ABOUT THE AUTHOR

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SmartLessons

real experiences, real development

Turning Peer-to-Peer Knowledge Management into Implementation

Adventures in Business Registration Reform Practice

Some developing countries have successfully reformed their business start-up systems,¹ but the majority significantly lag behind. And starting a business is one of the Doing Business (DB) indicators recognized as a major constraint to businesses in developing countries. For over five years, the World Bank Group has been on a mission to support the poorest performers in starting a business. Although the WBG is one of several development institutions providing this form of technical assistance to countries around the world, our approach is novel: we use the services of government officials—reformers from best practice countries—to work with their peers in developing countries. This approach helps us transfer firsthand reform experience between peers. This SmartLesson describes how the Business Entry (BE) team discovered another powerful partner—governmental agencies and regulators from best-practice countries, and their international associations—and engaged with them to make giant strides in introducing business registration reforms and creating an unprecedented peer-to-peer (P2P) learning experience.

HOW WE DID IT

Through the Business Entry team of the Investment Climate Department, the WBG has provided technical assistance to over 70 countries in the process of carrying out business registration reforms, with a special focus on International Development Association countries and fragile and conflict-affected states. Normally, such reforms involve three parties—donors (including the WBG), the government of the reformed country, and consulting firms implementing the reforms. However, we have discovered a fourth partner, the best-practice peers—company registrars and their associations—whose expertise is invaluable, especially when it comes to engaging clients and pursuing reforms in difficult environments (See Box 1).

¹ Rwanda, for example, is ranked No. 9 in Starting a Business in the 2011 Doing Business Report.
In April 2008, the annual meeting of the Corporate Registrars Forum (CRF) was hosted by Corporations Canada. At this point, Canada was ranked No. 2 in the DB indicator for starting a business, after holding the No. 1 position for several consecutive years. The Canadian host invited World Bank representatives, and this is how the WB staff first got to know some of the DB Top 10 performers, such as Canada, New Zealand, Singapore, and Australia. We realized that CRF and its member best-practice countries pursue goals similar to ours—development and modernization of business start-up systems.

We also noticed an interesting correlation: the countries ranked as Top 10 by DB and recognized globally as best practice are the founding members of the CRF—New Zealand, Canada, Singapore, Australia, Hong Kong, and the United Kingdom. When we put these two facts together, we decided to showcase their reform experience to our clients from developing countries—through five P2P regional events hosted jointly by IFC and CRF in 2009 and 2010.

The novelty of our approach was that we used firsthand peers’ reform experience, and IFC stepped aside to act as facilitator. The reform advocates were the reformers themselves. Once we had established the benchmark and the credibility of the best-practice countries, using the DB ranking through the CRF platform, we left the floor to the peers. Most of the presentations were either by our clients or by registrars from the best-performing countries that were our ambassadors advocating for reforms. Such reform “push” from fellow registrars worked well and resonated with our clients’ ideas and with the WBG’s reform vision.

The five peer-to-peer learning events were eye-opening, both for our clients and for our staff and project managers in the field. As a result of these events, clients and WBG staff across regions are now familiar with the best global and regional practices and can directly tap into their resources and expertise.

During the course of these five events, we signed Memoranda of Understanding (MoU) with the best-practice registrars to formalize our relationships and establish the framework for deeper reform cooperation. Then we turned what was meant to be a P2P knowledge exchange platform into a partnership for implementing business registration reforms. Top DB performers, such as New Zealand, Canada, and Singapore, learned about our reform work, and our clients—Timor Leste, Rwanda, Nepal, and Indonesia—invited them to participate directly in their reform efforts.

As a result of this new business model, best-practice registrars became part of our project teams, directly implementing reforms. The clients embraced this approach, which proved to be effective in a number of projects. We also discovered that it is one thing to bring a consultant to a government official in a developing country, but it is completely different when you bring a peer government official from a top-performing country!

**Lessons Learned**

1) **Find a partner.**

Although the WBG has a significant track record of supporting business registration reforms across the globe, we have realized that, first, we are not the only ones doing this, and second, we are doing this for developing countries without knowing what is going on in the developed world. Yet our own DB project has proclaimed some developed countries as best-practice performers. Once we decided to explore these top performers’ reform experience and tap into their expertise, we found that they can become a powerful partner.

We discovered that there are four globally recognized international professional associations of registrars: Corporate Registers Forum, European Commercial Registers Forum (ECRF), European Business Register (EBR), and the

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4 The events took place in the following regions: Sub-Saharan Africa, South Asia, East Asia and the Pacific, Middle East and North Africa, and Latin America and the Caribbean.
International Associations of Corporate Administrators (IACA). All their members are heads of business registries—peers and colleagues of our clients from developing countries. The natural thing was to put them together, while continuing to build our relationships with CRF and other associations.

2) Build relationships.

We build our relationship with the best-practice countries using three techniques: we co-host joint events; we encourage our clients to become CRF members; and we formalize our relationships through MoUs with CRF, IACA, and EBR. The process takes time.

One of the first things we did was explore which best-practice countries were inclined to share their experience and become reform advocates. Then we paired them with our clients, based on common features such as region, legal heritage, administrative practices, and service culture. Successful pairings included Timor Leste and Portugal (See Box 2), Bangladesh and Malaysia, and Nepal and Canada.

Finally, we needed to convince our clients of the benefits of joining associations such as CRF, where they would have access to top-rated expertise and could elevate their institutions and countries on the international stage, increase visibility, and enlighten their staff, while at the same time creating momentum for our projects.

3) Leverage the power of peers.

We had several reasons to leverage the power of peers in our projects, such as:

- Peers are credible reform partners, because they have successfully completed their own reform journey and therefore have a shared experience with our clients as colleagues and reformers.
- Best-practice peers are outside of the community of donors, multilateral organizations, and consultants. They led reforms in their own countries without an external push, because it was their internal mandate as government officials. The peers are unbiased reform advocates third parties who are neither consultants nor IFC staff.

Box 2: Bridging an Important Gap against All Odds

In 2008, the business registration project in Timor Leste was progressing slowly due to such factors as low capacity, lack of international exposure, donor-heavy environment, and language barriers. One of the issues was that the country’s business registration procedures were based on the old Portuguese system, but the few Portuguese-speaking advisers with both legal and reform background would not agree to work in such a challenging environment and remote location as Timor Leste. As a consequence, project implementation was significantly delayed, and attempts to provide remote support proved unproductive.

About the same time, in Europe, the Business Registry of Portugal received the European Commission Award for Excellence. It was not difficult for us to connect with the relevant officials in Portugal, because the country is a member of EBR and ECRF. We inquired about their interest in supporting our project in Timor Leste, and their response was positive. They directed us to a registrar who was the project manager implementing the business registration reforms in Portugal. They sent him on a mission to Timor Leste on behalf of IFC to reengage with the client.

This approach had a favorable outcome. As a business registrar from Portugal he was able to win the trust of his East Timorese peers and embark on implementing an ambitious program that included legal, process, and information & communications technology (ICT) reform. As a result, the law was modernized and the process was streamlined in line with international best practices. Applying the Doing Business methodology, Timor Leste effectively introduced a one-stop shop for business registration and reduced the registration time from 43 to 15 days in May 2011.

See http://www.iaca.org/.

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• The best-practice peers bring their own in-house reform experience and expertise, often being pioneers in a given area. For instance, New Zealand allows company registrations through Facebook, while in other countries, registries struggle to reach out to business owners, most of whom use Facebook for personal matters. In this sense, the peers’ reform solutions can be innovative, as contrasted with reform rules taken from the “classic” consultant or international development books of the WBG and other multilaterals.

Peers also can be perceived as positive reform role models, especially when sharing the same region or legal tradition. “If you can do it, I can do it too” can be an important reform incentive. Healthy competition between peers is good for innovation and development. This is true for neighbors, such as the United Kingdom and Ireland or Australia and New Zealand, as well as for countries sharing the same legal tradition, such as Canada and Nepal, for instance. As Dick Shaw, former Director General of Corporations Canada, said in Nepal, “Under the DB indicator, ‘starting a business,’ Canada holds the Number Two position and was once the global Number One, but I dream of the day when Canada will be Twenty-seven and Nepal Number Two, not because Canada will be so behind, but because Nepal will have improved its system so much.”

4) Partnerships should be mutually beneficial.

The P2P events and the MoUs were the start, but later our clients and projects directly benefited from the close cooperation with their peers, members of CRF and other international associations. Because most CRF founding members are best-practice countries in DB, our clients perceived that they need to be CRF members too, if they are to achieve the same results.

All parties benefited: WBG facilitated reforms by involving best practice registrars and increased its global presence; our clients improved; and CRF doubled its membership network with our clients. In a number of instances, IFC clients joined CRF after IFC missions. In the Latin America and Caribbean (LAC) region, the CRF inspiration was so strong that a regional Association of Registrars from Latin American and the Caribbean (ASORLAC) was created, with IFC support. 8

The most significant impact of such partnerships is visible in the field. With Timor Leste and Portugal, for example, a difficult client was transformed into a reformer, building on a common legal and administrative heritage with Portugal and using the Portuguese reformers as advisers. In Sub-Saharan Africa, Rwanda not only became a reform champion as the result of strong reform commitment and leadership combined with inspiration from Mauritius, but the country also became a CRF member and started inspiring other countries to do so. Today, the Rwandan model of a one-stop shop for business registration is being implemented successfully in The Gambia and Guinea-Bissau.

In South Asia, Bangladesh hosted a regional event in 2009. After the event, building on new partnerships and the momentum gained, the country organized study trips to Malaysia and Singapore and introduced a broad reform, significantly reorganizing the registry, lowering time and cost for business registration, and allowing online registration services. The Bangladesh business registration reform is a major achievement, considering the particularly difficult environment in the country.

Conclusion

P2P is a hot topic these days, not only in business registration but also in other reform area. Although regular P2P meetings are important for facilitating the exchange of knowledge and benchmarking reform achievements, it is interesting to explore opportunities for P2P that go beyond conventional applications. In our case, we moved from P2P exchange to P2P implementation, which turned out to be beneficial to clients, to IFC, and to international associations of corporate regulators.

8 Examples are Brazil, Malawi, Indonesia, Bangladesh, Nepal, United Arab Emirates, and Colombia.
9 See http://www.asorlac.org/ingles/contenido/contenido.do=731.