PROJECT INFORMATION DOCUMENT (PID)
APPRAISAL STAGE

Report No.: PIDA53647

Project Name	Public Investment Management and Governance Support Project (P147014)
Region	AFRICA
Country	Benin
Sector(s)	Central government administration (100%)
Theme(s)	Administrative and civil service reform (60%), Managing for development results (40%)
Lending Instrument	Investment Project Financing
Project ID	P147014
Borrower(s)	REPUBLIC OF BENIN
Implementing Agency	Project d'Appui aux Investissements et a la Gouvernance
Environmental Category	C-Not Required
Date PID Prepared/Updated	08-Feb-2016
Date PID Approved/Disclosed	11-Feb-2016
Estimated Date of Appraisal Completion	01-Feb-2016
Estimated Date of Board Approval	29-Mar-2016
Appraisal Review Decision (from Decision Note)	

I. Project Context

Country Context

1. Situated next to Nigeria and providing a gateway to land-locked countries to the north, Benin has a relatively small population of 10 million and a GDP of $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 multi-party democracy in the region and the introduction of the first francophone results-based management system), 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 and a period of reform stagnation has set in. Notwithstanding the 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, gross domestic product (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 (SSA) average . 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. With a Human Development Index of 0.427, Benin was ranked 167th out of 187 countries in the 2011 Human Development Report. Benin is unlikely to have met most of the MDGs by 2015, including targets on universal primary education, gender equality, child mortality, maternal health and global partnership for development.

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 to a multiparty democracy since the 1990's. Political alternation has occurred without incident and the effective separation of powers has enabled both parliament and the judiciary to act as a check on executive powers. However, the proliferation of political parties and the shifting nature of parliamentary and presidential political party coalitions in 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. President Yayi Boni is in the fourth year of his second term, which will end in March 2016.

5. Recent 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 has revealed that nearly US$ 6 million were embezzled in 2014 from the Dutch water sector support program 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 of time. 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, IMF, and the World Bank have ratcheted up the pressure on the Government to seriously tackle corruption. The Government has reacted by sacking the Minister in charge of water and all the staffers who took part in this corruption scheme. It has also agreed to open judiciary pursuits against the alleged culprits, reimburse the stolen funds, conduct institutional audits of units concerned by the scandal, and set up an Action Plan to strengthen internal controls and fight corruption.

6. Tensions between the Government, civil service unions, and the private sector usually affect the fluidity of policymaking 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 justice. 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.

Sectoral 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 Poverty Reduction and Growth Strategy 2011 – 2015 (Stratégie 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 17-19, 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. Development partners pledged about US$11.2 billion to support Benin's ambitious development program, which represents an average of US$2.24 billion per year over five years of additional funding for the country. Relative to the size of its population of 10 million inhabitants, Benin obtained US$224 per capita at the Roundtable against an average of US$60 to 80 per capita for other African countries.

8. 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 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 (eg. Togo and Guinea) which are experienced a sharp accumulation of debt. This phenomenon has started to creep up in Benin and requires that proper safeguard measures to be promptly put in place to discourage it and reduce its negative impact. In the same vain, 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 public investment programs. Addressing both PIM and accountability challenges will help Benin’s long-term social and economic success.

9. 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 public investment management system and strengthening the justice sector to enhance accountability and the fight against corruption.

1. Public Investment Management

10. Benin has historically spent much less on public investments than its neighbors. While 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.

11. A recent analysis by the World Bank 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

12. Benin's institutional capacity for PIM is very weak. The country received an overall Public Investment Management Index (PIMI) ranking of 1.56 on a scale of zero to 4.00 in the PIM efficiency assessment conducted by Era Dabla-Norris, Jim Brumby et al . The assessment considered country performance in four areas (strategic guidance and appraisal, project selection and budgeting, project implementation, and project evaluation and audit) as per the analytical framework developed by Rajaram et al . Benin's performance varied across the different PIM sub-categories. The scores for the appraisal, selection, management and evaluation indexes were respectively: 1.17, 2.40, 2.67, and 0.00.

13. 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 .

1.1 Technical bottlenecks in the PIM expenditure cycle

14. Key findings with respect to the different stages of the PIM expenditure cycle are summarized below.

Strategic guidance and appraisal

- The tools and processes for strategic guidance and appraisal of public investment management are more or less established, but challenges remain with respect to their application
- The processes for multi-year programming are well established, but timely development of spending programs and later adherence to them is weak

Multi-year 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 formally adopted by the Government.

- The budget preparation timing is not well aligned with the preparation of annual work plans, 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 impacted 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 Public Investment Program reveals the existence of many small-sized, 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 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 set-up of an institutional framework to oversee the implementation of PPPs and flagship government investment projects represents a promising opportunity to improve the monitoring and evaluation of the Government's investment program.

1.2 Management of PPPs

15. Benin's experience with PPP's 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: (i) the railway Niamey-Cotonou, (ii) the new airport; (iii) the deep-water port; and (iv) energy production, restructuring, and distribution projects. Most of these PPPs are still at a preliminary stage, with no credible feasibility studies.

16. 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: (i) the institutional arrangements for PPP management (including the anchorage of the proposed centralized PPP unit), (ii) the disclosure of contractual conditions and reporting on actual contract performance, and (iii) the systems and processes for contract and fiscal management of PPPs. While the Bank has discouraged the practice of acceptin g 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.

17. The proliferation of government institutions created to support the implementation and oversight of PPPs has hampered efficiency. These include the Beninese Agency for Larger Projects (Agence béninoise des grands travaux), the Agency for the Promotion of Export Investments (Agence de promotion des investissements pour les exportations), and the Presidential Investment Council (Conseil présidentiel des investissements). There is little coordination among these entities,

leading to an increase in transaction costs and heightened ineffectiveness in the achievement of expected results

18. Capacity for the management of PPP investments varies. As indicated above, the existing PPP portfolio is comprised of 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.

1.3 Investments in Electricity and Water and Sanitation

19. Strategically, two of the 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 sub-sector. 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 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 are located. Provision of electricity is assured by the Beninese Society for Electricity Energy (Société Béninoise d'Energie Electrique – SBEE). In order 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 – 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 MDG target of 75 percent by 2015. In addition, demand continues to outpace supply in both rural and urban areas . 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 non-potable 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, waste water 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.

20. To date, the track record of public investment management performance in these two sectors has been particularly poor. In 2013, the water and electricity sectors, which are managed by the Ministry of Energy, Oil and Mining Research, and Development of Renewable Energies (Ministère de l'énergie, des recherches pétrolières et minières, de l'eau et du développement des énergies renouvelable, MERPMDER - henceforth Ministry of Energy and Water) and the Ministry

of Water (Ministère de l'Eau), globally spent CFAF29.2 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.

2. Governance, Anti-Corruption and Justice

21. 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 in 80th position 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 still worse than the yearly rankings it received from 2005 to 2012. The Worldwide Governance Indicators (see Figure 1 below) 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.

22. The lack of effective systems for upholding accountability, together with high levels of corruption directly impact upon public investment management in Benin. Citizens have limited access to the 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 2013-2014, companies surveyed indicated that corruption was the greatest obsta cle to business in the country and this likely influences the Government's capacity to attract reliable investments for PPPs.

2.1 Anti-corruption

23. The Government has taken various measures to foster good governance and tackle corruption. President Thomas Boni Yayi was first elected in 2006 on an anti-corruption 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 Anti-Corruption Law 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 Procurement Regulatory Authority (Autorité nationale de regulation des marches publics, ANRMP), the National Anti-Money Laundering Unit (Cellule nationale de traitement des information financieres, CENTIF) and the Ombudsman's Office (Mediateur de la Republique de Benin). At the center of the anti-corruption institutional framework is the National Anti-Corruption Authority (Autorité nationale de la lute contre la corruption, ANLC) which was created in 2013 .

24. The newly created National Anti-Corruption Authority has an extensive mandate, yet its capacity to substantively take action is limited. The ANLC reports directly to the President's Office and is comprised of 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 Anti-Corruption 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.

25. Following the uncovering of the corruption scandal in the water sector, the Government has created the Office of the General Auditor (Bureau de l'Auditeur Général - BAG) in replacement of the State General Inspection (Inspection Générale de l'Etat). BAG seeks to quickly address the internal control weaknesses and other issues raised in the forensic audit report. The Government has nominated the General Auditor and is finalizing the renovation of BAG's offices and the recruitment of its staff. Development partners and other domestic control bodies are working with BAG on the design and implementation of action plans intended to prevent fraud risks and safeguard the use of public resources and State assets.

2.2 The Justice Sector

26. Weaknesses in the justice sector in Benin affect public investment management in several ways. As an independent branch of Government, in principle, the judiciary: (i) provides a formal avenue for holding the executive and public administration to account (through its administrative jurisdiction); (ii) sanctions those that obtain illicit gains from public and private investments and protects against impunity (through its criminal jurisdiction); and (iii) 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.

27. Improving performance of the administrative jurisdiction will have a positive impact on public administration in general, and on public investment management 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 national and local level, which is critical for a transparent and performing public administration. With regard to public investment management, 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 Public Procurement Regulation Agency (ARMP). Having this process well in place will ensure a fairer and more cost-effective public procurement system, and hence a more effective and efficient public investment management. ARMP 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 administrative disputes related to contract management and accountability will be handled more efficiently through an improved

administrative justice.

28. 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 European Union (EU) and the Millennium Challenge Account (MCA), 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 . Notwithstanding 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 and in the three Appeals Courts . 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.

29. 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. 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.

30. The establishment and strengthening of administrative chambers should help to 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 1500 cases in addition to a similar size backlog of election related cases. The Ministry of Justice is in the process of appointing thirty-eight 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 deal with new administrative cases, among others.

31. The operationalization of the administrative chambers has been the source of in-depth reflection in recent years, however limited substantive progress has been achieved. In 2011, a committee comprised of ministerial and Supreme Court representatives was established in Benin 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 was developed which highlighted the need to take a progressive approach. The analyses recommended: (i) amendments to the existing legislative framework to

avoid jurisdictional conflicts between the different courts, (ii) concerted recruitment of magistrates and court clerks to ensure that the new chambers are adequately staffed, (iii) specialized initial and in-service training on administrative law, (iv) adapted information systems for case management and data collection for administrative matters. Notwithstanding the analysis and 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.

II. Proposed Development Objectives

The project development objective is to improve efficiency in public investment management and enhance the performance of selected institutions of accountability in Benin.

III. Project Description

Component Name

Enhancing efficiency and Effectiveness in the Public Investment Management Expenditure Cycle

Comments (optional)

Component 1 provides technical assistance 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.

Component Name

Strengthening Good Governance and Accountability

Comments (optional)

Component 2 provides technical assistance to enhance good governance and accountability as foundations for effective public investment management. The component will support capacity-building of selected anti-corruption 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, 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. Furthermore, this component will support social accountability through citizen engagement in the public delivery system.

Component Name

Results-based Financing in the Electricity, Water and Justice Sectors

Comments (optional)

Component 3 provides Result-Based Financing in three selected sectors (Energy, Water, and Justice) for results achieved in the implementation of specific investment projects as a consequence of the technical assistance provided under Components 1 and 2. Financing 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. Financing will support selected activities identified in the eligible expenditure programs for specific investment projects.

Component Name

Support to the Project Coordination Unit

Comments (optional)

Component 4 finances project implementation arrangements (including the project implementation unit, monitoring and evaluation and financial management of the project).

IV. Financing *(in USD Million)*

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

For Loans/Credits/Others	**Amount**
BORROWER/RECIPIENT	0.00
International Development Association (IDA)	30.00
Total	30.00

V. Implementation

A. Institutional and Implementation Arrangements

32. The project will be carried out under the leadership and oversight of the Prime Minister's Office/Planning Block. Since the project is firstly about strengthening public investment management, the Prime Minister's Office/Planning Block will understandably chair the Steering Committee and will work very 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 Prime Minister's Office/Planning Block, 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.

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33. UGR is in charge of managing PFM reforms, which mostly are about the implementation of the WAEMU directives and also about the various action plans stemming from the PEMFAR/PEFA findings and recommendations. UGR manages a multi-donor project whose major contributors are the EU and AfDB. There are strong synergies to be made between the proposed PIM operation and UGR work programs.

34. The Project Coordination Unit, which will be autonomous and independent from the UGR, will be responsible for coordinating the day to day implementation of the Project, including financial management, organizational aspects and monitoring and evaluation. The PCU 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 PCU to maintain close and open communication channels with the Steering Committee, the UGR, and the World Bank team. Given that the project is very much focused on results and put lot of emphasis on DLIs, it will include strong M&E specialists among its key personnel.

35. 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 Prime Minister's Office and will include representatives from all the project

beneficiary entities, including the Ministry of Finance, Ministry of Energy and Water, Ministry of Justice, the President's Office (BOS), the ANLC and the relevant jurisdictions. Steering Committee members will validate and authorize yearly activity plans submitted by the Project Coordination Unit, review in-year progress reports and recommend corrective measures.

B. Results Monitoring and Evaluation

36. Progress towards 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 A.1.2). Independent verification and validation will also be undertaken through an independent firm. Results will be validated by the Steering Committee.

37. 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 vis a vis 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 E-ISR process, and fed into recalibrating further implementation efforts, including necessary mid-course corrections and project enhancements to improve results.

C. Sustainability

38. 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 public investment management 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.

VI. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	**Yes**	**No**
Environmental Assessment OP/BP 4.01		✖
Natural Habitats OP/BP 4.04		✖
Forests OP/BP 4.36		✖
Pest Management OP 4.09		✖
Physical Cultural Resources OP/BP 4.11		✖
Indigenous Peoples OP/BP 4.10		✖

Involuntary Resettlement OP/BP 4.12		✕
Safety of Dams OP/BP 4.37		✕
Projects on International Waterways OP/BP 7.50		✕
Projects in Disputed Areas OP/BP 7.60		✕

Comments (optional)

VII. Contact point

World Bank

Contact: Robert A. Yungu
Title: Senior Public Sector Specialis
Tel: 5331+3405
Email: ryungu@worldbank.org

Borrower/Client/Recipient

Name: REPUBLIC OF BENIN
Contact: Mireille Guedou-Madode
Title: Chief of Staff
Tel: 22921301364
Email: mireilleguedoumadode@yahoo.fr

Implementing Agencies

Name: Project d'Appui aux Investissements et a la Gouvernance
Contact: Sourou Lucien Ahlonsou
Title: Secretary General of Ministry of Development
Tel: 0022921300498
Email: aslucien@yahoo.fr

VIII. For more information contact:

The InfoShop
The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 458-4500
Fax: (202) 522-1500
Web: http://www.worldbank.org/infoshop

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