative firm on a yearly basis (data publicly available)
 - Individual cost of each procedure including official payments (data available through official sources) and unofficial payments (data collected through SME surveys).
 - Cost of employees directly dedicated to administrative procedures and the daily average employee salary (data collected through SME surveys).
2. **Indirect (opportunity) costs:** Impact on revenues or costs, due to alternative uses of time formerly dedicated to administrative procedures (e.g., delayed entry and temporary closure of business). We calculate the delay of entry (in the case of procedures such as business registration, licensing, permits, and other entry controls⁵) using the following:
 - Average annual net profit for start-up companies using averages for different sectors (data publicly available)
 - Average time spent in each administrative procedure (data collected through SME surveys)
 - Average number of working days per years in the economy/sector (data publicly available)
 - Costs related to the temporary closure of a firm's activity are calculated using the following:
 - Average annual losses for an active company whose activity is stopped but which retains its production factors
 - Average time a company's activity is stopped due to the given procedures (data collected through SME surveys)

We have chosen to use net profits (i.e., profit after taxes) expressed in U.S. dollars as the indicator of cost savings for businesses. Understanding the impact of policy changes in terms of profits has two advantages: (1) businesses operate to generate profit, and this measure best reflects the benefit companies receive as a result of better regulation; (2) expressing the economic benefit of reforms in profits allows aggregation of overall impact of cost reduction measures. The alternative option we considered was to use sales as an indicator. Businesses are more likely to report precise revenue data in business surveys, though similar concerns of underreporting apply. At the same time, not all regulatory simplification measures have an impact on sales, whereas reduction in costs

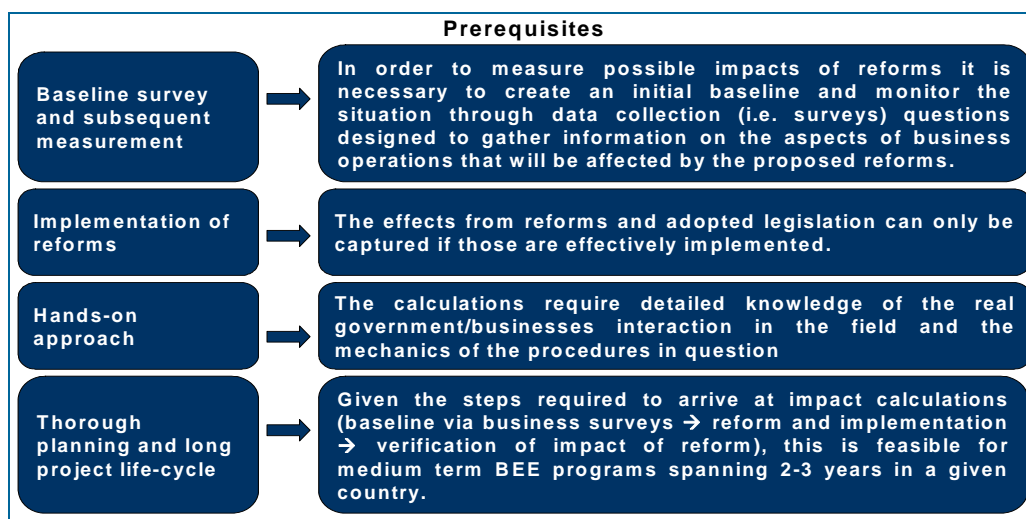
³ As determined via representative business surveys and other sources; for details, see Smart Lessons: Key Benefits of Enterprise Surveys for Improving the Business Enabling Environment.

⁴ Standard Cost Model Methodologies developed by the Legislative Burden Department of the Ministry of Finance of the Netherlands; suggested approaches to estimating the administrative burden and red tape in various communications on reduction of the red tape in the EU by the European Commission; 2005 OMB Report to Congress – Validating Regulatory Analysis: 2005 Report to Congress on the Costs and Benefits of Federal Regulations and Unfunded Mandates on State, Local, and Tribal Entities, etc.

⁵ In IFC PEP's region there are virtually no truly informal firms operating outside the legal registration and licensing framework; it is therefore legitimate to include these costs in our calculations (informality in the region mostly appears as significant underreporting). This might not be relevant in other regions, such as in Latin America.

is always a relevant indicator. As a result, the sales indicator would not accurately represent the resources freed up for other business pursuits, nor could it be aggregated to arrive at a single measure of cost savings to a business.

Ensuring standardization and consistency in calculations over the span of a few years from pre to post reforms is the critical challenge. This requires certain operational and project design features as detailed in the chart below.



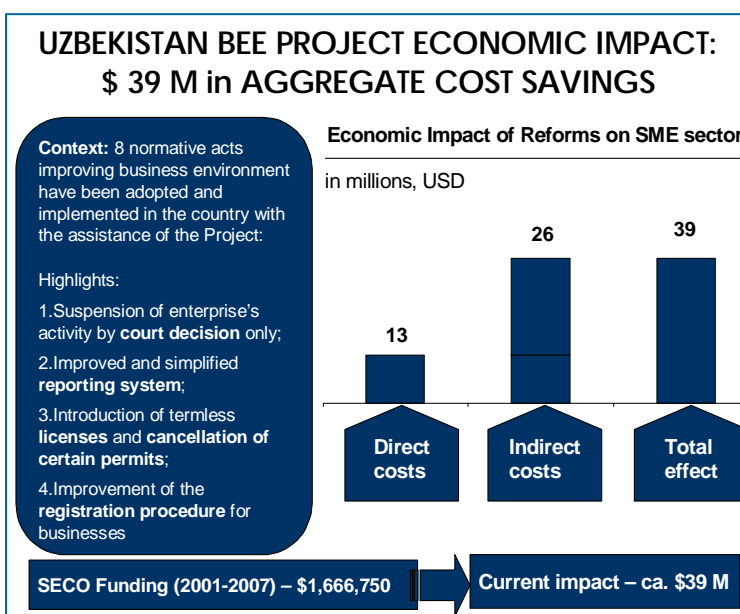
Lessons learned and the way forward

Lesson 1: *Surveys have proven key to obtaining firm-level data on actual changes after the reform.* As shown in the methodology section above, surveys are instrumental tools for gathering data to arrive at impact calculations and to test the estimated impacts later on. By carefully approaching hypotheses and design issues, we are able to discern the true attributable impact of reform. Survey-related lessons are detailed in the Smart Lessons on “Key Benefits of Enterprise Surveys for Improving the Business Enabling Environment” and won’t be repeated here. It is, however, important to note that in this region it is impossible to collect necessary data at the firm level from any publicly available data. As a result, conducting our own surveys is the sole means to collect the data needed to undertake this type of impact assessment.

Lesson 2: *Scarcity and inaccuracy of available data impose limits on what can be calculated.*

The estimates provided in Annex 1 represent the lower range of the true impact of these regulatory simplification projects and are thus conservative in nature. In most cases we have anecdotal and case study evidence of other meaningful effects of reforms, which cannot be quantified due to limited data from businesses and the government. Further, it is important to keep the costs of obtaining such data reasonable. Official data are obtained by the project teams in the course of the daily work, surveys are conducted as part of the policy work, and adding a few targeted questions to assess impacts is a marginal cost.

Another limitation is that the available data and timeframe of donor-funded projects allow us to evaluate only *short-term* (“static”) economic effects accruing to businesses. We measure the impact of regulatory changes on existing companies, i.e., on firms that have already taken the decision to enter into the market. These estimates are thus done for short term (for one year post reform) and are very conservative in that they do not account for subsequent effects of these regulatory changes over the future years.



In addition, these estimates do not consider the changes in market structure that might arise in the medium–long term thanks to the reduced barriers to entry.

We would ideally also want to capture the *longer term (“dynamic”) economic effects accruing to businesses*. Medium- and long-term effects are the impacts on the market structure caused by the entry into the market of new companies as a result of policy reforms. These effects are dynamic and by their nature span over the longer term and require a stronger set of assumptions and data to be assessed, i.e., the number of new companies entering the market, the effects of entry on the market structure and prices, etc.

In addition, as IFC develops its measurement techniques, it would be important to also estimate the *economic effects accruing to government* in the form of net revenues. The poor quality and lack of availability of data on government operations in the countries of our region have so far prevented us from carrying out these calculations. Nevertheless, for those willing to try, we have developed a conceptual model – see Annex 3.

Lesson 3: *Use reasonable and verifiable assumptions; distinguish between direct and indirect costs.* In most countries we work in, such measures of impact of reform are a novelty. IFC has often been the first to introduce this approach, and this means we also have the burden of explaining and educating the audiences we work with. Being forthcoming on the data we use and assumptions we apply is a must – thus allowing for true debate, skepticism, and verification of the impact assessment. Separation of direct and indirect costs has proved very useful and is ensuring transparency of the calculations presented.

Lesson 4: *Aggregate costs savings are best expressed as ranges accounting for uncertainty.* Our calculations are typically built on historical data to estimate the impact in future. By their very nature, they are best presented as a range of impact recognizing the uncertainty involved. In our policy advocacy work, however, we have found that ranges and implied uncertainty are not easily understood by the recipient audiences, who are used to precise figures. Our solution has been to use the lowest value in the range and thus be very conservative in the estimates publicized. In principle, use of ranges would be preferred.

Lesson 5: *Effectively applying this approach requires buy-in and understanding from project staff.* Preparation of the economic impact estimates is not a one-time effort. Use of this methodology requires that data collection be an integral part of a project's daily activities and that data requirements are accounted for regularly. This can only be achieved if the project staff is well versed in the rationale and basic concept, which in turn means that to be feasible, the methodology needs to be kept simple. Further, in undertaking these types of calculations in the future, PEP hopes to be able to incorporate forward-looking thinking into project design. Ex-ante analyses on the various BEE reforms could allow project staff to incorporate information on the cost effectiveness of certain reforms into the process of deciding which reforms should be pursued for simplification.

About the Authors

Sanda Liepina. As Senior Operations Manager, Sanda oversees PEP's regional BEE portfolio. Sanda has extensive experience in managing regulatory reform initiatives from both the side of government (the successful Business Environment Improvement reform program in Latvia from 1998 to 2002) and the side of advisory services providers (IFC, FIAS, EC, USAID, etc.) in various CEE and CIS countries. She holds a Law degree and an MPA from Maxwell School of Citizenship and Public Affairs.

Andrea Dall'Olio manages IFC PEP's Tajikistan Business Enabling Environment Project, focused on reducing administrative barriers to SMEs. The Project is currently focusing on the implementation of a new inspections law aimed at improving the outcomes of inspections and reducing their burden on businesses. Prior to joining IFC, Andrea worked at McKinsey & Company for six years. Andrea holds a Ph.D. in Economics from Brown University, and a B.A. in Economics from Bocconi University in Italy.

Sanwaree Sethi oversees all Monitoring and Evaluation activities at IFC PEP. Before joining IFC in 2005, she completed an M.S. in International Relations with a concentration in international development from Georgetown University. She also holds a B.A. in Economics from Amherst College.

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Annexes

Annex 1: Examples of calculations at work:

Establishing a baseline → Ensuring reforms are enacted → Estimating and verifying aggregate cost savings for businesses

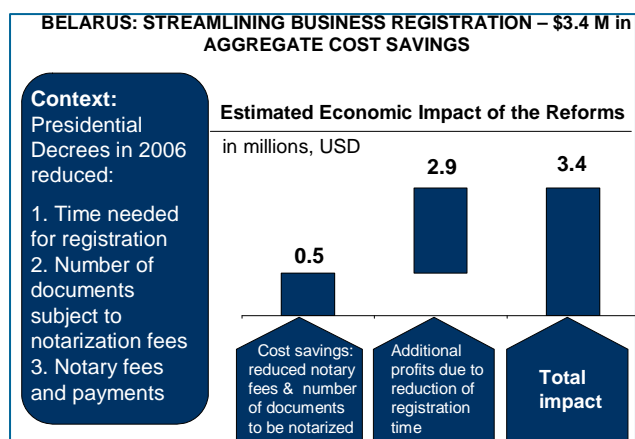
In 2005 and 2006 the **Belarus BEE** project focused its efforts on simplifying costly and burdensome business registration procedures. As a result of the project's policy work, the government enacted a series of key changes that, using our methodology, are estimated to result in direct cost savings to businesses of roughly \$500,000. In addition, the shorter registration period is expected to generate about \$2.9 M in profits for Belarusian SMEs.⁶

The SME survey conducted in early 2006 included specific questions on business experiences with the registration procedures. This allowed the project to capture a true pre-reform situation (baseline). The project plans to conduct another comprehensive SME survey in 2008 to capture the actual post-reform state of affairs. In the interim, in order to engage the government in a policy dialogue and estimate the impact of the reform, the project used expert assessments and official data to arrive at a conservative estimate of the aggregate cost savings to businesses. These will be verified once the data from the 2008 SME survey are available.

Another example is the work undertaken by IFC PEP in **Uzbekistan** to improve the business environment with a focus on streamlining inspections, but also tax reporting, permit and license issuance, as well company registration procedures. This program has been ongoing since 2001. Regular surveys allow tracking the impact of reforms over a longer period of time with clear pre- and post-reform benchmarks.

Inspections were the primary focus of the project's regulatory simplification work between 2002 and 2004. The SME survey conducted in 2001 established a baseline against which the project could track changes in actual business experiences with the government inspections. Pervasive inspections were clearly one of the highest burdens for the private sector in 2001 and represented a vehicle for extensive government intervention with no apparent benefit to the public. Substantial changes were progressively enacted with the assistance of the project, resulting in streamlined inspections procedures and limited abuses as confirmed by subsequent representative business surveys.

The effects of all the reforms that could be quantified were determined. The aggregate economic effect of eight Presidential decrees developed with in-depth assistance of IFC PEP experts during the life span of the project constitutes roughly US\$39 million for the SME sector. This consists of US\$13.4 million in direct cost savings as a result of improved and streamlined inspection, permits, licensing, registration



UZBEKISTAN BEE PROJECT ECONOMIC IMPACT: \$ 39 M in AGGREGATE COST SAVINGS

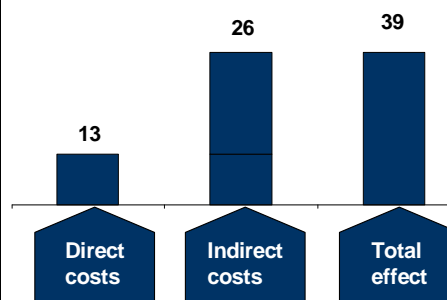
Context: 8 normative acts improving business environment have been adopted and implemented in the country with the assistance of the Project:

Highlights:

1. Suspension of enterprise's activity by **court decision** only;
2. Improved and simplified **reporting system**;
3. Introduction of termless **licenses** and **cancellation of certain permits**;
4. Improvement of the **registration procedure** for businesses

Economic Impact of Reforms on SME sector

in millions, USD



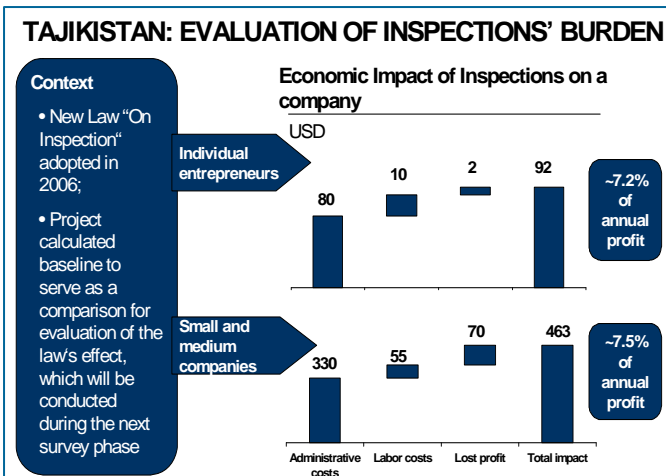
SECO Funding (2001-2007) – \$1,666,750

Current impact – ca. \$39 M

⁶ Detailed calculations are available upon request.

and reporting procedures. In addition these improved procedures are expected to generate approximately US\$25.9 million in profits for SMEs in one year.⁷

IFC is consistently applying this approach to other reforms enacted as a result of BEE projects. In **Ukraine**, implementation of the 2005 permits reform is still incomplete, and the inspections reform has just been adopted in 2007. It was already possible, however, to calculate the burden of both procedures in terms of work time lost as a baseline for impact assessment. We have also been able to make the first estimate of the savings resulting from the first phase of implementation of the permits reform (roughly US\$2 million have been saved in 2006 compared to 2004, and full implementation by the new regime of fire safety permits, allowing low-risk businesses to use self-certification, will result in savings of over \$31 million for SMEs). The most recent reform enacted in **Tajikistan**, the adoption of a far-reaching Law on Inspections in 2006, does not yet lend itself to full pre-post reform assessment, as its implementation is still in progress. We have calculated the overall burden of inspections, expressed as a percentage of the annual profits of businesses. This represents the baseline against which to measure the effect of the reform in a few years' time.



Annex 2. Detailed outline of the methodology

The methodology employed distinguishes between two types of costs on businesses:

1. **Direct costs:** direct impact on economic cost (labor or administrative costs) of an enterprise resulting from the reform of regulatory procedure;
2. **Indirect (opportunity) costs:** impact on revenues or costs, due the different use of time formerly dedicated to administrative procedures.

1. Direct costs. Direct costs can be estimated at firm level, at specific economic sector level, or for the SME sector as a whole, depending on the set of data available for each of those. Direct cost calculation makes use of basic indicators and in particular leverages IFC experience with SME surveys in the regions. Direct costs can be differentiated between:

D1. Administrative costs: Administrative costs can be calculated for each procedure by multiplying:

- The number of times a procedure (e.g., licensing) is undertaken by a representative firm on a yearly basis (n)
- The individual cost of each procedure. Individual costs related to administrative procedures can be distinguished between⁸:
 - **Official payments:** Data available from official sources (P_o)
 - **Unofficial payments:** Data available from surveys or estimated as a percentage on top of the official ones (P_u)

$$D1 = n * (P_o + P_u)$$

D2. Labor costs: Costs of employees directly dedicated (in full-time equivalent terms) to administrative procedures.⁹ The main driver of calculation is represented by:

- the amount of full-time employee time (in working days) dedicated to a specific administrative procedure (d)
- the daily average employee salary¹⁰ (w).

⁷ Detailed calculations are available upon request.

⁸ IFC PEP SME surveys collect data on total costs of the procedures, which are represented by the sum of official and unofficial payments.

⁹ These estimates assume that the employee time can be disposed of or dedicated to other administrative activities (versus revenue-enhancing ones).

¹⁰ Including all social benefit costs.

$$D2 = w * d$$

Total direct costs will be calculated as the impact on net profits of administrative and labor costs ($D1 + D2$). A variation in administrative and labor costs increases gross profits but in turn will imply higher profit tax, thus reducing the total impact. For this reason, in order to calculate direct cost effects, an estimated **average profit tax rate**¹¹ (t) will be needed.

$$D = (D1 + D2) * (1 - t)$$

The average tax rate can be estimated for the overall economy or be differentiated according to the type of business (i.e., individual entrepreneurs versus legal entities) or economic sector.

2. Indirect (opportunity) costs. Indirect costs require a more detailed approach to calculations and use of a higher number of assumptions. Overall, we distinguish between two main categories of opportunity costs determined by administrative procedures:

11. Costs related to **delay the entry** of a new firm into the market, i.e., by deferring the launch of profit-generating activities. Examples of these procedures are business registration, licensing, permits, and other entry controls. The cost of this delay can then be measured as the proportion of profits “lost” due to delayed entry into the market. In order to calculate opportunity costs the key elements are:
 - Average annual net profit for start-up companies, for each industry or average per sectors (Π_s)
 - Average time spent in each administrative procedure (number of working days) (d)
 - Average number of working days per year in the economy/sector (dt)

$$I_1 = \Pi_s * \frac{d}{dt}$$

12. Procedures which result in **temporary closure of a firm’s activity**, i.e., that imply loss of productive activities for existing companies. Typical examples of procedures stopping economic activity are inspections, repeated licenses, repeated permits, as well as the suspension of activity due to the absence of licenses/permits. These costs are typically faced by existing companies; in order to estimate them, the key elements are:
 - Average annual losses for an active company whose activity is stopped but which remains active, i.e. which retains all its production factors (L)
 - Average time, in working days, a company is stopped due to the procedure(s)
 - Average profit tax rate (t)

$$I_2 = L * (1 - t) * \frac{s}{dt}$$

Annex 3. Approach to estimates of economic effects accruing to the government in the form of net revenues.

The revenues/costs for the government directly impacted by the regulatory simplification reform are:

- **Administrative fees:** Administrative procedure directly impacting the collected fees
- **Indirect taxation revenues:**¹² i.e., VAT effects from higher sales arising from:
 - Lower fees and lower administrative costs; businesses immediately generate more profits (as an effect of cost reduction) and in turn generate more tax revenues;
 - Lower opportunity costs, i.e., higher profits and more tax revenues
- **Direct taxation revenues:** In particular **profit tax**, which can be impacted as a result of:
 - Lower fees and lower administrative costs; businesses immediately generate more profits (as a result of cost reduction) and in turn generate more tax revenues;
 - Lower opportunity costs, i.e., higher profits and more tax revenues
- **Public employee costs:** Impact arising from the variation of government employees’ time dedicated to the procedures and more efficiency.

¹¹ Estimated taking into account, among other factors, the share of revenues officially reported.

¹² The effect on indirect tax is highly country specific, given the number of indirect taxes applied (i.e., VAT, road users’ tax and similar applied to total revenue of the business, etc.)

Annex B List of interviewees: World Bank Group

Name	Title	Date of interview
Miah Rahmat Ali	Senior PSD Specialist	October 2018
Taneem Ahad	Senior PSD Specialist	05 November 2018
Matina Dean	Senior PSD Specialist	02 November 2018
Syed Estem Dadul Islam	Senior Results Measurement Specialist	04 November 2018
Numa Magalhaes	Senior PSD Specialist	23 October 2018
Maiko Miyaki	Lead PSD Specialist	22 October 2018
John Wille	Lead PSD Specialist	23 October 2018
Alain Traore	Senior PSD Specialist	05 November 2018

Annex C Terms of Reference

Background

Context and rationale

This research study will identify operational lessons from the implementation of the One Stop Shops for registration, along with Registries of Commerce and Property Credit (RCCM) in different OHADA countries.

The study will be carried out through a scan of the literature augmented by interviews with operational professionals working in this area.

Established in 1993, the Organisation for the Harmonization of Business Law in Africa (OHADA) devises innovative, ambitious initiatives for francophone Africa, supplying uniform legal and regulatory frameworks encompassing accounting standards, arbitration, commercial law, collaterals, company law, and insolvency law.

Essor is a £35-million, five-year project launched in May 2015 and managed by PWC. It is a significant component of DFID DRC's £100 million Private Sector Development programme, which also includes ÉLAN RDC and the DSU.

One of the major components of the Essor project is a business environment reform intervention designed around assisting the DRC Government implement OHADA, including providing support to the rollout of the GUCE (the DRC One Stop Shop) and an integrated RCCM:

- Streamlining the system of business registration is a centrepiece of the OHADA intervention. Once the seven planned GUCE locations are up and running, they will cover an estimated 80% of companies and total business turnover.
- The workstream's main intervention has focussed on improving the process for business registration and making subsequent changes to business registry information as carried out by the *Guichet Unique de Création d'Entreprise* (GUCE). This has included the design and roll-out of a digital 'single window' model for business registration (*GUCE antennae*) across the country as foreseen by decree¹⁰. Essor's support to the GUCE has included the development of the specific software, the provision of equipment and training for new GUCE antennae resulting in the opening of Matete (in Kinshasa) in 2017; Lubumbashi in early 2018, and also planned for this year in the provincial capitals of Kisangani, Goma, Bukavu and Matadi. The workstream is supporting the creation of smaller *GUCE 'Bureaux'* in other significant towns, where business registration / declaration can be undertaken, which will include Kolwezi and Boma during 2018.
- In addition, a key part of the OHADA treaty commitment is the presence of a commercial register - *Registre du Commerce et du Crédit Mobilier* (RCCM) – which should be national and digitised, and ultimately accessible regionally via the *Cour Commune de Justice et d'Arbitrage* (CCJA) in Abidjan. Essor has led the design and improvements to the RCCM and set the process in place by which it will become a national database, and has completed the process of digitising the archive of the commercial register. This work has also sought to lead to improvements of processes for the operational GUCE antennae in Gombe and Matete in Kinshasa, and to overall improvements in the quality of information in the register.

¹⁰ Article 3 décret n° 14/ 014 du 08 mai 2014 portant création, organisation et fonctionnement du guichet unique de création d'entreprise.

- Beside the Trade Register (Registre du Commerce – RC), the RCCM also comprises the Collateral registration (Crédit Mobilier – CM) which is being developed by the workstream and will go into a pilot phase in August 2018 with a major DRC Bank.

To date, Eссор has paid for the software development and equipment for startup for the GUCE centres. The goal is for the GUCE to become an autonomous, self-financing public corporation, whose revenues will derive largely from sale of credit information to financial institutions or other businesses. This will give the GUCE a strong incentive to maintain the integrity of the system, and engage in outreach activities to encourage more companies to register.

In addition, Eссор's impact targets are based on the expectation that the rollout of the GUCE system will generate cost savings for business but to date there has been no impact evaluation to determine whether or not such cost savings are being realised. This is being planned through an impact evaluation of the Lumbumbashi GUCE.

Audience and the use of findings

The primary target audience for the research are government stakeholders. The report's secondary audience is Eссор and DFID DRC. Additional audiences that may benefit from the evaluation findings include private sector partners and government counterparts, other donors and service providers implementing private sector development initiatives, and the development community more broadly.

The findings will be used to strengthen support to OHADA's implementation and its evaluation exercise. In addition, the study will support the project build regional links with other countries with relevant experiences, identify countries where peer to peer learning could be useful; and potentially identify other interventions which have enabled improvement of business registration.

Definition of Scope

Objectives

The purpose of the study is to identify operational lessons which have supported the successful rollout of One Stop Shops, and RCCMs within OHADA countries and similar countries globally, and to identify models of financial sustainability for these countries.

Research questions

The study program will look for operational lessons from different OHADA countries who have implemented OSS and RCCM, and fragile countries outside OHADA and will ask the following research questions in order of priority:

- Sustainability issues:
 - How is the rollout of the RCCM funded in different OHADA countries and are there working models for sustainability without donor support?
 - How is the rollout of OSSs funded in fragile countries, and are there working models for enhancing sustainability?
- What factors influenced the success (or otherwise) of the roll out of the RCCM in OHADA countries?
- What approaches have been made to the assessment of OSS (including identification of survey or other assessment instruments)?

Limitations

The study will look primarily at examples of OSS and RCCM rollout within OHADA countries, and may augment research with examples of OSS rollout in other fragile countries. It will rely on published studies (desk research) and a small number of interviews with operational professionals.

Approach and Methodology

Suggested methods

This research study will summarise some of the existing research on the rollout of OSS and RCCMs within OHADA countries, particularly from the IFC and World Bank.

These summaries will be augmented with interviews with operational staff/ consultants engaged in these programs.

Key sources and informants to be consulted

The study will include the following sources:

- World Bank evaluation reports on the impact of their Investment Climate work in OHADA countries, and evaluation of One Stop Shops.
- The documentation supporting the Mid Term Evaluation of Eссор.

Augmented by interviews:

Interviews with Eссор:

- Frederic Chetcuti, Team Leader of the OHADA workstream of the Eссор project.
- Joseph Holden, Eссор Economist (Foresight Development Associates).
- Hannah Casey, Eссор M&E lead.
- Andrea Talbot- West, Eссор Project Director.

Interviews with IFC/ World Bank:

- Maiko Miyake, Project Leader for the OHADA Investment Climate program.
- Syed Estem Dadul Islam, IFC Senior Results Measurement Specialist.

Potential other interviewees from the World Bank Group: Syed Akhtar Mahmood, Fred Zake, John Wille/ Markus Kimani (IT / Automation), Numa Magalehaes

Research outputs

The output of the research will be an 8-10 page brief with the following sections:

- Context/ objectives/ methodology (1 page)
- Summary of desk research results (2 pages)
- Summary of results/lessons/ insights (4 pages)
- Bibliography and list of interviewees (1 page)

Following the completion of the research study, a shorter external communications briefing note summarising the study will be produced.

Research management

Timing

The study will commence immediately and should be completed by October 2018. The activities are assumed to be carried out alongside the planned research study of the OHADA Entrepreneur study intervention and the additional time is assumed to be the following:

Activities	Effort	Completed by
Desk research	2 days	25 th September
Detailed interviews within DRC	2 days	17 th September
Interviews with 3-4 operational experts	3 days	7 th October
Write up of results	2 days	14 th October
Review/ fine-tuning	2 days	TBC
Independent review and QA	Up to 2 days	TBC

Resourcing

The study will be undertaken by one qualified researcher with prior experience and knowledge of OHADA. It is anticipated the same researcher will concurrently undertake the OHADA Entrepreneur study also commissioned by the DSU. This will significantly reduce the cost of the study.

Breakdown of costs:

- Up to 11 working days of researcher's time;
- Up to 2 working days of reviewer's time;
- Travel expenses for in-country interviews (apportioned to the study and shared between the OHADA Entrepreneur study and the DSU Learning Event):
 - Per diems for 3 days
 - Accommodation for 3 days
 - Communication and local travel for 3 days

Total budget for this research study is estimated at £11,000.

Governance and ethics

In the DSU, the research will be overseen by Marcus Jenal (DSU Short-term Research Lead) in regards to the scope and research process and with guidance from Hamish Colquhoun (DSU Team Leader) to ensure that the research is useful and relevant to the implementation of the overall PSD programme. On management and contracting the researcher should liaise with the DSU Project Manager.

Any concerns or disagreements with the deliverables of this study in the first instance should be raised with Hamish Colquhoun, the DSU Team Leader; they can be escalated to Jonathan Mitchell, the DSU Project Director.

As the study will not require any primary data collection or interaction with vulnerable groups there are no additional ethical considerations.

References

- IFC (International Finance Corporation) 2009, How many stops in a One Stop Shop? World Bank, Washington DC
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- Oxford Policy Management, 2018, Mid Term Review of the Eссор Programme in Democratic Republic of Congo, Oxford, March 2018
- Oxford Policy Management, 2017, Literature Review for the MTE: Making Markets Work for the Poor and Business Environment Reform: A Review of the Evidence Review, Oxford, 2017
- World Bank. 2016. Doing Business 2016: Measuring Regulatory Quality and Efficiency, Washington, DC: World Bank.
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