

Language : ENGLISH
Original : French



AFRICAN DEVELOPMENT FUND

BENIN

PUBLIC FINANCE MANAGEMENT AND BUSINESS CLIMATE IMPROVEMENT SUPPORT PROJECT

APPRAISAL REPORT

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June 2010

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Currency Equivalents

May 2010

UA	=	CFAF 746.387
EUR	=	CFAF 655
USD	=	CFAF 493.930

FISCAL YEAR

1 January - 31 December

WEIGHTS AND MEASURES

1 tonne	=	2204 pounds (lbs)
1 kilogramme (kg)	=	2.200 lbs
1 metre (m)	=	3.28 feet (ft)
1 millimetre (mm)	=	0.03937 inch (“)
1 kilometre (km)	=	0.62 mile
1 hectare (ha)	=	2.47 acres

Acronyms and Abbreviations

ABC	:	Joint Budget Support for Poverty Reduction
ASYCUDA	:	Automated System for Customs Data
CaR-GBAR	:	Results-Based Budget Management Reform Framework
CIGOP	:	Competitiveness and Integrated Growth Opportunity Project (CIGOP)
CODE	:	Committee on Operations and Development Effectiveness
CNRMP	:	National Public Procurement Regulatory Authority (CNRMP)
CPI	:	Presidential Council for Investment
CPMP	:	Public Procurement Unit
CSPEF	:	Economic and Financial Programmes Monitoring Unit
DGDDI	:	General Directorate of Customs and Excise Duty
DGID	:	General Directorate of Taxation and Lands
DNMP	:	National Directorate of Public Procurement
ECF	:	Extended Credit Facility
EUR	:	Euro
FDI	:	Foreign Direct Investment
GoB	:	Government of Benin
GPRS	:	Growth for Poverty Reduction Strategy
IGF	:	Inspectorate General of Finance
IMF	:	International Monetary Fund
IPC	:	Investment Promotion Centre
MCA	:	Millennium Challenge Account
MEF	:	Ministry of Economy and Finance
MDG	:	Millennium Development Goals
MTEF	:	Medium-Term Expenditure Framework
PAAGFP	:	Public Finance Management Improvement Action Plan
PAGFP ACAF	:	Public Finance Management and Business Climate Improvement Support Project
PAP	:	Priority Action Programme
PASCRP	:	Growth and Poverty Reduction Strategy Support Programme
PASRP	:	Poverty Reduction Strategy Support Programme
PARE	:	Economic Reforms Support Programme
PEFA	:	Public Expenditure and Financial Accountability
PFM	:	Public Finance Management
PLR	:	Projet de Loi de Règlement (Draft Final Audited Accounts)
PPBM	:	Planning, Programming, Budgeting and Monitoring/evaluation
PRGSP	:	Poverty Reduction and Growth Strategy Paper
PRS	:	Poverty Reduction Strategy
PRSP	:	Poverty Reduction Strategy Paper
RBCSP	:	Results-Based Country Strategy Paper
RP	:	Risk Projects
SAP	:	Structural Adjustment Programme
SBEE	:	Benin Electric Power Distribution Company
SDO	:	Strategic Development Orientations
SIGMAP	:	Integrated Public Procurement Management System
TIN	:	Single Tax Identification Number
UA	:	Unit of Account
RMU/FP	:	Public Finance Reforms Management Unit
UNCTAD	:	United Nations Conference on Trade and Development
USD	:	United States Dollar
WAEMU	:	West African Economic and Monetary Union

Project Information Sheet

Client Information Sheet

Borrower and Beneficiary : Republic of Benin

Executing Agency : Public Finance Reforms Management Unit (RMU),
in the Ministry of Economy and Finance

Financing Plan

		UA Million			% Total
	Source	Foreign Exchange	Local Currency	Total	
	ADF	6.78	2.58	9.36	84.25%
	Grant	3.62	1.38	5.00	45.00%
	Loan	3.16	1.20	4.36	39.25%
	Government	0.00	1.75	1.75	15.75%
Total Project Cost		6.78	4.33	11.11	100.00%

Financial Information on the ADF loan

Loan Currency	Unit of Account
Maturity	50 years
Grace Period	10 years

Duration – Key stages

- Approval of Project Concept Note	5 May 2010
- Project Approval	13 September 2010
- Effectiveness	March 2011
- Completion	31 December 2014
- Last Disbursement	31 December 2014

Executive Summary

Benin's ambition to build an emerging economy in the sub-region led the Government in 2006 to adopt the Strategic Development Orientations (SDO) for the 2006-2011 period. The initial stage of the SDO involves: (i) building a development-driven public administration; (ii) improving the quality of governance; and (iii) fostering private initiative. In that context, the Government of Benin has identified the improvement of public finance management and the business climate among the key priorities of its Growth for Poverty Reduction Strategies (GPRS 2007-2009 and GPRS 2011-2015 in the preparation phase). These priorities tie in with the overall objectives of the SDO that aims at meeting the challenges of economic competitiveness and improved governance, with a view to attaining the Millennium Development Goals (MDG). Hence, to help it achieve this objective, the Beninese Government sought Bank assistance to finance the project under consideration. The request for financing was forwarded to the Bank in October 2009. The appraisal mission to Cotonou was fielded from 9 to 21 May 2010.

Beneficiaries: the direct project beneficiaries are the National Public Procurement Regulatory Authority (CNRMP), the National Directorate of Public Procurement (DNMP), Public Procurement Units (CPMP), the Audit Chamber, the Presidential Council for Investment (CPI), the Investment Promotion Centre (IPC), the General Directorate of Taxation and Lands, the General Directorate of Customs, various departments of the Ministry of Forward Planning, Development, Public Policy Evaluation and Coordination of Government Action. The ultimate beneficiaries will be the population of Benin, particularly its poorest segments. Indeed, the project will engender greater effectiveness, transparency, fairness and efficiency in the management of public resources channeled mainly towards the priority sectors of the GPRS, namely agriculture, health, education, water and sanitation. Furthermore, the improvement of the business climate through more flexible procedures and reduced business registration costs, the facilitation of border trade, the fight against corruption and the implementation of development-driven taxation, will be advantageous to economic operators (including women businesses managers) who will be increasingly motivated to invest in wealth- and job-creating activities.

Comparative Advantages: on the strength of proven experience in similar operations and fruitful cooperation with the World Bank, the European Union and other bilateral partners such as the Netherlands and the Kingdom of Denmark, the Bank has developed definite comparative advantages in institutional capacity building in Benin, particularly with regard to economic and financial governance. Project components have been designed to consolidate the achievements of previous programmes and strengthen synergy with operations undertaken by other development partners.

Institutional Development and Knowledge Building: since the project targets actions intended to strengthen the effectiveness of public finance management systems, improve the business climate and portfolio quality, it will have a positive impact on the capacity of government departments concerned. The project will contribute to the emergence of good public finance management practices, particularly with respect to ex-post audit, corruption and fraud control, and private-sector development. Such good practices will be disseminated within the administration through training seminars and study tours to draw from experiences acquired by some countries of the sub-region in support areas covered by the project. Therefore, the project will strengthen the institutional capacity and performance of the relevant government departments. Lastly, the project design took into account the information technology needs of the departments concerned, in a bid to enhance the transparency and effectiveness of their respective activities.

PUBLIC FINANCE MANAGEMENT AND BUSINESS CLIMATE IMPROVEMENT SUPPORT PROJECT
BENIN

Logical Framework

Hierarchy of Objectives	Expected Outcomes	Scope	Performance Indicators	Indicative Targets and Timeframes	Assumptions/Risks
<p>1. Sector Objective</p> <p>Strengthen the capacity of institutions responsible for public investment programming, public expenditure implementation and control, as well as private sector support mechanism.</p>	<p>Impact</p> <p>Improved performance of public procurement and external control agencies, public investment programming chain stakeholders as well as private sector actors.</p>	<p>Beneficiaries</p> <p>Beninese population Public Administration and private sector stakeholders</p>	<p>Impact Indicators</p> <p>Rate of consumption of budget credits appropriated to the priority sectors.</p> <p>Production of final audited accounts</p> <p>Private investment rate</p> <p>Source: GPRS Annual Review Report</p> <p>Benin's ranking in "Doing Business" Report</p> <p>Source: "Doing Business" Report</p>	<p>Expected Long-term Progress</p> <p>Rate increases from 45% in 2009 on average to more than 80% in 2013</p> <p>Production of final audited accounts within the regulatory timeframe as from 2012</p> <p>Increase in private investment rate from 13.6% in 2009 to above 15% on average over the 2011-2013 period.</p> <p>Source: GPRS Annual Review Report</p> <p>Benin moves from 172nd position in 2010 to a lower ranking starting 2012.</p> <p>Source: "Doing Business" Report 2012</p>	<p>Assumptions</p> <ul style="list-style-type: none"> - Government's commitment to embark on structural and institutional reforms - Sustained support from the TFPs - Implementation of the new Public Procurement Code - Improvement of the legal and regulatory environment; - Improvement in trade facilitation; - Strengthening of the private sector support mechanism <p>Risks</p> <ul style="list-style-type: none"> - Deterioration of the macro-economic situation; - Failure to mobilize the annual counterpart funds on time - Slippage in implementing the Public Finance Management Improvement Plan and the Business Climate Improvement Programme - Slackening of Government's political commitment to embark on public finance reforms and improve the business climate <p>Mitigative Measures</p> <p>The risk relating to default in mobilizing the counterpart funds is mitigated by Government's commitment to speed up public finance management reforms intended in the short term to offset the adverse impact of the world economic crisis, as well as its determination to enhance and consolidate growth in the medium term</p> <p>The country's budget support needs to sustain the implementation of its poverty reduction strategies encourage the Government to continue implementing public finance reforms and improving the business climate</p>

Hierarchy of Objectives	Expected Outcomes	Scope	Performance Indicators	Indicative Targets and Timeframes	Assumptions/Risks
2. Project Goal	Medium-term Outcomes	Beneficiaries	Output Indicators	Expected Long-term Progress	Assumptions and Risks
2.1 Improve public finance management	2.1.1 The public finance external control system is improved	Ministry of Economy and Finance Audit Chamber	PEFA indicators (IP-26; IP-27; IP-28): (i) scope, type and follow-up of external control; (ii) consideration of the annual Finance Law by the legislative branch; (iii) consideration of external control reports by the legislative branch Source: PEFA Reports	Score D of PI 26 in 2007 improves to C in 2011 Score C+ of PI 27 in 2007 improves to B in 2011. Score D of PI 28 in 2007 improves to C in 2011 Source: PEFA Reports	Assumptions -Increased will of Government to diversify the economy - Ownership of project by beneficiary structures - On-going support of TFPs
	2.1.2 Procurement management system is improved	Economic operators Beninese population.	2.1.2.1 Timeframe for public procurements financed by the national budget (in days) Source: GPRS Implementation Report	Timeframe drops from 210 days on average in 2009 to 65 days from 2011. Source: GPRS Implementation Report	Risks Slippage in implementing the Public Finance Management Improvement Plan and the Business Climate Improvement Programme
	2.1.3 The Bank's portfolio quality in Benin is improved	Administration, project executing agencies, Beninese population.	2.1.3.1 Implementation rate of public investment expenditure and Bank-financed projects 2.1.3.2 Timeframe for signing Bank-financed contracts Source: GPRS Implementation Report	Investment expenditure implementation rate increases from 40% in 2009 to 70% starting 2012. Timeframe reduced from three months in 2010 to one month in 2011. Source: GPRS Implementation Report	Mitigative Measures The Project Implementation Unit will be given all the human and material resources required to avoid slippage in project implementation
2.2 Improve the business climate	2.2.1 Business registration timeframe and cost are reduced	Economic operators, public administrative services; Beninese population.	2.2.1.1 Requisite timeframe for incorporating a company 2.2.2.1 Number of tax payment procedures 2.2.2.2 Average company tax rate Source: "Doing Business" Report	Requisite timeframe for business registration reduced from 31days in 2009 to fewer than 25 days in 2011. The number of procedures decreases from 53 in 2010 to fewer than 20 in 2012. Average company tax rate reduces from 73% in 2010 to 66% starting 2011	The technical committee in charge of monitoring the implementation of the Public Finance Action Plan comprising TFPs will enforce compliance with the implementation schedule of all Action Plan components The Steering Committee and the Executive Committee were set up by Decree No. 2009-181 of 7 May 2009 to monitor the implementation of the Business Climate Improvement Programme.
	2.2.2 Development tax is introduced		2.2.2.3 Level of tax revenue		

Hierarchy of Objectives	Expected Outcomes	Scope	Performance Indicators	Indicative Targets and Timeframes	Assumptions/Risks
	2.2.3 Management of the modernized Customs Department	Same as above	<p>Source: GPRS Implementation Report</p> <p>2.2.3.1 Timeframe for customs clearance of goods</p> <p>Source: World Bank Doing Business Report</p> <p>2.2.3.2 Level of customs revenue</p> <p>Source: GPRS Implementation Report</p>	<p>Source: "Doing Business" Report</p> <p>Increase in tax revenue in 2011, 2012, 2013 and 2014 compared to the 2009 level, which stood at 18.5% of GDP.</p> <p>Source: GPRS Implementation Report</p> <p>Timeframe for customs clearance reduced from 60 days in 2009 to less than 30 days as from 2011.</p> <p>Source: World Bank Doing Business Report</p> <p>Increase in customs revenue in 2011, 2012, 2013 and 2014 compared to the 2009 level which stood at 4% of GDP</p> <p>Source: GPRS Implementation Report</p>	
<p>3. Resources and Activities</p> <p>Component I.</p> <p>1.1 Strengthen Public Finance Management</p> <ul style="list-style-type: none"> - Technical Assistance and training - Computer hardware 	<p>Outputs</p> <ul style="list-style-type: none"> - Public procurement management is computerized - Strengthened capacity of national professional staff to use SIGMAP and in monitoring/evaluation, control, public procurement system and data processing - Auditors on the Audit Chamber trained on auditing techniques - Audit Chamber computerized 	<p>Beneficiaries</p> <p>Procurement stakeholders, Audit Chamber</p>	<p>Output indicators</p> <ul style="list-style-type: none"> - SIGMAP put in place - Training programme drawn up - Computer hardware delivered 	<p>Expected Short-term Progress</p> <p>SIGMAP installed and operational by the first half of 2011</p> <p>Training of at least 10 persons, including women in 2011</p> <p>Training of at least 10 auditors in 2011</p>	<p>Assumptions</p> <p>Project executing agency provided with all human and financial resources</p> <p>Reduced public procurement timeframes</p> <p>Effectiveness of monitoring/evaluation mechanisms</p> <p>Risks</p> <p>Turnover of the professional staff of the Project Executing Agency</p>

Hierarchy of Objectives	Expected Outcomes	Scope	Performance Indicators	Indicative Targets and Timeframes	Assumptions/Risks
<p>Component II Improve the Business Climate</p> <p>- Technical assistance to prepare and monitor the implementation of the Business Climate Improvement Programme</p> <p>-Technical support and expertise in Public-Private Partnership</p> <p>- Studies for preparing private investment projects</p> <p>- Computer hardware</p>	<p>- Capacity of stakeholders of the Planning, Programming, Budgeting and Monitoring/Evaluation (PPBM) chain strengthened through computerization and the training sessions offered</p> <p>Fiscal Development Strategy adopted Business Climate Improvement Programme adopted</p> <p>Public-Private Partnership Institutional Framework produced</p> <p>Feasibility studies for private investment projects produced</p> <p>Revision and dissemination of the National Private Investment Policy</p> <p>Customs clearance and goods removal procedures computerized</p> <p>Source: Project components supervision and implementation reports</p>	<p>Stakeholders of the PPBM chain</p> <p>Directorate General of Taxation, Directorate General of Customs, Directorate of Private Investments, Investment Promotion Centre, Presidential Council for Investments</p>	<p>Computer hardware delivered</p> <p>Training sessions offered</p> <p>Integrated system for managing taxes and duties</p> <p>Business Climate Improvement Action Plan prepared and implemented</p> <p>Public-Private Partnership Institutional Framework</p> <p>Number of feasibility studies produced</p> <p>National policy prepared and disseminated</p> <p>ASYCUDA++ System deployed at Customs Department to improve customs clearance and goods removal deadlines</p> <p>Risk-based national strategy to crack down on fraud</p> <p>Source: Project components supervision and implementation reports</p>	<p>Computerization of the (PPBM) chain in 2012</p> <p>Creation of a national PPBM training centre in 2014.</p> <p>System put in place in 2012.</p> <p>Action Plan prepared in 2010 and implemented starting 2011</p> <p>Institutional framework adopted by the Government latest 2011</p> <p>Implementation of at least 5 feasibility studies per year starting 2011</p> <p>Policy prepared and disseminated in 2012</p> <p>Customs clearance and goods removal procedures computerized latest 2011</p> <p>Strategy put in place latest 2012</p> <p>Source: Project components supervision and implementation reports</p>	<p>Unusually lengthy procurement deadlines</p> <p>Slippage in implementing project activities</p> <p>Mitigative Measures</p> <p>Thorough monitoring of project implementation through the intensification of supervision missions.</p>
Financial Resources	<p>ADF: UA 9.36 million Govt.: UA 1.75 million Total: UA 11.11 million</p>	The State	Disbursement rate	100% at project completion	Acceleration of conditions for grant/loan effectiveness and disbursement.

BANK GROUP MANAGEMENT REPORT AND RECOMMENDATIONS TO THE BOARD OF DIRECTORS CONCERNING THE PUBLIC FINANCE MANAGEMENT SUPPORT PROJECT IN FAVOUR OF THE REPUBLIC OF BENIN

Management hereby submits this report and the related recommendations concerning a proposal to award a UA 5.00 million grant and extend a UA 4.36 million loan to the Republic of Benin to finance the Public Finance Management and Business Climate Improvement Support Project (PAGFP ACAF).

I. STRATEGIC THRUST AND JUSTIFICATION

1.1 Project Linkage with Country Strategy and Objectives

1.1.1 The project accords with the overall objective of the Strategic Development Orientations (SDO 2006-2011), which is to meet the challenge of economic competitiveness, achieve the Millennium Development Goals (MDG) and improve governance. To contribute to achieving that objective, the project ties with the Poverty Reduction and Growth Strategy (PRGS II, 2007-2009) adopted by Government in February 2007, and centred on the following thrusts: (i) growth acceleration; (ii) infrastructure development; (iii) human capital development; (iv) improved governance; and (v) balanced and sustainable development of the national space. In line with PRGS II 2007-2009 priorities, the Bank's strategy for Benin (RBCSP 2005-2009, approved in June 2005) had retained the following two pillars: (i) production diversification; and (ii) increased access to basic social amenities. The RBCSP 2005-2009 Mid-Term Review (ADF/BD/WP/2008/97, approved by the Boards in November 2008) and the proposal to extend that RBCSP to 2011 (ADF/BD/WF/2010/39, approved on 6 April 2010 by the Committee for Development Effectiveness - CODE) retained the two pillars. While awaiting the adoption of PRGS III, 2010-2014 (currently in the preparation phase) and in accordance with the proposal to extend RBCSP 2005-2009 to 2011, the project under consideration seeks to contribute to achieving Pillar 1 objectives, namely the diversification of Benin's economy which, based on the Bank's approach, will be achieved through the following three intervention methods:

- (i) Support to the agricultural sector through projects to diversify livestock and crop production;
- (ii) Support to strengthen transport infrastructure through road projects, to open up production areas and enable Benin to fully play its role as a transit country; and
- (iii) Support to economic reforms and governance, in the form of budget support or institution building project, with a view to better public resource management - indispensable for economic recovery.

1.1.2 This project ties with the third intervention method. It complements the Growth and Poverty Reduction Strategy Support Programme (GPRSSP III, 2009-2010) approved by the Bank in April 2009, and specifically aims at building the capacity of structures responsible for undertaking reforms to improve public finance management and the business climate as provided for in this programme.

1.2 Rationale for Bank Intervention

At the Public Finance Level

1.2.1 Benin has achieved significant progress in results-based public finance management. Since the late 90s, the Government has embarked on a new approach to results-based public resource management. The core objective of this approach, which gives concrete expression to the Government's vision of the new public management method, is to set up a public resource management system that allows for substantial poverty reduction through enhanced effectiveness and greater transparency in public expenditure. This strategy is compliant with the third thrust of the PRSP and centres on: (i) strengthening the macro-economic framework and setting up an efficient tax system; (ii) strengthening expenditure management and results-based management culture; (iii) strengthening control and audit (internal and external audit); and (iv) accelerating administrative reform and intensifying the fight against corruption. Furthermore, in the process of generalizing the results-based budget management approach, the Government, as required by WAEMU directives, is committed to using programme budgeting as the single instrument for budget preparation and management. Hence, this approach has been extended gradually to all Ministries following the adoption of Medium-Term Expenditure Frameworks (MTEF). Lastly, to ensure financial accountability and guarantee good economic and financial governance, the Government has undertaken actions to rationalize and build the capacity of public finance auditing agencies and, with ADB support, has embarked on public procurement reforms and capacity-building of auditing institutions, including the Audit Chamber of the Supreme Court, with a view to upgrading it to a Court of Audit in accordance with the Code of Good Practice recommended by WAEMU in the new Public Finance Legal Framework.

1.2.2 Notwithstanding these significant developments, public expenditure management continues to face constraints in budget and account management, internal and external control and the public procurement system (modernization of the procurement system requires the Government to draw up the implementing provisions of the new public procurement code adopted in March 2009). The implementation rate of results-based budget management reforms has been slow due to weak human and institutional capacity. These weaknesses have reduced the effectiveness of internal and external control and the functioning of the public procurement system. In terms of results, the reform has had no significant impact on indicators related to the budget implementation rate, the speed of public procurements and the improvement of development project management. Consequently, these weaknesses have adversely affected the performance of public finance management as revealed by the PEFA study conducted in 2007 (see Appendix II). To remedy these weaknesses, the Government in March 2009 prepared a new Public Finance Management Improvement Action Plan (PAAGFP) for the 2009-2013 period. This Action Plan takes stock of human and material resources as well as all actions required to improve public finance management at all levels of the budget cycle. The project under consideration will contribute to the implementation of the Action Plan by building the capacity of public investments programming agencies, financial authorities, external control and public procurement stakeholders. This is a priority for the Economic and Financial Governance Programme as retained under the third thrust of the GPRS. This priority is shared by the development partners who, as part of their budget support, underscore the need for the Government to foster accountability and transparency in the use of public resources especially through: (i) the timely production of reports on the implementation of the Finance Law and the effective court audit of public accountants; and (ii) the creation of a Court of Audit in Benin by legislative enactment, without waiting for a general amendment of the constitution.

At the Business Climate Level

1.2.3 Since the early 90s, Benin entered a new era marked by the transition from the State-run economy to the market economy. The liberal economy option resulted in the State's divestiture from the productive sectors to the advantage of the private sector, which became the engine of economic growth. In addition, it led the Government to embark on comprehensive reforms in several key sectors of the economy, including the reform of the legal, regulatory and judiciary framework, the reorganization of public administration, and the restructuring of the financial sector, basic services and infrastructure. In spite of such efforts, Benin has registered little progress in improving the business climate. According to UNCTAD, Benin ranks last in terms of distribution of Foreign Direct Investments (FDI) in Africa. In addition, Benin is among the group of 31 countries receiving less than 100 million dollars worth of investments per year. Furthermore, according to the World Bank's "Doing Business" ranking, Benin has consistently ranked 172nd out of 181 countries over the past two years (2009-2010). The country has achieved little progress with respect to key indicators, as shown in the table below. This poor performance led the Government to undertake a study with a view to designing a programme to improve the business climate in Benin in general, and the "Doing Business" indicators in particular. The goal of the programme is to help the country to meet the challenges identified in private sector development, by targeting factors aimed at: (i) improving the legal, judicial and regulatory environment; (ii) improving the functioning of factor markets; (iii) improving trade facilitation; (iv) strengthening the private sector support mechanism; and (v) developing basic infrastructure and improving Benin's ranking in the "Doing Business" Report. The project under consideration was designed in such a manner as to contribute to strengthening the private sector support mechanism with a view to enabling structures involved in boosting private investments to effectively play their role in implementing reforms related to improving the regulatory framework and trade facilitation. Through its support to tax reforms and the Business Climate Improvement Programme, the project will also help to create sector or geographic niches that will contribute to economic diversification (PSP Pillar 1) through the promotion of new promising sectors for exports and regional integration (PRS Component I).

*Table 1.1
Benin's Ranking According to Doing Business*

Indicator	Benin's "Doing Business" Ranking		Variation in 2008-2009 Ranking
	2009	2010	
Starting a Business	151	155	-4
Dealing with Construction Permits	132	133	-1
Employing Workers	138	139	-1
Registering Property	122	126	-4
Getting Credit	147	150	-3
Protecting Investors	151	154	-3
Paying Taxes	167	167	0
Trading Across Borders	128	130	2
Enforcing Contracts	177	177	0
Closing a Business	132	133	-1
Overall Ranking	172	172	0

Source: Doing Business in 2010

At the Portfolio Improvement Level

1.2.4 As at 31 March 2010, the portfolio of ongoing Bank operations in Benin comprised 23 operations, of which 20 national and 3 multinational. Total net commitments stood at UA 227.98 million. The portfolio is highly diversified and covers practically all areas of Bank intervention. The entire portfolio disbursement rate now stands at 45%. Portfolio performance was deemed unsatisfactory during the 2007 portfolio review. The new review conducted in 2009 reports a slight improvement in project disbursement rate and a reduction in the number of risk projects (RP), which currently account for 47% of the portfolio.

1.2.5 Lessons drawn from implementing previous Bank operations in Benin have shown the need for the Bank to carry out capacity building activities not only to consolidate Government reforms to improve public finance management and the business climate, but also to improve the quality of the portfolio. Furthermore, to reduce the number of risk projects and ensure better portfolio quality, it was agreed with the Beninese authorities to strengthen project implementation monitoring and control in sector ministries and in the Ministry of Forward Planning, Development, Public Policy Evaluation and Coordination of Government Action. Given the crucial role played by the said Ministry in improving the portfolio quality of projects financed by the Bank, the project under consideration seeks to strengthen structures that fall under the Ministry's supervisory authority (the mission of such structures is to ensure the effective implementation of projects financed by the Bank). This project has taken that concern into consideration both as a result of the recommendations of the Committee on Operations and Development Effectiveness (CODE) which reviewed the Concept Note in May 2010, and of

actions drawn up in the portfolio quality improvement action plan agreed upon with the Government in April 2010.

Complementarity with Previous Operations and Interventions of other Development Partners

1.2.6 Bank's interventions with respect to institutional support to Governance and Economic and Financial Reforms over the period 1992-2008 concerned the following operations: (i) Economic Management Institutional Support Project; (ii) Institutional Support Project combined with the Poverty Reduction Strategy Support Programme (PRSSP I); and (iii) Project to Support Control Institutions (PAIC).

1.2.7 Approved in 1992 and completed in June 2002, the objective of the first Economic Management Institutional Support Project was to improve the effectiveness of Government action in managing the national economy. The second institutional support project, combined with a poverty reduction strategy support programme (PRSSP I), was approved in 2003 and completed in 2007. The project aimed at improving governance in results-based budget management, enhancing the fiduciary framework, and fighting corruption and money laundering. The third institutional support operation concerned the Project to Support Control Institutions (PAIC), approved in June 2005. Scheduled for completion in June 2010, PAIC's objective is to strengthen and increase the technical capacity of control agencies whose mission is to oversee the effective and efficient implementation of public expenditure.

1.2.8 The project under consideration is complementary with previous operations mentioned above, especially the Growth and Poverty Reduction Strategy Support Programme (Phase III) approved by the Bank in April 2009. Within that context, it aims to strengthen the structures involved in implementing the said Programme, with a view to enabling: (i) increased effectiveness and efficiency in public finance management; and (ii) laying a solid foundation for sustainable economic growth. With regard to public finance management, it specifically seeks to speed up the implementation of reforms to strengthen the fiduciary framework and the external control mechanism, both of which guarantee Benin's continuing inclusion among countries eligible for General Budget Support (GBS). Furthermore, lessons learnt from implementing previous operations have demonstrated the need for the Bank to pursue capacity building operations to improve the portfolio quality.

Donor Coordination

1.2.9 All donors involved in budget support in Benin coordinate closely among themselves and with the Government through the Memorandum of Understanding¹ on budget support signed on 4 December 2007 between the Government and the BSG Group. Issues relating to public finance performance and business climate improvement are among the key themes enshrined in the MoU. This project was prepared in conjunction with all the partners of the BSG Group to avoid duplication and create synergy with other interventions in areas targeted.

1.2.10 As regards public finance management, the proposed project will benefit from substantial synergy from other BSG Group partners. Denmark will provide control support, particularly at the Chamber of Audit level. France will provide expertise to the Treasury, especially for operating the ASTER IT system. GTZ provides support for improving the Medium-Term Expenditure Framework. The Netherlands supports the budget at the decentralized level to render the Integrated Public Finance Management System (SIGFIP) operational. Canada,

¹ A Memorandum of Understanding concerning budget support was signed in December 2007 between the Government and the multilateral and bilateral Technical and Financial Partners that form the Joint Budget Support Group (BSG). The signatories are: the European Commission, the African Development Bank, the World Bank, Germany, Denmark, France, The Netherlands and Switzerland

DANIDA, the IMF and the Millennium Challenge Account (MCA) support the reform of financial authorities.

1.2.11 Concerning the business climate improvement component, actions envisaged by the project are consistent with World Bank support through the Private Sector Development Project and the Competitiveness and Integrated Growth Opportunity Project (CIGOP). Furthermore, it complements the European Commission's support through the Integrated Programme to Reinforce the Legal and Judicial Systems, the Private Sector Support Project and the Millennium Challenge Account (MCA) Programme that supports the Government to facilitate access to land, financial services, justice and procurements. Moreover, it is worth noting that the European Commission, in conjunction with the Kingdom of Denmark, is currently studying a project to support competitiveness and improve the business climate in Benin under the 10th EDF.

*Table 1.2
Interventions of Partners in Areas covered by the Project*

Partners	Public Finance Management	Business Climate
The Netherlands	X	
Kingdom of Denmark	X	X
GTZ	X	
France	X	
Canada	X	
World Bank	X	X
European Union	X	X
Millennium Challenge Account (MCA)	X	X

II. PROJECT OBJECTIVES AND DESCRIPTION

2.1 Project Objectives

2.1.1 The overall objective of the project is to build public resource management capacity and improve the business climate, with a view to strengthening growth and reducing poverty. Specifically, the project aims at: (i) improving the technical capacity and effectiveness of procurement and external control stakeholders, for improved public finance; and (ii) building the capacity of structures involved in private sector development. By so doing, it will help to: (a) correct the weaknesses noted at the public finance level, particularly in its core component concerning upgrading and developing the external control system and public procurement stakeholders; (b) contribute to lifting obstacles that undermine business climate improvement in Benin in general, and improvement of "Doing Business" indicators in particular; and (c) build the capacity of structures involved in the effective implementation of projects financed by the Bank.

2.2 Project Components

2.2.1 The project comprises the following three components: Strengthen Public Finance Management, Improve the Business Climate and Support the PMU. The detailed description of project components is presented as appendix.

Table 2.1
Project Components

Components	Description of the Components
1.1 – Build the Capacity of External Control Structures	This sub-component aims to build the operational capacity of the Audit Chamber of the Supreme Court through: (i) the installation of an intranet system that allows for the interconnection of all members of the Court, and access to the Internet; (ii) the financing of specific training sessions on public finance and court audit; (iii) the establishment of a documentation system based on the electronic management of archival documents; and (iv) the creation of a website that allows for online publication of Court of Audit reports.
1.2 - Modernize Public Procurement Tools	This sub-component aims to accompany the implementation of public procurement reforms with: (i) support to install an Integrated Public Procurement Management System (SIGMAP) that enables procurement chain stakeholders to have easy and permanent access to basic information on data relating to public procurement schedules, bidding documents and bid invitations, contracts, training schedules, performance indicators and statistic; (ii) dissemination of the Public Procurement Code enacted in 2009; and (iii) the training of stakeholders and users on public procurement procedures and SIGMAP.
1.3 – Improve the Portfolio Quality	The aim of this sub-component is to build the technical and operational capacity of structures responsible for implementing the portfolio by: (i) computerizing the Ministry of Forward Planning, Development, Evaluation of Public Policies, and Coordination of Government Action; and (ii) building the capacity of the Planning, Programming, Budgeting and Monitoring/Evaluation (PPBM) chain stakeholders.
2.1 - Improve the Institutional and Fiscal Framework	The aim of this sub-component is to accompany the Government in implementing its fiscal development strategy which will consist, among other things, in ensuring the smooth deployment and upgradability of the Single Tax Identification Number (TIN) registration system, and in establishing an integrated tax and customs management system through: (i) conducting studies and developing management tools and applications; (ii) creating interconnections with border posts; (iii) improving the TIN institutional framework; and (iv) monitoring and maintenance.
2.2 - Build the Capacity of Private Sector Support Structures	This sub-component will provide support to three main structures involved in private-sector development, namely: (i) the Presidential Council for Investments, (ii) the Investment Promotion Centre; and (iii) the Directorate of Investment Promotion. As regards the Presidential Council for Investments, the project will finance the following activities: (i) recruitment of technical assistance to finalize the business climate study financed by the EU; (ii) supply of computer hardware; (iii) recruitment of two long-term support national consultants; (iv) formulation of a communication strategy; and (v) organization of study tours. Concerning the Investment Promotion Centre, the project will help to: (i) finance the preparation of a regulatory and institutional framework for the development of Public-Private Partnership; (ii) establish a Study Fund for conducting feasibility studies geared towards directing private investors towards viable projects; and (iii) disseminate the Investment Code. Lastly, with respect to the Directorate of Investment Promotion, the project's support will consist in: (i) formulating the national investment policy; (ii) disseminating the national investment policy; (iii) evaluating the national investment policy; and (vi) disseminating economic information to private investors.
2.3 - Support the Customs Modernization Plan	The aim of this component at the DGDDI is to: (i) update and disseminate the implementing provisions of the new Customs Code, and ensure the training of Customs officers; (ii) accompany the DGDDI in deploying ASYCUDA++; and (iii) put in place a risk-based national strategy to crack down on fraud
2.4 - Project Management	This component will consist in supporting the operations of the Project Management Unit and recruiting senior staff responsible for monitoring the implementation of the business climate component and the sub-component relating to the improvement of the quality of the Bank's portfolio in Benin.

2.3 Technical Solutions Retained and Alternatives Studied

2.3.1 The overall objective of the project is to build public resource management capacity and improve the business climate, with a view to consolidating growth and reducing poverty. Given the magnitude of challenges to overcome to achieve this objective, the technical solutions retained during project design are based on several diagnostic studies (PEFA assessments for 2007, the 2010 “Doing Business” Report, the 2010 Business Climate Improvement Study, the feasibility study of the public procurement management system, the Benin Customs Reform and Modernization Strategy). These studies led to the preparation and implementation of a series of structural and institutional reforms geared toward enhancing the performance of the national economy through the improvement of public resource management and the business climate in Benin.

2.3.2 The efficient implementation of these reforms depends on putting modern public finance management tools and techniques in place, as well as providing the government departments with human and material resources likely to have a positive impact on the expected outcomes from various operations initiated by the Government to meet the challenges of optimum external resource management (through the PPBM chain), private sector development and good governance. The Bank’s experiences in these areas as well as its cooperation with the other development partners have also contributed to the choice of this institutional development approach.

2.4 Project Type

This is a capacity building project. This type of assistance ensues from the need for the Bank to support reforms undertaken by the Government within the context of implementing its ongoing Growth for Poverty Reduction Strategy (GPRS II) and the one on the drawing board (GPRS III) which will cover the 2011-2014 period. The goal of such reforms is to consolidate good governance, particularly through: (i) increased effectiveness and efficiency in public finance management; and (ii) laying a solid foundation for sustainable economic growth. Through this type of project, the Bank also intends to strengthen synergy with the other development partners in terms of building the capacity of structures responsible for conducting such reforms. Lastly, through this type of support, the Bank plans to strengthen similar past support operations with a view to improving the quality of public expenditure and enhancing the effectiveness of Government action in all development endeavours.

2.5 Project Cost and Financing Mechanism

2.5.1 The total project cost, net of taxes and customs duty, is estimated at UA 11.11 million, of which UA 6.78 million in foreign exchange (61.05%) and UA 4.33 million (38.95%) in local currency. Government’s participation amounts to UA 1.75 million, i.e. 15.71% over the project lifespan. The high counterpart contribution to project financing is attributable to Government’s ownership of the Public Finance Management Improvement Action Plan (PAAGFP) and the fact that it must honour its commitments to the TFPs to speed up structural reforms in order to curb the adverse impact of the global economic crisis on Benin in the short term, as well as raise and sustain growth in the medium term. Consequently, the ADF will finance the PAGFP-ACAF to the tune of UA 9.36 million (i.e. 84.29%), covering the entire foreign exchange costs (UA 6.78 million) and 59.68% of the local currency costs. It will fund almost all goods (98%), 88.04% of consultancy services, the entire training, the audit and 16.63% of the operating cost.

Table 2.3
Cost Estimate by Component (in UA million)

Component		CFAF Million			UA Million			% Total
Code	Description	Foreign Exchange	Local Currency	Total	Foreign Exchange	Local Currency	Total	
A	Component A: Strengthen Public Finance Management	2 642.68	1 524.72	4 167.40	3.54	2.04	5.58	50.26%
B	Component B: Improve the Business Climate	1 934.50	946.28	2 880.78	2.59	1.27	3.86	34.74%
C	Project Management	110.00	520.00	630.00	0.15	0.70	0.84	7.60%
Total Base Cost		4 687.18	2 990.99	7 678.17	6.28	4.01	10.29	92.59%
	Physical Contingencies	140.62	89.73	230.35	0.19	0.12	0.31	2.78%
	Price Escalation	234.36	149.55	383.91	0.31	0.20	0.51	4.63%
Total Project Cost		5 062.15	3 230.27	8 292.42	6.78	4.33	11.11	100.00%

Table 2.4
Sources of Financing (in UA million)

		UA Million			% Total
	Source	Foreign Exchange	Local Currency.	Total	
	ADF	6.78	2.58	9.36	84.29%
	Government	0.00	1.75	1.75	15.71%
Total Project Cost		6.78	4.33	11.11	100.00%

Table 2.5
Breakdown of ADF Contribution by Component/Sub-component and Source of Financing

COMPONENTS/Sub-Components	Grant	Loan	Total
Component A: Strengthen Public Finance Management			
A.1. External Control	0.11	0.22	0.33
A.2. Modernize Public Procurement Tools	1.30	0.42	1.72
A.3. Improve Portfolio Quality	2.16	0.84	3.00
Total Component (A)	3.57	1.48	5.05
Component B: Improve the Business Climate			
B.1. Improve the Institutional and Fiscal Framework	0.12	0.75	0.87
B.2. Build the Capacity of Private-Sector Support Structures	0.18	0.93	1.11
B.3. Support to the Customs Modernization Plan	0.65	0.68	1.33
Total Component B	0.95	2.36	3.31
Component C : Support to the Reform Management Unit			
Total Component (C)	0.11	0.20	0.31
Total Component A + B + C	4.63	4.04	8.67
Physical Contingencies	0.14	0.12	0.26
Price Escalation	0.23	0.20	0.43
Total	5.00	4.36	9.36

Table 2.6
Project Cost by Expenditure Category (In UA million)

Expenditure Category		In CFAF Million			In UA Million				
Code	Description	Foreign Exchange	Local Currency	Total	Foreign Exchange	Local Currency	Total	ADF	GVT
1	Goods	1867.50	130.00	1997.50	2.50	0.17	2.68	2.62	0.05
2	Consultancy Services *	2819.68	1882.22	4701.90	3.78	2.52	6.30	5.83	0.47
3	Operating Cost	0.00	978.78	978.78	0.00	1.31	1.31	0.22	1.09
	Total Base Cost	4687.18	2990.99	7678.17	6.28	4.01	10.29	8.67	1.62
	Physical Contingencies (3%)	140.62	89.73	230.35	0.19	0.12	0.31	0.26	0.05
	Price Escalation (5%)	234.36	149.55	383.91	0.31	0.20	0.51	0.44	0.08
	PROJECT COST	5062.15	3230.27	8292.42	6.78	4.33	11.11	9.36	1.75

- Including training for UA 2.33 million

Table 2.7
Expenditure Schedule by Component (in UA million)

Component	2011	2012	2013	2014	Total
Component A: Strengthen Public Finance Management	1.38	2.36	1.36	0.48	5.58
Component B: Improve the Business Climate	1.10	1.65	0.67	0.44	3.86
C. Project Management	0.16	0.23	0.22	0.23	0.84
Total Base Cost	2.64	4.24	2.26	1.15	10.29
Physical Contingencies (3%)	0.08	0.13	0.07	0.03	0.31
Price Escalation (5%)	0.13	0.21	0.11	0.06	0.51
Total Project Cost	2.85	4.58	2.44	1.24	11.11

Table 2.8
Cost Estimate by Expenditure Category (in UA million)

Expenditure Category	In CFAF Million			In UA Millions				
	Foreign Exchange	Local Currency	Total	Foreign Exchange	Local Currency	Total	ADF	GVT
A. Goods	1867.50	130.00	1997.50	2.50	0.17	2.68	2.62	0.05
B. Consultancy Services	2320.00	606.00	2926.00	3.11	0.81	3.92	3.45	0.47
C. Training	459.68	1276.22	1735.90	0.62	1.71	2.33	2.33	0.00
D. Operating Cost	0.00	978.78	978.78	0.00	1.31	1.31	0.22	1.09
E. Audit	40.00	0.00	40.00	0.05	0.00	0.05	0.05	0.00
Total Base Cost	4687.18	2990.99	7678.17	6.28	4.01	10.29	8.67	1.62
Physical Contingencies (3%)	140.62	89.73	230.35	0.19	0.12	0.31	0.26	0.05
Price Escalation (5%)	234.36	149.55	383.91	0.31	0.20	0.51	0.44	0.08
PROJECT COST	5062.15	3230.27	8292.42	6.78	4.33	11.11	9.36	1.75

Table 2.9
Breakdown of ADF Loan and Grant Contribution by Expenditure Category (in UA million)

Expenditure Category				
Code	Description	ADF	Loan	Grant
1	Goods	2.62	1.22	1.40
2	Consultancy Services	5.83	2.72	3.11
3	Operating Cost	0.22	0.10	0.12
	Total Base Cost	8.67	4.04	4.63
	Physical Contingencies (3%)	0.26	0.12	0.14
	Price Escalation (5%)	0.44	0.20	0.24
TOTAL		9.36	4.36	5.00

Table 2.10
Expenditure Schedule by Component (in UA million) of ADF Loan and Grant Contribution

COMPONENT/Sub-Components	Loan					Grant				
	2011	2 012	2 013	2 014	TOT	2011	2 012	2 013	2 014	TOT
<i>Component A: Strengthen Public Finance Management</i>										
<i>A.1. External Control</i>	0.22	0.00	0.00	0.00	0.22	0.03	0.05	0.03	0.00	0.11
<i>A.2. Modernize Public Procurement Tools</i>	0.00	0.27	0.14	0.00	0.42	0.47	0.62	0.11	0.10	1.30
<i>A.3. Improve Portfolio Quality</i>	0.44	0.23	0.17	0.00	0.84	0.42	0.95	0.58	0.21	2.16
Total Component (A)	0.66	0.51	0.31	0.00	1.48	0.91	1.62	0.72	0.32	3.57
<i>Component B : Improve the Business Climate</i>										
<i>B.1. Improve the Institutional and Fiscal Framework</i>	0.15	0.59	0.02	0.00	0.75	0.05	0.05	0.02	0.00	0.12
<i>B.2. Build the Capacity of Private Sector Support Structures</i>	0.32	0.27	0.18	0.16	0.93	0.08	0.04	0.06	0.00	0.18
<i>B.3. Support the Customs Modernization Plan</i>	0.24	0.38	0.07	0.00	0.68	0.13	0.19	0.19	0.13	0.65
Total Component B	0.71	1.23	0.26	0.16	2.36	0.27	0.28	0.27	0.13	0.95
<i>Component C: Support to the Reform Management Unit</i>										
Total Component (C)	0.10	0.04	0.03	0.04	0.20	0.01	0.03	0.03	0.03	0.11
Total Component A + B + C	1.47	1.77	0.60	0.20	4.04	1.19	1.93	1.02	0.48	4.63
<i>Physical Contingencies</i>	0.04	0.05	0.02	0.01	0.12	0.04	0.06	0.03	0.01	0.14
<i>Price Escalation</i>	0.07	0.09	0.03	0.01	0.20	0.06	0.10	0.05	0.02	0.23
Total	1.59	1.91	0.65	0.21	4.36	1.29	2.09	1.10	0.52	5.00

2.6 Project Area and Beneficiaries

The project aims to build the institutional capacity of Benin's administration to enable it to effectively fulfil its role in the country's development. The direct project beneficiaries are: the National Public Procurement Regulatory Authority (CNRMP), the National Directorate of Public Procurements (DNMP), Public Procurement Units (CPMP), the Audit Chamber, the Business Registration Centre (CFE), the Presidential Council for Investments (CPI), the Investment Promotion Centre (IPC), the General Directorate of Taxation, the General Directorate of Customs and Excise, and various departments of the Ministry of Forward Planning, Development, Public Policy Evaluation and Coordination of Government Action. Furthermore, thanks to improvement in public finance management and the business climate, the indirect beneficiaries are the private sector and the Beninese population, especially the poorest.

2.7 Participatory Approach to Project Identification, Design and Implementation

The Public Finance Management Action Plan, studies for Improvement of the Business Climate and the Portfolio Quality Improvement Plan on which the project design was based, were the subject of a participatory process involving the government, the private sector, civil society, the relevant structures and the Technical and Financial Partners involved in the project focal areas. Furthermore, during project preparation and evaluation, these stakeholders were consulted and their suggestions on improving public finance management and the business climate were taken into account during project design and implementation.

2.8 Bank Group's Experience and Lessons Learnt in Project Design

2.8.1 The key lessons drawn from implementing similar projects financed by the Bank in Benin are as follows: (i) the need to put in place an accounting system right from project start-up; (ii) the need to have procurement and financial management experts among the project supervision staff; (iii) the need for the Government to undertake actions geared towards improving the public procurement system and furthering the reforms embarked on in that regard, so as to shorten deadlines for the procurement of goods and services and increase the consumption rate of allocations to poverty reduction sectors; (iv) training, as a creative or capacity-building resource, should be an on-going activity aimed at optimising and sustaining the ensuing benefits; and (v) the need to pursue capacity building with a view to speeding up the implementation of Bank-supported reforms in governance and business climate improvement.

2.8.2 These lessons have been taken into consideration in designing the project under consideration. Indeed, the objective of the component on strengthening public finance management is to streamline the public procurement system with a view to enhancing the quality of public expenditure and reducing procurement timeframes, compared to current timeframes. It also aims at improving the implementation timeframes for projects financed by the Bank in Benin and creating conducive conditions for implementing the Paris Declaration on Aid Effectiveness relating to the use of country systems and procedures for project implementation. As regards providing the project with procurement and financial management expertise, the project will rely on an already existing structure with such expertise (see Section 4.9). Lastly, on account of its nature, the project will foster training and capacity building activities to support Government reforms in public finance management and business climate improvement under the Growth and Poverty Reduction Strategy Support Programme (GPRSSP III)².

² Approved by the Bank in April 2009, GPRSSP III covers reforms on public finance management and business climate improvement.

2.9 Key Performance Indicators

2.9.1 The project's key performance indicators are outlined in detail in the logical framework on Page viii. The expected key project achievements and outcomes are as follows: Component A ("Strengthen Public Finance Management") will have as output: (i) a public finance audit and control system improved by the timely production of quality annual financial statements and by making up for delays in the enactment of the final audited accounts; (ii) improved public procurement management by setting up a computerized public procurement management system; (iii) reduction in public procurement deadlines for both goods and services; (iv) improved portfolio quality; and (v) facilitation of cross-border transportation. These achievements will result in: (i) increase in the consumption rate of budget appropriated to priority sectors from 45% in 2009 to above 80% in 2012 and to 100% in 2014; (ii) improvement of PEFA indicators (PI-27; PI-28) starting 2011; (iii) reduction in public procurement deadlines (goods and services) from 210 days on average in 2009 to 65 days starting 2011; (iv) production of final audited accounts within the stipulated timeframes starting 2011; and (v) reduction in the proportion of risk projects in the portfolio from 47% in 2010 to below 10% starting 2012.

2.9.2 With respect to Component B ("Improve the Business Climate"), expected achievements include: (i) revision of corporate tax; (ii) simplification of business registration procedures and reduction in business registration costs; (iii) reduction in the number of procedures, deadlines and customs operating costs; and (iv) increase in tax and customs revenue. These achievements will produce the following outcomes: (i) increase in the share of private sector investment in GDP (National Accounts) from 13.6% in 2009 to 15% in 2010 and 2011; (ii) reduction in business registration timeframe from 31 to less than 25 days; (iii) reduction in the number of tax and duty payment procedures from 53 in 2010 to less than 20 procedures in 2012; (iv) reduction in deadlines and costs for imports and exports; and (v) reduction in the scale of corruption at the Cotonou Port.

III. PROJECT FEASIBILITY

3.1 Technical Feasibility

The project is technically feasible. However, being an institutional support project, it is not necessary to conduct an economic and financial analysis. Nevertheless, it is worth noting that thanks to improvements in public finance management, the business climate and the performance of financial authorities (Tax and Customs Departments), the project will help to increase Government's fiscal revenue and, consequently, its efforts to fight poverty.

3.2 Environmental and Social Impact

This project will have no adverse impact on the environment. The project incorporates gender issues in terms of capacity building, especially training. In this connection, the Bank will ensure that a significant percentage (at least 30%) of female civil servants benefit from training opportunities offered. Lastly, at the social level, the project will boost job-creating activities, thanks to improvement in the business climate and allocation of public resources mainly to the priority sectors of the Growth for Poverty Reduction Strategy (agriculture, health, education, water and sanitation), which will be beneficial to the most underprivileged groups.

IV. IMPLEMENTATION

4.1 Implementation Arrangements

4.1.1 The Public Finance Reform Management Unit (RMUFP) will be responsible for project implementation. The duties of the Unit are outlined under the 25 February 2010 Order issued by the Minister of Finance. The Unit was set up as part of the mechanism to implement and monitor the Public Finance Management System Improvement Action Plan. Its mission is to operationalize the Action Plan. To achieve this mission, it operates with a coordinator, a research officer, an administrative and financial affairs officer, an expenditure chain specialist, a control agency specialist, a procurement specialist and an accountant. Furthermore, it will be charged with monitoring the implementation of components relating to business climate and portfolio quality improvement. To that end, it will be further strengthened with two new specialists (portfolio management improvement specialist and business climate improvement specialist) funded by the project.

4.1.2 Lastly, to ensure consistency of various responsibilities during the implementation phase and guarantee compliance with the integrated nature of the project, a steering committee and a coordination committee comprising sector officers will be put in place. Their tasks will be to: enforce compliance with activity planning, programming and budgeting, supervise implementation and monitor performance. The Steering Committee will meet at least quarterly. The Secretary-General of the Ministry of Forward Planning, Development, Public Policy Evaluation and Coordination of Government Action will chair such meetings.

4.1.3 **Procurement:** all procurement of goods and services financed with ADF resources will be conducted in accordance with the relevant Rules and Procedures. The RMU (Reform Management Unit) will be responsible for the procurement of goods, consultancy services, training and other activities (as necessary), as described in detail in Annex B.4. Details on the resources, capacity, expertise and experience of the RMU are given as Annex B.3. Procurement plans drawn up during the appraisal mission are included in the technical annexes. The Bank authorises the ex-post review procedure for the procurement of goods worth UA 20 000 or below.

4.1.4 **Financial management:** project accounts will be kept by the RMU in accordance with generally acceptable private management accounting plan and principles. To that end, it will keep complete expenditure ledgers by component, expenditure category and source of financing, as well as separate accounts for all financial operations by loan and by grant. To set up RMU accounting, appropriate software will be installed. After receiving on-the-job training, the accountant assigned to the project should be able to use the said software. Project accounts will be audited yearly by an external audit firm financed with ADF resources and the relevant reports forwarded forthwith to the Bank. The first audit will be conducted in December 2011.

4.1.5 **Audit:** the project financial statements audited by an independent audit firm will be prepared and transmitted to the Bank in accordance with the directives set forth in Annex B.5.

4.2 Monitoring

The executing agency will be charged with monitoring and evaluating project implementation, under the supervision of the Ministry of Finance. Beneficiaries and the Bank will be kept informed through regular quarterly progress reports submitted by RMU, using a format agreed upon with the Bank. Each quarterly report will cover aspects related to project implementation, including project status, expenses, work programme, monitoring of performance indicators, analysis of slippages recorded, possible problems encountered and solutions proposed.

In addition, the report will present an overview of activities of the subsequent quarter. Close attention will be given to outputs as set out in the project logical framework. The Bank will monitor project implementation through field supervision missions and mid-term reviews.

*Table 4.1
Project Implementation Schedule*

Task	Responsible Party	Start Date
Loan and Grant Approval	ADF	October 2010
Signing of Loan and Grant Agreement	ADF/GVT	15 November 2010
Implementation	ADF/GVT	March 2011
Recruitment of Sector Specialists Private Sector and Portfolio Improvement	GVT/ADF	February 2011
Publication of Bid Invitation	GVT/PMU	April 2011
Project Audits	PMU/Consultants	2011-2012-2013-2014
Completion Report	GVT/PMU	December 2014

4.3 Governance

The vision of the Beninese authorities to place good governance at the centre of every activity is confirmed in various growth strategy papers (PRSP I, GPRS I and GPRS II). Therefore, good governance, decentralization and capacity building are among the top priorities in the fight against poverty. Indeed, it is worth noting that with respect to financial governance, positive results have been scored, particularly in the organization of internal expenditure control. However, such outcomes have been undermined by the scale of corruption that has plagued practically all sectors, especially public administration. The most cited cases include the Customs Department, public procurement, the Cotonou Autonomous Port, the Tax Department, etc. This project is being implemented against that backdrop. Its objective is to support the Government in its capacity-building efforts, with a view to improving financial governance.

4.4 Sustainability

4.4.1 The primary project sustainability factor rests with Government's willingness to meet the challenges of accelerated economic growth and sustainable development that should transform Benin into an emerging country, especially through concerted governance, the fight against corruption and various forms of fraud (fiscal, customs, etc.), private sector development, economic infrastructure development and support to grassroots development. This willingness is manifest in the participatory approach observed during the preparation of various Growth for Poverty Reduction Strategy Papers (GPRS), and the formulation of actions aimed particularly at improving financial governance and the business climate.

4.4.2 The second factor lies in the mechanism set up under the project, whereby all actions are sustained by specific training sessions based on the development of local training capacity. In the long run, the project will develop local training capacity for planning, programming, budgeting and monitoring/evaluation (PPBM) investment programmes and policies, by forging partnerships with national training facilities and conducting the feasibility study for a centre specially devoted to the Ministry of Forward Planning, Development, Public Policy Evaluation and Coordination of Government Action. The second thrust entails training all senior staff nationwide involved in key economic and financial management areas.

4.4.3 The third sustainability factor will ensue from the impact of project outcomes in improving public procurement management and the performance of financial authorities (Tax

Department and Customs Department), and strengthening budget control bodies. Such improvement will contribute to rationalizing public resource management and increasing State revenue. These results will contribute sustainably to Government's efforts to fight poverty. Furthermore, the strong involvement of national experts and senior staff in implementing project activities underscores the determination to perpetuate the expected outcomes.

4.4.4 The fourth and last project sustainability factor resides in the fact that it is grounded on the mechanism established by the Government as part of the National Public Finance Management Improvement Programme. The said Programme provides for support to the RMU (procurement of computer hardware and office equipment for the services concerned). The maintenance of this equipment will generate recurrent costs, which will be financed by the counterpart contribution during the project lifespan. Thanks to the outcomes that will help to generate savings, the Government will be able to finance the project's recurrent costs. Such financing will guarantee the sustainability of project equipment and structures.

4.5 Risk Management

4.5.1 The first risk would arise from failure to mobilize the annual counterpart contribution – similar to current delays in ASYCUDA++ deployment. However, this risk is mitigated, given Government's commitment to speed up public finance management reforms to curb the adverse impacts of the global economic crisis in the short term, and its determination to step up and sustain growth in the medium term. (see paragraph 2.5.1).

4.5.2 The presidential elections scheduled for 2011 could entail a slackening of Government commitment to pursue public finance reforms and business climate improvement, thereby undermining project implementation and fulfilment of Government commitments. This risk is mitigated by: the political will expressed by the Beninese authorities to meet the challenges of economic competitiveness and good governance; the effective mobilization of reform stakeholders and beneficiaries; and the sustained support of technical and financial partners to Government's Growth and Poverty Reduction Strategies.

4.5.3 The third risk would relate to the weak national project management capacity that could entail considerable implementation delays and thereby increase the number of poor-performing projects in the portfolio. This risk will be mitigated by measures already taken by the Bank and other development partners to strengthen the capacity of the Public Finance Reform Management Unit (RMU). The RMU already has a coordinator, a research officer, an administrative and financial affairs officer, an expenditure chain specialist, an audit firm specialist, a procurement specialist, an accountant and a secretary. In addition, this risk is further reduced by Government's commitment to conduct new recruitments to strengthen the public administration, in general, and the economic and financial administrative departments, in particular. Such willingness has already been concretized following the special recruitment of 354 State employees in 2009 to strengthen the PPBM chain. In addition, measures to be taken to build the capacity of PPBM chain stakeholders, the broad training programme envisaged, and putting in place a project management team bound by performance-based contracts will also mitigate this risk.

4.5.4 The fourth risk would relate to the long delays in procurement and the deterioration of the Bank's portfolio quality in Benin, characterized by a significant proportion of risk projects (47%). This risk will be mitigated by Government's commitment to implement the provisions of the new procurement code and train procurement stakeholders on those provisions. This will help to reduce the procurement timeframe and increase the consumption rate of budget credits appropriated to GPRS priority sectors. In addition, this risk will be mitigated by support actions for the PPBM chain.

4.6 Knowledge Development

4.6.1 Knowledge accruing from implementing the PAGFP-ACAF will help to establish a permanent capacity to design economic policy and resource management instruments, particularly: (i) guarantee the capacity to programme public investment expenditure (PIP/project management); (ii) put in place capacity to prepare the budget and provide information on preparation procedures (based on clearly defined Government priorities and objectives, reliable baseline economic and social information as well as studies on the economic situation produced regularly); and (iii) establish budget control capacity.

4.6.2 The aim of PAGFP-ACAF is to improve the knowledge level of senior staff in government economic and financial departments with respect to economic analysis, programming, monitoring and budget control, especially through training. Knowledge will be acquired through training, based on needs assessment and thorough programming of training offers. The senior staff of the ministries concerned will thus be trained on: (i) public expenditure programming procedures that incorporate results-based management concepts and pro-poor growth initiatives; (ii) mastery of modern public resource management instruments; and (iii) adequate budget control techniques.

4.6.3 Knowledge will be disseminated through manuals and various tools/instruments provided for under PAGFP-ACAF. In this connection, partnerships will be forged with training centres and institutions both locally and abroad. Training modules to be developed will also be used during seminars and/or workshops to increasingly arouse the interest of senior staff and public employees, and gradually broaden the target base of PAGFP-ACAF.

V. Legal Framework

5.1 Legal Instruments

The financing instruments are an ADF grant of UA 5.00 million and an ADF loan of UA 4.36 million, accounting for 84.29 % of total project cost.

5.2 Conditions for Bank Intervention

The Government shall fulfil conditions applicable to loan agreements and grant protocols that determine the standard procedures and principles governing African Development Bank Group financing.

5.2.1 Furthermore, prior to first disbursement of the loan and the grant, the Government shall fulfil the following conditions:

- i) Show evidence of opening three (3) separate accounts at the main Agency of the Central Bank of West African States (BCEAO) and at the Directorate General of the Treasury and Public Accounting into which the ADF loan and grant resources, and the national counterpart funds will be paid (see Annex B.6, paragraph B.6.1)
- ii) Show evidence of assigning two high-ranking senior staff to the project to monitor the implementation of the business climate and portfolio quality improvement sub-components. The respective curricula vitae (CV) will be submitted to the Fund for prior approval (see paragraph 4.1.1);

- iii) Show proof of setting up the Steering Committee chaired by the Secretary-General of the Ministry of Forward Planning, Development, Public Policy Evaluation and Coordination of Government Action, and comprising the Secretary-General of the Ministry of Finance, the President of the Audit Chamber, the Permanent Secretary of the Presidential Council for Investments and the Chair of the Public Procurement Regulatory Authority (see paragraph 4.1.1);
- iv) Submit to the ADF the implementing provisions of the new Public Procurement Code (see paragraph 2.1.1);

5.3 Compliance with Bank Policies

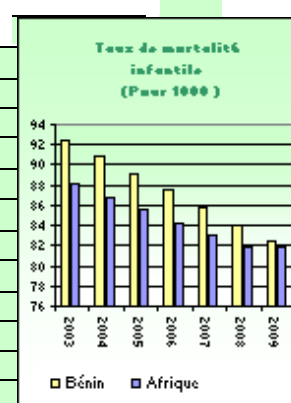
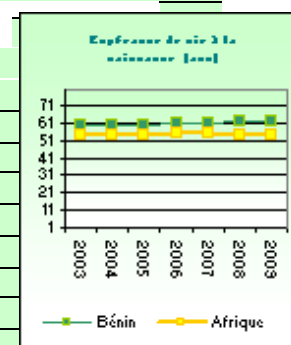
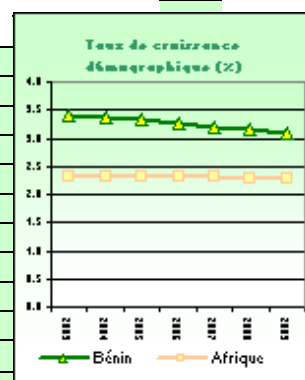
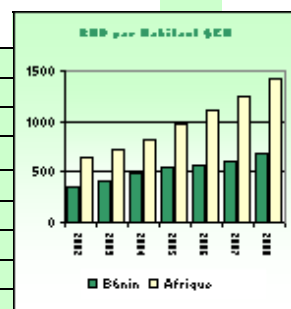
The PAGFP-ACAF is compliant with Bank's "Policy on Good Governance" and the "Governance Strategic Directions and Action Plan, 2008-2012" which lays emphasis on economic and financial governance.

VI. Recommendation

Management recommends that the Board of Directors approve the proposal to award a grant of five million Units of Account (UA 5.00 million) and extend a loan of four million three hundred and sixty thousand Units of Account (UA 4.360 million) to the Government of the Republic of Benin to finance this project, in accordance with conditions set forth in paragraph 5.5.2 of the Appraisal Report.

Republic of Benin Key Socio-economic Indicators

	Year	Benin	Africa	Developing Countries	Developed Countries
Basic Indicators					
Area ('000 Km ²)		115	80 976	80 976	54 658
Total Population (millions)	2009	8.9	1,008	5,629	1,069
Urban Population (% of Total)	2009	41.6	39.6	44.8	77.7
population Density (au Km ²)	2009	79.3	3.3	66.6	23.1
Gross National Income (GNI) per Capita (US \$)	2008	690	1 428	2 780	39 688
Labour Force Participation - Total (%)	2009	40.9	41.2	45.6	54.6
Labour Force Participation - Female (%)	2009	40.7	41.2	39.8	43.3
Gender -Related Development Index Value;	2005	0.422	0.525	0.694	0.911
I Human Develop. Index (Rank among 182 countries)	2007	161	0.514	n.a	n.a.
Population. Living Below \$ 1 a Day (% of Population)	2006	...	50.8	25.0	...
Demographic Indicators					
Population Growth Rate - Total (%)	2009	3.1	2.3	1.3	0.7
Population Growth Rate - Urban (%)	2009	4.1	3.4	2.4	1.0
Population < 15 years (%)	2009	43.1	56.0	29.2	17.7
Population >= 65 years (%)	2009	3.2	4.5	6.0	15.3
Dependency Ratio (%)	2009	86.2	78.0	52.8	49.0
Sex Ratio (per 100 female)	2009	101.9	100.7	934.9	948.3
Female Population 15-49 years (% of total population)	2009	23.0	48.5	53.3	47.2
Life Expectancy at Birth - Total (years)	2009	61.9	55.7	66.9	79.8
Life Expectancy at Birth - Female (years)	2009	63.0	56.8	68.9	82.7
Crude Birth Rate (per 1,000)	2009	39.0	35.4	21.5	12.0
Crude Death Rate (per 1,000)	2009	8.9	12.2	8.2	8.3
Infant Mortality Rate (per 1,000)	2009	82.4	80.0	49.9	5.8
Child Mortality Rate (per 1,000)	2009	115.9	83.9	51.4	6.3
Total Fertility Rate (per woman)	2009	5.4	4.5	2.7	1.8
Maternal Mortality Rate (per 100,000)	2006	397.0	683.0	440.0	10.0
Women Using Contraception (%)	2006	17.0	...	61.0	75.0
Health & Nutrition Indicators					
Physicians (per 100,000 people)	2005	11.4	42.9	78.0	287.0
Nurses (per 100,000 people)	2005	39.3	120.4	98.0	782.0
Births attended by Trained Health Personnel (%)	2006	74.0	50.5	63.4	99.3
Access to Safe Water (% of Population)	2006	65.0	64.0	84.0	99.6
Access to Health Services (% of Population)	2006	...	61.7	80.0	100.0
Access to Sanitation (% of Population)	2006	30.0	38.5	54.6	99.8
Percentage of Adults (aged 15-49) Living with HIV/AIDS	2007	1.2	4.5	1.3	0.3
Incidence of Tuberculosis (per 100,000)	2007	91.0	313.7	161.9	14.1
Child Immunization Against Tuberculosis (%)	2007	99.0	83.0	89.0	99.0
Child Immunization Against Measles (%)	2007	93.0	74.0	81.7	92.6
Underweight Children (% of children under 5 years)	2006	22.6	25.6	27.0	0.1
Daily Calorie Supply per Capita	2005	2 314	2 324	2 675	3 285
Public Expenditure on Health (as % of GDP)	2006	2.4	5.5	4.0	6.9
Education Indicators					
Gross Enrolment Ratio (%)					
Primary School - Total	2008	116.6	100.2	106.8	101.5
Primary School - Female	2008	108.1	91.7	104.6	101.2
Secondary School - Total	2005	36.3	35.1	62.3	100.3
Secondary School - Female	2005	26.1	30.5	60.7	100.0
Primary School Female Teaching Staff (% of Total)	2008	18.7	47.5
Adult Illiteracy Rate - Total (%)	2007	59.5	59.4	19.0	...
Adult Illiteracy Rate - Male (%)	2007	46.9	69.8	13.4	...
Adult Illiteracy Rate - Female (%)	2007	72.1	57.4	24.4	...
Percentage of GDP Spent on Education	2007	3.6	4.5	...	5.4
Environmental Indicators					
Land Use (Arable Land as % of Total Land Area)	2007	24.4	6.0	9.9	11.6
Annual Rate of Deforestation (%)	2006	...	0.7	0.4	-0.2
Annual Rate of Reforestation (%)	2006	...	10.9
Per Capita CO2 Emissions (metric tons)	2008	0.4	1.1	1.9	12.3



Republic of Benin
Public Finance Management Performance Indicators according to PEFA 2007 Methodology

Public Finance Management Performance Indicators		Scoring Method	Score Component by				Global Score
			i	ii	iii	i v	
A – OUTCOMES OF THE PUBLIC FINANCE MANAGEMENT SYSTEM: Budget Credibility							
PI-1	Aggregate expenditure out-turn compared to original approved budget	M1					B
PI-2	Composition of aggregate expenditure out-turn compared to original approved budget	M1					C
PI-3	Aggregate revenue out-turn compared to original approved budget	M1					B
PI-4	Stock and monitoring of expenditure payment arrears	M1	A	C			C+
B. KEY CROSS-CUTTING ISSUES: Comprehensiveness and Transparency							
PI-5	Budget Classification	M1					B
PI-6	Comprehensiveness of information included in budget documentation	M1					C
PI-7	Extent of unreported central administration operations	M1	D	C			D+
PI-8	Transparency of intergovernmental fiscal relations	M2	C	C	D		D+
PI-9	Oversight of aggregate fiscal risk from other public-sector entities	M1	D	C			D+
PI-10	Public access to key fiscal information	M1					C
C. BUDGET CYCLE							
C(i) Policy-based Budgeting							
PI-11	Orderliness and participation in the annual budget process	M2	D	C	A		C+
PI-12	Multi-year perspective in budget planning and public expenditure policy	M2	B	A	B	B	B+
C(ii) Preparation of multi-year forecast of budget implementation control							
PI-13	Transparency of taxpayer obligations and liabilities	M2	D	C	C		D+
PI-14	Effectiveness of measures for taxpayer registration and tax assessment	M2	C	C	B		C+
PI-15	Effectiveness in the collection of tax payments	M1	D	A	D		D+
PI-16	Predictability in the availability of funds for commitment of expenditure	M1	C	C	C		C
PI-17	Recording and management of cash balances, debts and guarantees	M2	B	C	C		C+
PI-18	Effectiveness of payroll statements	M1	D	D	D	D	D
PI-19	Competition, value for money and controls in public procurement	M2	A	C	B		B
PI-20	Effectiveness of internal audits for non-salary expenditure	M1	C	C	C		C
PI-21	Effectiveness of internal audits	M1	C	B	C		C+
C(iii) Accounting, information registration financial reports							
PI-22	Regularity and timeliness of accounts reconciliations	M2	B	D			C
PI-23	Availability of information on resources received by service delivery units	M1					D
PI-24	Quality and timeliness of in-year budget implementation reports	M1	C	C	C		C
PI-25	Quality and timeliness of annual financial statements	M1	C	D	C		D+
C(iv) External oversight and audit							
PI-26	Scope, nature and follow-up of external audit	M1	D	D	D		D
PI-27	Consideration of annual finance law by the legislative branch	M1	B	B	B	C	C+
PI-28	Legislative scrutiny of external audit reports	M1	D	D	D		D
D. DONOR PRACTICES							
D-1	Predictability of direct budget support	M1					NA
D-2	Financial information provided by donors for budgeting and reporting on project and programme aid	M1					NA
D-3	Proportion of aid managed by use of national procedures	M1					NA

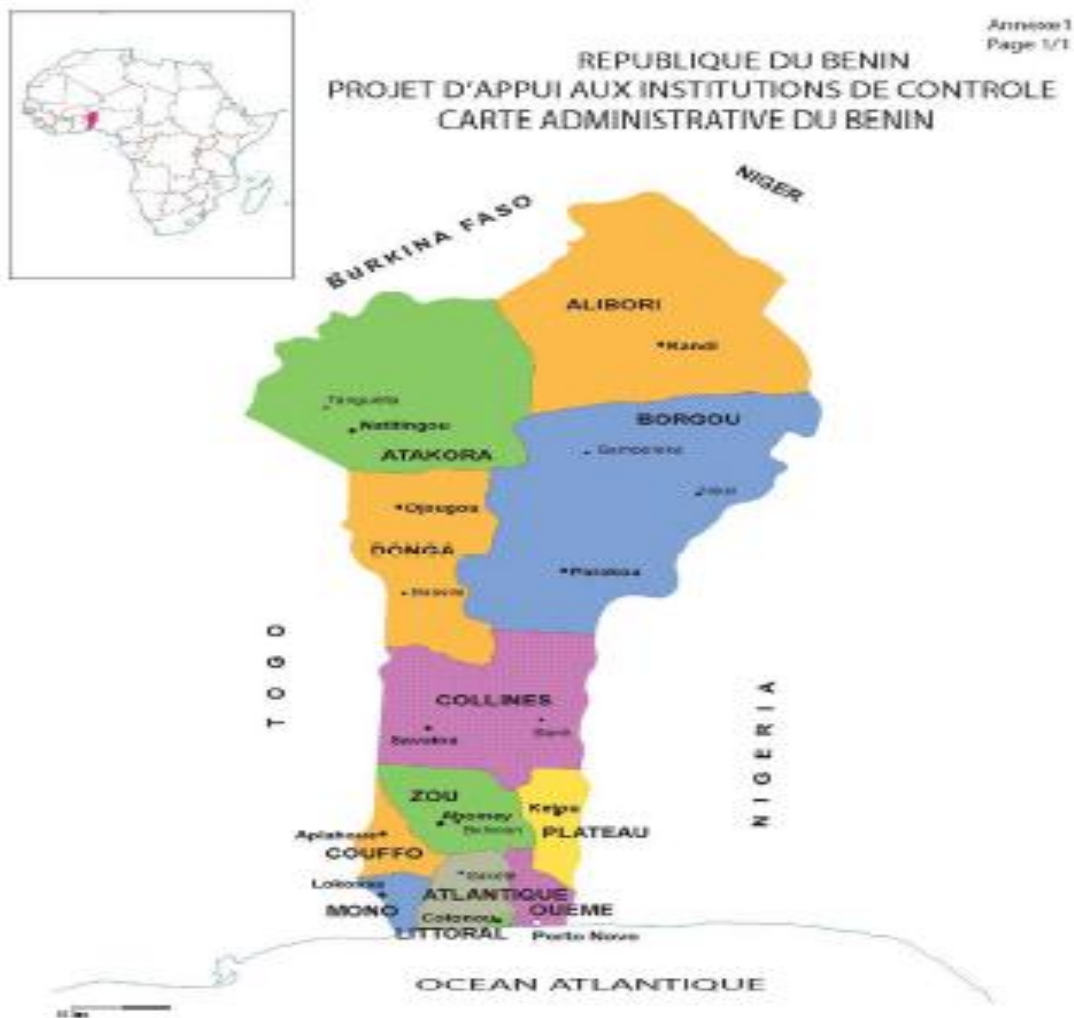
Bank Operations as at 18 March 2010

Project	Source of financing	Approval Date	Effectiveness Date	Closing Date	Amount approved	Amount disbursed	% of disbursement
AGRICULTURE					86,440,000	22,243,683	25.7%
MONO AND COUFFO RUR. DEVEL. SUPPORT (PADMOC)	ADF loan	18.04.2001	30.09.2003	31.12.2010	9,130,000	4,854,079	53.2%
FIRE WOOD PROJECT- PHASE II (PBF II)	ADF loan	31.10.2001	09.12.2004	30.06.2010	10,000,000	5,775,094	57.8%
SMALL-SCALE FISHING SUPPORT PROGRAMME (PADPPA)	ADF loan	27.11.2002	10.01.2004	31.12.2011	7,310,000	2,847,752	39.0%
COMMUNAL FOREST MGT. SUPPORT PROG. (PAGEFCOM)	ADF grant	06.07.2005	18.10.2006	31.12.2012	15,760,000	6,245,590	39.6%
COMMUNAL FOREST MGT. SUPPORT PROG (PAGEFCOM)	ADF loan	06.07.2005	18.10.2006	31.12.2012	19,240,000	2,521,168	13.1%
DAIRY/MEAT SECTOR DEVEL. SUPPORT PROG (PAFILAV)	ADF loan	27.11.2008	20.01.2010	31.12.2015	25,000,000	0	0.0%
TRANSPORT					22,910,000	17,513,115	76.4%
DJOUGOU-NDALI ROAD REPAIRS PROJECT	ADF loan	22.07.2003	11.03.2005	30.04.2010	11,110,000	8,776,052	79.0%
DJOUGOU-NDALI ROAD REPAIRS PROJECT	NTF loan	22.07.2003	11.03.2005	30.04.2010	4,000,000	3,996,805	99.9%
POBE-KETOU-ILLARA ROAD REPAIRS PROJECT	ADF loan	29.09.2004	16.02.2006	30.11.2011	7,800,000	4,740,258	60.8%
SANITATION					10,740,000	2,327,775	21.7%
RURAL DWSS PROGRAMME	ADF loan	10.11.2004	05.06.2007	31.12.2010	10,740,000	2,327,775	21.7%
ENERGY					12,320,000	10,317,299	83.7%
SECOND RURAL ELECTRIFICATION PROJECT	ADF loan	29.10.2003	08.12.2004	30.11.2010	12,320,000	10,317,299	83.7%
SOCIAL					48,700,000	17,802,678	36.6%
EDUCATION IV	ADF loan	04.12.2002	03.10.2005	31.12.2009	12,000,000	1,049,083	8.7%
HEALTH SYSTEM DEVELOPMENT III	ADF loan	22.04.2005	28.12.2005	31.12.2011	22,000,000	4,700,725	21.4%
HUMAN RESOURCE DEVELOPMENT PROGRAMME	ADF loan	15.03.2000	17.12.2001	31.12.2009	10,000,000	8,136,570	81.4%
HUMAN RESOURCE DEVELOPMENT PROGRAMME	ADF grant	15.03.2000	06.12.2001	31.12.2009	2,000,000	1,992,391	99.6%
HIV/AIDS CONTROL SUPPORT PROJECT	ADF loan	23.06.2004	03.10.2005	30.06.2010	2,700,000	1,923,908	71.3%
MULTI-SECTOR					24,500,000	12,337,535	50.4%
SUPPORT TO CONTROL INSTITUTIONS	ADF grant	29.06.2005	30.11.2006	30.06.2010	2,500,000	1,337,535	53.5%
POVERTY REDUCTION SUPPORT III (PASCRP-III)	ADF loan	29.04.2009	08.10.2009	31.12.2010	11,000,000	11,000,000	100.0%
POVERTY REDUCTION SUPPORT III (PASCRP III)	ADF loan	29.04.2009		31.12.2010	11,000,000	0	0.0%
TOTAL NATIONAL PROJECTS					205,610,000	82,542,085	40.1%
MULTI-NATIONAL PROJECTS					10,690,000	1,318,072	12.3%
PROJECT ON THE INTEGRATED MANAGEMENT OF INVASIVE AQUATIC WEEDS	ADF loan	22.09.2004	28.10.2005	31.12.2011	1,240,000	309,106	24.9%
NERICA DISSEMINATION PROJECT- BENIN (PDRN)	ADF loan	26.09.2003	20.03.2005	31.12.2010	1,450,000	744,129	51.3%
COTON-TEXTTILE SECTOR SUPPORT PROJECT	ADF loan	29.11.2006	27.02.2008	31.12.2013	8,000,000	264,837	3.3%

Republic of Benin
Key Related Projects Financed by other Development Partners

Technical and Financial Partners	Related Projects	Amount
European Commission	Integrated Program for Strengthening the Legal and Judicial Systems (PIRSJJ) Private-Sector Support Project (PASP). Joint Support Project for GFP Improvement Action Plan	EUR 12.150 million EUR 5.0 million EUR 4.5 million
Denmark	Joint Support Project for GFP Improvement Action Plan	EUR 2.7 million
The Netherlands	Joint Support Project for GFP Improvement Action Plan	EUR 2.7 million
Belgium	Joint Support Project for GFP Improvement Action Plan	EUR 2.0 million
World Bank	Private Sector Development Support Project (PADSP)	USD 30.0 million
Millennium Challenge Account	MCA Programme, Benin	USD 307.3 million























ADMINISTRATIVE MAP AND PROJECT AREAS



This map has been drawn by the staff of the African Development Bank Group exclusively for the use of readers of the report to which it is attached. The names used and the borders shown do not imply on the part of the Bank Group and its members any judgement concerning the legal status of a territory nor any approval or acceptance of its borders.

KEY GOVERNANCE INDICATORS

BENIN

Governance Indicator	Sources	Year	Percentile (0-100)	Rank	Governance (-2.5 to +2.5)	Score	Standard Error
							
<u>Voice and Accountability</u>	14 	2008	57.7		+0.34		0.13
	5 	2003	51.0		+0.10		0.20
	3 	1998	59.6		+0.37		0.29
<u>Political Stability</u>	8 	2008	57.4		+0.35		0.23
	3 	2003	57.7		+0.36		0.35
	2 	1998	66.3		+0.62		0.41
<u>Government Effectiveness</u>	11 	2008	35.5		-0.52		0.19
	6 	2003	44.1		-0.35		0.22
	3 	1998	42.7		-0.36		0.15
<u>Regulatory Quality</u>	10 	2008	35.7		-0.46		0.16
	6 	2003	31.7		-0.54		0.21
	4 	1998	46.3		-0.11		0.29
<u>Rule of Law</u>	15 	2008	34.0		-0.54		0.14
	8 	2003	36.2		-0.55		0.21
	5 	1998	51.9		-0.13		0.26
<u>Control of Corruption</u>	12 	2008	42.0		-0.42		0.15
	4 	2003	32.0		-0.64		0.26
	3 	1998	24.8		-0.74		0.30

B.2 PROJECT COST

NENT/Sub-Component	Expenditure category	ADF	GVRT	TOTAL	Foreign Exchange	Local Currency	Total
Component A : Strengthening Public Finance Management							0
A.1. External Audit		246 000 000	118 000 000	364 000 000	190 000 000	174 000 000	364 000 000
<i>Activity A1.1 Support to Audit Chamber of the Supreme Court</i>				0			0
Installation of Intranet at the CDC		Goods	50 000 000	50 000 000	50 000 000		50 000 000
Developing website for the Audit Chamber		Consultancy services	16 000 000	16 000 000		16 000 000	16 000 000
Specific training sessions on public finance and court audit		Training	80 000 000	80 000 000	40 000 000	40 000 000	80 000 000
Equipping the archives centre		Goods	100 000 000	100 000 000	100 000 000		100 000 000
Appointment of 4 qualified advisers		Operating Cost		36 000 000		36 000 000	36 000 000
Recruitment of 10 Auditors and 10 Assistants		Operating Cost		82 000 000		82 000 000	82 000 000
				0			0
				0			0
A.2. Modernization of Procurement Tools		1 284 500 000	125 000 000	1 409 500 000	829 500 000	580 000 000	1 409 500 000
<i>Activity A1.2.1 : Setting-up of SIGMAP</i>		814 500 000	125 000 000	939 500 000	799 500 000	140 000 000	939 500 000
Computer Equipment		Goods	609 500 000	609 500 000	609 500 000		609 500 000
Electrical Equipment		Goods	15 000 000	15 000 000	15 000 000		15 000 000
Public Procurement Management Software		Consultancy services	160 000 000	160 000 000	160 000 000		160 000 000
Training of data processing staff of DNMP		Formation	30 000 000	30 000 000	15 000 000	15 000 000	30 000 000
Functioning of the system		Operating Cost		75 000 000		75 000 000	75 000 000
Maintenance of the system		Operating Cost		50 000 000		50 000 000	50 000 000
				0			0
<i>Activity A1.2.2 : Dissemination of Public Procurement Code</i>		150 000 000	0	150 000 000	0	150 000 000	150 000 000
Design and dissemination of guides to chain stakeholders		Goods	100 000 000	100 000 000		100 000 000	100 000 000
Organization of training sessions for economic operators		Training	50 000 000	50 000 000		50 000 000	50 000 000
				0			0
<i>Activity A1.2.3 : Training of stakeholders of the Public Procurement chain</i>		320 000 000	0	320 000 000	30 000 000	290 000 000	320 000 000
Training of DGMP and ARMP members		Training	120 000 000	120 000 000	30 000 000	90 000 000	120 000 000
Training of Procurement Unit members		Training	200 000 000	200 000 000		200 000 000	200 000 000
				0			0
A.3. Improvement of Portfolio Quality		2 240 895 000	153 000 000	2 393 895 000	1 623 179 000	770 716 000	2 393 895 000
<i>Activity A1.3.1. Computerization of the Ministry</i>		1 240 000 000	153 000 000	1 393 000 000	1 215 000 000	178 000 000	1 393 000 000
Computer Equipment and basic Software		Goods	500 000 000	500 000 000	500 000 000		500 000 000
Executing a Data Processing Master Plan and Implementation assistance		Consultancy services	75 000 000	75 000 000	75 000 000		75 000 000
Survey to study connection and safety solutions to the Ministry's relevant issues		Consultancy services	45 000 000	45 000 000	45 000 000		45 000 000
Computer Applications			420 000 000	420 000 000	420 000 000		420 000 000
Design and implementation of an automated system of private investment information management (SAGINFIP)		Consultancy services	120 000 000	120 000 000	120 000 000		120 000 000
Upgrading the SHISEPIP system		Consultancy services	100 000 000	100 000 000	100 000 000		100 000 000
Design and implementation of an automated system of Public Investments Programming (SAPIP)		Consultancy services	100 000 000	100 000 000	100 000 000		100 000 000
Interface and integration of SHISEPIP & SAPIP		Consultancy services	100 000 000	100 000 000	100 000 000		100 000 000
Training of Computer scientists		Training	50 000 000	50 000 000	25 000 000	25 000 000	50 000 000
Connection Solution		Goods	150 000 000	150 000 000	150 000 000		150 000 000
Systems Maintenance		Operating Cost		93 000 000		93 000 000	93 000 000
Functioning and defray of connection costs		Operating Cost		60 000 000		60 000 000	60 000 000
				0			0
<i>Activity A1.3.2. Training of stakeholders of the PPBM chain</i>		1 000 895 000		1 000 895 000	408 179 000	592 716 000	1 000 895 000
Feasibility study on the training centre for stakeholders of the sectors of the PPBM chain		Consultancy services	200 000 000	200 000 000	200 000 000		200 000 000
Study to put in place a training programme for stakeholders of the PPBM chain 2010-2013		Consultancy services	60 000 000	60 000 000	60 000 000		60 000 000
Training funds		Training	740 895 000	740 895 000	148 179 000	592 716 000	740 895 000
				0			0
Total component (A)		3 771 395 000	396 000 000	4 167 395 000	2 642 679 000	1 524 716 000	4 167 395 000
Component B : Improvement of the Business Climate							
B.1. Improvement of the Institutional and Fiscal Framework		650 000 000	60 000 000	710 000 000	635 000 000	75 000 000	710 000 000

<i>Activity B.1.1. Conduct of studies and development of management applications and tools</i>		610 000 000	0	610 000 000	595 000 000	15 000 000	610 000 000
Feasibility study with a view to installing an integrated tax management system from the TIN data base	Consultancy services	95 000 000		95 000 000	95 000 000		95 000 000
Design and installation of an integrated tax management system	Consultancy services	400 000 000		400 000 000	400 000 000		400 000 000
Data Collection for the registration of the Dantokpa market users and the registration of users	Consultancy services	15 000 000		15 000 000		15 000 000	15 000 000
Procurement of servers, computers, printers and other computer accessories	Goods	100 000 000		100 000 000	100 000 000		100 000 000
				0			0
<i>Activity B.1.2. Network</i>		0	40 000 000	40 000 000	40 000 000		40 000 000
Building interconnections with border posts (services)	Goods		40 000 000	40 000 000	40 000 000		40 000 000
<i>Activity B.1.3. Improving the TIN institutional framework</i>		40 000 000	5 000 000	45 000 000		45 000 000	45 000 000
Organizing broad-based consultations (seminars) with socio-professional stakeholders	Training	40 000 000		40 000 000		40 000 000	40 000 000
Enact a law to institute the TIN instead of the current decree	Operating Cost		5 000 000	5 000 000		5 000 000	5 000 000
<i>Activity B.1.4. Monitoring and maintenance</i>			15 000 000	0		0	0
Audit and maintenance missions in relevant structures	Operating Cost		15 000 000	15 000 000		15 000 000	15 000 000
B.2. Building the Capacity of Private-Sector Support Structures		825 775 000	350 000 000	1 175 775 000	558 000 000	617 775 000	1 175 775 000
<i>Activity B.2.1. Support to the IPC</i>		457 775 000	350 000 000	807 775 000	310 000 000	497 775 000	807 775 000
Formulation of a regulatory and institutional framework for Public-Private Partnership development	Consultancy services	100 000 000		100 000 000	100 000 000		100 000 000
Studies Fund for the conduct of feasibility studies geared towards the orientation of private investment choices towards viable projects that are conducive to the achievement of Benin's economic and development objectives.	Consultancy services	350 000 000	350 000 000	700 000 000	210 000 000	490 000 000	700 000 000
Dissemination of the Investment Code	Operating Cost	7 775 000		7 775 000		7 775 000	7 775 000
<i>Activity B.2.2. Support to the Presidential Council for Investments</i>		218 000 000		218 000 000	148 000 000	70 000 000	218 000 000
Computer Equipment	Goods	83 000 000		83 000 000	83 000 000		83 000 000
Recruitment of two long-term support consultants	Consultancy services	50 000 000		50 000 000		50 000 000	50 000 000
Communication strategy	Consultancy services	20 000 000		20 000 000		20 000 000	20 000 000
Recruitment of a technical assistance to finalize the EU study	Consultancy services	25 000 000		25 000 000	25 000 000		25 000 000
Study tours	Training	40 000 000		40 000 000	40 000 000		40 000 000
<i>Activity B.2.2. Support to the Directorate of Private Investments</i>		150 000 000		150 000 000	100 000 000	50 000 000	150 000 000
Formulation of the National Investment Policy	Consultancy services	100 000 000		100 000 000	100 000 000		100 000 000
Dissemination of the National Investment Policy	Operating Cost	10 000 000		10 000 000		10 000 000	10 000 000
Evaluation of the National Investment Policy	Consultancy services	15 000 000		15 000 000		15 000 000	15 000 000
Dissemination of economic information to private investors	Operating Cost	25 000 000		25 000 000		25 000 000	25 000 000
				0			0
3. Support to Customs Modernization Plan		995 000 000	0	995 000 000	741 500 000	253 500 000	995 000 000
<i>Activity B.3.1 Modernization of the legal and regulatory framework</i>		150 000 000		150 000 000	50 000 000	100 000 000	150 000 000
Drawing-up of implementing instruments of the code and finalization of instruments	Consultancy services	50 000 000		50 000 000	50 000 000		50 000 000
Publication of the general code, manuals of procedures and customs clearance instructions	Goods	30 000 000		30 000 000		30 000 000	30 000 000
Training of customs personnel on the new code and procedures	Training	40 000 000		40 000 000		40 000 000	40 000 000
Training of economic operators, customs officers and other relevant stakeholders	Training	30 000 000		30 000 000		30 000 000	30 000 000
				0			0
<i>Activity B.3.2. Attendance of the deployment of ASYCUDA++ and preparation for transition to World version</i>		605 000 000		605 000 000	467 500 000	137 500 000	605 000 000
Mission, expertise, expert - World customs Organization	Consultancy services	80 000 000		80 000 000	80 000 000		80 000 000
UNCTAD attendance mission	Consultancy services	200 000 000		200 000 000	200 000 000		200 000 000
Installation of an emergency storage system at BOHICON	Goods	150 000 000		150 000 000	150 000 000		150 000 000
Training of data processing personnel	Training	75 000 000		75 000 000	37 500 000	37 500 000	75 000 000
Training of customs officers and operators on the use thereof	Training	100 000 000		100 000 000		100 000 000	100 000 000
<i>Activity B.3.3 Putting in place a risk-based national strategy to crack down on fraud,</i>		240 000 000		0	224 000 000	16 000 000	0
Mobilization of a technical assistance	Consultancy services	30 000 000		30 000 000	30 000 000		30 000 000
Procurement of computer equipment and modelling software	Goods	70 000 000		70 000 000	70 000 000		70 000 000
Techniques training	Training	80 000 000		80 000 000	64 000 000	16 000 000	80 000 000
Study tours	Training	60 000 000		60 000 000	60 000 000		60 000 000
				0			0

Total Component B		2 470 775 000	410 000 000	2 880 775 000	1 934 500 000	946 275 000	2 880 775 000
				0			0
Component C: Support to Reform Management Unit							
Sub-Components							
Allowances to RMU specialists	Operating Cost	20 000 000		20 000 000		20 000 000	0
Support to the functioning of RMU	Operating Cost			0			0
Drawing up a manual of procedures	Consultancy services	70 000 000		70 000 000	70 000 000		70 000 000
Audit of Project accounts	Consultancy services	40 000 000		40 000 000	40 000 000		40 000 000
Functioning of the RMUFP	Operating Cost	100 000 000	400 000 000	500 000 000		500 000 000	500 000 000
Total component (C)		230 000 000	400 000 000	630 000 000	110 000 000	520 000 000	630 000 000
Total Component A + B + C		6 472 170 000	1 206 000 000	7 678 170 000	4 687 179 000	2 990 991 000	7 678 170 000
							0
Physical contingencies		194 165 100	36 180 000	230 345 100	140 615 370	89 729 730	230 345 100
Price escalation		323 608 500	60 300 000	383 908 500	234 358 950	149 549 550	383 908 500
							0
Total Project Cost		6 989 943 600	1 302 480 000	8 292 423 600	5 062 153 320	3 230 270 280	8 292 423 600

Breakdown of ADF contribution by component /sub-component and source of financing

COMPONENT / Sub-Component	Grant	Loan	Total
Component A : Strengthening Public Finance Management			
A.1 External Audit	0.11	0.22	0.33
A.2. Modernization of Public Procurement Tools	1.30	0.42	1.72
A.3. Improvement of Portfolio Quality	2.16	0.84	3.00
Total component (A)	3.57	1.48	5.05
Component B : Improvement of Business Climate			
B.1. Improvement of the Institutional and Fiscal Framework	0.12	0.75	0.87
B.2. Building the capacity of private-sector support structures	0.18	0.93	1.11
B.3. Support to the Customs Modernization Plan	0.65	0.68	1.33
Total component B	0.95	2.36	3.31
Component C : Support to the Reform Management Unit			
Total component (C)	0.11	0.20	0.31
Total Component A + B + C	4.63	4.04	8.67
Physical contingencies	0.14	0.12	0.26
Price escalation	0.23	0.20	0.43
Total Project Cost	5.00	4.36	9.36

Table of ADF-financed activities broken down by Grant/Loan

COMPONENT / Sub-Components	Expenditure category	ADF	Grant	Loan
Component A : Strengthening Public Finance Management				
A.1. External Audit				
<i>Activity A1.1 Support to the Audit Chamber of the Supreme Court</i>		329 588	107 183	222 405
Installation of Intranet at the CDC	Goods	66 989		66 989
Developing a website for the Audit Chamber	Consultancy services	21 437		21 437
Specific training sessions on public finance and court audit	Training	107 183	107 183	
Equipping the archives centre	Goods	133 979		133 979

COMPONENT / Sub-Components	Expenditure category	ADF	Grant	Loan
Appointment of 4 qualified advisers	Operating Cost			
Recruitment of 10 Auditors and 10 Assistants	Operating Cost			

A.2. Modernization of Procurement Tools		1 720 957	1 304 657	416 301
<i>Activity A1.2.1 : Setting-up of SIGMAP</i>		1 091 257	674 956	416 301
Computer Equipment	Goods	816 601	400 300	416 301
Electrical Equipment	Goods	20 097	20 097	
Public Procurement Management Software	Consultancy services	214 366	214 366	
Training of data processing staff of DNMP	Training	40 194	40 194	
Functioning of the system	Operating Cost	0		0
Maintenance of the system	Operating Cost	0		0
		0		0
<i>Activity A1.2.2 : Dissemination of Public Procurement Code</i>		200 968	200 968	0
Design and dissemination of guides for the chain stakeholders	Goods	133 979	133 979	
Organization of training sessions for economic operators	Training	66 989	66 989	
		0		
<i>Activity A1.2.3 : Training of stakeholders of the Public Procurement chain</i>		428 732	428 732	0
Training of DGMP and ARMP members	Training	160 775	160 775	
Training of Procurement Unit members	Training	267 958	267 958	
Training for local government authorities	Training	0		0

A.3. Improvement of Portfolio Quality		3 002 323	2 158 257	844 066
		0		
<i>Activity A1.3.1. Computerization of the Ministry</i>		1 661 337	1 165 615	495 721
Computer Equipment and basic Software	Goods	669 894	334 947	334 947
Executing a Data Processing Master Plan and Implementation assistance	Consultancy services	100 484		100 484
Survey to study connection and safety solutions to the Ministry's relevant issues	Consultancy services	60 290		60 290
Computer Applications		562 711	562 711	0
Design and implementation of an automated system of private investment information management (SAGINFIP)	Consultancy services	160 775	160 775	
Upgrading the SHISEPIP system	Consultancy services	133 979	133 979	
Design and implementation of an automated system of Public Investments Programming (SAPIP)	Services de Consultants	133 979	133 979	
Interface and integration of SHISEPIP & SAPIP	Consultancy services	133 979	133 979	
Training of Computer scientists	Training	66 989	66 989	
Connection Solution	Goods	200 968	200 968	

COMPONENT / Sub-Components	Expenditure category	ADF	Grant	Loan
Systems Maintenance	Operating Cost			
Functioning and defray of connection costs	Operating Cost			
<i>Activity A1.3.2. Training of stakeholders of the PPBM chain</i>		1 340 987	992 642	348 345
Feasibility study on the training centre for stakeholders of the sectors of the PPBM chain	Consultancy services	267 958		267 958
Study to put in place a training programme for stakeholders of the PPBM chain 2010-2013	Services de Consultants	80 387		80 387
Training funds	Training	992 642	992 642	
				0
Total component (A)		5 052 868	3 570 097	1 482 771

Component B : Improvement of Business Climate				
B.1. Improvement of the Institutional and Fiscal Framework		870 862	120 581	750 281
<i>Activity B.1.1. Conduct of Studies and Development of management Applications and Tools</i>		817 270	66 989	750 281
Feasibility study with a view to installing an integrated tax management from the TIN data base	Consultancy services	127 280		127 280
Design and installation of an integrated tax management system	Consultancy services	535 915		535 915
Data Collection for the registration of the Dantokpa market users and the registration of users	Consultancy services	20 097		20 097
Procurement of servers, computers, printers and other computer accessories	Goods	133 979	66 989	66 989
<i>Activity B.1.2. Network</i>				
Building interconnections with border posts (services)	Goods	0		
		0		
<i>Activity B.1.3. Improving the TIN institutional framework</i>		53 592	53 592	0
Organizing broad-based consultations (seminars) with socio-professional stakeholders	Training	53 592	53 592	
Enact a law to institute the TIN instead of the current decree	Operating Cost			
<i>Activity B.1.4. Monitoring and maintenance</i>				
Audit and maintenance missions in relevant structures	Operating Cost			

B.2. Building the Capacity of Private-Sector Support Structures		1 106 363	178 192	928 171
<i>Activity B.2.1. Support to the IPC</i>		613 321	0	613 321
Formulation of a regulatory and institutional framework for Public-Private Partnership development	Consultancy services	133 979		133 979
Studies Fund for the conduct of feasibility studies geared towards the orientation of private investment choices towards viable projects that are conducive to the achievement of Benin's economic and development objectives	Consultancy services	468 926		468 926
Dissemination of the Investment Code	Operating Cost	10 417		10 417

COMPONENT / Sub-Components	Expenditure category	ADF	Grant	Loan
		0		
<i>Activity B.2.2. . Support to the Presidential Council for Investments</i>		292 074	164 794	127 280
		0		
Computer Equipment	Goods	111 202	111 202	
Recruitment of two long-term support consultants	Consultancy services	66 989		66 989
Communication Strategy	Consultancy services	26 796		26 796
Recruitment of a technical assistance to finalize the EU study	Consultancy services	33 495		33 495
Study tours	Training	53 592	53 592	
		0		
<i>Activity B.2.2. Support to the Directorate of Private Investments</i>		200 968	13 398	187 570
Formulation of the National Investment Policy	Consultancy services	133 979		133 979
Dissemination of the National Investment Policy	Operating Cost	13 398	13 398	
Evaluation of the National Investment Policy	Consultancy services	20 097		20 097
Dissemination of economic information to private investors	Operating Cost	33 495		33 495

B.3. Support to Customs Modernization Plan		1 333 089	649 797	683 292
<i>Activity B.3.1 Modernization of the legal and regulatory framework</i>		200 968	133 979	66 989
Drawing up of implementing instruments of the code and finalization of instruments	Consultancy services	66 989		66 989
Publication of the general code, manuals of procedures and customs clearance instructions	Goods	40 194	40 194	
Training of customs personnel on the new code and procedures	Training	53 592	53 592	
Training of economic operators, customs officers and other relevant stakeholders	Training	40 194	40 194	
<i>Activity B.3.2. Attendance of the deployment of ASYCUDA++ and preparation for transition to World version</i>		810 571	234 463	576 109
Mission, expertise, expert - World customs Organization	Consultancy services	107 183		107 183
UNCTAD attendance mission	Consultancy services	267 958		267 958
Installation of an emergency storage system at BOHICON	Goods	200 968		200 968
Training of data processing personnel	Training	100 484	100 484	
Training of customs officers and operators on the use thereof	Training	133 979	133 979	
		0		
<i>Activity B.3.3 Putting in place a risk-based national strategy to crack down on fraud</i>		321 549	281 355	40 194
Mobilization of a technical assistance	Consultancy services	40 194		40 194

COMPONENT / Sub-Components	Expenditure category	ADF	Grant	Loan
Procurement of computer equipment and modelling software	Goods	93 785	93 785	
Techniques training	Training	107 183	107 183	
Study tours	Training	80 387	80 387	
Total component B		3 310 314	948 570	2 361 744

Component C : Support to Reform Management Unit				
Sub-Components				
Allowances to RMU specialists	Operating Cost	26 796	26 796	
Drawing up a manual of procedures	Consultancy services	93 785		93 785
Audit of Project accounts	Consultancy services	53 592		53 592
Functioning of the RMUFP	Operating Cost	133 979	80 989	52 989
Total component (C)		308 151	107 785	200 366

Total Component A + B + C		8 671 333	4 626 451	4 044 881
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Physical contingencies		260 140	138 794	121 346
Price escalation		433 567	231 323	202 244

Total		9 365 039	4 996 567	4 368 472
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Table of ADF-financed activities broken down by Grant/Loan

Component		UA Million		
Code	Description	ADF	Loan	Grant
A	<i>Component A : Strengthening Public Finance Management</i>	5.05	2.35	2.70
	Sub-Component A1 : External audit	0.33	0.15	0.18
	Sub-Component A2 : Modernization of public procurement tools	1.72	0.80	0.92
	Sub-Component A3 : Improvement of portfolio quality	3.00	1.40	1.60
B	<i>Component B : Improvement of business climate</i>	3.31	1.54	1.77
	Sub-Component B1 : Improvement of the institutional and fiscal framework	0.87	0.41	0.47
	Sub-Component B2 : Building the capacity of private-sector support structures	1.11	0.52	0.59
	Sub-Component B3 : Support to the Customs Modernization Plan	1.33	0.62	0.71
C	<i>Project Management</i>	0.31	0.14	0.16
Total Base Cost		8.67	4.04	4.63
	Physical contingencies	0.26	0.12	0.14
	Price Escalation	0.43	0.20	0.23
Total Project Cost		9.37	4.36	5.00

Breakdown of ADF Contribution in Loan and Grant by Expenditure category

Expenditure category		ADF	Loan	Grant
Code	Description	ADF	Loan	Grant
1	Goods	2.62	1.22	1.40
2	Consultancy services	5.83	2.72	3.11
3	Operating cost	0.22	0.10	0.12
	Total Base Cost	8.67	4.04	4.63
	Physical contingencies (3%)	0.26	0.12	0.14
	Price escalation (5%)	0.44	0.20	0.24
PROJECT COST		9.36	4.36	5.00

B.3. IMPLEMENTATION ARRANGEMENTS

Executing Agency

B.3.1. The Public Finance Reform Management Unit (RMU), whose duties were spelled out by the Minister Finance on 25 February 2010, shall be the Project's Executing Agency. It was set up within the implementation and monitoring mechanism of the Public Finance Management System Improvement Action Plan. In the fulfilment of its mission, which is to operationalize the Action Plan, it is supported by a coordinator, an Administrative and Financial Affairs Officer, an expenditure chain specialist, an audit firm specialist, a procurement specialist and an accountant. In addition, this structure shall be responsible for monitoring the implementation of the component relating to business climate as well as the sub-component on portfolio management improvement. To achieve this, it shall be beefed up by two relevant specialists financed by the project. The RMU shall ensure the day-to-day running of the project and keep accounts in accordance with professional standards that allow for project expenditure monitoring and control. The RMU and correspondents of beneficiary structures shall ensure the achievement of project objectives by proposing appropriate solutions to subsequent problems encountered in the course of its implementation. The RMU staff shall undergo a yearly evaluation as part of performance contracts.

Institutional Arrangements

B.3.2. The project's institutional mechanism comprises the RMU, the Coordination Committee and Steering Committee. The RMU, placed within the cabinet of the Minister of Finance, has correspondents in beneficiary structures, who will liaise between the project and their respective administrations. To that end, they shall ascertain the responsiveness of services provided by various project contractors and suppliers to the relevant technical specifications, given that the monitoring of the training programme and the evaluation of project activities have been entrusted to their respective administrations. The curricula vitae of national experts should be submitted to the Bank for no-objection. The Project Coordinator and experts shall receive allowances paid for by the project. The annual objectives to be achieved by the Project Coordinator shall be outlined in a project implementation convention signed between the Coordinator and the Minister of Finance, after requesting the prior opinion of the Bank.

B.3.3. The project team and representatives of beneficiary structures shall meet on a monthly basis, within the Coordination Committee, whenever convened by the Coordinator. Such meetings shall help to: (i) validate the schedule of activities provided for in the project; (ii) validate reports submitted by Consultants; (iii) follow up on recommendations made by the latter and those relevant to the structural reorganization of departments and the institution of new working procedures; (iv) validate quarterly project progress reports; and (v) consider any other issue of interest to the project. The Government may, as and when necessary, invite development partners represented in Benin and involved with project outcomes, to attend such meetings.

B.3.4. The Steering Committee shall convene once every three months. It shall be chaired by the Secretary General of the Ministry of Development, Public Policy Evaluation and Coordination of Government Action, and comprising the Secretary General of the Ministry of Finance, the President of the Audit Chamber, the Permanent Secretary of the Presidential Council for Investments, and the Chairman of the Public Procurement Regulatory Authority. As the project guidance and supervision body, the committee shall ensure its proper implementation in accordance with set objectives and monitor its performance. It shall particularly ensure the consideration and validation of reforms initiated under the project, and the approval and monitoring of annual schedules of activities. Furthermore, it shall have the responsibility to guarantee the commitment of government authorities to support public finance reforms. The RMU Coordinator shall provide secretarial duties to the Steering Committee.

B.4 PROCUREMENT ARRANGEMENTS

B.4.1. Summary of Procurement Methods

Project Categories	In UA million					
	ICB	NCB	Direct Negotiation	Other* ³⁴	Short List	Total
1. Goods						
1.1 Computer Equipment	[2.13]	0.36 [0.31]				2.49[2.44]
1.2 Electrical Equipment		[0.02]				[0.02]
1.3 Design and reproduction of documents		[0.17]				[0.17]
Sub-Total 1 – Goods	[2.13]	0.55[0.50]		0.00	0.00	2.68[2.18]
2. Consultancy services						
2.1 Studies					3.47[3.00]	3.47[3.00]
Design and development of data processing systems					[0.80]	[0.80]
Studies Fund for the conduct of feasibility studies geared towards the orientation of private investment choices towards viable projects that are conducive to the achievement of Benin's economic and development objectives.					0.94[0.47]	0.94[0.47]
Computer studies and assistance					[0.29]	[0.29]
Other studies					[1.44]	[1.44]
2.2 Technical Assistance			[0.38]	[0.07]		[0.44]
Customs Systems Expert			[0.38]			[0.38]
Support to the Presidential Council for Investments				[0.07]		[0.07]
2.3. Audit					[0.05]	[0.05]
Sub-Total 2 – Consultancy services	0.00	0.00	[0.38]	[0.07]	3.52 [3.05]	3.96 [3.49]
3 Training			[1.71]		[0.62]	[2.33]
Local Training**			[1.71]			[1.71]
Training of senior staff abroad					[0.62]	[0.62]
4. Miscellaneous						
Operating cost for RMU & beneficiaries				1.31 [0.22]		1.31 [0.22]
Sub-Total 4 - Miscellaneous				1.31 [0.22]		1.31 [0.22]
TOTAL (Base Cost)	[2.13]	0.55 [0.50]	[2.09]	1.37 [0.29]	4.14 [3.67]	10.28 [8.67]

B.4.2. Goods: UA 2.68 million: Procurements for goods (computer equipment) worth a total amount of UA [2.13] million will each be awarded in accordance with Limited International Bidding

³ Amounts in brackets are those financed by ADF

⁴ Other: for consultants, recruitment of experts will be by comparison of CVs; training will depend on partnership with training institutions, after assessing their capacity, and through study tours.

(LIB) procedures. Procurements for goods (computer equipment, network connection, electric power generator, and printing works) for a total amount of UA 0.55 million will be awarded in accordance with NCB (National Competitive Bidding) procedures. The choice of NCB is predicated on the unlikely participation of foreign bidders, given the low procurement amount, the existence of such goods at the local level and of qualified bidders in sufficient numbers.

B.4.3. Consultancy services: UA 3.96 million: The procurement of consultancy services (studies and engineering services and technical assistance), to the tune of UA 3.47 million, will be executed by consulting firms and individual consultants under contracts. Consulting firms will be selected through a short list and the selection method shall be based on quality and cost. However, for individual consultants, the selection method shall be based on the Bank's procedures for selection of individual consultants. Technical assistance for the deployment of the customs software "ASYCUDA ++" and the transition to ASYCUDA World for a total amount estimated at UA 0.38 million will be awarded in accordance with procedures of direct negotiation with the World Customs Organization, and UNCTAD, the sole supplier of the ASYCUDA software. The rationale for this private negotiation is that numerous countries, including WAEMU and CEMAC States, use this software package, whose performance is highly commendable, and that the WCO is an organization renowned for its expertise in customs affairs. The recruitment of support experts for the Presidential Council for Investments to the tune of UA 0.07 million will be conducted in accordance with the Bank's procedure for the selection of individual consultants.

B.4.4. Training: UA 2.33 million: The procurement of training services will be conducted by consulting firms specialized in training or by universities. Procurements pertaining to training activities have been placed under the following categories: local training and training abroad. Local training sessions, estimated at UA 1.71 million, will be generated by direct negotiation under an agreement signed with specialized national public or private training institutions, and particularly the National School of Applied Economics and Management (ENEAM), the National School of Administration and Magistracy (ENAM) and the Distance Education Centre (CED). Training abroad will be procured on the basis of short lists of regional and international training institutions. The selection procedure shall be that of the lowest bidder.

B.4.5. For consultancy services and training contracts estimated below UA 200 000, the Borrower, in order to receive expressions of interest, may limit the publication of the call for interest to the Official Gazette, a national newspaper or a freely accessible electronic portal. However, any eligible consultant, whether regional or not, who wishes to provide the services requested may express his/her desire to be short listed. For contracts estimated above UA 200 000, the Call for Expression of Interest should be posted on UNDB online and the Bank's WEB site.

B.4.6. Miscellaneous: UA 1.31 millions: The procurement of miscellaneous items (computer consumables, office supplies and consumables, equipment maintenance, insurances, etc.) shall be conducted through shopping for contractors.

B.4.7. General Information Note on Procurements: The content of the General Procurement Notice will be agreed upon with the RMU of the Ministry of Finance and posted on the Bank's Web site and the UN Development Business Online, upon approval of the loan proposal by the Board of Directors.

B.4.8. **Review Procedures:** The following documents have been submitted to the Bank for review and approval prior to publication: i) Special Invitation to Tender, ii) Bidding Documents or Requests for Proposals from consultants, iii) Evaluation Reports on Bids or on Proposals from Consultants, including recommendations for the award of contracts, iv) draft contracts, if amended and different from the drafts included in the Bidding Documents.

B.4.9. Ex-post Review: Procurements of goods for an amount below or equal to UA 20 000 shall be approved by executing agencies and reviewed ex-post by the ADB. Procurement Documents, including Bidding Documents, evaluation sheets and procurement awards, shall be kept with the executing agency for periodic review by Bank supervision missions and by the auditor recruited for that purpose. The annual audit of financial statements should incorporate procurement audits. However, the Bank reserves the right to undertake an ex-post review of the procurement award, during the first supervision mission following the end of the procurement award process or at any time in the course of project implementation. The subject of such audits is to ascertain whether procurement activities were conducted properly and in accordance with the loan agreement and Bank rules. This review will determine if it is necessary to amend or improve the procurement arrangements made. Executing agencies will gather, on a quarterly basis, procurement data to be incorporated in detail in the project's quarterly progress reports submitted to the Bank.

B.4.10. Executing Agency: The RMU shall be responsible for the procurement of goods, consultancy services and training services. The RMU shall have adequate resources to conduct procurement activities required under the project.

B.4.12. Procurement Plan: The Bank shall consider procurement arrangements made by the Borrower under the Procurement Plan, with a view to enforcing compliance with the Loan Agreement and relevant Bank Rules. The Procurement Plan shall cover an initial period of at least 18 months. The Borrower shall update the said plan every year or as at when necessary, but always within the next 18 months during the project implementation period. Any proposed amendment to the Procurement Plan shall be submitted to the Bank for prior approval.

B.5. Financial Management Arrangements

B.5.1. Financial and accounting management shall be ensured by the RMU to be set up, attached to the cabinet of the Minister of Finance and the Budget which has no accounting and financial system that meets the Bank's minimum requirements. A chartered accountants firm will establish an adequate management system, in accordance with relevant Bank directives. Furthermore, the RMU should prepare a manual of administrative, financial and accounting procedures and keep complete statements of expenditure by component, by category and source of financing. The same chartered accountants firm shall provide periodic advisory support to the RMU during the project's entire lifespan.

B.5.2. The project's financial statements, audited by an independent audit firm, shall be transmitted to the Bank latest six (6) months following the close of the fiscal year concerned. The project audit shall be conducted in accordance with Bank-approved Terms of Reference (TOR) and shall give specific opinions on project's financial statements, statements of expenditure of the special account and national counterpart contributions, internal audit systems, and procurement methods. The initial project financial statements and audit reports are scheduled for on or before 30 April 2012 and will cover the period from project commencement through 31 December 2011.

B.6. DISBURSEMENT ARRANGEMENTS

B.6.1. The special account method and direct payment method will be used for the disbursement of loan and grant resources. The direct payment method will be used for the procurement of goods and the services of consultants. Disbursements for contracts relating to the procurement of goods for an amount below UA 20 000 and operating expenses will be made from the special account. To that end, three special accounts will be opened in a commercial bank deemed acceptable to the ADB: the first account will receive ADF loan resources, the second will receive grant resources and the third will receive national counterpart funds. The ADF loan and grant special accounts will be funded by an initial payment based on a schedule of activities acceptable to the Bank and whose amount shall not

exceed a six-month budget forecast. They will be rebuilt on the same basis, upon the production of evidence of the use of at least 50% of the last advance and 100% of the previous transfers. The special account opened for national counterpart contributions will be funded by the Government of Benin through the payment, at the beginning of the fiscal year and during the four years of project implementation, of an amount corresponding to the project's annual schedule of activities (See table No. 2.6 – Schedule of Expenditure by Component). The Minister of Finance and Project Coordinator shall be appointed by Government as signatories and persons legally authorized to carry out transactions on the national counterpart account.

B.7 ANALYSIS OF GENDER ISSUES

B.7.1 In Benin, women account for 51 % of the population and play a crucial role in the country's economy. Unfortunately, they are underrepresented in the Administration. Nevertheless, the training scheduled under the project for civil servants of beneficiary Institutions will be equitable and beneficial for female senior staff working therein. With respect to training programmes as well as the choice of candidates for the various training courses abroad, the Bank shall ensure that a huge percentage of female civil servants participate in such courses.

B.7.2 Female candidates will be strongly encouraged to undergo the training courses provided for, both locally and abroad. Such training courses will be an opportunity for the female participants to assume high-ranking and strategic duty positions in the public administration. In the long run, this approach will allow for a reversal of current trends that are rather prejudicial to gender approach. Gender specialists will be involved in the implementation of training programmes so as to support requirements relevant to the emergence of an environment conducive to the advancement of women. In this connection and with respect to the teams to be trained, at least 20% of selected candidates shall be made up of women as from the first year. This enrolment will rise to at least 30% as from the second year.

B.8 POVERTY ANALYSIS

B.8.1 In Benin, about one out of three persons (33.3%) lives below the poverty line and two out of five persons (39.6%) still endure multi-faceted hardship in terms of livelihood and wealth.

B.8.2 An analysis of these various forms of poverty, based on the place of residence, shows that poverty rates are higher in rural areas. The analysis of explanatory factors for the persistence of poverty, the entry and exit of poverty bear out the importance of level of education, branch of economic activity, access to bank loans, basic infrastructure, initial income as factors conducive to the eradication of poverty. However, the sheer size of households (8 persons and more) seems to be a very limiting factor in this regard.

B.8.3 In light of the foregoing analysis and determining factors of poverty, Government intends to implement accelerated economic growth and redistribution policies aimed at significantly reducing poverty and propelling Benin towards the achievement of MDGs. Pride of place is given to:

- Fostering the local economy with a view to reducing poverty in rural areas;
- Curbing population growth, in conjunction with the strong correlation between poverty and the sheer size of households;
- Strengthening social protection for senior citizens, in particular;
- Strengthening basic infrastructure;
- Strengthening the microcredit policy with a view to enabling the poor, specifically women, to have access to bank loans.

C. SUPPLEMENTARY TECHNICAL ANNEXES

C.1 PROJECT DESCRIPTION

Component A: Strengthening Public Finance Management

Sub-Component A1: Support to the Audit Chamber of the Supreme Court

Under the Audit Institutions Support Project (PAIC), the Audit Chamber received support that has allowed for the equipment of its members with data processing units as well as the organization of study tours.

However, as of today, there are major constraints pertaining to the adoption of constitutional amendments to set up a Court of Audit and to the recruitment of members of the Court of Audit, which is undermined by shortcomings with respect to counsellors whose numbers will dwindle by the year as they go on retirement. In addition, the Court needs recruitments to gain new expertise in various disciplines.

While waiting for such measures to be taken, the Project intends to intensify actions already undertaken by:

- Installing an intranet that allows for interconnection of all members of the Court, and access to Internet,
- Financing specific training courses in public finance and court audit,
- Installing a documentary system based on the electronic management of archival documents,
- Creation of a WEB site that allows for online publication of Court of Audit reports.

Furthermore, Government will build the human capacity of the Court through the recruitment of staff provided for under the programme (4 qualified counsellors, Recruitment of 10 Auditors and 10 Assistants)

Sub-Component: A.2 Modernization of Procurement Tools

Activity A1.2.1: installation of SIGMAP

With the support of the Dutch Government, the National Public Procurement Regulatory Authority has developed a data processing master plan of the public procurement chain, as well as conducted a feasibility study of the integrated system of public procurement management, whose key objectives are the:

- modernization of public procurement procedures;
- computerization of all stages of public procurement;
- installation of data interfaces between SIGMAP, SIGFIP, ASTER and TIN already in production at the level of financial administration;
- interconnection of all the organs of the public procurement system;
- placing of adequate information and services at the disposal of national and international economic operators in real time; and
- posting of information on national and community (WAEMU) procurement web sites.

The table of cost estimates for such studies has been attached.

The project will support the installation of this system by financing the following actions:

- computer equipment needed for its start-up and deployment of the new system at CNRMP, DNMP, and in pilot ministries, as well as electrical equipment for the data processing centre. This will correspond to the equipment of the data processing centre, necessary for the strengthening of the backbone of the Ministry of Finance and the installation of local networks;
- development or procurement of a public procurement management software package;
- training of data processing staff responsible for the operation and maintenance of computer systems and equipment.

Government shall support the functioning and maintenance of the system as well as the interconnection of stakeholders of the public procurement chain.

Activity A1.2.2: Dissemination of Public Procurement Code

The Project will additionally attend the dissemination, by Government, of the new code adopted in 2009 with the design and dissemination of guides to stakeholders of the chain as well as the organization of training sessions for economic operators.

Activity A1.2.3: Training of Stakeholders of the Public Procurement Chain

This is one of the key factors of the project's success. Ownership of data processing tools and procurement procedures spelled out in the new code, by all members of each organ of the public procurement chain may only be achieved through the establishment of a dynamic training process for users.

Such trainings concern mainly two targets:

- members of DNMP and CNRMP; and
- members of Procurement Units.

Their objectives are to:

- upgrade stakeholders of each organ to office suites;
- train trainers at the level of delegations;
- establish a retraining and periodic training process depending on the availability of moderators;
- set up a data entry pool.

Sub-Component A3: Improvement of Portfolio Quality

Activity A1.3.1. Computerization of the Ministry

One of the greatest challenges currently facing the ministry in the implementation and monitoring of its activities is the absence of an information system capable of providing leadership decision-making support.

The Ministry prepared the Strategic Orientation Note for the development of its information system, which defines its needs principally in terms of equipment and connectivity. In addition, all structures have specific mission-fulfilment needs.

The project will support the Ministry in the modernization of its working tools by procuring adequate data processing tools. To achieve this and ensure consistency in all actions to be undertaken, the project will first finance a technical assistance for the implementation of a Master Plan and Information System Development Plan. Furthermore, it will contribute to the implementation of a development plan through the financing of equipment, computer applications for key directorates, training, and the consolidation of actions already undertaken by the Ministry with the support of MCA in the implementation of the SHISEPIP System.

Actions to be undertaken will pertain to the:

- implementation of a Data Processing Master Plan and implementation assistance;
- supply of computer equipment and basic software;
- conduct of a study to provide connection and safety solutions to the Ministry;
- connection solution equipment.

While awaiting the conclusions of the Master Plan, and in light of the needs of the various directorates of the Ministry, the Project will finance, as a matter of priority, the following actions:

- Design and implementation of an automated system of private investment information management (SAGINFIP);
- Upgrading the SHISEPIP system;
- Design and implementation of an automated system of Public Investments Programming (SAPIP);
- Interface and integration of SHISEPIP & SAPIP;

- Training of Computer scientists

Government will contribute by defraying the system's operating and maintenance costs.

Activity A1.3.2. Training of stakeholders of the PPBM chain

The weak human and institutional capacity of Benin's public administration and in particular those of the stakeholders of the Planning, Programming, Budgeting and Monitoring/Evaluation (PPBM) chain have significantly undermined Government reforms to streamline public finances.

The project intends to support the Ministry in the design and implementation of needs-tailored programmes, and capitalize on previous experiences. The said programme should concern more than 3,000 employees in all public structures involved in the PPBM chain, and will be based on the following themes:

- theme 1 : Project identification and formulation;
- theme 2 : Project planning;
- theme 3 : Project management, implementation and closure;
- theme 4 : Prospects analysis;
- theme 5 : Macro-economic management; and
- theme 6 : Economic policy management.

The on-going nature of training has led the Ministry to consider setting up therein a training centre to meet its training needs.

The project sets out to support the Ministry by financing a feasibility study for such a centre with a comparative assessment of various formulas that could be retained for its implementation, as well as

the formulation and implementation of a three-year training plan underpinned mainly by local and sub-regional structures.

To achieve this, partnerships will be established with the National School of Applied Economics and Management (ENEAM), the National School of Administration and Magistracy (ENAM), and the Distance Education Centre (CED), while regional and international training centres may be mobilized by CED. The project may offer specific and specialized training abroad (non sub-regional), if need be.

Sub-Component B1: Improvement of the Institutional and Fiscal Framework

The actions envisaged will entail the smooth deployment and upgradability of the Single Tax Identification Number (TIN) registration system, and the establishment of an integrated tax and customs management system

Activity B.1.1. Conduct of studies and development of management applications and tools

Actions identified to be funded by the Project are as follows:

- Feasibility study with a view to installing an integrated tax management system from the TIN data base;
- Design and installation of an integrated tax management system
- Data Collection for the registration of Dantokpa market users and the registration of users;
- Procurement of servers, computers, printers and other computer accessories; and
- Organizing broad-based consultations (seminars) with socio-professional stakeholders

Activity B.1.2. Network: Building interconnections with border posts

Similarly, Government will build interconnections with border posts as part of the global finance network linking border posts where ASYCUDA has been installed.

Activity B.1.3. Improving the TIN institutional framework

Broad-based consultations will be organized with various socio-professional stakeholders, at the close of which a colloquium will be convened to summarize the proceedings and introduce a bill to institute the TIN in replacement of the current decree.

Activity B.1.4. Monitoring and maintenance

Thereafter, audit and maintenance missions in relevant structures will be conducted on a regular basis and funded by the Government.

Sub-Component: B.2. Building the Capacity of Private-Sector Support Structures

In 2009, the Government of Benin conducted a European Union-funded study for the formulation of a programme whose implementation will help to create a business environment conducive to investment and the improvement of “Doing Business” indicators.

The said study laid bare the weak human and institutional capacity of structures responsible for private-sector development and the lack of material resources needed for the conduct of their mission.

The project will provide support to the three main structures involved in this area, by ensuring consistency, and avoiding overlap, with other interventions (CIGOP Project financed by the World Bank, and with European Union resources).

Activity B.2.1. Support to the IPC

One of the key missions of the Investment Promotion Centre is to assist prospective investors in the choice of projects and their approach to the administration and private sector. In this connection, the following actions will be financed under such support by the Project:

- Formulation of a regulatory and institutional framework for Public-Private Partnership development;
- Financing of a Studies Fund for the conduct of feasibility studies geared towards the orientation of private investment choices towards viable projects that are conducive to the achievement of Benin's economic and development objectives; and
- Dissemination of the Investment Code

Activity B.2.2. Support to the Presidential Council for Investments (CPI)

The CPI is responsible for promoting direct dialogue between the State and the private sector with a view to identifying crucial problems which constitute barriers to investment and which require Government intervention. Its currently available resources do not allow it to properly conduct its mission. Hence, in order to build the Council's capacity, the Project will finance the following activities:

- Recruitment of a technical assistance to finalize the EU study ,
- supply of computer equipment;
- recruitment of two long-term support consultants;
- formulation of a communication strategy; and
- organization of study tours.

Activity B.2.2. Support to the Directorate of Private Investments

Despite the crucial role of promoting private investments and improving the business environment assigned to the Directorate of Private Investments, it is plagued by lack of vision and resources for the fulfilment of its mission.

Hence, the Project intends to support it in the:

- Formulation of the National Investment Policy;
- Dissemination of the National Investment Policy;
- Evaluation of the National Investment Policy; and
- Dissemination of economic information to private investors

Capacity building actions are incorporated in the overall activities of the Ministry of State.

Sub-Component B3: Support to the Customs Modernization Plan

Since 2008, the Customs administration has embarked on a reforms and modernization process with the support of several development partners, particularly the MCA.

Hence, the MCA initially financed a study on the efficiency of the customs system as well as the World Customs Organization assistance for the formulation of a customs reform and modernization strategy in Benin that led to the formulation of an action plan incorporated in the Public Finance Management Improvement Action Plan 2009 – 2013.

The under-mentioned activities are amongst the significant actions undertaken, which have a direct impact on the simplification of customs clearance procedures and fraud reduction:

Activity B3.1: Modernization of the Legal and Regulatory Framework

The MCA has defrayed the cost of all activities necessary for the preparation and enactment of a new customs code harmonized with the WAEMU community code as well as consultations with all economic operators, customs officers and other relevant stakeholders. However, MCA financing is limited to the enactment of the code and neither covers all the other actions such as training, publishing, dissemination of the code, nor the preparation and implementation of implementing instruments. Consequently, the Project intends to take over this activity, from where the MCA left off, by financing the:

- Training of customs officers on the new code;
- Preparation of implementing instruments and instruments updates;
- organization of extension/dissemination seminars;
- Publication of the new code; and
- Publication of manuals of procedures and customs clearance guidelines.

Activity B3.2: Attending the Directorate General of Customs and Excise in the Deployment of ASYCUDA++

The Directorate of Information Management began the deployment of ASYCUDA++, with support from MCA, responsible for the interconnection of field offices to the central site. The equipment and construction/rehabilitation of offices should be defrayed with national resources, given that several procurements had been signed or are pending signature since 2009.

The actions which the project intends to sponsor in this regard, and which consolidate actions already taken or are being financed by MCA and the Government, are as follows:

- Equipping a back-up data centre to safeguard the functioning of ASYCUDA at BOHICON;
- Implementing the recent functionality of ASYCUDA++ software, not yet activated or finalized, with funding from UNCTAD expert missions. The first of such missions should dwell particularly on the soundness of the continuous deployment of ASYCUDA++, and of its transition to ASYCUDA World. If the latter assumption is retained, a scenario should be designed and backed up by figures, while the amounts appropriated to this heading should contribute thereto;
- Training of data processing staff on the ASYCUDA++ equipment and software and on the prospects of a transition to ASYCUDA World; and
- Training of ASYCUDA users (customs officers, customs operators and employees).

Activity B3.3: Putting in place a Risk-based National Strategy to Crack down on Fraud

In order to attend the simplification of customs clearance procedures, with the installation of scanners at the port of Cotonou, financed by MCA, BIVAC consulting firm has installed risk analysis tools applied to the value of goods, DGDID intends to develop a Risk-based National Strategy to crack down on Fraud.

For that purpose, the Project will finance:

- Technical assistance for the formulation of such strategy based on on-going modelling at the Strategic Studies Service;
- Training of employees of the Strategic Studies Service; and
- Financing of three study tours to Algeria, Ghana and Cote d'Ivoire.

Category : Consultancy services

	2011												2012												2013												Amount in CFAF M	Procedure
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D		
Public procurement management software				A			S	L			C																								160	QCBS		
Feasibility study with a view to installing an integrated tax management system from the TIN data base				A			S	L			C																								95	QCBS		
Design and installation of an integrated tax management system											A	S	L				C																		400	QCBS		
Data Collection for the registration of Dantokpa market users and the registration of users				A			S	L			C																							15	QCBS			
Development of a Data Processing Master Plan and implementation assistance for MPDEPP-CAG				A			S	L			C																							75	QCBS			
Survey to study connection solutions for the Ministry and safety solutions for MPDEPP-CAG				A			S	L			C																							45	QCBS			
Computer Applications for MPDEPP-CAG											A	S	L				C																	420	QCBS			
Feasibility study for the training centre of stakeholders of the PPBM chain				A			S	L			C																							200	QCBS			
Study to develop a training programme for stakeholders of the PPBM chain 2010-2013				A			S	L			C																							60	QCBS			
Recruitment of a technical assistance to finalize the EU Study				A			S	L			C																							25	QCBS			

Category : Consultancy services

	2011												2012												2013												Amount in CFAF M	Procedure
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D		
Formulation of the national investment policy				A			S	L		C																										100	QCBS	
Evaluation of the national investment policy																								A				S	L		C					15	QCBS	
Formulation of a regulatory and institutional framework for Public-Private Partnership Development							S	L		C																										100	QCBS	
Conduct of feasibility studies geared towards the orientation of investment choices				A			S	L		C								A	S	L		C								A	S	L		C		700	QCBS	
Putting in place a risk-based national strategy to crack down on fraud				A			S	L		C																										30	QCBS	
Mission, expertise, expert - World customs Organization				A			S	L		C																										80	ED	
UNCTAD attendance mission				A			S	L		C																										200	ED	
Preparation of manual of procedures	A		S	L		C																														70	QCBS	
Audit of accounts				A			S	L		C																										40	LCS	

Legend :

A -Publication

B –Approval of Bidding Documents

S - Approval of Short List

L - Request for Proposals

C –Signing of contract

QCBS - Quality- and Cost-Based Selection

ED - Direct Negotiation

LCS- Least-Cost Selection

Detailed Cost Estimates of Project to Put in Place the Public Procurements System

Codes	Components		Qty	UP	Amount
	Component 1: Communication Improvement				
A	Sub-Comp 1 – Strengthening the backbone of MEF				
A1	GOODS				
	1. Interconnection equipment for MEF				
	Router		1	20 000 000	20 000 000
	Firewall		1	15 000 000	15 000 000
	Sub-Total Interconnection Equipment				35 000 000
	Sub-Total Goods				
	SERVICES				
	1. Computer Engineering Works				
	Subscription and Maintenance Cost		1		
	Installation and Configuration Works	Month/man	1	3 000 000	3 000 000
	Sub-Total Computer Engineering				3 000 000
	Sub-Total Services				
A	Sub-Comp 2- Interconnection of distant SIGMAP posts				
A1	GOODS				
	1. Interconnection Equipment for Distant Posts				
	Wireless Local Loop (WLL) Equipment		10	5 000 000	50 000 000
	VSAT Equipment		200	1 500 000	300 000 000
	Local Networks		200	2 500 000	500 000 000
	Sub-Total Interconnection Equipment for Distant Posts				850 000 000
	TOTAL COMPONENT 1 : Communication Improvement				888 000 000
Codes	Component 2 : Improvement of Processing and Decision-Making Support Tools				
A	Sub-Comp 1 - Applications Development				
A1	GOODS				
	1. SIGMAP Design, development				
	Audit and modelling	Lump sum	1	15 000 000	15 000 000
	Applicative development	Lump sum	1	150 000 000	150 000 000
	Data recapture	Lump sum	1	5 000 000	5 000 000
	Applicative deployment on pilot site	Lump sum	1	5 000 000	5 000 000
	Sub-Total SIGMAP Design, development				175 000 000
	2. Production launch in real situations				
	Data and system administration works		1	3 000 000	3 000 000
	User and technical documentation		1	2 000 000	2 000 000
	Sub-Total Production launch in real situations				5 000 000
	3. Study tours				
	Tour of SIGMAP in Africa (Senegal, Tunisia)	Person	5	1 000 000	5 000 000
	Sub-Total Study Tour				5 000 000
	Sub-Total Sub-Comp1				185 000 000

	SERVICES				
	1. Formation				
	Training on the use of SIGMAP	session	1	3 000 000	3 000 000
	Training of computer scientists (data base, web tools and language)		1	15 000 000	15 000 000
	Training Seminar on Public Procurement Code		1	5 000 000	5 000 000
	Sub-Total Services				23 000 000
A	Sub-Comp 2 - Web Site Development				
A1	GOODS				
	1. Definition of website content and design				
	Information gathering and layout		1	2 000 000	2 000 000
	Development of dynamic website with SIGMAP interfaces		1	8 000 000	8 000 000
	Sub-Total Definition of website content and design				10 000 000
	2. Website hosting and online availability				
	Website hosting and referencing	per year	1	500 000	500 000
	Online availability of website		1	500 000	500 000
	Sub-Total Website hosting and online availability				1 000 000
	Sub-Total Goods				11 000 000
	SERVICES				
	1. Training				
	Training of webmaster	session	1	4 000 000	4 000 000
	Sub-Total Services				4 000 000
	TOTAL COMPONENT 2: Improvement of Processing and Decision-making Support Tools				223 000 000
Codes	Component 3 : Improvement of Data Base Management				
A	Sub-Comp 1 - Infrastructure Development				
A1	GOODS				
	1. Data Processing Centre equipment (CTAMP)				
	Router		2	3 500 000	7 000 000
	Firewall		2	5 000 000	10 000 000
	Load balancer		1	5 000 000	5 000 000
	switches		3	3 000 000	9 000 000
	Intrusion Detector		1	4 500 000	4 500 000
	Data servers		2	6 000 000	12 000 000
	Web servers		2	4 000 000	8 000 000
	Demilitarized zone server (DNS, FTP,...)		1	5 000 000	5 000 000
	Monitoring server		1	4 000 000	4 000 000
	Storage unit + Management node		1	10 000 000	10 000 000
	Sub-Total Data Processing Centre equipment (CTAMP)				74 500 000
	2. Office furniture, equipment and others				
	Control of access to Data Processing Centre	Biometrics and video equipment	1	2 000 000	2 000 000

	Electrical safety of Data Processing Centre	Electricity generator and lightning conductor	1	15 000 000	15 000 000
	Furniture of Data Processing Centre		10	1 500 000	15 000 000
	Work Post of Data Processing Centre		20	1 000 000	20 000 000
	Sub-Total Office Furniture, Equipment				52 000 000
	Sub-Total Goods				
	SERVICES				
	2. Training				
	Training on Formation system administration, computer safety, DBA, quality insurance plan	session	1	8 000 000	8 000 000
	Sub-Total Services				8 000 000
	TOTAL COMPONENT 3 : Improvement of Data Base Management				134 500 000

1 245 500 000



**MINISTRY OF FORWARD PLANNING, DEVELOPMENT, EVALUATION OF PUBLIC POLICIES, AND
COORDINATION OF GOVERNMENT ACTION**

Cotonou, 3 June 2010

**Capacity Building Programme for Stakeholders of the PPBM Chain for
ADB Financing**

Since 1999, the Government of Benin has embarked on the modernization of the Public Administration Management System, through the agency of a series of reforms, with a view to stepping up the performance of the national economy and achieving quality public expenditure. Such reforms should have made for the streamlining of public finances by offsetting the deep-seated dysfunction and shortcomings identified in the Planning, Programming, Budgeting and Monitoring/Evaluation (PPBM) chain.

However, difficulties in the implementation of these reforms within the public administration have thwarted the achievement of set objectives. The said difficulties pertain especially to weak human and institutional capacity.

In this connection, they are as follows:

Crosscutting issues

- Inadequacy of qualified personnel;
- Inadequate rolling stock and financial resources for the monitoring of projects and programmes;
- Poorly prepared Bidding Documents and Terms of Reference for consultants in ministries;
- Institutional instability of some structures of ministries and at times ministries themselves;

Planning

- Egregious inadequacy of macro-economic guidelines;
- Discrepancy in the mastery of new management tools;

Programming

- Weakness in budget preparation and arbitration of the Public Investments Programme (PIP);
- Poor allocation of resources and credits spread too thinly on projects during programming in sectoral ministries;
- Poor assessment of the cost of some projects, thereby entailing considerable gaps to be bridged;
- Difficulty in filling in information sheets regarding the programming and monitoring/evaluation of projects and programmes;
- Poor mastery of the operational planning of projects.

Implementation and Monitoring/evaluation

- Weak technical capacity of Project Management Units with respect to management and monitoring/evaluation;
- Weak monitoring/evaluation system at the national level;
- Inadequate human resources;
- Poor preparation of financial documents by stakeholders of ministries, due to poor mastery of public expenditure execution procedures;

- Difficulty in gathering information from project coordinators;
- Discrepancy between the coordinator's profile and the position held;
- Poor mastery of national public procurement procedures and those of Technical and Financial Partners;
- Poor mastery of donor-funded expenditure execution procedures by some coordinators and managers of projects and programmes, etc.

Furthermore, poor human and material resource capacity has influenced the expected outcomes of various sites opened by Government as part of the implementation of reforms.

In order to establish a sustainable solution to the weak Planning- Programming-budgeting and Monitoring/Evaluation chain, MPDEPP-CAG organised an annual review of the national development management process in 2007. The said review, which is a mechanism for assessing the capacity of State structures to translate development policies into actions and activities, laid bare certain shortcomings in the PPBM chain which should be corrected so as to lay the groundwork for a prosperous economy and sustainable development.

In a bid to overcome some of these difficulties, particularly those related to the inadequacy of qualified personnel, MPDEPP-CAG has recruited 354 senior staff and placed same at the disposal of sectoral ministries with a view to building the human resource capacity of structures in the PPBM chain at the national level. To achieve this objective, it is imperative to strengthen the capacity of these employees and project coordinators in order for them to meet the current requirements of a development-driven administration.

It is in this perspective that MPDEPP-CAG formulated the matrix of capacity-building needs for stakeholders of the PPBM chain both at the central and sectoral levels, as indicated in the table below.

This training programme for structures involved in the PPBM chain covers six themes as follows:

- Theme 1: Project Identification and Formulation;
- Theme 2: Project Planning;
- Theme 3: Project Management, Implementation and Closure;
- Theme 4: Prospects Analysis;
- Theme 5: Macro-economic Management;
- Theme 6: Economic Policy Management.

Training sessions will be moderated under a partnership by national and regional training centres. The national training centres concerned are the National School of Applied Economics and Management (ENEAM), the National School of Administration and Magistracy (ENAM), and the Distance Education Centre (CED).

These regional and international training centres may be mobilized by CED under a partnership to be signed between the CED and the Ministry of Forward Planning, Development, Public Policy Evaluation and Coordination of Government Action (MPDEPP-CAG).

No.	Training Modules	Reach (all ministries and State institutions)	Number of participants for three years	Dollar cost per participant	Total cost for three years	Cost in 2011 in (\$)	Cost in 2012 in (\$)	Cost in 2013 in (\$)	Rmks
Theme 1: Project Identification and Formulation			225	500	112 500	37 500	37 500	37 500	
1	Project design, risk analysis and start-up	DRFM, DPP, DDPD, ADPG, OCS	75						
2	Development project formulation techniques	DPP, DRFM, DGB, DGSP, DGIFD, OCS, Project Management Unit	75						
3	Measure of feasibility and cost-effectiveness of projects and programmes	DPP, DRFM, DGB, DGSP, DGIFD, BEPP, ADPG, OCS, Project Management Unit	75						
Theme 2: Project Planning			600	500	300 000	100 000	100 000	100 000	
1	Operational planning and audit of projects	DPP, DRFM, DGB, DGSP, DGIFD, BEPP, ADPG, OCS, Project Management Unit	75						
2	Programming and budgeting of public projects	DGB, DPP, DGIFD, DGSP, BEPP, OCS	75						
3	Methodology for Public project cost estimates	DGIFD, DPP, DGSP, DGB, BEPP, OCS	75						
4	Strategic Planning	DDPD, DGP, DPP, BEPP, OCS	75						
5	Strategic Planning and budgeting of public projects and programmes	DPP, DRFM, DGB, DGSP, DGIFD, DDPD, BEPP, OCS, Project Management Unit	75						
6	Planning, programming, budgeting and monitoring for development outcomes	DDPD, DPP, DGIFD, DRFM, BEPP, DGSP, OCS	75						
7	Monitoring and budget control of development projects	DPP, DRFM, DGB, DGSP, DGIFD, BEPP, OCS, Project Management Unit	75						
8	Development project formulation techniques and choice of performance measure indicators under results-based management	DPP, DRFM, DGB, DGSP, DGIFD, BEPP, OCS, Project Management Unit	75						

No.	Training Modules	Reach (all ministries and State institutions)	Number of participants for three years	Dollar cost per participant	Total cost for three years	Cost in 2011 in (\$)	Cost in 2012 in (\$)	Cost in 2013 in (\$)	Rmks
	Theme 3: Project Management, Implementation and Closure		1 275	500	637 500	212 500	212 500	212 500	
1	Results-based management of public programmes and projects	DPP, DRFM, DGB, DGSP, DGIFD, DDPD, OCS, Project Management Unit	75						
2	Project Audit	DDPD, DPP, DGIFD, DRFM, DGSP, BEPP	75						
3	Foundation of a results-based monitoring/evaluation system	DDPD, DGPD, BEPP, DGSP OCS, Project Management Unit	75						
4	Operational management and performance of projects	DPP, DRFM, DGB, DGSP, DGIFD, BEPP, OCS, Project Management Unit	75						
5	Monitoring/evaluation of development projects and programmes	DDPD, DPP, DGIFD, DRFM, DGSP, BEPP, OCS, Project Management Unit	75						
6	Strengthening of managerial skills	DPP, DRFM, DGB, DGSP, DGIFD, BEPP, OCS, Project Management Unit	75						
7	Techniques and methodologies of preparing Terms of Reference	DRFM, DPP, DGB, CF, DDPD, BEPP, Project Management Unit	75						
8	Monitoring/evaluation and budget programme system	DPP, DRFM, DGB, DGSP, DGIFD, BEPP, OCS, Project Management Unit	75						
9	Public project evaluation and production of reports	DPP, DRFM, DGB, DGSP, DGIFD, DDPD, BEPP, OCS, Project Management Unit	75						
10	Data collection and processing technique	DPP, DRFM, DGB, DGSP, DGIFD, Project Management Unit, DDPD, INSAE, OCS	75						
11	Public project and programme	DDPD, DGPD, DPP, DGSP,	75						

No.	Training Modules	Reach (all ministries and State institutions)	Number of participants for three years	Dollar cost per participant	Total cost for three years	Cost in 2011 in (\$)	Cost in 2012 in (\$)	Cost in 2013 in (\$)	Rmks
	management and monitoring/evaluation	DGIFD, BEPP, OCS							
12	Planning of public procurement cycle and contract management	DGIFD, CCAD, CAA, DGB, CPMP, DNMP, CF	75						
13	Computerized management and measure of the performance of the public procurement cycle	DGIFD, CCAD, CAA, DGB, CPMP, DNMP, CF	75						
14	Public procurement disputes: procedures and risks run	DGIFD, CCAD, CAA, DGB, CPMP, DNMP, CF	75						
15	Public procurement	CPMP, DRFM, DNMP	75						
16	Requirements of public procurement regulation in Benin	CPMP, DRFM, DNMP	75						
17	Preparation of Bidding Documents and contract management	CPMP, DRFM, DNMP	75						
Theme 4: Prospects Analysis			225	500	112 500	37 500	37 500	37 500	
1	Policy document preparation and strategy formulation technique	DGPD, DGAE, INSAE, DPP, BEPP, OCS	75						
2	Goals-setting technique and conduct of a public policy assessment interview	BEPP, DGPD, DPP, OCS	75						
3	Evaluation of development policies and strategies	BEPP, DGPD, DPP, OCS	75						
Theme 5: Macro-economic Management			600	500	300 000	100 000	100 000	100 000	
1	Financial control and performance management in the public sector	DRFM, IGM, DDPD, DGPD, DGIFD, DGSP, DPP, BEPP, OCS, Project Management Unit	50						
2	Medium-Term Expenditure Framework (MTEF) and Budget Programme	DPP, DRFM, DGB, DGSP, DGIFD, BEPP, Project Management Unit	50						
3	Budget and public debt management	DGIFD, CCAD, CAA, DGB	50						
4	Practices and procedures of	DDPD, DGIFD, CCAD,	50						

No.	Training Modules	Reach (all ministries and State institutions)	Number of participants for three years	Dollar cost per participant	Total cost for three years	Cost in 2011 in (\$)	Cost in 2012 in (\$)	Cost in 2013 in (\$)	Rmks
	Technical and Financial Partners	CAA, DPP, DGSP, Project Management Unit.							
5	Table of State Financial Operations (TSFOE)	DGB, CSPEF, DGPD, DGAE, INSAE, DPP	50						
6	External resource prospecting and mobilization technique	DGIFD, CCAD, CAA, DPP, OCS	50						
7	Decentralization and local development	DDPD, DGPD, DGIFD, DPP, DGSP, OCS	50						
8	Macroeconomic analysis tools	DPP, DRFM, DGB, DGSP, DGIFD, OCS, Project Management Unit	50						
9	Major risk prevention and management	DPP, DRFM, DGB, DGSP, DGIFD, BEPP, OCS, Project Management Unit	50						
10	Mastery of public finances and CDMT	DDPD, DGPD, DGIFD, DGSP, DPP, BEPP, Project Management Unit	50						
11	Technique for Preparation of manuals of procedures	SGM, CPMP, DNMP	50						
12	Technique for Preparation of social trend chart	INSAE, DDPD, OCS	50						
Theme 6: Economic Policy Management			75	500	37 500	12 500	12 500	12 500	
1	Economic policy formulation technique (Programming and Financial Policies)	DGPD, DGAE, DPP, BEPP	75						
	TOTAL		3 000	500	1 500 000	500 000	500 000	500 000	

In conclusion, the total cost of the capacity-building programme for stakeholders of the PPBM chain is estimated at \$1 500 000 for a 3-year period from 2011 to 2013. However, it is worth noting that the above-mentioned total cost, broken down by year, stands at \$ 500 000. At the close of its three-year implementation, the programme will allow for the training of a significant number of public sector senior staff.

OUTCOME OF NEGOTIATIONS

Negotiations for a Grant Agreement amounting to five million Units of Account (UA 5,000,000) and for a Loan Agreement amounting to 4.36 million Units of Account (UA 4,360,000) to finance the abovementioned project were held by videoconference on 17 September 2010 at the Temporary Relocation Agency of the African Development Bank in Tunis, between the Bank and the Beninese Authorities.

The two parties agreed to the programme's objectives, components, activities, implementing procedures as well as the disbursement conditions of the Grant and the Loan, as stated in the Appraisal Report.