



BURKINA FASO LIBERIA RWANDA SIERRA LEONE SOUTH SUDAN
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EVALUATION OF THE WORLD BANK GROUP'S INVESTMENT CLIMATE PROGRAMS:
FOCUS ON IMPACT AND SUSTAINABILITY

APPENDIX: ASSESSMENT OF PRIVATE SECTOR COST SAVINGS

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Main Abbreviations

ADR	Alternative Dispute Resolution
AfDB	African Development Bank
CCS	Compliance Cost Savings
DB	Doing Business
DFID	Department for International Development (United Kingdom)
EAC	East African Community
ECOWAS	Economic Community of West African States
EU	European Union
FDI	Foreign Direct Investment
FY	Fiscal Year
GDP	Gross Domestic Product
GNI	Gross National Income
IC	Investment Climate
ICF	Investment Climate Facility for Africa
IEG	Independent Evaluation Group
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
IFI	International Financial Institution
IMF	International Monetary Fund
IPP	Investment Policy & Promotion
IT	Information Technology
M&E	Monitoring and Evaluation
PPD	Public Private Dialogue
PPP	Public Private Partnership
PSCS	Private Sector Cost Savings
SCM	Synthetic Control Method
SEZ	Special Economic Zone
SMS	Short Message Service
TMEA	Trade Mark East Africa
UEMOA	Union Economique et Monétaire Ouest Africaine
UNDP	United Nations Development Program
USAID	US Agency for International Development
WBES	World Bank Enterprise Surveys
WBG	World Bank Group

Symbols used in exhibits

~ means approximate value
 .. means not available
 – means not applicable
 0 means zero or a quantity less than half than the unit shown

In all exhibits, totals may not add due to rounding.

In some exhibits the following abbreviations were used

BFA = Burkina Faso; LBR = Liberia; RWA = Rwanda; SLE = Sierra Leone; SSD = South Sudan; SSA = Sub-Saharan Africa

1 Methodology for the Assessment of PSCS

Categories of Cost Savings. PSCS are defined as savings accruing to private economic agents as a result of reforms in the investment climate. PSCS can result from three situations, namely:

- A reduction in **out of pocket expenses** associated with the abolishment/simplification of certain procedures ("cost savings");
- A reduction in the **time spent by private operators** in dealing with certain procedures that have been abolished/simplified ("time savings" or "savings in the opportunity cost of time");
- A reduction in the **financial burden** related to changes in the payment profile for certain procedures ("financial savings" or "savings in the opportunity cost of money").

Cost savings refer to two items, namely: (i) the elimination/reduction of certain fees (stamp duties, service fees, etc.), and (ii) the elimination/reduction of the need to rely on service providers for certain formalities (e.g. elimination of the obligation to hire a solicitor to prepare and sign the Memorandum and Articles of Association).

Time savings refer to the gains in terms of opportunity cost of labor resulting from regulatory simplification and/or from the adoption of improved organizational models for certain services. This is, again, relevant for a wide range of areas of intervention, from business registration (e.g. as a result of the establishment of one stop facilities) to taxation (e.g. reduced number of tax forms to file).

Financial savings result from the reduction in the financial burden shouldered by private operators as a result of changes in the payment modalities for certain fees or taxes. For instance, in Sierra Leone, following IFC recommendations, the government decided to eliminate the tax advance payment system for newly registered companies, and this provides some cash flow advantages to tax payers.

Estimating PSCS. In analytical terms, estimating PSCS is quite a straightforward exercise, as it essentially involves the multiplication of a 'price element', i.e. the savings achieved in one particular case, times a 'quantity element', i.e. the number of relevant observations, referred to as 'transactions'.

The **price element** depends upon the nature of the reform under consideration. In the case of cost savings, e.g. the elimination of a certain fee or tax, the impact can generally be ascertained quickly. However, when the fee is expressed in *ad valorem* terms it is necessary to make reference to the value of the goods on which the fee is levied. The value of time savings is the result of the multiplication of the time saved thanks to a certain reform (expressed in terms of hours) times the unit value of labor (expressed in hourly total labor costs). Finally, the value of financial savings is determined by multiplying the amount of the payment deferred thanks to a certain reform by the relevant interest rate.

The nature of the **quantity element**, i.e. the number of transactions, also differs depending upon the reform considered. In certain cases, e.g. the registration of newly established businesses, the number of transactions coincides with the number of economic agents affected by a certain reform. In other cases, e.g. the payment of a certain tax, the number of transactions is the result of the multiplication of the number of economic agents subject to the tax times the number of times these agents have to undergo a certain procedure.

Two further aspects are worth highlighting. First, PSCS are calculated for the whole life of IC projects. As benefits may occur at different points in time, in order to properly aggregate annual values it is necessary to **proceed to compounding**, taking the terminal year of project as reference point. This is done using the relevant real interest rate. Second, some costs incurred by private operators (e.g. fees on specific transactions) are deductible for profit tax purposes, and this reduces the burden of complying with regulations. Therefore, in order to calculate the net impact of reforms, it is necessary to **adjust the savings considering the relevant profit tax rate**. However, this does not apply to economic agents subject to simplified tax regimes involving the payment of a flat tax or a turnover tax.

Practical Issues. While the method of calculating PSCS is relatively simple, the method is data intensive and significant problems may arise in collecting the relevant information. Data were retrieved from a variety of primary and secondary sources and the exercise proved quite challenging. In the case of **time savings**, information on the time required to comply with the various procedures was usually obtained from professionals active in the relevant fields, sometimes supplemented with data drawn from documentary sources (e.g. the time to comply with tax payments published in DB Reports). In the case of **cost savings**, data on fees imposed on private businesses were retrieved from official sources. Data collection was particularly complex in the case of fees expressed in *ad valorem* terms, as this required also estimating the

value of the assets on which the fees and taxes were levied (i.e. the value of land plots being registered or the value of buildings for which a construction permit is asked). Similarly, in the case of **financial savings**, it was necessary to estimate the value of the tax payments postponed. Finally, in several cases the identification of the **population affected**, i.e. the number of economic agents or the number of transactions benefiting from reforms, posed significant problems and it was often necessary to resort to crude estimates.

PSCS vs. Compliance Cost Savings. The PSCS concept is similar to that of Compliance Cost Savings (CCS) that are commonly used by the IFC to assess the impact of IC reform projects.¹ However there are significant differences between PSCS and CCS, concerning the nature of cost savings considered and, especially, the method of calculations. **First**, the notion of PSCS is broader of that of CCS, as it also includes financial savings, which instead are not considered when computing CCS. **Second**, PSCS are calculated with reference to the terminal year of IC projects, whereas CCS are calculated with reference to the 'baseline' year. Accordingly, in the case of PSCS the savings occurring at different points in time over the period analyzed are compounded using the relevant rate, while in the case of CCS the cost savings are discounted back to the 'baseline' year. **Third**, PSCS refer to 'life time' cost savings of IC reforms, i.e. consider cost savings irrespective of when the reforms were implemented during the reference period. Instead, CCS consider cost savings over only a period of four years, under the assumption that after a period of four years, the reforms would still be implemented even without IFC assistance. **Fourth**, and most important, PSCS are calculated considering the actual number of transactions over the relevant period, whereas CCS are calculated with reference to the number of transactions in the 'baseline' year. In practice, in the case of PSCS the number of transactions is assumed to reflect a 'natural' trend, not influenced by the reform. There are, however, two exceptions in which the reforms are indeed considered to have influenced the number of transactions.² In these cases, the actual number of transactions is replaced by the predicted number of transactions, on the basis of the trend prevailing in the pre reform period. As a result of the above, for any given reform the value of PSCS is greater than the value of CCS.

¹ For a detailed description of CCS see IFC, *Guideline for Calculating Direct Compliance Cost Savings*, November 2012.

² These two cases refer to the number of registered businesses in Rwanda and Liberia. For further details see Sections 5 and 6.

2 Basic Assumptions and Key Parameters

Baseline Year and Reference Period. The year in which IFC operations started in each country was considered as the 'baseline year'. The reference period for the calculation of PSCS spans from the year after the 'baseline' to 2013. No attempt was made to estimate future PSCS.

	<i>Burkina Faso</i>	<i>Liberia</i>	<i>Rwanda</i>	<i>Sierra Leone</i>	<i>South Sudan</i>
Baseline Year	2006	2007	2007	2007	2009
Reference period	2007-2013	2008-2013	2008-2013	2008-2013	2010-2013

Profit Tax Rates. Information on the profit tax rates used to adjust cost savings are reported below. The relevant profit rates vary across the reforms considered, depending on the population considered, in order to take into account the existence of simplified tax regimes, typically turnover- rather than profit-based.

Burkina Faso

The standard profit tax rate in Burkina Faso was (i) 35% in 2006 and 2007, (ii) 30% in 2008 and 2009, and (iii) 27.5% in 2010 and subsequent years. However, the standard rate is subject to exceptions. **First**, there is a minimum tax payable (*minimum de perception* – MP), corresponding to 0.5% of turnover and subject to thresholds depending upon the tax regime adopted, which in turn is linked to the size of the enterprise. In the case of business taxpayers under the so called *régime du bénéfice du Réel Normal* (RN), the MP was XOF 500,000 until the end of 2009 and was raised to XOF 1,000,000 in 2010. In the case of taxpayers under the so called *régime du bénéfice du Réel Simplifié d'Imposition* (RSI), the MP used to be XOF 200,000 until the end of 2009 and was raised to XOF 300,000 in 2010. In case taxpayers opt for the payment of the MP, expenses incurred are not deductible. **Second**, rebates on the amounts payable are applicable to SMEs associated with the so called *centres de gestion agréés* (CGA). The rebate is 30% on the standard tax rate and 50% on the MP. **Third**, favorable conditions are applicable to enterprises benefiting from special clauses in the Investment Code.

There are no statistics regarding the number of business taxpayers falling in the different categories, but available evidence suggests that the standard tax rate is applicable only to a minority of business taxpayers, namely those having a corporate form (*personnes morales*). Therefore, based on elements collected from tax consultants, the following assumptions were made: (i) companies (*personnes morales*): 50% were subject to the standard tax rate and 50% paid the MP or were exempted; and (ii) sole proprietorships and partnerships (*personnes physiques*): 20% were subject to the standard tax rate and 80% paid the MP or were exempted. The relevant tax rates for the various years are presented in the table below. For the calculation of the overall average, reference was made to data on operational businesses provided by the Chamber of Commerce, according to which companies account for one quarter/one fifth of total registered businesses depending upon the years.

	2006	2007	2008	2009	2010	2011	2012	2013
Average Tax Rate - personnes morales	18%	18%	15%	15%	14%	14%	14%	14%
Average Tax Rate – personnes physiques	7%	7%	6%	6%	6%	6%	6%	6%
Average Tax Rate – All Businesses	10%	10%	9%	9%	8%	8%	8%	8%

Liberia

The Corporate Income Tax (CIT) rate was at 35% until the approval of the Consolidated Amendment Act in November 2011, when it was reduced to 25%. Small taxpayers, i.e. businesses expected to earn a gross income of less than LRD 3 million (roughly US\$ 41,000) for a tax year, qualify for a simplified presumptive taxation at a rate of 4% of annual turnover in lieu of the CIT. The number of taxpayers falling under each tax regime is not known, but some 'qualitative' information was obtained from tax advisors. On this basis, the following assumptions were made: (i) all companies are subject to the standard CIT rate; (ii) all firms having different legal status (namely, sole proprietorships and partnerships) are subject to the presumptive tax regime. The overall average tax rate was calculated considering that companies account for about 30% of registered firms. The relevant tax rates for the various years are presented in the table below.

	2008	2009	2010	2011	2012	2013
Average Tax Rate - Companies	35%	35%	35%	35%	25%	25%
Average Tax Rate – Other Legal Forms	0%	0%	0%	0%	0%	0%
Average Tax Rate – All Businesses	11%	11%	11%	11%	8%	8%

Rwanda

Two tax regimes in place, namely: (i) a general tax regime with a tax rate of 39%, and (ii) a simplified regime with turnover-based flat tax rate for small firms. Data on the share of businesses falling under the general tax regime provided by the tax authorities are as indicated in the table below.

	2008	2009	2010	2011	2012	2013
Average Tax Rate - Sole Proprietorships	13%	17%	6.3%	5.1%	4.4%	4.0%
Average Tax Rate - Companies	51%	44%	34.7%	31.9%	41.6%	56.2%
Average Tax Rate - All Businesses	21%	18%	12.2%	11.3%	14.2%	20.2%

Based on the above, the tax rates applicable to the various categories of businesses relevant for the analysis of IC reforms were calculated. The relevant tax rates for the various years are presented in the table below.

	2008	2009	2010	2011	2012	2013
Average Tax Rate - Sole Proprietorships	4%	5%	2%	2%	1%	1%
Average Tax Rate - Companies	15%	13%	10%	10%	12%	17%
Average Tax Rate - All Businesses	6%	5%	4%	3%	4%	6%

Sierra Leone

The Corporate Income Tax (CIT) rate was at 30% for domestic firms and 35% for foreign firms until 2012, when it was reduced, respectively, to 25% and 30%. A turnover-based simplified regime is in place for smaller businesses. The number of taxpayers falling under each tax regime is not known. As in the case of Burkina Faso and Liberia, some information was collected during field work, which led to the following assumptions: (i) in the case of companies, the share of firms falling under the simplified tax regime compensates for the higher tax rate paid by foreign companies and, therefore, reference is made to the tax rate for domestic companies; (ii) all firms having different legal status (namely, sole proprietorships and partnerships) are subject to the presumptive tax regime. The overall average tax rate was calculated considering that companies account for about 20% of registered firms. The relevant tax rates for the various years are presented in the table below.

	2008	2009	2010	2011	2012	2013
Average Tax Rate - Sole Proprietorships	0	0	0	0	0	0
Average Tax Rate - Companies	30%	30%	30%	30%	25%	25%
Average Tax Rate - All Businesses	6%	6%	6%	6%	5%	5%

South Sudan

Following the passage of the Taxation Act of 2009, business profit tax rates are at: (i) 10% for small businesses, (ii) 15% for medium sized businesses, and (iii) 20% for large businesses. In addition, businesses may be granted tax incentives under the Investment Promotion Act. Once again, the precise number of firms subject to the two rates is not known. Based on elements collected during field, it was assumed that 75% of all businesses are taxed at the 10% rate and the remaining 25% pay the rate for medium sized businesses. This leads to an overall average tax rate of 11.25%.

Exchange Rates. Annual average exchange rates to convert values in local currencies into US\$ were retrieved from the following sources:

- **Burkina Faso (XOF):** BCEAO, Annuaire statistique and Bulletin de Statistiques Monetaires et Financieres, various years;
- **Liberia (LRD):** Central Bank of Liberia, Annual Reports, various years;
- **Rwanda (RWF):** National Bank of Rwanda, various publications;
- **Sierra Leone (SLL):** Bank of Sierra Leone, foreign exchange rates dataset;
- **South Sudan (SSP):** National Bureau of Statistics, various publications.

The relevant exchange rates are summarized in the Table below.

<i>Year</i>	<i>Burkina Faso</i>	<i>Liberia</i>	<i>Rwanda</i>	<i>Sierra Leone</i>	<i>South Sudan</i>
2007	479.5	60.8	547.0	2,984.5	--
2008	448.2	63.3	546.9	2,981.1	--
2009	472.2	67.8	568.3	3,385.7	--
2010	495.0	70.2	583.1	3,978.1	2.4
2011	477.5	71.9	600.3	4,349.2	2.7
2012	510.6	72.5	614.3	4,344.0	3.1
2013	494.1	81.9	648.5	4,332.5	4.2

Compounding. The *real interest rates* used for compounding purposes were calculated as the difference between the average lending rate and the annual inflation rate. In the few cases of negative real interest rates, a minimum rate of 3% was used.³ Inflation is measured by the annual CPI increase as shown in IMF reports or, in the case of South Sudan, in publications of the National Bureau of Statistics. Data on lending rates were obtained from the following sources:

- Burkina Faso: BCEAO (average of the prime rate and maximum lending rate, with weights, respectively, of 30% and 70%);
- Liberia: Central Bank of Liberia (average nominal annual lending rate to businesses);
- Rwanda: National Bank of Rwanda (nominal annual lending rate to businesses);
- Sierra Leone: Bank of Sierra Leone (average mid-point of the range of lending rates);
- South Sudan: Kenya Commercial Bank (typical lending rate to clients).

Relevant real interest rates are shown in the Table below.

<i>Year</i>	<i>Burkina Faso</i>	<i>Liberia</i>	<i>Rwanda</i>	<i>Sierra Leone</i>	<i>South Sudan</i>
2007	15.9%	3%*	6.9%	16.3%	--
2008	5.0%	3%*	3%*	12.9%	--
2009	12.6%	7.0%	6.2%	16.5%	--
2010	12.9%	6.7%	14.7%	7.1%	5%
2011	12.5%	5.4%	11.1%	6.2%	3%*
2012	12.4%	6.3%	10.5%	11.2%	3%*
2013	10.8%	6.1%	12.7%	15.5%	27%

*Real interest rate below 3%.

Time Savings. Time savings were calculated with reference to the annual cost of labor (see below), considering (i) 250 working days per year, and (i) 8 working hours per day.⁴ Four different professional categories are considered in the analysis, namely: (i) high level staff (management); (ii) medium level staff (office manager/secretary); (iii) low level staff (newly recruited clerk, *agent de liaison*); and (iv) self-employed (e.g. small trader, artisan).

Annual Cost of Labor. The annual cost of labor is estimated with the reference to the Gross National Income (GNI) per capita. GNI data are taken from the World Bank Development Indicators (WBDI) dataset and refer to the GNI Atlas method in current US\$. The data are shown in the table below.

<i>Year</i>	<i>Burkina Faso</i>	<i>Liberia</i>	<i>Rwanda</i>	<i>Sierra Leone</i>	<i>South Sudan</i>
2007	450	160	350	400	--
2008	510	190	420	470	--
2009	550	240	470	490	--
2010	600	270	510	470	1,080
2011	620	330	550	500	1,360
2012	670	370	600	530	840

³ This is the same approach used by IFC in the calculation of the CCS. See p. 9, Guidelines for Calculating Direct Compliance Cost Savings, November 2012.

⁴ Again, this is the same approach used by IFC in the calculation of the CCS. See p. 6, Guidelines for Calculating Direct Compliance Cost Savings, November 2012.

2013	670	410	620	680	1,120
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The values of GNI per capita were multiplied by an adjustment factor to approximate actual wage levels derived for certain years from various sources (e.g. labor surveys, unit costs of labor considered in SCM exercises, etc.). In particular, for the four categories of personnel, the annual cost of labor was set at 12 times, 8 times, 3 times and 5 times the value of GNI per capita. The hourly costs of labor for the four categories are presented in the tables below.

High Level Staff

<i>Year</i>	<i>Burkina Faso</i>	<i>Liberia</i>	<i>Rwanda</i>	<i>Sierra Leone</i>	<i>South Sudan</i>
2007	2.7	1.0	2.1	2.4	--
2008	3.1	1.1	2.5	2.8	--
2009	3.3	1.4	2.8	2.9	--
2010	3.6	1.6	3.1	2.8	6.5
2011	3.7	2.0	3.3	3	8.2
2012	4.0	2.2	3.6	3.2	5.0
2013	4.0	2.5	3.7	4.1	6.7

Medium Level Staff

<i>Year</i>	<i>Burkina Faso</i>	<i>Liberia</i>	<i>Rwanda</i>	<i>Sierra Leone</i>	<i>South Sudan</i>
2007	1.8	0.6	1.4	1.6	--
2008	2.0	0.8	1.7	1.9	--
2009	2.2	1.0	1.9	2.0	--
2010	2.4	1.1	2.0	1.9	4.3
2011	2.5	1.3	2.2	2.0	5.4
2012	2.7	1.5	2.4	2.1	3.4
2013	2.7	1.6	2.5	2.7	4.5

Low Level Staff

<i>Year</i>	<i>Burkina Faso</i>	<i>Liberia</i>	<i>Rwanda</i>	<i>Sierra Leone</i>	<i>South Sudan</i>
2007	0.7	0.2	0.5	0.6	--
2008	0.8	0.3	0.6	0.7	--
2009	0.8	0.4	0.7	0.7	--
2010	0.9	0.4	0.8	0.7	1.6
2011	0.9	0.5	0.8	0.8	2.0
2012	1.0	0.6	0.9	0.8	1.3
2013	1.0	0.6	0.9	1.0	1.7

Self-Employed Staff

<i>Year</i>	<i>Burkina Faso</i>	<i>Liberia</i>	<i>Rwanda</i>	<i>Sierra Leone</i>	<i>South Sudan</i>
2007	1.1	0.4	0.9	1	--
2008	1.3	0.5	1.1	1.2	--
2009	1.4	0.6	1.2	1.2	--
2010	1.5	0.7	1.3	1.2	2.7
2011	1.6	0.8	1.4	1.3	3.4
2012	1.7	0.9	1.5	1.3	2.1
2013	1.7	1.0	1.6	1.7	2.8

3 Country Parameters

3.1 Burkina Faso

Business Registration – Simplification of Procedures (BFA07STA). This is a composite reform, involving the adoption of a several measures leading to the simplification of registration requirements, with the elimination of certain steps and the concentration of responsibilities in a newly established one-stop-shop type of structure. The relevant number of **transactions** is given by the number of companies (SARL and *sociétés anonymes*) registered during the reference period, as retrieved in CEFORE data.

PSCS for **companies** include both cost savings and time savings. In particular:

- **Cost savings** include:
 - the elimination of the need to register the articles of association with tax authorities, with savings equal to (i) XOF 6,000 for the fixed fee and (ii) XOF 6,000 for the registration of the document (XOF 400 per page * an average of 15 pages). This results in a cost saving of XOF 12,000 starting in 2008;
 - the reduction in the cost for the publication of the formation notice, passing from XOF 45,000 in 2006 and 2007 to XOF 20,000 in 2008, with cost savings of XOF 25,000 starting from 2008.
- **Time Savings** include:
 - the elimination of the need to file a declaration on the start of activities with the National Employment Agency, with a savings of 2 hours starting in 2007;
 - the elimination of the need to file a declaration on the start of activities with the Inspection du Travail, with a savings of 2 hours starting in 2007.

PSCS for **personnes physiques** only included **time savings** as described for companies, for an overall 4 hours starting in 2007.

Years	Companies			Personnes Physiques	
	Transactions	Cost Savings (XOF)	Time Savings (Hours)	Transactions	Time Savings (Hours)
2007	606	--	4	2,583	4
2008	730	37,000	4	2,534	4
2009	766	37,000	4	2,885	4
2010	1,076	37,000	4	3,494	4
2011	1,127	37,000	4	3,822	4
2012	1,268	37,000	4	4,460	4
2013	1,436	37,000	4	5,746	4

Business Registration – Simplification of Procedures (BFA08STA). This is a composite reform, involving the adoption of a series of successive legal, administrative and organizational measures entailing: (i) the simplification of registration requirements, with the elimination of certain steps and the concentration of responsibilities in a newly established one-stop-shop type of structure, and (ii) the reduction of registration fees and of other out-of-pocket costs. As for the previous reform, the relevant number of **transactions** is given, by the number of companies (SARL and *sociétés anonymes*) registered during the reference period.

PSCS for **companies** include both cost savings and time savings. In particular:

- **Cost savings** include:
 - and to XOF 10,000 in 2009 and thereafter (following the introduction of the web publication via CEFORE), with a cost saving of XOF 10,000 starting from 2009;
 - the reduction in registration fees with CEFORE, passing from XOF 50,000 in 2006 through 2008 (excluding the so called 'Bouquet Koodé', which was never mandatory) to XOF 37,500 in 2009 and 2010, with a cost saving of XOF 12,500 starting in 2009;
- **Time savings** include:
 - the elimination of the need to register articles of incorporation with tax authorities, with a savings of 4 hours starting in 2008;
 - the elimination of the need to publish the formation notice in newspapers, with a savings of 2 hours starting in 2009.

As for **personnes physiques**, PSCS only included **cost savings**, referring to the reduction of the CEFORE registration, which declined from XOF 47,390 in 2006 through 2008 to XOF 39,890 in 2009, with a savings of XOF 7,500 starting from 2009.

A summary presentation of key parameters is provided in the table below.

Years	Companies			Personnes Physiques	
	Transactions	Cost Savings (XOF)	Time Savings (Hours)	Transactions	Cost Savings (XOF)
2008	730	-	4	-	-
2009	766	22,500	6	2,885	7,500
2010	1,076	22,500	6	3,494	7,500
2011	1,127	22,500	6	3,822	7,500
2012	1,268	22,500	6	4,460	7,500
2013	1,436	22,500	6	5,746	7,500

Business Regulation - Reform of Private Schools Licensing Procedures (BFA13LIC). This concerns the consolidation of certain procedures, the simplification of documents to be submitted, and the delegation of certain powers to regional directorates of the Ministry of Education in connection with the issuance of licenses (*agrément et ouverture*) of private schools. The reform was introduced in the Summer of 2010. The number of **transactions** is equal to the number of new private schools opening every year, which was provided by the Ministry of Education, **Time savings** related to the reform are estimated at 20 hours, mostly linked to the elimination of visits to the Ministry in order to submit documents (particularly relevant for schools located outside the capital). The reform also involved a modification of fees. However, this resulted essentially in a rebalancing of fees between schools in Ouagadougou (which pay more) and schools in other cities (which pay less), with a negligible overall effect. Cost savings are therefore not considered. A summary presentation of key parameters is provided in the table below.

Years	Transactions	Time Savings (Hours)
2010	10	20
2011	5	20
2012	8	20
2013	15	20

Construction Permits - Reduction or Elimination of Various Fees (BFA07CON). Since late 2007 several fees connected with the issuance of construction permits were reduced or eliminated. The number of **transactions** was estimated based on data provided on the number of permits issued by CEFAC. In particular: (i) for 2008 and 2007, the number of transactions was estimated (on a pro rata basis) based on the permits issued by CEFAC since mid-April 2008; (ii) since 2009, the number of transactions is equal to the number of permits issued by CEFAC. **Cost savings** refer to the reduction in the fee charged by the *Laboratoire National du Bâtiment et des Travaux Publics* (LNBTP) for carrying out soil studies, which declined from XOF 700,000 in 2006, to approximately XOF 400,000 in 2007 (XOF 300,000 for buildings up to 600 square meters, proportionally more for larger buildings), resulting in cost savings of XOF 300,000 starting from 2007.

A summary presentation of key parameters for the above reforms is provided in the table below.

Years	Transactions	Cost Savings (XOF)
2007	60	300,000
2008	60	300,000
2009	85	300,000
2010	101	300,000
2011	127	300,000
2012	152	300,000
2013	181	300,000

Construction Permits - Establishment of CEFAC (BFA08CON). CEFAC was established on 15 April 2008, to handle all the matters related to the issuance of construction permits. The number of **transactions** is equal to the construction permits (*permits de construire*) issued by CEFAC since its establishment in the cities of Ouagadougou, Bobo-Dioulasso, and Ouahigouya.⁵ In line with the nature of the Evaluation, transactions refer exclusively to permits for buildings à usage commercial or à usage mixte, excluding private houses. The establishment of CEFAC involved **time savings** associated with the elimination of five steps, namely: (i) the submission of the technical file to the municipality, (ii) the payment of a fee at the municipality, (iii) the payment of a fee at the *Direction Générale de l'Architecture et de la Construction*, (iv) the payment of a fee to the fire department, and (v) the submission of the technical file and payment of the related fee at the *Direction Générale de l'Aménagement du Territoire*. The time savings associated with these simplifications are estimated at some 15 hours starting in April 2008. It is important to note that these savings do not take into account the numerous on-site inspections listed in the DB Report 2007, as they were never mandatory (and, indeed, never carried out even on a voluntary basis, at least with the abnormal frequency indicated in the DB Reports). A summary presentation of key parameters for the reform is provided in the table below.

Years	Transactions	Time Savings (Hours)
2008*	37	15
2009	85	15
2010	101	15
2011	127	15
2012	152	15
2013	181	15

* CEFAC operational since mid-April only

Construction Permits - Reduction or Elimination of Various Fees (BFA08CON). Burkina Faso continued in the reform of procedures to obtain construction permits, generating further cost savings in this respect. In particular:

- the fee charged by the *Laboratoire National du Bâtiment et des Travaux Publics* (LNBTP) for carrying out soil studies was further reduced to XOF 300,000 from 2009 onwards, generating cost savings for XOF 100,000 thereafter 2009;
- the elimination in 2008 of the fee associated with the technical check carried out by the *Direction Générale de l'Aménagement du Territoire* (see above), which used to be equal to 0.03% of estimated construction costs (*devis estimatif*). Assuming an average construction cost of about XOF 40,000,000 (for a two story building for commercial use), this resulted in cost savings of XOF 12,000 starting in 2008.

The number of **transactions** was estimated based on data provided on the number of permits issued by CEFAC. In particular: (i) for 2008 and 2007, the number of transactions was estimated (on a pro rata basis) based on the permits issued by CEFAC since mid-April 2008; (ii) since 2009, the number of transactions is equal to the number of permits issued by CEFAC.

A summary presentation of key parameters for the above reforms is provided in the table below.

Years	Transactions	Cost Savings (XOF)
2008	60	12,000
2009	85	112,000
2010	101	112,000
2011	127	112,000
2012	152	112,000
2013	181	112,000

Construction Permits - Reduction of Fee Payable to the Fire Department (BFA10CON). The fee payable to the fire department (*Brigade Nationale des Sapeurs Pompiers* – BNSP) for checking the fire safety plan was reduced from XOF 30,000 in 2006 through 2009 to XOF 5,000 2010, with a **cost savings** of

⁵ Information provided directly by CEFAC and cross checked with information contained in Kibtorne G., *Etude sur les contraintes liées à l'obtention des actes de construire*, rapport pour le Ministère de l'Habitat et de l'Urbanisme, la Maison de l'Entreprise et le CEFAC, Rapport provisoire, Novembre 2013.

XOF 25,000 starting in 2010 (Ministerial decree of September 18, 2009). The **number of transaction** is equal to the number of permits issued by CEFAC. A summary presentation of key parameters for the above reforms is provided in the table below.

Years	Transactions	Cost Savings (XOF)
2010	101	25,000
2011	127	25,000
2012	152	25,000
2013	181	25,000

Property Registration – Reduction of Property Transfer Tax (BFA07PRO). This concerns the reduction of the ad valorem tax on the transfer of property, which was reduced from 15% to 10% in 2007. The number of transactions is unknown and was 'guess estimated' by doubling the number of construction permits estimated based on CEFAC data. In order to estimate the cost savings, reference was made to a property worth CFAF 12,000,000, a value in line with that of the so called 'standardized property' presented in the DB Reports. This yields a cost savings of CFAF 600,000 starting from 2007. The key parameters for this reform are provided in the table below.

Years	Transactions	Cost Savings (XOF)
2007	120	600,000
2008	120	600,000
2009	152	600,000
2010	153	600,000
2011	251	600,000
2012	304	600,000
2013	370	600,000

Property Registration – Reduction of Property Transfer Tax (BFA08PRO). The ad valorem tax on the transfer of property was further reduced from 10% to 8% in mid-2008, generating further cost savings of XOF 240,000 starting from mid-2008. The number of transaction corresponds to that utilized above for BFA07PRO. The key parameters for this reform are provided in the table below.

Years	Transactions	Cost Savings (XOF)
2008	60	240,000
2009	152	240,000
2010	153	240,000
2011	251	240,000
2012	304	240,000
2013	370	240,000

Property Registration - Reform of Property Transfer Procedures (BFA08PRO). This concerns the simplification of procedures for the registration of property with the establishment of the *Guichet Unique Foncier* (GUF), together with the reduction in some related fees. The number of **transactions** was provided by the GUF, with the exception of the year 2008, for which a value double than the number of construction permits (see above) was used. **Time savings** refer to the elimination of the need to get permission for the transfer of property from the municipality, which yields time savings of about 7 hours starting from 2008. **Cost Savings** refer to the elimination of the fee requested by the municipality for permission to transfer property (effective beginning 2008, as included in the Loi de Finance), with a savings of XOF 600 starting from 2008.

Years	Transactions	Cost Savings (XOF)	Time Savings (Hours)
2008	120	600	7
2009	152	600	7
2010	153	600	7
2011	251	600	7
2012	304	600	7
2013	370	600	7

Property Registration - Reform of Property Transfer Procedures (BFA09PRO). This concerns further simplification of the procedures for the registration of property starting from May 2009. **Time savings** refer to the elimination of two procedures, namely: (i) the merging of two procedures related to the inspection valuation of the property and (iii) the merging of two procedures related to the payment of fees. This yields a time savings of about 8 hours starting from May 2009. **Cost savings** refer to the elimination of fees to obtain valuation (XOF 6,200) and its registration (XOF 6,200), replaced by fees to be paid to GUF (XOF 6000 for the valuation + XOF 4000 for the valuation registration + XOF 1700 for the stamp duty = XOF 11,700), with a net gain of XOF 700, effective with the establishment of GUF in May 2009. The number of **transactions** was provided by the GUF, with the exception of the year 2008, for which a value double than the number of construction permits (see above) was used. The key parameters reforms are provided in the table below.

Years	Transactions	Cost Savings (XOF)	Time Savings (Hours)
2009	101	700	8
2010	153	700	8
2011	251	700	8
2012	304	700	8
2013	370	700	8

Legal Reforms - Labor Market Regulations - Reform of Work Contracts Registration Procedures (BFA08LAB). The introduction of the new Labor Code in mid-2008 involved *inter alia* the elimination of the need for employers to go to the *Inspection du Travail* (IDT) to get a visa for each new work contract, with corresponding time savings. The number of **transactions** is difficult to estimate, because compliance with this regulation was traditionally fairly low, although seemingly on the rise. Figures on work contract visas published by the *Observatoire National de l'Emploi et de la Formation Professionnelle* (ONEF)⁶ show that the number of contracts registered was on a rising trend at the moment of reform, and it is reasonable to assume that without the reform there could have been 3,500 visas issued in the second half of 2008, and around 7,000 in the following years. However, as indicated during interviews with IDT staff, several contracts could be brought at the same time to the IDT for registration. Therefore the number of transactions was estimated to be equal to a third of the total number of contracts, i.e. 1,200 in second half of 2008, and 2,400 since 2009. **Time savings** refer to the elimination of two visits to the IDT, one to submit the contracts and the second to collect them duly stamped, with a savings of 4 hours starting in mid-2008. The key parameters are summarized in the table below.

Years	Transactions	Time Savings (Hours)
2008	1,200	4
2009	2,400	4
2010	2,400	4
2011	2,400	4
2012	2,400	4
2013	2,400	4

Legal Reforms – Contract Enforcement - Reform of Court Award Registration Procedures (BFA09ENF). This refers to the elimination of the court decisions registration fees, calculated on the value of the court award. A first reduction in this *ad valorem* fee (from 4% to 2%) took place in early 2006, and cannot be attributed to the Project. The fee was eventually eliminated in May 2008. The number of **transactions** refers to the number of *decisions rendues*. Data for 2011 and 2012 were collected from the Ministry of Justice. For 2013, the number of transactions is set equal to the one in 2012. Data for the previous years were roughly estimated based on partial data (e.g. the number of court cases handled by the *Tribunal de Commerce* of Ouagadougou in the first half of 2010) and information collected from the Ministry of Justice

⁶ ONEF, *Tableau de bord du marché du travail 2000 – 2008*, 2009. Data for contract visas are as follows: 2005: 3,345; 2006: 4,363; 2007: 5,972; 2008: 5,625. The report suggests that the increase between 2005 and 2007 was due to increasing compliance ("*propension des employeurs à se conformer de plus en plus à la législation sur le marché du travail*", page 28). The figure for 2008 (only marginally lower than that for 2007), suggests that visas were phased out only gradually after the passing of the new Labor Code. The assumption made here is that compliance would have continued to grow in 2008, reaching a plateau of 7,000 visas issued, and remained thereafter.

and lawyers. **Cost savings** are estimated using the average value of court awards of XOF 5,000,000 (i.e. about US\$ 9,000). This value was estimated based on information collected during fieldwork and is significantly higher than the typical court claim considered in DB Reports. Therefore, the savings is of XOF 100,000 starting with mid-2008. The key parameters are summarized in the table below.

Years	Transactions	Cost Savings (XOF)
2008	150	100,000
2009	300	100,000
2010	350	100,000
2011	319	100,000
2012	282	100,000
2013	282	100,000

Trade Logistics - Elimination of Escorts for Freight Traffic (BFA09TRA). This reform relates to the discontinuation of mandatory police escorts for selected categories of inbound and transit freight traffic (oil products, personal items, and especially containerized goods), which became effective on 29 May 2009. The number of **transactions** refers to the numbers of trucks that would have been escorted without the reform. Data collected by the Project team indicate for the January – June 2010 period a total of 13,066 containers transported by road. However, based on other statistics provided by the *Conseil Burkinabé des Chargeurs* (CBC), this figure appears to refer primarily to 20 foot containers (TEU), of which 2 are typically carried by a single truck. Therefore, the number of trucks no longer escorted can be grossly estimated at around 7,000 for the first semester of 2010. The same figure is retained for the second half of the year, and well as for the period June – December 2009 and for 2011 onwards.⁷ **Cost savings** are estimated on the basis of tariffs for police escorts set by customs in 2008, which range from XOF 5,000 for inbound traffic to XOF 10,000 - 20,000 for transit traffic (e.g. XOF 10,000 for trucks going from Dankola to Niger or Mali or XOF 20,000 for trucks going to Mali from Faramana or Koloko). For the purposes of the exercise, an average value of XOF 10,000 per truck starting in mid-2009 was considered. The key parameters are summarized in the table below.

Years	Transactions	Cost Savings (XOF)
2009	7,000	10,000
2010	14,000	10,000
2011	14,000	10,000
2012	14,000	10,000
2013	14,000	10,000

Trade Logistics - Prolongation of the Validity of Documents (BFA10TRA). This reform relates to the prolongation of the validity from 6 to 12 months for certain import – export documents, namely the *Déclaration Préalable d'Importer* (DPI), the *Autorisation Spéciale d'Importer* (ASI), and the *Autorisation Spéciale d'Exporter* (ASE), which became effective at end 2009. The number of **transactions** is estimated based on the number of documents issued by the Guichet Unique du Commerce (GUC) over the 2009 – 2013 period, which are provided in the table below.

Years	DPI	ASI	ASE
2009	22,976	402	115
2010	26,921	451	128
2011	30,745	451	104
2012	34,093	442	117
2013	32,298	396	132

In principle, the doubling of the validity should reduce the number of documents issued by half. However, a number of transactions can actually be carried out within a period of 6 months, and therefore do not require the prolongation of the related document. Based on some anecdotal information on import – export transactions, the number of documents for which a prolongation would have been necessary was guess estimated at one third of the total. **Cost savings** are determined based on the fees paid, which are XOF

⁷ An attempt to collect more recent data from the Customs with assistance from the IFC staff proved unsuccessful.

1,000 for each DPI and XOF 1,685 for each ASI/ASE. Time savings refer to the elimination of the two visits to the relevant office for each document, estimated to involve a saving of 4 hours in 2010. The key parameters are summarized in the tables below.

DPI

<i>Years</i>	<i>Transactions</i>	<i>Cost Savings (XOF)</i>	<i>Time Savings (Hours)</i>
2010	9,000	1,000	4
2011	10,000	1,000	4
2012	11,000	1,000	4
2013	11,000	1,000	4

ASI/ASE

<i>Years</i>	<i>Transactions</i>	<i>Cost Savings (XOF)</i>	<i>Time Savings (Hours)</i>
2010	200	1,685	4
2011	200	1,685	4
2012	200	1,685	4
2013	200	1,685	4

Business Taxation - Reduction of Deposit for Tax Appeals (BFA09TAX). This refers to a reduction of the deposit taxpayers are required to pay when filing an appeal against an assessment made by the tax administration. The reform, introduced by the Loi de Finance 2009, involves a reduction of the deposit from 100% to 25% of the amount claimed by the administration. Irrespective of the final result of the appeal, this translates into a financial savings, due to postponed payment. The information required to define the key parameters was provided by the DGI. In particular:

- the number of **transactions** was set equal to 68, which is the number of tax appeals received in 2009, and kept constant for the following years as well;
- the **average value of the postponed payment** is equal to 75% of the average claim appealed by taxpayers in 2009, namely XOF 76,891,702;
- the **average duration of the postponement** is 105 days, which is the average *délais de traitement* recorded in 2009, and kept constant for the following years.

The **reference interest rate** is the deposit rate, which measures the interest income earned as a result of the postponement in payments. Based on BCEAO data, this rate was set at 3.5%.

<i>Years</i>	<i>Transactions</i>	<i>Value of Transactions (XOF)</i>	<i>Deposit Rate</i>
2009	68	76,891,702	3.5%
2010	68	76,891,702	3.5%
2011	68	76,891,702	3.5%
2012	68	76,891,702	3.5%
2013	68	76,891,702	3.5%

3.2 Liberia

Business Registration – Simplification of Procedures (LBR08STA). This concerns the adoption of several administrative and organizational measures to simplify the registration procedures, through the elimination of certain steps, and the concentration of responsibilities in a single office at the Ministry of Commerce and Industry (MCI). The reforms yielded **time savings** for both corporations and sole proprietorships and partnerships. In particular:

- Both **corporations** and **sole proprietorships/partnerships** benefitted from reduction in the time required to go through some steps of the registration process (i.e. name search and payment) following the creation of the one stop center, with an overall time saving of 8 hours from 2008.

- For what concerns **corporations**, the previous practice by the MCI of physically inspecting all new business sites was eliminated, with an estimated the saving of 12 hours day from 2008 (preparatory activities included).

The **number of registrations** corresponds to the number of corporations and sole proprietorships/companies registered in the relevant period. However, the number of registrants is deemed to have been influenced by the reform. As data on registrations in the pre reform period are not available, it is not possible to extrapolate the past trend to estimate the number of firms that would have registered in the absence of the reform. The influence exerted by the reform is nonetheless taken into account by reducing the number of actual registrations by 10% for each year.⁸

The relevant parameters are summarized in the table below.

Years	Corporations		Sole Proprietorships/Partnerships	
	Transactions	Time Savings (Hours)	Transactions	Time Savings (Hours)
2008	670	20	1,840	8
2009	776	20	2,130	8
2010	994	20	2,123	8
2011	1,917	20	2,837	8
2012	1,916	20	3,744	8
2013	2,367	20	4,492	8

Business Registration – Simplification of Procedures (LBR09STA). The procedures to register new corporations were further simplified with the introduction of standardized forms for Articles of Incorporation (Aol), which, in principle, should enable businesses to register without the assistance from an attorney, and thus to save on legal fees. This results in a cost saving of US\$ 500 per business registration (i.e. the average lawyer's fee) and in time savings of 8 hour per registration, starting from mid-2008. The number of transaction corresponds to the number of corporations registered in the relevant period, reduced by 10% to reflect the effect of reforms on the number of registrations (see above). However, evidence collected during field work suggests that the impact of the introduction of standardized Aol forms has been fairly modest, with most of interviewees acknowledging a marginal decrease in the use of legal services only. Therefore, in this case the number of relevant transactions is set at 10% of the actual number of newly registered companies.

The relevant parameters are summarized in the table below.

Years	Cost Savings		Time Savings	
	Transactions	US\$	Transactions	Hours
2008	34	500	335	8
2009	78	500	776	8
2010	99	500	994	8
2011	192	500	1917	8
2012	192	500	1916	8
2013	237	500	2367	8

Business Registration – Establishment of LBR (LBR11STA). The establishment of the Liberian Business Registry (LBR) in April 2011 resulted in the further simplification of procedures, including (i) the obtainment of the Tax Identification Number (TIN), which is now obtained at the LBR (instead of having to go to the Ministry of Finance); (ii) the elimination of the requirement to produce copies of Aol to NASSCORP, as data are now transferred directly from LBR; (iii) the possibility to pay fees directly at LBR, without having to go to the bank; (iv) the possibility to obtain the certification of certain documents without having to go to the Ministry of Foreign Affairs (MFA), with the elimination of the related fee. The establishment of the LBR yielded both to new registrants (corporations and sole proprietorships/partnerships) and to businesses renewing their registration every year. PSCS relate both to cost savings and time savings:

⁸ The 10% reduction is in line with what envisaged in FIAS, Investment Climate: Managing for Impact, presentation, Cairo, March 12, 2012, which in turn relies on the results of a literature review of reforms in business registration.

- **Cost savings**, which only concern **corporations** arise from the elimination of the fee for the certification of certain documents at the MFA, resulting in US\$ 50 saved per business registration starting from April 2011.
- **Time savings** were estimated based on information provided by LBR officials and private sector representatives, and include:
 - the reduction of the time required to make the payment for registration fees, now possible at the LBR, leading to a saving of 2 hours starting from April 2011 (concerning all firms);
 - the reduction of the time for getting the TIN, issued directly upon registration, with a saving of 4 hours starting from April 2011 (only for new firms, both corporations and new registrants);
 - the elimination of the requirement to go to NASSCORP, with a saving of 2 hours starting from April 2011 (only corporations).

Regarding the number of **transactions**, three points are worth noting:

- the number of transaction for new registrants was again reduced by 10%, to account for the influence of reforms;
- evidence collected during field work, suggest that a certain number of firms (grossly estimated at one quarter of all new registrants) still go to the MFA, where unscrupulous staff continue to collect the US\$ 50 fee. Therefore, cost savings apply to only 75% of new registrants;
- the number of renewals is the overall number of businesses renewing their registration each year, again reduced by 10%. It is worth noticing that data display a dramatic decline in 2013, which is linked to rumors regarding the elimination of the annual renewal requirement (which however was not implemented).

A summary presentation of key parameters is provided in the table below.

Years	Corporations				Sole Proprietorships/ Partnerships		Renewals	
	Cost Savings		Time Savings		Time Savings		Time Savings	
	Transactions	US\$	Transactions	Hours	Transactions	Hours	Transactions	Hours
2011	1,079	50	1,438	8	2,128	6	2,855	2
2012	1,437	50	1,916	8	3,744	6	3,907	2
2013	1,775	50	2,367	8	4,492	6	593	2

Business Registration - Elimination of Business Trading License Fee (LBR13STA). This reform refers to the elimination of the Business Trading License fee that became effective on June 27, 2012. This results in a **cost savings** of LRD 4,200 for all new businesses registering from July 2012 onwards, again with a reduction of 5%. The number of relevant **transactions** is the number of new registrants, with the exception of NGO which were not requested to pay the fee. A summary presentation of key parameters is provided in the table below.

Years	Transactions	Cost Savings (L\$)
2012	2,673	4,200
2013	6,398	4,200

Construction Permits - Reform of the Building Permit System (LBR08CON). This reform concerns the increased transparency and simplification of procedures and reduction in costs for the issuance of building permits. PSCS relate to both cost and time savings. In particular, **cost savings** relate to the reduction in the fee charged by the Ministry of Public Works (MPW) for building permits from US\$ 0.1-0.25/sq. ft. to US\$ 0.05/sq. ft. per commercial building. This results in a cost saving per permit of about US\$ 250 in 2008 and US\$ 500 in subsequent years. **Time Savings** related to the reduction of the time required to businesses to make corrections and add documents following official denial of approval, as a result of the implementation of a standard check-list, detailing all required forms, with an average savings of 2 days (16 hours), starting from 2008. As for the **number of transactions**, the number of construction permits issued for commercially oriented buildings is available only for the years 2008, 2009 and 2010. MPW officers were unable to provide precise data for more recent years but suggested that the number marginally increased in recent years. The number of transactions was therefore grossly estimated at 100 for the years 2011 through 2013.

<i>Years</i>	<i>Transactions</i>	<i>Cost Savings (US\$)</i>	<i>Time Savings (Hours)</i>
2008	44	250	16
2009	66	500	16
2010	92	500	16
2011	100	500	16
2012	100	500	16
2013	100	500	16

Construction Permits - Reform of the Building Permit and Authorization Systems (LBR09CON).

Reform work on construction permits continued also in FY 2009, encompassing both building permits and authorizations. **Cost savings** relate to the replacement of the *ad valorem* fee (i.e. 3% of the value of the construction project) levied by the Monrovia City Corporation (MCC) for construction authorizations with a fee of US\$ 0.04/sq. ft. This results in a cost saving per authorization of some **US\$ 800 starting from May 1, 2009**. It is worth noting that key parameters for a representative commercial/industrial building in Liberia were estimated based on data provided by the MCC and the MPW. However, significant inconsistencies emerged from these two sources, in particular: (i) in some years, the number of authorizations yearly issued by the MCC is greater than the number of permits issued by the MPW, which is in contrast with the fact that the latter apply to all construction projects for the whole country, whereas the former are required for buildings in Monrovia only; and (ii) the average size of buildings, as inferred from data on collected fees, is much bigger in the case of MPW compared to MCC. It is, therefore, likely that data received from MCC include, in addition to authorizations for construction, authorizations for reconstruction and renovation, for which smaller fees are charged. Based on data from the MPW, the **average size of a commercial/industrial building** was estimated at 5,000 square feet in 2008 and 10,000 square feet in subsequent years. The **average value of a construction project** was estimated, based on MCC data (the only available source), at some US\$ 20,000 in 2008 and US\$ 40,000 in subsequent years⁹. These parameters constitute a significant deviation from the 'case model' adopted by the DB Report, which assumes a commercial building of 14,000 square feet, with construction costs of US\$ 224,000. **Time savings** include the elimination of the requirement to obtain a tax waiver prior to obtaining a permit with MPW, with an additional savings of **8 hours starting from 2009**. The **number of transaction** for permits obtained from MPW relates to the number of construction permits issued for commercially oriented buildings, as described above; the number of authorization permits issued by MCC is available only for the years 2009 (123) and for 2013 (77). For the other years, the number was set equal to the number of permits issued by MPW.

A summary presentation of key parameters is provided in the table below.

<i>Years</i>	<i>Construction Permits MPW</i>		<i>Construction Authorizations MCC</i>	
	<i>Transactions</i>	<i>Time Savings (hours)</i>	<i>Transactions</i>	<i>Cost Savings (US\$)</i>
2009	66	8	80*	800
2010	92	8	92	800
2011	100	8	100	800
2012	100	8	100	800
2013	100	8	77	800

*only starting from May

Trade Logistics – Reduction of Pre-Shipment Inspection Fee (LBR08TRA). This refers to the reduction of the Pre-Shipment Inspection (PSI) fee, that in mid-2008 was lowered from 1.5% of FOB value of imports to 1.1%. The reduction does not apply to the imports of rice, fuel and vegetable oil, for which the PSI is a flat amount per ton. Also, imports of foodstuff from ECOWAS countries and goods worth less than US\$ 3,500 are not subject to PSI. The precise value of imports exempt from PSI or for which the PSI fee is charged in a different manner is not known. However, considering that imports of rice and fuel alone account for nearly

⁹ In 2008, MCC reportedly received US\$ 11,500 from issuing some 20 construction authorizations. As the fee levied before the reform was set at 3% of the value of the construction project, the average value per project could be estimated at some US\$ 20,000. In accordance with the doubling of the average size of the representative building, this figure was raised to US\$ 40,000 in the following years.

one third of total imports, the share of imports for which the PSI fee reduction is applicable was conservatively set at 40%. The key parameters used in the analysis are presented in the table below.

<i>Years</i>	<i>Estimated FOB Value of Imports (US\$ million)</i>	<i>Decrease in PSI Fee</i>
2008	106.3*	0.3%
2009	168.9	0.3%
2010	202.2	0.3%
2011	298.8	0.3%
2012	320.1	0.3%
2013	433.2	0.3%

* Half year

Trade Logistics - Reform of Import Procedures (LBR09TRA). This reform refers to the elimination of the fee to be paid to MCI to obtain an Import Permit Declaration (IPD) in 2009, resulting in a **cost savings** of US\$ 25 starting with 2009. The number of **transactions** refers to the number of IPD yearly issued by the MCI. A summary presentation of key parameters is provided in the table below.

<i>Years</i>	<i>Transactions</i>	<i>Cost Savings (US\$)</i>
2009	8,471	25
2010	8,892	25
2011	11,628	25
2012	5,821	25
2013	3,898	25

Trade Logistics – Improvement of Custom Clearance Processes (LBR11TRA). This refers to the reduction of the average waiting time for clearing customs, resulting from various improvements in custom procedures. According to data provided by the Bureau of Customs and Excises (BCE), the average waiting time for imported goods passing through the Monrovia Freeport (which handles about 90% of all merchandise traffic) declined by 54 hours in 2010, 9 hours in 2011, 15 hours in 2012 and another 3 hours in 2013. This decline originates financial savings, as imported goods can be placed onto the market at a faster pace. The value of **transactions** is equal to 90% of the value of all imports, taken from IMF reports.¹⁰ The **reference interest rate** is the deposit rate, which measures the interest income earned as a result of the postponement in payments. Information on deposit rates was taken from Central Bank of Liberia's Annual Reports, and was converted into hourly deposit rates. The relevant parameters are presented in the table below.

<i>Years</i>	<i>Estimated Value of Imports Through Monrovia Freeport (US\$ million)</i>	<i>Reduction in Waiting Time (hours)</i>	<i>Hourly Deposit Rate</i>
2010	606.6	54	0.00033%
2011	896.4	9	0.00042%
2012	960.3	15	0.00033%
2013	1,299.6	3	0.00050%

Trade Logistics - Reform of Import/Export Procedures (LBR13TRA). This refers to the reduction in the number of goods for which an IPD and its equivalent for exports, the Export Permit Declaration (EPD) is necessary in 2012, with a further reduction in mid-2013. These measures result in **time savings of 4 hours per IPD/EPD avoided from mid-2012 and, for certain products, from mid-2013**. The number of **transactions** refers to the number of EPD and IPD 'avoided' due to the reduction of number of goods subject to permit declaration. The latter was grossly estimated based on data on IPD and EPD issued in the previous years. A summary presentation of key parameters is provided in the table below.

¹⁰ There are indications that IMF import data (which seem to be taken from the Central Bank of Liberia) could undervalue the actual value of imports, due widespread under declaration in IPD. The issue was brought up by an IFC consultant currently working in Liberia, who provided much higher data from BIVAC. BIVAC data are also seemingly not exempt from problems, as they show very low figures for 2008 and 2009. Therefore, the Consultant preferred to opt for a possibly more conservative estimate, based on IMF data.

Years	Reduction Number of Goods Subject to IPD		Reduction Number of Goods Subject to EPD	
	Transactions	Time Savings (hours)	Transactions	Time Savings (hours)
2012	4,000	4	300	4
2013	8,000	4	500	4

3.3 Rwanda

Business Registration – Elimination of *ad valorem* fee (RWA07STA). This refers to the elimination of the *ad valorem* registration fee, to be paid at the moment of the registration of companies. The fee, equal to 1.2% of the declared capital + RWF 5,000 flat fee replaced with a RWF 25,000 flat fee in 2008, generating **cost savings** of RWF 400,000 starting in 2008. It should be noted that information on the **declared capital** of newly established companies is only available for the May 2008 – December 2009 period, i.e. after the abolishment of the *ad valorem* registration tax. The average value for this period is RWF 69,182,467, equivalent to about US\$ 120,000. This value cannot be used as a proper basis for the calculation of PSCS, because the elimination of the tax (which took place at the beginning of 2008) impacted on the behavior of operators, removing the incentive towards lower capitalization. This is confirmed by evidence collected during interviews, with operators generally agreeing that the value of declared capital post reform is “*much higher than before, precisely because there is no longer any tax to be paid.*” Therefore, for the purpose of this exercise, the declared capital pre reform is estimated at about 50% of the post reform value, i.e. RWF 35,000,000. At a rate of 1.2%, this yields a saving per registration of RWF 360,000. The elimination of the need to go to RRA to pay the *ad valorem* tax also generated **time savings** of 2 hours starting in 2008. The number of **transactions** is estimated by extrapolating the trend recorded over the 2003 – 2007 period over the 2008 – 2010 period. The number of companies actually registered in 2008 – 2010 is not used because the reform is deemed to have influenced the number of registrations: the registration rates indeed increased dramatically since 2008 as a result of the elimination of the *ad valorem* tax on the declared capital, with a clear substitution effect with sole proprietorships.

A summary presentation of key parameters is provided in the table below.

Years	Transactions	Cost Savings (RWF)	Time Savings (Hours)
2008	921	400,000	2
2009	1,066	400,000	2
2010	1,210	400,000	2
2011	1,355	400,000	2
2012	1,499	400,000	2
2013	1,644	400,000	2

Business Registration - Reform of Registration Procedures and Fees (RWA09STA). This is a composite reform, involving the adoption of a series of successive legal, administrative and organizational measures and entailing: (i) the simplification of registration requirements, with the elimination of certain steps and the concentration of responsibilities in a newly established one-stop-shop type of structure, and (ii) the reduction of out-of-pocket costs. Some of these reforms applied to both companies and sole proprietorships, while others only refer to companies. PSCS relate to both cost and time savings. In particular:

- **Cost savings** – only concerning companies - include:
 - the elimination of the notarization of company deeds and articles of incorporation, with a cost saving of RWF 34,500 starting in 2009 (2,500 notary fee + 800 * 5 copies * 8 pages per copy);
 - the elimination of costs related to the publication of the company charter in Official Journal, with a cost saving of RWF 130,000 starting in 2009;
- **Time savings** applying to all firms include:
 - the reduction in the time required to interact with business registration services, thanks to the creation of the one stop center, with a saving of 2 hours from mid-2008 and 1 additional hour from 2009;
 - the elimination of the need to go to RRA to pay the fee for the publication of the company charter in Official Journal, with the saving of 1 hour starting in 2009;

- the elimination of the need to go to the social security to get the company registered, with the saving of 1 hour starting in 2009.
- while other time savings concerning only companies include:
 - the elimination of the need to go to Prime Minister's Office to apply for the publication of the company charter in Official Journal, with the saving of 1 hour starting in 2009;
 - the elimination of the need to go to RRA to get the fiscal number with the saving of 1 hour starting in 2009;
 - the elimination of the need to notarize company deeds and articles of incorporation, with the saving of 2 hours starting in 2009;

The relevant number of **transactions** is given by the number of firms that would have been registered during the reference period, based on the 2003-2007 trend (see above). It should be noted that the analysis did not consider other reforms sometimes mentioned in Project documents and/or DB Reports. In particular, no consideration was given to two steps in the registration procedure, the **checking of uniqueness of company name** and the **making company seal**, because these steps were never mandatory for the registration of firms. Likewise, no consideration was given the recently introduced possibility of registering companies on line, which would involve additional time savings. In fact, at the time of the mission the system for **online registration** was not working properly and in practice only a handful of these applications submitted online had been processed by the registrar.

A summary presentation of key parameters is provided in the table below.

Years	Companies			Sole Proprietorships	
	Transactions	Cost Savings (RWF)	Time Savings (Hours)	Transactions	Time Savings (Hours)
2008	461	-	2	416	2
2009	1,066	164,500	9	946	5
2010	1,210	164,500	9	1,059	5
2011	1,355	164,500	9	1,172	5
2012	1,499	164,500	9	1,286	5
2013	1,644	164,500	9	1,399	5

Business Registration - Reform of Registration Procedures and Fees (RWA11STA). This refers to the lowering of the registration fee was from RWF25,000 to 15,000 for companies (in March 2011) and from RWF 12,00 to 2,00 for Sole Proprietorships (in January 2011), generating **cost savings** of RWF 10,000. The number of transaction is the overall number of firms that would have registered in the relevant period of time, based on the 2003-2007 trend (see above).

A summary presentation of key parameters is provided in the table below.

Years	Transactions		Cost Savings (RWF)
	Companies	Sole Proprietorships	
2011	1,129	1,172	10,000
2012	1,499	1,286	10,000
2013	1,644	1,399	10,000

Business Registration – Introduction of Online Registration (RWA11STA). Starting from March 2011, registration with the Office of the Registrar General (ORG) can be done online. During field work, ORG staff indicated that a total of about 4,000 online registrations had been done by end 2013, with online registration becoming progressively more common. The number of **transactions** was therefore estimated at 500 for 2011, 1,500 for 2012 and 2,500 for 2013. According to ORG, the online registration procedure can be completed in about 40 minutes by computer literate applicants and is not expected to require more than 2 hours in other cases. Accordingly, reform allows **time savings** of about 5 hours starting from 2011.

Years	Transactions	Time Savings (Hours)
2011	500	5
2012	1,000	5

2013	2,500	5
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Property Registration - Reform of Property Registration (RWA08PRO). This concerns elimination of the need to register the sale contract with RRA and of the payment of the *ad valorem* registration tax on real estate transactions. The number of **transactions** was set equal to the actual number of property transfers recorded by the National Land Center (NLC) in 2008, 2009 and the first six months of 2010 (extrapolated to the whole year), and to 200 thereafter. **Time savings** are estimated to be on the order of 2 hours, starting with 2008. To estimate **cost savings**, reference was made to a property worth RWF 11,000,000, which implies a registration tax of RWF 660,000. Considering the introduction of a flat fee of RWF 20,000, this entails a saving of RWF 640,000 starting with 2008.

The following points are worth being highlighted:

- data on transactions provided by the NLC do not distinguish between **transactions done by individuals** for private purposes (i.e. building their own house) and **transactions done by enterprises** for industrial or commercial purposes (e.g. erecting a factory or warehouse, constructing a shopping mall, etc.). In principle, only the latter should be taken into consideration, as PSCS refer only to savings accruing to private businesses. As real estate deals for private purposes are believed to constitute the majority of transactions, this results in an over estimate of 'true' PSCS;
- the **value of the property** considered for the calculation of cost savings is the (rounded) average of values for the 'standardized property' presented in the DB Reports 2009 and 2010 and referred to values in 2008 and 2009. Attempts to come up with own estimates were frustrated by the enormous variability in prices recorded, ranging from a low of RWF 12 – 20,000 per square meter (land only) in Kigali's peripheral areas (e.g. Kimironko) to a high of RWF 75 – 100,000 per square meter in Kigali's commercial district.

A summary presentation of key parameters is provided in the table below.

Years	Transactions	Cost Savings (RWF)	Time Savings (Hours)
2008	130	640,000	2
2009	251	640,000	2
2010	190	640,000	2
2011	200	640,000	2
2012	200	640,000	2
2013	200	640,000	2

Property Registration - Reform of Procedures for Land Titles Transfer (RWA10PRO). This reform, introduced in early 2010, concerns the elimination of the need to make a sale contract and to register it with a notary public or with the NLC. The number of **transactions** is estimated to be the same as in the case of the reform of property registration (see above). The **costs savings** concern the elimination of three items, namely (i) the *frais acte de vente* (RWF 3,000), (ii) the *frais acte notaire* (RWF 1,200), and (iii) the *frais copie acte notaire* (RWF 500). Total cost savings are RWF 4,700 starting from 2010. Based on the information provided in the SCM Study, **time savings** can be estimated at 7 hours. The key parameters are summarized in the table below.

Years	Transactions	Cost Savings (RWF)	Time Savings (Hours)
2010	190	4,700	7
2011	200	4,700	7
2012	200	4,700	7
2013	200	4,700	7

Construction Permits - Reform of the Building Permit System - Kigali (RWA10CON). The reform concerns the simplification of procedures and reduction in costs for the issuance of building permits, connected with the creation of the One Stop Center (OSC) for the City of Kigali. The OSC was established in April 2010 to handle the issuance of permits for buildings of certain importance for the three districts in the Kigali area¹¹. The number of **transactions** corresponds to the share of permits received by OSC referring to

¹¹ OSC handles the building permits for buildings with 2 floors or more and with a land plot of at least 4,000 square meters, as well as for all public buildings, factories & commercial buildings.

commercial activities (including Hotels and Restaurants, Industries, Petrol Stations, etc.). **Cost savings** refer to the reduction of the fee for obtaining a deed plan, which was reduced from RWF 80,000 to RWF 60,000, with a saving of RWF 20,000. However, this was initially compensated by an increase in the fee per square meter, which for a typical commercial building, amounts to an additional cost of RWF 33,400. This resulted in negative cost saving of RWF – 13,400 starting from April 2010. **Time savings** are associated with (i) the elimination of the need to go to the District's Land Office to file an application and pay a fee, with the saving of 3 hours; (ii) the elimination of the need to follow up the progress of the application with the Land Office, with an additional saving of 2 hours; (iii) the elimination of the need to put a sign in the construction site, with the saving of 1 hour. Overall, this resulted in time savings of 6 hours starting from April 2010. The **number of transactions** corresponds to the number of permits issued regarding business activities, as provided by the OSC.

The following points must be highlighted:

- regarding **cost savings**, before the reform the three Kigali districts used to charge different fees for the ground floor (RWF 200 square meter in Nyarugenge and Kicuciro, RWF 250 in Gasabo), while all charged the same amount (RWF 150 square meter) for upper floors. After the creation of OSC, fees were harmonized and all districts started charging RWF 200 per square meter irrespective of the floors. Considering a 3-floor 400 square meter building, the total fee payable became RWF 240,000 compared with the 200,000 previously payable in Nyarugenge and Kicuciro and the 220,000 previously payable in Gasabo. Assuming that 2/3 of permits issued by OSC refer to Nyarugenge and Kicuciro and 1/3 to Gasabo, the **average increase in fees** was RWF 33,400 (240,000 – 206,600). These fees were completely cancelled in July 2012.
- the estimate of **time savings** is based on the information provided in the SCM exercise carried out by the Project at the end of 2009¹², plus additional information collected during field work.

A summary presentation of key parameters is provided in the table below.

Years	Transactions	Cost Savings (RWF)	Time Savings (Hours)
2010	39	-13,400	5
2011	115	-13,400	5
2012	68	-13,400	5
2013	104	-13,400	5

Construction Permits - Reform of the Building Permit System – Rest of the Country (RWA10CON).

The system developed in Kigali is in the process of being extended to other urban centers. However, until end 2013, in areas outside Kigali Districts remained responsible for the issuance of construction permits. In this case, the reform mainly consisted in setting more stringent deadlines for the handling of applications, although the lack of qualified personnel and seems to have reduced the impact. The number of construction permits for industrial and commercial purposes issued outside Kigali is not known. For the purpose of this exercise, the overall number of **transactions** was set at two times the number recorded in Kigali¹³. **Cost savings** refer to the reduction of the fee for obtaining a deed plan, which was reduced from RWF 80,000 to RWF 60,000, with a saving of RWF 20,000. As no information is available on the fees charged by the Districts, this item was not considered. **Time savings** are grossly estimated at 2 hours, due to the elimination of the need to follow up the progress of the application with the Land Office. A summary presentation of key parameters is provided in the table below.

Years	Transactions	Cost Savings (RWF)	Time Savings (Hours)
2010	78	20,000	2
2011	230	20,000	2

¹² Government of Rwanda – Ministry of Trade and Industry, *Decision Memos – Rwanda Business Licensing Reform*, undated (but end 2009), hereinafter referred to as the 'SCM Study.'

¹³ SCM calculations done by the Project team make reference to 9,840 transactions in 2010 for the whole country. This figure was arrived at based on information provided by the authorities of a single district in the capital city and then extrapolated to the whole country on the basis of population data. However, in the opinion of the Consultant, such a procedure leads to a dramatic over estimate of the number of industrial and commercial building, as the bulk of economic activity not linked to agriculture concentrates in Kigali. An earlier estimated made by the Project team was much lower, with a total of 150 transactions in the whole country.

2012	136	20,000	2
2013	208	20,000	2

Construction Permits - Reform of the Building Permit System - Kigali (RWA13CON). The fee for obtaining a deed plan was finally abolished in July 2012. This resulted in **cost savings** of RWF 240,000 starting from July 2012 (see above reform RWA10CON for comments on how the figure was obtained). Furthermore, following the posting of a staff from the Rwanda Environmental Management Authority (REMA) at the OSC in July 2012, the possibility of obtaining Environmental Impact Assessment (EIA) certificates at the OSC, with a further time saving of 3 hours starting from mid-2012.

A summary presentation of key parameters is provided in the table below.

<i>Years</i>	<i>Transactions</i>	<i>Cost Savings (RWF)</i>	<i>Time Savings (Hours)</i>
2012	34	240,000	3
2013	104	240,000	3

Construction Permits - Introduction of Online Applications for Building Permits (RWA13CON). The process for the issuance of construction permits was further streamlined in May 2013, with the full roll-out of the relevant online. This originated **time savings** amounting to 4 hours per transaction and **cost savings** from the reduction of printing costs amounting to RWF 10,000 per transaction. The number of **transactions** corresponds to the number of application for construction permits submitted online, and was provided by the OSC.

<i>Years</i>	<i>Transactions</i>	<i>Cost Savings (RWF)</i>	<i>Time Savings (Hours)</i>
2013	242	10,000	4

Business Regulation - Improvement of Environmental Impact Assessment Procedures (RWA11LIC). This refers to publishing of a list of approved experts on whose services enterprises can rely for the performance of environmental impact assessment (EIA). The number of **transactions** is represented by the number of EIA submitted annually. Data on EIA for the years 2010 through 2013 were retrieved from REMA publications. The figure for 2013 was conservatively set equal to the value for 2012. **Time savings** refer to the time saved for identifying a suitable expert and having him/her approved by the relevant agency. Time savings are estimated based on what indicated in the SCM Study, and set at 3 hours starting in 2010. The key parameters are summarized in the table below.

<i>Years</i>	<i>Transactions</i>	<i>Time Savings (Hours)</i>
2010	109	3
2011	113	3
2012	248	3
2013	248	3

Business Regulation - Simplification of Procedures for the Licensing of Clearing Agents (RWA11LIC). Improvements in the licensing procedures for clearing agents are linked primarily to the implementation of certification and standards common to EAC countries, and as such they cannot be credited to the Project¹⁴. However, there appears to have been some improvements due to the merging of tax filing and issuance of TCC that can be attributable to project activities. The number of **transactions** is equal to the number of clearing agents licensed by RRA. Precise values are available only for 2010 (117 licensed agents) and 2013 (121 licensed agents). The values for the other two years were grossly estimated assuming a smooth growth. **Time savings** are estimated based on what indicated in the SCM Study, and set at 3 hours. The key parameters are summarized in the table below.

<i>Years</i>	<i>Transactions</i>	<i>Time Savings (Hours)</i>
2010	117	3
2011	119	3
2012	120	3

¹⁴ See Business Licensing Reform Report November 2010.

2013	121	3
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Trade Logistics - Simplification of Customs Documentation (RWA08TRA). This encompasses various simplification measures namely: (i) the introduction of a self-assessment system (May 2008); (ii) the elimination of the arrival notice issued by MAGERWA, with clearance of goods done on the basis of packing list and invoice only (first half of 2008); (iii) elimination of *déshabillage*, i.e. the separation of documents (May 2008); (iv) the elimination of the exit note and the elimination of the cargo release order (the first in May 2008 and the second in early 2010). Based on information provided by clearing agents, **time savings** are estimated at 4 hours and 40 minutes starting in mid-2008, with the following breakdown: (i) 10 minutes for the introduction of the self-assessment system, (ii) 3 hours for the elimination of the arrival notice, (iii) 1 hour for the elimination of the *déshabillage*, (iv) 30 minutes for the elimination of the exit note and of the cargo release order. The number of **transactions** is estimated on the basis of data on import declarations provided by RRA for all the relevant years. In principle, time savings apply to each transaction and, therefore, to each import declaration. However, it is common that import procedures are not handled directly by operators but rather entrusted to intermediaries, who typically perform the several similar operations for several customers at the same time (e.g. they stand in line to get several documents stamped at the same time). Therefore, in order to account for this phenomenon, the number of relevant transactions was set at 50% of the total number of import declarations. The key parameters are summarized in the table below.¹⁵

<i>Years</i>	<i>Transactions</i>	<i>Time Savings (Hours)</i>
2008	72,366	4.67
2009	71,456	4.67
2010	81,439	4.67
2011	94,312	4.67
2012	101,781	4.67
2013	93,395	4.67

Trade Logistics - Reform of Import Export Licensing Regime (RWA09TRA). This refers to the elimination of the import export declarations issued by commercial banks upon request of the National Bank of Rwanda (NBR), starting with August 2008. Declaration were required only for a subset of import transactions, i.e. those worth more than US\$ 5,000 for general goods and more than US\$ 3,000 for medical goods. In addition, a single declaration could cover more than one shipment and would remain valid until the value indicated was not reached. The number of **transactions** can only be roughly estimated, as the NBR stopped keeping statistics back in 2004. Over the period July 2003 – June 2004, the last for which data are available, the total number of declarations was 6,173. For the purpose of the exercise, a figure of 8,000 declarations/year has been considered. **Time savings** can be estimated at 6 hours starting with August 2008, including: (i) 1 hour for the application, (ii) 3 hours in dealing with the issuing bank, and (ii) 2 hours to collect the declaration. The key parameters are summarize in the table below.

<i>Years</i>	<i>Transactions</i>	<i>Time Savings (Hours)</i>
2008	4,000*	6
2009	8,000	6
2010	8,000	6
2011	8,000	6
2012	8,000	6
2013	8,000	6

Only concerns August-December 2008

Trade Logistics - Reform of RBS Fee Payment System (RWA09TRA). This refers to the consolidation of the payment of the fee for the Rwanda Bureau of Standards (RBS) into the Customs fee and duty collection process, with the elimination of one step in the process. The number of **transactions** is again given by the total number of import transactions (see above). **Time savings** per transaction can be estimated at 30 minutes starting with January 2009. The key parameters are summarized in the table below.

¹⁵ In order to simplify calculations, the time savings associated with the elimination of the cargo release order (which took place in early 2010) were combined with those associated with the elimination of the exit note (introduced in May 2008). This involves a marginal over estimation of related benefits.

<i>Years</i>	<i>Transactions</i>	<i>Time Savings (Hours)</i>
2009	71,456	0.5
2010	81,439	0.5
2011	94,312	0.5
2012	101,781	0.5
2013	93,395	0.5

Business Taxation - Introduction of Online Issuance of Tax Clearance Certificates (RWA09TAX). The possibility of obtaining Tax Clearance Certificates (TCC) online was introduced in May 2009. The number of **transactions** is equal to the number of TCC issued online, which was provided by the RRA for all relevant years. **Time savings** are again based on data provided in the SCM Study, which estimated a saving of 4 hours. The key parameters are summarized in the table below.

<i>Years</i>	<i>Transactions</i>	<i>Time Savings (Hours)</i>
2009	7,798	4
2010	7,925	4
2011	10,566	4
2012	12,642	4
2013	11,773	4

Business Taxation - Reform of the VAT Filing and Payment System (RWA11TAX). This refers to the modification of the VAT filing and payment system for taxpayers with a turnover up to RWF 200 million, with the introduction of quarterly (instead of monthly) filings and payments. Adopted in April 2010, this reform involves two types of PSCS, namely: (i) time savings and (ii) financial savings. In particular:

- **Time Savings.** The number of **transactions** corresponds to the total number of VAT filings and payments eliminated. This was estimated based on the following parameters: (i) the number of taxpayers registered for VAT with turnover below RWF 200 million; (ii) the level of compliance; and (iii) the number of monthly payments eliminated. The number of VAT registered taxpayers was provided by the RRA and is equal to: 3,734 in 2010; 4,199 in 2011; 4,804 in 2012; and 5,642 in 2013. The level of compliance, i.e. the share of tax payers actually fulfilling their filing and payment obligations, is estimated at about 80%¹⁶. The number of payments eliminated is 8, as the 12 monthly payments are replaced by 4 quarterly payments. Therefore, the number of transactions for the year 2011 is equal to the difference between the number of filings and payments that would have been made under the previous regime (4,199 registered tax payers * 12 monthly filings and payments * 80% compliance rate = 50,880) minus the number of filings and payments expected to occur after the reform (4,199 registered tax payers * 4 quarterly filings and payments * 80% compliance rate = 16,960), which yields a total of 33,920 transactions. The number of transactions for the other years was calculated in the same manner, with a 0.75% pro rating for the year 2010. The **time saving** per transaction is based on data from the DB Report¹⁷, which estimated a total of 90 hours to make 12 VAT filings and payments, i.e. 7.5 hours per transaction. The key parameters are summarized in the table below.

<i>Years</i>	<i>Transactions</i>	<i>Time Savings (Hours)</i>
2010	22,248	7.5
2011	33,920	7.5
2012	38,682	7.5
2013	44,883	7.5

- **Financial Savings.** In this case the number of **transactions** is conventionally defined to be equal to the number of monthly payments replaced with quarterly payments. Considering that the reform was

¹⁶ The RRA also provided data on compliant taxpayers, but the categorization used is different, with two categories of taxpayers, those with compulsory registration (i.e. with turnover above RWF 20 million) and those voluntarily registered (i.e. with turnover below RWF 20 million). In addition, the total number of compliant taxpayers is greater than the number of registered taxpayers. This discrepancy could not be reconciled. However, older data on compliance for various categories of taxpayers suggest a compliance rate of about 80%, and this value was retained in the analysis.

¹⁷ IFC, *Doing Business 2010 – Rwanda*, 2009, appendix on paying taxes.

introduced in April 2010, there are 9 transactions in year 2010, and 12 from 2011 onwards. The estimate of financial savings is based on three parameters, namely: (i) the average value of each transaction; (ii) the average duration of the payment postponement; and (iii) the relevant interest rate. The **average value per transaction** (i.e. per payment period) was estimated based on RRA data on VAT collection, with the following values retained for the analysis: RWF 3.2 billion for 2010; RWF 4.3 billion for 2011; RWF 5.0 for 2012; and RWF 5.8 billion for 2013.¹⁸ The **average duration of the payment postponement** is 30 days, considering that: (i) the payment that would have been made in month 1 of any quarter is postponed by 60 days, (ii) the payment that would have been made in month 2 is postponed by 30 days, whereas (iii) the payment made that would have been made in month 3 involves no postponement. The **reference interest rate** is the deposit rate, which measures the interest income earned as a result of the postponement in payments. Information on deposit rates was taken from NBR Annual Reports.¹⁹

Years	Transactions	Value of Transactions (RWF billion)	Deposit Rate
2010	9	3.2	6.30%
2011	12	4.3	8.03%
2012	12	5.0	7.91%
2013	12	5.8	11.50%

3.4 Sierra Leone

Business Registration - Reform of Registration Procedures (SLE08STA). This is a composite reform, involving the adoption of a series of successive legal, administrative and organizational measures and entailing: (i) the simplification of registration requirements, with the elimination of certain steps, and (ii) the reduction of other out-of-pocket costs. PSCS relate to both cost and time savings. In particular, **cost savings** refer to the elimination of the obligation that the Memorandum and Articles of Association be prepared and signed by a solicitor, which, in principle, enables businesses to save on legal fees. Considering the average lawyer's fee for this type of activity, this results in cost savings of SLL 3.5 million per business registration starting from 2008. **Time savings** refer to the elimination of the need to go to the Central Bank and to prepare the required documentation to obtain an Exchange Control Permission, with a savings of 3 hours starting in 2008.

The number of **transactions** generally refers to the total number of businesses that actually registered as corporations between 2008 and 2013, which was provided by OARG. However, for the **elimination of the obligation to hire a solicitor to prepare the Memorandum and Articles of Association**, the situation is a bit ambiguous. First, despite the mandatory involvement of a solicitor for company registration, a survey conducted by IFC in 2006 revealed that just 15% of companies did rely on external experts, such as lawyers, to complete their registration process. Secondly, information collected during interviews with local barristers and lawyers suggests that the impact of this reform has been fairly modest so far, with most of the interviewees indicating no significant decline in the volume of work linked to registration procedures. Therefore, our conservative estimate sets the share of relevant transactions at 5% of the total number of newly-registered companies.

Years	Registration (Legal fees)		Registration (procedures)	
	Transactions	Cost Savings (SLL)	Transactions	Time Savings (hours)
2008	35	3,500,000	705	3
2009	15	3,500,000	296	3
2010	54	3,500,000	1,074	3
2011	60	3,500,000	1,206	3
2012	36	3,500,000	728	3
2013	43	3,500,000	860	3

¹⁸ Data of VAT collection are available from RRA reports on a fiscal year basis. Data for 2010/11 were used to estimate the value for 2010, data for 2011/12 were used for 2011, and data for 2012/13 were used for 2012. The value for 2013 was estimated using the value for 2012/13 and assuming a growth of 16% (i.e. the same occurred in the previous year). The share of VAT paid by taxpayers for whom the reform is applicable was estimated based on detailed but older data on payments for domestic VAT by turnover class, which suggest that 70-71% of total VAT is paid by the larger taxpayers who remained subject to monthly payments.

¹⁹ NBR provides data on deposit rates on a monthly basis. Reference is made to the value for the month of June.

Business Registration – Elimination of Renewals (SLE08STA). This refers to the elimination of the annual renewal of registration in 2008. PSCS refer to both cost savings and time savings. In particular, **cost savings** refer to the elimination of costs related to the annual renewal of registration, with a cost savings of SLL 60,000 for Companies and SLL30,000 for Sole Proprietorships and Partnerships starting from 2008; **time savings** refer to the elimination of the time spent for the renewal of the annual registration, with a savings of 2 hours starting in 2008. The **number of transaction** in this case encompasses all registered businesses, and was thus estimated considering the stock of companies in 2007, i.e. prior to the reform, and adding the number of newly registered entities in the following years. The figure for 2007, retrieved from the Annual Economic Survey,²⁰ amounted to 875 registered companies and 8,100 sole proprietorships and partnerships. The latter, however, was revised downward to include businesses registered with the OARG only (i.e. 87.4% of all establishments). As a result, a total of 7,080 unincorporated, formal businesses was retained as the initial stock of registered firms. This procedure is likely to overestimate the PSCS attributable to this reform, as it does not take into account firms' mortality and likely limited compliance with the legal provision during the analyzed period.

A summary presentation of key parameters is provided in the Table below.

Years	Corporations			Sole Proprietorships/Partnerships		
	Transactions	Cost Savings (SLL)	Time Savings (hours)	Transactions	Cost Savings (SLL)	Time Savings (hours)
2008	1,580	60,000	2	8,931	30,000	2
2009	1,876	60,000	2	10,909	30,000	2
2010	2,950	60,000	2	12,875	30,000	2
2011	4,156	60,000	2	15,081	30,000	2
2012	4,884	60,000	2	16,413	30,000	2
2013	5,744	60,000	2	18,173	30,000	2

Business Registration – Establishment of Business Registration Unit with the Office of the Administrator and Registrar General (SLE09STA). This concerns the simplification arising from the concentration of responsibilities regarding business registration with the Office of the Administrator and Registrar General (OARG). PSCS only refer to **time savings**, and in particular to the time saved with various processes (i.e. name search and making payment), estimated at 12 hours from mid-2009. The **number of transactions** corresponds to the number of enterprises that registered with OARG as proprietorships or partnerships starting from July 2009.

Years	Transactions – Sole Proprietorships/ Partnerships	Transactions – Corporations	Time Savings (hours)
2009	989	148	12
2010	1966	1,074	12
2011	2,206	1,206	12
2012	1,323	728	12
2013	1,760	860	12

Business Taxation - Introduction of the General Sales Tax (SLE10TAX). This refers to the introduction in 2010 of the General Sales Tax (GST) for taxpayers with a turnover higher than SLL 200 million, which involved the simultaneous abolishment of seven other taxes (i.e. Import Sales Tax, Domestic Sales Tax, Entertainment Tax, Restaurant and Food Tax, Messages Tax, Hotel Accommodation Tax and Professional Services Tax). The combination of various taxes into one led to **time savings** that, based on what indicated in the DB 2010 Report, is assessed at 42 hours. The number of **transactions** corresponds to the number of firms enrolled under the GST scheme in lieu of the previous taxes. A rough estimate for the year 2010 was provided in the framework of the Early Assignment by officials at the National Revenue Authority (NRA), which placed the number of GST registered companies at about 1,700. Attempts to obtain more precise and recent data from the NRA proved unsuccessful. Considering that the number of VAT-registered firms

²⁰ Statistics Sierra Leone, 2008 Annual Economic Survey, March 2009.

typically increases overtime, a ball park estimate of 2,000 transactions has been retained for the exercise. The key parameters are summarized in the table below.

<i>Years</i>	<i>Transactions</i>	<i>Time Savings (Hours)</i>
2010	1,700	42
2011	2,000	42
2012	2,000	42
2013	2,000	42

Business Taxation – Improvement in Modalities for Paying Taxes (SLE11TAX). This refers to the possibility of paying taxes through banks instead of having to go to the tax office. The reform generated **time savings** of about 2 hours per payment, starting in 2009. The number of transactions is equal to the number of active taxpayers, estimated by IFC at about 5,000 in 2010,²¹ and assumed to remain constant in subsequent years, multiplied by the number of payments per active taxpayer, assumed to be equal to 4 per annum. The key parameters are summarized in the table below.

<i>Years</i>	<i>Transactions</i>	<i>Time Savings (Hours)</i>
2009	20,000	2
2010	20,000	2
2011	20,000	2
2012	20,000	2
2013	20,000	2

Construction Permits – Simplification of Procedures (SLE11CON). This relates to the reforms introduced in late 2010, which (i) reduced the number of procedures necessary to apply for construction permits; and (ii) moved the processes from the Ministry of Lands, Country Planning and Environment to the Ministry of Works, Housing and Infrastructural Development (MOW). Overall, the reforms allowed for **time savings** that, according to some professionals in the construction business, can be estimated at some 12 hours starting from 2011. The number of transactions corresponds to the number of permits for commercial buildings issued, whose number for the years 2011 through 2013 was provided by the Chief Inspector at the MOW during field work. The key parameters are summarized in the table below.

<i>Years</i>	<i>Transactions</i>	<i>Time Savings (Hours)</i>
2011	26	12
2012	79	12
2013	57	12

3.5 South Sudan

Business Registration – Simplification of Procedures (SSD10STA). This reform refers to the reduction in the number of documents to be submitted to the Business Registry at the moment of registration. In particular, starting from mid-2010, only one copy of the Memorandum and Articles of Associations (MAA) is to be provided, instead of four. This results in **cost savings** of approximately SSP 70.8, equal to SDG 1.2 (i.e. the unit cost per copy) multiplied by 20 (i.e. the average number of pages of a MAA), and multiplied by 3 (i.e. the number of copies eliminated). The relevant number of **transactions** is the number of companies that have registered since mid-2010. The relevant parameters are provided in the table below

<i>Year</i>	<i>Transactions</i>	<i>Cost Savings (SSP)</i>
2010	937	70.8
2011	3,704	70.8
2012	4,203	70.8
2013	3,059	70.8

Business Registration – Elimination of notarization of business names (SSD10STA). This reform refers to the elimination of the requirement for the notarization of business names, introduced in late 2009. This

²¹ See PCR.

results in both cost and time savings. In particular: (i) **cost savings** refer to the elimination of the legal fee, i.e. SSP 120, previously charged by lawyers; (ii) **time savings** refer to the elimination of the need to go to lawyers, with the saving of 2 hours. The relevant number of **transactions** is given by the number of business names registered at the Business Registry. A summary presentation of key parameters is provided in the table below.

<i>Year</i>	<i>Transactions</i>	<i>Cost Savings (SSP)</i>	<i>Time Savings (Hours)</i>
2010	567	120	2
2011	161	120	2
2012	124	120	2
2013	152	120	2

Business Registration – Establishment of Decentralized Offices (SSD13STA). This refers to the setting up of two decentralized offices in Wau and Malakal in mid-late 2013. This involved a reduction in travel costs estimated by Business Registry staff at about US\$ 1,000 per registration. The number of enterprises registering at the two offices is not known, but – in line with the expectations presented in Project's field visits reports, it is estimated at 35. The relevant parameters are presented in the table below.

<i>Year</i>	<i>Transactions</i>	<i>Cost Savings (US\$)</i>
2013	35	1,000

Business Regulation – Dismantling Road Blocks (SSD13LIC). This refers to the dismantling in the beginning of 2013 of a series of road blocks established by security forces on the main road connecting Juba with the Ugandan border. While in principle intended to guarantee safety of passage and officially entailing no payment of fees, in practice these road blocks had become an opportunity for security personnel to extract bribes from truckers. The informal costs associated with the road blocks are obviously difficult to estimate, but **cost savings** appear to be in the order of SSP 100 per incoming truck. The number of transactions is equal to the number of trucks travelling on the road, with an estimate of 40 trucks per day (i.e. 10,000 trucks per year) provided by the President of the Chamber of Transport. The relevant parameters are presented in the table below.

<i>Year</i>	<i>Transactions</i>	<i>Cost Savings (SSP)</i>
2013	10,000	100

Annex - Assessment of PSCS – Detailed Results

Burkina Faso (US\$, 2013 value)

<i>Reform Assessed</i>	<i>Cost Savings</i>	<i>Time Savings</i>	<i>Financial Savings</i>	<i>Total PSCS</i>
Business Registration – Simplification of Procedures (BFA07STA)	642,425	368,952	0	1,011,378
Business Registration – Simplification of Procedures (BFA08STA)	717,136	106,744	0	823,879
Business Regulation - Reform of Private Schools Licensing Procedures (BFA13LIC)	0	2,460	0	2,460
Construction Permits - Reduction or Elimination of Various Fees (BFA07CON)	582,081	0	0	582,081
Construction Permits - Establishment of CEFAC and Reduction or Elimination of Various Fees (BFA08CON)	170,824	33,589	0	204,413
Construction Permits - Reduction of Fee Payable to the Fire Department (BFA10CON)	30,776	0	0	30,776
Property Registration – Reduction of Property Transfer Tax (BFA07PRO)	2,218,228	0	0	2,218,228
Property Registration – Reduction of Property Transfer Tax and Reform of Property Transfer Procedures (BFA08PRO)	729,968	30,869	0	760,837
Property Registration - Reform of Property Transfer Procedures (BFA09PRO)	1,862	30,682	0	32,544
Legal Reforms - Labor Market Regulations - Reform of Work Contracts Registration Procedures (BFA08LAB)	0	126,298	0	126,298
Legal Reforms – Contract Enforcement - Reform of Court Award Registration Procedures (BFA09ENF)	431,828	0	0	431,828
Trade Logistics - Elimination of Escorts for Freight Traffic (BFA09TRA)	1,491,871	0	0	1,491,871
Trade Logistics - Prolongation of the Validity of Documents (BFA10TRA)	94,812	546,867	0	641,679
Business Taxation - Reduction of Deposit for Tax Appeals (BFA09TAX)	0	0	711,326	711,326
Total	7,111,811	1,246,461	711,326	9,069,597

Liberia (US\$, 2013 value)

<i>Reform Assessed</i>	<i>Cost Savings</i>	<i>Time Savings</i>	<i>Financial Savings</i>	<i>Total PSCS</i>
Business Registration – Simplification of Procedures (LBR08STA)	0	362,837	0	362,837
Business Registration – Simplification of Procedures (LBR09STA)	320,087	86,102	0	406,189
Business Registration – Establishment of LBR (LBR11STA)	163,107	177,313	0	340,420
Business Registration - Elimination of Business Trading License Fee (LBR13STA)	377,646	0	0	377,646
Construction Permits - Reform of the Building Permit System (LBR08CON)	244,086	14,258	0	258,344
Construction Permits - Reform of the Building Permit and Authorization Systems (LBR09CON)	365,725	6,689	0	372,414

Trade Logistics – Reduction of Pre-Shipment Inspection Fee (LBR08TRA)	4,623,539	0	0	4,623,539
Trade Logistics - Reform of Import Procedures (LBR09TRA)	999,051	0	0	999,051
Trade Logistics – Improvement of Custom Clearance Processes (LBR11TRA)	0	0	237,097	237,097
Trade Logistics - Reform of Import/Export Procedures (LBR13TRA)	0	72,467	0	72,467
Total	7,093,242	719,666	237,097	8,050,005

Rwanda (US\$, 2013 value)

<i>Reform Assessed</i>	<i>Cost Savings</i>	<i>Time Savings</i>	<i>Financial Savings</i>	<i>Total PSCS</i>
Business Registration – Elimination of <i>ad valorem</i> fee (RWA07STA)	5,688,079	33,931	0	5,722,010
Business Registration - Reform of Registration Procedures and Fees (RWA09STA)	1,977,777	203,692	0	2,181,469
Business Registration - Reform of Registration Procedures and Fees and Introduction of Online Registration (RWA11STA)	133,292	42,085	0	175,377
Property Registration - Reform of Property Registration (RWA08PRO)	1,430,778	5,205	0	1,435,982
Property Registration - Reform of Procedures for Land Titles Transfer (RWA10PRO)	6,355	12,199	0	18,554
Construction Permits - Reform of the Building Permit System - Kigali and Rest of the Country (RWA10CON)	520	5,410	0	5,930
Construction Permits - Reform of the Building Permit System - Kigali and Introduction of Online Applications for Building Permits (RWA13CON)	53,715	2,842	0	56,557
Business Regulation - Improvement of Environmental Impact Assessment Procedures and Simplification of Procedures for the Licensing of Clearing Agents (RWA11LIC)	0	10,799	0	10,799
Trade Logistics - Simplification of Customs Documentation (RWA08TRA)	0	3,821,919	0	3,821,919
Trade Logistics - Reform of Import Export Licensing Regime and of RBS Fee Payment System (RWA09TRA)	0	775,710	0	775,710
Business Taxation - Introduction of Online Issuance of Tax Clearance Certificates (RWA09TAX)	0	322,879	0	322,879
Business Taxation - Reform of the VAT Filing and Payment System (RWA11TAX)	0	1,645,055	2,811,260	4,456,315
Total	9,290,516	6,881,725	2,811,260	18,983,501

Sierra Leone (US\$, 2013 value)

<i>Reform Assessed</i>	<i>Cost Savings</i>	<i>Time Savings</i>	<i>Financial Savings</i>	<i>Total PSCS</i>
Business Registration - Reform of Registration Procedures and Elimination of Renewals (SLE08STA)	1,202,302	412,436	0	1,614,737

Business Registration – Establishment of Business Registration Unit with the Office of the Administrator and Registrar General (SLE09STA)	0	282,060	0	282,060
Business Taxation - Introduction of the General Sales Tax (SLE10TAX)	0	819,513	0	819,513
Business Taxation – Improvement in Modalities for Paying Taxes (SLE11TAX)	0	524,088	0	524,088
Construction Permits – Simplification of Procedures (SLE11CON)	0	3,926	0	3,926
Total	1,202,302	2,042,023	0	3,244,324

South Sudan (US\$, 2013 value)

<i>Reform Assessed</i>	<i>Cost Savings</i>	<i>Time Savings</i>	<i>Financial Savings</i>	<i>Total PSCS</i>
Business Registration – Simplification of Procedures and Elimination of notarization of business names (SSD10STA)	293,554	5,218	0	298,772
Business Registration – Establishment of Decentralized Offices (SSD13STA)	31,063	0	0	31,063
Business Regulation – Dismantling Road Blocks (SSD13LIC)	211,310	0	0	211,310
Total	535,926	5,218	0	541,144

