

**Africa: World Bank Provides US\$15 Million Grant to Build Business and Commercial Laws in the Ohada Zone**  
**By All Africa**  
**26 June 2012**

Washington — The World Bank today approved an International Development Association (IDA)\* US\$15 million technical assistance grant to strengthen Organisation pour l'Harmonisation en Afrique du Droit des Affaires (Organization for the Harmonization of Business Law in Africa) OHADA's institutional capacity to support, in its sixteen member countries, selected aspects of investment climate reforms, including improved corporate financial reporting.

The Improved Investment Climate within OHADA project grant will also include a reform of the OHADA laws and institutions that aim to provide businesses with a more secure and cost-effective business legal framework, thus facilitating business formation and growth. Reform aims to facilitate regional integration by providing businesses with a common legal framework to foster economies of scale and increased competition across the region.

"Many of the investment climate hindrances that constrain investment are embedded in the

OHADA Uniform Act," says Elizabeth Lule, Acting Director, Africa Regional Integration (AFCRI) Unit. "One example is the high level of minimum capital requirements currently set at US\$2,000 which is beyond the means of most entrepreneurs in the region. In contrast, most countries in the world have set no or a low capital requirement minimum because they recognized that a high minimum capital requirement hindered business formation and did not effectively protect creditors," concludes Lule.

The key outcomes expected from the project are increased numbers of (a) commercial disputes referred to alternative dispute resolution (ADR) mechanisms; (b) newly registered companies within OHADA member countries; and (c) professional accountancy organizations admitted as members of IFAC. Regarding this last aspect, the admission of accountancy organizations as members of IFAC will be achieved by: (a) improving accounting standards, (b) strengthening professional standards and practices, and (c) developing a regional professional qualification curriculum.

Gilberto de Barros, the co Team Leader, noted that "Improving the investment climate through a regional project is also going to be more effective since the country by country approach already started has failed to substantially improve the investment climate." The OHADA Project will thus complement the actions that are being implemented by OHADA member countries at the country level and improve help the investment climate since doing so requires the combination of reforms at both the regional and national levels in a context where the legal framework comprises both national and regional laws.

OHADA - Organization for the Harmonization of Business Law in Africa - was established in 1993 through a Treaty to improve the legal security and predictability of doing business in West and Central Africa. The 16 current member states are: Benin, Burkina Faso, Cameroon, Central African Republic (CAR), Chad, Comoros, Republic of Congo, Côte d'Ivoire, Gabon, Equatorial Guinea, Guinea, Guinea-Bissau, Mali, Niger, Senegal and Togo. The Democratic Republic of Congo (DRC) is due to become the 17th member in 2012. Throughout, this project appraisal document refers to 16 member countries.

The estimated population of the OHADA member countries is about 200 million-25percent of Sub-Saharan Africa (SSA), with a median GDP per capita of US\$363 (US\$754 for SSA). The World Bank's International Development Association (IDA), established in 1960, helps the world's poorest countries by providing loans (called "credits") and grants for projects and programs that boost economic growth, reduce poverty, and improve poor people's lives. IDA is one of the largest sources of assistance for the world's 81 poorest countries, 39 of which are in Africa. Resources from IDA bring positive change for 2.5 billion people living on less than \$2 a day. Since 1960, IDA has supported development work in 108 countries. Annual commitments have increased steadily and averaged about \$15 billion over the last three years, with about 50 percent of commitments going to Africa.

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