



Business Environment Reform Facility

Evaluating the Impact of Business Environment Reforms - Lessons from the Ghana Business Enabling Environment Programme on Using the Cost Compliance Methodology (CCM) to Assess Results and Drive Implementation

Ashley John Craft, March 2017

About Business Environment Reform Facility (BERF)

BERF is funded by the UK Department for International Development (DFID) under the Business Environment for Economic Development (BEED) Programme. BERF is a central facility responding to demand from the DFID's priority Country Offices and stakeholders to initiate, improve and scale up business environment reform programmes. BERF is managed by a consortium led by KPMG LLP. The programme started in January 2016 and will finish in January 2019.

We provide expert advice, analysis of lessons learned, policy research about what works and what doesn't and develop innovative new approaches to involving businesses and consumers in investment climate reform.

BERF has a strong emphasis on strengthening the Business Environment for women and girls, as well as for young adults more generally. It is also aiming to improve the relationship between business and the physical environment including where relevant through linkage to climate change analysis. BERF recognizes the need for appropriate political economy analysis in order to underpin business environment reform processes and interventions.

About this Report

The author, Ashley John Craft, is an independent consultant and former DFID Evaluation Advisor. He currently serves as Monitoring and Evaluation Specialist for the Ghana BEEP programme. Research for this study was conducted between December 2016 and January 2017.

The views contained in this report are those of the author and do not necessarily represent the views of KPMG LLP, any other BERF consortium member or DFID.

This is a working paper shared for discussion purposes only. No reliance should be placed upon this report.



Acronyms and Abbreviations

BEEP	Business Enabling Environment Programme
BER	Business Environment Reform
BERF	Business Environment Reform Facility
BICF2	Bangladesh Investment Climate Fund, Phase 2
BRICK	Building a Reliable Investment Climate in Kenya
CAR	Cost-driven Approach to Regulatory burdens
CCM	Compliance cost methodology
CJCE	Commercial Justice and Contract Enforcement
DFID	Department for International Development
DTF	Distance to Frontier
GIZ	Gesellschaft für Internationale Zusammenarbeit
GRA	Ghana Revenue Authority
IFC	International Finance Corporation
MDAs	Ministries, departments, and agencies
MLGRD	Ministry of Local Government and Rural Development
M&E	Monitoring and evaluation
OECD	Organisation for Economic Cooperation and Development
PDSP	Private Sector Development Programme
RICRP3	Rwanda Investment Climate Reform Programme, Phase 3
RISE	Bangladesh Regulatory and Investment Systems for Enterprise
SCM	Standard Cost Model
TAUT	Tax, Audit, and Transparency Programme
VFM	Value for money



Contents

1. Executive Summary	1
1.1 Overview of the programme	1
1.2 Lessons learned and recommendations	1
1.3 Cross-cutting lessons learned	4
2. Introduction to Ghana BEEP	6
2.1 Overview of Ghana BEEP	6
2.2 Timeline and progress to date	7
3. Compliance cost methodology and its alternatives	9
3.1 Overview of compliance cost methodology	9
3.2 Alternatives to compliance cost methodology	11
3.3 Guidance for implementing compliance cost methodology in DFID programmes	14
4. Case study: Implementing CCM for the Ghana BEEP programme	17
4.1 Rationale for using CCM for Ghana BEEP	17
4.2 Survey methodology	17
4.3 Taxation component	18
4.4 Commercial Courts	21
4.5 Local licences	23
5. Relevance of CCM to other DFID programmes	27
5.1 Overview	27
5.2 Mapping M&E approaches reform areas in DFID BER programmes	28
5.3 Assessment of other BER programmes	30
Appendix 1 List of references	35
Appendix 2 Ghana BEEP baseline survey questionnaire	37



1. Executive Summary

1.1 Overview of the programme

The UK Department for International Development (DFID) Ghana Business Enabling Environment Programme (BEEP) is working to reform three regulatory areas – commercial justice and contract enforcement, improving taxpayer services, and reducing the cost of business licensing fees and construction permits.

The 2016 Annual Review found that:

- A system-wide approach to reforms is needed to transform the business environment, generate substantial compliance cost savings and investment from the private sector. Approaches like Regulatory Guillotine can introduce reforms across a large range of institutions and contribute to smart regulations.
- The three supported Ministries, Departments and Agencies (MDAs) demonstrated willingness and some ownership to drive reforms although in many cases the incentives to take forward deeper reforms was missing.
- Component level monitoring systems have been slow to develop, and the Commercial Justice and Contract Enforcement (CJCE) and tax components were unable to provide all required monitoring data for logframe indicators.

1.2 Lessons learned and recommendations

This Evidence and Learning Note presents lessons learned from the application of CCM to the regulatory environment in Ghana.

1.2.1 What works

- **The Government of Ghana is coming to understand the value of CCM to showcase results and guide policy decisions.** Compliance cost methodology needs to be accepted by partner governments if it is to be used beyond the life of the programme, and one of Ghana BEEP's programme outputs measures the extent to which the Government of Ghana adopts approaches used by the programme. The use of compliance cost methodology has been well received by Ghanaian officials in all reform areas. Qualitative CCM is similar to the consultative user committees that officials already use, although these user committees are more used to solicit feedback and air grievances than to identify whether new or amended regulations will likely have a small, medium, or large impact on companies. Officials see quantitative CCM data as useful and in some cases contributing to their own departmental agendas, i.e. as evidence of results, increased organisational efficiency, or justifications for setting fees or other departmental costs. CCM is also starting to be used in guiding component level workplans and designing regulatory reforms.

- **CCM provides a way to compare value for money and results of BER programmes.** CCM provides comparative data across similar Business Environment Reform (BER) programmes. Many DFID BER programmes, guided by the World Bank Doing Business indicators, are working in the same reform areas, including tax, export and customs, and e-portals for permit applications, often using the same indicators and seeking the same results. CCM provides a means to compare the efficiency, effectiveness, and value for money (VFM) of these programmes.

1.2.2 What doesn't work

- **The approaches in this report are not appropriate for measuring compliance cost in the informal sector.** In this report, CCM is applied to formalised companies which abide by government regulations and are willing to discuss these issues with researchers. The research methods outlined here use businesses as the unit of analysis, and derived sampling frames based on lists of eligible businesses. However, The Ghana Living Standards Survey (GLSS) estimates that up to 85% of Ghanaians work in the informal sector.¹ These individuals are not registered as businesses or with the tax authority and would require another sampling approach. CCM may need to be administered at the household level for BER programmes which look to measure benefits at the individual level rather than the enterprise level, and additional precautions may be needed to explain the purpose of the research and assure respondents that interviewers are not government tax collectors!
- **Governments and industry groups in partner countries may not yet have the in-house technical capacity to undertake compliance cost methodology themselves.** This means donors may need to provide technical assistance to generate initial compliance cost data. This approach is not sustainable unless government and/or industry groups see the value of CCM data and have both the desire and the know-how to repeat the exercise with future regulations.
- **Data gathered may not be fully representative of all businesses effected by regulatory reforms.** Sampling of businesses in Ghana and other developing countries is challenging due to a lack of complete information. All ministries involved in Ghana BEEP had limited ability to produce lists of businesses with which they had interacted. Moreover, lists for some ministries were decentralised, held at local offices, and paper-based, with different and incomplete information. Piecing these lists together required additional time and some businesses were excluded from the sample because contact information was not held by the ministries and could not be found in the public domain. This means that the overall sampling frame may be limited and not reflective of businesses for which the programme is unable to gather sufficient information.
- **Businesses may be reluctant to respond to CCM surveys.** Even once respondent businesses have been identified, it may be challenging to get them to talk about potentially

¹ See, e.g., Haug, J. (August 2014). 'Critical Overview of the (Urban) Informal Economy in Ghana'. Friedrich Ebert Stiftung.

sensitive reform areas. Businesses in Ghana are not used to this kind of research and have viewed initial contact with suspicion, asking who is paying for the research and whether the research firm is affiliated with the Government of Ghana.

- **Compliance cost methodology does not directly lead to all outcomes and so may not be appropriate for all BER programmes.** CCM is a measure of efficiency and cost savings, and is part of a results chain which has evidence linking it to increased growth and GDP.² However, more evidence is needed to link compliance cost savings with outcome and impact level results such as job creation, business satisfaction, and private sector investment including Foreign Direct Investment (FDI). CCM has limited relevance for programmes that take the perspective of the government rather than taxpayers, for instance DFID tax reform programmes that aim to maximise tax revenues collected without direct consideration of the costs involved to businesses.

CCM survey instruments are designed for specific regulatory areas and require additional work to adapt to others. The Ghana BEEP programme is flexible in its ability to add other reform areas and scale existing components up or down. Although CCM provides a useful means of standardising results achieved across different reform areas, adding a new reform area during the programme requires re-developing survey instruments specific to that area and collecting baseline data on specific compliance costs in the reform area from targeted businesses. This may mean that rolling baselines and additional survey work are needed if a BER programme adds more reform areas.

1.2.3 Other lessons learned

- The Government of Ghana has no formal standardised process of consulting with the private sector about the potential effect of new or modified regulations. As a result, different ministries have different approaches to consultations and these tend to be *ad hoc* rather than regularly scheduled. User committees and industry groups are used for the government to share information about regulatory changes and for businesses to raise complaints. Little evidence is shared about the rationale for regulatory changes or the potential impact this will have on businesses.
- **Support to CCM can support a broader culture change within partner governments.** Ghana BEEP also aims to get both private sector businesses and MDAs to support policy and advocacy positions based on strong evidence. The programme has supported gathering representative data using CCM so that this can be integrated into decision-making of the three MDA components as well as the Public-Private Dialogue (PPD) facility.

² Djankov, S., C. McLiesh and R. Ramalh. (March 2006). Regulation and Growth. The World Bank Group.

1.3 Cross-cutting lessons learned

1.3.1 Political economy

Donors who seek to gather information on the cost of compliance should recognise that the collection, analysis, and publication of this data takes place within a particular political context. Data gathering and reporting efforts can be hindered by indifferent or uncooperative governments, who might not understand the value of such data, lack a culture of consulting with businesses prior to introducing or changing regulations, or be outright opposed to the release of figures which they feel puts the government in a bad light.

The Ghana BEEP programme has sought to get local ministries, departments, and agencies (MDAs) invested in collecting data on the cost of compliance. This was done by:

- Introducing compliance cost methodology to partner MDAs to acclimatise them to a new way of thinking about regulation from the ‘customer perspective’ of regulated businesses.
- Linking efficiency gains measured through CCM to MDAs’ own targets and agendas, stressing that better regulatory environment does not necessarily mean reduced fees but more efficient service, which also frees up MDA staff time, and looking for other ways to align donor and MDA objectives.

1.3.2 Gender and youth

The unit of analysis for compliance cost methodology is typically the business or enterprise, rather than an individual beneficiary.³ Gender and youth are not cross-cutting categories readily applied to businesses. However, in Ghana, as in other countries, the majority of enterprises are sole traders, partnerships, or small businesses where individual demographics are more synonymous with the enterprise itself.

Compliance cost data can be disaggregated by the gender and/or age category of the highest executive(s) of the enterprise in order to see whether the cost of compliance is significantly greater for certain groups. The BEEP Business Case notes that women and youth under 35 may find the regulatory environment more difficult to navigate, either because they tend towards certain kinds of businesses, have less understanding, access or influence over certain regulatory processes, and/or are directly or indirectly discriminated against. The Ghana BEEP CCM baseline has established a quota for businesses with female top executives to test whether these businesses have a significantly greater cost of compliance.

1.3.3 Climate change

No particular lessons can be drawn from the Ghana BEEP CCM about climate change, as this did not factor in any of the components addressed. However, certain country programmes aimed at climate change may find that they need to weigh the costs of environmental regulation against perceived benefits for the DFID Financial Case or to otherwise justify the

³ See Bayaz, G. and E. Hedley (June 2016). *How to measure value for money in DFID business environment and investment climate reform initiatives delivered by the IFC: An evidence and learning note*. Business Environment Reform Facility.

intervention. CCM can help these programmes identify and minimise costs associated with environmental regulations to maximise results of the cost-benefit analysis.

2. Introduction to Ghana BEEP

2.1 Overview of Ghana BEEP

The UK Department for International Development (DFID) is providing up to £10 million over 2015-2019 for a Business Enabling Environment Programme in Ghana (BEEP). DFID has decided to target its support to Ministries, Departments, and Agencies (MDAs) which have the greatest potential for improvement as well as previously having demonstrated engagement with regulatory reforms. Currently the programme has four components:

- Commercial justice and contract enforcement, including arbitration (Commercial Courts of the Judicial Service and relevant agencies)
- Improving tax payer services particularly for small and medium enterprises and the informal sector (Ghana Revenue Authority and other relevant agencies)
- Local level business licensing fees, operating permits and building/construction permits (Ministry of Local Government and Rural Development, and related regulatory agencies)
- Providing support for public-private dialogue around government regulation of businesses (Private Sector Policy Facility).

2.1.1 Taxation component

The Business Case for BEEP identified taxpayer revenue collection as another of the initial areas for targeted reform. The Ghana Revenue Authority (GRA) has separate taxpayer offices set up for large, medium, and small taxpayers. Under the previous round of reforms (PSDS 1), the GRA was able to develop self-assessment software for distribution by CD-ROM, and Pay-As-You-Earn (PAYE) tax helper software was made available on the Internal Revenue Service (IRS) website.

Ghana BEEP is currently working with the GRA Tax Modernisation Office to implement a new round of reform activities. These include:

- Develop self-help software for taxpayers,
- Promote recordkeeping culture among the informal sector.
- E-services.
- Timely issuance of permits, licenses and certificates.

2.1.2 Commercial courts component

The Business Case for BEEP identified contract enforcement as one of three initial areas for targeted reform. According to the Doing Business survey, contract enforcement is one of Ghana's three worst performing areas, with the average time to enforce a contract in Ghana being 710 days. Reforms are being targeted at the Commercial Court system, as the Business Case noted the Commercial Court's enthusiasm and engagement for regulatory reforms

during the first round of private sector reforms under the Private Sector Development Strategy (PSDS 1).

The design document for the Commercial Justice and Contract Enforcement (CJCE) component of Ghana BEEP identifies three intervention areas:

- Institutional strengthening for the Commercial Court system.
- Piloting small claims procedures in selected District Courts, including the Accra District court which is used in the World Bank Doing Business assessment.
- Strengthening Judicial Services M&E systems.

2.1.3 Local licenses component

Local licenses, fees, and permits was the third reform area identified. The Business Case notes that according to the Doing Business methodology it takes an average of 201 days to complete the process to obtain a construction permit and 12 days to obtain a Business Operating Permit, and that both of these affect the time it takes to start a business in Ghana.

Ghana BEEP is working with the Ministry of Local Government and Rural Development (MLGRD) to reduce the time it takes to:

- Obtain a Building Development Permit or construction permit;
- Obtain or renew a Business Operating Permit in order to operate locally.

2.2 Timeline and progress to date

According to the most recent (2016) Annual Review, Ghana BEEP has made the following progress to date:

2.2.1 Taxation component

- DFID has assisted the Ghana Revenue Authority to come up with specifications for a new ITAPS self-service tax helper software to increase compliance and accuracy of returns for registered companies, particularly SMEs, and begun early stage procurement.
- Other programme activities are aimed at easing the burden of small taxpayers' offices through taxpayer sensitisation and education programmes.

2.2.2 Commercial courts component

- The commercial court has reduced the number of cases pending before the court by 5%, one of the output level indicators.
- The component has been slow in getting off the ground. There have been challenges around the institutional arrangements, jurisdictions and the role of the commercial court in issues such as enforcement and small claims procedures, the latter being key to the World Bank Doing Business indicator ranking for contracts enforcement.



- No activities for reducing the number of days to judgment of commercial disputes in targeted courts have yet been implemented.

2.2.3 Local licenses component

- Component leads re-calculated the average number of days needed to obtain a construction permit through local government agencies, private sector user committees, and the Accra and Tema Metropolitan Assemblies, and found that it was around 30% less than what the World Bank Doing Business indicator suggested.
- The component is finalizing a ‘citizens’ portal’ or shared platform for seven agencies involved in reviewing construction permits.
- Another activity is aimed at educating applicants about the requirements for a construction permit, in order to reduce the number of deferrals and rejections.
- The component has also taken forward a fee fixing resolution which makes the formula for setting fees for applying for local licenses more transparent and allows inputs from local businesses.

2.2.4 Compliance cost methodology (CCM) baseline survey

Following the recommendations of the first phase of M&E support, a data collection firm was engaged to collect representative data about the cost of compliance with targeted regulations. At the time of publishing this learning and evidence note, only preliminary data from pre-testing of 10 businesses was available. It is anticipated that the results of the full survey of 270 businesses will be published on the BERF website in the first half of 2017. The Survey Questionnaire is provided in Appendix 2.

3. Compliance cost methodology and its alternatives

This section outlines several approaches to measuring results and value for money of BER programmes at the outcome and impact level. Depending on the requirements of the programme, one or a combination of indicator types can be used.

3.1 Overview of compliance cost methodology

Compliance cost methodology (CCM) is an approach to measuring the direct costs associated with complying with a new or modified regulation. It sits within a broader approach of policy analysis called Regulatory Impact Assessment (RIA), which is a type of cost-benefit analysis that compares the costs and benefits of a proposed new or modified existing regulation to see whether it is worth developing. In theory, both costs and benefits are assessed and weighed, but in practice, regulatory impact assessment focuses on minimising costs associated with a regulation, because costs are easier to measure, quantify, and monetise.⁴

Compliance cost methodology should be used when:

- A monetary estimate of programme benefits is needed to set against programme costs, to determine whether benefits outweigh costs and the regulatory reform is justified. This might be for the financial section of a DFID Business Case, in order to demonstrate the value of the programme to a minister of a DFID partner country, or to convince other donors to come on board.
- A uniform measurement of progress is needed across a programme or portfolio of different BER interventions. CCM can be used as a standardised measure to aggregate results at a programme or country level. It can also be used to monitor and compare the efficiency and effectiveness of business environment and regulatory reform programmes between different regulatory areas within the same country or between different countries.
- Stakeholders wish to establish unit costs across different donor sponsored programmes. Unit costs of certain reform areas can contribute to value for money assessments and comparisons of the cost-effectiveness of reforms in different country contexts.⁵ To be valid, all programme areas should have the same unit of analysis (costs for individuals, for businesses, or for government agencies), should work in the same reform areas (i.e. reducing the cost of paying taxes), and should use similar methodologies and approaches to data collection.

⁴ Adapted from OECD (2014), OECD Regulatory Compliance Cost Assessment Guidance, OECD Publishing. Available at <http://dx.doi.org/10.1787/9789264209657-en>

⁵ Bayaz and Hedley (2016).

Compliance cost methodology has the following limitations:

- The value of CCM is related to the quality of data used in the estimates. In many DFID partner countries, specific, relevant, and timely secondary data may not be readily available, meaning that the programme may have to collect its own primary data at a cost. This may have limited use outside of the immediate reform areas. The cost of data collection may range from £5,000 to £50,000 or more, depending on available secondary data, local costs, and programme needs. When looking to collect data, consider what other stakeholders may use it, identify similar regulatory reform programmes, and consider whether to coordinate methodologies to facilitate comparison.
- A common approach to compliance cost methodology, the Standard Cost Model (SCM), measures only substantive compliance costs of complying with a regulation. It does not measure opportunity costs incurred because of delays, which is central to the World Bank Doing Business indicators. A longer questionnaire or other data source may be required to measure opportunity costs, and data will be more speculative.
- Because the operating contexts and programme design of reform initiatives across donor BER programmes may differ substantially, the utility of CCM for measures of VFM and cost-effectiveness may be limited.
- It is difficult to attribute compliance cost savings to DFID programmes, and even more so to trace the benefits of cost savings at business level to the individual level (consumers, taxpayers, or employees). Additional qualitative research (desk research, key stakeholder interviews, or focus groups) may be required to estimate attribution or final impact.
- The SCM also does not measure administrative and enforcement costs for the regulating agencies themselves, although many BER activities are aimed at making the ministries and agencies more efficient and effective at administering regulations. Data which show improved efficiency in government regulatory agencies can add to the ‘benefit’ side of the cost-benefit equation and align well with government priorities at the national or agency level. However, they require a separate data collection exercise within the government agency to gather the data.

The logframes of Ghana BEEP and four other DFID BER programmes⁶ currently use compliance cost methodology to track progress at outcome or impact level.

A short guide to compliance cost methodology can be found in Section 2.3 below. A list of reference materials can be found in Appendix 1. The following publication is particularly helpful:

⁶ These are Bangladesh Investment Climate Fund (BICF2), including the Bangladesh Regulatory and Investment Systems for Enterprise (RISE) component, Building a Reliable Investment Climate in Kenya (BRICK), and Rwanda Investment Climate Reform Programme, Phase 3 (RICRP3).



- OECD (2014), OECD Regulatory Compliance Cost Assessment Guidance, OECD Publishing. Retrieved from [http:// dx.doi.org/10.1787/9789264209657-en](http://dx.doi.org/10.1787/9789264209657-en)

3.2 Alternatives to compliance cost methodology

3.2.1 World Bank Doing Business indicators

The influential Doing Business report was first published in 2003 and annually thereafter. It uses standardised methodologies and details from hypothetical case studies to measure the ease of doing business across ten doing business areas, such as paying taxes, enforcing contracts, and trading across borders. Data are calculated for the largest business city in each country, and in other large business cities for selected countries.

The World Bank indicators usually provide quantitative estimates of the time in days or hours of selected regulatory activities and track how this time changes from year to year, as well as qualitative measures for certain indicators which look at whether certain regulatory functions or institutions are present in each country. Data are gathered by asking between 2 and 10 experts to assess time and other relevant factors for selected indicators based on the regulatory environment of the selected country. They are not based on representative samples of affected businesses.

The World Bank ranks countries relative to each other and according to the 'distance to the frontier', which compares their achievement as a proportion of the score of the best performing country in each category. These rankings are produced for each area of doing business, and also aggregated to form an overall ranking and distance to frontier score for each country.

Indicator methodologies are developed and continually refined by experts in the field, and generally reflect areas of regulatory reform to which DFID and other donor and government programmes contribute. Because the same methodologies and hypothetical cases are used in a given year, data are comparable across countries for a given year. However, methodologies and areas covered do sometimes change, meaning that country rankings and data for certain indicators are not always comparable from one year to the next. The World Bank Doing Business Report indicates when methodologies have changed and data are no longer comparable.

- See the Doing Business website, <http://www.doingbusiness.org>, for free publications by country and by doing business topic, as well as the latest annual report, *Doing Business 2016: Measuring Regulatory Quality and Efficiency*.

The Doing Business indicators should be included in BER programme logframes when:

- The government or other stakeholders of the DFID partner country are aware of Doing Business rankings and are motivated to improve their rankings, particularly in relation to other countries in the region or income group (e.g., low income, lower middle income, heavily-indebted poor countries).



- Limited or no funding is available to collect primary data. The World Bank gathers and publishes its data and rankings each year, meaning that programmes have a reliable, no-cost secondary data source.
- There is close alignment between the DFID BER programme and the methodology used to measure the Doing Business indicator. Read the methodology for the selected indicator(s) closely and consider whether the size and other features of the business used in the hypothetical case study are likely to represent all businesses targeted by the regulatory reform. Consider also whether elements of indices used to score quality, such as small claims courts for the quality of judicial services area or online construction permit applications for the quality of building regulation, are included in the programme design or are necessarily priorities in the country.

The limitations of using Doing Business rankings are:

- The Doing Business methodologies and hypotheticals used to measure particular reform areas may encourage programmes or governments to ‘game the system’ by focusing on these components when they are not necessarily the most important reform areas for that country. For example, in Ghana, early design work was focused on whether reforms should take place in the higher value commercial courts as opposed to the lower value circuit and district courts. It seemed this decision was based more on the methodology used for the Doing Business contract enforcement indicator than on evidence of demonstrated need from actual court users.
- Data for individual countries are estimated by a handful of experts, generally 5-10 and sometimes only one or two individuals. These estimates are not based on representative data from actual businesses and errors in estimation may be magnified by the small number of respondents. In Ghana, a re-calculation of the 2015 data on the average length of time to issue a construction permit using data from the Town and Country Planning Departments showed an average of 146 days, 30% less than the 210 reported in Doing Business 2015.
- Changes in rankings are relative, and do not necessarily represent actual improvements in the business environment – it could be that peer countries have simply gotten worse. It is not uncommon for methodologies to change, in which case valid comparisons to prior years cannot be drawn. The distance-to-frontier method is a more objective measure of improvement but the score is not as readily understandable and does not make as good a ‘headline’ as a rise or drop of ten places in the rankings.
- Doing Business indicators may be inappropriate proxies for regulatory reform if a majority of programme beneficiaries are from micro or small businesses, female or foreign headed businesses, operating in the informal sector, or located outside major cities. The Doing Business methodology does not collect data by cross-cutting indicators

such as gender, age, or socio-economic status, which may be required for DFID reporting.

The logframes of Ghana BEEP and several other DFID BER programmes⁷ include World Bank Doing Business rankings or DTF scores as one of several indicators measuring progress at outcome or impact level.

3.2.2 Bespoke measures of efficiency or effectiveness of regulatory reform

The remaining DFID BER programmes make use of bespoke indicators designed to measure the effectiveness or efficiency of regulatory reform. These range from increased tax revenue collection as a result of voluntary compliance (Tanzania Tax Modernisation Programme, Mozambique Tax Common Fund) to increased civil service management functions and capacity (Support to the Economic Recovery of Somalia, Building a Reliable Investment Climate in Kenya) to business perceptions of the business enabling environment (Nigeria ENABLE, Bangladesh Investment Climate Fund Phase II).

Bespoke indicators should be used when:

- The programme is unique, working in a single reform area, or working in a reform area where there is limited value in comparing results, unit costs, etc. with other programmes.
- The programme is embedded or aligned with the priorities or reporting obligations of a consortium partner or the DFID partner country. The indicator can adopt or complement partner, government or ministry targets, milestones, or priorities. These indicators can also make use of data gathered by the partner government or ministry. The programme can provide technical assistance where appropriate to ensure the data are of suitable quality.
- The programme is risky, novel, or untested, or has other unique design elements for which monitoring of the results chain and assumptions is important. Separate bespoke indicators may be required for output and outcome level.

The limitations of bespoke measures are:

- Comparison, learning and sharing around the data from these indicators may be of limited use to other BER programmes or country contexts, as the methodologies, measures, or indicators may be unique or particular to the programme.
- Without monetising reforms using CCM, it may be difficult to aggregate results across different reform areas or parts of the programme to generate overall programme results.
- Bespoke measures around perceptions or capacity tend to be subjective or qualitative, i.e. 'substantial improvement' or 'number of reforms successfully implemented', meaning

⁷ These include the Private Sector Development Programme (PDSP) in DR Congo, Building a Reliable Investment Climate in Kenya (BRICK), Revenue Administration Programme in Mozambique, and Business Enabling Environment Programmes (BEEP) in both Ghana and Zimbabwe.

data from different outputs cannot necessarily be aggregated to programme level or compared with other programmes.

- If good quality data are not readily available through DFID partner governments or ministries, depending on the quality of data required, the programme may need to spend resources on developing tools and methodologies from scratch and with limited value for other programmes.

3.3 Guidance for implementing compliance cost methodology in DFID programmes

This short guidance is adapted from the helpful OECD publication Regulatory Compliance Cost Assessment Guidance⁸ based on the author's experience in implementing compliance cost methodology with the Ghana BEEP programme.

Compliance costs can be estimated either qualitatively or quantitatively with increasing levels of rigour. The quality and representativeness of data on the cost of compliance depends on the methods used. This section presents a range of approaches depending on programme context. The budget range for these methods is from £5,000 to £50,000 and up.

Quantitative compliance cost assessment often requires primary data collection, which is not without cost. The OECD recommends that methods are 'proportionate to the likely size of the costs or cost savings that the regulation will impose, and the potential for the compliance cost assessment to influence the final shape of the regulations' (2014:22).

Level 1: Qualitative compliance cost methodology

Qualitative analysis is used to identify whether impact of regulatory reforms is likely to be low, medium, or high for selected beneficiary groups. It is most appropriate when little is known about the potential reform areas and/or there is little budget to gather primary data.

To conduct this analysis, researchers can convene focus groups or user groups of representatives from businesses that are meant to benefit from proposed reforms. If more granular data are sought, multiple focus groups from different target sectors (construction, services, small business owners, foreign businesses, etc.) can be convened.

Using a structured or semi-structured approach, researchers can discuss the current regulations in a certain area, or proposed new regulations or regulatory reforms. The research should identify whether the impact of regulatory reforms is likely to be low, medium, or high for affected businesses, and whether certain types of businesses are more likely to be affected than others.

This approach requires around 5-10 days of staff or consultant time to design the focus group material, hold the focus groups and analyse the results, plus admin support and travel and subsistence for participants. A local consultant may be used.

⁸ OECD (2014).

Due to small sample sizes, this approach is not necessarily representative of the entire target population. It also cannot be used to quantify cost savings across the entire programme, and so may be insufficient to populate logframe indicators or government targets which require this level of data.

Level 2: Basic quantitative compliance cost methodology measuring direct costs

Quantitative compliance cost analysis is used when numerical estimates of cost savings are required. This could be in order to demonstrate that an intervention is likely to save more money than it costs to implement, say for the Economic Assessment of a DFID Business Case or for preliminary cost-benefit analysis in order to convince a partner government, or that it has achieved the target reduction in compliance costs set out in the programme logframe.

The basic approach to quantitative cost methodology is to quantify direct cost of compliance for businesses. This is the approach used by the **EU Standard Cost Model**⁹ and the **CAR Model** (Cost-driven Approach to Regulatory burdens).¹⁰

The basic formula for estimating compliance cost savings is:

Direct compliance cost per transaction ((official fees + other financial costs) + Labour cost (staff time x staff wage)) x no. of transactions of the procedure per year

Source: World Bank / IFC 2010

- Official fees are available from existing or proposed regulations.
- Other financial costs may require primary research as they may not be immediately apparent to the government or programme team. If, for example, a regulation requires small and medium businesses to submit accounts, it may not be clear whether these businesses tend to submit their own accounts records, or pay for software to help them, or hire an accountant.
- Staff time required to comply with a regulation may also require primary research, as available statistics may not be reliable or specific enough to provide a good estimate.
- Staff wages can be estimated using macroeconomic statistics or gathered as primary data, although these may be sensitive to ask businesses directly.
- The number of transactions of the procedure per year should be available from existing or proposed regulations, although this may be worth cross-checking through primary research in case businesses over-comply with regulatory requirements.
- Finally, the direct compliance cost per transaction can be multiplied by the total number of businesses likely to benefit for an aggregate of compliance cost savings. The total number

⁹ See World Bank / IFC. (2010). Here is your money! Using the Standard Cost Model to measure regulatory compliance costs in developing countries. World Bank Group Investment Climate Advisory Services.

¹⁰ See Van der Poll, P., et. al. (15 April 2015). CAR Methodology Manual: A method for identifying regulatory burden within a sector. Sira Consulting / Danish Ministry of Economic Affairs.

of businesses can be obtained from macroeconomic data, and adjusted for differences in compliance costs amongst different types of businesses.

A programme should use basic quantitative compliance cost analysis when:

- A simple estimate of costs or cost savings is sufficient, because, for example the projected cost savings on direct costs alone will outweigh programme spend and provide sufficient justification for the programme being approved or going forward. Direct compliance costs are easier to estimate because there are fewer variables and some of the data may already be available.
- The programme has a limited budget for primary research and/or good quality data for parts of the formula are available for the DFID partner country or countries.
- Activities are focused on reducing fees, making processes simpler or understand, or reducing the number of transactions of the regulatory procedure per year, as opposed to reducing delays in i.e. issuing permits or refunds. Reducing delays do not necessarily reduce direct compliance costs but affect **opportunity costs**, which are more complicated to measure and are covered in the next section.

If primary research is needed, researchers should develop surveys that can be administered to a representative sample of businesses. These surveys should walk businesses through all of the potential costs associated with a particular regulation. Despite several good quality resources listed in Appendix 1, the author did not find many samples of actual questionnaires. A sample survey is therefore attached at Appendix 2.

Level 3: Indirect compliance costs

Basic quantitative CCM only captures the costs directly associated with complying with a regulation. The above formula does not capture **opportunity costs** to businesses of delays such as issuing tax refunds or licenses to operate. Many BER programmes are aimed at making regulatory processes more efficient and reducing delays, consistent with many World Bank Doing Business indicator methodologies.

A calculation of indirect compliance costs including opportunity costs requires data on the average cost of delay to businesses as well as evidence that the delay is attributable only to the targeted regulation and not to other sources. See Appendix 2, Ghana BEEP baseline survey, on how these questions can be asked.

Basic quantitative CCM also only looks at costs for the regulated *businesses*. It may be important for the programme to quantify the current **cost of administration and enforcement** for the regulatory agencies themselves. This requires a separate data collection exercise using either key stakeholder interviews or staff surveys of the regulatory agencies. This is made easier by buy-in from the agencies. Two sample approaches to determining the costs of administration and enforcement are included in the *Ghana M&E Options and Discussion Paper*, available by request from the author.



4. Case study: Implementing CCM for the Ghana BEEP programme

This section provides a case study of the way compliance cost methodology was implemented in the Ghana BEEP programme.

4.1 Rationale for using CCM for Ghana BEEP

The Ghana BEEP Business Case set out compliance cost savings as one of the major economic benefits of the programme, and noted that measurement of compliance costs would factor into assessments of programme effectiveness and value for money. However, the Business Case did not specify a methodology or approach for gathering this data. In the inception phase, the Ghana BEEP programme found that M&E for different components had not been synthesised and rationalised into a coherent M&E plan for the programme as a whole and components were generating data that were not comparable. The 2015 DFID Annual Review of Ghana Business Enabling Environment Programme recommended that the programme use ‘cost (of regulatory) compliance methodologies’ to measure programme effectiveness. The workplans for the Commercial Justice and Contract Enforcement and Taxpayer Services components of the programme also reference ‘cost compliance methodologies’, and the updated BEEP programme logical framework includes an indicator on decreased compliance costs.

The programme engaged an M&E specialist to review the programme logframe and recommend options for compliance cost methodology. As a result, the logframe was amended to include an indicator measuring the aggregate compliance cost savings for the programme as well as for the individual components.

None of the MDAs had previous experience with compliance cost methodology. However, some had used similar cost-benefit analysis methodologies or performed Level 1 qualitative compliance cost methodology through user committees. The M&E specialist trained component leads from the three ministries, departments, and agencies (MDAs) involved in the Ghana BEEP programme on compliance cost methodology and regulatory impact assessment.

4.2 Survey methodology

The programme commissioned a baseline survey of a representative sample of 270 businesses, or 90 businesses in each targeted reform area. This number was based on being able to measure a 40% reduction in the cost of compliance in each reform area from baseline to endline, using a standard deviation calculated from available data other standard research parameters,¹¹ and assuming that different businesses would be drawn in the two samples.

Businesses were identified through records provided by the partner ministries, departments, and agencies and pre-screened to ensure they were eligible and willing to participate. Because initial research and pilot interviews suggested that businesses of different sizes might be

¹¹ Assumptions are power = 0.8, $p < 0.05$, one-tailed hypothesis as the regulatory burden is expected to decrease, effect size 0.40. Minimum sample size of 78 calculated using G-Power 3.1.9.2.

affected differently by regulatory requirements, the sample was stratified by size of business. Research and pilot interviews also suggested that female-owned and foreign-owned businesses might have more difficulty navigating the regulatory regime, so quotas for these business demographics were also established.

Because Ghana BEEP is currently testing three different reform areas, separate long-form surveys were developed for taxation, local licenses, and commercial courts. These long-form surveys were administered only to those businesses identified as eligible. All respondent businesses were also asked short-form surveys on the other two reform areas to see the extent to which they applied. See Appendix 2 for the full survey questionnaire.

Findings from the pre-test of the Ghana BEEP baseline questionnaire are presented in each section below. Note that these should be taken as indicative of **broad ranges** of the cost of compliance for each component and **broad patterns** of what might develop. Data from the full sample of 270 businesses is expected to be available in late March 2017, with full analysis completed in mid-April 2017.

4.3 Taxation component

4.3.1 Prior experience of Ghana Revenue Authority in assessing costs

The GRA has effectively performed qualitative compliance cost assessments by using consultative industry user groups totalling around 100 representatives. These groups are used mostly for engagement and communication of changes to tax law, as well as for airing grievances. Administrative burdens were discussed but data were never quantified.

Taxpayer offices are driven by GRA targets for revenue collection, and individual taxpayer offices have different strategies for meeting these targets, which may include focusing resources on registering new businesses, pursuing registered businesses which have not submitted claims, or auditing businesses who have paid less than in previous years. However, data on staff time and resources taken to process individual applications are not gathered.

Under the previous round of reforms, the GRA developed self-assessment software for distribution by CD-ROM, and Pay-As-You-Earn tax helper software was made available on their website. Businesses were involved in the development of this software to make it user-friendly. However, GRA have not been able to provide data on how many businesses have requested or downloaded this software, and have not analysed whether this has decreased the burden of businesses in paying taxes.

4.3.2 Approach to CCM for the taxation component

In Ghana, businesses are registered to small, medium, or large taxpayer offices based on their annual turnover. Desk research and pilot interviews with different sizes of businesses suggested that different sizes of businesses might bear the burden of tax compliance differently. The Ghana Revenue Authority is also moving to a self-assessment scheme for all sizes of businesses, which requires formal recordkeeping and estimates of annual turnover.



The baseline sought to measure the burden of this requirement for medium sized businesses, which are newly under the scheme, and small businesses, which are yet to adopt it.

The sample of registered taxpayers was split by size in order to ensure that sufficient data were gathered on each size category of business affected. The survey itself sought to capture information on:

- The number of times businesses calculated and paid each type of tax each year, both to cross-check World Bank Doing Business indicators and to test for over-compliance (calculating or paying more than what is asked for)
- Direct costs associated with paying taxes, including recordkeeping materials, tax compliance software, accountants and other professional services, and staff time
- Indirect costs associated with paying taxes, including audits, penalties or refunds, which measure the efficiency of the system, and time elapsed in assessing penalties or returning refunds, which measure opportunity costs to the affected business.

4.3.3 Availability and quality of M&E data

The taxpayer component has struggled to produce M&E data for the DFID logframe in the first and second years of the programme, and as a result progress against several indicators has not been assessed. The M&E team suggested this was because the GRA has a fixed monthly reporting format, which is still largely paper-based, and departures from this format require staff from over 30 offices to manually compute the required data. Offices may not be motivated to provide this additional data if it is only for DFID's use. The new electronic ITAPS system will be able to provide required data because it is designed to capture it, but it is still in the early procurement stage and still requires a change in staff behaviour for data to be captured. An intermediate solution is to incorporate logframe indicators which reflect data that GRA currently reports on.

Up to 85% of Ghanaians are involved in the informal economy, meaning that they are not registered and the GRA has no way to identify or contact them. The GRA does not hold any information on the informal economy, and these data cannot be gathered by the method of sampling from a list of registered businesses outlined in this report. Instead, alternate methods such as random walk methods through a neighbourhood, talking to owners of small shops and kiosks, are required to get data.

4.3.4 Staff and other resources committed

The tax component has not received any technical assistance to date. GRA are due to receive technical assistance for assessing ways to improve the capacity of STOs in 2017 and to measure the cost of compliance and taxpayer satisfaction in 2018.

GRA are also receiving support from development organisation GIZ to sensitise taxpayers to requirements around recordkeeping. It is not clear whether this assistance has a monitoring component.

4.3.5 Lessons learned

- **The sampling process has been hindered by challenges in centralised and digitised record-keeping across tax offices.** The GRA is currently working to digitise and centralise its databases of registered businesses. While the single Large Taxpayers Office (LTO) and Medium Taxpayers Offices (MTO), of which there are several in each large city, are mostly digital, some Small Taxpayers Offices (STOs) still only keep paper records. This made it difficult to obtain a consolidated list of registered taxpayers with valid contact details in the Greater Accra area from which to draw the sample.
- **Paying taxes is a sensitive topic and businesses are suspicious of the research.** On the survey, respondent businesses were screened to ensure that they were currently registered to pay taxes at the appropriate taxpayer office. However, businesses may be reluctant to discuss tax payments and suspicious of ulterior motives of the interviewers. Because questions were asked about the previous tax year, respondents may have difficulty recalling factual information, although recordkeeping and tax returns will help with recall.

4.3.6 Results of applying CCM

- Businesses were asked to estimate the amount spend on complying with taxes prior to the detailed survey. All businesses significantly underestimated the actual calculated cost of compliance, which was 3-5x greater than their initial estimate.
- All businesses reported a junior level administrative staff spending around 5% of their time on taxes. For medium sized businesses (around 10 employees), businesses either employed one mid-level staff member with 90-100% of his or her time devoted to tax or else paid around 60,000 cedis for external help. Larger businesses (around 50 employees) employed one or two senior staff members with 90-100% of their time devoted to tax. Businesses reported additional annual costs of compliance in the range of 1,000 - 4,000 cedis.
- All businesses in the sample were audited. Costs of complying with the audit ranged from 2,000 - 7,000 cedis and involved 2-3 staff.

- The greatest reductions in the cost of compliance for tax methodology may be obtained in decreasing staff time spent on tax compliance, or on businesses paying for outside help to prepare tax returns and formal accounts.

4.4 Commercial Courts

4.4.1 Prior experience of commercial court system in assessing costs

The Commercial Justice and Contract Enforcement (CJCE) is implemented by Ghana's commercial court system. Commercial courts collect data on cases by type, time to dispensation, and judgment amount. District courts submit this data monthly via paper-based reporting and it is aggregated at national level and published annually. The judiciary is supported by a new M&E unit, which has helped the courts develop a paper-based form which gathers monthly data on the gender of plaintiff and defendant, fees paid to the court and bailiff, number of processes and adjournments, and judgment amount.

The court does not currently use quantitative data to set court fees or inform or cap amounts or interest rates for damages awarded. A recent donor led initiative to pilot virtual courts in remote areas via teleconferencing has been scaled back due to lack of demonstrated demand. A proposed pilot initiative introducing small claims procedures in existing courts will draw on data collected from the Ghana BEEP baseline to provide evidence of demand and types of claims likely to be raised.

4.4.2 Approach to CCM for the commercial court component

Commercial courts are somewhat different from other regulatory reform areas in that claimants have some element of choice of whether to use the court system to resolve commercial disputes, rather than resolving it themselves or opting for arbitration or settlement. This contrasts to regulatory reform areas such as tax, where businesses must pay their taxes or risk penalties for non-compliance. User confidence in the court system amongst other alternatives is therefore important to consider. The design document for the commercial court component notes that foreign businesses tend to select foreign jurisdictions for arbitration even for relatively straightforward matters as evidence of low confidence in the commercial court system.¹²

The commercial court survey component gathered data on:

- Business opinions of the commercial court system as compared to other alternatives.
- The business's role in the commercial dispute, the approximate value of the dispute, and at what stage it was resolved.
- Direct costs for each stage of the commercial dispute resolution process.

¹² Coffey International Development (August 2015). Support to Finalize Work Plan for Commercial Justice and Contracts Enforcement.

- Indirect costs associated with the length of time for the dispute to be resolved.

4.4.3 Availability and quality of M&E data

The commercial courts currently report on cases by type, time to dispensation, and judgment amount on a monthly basis. This system is currently paper-based and there is no follow-up to ensure that all courts are consistently submitting monthly returns. Although the commercial court produces an Annual Report, this information is not currently reported. The only judicial statistics published in the Annual Report are of case load in civil and criminal courts. Commercial court caseload is reported as 'commercial and other specialised courts'. Ghana scored zero points on its ability to produce judicial reports on the quality of judicial services component of the World Bank Enforcing Contracts indicator for 2017.

The commercial courts do not hold contact details for plaintiffs or defendants, which made identifying and contacting these businesses for the baseline survey more challenging. In the end, business names from the docket were cross-checked against information held by the Ghana Revenue Authority on registered businesses. Even so, response rates for businesses contacted for the commercial courts component have been low, as these businesses have been reluctant to discuss resolved court cases.

DFID is procuring an electronic monthly reporting system which includes additional indicators of interest for Ghana BEEP, including gender of the parties, court fees, and costs of enforcement. The system also allows the central administration to see which courts haven't submitted complete monthly returns and follow up with them. However, consistent use of this system requires training and change management of all relevant staff at all of Ghana's courts.

4.4.4 Staff and other resources committed

The CJCE component received 61.5 days of technical assistance in 2016. This support was aimed at intervention design and targets rather than monitoring and evaluation. The CJCE component also received support from the new M&E unit within the court system to devise a new means of collecting and reporting data about cases. In 2017 DFID has hired a consulting firm to design a computer-based M&E data collection and reporting system. The component is also receiving donor funding for an electronic Case Management System (CMS) which should allow tracking and reporting of cases and other monitoring data.

4.4.5 Lessons learned

Commercial disputes are sensitive. While court judgments and damages awarded after trial are a matter of public record, the results of mediations, arbitrations, and settlements are private. Respondent businesses may be unwilling to discuss amounts even in general bands. This makes estimating the overall cost of compliance difficult. The baseline survey team encountered resistance from respondents for the commercial disputes component of the survey, with most selected businesses asking for detailed proposals of the research or

refusing to participate. Self-selection bias is thus a particular issue for responses received to this survey component.

The opportunity cost of delayed judgment is difficult to estimate. Research suggests that the largest cost associated with resolving commercial disputes in Ghana may be in terms of the average number of days taken to dispense with the case.¹³ It is difficult to attribute the opportunity cost of a commercial dispute which remains unresolved for several years. When a judgment is awarded, the court can add accrued interest in line with the bank rate of 25-30% annually. This interest figure is being used to proxy cost savings from reduced time to judgment.

Corruption is an intangible factor in resolving commercial disputes. Corruption was deemed too sensitive to address directly in the survey, but research and pilot interviews suggest that delays in resolving judgment in the commercial court system increase opportunities for corruption in the judicial process. Initiatives to automate the process, service, and court fees and to introduce an electronic case management system are designed to minimise opportunities for corruption through face-to-face interaction with officials.

4.4.6 Findings from the CCM baseline

- Court fees ranged from 700 to 3,500 cedis. This appeared to depend on whether the claim was settled early or went to trial and appeal.
- The interest rate applied to the judgment ranged from 2 to 6%.
- One business reported several days of staff time as additional costs.
- The biggest results for commercial courts may be in translating reduced time resolving the dispute to economic benefits for one or both parties. However the methodology for doing so is less clear-cut than for construction permits. It may be calculated using the interest rate applied vs. the bank rate to the total cost of judgment plus fees.

4.5 Local licences

4.5.1 Prior experience of the Ministry of Local Government in assessing costs

The MLGRD has used cost-benefit analysis primarily in procurement, in order to compare unit costs and comply with the Public Procurement Act guidelines.

The Ministry has also developed the Functional Organisational Assessment Tool (FOAT), a performance-based framework of assessing the Metropolitan, Municipal, and District Assemblies (MMDAs) or local government bodies in Ghana. Performance indicators are linked to regulatory compliance and determine how much grant money local government bodies receive.

¹³ The World Bank Doing Business Indicators (2015) calculated that the average time to dispense of a commercial dispute in Ghana was 710 days.

Officials stated that cost-benefit analysis of local policies was done at local assembly level. It is unclear whether cost-benefit analysis has been performed from the 'client perspective', that is, the businesses affected by local government regulations.

For Ghana BEEP, MLGRD officials held consultations with the agencies involved in issuing construction permits, and came up with a revised estimate of the average time taken to process a construction permit. This estimate was approximately 30% lower than what World Bank Doing Business indicator calculation. This consultation did not include speaking to businesses about the cost of compliance.

Local government fees are a sensitive issue. Interviews with businesses and trade associations indicate that industry feels the process of 'fee fixing', or setting fees for the next year, is not transparent. Local government did consult a panel of businesses about fees and came to what they thought was an agreement but the next year's fees did not reflect this. Interviews with officials revealed that local governments are under increasing pressure to raise money from local businesses through fees and permits, and remit a portion of their revenues to the national offices. Fees and licensing may therefore be meant to generate revenue for local government and may not represent the actual cost of administration and enforcement.

4.5.2 Approach to CCM for the licences component

Regulatory reforms in this area focused on construction permits, as component leads saw a greater opportunity to reduce delays in this area. Once the initial portfolio is submitted, MMDAs track progress, but these data are incomplete, because delays in businesses understanding the portfolio requirements or assembling the components are not tracked. Therefore a survey of businesses is required.

The local licences component of the survey gathered data on:

- Direct cost of compliance outside of permit fees for all stages of the permit process, including staff time, outside consultations with architects and engineers.
- Indirect costs associated with what the business is unable to do while waiting for the construction permit, including effects the completed project would have on turnover, revenue, and number of employees.

4.5.3 Availability and quality of M&E data

This component was able to provide all required data for Ghana BEEP. Municipal or Metropolitan Assemblies, which are the first point of call for businesses applying for a permit, were able to supply databases of applicants, including contact details and dates the application was submitted and granted. However, this system does not currently track the time taken by each of the agencies whose inputs are needed to grant the permit or flag agencies who have exceeded the deadline.

4.5.4 Staff and other resources committed

The local licenses component has received 107.5 days of technical assistance in 2016. This support included mapping out the flow, time, and cost of existing licensing procedures and recommending ways to make these more efficient, as well as producing a revised estimate of the average number of days taken for each step of the licensing process.

Local licenses have also benefitted from the MLGRD's in-house M&E team.

4.5.5 Lessons learned

- Reductions in fees represent a win-lose for businesses and the government, whereas reduced delays in issuing licenses is a win-win. CCM data will provide information on both direct costs of compliance including fees and opportunity costs, but the programme should be aware of the political sensitivities around seeking reforms in certain areas. Consultation with stakeholders revealed that local government was under pressure to raise money from local businesses through these fees and remit a portion of their revenues to the national offices.
- The largest cost savings from local licensing may be in terms of opportunity costs. The cost of delays for construction permits is primarily an indirect opportunity cost, where businesses are unable to renovate their premises or move into new headquarters while waiting for the construction permit. The survey asks questions around the proposed construction project for which the permit was sought and seeks to determine what, if anything, the business was unable to do while waiting for the permit and estimate the monetary cost of the delay.
- Discussion with different businesses suggested that the cost of fees has a different impact on different sizes of businesses. Fees generally impact small and medium businesses more than large businesses, because they are a greater percentage of their operating budget. For large companies, the amount of fees may be less significant than the perceived lack of transparency and consultation in setting fees or in putting this revenue towards local development projects. This observation led to the stratification of the baseline to test the assumption that different types of businesses may bear the cost of compliance with regulations differently.

4.5.6 Results of applying CCM

- The costs associated with obtaining construction permits ranged from 5,000 to 20,000 cedis per project, depending on whether the project was a remodelling or a new construction. Fees for architectural drawings made up around half of this amount.
- Construction permits in addition took from 1-12 days of staff time.
- The opportunity cost of delays for construction permits was high. Half of the businesses survey reported that the construction project increased their headcount, turnover, and volume of sales, each between 20-100%.

-
- The biggest results for the construction permits component may be in translating reduced time in issuing construction permits to economic benefits of employing additional staff and increasing turnover or volume of sales. Some construction projects represent major increases in the productivity of Ghanaian businesses.

5. Relevance of CCM to other DFID programmes

5.1 Overview

In recent years, DFID has increased spending on programmes aimed at Business Environment Reform in focus countries. Devtracker currently lists 55 active DFID programmes with a trade focus, worth £87.3M. Of these, 16 have been identified as having BER components.

A review of these programmes shows three broad approaches to measuring progress in targeted reform areas. These are:

- The World Bank Doing Business indicators, including distance-to-frontier (DTF) scores or country rankings at outcome or impact level, or else metrics for individual indicators, such as average number of days to issue a construction permit, or average number of hours spent doing taxes.
- Regulatory costs and/or compliance cost savings, either for individual components or the programme as a whole.
- Other measure of efficiency or effectiveness of regulatory interventions which are bespoke to the programme.

5.2 Mapping M&E approaches reform areas in DFID BER programmes

An overview of DFID BER programmes is presented in the table below.

	Programme name	Business Environment Reform areas	WB Doing Business - DTF^(a) or rankings	WB Doing Business – time to process	Compliance cost savings	Cost of compliance	Other effectiveness / efficiency measures
Afghanistan	Afghanistan Investment Climate Facility (Harakat)	Reg. reform, tax & customs, contracts	√				
Bangladesh	Bangladesh Investment Climate Fund, ^(b) Phase II (BICF2)	Reg. reform, Licenses			√		
DR Congo	Private Sector Development Programme in the Democratic Republic of Congo	Private sector development	√			√	
Ethiopia	Tax, Audit, and Transparency Programme (TAUT)	Tax collection					√
Ethiopia	Private Enterprise Programme Ethiopia (PEPE)	Private sector development		√			
Ghana	Business Enabling Environment Programme (BEEP)	Tax, licenses, contracts, e-portals	√	√	√		√
Kenya	Building a Reliable Investment Climate in Kenya (BRICK)	Bus. reg., licenses, e-portals	√		√		

Evidence and Learning Note: Ghana BEEP- Using Compliance Cost Methodology to assess results

	Programme name	Business Environment Reform areas	WB Doing Business - DTF^(a) or rankings	WB Doing Business – time to process	Compliance cost savings	Cost of compliance	Other effectiveness / efficiency measures
Malawi	Private Sector Development Programme (PSDP)	Private sector development					
Mozambique	Revenue Administration Programme - Tax Common Fund	Tax collection	√				√
Nigeria	Enhancing Nigerian Advocacy for a Better Business Environment: ENABLE	Private sector development					√
Occupied Palestinian Territories (OPTs)	Facility for New Market Development to Strengthen the Private Sector	Private sector development					
Rwanda	Rwanda Investment Climate Reform Programme (Phase III): RICRP3	Reg. reforms, licenses			√		
Somalia	Support to the Economic Recovery of Somalia: SERS	Private Sector Development					√
Tanzania	Tax Modernisation Programme Grant	Customs, Tax		√		√	√
Zimbabwe	Business Enabling Environment Programme: BEEP	Tax, licenses, bus. reg.	√	√			

Note: (a) Distance to frontier, a measure of a country's performance relative to the best-performing country in the category.

(b) Includes the Bangladesh Regulatory Investment Systems for Enterprise (RISE) component, which is listed as a separate DFID programme.



5.3 Assessment of other BER programmes

BER programmes were further reviewed for relevance based on the most recent logframe and Annual Review documents from Devtracker, DFID's online project portal. Programmes focusing mainly on private sector development were excluded from further assessment.

This section recommends how other DFID BER programmes can benefit from CCM and the data generated by Ghana BEEP.

5.3.1 Afghanistan Investment Climate Facility and Harakat

The Afghanistan Investment Climate Facility (AICF) closed in 2015. A new programme, Harakat/AICF Phase II, has been approved and will run from 2016-2023. Programme documents for the second phase are not yet available, however, consultation with the implementing partner suggests the programme will focus on four pillars, including public-private partnerships, investor facilitation, legal and regulatory reform, and women's economic empowerment.

Harakat can consider whether compliance cost methodology would complement Afghan government objectives and strengthen calculation of results around private sector investment and job creation. Lessons learned from Ghana BEEP may be of particular interest to further work on legal regulatory frameworks, as Ghana BEEP is the only other BER programme identified as working in this area. Harakat could adapt the approach used by Ghana BEEP in measuring the opportunity cost of delayed commercial disputes.

5.3.2 Bangladesh Investment Climate Fund: BICF2

The second phase of this ongoing programme provides advisory services aimed at improving the business operating environment in Bangladesh. It is managed by the International Finance Corporation (IFC) along with DFID and the European Union (EU).

At outcome level, the programme measures direct compliance cost savings amongst other outcomes. These are achieved through output level by activities around enacting new reforms and improving or eliminating regulations.

The BICF makes full use of compliance cost methodology in generating outcome level data. The report for the first BICF¹⁴ details before-and-after time and cost to issue permits for 18 targeted reforms, as well as the number of permits issued and businesses using the system. Baseline findings are taken from diagnostic studies carried out in the design phase of the programme. It uses this data to estimate annual compliance cost savings and efficiency ratios of the costs of individual programme activities to their cost savings or benefits. The

¹⁴ Ntia, R., and S. Shams. Bangladesh Investment Climate Fund: Transforming the Investment Climate in Bangladesh, 1st ed. International Finance Corporation.

report notes that only direct compliance cost savings are calculated, and indirect costs such as opportunity costs from delays in issuing licenses could further improve the results.

BICF data and programme targets provide a benchmark for compliance cost savings for other BER programmes, particularly around cost savings achieved through automation or e-portals for licensing. The second phase seeks to generate a cumulative \$250M in cost savings by the end of the 5-year programme.

5.3.3 Ethiopia Tax, Audit, and Transparency Programme (TAUT)

The programme builds national and regional capacity to collect tax, linked to impacts of increased government effectiveness and anti-corruption. This is achieved through several reform areas, with a link to BER through improving tax administration procedures. Despite the programme's similarity with tax programmes in Mozambique and Tanzania, the logframe does not have any indicators which measure compliance cost savings to businesses or the cost of collecting taxes.

The programme is ending its inception phase due to delays in implementation and has yet to develop a full VFM framework. In doing so it could consider the approach taken by the Mozambique and Tanzania tax programmes in quantifying the amount spent by the Government of Ethiopia in collecting taxes. This can serve as a measure of efficiency and comparison with other programmes.

The programme can consider using basic CCM if the intervention logic shows that interventions are likely to decrease the regulatory burden on Ethiopian businesses.

5.3.4 Building a Reliable Investment Climate in Kenya (BRICK)

This is a multi-donor initiative, with the Dutch Government and the World Bank / IFC also contributing. The programme delivers regulatory reforms against Doing Business indicator areas, as well as private sector competition and infrastructure for growth.

At outcome level, the programme is implementing regulatory reforms to reduce burdens on the private sector and businesses, specifically in getting electricity, registering property, starting a business, and getting credit. Targets show substantial reductions in the time to obtain these.

At output level, the programme counts the number of operational e-portals to facilitate these processes.

The logframe suggests that measurement of compliance cost savings will be done after the DFID programme closes, in 2018. The logframe has a target of \$0 in compliance cost savings in 2016 and a target of \$87M in 2019. Given that this is a joint programme, it may be beneficial for DFID to work with the World Bank to establish an earlier baseline compliance cost, otherwise the programme risks being unable to capture its full impact.



The results chain of the programme could be further strengthened by applying a form of CCM in order to validate assumptions about current opportunity costs of delays and quantify cost savings through e-portals and other reform initiatives. The VFM framework acknowledges that initial data on consumer cost savings have the potential for 'very high returns'.

5.3.5 Mozambique Tax Common Fund

The programme provides financial and technical assistance to the Government of Mozambique to increase tax revenue collected and decrease the cost of tax collection at outcome level by increasing voluntary compliance, cracking down on fraud and tax avoidance, and building the capacity of the Mozambique Revenue Authority (ATM). The programme replicates the Doing Business 'paying taxes' indicator at outcome level, linked to efficiency gains in revenue collection at output level.

The programme logic of increasing voluntary compliance by reducing transaction costs makes the programme similar to Ghana BEEP and Tanzania tax programme. However the programme also notes that large businesses, 15% of those registered, constitute 65% of taxpayer revenue. It is not clear that the programme benefits to generate substantial compliance cost savings for large businesses, and indeed the Doing Business ranking improved by only one place. However CCM data would still be of value for comparison with BER programmes with similar tax components in Ghana and Tanzania.

The programme measures the cost of administration and enforcement in calculating the outcome indicator and VfM efficiency ratio of ATM's costs as a percentage of revenue collected. It is not clear whether ATM costs can be disaggregated, but analysing or collecting this data could be used to see which components of tax collection are the most efficient and inefficient.

The Annual Review mentions similar problems to Ghana BEEP around the integrity of the taxpayer database and lack of information around the usefulness of call centres, additional collection points, and e-collection.

5.3.6 Tanzania Tax Modernisation Programme Grant

The programme looks to increase tax revenue collected and decrease the cost of tax collection at outcome level by increasing self-service and e-filing of taxes, increasing voluntary compliance in paying taxes, and reducing the time taken to pay taxes for large companies and the time taken to clear customs at port at output level.

While the outcomes and impact are framed from the perspective of the Government of Tanzania Tax Revenue Authority (TRA), programme activities should also reduce the burden of compliance for private enterprises and taxpayers. In fact, both Outputs 1 and 2 mention reducing the cost of compliance, but full CCM is not applied at the output or

outcome level. Compliance cost savings for enterprises is a significant additional result which complements existing measures of client satisfaction and voluntary compliance. Cost savings provides an additional measure of value for money, where current indicators suggest the programme is struggling, and also contributes to the desired impact of increased GDP at impact level.

The programme does measure the cost of administration and enforcement in calculating the outcome indicator and VfM efficiency ratio of TRA's costs as a percentage of revenue collected. It is not clear whether TRA costs can be disaggregated, but analysing or collecting this data could be used to see which components of tax collection are the most efficient and inefficient.

The taxation component of Ghana BEEP has similarities with the Tanzania Tax Modernisation Programme, including measuring reduction in compliance cost for large companies, an e-services component, and a large informal sector.

5.3.7 Rwanda Investment Climate Reform Programme, Phase III (RICRP3)

The current phase of the programme looks to build on reforms from previous phases with the objectives of making Rwanda's investment climate more transparent and predictable and to make renewable energy, agribusiness and tourism sector competitiveness.

At output level, relevant activities include streamlining or automating business licenses, including for tourism and construction. Output indicators measure the cost and average time taken to obtain the license. These reforms are tied at impact level to cost savings for the private sector, but not directly reflected in outcome level indicators. Another output area deals with passing regulatory reforms identified by the Doing Business survey.

Data on licenses, particularly construction permits, are relevant for Ghana and Zimbabwe BEEP. Rwanda has been amongst the 10 most improved countries as far as Doing Business indicators, and logframe milestones suggest that there may be less scope to reduce cost and time to issue permits, meaning that the aggregated value of cost savings may be less than in the other BER countries. Depending on the reforms passed which can be attributed to the programme, CCM may be appropriate in quantifying the gains of these reforms.

The Business Case mentions that the compliance cost savings will be computed using the Standard Cost Model, and this is given as a VfM indicator. Cost savings can be used alongside other identified benefits including job creation and leveraged private finance to assess the cost-benefit of the programme.

5.3.8 Zimbabwe Business Enabling Environment Programme (BEEP)

This programme aims at capacity building, business consultation, and other business climate reforms, with several reform areas common to Ghana BEEP.

At outcome level, Zimbabwe BEEP has included World Bank Doing Indicators for number of tax payments, number of procedures to register a business, and number of days to get a construction permit. Reduction in the distance-to-frontier scores for these indicators are directly comparable to Ghana BEEP and other BER portfolio programmes. The programme also measures the number of years taken to resolve insolvency, which is similar to Ghana BEEP reforms for commercial disputes.

At output level, Zimbabwe BEEP indicators tend to count the number of reforms implemented or qualitatively assess whether regulatory processes have improved. This is a narrow metric which may not fully capture efficiency gains of individual interventions. The links between output and outcome indicators, and outcome indicators and the intended impact of increased GDP growth and exports, are relatively weak.

The programme has estimated cost savings for the access to finance component of their programme, but it is not clear that other components estimate cost savings as an intermediate outcome indicator towards improvement in Doing Business distance-to-frontier scores. The programme stands to make significant reductions in the number of days for issuing construction permits and number of times businesses pay taxes. The programme could benefit from using CCM to monetise these results and strengthen the results chain from outputs to impact. A more robust calculation of cost savings would also strengthen the value for money framework and provide a clear cost-benefit proposition to other donors.

Other BER programmes can learn from Zimbabwe BEEP's challenges around attribution, as it has multiple donors and other projects working in this space.

Appendix 1 List of references

- Bayaz, G., and E. Hedley (June 2016). *How to measure value for money in DFID business environment and investment climate reform initiatives delivered by the IFC: An evidence and learning note*. Business Environment Reform Facility.
- Coffey International Development (August 2015). Support to Finalise Work Plan for the Commercial Justice and Contracts Enforcement. EPS PEAKS.
- Djankov, S., C. McLiesh and R. Ramalh. (March 2006). *Regulation and Growth*. Washington, DC: The World Bank Group.
- Haug, J. (August 2014). *Critical Overview of the (Urban) Informal Economy in Ghana*. Friedrich Ebert Stiftung.
- Manuel, C. (June 2015). *Is there a causal link between investment climate and growth? A review of the evidence*. LASER Evidence paper, DFID Legal Assistance for Economic Reform Programme.
- Ntia, R., and S. Shams. *Bangladesh Investment Climate Fund: Transforming the Investment Climate in Bangladesh*, 1st ed. International Finance Corporation.
- OECD. (2014). *OECD Regulatory Compliance Cost Assessment Guidance*. OECD Publishing. Available at <http://dx.doi.org/10.1787/9789264209657-en>
- United Nations. (2014). *Measuring tax transaction costs in small and medium enterprises*. New York: United Nations.
- Van der Poll, P., et. al. (15 April 2015). *CAR Methodology Manual: A method for identifying regulatory burden within a sector*. Sira Consulting / Danish Ministry of Economic Affairs.
Available at <https://www.government.nl/documents/reports/2015/05/12/car-methodology-manual-a-method-for-identifying-regulatory-burden-within-a-sector>
- World Bank. (2016). *Doing Business 2016: Measuring Regulatory Quality and Efficiency*. Washington, DC: World Bank.
- World Bank / IFC. (2010). *Here is your money! Using the Standard Cost Model to measure regulatory compliance costs in developing countries*. World Bank Group Investment Climate Advisory Services.

Available at <http://documents.worldbank.org/curated/en/648191468331774700/Here-is-your-money-using-the-standard-cost-model-to-measure-regulatory-compliance-costs-in-developing-countries>

Appendix 2 Ghana BEEP baseline survey questionnaire

NB The material presented below is combined from materials in three separate interview schedules. The actual survey selected businesses based on their eligibility for only ONE component, screened for eligibility for this component only, and administered one ‘long-form’ set of questions along with two ‘short form’ sets of questions to the respondent business.

Survey protocol

Intro

Good morning/afternoon. My name is <NAME> and I work with <ORGANISATION>. We are carrying out research on the time it takes businesses in Ghana to comply with government regulations in several areas. The regulations we are interested in have to do with taxation, construction permits, and the commercial court system. Your business may have had experience with one or more of these areas.

This research has been commissioned by an international organization in order to assist the Government of Ghana to identify problem areas and cut down on unnecessary regulations. Your business has been selected to represent businesses that are affected by the regulations. All data gathered is confidential and will not be shared with the Government of Ghana or any other organization.

In this call we would like to confirm your participation in this research and identify the person or persons most knowledgeable about the relevant areas of interest and their availability for an interview in the coming weeks. We will send you a questionnaire ahead of time so that you are able to see what kinds of information we are interested in. We expect that interviews will last between 30 and 90 minutes, depending on the number of topics covered.

Screening questions

Screening for registered business

Can I first confirm that you are a registered business.

S1. Which of the following agencies are you registered with? [Tick all mentioned]

<input type="checkbox"/>	Ghana Revenue Authority
<input type="checkbox"/>	Registrar General's Department
<input type="checkbox"/>	District Assembly
<input type="checkbox"/>	Environmental Protection Agency
<input type="checkbox"/>	Other (specify):
<input type="checkbox"/>	Yet to register

[If not registered with any organisation] We are only looking for information from registered businesses at this point. Thank you for your time. DISCONTINUE SURVEY

What person or persons in the business would be best to talk to about the time and costs associated with paying taxes?

Name	Position	Telephone no.	Email address	Availability in next month
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Screening for commercial disputes

S2.1 Has your business been involved in a commercial dispute or disagreement in the last three years?

The dispute doesn't need to have ended up in court, but it should have been something with a significant potential impact on the finances of the organization. It could include, but not be limited to, dispute over a contract, employment, or debts owed.

<input type="checkbox"/>	YES/NO
--------------------------	--------

S2.2 Has the dispute been resolved?

This means that an agreement, settlement, or judgment has been arrived at. This decision may then have been accepted by both parties or rejected or appealed by one or both parties.

<input type="checkbox"/>	YES/NO
--------------------------	--------

S2.3 [If no] Thanks, we are only interested in disputes that have been resolved, not ongoing disputes. Have you had any other commercial disputes that have been resolved in the last three years?

<input type="checkbox"/>	YES/NO
--------------------------	--------



S2.4 Are you willing to discuss aspects of this dispute, including generally what it was about, the amount, and your satisfaction with the result?

	YES/NO
--	--------

What person or persons in the business would be best to talk to about the time and costs associated with your most recent commercial dispute?

Name	Position	Telephone no.	Email address	Availability in next month

6. Screening for construction projects

S3.1 And finally, has your business been involved in building a new structure, modifying an existing structure, or demolishing an existing structure in the last three years?

	YES/NO
--	--------

S3.2 [If no, ask] Are you planning similar projects within the next two years?

	YES/NO
--	--------

What person or persons in the business would be best to talk to about the time and costs associated with recent or planned construction projects?

Name	Position	Telephone no.	Email address	Availability in next month

Thank you for your time.

Section 0: Business demographics

Enumerator should fill out the following sections according to the address of the interview location.

Area of operation

Where is the business unit located?

	Greater Accra
	Takoradi-Sekondi
	Kumasi
	Tamale

What area is the business unit located?

	Urban
	Semi-urban
	Rural

Years in operation

Business should provide information

In what year did the establishment commence?

Year established						
------------------	--	--	--	--	--	--

Sector and sub-sector

What is the primary sector in which the establishment works?

Enumerator code sector and sub-sector according to the response received.

Sector	Sub-sector	
Industry		Manufacturing
		Mining & quarrying
		Electricity & gas
		Water supply, sewerage, waste mgmt.
		Construction
Services		Wholesale & retail trade
		Transportation & storage
		Accommodation & food storage
		Information & communication
		Financial & insurance
		Real estate



	Professional, scientific & technical
	Administrative & support service
	Public admin & defence
	Education
	Human health & social work
	Arts, entertainment, & recreation
	Other services
	Household employers
	Extraterritorial organisations
Agriculture	Crops
	Livestock
	Forestry & logging
	Fishing & aquaculture

Type of business

What type of ownership does the business have?

01	State-owned
02	Privately owned
03	Public Private Partnership

What type of legal organization is the business?

01	Sole proprietorship
02	Partnership
03	Private Limited Company
04	Public Limited Company
05	Statutory body
06	Other Government Institution (MDA, etc.)
07	Quasi government
08	Parastatal government
09	Non Government Organisation (NGO)
10	Cooperative
11	Association / Group

Demographics of ownership

[If private or part-private] What is the nationality of the company's owner(s)?

01	Ghanaian
02	Non-Ghanaian



03	Ghanaian and non-Ghanaian
----	---------------------------

What is the sex of the company's owner(s)?

01	Male
02	Female
03	Male and female

Number of employees (band)

How many persons were employed by the establishment as at end Oct, 2016

TOTAL					PERMANENT					TEMPORARY				

Section 1: Taxation

Eligible taxes

Which organisation(s) are you registered with? Select all that apply.

<input type="checkbox"/>	Ghana Revenue Authority
<input type="checkbox"/>	Registrar General's Department
<input type="checkbox"/>	District Assembly
<input type="checkbox"/>	Environmental Protection Agency
<input type="checkbox"/>	Other (specify):
<input type="checkbox"/>	Yet to register

[If registered with GRA] Which taxpayer office are you registered with?

<input type="checkbox"/>	Small Taxpayers Office (STO)
<input type="checkbox"/>	Medium Taxpayers Office (MTO)
<input type="checkbox"/>	Large Taxpayers Office (LTO)
<input type="checkbox"/>	Other (specify):

[If not registered with GRA, ask] In order to determine what size of business you are, in the last financial year was your income...

<input type="checkbox"/>	Below GHS 90,000
<input type="checkbox"/>	Between GHS 90,000 and GHS 5,000,000 (5 million)
<input type="checkbox"/>	GHS 5,000,000 (5 million) and above

Did you report and pay any of the following taxes in the last financial year?



			If yes, how many times in one year?	
	Value-added tax (VAT)	YES/NO		times
	National Health Insurance Levy (NHIL)	YES/NO		times
	Corporate Income Tax (CIT)	YES/NO		times
	Personal Income Tax (PIT)	YES/NO		times
	Withholding tax (WHT)	YES/NO		times
	Other payroll taxes, including pension contributions and workers' insurance	YES/NO		times

[If at least one tax reported, ask] Which of the following methods did you use for reporting income tax in the last financial year?

	Presumptive income tax	YES/NO
	Self-assessment	YES/NO
	None of these methods (specify other):	

Did you file your tax return online during the last financial year?

	Yes	
	No	
	Unsure	

Cost of goods and services

What kind of accounting records are kept?

	Formal
	Informal
	No accounts

Where are the accounting records kept?

	This establishment
	Head office
	Another establishment

Now I am going to read you a list of goods and services which the company may or may not have paid for in order to comply with the tax regime in Ghana.

Books and stationary



Approximately how much, in cedis, did the establishment spend on accounts books, invoice books, stationary and other materials for tax reporting and compliance during the last financial year?

Guidance: This is just the cost of the materials, not of staff time in keeping the accounts.

	GHS								
--	-----	--	--	--	--	--	--	--	--

Were these materials purchased solely for tax reporting or compliance purposes?

	YES/NO
--	--------

[If no, ask] About what proportion of these materials were used for tax reporting or compliance purposes?

				%	Record as a percent
--	--	--	--	---	---------------------

Software and systems

Approximately how much, in cedis, did the establishment spend on software and electronic systems for tax administration and reporting purposes during the last financial year?

Guidance: This could include systems for managing the receipt of invoices, calculating VAT, managing human resources and payroll, national insurance contributions, withholding tax, pension contributions and insurance.

	GHS								
--	-----	--	--	--	--	--	--	--	--

Were these software and systems purchased solely for tax reporting or compliance purposes?

	YES/NO
--	--------

[If no, ask] About what proportion of these materials were used for tax reporting or compliance purposes?

				%	Record as a percent
--	--	--	--	---	---------------------

External professional services



Approximately how much, in cedis, did the establishment spend on outside professional services for tax purposes the last financial year?

Guidance: This could include accountants, auditors, payroll/HR specialists, attorneys, tax advisors, or other professionals that are not employees of the company. Do not count staff employed by the company.

	GHS								
--	-----	--	--	--	--	--	--	--	--

Were these services purchased solely for tax reporting or compliance purposes?

	YES/NO
--	--------

[If no, ask] About what proportion of these services were used for tax reporting or compliance purposes?

				%	Record as a percent
--	--	--	--	---	---------------------

Cost of staff time

List all staff responsible for gathering, preparing, and submitting information for tax reporting purposes, including initial submissions, resubmissions, and audits, as well as seeking advice on preparing taxes.

Guidance: This includes all persons currently employed by the company that spend at least 5% of their time on an annualized basis performing activities to comply with tax reporting requirements. These activities can include, for example, gathering information for the preparation of tax returns, maintaining accounts, and administering Human Resources and payroll systems, as well as the actual preparation and filing of taxes.

For each person, estimate the % of their time spent on an annual basis on activities that would not be performed if not for tax reporting requirements. Some activities, like invoicing for clients, may be performed anyways but tax reporting requirements increase the time required to collect data, i.e. requesting tax registration numbers or producing VAT receipts from customers. Count only the time for activities that would not be performed if it were not for the tax reporting requirement.

Name or position	Responsibilities	Pay grade (Intern, junior, middle, senior)	% FTE for tax responsibilities



1.5 Accuracy, timeliness, and delays

- Penalties assessed for under-reporting of tax
- Tax rebates and average time taken to process

Section 2: Construction permits

2.1 Background

You said earlier that your business was involved in / planning on building a new structure, modifying an existing structure, or demolishing a new structure.

Has the company applied for a construction permit in the last three years?

	YES/NO
--	--------

[If yes, ask] How many times in the last three years has the company applied for a construction permit?

			times	
--	--	--	-------	--

Record details for each application:

Application no.	Reason for application	Result (successful or unsuccessful)
1		
2		

2.2 Details of past projects

Now I am going to ask you a series of questions about your most recent application for a construction permit.

For each step, please detail staff time and costs taken.

Step 1: Title clearance form with 1:2500 drawings of site plans

Fees

	<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <td style="width: 15px;"> </td> <td style="width: 15px;"> </td> <td style="width: 15px;"> </td> <td style="width: 15px;"> </td> <td style="width: 15px;"> </td> <td style="width: 15px;"> </td> <td style="width: 15px;"> </td> <td style="width: 15px;"> </td> </tr> </table> GHS									Record in cedis

Additional costs

	<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <td style="width: 15px;"> </td> <td style="width: 15px;"> </td> <td style="width: 15px;"> </td> <td style="width: 15px;"> </td> <td style="width: 15px;"> </td> <td style="width: 15px;"> </td> <td style="width: 15px;"> </td> <td style="width: 15px;"> </td> </tr> </table> GHS									Record in cedis

Staff time



Name or position	Responsibility	Pay grade (Intern, junior, middle, senior)	Hours

Step 2: Building Permit application forms, T.CP. form 1, business operating permit, copies of land document

Fees

							GHS	Record in cedis
--	--	--	--	--	--	--	-----	-----------------

Additional costs

							GHS	Record in cedis
--	--	--	--	--	--	--	-----	-----------------

Staff time

Name or position	Responsibility	Pay grade (Intern, junior, middle, senior)	Hours

Step 3: Architectural drawings with a block and site plan to 1/20 or 1/40 showing the position of the building and other works, and plans showing elevation and design of the building, signed by an architect

Fees

							GHS	Record in cedis
--	--	--	--	--	--	--	-----	-----------------

Additional costs

							GHS	Record in cedis
--	--	--	--	--	--	--	-----	-----------------

Staff time

Name or position	Responsibility	Pay grade (Intern, junior, middle, senior)	Hours



Step 4: For buildings 3 stories and above: Structural drawings of the building to an appropriate scale, signed by a structural engineer

Fees

								GHS	Record in cedis
--	--	--	--	--	--	--	--	-----	-----------------

Additional costs

								GHS	Record in cedis
--	--	--	--	--	--	--	--	-----	-----------------

Staff time

Name or position	Responsibility	Pay grade (Intern, junior, middle, senior)	Hours

Step 5: Fire report and appropriate fire engineering drawing, vetted and approved by Ghana Fire Service

Fees

								GHS	Record in cedis
--	--	--	--	--	--	--	--	-----	-----------------

Additional costs

								GHS	Record in cedis
--	--	--	--	--	--	--	--	-----	-----------------

Staff time

Name or position	Responsibility	Pay grade (Intern, junior, middle, senior)	Hours

Step 6: Traffic Impact Assessment Report

Fees



							GHS	Record in cedis
--	--	--	--	--	--	--	-----	-----------------

Additional costs

							GHS	Record in cedis
--	--	--	--	--	--	--	-----	-----------------

Staff time

Name or position	Responsibility	Pay grade (Intern, junior, middle, senior)	Hours

Step 7: Hydrological Report and appropriate drawings

Fees

							GHS	Record in cedis
--	--	--	--	--	--	--	-----	-----------------

Additional costs

							GHS	Record in cedis
--	--	--	--	--	--	--	-----	-----------------

Staff time

Name or position	Responsibility	Pay grade (Intern, junior, middle, senior)	Hours

Step 8: Structural calculation and Structural Integrity Report

Fees

							GHS	Record in cedis
--	--	--	--	--	--	--	-----	-----------------

Additional costs

							GHS	Record in cedis
--	--	--	--	--	--	--	-----	-----------------



Staff time

Name or position	Responsibility	Pay grade (Intern, junior, middle, senior)	Hours

Step 9: Environmental Impact Assessment Report (EIA)

Fees

							GHS	Record in cedis
--	--	--	--	--	--	--	-----	-----------------

Additional costs

							GHS	Record in cedis
--	--	--	--	--	--	--	-----	-----------------

Staff time

Name or position	Responsibility	Pay grade (Intern, junior, middle, senior)	Hours

Step 10: Any other required documentation

Specify other: _____

Fees

							GHS	Record in cedis
--	--	--	--	--	--	--	-----	-----------------

Additional costs

							GHS	Record in cedis
--	--	--	--	--	--	--	-----	-----------------

Staff time

Name or position	Responsibility	Pay grade (Intern, junior, middle, senior)	Hours



2.2.2 Opportunity cost of past projects

Did the project allow you to increase the number of persons employed by the enterprise? By how many people?

					Record as a number
--	--	--	--	--	--------------------

Did the project allow you to increase the volume of work or sales in this enterprise? By what %?

				%	Record as a percent
--	--	--	--	---	---------------------

Estimate the change in turnover for this establishment as a direct result of the project.

				%	Record as a percent
--	--	--	--	---	---------------------

Estimate any tax or other financial benefits to the company as a direct result of this project.

				GHS	Record in cedi
--	--	--	--	-----	----------------

Repeat questions for second and subsequent projects.

2.2 Details of future projects

Is the company planning on applying for a construction permit in the next two years?

	YES/NO
--	--------

[If yes, record details for the application]:

Reason for application	
------------------------	--

Will the project allow you to increase the number of persons employed by the enterprise? By what %?



				%	Record as a percent
--	--	--	--	---	---------------------

Will the project allow you to increase the volume of work or sales in this enterprise? By what %?

				%	Record as a percent
--	--	--	--	---	---------------------

Estimate the change in turnover for this establishment as a direct result of the project.

				%	Record as a percent
--	--	--	--	---	---------------------

Estimate any tax or other financial benefits to the company as a direct result of this project.

				GHS	Record in cedi
--	--	--	--	-----	----------------

Section 3: Cost of commercial court cases

3.1 Involvement in commercial disputes

[Screened from intro protocol] You mentioned that your company had been involved in a commercial dispute in the last three years. Could you tell me about the most recent dispute that has been resolved. You don't have to tell me about an ongoing dispute.

What was the issue in dispute?

[Record issue]	
----------------	--

What was the approximate amount in dispute?

	GHS								
--	-----	--	--	--	--	--	--	--	--

Which of the following methods did you use to resolve the dispute?

	Parties resolved between themselves
	Mediation (non-binding resolution outside the court system)
	Arbitration (binding resolution outside court system)
	Circuit or district court, small claims division
	Circuit or district court, commercial division
	Circuit or district court, other specialized division
	Circuit or district court, no specialized division
	Higher court
	Other (specify):



Did you consider any other methods to resolve this dispute? [Tick all mentioned]

	Parties resolved between themselves
	Mediation (non-binding resolution outside the court system)
	Arbitration (binding resolution outside court system)
	Circuit or district court, small claims division
	Circuit or district court, commercial division
	Circuit or district court, other specialized division
	Circuit or district court, no specialized division
	Higher court
	Other (specify):

How satisfied were you with the outcome?

	Very dissatisfied
	Dissatisfied
	Neither satisfied nor dissatisfied
	Satisfied
	Very Satisfied

What is your opinion of the Ghana commercial court system?

	Very negative
	Somewhat negative
	Neither negative or positive
	Positive
	Very positive

How have each of the following affected your decision on whether to use the commercial court:

Level of knowledge of the judges on relevant aspects of commercial law

	Very negatively
	Somewhat negatively
	Neither negatively or positively
	Positively
	Very positively

Length of time taken to resolve a dispute

	Very negatively
	Somewhat negatively
	Neither negatively or positively
	Positively
	Very positively



Certainty of the court’s decision

	Very negatively
	Somewhat negatively
	Neither negatively or positively
	Positively
	Very positively

Cost of court fees

	Very negatively
	Somewhat negatively
	Neither negatively or positively
	Positively
	Very positively

Cost of attorney’s fees

	Very negatively
	Somewhat negatively
	Neither negatively or positively
	Positively
	Very positively

3.2 Compliance cost of actual court case

[If dispute was resolved within the court system - circuit, district, commercial, or higher courts - ask:]

Can I ask a few more questions about the dispute that was brought to court.

Was your organization the one that brought the case, or the one that responded?

	Plaintiff
	Defendant
	Third party joined to case

What was the final disposition / judgment / settlement?

	Voluntary settlement
	Court mandated ADR
	Judgment after trial



Were fees or costs awarded at judgment?

	Yes
	No

[If yes, ask:] What was the amount of fees or costs awarded?

							GHS	Record in cedis
--	--	--	--	--	--	--	-----	-----------------

Was the final judgment appealed?

	Yes
	No

Was the final judgment enforced?

	Yes
	In part
	No

How was the final judgment enforced?

	Writ of <i>feri facias</i>
	Garnishment
	Charging order
	Appointment of a receiver
	Order of committal or writ of sequestration
	Writ of specific delivery

What interest rate was applied to the original amount sought?

					%	
--	--	--	--	--	---	--

Approximately how many days did it take to resolve the dispute, starting from when the plaintiff first filed a court case or initiated mediation or arbitration to enforcement of a final judgment?

					Days	
--	--	--	--	--	------	--

For each step of the trial process, please detail staff time and costs taken.

Step 1: Writ of summons

Court fees



							GHS	Record in cedis
--	--	--	--	--	--	--	-----	-----------------

Lawyers' or other professional fees

							GHS	Record in cedis
--	--	--	--	--	--	--	-----	-----------------

Additional costs

							GHS	Record in cedis
--	--	--	--	--	--	--	-----	-----------------

Staff time

Name or position	Task	Pay grade (Intern, junior, middle, senior)	Hours

Step 2: Entry of appearance

Court fees

							GHS	Record in cedis
--	--	--	--	--	--	--	-----	-----------------

Lawyers' or other professional fees

							GHS	Record in cedis
--	--	--	--	--	--	--	-----	-----------------

Additional costs

							GHS	Record in cedis
--	--	--	--	--	--	--	-----	-----------------

Staff time

Name or position	Task	Pay grade (Intern, junior, middle, senior)	Hours

Step 3: Statement of defence or counterclaim

Court fees

							GHS	Record in cedis
--	--	--	--	--	--	--	-----	-----------------

Lawyers' or other professional fees

							GHS	Record in cedis
--	--	--	--	--	--	--	-----	-----------------

Additional costs

							GHS	Record in cedis
--	--	--	--	--	--	--	-----	-----------------

Staff time

Name or position	Task	Pay grade (Intern, junior, middle, senior)	Hours

Step 4: Pre-trial conference (if action is in the commercial courts)

Court fees

							GHS	Record in cedis
--	--	--	--	--	--	--	-----	-----------------

Lawyers' or other professional fees

							GHS	Record in cedis
--	--	--	--	--	--	--	-----	-----------------

Additional costs

							GHS	Record in cedis
--	--	--	--	--	--	--	-----	-----------------

Staff time

Name or position	Task	Pay grade (Intern, junior, middle, senior)	Hours



--	--	--	--

Step 5: Witness statements

Court fees

							GHS	Record in cedis
--	--	--	--	--	--	--	-----	-----------------

Lawyers' or other professional fees

							GHS	Record in cedis
--	--	--	--	--	--	--	-----	-----------------

Additional costs

							GHS	Record in cedis
--	--	--	--	--	--	--	-----	-----------------

Staff time

Name or position	Task	Pay grade (Intern, junior, middle, senior)	Hours

Step 6: Trial

Court fees

							GHS	Record in cedis
--	--	--	--	--	--	--	-----	-----------------

Lawyers' or other professional fees

							GHS	Record in cedis
--	--	--	--	--	--	--	-----	-----------------

Additional costs

							GHS	Record in cedis
--	--	--	--	--	--	--	-----	-----------------

Staff time



Name or position	Task	Pay grade (Intern, junior, middle, senior)	Hours

Step 7: Rendering of judgment

Court fees

							GHS	Record in cedis
--	--	--	--	--	--	--	-----	-----------------

Lawyers' or other professional fees

							GHS	Record in cedis
--	--	--	--	--	--	--	-----	-----------------

Additional costs

							GHS	Record in cedis
--	--	--	--	--	--	--	-----	-----------------

Staff time

Name or position	Task	Pay grade (Intern, junior, middle, senior)	Hours

Step 8: Notice of appeal

Court fees

							GHS	Record in cedis
--	--	--	--	--	--	--	-----	-----------------

Lawyers' or other professional fees

							GHS	Record in cedis
--	--	--	--	--	--	--	-----	-----------------

Additional costs

							GHS	Record in cedis
--	--	--	--	--	--	--	-----	-----------------



Staff time

Name or position	Task	Pay grade (Intern, junior, middle, senior)	Hours

Step 9: Appeal

Court fees

							GHS	Record in cedis
--	--	--	--	--	--	--	-----	-----------------

Lawyers' or other professional fees

							GHS	Record in cedis
--	--	--	--	--	--	--	-----	-----------------

Additional costs

							GHS	Record in cedis
--	--	--	--	--	--	--	-----	-----------------

Staff time

Name or position	Task	Pay grade (Intern, junior, middle, senior)	Hours

Section 4: Business confidence

Construction

How has your building activity developed over the past 3 months? Has it...

	INCREASED / REMAINED THE SAME / DECREASED
--	---

How do you expect your firm's total employment to change over the next 3 months? Will it...

	INCREASE / REMAIN THE SAME / DECREASE
--	---------------------------------------

Do you consider your current overall order books to be...

	MORE THAN SUFFICIENT (ABOVE NORMAL) SUFFICIENT (NORMAL FOR THE SEASON) NOT SUFFICIENT (BELOW NORMAL)
--	--

How do you expect the prices you charge to change over the next 3 months? Will they...

	INCREASE / REMAIN THE SAME / DECREASE
--	---------------------------------------

Manufacturing

How do you expect your production to develop over the next 3 months? Will it...

	INCREASE / REMAIN THE SAME / DECREASE
--	---------------------------------------

How has your production developed over the past 3 months? Has it...

	INCREASED / REMAINED THE SAME / DECREASED
--	---

At what capacity is your company currently operating, as a percentage of full capacity?

										percent
--	--	--	--	--	--	--	--	--	--	---------

How do you expect your firm's total employment to change over the next 3 months? Will it...

	INCREASE / REMAIN THE SAME / DECREASE
--	---------------------------------------

Do you consider your current stock of finished products to be...

	TOO LARGE (ABOVE NORMAL) / ADEQUATE (NORMAL FOR THE SEASON) / TOO SMALL (BELOW NORMAL)
--	--

Do you consider your current overall order books to be...

	MORE THAN SUFFICIENT (ABOVE NORMAL) SUFFICIENT (NORMAL FOR THE SEASON) NOT SUFFICIENT (BELOW NORMAL)
--	--

How have your orders developed over the past 3 months? Have they...

	INCREASED / REMAINED THE SAME / DECREASED
--	---

How do you expect your selling prices you charge to change over the next 3 months? Will they...

	INCREASE / REMAIN THE SAME / DECREASE
--	---------------------------------------

Do you consider your current export order books to be...

	MORE THAN SUFFICIENT (ABOVE NORMAL) SUFFICIENT (NORMAL FOR THE SEASON) NOT SUFFICIENT (BELOW NORMAL)
--	--

Services

How has your business situation developed over the past 3 months? Has it...

	IMPROVED / REMAINED UNCHANGED / DETERIORATED
--	--

How has demand (turnover) for your company's services changed over the past 3 months? Has it...

	INCREASE / REMAIN THE SAME / DECREASE
--	---------------------------------------

How do you expect your firm's total employment to change over the next 3 months? Will it...

	INCREASE / REMAIN THE SAME / DECREASE
--	---------------------------------------

How has your firm's total employment changed over the past 3 months? Has it...

	INCREASED / REMAINED THE SAME / DECREASED
--	---

Contact us

Kru Desai

Government and Infrastructure

T +44 (0) 20 73115705

E kru.desai@kpmg.co.uk

Angela Strachan

BERF Evidence and Learning Coordinator

T [+44 \(0\) 78 55311214](tel:+44(0)7855311214)

E angelal.strachan@gmail.com

Peter Wilson

BERF Team Leader

T +44 (0)7850329362

E peter.wilson@kpmg.co.uk

www.kpmg.com