Document of
The World Bank

Report No.: PAD1359

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED CREDIT

IN THE AMOUNT OF EURO 26.4 MILLION

(US$30 MILLION EQUIVALENT)

TO THE

REPUBLIC OF BENIN

FOR A

PUBLIC INVESTMENT MANAGEMENT AND GOVERNANCE SUPPORT PROJECT

June 2, 2016

Governance Global Practice
Africa Region

CURRENCY EQUIVALENTS

(Exchange Rate Effective as of April 30, 2016)

Currency Unit	=	CFA Franc (CFAF)
CFAF 576	=	US$1
US$1	=	€0.8774

FISCAL YEAR

January 1 – December 31

ABBREVIATIONS AND ACRONYMS

ANLC	National Anticorruption Authority (*Autorité Nationale de Lutte Contre la Corruption*)
ANRMP	Public Procurement Regulatory Authority (*Autorité Nationale de Régulation des Marchés Publics*)
APIEX	Agency for the Promotion of Export Investments (*Agence de Promotion des Investissements pour les Exportations)*
CPS	Country Partnership Strategy
CRC	Citizen Report Card
CSO	Civil Society Organization
DGB	General Directorate for Budget (*Direction Générale du Budget)*
DLI	Disbursement-Linked Indicator
DNCMP	National Directorate for the Control of Public Procurement (*Direction Nationale de Contrôle des Marchés Publics*)
DPP	Directorate for Programming and Planning (*Direction des Programmes et de la Planification*)
DPPD	Multiyear Expenditure Programming Documents (*Documents de Programmation Pluriannuelle de la Dépense*)
DRFM	Directorate of Financial and Assets Management (*Direction des Ressources Financières et Matérielles*)
EEP	Eligible Expenditure Program
EU	European Union
FA	Financing Agreement
FM	Financial Management
GDP	Gross Domestic Product
IFR	Interim Financial Reports
IPF	Investment Project Financing
LOLF	Organic Law on Financial Legislation (*Loi Organique Relative aux lois de finances*)
MDG	Millennium Development Goal
M&E	Monitoring and Evaluation
MoD	Ministry of Development
MoE	Ministry of Energy

MoF	Ministry of Finance
MoP	Ministry of Planning
MTEF	Medium-Term Expenditure Framework
PAGIPG	Public Investment Management and Governance Support Project (*Projet d'Appui à la Gestion des Investissements Publics et à la Gouvernance*)
PCC	Credit Consumption Plans (*Plan de Consommation de Crédits)*
PDO	Project Development Objective
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PIM	Public Investment Management
PIP	Public Investment Program
PMU	Project Management Unit
PP	Procurement Plan (*Plan de Passation des Marchés*)
PPP	Public-Private Partnership
PRAMS	Procurement Risk Assessment Management System
PTA	Annual Work Plan (*Plan de Travail Annuel*)
RBF	Results-Based Financing
RRI	Rapid Results Initiative
SBEE	Beninese Society for Electricity and Energy (*Société Béninoise d'Energie Electrique)*
SCRP	Growth for Poverty Reduction Strategy (*Stratégie de Croissance pour la Réduction de la Pauvreté*)
SHISEPIP	Harmonized and Integrated Public Investment M&E System (*Système Harmonisé et Integré de Suivi et Evaluation des Projets et Programmes d'Investissements)*
SIAPIP	Integrated System for the Analysis and Programming of Investment Programs (*Système Intégré d'Analyse et de Programmation des Investissements Publics)*
SIGFIP	Integrated Financial Management Information System (*Système Intégré de Gestion des Finances Publiques*)
SIGMAP	Integrated Public Procurement Management Information System (*Système Intégré de Gestion des Marchés Publics*)
STEP	Systematic Tracking of Exchanges in Procurement
SYSCOHADA	Accounting System of the Organization for the Harmonization of Business Law in Africa (*Système comptable de l'organisation pour l'harmonisation en Afrique du droit des affaires*)
TA	Technical Assistance
TOR	Terms of Reference
UGR	Reforms Management Unit (*Unité de Gestion des Réformes*)
UNDB	United Nations Development Business
UNDP	United Nations Development Program
UNFPA	United Nations Population Fund

Regional Vice President:	Makhtar Diop
Country Director:	Pierre Laporte
Senior Global Practice Director:	Deborah L. Wetzel
Practice Manager:	Guenter Heidenhof
Task Team Leader:	Robert Yungu

REPUBLIC OF BENIN

Public Investment Management and Governance Support Project (P147014)

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PROJECT APPRAISAL DOCUMENT

AFRICA

GGO13

Report No.: PAD1359

Basic Information			
Project ID P147014	EA Category C - Not Required	Team Leader(s) Robert A. Yungu	
Lending Instrument Investment Project Financing	Fragile and/or Capacity Constraints [ ]		
	Financial Intermediaries [ ]		
	Series of Projects [ ]		
Project Implementation Start Date 23-Jun-2016	Project Implementation End Date 31-Dec-2021		
Expected Effectiveness Date 30-Dec-2016	Expected Closing Date 31-Dec-2021		
Joint IFC No			
Practice Manager/Manager	Senior Global Practice Director	Country Director	Regional Vice President
Guenter Heidenhof	Deborah L. Wetzel	Pierre Frank Laporte	Makhtar Diop

Borrower: REPUBLIC OF BENIN			
Responsible Agency: Ministry of Planning and Development			
Contact:	Sourou Lucien Ahlonsou	Title:	Secretary General of Ministry of Development
Telephone No.:	0022921300498	Email:	aslucien@yahoo.fr

Project Financing Data(in USD Million)					
[ ]	Loan	[ ]	IDA Grant	[ ]	Guarantee
[X]	Credit	[ ]	Grant	[ ]	Other

Total Project Cost:	30.00	Total Bank Financing:	30.00
Financing Gap:	0.00		

Financing Source	**Amount**
BORROWER/RECIPIENT	0.00
International Development Association (IDA)	30.00
Total	30.00

Expected Disbursements (in USD Million)

Fiscal Year	2016	2017	2018	2019	2020	2021	2022	0000	0000	0000
Annual	1.00	4.50	5.50	5.50	6.50	7.00	0.00	0.00	0.00	0.00
Cumulative	1.00	5.50	11.00	16.50	23.00	30.00	30.00	0.00	0.00	0.00

Institutional Data

Practice Area (Lead)

Governance

Contributing Practice Areas

Cross Cutting Topics

[ ] Climate Change

[ ] Fragile, Conflict & Violence

[ ] Gender

[ ] Jobs

[X] Public Private Partnership

Sectors / Climate Change

Sector (Maximum 5 and total % must equal 100)

Major Sector	Sector	%	Adaptation Co-benefits %	Mitigation Co-benefits %
Public Administration, Law, and Justice	Central government administration	100		
Total		100		

☑ I certify that there is no Adaptation and Mitigation Climate Change Co-benefits information applicable to this project.

Themes

Theme (Maximum 5 and total % must equal 100)

Major theme	Theme	%
Public sector governance	Administrative and civil service reform	60
Public sector governance	Managing for development results	40
Total		100

Proposed Development Objective(s)
The project development objective is to improve efficiency in public investment management and enhance the performance of selected institutions of accountability in Benin.

Components	
Component Name	**Cost (USD Millions)**
Enhancing efficiency and Effectiveness in the Public Investment Management Expenditure Cycle	9.00
Strengthening Good Governance and Accountability	3.50
Results-based Financing in the Electricity, Water and Justice Sectors	15.00
Support for Project Implementation	2.50

Systematic Operations Risk- Rating Tool (SORT)	
Risk Category	**Rating**
1. Political and Governance	Moderate
2. Macroeconomic	Moderate
3. Sector Strategies and Policies	Moderate
4. Technical Design of Project or Program	Substantial
5. Institutional Capacity for Implementation and Sustainability	Substantial
6. Fiduciary	Substantial
7. Environment and Social	Moderate
8. Stakeholders	Moderate
9. Other	Moderate
OVERALL	Substantial

Compliance		
Policy		
Does the project depart from the CAS in content or in other significant respects?	Yes [ ]	No [X]
Does the project require any waivers of Bank policies?	Yes [ ]	No [X]
Have these been approved by Bank management?	Yes [ ]	No [ ]
Is approval for any policy waiver sought from the Board?	Yes [ ]	No [X]
Does the project meet the Regional criteria for readiness for implementation?	Yes [X]	No [ ]

Safeguard Policies Triggered by the Project	**Yes**	**No**
Environmental Assessment OP/BP 4.01		**X**
Natural Habitats OP/BP 4.04		**X**

Forests OP/BP 4.36		**X**
Pest Management OP 4.09		**X**
Physical Cultural Resources OP/BP 4.11		**X**
Indigenous Peoples OP/BP 4.10		**X**
Involuntary Resettlement OP/BP 4.12		**X**
Safety of Dams OP/BP 4.37		**X**
Projects on International Waterways OP/BP 7.50		**X**
Projects in Disputed Areas OP/BP 7.60		**X**

Legal Covenants

Name	Recurrent	Due Date	Frequency
Project Steering Committee, Schedule 2, Section I, A, 2 (a)		31-Jan-2017	

Description of Covenant

The Recipient shall create not later than one month after Effective Date and thereafter maintain the Project steering committee with functions, membership and resources satisfactory to the Association, as further detailed in the Project Operational Manual.

Name	Recurrent	Due Date	Frequency
Project Management Unit, Schedule 2, Section I, A, 3 (a)		31-Jan-2017	

Description of Covenant

The Recipient shall create not later than one month after Effective Date and thereafter maintain within the administrative structure of MoD, a Project management unit (PMU) throughout the implementation of the Project, with staff, functions and resources satisfactory to the Association.

Name	Recurrent	Due Date	Frequency
Independent Verifiers, Schedule 2, Section I, B, 1		31-Jan-2017	

Description of Covenant

To facilitate the implementation of Component 3 of the Project, the Recipient shall no later than one month after the Effective Date hire, appoint and thereafter maintain the Independent Verifiers with terms of reference, qualifications and experience acceptable to the Association, as further described in the Project Operational Manual.

Name	Recurrent	Due Date	Frequency
Eligible Expenditures Programs (EEP), Schedule 2, Section I, B, 2		30-Jun-2017	

Description of Covenant

The Recipient shall cooperate with the Independent Verifiers and shall cause said Independent Verifiers to furnish to the Association every year during Project implementation starting six months after the Effective Date, regular reports (the EEP Spending Reports) prepared in accordance with the provisions

of the Project Operational Manual and containing, inter alia, an assessment of the completion of the DLI and DLR with respect to disbursements under each Withdrawal.			
Name	**Recurrent**	**Due Date**	**Frequency**
Project Operational Manual, Schedule 2, Section I, D, 1		31-Jan-2017	
Description of Covenant The Recipient shall adopt no later than one month after the Effective Date and thereafter maintain the Project Operational Manual in form and substance satisfactory to the Association; and thereafter implement the Project in accordance with the Project Operational Manual.			
Name	**Recurrent**	**Due Date**	**Frequency**
Mid-Term Review, Schedule 2, Section V		30-Jun-2018	
Description of Covenant By June 30, 2018, or such other date as the Association shall agree upon, the Recipient through the PMU shall: (i) carry out jointly with the Association, MoF, and the Project Steering Committee, a mid-term review of the implementation of operations under the Project, which shall cover the progress achieved in the implementation of the Project; and (ii) following such mid-term review, act promptly and diligently to take any corrective action as shall be agreed by the Association.			

Conditions		
Source Of Fund	**Name**	**Type**
IDA	Key-Staff of the PMU, Article IV, 4.01	Effectiveness
Description of Condition The Additional Condition of Effectiveness consists of the following, namely that the Key-Staff of the PMU has been recruited in form and substance satisfactory to the Association		
Source Of Fund	**Name**	**Type**
IDA	Withdrawal under categories (2), (3), and (4), Schedule 2, Section IV, B, 1	Disbursement
Description of Condition No withdrawal should be made for: (a) for payments made prior to the date of this Agreement; and (b) DLI or DLR until and unless the Association has received from the Independent Verifiers, the EEP Spending Reports confirming that the DLI and DLR have been achieved and containing a proposal for disbursement under each Withdrawal.		
Source Of Fund	**Name**	**Type**
IDA	Withdrawal period under categories (2), (3), and (4), Schedule 2, Section IV, B, 2	Disbursement
Description of Condition Payments shall be made on an annual basis each year during Project implementation upon timely submission by the Recipient of a withdrawal request acceptable to the Association.		

Source Of Fund	Name	Type
IDA	Partial withdrawal under categories (2), (3), and (4), Schedule 2, Section IV, B, 3, (i)	Disbursement

Description of Condition

If the Association is not satisfied that a particular DLI or DLR has been fully achieved, the Association may, at its discretion authorize the withdrawal of such lesser amount of the unwithdrawn proceeds allocated to said DLI or DLR, which in the opinion of the Association corresponds to the degree of achievement of such DLI or DLR;

Source Of Fund	Name	Type
IDA	Carryforward of unwithdrawn amounts under categories (2), (3), and (4), Schedule 2, Section IV, B, 3, (ii)	Disbursement

Description of Condition

If the Association is not satisfied that a particular DLI or DLR has been fully achieved, the Association may, at its discretion authorize the unwithdrawn amount by which such disbursement has been reduced due to partial achievement of a DLI or DLR, be carried forward to subsequent Withdrawals

Source Of Fund	Name	Type
IDA	Cancellation of the proceeds under categories (2), (3), and (4), Schedule 2, Section IV, B, 3, (iii)	Disbursement

Description of Condition

If the Association is not satisfied that a particular DLI or DLR has been fully achieved, the Association may, at its discretion cancel all or portion of the proceeds of the Financing allocated to such DLI or DLR

Source Of Fund	Name	Type
IDA	Refund of the proceeds	Disbursement

Description of Condition

If, at any time, the Association determines that any portion of the Financing under the Project was not supported by evidence of actual spending by the Recipient under said Eligible Expenditure Programs and/or by evidence of satisfaction of other criteria set forth in this Agreement or in the Project Operational Manual, the Recipient shall refund any such portion to the Association.

Team Composition

Bank Staff

Name	Role	Title	Specialization	Unit
Robert A. Yungu	Team Leader (ADM Responsible)	Senior Public Sector Specialist	Public Sector Governance	GGO13
Mathias Gogohounga	Procurement Specialist (ADM Responsible)	Senior Procurement Specialist	Procurement	GGO07

Alain Hinkati	Financial Management Specialist	Sr Financial Management Specialist	Financial Management	GGO13
Abdoul Wahabi Seini	Safeguards Specialist	Senior Social Development Specialist	Social Safeguards	GSU01
Abdoulaye Gadiere	Safeguards Specialist	Senior Environmental Specialist	Environmental Safeguards	GEN07
Boulel Toure	Team Member	Senior Economist	Macroeconomics	GMF01
Bronwyn Grieve	Team Member	Sr Public Sector Mgmt. Spec.	Justice	GGO25
Fabian Seiderer	Peer Reviewer	Sr Public Sector Spec.	Quality Assurance	GGO17
Gabriel Dedu	Team Member	Governance Specialist	Accountability	GGO13
Herimpamonjy Mavoarisoa Ranaivoarivelo	Team Member	Operations Analyst	Operations	GGO13
Jane Jamieson	Team Member	Senior Infrastructure Specialist	Public-Private Partnership	GCPDR
Jay-Hyung Kim	Peer Reviewer	Adviser	Public-Private Partnership	GGO25
Johanna van Tilburg	Safeguards Advisor	Senior Social Development Specialist	Safeguards	OPSPF
Mehita Sylla	Peer Reviewer	Country Manager	Quality Assurance	CAFW4
Pepita Hortense C. Olympio	Team Member	Program Assistant	Team Assistance	AFMBJ
Rajni Khanna	Peer Reviewer	Program Leader	Quality Assurance	SACIN
Rui Monteiro	Team Member	Senior Public Private Partnerships Specialist	Public-Private Partnership	GCPDR
Yoko Kagawa	Team Member	Senior Operations Officer	Operations	GGOOS

Extended Team

Name	**Title**	**Office Phone**	**Location**

Locations					
Country	**First Administrative Division**	**Location**	**Planned**	**Actual**	**Comments**
BENIN	Littoral	Cotonou	X		

I. STRATEGIC CONTEXT

A. Country Context

1. **Situated next to Nigeria and providing a gateway to landlocked countries in the north, Benin has a relatively small population of 10 million and a gross domestic product (GDP) of US$8.3 billion.** Its economy relies heavily on re-export and transit trade with Nigeria and neighboring countries and on agricultural production, cotton in particular.

2. **Heralded as a model for West African countries in the 1990s, Benin's reputation as an ambitious and innovative economic performer in the region has waned in recent years.** The introduction of governance reforms (including the most successful transition to a multiparty democracy in the region and the introduction of the first francophone results-based management system[1]), macroeconomic stabilization, trade liberalization, and the divestiture of state-owned enterprises resulted in dramatic improvements to the country's economic performance post-1989. However, more recently, implementation momentum has slowed down and a period of reform stagnation has set in. Although Benin has a highly democratic environment, divisive internal political conflicts and poor public sector performance have prevented the implementation of pivotal development reforms, and this has, in turn, had an impact on the country's economic growth and development.

3. **Economic growth, though slightly improving since 2011, has remained too low to achieve meaningful poverty reduction, and Benin has maintained its ranking as one of the least developed countries in the world.** As a consequence of the country's relatively weak economic systems and high vulnerability to exogenous shocks, GDP growth averaged 3.9 percent in the decade preceding 2011, barely over the 3.2 percent average population growth rate. In the last three years, real GDP growth has increased to an average of 5.5 percent, closing the gap in per capita GDP growth between Benin and the Sub-Saharan African average.[2] However, the significant population growth rate and low and non-inclusive pattern of growth have hindered the country's efforts to curb persistent poverty. Poverty incidence remains high at 36.2 percent in 2011, although it has declined minimally from 37.5 percent in 2006.[3] With a Human Development Index of 0.427, Benin was ranked 167th out of 187 countries in the 2011 Human Development Report. Benin was not able to meet most of the Millennium Development Goals (MDGs) by 2015, including targets on universal primary education, gender equality, child mortality, maternal health, and global partnership for development.[4]

4. **Development progress in the country has, in large measure, been frustrated by the increasingly polarized political setting, in which consensus-building has proved difficult.** Benin has made significant progress in consolidating its political transformation into a multiparty democracy since the 1990s. Political alternation has occurred without incident and the effective separation of powers has enabled parliament to act as a check on executive powers.

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[1] Benin was the first francophone country in the early 2000s to adopt a results-based management system.
[2] Benin's per capita GDP averaged 2 percent between 2005 and 2011.
[3] The incidence of poverty is estimated to be 36.2 percent in 2011, compared to 35.2 percent in 2009 and 37.5 percent in 2006.
[4] Social indicators have improved marginally, particularly in the areas of education, water, and health. Between 2005 and 2011, primary school enrolment increased by more than 18 percentage points from 93 percent to 111.5 percent. Rural access to potable water has increased from 36 percent in 2003 to 61 percent in 2011. Maternal and child mortality have declined—maternal mortality falling from 474.4 per 100,000 live births in 2002 to 397 in 2010 and child mortality falling from 184 per 1,000 births in 1990 to 70 in 2011. Considerable progress has been made in the fight against HIV/AIDS; at 1.2 percent, the prevalence of HIV/AIDS is among the lowest in the region.

However, the proliferation of political parties and the shifting nature of parliamentary and presidential political party coalitions in the recent years have created an unsettled atmosphere in which there is an increasing lack of political consensus and trust between the executive and the legislative branches. As a demonstration of this distrust, the parliament rejected the 2014 budget (it was however executed by a presidential order as permitted under the Constitution). Political discord, which is quasi-permanent in Benin, usually heightens as parliamentary and presidential elections approach. Yayi Boni, who has accomplished two terms presidential mandate, has handed over power to Patrice Talon, the winner of the March 2016 presidential elections.[5]

5. **Corruption scandals have affected the relationship between the country and the international community.** A forensic audit commissioned by the Dutch Embassy in Benin and realized by the international firm Kroll revealed that nearly US$6 million were embezzled in 2014 from the Dutch water sector support program[6] through an elaborated scheme of contracts awarding to shell companies, some of which were created overnight. Almost all key sector staffers involved in the expenditure chain have facilitated this embezzlement, which was done in a relatively short period. There is a strong suspicion that such a pernicious modus operandi of fraud might be functioning in many areas of the public sector. The Dutch have suspended their aid program in the water sector, and other donors including the European Union (EU), the International Monetary Fund, and the World Bank have ratcheted up the pressure on the government to seriously tackle corruption. The government sacked the minister in charge of water and suspended public servants who took part in this corruption scheme. However, the sacked minister has since become a Member of Parliament, thereby finding immunity from prosecution, and the suspended staffers have been reintegrated into public service.

6. **Tensions between the government, civil service unions, and the private sector usually affect the fluidity of policy making and the successful implementation of reforms.** As a legacy of Benin's post-independence Marxist experience, the country has very active and powerful civil service unions whose rapport with the government is often fractious. Strikes are routinely staged for claims over work conditions and wages, leading to frequent service interruptions and a progressively unsustainable wage bill, which over the past four years accounted for over 40 percent of total expenditures. There is also considerable mistrust and tension between the government and the private sector. There have been cases where the government has rescinded contracts awarded to firms or individuals and which have led to trials and disagreements before the courts. This tension was recently put under the spotlight in the high-profile judicial cases involving the powerful business tycoon, Patrice Talon and the government. The regularity of these incidents has tended to both politicize public discourse in Benin and polarize public opinion.

B. Sector and Institutional Context

7. **The government is seeking to reinvigorate efforts to increase economic growth and address the country's development challenges through an ambitious investment program.** Achieving the objectives of the Growth for Poverty Reduction Strategy 2011–2015 (*Stratégie*

[5] Patrice Talon was in the past very close to Yayi Boni and supported him in the 2006 and 2011 presidential elections. In 2013, their good relationship abruptly came to an end and judiciary pursuits were brought against Talon, who had to flee to France. After the charges brought against him were dropped, Talon returned to Benin to participate in the 2016 presidential elections, which he won against Lionel Zinsou, who was backed by Yayi Boni to succeed him.

[6] Multiyear Water and Sanitation Program II (*Programme Pluriannuel Eau et Assainissement*, PPEA II).

de Croissance et de Réduction de la Pauvreté, SCRP) requires strong, inclusive, and environmentally sustainable economic growth. The realization of this kind of growth depends very much on the implementation of a strong investment program. The government organized a Round Table on development financing from June 17 to –19, 2014 in Paris to mobilize the public and private financing necessary to fast-track the SCRP. The government presented to donors and investors a set of projects in various sectors (including infrastructure, health, and tourism), which could pave the way for sustainable growth.

8. **The government's Investment Program consists of both publicly and privately funded investments.** The Public Investment Program (PIP) is oriented toward agricultural mechanization and diversification, construction and rehabilitation of infrastructure in support of health and education systems, and development and provision of drinking water throughout the country. Underpinning these areas of focus, there is a need for reliable and affordable electricity and water and sanitation infrastructure. The government has also opted to use Public-Private Partnerships (PPPs) as one of its essential financing tools, especially for the implementation of key transformational projects. There are five proposed major PPPs: (a) the railway backbone project; (b) the construction of infrastructure, restructuring, and expansion of the distribution network for energy programs; (c) the tourism development of the fisheries road along the beach between Cotonou and Ouidah (*Route des Pêches*); (d) the development of an irrigation scheme program; and (e) the construction of a center of excellence hospital. The large PPPs will mostly be managed by the central government. There are already ongoing small-scale PPPs in the water sector, which have been initiated at the local level in the communes and are successful.

9. **To ensure the successful implementation of the government's Investment Program, there is an urgent need to improve the manner in which the administration manages public investments.** Without this, there is a risk that the gains made in developing the program and in attracting significant external financing will be squandered.

10. **The government recognizes that investment projects suffer from poor selection criteria, long and inefficient procurement processes, implementation delays, and cost overruns.** As a result, expected economic growth rates from these investments rarely materialize and poverty rates remain high. Resorting to the alarming practice of public investments pre-financing, whereby the government reaches out to domestic banks to finance private companies to carry out urgent public works, constitutes a major macro-fiscal risk as it has been the case for some countries in the sub-region (for example, Togo and Guinea) which have experienced a sharp accumulation of domestic debt. This phenomenon has started to emerge in Benin and requires that prudential measures be promptly put in place to discourage it and reduce its negative impact. In the same vein, PPPs can be a way of filling the fiscal space; however, they represent a risk if appropriate guidelines are not in place or strictly followed through the project cycle and could result in the incursion of debts through contingency liabilities. Furthermore, the country is faced with significant governance challenges—impunity and corruption hinder the effective implementation of PIPs. Addressing both public investment management (PIM) and accountability challenges will help Benin's long-term social and economic success.

11. The government has expressed particular interest in reducing the significant production and distribution deficits that currently exist in the electricity and water sectors by improving the PIM system and strengthening the justice sector to enhance accountability and the fight against corruption.

Public Investment Management

12. **Benin has historically spent much less on public investments than its neighbors.** While the nominal GDP increased at an average growth rate of 7.6 percent per year between 2006 and 2013, public investments did not grow accordingly and the investment to GDP ratio stagnated at an average annual rate of 6.54 percent. Public investments as a proportion of the national budget were maintained at an average annual rate of 36.7 percent despite significant need. In 2014, the ratio of domestically funded PIP to national budget was 52.4 percent compared to 47.6 percent for externally funded PIP.

13. **A recent analysis by the Bank[7] shows that growth rate differences between Benin and the best-performing benchmark countries are due to Benin's lower investment rates.** Despite marked improvements in the execution rate of capital expenditures in 2013, which reached 92.8 percent for domestically financed capital budget, the absorptive capacity for investment expenditures has historically been limited. For example, the execution rate for capital budget expenditures in 2012 reached only 42.9 percent of planned investments, with externally financed public expenditures hovering at a low of 23.4 percent in the same year. At the sector level, the execution rate of public investment in most ministries is between 60 and 70 percent, and less than 50 percent in the least-performing ministries.

14. **Benin's institutional capacity for PIM is very weak.** The country received an overall PIM Index ranking of 1.56 on a scale of 0 to 4.00 in the PIM efficiency assessment conducted by Dabla-Norris et al. (2011).[8] The assessment considered country performance in four areas (strategic guidance and appraisal, project selection and budgeting, project implementation, and project evaluation and audit) according to the analytical framework developed by Rajaram et al. (2010).[9] Benin's performance varied across the different PIM subcategories. The scores for the appraisal, selection, management, and evaluation indexes were 1.17, 2.40, 2.67, and 0.00, respectively.

15. To better understand the reasons behind weak PIM performance and thus, identify corrective measures that would allow Benin to boost investments and achieve higher economic growth, the Bank conducted a thorough review of the country's PIM framework in 2013.[10]

Technical Bottlenecks in the PIM Expenditure Cycle

16. **Key findings with respect to the different stages of the PIM expenditure cycle are summarized below.** More details are provided in annex 2.

Strategic guidance and appraisal

- The tools and processes for strategic guidance and appraisal of PIM are more or less established, but challenges remain with respect to their application.

[7] Benin Economic Update, World Bank, September 2014.
[8] Dabla-Norris, Era, Jim Brumby et al. 2011. *Investing in Public Investment: An Index of Public Investment Efficiency, Workding Paper/11/37,* International Monetary Fund, February 2011
[9] Rajaram et al. 2010. *Diagnostic Framework for Assessing Public Investment Management, Policy Research working paper No WPS 539 World Bank,.*
[10] Stimuler l'exécution du budget d'investissement des pays de l'Union Économique et Monétaire Ouest africaine (UEMOA) pour un meilleur impact sur le développement, Benin Report, Septembre 2013.

- The processes for multiyear programming are well established, but timely development of spending programs and later adherence to them is weak.

Multiyear and annual budgeting and project selection

- The annual budgeting process does not currently allow for a full optimization of the medium-term budgeting and results-based management processes that have been formally adopted by the government.

- The budget preparation timing is not well aligned with the preparation of annual work plans (*Plan de Travail Annuel*, PTAs), resulting in delays in execution.

- The National Assembly's capacity to amend the budget for public expenditure is limited.

Project implementation

- The availability of investment budget appropriations in the first semester of the budget year is relatively good.

- By contrast, the pace of public investment implementation is heavily affected by in-year budget revisions and a lack of predictability of cash flow later in the year.

- Procurement delays present a binding constraint to the timely and effective execution of public investments.

- Despite the relaxation of several ex ante payment controls since 2012, the payment process in Benin is still relatively long.

- A review of Benin's PIP reveals the existence of many small, aging, costly, and ineffective projects.

Project evaluation and audit

- Monitoring missions are irregular and seldom include planners and evaluators from the Ministry of Planning.

- The arrangements for monitoring and evaluation (M&E) of public investments do not enable decision makers to make adjustments at the strategic level nor take appropriate corrective action at the project level.

- The setup of an institutional framework to oversee the implementation of PPPs and flagship government investment projects represents a promising opportunity to improve the M&E of the government's Investment Program.

Management of PPPs

17. **Benin's experience with PPPs to date has been mixed.** At present, the PPP portfolio includes a combination of highly complex economic infrastructure projects and small-scale social infrastructure projects. The main economic infrastructure projects, for which the government generally seeks funding from external partners include (a) the railway Niamey-

Cotonou, (b) the new airport; (c) the deep-water port; and (d) energy production, restructuring, and distribution projects. Most of these PPPs are still at a preliminary stage, with no credible feasibility studies.

18. **A comprehensive legal framework for PPPs has yet to be developed or applied.** A PPP law is currently under preparation; however, the current version does not adequately address (a) the institutional arrangements for PPP management (including the anchorage of the proposed centralized PPP unit); (b) the disclosure of contractual conditions and reporting on actual contract performance; and (c) the systems and processes for contract and fiscal management of PPPs. While the Bank has discouraged the practice of accepting unsolicited proposals and sole sourcing, the current draft law reflects a strong appetite among local actors for this type of PPP transaction by essentially allowing for unsolicited proposals and their exemption from competitive bidding below the US$100 million threshold.

19. **Capacity for the management of PPP investments varies.** As indicated above, the existing PPP portfolio comprises PPP investments that differ vastly in size and type and that require different kinds of treatment. The capacity of the various institutions that are responsible for assessing financial risk and contingency liabilities, procurement, appraisal, unsolicited bids, due diligence, contract management, performance management, and negotiations is weak and uneven. This is exacerbated by the absence of guidelines and training on PPP management. Furthermore, there is little coordination among entities supporting the implementation of PPPs, leading to an increase in transaction costs and heightened ineffectiveness in the achievement of expected results.

Investments in Electricity and Water and Sanitation

20. **Strategically, two sectors in which investment programs have the potential to substantively impact upon both economic growth and the improvement of social outcomes are the energy and water and sanitation sectors.**

- **Electricity.** Production deficits, poor rural coverage, and inadequacies in distribution affect the subsector. The country largely depends on electricity imports from neighboring countries (Ivory Coast, Ghana, and Nigeria) due to its low domestic production. Electricity imports account for 70 percent of total consumption. With demand exceeding supply[11] and outdated distribution infrastructure, there are frequent power outages. This combined with high factor costs has affected economic competitiveness and productivity. Access to electricity is also strongly biased toward urban areas where the access rate is 60 percent compared with only 6 percent in the rural areas—where 57 percent of the total population is located. Provision of electricity is assured by the Beninese Society for Electricity and Energy (*Société Béninoise d'Energie Electrique*, SBEE). To close the gap between urban and rural access to electricity, the government has put in place, since 2004, the Beninese Agency for Rural Electrification and Energy Control (*Agence Beninoise d'Electrification Rurale et Maîtrise d'Energie,* known as ABERME*)*.

- **Water and sanitation.** Benin has made some progress in improving national access to water, with access rates increasing to 65.6 percent in rural areas and 68 percent in urban areas in 2013. Yet this progress has not been able to meet the

[11] Demand growth is estimated at 8 percent per year.

MDG target of 75 percent by 2015. In addition, demand continues to outpace supply in both rural and urban areas.[12] Disruptions in the supply of water, particularly during the dry season, have a deleterious impact upon the health of local populations who are forced to revert to nonpotable water sources (creeks, lakes, and ponds). Progress made in improving access to sanitation facilities remains limited with a national access rate of only 14 percent in 2009, far from the 75 percent rate envisaged by the MDG for sanitation in Benin. Outside the capital, wastewater treatment is particularly uncommon. The responsibility of water service delivery is mainly devoted to Benin's National Water Company (SONEB), which continues to play an important role both as '*Maître d'Ouvrage*' and operator, but following the decentralization process that became effective with the 2002 local elections, municipalities in rural areas have been given the responsibility for water service delivery through small-scale PPPs.

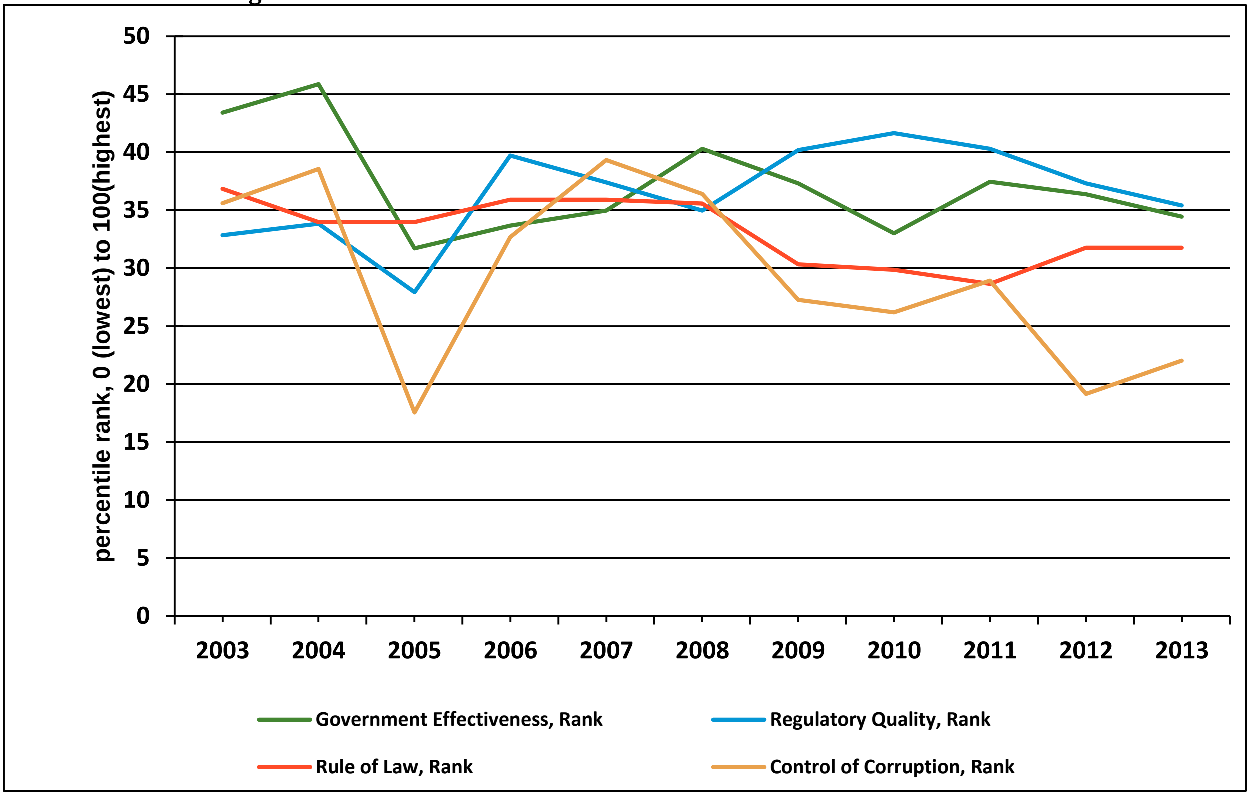
21. **To date, the track record of PIM performance in these two sectors has been particularly poor.** In 2013, the water and electricity sectors, which are managed by the Ministry of Energy, Water, and Mining Research, and Development of Renewable Energies (*Ministère de l'énergie, de l'eau et des mines*, and henceforth, as Ministry of Energy and Water*)* globally spent CFAF 29.2 billion in authorized payments (not actual payments), which represented only 71.3 percent of those planned (*taux d'ordonnancement*). This execution rate was lower than the 81.2 percent recorded for all the productive sectors including infrastructure, mining, services, tourism, rural, industry, and commerce. The overall physical execution rate (*taux d'exécution physique*) of investments in the water and electricity sectors was a mere 57.8 percent. More details on physical execution rates and some of the programs set up by the government in the water, sanitation, and electricity sectors to ensure increased production and access to water and electricity are provided in annex 2.

Governance, Anticorruption, and Justice

22. **Benin's relatively low scores in selected public sector and governance indicators reflect the deep-seated and ongoing governance challenges that exist within the country.** Despite recent improvements in rankings, corruption remains an endemic problem. In 2014, Benin ranked 80th out of 183 countries in the Transparency International Corruption Perception Index (an improvement from its 94th position out of 177 countries in 2013). The country's ranking of 22 for the control of corruption in the Worldwide Governance Indicators is an improvement on the 2012 ranking of 19.1, but it is still worse than the yearly rankings it received from 2005 to 2012. The Worldwide Governance Indicators (see figure 1) also indicate low and, in some cases, declining rankings for government effectiveness, regulatory authority, and rule of law. The country's score for public management in the 2014 Ibrahim Index of African Governance improved to 56.8 in 2013 from 48.1 in 2012, but this score remains below the regional average.

[12] At a rate of 6–8 percent per year.

Figure 1. Worldwide Governance Indicators for Benin 2003–2013[13]



23. **The lack of effective systems for upholding accountability, together with high levels of corruption directly have an impact upon PIM in Benin.** Citizens have limited access to courts to challenge government decisions or actions in Benin. Furthermore, in recent years, several corruption scandals involving high-level public officers and critical public investment projects have emerged. Corruption is also particularly significant in government procurement. While the government has demonstrated a degree of proactivity, through the removal from office and administrative sanction of high-profile, allegedly corrupt officials, few have ever been prosecuted, let alone convicted in Beninese courts. In the 2013 World Economic Forum Competitiveness Report, companies surveyed indicated that corruption was the greatest obstacle to business in the country and this likely influences the government's capacity to attract reliable investments for PPPs.

Anticorruption

24. **The government has taken various measures to foster good governance and tackle corruption.** President Thomas Boni Yayi was first elected in 2006 on an anticorruption campaign platform and the government has since identified the fight against corruption as a national priority. Benin is a signatory to the United Nations Anticorruption Convention. In 2011, an Anticorruption Law[14] was passed which criminalizes fraud, embezzlement, misuse of public funds, influence peddling, party and electoral financing, abuse of public procurement, and nepotism in hiring practices. This legislation foresees stiff penalties, particularly, for those in key positions within the government. In addition to the legislative framework, the government has also strengthened the institutional framework through the creation of several entities charged with tackling corruption. These include the Public Procurement Regulatory

[13] Worldwide Governance Indicators 2013, World Bank, Washington, DC
[14] Loi 2011–2020 du 12 octobre 2011 portant lutte contre la corruption et autres infractions connexes en République du Bénin.

Authority (*Autorité Nationale de Regulation des Marchés Publics*, ANRMP), the National Anti-Money Laundering Unit (*Cellule Nationale de Traitement des Information Financieres*), and the Ombudsman's Office (*Mediateur de la Republique de Benin*). At the center of the anticorruption institutional framework is the National Anticorruption Authority (*Autorité Nationale de la Lutte Contre la Corruption*, ANLC) which was created in 2013.[15]

25. **The newly created ANLC has an extensive mandate, yet its capacity to substantively take action is limited.** The ANLC reports directly to the President's Office and comprises 13 representatives, including members of civil society, academia, and the private sector—these representatives were appointed in October 2013. By law, the ANLC is empowered to combat money laundering, electoral fraud, economic fraud, and corruption in the public and private sectors through the investigation of allegations and the referral of cases for prosecution in court. The ANLC is also responsible for monitoring the asset declarations of public officials and for submitting an annual Anticorruption Report to the president on the state of corruption. The ANLC has had start-up difficulties due to the limited resources allocated to it by the government. About US$800,000 was allocated to its budget in 2014, and in 2015, the amount has been increased to US$1.4 million. These resources are, however, considered inadequate given the broad mandate of the ANLC.

26. **The ANLC has developed a results-oriented strategy and operation plan (2014–2017) which define the reform paths that are necessary to enable the institution to effectively tackle corruption.** Details of the focus areas, objectives, and expected results are provided in annex 2.

The justice sector

27. **Weaknesses in the justice sector in Benin affect PIM in several ways.** As an independent branch of the government, in principle, the judiciary (a) provides a formal avenue for holding the executive and public administration to account (through its administrative jurisdiction); (b) sanctions those that obtain illicit gains from public and private investments and protects against impunity (through its criminal jurisdiction); and (c) upholds the legal, regulatory, and contractual arrangements involved in the financing and implementation of public investment projects (through its civil and commercial jurisdictions). In Benin, widespread anomalies in the justice sector have hampered the judiciary's capacity to perform these essential functions.

28. **Improving performance of the administrative jurisdiction will have a positive impact on public administration in general and on PIM in particular**. The Administrative Chamber in the Supreme Court is empowered to handle cases of abuse of power and unfair treatments by administrative authorities at the national and local level, which is critical for a transparent and performing public administration. With regard to PIM, one key area where a robust administrative jurisdiction should have a significant impact is on the handling of cases brought by bidders against decisions made by the ANRMP. Having this process established will ensure a fairer and more cost-effective public procurement system and hence, a more effective and efficient PIM. The ANRMP will be obligated to render decisions in favor of bidders who provide better value-for-money civil work or consultancy proposals. This will also send a strong signal to all upstream services involved in procurement control and contract awards for a strict compliance with rules and procedures. Furthermore, the resolution of

[15] Décret n° 2012-336 du 02 octobre 2012 portant attributions, organisation et fonctionnement de l'Autorité Nationale de Lutte contre la Corruption.

administrative disputes related to contract management and accountability will be handled more efficiently through an improved administrative justice.

29. **The judiciary is poorly equipped to handle its administrative law and audit review (accounts) functions, which has served over time to reinforce a lack of accountability in the administration.** With the support of the EU and the Millennium Challenge Account, the government has made important progress in expanding access to the court system in Benin through the construction and renovation of First Instance Courts and Appeals Courts.[16] Despite these efforts, the competence of the first instance and appeals courts remains limited. In principle, the Judicial Organization Law, which sets out the structure of the court system in Benin, provides for the establishment of administrative chambers in each of the First Instance Courts[17] and in the three Appeals Courts.[18] These chambers are designed to deal with certain administrative law matters primarily involving local authorities, including requests from citizens for judicial review of decisions or actions, complaints of abuse of power, or of public officials acting in excess of authority, and taxation and fiscal disputes. The legislation also provides for the creation of chambers of accounts in the Courts of Appeals to audit government accounts. In practice, however, these chambers have yet to be installed and the Supreme Court retains jurisdiction for all administrative and audit review matters.[19]

30. **The government has committed to expanding the jurisdictional purview of the First Instance and Appeals Courts to include administrative law matters.** The Supreme Court is poorly equipped to deal with all administrative law matters and to review government accounts. The objective of the law therefore is to enable the Administrative Chamber at the Supreme Court to focus on its core role of jurisdiction of cassation and administrative cases involving central government actions, and at the same time, to enable local courts to provide a more accessible and effective venue for addressing grievances caused by local authorities. Poor internal coordination, the limited expertise of judges in dealing with these matters, and low demand induced by the limited access that citizens have to the Supreme Court have all been identified as contributing to the weak performance of the Supreme Courts' Administrative and Accounts Chambers.[20] Given this, the government has committed to the gradual establishment of administrative chambers in the First Instance and Appeals Courts, as envisaged by the legislation.

31. **The establishment and strengthening of Administrative Chambers should help increase the clearance rate and reduce the number of pending cases.** Despite the relatively low inflow of cases at the Administrative Chamber of the Supreme Court, estimated at about 50 cases per month for nine magistrates, the Chamber has accumulated a backlog of about 1,500 cases in addition to a similar size backlog of election-related cases. The Ministry of Justice is in the process of appointing 38 new magistrates for First Instance Courts and redeploying a great number of experienced magistrates to the Courts of Appeals to quickly work on reducing the backlog and among others, deal with new administrative cases.

32. **The operationalization of the Administrative Chambers has been the source of in-depth reflection in the recent years; however, only limited substantive progress has been**

[16] There are presently 80 local conciliation courts (*Tribunaux de Conciliation*), 14 First Instance Courts (*Tribunaux de Première Instance*), and three fully functional Appeal Courts (*Cours d'Appel*), in addition to the Supreme Court in Cotonou.
[17] Article 51 Loi Portant Organisation Judiciaire.
[18] Article 61 Loi Portant Organisation Judiciaire.
[19] This is provided for as an interim measure in Article 84 of the Judicial Organization Law.
[20] Note that statistics on the processing of administrative matters by the Supreme Court are not available.

achieved. In 2011, a committee comprising ministerial and Supreme Court representatives was established in Benin[21] to identify what actions needed to be taken to install the Administrative and Accounts Chambers in the First Instance and Appeals jurisdictions as envisaged by the law. In 2013, with the support of the EU, a more detailed diagnostic[22] was developed which highlighted the need to take a progressive approach. The analyses recommended (a) amendments to the existing legislative framework to avoid jurisdictional conflicts between the different courts, (b) concerted recruitment of magistrates and court clerks to ensure that the new chambers are adequately staffed, (c) specialized initial and in-service training on administrative law, (d) adapted information systems for case management and data collection for administrative matters. Despite the analysis and the overt government commitment to the installation of Administrative Chambers, the Ministry of Justice has yet to develop a consolidated and targeted implementation strategy and limited resources in the sector have stymied preliminary efforts to recruit and train magistrates and court staff.

C. Higher Level Objectives to which the Project Contributes

33. **Strengthening governance and enhancing economic growth are foundational principles of the Bank's Country Partnership Strategy (CPS) for Benin, 2013–2017.** The CPS states that "the main objective of the Bank's governance program is to help Benin better manage its financial resources, so that fiscal policy can enable and foster inclusive growth." The CPS identifies weaknesses in budgeting and planning, financial management (FM) and procurement processes, and oversight mechanisms as priority areas that need to be addressed to strengthen the delivery of essential social services and increase value and efficiency in government expenditures.

34. **There are a number of Bank operations currently ongoing in Benin to which this project offers complementary support.** First, support to public financial management (PFM) will be provided through the new Public Expenditure Management and Financial Accountability Review that has just been finalized. The activities that are outlined as part of this project will provide complementary PIM-focused support to selected directorates (procurement, budget, and Treasury) within the Ministry of Finance and planning and programming units in line ministries. Second, through the results-based component, this operation will bring additional funding to the electricity, water, and justice sectors. Third, the Poverty Reduction Support Credit includes several measures for strengthening PFM and governance.

II. PROJECT DEVELOPMENT OBJECTIVES

A. PDO

35. The project development objective (PDO) is to improve efficiency in public investment management and enhance the performance of selected institutions of accountability[23] in Benin.

B. Project Beneficiaries

36. The project beneficiaries will consist predominantly of the technical units of central and line ministries, as well as the selected institutions of accountability. Components 1 and 4 will

[21] Arrêté n°062/MJLDH/DC/SGM/DRFM/DACP/SA du 23 août 2011.
[22] 'Mission de Diagnostic sur les Juridictions Administratives et des Comptes; Rapport Final' September 2013.
[23] For the purposes of the project, the institutions of accountability selected are the ANLC and the selected pilot First Instance Tribunals and Appeals Courts in Benin.

target the technical units within the Ministry of Economy and Finance, the Ministry of Planning and Development, the Ministry of Justice, the Ministry of Energy and Water, and the President's Office (for strategy, guidance, and project preparation activities as well as activities related to implementation, evaluation and audit, and PPP). The beneficiaries for Component 2 will include the ANLC and the magistrates and court clerks in the selected pilot First Instance and Appeals Courts. The beneficiaries for Component 3 are the line ministries responsible for the implementation of public investments in the electricity, water, and justice sectors.

C. PDO Level Results Indicators

37. The expected key results of the project are as follows:

Table 1: Expected Key Results of the Project

Type	Indicators	Measurement
PDO Indicator 1	Investment budget execution rate (%)	Improved investment budget execution
PDO Indicator 2	Average variance between actuals versus planned project costs for projects identified in the 2016–2018 PIP (%)	Reduced cost overruns
PDO Indicator 3	Average variance between actuals versus planned project duration for projects included in the 2016–2018 PIP (%)	Reduced time overruns
PDO Indicator 4	Reduction of backlog in administrative cases (%)	Reduced backlog of administrative cases

III. PROJECT DESCRIPTION

38. **The proposed project will be financed by an Investment Project Financing (IPF) credit of US$30.00 million.** The modality for project implementation will consist of a blended approach, which combines technical assistance (TA), for which disbursements will be based on inputs, with results-based financing (RBF), which will be linked to the achievement of agreed-upon performance indicators (disbursement-linked indicators [DLIs]) and the reimbursement of eligible expenditures under selected budget lines (Eligible Expenditures Program [EEP]).

39. **The approach adopted by the project seeks to support the government in directly tackling the technical and governance challenges that presently affect PIM while simultaneously providing results-based incentives to specific line ministries to improve their management of discrete investment projects.** The TA components have been designed based on comprehensive technical diagnostics conducted by the government, with the support of development partners. Accordingly, all aspects of the project have been locally developed and owned. The inclusion of a results-based approach is directly in line with the government's pioneering commitment to results-based management.

40. **The selection of the electricity, water, and justice sectors for the RBF component was guided by the government and takes into account the strategic relevance of the sectors for the country's economic development and the engagement of other development partners.** In the case of the energy, water, and justice sectors, weak capacity for PIM has particularly affected the successful implementation of public investments in the past. Creating incentives for these sectors to improve their PIM capacity is, therefore, likely to result in the successful implementation of investment projects that will have an impact upon the economic

and social development of the country. Finally, close collaboration with other development partners in the selected sectors has enabled the project to ensure complementarity with existing support to the sectors.

41. **The project components will be phased to ensure that capacity-building support and TA will be available early during project implementation.** The approach is incorporated in the implementation of most activities and will be used early on to send strong signals that results are expected on all fronts. The other advantage of the RRI approach is to test the capacity of the state machinery to overcome some bottlenecks and make required adjustments. This will help ensure that the implementing ministries receive the necessary support to assist them in achieving the DLIs, particularly in a low-capacity environment. Furthermore, a particular focus in this project is on procurement, which is a major source of delays and cost overruns in the implementation of investment programs.

A. Project Components

42. **The project consists of four strategically linked and mutually reinforcing components**:

(a) **Component 1 provides TA to strengthen the government's PIM capacity.** The component addresses technical shortcomings identified by the government across the four stages of the PIM expenditure chain—strategic guidance and appraisal, project budgeting and selection, implementation, and evaluation and audit. The component consists predominantly of capacity-building activities, including training, process improvements, and inter-ministerial coordination enhancements. A special emphasis will be placed on strengthening appraisal, procurement, and control processes, which are the areas with the most binding constraints. The component targets the central ministries (Financing and Planning) involved in PIM and, more importantly, the line ministries responsible for managing public investments in the energy, water, and justice sectors. It is worth stressing the link between the TA provided to these sectors in this component with the sector-RBF proposed in Component 3.

(b) **Component 2 provides TA to enhance good governance and accountability as foundations for effective PIM.** The component will support capacity building of selected anticorruption and judicial institutions to improve their performance in preventing, investigating, and sanctioning corruption. Through the operationalization of administrative chambers in pilot First Instance Courts and all three Appeals Courts as well as a backlog reduction program, it will develop the necessary institutional capacity to hold the public administration to account and ensure more effective handling of procurement-related litigation that will be within the jurisdiction of these chambers.

(c) **Component 3 provides RBF in three selected sectors (energy, water, and justice) for results achieved in the implementation of specific investment projects because of the TA provided under Components 1 and 2.** Financing of the EEP is conditional upon the achievement of agreed-upon DLIs that are directly related to improvements in PIM and, in the case of the justice sector, improvements in institutional capacity for upholding accountability.

(d) **Component 4 finances project implementation arrangements** (including the

PMU, M&E, and FM of the project).

Component 1: Enhancing Efficiency and Effectiveness in the Public Investment Management Expenditure Cycle (US$9 million equivalent)

Subcomponent 1.1: Strategic Guidance and Appraisal (US$2.0 million equivalent)

43. The subcomponent seeks to improve the coordination and timely preparation of well-appraised projects. Envisaged activities include the following:

- Elaboration of a PIM manual[24] to serve as a mandatory reference framework for the preparation and implementation of investment projects. The manual will include guidelines for conducting feasibility studies; preparing concept notes; and carrying out appraisal, supervision, and contract management. It will also include guidelines and information on the vetting of projects, PIPs, and recurrent expenditures. The manual will ensure that the National Directorate for the Control of Public Procurement (*Direction Nationale du Contrôle des Marchés Publics*, DNCMP) is mandatorily implicated in the preparation of the budget. The Ministry of Development will ensure that line ministries comply with the PIM manual guidelines by monitoring the processes and procedures used at different stages of project cycle. There will be warnings and actions against ministries or units that fail to meet required PIM standards.

- TA for the development of basic fiscal rules to be approved by the government (cabinet) as guiding principles in support of the orderly implementation of the PIM principles as this will limit the flow of politically desirable projects into the PIP and the budget and crowd out the more socially and economically viable ones that make more productive contributions to national development.

- TA to strengthen the financial and fiscal risk assessment and management role of the Ministry of Finance, especially regarding contingent liabilities for the government in the case of PPPs and other emerging financial instruments like the refinancing public investment mechanism.

- TA to the General Directorate of Budget (*Direction Générale du Budget*, DGB) in setting up effective sectoral budget monitoring centers in charge of budget dialogue with ministries (sectoral policies, sectoral budgetary framework, budget decisions, and budget implementation monitoring). This assistance will include the (a) creation of a budget synthesis function; (b) finalization of a Management Charter clarifying the roles and responsibilities of different actors involved in the performance budgeting approach (program budget, fungibility of funds, commitment authorizations and payment allocations, selection of performance indicators, and evaluation); (c) the design of a new organizational chart of the DGB and its implementation plan, including the impacts with regard to human resources; and (d) support for establishment of sectoral budget costing models that help simulations with agreed sectoral indicators.

- Upgrading of the existing Integrated System for the Analysis and Programming of

[24] The PIM manual will include documents related to public investments programming and management as well as documents on public investments M&E.

Investment Programs (*Système Intégré d'Analyse et de Programmation des Investissements Publics,* SIAPIP) with the Integrated Public Finance Information System (*Système Intégré de Gestion des Finances Publiques*, SIGFIP); the Integrated Public Procurement Management Information System (*Système Intégré de Gestion des Marchés Publics,* SIGMAP); and the Harmonized and Integrated Public Investment M&E System (*Système Harmonisé et Integré de Suivi et Evaluation des Projets et Programmes d'Investissements,* SHISEPIP). The setup of the intranet and extranet will significantly enhance the SIAPIP functionalities.

- Development of a database of projects which have feasibility studies, have been appraised, and are 'ready for execution', which should be made public.

- Workshop and training programs based on the new budget Organic Law on Financial Legislation (*Loi Organique Relative aux lois de finances,* LOLF) on planning, programming, and investment decision making.

44. The execution of these envisaged activities should lead to a substantive increase in the percent of investment projects appraised in compliance with the PIM appraisal guidelines manual, including cost-benefits analysis and independent review at the Ministry of Planning. It is expected that this percent will rise from 15 in the first year to eventually reach 85 in five years at the end of the project.

Subcomponent 1.2: Multi-year Budgeting and Public Investment Selection (US$1.0 million equivalent)

45. The subcomponent will strengthen existing project selection mechanisms and budgeting procedures. This will ensure that unvetted or opportunistic projects are not included in the annual budget. It will ensure the advanced preparation of procurement plans (*Plan de Passation des Marchés,* PPs); PTAs; and Credits Consumption Plan (*Plan de Consommation de Crédits,* PCCs) in time for the submission of the budget to the parliament. Active involvement of the DNCMP in the preparation of the budget will be emphasized. Key activities will include the following:

- TA on the development of standard costs to improve cost planning and monitoring.

- TA to help project teams in selected line ministries to prepare PPs, PTAs, and PCCs to be presented before submission of the Finance Law to the parliament.

- TA to help ministries that have significant capital budgets to use the new performance budgeting tools introduced by the new Organic Finance Law (LOLF), for example, the multi-year expenditure programming documents (*Documents de Programmation Pluriannuelle de la Dépense,* DPPD); annual performance report; and multi-year liabilities authorization *(autorisation d'engagements pluriannuels,* AEP).

- Seminars and training on project ranking and selection based on assessments of economic and social returns—a process that is critical for the optimization of finite budget resources.

46. As a result of the execution of these planned activities, a significant improvement is expected at the end of the project in (a) the percent of projects selected for annual budgeting in

line with the PIM project selection guidelines (that is, the project selected should be part of the PIP and have a complete PP) and (b) average time taken for release of budgets to credit managers for investment projects selected for the year.

Subcomponent 1.3: Public Investment Implementation (US$2.0 million equivalent)

47. This subcomponent aims to improve the timely and effective execution of investment projects. This stage of the PIM cycle also involves developing institutional capacity for project restructuring to respond to lessons learned and difficulties encountered during project implementation. Procurement, which is the major source of delays and cost overruns in the project implementation stage, will clearly receive most of the TA support under this subcomponent. In the same vein, the three sectors targeted by the RBF scheme (electricity, water, and justice) will benefit the most from this TA. Envisaged activities include the following:

- Support for the organization of the mandatory monthly ministerial working group meetings with credit administrators, treasurers, budget officers, and comptrollers of the Ministry of Finance's Directorate for Programming and Planning (*Direction des Programmes et de la Planification*, DPP); the Directorate of Financial and Assets Management (*Direction des Ressources Financières et Matérielles,* DRFM); and the Directorate of Financial Control to prioritize project funding by the Treasury.

- Support to the DGB, Treasury, and the Directorate of Budget control for the setting up of commitment ceilings for budgetary units (that is, ministerial commitment plans) based on cash flow forecasts and the overall national budget.

- Progressive development of the electronic management of tender processes (e-procurement), introduction of a bidder prequalification process, and a categorization of enterprises. The development of e-procurement will first entail the setup of a robust internet system and deployment of required equipment. The infrastructure network linking SIGMAP to different procurement contracting units will thus be upgraded.

- TA to support the creation of a professional cadre of procurement specialists (with diplomas in Management of Public Procurement) within the public administration system and the mandatory inclusion by all contracting authorities (ministries, public institutions, local authorities, and agencies) of at least one procurement specialist from within the cadre.

- Capacity building through seminars and training of all key actors involved in the procurement system in planning, execution, and contract management of procurement as well as on project restructuring and closing of underperforming projects.

- Improve the hierarchical system of risk-based controls for public investments along the expenditures chain.

- Development of standardized technical specifications for the acquisition of common items to assist the DNCMP in evaluating the technical aspects of tender packages.

- TA for establishing the managing system of financial and nonfinancial assets generated by public investments.

48. Expected results that will result from the above activities include improvement of the (a) processing time of public procurement and (b) execution rate of public procurement commitment plans in selected line ministries.

Subcomponent 1.4: Public Investment Evaluation and Audit (US$1.5 million equivalent)

49. This subcomponent will build capacity to evaluate project results against expected objectives, facilitate learning for better design of future projects, and ensure compliance with fiduciary procedures. The following activities are proposed:

- TA for the development and setup at the Ministry of Planning of a dashboard for SHISEPIP (M&E system).

- Seminars and training programs in project evaluation and audit, including the development of risk-based auditing and performance auditing for the national oversight institutions (General Inspectorate of Finance and ministerial inspectorates). Risk maps establishment and strategic audit programs will be supported for all priority ministries like education, health, agriculture, and infrastructure.

- TA to improve and rationalize the institutional and legal frameworks of national internal audit institutions (General Inspectorate of Finance and general ministerial inspectorates).

- Support for the preparation and the implementation of selected activities from the Chamber of Accounts modernization plan, which will lead to the conversion of the Chamber to a Court of Accounts.

- Support for the organization of quarterly portfolio monitoring meetings led by the Ministry of Planning that will include project managers from line ministries.

- Training in the elaboration of quarterly consolidated information on financial and physical execution of projects.

- Support for the organization of joint quarterly site visits of the General Directorate for Programming and Monitoring of Public Investments (*Direction Générale de la Programmation et du Suivi des Investissements Publics)* and project implementation units.

- Support for raising awareness of civil society organizations (CSOs), including media on investment project implementation outcomes and issues. The CSOs will be associated with the government in the monitoring process of public investment projects. Key CSOs that focus on effectiveness and efficiency of public investments will receive appropriate training on PIM M&E and will be called to make their assessment on the performance of the government’s Investment Program.

- Training and assistance to the DNCMP and ANRMP in the conduct of procurement post review and audit. This will include TA for organizing the collection of procurement performance statistics in line with the Public Expenditure and Financial Accountability (PEFA) 2016 framework and support to improve public access to procurement information.

50. The execution of the above activities shall lead to the increase in the percentage of projects audited and projects formally evaluated.

Subcomponent 1.5: Public-Private Partnerships (US$1.5 million equivalent)

51. Activities indicated earlier for traditional public investments with regard to appraisal, project selection, implementation, and evaluation also apply to PPPs. However, given the specific challenges involved in establishing and managing PPPs, this subcomponent will focus on the following activities that are specifically dedicated to PPPs:[25]

- TA and advisory services to the government to improve the PPP law by addressing existing inadequacies in the current draft.

- Elaboration of a PPP Operational Manual, which will cover the four standard phases of (a) PPP identification and screening, (b) business case evaluation, (c) negotiation and transaction, and (d) contract management. Specific guidelines will be developed on project viability, marketability, value for money, transaction structure, drafting of PPP agreements, prequalify bidding, request for proposals, evaluation and award, project risks management, PPP performance management, and administration of agreements.

- Streamlining and strengthening the institutional framework governing PPPs.

- TA to integrate PPP and PIM from the early stages of the project cycle. Ideally, final appraisal of traditional investment projects and PPPs should be done by the same unit.

- Rapid assessment of proposed PPPs for which there are no feasibility studies.

- PPP training programs on project finance, project appraisal, procurement and due diligence, contract management, performance management, negotiations, fiscal risk management, fiscal monitoring, and reporting.

52. The execution of these capacity-building activities related to PPP should lead at the end of the project to these key results: (a) increase in the number of PPP transactions and (b) reduction in the number of unsolicited PPP bids. Given the limited budget for this component, the project will seek to mobilize additional TA support from sources such as the Public Private Infrastructure Advisory Facility.

Subcomponent 1.6: Support for Centralized and Consolidated Monitoring and Evaluation of the Government's Investment Program (US$1.0 million equivalent)

53. This subcomponent will support the operationalization of the centralized M&E system recently established by the government for PPPs and flagship investment projects. In particular,

[25] The ANRMP and DNCMP will be associated, when required, in the implementation of PPP activities.

it will support the Operations Monitoring Office which was previously established within the President's Office and which has since been integrated in the Ministry of Planning and Development. The United Nations Development Program (UNDP) and United Nations Population Fund (UNFPA) initially supported BOS by providing US$1.7 million for three years to help with the design and initial rollout of an M&E system.[26] Under this subcomponent, the Bank will focus on the scale-up and maintenance of the system, to ensure that all projects in the portfolio are adequately monitored and implementation bottlenecks are adequately addressed. Activities will include the following:

- The development of a computerized dashboard, which will be public, to consolidate data from ministerial information systems on flagship investments and development programs.

- Change management for development sessions for high-level officials.

- Coaching and training of coaches for the rollout of RRIs processes in the management/monitoring of selected investments.

54. Some of the key results expected to be achieved as the result of these activities include (a) a centralized monitoring dashboard; (b) hiring of a good number of coaches supporting the implementation of RRIs; (c) annual high-level seminars on change management; and (d) orders enacted annually as a result of high-level change management seminars.

Component 2: Strengthening Good Governance and Accountability (US$3.5 million equivalent)

55. This component seeks to enhance accountability throughout the PIM expenditure cycle by reinforcing some of the principle government and judicial institutions that are responsible for holding the public administration to account. Specifically, the component will provide TA to (a) facilitate the installation and strengthening of Administrative Chambers in pilot First Instance Courts and the three Appeals Courts (this will be done gradually, starting with the Cotonou First Instance Court); (b) support the ANLC in investigating, reporting, and referring for sanction, corruption cases involving the public administration, including those related to public investment projects; and (c) stimulate public participation in improving quality of service delivery.

Subcomponent 2.1: Support to the Justice Sector (US$2.0 million equivalent)

56. The subcomponent will focus on strengthening the institutional capacity of the judiciary to effectively adjudicate administrative law cases. It will adopt a two-pronged approach by (a) assisting the government to pilot and strengthen administrative chambers in selected courts and (b) to carry out a targeted backlog reduction program for administrative cases. Activities will include the following:

- The elaboration of a specific strategy for the phased operationalization of the administrative chambers (drawing upon existing analytical work). The first priority will be to operationalize and strengthen the Cotonou First Instance Court

[26] Activities supported by the UNFPA and UNDP include (a) the recruitment of five highly-qualified experts in strategic planning, M&E, resources mobilization, diaspora mobilization, and communication; and (b) the design of an effective M&E system.

which accounts for almost half of the cases filed in the country.

- Implementation of in-service training, study tours, and professional development activities relevant to the operationalization of the Administrative Chambers.

- Design and implementation of a backlog reduction program targeting administrative cases.

- Revision of the initial training curriculum and design of modules tailored to developing specific expertise (administrative law, economic crimes) of the National Institute for Administration and Judiciary (*Ecole Nationale d'Administration et de Magistrature*, ENAM).

- TA to enhance the judicial in-service training program managed by the Ministry of Justice and Legislation; henceforth, called the Ministry of Justice.

- TA to align the Ministry of Justice's recruitment strategy with the staffing needs of the Administrative Chambers.

- TA for data collection, including investigation skills and case management in the Administrative Chambers.

- TA to review the legislative and regulatory framework for administrative law jurisdictions.

57. The key result indicators that will be monitored to ensure the effectiveness of these planned activities are (a) the clearance rate of administrative cases and (b) a reduced backlog of administrative cases.

Subcomponent 2.2: Support to the Anticorruption Authority (US$1.0 million equivalent)

58. The subcomponent will contribute to the implementation of the ANLC's strategy and operational plan to improve the coordination, investigation, reporting, and referral functions of this newly created institution. Activities will support the following:

- Training of ANLC representatives in complaints handling, investigation techniques, cross-checking information from asset declarations with other databases (property registry, tax declarations, and so on) preventative mechanisms, and online disclosures.

- TA to (a) improve communication and coordination among stakeholders and institutions involved in the fight against corruption and (b) enhance the tracking and public reporting on public officials' compliance with the assets declaration requirements.

- The establishment of a community of practice to support both officials and technicians in promoting knowledge sharing on implementation of anticorruption legislation and ANLC collaboration with CSOs in monitoring implementation of the anticorruption legislation.

59. Some of the key expected results in carrying out these activities include the increase in

the (a) percentage of officials in compliance with the assets declaration requirement and (b) number of corruption cases submitted by ANLC to the state prosecutor.

Subcomponent 2.3: Stimulating Public Participation in Improving Quality of Service Delivery (US$0.5 million equivalent)

60. This subcomponent will support social accountability objectives by promoting active citizenship and providing platforms for citizen participation. The objective is to harness citizen voice to influence outcomes of public services in the participating sectors (justice, electricity, and water). Activities will include the following:

- **Implementation of Citizen Report Card (CRC)** to foster informed and productive discussion between the sectors and citizens/civil society, with the view to identifying and addressing service delivery bottlenecks in the sectors. The CRC process will identify bidding constraints (for example, institutional, regulatory, capacity, governance, and so on) of public services for different categories of beneficiaries The results will include a comparative disposition of service performance and governance issues across sectors, regions, districts, gender, and occupation, with particular focus on the poor.

- **A platform for policy dialogue** to be managed by a consortium of stakeholders to facilitate public discussion of the CRC findings to promote accountability of sectors. The consortium will facilitate the elaboration and implementation of concrete and attainable commitments to address public service challenges in the sectors. The CRC would be repeated at midterm and toward the end of the project to assess changes in performance of sector services attributable to the systematic tracking of beneficiary feedback.

61. **Results expected.** The key result expected to be achieved from these activities is improved responsiveness of sectors to citizens through improvement in aggregate CRC scores of participating sectors.

Component 3: Results-based Financing in the Electricity, Water, and Justice Sectors (US$15 million equivalent)

62. Disbursements under Component 3 will be based on the performance of selected ministries[27] in meeting agreed-upon DLI targets and eligible expenditures[28] thresholds. Essentially, under this component, the project will support management teams working on planning, budgeting, procurement, and M&E in selected ministries to improve capital budget execution and implementation rates of six government's investment projects included in the 2016–2018 PIP.[29] The Bank's funds under this component are strictly for the reimbursement of eligible expenditures and cannot be used to procure goods or works. The project will recruit independent verifiers to assess DLIs as well as eligible expenditures in budget lines.

63. **Electricity.** The two selected projects are (a) promotion and development of electricity distribution in urban and semi-urban areas and (b) rural areas electrification. The government's

[27] The rationale for the selection of these three sectors is provided earlier in section III.A.
[28] Eligible expenditures consist of training and operating costs. Key items included in the operating costs are salaries, indemnities, travel, per diem, water and electricity bills, printing, and communication. The exhaustive list of operating cost items is provided in the Financing Agreement (FA) and the Project Operating Manual.
[29] In a way, the RBF option under this component will work as a sector budget support using DLIs as triggers.

contribution to fund these electricity distribution projects through the national budget over the five years (2017–2021) is estimated at US$24.06 million. If all the DLIs and eligible spending thresholds are met, the Bank would reimburse US$5 million of training and operating expenditures (that is, eligible expenditures) which would go to management teams working on the public investment expenditure chain. Reimbursements are intended to provide incentives to ministerial teams to meet DLIs and not to co-finance investment project activities. More details on these projects are provided in annex 2.

64. **Water.** The two selected water projects are (a) provision of drinking water derived from surface water sources and (b) provision of drinking water in rural and semirural areas. The government would be funding about US$17.2 million in these two projects in the next five years. If all the DLIs and eligible spending thresholds are met, the Bank would reimburse US$5 million of training and operating expenditures (that is, eligible expenditures) which would go to management teams working on the public investment expenditure chain. More details on these projects are provided in annex 2.

65. **Justice.** The two justice sector projects selected for the justice sector are (a) Operationalization of Administrative Chambers and (b) Judicial Services Modernization. The government would be funding about US$5 million in these two projects. If all the DLIs and eligible spending thresholds are met, the Bank would reimburse US$5 million of training and operating expenditures (that is, eligible expenditures) which would go to management teams working on the public investment expenditure chain. More details on these projects are provided in annex 2.

66. In summary, over the next five years, the RBF component could bring about US$15 million of reward and incentives to management teams working on the public investment expenditure chain in the selected ministries. This amount would go to reimburse eligible expenditures and not to co-finance investment projects. The government would be spending about US$50 million (see table 2). Thus, the Bank's reimbursements of eligible expenditures, as incentive mechanism for better performance and not for carrying out activities of selected projects, would represent 30 percent of the government's total investment in these six projects.

Table 2. Proposed RBF Financing per Sector

(US$million)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Electricity	1.00	1.00	1.00	1.00	1.00	5.00
Water	1.00	1.00	1.00	1.00	1.00	5.00
Justice	1.00	1.00	1.00	1.00	1.00	5.00
Total IDA (Results-based)	**3.00**	**3.00**	**3.00**	**3.00**	**3.00**	**15.00**
National Budget	**9.06**	**9.30**	**9.30**	**13.30**	**8.30**	**49.26**
% IDA Financing	0.33	0.32	0.32	0.23	0.36	0.30

67. Three DLI focus areas have been selected to trigger RBF under Component 3 (see table 3). For all three sectors, the capital budget execution rates and project implementation rates will be used to assess performance in the management of selected sectoral investment programs.[30] While the budget execution rate measures efficiency improvements in the

[30] Given that the justice project on the operationalization of Administrative Chambers will be ready to be included in the PIP only in 2017, the two indicators chosen to track performance and RBF throughout the duration of the project (that is, capital budget execution and clearance rate of administrative cases) will not be

coordination and processing of financial flows, the implementation rate ascertains real or physical implementation on the ground. Assuming that the TA provided under Component 1 has influenced PIM institutional capacity and investment projects in the selected sectors have been well appraised, procurement delays have been shortened, and funding has been made readily available, it would be reasonable to expect higher budget execution and completion rates. For the justice sector, an additional DLI that measures improvements in the judiciary's institutional capacity to adjudicate administrative law cases has been chosen. Assuming that the capacity of the Ministry of Justice to manage its investment projects improves with the technical support provided under Component 1 and that the steps required to operationalize the administrative jurisdictions are taken through the TA provided under Component 2 and through the effective implementation of the government's investment projects, it is reasonable to expect that the selected courts will be better equipped to manage administrative matters.

Table 3. Selected DLIs

Sector	DLI
Electricity	**DLI 1:** Average capital budget execution rate for selected electricity public investments
	DLI 2: Average annual project implementation rate for selected electricity public investments
Water	**DLI 3:** Average capital budget execution rate for selected water and sanitation public investments
	DLI 4: Average annual project implementation rate for selected water and sanitation public investments
Justice	**DLI 5:** Average capital budget execution rate for selected justice public investments
	DLI 6: Clearance rate of administrative cases

Component 4: Support for Project Implementation (US$2.5 million)

68. Component 4 will support the Project Management Unit (PMU) in coordinating and managing the implementation of the project. Details of the implementation arrangements are outlined in annex 3. Activities will include (a) the development of annual work programs and corresponding PPs; (b) the management of fiduciary and monitoring activities; (c) the coordination of technical work and the provision of support services to the technical units within the relevant ministries; (d) the monitoring of and reporting on the implementation of the project's activities; and (e) hiring of the independent third-party verification firm for DLIs and budget line spending levels. The project will provide the funding necessary for the acquisition of office equipment and accounting software, as well as for the payment of the activities related to project coordination and monitoring.

B. Project Financing

Lending Instrument

69. The proposed project will be financed by a US$30 million equivalent IPF credit. TA for Components 1 and 2 will use the traditional IPF modality. An RBF with the criteria of DLIs and eligible spending will be used for Component 3. The adopted lending approach has three main features. First, disbursements under Component 3 will be made against selected (eligible) budget line items of the Beninese government's annual budget referred to as EEPs, up to capped absolute amounts. Second, disbursements will be based on the achievement of pre-specified results, as measured by the DLIs. Third, the TA for Components (1 and 2) will complement Component 3 to achieve the selected DLIs.

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applied in the first year. A one-time indicator will instead be used, namely completion of the feasibility study for the operationalization of Administrative Chambers.

C. Project Cost and Financing

70. IDA financing for Components 1 and 2 will cover professional fees/consultancies, information technology equipment, M&E costs, and project coordination expenses. Financing for Component 3 will be limited to a total of US$15.0 million and will be conditional upon achievement of the DLIs and eligible spending. The amount for Component 3 shall apply toward selected eligible government expenditures as follows: basic salaries and allowances; training and staff development; and other operating cost elements. Procurement of goods and works is not allowed under Component 3.

Table 4. Project Costs and Financing by Component

Project Components	Total EEP and TA (US$)	IDA Financing (US$)	% Financing
1. Enhancing Efficiency and Effectiveness in the PIM Expenditure Cycle	9,000,000	9,000,000	100
2. Strengthening Good Governance and Accountability	3,500,000	3,500,000	100
3. RBF in the Electricity, Water, and Justice Sectors	49,260,000	15,000,000	100 percent of amount spent by the recipient and certified in the EEP spending and the achievement of DLIs
4. Support for Project Implementation	2,500,000	2,500,000	100
Total Costs	64,260,000	30,000,000	46.6%

IV. IMPLEMENTATION

A. Institutional and Implementation Arrangements

71. **The project will be carried out under the leadership and oversight of the Ministry of Development.** Since the project is about strengthening PIM, the Ministry of Planning will understandably chair the Steering Committee and will work collaboratively with the Ministry of Finance, which plays a very significant role in budget execution and procurement. To ensure ownership and foster collaboration between these two ministries, which is crucial given their joint role in the management of the chain of expenditure, the consensus that emerged was to let the project be institutionally anchored in the Ministry of Development but to also maintain a strong coordination between it and the Reforms Management Unit (*Unité de Gestion des Réformes*, UGR) in the Ministry of Finance.

72. The UGR is in charge of managing PFM reforms, which mostly are about the implementation of the West African Economic and Monetary Union directives and also about the various action plans stemming from the Public Expenditure Management and Financial Accountability Review/PEFA findings and recommendations. The UGR manages a multidonor project whose major contributors are the EU and the African Development Bank. There are strong synergies to be made between the proposed PIM operation and the UGR work programs.

73. **The PMU will be responsible for coordinating the day-to-day implementation of the project, including FM, organizational aspects, and M&E**. The PMU will develop better relationships between the various administrative, technical, and strategic government units

involved in project implementation to ensure the full engagement of all beneficiary institutions in the implementation of the project. Particular emphasis will be placed on strengthening the capacity of the PMU to maintain close and open communication channels with the Steering Committee and the Bank team. Given that the project is focused on results and places considerable emphasis on DLIs, it will include strong M&E specialists among its key personnel.

74. **A multi-sectoral Steering Committee will be established to provide strategic guidance and oversight of all the project activities.** The Steering Committee will be chaired by the Secretary General of the Ministry of Development and will include representatives from all the project beneficiary entities, including the Ministry of Finance, the Ministry of Energy and Water, the Ministry of Justice, the ANLC, and other relevant jurisdictions. The Steering Committee members will validate and authorize yearly activity plans submitted by the PMU, review in-year progress reports, and recommend corrective measures.

B. Results Monitoring and Evaluation

75. **Progress toward the achievement of the PDO will be measured through the PDO level results indicators and the intermediate indicators.** Details of the Results Framework are outlined in annex 1, together with a summary of DLI verification protocols (table 13). Independent verification and validation will also be undertaken through an independent firm. Results will be validated by the Steering Committee.

76. **A third-party verifier will be recruited to verify achievement of the targets outlined in the verification protocol.** The verification team will annually assess the performance of the operating units compared with the relevant DLIs through extensive interviews and review of available data in accordance with the relevant DLI verification protocols. The feedback and assessment of the verification team will be integrated through the Electronic Implementation Status Report (E-ISR) process and fed into recalibrating further implementation efforts, including necessary mid-course corrections and project enhancements to improve results. The independent verifiers will also check the spending status of the EEPs and make recommendations for disbursements.

C. Sustainability

77. **The sustainability of this project is underscored by the high levels of government commitment to the project and by the results-driven approach adopted.** The project's incorporation of government-identified development priorities has strengthened the counterpart's ownership of the targeted reforms. The project draws on diagnostics and recommendations for improving PIM and good governance that were prepared by the government using consensual processes. It supports sectoral expenditure programs that were designed by the government and included in the PIP. The project design also supports the testing of public sector governance reforms to achieve tangible results in sectors, in line with the government's own adoption of results-based management. High levels of ownership together with the blended approach used to develop capacity and incentivize performance is expected to create a strong anchor from which public sector reform efforts can be continued and scaled up. The project's focus on building the necessary operational systems for PIM and strengthening the core capacities of civil servants within the administration will create the necessary foundation for sustained reform implementation. The upcoming presidential elections will certainly affect project implementation, especially in the first year.

V. KEY RISKS

A. Overall Risk Rating and Explanation of Key Risks

Table 5. Risks Ratings Summary - Systematic Operations Risk-Rating Tool (SORT)

Risk Category	Rating (H, S, M or L)
1. Political and Governance	Moderate
2. Macroeconomic	Moderate
3. Sector Strategies and Policies	Moderate
4. Technical Design of Project or Program	Substantial
5. Institutional Capacity for Implementation and Sustainability	Substantial
6. Fiduciary	Substantial
7. Environment and Social	Moderate
8. Stakeholders	Moderate
9. Other (resistance to change, sequencing, and so on)	Moderate
OVERALL	Substantial

78. **Technical Design and complexity of the project.** There is a substantial risk that factors related to the technical design and complexity of the project negatively affect the PDO. The project design is innovative and relatively complex as it presents a blend of traditional TA and RBF. It includes several beneficiaries and also cuts across central and line ministries. The appeal for this design over the traditional and no-RBF investment project stems from the prospect of greater incentives and motivation that it may have for people directly involved in the project implementation. With regard to sequencing of project implementation, the first step is to build capacity through RRIs and TA and then follow up with the RBF to reward achieved results.

79. **Mitigation measures.** The project design has ensured that DLIs are realistic and part of the government's own programs. There was significant engagement with stakeholders and actors during project preparation and great attention will be paid at the start of the project to build capacity and reinforce ownership and better understanding of the RBF modus operandi.

80. **Institutional Capacity for Implementation and Sustainability.** The risk was assessed as Substantial. Effective PIM requires the interaction and close collaboration of many different parts of the government. The weak interinstitutional coordination that exists across the PIM expenditure chain could jeopardize efforts to improve PIM.

81. **Mitigation measures.** The project seeks to mitigate this risk by providing support to all key actors in the PIM expenditure chain and by providing pecuniary incentives for results that can only be achieved through inter-ministerial cooperation. More importantly, the fact that the project builds on government's own programs and priorities related to PIM, justice, water, electricity, and anticorruption should ensure ownership and sustainability.

82. **Fiduciary.** The risk was assessed as Substantial. The corruption scandal in the water sector had highlighted serious vulnerabilities in internal controls, procurement, and all the critical steps of the expenditure chain. The fiduciary environment is very weak and the risk that

required procedures will be circumvented is real. Most of the institutions established to ensure oversight of governance functions, such as the State Inspector General (*Inspection Générale d'État*, IGE), the Chamber of Auditors (*Chambre des Comptes*), the ANLC, and the judiciary are not adequately funded, and this undermines their effectiveness. The internal control mechanisms within the government are also weak, and there is limited participation of, or contribution from no-state actors.

83. **Mitigation measures.** Through the TA that is planned to boost procurement and monitoring, the project will help mitigate some of the pervasive and pernicious fiduciary risks. There will be extensive training, system upgrade, and elaboration of Operations Manual which, combined with the accountability strengthening agenda, should have a real impact on the control of corruption and the improvement of the fiduciary environment.

84. **The overall risk is rated Substantial because of the substantial residual risk in three of the risk categories mentioned earlier.** They have the potential to negatively affect the PDO, but their likelihood of occurrence is relatively low due to institutional arrangement and mechanisms of supervision, broad engagement, and dialogue that have been put in place.

VI. APPRAISAL SUMMARY

A. Economic and Financial Analysis

85. **The project is expected to yield positive economic returns for the country.** The current public investment climate is characterized by incomplete project preparation and cost analysis, poor investment decisions, significant project delays, and time and budget overruns. This ultimately limits the effectiveness of government investments in stimulating economic growth and places unnecessary pressure on finite budgetary resources. The project's efforts to improve efficiencies across the PIM expenditure chain and strengthen accountability in the management of public investments are expected to both limit the costs associated with government investments and enhance the effectiveness of those investments. This will mean that (a) with the same amount of money, more impact will be possible in the investment areas and (b) stronger institutions of accountability will contribute to reducing mismanagement and loss of public funds. When it is considered that the investments in question are pertaining to sectors that will directly benefit the poor, such as provision of water and electricity, and that stronger institutions of accountability mean more responsible government and reduced loss of public funds, it is clear that improving the outcomes of PIM projects and strengthening institutions of accountability will have a positive impact for service delivery to the poor.

86. **Delays in project implementation and cost overruns are some of the major inefficiencies addressed by the project.** Many projects are small, aging, and slow. In 2015, the PIP portfolio showed 291 active projects, many of which were originally budgeted as US$200,000 or less. For projects originally planned to be three years, the average actual implementation length, still in progress, was six years. With an average per year cost of delay estimated to be equal to 80 percent of one year of planned implementation, cost overruns per year for a three-year US$200,000 project equals about US$53,000 extra costs per year. This means that a three-year delay for a US$200,000 project originally scheduled for three years results in extra cost of US$159,000 over the six-year project life or an 80 percent increase in the planned cost. The total value of the current PIP portfolio of ongoing public investment projects is CFAF 405,619 million. Extrapolating the cost per year of each year of delay for the total value of the PIP, assuming a three-year delay on the original three-year project life, this

means that the additional cost to the government of implementation delays on the PIM portfolio is about CFAF 324,495 million, or US$551.64 million.

87. **Although the expected economic impact of the proposed program is difficult to quantify, it is expected to be positive.** Recent public investment in Benin represents between 7 to 8 percent of GDP, totaling around US$750 million yearly. The execution rate of this investment is roughly 60 percent of allocated funds. Increasing this execution to 90–100 percent level will add 3 to 4 percentage point of GDP, which is currently between US$240 million and US$320 million per year, to the rate of the annual public investment. Given the level of the current marginal productivity of the overall investment (2012–2014), as represented by the incremental capita output ratio level of 5.5, this will add 0.5 and 0.7 percentage point to the annual GDP growth.

88. **The improvements in service standards in the justice sector, including work on anticorruption, will surely have a positive socioeconomic impact**. As justice and anticorruption improve, trust in the government among citizens and international stakeholders will improve. This will contribute to strengthening social cohesion, raising citizen's expectations for service delivery, creating the necessary impetus for more active engagement of civil society, and strengthening feedback loops and oversight mechanisms. These improvements will also contribute to building an attractive investment environment for private investments to support job creation and economic growth. Other capacity development programs of the same kind have led to the emergence of more efficient, transparent, and accountable PIM processes, which in turn has contributed to economic growth and poverty reduction.

89. **World Bank value added**: The Bank has developed an integrated approach to enhance public investments, which brings in TA and RBF as well as governance and accountability. The project design is underpinned by a PIM diagnostic framework designed by a Bank team, which had been broadly applied in many countries. The value addition of the Bank and its comparative advantage of the Bank over many development institutions, is its ability, through financing and knowledge sharing, to provide comprehensive solutions not only to technical problems but also governance and accountably issues regarding public investment. The Bank has a set of effective instruments and procedures to support: (a) PIM expenditure cycle, (b) rule of law and accountability, and (c) control of corruption.

B. Technical

90. **The project is technically viable and sound.** It incorporates the government development priorities as outlined in the SCRP. The project is based upon an extensive body of analytical work on public sector reform and PIM reform in particular. It has also been influenced by a number of lessons from the Bank's experience around the world on governance and public sector management, as well as on results-based lending. The project builds on the achievements, and draws from the shortcomings, of existing vertical Bank support to the sectors in Benin. Project preparation has relied heavily upon the active engagement of sectoral expertise both within the Bank and through the recruitment of experienced senior consultants. Development partners engaged in Benin have also positively reviewed the project from a technical perspective. The technical merits of the project design have been examined by Bank staff over the course of project preparation and are considered sound and in line with international standards.

C. Financial Management

91. The project team has assessed the FM capacity of the PMU for the implementation of the Public Investment Management and Governance Support Project (PAGIPG). The FM assessment was carried out in accordance with the FM practices manual issued by the FM Board on March 1, 2010. The objective of the assessment was to determine whether the PMU had acceptable FM capacity. The FM assessment found that the PMU has weak capacity and limited experience with Bank's rules and procedures. The PMU's FM arrangements will meet Bank's minimum requirements under OP/BP 10.00 with the implementation of mitigation measures including the recruitment of a FM officer, the set-up of an accounting software, and the adoption of a project operational manual These arrangements should be in place when project implementation starts and be maintained as such during project implementation.

92. A project preparation advance of one million US dollars has been granted by the Bank on January 13, 2016 to allow the setup of a reliable FM system at the PMU level. The main weaknesses to be addressed include (a) the recruitment of an FM specialist and an FM accountant with qualifications and experience satisfactory to the Bank; (b) the preparation and adoption of a good draft of the Project Operational Manual, including acceptable FM procedures and especially a clear description on the performance-based disbursement mechanism (the DLI and Eligible Expenditures); and (c) and the setup of an adequate accounting software.

93. To mitigate fraud and corruption risks inherent to the public sector in Benin and reinforce the governance of the project, the following actions have been incorporated into the project design: (a) the recruitment of an external financial auditor who will express yearly an independent professional opinion on the project account; he will also act as an independent verification agent who will be responsible for the certification of the accuracy of the DLI achievements and actual eligible budget line expenditures and (b) an agreement with the General Inspectorate of Finance to include the project in its annual work program.

94. The conclusion of the FM assessment is that FM arrangements for the project are being established to satisfy the Bank's minimum requirements under OP/BP 10.00, after which they will be adequate to provide, with reasonable assurance, accurate and timely information on the status of the project as required by the Bank.

95. The overall FM risk rating for the project is assessed as Substantial and is expected to be moderate once the mitigation measures are implemented.

D. Procurement

96. The PMU will be responsible for the procurement of goods and the selection of the consulting and non-consulting services. Beneficiaries will provide the necessary technical inputs (terms of reference [ToR], technical specifications, and so on) to allow the PMU to carry out the procurement process with due diligence. Procurement of Bank-funded TA activities will be grouped into approximately five main contracts to ensure a 100 percent prior review by the Bank, according to the PP (Procurement Plan).

97. **For Components 1, 2, and 4**, procurement will be carried out in accordance with (a) the 'Guidelines: Procurement of Goods, Works, and Non-consulting Services under IBRD Loans and IDA Credits & Grants by World Bank Borrowers', dated January 2011, revised July 2014; (b) the 'Guidelines: Selection and Employment of Consultants under IBRD Loans and

IDA Credits & Grants by World Bank Borrowers', dated January 2011, revised July 2014; (c) the Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants' known as the '2006 Anti-Corruption Guidelines', and updated in 2011, and (d) the provisions stipulated in the FA. The Bank's standard bidding documents and evaluation forms will be used wherever applicable.

98. The overall Procurement risk rating for the project is assessed as Substantial and is expected to be moderate once the mitigation measures are implemented

99. **For Component 3,** which has a DLI approach, all expenditures to be reimbursed under the project will be part of the eligible budget line items for non-procurable EEPs.

100. Additional procurement details are provided in annex 3.

E. Social (including Safeguards)

101. The project does not trigger the involuntary resettlement policy since the project activities do not have impacts on land and do not require land acquisition leading to involuntary resettlement and/or restrictions of access to resources or livelihoods. The modality for the project implementation will consist of a blended approach, which combines TA, for which disbursements will be based on inputs, with RBF, which will be linked to the achievement of agreed-upon performance indicators (DLIs), and the reimbursement of a portion of eligible expenditures.

F. Environment (including Safeguards)

102. The project is rated Category C and does not trigger environment assessment. There are no major environmental issues associated with the project, which focuses primarily on supporting institutional and capacity building.

G. Bank Grievance Redress

103. Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the Bank's grievance redress service (GRS). The GRS ensures that complaints received are promptly reviewed to address project-related concerns. Project affected communities and individuals may submit their complaint to the Bank's independent Inspection Panel that determines whether harm occurred, or could occur, as a result of Bank noncompliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the Bank's attention and Bank management has been given an opportunity to respond. For information on how to submit complaints to the Bank's corporate GRS, please visit http://www.worldbank.org/GRS. For information on how to submit complaints to the Bank Inspection Panel, please visit www.inspectionpanel.org.

Annex 1: Results Framework and Monitoring

Country: Benin

Project Name: Public Investment Management and Governance Support Project (P147014)

Results Framework

Project Development Objectives	
PDO Statement	
The PDO is to improve efficiency in public investment management and enhance the performance of selected institutions of accountability in Benin.	
These results are at	Project-level

Project Development Objective Indicators

		Cumulative Target Values					
Indicator Name	**Baseline**	**YR1**	**YR2**	**YR3**	**YR4**	**YR5**	**End Target**
Investment budget execution rate (Percentage)	68.00	70.00	72.00	74.00	76.00	80.00	80.00
Average variance between actuals versus planned project costs for projects identified in the 2016–2018 PIP (Percentage)	50.00	48.00	43.00	40.00	38.00	35.00	35.00
Average variance between actuals versus planned project duration for projects included in the 2016–2018 PIP (Percentage)	50.00	45.00	40.00	35.00	30.00	25.00	25.00
Reduction of backlog in administrative cases (Percentage)	0.00	0.00	5.00	10.00	25.00	35.00	35.00

Intermediate Results Indicators

		Cumulative Target Values					
Indicator Name	**Baseline**	**YR1**	**YR2**	**YR3**	**YR4**	**YR5**	**End Target**
Percent of projects appraised in line with the PIM appraisal guidelines manual (Percentage)	0.00	20.00	40.00	60.00	75.00	85.00	85.00

Average time taken for the release of budgets to credit managers for investment projects selected for the year (Months)	3.00	2.00	1.50	1.00	0.75	0.50	0.50
Average rate of execution of public procurement commitment plans in selected line ministries (Percentage)	50.00	55.00	65.00	75.00	80.00	85.00	85.00
Number of PPP transactions (Number)	0.00	1.00	2.00	3.00	4.00	5.00	5.00
Establishment of a centralized dashboard populated by data from ministerial information system databases (Yes/No)	No	No	Yes	Yes	Yes	Yes	Yes
Improved clearance rate of administrative cases compared to baseline (Percentage)	0.00	0.00	5.00	10.00	15.00	20.00	20.00
Average capital budget execution rate of selected electricity projects (Percentage)	55.00	55.00	58.00	62.00	66.00	70.00	70.00
Average annual project implementation rate for selected electricity investment projects (Percentage)	60.00	65.00	78.00	83.00	86.00	88.00	88.00
Assets declaration compliance rate (Percentage)	60.00	65.00	75.00	80.00	85.00	95.00	95.00
Percent of corruption cases submitted by the ANLC and acted on by the state prosecutor (Percentage)	0.00	5.00	10.00	15.00	18.00	20.00	20.00
Average capital budget execution rate for selected water investment projects (Percentage)	50.00	55.00	58.00	62.00	66.00	70.00	70.00
Average annual project implementation rate for selected water investment projects (Percentage)	65.00	78.00	83.00	86.00	88.00	90.00	95.00
Average capital budget execution rate for selected justice investment projects (Percentage)	50.00	55.00	58.00	63.00	66.00	70.00	70.00
Aggregate Citizen Report Card scores of participating sectors – Citizen Engagement (Percentage)	0.00	1.00	1.00	3.00	3.00	5.00	5.00

Table 6. Disbursement-linked Indicators, Targets, and Verification Protocols

#	DLIs	Disbursement Targets*					Protocol for Verification/Source of Information
		1 (July 2017)	**2 (July 2018)**	**3 (July 2019)**	**4 (July 2020)**	**5 (July 2020)**	
1	Average capital budget execution rate for selected electricity public investments (%)	55	58	62	66	70	Third-party verification of ASTER accounting system-generated summary of the Ministry of Energy's capital spending for the selected electricity projects in year n (produced on March 31 of year n+1) and electricity section of Title V of the rectified General Budget in the last *Loi Rectificative des Finances* (amended budget) approved by the National Assembly for the fiscal year n
2	Average annual project implementation rate for selected electricity public investments (%)	65	78	83	86	88	Third-party verification of SIGFIP and ASTER accounting system-generated summary of the Ministry of Energy's project costing for the selected electricity projects in year n (produced on March 31 of year n+1) and electricity section of annual project cost plan approved by the Project Steering Committee
3	Average capital budget execution rate for selected water and sanitation public investments (%)	55	58	62	66	70	Third-party verification of ASTER accounting system-generated summary of the Ministry of Energy's capital spending for the selected water projects in year n (produced on March 31 of year n+1) and water section of Title V of the rectified General Budget in the last *Loi Rectificative des Finances* (amended budget) approved by the National Assembly for the fiscal year n
4	Average annual project implementation rate for selected water and sanitation public investments (%)	65	78	83	86	88	Third-party verification of SIGFIP and ASTER accounting system-generated summary of the Ministry of Energy's project costing for the selected water projects in year n (produced on March 31 of year n+1) and electricity section of annual project cost plan approved by the Project Steering Committee
5	Average capital budget execution rate for selected justice public investments (%)	55	58	63	66	70	Third-party verification of ASTER accounting system-generated summary of the Ministry of Justice's capital spending for the selected justice projects in year n (produced on March 31 of year n+1) and water section of Title V of the rectified General Budget in the last *Loi Rectificative des Finances* (amended budget) approved by the National Assembly for the fiscal year n

6	Clearance rate of administrative cases	–**	5	10	15	20	Third-party verification of the administrative cases clearance reports in the administrative chambers of First Instance Courts, Courts of Appeals, and the Supreme Court in year n (produced on March 31 of year n+1)

Note:
*Disbursement targets for year n to be reviewed and disbursed against in July of year n+1.
**Submission of a validated feasibility study report on the operationalization of administrative chambers.
ASTER = Accounting software.

Annex 2: Detailed Project Description

BENIN: Public Investment Management and Governance Support Project (P147014)

1. **Shortcomings across the PIM expenditure chain have been exhaustively analyzed and practical technical solutions have been identified.** To better understand the reasons behind weak PIM performance and thus identify corrective measures that would allow Benin to boost investments and achieve higher economic growth, the Bank conducted a thorough review of the country's PIM framework in 2013.[31] This was followed by a nonlending TA project that was designed to help the government with a multistakeholder consensus-building process to prioritize practical and technical solutions to improve PIM capacity in Benin.[32] One of the key overarching findings of the analysis was that collaboration between the Ministry of Planning and Development (*Ministère du Plan et du Développement*; henceforth, the Ministry of Planning) and the Ministry of Economy and Finance (*Ministere de l'Economie et des Finances*; henceforth, the Ministry of Finance) is fragmented and this affects the entire PIM expenditure cycle, causing delays, inefficiencies, and lost opportunities.

2. The key findings and recommendations with respect to the different stages of the PIM expenditure cycle are summarized below.

Technical Bottlenecks in the PIM Expenditure Cycle

Strategic guidance and appraisal

3. **The tools and processes for strategic guidance and appraisal of PIM are more or less established, but challenges remain with respect to their application.** The SCRP provides general guidance for the priorities and types of infrastructure assets that the country seeks to develop to achieve specific development outcomes. Investment sector strategies from line ministries are developed without the necessary overarching strategic guidance of the Ministry of Planning. Sector Medium-term Expenditure Frameworks (MTEFs) are poorly prepared without reference to budgetary constraints and sector investment proposals are usually not aligned with the SCRP.

4. **The processes for multi-year programming are well established, but timely development of spending programs and later adherence to them is weak.** The general MTEF, sector MTEFs, and PIPs are developed with a three-year time horizon, and the government has expressed the intention of including all public capital projects, both publicly funded and PPPs in this planning process. The introduction of formal eligibility criteria for public investments to be included in the PIP and the triple-layered arbitration process—at the sector, inter-ministerial, and national level—create, in principle, a strong basis for effective initial prioritization of public investments. In practice, however, these principles are seldom followed. Project appraisal in Benin is highly decentralized and negatively affected by the low capacity of line ministries, who exercise

[31] Stimuler l'exécution du budget d'investissement des pays de l'Union Économique et Monétaire Ouest africaine (UEMOA) pour un meilleur impact sur le développement, Benin Report, Septembre 2013.
[32] Enhancing Capacity for Public Investment in Benin: A consensual identification of priorities, June 2014, World Bank, Report N°: 88173-BJ.

a relatively high degree of autonomy in preparing, appraising, and selecting their own projects.

5. Weak institutional capacity and limited external 'gate-keeping' mean that investment projects financed from internal resources that are proposed for inclusion in the PIP are generally not sufficiently developed—they tend to be in the early stages of conception. Consistent with international good practice, project appraisals have to be independently reviewed, to confirm the integrity of the project appraisal and ensure value. Currently, there is no independent appraisal committee within the Ministry of Planning in Benin to fulfill the role of thoroughly appraising proposed investment projects with regard to social and economic returns.

Multi-year and annual budgeting and project selection

6. **The annual budgeting process does not currently allow for a full optimization of the medium-term budgeting and results-based management processes that have formally been adopted by the government.** A new Organic Finance Law (LOLF)[33] requires the preparation of both budget programs and the DPPD. Starting 2017, program budgeting will be mandatory. The DPPD, once applied, will be truly multiyear and will have both operating and capital expenditures and will be part of the Finance Law that will be approved by the National Assembly. Currently, however, individual ministries develop annual program budgets, which incorporate the medium-term investment priorities for the sector, but these serve only to guide the budget debates in the National Assembly; they are neither passed nor formally executed. Instead, the general government budget remains the principal budgetary tool. This limits multiyear expenditure management.

7. **The budget preparation timing is not well aligned with the preparation of PTAs, resulting in delays in execution.** Existing regulations require the preparation of PPs during the year n-1, while currently the PPs are prepared only once the Budget Law is approved annually. The PP is not used during the budget arbitration process and does not have influence on the allocation of resources. It is, therefore, not actually considered as a priority document and this results in long delays in its preparation and publication. The same applies for the PTAs and PCCs which are commonly delivered late by sector ministries. Delayed production of these documents affects the timely start-up of projects—some commence as late as April when they should, according to the annual budget cycle, start closer to the beginning of the fiscal year.

8. **The National Assembly's capacity to amend the budget for public expenditure is limited.** Because of progressive improvements made in recent years, the draft Finance Law is submitted on schedule[34] to the parliament; however, this still does not give enough time to the parliament for serious scrutiny. Even when the budget is approved, actual execution of capital expenditures differs significantly from the approved budget, because the government commonly amends budget allocations, sometimes beyond allowed ceilings, unilaterally without parliamentary approval and compliance with existing regulations. The Finance Committee of the parliament, which should ensure proper review of the Finance Law, including proposed investment programs,

[33] The new LOLF, which is in line with the 2009 West African Economic and Monetary Union PFM directives, was adopted by the parliament on July 8, 2013.
[34] According to the Constitution, the deadline for the submission of the finance draft to the parliament is one week before the November parliamentary session in year n-1.

does not have adequate capacity and as a result, has limited influence.

Project implementation

9. **The availability of investment budget appropriations in the first semester of the budget year is relatively good.** Investment appropriations allocated in the initial Budget Law are made available by the DGB in the SIGFIP in the first week of January at levels of up to 50 percent of the appropriations planned for the year. For investment projects managed by delegated agencies, appropriations are available in accordance with the relevant FA—transfers are made at the beginning of the year and include all types of expenditures.

10. **By contrast, the pace of public investment implementation is heavily affected by in-year budget revisions and a lack of predictability of cash flow later in the year.** Sector ministries often face difficulties arising from the cancellation of appropriations and the suspension of operations through a system-wide freeze in the SIGFIP by the DGB when resources start running low in the Treasury. Such a suspension of operations can be made without prior notice to the line ministries, causing delays and frustration. This limits the ability of sector ministries to plan and execute investments. Furthermore, new investments or expenditures are often decided by the council of ministers without consideration for the budgetary allocations that were presented and approved in the Finance Law. Resources in the Treasury, already earmarked for other projects, are then redirected to these unplanned new initiatives, thus undermining program budgets, the MTEFs (sector and global) and both national and sector strategic policies.

11. **Procurement delays present a binding constraint to the timely and effective execution of public investments.** The regulatory framework for procurement outlines the time frame for all procurement procedures, including time frame guidelines for each stage of the procurement process. However, long delays occur, due to duplicate controls (both at the National Directorate of Procurement and, the rent seeking agents, and strict centralization of the contract award process within the Ministry of Finance. The lack of multiyear contracts (*contrat de marché*) exacerbates delays because procurement processes for multiyear investment projects must be reinitiated each year. In the case of domestically financed projects, the average delay is reported to be 134 days beyond the mandated total time by the Ministry of Finance for a project to pass through procurement procedures.

12. **Despite the relaxation of several ex ante payment controls since 2012, the payment process in Benin is still relatively long.** In 2012, a pilot initiative to remove ex ante controls for certain types of payment in four ministries was introduced and has reduced the delays for these payments overall. This pilot was extended to seven other ministries in 2014. Despite some progress, the overall payment process has not improved. Because of cash flow difficulties, funds intended for the investment projects are diverted for payment of other prioritized expenses. In addition to bottlenecks from the government's side, service providers are themselves sometimes responsible for delays in payment, due to unmet tender requirements, difficulty in identifying adequately skilled laborers, and project management bottlenecks.

13. **A review of Benin's PIP reveals the existence of many small, aging, costly, and ineffective investment projects.** In 2015, the PIP portfolio of active projects included 291 projects. The cost of many projects in the portfolio was less than US$200,000. Details on the size,

composition, age, and cost of the active investment portfolio are presented in table7. Projects take a long time to be implemented, and this situation generally leads to cost overruns. The average age of projects is six years for projects that were planned to be executed in three years. With regard to the distribution by sector, the average age of a project is five years, seven years, and eight years, for the administration, social, and commerce and industry sectors, respectively.

Table 7. Public Investment Portfolio (2015)[35]

Sector	Average Age	Number of Projects		Amount (CFAF, millions)	
		Number	Percentage	Value	Percentage
Productive sectors	**6**	**111**	**38.1**	**205,594**	**50.7**
Rural (agriculture, fishery, livestock)	6	27	9.3	58,876	**14.5**
Industry and commerce	8	11	3.8	7,303	**1.8**
Water and electricity	5	14	4.8	30,745	**7.6**
Infrastructure	5	43	14.8	92,068	**22.7**
Crafts et tourism	5	7	2.4	3,351	**0.8**
Services	5	7	2.4	12,801	**3.2**
Mines	5	2	0.7	450	**0.1**
Social sectors	**7**	**106**	**36.4**	**126,379**	**31.2**
Health	10	23	7.9	32,303	**8.0**
Education	6	21	7.2	27,372	**6.7**
Housing	7	30	10.3	28,828	**7.1**
Environment	5	19	6.5	31,085	**7.7**
Other social sectors	6	13	4.5	6,791	**1.7**
Administration	**5**	**74**	**25.4**	**73,646**	**18.2**
Total general	**6**	**291**	**100.0**	**405,619**	**100.0**

Project evaluation and audit

14. **Monitoring missions are irregular and seldom include planners and evaluators from the Ministry of Planning.** Physical M&E is conducted at the sector level by units attached to the DPP. The DPP prepares quarterly reports and an annual report on the physical and financial implementation rate of investment projects in the sector. The Directorate for the Monitoring of Projects/Programs of the Ministry of Development is in charge of collecting the information and conducting overall monitoring. Monitoring missions for high-risk projects or those experiencing implementation difficulties are directly led by the Directorate for Projects and Programs Monitoring (*Direction Generale du Suivi des Programmes et Projets*,) and the relevant DPP for projects.

15. **The arrangements for M&E of public investments do not enable decision makers to make adjustments at the strategic level nor take appropriate corrective action at the project level.** While information on budget execution, payments effected, and physical implementation of investment projects is available, it is not organized into a consolidated single report. There is limited coordination in the elaboration of the different monitoring documents prepared by the Ministry of Planning, the Ministry of Finance, and the sector ministries.

[35] 2015 Benin PIP implementation report, United Nations Development Program, Cotonou,

Management of PPPs

16. **Benin's experience with PPPs to date has been mixed.** At present, the PPP portfolio includes a combination of highly complex economic infrastructure projects and small-scale social infrastructure projects. The main economic infrastructure projects, for which the government generally seeks funding from external partners include (a) the railway Niamey-Cotonou, (b) the new airport; (c) the deep-water port; and (d) energy production, restructuring, and distribution projects. Most of these PPPs are still at a preliminary stage, with no credible feasibility studies. Generally, these projects will be centrally managed from Cotonou.

17. **In addition to the PIM bottlenecks identified above, specific challenges exist with respect to the management of PPP investments.** In recent years, the government has demonstrated a concerted commitment to improving the business environment and fostering PPPs. In 2015, Benin was among the ten top reformers in the world in the Doing Business Report. Despite an improving investment climate, the arrangements for managing PPPs are inadequate. In particular, PPPs are faced with the following bottlenecks:

- **A comprehensive legal framework for PPPs has yet to be developed or applied.** A PPP law is currently under preparation; however, the current version does not adequately address: (a) the institutional arrangements for PPP management (including the anchorage of the proposed centralized PPP unit); (b) the disclosure of contractual conditions and reporting on actual contract performance; and (c) the systems and processes for contract and fiscal management of PPPs.

- **Capacity for the management of PPP investments varies.** As indicated above, the existing PPP portfolio comprises PPP investments that differ vastly in size and type and that require different kinds of treatment. The capacity of the various institutions that are responsible for assessing financial risk and contingency liabilities, procurement, appraisal, unsolicited bids, due diligence, contract management, performance management, and negotiations is weak and uneven. This is exacerbated by the absence of guidelines and training on PPP management.

Investments in Electricity and Water and Sanitation

18. **Strategically, two of the sectors in which investment programs have the potential to substantively affect both economic growth and the improvement of social outcomes are the energy and water and sanitation sectors.**

- **Electricity.** Production deficits, poor rural coverage, and inadequacies in distribution affect the subsector. The country largely depends on electricity imports from neighboring countries (Ivory Coast, Ghana, and Nigeria) due to its low domestic production. Electricity imports account for 70 percent of total consumption. With demand exceeding supply[36] and outdated distribution infrastructure, there are frequent power outages. This combined with high factor costs has affected economic competitiveness and productivity. Access to electricity is also strongly biased toward

[36] Demand growth is estimated at 8 percent per year.

urban areas where the access rate is 60 percent compared with only 6 percent in the rural areas—where 57 percent of the total population are located.

- **Water and sanitation.** Benin has made some progress in improving national access to water, with access rates increasing to 65.6 percent in rural areas and 68 percent in urban areas in 2013. Yet this progress is not enough to meet the MDG target of 75 percent by 2015. In addition, demand continues to outpace supply in both rural and urban areas.[37] Disruptions in the supply of water, particularly during the dry season, have a deleterious impact upon the health of local populations who are forced to revert to nonpotable water sources (creeks, lakes, and ponds). Progress made in improving access to sanitation facilities remains limited with a national access rate of only 14 percent in 2009, far from the 75 percent rate envisaged by the MDG for sanitation in Benin. Outside the capital, wastewater treatment is particularly uncommon.

19. **To date, the track record of PIM performance in these two sectors has been particularly poor.** In 2013, the water and electricity sectors, which are managed by the Ministry of Energy, Water, and Mining, globally spent CFAF 29.2 billion in authorized payments (not actual payments), which represented only 71.3 percent of those planned (*taux d'ordonnancement*). This execution rate was lower than the 81.2 percent recorded for all the productive sectors including infrastructure, mining, services, tourism, rural, industry, and commerce. The overall physical execution rate (*taux d'exécution physique*) of investments in the water and electricity sectors was a mere 57.8 percent. The physical execution rates of some of the major electricity and water projects are presented in table 8.

Table 8. Water and Electricity Project Physical Execution Rate

Project	Physical Execution Rate (%)		
	2011	2012	2013
Acquisition of a 80MW Power Plant in Maria-Gléta	45.40	49.70	59.13
Rural areas electrification program	50.10	36.30	61.70
Strengthening of the energy production and management system	29.00	29.20	55.28
Support to the promotion and development of electricity distribution in urban and suburban areas	53.00	72.20	74.83
Water supply by surface water in urban and suburban areas program	59.50	75.00	66.10
Water initiative in semiurban areas program	45.00	77.00	62.50
Water supply by underground water in urban and suburban areas program	64.60	37.10	84.30
Multiyear water and sanitation in rural area program	56.50	61.20	12.10
Water supply in rural and semiurban	80.10	75.00	52.50
Water resources management	43.20	39.20	32.80

20. This suboptimal performance in the electricity and water and sanitation sectors is mainly attributed to limited PIM capacities and capabilities in the areas of project identification, appraisal, selection, budgeting, procurement, and monitoring.

21. **Improving PIM capacity is, therefore, critical for the effective implementation of the country's water and sanitation and electricity investment programs.** To ensure increased production and access to electricity across the country, the government has embarked upon several

[37] At a rate of 6–8 percent per year.

investment projects to build new generation facilities and support electricity distribution. To tackle water production and access deficits, the government has committed to increase water supply from surface water sources and improve the disposal of wastewater in urban and semi-urban areas. Two key investment projects have been initiated: (a) a project to increase the provision of drinking water derived from surface water sources through the renovation of existing water treatment facilities and institutional capacity building and (b) a project to increase water supply in rural and semiurban areas. Details of the investment projects in the sector are provided in this section.

22. The PDO is to improve efficiency in PIM and enhance the performance of selected institutions of accountability in Benin.

23. **The project will consist of four components.** The first two components will provide TA to strengthen PIM and improve the capacity of selected accountability institutions to uphold good governance and accountability. The third component will use an RBF approach targeted to the electricity, water, and justice sectors. Funding of EEPs under this component will be dependent on the achievement of agreed-upon DLIs. The fourth and last component addresses project management and coordination issues.

24. The beneficiaries for Component 1 are mainly the technical units within sector ministries, the Ministry of Finance, the Ministry of Planning, the Ministry of Justice, the Ministry of Energy and Water, and the President's Office. The beneficiaries for Component 2 are the ANLC and pilot First Instance and Appeals Courts (including magistrates and clerks). The beneficiaries for Component 3 are the line ministries responsible for implementation of public investments in the electricity, water, and justice sectors.

Component 1: Enhancing Efficiency and Effectiveness in the Public Investment Management Expenditure Cycle (US$9 million equivalent)

Subcomponent 1.1: Strategic Guidance and Appraisal (US$2.0 million equivalent)

25. **The proposed project seeks under this subcomponent to address existing gaps in the strategic alignment and good appraisal of investment projects.** Many projects end up being included in the Annual Appropriation Law (approved budget) without any prefeasibility study or without going through a rigorous appraisal process. In part, this may be a result of opportunistic or political influence. It is also largely a result of weak institutional and technical capacity. Ad hoc and poorly appraised investment projects are often unfinished and they end up being of poor quality, costly, and a huge burden for the nation and the taxpayer. The following activities are envisaged to ensure strategic alignment with the SCRP and rigorous appraisal:

- **Elaboration of a PIM manual[38] to serve as a mandatory reference framework for the preparation and implementation of investment projects.** The manual will include guidelines on the preparation of feasibility studies and the concept note, appraisal, supervision, and contract management. The gate-keeping role of the Ministry of Planning in the independent appraisal of all investment proposals coming from the line ministries will be emphasized in the guidelines. The minister of Planning

[38] The PIM manual will include documents related to public investments programming and management as well as documents on public investments M&E.

will ensure that line ministries comply with the PIM guidelines by monitoring the processes and procedures used at different stages of project cycle. There will be warnings and actions against ministries and units that fail to meet the required PIM standards. As an integrated approach to PIM, for both traditional public investment and PPP is not yet applied in Benin, activities related to the elaboration of a PPP manual will specifically be addressed in Subcomponent 1.5 on PPPs.

- TA for the development of basic fiscal rules to be approved by the government (cabinet) as guiding principles in support of the orderly implementation of the PIM principles as this will limit the flow of politically desirable projects into the PIP and the budget and crowd out the more socially and economic viable ones that make more productive contributions to national development.

- TA to strengthen the financial and risk management role of the Ministry of Finance, especially regarding contingent liabilities for the government in the case of PPPs and other emerging funding schemes like pre-financing, whereby the government asks domestic banks to fund private companies to build roads or any type of infrastructure without going through national procurement procedures. This practice of pre-financing has resulted in sharp debt accumulation in some countries in the sub-region. Regarding PPPs, usually contingency liabilities are not well understood and are accordingly not taken into account in the Finance Law. However, in the case of defaults or where contractual commitments are not met, these contingency liabilities can place a significant burden on the state. Thus, the Ministry of Finance will be supported to play a more active role in assessing financial risks, rather than leaving this to peripheral PPP units.

- TA to the DGB in setting-up of effective sectoral budget monitoring centers in charge of budget dialogue with ministries (sectoral policies, sectoral budgetary framework, budget decisions, and budget implementation monitoring). This assistance will include the (a) creation of a budget synthesis function; (b) finalization of a Management Charter clarifying the roles and responsibilities of different actors involved in the performance budgeting approach (program-budget, fungibility of funds, commitment authorizations and payment allocations, selection of performance indicators and evaluation); (c) the design of a new organizational chart of the DGB and its implementation plan, including the impacts with regard to human resources; and (d) support for establishment of sectoral budget costing models that help simulations with agreed sectoral indicators.

- Upgrading of the existing SIAPIP with the SIGFIP, SIGMAP, and SHISEPIP**.** The current PIM information system is neither integrated with the stand-alone systems of line ministries nor with the SIGFIP and SIGMAP. Having an integrated planning and programming information system will ensure better appraisal, recording, and tracking of projects. It will also facilitate efficient interfacing with other major information technology platforms and will allow the government to establish a database of projects which have feasibility studies, have been appraised, and are ‘ready for execution.’

- Capacity building through workshop and training programs based on the Budget

Organic Law (LOLF) on planning, programming, and investment decision making.

26. The execution of these envisaged activities should lead to a substantive increase in the percentage of investment projects appraised in compliance with the PIM appraisal guidelines manual, including cost-benefits analysis and independent review at the Ministry of Planning. It is expected that this percent will rise from 15 in the first year to eventual reach 85 in four years at the end of project.

Subcomponent 1.2: Multi-year Budgeting and Public Investment Selection (US$1.0 million equivalent)

27. **The subcomponent will help put in place a robust project selection mechanism and improve the relevant budgeting procedures.** This will ensure that unvetted or opportunistic projects are not included in the annual budget. The subcomponent will also ensure the advanced preparation of PPs, PTAs, and PCCs in time for the submission of the budget to parliament. Active involvement of the DNCMP in the preparation of the budget will be emphasized. Key activities will include the following:

- **Elaboration of guidelines on criteria for project selection from PIP to the Finance Law.** The guidelines will ensure that recurrent expenditures are taken into account, insufficient recurrent budget allocations are provided, which ultimately affects project implementation.

- TA to help project teams in line ministries to prepare PPs, PTAs, and PCCs to be presented before submission of the Finance Law to the parliament.

- **TA on standard costs to ensure a more accurate cost planning and monitoring.** The lack of good standard costs leads to large gaps between estimated and actual costs. The comparison with benchmarks to find out whether the costs of the realization of certain infrastructures in the country are higher or lower is thus difficult; hence, the need to develop standards and activity-based costing.

- TA to help ministries that have significant capital budgets to use the new performance budgeting tools introduced by the new Organic Finance Law (LOLF), for example, the DPPDs, annual performance report, and multiyear liabilities authorization *(autorisation d'engagements pluriannuels*).

- Seminars and training on project selection, which is critical for the optimization of budget resources and inclusion of investment projects in the annual budget according to their ranking on social and economic returns.

28. As a result of the execution of these planned activities, a significant improvement is expected at the end of project in (a) the percentage of projects selected for annual budgeting in line the PIM project selection guideline (that is, project selected should be part of the PIP and have a complete PPs); (b) average time taken for release of budgets to credit managers for investment projects selected for the year; and (c) proportion of projects identified in the PIP that are included in the investment budget.

Subcomponent 1.3: Public Investment Implementation (US$2.0 million equivalent)

29. This subcomponent aims to improve the timely and effective execution of investment projects. This stage of the PIM cycle also involves developing institutional capacity for project restructuring to respond to lessons learned and difficulties encountered during project implementation. Procurement will receive special attention to ensure that implementation delays and cost overruns are minimized. Activities under this subcomponent include the following:

- Support for the organization of monthly ministerial working group meetings with credit administrators, treasurers, budget officers, and comptrollers of the Ministry of Finance's DPP, the Directorate of Financial and Assets Management, and the Directorate of Financial Control to prioritize project funding by the Treasury.

- Support to the DGB, Treasury, and the Directorate of budget control for the setting-up of ministerial commitment plans based on cash flow forecasts and with respect to the overall national budget.

- Progressive development of the electronic management of tender processes (e-procurement) as provided by the Procurement Law, introduction of a bidder prequalification process, and a categorization of enterprises. The development of e-procurement will first entail the setup of a robust internet system and deployment of required equipment. The infrastructure network linking SIGMAP and different procurement contracting units must thus be upgraded.

- Capacity building through seminars and training of all key actors involved in the procurement system in planning, execution, and contract management of procurement as well as on project restructuring and closing of underperforming projects.

- TA to support the creation a professional cadre of procurement specialists (with diplomas in Management of Public Procurement) within the public administration system and the mandatory inclusion by all contracting authorities (ministries, public institutions, local authorities, and agencies) of at least one procurement specialist from within the cadre.

- Improve the hierarchical system of risk-based controls for public investments along the expenditures chain.

- Development of standardized technical specifications for the acquisition of common items to assist the DNCMP in evaluating the technical aspects of tender packages.

- TA for establishing the managing system of financial and nonfinancial assets generated by public investments.

30. Expected results that from the above activities include improvement of the (a) processing time of public procurement and (b) execution rate of public procurement commitment plans in the selected line ministries.

Subcomponent 1.4: Public Investment Evaluation and Audit (US$1.5 million equivalent)

31. This subcomponent will build capacity to evaluate project results against expected objectives, facilitate learning for better design of future projects, and ensure compliance with fiduciary procedures. The following activities are proposed:

- TA for the development and setup at the ministry of a dashboard (SHISEPIP) for public investments monitoring.

- Capacity building through seminars and training programs in project evaluation and audit, including the development of risk-based auditing and performance auditing for the national oversight institutions (IGF, and ministerial inspectorates). Risk maps establishment and strategic audit programs will be supported for all priority ministries like education, health, agriculture, and infrastructure.

- TA for the improvement and rationalization of institutional and legal framework of national internal audit institutions (ANLC, IGF, general ministerial inspectorates, and so on). This should include due support that will facilitate the operationalization and effectiveness of the framework, including actions to be taken for the setup of effective internal control units within managers' offices.

- Support for the preparation and the implementation of selected activities from the modernization plan of the Chamber of Accounts that will be converted to a Court of Accounts. The support will be focused on capacity strengthening for performance audit related to PIPs.

- Support for the organization of quarterly portfolio monitoring meetings led by the Ministry of Planning that will include project managers from the line ministries.

- Training in the elaboration of quarterly consolidated information on financial and physical execution of projects.

- Support for the organization of joint quarterly site visits of the General Directorate for Programming and Monitoring of Public Investments and project implementation units.

- Support for raising awareness of CSOs, including media on investment project implementation outcomes and issues. CSOs will be associated with the government in the monitoring process of public investment projects. Key CSOs that focus on effectiveness and efficiency of public investments will receive appropriate training on PIM M&E and will be called to make their assessment on the performance of the government's Investment Program.

- Training and assistance to the DNCMP and ARMP in the conduct of procurement post review and audit. This will include TA for organizing the collection of procurement performance statistics in line with the PEFA 2016 framework and support to improve public access to procurement information.

32. The execution of the above activities shall lead to the increase in the percentage of projects audited and projects formally evaluated.

Subcomponent 1.5: Public-Private Partnerships (US$1.5 million equivalent)

33. Activities indicated earlier for traditional public investments with regard to appraisal, project selection, implementation, and evaluation also apply to PPPs. However, given the specific challenges involved in establishing and managing, this subcomponent will focus on the following activities that are specifically dedicated to PPPs:[39]

- TA and advisory services to the government to improve the PPP law by addressing existing inadequacies in the current draft.

- Elaboration of a PPP Operational Manual, which will cover the four standard phases of (a) PPP identification and screening; (b) business case evaluation; (c) negotiation and transaction; and (d) contract management. Specific guidelines will be developed on project viability, marketability, value for money, transaction structure, drafting of PPP agreements, prequalify bidding, request for proposals, evaluation and award, project risks management, PPP performance management, and administration of agreements.

- Streamlining and strengthening the institutional framework governing PPPs.

- TA to integrate PPP and PIM from the early stages of the project cycle. Ideally, final appraisal of traditional investment projects and PPPs should be done by the same unit.

- Rapid assessment of proposed PPPs for which there are no feasibility studies.

- PPP training programs on financial risk assessment, procurement, appraisal, unsolicited bids, contingency liabilities, due diligence, contract management, performance management, negotiations, and so on.

34. The execution of these capacity-building activities related to PPPs should lead at the end of the project to these key results: (a) increase in the number of PPP transactions and (b) reduction in the number of unsolicited PPP bids. Given the limited budget for this component, the project will seek to mobilize additional TA support from sources such as the Public Private Infrastructure Advisory Facility.

Subcomponent 1.6: Support for Centralized and Consolidated Monitoring and Evaluation of the Government's Investment Program (US$1.0 million equivalent)

35. **The subcomponent will support the operationalization of the centralized M&E system recently established by the government for PPPs and flagship investment projects.** In particular, it will support the Operations Monitoring Office (BOS), which is now integrated in the Ministry of Planning and Development after being part of the President's Office under the previous regime. The United Nations Development Program (UNDP) and United Nations Population Fund

[39] The ANRMP and DNCMP will be associated when required in the implementation of PPP activities.

(UNFPA) initially supported BOS by providing US$1.7 million for three years to help with the design and initial rollout of an M&E system.[40] Under this subcomponent, the Bank will focus on the scale-up and maintenance of the system, to ensure that all projects in the portfolio are adequately monitored and implementation bottlenecks are adequately addressed.

36. Activities will include the following:

- The development of a computerized dashboard to consolidate data from ministerial information systems on flagship investments and development programs.
- Change management for development sessions for high-level officials.
- Coaching and training of coaches for the rollout of RRIs processes in the management/monitoring of selected investments.

37. Some of the key results expected to be achieved as the result of these activities include (a) a centralized monitoring dashboard; (b) hiring of a good number of coaches supporting the implementation of RRIs; (c) annual high-level seminars on change management; and (d) orders enacted annually as a result of high-level change management seminars.

Component 2: Strengthening Good Governance and Accountability (US$3.5 million equivalent)

38. This component seeks to enhance accountability throughout the PIM expenditure cycle by reinforcing some of the principal government and judicial institutions that are responsible for holding the public administration to account. Specifically, the component will provide TA to (a) facilitate the installation and strengthening of administrative chambers in pilot First Instance Courts and the Appeals Courts and (b) support the ANLC in investigating, reporting, and referring for sanction, corruption cases involving public administration, including those related to public investment projects.

Subcomponent 2.1: Support to the Justice Sector (US$2.0 million equivalent)

39. The subcomponent will focus on strengthening the institutional capacity of the judiciary to effectively adjudicate administrative law cases. It will adopt a two-pronged approach by (a) assisting the government to pilot and strengthen administrative chambers in selected courts and (b) to carry out a targeted backlog reduction program for administrative cases. Activities will include the following:

- Implementation of in-service training, study tours, and professional development activities relevant to the operationalization of the Administrative Chambers.
- Revision of ENAM’s initial training curriculum and design of modules tailored to

[40] Activities supported by the UNFPA and UNDP include (a) the recruitment of five highly-qualified experts in strategic planning, M&E, resources mobilization, diaspora mobilization, and communication, and (b) the design of an effective M&E system.

developing specific expertise (administrative law, economic crimes).

- Design and implementation of a backlog reduction program targeting administrative cases.

- TA to enhance the judicial in-service training program managed by the Ministry of Justice.

- TA to align the Ministry of Justice's recruitment strategy with the staffing needs of the Administrative Chambers.

- TA for data collection including investigation skills and case management in the Administrative Chambers.

- TA to review the legislative and regulatory framework for administrative law jurisdictions.

40. The key results indicators that will be monitored to ensure the effectiveness of these planned activities include (a) number of judges that receive in-service training and (b) elaboration of an administrative jurisdiction operationalization strategy.

Subcomponent 2.2: Support to the Anticorruption Authority (US$1.0 million equivalent)

41. The subcomponent will contribute to the implementation of the ANLC's strategy and operational plan to improve the coordination, investigation, reporting, and referral functions of this newly created institution. Activities will support the following:

- Training of ANLC representatives in complaints handling, investigation techniques, preventative mechanisms, risk-based auditing, and asset declaration monitoring.

- TA to (a) improve communication and coordination among stakeholders and institutions involved in the fight against corruption and (b) enhance the tracking and public reporting on public officials' compliance with the assets declaration requirements. The ANLC's capacity would be developed and equipped with the appropriate tools to allow for improved monitoring of compliance with the asset declaration law.

- The establishment of a community of practice to support both officials and technicians in learning from good practice and soft skills that have proven successful in similar contexts.

42. Some of the key expected results of carrying out these activities include the increase in the (a) percentage of officials in compliance with the assets declaration requirement; (b) number of corruption cases submitted by ANLC to the state prosecutor; and (c) number of anticorruption reports published yearly.

Subcomponent 2.3: Stimulating Public Participation in Improving Quality of Service Delivery (US$0.5 million equivalent)

43. This subcomponent will support social accountability objectives by promoting active citizenship and providing platforms for citizen participation. The objective is to harness citizen voice to influence outcomes of public services in the participating sectors (justice, electricity, and water). Activities will include the following:

- **Implementation of CRC** to foster informed and productive discussion between the sectors and citizens/civil society, with the view to identifying and addressing service delivery bottlenecks in the sectors. The CRC process will identify biding constraints (for example, institutional, regulatory, capacity, governance, and so on) of public services for different categories of beneficiaries. The results, which will include a comparative disposition of service performance and governance issues across sectors, regions, districts, gender and occupation, will focus on the poor.

- **A platform for policy dialogue** to be managed by a consortium of stakeholders to facilitate public discussion of the CRC findings to promote accountability of sectors. The consortium will facilitate the elaboration and implementation of concrete and attainable commitments to address public service challenges in the sectors. The CRC would be repeated at midterm and toward the end of the project to assess changes in performance of sector services attributable to the systematic tracking of beneficiary feedback.

44. **Results expected.** The key result expected to be achieved from these activities is improved responsiveness of sectors to citizens through improvement in aggregate scores of participating sectors.

Component 3: Results-based Financing in the Electricity, Water, and Justice Sectors (US$15.0 million equivalent)

45. Disbursements under Component 3 will be based on the performance of selected ministries[41] in meeting agreed-upon DLI targets and specific eligible expenditure[42] thresholds. Essentially, under this component, the project will support management teams working on planning, budgeting, procurement, and M&E in selected ministries to improve capital budget execution and implementation rates of six government's investment projects included in the 2016–18 PIP.[43] The Bank's funds under this component are strictly for the reimbursement of eligible expenditures and cannot be used to procure goods or works. The project will recruit independent verifiers to assess DLIs as well as eligible expenditures in budget lines.

46. The sectors of electricity, water, and justice are among the most important for sustainable development in Benin and will be the focus of the RBF option. The government and donors expect

[41] The rationale for the selection of these three sectors is provided in Section III.A.
[42] Eligible expenditures consist of training and operating costs. Key items included in the operating costs are salaries, indemnities, travel, per diem, water and electricity bills, printing, and communication. The exhaustive list of operating cost items is provided in the FA and the Project Operating Manual.
[43] In a way, the RBF option under this component will work as a sector budget support with DLIs as triggers.

tangible and very specific results in these sectors.

47. **Electricity.** There are eight major programs, which are included in the 2016–18 PIP. The two selected projects are (a) promotion and development of electricity distribution in urban and semiurban areas and (b) rural areas electrification. The RBF is intended to provide incentives to ministerial teams to meet DLIs and not to finance investment project activities. Detailed descriptions of these projects are provided in box 1.

Box 1. Electricity Projects

Promotion and development of electricity distribution in urban and semiurban areas

The objective of this project is to improve access to electricity, with a view to supporting social sectors and contributing to economic growth.

Key activities of this project include construction of an electricity transfer line between Kandi and Banikoara; the refurbishment of distribution networks in five major cities (Porto-Novo, Abomey, Lokossa, Parakou, and Calavi); the rehabilitation or establishment of rural electricity networks; and support for institutional reforms to the SBEE.

Key results of this project are to develop the network for the transport of electricity to improve reliability and quality of service, to improve the density of electrification in urban areas, and to provide electricity provision to 40 percent of rural areas and provide 100 percent coverage in urban areas.

Rural areas electrification

The objectives are to electrify rural areas by linking them to the SBEE network and to create an agency responsible for rural electrification, the Rural Electrification and Energy Management Agency.

Key activities: (a) construction of rural distribution lines and connection of households to the conventional SBEE network in 200 selected rural localities and (b) purchase and provision of office materials for the headquarters of the Rural Electrification and Energy Management Agency.

Key results are the provision of electricity to allow artisans and other revenue generating workers to rely on electricity for their work, increase in well-being of households who will save money by replacing current gas generator power with electricity, improvement in conditions in health facilities resulting from more secure access to electricity, improvement in the quality of education as a result of more reliable access to electricity, and improvement of access to drinking water resulting from more reliable access to electricity for water pumps and water treatment facilities.

48. The government's contribution to fund these electricity distribution projects through the national budget over the five years (2017–2021) is estimated at US$24.06 million. If all the DLIs and eligible spending thresholds are met, the Bank would reimburse US$5 million of training and operating expenditures (that is, eligible expenditures) which would go to management teams working on the public investment expenditure chain and not to finance specific activities of these two projects.

Table 9. Financing of Electricity Sector Projects and IDA Contribution to Sector Teams

PROJECT		Total Cost	Prior 2015 Cost	2016	2017	2018	2019	2020	2021	Total (2017 -2021)
Rural areas electrification program		320.22	29.35	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**
1	*National Budget*	249.80	13.39	2.00	2.46	2.40	2.40	2.40	2.40	**12.06**
	IDA	0.00	0.00	0.00	0.50	0.50	0.50	0.50	0.50	**2.50**
Support to the promotion and development of electricity distribution in urban and suburban areas		86.14	61.90	8.98	2.90	2.90	2.90	2.90	2.90	**14.50**
1	*National Budget*	57.86	44.08	8.98	2.40	2.40	2.40	2.40	2.40	**12.00**
	IDA	0.00	0.00	0.00	0.50	0.50	0.50	0.50	0.50	**2.50**
Total										
	Total Projects Cost	**406.36**	**91.25**							
1	***National Budget***		**57.47**	**10.98**	**4.86**	**4.80**	**4.80**	**4.80**	**4.80**	**24.06**
	IDA			**0.00**	**1.00**	**1.00**	**1.00**	**1.00**	**1.00**	**5.00**

Sources: Benin PIP 2016-18, and World Bank staff calculations, April 2016

Water. The two selected water projects are (a) provision of drinking water derived from surface water sources and (b) provision of drinking water in rural and semirural areas. The RBF is intended to provide incentives to ministerial teams to meet DLIs and not to co-finance investment project activities. Detailed descriptions of these projects are provided in box 2.

Box 2. Water Projects

Provision of drinking water derived from surface water sources

The program on the provision of drinking water from surface water sources included in the PIP constitutes in reality of four separate projects: (a) rehabilitation of the Kpassa dam at the Okpra River; (b) strengthening of the drinking water supply system in the city of Parakou; (c) strengthening of the drinking water supply system in the secondary center of Djougou and localities of Savè, Tchaourou, and Tanguiéta; and (d) drinking water supply to the cities of Save, Dassa-Zoumè, Glazoué, and around from surface water.

The Bank's RBF will target only the third project dedicated on the strengthening of the drinking water supply system in the secondary center of Djougou and localities of Savè, Tchaourou, and Tanguiéta. This project, which is partially funded by the government and the West Africa Development Bank (*Banque Ouest Africaine de Développement*), started in 2014 and its financial execution rate (*taux d'exécution financière*) at the end of 2015 was 17 percent.

Key results from this project are increase in the quality and quantity and reduction in the cost of drinking water available for the populations of the secondary center of Djougou and localities of Savè, Tchaourou, and Tanguiéta.

Drinking water provision in rural and semirural areas

The objective of this project is to improve access to safe water and to improve management of the water sector. In reality, five different projects are lumped in just one program under the PIP. The one particular project that will be followed under the Bank's RBF modality is the Adduction Water System Strengthening Project in 69 villages, which has just started.

Key activities are renovation of existing water treatment facilities and capacity building in the areas of planning, execution, and M&E in the water sector.

Key results of this project are job creation through recruitment of agents to support maintenance of water works, reduced burden on women and children with regard to fetching water, managing household water use, and improvement of satisfaction among users throughout the water provision system.

49. As indicated in table 10, the government would be funding about US$17.2 million in these two projects in the next five years. If all the DLIs and eligible spending thresholds are met and the Bank would reimburse US$5 million of training and operating expenditures (that is, eligible expenditures) which would go to management teams working on the public investment expenditure chain and not to finance specific activities of these two projects.

Table 10. Financing of Water Sector Projects and IDA Contribution to Sector Teams

Budget lines	PROJECT		Total Cost	Prior 2015 Cost	2016	2017	2018	2019	2020	2021	Total (2017 -2021)
	Water supply in rurual and semi-urban		129.72	47.22	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**
	1	*National Budget*	49.25	18.97	1.02	1.60	1.70	1.70	1.70	1.70	**8.40**
		IDA (results-based)	0.00	0.00	0.00	0.50	0.50	0.50	0.50	0.50	**2.50**
	Water supply by surface water in urban and suburban areas program		81.75	17.57	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**
	1	*National Budget*	20.21	12.03	0.88	1.60	1.80	1.80	1.80	1.80	**8.80**
		IDA (results-based)	18.54	2.65	0.00	0.50	0.50	0.50	0.50	0.50	**2.50**
	Total										
		Total Projects Cost	**211.46**	**64.78**							
	1	***National Budget***		**31.01**	**1.89**	**3.20**	**3.50**	**3.50**	**3.50**	**3.50**	**17.20**
		IDA (results-based)			**0.00**	**1.00**	**1.00**	**1.00**	**1.00**	**1.00**	**5.00**

Sources: Benin PIP 2016-18, and World Bank staff calculations, April 2016

50. **Justice sector.** The two selected justice projects are (a) operationalization of Administrative Chambers and (b) modernization of judicial services. Reimbursements are intended to provide incentives to ministerial teams to meet DLIs and not to finance investment project activities. Detailed descriptions of these projects are provided in box 2.3.

Box 3. Justice Projects

Operationalization of administrative chambers

This new project is under preparation and should be included in the 2017 PIP once the feasibility study is completed. Under the TA for Component 2 of this operation, the Bank will support the government's plan of setting up administrative chambers in the First Instance Tribunal and Court of Appeals as required by law.

Key activities envisaged for the operationalization of administrative chambers include (a) stock-taking of all the contentious administrative cases currently pending at the Supreme Court; (b) training judges and clerks on administrative judicial rules and procedures; (c) setting up offices and audience rooms in First Instance Tribunal and Court of Appeals; (d) conducting public outreach and awareness campaign; and (e) creating and strengthening case registry services in the First Instance Tribunals.

Key results include the increase in the number and quality of judges and clerks affected to Administrative Chambers and subsequently, a significant increase in the number of administrative cases treated.

Modernization of judicial services

The objective is to improve the performance of judicial services. It is about making the courts more efficient in the execution of decisions (surrender of court decisions, availability of court decision notifications, diligent registrations, and execution of decisions).

Key activities to be carried out include (a) strengthening the technical and material capacities of the courts and (b) strengthening the quality and the rapid processing and treatment of cases.

Key results include (a) improvement in the quality and speed in the processing and treatment of cases and (b) strengthening of the technical capacities of the courts.

51. The government would be funding about US$5 million in these two projects. If all the DLIs and eligible spending thresholds are met, the Bank would reimburse US$5 million of training and operating expenditures (that is, eligible expenditures) which would go to management teams working on the public investment expenditure chain and not to finance specific activities of these two projects.

Table 11. Financing of Justice Sector Projects and IDA Contribution to Sector Teams

Budget line	PROJECT		Total Cost	Prior 2016 Cost	2017	2018	2019	2020	2021	2017 - 2021
	Operationalization of Administrative Chambers		4.0	0.0	1.0	1.0	1.0	1.0	1.0	5.0
	1	*National Budget*	2.0	0.0	0.5	0.5	0.5	0.5	0.5	2.5
		IDA (results-based)	0.0	0.0	0.5	0.5	0.5	0.5	0.5	2.5
	A more credible and accessible justice to citizens (part related to Administrative Jurisdictions)		4.0	0.0	1.0	1.0	1.0	1.0	1.0	5.0
2608428100	1	*Budget National*	2.0	0.0	0.5	0.5	0.5	0.5	0.5	2.5
		IDA (results-based)	0.0	0.0	0.5	0.5	0.5	0.5	0.5	2.5
	Total									
		Total Projects Cost	**8.0**	**0.0**						
	1	***National Budget***		**0.0**	**1.0**	**1.0**	**1.0**	**1.0**	**1.0**	**5.0**
		IDA			**1.0**	**1.0**	**1.0**	**1.0**	**1.0**	**5.0**

Sources: Benin PIP 2016-18, and World Bank staff calculations, April 2016

52. In summary, over the next five years, the RBF component could bring about US$15 million of rewards and incentives to management teams working on the public investment expenditure chain in the selected ministries. This amount would go to reimburse eligible expenditures and not to co-finance investment projects. The government would be spending about US$50 million (see table 12). Thus, the Bank's reimbursements of eligible expenditures, as incentive mechanism for better performance and not for carrying out activities of selected projects, would represent 30 percent of the government's total investment in these six projects.

Table 12. Proposed RBF Financing of Selected Government Investment Projects

(US$million)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Electricity	1.00	1.00	1.00	1.00	1.00	5.00
Water	1.00	1.00	1.00	1.00	1.00	5.00
Justice	1.00	1.00	1.00	1.00	1.00	5.00
Total IDA	**3.00**	**3.00**	**3.00**	**3.00**	**3.00**	**15.00**
National Budget	**9.06**	**9.30**	**9.30**	**13.30**	**8.30**	**49.26**
% IDA Financing	0.33	0.32	0.32	0.23	0.36	0.30

Sources: World Bank staff calculations, April 2016

53. Three DLI focus areas have been selected to trigger RBF under Component 3 (table 13). For all three sectors, the capital budget execution rates and project implementation rates will be used to assess performance in the management of selected sectoral investment programs. While the budget execution rate measures efficiency improvements in the coordination and processing of financial flows, the completion rate ascertains real or physical implementation on the ground. Assuming that the TA provided under Component 1 has influenced PIM institutional capacity and investment projects in the selected sectors have been well appraised, procurement delays have been shortened, and funding has been made readily available, it would be reasonable to expect higher budget execution and completion rates For the justice sector, an additional DLI that measures improvements in the judiciary's institutional capacity to adjudicate administrative law cases has been chosen. Assuming that the capacity of the Ministry of Justice to manage its investment projects improves with the technical support provided under Component 1 and that the steps required to operationalize the administrative jurisdictions are taken through the TA provided

under Component 2 and through the effective implementation of the government's investment projects, it is reasonable to expect that the selected courts will be better equipped to manage administrative matters.

Table 13. Selected DLIs

Sector	DLIs
Electricity	**DLI 1: Average** capital budget execution rate for selected electricity investment projects
	DLI 2: Average annual project implementation rate for selected electricity investment projects
Water	**DLI 3: Average** capital budget execution rate for selected water and sanitation investment projects
	DLI 4: Average annual project implementation rate for selected water and sanitation investment projects
Justice	**DLI 5: Average** capital budget execution rate for selected justice investment projects
	DLI 6:.Percent reduction of backlog in administrative cases

Component 4: Support for Project Implementation (US$2.5 million equivalent)

54. Component 4 will support the PMU, placed under the leadership of and reporting to the Ministry of Planning, in coordinating and managing the implementation of the project. Details of the implementation arrangements are outlined in annex 3. Activities will include (a) the development of annual work programs and corresponding PPs; (b) the management of fiduciary and monitoring activities; (c) the coordination of technical work and the provision of support services to the technical units within the relevant ministries; (d) hiring of a third-party verification firm of DLIs; and (e) the monitoring of and reporting on the implementation of the project's activities. The project will provide the funding necessary for the acquisition of office equipment and accounting software, as well as for the payment of the activities related to project coordination and monitoring.

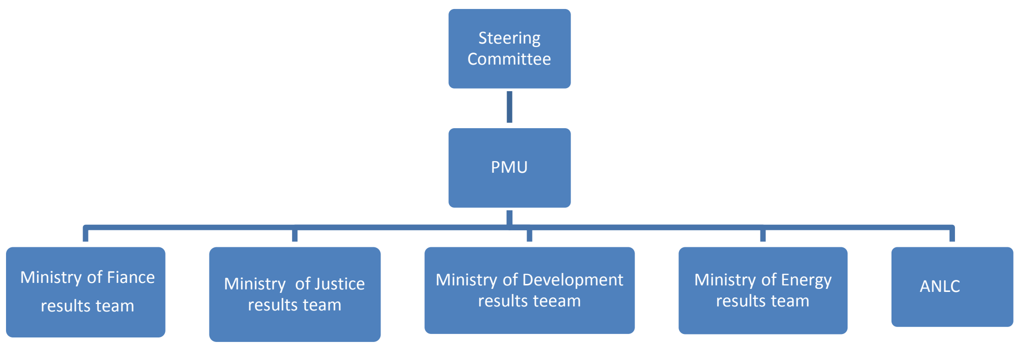
Annex 3: Implementation Arrangements

BENIN: Public Investment Management and Governance Support Project (P147014)

Project Institutional and Implementation Arrangements

1. **Project implementation will be undertaken collaboratively through the** (a) Steering Committee; (b) the PMU under the leadership of the Ministry of Planning; and (c) 'results teams' in each of the participating ministries and entities. This structure is represented in figure 2).

Figure 2. Implementation and Governance Arrangements



2. **Steering Committee.** To ensure adequate coordination between the ministries involved in the project, a Steering Committee composed of representatives of all ministries and agencies involved in the project will be instituted to support overall project monitoring. This committee, which will include representatives of the President's Office, the Ministry of Planning, and beneficiary central and line ministries, will provide strategic guidance and oversight to ensure that the project objectives are achieved. It will be chaired by the secretary general of the Ministry of Planning or his/her representative. The Project Steering Committee shall be responsible for, among others, overall guidance of the project; overall approval of the annual work programs and the PPs; follow-up on the project implementation progress; approval of all reports for the project (including project reports, interim financial reports [IFRs], and audit reports); recommendation of mitigation measures when necessary; support to the Ministry of Development (MoD) and Ministry of Finance (MoF) in the coordination among other ministries; and agencies involved with project implementation.

3. **Project Management Unit**. The PMU will have FM and organizational responsibilities as well as responsibilities for M&E. The PMU will work closely with the UGR and beneficiary institutions. The PMU shall be responsible for, among others, acting as a technical secretariat for the Project Steering Committee; preparing project activity; and overall project implementation coordination by (a) preparing annual work programs for the approval of the Steering Committee; (b) hiring the independent verifiers; (c) monitoring and evaluating the work performed under the project by ministries and agencies involved in project implementation; (d) preparing consolidated technical and financial project reports; and (e) ensuring that the lessons and skills derived from

project implementation are disseminated to the ministries and agencies involved in the project implementation.

4. **Communications.** For this project, the PMU will develop a communications strategy and plan based on the information needs of different stakeholder groups. The messages will be tailored to the information needs of particular stakeholder groups, and they will be delivered by their preferred 'messengers' using appropriate media. Different tools will be considered, including press releases, the Internet, newsletters, workshops, discussion groups, radio, and television.

5. **Project Operational Manual.** The government shall, with the assistance of the participating ministries, implement the project in accordance with a manual satisfactory to the Bank (the Operational Manual), which shall include, among others, (a) the performance indicators described in the Results Framework; (b) the procedures for carrying out and monitoring of the project; (c) the detailed criteria for the monitoring of the DLIs; (d) procedures for the reimbursement of eligible expenditures from the Treasury to beneficiary ministries; (e) the procurement and financial requirement of the project; (f) the roles and responsibilities of each ministry; (g) the project chart of accounts and internal controls, reporting procedures, and the format of the unaudited IFRs; and (h) grievance mechanisms.

Financial Management, Disbursements, and Procurement

Financial Management

6. The overall FM risk rating for the project is assessed as Substantial and is expected to be moderate once the mitigation measures are implemented

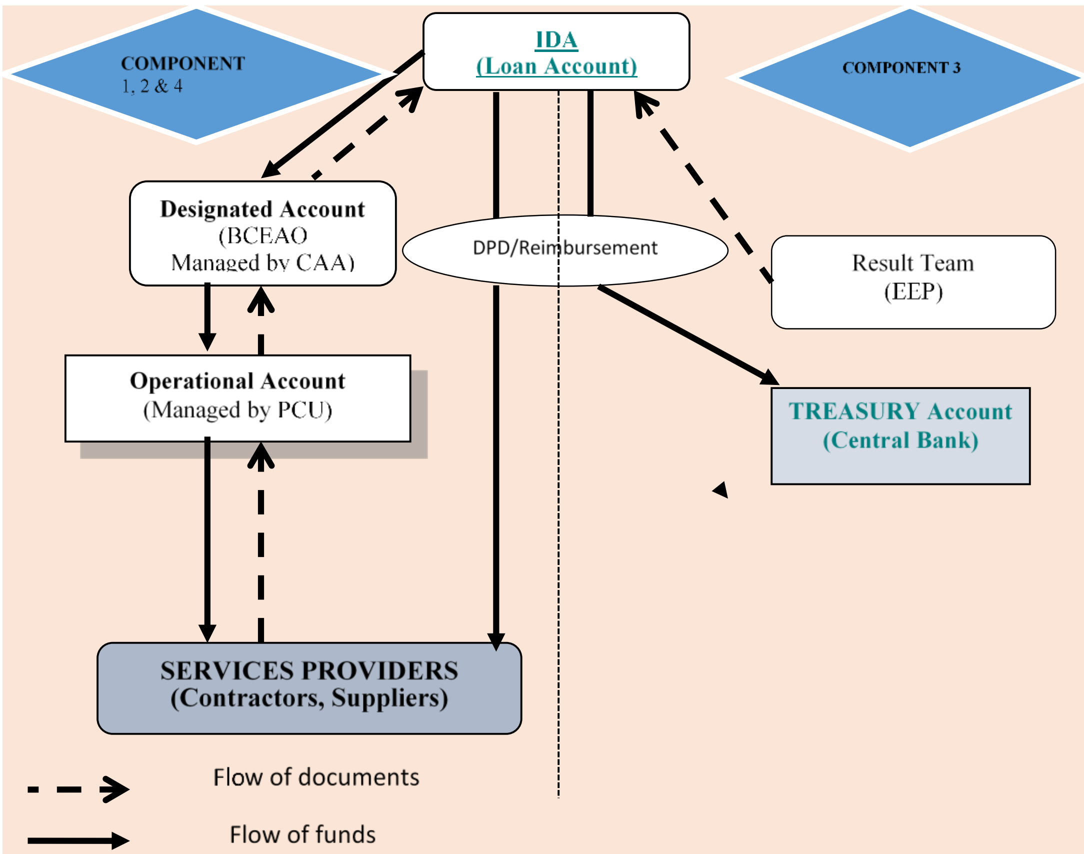
7. The PMU will handle the overall responsibility of FM aspects of the project, including (a) managing the operational account; (b) preparing withdrawal applications and reports to be submitted to the Bank reflecting EEP and TA expenditures; and (c) timely preparation and submission of EEP spending and sectoral results assessment reports.

Budgeting

8. The project budgeting process will be clearly defined in the FM manual and the budget will be reviewed and adopted by the Steering Committee before the beginning of the year. Annual draft budgets will be submitted to the Bank's no-objection before adoption and implementation. The recipient shall create, and thereafter maintain throughout each calendar year of project implementation, a specific budget line entry in the state budget (especially in the targeted sectoral budgets) to keep track of the corresponding expenditures incurred during project implementation. The EEP amount to be reimbursed to the government will be at maximum equivalent to the actual release of funds from the central government to the targeted ministries' programs.

Funds Flow and Disbursement Arrangements

Figure 3. Flow of Funds



Note: CAA = Autonomous Sinking Fund (*Caisse Autonome d'Amortissement*); DPD = Direct Payment; BCEAO = Central Bank of Benin (*Banque Centrale des Etats de l'Afrique de l'Ouest*).

Designated Account

9. One designated account will be opened at the Central Bank of Benin. The funds will be released to an operational account to be opened in a reputable commercial bank. The operational account will be managed by the PMU. Cash withdrawal transactions from the operational account will be authorized by the project coordinator and the FM specialist. The account is set up to fund eligible expenditures based on the approved annual activity plans. The ceiling of the designated account will be determined later, approximately four months of expenditures.

Disbursement Methods and Processes

10. The Autonomous Sinking Fund is the assigned representative of the recipient for the mobilization of IDA funds. Withdrawal application requests will be prepared by the project FM specialist signed by a designated signatory or signatories (the signature authorization letter is signed by the minister of Finance) and sent to the Bank for processing. This procedure applies to all Bank-financed projects in Benin. The project will submit applications using the electronic

delivery tool 'e-Disbursements', available at the Bank's Client Connection website, a web-based portal. The Authorized Signatory Letter signed by the government will include authorization for the designated signatories to receive secure identification credentials (SIDC) from the Bank for delivering such applications by electronic means.

11. Disbursements under the project will be transaction based. In addition to making advances to the designated account, other disbursement methods (reimbursement, direct payment, and special commitment) will be available for use under the project. Further instructions on the withdrawal of proceeds will be outlined in the disbursement letter, and details on the operation of the designated account will be provided in the Project Financial and Accounting Manual.

DLIs and Related Reporting Requirements

12. **Disbursements under Component 3** will be made against identified EEPs, and the triggers will be the actual values of predefined DLIs set up at selected sectoral investment projects. Decisions over compliance and disbursement against indicators will be made based on annual reports prepared by the government and submitted for external auditor review, with necessary documentation ensuring that they have been satisfied. The Bank will receive the EEP spending and DLI assessment report by the end of March following each implementing year and will finally advise on the amount to be reimbursed to the government, which should not exceed the actual value of the EEPs that generate the results or DLI levels to be paid. Disbursements against EEPs and DLIs will flow to a subaccount of the government's Treasury ordinary account.

13. **Carry-forward of amounts not disbursed.** If the Bank has received only partial evidence of compliance under the DLIs and/or the recipient has not presented enough eligible expenditures to disburse the full planned disbursement amounts, only part of the full planned amount will be disbursed. The Bank may, at its option, authorize that the unwithdrawn portion of the financing resulting from this lack of evidence be carried forward to the subsequent withdrawals, if the amount to be disbursed by the Bank, in the aggregate under all subsequent withdrawals, shall not exceed 100 percent of the amounts of EEPs incurred at that time.

14. **Distribution of carried-forward disbursements.** The amounts carried forward for subsequent withdrawals due to the non-achievement of DLIs may be disbursed, only if at the time of the subsequent withdrawal (a) the applicable DLIs have subsequently been achieved and (b) the recipient has submitted documentation of eligible expenditures in the amount at least equal to the withdrawal amount requested; the amounts carried forward due to lack of documentation of eligible expenditures in the amount at least equal to the amount requested for withdrawal may be disbursed at the time of the subsequent withdrawal only if such amount of eligible expenditures is then submitted.

15. **Final disbursement.** If any amount allocated to Component 3 remains to be withdrawn from the financing account after the fifth application for withdrawal due to partial evidence of compliance with the DLIs and/or lack of documentation of eligible expenditures, the Association may, at its option, authorize such remaining amount to be disbursed as an exceptional disbursement before the closing date, in accordance with the DLI formula and provided the recipient has submitted documentation of eligible expenditures in the amount at least equal to the withdrawal amount requested.

16. The six DLIs should trigger, in case they are fully met, 30 payment installments over the five-year duration of the project. Thus, relative to the US$15 million allocated for RBF, the price for each DLI payment installment is US$500,000. The tentative disbursement schedule is set out in table 14.

Table 14. Tentative Disbursement Schedule

Category		**Amount of the Financing Allocated (in US$ equivalent)**	**Percentage of Expenditures to Be Financed (Inclusive of Taxes)**
(1) Aggregate amount allocated to the DLI financing of EEPs, under Part 3 of the project This aggregate amount is allocated by program sectors as follows:		**15,000,000**	100% of amount spent by the recipient in compliance with DLI and Disbursement-Linked Result amounts and certified in the Budget Line Spending Report
Electricity Projects			
DLI	**Disbursement-Linked Result**		
(i) Average capital budget execution rate for selected electricity public investments (%)	Year 1: 55% Year 2: 58% Year 3: 62% Year 4: 66% Year 5: 70%	Year 1: 500,000 Year 2: 500,000 Year 3: 500,000 Year 4: 500,000 Year 5 :500,000	100% of amounts
(ii) Average annual project implementation rate for selected electricity public investments (%)	Year 1: 65% Year 2: 78% Year 3: 83% Year 4: 86% Year 5: 88%	Year 1: 500,000 Year 2: 500,000 Year 3: 500,000 Year 4: 500,000 Year 5 : 500,000	–
Water Projects			
DLI	**Disbursement-Linked Result**		
(iii) Average capital budget execution rate for selected water and sanitation public investments (%)	Year 1: 55% Year 2: 58% Year 3: 62% Year 4: 66% Year 5: 70%	Year 1: 500,000 Year 2: 500,000 Year 3: 500,000 Year 4: 500,000 Year 5 :500,000	–
(iv) Average annual project implementation rate for selected water and sanitation public investments (%)	Year 1: 65% Year 2: 78% Year 3: 83% Year 4: 86% Year 5: 88%	Year 1: 500,000 Year 2: 500,000 Year 3: 500,000 Year 4: 500,000 Year 5 :500,000	–
Justice Projects			
DLI	**Disbursement-Linked Result**		
(v) Average capital budget execution rate for selected justice public projects (%)	Year 1: 55% Year 2: 58% Year 3: 63% Year 4: 66% Year 5:70%	Year 1: 500,000 Year 2: 500,000 Year 3: 500,000 Year 4: 500,000 Year 5 :500,000	–
(vi) Clearance rate of administrative cases (%)	Year 1:[44] Year 2: 5% Year 3: 10%	Year 1: 500,000 Year 2: 500,000 Year 3: 500,000	–

[44] Submission of a validated feasibility study report on the operationalization of administrative chambers in form and substance satisfactory to the Association.

Category		Amount of the Financing Allocated (in US$ equivalent)	Percentage of Expenditures to Be Financed (Inclusive of Taxes)
	Year 4: 15% Year 5: 20%	Year 4: 500,000 Year 5:500,000	
(2) Goods, non-consulting, and consultants' services, including training and operating costs, under Part 2 of the project		**14,000,000**	100%
(3) Refund of preparation advance		**1,000,000**	Amount payable pursuant to Section 2.07 of the General Conditions
TOTAL AMOUNT		**30,000,000**	–

17. Table 15 sets out the expenditure categories to be financed out of the credit proceeds.

Table 15. Disbursement Categories

Category	Amount of the Loan (in US$)	Expenditures to Be Financed
• Support program for service delivery results under Part 3 of the project	US$15 million (equivalent)	100% of amount spent by the Recipient and certified in the Budget Line Spending and Assessment Report
• Goods, consultants and non-consulting services, including training, workshops, and operating costs under Part 1, 3, and 4	US$15 million (equivalent)	100%
Total	US$30 million (equivalent)	100%

18. **Accounting and reporting.** The Accounting System of the Organization for the Harmonization of Business Law in Africa **(***Système comptable de l'organisation pour l'harmonisation en Afrique du droit des affaires* (SYSCOHADA) is the assigned accounting system in West African Francophone countries. Project accounts will be maintained on a cash basis, supported with appropriate records and procedures to track commitments and to safeguard assets. Annual financial statements will be prepared by the PMU in accordance with the SYSCOHADA but taking into accounting specificities related to external financed investment projects. Accounting and control procedures will be documented in the FM Manual.

19. The PMU will prepare biannual project IFRs reflecting operations of the designated account and submitted to the Bank within 45 days after the end of the calendar semester. Each IFR will include a statement on the evolution of the selected EEPs in electricity, water, and justice sectors. The format of IFRs will comprise the following: (a) report on the sources and use of funds cumulative (project-to-date; year-to-date) and for the period, showing budgeted amounts versus actual expenditures, including a variance analysis; (b) forecast of sources and uses of funds; and (c) the progress statement on each EEP (budgeted amounts versus actual expenditures) and schedule of DLIs' analysis.

20. **Internal control and internal auditing arrangements.** FM and administrative procedures will document the FM and disbursement arrangements, including internal controls, budget process, and assets safeguards and clarify roles and responsibilities of all the stakeholders. The internal audit function will be handled by the IGF of Benin. The IGF team will complete the annual review

on the project activities and accounts before the external auditor's mission. He/she will ensure that the project Operational Manual's requirements are being properly followed and will make appropriate recommendations to strengthen the internal controls environment.

21. **Annual financial audit and DLI verification.** An external independent and qualified private sector auditor will be recruited to carry out the audit of the project's financial statements under the supervision of the supreme audit institution. Therefore, annual audits will be conducted based on TORs agreed with the SAI and that are satisfactory to the Bank. The auditor will express an opinion on the annual financial statements and perform his/her audit in compliance with International Standards on Auditing. He/she will be required to prepare a management letter detailing observations and comments, providing recommendations for improvements in the accounting system and the internal control environment. The audit report on the annual project financial statements and activities of the designated account will be submitted to IDA within six months after the end of each project fiscal year.

22. The external auditor will also act as the independent verifier of the EEP Spending and Sectoral Results Reports. He/she will issue a separate annual opinion on the accuracy and the fair view of the information presented by the PMU on the EEP and DLI. This separate certificate should be sent to the Bank by the end of March following each implementing year starting from March 31, 2017.

FM actions plan

23. The action plan in table 16 indicates the actions to be taken for the project to strengthen the project FM system.

Table 16. FM Actions Plan

No.	Activity/Action	Target Completion	Responsibility
1	Appointment of an FM specialist and an accountant with experience and qualifications satisfactory to the Bank	Before effectiveness	UGR
2	Prepare a good draft of Project Implementation Manual including acceptable Financial and Accounting Manual	One month after effectiveness	UGR
3	Set up a computerized accounting system to fit project needs and generate useful information and financial statements	Not later than four (4) months after effectiveness	UGR
4	Agreement with the IGF on TOR for annual internal audit missions	One month after effectiveness	Project preparation committee/IGF
5	Prepare TOR for the external auditor (also acting as an independent verification agent on RBF mechanism) that is satisfactory to IDA	One month after effectiveness	UGR/Chamber of Auditors
6	Appointment of the external auditor acceptable to IDA that will also act as an independent verification agent on RBF mechanism funded by Component 3	Not later than 4 months after effectiveness	UGR/PMU/Chamb er of Auditors
7	Submission of EEP Spending and Sectoral Results Assessment Reports	End of March following each implementing year starting from March 31, 2017	PMU
8	Submission of annual audit reports	End of June following each implementing year starting from March 31, 2017	PMU

Financial covenants

(a) The Borrower shall establish and maintain an FM system, including records, accounts, and preparation of related financial statements in accordance with accounting standards acceptable to the Bank.

(b) The financial statements will be audited in accordance with international auditing standards. The audited financial statements for each period shall be furnished to the Association not later than six months after the end of the project fiscal year.

(c) The borrower shall prepare and furnish to the Association not later than 45 days after the end of each calendar semester unaudited IFRs for the project, in form and substance satisfactory to the Association.

(d) The borrower will be compliant with all the rules and procedures required for withdrawals from the designated accounts of the project.

(e) Before the commencement of each fiscal year of project implementation, the recipient shall create, and thereafter maintain throughout each said fiscal year, specific budget line entries for the selected EEPs in the state budget to keep track of the corresponding expenditures incurred during project implementation.

(f) The recipient shall furnish to the Association on or about March 31 of each year, starting on the first such date after the effective date (not earlier than March 31, 2017) regular reports (the EEP Spending and Results Assessment Reports) prepared in accordance with the provisions of the Project Operational Manual.

FM implementation support plan

24. Based on the outcome of the FM risk assessment, the following implementation support plan is proposed. The objective of the implementation support plan is to ensure the project maintains a satisfactory FM system throughout the project's life.

Table 17. Implementation Support Plan

FM Activity	Frequency
Desk reviews	
IFRs review	Biannually
Audit report review of the project	Annually
Review of other relevant information such as interim internal control systems reports	Continuous as they become available
On-site visits	
Review of overall operation of the FM system	Twice per year (Implementation Support Mission)
Monitoring of actions taken on issues highlighted in audit reports, auditors' management letters, and internal audit and other reports	As needed
Transaction reviews (if needed)	As needed
Capacity-building support	
FM training sessions	During implementation and as and when needed

Procurement

25. For Components 1, 2, and 4, procurement will be carried out in accordance with (a) the 'Guidelines: Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits Grants by World Bank Borrowers', dated January 2011 and revised in July 2014; (b) the 'Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits & Grants by World Bank Borrowers', dated January 2011 and revised in July 2014; and (c) the provisions stipulated in the FA. The Bank's Standard Bidding Documents and evaluation forms will be used where applicable.

26. **For Component 3,** which has a DLI approach, all expenditures to be reimbursed under the project will be part of the EEP. All expenditures for procurable items will follow the Bank's 'Guidelines: Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits & Grants by World Bank Borrowers', dated January 2011 and revised in July 2014, or the Bank's 'Guidelines: Selection and Employment of Consultants', dated January 2011 and revised in July 2014 with PPs acceptable to IDA. Expenditures entirely financed by other financing sources, including government funding, can follow national procurement guidelines. Each entity will prepare a procurement manual with the relevant Bank and national procurement system procedures for goods as well as for works. Consultant services will also be undertaken.

27. All procuring entities, as well as bidders, suppliers, and contractors, shall observe the highest standard of ethics during the procurement and execution of contracts financed under the project in accordance with the 'World Bank Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants', known as the '2006 Anti-Corruption Guidelines' and updated in January 2011.

28. **Advertising.** A comprehensive General Procurement Notice will be prepared by the borrower and published in the United Nations Development Business (UNDB) online following the Board approval, to announce major consulting assignments and any International Competitive Bidding (ICB). The General Procurement Notice shall include all ICB for goods and non-consulting services contracts and all large consulting contracts (that is, those estimated to cost US$100,000 or more). In addition, a specific procurement notice is required for all goods to be

procured under ICB in UNDB online. Requests for Expressions of Interest (EOIs) for consulting services expected to cost more than US$100,000 shall be advertised in UNDB online. An EOI is required in the national gazette or a national newspaper or on an electronic portal of free access for all consulting firm services regardless of the contract amount. In the case of National Competitive Bidding (NCB), a specific procurement notice will be published in the national gazette or a national newspaper or on an electronic portal of free access. Contract awards will also be published in UNDB online, in accordance with the Bank's Procurement Guidelines (paragraph 2.60) and Consultant Guidelines (paragraph 2.28).

29. **Procurement of goods.** Goods procured under this project will include, but are not limited to, vehicles, computer equipment, office equipment, and interconnections equipment. Contracts for goods estimated to cost US$1,000,000 equivalent or more per contract shall be procured through ICB. To the extent possible and practicable, goods orders shall be grouped into larger contracts wherever possible to achieve greater economy, at the procuring entity level. Contracts estimated to cost less than US$1,000,000 but equal to or above US$100,000 equivalent per contract may be procured through NCB. Contracts for goods and commodities estimated to cost less than US$100,000 equivalent per contract and contracts for the purchase of vehicles and fuel estimated to cost less than US$500,000 equivalent per contract may be procured using shopping procedures in accordance with paragraph 3.5 of the Procurement Guidelines and based on a model request for quotations satisfactory to the Bank. Direct contracting may be used in exceptional circumstances with the prior approval of the Bank, in accordance with paragraphs 3.6 and 3.7 of the Procurement Guidelines.

30. **Selection of consultants.** Consultants' services procured under this project will include, but are not limited to, the following: financial audits, leadership and coaching, and training. Each contract estimated to cost US$500,000 equivalent or more will be awarded following the procedure of Quality- and Cost-Based Selection (QCBS). Consulting services estimated to cost less than US$300,000 per contract under the project will be procured following the procedures of Selection Based on the Consultants' Qualifications (CQS). Selection under a Fixed Budget (FBS) and Least-Cost Selection (LCS) methods will be applied in the circumstances as respectively described under paragraphs 3.5 and 3.6 of the Consultant Guidelines. For all contracts to be awarded following QCBS, LCS, and FBS, the Bank's Standard Request for Proposals will be used. Procedures of Selection of Individual Consultants will be followed for assignments that meet the requirements of paragraphs 5.1 and 5.3 of the Consultant Guidelines. LCS procedures will be used for assignments for selecting the auditors. Single-Source Selection (SSS) procedures will be followed for assignments that meet the requirements of paragraphs 3.10–3.12 of the Consultant Guidelines and will always require the Bank's prior review regardless of the amount.

31. **Consultancy assignments** estimated to cost the equivalent of US$100,000 or more and engineering design and contract supervisions estimated to cost the equivalent of US$300,000 or more will be advertised for EOIs in UNDB and the Bank's external website through Client Connection and in at least one newspaper of wide national circulation. In addition, EOIs for specialized assignments may be advertised in an international newspaper or magazine. In the case of assignments estimated to cost less than US$100,000 for consultancy assignments and US$300,000 for engineering design and contract supervisions, the assignment will be advertised nationally. The short list of firms for assignments estimated to cost less than US$100,000 for consultancy assignments and US$300,000 for engineering design and contract supervisions may

be made up entirely of national consultants. However, foreign consultants who wish to participate should not be excluded from consideration

32. **Operational costs.** These costs financed by the project are incremental expenses arising under the project and based on PTAs and budgets approved by the Association. Such costs may include office rent and maintenance; utilities (including electricity, water, and gas); communications (including telephone and Internet charges); equipment rent, operation, and maintenance; office materials and supplies (stationery and other consumables but not the purchase of equipment); lease of vehicles, operation, maintenance, and repair; and travel and transport cost of the staff associated with project implementation. These items will be procured by using the procedures detailed in the manual of procedures, which was reviewed and found acceptable to the Bank.

33. **Capacity building, training programs, workshops, seminars, conferences, and so on.** A number of target trainings and workshops are anticipated under the project to build capacity of implementing agencies to ensure efficient implementation, provide required knowledge, and ensure sustainability. All training and workshop activities will be carried out based on approved annual programs that will identify the general framework of training activities for the year and approved TOR, including (a) the type of training or workshop; (b) the personnel to be trained; (c) the selection methods of institutions or individuals conducting such training; (d) the institutions that will conduct the training; (e) the justification for the training and how it will lead to effective performance and implementation of the project and or sector; (f) the duration of the proposed training; and (g) the cost estimate of the training. A report by the trainee upon completion of training will be required.

34. **Procurement responsibilities and accountabilities.** Each participant ministry and agency will be responsible for the procurement aspects of their respective activities and the managing of contracts under Component 1. Each participant ministry and agency will be responsible for the procurement aspects of their respective EEPs and the managing of contracts under Component 3.

Capacity Assessment and Remedial Actions

35. **Arrangements for implementing procurement activities.** Project implementation will be undertaken collaboratively through the (a) Steering Committee; (b) the PMU; and (c) 'results teams' in each of the participating ministries and entities. The PMU that will be established will work closely with the UGR and beneficiary institutions. The PMU through the recruited procurement specialist has the overall responsibility of procurement coordination and supervision of the project and will be responsible of the procurement activities for Components 1, 2, and 4.

36. **Capacity assessment.** An assessment of the capacity of the implementing agencies (the UGR, Ministry of Energy, Ministry of Water, and Ministry of Justice) to implement procurement activities of the project was carried out and finalized on November 13, 2015. The assessment reviewed the organizational structure for the implementation of the project, the procurement capacities of the agencies, and the interactions between the different agencies involved in the project. The assessment outlines the main issues and recommendations in the Procurement Risk Assessment Management System (PRAMS.) The assessment revealed that the ministries and agencies have the required technical expertise but have limited procurement capacity that needs to

be strengthened. **The overall project risk for procurement is rated Substantial before mitigation.**

37. Risk mitigation measures have been discussed and agreed with the agencies. The residual risk is assessed as Moderate after adopting the following measures:

(a) Recruitment before effectiveness of a qualified procurement specialist to be based at the PMU level to supervise all the procurement activities of the project and to be responsible of the procurement activities for Components 1, 2, and 4; the procurement specialist's ToR will be agreed by IDA.

(b) The creation of procurement commission and procurement control in each concerned ministry (Ministry of Finance, Ministry of Energy, Ministry of Water, and Ministry of Justice in line with the decree no. 2010-496 of November 26, 2010.

(c) Taking into account the number of agencies involved in the project and the necessity to ensure a better coordination of procurement activities, the procurement specialist will be supported by a qualified assistant.

(d) A manual of administrative, financial, and accounting procedures will be prepared to clarify the role of each team member involved in the procurement process of the project, the maximum delay for each procurement stage, specifically with regard to the review, approval system, and signature of contracts.

(e) A workshop will be organized at the beginning of the project to train all key stakeholders involved in procurement on Bank procurement procedures and policies.

(f) Develop and implement a permanent training program and a certification/qualification system for procurement staff.

(g) The PMU staff will be trained in using the Systematic Tracking of Exchanges in Procurement (STEP) at the beginning of the project.

(h) An adequate filing system in compliance with the Bank procurement filing manual will be set up for the program records at the PMU level. The project will finance appropriate equipment.

Procurement Prior Review Thresholds

38. The PP shall set forth those contracts that shall be subject to the Bank's prior review. All other contracts shall be subject to post review by the Bank. However, relevant contracts below prior review thresholds listed in table 18, which are deemed complex and/or have significant risk levels, will be prior reviewed. Such contracts will also be identified in the PPs. A summary of prior review and procurement method thresholds for the project is given in table 17. All TORs for consultants' services, regardless of contract value, shall also be subject to the Bank's prior review.

Thresholds and Prior Review

Table 18. Thresholds for Procurement Methods and Prior Review

Expenditure Category	**Contract Value (Threshold) (US$)**	**Procurement Method**	**Contract Subject to Prior Review (US$)**
1. Goods	≥ 1 000,000	ICB	All contracts
	< 1 000,000	NCB	First contract
	< 100,000 for goods and commodities	Shopping	First contract
	< 500,000 for fuel and vehicles	Shopping	First contract
	No threshold	Community contracting	None
	No threshold	Direct contracting	All contracts
2.Consultancy	≥ 500,000	QCBS	All contracts of 500,000 and more
	< 300,000	QCBS; LCS; CQS; Other	First contract
	≥ 200,000	IC	All contracts of 200,000 and more
	< 200,000	IC	First contract
	No threshold	Single source (selection firms and individuals)	All contracts
3. Training	Annual plan	n.a.	All training
All TORs regardless of the value of the contract are subject to prior review.			

Note: QBS = Quality-Based Selection; CQS = Selection Based on the Consultants' Qualification (for contracts below US$100,000); SSS = Single-Source Selection; IC = Selection of Individual Consultants.

39. **Revision.** The prior review thresholds and other measures to be taken to mitigate procurement risk should be reevaluated once a year with a view to adjusting them to reflect changes in the procurement risk that may have taken place in the meantime and to adapt them to specific situations. In case of failure to comply with the agreed mitigation measures or Bank guidelines, a reevaluation measure of both types of thresholds, ICB and prior review, may be required by IDA.

40. **Procurement Plan.** A PP for the first 18 months of project implementation has been prepared and approved. During implementation, the PP will be updated in agreement with the project team as required, at least annually, to reflect actual project implementation needs and improvements in institutional capacity. It will be available in the project's database and a summary will be disclosed on the Bank's external website once the project is approved by Bank's Board of Directors.

41. **Supervision.** In addition to prior reviews to be carried out from IDA offices, the capacity assessment recommended two field supervision missions and at least one procurement post review per year. The procurement specialist in the Niamey Country Office will provide continuous support to implementing agencies. Independent procurement reviews will be carried out if necessary.

Environmental and Social (including Safeguards)

42. The project focuses primarily on supporting institutional and capacity-building reforms in selected ministries. It does not involve any physical structure, construction, or acquisition of land. The project is rated Category C and does not trigger safeguard policies.

Monitoring and Evaluation

43. The PMU will assume principle responsibility for coordinating the M&E and reporting of project outcomes and results. All the ministries and agencies involved in this multisector project will be responsible for collecting and sharing data with the PMU.

44. Project performance monitoring reports, tailored to required Results Framework indicators, will be prepared and presented each year. They will include the following elements: (a) status of project performance for the period under review, which will essentially involve the gap analysis between actual results versus plan and (b) performance review of the technical component, which will mainly focus on implementation rate and assessment of the capacity-building efforts for supporting achievement of the Component 1 expected results.

45. A midterm review will be conducted 18 months after loan signing to evaluate project progress and eventually make corrective adjustments, including refinement of DLIs.

Citizen Engagement

46. Through Component 2, the project will support implementation of the CRC to build capacity and foster citizen engagement (CE), while tracking beneficiary feedback under the project. The CRC, which will be implemented at commencement of the project (to establish baseline), at midterm, and at the end of the project, will produce quantitative and qualitative data to allow systematic tracking of beneficiary feedback on a number of service performance indicators under the project. The CRC assessment will also support the systematic assessment of responsiveness and performance of participating sectors on key service performance indicators. The implementation of the CE activities will be the responsibility of the planning secretariat, with strong support from the participating ministries. The planning secretariat will present comprehensive reports reflecting progress on CE to the oversight committee on a quarterly basis, and a comprehensive report showing progress toward CE targets will be submitted semiannually, which will reflect in the project supervision documents, including the Implementation Status and Results Reports.

Annex 4: Implementation Support Plan

Benin: Public Investment Management and Governance Support

1. **The strategy and approach for Implementation Support has been tailored to strengthen existing structures and ongoing programs**. To this end, the project builds on current ministries' program implementation units for the execution of the RBF Component 1 and to, a limited extent, for the TA Components, which will primarily be the responsibility of the PMU. A permanent dialogue has been established with the ministerial departments in charge of the Eligible Expenditure Programs. The Implementation Support Plan (ISP) will specifically focus on the following areas and activities:

2. **Technical support**. The government was advised to group the procurement of TA services and IT equipment into a few number of contract processes, all submitted to Bank ex-ante control, and relying on transparent and competitive procedures. From the inception of the operation, the client project team will be coached and provided with the necessary training by the Bank project team.

3. **Procurement implementation support by the Bank will include**: (a) providing training to the PMU (b) providing detailed guidance on the Bank's Procurement Guidelines, (c) reviewing procurement documents and providing timely feedback to the PMU, and (d) monitoring procurement progress against the Procurement Plan.

4. **Financial Management implementation support by the Bank will include**: (a) providing training to the PMU's financial management unit and the project team, and (b) reviewing the project's financial management system and its adherence to the POM, including but not limited to, accounting, reporting and internal controls.

5. **General Supervision inputs**. There will be two formal missions per year complemented by sector specialist as needed. In addition, team members based in the country office and at headquarters will provide day to day supervision of all operational aspects, as well as coordination with the client and among Bank team members.

6. **Mid-Term Review.** A mid-term review will be conducted 18 months after effectiveness of the project by the Bank team to assess the progress of the project and eventually adjust the project design and DLIs.

7. **Fiduciary requirements and inputs.** Training will be provided by the Bank's financial management and procurement specialists before commencement of project implementation. The Bank team will continue to support the PMU to identify capacity building needs to strengthen overall project implementation, with an emphasis on fiduciary aspects. Both the team's financial management and the procurement specialists are based in the country office allowing for timely support. Formal supervision of project implementation and financial management will be carried out semi-annually or as needed, while procurement supervision will be carried out on a timely basis as required by the client.

8. **Monitoring and Evaluation.** Implementation support to the PMU will be required to ensure due diligence and technical quality of the M&E activities of the project components.

9. The main inputs and focus in terms of support to implementation is summarized in table 19 below:

Table 19. Implementation Support Inputs

Time	Focus	Skills Needed	Staff weeks estimate
First twelve months	Procurement training (two sessions)	Procurement specialist	2
	Technical and procurement review of the bidding documents	Procurement specialist PFM specialist	2 2
	FM training and supervision	FM specialist	2
	Dialogue with client & team leadership	TTL	4
	Change management	Change management specialist	2
12-60 months	Financial management disbursement and reporting	FM specialist Disbursement specialist	6 4
	Change management	Change management specialist	2
12-60 months	Project supervision coordination & technical and sector	TTL	16
	Change management	Change management specialist	2