

Probable Date of Presentation to the Committee on  
Operations and Development Effectiveness  
(CODE)

Lapse-of-Time Procedure  
9 October 2019

FOR INFORMATION

## MEMORANDUM

**TO : THE BOARDS OF DIRECTORS**

**FROM : Vincent O. NMEHIELLE**  
Secretary General

**SUBJECT: BENIN : COMBINED REPORT ON MID-TERM REVIEW OF COUNTRY STRATEGY PAPER 2017-2021 AND COUNTRY PORTFOLIO PERFORMANCE REVIEW 2019\***

The attached document was submitted for your consideration on a **lapse-of-time basis** on 24 September 2019.

Since no objection was recorded by 5:00 pm, on 9 October 2019, the document is considered as **approved**.

Attach.

Cc: The President

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**AFRICAN DEVELOPMENT BANK  
AFRICAN DEVELOPMENT FUND**



**REPUBLIC OF BENIN**

**COMBINED REPORT ON THE MID-TERM REVIEW OF THE 2017-2021 COUNTRY  
STRATEGY PAPER AND THE 2019 COUNTRY PORTFOLIO PERFORMANCE REVIEW**

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JULY 2019**

*Translated Document*

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## **CURRENCY EQUIVALENTS**

Benin's currency unit	=	CFA Franc (XOF)
UA 1	=	XOF 801.34
UA 1	=	EUR 1.22
UA 1	=	USD 1.39

July 2019

## **WEIGHTS MEASURES**

Metric System

## **FISCAL YEAR**

1 January to 31 December

## **ABBREVIATIONS AND ACRONYMS**

ADF	African Development Fund
AFD	French Development Agency
AfDB	African Development Bank
AfIF - EU	Africa Investment Facility – European Union
AGTF	Africa Growing Together Fund
ALSF	African Legal Support Facility
ATI	African Trade Insurance Agency
AUFI	Audit and Finance Committee of AfDB Board of Directors
AWF	African Water Facility
BAI	Analysis and Investigation Office
BCEAO	Central Bank of West African States
BOAD	West African Development Bank
CAA	Autonomous Sinking Fund
CDSF	Climate Development Special Fund
CEB	<i>Communauté Electrique du Bénin</i>
COBJ	Benin Country Office
CPIA	Country Policy and Institutional Assessment
CPPR	Country Portfolio Performance Review
CSP	Country Strategy Paper
DBDM	Development Business and Delivery Model
DGFD	Directorate General for Development Financing
ECF	IMF Extended Credit Facility
ECOWAS	Economic Community of West African States
ESW	Economic and Sector Work
GAFFSP	Global Agriculture and Food Security Programme
GDP	Gross Domestic Product
GEF	Global Environment Facility
HIGH 5s	Five top priorities of the Bank ( <i>Light up and power Africa, Feed Africa, Industrialise Africa, Integrate Africa, Improve the quality of life for the people of Africa</i> )
IMF	International Monetary Fund
INSAE	National Institute of Statistics and Economic Analysis
LOLF	Organic Law on the Finance Act
MDGs	Millennium Development Goals
PACEB	Benin Economic Competitiveness Support Programme
PAFILAV	Milk and Meat Sectors Support Project
PAG	Government Action Programme
PAGEFCOM	Communal Forests Management Support Project
PAIA-VO	Ouémé Valley Agricultural Infrastructure Support Project
PAPP	Portfolio Performance Improvement Plan
PARC	Djougou-Péhunco-Kerou-Banikoara Cotton Road Development Project
PASEBE	Energy Sector Budget Support Programme

PC2D	Growth and Sustainable Development Programme for the Period 2018-2021
PEFA	Public Expenditure and Financial Accountability
PIU	Project Implementation Unit
PND	National Development Plan
PP	Problematic Projects
PPP	Potentially Problematic Projects
RGPH	General Population and Housing Census
RICC-PNE-Bénin	Benin Project to Strengthen Investments for Climate-Resilient Development
RISP	Regional Integration Strategy Paper
SBEE	Société Béninoise d’Energie Electrique (power utility company)
SDGs	Sustainable Development Goals
SDR	IMF Special Drawing Right
SIGMAP	Computerised Public Procurement Management System
SME/SMI	Small- and Medium-Sized Enterprises / Small- and Medium-Sized Industries
SREP	Scaling up Renewable Energy Programme
TFP	Technical and Financial Partners
TUP	Parakou Urban Transport Project
UA	AfDB Unit of Account
UAM	AfDB Million Units of Account
UPND	United Nations Development Programme
WAEMU	West African Economic and Monetary Union
XOF	Franc of the African Financial Community

## MAP OF THE REPUBLIC OF BENIN





## **EXECUTIVE SUMMARY**

1. **The Bank's Boards of Directors approved the Country Strategy Paper (CSP) for Benin covering the period 2017-2021 on 11 October 2017 (ADB/BD/WP/2017/167 - ADF/BD/WP/2017/117).** CSP 2017-2021 for Benin is built on two (2) pillars: (i) *Develop agricultural and agro-industrial value chains*; and (ii) *Strengthen competitiveness and regional integration support infrastructure*. CSP 2017-2021 was prepared in 2017 against the backdrop of the accession to power of Mr. Patrice TALON in 2016, the decline in the country's economic growth and the slowdown in the Nigerian economy. CSP 2017-2021 is aligned with the Government's Action Programme (PAG 2016-2021) as set out in the National Development Plan (PND 2018-2025) and operationalised through the Programme for Growth for Sustainable Development (PC2D 2018-2021). CSP 2017-2021 aligns squarely with the Bank's Ten-Year Strategy 2013-2022 and its High 5s.

2. **The purpose of this report is to present the mid-term outcomes of the implementation of the Bank's CSP 2017-2021 for Benin and the Country Portfolio Performance Review for 2019, and to draw lessons for the remaining period of the strategy, i.e. 2019-2021.** The report was prepared following broad consultations with all stakeholders (the Government, technical and financial partners, the private sector and civil society). It includes the conclusions and recommendations of a technical workshop organised to obtain feedback about the review and a strategic workshop organised to validate the results of the review. The workshops were held in Cotonou on 31 May and 6 June 2019, respectively, with the participation of all stakeholders. The combined CSP 2017-2021 Mid-Term Review and the 2019 Country Portfolio Performance Review took place at a time when the Bank had established an effective presence in Benin with the opening of an office in November 2017.

3. **At the political level, the mid-term review of the Bank's strategy for Benin was conducted under a climate of high political and social tensions following the legislative elections of 28 April 2019.** Opposition political parties did not participate in the elections because they did not meet all the requirements set out under the new Electoral Code and the new Charter for Political Parties adopted in 2018, according to the National Independent Electoral Commission (CENA). Sworn in on 16 May 2019, the new National Assembly comprises 83 members, all representing the two parties of the presidential majority (Republican Bloc and Progressive Union). The political climate deteriorated sharply with post-election demonstrations in Cotonou and clashes between security forces and citizens in the northern regions of the country, particularly in the cities of Savè and Tchaourou. Those events resulted in the loss of human life, injuries to soldiers, displacement of persons and extensive material damage. To restore calm, the President of the Republic met with prominent figures from the northern regions and allowed the former President, who was under house arrest, to leave the country to receive treatment abroad. He also started consulting with the political parties on 15 July 2019 in an effort to find a definitive solution to the post-electoral crisis. However, the political climate is likely to deteriorate with the recent decision to declare the former Prime Minister, a potential candidate for the 2021 presidential elections, ineligible to stand for election for a period of five years.

4. **On the economic front, Benin recorded robust economic growth (averaging 6% of GDP) during the period under review (2017-2019).** Growth has accelerated over the past two years, with real GDP growth rising from 4% in 2016 to 5.8% in 2017 and 6.7% in 2018, thanks to the solid performance of the agricultural sector, increased public investment, and the growth of the tertiary sector linked with the upturn in port activity and the economic recovery in Nigeria. In 2019, growth is expected to remain robust, with real GDP growth estimated at 6.7%. The medium-term outlook for Benin's economy remains favourable, with average real GDP growth of 6.7% over the period 2020-2021.

5. **The implementation of the Bank's CSP 2017-2021 for Benin at midterm generated significant outcomes.** Out of six (6) operations planned for the period 2017-2019, seven (7) have been

approved. **Total resources mobilised amount to UA 221.48 million with a projection of UA 400 million over the entire period of the strategy.** Funding for the midterm implementation of the strategy came from ADF resources under the performance-based country allocation and regional allocation, trust funds, co-financing and ADB sovereign window resources, from which the country benefited for the first time in 2018 to the tune of UA 99.5 million. Benin is an ADF country, but has been eligible since 2017 on a case-by-case basis for the resources of the ADB sovereign window owing to its solid economic performance and moderate debt risk.

6. Overall, out of 11 performance indicators at midterm, eight (8) met the targets (73% achievement), and out of 32 outcome indicators midterm, 16 met the targets (50% achievement). With regard to Pillar 1 (*Develop agricultural and agro-industrial value chains*), the implementation of the strategy at midterm showed significant results, with the improvement of food and nutritional security through agricultural development, the building of agricultural infrastructure and the development of agro-industry. Of the five (5) midterm outcome indicators under Pillar 1, four (4) met the targets (80% achievement), and of the 17 midterm outcome indicators, nine (9) met the targets (53% achievement). For Pillar 2 (*Strengthen competitiveness and regional integration support infrastructure*), the mid-term results are mixed due to the poor performance of the energy sector. Of the five (5) midterm outcome indicators under Pillar 1, four (4) met the targets (67% achievement) and of the 15 midterm outcome indicators, nine (9) met the targets (53% achievement). With regard to knowledge building, the results were moderately satisfactory, with the completion of two (2) studies out of the four (4) planned (one study is ongoing) and the implementation of one technical assistance project out of the two (2) planned. In terms of governance, the Bank helped to improve the business environment, public investment management, governance and energy inclusion through the reforms adopted for the implementation of Benin's Budget Support Programme for Economic Competitiveness for the period 2018-2019. As regards gender, the Bank has contributed to improving the living conditions of rural women by helping women set up market gardening operations, building the capacity of women's agricultural organisations, creating agricultural product processing units, and supporting the establishment of a Gender and Development Unit in the Ministry of Energy. Concerning employment, the midterm results showed that 2,526 direct jobs were created and 384 young agricultural entrepreneurs were able to set up operations. **The midterm results following the implementation of the strategy contributed to the achievement of four of the Bank's top priorities (High 5s) in Benin: "Light up and power Africa", "Feed Africa", "Integrate Africa", and "Improve the quality of life for the people of Africa".**

7. **The portfolio performance is deemed satisfactory, with an overall rating of 3.1 on 4.** As of 31 July 2019, the Bank's portfolio in Benin comprised sixteen (16) active projects, for UA 367.07 million, including thirteen (13) national public projects (UA 289.9 million) and three (3) regional public projects (UA 77.16 million). **The overall disbursement rate was 31.02% as of 31 July 2019.** A plan to improve the portfolio performance over the period (June 2019-June 2020) was agreed upon between the Government and the Bank following the mid-term review.

8. **Discussions with all stakeholders led to the proposal to maintain the strategic orientations for the remaining CSP period, i.e. 2019-2021,** for the following reasons: (i) the development constraints and challenges are the same as those identified during the CSP preparation in 2017; (ii) the national development policy reference document (PAG 2016-2021) with which the CSP was aligned has not changed. Thus, **the two pillars of the strategy for the remaining period (2019-2021) are maintained, namely:** (i) *Develop agricultural and agro-industrial value chains*; and (ii) *Strengthen competitiveness and regional integration support infrastructure*.

## I. INTRODUCTION

1. **The Bank's Boards of Directors approved the Country Strategy Paper (CSP) for Benin covering the period 2017-2021 on 11 October 2017.** By supporting the implementation of Government's Action Programme (PAG 2016-2021), the main objective of the strategy is to enable the structural transformation of Benin's economy for inclusive growth that creates decent jobs, while ensuring the transition to a green economy. CSP 2017-2021 for Benin is built on two (2) pillars: (i) *Develop agricultural and agro-industrial value chains*; and (ii) *Strengthen competitiveness and regional integration support infrastructure*. The strategic choices made in 2017 were justified by their alignment with Government's priorities as set out in PAG 2016-2021, the lessons drawn from implementing the previous strategy, the Bank's comparative advantage in Benin and alignment with the Ten-Year Strategy 2012-2023 and the High 5s.

2. In accordance with the Bank's guidelines, the combined CSP 2017-2021 Mid-Term Review and the Country Portfolio Performance Review were scheduled to be conducted in 2019. The review adopted a participatory approach with broad consultations involving all the stakeholders (the Government, the private sector, civil society). Following the introduction, this report is structured as follows: (i) Part I describes the country context and outlook; (ii) Part II analyses the strategic options; (iii) Part III focuses on the CSP implementation and the results achieved at midterm; (iv) Part IV reviews the portfolio performance for 2019; (v) Part V highlights the lessons drawn at midterm of implementing the strategy; (vi) Part VI features the Bank's strategy for the remaining CSP period; and lastly (vii) the conclusion and recommendation.

## II. COUNTRY CONTEXT AND OUTLOOK

### 2.1 Political Context

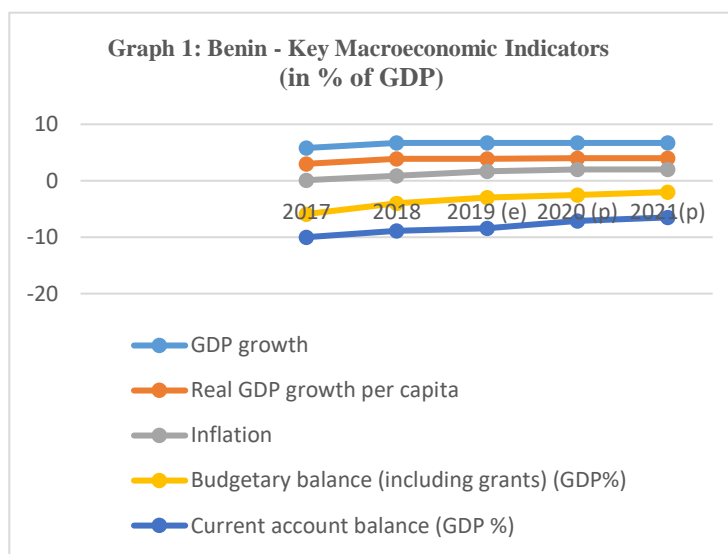
3. **Benin was a model of stable democracy with the organisation of six presidential elections, eight legislative elections and three local elections since 1989.** The country strengthened its capital of democratic stability with the last presidential election that brought Mr. Patrice TALON to power in March 2016.

4. **The peaceful political climate for which Benin was once known deteriorated sharply with the last legislative elections, held on 28 April 2019.** The procedure for filing candidacy papers for the legislative elections was complicated by the new Charter for Political Parties and the new Electoral Code, adopted in July and September 2018, respectively, by the previous National Assembly in which members of the opposition were a minority. These new texts recommend a certificate of conformity for political parties and a tax discharge certificate for candidates. According to the National Independent Electoral Commission (CENA), only the two parties of the presidential movement (Republican Bloc and Progressive Union) met all the required conditions and qualified to participate in the 28 April elections. No political opposition party could meet the conditions required by the new Charter for Political Parties and the new Electoral Code to participate in the elections, according to CENA. Thus, the legislative elections of 28 April were held without the participation of the opposition parties (8 political parties with 1,328 candidates). The new National Assembly, sworn in on 16 May 2019, comprises 83 members, all representing the two parties of the presidential majority (Republican Bloc and Progressive Union). Given that scenario, post-electoral protests were staged on 1 and 2 May 2019 in Cotonou and clashes occurred between the armed forces and the citizens of the northern cities of the country (in particular Savè and Tchaourou) in mid-June 2019. Those events resulted in the loss of human life, injuries to soldiers, displacement of persons and extensive material damage.

5. In response to that situation and to resolve the post-electoral crisis once and for all, the President of the Republic undertook the following initiatives: (i) a meeting with representatives of the northern regions to ease tensions in that part of the country, which had been hit by post-electoral violence; (ii) authorisation given to the former President, who was under house arrest from 2 May to 22 June 2019, to leave the country for treatment abroad; and (iii) consultations initiated with the political parties on 15 July 2019 for proposals to amend the new Charter for Political Parties and the new Electoral Code. However, the political climate is likely to deteriorate with the recent decision to declare the former Prime Minister, a potential candidate for the 2021 presidential elections, ineligible to stand for election for a period of five years. Benin's partners (ECOWAS, United Nations, African Union, European Union, France) are calling on the political class to engage in an inclusive dialogue for a definitive resolution to the post-electoral crisis.

## 2.2 Economic Context

6. **On the economic front, Benin recorded robust economic growth (on average 6% of GDP) during the period under review (2017-2019).** Growth resumed in the country in 2017 with real GDP growth of 5.8%, compared to 4% in 2016 (see Graph 1 opposite). The upturn in growth in 2017 was due to the performance of the agricultural sector (particularly cotton), the increase in public investment, the growth of the tertiary sector (transport, telecommunications and tourism) and the economic recovery in Nigeria, Benin's main trading partner. The growth was confirmed in 2018 with real GDP growth of 6.7%. In 2019, growth is expected to remain robust with real GDP growth estimated at 6.7%.



7. **Benin's economy is characterised by low productivity. For several years, the economy has been facing a decline in factor productivity, which has affected labour productivity in agriculture and industry.** The agriculture-dominated primary sector (23% of GDP) is expected to grow by 6.8% in 2019, thanks to the performance of the cotton sector.<sup>1</sup> The secondary sector (24% of GDP) is expected to grow by 6% in 2019 due to the buoyancy of the construction and public works segment (+10%) linked to the continued implementation of projects included in the Government Action Programme (PAG 2016-2021), the electricity segment (+8%) with the commissioning of the 120 MW power generation station in Maria-Gléta, and the upturn in the activities of cotton ginning units. The tertiary sector (52% of GDP) is expected to grow by 6.5% in 2019 thanks to the transport, post and telecommunications segment (+13.5%) following the revival of port activity. With regard to demand, the driver of Benin's growth remains the final consumer (accounting for 85% of GDP). It is expected to grow by 3.5% in 2019, compared to 3.6% in 2018 as a result of the improvement in household consumption, itself driven by income generated from economic activities and remittances. Investment grew in 2018, representing 27.8% of GDP versus 25.6% in 2017. The investment rate is expected to reach 29.6% of GDP for the period 2019-2021, in line with the increase in public investments.

<sup>1</sup> According to the Ministry of Agriculture, Stockbreeding and Fisheries, cotton production for the 2018/2019 season is estimated at 726,831 tonnes, compared with 597,968 tonnes for the 2017/2018 cotton season.

8. **The medium-term outlook for Benin's economy is good, with real GDP growth projected to reach 6.7% in 2020 and 2021**, owing to the good performance of the agricultural sector (notably cotton), the continuation of major public works projects, mainly infrastructure projects linked to the implementation of the PAG 2017-2021, the strength of business activity at the Cotonou Port and the economic recovery in Nigeria. **However, that good outlook could be imperilled by rainfall and external shocks, including world cotton and oil prices and economic developments in Nigeria.**

9. **Budgetary management has improved, but challenges remain in terms of domestic resource mobilisation.** The budget deficit (including grants) dropped from 5.9% of GDP in 2017 to 4% of GDP in 2018 thanks to efforts to mobilise domestic resources and reduce current spending. In that context, the Government has taken measures to not only broaden the tax base by modernising tax services and strengthening human resources, automating procedures (online procedures) and introducing certified electronic VAT invoicing machines, but also reduce the wage bill (44% of tax revenue) by conducting periodic physical inventories and prioritising sectors in the recruitment of government employees, as well as setting up an integrated human resource and payroll management system. The budget deficit (including grants) is estimated at 3% in 2019 and projected at 2.5% and 2% of GDP for 2020 and 2021, respectively, thanks to the extension of online procedures to local taxes, the control of tax expenditure (abolition of exemptions estimated at 0.9% of GDP), the continuation of efforts to contain the wage bill, which should stand at 40.8% in 2019, the extension of banking facilities to all financial benefits of government employees, and the reinforcement of the efficiency of investment spending by improving the evaluation of project costs. However, the tax burden remains low, estimated at 14.9% in 2019, compared with 13.4% of GDP in 2018. It is estimated to reach 15% of GDP over the period 2010-2021, **which is still below the WAEMU Community ceiling of 20% of GDP.**

10. **Economic and financial governance has improved with the implementation of major reforms to strengthen the fight against corruption and financial crimes.** In July 2018, the Government revised the Criminal Code to include specific provisions on the fight against economic crimes and terrorism, established a Court for the Suppression of Economic Crimes and Terrorism (CRIET), and passed a law on the fight against money laundering and terrorism financing. Benin improved its ranking on the Mo Ibrahim Index of African Governance from 14<sup>th</sup> position in 2017 to 13<sup>th</sup> in 2018 out of 54 countries assessed, with a score of 58.7 out of 100. Benin's position on Transparency International's Corruption Perception Index has also improved to 85<sup>th</sup> out of 180 countries assessed in 2019, with a score of 40/100, a gain of 10 spots compared with 2016 when it ranked 95<sup>th</sup> out of 176 countries. With regard to the Bank's CPIA, Benin's overall rating remained stable, at 3.9 in both 2016 and 2018.

11. Concerning public procurement, major reforms have been implemented following the adoption of a new Public Procurement Code in October 2017, which incorporates the principles of economy and efficiency, the reorganisation of public procurement oversight, the professionalisation of public procurement, the abolition of the control by the National Directorate of Public Procurement of externally-funded procurements that are subject to front-end ex ante control by the partner.

12. In terms of public finance management, the weaknesses identified by the last PEFA 2014 are taken into account in implementing the Comprehensive Plan for Public Finance Management Reform (PGRGFP 2017-2020) estimated at around EUR 122 million. Since April 2017, the country has been implementing an economic and financial programme supported by the IMF through a three-year agreement under the Extended Credit Facility (ECF) for USD154.6 million. The fourth review of the programme was approved in June 2019 with disbursement of USD 22.1 million, bringing the total amount disbursed under the programme to USD 110.2 million. A summary of the country fiduciary risk assessment (CFRA) carried out during the mission of the mid-term review of the CSP is presented in Annex 15.

13. **The risk of debt distress is considered moderate according to the latest debt sustainability analysis conducted in May 2019 by the IMF and the World Bank.** The cost of public debt has risen significantly since 2013, from 25.3% of GDP to 54.6% in 2018 (estimated at 54% of GDP in 2019), due to increased use of the WAEMU public securities market and bank loans to finance public investments. At end-December 2018, domestic debt, which represents 53% of total public debt, was estimated at 30.3% of GDP, and external debt (47% of total debt) at 26.5% of GDP. To reduce the debt burden, the country carried out a debt re-profiling operation in October 2018 by taking out a loan of EUR 260 million (3% of GDP) with an international bank, secured in part by the World Bank (40%). That operation enabled Benin to repay an existing portfolio of loans to local banks with an average interest rate of 7.5% and an average maturity of 2 years, using an external loan whose interest rate was less than 3.5% with a 12-year tenor. Benin is rated B+ by Standard & Poor's, which enabled the country for the first time ever to issue a Eurobond of EUR 500 million (5.2% of GDP) in March 2019, with an interest rate of 5.75% and a maturity period of eight years. The loan enabled the country to diversify its sources of financing, in particular with enhanced access to non-concessional resources, and to extend the maturity periods of its debt. The issuance of the Eurobond will not increase the debt since the authorities have decided to reduce domestic borrowing by the same amount. The cost of public debt is estimated to average around 50% of GDP over the period 2020-2021. The present value of total external debt is expected to stabilise on average at around 24% of GDP in 2019-24 (well below the 40% indicative threshold). However, the ratio of external debt to exports will average 200% in the medium term (above the 180% indicative threshold) in the event of an extreme shock on exports. **That notwithstanding, Benin's debt level remains below the WAEMU convergence criterion of 70% of GDP.**

14. **With regard to monetary policy,** Benin is a member of the West African Monetary Union (WAMU) and shares with seven other countries a common currency (Franc of the African Financial Community - XOF) pegged to the euro with a fixed exchange rate. The Central Bank of West African States (BCEAO) is the common issuing institution responsible for setting monetary policy with a view to price stability. The inflation rate is estimated at 1.7% in 2019, compared to 0.9% in 2018 due to the increase in food and oil prices and the appreciation of the Nigerian currency (the Naira). The inflation rate is expected to be around 2% over the period 2020-2021. **The inflation rate will remain below the 3% WAEMU convergence criterion.**

15. **Benin's foreign trade is characterised by low diversification and low export value-added and a structural current account deficit.** The current account deficit (including grants) improved in 2018 to 8.9% of GDP from 10% in 2017 due to the solid performance of the cotton sector (22% of exports) and the revival of activities at the Cotonou Port. It is expected to improve slightly to 8.4% of GDP in 2019. This trend will continue and the current account deficit (including grants) is expected to reach 7.1% and 6.5% of GDP in 2020 and 2021, respectively. The current account deficit is financed by official loans (33%), private loans (27%), public transfers including project grants (7%), portfolio investments (14%) and foreign direct investment (19%), estimated at 2% of GDP in 2018. Foreign exchange reserves contracted sharply from USD 244.5 million to USD 20.93 million between 2017 and 2018, covering 0.7 month of imports compared with 1 month in 2017. By contrast, remittances

Table 1: Benin - Doing Business 2017-2019 (Rank)				
Area (Number of countries ranked)	2017 (190)	2018 (190)	2019 (190)	Change in ranking 2019/2017
	155	151	153	▲ + 2
Starting a business	57	56	61	▼ - 4
Dealing with licences	74	46	51	▲ +23
Getting electricity	174	174	176	▼ -2
Registering property	173	127	130	▲ +43
Getting credit	139	142	144	▼ -5
Protecting minority investors	145	146	149	▼ -4
Paying taxes	173	174	176	▼ -3
Trading across borders	133	136	107	▲ +26
Enforcing contracts	169	170	171	▼ -2
Resolving insolvency	115	105	110	▲ +5
Source: DB (World Bank) reports ▲ improvement ▼ deterioration				

from the Diaspora increased by 7% over the 2017-2018 period, from USD 826.68 million to USD 884.55 million.

**16. The business climate improved slightly over the 2017-2019 period, thanks to the reforms undertaken since 2016 to develop the private sector. The country ranked 153<sup>rd</sup> in 2019 compared to 155<sup>th</sup> in 2017 out of 190 countries, although a deterioration was observed between 2018 and 2019.** Most economic activities in Benin are oriented towards self-employment and do not exceed the subsistence level. Private businesses are small. The private sector faces various obstacles, including limited access to financing, poor product quality, corruption, weak public-private TFP dialogue and limited basic infrastructure. Progress has been made concerning registering property, trading across borders and dealing with licences. Efforts still need to be made in terms of getting electricity, paying taxes, getting credit, enforcing contracts and protecting minority investors.

## **2.3 Sector Developments**

**17. Agriculture: Agriculture is a growth sector in Benin. It accounts on average for 23% of GDP, 75% of export revenue and 15% of government revenue, and employs 70% of the workforce.** Benin has significant potential in agriculture, stockbreeding, fisheries and agricultural product processing, with 60,000 ha of lowlands (of which only 11% are exploited) and 117,000 ha of floodplains and valleys. Only about 17% of arable land is cultivated annually. The Government intends to make agriculture the main lever of wealth and job creation by promoting six (6) promising agricultural sectors (cotton, maize, rice, pineapple, cassava and cashew nuts) aligned with its regional development (agricultural development poles). The implementation of the Strategic Plan for the Development of the Agricultural Sector (PSDSA 2017-2025) will help to develop this potential. For the remaining period, the Bank plans to continue to support the Government in implementing PSDSA 2017-2025 through projects to transform and develop agricultural value chains.

**18. Energy: Benin is heavily dependent on external sources, particularly Nigeria and Ghana (more than 90%) for its electricity supply.** Since 2016, the Government has undertaken actions to reduce the energy deficit through operating subsidies<sup>2</sup> (fuel purchases and plant rentals) and public investments to increase energy supply (construction of a 120 MW oil-gas plant and another 120 MW gas/fuel plant in Maria Gléta). However, these investments remain too low to boost energy supply. The national electricity access rate remains low at 31% (58% in urban areas and 7% in rural areas). Government strategy is to reach a capacity of 1,400 MW by 2035. In that context, the Bank intends to continue supporting the energy sector to reduce the energy deficit, which is a real obstacle to the structural transformation of the economy. The Bank will help to boost electricity production capacity by participating in the financing of the construction of a 120 MW gas/fuel power plant at Maria Gléta. It also intends to improve energy inclusion by expanding access to electricity in rural areas.

**19. Transport: The transport sector contributes nearly 7.5% to GDP formation.** The road is the most widely used mode of transport in Benin. The road network accounts for most of the transport demand, about 93% for people and 73% for goods. The Government's vision is to make Benin a hub for logistics and export services, and it plans to allocate nearly 23% of PAG 2016-2021 resources to that end. The Government's priorities are to: (i) ensure a good level of service on the network built around the two north-south corridors (Cotonou-Niamey and Cotonou-Ouagadougou) and the Lomé-Cotonou-Lagos coastal road; and (ii) open up production areas to serve consumption centres. The Bank is Benin's main partner in the transport sector and will continue to support the Government for the remaining CSP period not only to upgrade the country's road network but also the Cotonou Port, which provides access to the sea for landlocked countries (Niger, Burkina Faso and Mali).

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<sup>2</sup> Operating subsidies to the electricity sector in Benin are estimated at about XOF 32 billion for the period 2018-2019.



20. **Water and sanitation:** The water and sanitation sector is one of the priorities of PAG 2016-2021. Government's ambition is to increase the urban drinking water supply rate to 100% in 2021 from 58% in 2018 by: (i) improving the management framework for good water governance; (ii) ensuring universal and sustainable access to safe drinking water; (iii) improving the quantity and quality of available water for production activities; and (iv) promoting access to wastewater treatment facilities in urban and peri-urban areas. The country has a national water policy and a national hygiene and sanitation policy. With other partners in Benin, the Bank intends to support the water and sanitation sector, in particular the Cotonou Stormwater Drainage Programme, which aims to promote the construction of socioeconomic infrastructure and reduce the people's vulnerability to flooding.

21. **Regional integration:** Benin's geographic location offers real opportunities for strengthening its integration in the sub-region, particularly through intra-regional trade. Benin's main foreign outlets remain the ECOWAS countries, with Nigeria as the key trading partner (51% of Benin's exports). Benin re-exports grains and textiles to Nigeria and imports petroleum products and gas. Adulterated petrol, imported informally from Nigeria, accounts for more than 80% of Benin's consumption of petroleum products. The sub-regional market is a stimulus for Benin to develop its agricultural and agro-industrial sector. The development of transport (including the Cotonou Port) and energy infrastructure will enable the country to serve as a hub for logistics services and a service route for ECOWAS landlocked countries. **On 7 July 2019, Benin signed the Agreement establishing the African Continental Free Trade Areas (AfCFTA) at the Extraordinary Summit of the African Union in Niamey.**

## 2.4 Social Context and CrossCutting Themes

22. **The social situation is marked by persistent poverty and inequality, reflecting the non-inclusiveness of economic growth.** The rate of monetary poverty has increased in recent years, from 36.2% in 2011 to 40.1% in 2015, according to the latest poverty survey of the National Institute of Statistics and Economic Analysis (INSAE). The rate is higher in rural areas (northern part of the country) where it stood at 43.6% compared with 35.8% in urban areas (southern part of the country) in 2015. The escalation of poverty during this period is attributable, among other things, to: (i) the decrease of income in rural areas due to declining crop yields; (ii) the expansion of the informal sector (which accounts for almost 90% of employment); and (iii) the level of underemployment (more than 50% of the workforce). Rapid population growth (2.8%) has also limited the impact of economic growth on poverty reduction. **Benin's Human Development Index (HDI) is low at 0.515 and ranked it 163<sup>rd</sup> out of 189 countries in 2018.**

23. **The underemployment level remains high in Benin.** The unemployment rate was estimated at 2.3%<sup>3</sup> in 2016, but more than 50% of the workforce is underemployed, according to the RGPH-4. Young people (aged 15-34) make up 66% of the workforce and are the most severely affected by unemployment and underemployment (30.4% of young people are underemployed). Social protection systems remain underdeveloped, with less than 10% of the workforce covered by social security and health insurance. There is no permanent social safety net system. A small-scale pilot social safety net programme (involving about 13,000 beneficiary households) is being implemented. Moreover, an extensive Human Capital Insurance Programme (ARCH) that would cost USD 626 million, is being prepared by the Government.

24. **Gender: Inequalities persist between men and women in institutions and in terms of access to resources, justice and basic social services.** The gender inequality index has not improved, and the country ranks 146<sup>th</sup> out of 189 with a score of 0.611 in 2018 versus 0.613 in 2016 when it ranked 144<sup>th</sup> out of 188 countries. Women's representation in decision-making bodies remains low: Government

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<sup>3</sup> Source: National Institute of Statistics and Economic Analysis (INSAE).



(14.2%), National Assembly (8.4%) and Municipal Councils (4.8%). The persistence of inequalities is due to women's low education level (more than 59% of women are illiterate, compared with 36% of men) and to sociocultural burdens. Similarly, underemployment affects more women (65.4%) than men (41.5%).

25. **Environment and climate change:** The country is confronted with drought, floods, late and violent rains, soil degradation (2.2 million ha of land or 19% of the national territory degraded), rising sea levels and the accelerated erosion of the coastal area (125 km of coastline). The effects of climate change may undermine food self-sufficiency and increase rural poverty. Benin has signed and ratified several international conventions on climate change, the last of which is the Paris Agreement (CoP 21). In this context, the country has developed the Intended Nationally Determined Contributions (INDC) for combating climate change by 2030 and set up a National Environment and Climate Fund (FNEC).

### III. STRATEGIC OPTIONS

#### 3.1 Country Strategic Framework

26. **In December 2016, the Government adopted the Government Action Programme (PAG) for the period 2016-2021. The programme, nicknamed *Benin Revealed*, aims at sustainably reviving Benin's economic and social development.** The total cost of PAG is estimated at XOF 9,039 billion (about USD 14 billion), of which 61% to be financed by the private sector. At end-December 2018, XOF 3,929.5 billion (about USD 6 billion, i.e. 43.5% of the total cost) had been mobilised, with the breakdown as follows: long-term loans (40.2%), grants (14.5%), WAEMU short- and medium-term financial market (26.8%) and national budget revenue (18.5%). The programme comprises three pillars: (i) Pillar 1 - Consolidating democracy, the rule of law and good governance; (ii) Pillar 2 – Embarking on the structural transformation of the economy; and (iii) Pillar 3 - Improving the living conditions of the people. It also has four focus areas: (i) agriculture, stockbreeding and fisheries; (ii) tourism and culture; (iii) the digital economy, telecommunications and ICTs; and (iv) industry, handicrafts and trade. **PAG 2016-2021 is laid out in the National Development Plan (PND 2018-2025) and operationalised through the Programme for Growth for Sustainable Development (PC2D 2018-2021).** The harmonisation of PAG 2016-2021 pillars with the objectives of PND 2018-2025 and the operational thrusts of PC2D 2018-2021 is provided in Annex 16.

#### 3.2 Aid Coordination and Harmonisation Mechanism

27. **The aid coordination mechanism in Benin needs to be improved.** It comprises: (i) a group of Heads of Diplomatic Mission, chaired by the United Nations and which meets every two months; (ii) a group of Heads of Cooperation, which meets on twice a month; and (iii) twelve thematic groups, each headed by a lead TFP. However, there are still weaknesses in the functioning of thematic groups and the Heads of Cooperation group. Weaknesses are also observed between TFP thematic groups and ministries in terms of sector dialogue.

28. **Dialogue between the Government and the TFPs is coordinated by two (2) entities:** (i) the Ministry of Foreign Affairs and Cooperation, which brings together all Heads of agencies, diplomatic and consular missions quarterly; and (ii) the Analysis and Investigation Bureau - BAI (attached to the Presidency of the Republic) and the Ministry of State in charge of Planning and Development, which includes the Resource Mobilization Committee (CMR) and meets quarterly with TFPs. TFPs also participate in ministerial sector reviews. The areas of intervention of Benin's technical and financial partners is presented in Annex 6.

### 3.3 Bank's Positioning and Comparative Advantage

29. **The Bank remains the most prominent partner in Benin in the agriculture and transport sectors.** As part of the implementation of CSP 2017-2021, the Bank has prioritised its assistance in the agricultural, agribusiness and infrastructure sectors. In all its operations, the Bank also lays special emphasis on the issues of governance, gender, climate change and youth employment. The Bank's positioning is justified by the need to strengthen complementarity and synergy with other development partners

30. **The Bank, along with the World Bank and the IMF, supports the G20 Compact initiative that Benin joined in 2017.** All three institutions support the country's efforts to implement the measures contained in a reform matrix based on the stability of the macroeconomic framework, improvement of the business environment, access to financing and enhancement of the performance of electricity and drinking water infrastructure.

31. **Moreover, the Bank has effectively mobilised co-financing with other partners:** (i) BOAD and the EU (Cotton Road Project); (ii) AFD (Project to Rehabilitate the Distribution Networks of Société Béninoise d'Énergie Électrique (the power utility company) and the Cotonou Storm Water Sanitation Programme); (iii) the World Bank (Project to Support the Construction of a 120 MW Power Plant at the Maria Gléta site and the Cotonou Storm Water Sanitation Programme). **The co-financing totalled approximately UA 70 million at the CSP Mid-Term Review.**

#### **Box 1: Strengthen the Bank's Position in Aid Coordination and Country Dialogue**

The opening of the Country Office in Benin (COBJ) has strengthened the Bank's role and leadership in aid coordination. The Country Manager, the Country Economist and the Country Programme Officer are actively involved in the work of the groups of Heads of Diplomatic Mission and Heads of Cooperation, as well as in various TFP thematic groups, particularly those responsible for Macroeconomy and Public Finance, Agriculture, Energy, Water and Sanitation, and the Private Sector, which was not the case prior to the opening of the Country Office. Thus, the presence of the Office has enhanced the Bank's position in Benin vis-à-vis the technical and financial partners, and ultimately encouraged the mobilisation of co-financing.

The opening of the Country Office has also led to better harmonisation and coordination of Bank operations with those of other development partners operating in Benin. The Bank also plays a major role in terms of coordination, complementarity and synergy with other partners providing budget support to Benin (EU, World Bank, IMF) in the area of macroeconomic and structural reform implementation. In this context, the Bank specifically supports reforms aimed at improving the business environment and the investment framework, power sector governance and energy inclusion.

In terms of country dialogue, the role of the Bank is well appreciated by the Government of Benin, particularly in the context of the high-level dialogue, where AfDB takes an active part in the technical and policy meetings of the Resource Mobilization Committee (CMR). Moreover, COBJ takes an active part in the annual review of the Programme for Growth and Sustainable Development (PC2D 2018-2021), which operationalises the National Development Plan (PND 2018-2025), and in the various annual sector-based reviews (Agriculture, Energy, Water and Sanitation, and Public Finance).

### 3.4 Strengths and Opportunities, Challenges and Weaknesses

As is evident from the country context analysis in the previous sections, Benin's main strengths and opportunities as well as challenges and weaknesses (Box 2) are broadly the same as those identified during the preparation of CSP 2017-2021. The country needs to accelerate the structural reforms initiated to ensure the structural transformation of the economy and achieve inclusive and sustainable growth.

## Box 2: Strengths and Opportunities, Challenges and Weaknesses

### A. Strengths and Opportunities

- (i) Significant potential for growth-enhancing sectors: agriculture, livestock, fisheries, tourism;
- (ii) A favourable geographic location for integration and intra-regional trade: regional corridors and the Cotonou Port; and
- (iii) A model of democratic governance with a strong will to accelerate reforms.

### B. Challenges and Weaknesses

- (i) Chronic energy deficit;
- (ii) Poorly developed infrastructure;
- (iii) Weak private and financial sector; and
- (iv) Increased dependence on the trends of Nigeria's economy.

## IV. CSP IMPLEMENTATION AND OUTCOMES ACHIEVED AT MIDTERM

### 4.1 Allocation of Bank Group Resources in Benin

32. **As of 30 June, the total resources mobilised for CSP 2017-2021 implementation at midterm amounted to UA 221.48 million out of the UA 400 million planned for the entire CSP period.** The breakdown of the mobilised resources is as follows: (i) ADF resources under the performance-based country allocation (UA 39.68 million), of which UA 17.79 million as grant and UA 21.89 million as loan; (ii) ADF regional allocation resources (UA 3 million); (iii) ADB sovereign window resources (UA 99.5 million), which Benin received for the first time in 2018; (iv) the Climate Development Special Fund (UA 0.43 million); (v) co-financing (UA 70 million), including from the Africa Growing Together Fund - AGTF (UA 35.84 million), the European Union-Africa Investment Facility grant (UA 8.88 million), AFD (UA 12.62 million) and BOAD (UA 12.65 million). Benin is the first country in West Africa to benefit from AGTF resources. Co-financing resources have helped to finance projects in the road, energy and climate change sectors. Annex 1A presents the status of implementation and the resources mobilised at midterm of the CSP 2017-2021 operational programme.

### 4.2 Status of Implementation at Mid-Term of the CSP 2017-2021 Operational Programme

33. The Bank's intervention strategy in Benin over the period 2017-2021 is based on two pillars: (i) **Develop agricultural and agro-industrial value chains;** and (ii) **Strengthen competitiveness and regional integration support infrastructure.** The operational programme planned for CSP 2017-2021 was very selective because of the limited initial ADF country allocations (UA 40 million), the Bank's comparative advantage and positioning, and complementarity with other TFPs operating in Benin.

34. **The Bank has achieved its mid-term targets for the implementation of the operational programme for CSP 2017-2021, estimated at a total of UA 400 million. Of a total of six (6) operations planned under the indicative lending programme for the period 2017-2019, seven (7) were approved for UA 221.48** as follows: agriculture and agribusiness (3 projects), transport (1 project), energy (1 project) and governance (2 programmes) in line with the Bank's High 5s. Under Pillar 1, the Bank approved three (3) projects: (i) the Project to Strengthen Investments for Climate-Resilient Development - RICC-PNE-Benin (UA 0.43 million); (ii) the Programme for Integrated Development and Adaptation to Climate Change in the Niger Basin - PIDACC-Benin (UA 7.075 million); and (iii) the Cashew Nuts Sector and Agricultural Entrepreneurship Development Support Project (UA 13.03 million). For Pillar 2, four (4) operations were approved, namely: (i) the Djougou-Pehunco-Banikoara - Banikoara Cotton Road Development Project (UA 162.06 million); (ii) the Project for the Rehabilitation of the Distribution Networks of *Société Béninoise d'Énergie Electrique* (UA 26.84 million); (iii) Benin's Economic

Competitiveness Support Programme - Phase 1 (UA 7 million); and (iv) Benin's Economic Competitiveness Support Programme – Phase 2 (UA 5.04 million).

35. However, two (2) operations planned for the period 2017-2019 could not be carried out, namely: (i) the Project to Support the Development of the Milk and Meat Sectors and the Promotion of Livestock Enterprises was planned for 2018, but moved forward to 2020 in order to complete the project preparation study. At Government's request, this project was replaced with a 2018-2019 programme-based budget support operation; and (ii) the Berroubay-Malanville Road Construction Project planned for 2019, but financed instead by the Islamic Development Bank (IsDB). **During the mid-term period, seven (7) operations were approved, including three (3) scheduled and 4 unscheduled. One project scheduled for 2018 was shifted to 2020 and another project scheduled for 2019 was dropped since it was already being funded by another TFP.** Annex 1B presents the projections and approvals for the period 2017-2019.

#### **4.3 Outcomes Achieved at Mid-Term by CSP 2017-2021**

36. The CSP 2017-2021 monitoring and evaluation system is based on the Results Framework Matrix (see Annex 7), which includes 11 outcome indicators (contribution of Bank operations) and 32 output indicators (attributable to operations). Of the 11 outcome indicators, eight (8) achieved their targets (representing a 73% achievement rate), and of the 32 output indicators, 16 achieved their targets (a 50% achievement rate). For Pillar 1, out of five (5) outcome indicators, four (4) achieved their targets (representing an 80% achievement rate) and out of 17 output indicators, nine (9) achieved their targets (a 53% achievement rate). Regarding Pillar 2, out of six (6) outcome indicators, 4 achieved their targets (a 67% achievement rate) and out of 15 output indicators, seven (7) achieved their targets (or a 47% achievement rate). The detailed CSP 2017-2021 midterm implementation outcomes are provided in Annex 7 and summarised below by pillar and area of intervention.

##### **Pillar 1 - Develop Agricultural and Agro-industrial Value Chains**

37. The aim of this pillar is to support the Government in its policy to modernise the agricultural sector for sustainable and optimal use of the country's agricultural, fisheries and pastoral potential.

##### ***Agriculture and Agro-industry***

##### **Outcome 1: Strengthen the people's food and nutritional security, develop agribusiness and increase exports and income of people in rural communities.**

38. **At mid-term, the implementation of CSP Pillar 1 has yielded significant results.** Of the five (5) midterm outcome indicators, four (4) achieved their targets (representing an 80% achievement rate), and out of 17 midterm output indicators, nine (9) achieved their targets (a 53% achievement rate). Four ongoing projects in the agricultural sector contributed to the achievement of these outcomes, namely: (i) the Ouémé Valley Agricultural Infrastructure Support Project (PAIA-VO); (ii) the Project to Support Food Production and Build Resilience in Alibori, Borgou and the Collines Divisions ("*Départements*") (PAPVIRE-ABC); (iii) the Communal Forest Management Support Project - Phase II (PAFEMCOM II); and (iv) the Project to Strengthen Investments for Climate Resilient Development in the Lac Nokoué-Lagoon Complex of Porto Novo (RICC-PNE Benin). Moreover, the Milk and Meat Sector Support Project (PAFILAV) completed in 2018 contributed to these results by improving the competitiveness of the milk and meat sectors. These results will be consolidated with the implementation of the Cashew Nuts Sector and Agricultural Entrepreneurship Development Support Project (PADEFA-ENA), approved on 3 April 2019. However, a number of mid-term objectives were not achieved due to delays in the implementation of the PAIA-VO and PAPVIRE-ABC projects.

39. The Bank has helped to improve the people's food and nutritional security, particularly through: (i) the development of agricultural land; (ii) the establishment of forest plantations and enriched gazetted forests; and (iii) the development of grazing areas and participatory development plans (PAPS). Agricultural infrastructure has also been provided through: (a) the rehabilitation of rural roads; (b) the construction of water reservoirs; and (c) the construction of market infrastructure (warehouses, rural and livestock markets, and consolidation centres). In the agribusiness sector, progress has been made with the construction of a new slaughterhouse in Cotonou and agricultural processing units, mini-dairies, the development of the shea butter value chain, the construction of veterinary laboratories, the genetic improvement centre, etc. The Bank's interventions in the agricultural sector have led to the creation of 1,903 direct jobs, thus helping to increase rural income.

## **Pillar 2 – Strengthen Competitiveness and Regional Integration Infrastructure**

### ***Transport***

#### **Outcome 2: Establish a high-performance transport infrastructure network**

40. **The implementation of the transport strategy at midterm has yielded tangible outcomes.** Out of three (3) outcome indicators, two (2) achieved their targets (67% achievement rate), and out of eight (8) output indicators, four (4) achieved their targets (50% achievement rate). Bank interventions contributed to: (i) the growth of the national and inter-regional transport network; and (ii) the increase in the volume of trade with Niger, Nigeria and Burkina Faso. These results were achieved through the implementation of the following two projects: (i) the Parakou Urban Transport Project; and (ii) the Project to Rehabilitate the Lomé-Cotonou Road and Facilitate Transportation on the Abidjan-Lagos Corridor. However, the social and commercial infrastructure and urban management tools for the Parakou City Hall are not yet in place, while the construction of the Hillacondjié juxtaposed checkpoint is still to be carried out owing to the delays suffered by the two projects. The implementation of the Djougou-Pehunco-Banikoara Cotton Road Development Project, approved in December 2018, will consolidate the progress achieved by contributing to: (i) opening up production areas; (ii) market accessibility; (iii) evacuation of agricultural and manufactured products; and (v) strengthening regional economic integration.

### ***Energy***

#### **Outcome 3: Improve Access to Power**

41. **The mid-term outcomes of the implementation of the energy strategy are mixed.** Out of three (3) outcome indicators, two (2) achieved their targets (67% achievement rate), and out of seven (7) output indicators, only three (3) achieved their targets (43% achievement rate). The outcomes expected at midterm were not achieved because of delays in implementing the SBEE Sub-Transmission and Distribution System Restructuring and Extension Project (PRESREDI) caused by the slow pace of procurement. In addition, the Ghana-Togo-Benin Power Interconnection Project was stopped before completion and only the Sakete substation was completed. However, the Bank effectively contributed in 2017 to the financing of the Government's Emergency Action Plan intended to address the electricity deficit, through an energy sector budget support operation worth UA 19.92 million. This operation made it possible to ensure the uninterrupted supply of fuel to production units generating 150 MW and to import an additional 60 MW from independent producers in Nigeria.

42. The Bank has also helped to improve energy sector governance and energy inclusion through a budget support programme for Benin's economic competitiveness covering the period 2018-2019. Among other things, the Economic Competitiveness Support Programme (PACEB), as the operation is known,

made it possible to: (i) pass a bill on Benin's Electricity Code; (ii) regulate off-grid electrification; and (iii) finance a study on the impact of the new pricing policy on households.

#### **4.4 Other Outcomes of the Strategy**

43. **Knowledge Building:** Mid-term outcomes were moderately achieved with two (2) studies completed and one (1) study in progress ongoing out of the four (4) studies planned under the 2017-2019 non-lending indicative programme. The studies carried out are: (i) the preparatory study on the project to support the development of the milk and meat sectors and the promotion of livestock businesses; (ii) the preparatory study on the Agricultural Transformation Support Project based on the development of value chains and agricultural entrepreneurship among young people. These studies led to the preparation of two new projects. The study on the business environment in Benin is underway and should be completed by end-November 2019. It will serve as a strategic tool for strengthening country dialogue and a guide for improving the quality at entry of future private sector operations. A study on women in agriculture was originally planned for 2019, but an agreement was reached that it should be replaced with a broader study on the gender profile in Benin in 2020. With regard to technical assistance, the Bank intervened in two areas: (i) the negotiation of natural gas importation contracts; and (ii) the preparation of a renewable energy investment plan. The renewable energy investment plan is currently being reviewed at the Bank following the establishment of a special unit for the implementation and promotion of renewable energy at the Ministry of Energy. Annex 1C presents the midterm implementation of the indicative non-lending programme for CSP 2017-2021.

44. **Governance:** The results are noticeable, given the improve the business environment and public investment management, thanks to a programme-based budget support operation (PACEB 2018-2019). The results achieved include the adoption of: (i) a new Investment Code in September 2018; (ii) a National Private Investment Promotion Policy in March 2019; and (iii) a law on Micro-, Small- and Medium-sized Enterprises (MSMEs) in September 2018; (iv) a unified and secure legal framework for Public-Private Partnership (PPP) in May 2018; (v) criteria for the selection of public investment projects and a public investment planning, selection and programming manual in 2018; and (vi) the instrument establishing the Cotonou Commercial Court.

45. **Gender:** The Bank's interventions in the agricultural sector have resulted in the development of 50 ha of land for women's market gardening operations, the creation of 23 direct jobs for women, the support of 4 women's groups involved in the shea butter value chain, and the creation of 10 agricultural processing units, the majority of which are for women. In the area of transport, socioeconomic infrastructure and equipment (health centres, markets, bus stations) for women are being provided as part of the implementation of the Parakou Urban Transport Project. In the energy sector, the Bank has contributed to improving energy inclusion by mainstreaming the gender perspective into the Multi-Year Expenditure Programming Paper (DPPD) and the creation of the Gender and Development Unit in the Ministry of Energy.

46. **Employment:** Bank interventions have led to the creation of 2,526 direct jobs, including 1,903 in the agricultural sector and 623 in the transport sector during the period 2017-2019. In addition, 384 young agricultural entrepreneurs were able to set up operations thanks to the PAIA-VO and PAPVIRE projects.

#### **4.5 Contribution to the Achievement of the Bank's High 5s in Benin**

47. The results recorded at midterm contributed to the achievement of the High 5 on "Light up and Power Africa", which represents 3% of the portfolio. The results are reflected in: (i) the construction of a Ghana-Togo-Benin 330 kV power transmission line and the commissioning of the Saketé substation; (ii)

the contribution to the financing of the Government's Emergency Electricity Plan through an Energy Sector Budget Support Programme (UA 19.92 million); and (iii) the improvement of governance and energy inclusion through a programme-based budget support operation (UA 12 million) covering the period 2018-2019.

48. For the High 5 on "Feed Africa", which accounts for 25% of the portfolio, the results achieved at midterm are reflected in: (i) the development of 1,350 ha of land with total water control and 1,842 ha of lowlands; (ii) the development of 792.5 ha of farmland; (iii) the construction of 211 km of rural roads; and (iv) capacity building for women's groups involved in the shea butter value chain;

49. With regard to the High 5 on "Integrate Africa", which accounts for 68% of the portfolio, the results achieved by the strategy at midterm comprise: (i) the construction of a 77.5 km section on the Lomé-Cotonou road link; and (ii) the construction of 16.8 km of structuring roads. This road infrastructure has helped to increase trade and regional integration in West Africa.

50. The Bank has contributed to the achievement of the High 5 on "Improve the quality of life for the people of Africa", which represents 51% of the portfolio, through: (i) progress in water infrastructure with the replacement of 2,300 lm of obsolete pipeline in Porto-Novo and Aguégues; (ii) the creation of 2,526 direct jobs; and (iii) support to 384 young agricultural entrepreneurs to enable them set up business.

#### **4.6. Implementation of the Paris Declaration and the Busan Partnership**

51. **The Bank's Country Office in Benin (COBJ) is very active in aid coordination.** COBJ actively participates in the Resource Mobilization Committee (CMR) within the framework of implementing the reforms recommended under PAG 2016-2021, the annual review of the Growth and Sustainable Development Programme (PC2D 2018-2021) and the various annual sector reviews (agriculture, energy, water and sanitation, and public finance). The Bank coordinates its interventions with Benin's other development partners through TFP sector-based groups (macroeconomics and public finance, agriculture, energy, water and sanitation, private sector and lead of the cooperation group). For the remaining CSP period, the Bank plans to support the country in assessing its public procurement system according to the Methodology for Assessing Procurement Systems (MAPS) in order to help strengthen the national system. Benin is also committed to carrying out the internal audit of Bank-financed projects using the General Inspectorate of Finance.

52. Other stakeholders, such as the private sector and civil society, also participated in the CSP mid-term review. Civil society insisted that accountability for Bank activities be strengthened through the establishment by the Government of an institutional citizens' watchdog framework - akin to that in the agricultural sector - for sectors where the Bank is involved (transport, energy). In addition, the Bank took part in the 2018 survey in Benin relating to the follow-up to the Busan Partnership commitments.

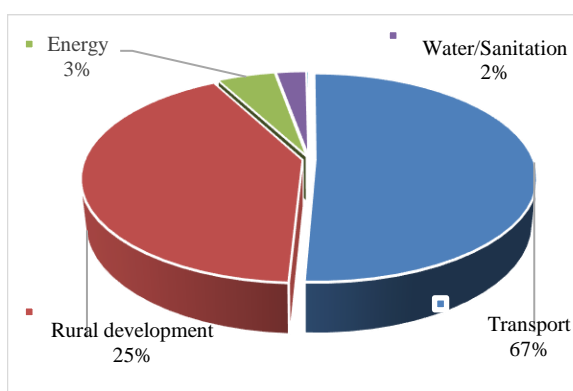
## V. COUNTRY PORTFOLIO PERFORMANCE REVIEW

### 5.1 Active Portfolio of the Bank Group

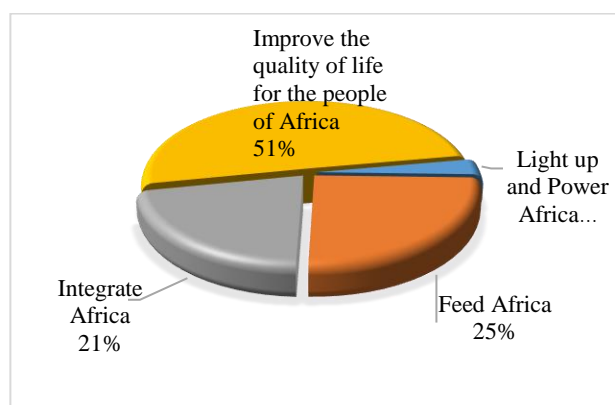
53. As of 31 July 2019, the Bank's overall portfolio in Benin had sixteen (16) active projects for UA 367.07 million, of which thirteen (13) national public projects (UA 289.9 million) and three (03) regional public projects (UA 77.17 million). **The overall disbursement rate stood at 31.02% as of 31 July 2019.**

54. The sector breakdown of the portfolio shows a predominance of the transport sector, followed by agriculture and energy, governance, water and sanitation (see Figure 1). The portfolio does not currently include private sector projects. However, two operations are undergoing appraisal : (i) the Project to Support the Construction of a 120 MW Power Plant at the Maria Gléta site (UA 42.4 million), which is scheduled for Board consideration in first trimester 2020; and (ii) the Project to Develop Road Layouts in the Major Cities of Benin (UA 50 million) planned for 2020. The portfolio configuration aligns squarely with the Bank's Ten-Year Strategy 2013-2022 and the High 5s (see Figure 2). Annex 3 presents the Bank's active portfolio in Benin.

**Figure 1: Sector Breakdown of the Portfolio**



**Figure 2: Breakdown of the Portfolio by High 5s**





## 5.2 Portfolio Monitoring and Evaluation

### Box 3: Portfolio Performance Improvement Strategy of the Benin Country Office (COBJ)

55. **Portfolio performance is deemed satisfactory with an overall rating of 3.1 on 4. The portfolio does not include any project-at-risk (PAR).** The average age of the active portfolio is 2.9 years and there are no older projects in the portfolio. However, project implementation is hampered by difficulties and constraints, including: (i) delays in mobilising counterpart resources; (ii) problems related to the planning and budgetary execution of project external resources; (iii) delays in submission of project audits; (iv) delays in the procurement process; (v) the weakness of some project management units; (vi) insufficient project monitoring and evaluation; (vii) delays sometimes observed in obtaining no objection notices from the Bank; (viii) strengthening of accountability for Bank activities.

The portfolio performance improved significantly with the opening of the Bank's Country Office in Benin thanks to:

- Establishment of a framework for closer monitoring of projects: (i) daily exchanges (DGFD, CAA, CEP); (ii) advisory support for PIUs; (iii) regular quarterly reviews (PIU, CAA, DGFD, line ministries); (iv) annual portfolio performance review (DGFD, CAA, PIU and line ministries, MEF).
- Missions for the quarterly monitoring of projects on the ground: physical achievements and difficulties encountered by projects.
- Organisation of fiduciary clinics: capacity building for PIUs in the areas of procurement, disbursement and financial management.
- Regular monitoring for timely production of audit reports, quarterly reports and justification of special accounts.
- Monitoring of preparation, appraisal, launch and supervision missions, and project completion reports.
- Active participation in aid coordination groups (agriculture, energy, water and sanitation, budget support).
- Increased communication and visibility of project activities and achievements: press conference, journalist visits to project.

56. Performance in terms of fulfilment of loan conditions is satisfactory, with the reduction in timeframes following the effective opening of the Country Office in 2017. The average time for signing has dropped from six (6) to two (2) months, while the timeframe for effectiveness has decreased from 20 months in 2016 to six (6) months in 2019. Sixty-two percent (62%) of projects complied with the timeframe for fulfilling conditions precedent to first disbursement. The Government is committed to further shortening these timeframes by raising awareness, particularly among the various institutions of the Republic involved in the loan agreement ratification process, such as the Council of Ministers, the National Assembly and the Supreme Court.

57. Regarding the procurement of goods, works and services, the performance is unsatisfactory overall. Long delays in public procurement are observed, due to the bureaucracy involved in the approval process and lack of capacity by line ministries. In addition, long delays in the issuance of no-objection notices by the Bank were sometimes observed due to the absence of project managers at COBJ. Procurement timeframes will likely be reduced following the decentralisation of the National Directorate of Public Procurement Control (DNCMP), the appointment of the Public Procurement Control Delegates in all ministries and territorial departments, and the abolition of control for externally-funded procurements that are subject to ex-ante control by the development partner.

58. With regard to audits, all projects prepared their audit reports on time, except for the following: (i) the N'Dali-Nikki-Chicandou-Nigeria Border Road Project; (ii) the 330 kV-Ghana-Togo-Benin Power Interconnection Project; and (iii) the Parakou Urban Transport Project. The delay in forwarding the audit reports on road projects is due lack of capacity. This weakness has been addressed by establishing an AfDB Project Implementation Unit at the Ministry of Infrastructure and Transport. Overall, the financial performance of projects is affected by: (i) the absence of the administrative, financial and accounting management procedures manual and the integrated project management software, or their delayed deployment where they are available; (ii) delays in updating accounts; (iii) insufficient mobilisation and

coordination of national entities to prepare and appraise the financial management aspect of projects; (iv) lack of an internal audit entity in project implementation units; and (v) lack of a detailed analysis of financial implementation in quarterly project progress reports. The Government has embarked on a sweeping reform of the country's national internal oversight system and is committed henceforth to carrying out all project audits within the required timeframe through the General Inspectorate of Finance (IGF).

59. Within the project implementation framework, Annual Work Plans and Budget (AWPB) and quarterly progress reports are forwarded to the Bank within the required timeframes. Similarly, all projects were subject to two Bank supervision missions per year. However, the physical implementation of projects often encountered institutional difficulties. As a case in point, during the implementation of agricultural sector reforms, the agreements with certain entities were suspended, including the Regional Action Centres for Rural Development (CARDER), and conventions signed with the Territorial Agricultural Development Agencies (ATDA) and the Divisional Directorates of Agriculture, Livestock and Fisheries (DDAEP), both newly established entities. The physical implementation rates of projects are as follows: Parakou Urban Transport Project (76%); PRPES (67%); PAIA-VO (49.97%); PAPVIRE-ABC (37%); PAGEFCOM II (12%); and PRESREDI (4%).

**Table 2: Performance Indicators for Active National Public Sector Projects**

Projects	Loan Conditions	Procurement of Goods/ Services	Financial Performance	Activities and Achievements	Means of Implementation	Development Impact	Overall Score
PAIA-VO	4	3	3	3	3.2	3	3.1
PAPVIRE-ABC	4	2	3	3	3	3.2	3.1
PAGEFCOM II	4	2.5	3	2.5	3	3	3
PAFILAV	4	3	3.5	3.5	3.5	3.5	3.5
TUP	3.5	3	2.5	3.5	3.1	3.5	3.3
PRPES	4	3	3	3	3.2	3	3.1
PRESREDI	3.5	2	2.5	2.5	2.6	2.6	2.6
Overall public sector score for 2019	3.8	2.6	2.9	2.9	3.1	3.1	<b>3.1</b>
	Excellent performance (4)						
	Satisfactory performance (2.1 to 3.9)						
	Poor performance (1 to 2.0)						

### 5.3 Implementation Status of the Portfolio Performance Improvement Plan (November 2018 - May 2019)

60. The difficulties identified in the Country Portfolio Improvement Plan (CPIP), covering the period from November 2018 to May 2019, are: (i) the persistence of delays in the procurement process due to bureaucracy; (ii) difficulties in mobilising counterpart funding; (iii) inadequate monitoring and evaluation of projects; (iv) difficulties in committing external project resources; (v) the non-existence of a specific coordinating entity; (vi) internal audit deficit; and (vii) the often lengthy Bank response timeframes. Recommendations have been made to the Government and the Bank to address these difficulties. Out of a total of 10 (ten) recommendations, five (5) or 50% have been fully implemented, and three (3) or 30% have been partially implemented. Thus, of the six (6) recommendations addressed to the Government, three (3) have been fully implemented and three (3) partially implemented. On the other hand, of the four (4) recommendations addressed to the Bank, two (2) have been fully implemented and two (2) are in the process of being implemented. The status of implementation of the CPIP (November 2018 - May 2019) is presented in Annex 4.

### ***Bank Group Performance in Benin***

61. The Bank's performance is deemed satisfactory. The opening of the Bank's Country Office in Benin in November 2017 made it possible to closely monitor project implementation (see Box 2). The Bank's performance is deemed satisfactory in terms of project supervision. The Office regularly follows up with Task Managers to update the project supervision ratings. However, the Bank will need to improve the timeframe for considering requests for no-objection notices and issuing the said notices to project implementation units. The project implementation units note that the presence of the Country Office has allowed for: (i) better portfolio monitoring with informal consultative support meetings that provide real-time solutions to difficulties encountered; (ii) better sharing of information and experiences, leading to improved execution of activities; and (iii) high level of responsiveness in the processing of dossiers at Headquarters due to follow-up by the Country Office. In view of the above, the presence of the AfDB Office in Benin has added value to the implementation of operations and helped to improve the performance of the country portfolio.

### ***Borrower's Performance***

62. **Government's performance is deemed satisfactory overall.** Government's performance in terms of coordinating project monitoring and management has improved thanks to: (i) the regular organisation of quarterly and annual portfolio reviews; (ii) better synergy between the entities involved in project management (project implementation units, the line ministry, CAA, DGB, and DGFD); and (iii) the strengthening of dialogue with the Country Office. To ensure the routine monitoring of project implementation, the Government has set up a new Project Monitoring Directorate (DSP) at the CAA. Moreover, the authorities are committed to building the capacity of the AfDB focal point at the Ministry of Planning and Development, given the projected volume and complexity of the portfolio.

### ***Co-financiers' Performance***

63. The performance of the co-financiers is deemed satisfactory. The Bank has already mobilised co-financing totalling approximately UA 70 million. Co-financing is expected to reach UA 332.4 million by end-2019 with the Support Project for Cotonou Stormwater Drainage Programme (PAPC), which will be considered by the Boards on 26 September 2019. The Bank is cooperating in the preparation, appraisal and supervision of budget support programmes with other partners providing budget support (the EU, the World Bank and IMF) in Benin.

## **5.4 Country Performance Outcomes Following The Portfolio Quality Questionnaire**

64. The dialogue questionnaire on the portfolio and discussions with the executing agencies revealed the existence of constraints mainly related to administrative procedures, notably the ratification of loan agreements (authorisation of the National Assembly and the legal opinion of the Supreme Court). With regard to project quality at entry, the following factors are cited as not having been sufficiently taken into account to allow the start and implementation of projects according to the initial planning: (i) delays in the recruitment process for the Coordinator and the Administrative and Financial Manager for project implementation units; (ii) the bureaucracy characterising the procurement system (there are at least a dozen stages from the preparation of the draft contract up to its registration at the Land Department); and (iii) delays by the Bank in processing requests for no-objection. The outcomes of the portfolio performance survey are provided in Annex 6.

## 5.5 Conclusions of the Meetings with Stakeholders

65. **For the Government:** The concerns included: (i) the timely provision of counterpart resources; (ii) better planning and use of external project resources by strengthening coordination between project implementation units, the Programming and Forward Planning Directorates of line ministries, the Autonomous Amortisation Fund, the General Budget Directorate and the Directorate General for Development Financing to allow projects to have substantial resources for their activities; (iii) timely completion of project financial audits, including closing audits; (iv) the operationalisation of all project implementation units; (v) the establishment of an institutional framework for citizen monitoring and watch in the transport and energy sectors, similar to one for agriculture, to enhance accountability

66. **For the Bank:** The delays in obtaining no-objection is a recurrent concern for project implementation units, which should be mitigated when the operational capacity of the Benin Country Office is enhanced by bringing sector and fiduciary experts on board.

## 5.6 Portfolio Performance Improvement Plan for the Period June 2019 - June 2020

67. The revised PPIP (June 2019 - June 2020) identified the following challenges that will be monitored: (i) delays in mobilising counterpart resources; (ii) difficulties related to the planning and budgetary execution of external project resources; (iii) delays in the submission of project audits; (iv) delays in the procurement process; (v) the weakness of some project management units; (vi) insufficient project monitoring and evaluation; and (vii) the occasional delays observed in obtaining no-objection notification from the Bank. The revised PPIP is given in Annex 5.

## VI. LESSONS AT MID-TERM OF THE CSP IMPLEMENTATION

### 6.1 Lessons for the Bank Group

68. **In terms of strategy, the pillars and areas of intervention of CSP 2017-2021 are squarely in line and consistent with Benin's development priorities contained in PAG 2016-2021.** Thus, the Bank's interventions during the midterm period have actually addressed the PAG priorities. For the remaining CSP period, the pillars and focus areas will remain unchanged because of their relevance and the need to consolidate the Bank's interventions in implementing PAG 2016-2021.

69. **The choice of results matrix indicators should be improved.** The results framework indicators for CSP 2017-2021 are numerous and sometimes have ambitious targets. For the remaining period of the strategy, a number of indicators were adjusted based on relevance and realism, and for the purpose of better alignment with the indicators of the national reference papers (PAG 2016-2021, PND 2018-2025 and PC2D 2018-2021) and Bank operations.

70. **The need to strengthen the Bank's involvement in Benin's private sector.** The Bank has no private sector projects in Benin. Over the remaining period of the strategy, the Bank should increase its support for private sector development, which is a Government priority as it strives to ensure sustainable recovery of Benin's economy.

71. **Co-financing mobilisation initiatives should be strengthened to increase the leverage of Bank resources.** The Bank has already mobilised UA 70 million in co-financing at CSP midterm. This partnership momentum should be strengthened with Benin's development partners.

72. **The Bank should consolidate the operational capacity of the Benin Country Office.** Country dialogue and Bank portfolio performance improved with the opening of the Country Office in November 2017. The presence of experts in charge of the various sectors (agriculture, transport and energy) and fiduciary matters (disbursement and procurement) in this Office will help to ensure close monitoring of field operations, strengthen dialogue and improve the performance of the Bank's portfolio in Benin.

## 6.2 Lessons for the Government

73. **The Government should improve resource planning by ensuring adequate allocations for project implementation.** Weaknesses have been observed in terms of cooperation between project implementation units, line ministries, the Ministry of Economy and Finance (the Autonomous Amortisation Fund, the Directorate General of the Budget) and the Ministry of Planning and Development (the Directorate General for Development Financing) in the planning and budgetary execution of external and counterpart resources.

74. **The need to improve the procurement process and build the capacity of institutional actors.** Despite the implementation of major reforms, there are still bottlenecks in the procurement process due to capacity gaps, resulting in project implementation delays.

75. **The monitoring and evaluation mechanism should be strengthened to provide reliable data.** At the national level, the national statistics system remains weak and lacks the capacity to provide the reliable and targeted data required to inform all indicators specified in the CSP results framework matrix. Therefore, it is necessary to strengthen the national statistical system.

## 6.3 Lessons for Other Development Partners

76. **The coordination and harmonisation of interventions by technical and financial partners should be strengthened to better support the Government in implementing its development priorities.** TFP sector groups are not very effective and should be revitalised. In this context, the Bank will play an important role in the dialogue within TFP sector groups. The Bank plans to lead one sector group linked to its areas of intervention in Benin for the remaining CSP period.

77. **Development partners should conduct joint studies and operations to provide a common diagnosis** and reduce transaction costs at Government level.

## VII. BANK STRATEGY FOR THE REMAINING CSP 2017-2021 PERIOD

### 7.1 Relevance of the Pillars of the Strategy

78. As described in previous sections, the development challenges and national priorities identified during the preparation of the strategy in 2017 remain unchanged. Moreover, the national development policy reference document (PAG 2016 - 2021) with which the CSP is aligned has not changed. **Consultations with the various stakeholders in this mid-term review led to the proposal to maintain the strategic thrust of CSP 2017-2021 for the remaining period 2019-2021.** It is proposed to maintain the two pillars of the strategy, namely: (i) **Develop agricultural and agro-industrial value chains;** and (ii) **Strengthen competitiveness and regional integration support infrastructure.** Maintaining these pillars is justified by their alignment with the national development priorities contained in PAG 2016-2021, the Bank's comparative advantage in Benin and their consistency with the Bank's Ten-Year Strategy 2013-2022 and the High 5s.

## 7.2 Bank Strategy for the Remaining CSP 2017-2021 Period

79. **The main objective of the Bank's assistance strategy in Benin is to support the structural transformation of the country's economy to achieve inclusive growth that creates decent jobs, while ensuring the transition to a green economy.**

80. Through Pillar 1 (*Develop agricultural and agro-industrial value chains*), the Bank will consolidate the results achieved at midterm during the remaining CSP period and will continue to support the country in modernising and diversifying the agricultural sector through: (i) the promotion of promising sectors and value chains; (ii) the development of valleys and irrigation infrastructure; and (iii) the strengthening of infrastructure for opening up production, storage and marketing areas. Under this pillar, the Bank's operations for the remaining period will contribute to inclusive growth with the following objectives: (a) strengthen the people's food and nutrition security, particularly in the most disadvantaged areas (northern and central parts of the country); (b) process agricultural products, and increase agricultural exports; and (c) create jobs in rural areas and reduce rural exodus and gender inequalities. The Bank's operations under this pillar are part of the implementation of the Strategy for Agricultural Transformation in Africa 2016-2025 and will contribute to the achievement of three of the High 5s in Benin: (i) "Feed Africa", "Industrialise Africa" and "Improve the quality of life for the people of Africa".

81. Under Pillar 2 (*Strengthen competitiveness and regional integration support infrastructure*), the Bank will continue its assistance for the remaining period in the area of infrastructure (particularly roads and energy) to consolidate the gains achieved at midterm and enhance competitiveness and the impact on economic and social development. For the remaining CSP period, Pillar 2 will continue to support the structural transformation of the economy by removing bottlenecks to the competitiveness of productive sectors through: (i) the establishment of an efficient transport network; and (ii) the improvement of access to electricity.

82. In the transport sector, the Bank will continue to emphasize the creation of road corridors to open access to landlocked countries in the sub-region (Burkina Faso, Niger and Mali) and to promote trade and regional integration. In addition, Bank operations in the transport sector will contribute to the following objectives: (i) open up the major cotton and grain-producing areas in northern Benin; and (ii) facilitate the export of agricultural products to regional and international markets. Thus, the Bank's assistance in the transport sector will specifically contribute to the achievement of two of High 5s in Benin: "Integrate Africa" and "Improve the quality of life of for the people of Africa".

83. In the energy sector, Bank operations for the remaining period will help not only to boost energy production capacity to reduce the country's energy deficit but also to improve energy inclusion, particularly energy access in rural areas, especially for women. The operations will target the development of rural electrification with special focus on promoting renewable energies through off-grid solutions. The Bank's energy sector operations in Benin are part of the implementation of the New Deal on Energy for Africa 2016-2025, and will contribute to the achievement of three of the High 5s: "Light up and power Africa", "Industrialise Africa" and "Improve the quality of life for the people of Africa".

84. Furthermore, during the remaining period, the Bank plans to strengthen the impact on crosscutting aspects of all its operations, namely governance, gender, climate change and youth employment.

85. Regarding the CSP implementation for the remaining period, the Bank will deploy the full range of its operational instruments, including project loans, budget and institutional support, economic and sector work, technical assistance and policy dialogue. The outcomes and outputs expected from the CSP in 2021 are contained in a revised CSP Results Framework Monitoring Matrix provided in Annex 8.

### **7.3 Indicative Lending Programme for the Remaining CSP 2017-2021 Period**

86. **The indicative lending programme for the remaining period 2019-2021 is estimated at UA 362 million and is intended to contribute to the financing of eight (8) operations.** The funding will come primarily from ADF-15 resources and the ADB public sector window. This indicative programme was designed on the assumption that the amount of ADF-15 resources allocated to Benin will be the same as under ADF-14 (UA 40 million). ADB public sector window resources (UA 100 million/year), funding from trust funds and co-financing will also be mobilised. The operations earmarked are fully aligned with the 2013-2022 Ten-Year Strategy and the High 5s. The indicative lending programme for the remaining period 2019-2021 is provided in Annex 2-A.

### **7.4 Non-Lending Operations**

87. **The non-lending operations programme for the remaining period will focus on studies and technical assistance.** The studies will relate to: (i) the private sector profile; (ii) the gender profile; and (iii) the country diagnostic study. In the area of technical assistance, the Bank will continue: (i) technical assistance for the establishment of a special unit for the implementation and promotion of renewable energies at the Ministry of Energy; and (ii) technical assistance for the negotiation of natural gas import contracts.

### **7.5 Areas for Country Dialogue**

88. During the remaining CSP period, the Bank will strengthen dialogue in its areas of intervention, including the transformation of agriculture and the development of value chains, energy and energy inclusion, transport and compliance with axle load requirements. In addition, it will intensify dialogue on: (i) portfolio performance improvement; (ii) private sector development; (iii) gender promotion and women's empowerment; and (iv) the development of partnership and the mobilisation of co-financing with other development partners.

### **7.6 Monitoring and Evaluation of Bank Group Assistance**

89. The revised CSP results framework monitoring matrix will be used for monitoring and evaluating the Bank's assistance to Benin for the period 2019-2021. Targets for some indicators have been adjusted for the remaining CSP period. The Bank will use the indicators of the revised results monitoring framework matrix and the indicators of the logical frameworks of the various projects to assess progress. Similarly, the outcomes of the annual portfolio performance reviews, project completion reports (PCRs) and the various government reviews will be used.

### **7.7 Risks and Mitigation Measures**

90. During the preparation of CSP 2017-2021, three risks were identified: (i) the persistence of recurrent difficulties in project implementation and portfolio management; (ii) vulnerability to exogenous shocks (cotton and oil prices, climate change); and (iii) the risk of debt escalation. The first risk is mitigated through sustained dialogue and better monitoring of projects following the opening of the Benin Country Office in 2017. The other two risks still remain relevant, in addition to the political risk. Thus, the risks that could hamper the implementation of the strategy for the remaining period are:

<b>Risks</b>	<b>Mitigation Measures</b>
<b>Political Situation</b>	
The political situation has deteriorated following non-inclusive legislative elections, in which the political opposition did not participate. This could hinder the CSP implementation.	Benin is a country with a democratic tradition. With the help of ECOWAS, the political class should be able to find a political solution to exit the post-electoral crisis.
<i>Risk probability: Average</i>	<i>Degree of impact expected from these measures: Average</i>
<b>Macroeconomic Situation</b>	
The performance of Benin's economy is subject to rainfall patterns, fluctuating world cotton and oil prices, and the changing economic situation in Nigeria. In addition, the level of indebtedness has been on increasing since the country's access to the international capital market.	The reforms initiated in the agriculture sector and private sector development should contribute to the diversification and structural transformation of Benin's economy. Since 2017, the Government has been implementing a programme in cooperation with the IMF, which should enhance debt management and limit the country's debt distress.
<i>Risk probability: Average</i>	<i>Degree of impact expected from these measures: High</i>
<b>Climate Change</b>	
The country is facing significant environmental challenges, including drought, floods, late and severe rains, land degradation, rising sea levels and erosion, which may undermine food self-sufficiency and increase poverty.	Benin has signed and ratified all international climate agreements. The implementation of these agreements and national instruments (Environmental Action Plan, National Desertification Control Plan, National Contingency Plan) should help to mitigate the effects of climate change.
<i>Risk probability: Average</i>	<i>Degree of impact expected from these measures: Average</i>

## VIII. CONCLUSION AND RECOMMENDATION

### Conclusion

91. At the end of this mid-term review, all stakeholders agreed to maintain the strategic thrust of the two pillars of the Bank's strategy for Benin for the remaining period 2019-2021, with a view to consolidating the outcomes achieved at midterm.

### Recommendation

92. The Committee on Operations and Development Effectiveness (CODE) is invited to review the conclusions and recommendations of the CSP 2017-2021 Mid-Term Review and the 2019 Portfolio Performance Review of the Bank in Benin.



**Annex 1-A: 2017-2021 CSP Operational Programme Implementation Status at Mid-Term and Resources (in UA million) Mobilised as of 30 June 2019**

No.	Operation	Approval Year	ADF (Grant)	ADF (Loan)	ADB (Loan)	Private Sector (Loan)	Regional Allocation (Grant)	Other Trust Funds	TFP Co-financing	Total Cost
<b>Pillar I: Develop agricultural and agro-industrial value chains</b>										
<b>Agriculture and agro-industry</b>										
1.	Project to Strengthen Investments for Climate Resilient Development in the Lake Nokoué-Lagoon Complex of Porto Novo (RICC – PNE BENIN)	2017						0.43 (CDSF Grant)		<b>0.43</b>
2.	Programme for Integrated Development and Adaptation to Climate Change in the Niger Basin-PIDACC-Benin Basin	2018	3				3		1.075 (EU-AfIF Grant)	7.075
3	Cashew Nut Sector and Agricultural Entrepreneurship Development Support Project (PADEFA-ENA)	2019	5.91	7.12						<b>13.03</b>
<b>Sub-total Pillar 1</b>			<b>8.91</b>	<b>7.12</b>			<b>3</b>	<b>0.43</b>	<b>1.075</b>	<b>20.54</b>
<b>Pillar II: Strengthen competitiveness and regional integration support infrastructure</b>										
<b>Transport</b>										
4.	Djougou-Péhunco-Kerou-Banikoara Cotton Road Development Project	2018			99.50				35.84 (AGTF Loan) 7.81 (EU-AfIF Grant) 12.65 (BOAD) 6.26 (Govt of Benin)	<b>162.06</b>
<b>Energy</b>										
5.	SBEE Sub-transmission and Distribution System Restructuring and Extension Project	2017	5.17	6.04					12.62 (AFD) 2.61 (Govt of Benin)	<b>26/84</b>
<b>Governance</b>										
6.	Benin – Economic Competitiveness Support Programme – Phase 1	2018	2.17	4.83						7
	Benin – Economic Competitiveness Support Programme – Phase 2	2019	1.54	3.5						5.04
<b>Sub-total Pillar 2</b>			<b>8.88</b>	<b>14.77</b>	<b>99.50</b>				<b>77-79%</b>	<b>200.94</b>
<b>TOTAL</b>			<b>17.79</b>	<b>21.89</b>	<b>99.50</b>		<b>3.00</b>	<b>0.43</b>	<b>78.87</b>	<b>221.48</b>

### **Annex 1-B: Amounts Budgeted and Actual Amounts for the 2017-2019 Period**

Approval Year	Amount UA Million/Source of Financing	Programmed Projects	Non-programmed Projects	Remarks
<b>Pillar I: Develop agricultural and agro-industrial value chains</b>				
2017	0.43/CDSF		Project to Strengthen Investments for Climate Change Resilient Development in the Lake Nokoué-Lagoon Complex of Porto Novo (RICC – PNE BENIN)	The project is part of the ClimDev-Africa Programme financed by a CDSF Trust Fund grant
2018	6 (ADF) 1.075 (EU-AfIF Grant)		Programme for Integrated Development and Adaptation to Climate Change in the Niger Basin-PIDACC-Benin Basin	This is a multinational programme that includes all Niger River Basin countries. It received UA 3 million ADF financing as regional allocation and a UA 1.075 million EU-AfIF grant.
2018	20 (ADF)	Project to Support the Development of the Milk and Meat Sub-Sector and the Promotion of Livestock Businesses		The project will be approved in 2020. It was not implemented in 2018 because studies were not yet available. It was replaced by the 2018-2019 Budget Support Programme, at the request of the Government of Benin.
2019	13.03 (ADF)	Cashew Nut Sector and Agricultural Entrepreneurship Development Support Project (PADEFA-ENA)		Approved in 2019 as planned.
<b>Pillar II: Strengthen competitiveness and regional integration support infrastructure</b>				
2017	11.61 (ADF) 12.62 (AFD)	SBEE Sub-transmission and Distribution System Restructuring and Extension Project		Approved in 2017 as planned.
2018	99.5 (AfDB) 35.84 (AGTF Loan) 7.81 (EU- AfIF Grant) 12.65 (BOAD)	Djougou-Péhunco - Kerou-Banikoara Cotton Road Development Project		Approved in 2018 as planned.
2018	7 (ADF)		Benin – Economic Competitiveness Support Programme – Phase I	Not programmed. However, it replaced the Project to Support the Development of the Milk and Meat Sub-Sector and the Promotion of Livestock Businesses, studies of

				which were not yet available.
2019	5.04 (ADF)		Economic Competitiveness Support Programme – Phase 2	Phase 2 is a continuation of the Budget Support Programme launched in 2018
2019	42.4 (AfDB Private Sector)	Project to Support the Construction of a 120 MW Power Plant at the Maria Gléta Site		Envisaged for 2018, the project may be approved in first trimester 2019
2019		Berroubay-Malanville Road Construction Project		Envisaged for 2019, but abandoned. Financed by the Islamic Development Bank (IsDB)

**Annex 1-C: Implementation of CSP 2017-2021 Indicative Non-lending Programme at Mid-Term**

No.	Planned Studies and Technical Assistance	Implementation Status
1.	Preparatory Study on a Project to Support the Development of the Milk and Meat Subsector and the Promotion of Livestock Businesses	Implemented (2018)
2.	Preparatory Study on a Project to Support Agricultural Transformation based on the Development of High Value-added Chains and Youth Entrepreneurship in the Agricultural Sector	Implemented (2018)
3.	Study on Structuring the Private Sector for Development in Benin	Study on the business environment in Benin (which is ongoing and will be completed by end-November)
4.	Study on Women and Agriculture	Not implemented and replaced by the Study on Country Gender Profile for Benin in 2020
5.	Technical Assistance for the Preparation of a Renewable Energy Investment Plan	Under appraisal
6.	Technical Assistance for the Negotiation of Natural Gas Importation Contracts	Not implemented and postponed to 2021 (request to be submitted to the ALSF by the Government)

**Annex 2-A: Indicative Programme of Lending Operations for the Remaining 2019-2021 Period**

Year	Projects	Indicative Amount in UA Million	Sources of Financing
<b>Pillar 1: Develop agricultural and agro-industrial value chains</b>			
2020	Project to Support the Development of the Milk and Meat Subsector and the Promotion of Livestock Businesses	20	ADF and NTF
2021	Project to Support the Development of Fisheries and Continental Aquaculture	20	ADF
<b>Sub-total Pillar 1</b>		<b>40</b>	
<b>Pillar II: Strengthen competitiveness and regional integration support infrastructure</b>			
2019	Cotonou Stormwater Drainage Programme	50	AfDB – Public Sector Window
2019	Project for Electrification of 100 Rural Localities	50	AfDB – Public Sector Window
2020	Project to Support the Construction of a 120 MW Power Plant at the Maria Gléta Site	42.4	AfDB – Private Sector Window
2020	Project for the Development of Roads in Benin's Main Towns	50	AfDB – Private Sector Window
2020	Pénessoulou-Alédjo-Séméré Road Development and Asphalt Project (49.3 km)	50	AfDB – Public Sector Window
2021	Porto-Novo-Akpro Misséré Road Reconstruction and Pobè-Adja Ouère Road Development and Asphalt Project	80	AfDB – Public Sector Window
<b>Sub-total Pillar 2</b>		<b>322.4</b>	
<b>Total</b>		<b>362.4</b>	

**Annex 2-B: Indicative Programme of Non-lending Operations for the 2020-2021 Period**

Year	Programmed Studies and Technical Assistance
2020	Study on the Country Private Sector Profile
2020	Study on the Country Gender Profile
2021	Country Diagnostic Study for Benin
2020	Technical Assistance for the Preparation of a Renewable Energy Investment Plan
2021	Technical Assistance for the Negotiation of Natural Gas Importation Contracts

**Annex 3: Bank Portfolio in Benin (31 July 2019)**

No.	Projects	Approval Date	Signature Date	Effective Date	Closing Date	Amount Approved (UA)	Amount Disbursed (UA)	Disburs. Rate (%)
<b>NATIONAL PUBLIC PROJECTS</b>								
1.	Cashew Nut Sector and Agricultural Entrepreneurship Development Support Project (PADEFA-ENA)	3/4/2019	7/5/2019		31/12/2024	7 120 000.00	0.00	0.00
	Cashew Nut Sector and Agricultural Entrepreneurship Development Support Project (PADEFA-ENA)	3/4/2019	7/5/2019	7/5/2019	31/12/2024	5 910 000.00	0.00	0.00
2.	Ouémé Valley Agricultural Infrastructure Support Project (PAIA-VO)	30/9/2013	25/11/2013	25/11/2013	31/12/2020	275.695.83	275 695.83	100.00
	Ouémé Valley Agricultural Infrastructure Support Project (PAIA-VO)	23/10/2013	9/1/2013	9/5/2014	31/12/2020	39 500 000.00	15 397 100.00	38.98
	Ouémé Valley Agricultural Infrastructure Support Project (PAIA-VO)	23/10/2013	9/1/2014	9/1/2014	31/12/2020	530 000.00	152 269.00	28.73
	Ouémé Valley Agricultural Infrastructure Support Project (PAIA-VO)	23/10/2013	17/10/2014	17/10/2014	31/12/2020	5.234.422.14	2 191 652.55	41.87
3.	Project to Support Food Production and Build Resilience in Alibori, Borgou and Collines Divisions (PAPVIRE-ABC)	7/10/2015	16/11/2015	16/11/2015	31/12/2021	17 448 073.81	4 953 508.15	28.39
4.	Community Forest Management Support Project – Phase II (PAFEMCOM II)	30/3/2017	10/4/2017	8/12/2017	31/12/2021	5 000 000.00	712 500.00	14.25
	Community Forest Management Support Project - Phase II (PAFEMCOM II)	30/30/2017	10/4/2017	10/4/2017	31/12/2022	631 927.43	83 224.84	13.17
	Community Forest Management Support Project - Phase II (PAFEMCOM II)	3/30/2017	10/4/2017	10/4/2017	31/12/2022	1 910 001.38	190 236.14	9.96
5.	Programme for Integrated Development and Adaptation to Climate Change in the Niger Basin (PIDACC/BN) – PIDACC/BENIN/ADF	7/11/2018	4/5/2019	4/5/2019	31/12/2025	6 000 000.00	0.00	0.00
	Programme for Integrated Development and Adaptation to Climate Change in the Niger Basin (PIDACC/BN) – PIDACC/BENIN/PAGODA	7/11/2018	5/4/2019	5/4/2019	31/12/2025	1 046 059.03	0.00	0.00

6.	Project for Strengthening Investments for Climate Resilient Development in the Lake Nokoué-Lagoon Complex of Porto Novo (RICC – PNE BENIN)	10/10/2017	12/3/2017	12/3/2017	28/2/2020	427 017.24	51 626.38	12.09
7.	Parakou Urban Transport Project	19/9/2014	17/10/2014	7/4/2015	31/12/2020	23 800 000.00	11 409 720.00	47.94
	Parakou Urban Transport Project	19/09/2014	17/10/2014	17/10/2014	31/12/2020	1 353 370.02	330 898.97	24.45
	Parakou Urban Transport Project - Supplementary Loan	3/06/2015	15/9/2015	29/11/2016	31/12/2020	11 530 000.00	4 427 520.00	38.40
8.	Djougou-Péhunco-Kérou-Banikoara Cotton Road Development Project	13/12/2018	18/1/2019	12/6/2019	31/12/2023	97 251 054.17	0.00	0.00
	Djougou-Péhunco-Kérou-Banikoara Cotton Road Development Project	13/12/2018	18/1/2019	12/6/2019	31/12/2023	35 022 705.16	0.00	0.00
9.	Project for Water Loss Reduction and Performance Improvement of Drinking Water Supply Systems in Cotonou, Porto-Novo and their Suburbs (PRPES)	12/10/2015	16/11/2015	24/11/2016	30/6/2020	6 000 000.00	3 056 400.00	50.94
10.	SBEE Sub-transmission and Distribution System Restructuring and Extension Project (PRESREDI)	12/12/2017	6/3/2018	23/7/2018	31/8/2021	6 440 000.00	0.00	0.00
	SBEE Sub-transmission and Distribution System Restructuring and Extension Project (PRESREDI)	12/12/2017	6/3/2018	6/3/2018	31/8/2021	5 170 000.00	22 231.00	0.43
11.	Benin – Economic Competitiveness Support Programme (PACEB)	31/10/2018	12/11/2018	13/2/2019	30/6/2020	4 830 000.00	4 830 000.00	100.00
	Benin – Economic Competitiveness Support Programme (PACEB)	31/10/2018	12/11/2018	12/11/2018	30/6/2020	2 170 000.00	2 170 000.00	100.00
12.	Benin – Economic Competitiveness Support Programme (PACEB) Phase II	15/7/2019			20/6/2020	3 497 974.00	0.00	0.00
	Benin – Economic Competitiveness Support Programme (PACEB) Phase II	15/7/2019			20/6/2020	1 544 303.00	0.00	0.00
13.	Remittances to Migrants OITFM-Benin	30/11/2015	8/12/2015	8/12/2015	30/6/2019	258 620.69	38 793.10	15.00
<b>TOTAL NATIONAL PUBLIC PROJECTS (A)</b>						<b>289 901 223.90</b>	<b>50 293 375.97</b>	<b>17.35</b>
<b>REGIONAL PUBLIC PROJECTS</b>								
14.	Multinational – Benin/Togo: Project to Rehabilitate the Lomé-Cotonou Road and Facilitate Transport on the Abidjan-Lagos Corridor	5/10/2011	2/12/2011	12/11/2012	31/12/2019	38 870 000.00	35 943 089.00	92.47

	Multinational – Benin/Togo: Project to Rehabilitate the Lomé-Cotonou Road and Facilitate Transport on the Abidjan-Lagos Corridor	5/10/2011	2/12/2011	2/12/2011	31/12/2019	34 270 000.00	27 241 223.00	79.49
15.	Lomé-Cotonou Road Rehabilitation (Phase 2) and Coastal Protection (Benin-Togo) Project	16/12/2016	7/3/2017	23/10/2017	31/12/2021	1 000 000.00	0.00	0.00
	Lomé-Cotonou Road Rehabilitation (Phase 2) and Coastal Protection (Benin-Togo) Project	29/6/2018	7/05/2019	7/5/2019	31/12/2021	2 027 246.19	0.00	0.00
16.	Abidjan-Lagos Corridor Highway Development Project Study-Benin	21/9/2016	7/3/2017	23/10/2017	31/12/2024	1 000 000.00	381 400.00	38.14
<b>TOTAL REGIONAL PUBLIC PROJECTS (B)</b>						<b>77 167 246.19</b>	<b>63 565 712.00</b>	<b>82.37</b>
<b>Total A + B</b>						<b>367 068 470.09</b>	<b>113 859 087.97</b>	<b>31.02</b>



**Annex 4: Portfolio Performance Improvement Plan (PIIP) Implementation Status (November 2018 - May 2019)**

No.	Problems Encountered	Actions Required	Entities Responsible	Timeframe	Implementation Status
1.	Persistent administrative bottlenecks in the award of contracts	Ensure compliance with set deadlines by the bodies responsible for preparation, control and approval of public contracts, in accordance with the decree signed to that end.	DGPCOR/ PRMP/MEF/ Supervisory ministries	Ongoing	All projects indicate that the time taken to process dossiers, particularly at the DNCMP, has reduced significantly with the appointment of project focal points and signing of regular contacts for the follow-up of dossiers.
2.	Difficulties in mobilising counterpart funds	Ensure better resource planning for sizeable project allocations.	PIU/DGB/ CAA/DGFD	Yearly	PAIA-VO is facing difficulties in mobilising counterpart funding.
3.	Poor project monitoring and evaluation	Strengthen project monitoring and evaluation mechanisms.	Supervisory ministries	Ongoing	Implementation to be monitored by supervisory ministries.
4.	Difficulties in committing project resources	Release counterpart funds and avoid limiting external resources for projects	MEF/Sector ministries	March 2019	Need to improve implementation (PAPVIRE-ABC).
5.	Internal audit deficit	Strengthen the internal control system of Project Implementation Units (PIUs)	Supervisory ministries	Ongoing	The General Inspectorates of supervisory ministries (IGM) effectively ensure project internal control. The same applies to the Audit and Internal Control Departments of SONED (PERPES) and SBEE (PRESREDI).
6.	Long delay in responding	Comply with the maximum timeframe of fifteen (15) working days to express the Bank's opinion on dossiers submitted for consideration	The Bank	Ongoing	There is compliance with the timeframes for all but two (PAGEFCOM and PRESREDI) projects.
7.		Disseminate and ensure compliance with Presidential	The Bank	Ongoing	Training/sensitisation was carried out on 3 June 2019 in this regard.

	Poor project monitoring and evaluation	Directive No. 02/2015 on the design, implementation and cancellation of sovereign operations.			
		Regularly update supervision data in the Bank's IT system.	The Bank	Ongoing	Supervision data, particularly the IPRs to be updated in the SAP system, are being regularised.
8.	Persistent administrative bottlenecks in the award of contracts	Continue dialogue on the assessment of Benin's national procurement system.	The Bank	March 2019	The Bank and the Government have agreed to implement MAPS2 in 2020.

**Annex 5: Revised Portfolio Performance Improvement Plan – PPIP (June 2019 - June 2020)**

No.	Problems Encountered	Actions Required	Entities Responsible	Timeframe
<b>GOVERNMENT</b>				
1.	Persistent administrative bottlenecks in the award of contracts	Ensure compliance with set deadlines by the bodies responsible for preparation, control and approval of public contracts, in accordance with the decree signed to that end.	DGPCOR/PRMP/MEF/ Supervisory ministries	Continuous
2.	Difficulties in mobilising counterpart funding	Prepare written communication in Council of Ministers to enable vital projects to receive the necessary counterpart funding.	Supervisory ministries/ PMU	Immediately
3.	Difficulty in mobilising and budgeting external resources	Ensure better planning of resource scheduling to guarantee that projects have sufficient resources to implement their activities.	Government	Immediately
4.	Conduct of project financial audits	Adhere to audit schedules in accordance with the prescribed timeframes. Take necessary steps to ensure that project closure audits are carried out.	CAA/Supervisory ministries/ PMU	Immediately
5.	Operationalisation of project implementation units	Ensure that all project implementation units are fully operational by providing them with the necessary human and material resources	Supervisory ministries/ PMU	Immediately
6.	Citizen accountability	Strengthen accountability by establishing an institutional framework for citizen monitoring and oversight in AfDB areas of intervention by building on the experiences acquired in the agricultural sector.	Government	Immediately
<b>Projects in a critical situation</b>				
7.	PRESREDI, PAGECOM, PAIAVO, PAPVIRE, and the Project to Rehabilitate the Lomé-Cotonou Road and Facilitate Transport on the Abidjan-Lagos Corridor – Phase 2	Implement the action plans agreed upon with AfDB within the required timeframe.	MINISTRIES/CAA/PMU/ MEPD	Immediately
8.	Difficulty in implementing the Project to Rehabilitate the Lomé-Cotonou Road and Facilitate Transport on the Abidjan-Lagos Corridor – Phase 2	Request the Bank to remove this project, whose remaining activities are the responsibility of WAEMU, from Benin's national portfolio.	PMU/MIT/PDM	Immediately
9.	Delays in disbursing resources for the SBEE Sub-transmission and	Implement the action plan agreed upon with AfDB within the required timeframe to enable the first disbursement of loan resources latest by September	Supervisory ministry/PMU	Immediately

No.	Problems Encountered	Actions Required	Entities Responsible	Timeframe
<b>GOVERNMENT</b>				
	Distribution System Restructuring and Extension Project (PRESREDI)	2019, and update the Minister of Energy on the status of implementation of project activities.		
<b>BANK</b>				
1.	Often long delays in obtaining no objection opinions	Comply with the maximum time limit of fifteen (15) working days for issuing the Bank's opinion on dossiers submitted to it for consideration.	Bank	Continuous
2.	Inadequate project monitoring and evaluation	Regularly update supervision data in the Bank's IT system.	Bank	Continuous

### **Annex 6: Positioning of Partners in Benin**

Partners/ Thrust Areas	AfDB	EU	WB	UPND	BOAD	IsDB	France	Germany	Netherland	Belgium	Japan	Switzer.	US	Canada	China	Brazil	India
Agriculture	*	*	*	*	*	*	*	*	*	*					*	*	
Education			*			*	*	*			*	*	*		*		*
Energy and Mining	*	*	*		*	*	*	*					*				
Information and Communication					*			*									*
Environment and Climate Change	*		*	*	*		*	*			*		*	*			
Multisector (reform, institutional, poverty and governance support)	*	*	*	*			*	*	*					*	*		
Health			*			*			*	*	*	*	*		*	*	*
Private Sector and Finance	*	*	*		*	*	*		*			*	*	*			
Transport	*	*			*	*			*						*	*	
Water and Sanitation	*		*		*	*		*	*				*		*		
Decentralisation		*		*			*	*		*		*					
Gender, Social Protection, Civil Society, NGOs	*	*	*	*			*	*		*		*		*			

### **Annex 7: 2017-2021 CSP Outcomes Matrix**

Country's Development Objectives	Hindrances to Achieving the Country's Development Objectives	Final Outcomes (end of the CSP Period in 2021)	Final Outputs (end of the CSP Period in 2021)	Mid-Term Outcomes (end-2019)	Outcomes Achieved (end-June 2019)	Mid-Term Outputs (end-2019)	Outputs Achieved (end-June 2019)	Bank Operations - Ongoing Operations / New Operations to be Implemented during the 2017-2019 Period
<b>Pillar 1: Develop agricultural and agro-industrial value chains</b>								
Sustainable development of agriculture, livestock and fisheries  Development of agricultural chains	Inadequate development of natural resources (water, soils and forests)	Increased average productivity of cereal crops (kg/ha) (from 1 500 kg/ha in 2015 to 4 500 kg/ha in 2020)	2 000 ha of irrigated land with full water control developed and farmed	Increased average productivity of cereal crops (kg/ha) (from 1 500 kg/ha in 2015 to 3 500 kg/ha in 2019)	2 400 kg/ha	1 000 ha of irrigated land with full water control developed and cultivated	1 350 ha of land are developed and cultivated	Ongoing projects:
	Reliance on rainfall	Reduction of the proportion of Benin's population having less than the minimum caloric intake (from 30% in 2016 to 20% in 2021)	6 000 ha of lowlands developed and farmed	Reduction of the proportion of Benin's population having less than the minimum caloric intake (from 30% in 2016 to 25% in 2019)	Reduction of the number of food-insecure people from 11% in 2014 to 9.6% in 2017	3 500 ha of lowlands developed and cultivated	1 842 ha of lowlands developed and cultivated	(i) Milk and Meat Subsector Support Project (PAFILAV)
	Inadequate modernisation of agricultural production resources (inputs, seeds, mechanisation, etc.)	100% increase in income of food producers in Alibori, Borgou and Collines Divisions	400 km of rural roads rehabilitated.	80% increase in rice farmers' income in Ouémé and 30% increase in women's income from gardening	Not available	5 000 ha of farmlands developed	792.5 ha of farmlands developed	(ii) Ouémé Valley Agricultural Infrastructure Support Project (Phase 1)
	Business climate that is not conducive to the	50% increase in the production of meat and milk	20 rural markets, 6 product consolidation	Increase in the number of jobs created in the	6 765 (from 343 in 2017 to 7 108 in 2018)	200 km of rural roads rehabilitated	211 km of rural roads rehabilitated	(iii) Project to Support Food Production and

Country's Development Objectives	Hindrances to Achieving the Country's Development Objectives	Final Outcomes (end of the CSP Period in 2021)	Final Outputs (end of the CSP Period in 2021)	Mid-Term Outcomes (end-2019)	Outcomes Achieved (end-June 2019)	Mid-Term Outputs (end-2019)	Outputs Achieved (end-June 2019)	Bank Operations - Ongoing Operations / New Operations to be Implemented during the 2017-2019 Period
	development of private agribusiness (land access problems, administrative bottlenecks, inadequate funding, skill gaps, etc.)	between 2015 and 2021	centres and 50 warehouses built	private sector (percentage of jobs for youths and women to be specified).	direct and indirect jobs created in the private agricultural sector.			Build Resilience in Alibori, Borgou and Collines Departments (PAPVIRE-ABC)
		70% increase in table egg production	7 agro-pastoral dams rehabilitated.			10 rural markets, 6 product consolidation centres and 40 warehouses built	77 stores, 9 markets, 7 cattle markets, 8 water reservoirs and 6 consolidation centres built	(iv) Communal Forests Management Support Project - Phase II
		30% increase in cashew nut yields	Areas developed using new technologies for M/W (18 000/12 00 ha)	Increase in the rate of private investment in agribusiness	2 major companies (Blue Skies and OLAM) being set up	300 ha of land developed for women's market gardening activities	50 ha of land developed for women's market gardening activities.	(v) Regional ATI Country Membership Programme
		Local cashew nut processing rate increased by 5% to 50% in 2021	Genetic Improvement Centre rehabilitated and animals with improved genetic potential provided to stockbreeders	Increase in the share of agricultural financing in credits	9% in 2017 to 9.28% in 2019	30 processing units installed	10 processing units, 4 mini dairies built and 1 rehabilitated and equipped	

Country's Development Objectives	Hindrances to Achieving the Country's Development Objectives	Final Outcomes (end of the CSP Period in 2021)	Final Outputs (end of the CSP Period in 2021)	Mid-Term Outcomes (end-2019)	Outcomes Achieved (end-June 2019)	Mid-Term Outputs (end-2019)	Outputs Achieved (end-June 2019)	Bank Operations - Ongoing Operations / New Operations to be Implemented during the 2017-2019 Period
		Increased employment in the private sector (percentage for young people and women to be specified)	Slaughtering, processing and marketing infrastructure rehabilitated put in place (Parakou and Porto-Novo slaughterhouses, slaughter slabs, mini dairies and cattle markets)	Reduction in the annual deforestation rate in the country (ha/year)	Not available	Preparatory study available on a Project to Support the Development of the Milk and Meat Sub-Sectors and the Promotion of Livestock Businesses	Study validated and Project to Support the Development of the Milk and Meat Sub-Sectors and the Promotion of Livestock Businesses to be launched in 2019	(i) Project to Support the Development of the Milk and Meat Sub-Sectors and the Promotion of Livestock Businesses
		Increased rate of private investment in agribusiness	Production, processing and marketing infrastructures put in place	Reduction in the percentage of illegal occupation of classified forests	Not available	Preparatory study finalised on a project to support agricultural transformation based on the development of value chains and youth entrepreneurship in the agricultural sector	Study validated resulting in the Cashew Nut Subsector Development and Entrepreneurship Project	(ii) Project to Support Agricultural Transformation Based on the Development of Value Chains and Youth Entrepreneurship in the Agricultural Sector: Cashew Nut Subsector
		Increased share of agricultural financing in credits	10 000 jobs created, 30% of them for women	Development of green economy value chains	16% increase in the export value of cashew nuts	3 500 direct jobs created in the agricultural sector, of which 1 200 for women	1 903 direct jobs created in the agricultural sector	



Country's Development Objectives	Hindrances to Achieving the Country's Development Objectives	Final Outcomes (end of the CSP Period in 2021)	Final Outputs (end of the CSP Period in 2021)	Mid-Term Outcomes (end-2019)	Outcomes Achieved (end-June 2019)	Mid-Term Outputs (end-2019)	Outputs Achieved (end-June 2019)	Bank Operations - Ongoing Operations / New Operations to be Implemented during the 2017-2019 Period
		Reduced annual deforestation rate in the country (ha/year)	4 business incubation centres with a signed partnership			2 500 young agricultural entrepreneurs supported/ settled, 630 of them women	384 young agricultural entrepreneurs supported and settled	
		Reduced percentage of illegal occupation of classified forests from more than 35% to less than 15%	180 bankable projects developed in the area of agricultural enterprises, 80 of them for women			20 certified rural land plans (RLPs)	89 RLPs (74 085 ha for 2 561 households in Atakora)	
		Development of green economy value chains	500 young entrepreneurs trained in incubation centres, 20% of them women			Cumulative volume of private sector investment in the sector (threefold, compared with the 2014 baseline value: FCFA 113 billion)	Not available	
			35 certified rural land plans			5 insurance products/services developed agricultural holdings : 10	9 Insurance products developed by Assurance Mutuelle Agricole du Bénin (AMAB)	

Country's Development Objectives	Hindrances to Achieving the Country's Development Objectives	Final Outcomes (end of the CSP Period in 2021)	Final Outputs (end of the CSP Period in 2021)	Mid-Term Outcomes (end-2019)	Outcomes Achieved (end-June 2019)	Mid-Term Outputs (end-2019)	Outputs Achieved (end-June 2019)	Bank Operations - Ongoing Operations / New Operations to be Implemented during the 2017-2019 Period
			Cumulative volume of private sector investment in the sector (threefold, compared with the 2014 baseline value: FCFA 113 billion)			6 000 ha of forest plantations planted	620 ha of plantations planted	
			10 insurance products/services developed agricultural holdings: 10			100 000 ha of classified forests enriched	50 000 ha of forests enriched	
			20 000 hectares of private plantations opened spontaneously			4 CVA shea butter clusters for women supported	4 CVA shea butter clusters for women supported	
			3 value chains of non-timber forest products (NTFPs) organised			50 participatory development (PAPS) implemented	54 PAPs implemented	
			Forest fire early warning system established					
			80 participatory development plans (PAPS) implemented					

Country's Development Objectives	Hindrances to Achieving the Country's Development Objectives	Final Outcomes (end of the CSP Period in 2021)	Final Outputs (end of the CSP Period in 2021)	Mid-Term Outcomes (end-2019)	Outcomes Achieved (end-June 2019)	Mid-Term Outputs (end-2019)	Outputs Achieved (end-June 2019)	Bank Operations - Ongoing Operations / New Operations to be Implemented during the 2017-2019 Period
<b>Pillar 2: Regional integration and competitiveness support infrastructure</b>								
<b>Establish an efficient transport infrastructure network</b>								
Establishment of an efficient integrated transport infrastructure system	Shortage and poor state of transport infrastructure hindering the free movement of people, as well as domestic and foreign trade	Reduced transport costs and increased road traffic in the cotton area	210 km of roads on the Djougou-Banikoara section and 169 km of roads on the Bérubouay-Malanville section rehabilitated	Increased traffic on the national and inter-regional transport network (+ 20% between 2015 and 2018 on the Cotonou-Lomé road link)	Increased traffic on the national and inter-regional transport network (+ 96% between 2013 and 2018 on the Cotonou-Lomé road link)	77.5 km of paved road rehabilitated on the Lomé-Cotonou link	18.75 km of dual carriageway roads rebuilt between Pahou and Ouidah and 58.75 km of roads rehabilitated between Ouidah and Hillacondji	<u>Ongoing projects:</u>
	Difficulty in accessing production areas, markets, and basic social services in rural areas.	15% increase in income, including for women, in Djougou-Banikoara - the main cotton area	200 km of rural roads built using the labour-intensive method	10% increase over 2015 in the volume of trade between Niger, Nigeria and Burkina Faso with the Cotonou Port	9.37% increase over 2015 in the volume of trade between Niger, Nigeria and Burkina Faso with the Cotonou Port	17.5 km of structuring roads rebuilt in Parakou	16.8 km of structuring roads constructed in Parakou	(i) Lomé-Cotonou Road Rehabilitation Project
	High transport costs	Increased trade between Benin and the sub-region (Niger, Nigeria and Burkina Faso)	Infrastructure and socioeconomic facilities set up (health centres, social promotion centres, boreholes, reservoirs for	5% increase in income in Parakou	Ongoing project (data not yet available)	5 km of paved roads	Ongoing project (data not yet available)	(ii) Parakou Urban Transport Project

Country's Development Objectives	Hindrances to Achieving the Country's Development Objectives	Final Outcomes (end of the CSP Period in 2021)	Final Outputs (end of the CSP Period in 2021)	Mid-Term Outcomes (end-2019)	Outcomes Achieved (end-June 2019)	Mid-Term Outputs (end-2019)	Outputs Achieved (end-June 2019)	Bank Operations - Ongoing Operations / New Operations to be Implemented during the 2017-2019 Period
			market gardening, agricultural processing units, storage sheds, etc.)					
			4 multipurpose platforms for women set up			11 separate social or market infrastructure (markets, social advancement centres, bus stations, etc.) rehabilitated	Ongoing project (data not yet available)	(iii) Lomé-Cotonou Road Rehabilitation Phase 2 and Coastal Protection Project
			About 1 500 direct jobs created, of which at least 30% for women available			Proportion of women working in the three markets of Parakou increased from 70% to 75%	Ongoing project (data not yet available)	(iv) Study on the Multinational Abidjan-Lagos Corridor Highway Development Project (covering Côte d'Ivoire, Ghana, Togo, Benin and Nigeria)
			Study on the Multinational Abidjan-Lagos Corridor Highway Development Project (Côte		Studies launched in April 2019 on the Benin section with a reconnaissance	Urban management tools made available to the Parakou Town Hall	Ongoing project (data not yet available)	<b><u>New Projects (indicative):</u></b>

Country's Development Objectives	Hindrances to Achieving the Country's Development Objectives	Final Outcomes (end of the CSP Period in 2021)	Final Outputs (end of the CSP Period in 2021)	Mid-Term Outcomes (end-2019)	Outcomes Achieved (end-June 2019)	Mid-Term Outputs (end-2019)	Outputs Achieved (end-June 2019)	Bank Operations - Ongoing Operations / New Operations to be Implemented during the 2017-2019 Period
			d'Ivoire, Ghana, Togo, Benin and Nigeria)		e visit to the road alignment			
						About 500 direct jobs created	623 direct jobs created	(i) Cotton Area Road Project: for Djougou-Pehunco-Kérou-Banikoara
						Technical and economic feasibility study carried out under the Project to strengthen the climate resilience of infrastructure in coastal areas.	Protocol Agreement being prepared	(ii) Construction of the Beroubouay-Malanville Road
<b>Improve access to electricity</b>								
Delivery of quality power services, sufficient quantities	Inadequate supply of power	Increased power generation capacity for Benin (500 MW in 2021)	13 400-kVA substations and 53 pole-mounted substations installed	Increased power generation capacity for Benin (300 MW in 2019)	The power generation capacity in Benin was 338 MW in 2018	330 kV power transmission line installed	The 330 kV Dawa-Davié power transmission line and the Davié substation built and commissioned	<b>Ongoing Project:</b> (i) Ghana-Togo-Benin Power Interconnection Project
	Ageing power distribution infrastructure	Increased electricity access rate (45% in 2021)	10 000 connections made	Improved distribution and interconnection network	Work has not yet begun; the recruitment of contractors is ongoing.	Akpakpa and Gbégamey substations strengthened	Construction work is still to begin, detailed studies are due to start in June 2019	Project to Restructure and Strengthen the SBEE Distribution

Country's Development Objectives	Hindrances to Achieving the Country's Development Objectives	Final Outcomes (end of the CSP Period in 2021)	Final Outputs (end of the CSP Period in 2021)	Mid-Term Outcomes (end-2019)	Outcomes Achieved (end-June 2019)	Mid-Term Outputs (end-2019)	Outputs Achieved (end-June 2019)	Bank Operations - Ongoing Operations / New Operations to be Implemented during the 2017-2019 Period
								System (PRESREDI)
	Poor governance of the sector	Improved distribution and interconnection network	Solar energy generation and distribution structures put in place	Improved regulation of the sector and capacities	The sector's capacities (SBEE and ARE) built through training	Lokossa-Hagomey line built	Construction is still to begin; the recruitment of contractors is ongoing.	Energy Sector Budget Support Programme in Benin (PASEBE)
		Increased number of electrified rural areas and greater use of clean cooking solutions by women				Eight 630-kVA substations, fifteen 400 kVA substations and sixty pole-mounted substations installed	Construction is still to begin; the recruitment of contractors is ongoing.	Project to Restructure and Strengthen the SBEE Apportionment and Distribution System (PRESREDI)
						Levy to finance the operation of the sector's Regulatory Authority introduced	Decree relating to the method of determining the basis of assessment and the procedure for collecting the levy adopted on 29 May 2019	Energy Sector Budget Support Programme in Benin (PASEBE)  Benin – Economic Competitiveness Support Programme (PACEB)
						Strengthened capacities for negotiating and signing energy purchase contracts	Training organised in March 2019 for SBEE and CAA officials, etc.	Support under the Scaling Up Renewable Energy Programme in Low Income Countries (SREP)

Country's Development Objectives	Hindrances to Achieving the Country's Development Objectives	Final Outcomes (end of the CSP Period in 2021)	Final Outputs (end of the CSP Period in 2021)	Mid-Term Outcomes (end-2019)	Outcomes Achieved (end-June 2019)	Mid-Term Outputs (end-2019)	Outputs Achieved (end-June 2019)	Bank Operations - Ongoing Operations / New Operations to be Implemented during the 2017-2019 Period
						Renewable energy investment programme adopted and implemented	Technical assistance in progress for the setting up of a special renewable energy implementation and promotion unit at the Ministry of Energy responsible for designing a renewable energy investment programme	

**Annex 8: Revised 2017-2021 CSP Results-based Logical Framework Monitoring Matrix**

Country's Development Objectives	Obstacles to Achieving the Country's Development Objectives	Initial Outcomes (End of the CSP Period in 2021)	Revised Outcomes (End of the CSP Period in 2021)	Initial Final Outputs (End of the CSP Period in 2021)	Revised Final Outputs (End of CSP Period in 2021)	Bank Operations - Ongoing Operations / New Operations to be Implemented during the 2017-2019 Period
<b>Pillar 1: Develop agricultural and agro-industrial value chains</b>						
Sustainable development of agriculture, livestock and fisheries  Development of agricultural chains	Inadequate development of natural resources (water, soils and forests)	Increased average productivity of cereal crops (kg/ha) (from 1 500 kg/ha in 2015 to 4 500 kg/ha in 2020)	Increased average productivity of cereal crops (kg/ha) (from 1 500 kg/ha in 2015 to 3 500 kg/ha in 2021)	2 000 ha of irrigated land with full water control developed and farmed	2 000 ha of irrigated land with full water control developed and farmed	<b><u>Ongoing projects:</u></b>  (i) Milk and Meat Subsector Support Project (PAFILAV)  (ii) Ouémé Valley Agricultural Infrastructure Support Project (Phase 1)  (iii) Project to Support Food Production and Build Resilience in Alibori, Borgou and Collines Divisions (PAPVIRE-ABC)  (iv) Communal Forests Management Support Project (PAGEFCOM) - Phase II  (v) Regional ATI Country Membership Programme  (vi) Cashew Nut Sector and Agricultural Entrepreneurship Development Support Project (PADEFA-ENA)
	Reliance on rainfall	Reduction of the proportion of Benin's population having less than the minimum caloric intake (from 30% in 2016 to 20% in 2021)	Reduction of the proportion of food-insecure population of Benin (from 9.6% in 2017 to 7% in 2021)	6 000 ha of lowlands developed and farmed	3 500 ha of lowlands developed and cultivated	
	Inadequate modernisation of agricultural production resources (inputs, seeds, mechanisation, etc.)			400 km of rural roads rehabilitated	400 km of rural roads rehabilitated	
	Business climate that is not conducive to the development of private agribusiness (land access problems, administrative bottleneck, inadequate funding, skill gaps, etc.)	100% increase in income of food producers in Alibori, Borgou and Collines Divisions  50% increase in the production of meat and milk between 2015 and 2021	50% increase in the average production of meat and milk between 2015 and 2021	20 rural markets, 6 product consolidation centres and 50 warehouses built  7 agro-pastoral dams rehabilitated	20 rural markets, 6 product consolidation centres and 50 warehouses built	



Country's Development Objectives	Obstacles to Achieving the Country's Development Objectives	Initial Outcomes (End of the CSP Period in 2021)	Revised Outcomes (End of the CSP Period in 2021)	Initial Final Outputs (End of the CSP Period in 2021)	Revised Final Outputs (End of CSP Period in 2021)	Bank Operations - Ongoing Operations / New Operations to be Implemented during the 2017-2019 Period
		70% increase in table egg production	50% increase in table egg production			<p>New Projects (tentative):</p> <p>(i) Project to Support the Development of Milk and Meat Sub-sectors and the Promotion of Livestock Businesses</p> <p>(ii) Project to Support the Development of Fisheries and Continental Aquaculture</p>
		30% increase in cashew nut yields	30% increase in cashew nut yields	Areas developed using new technologies for M/W (18 000/12 000 ha)	Areas of cashew trees developed (15 000 ha)	
		Local cashew nut processing rate increased from 5% to 50% in 2021	Local cashew nut processing rate increased from 5% in 2017 to 20% in 2021	Genetic Improvement Centre rehabilitated and animals with improved genetic potential provided to stockbreeders	Genetic Improvement Centre rehabilitated and animals with improved genetic potential provided to stockbreeders	
		Increased employment in the private sector (percentage for young people and women to be specified)	Increased employment in the private sector (percentage for young people and women to be specified)	Slaughtering, processing and marketing infrastructure rehabilitated put in place (Parakou and Porto-Novo slaughterhouses, slaughter slabs, mini dairies and cattle markets)	Slaughtering, processing and marketing infrastructure rehabilitated put in place (Parakou and Porto-Novo slaughterhouses, slaughter slabs, mini dairies and cattle markets)	
		Increased rate of private investment in agribusiness	Increased rate of private investment in agribusiness	Production, processing and marketing infrastructures put in place		
		Increased share of agricultural financing in credits	Increased share of agricultural financing in budget outlays	10 000 jobs created, 30% of them for women	10 000 jobs created, 30% of them for women	
				4 business incubation centres with a signed partnership	4 business incubation centres with a signed partnership	
		Reduced annual deforestation rate in the country (ha/year)  Reduced percentage of illegal occupation		180 bankable projects developed in the area of agricultural enterprises, 80 of them for women		

Country's Development Objectives	Obstacles to Achieving the Country's Development Objectives	Initial Outcomes (End of the CSP Period in 2021)	Revised Outcomes (End of the CSP Period in 2021)	Initial Final Outputs (End of the CSP Period in 2021)	Revised Final Outputs (End of CSP Period in 2021)	Bank Operations - Ongoing Operations / New Operations to be Implemented during the 2017-2019 Period
		of classified forests from more than 35% to less than 15%				
		Development of green economy value chains	Development of green economy value chains		500 young entrepreneurs trained in incubation centres, 20% of them women	
					35 certified rural land plans	
					Cumulative volume of private sector investment in the sector (threefold, compared with the 2014 baseline value: FCFA 113 billion)	
					10 insurance products/services developed agricultural holdings : 10	
				20 000 hectares of private plantations opened spontaneously	10 000 hectares of private plantations created spontaneously	
				3 value chains of non-timber forest products (NTFPs) organised	3 value chains of non-timber forest products (NTFPs) organised	
				Forest fire early warning system established	Forest fire early warning system established	
				80 participatory development plans (PAPS) implemented	80 participatory development plans (PAPS) implemented	

Country's Development Objectives	Obstacles to Achieving the Country's Development Objectives	Initial Outcomes (End of the CSP Period in 2021)	Revised Outcomes (End of the CSP Period in 2021)	Initial Final Outputs (End of the CSP Period in 2021)	Revised Final Outputs (End of CSP Period in 2021)	Bank Operations - Ongoing Operations / New Operations to be Implemented during the 2017-2019 Period
<b>Pillar 2: Regional integration and competitiveness support infrastructure</b>						
<b>Establishment of an efficient transport infrastructure network</b>						
Establishment of an efficient integrated transport infrastructure system	Shortage and poor state of transport infrastructure hindering the free movement of people, as well as domestic and foreign trade	Reduced transport costs and increased road traffic in the cotton area	Reduced transport costs and increased road traffic in the cotton area	210 km of roads on the Djougou-Banikoara section and 169 km of roads on the Bérébouay-Malanville section rehabilitated	210 km of roads on the Djougou-Banikoara section rehabilitated	Ongoing projects: (i) Lomé-Cotonou Road Rehabilitation Project (ii) Parakou Urban Transport Project
	Difficulty in accessing production areas, markets, and basic social services in rural areas.	15% increase in income, including for women, in Djougou-Banikoara - the main cotton area	15% increase in income, including for women, in Djougou-Banikoara - the main cotton area	200 km of rural roads built using the labour-intensive method	200 km of rural roads built using the labour-intensive method	(iii) Lomé-Cotonou Road Rehabilitation Phase 2 and Coastal Protection Project (iv) Study on the Multinational Abidjan-Lagos Corridor Highway Development Project (covering Côte d'Ivoire, Ghana, Togo, Benin and Nigeria)
	High transport costs	Increased trade between Benin and the sub-region (Niger, Nigeria and Burkina Faso)	Increased trade between Benin and the sub-region (Niger, Nigeria and Burkina Faso)	Infrastructure and socioeconomic facilities set up (health centres, social promotion centres, boreholes, reservoirs for market gardening, agricultural processing units, storage sheds, etc.)	Infrastructure and socioeconomic facilities set up (health centres, social promotion centres, boreholes, reservoirs for market gardening, agricultural processing units, storage sheds, etc.)	(v) Djougou-Pehunco-Kérou-Banikoara Cotton Road Project
				4 multipurpose platforms for women set up	4 multipurpose platforms for women set up	<b><u>New Projects (tentative)</u></b>
				About 1 500 direct jobs created, of which at least 30% for women available	About 1 500 direct jobs created, of which at least 30% for women available	(i) Pénésoulou-Alédjo-Séméré Road Development and Asphalt Project (49.3 km)
				Study on the Multinational Abidjan-Lagos Corridor Highway Development	Study on the Multinational Abidjan-Lagos Corridor Highway Development	(ii) Porto-Novo-Akpro Missérété Road Reconstruction and Pobè-

Country's Development Objectives	Obstacles to Achieving the Country's Development Objectives	Initial Outcomes (End of the CSP Period in 2021)	Revised Outcomes (End of the CSP Period in 2021)	Initial Final Outputs (End of the CSP Period in 2021)	Revised Final Outputs (End of CSP Period in 2021)	Bank Operations - Ongoing Operations / New Operations to be Implemented during the 2017-2019 Period
				Project (Côte d'Ivoire, Ghana, Togo, Benin and Nigeria) available	Project (Côte d'Ivoire, Ghana, Togo, Benin and Nigeria) available	Adja Ouèrè Road Development and Asphalting Project
<b>Improve access to electricity</b>						
Delivery of quality power services, sufficient quantities	Inadequate power supply	Increased power generation capacity for Benin (500 MW in 2021)	Increased power generation capacity for Benin (500 MW in 2021)			<b>Ongoing projects:</b> (i) Ghana-Togo-Benin Power Interconnection Project (ii) Project to Restructure and Strengthen the SBEE Distribution System (PRESREDI) (iii) Energy Sector Budget Support Programme in Benin (PASEBE)
	Ageing electricity distribution infrastructure	Increased electricity access rate (45% in 2021)	Increased electricity access rate (45% in 2021)	Thirteen 400 kVA substations 53 pole-mounted substations installed  10 000 connections made	13 posts 400 kVA and 53 posts high poses posed  Akpakpa and Gbégamey substations strengthened  10 000 connections made	
	Poor governance of the sector	Improved distribution and interconnection network  Increased number of electrified rural areas and greater use of clean cooking solutions by women	Electricity Regulatory Authority (ARE) operational  SBEE's management improved	Solar energy generation and distribution structures put in place  Individual kits and mini-solar networks installed in about 100 localities	Levy to finance the operation of the sector Regulatory Authority introduced  SBEE-Government performance contract effective	
					Appointment of members of the Board of Directors of SBEE  Adoption of the regulatory framework for off-grid electrification	
						Support for Scaling-up Renewable Energy Program (SREP)

Country's Development Objectives	Obstacles to Achieving the Country's Development Objectives	Initial Outcomes (End of the CSP Period in 2021)	Revised Outcomes (End of the CSP Period in 2021)	Initial Final Outputs (End of the CSP Period in 2021)	Revised Final Outputs (End of CSP Period in 2021)	Bank Operations - Ongoing Operations / New Operations to be Implemented during the 2017-2019 Period
						<b><u>New projects (tentative):</u></b> (i) Rural electrification project  (ii) Project to support the construction of a 120 MW power plant at the Maria Gleta site

## **Annex 9: Benin – Blue Economy**

**Benin has a 121 kilometre-long coastline with a continental shelf extending over 3 100 square kilometres, lagoons and brackish lakes covering more than 130 000 hectares and an extensive river system (700 kilometres of watercourses).** The fisheries subsector comprises three main areas of activity, namely sea fishery, inland fishery and aquaculture. The sub-sector accounts for about 3.2% of GDP and 11.46% of the agricultural sector GDP. The annual fish production is about 40 000 tonnes, with inland fishery representing about 80% of the catch volume. Aquaculture production is about 1 700 tonnes. The fisheries subsector employs 15% of the total workforce and 25% of the agricultural sector workforce. Fishing generates nearly 600 000 direct and indirect jobs nationwide, about 40 000 of them for women most of whom carry out fish marketing and smoking in the inland fishery subsector. The annual fish consumption is about 13.6 kilogrammes per person. In 2014, the country's fish imports were valued at USD 141.5 million and exports at USD 0.9 million. Fish provides about 53% of total animal protein intake.

**Despite its socioeconomic importance, fishing continues to face numerous constraints that hinder its development.** These constraints are man-made and include the degradation of aquatic ecosystems, particularly through poor farming and social practices near water bodies (deforestation, use of pesticides, washing of clothes and dishes), pollution, the use of poor fishing methods, the over-exploitation of fish stocks, and environmental constraints (silting of the channel and lakes, colonisation of water bodies by water hyacinth and climate change). Prospects for the development of the fisheries subsector include the improvement of the fisheries management system and the development of aquaculture.

**In 2017, Benin adopted an Agricultural Sector Strategic Development Plan for 2017-2025 (PSDSA) and a National Agricultural Investment and Food and Nutrition Security Plan (2017-2021)** in which the fisheries sub-sector is one of the levers for reviving the agricultural sector to promote fisheries value chains and the development of aquaculture. The objectives of the development of the blue economy in Benin are consistent with two of the Bank's High 5s, namely "Feed Africa" by 2025 and "Improve the quality of life for the people of Africa".

They are particularly relevant to priority thrust areas such as: (i) developing agro-industrial zones; (ii) obtaining new private sector investments in the agricultural sector and fisheries subsector; (iii) developing high value-added chains for key commodities; and (iv) developing youth employment in the agricultural sector and fisheries subsector.

## **Annex 10: Portfolio Performance Survey Results**

As part of this mid-term review, the Bank carried out a survey on the performance of its portfolio in Benin. In this regard, an “Opinion Survey Questionnaire” was prepared and sent to Project Implementation Units. The purpose of this questionnaire was to obtain the opinion of project managers on a number of project implementation-related parameters (project quality at entry and compliance with conditions precedent, procurement, financial management, disbursement, monitoring and evaluation, implementation, performance of project staff and various actors involved in project management, including the Bank). The questionnaire responses helped to better understand the difficulties that project managers face in implementing the Bank's operations in Benin.

1. **Quality at entry and fulfilment of conditions precedent:** overall, the conditions precedent to effectiveness are met on time. Delays are due mainly to administrative procedures related to the signing of loan agreements, particularly obtaining authorisation by the National Assembly and the legal opinion of the Supreme Court. Concerning project quality at entry, respondents indicated that the following aspects were not adequately considered to help to initiate and implement projects as initially planned: (i) delays in recruiting the Coordinator and the Administrative and Financial Officer, and in deploying project implementation unit staff; (ii) the absence and/or poor quality of engineering studies; and (iii) the execution of numerous activities during project preparation, which impedes the conduct of procurement processes during project implementation. Lastly, respondents acknowledged that all projects are effectively aligned with Government and Bank strategies.

2. **Procurement:** as regards procurement, although projects have competencies, these need to be strengthened in some cases. Procurement performance remains mixed due to long delays. The concerns expressed mainly relate to: (i) the cumbersome procurement process; (ii) the cumbersome contract approval process, which comprises at least a dozen stages from the preparation of the draft contract to registration in the State Property database; and (iii) delays in processing requests for no-objection opinion by the Bank.

3. **Financial management and disbursements:** the financial management capacity of all, except two transport sector projects, is considered satisfactory, since the financial and accounting statements and audit reports are prepared within the prescribed timeframe. However, a number of weaknesses that affect project financial performance were identified. These include: (i) the absence of or delay, well after project start-up, in the putting the Administrative, Financial and Accounting Management Procedures Manual and the integrated project management software in place; (ii) delay in updating accounts; (iii) inadequate mobilisation and coordination of national entities involved in financial management, project preparation and evaluation; (iv) delays in implementing conditions precedent, resulting in delays in mobilising first disbursement resources and ensuring the effective start-up of project activities; (v) delays in processing requests submitted to AfDB for no-objection opinion, thus causing delays in implementing activities/tasks; (vi) delays and cumbersome procurement formalities resulting in the non-disbursement of resources and the non-implementation of activities, hence a low project disbursement rate; (vii) delays in mobilising counterpart resources and regularising expenditure, leading to the frequent closure of SIGFIP and the downward revision of the amount of counterpart resources allocated to projects during the year; (viii) delays in the reservation of appropriations due to the reform and implementation of the procurement procedure within the SIGFIP platform as it does not take into account contracts drawn up using the old procedure; (ix) absence of a project accounting and financial management software that can be used to automatically produce project financial statements;

(x) non-compliance with contractual commitments by service providers; (xi) cumbersome procurement processes; and (xii) lack of a financial management specialist in the PMU.

4. **Monitoring and evaluation:** it is necessary to strengthen monitoring and evaluation mechanisms in all projects to ensure regular data collection in order to better document the output and impact indicators specified in logical frameworks, and hence improve the presentation of the results and outcomes of project implementation in various progress reports.

5. **Staff performance:** project staff are recruited on a competitive basis and are bound by an annual performance contract including performance indicators related to the activities included in Annual Work Plan and Budget (ABWP). There is a need to ensure regular staff capacity building, particularly in project fiduciary aspects, monitoring and evaluation. The Bank has provided such training since 2018.

6. **Bank's performance:** the Bank's efficiency is deemed satisfactory with respect to the advisory support provided by the Country Office and the value added derived from its presence in Benin, which helps to provide close assistance to project implementation units. The Bank's performance is also considered satisfactory in terms of project supervision. Concerning the Bank's decision-making or feedback time, many projects indicate relatively long delays in issuing no-objection opinions/making decisions related to procurement dossiers, the disbursement of working capital, and the approval of financial audit reports and ABWPs. It is necessary for the Bank to reduce the time taken to provide feedback on the review of requests for and issuance of no-objection opinions to projects. Project staff also noted that: (i) the presence of the Country Office in Benin has contributed to improving project monitoring; (ii) the Country Office participates in portfolio performance review, thus promoting experience-sharing to improve the monitoring of the implementation of activities; (iii) supervision missions are very effective as they help to finalise some procurement dossiers and support the follow-up of files; (iv) dossiers are processed promptly; and (v) the existence of the Country Office should enable the Bank to assign Task Managers on a permanent basis to projects and give them more decision-making authority on the ground.

7. **Government's performance:** the clear and visible willingness of supervisory ministries to support project outcomes was underscored. Overall, the efficiency of the other State entities involved in project implementation monitoring (CAA and DGFD) is considered satisfactory. Quarterly portfolio monitoring reviews are carried out and the ensuing performance improvement action plans evaluated regularly. The CAA has also set up a Project Monitoring Department to ensure proper project implementation.



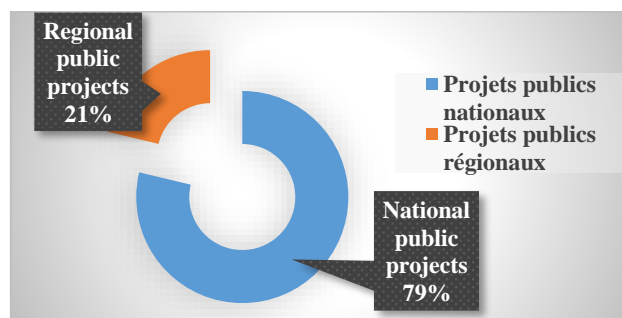
## **Annex 11: Portfolio Performance Improvement Note**

### **1. Background**

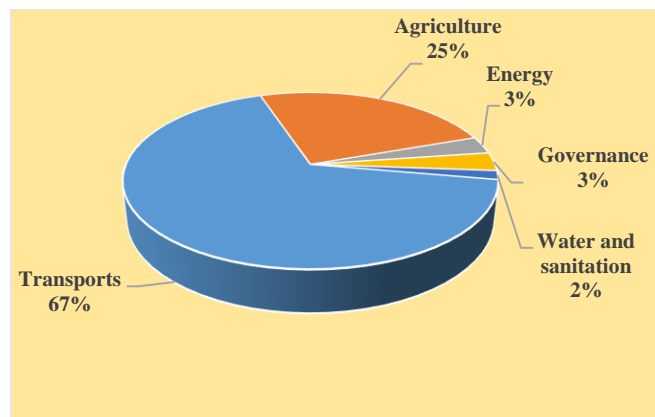
1.1 The purpose of this note is to provide basic information on portfolio performance at the end of the 2019 portfolio performance review. The note is intended for the stakeholders who participate in consultations on portfolio management.

1.2 Cooperation between the African Development Bank Group and the Republic of Benin dates back to 1972 with the financing of the irrigation project on the left bank of the Ouémé River with a UA 310 000 loan. Benin's active portfolio as of 31 July 2019 comprised 16 operations with a total commitment of UA 367.07 million, broken down as follows: 13 national public projects for UA 289.9 million and 3 regional public projects worth UA 77.17 million. The portfolio does not yet include a private project. The total portfolio allocation is broken down into the following two categories: 79% for national public operations and 21% for regional public operations. The allocation for national public operations is divided between the following sectors: transport (67%), agriculture (25%), energy (3%), water and sanitation (2%) and governance (3%). This dual distribution is presented in the two figures below.

**Figure 1: Overall Portfolio Distribution**



**Figure 2: Portfolio Breakdown by Sector**



### **2. Overall Portfolio Performance**

2.1 The portfolio performance was benchmarked against the 2016 period when the Combined CSP 2012-2016 Completion and 2016 Portfolio Performance Review Report were prepared and the latest Combined CSP 2017-2021 Mid-Term and Country Portfolio Performance Review carried out in June 2019. It is worth noting that Benin's country portfolio performance was also reviewed in September 2018. The portfolio performance score improved slightly from 2016 to June 2019, increasing from a score of 3.0 on a scale of 4 in 2016 to 3.1

on 30 June 2019. This score was calculated based on the assessment of five performance indicators, namely fulfilment of conditions precedent to project start-up, procurement, financial management, implementation of project activities and achievement of project objectives. The table below presents detailed information on the performance of operations during the implementation of the CSP at midterm. The scores are based on reviews carried out between 2016 and June 2019.

**Trends in Selected Key Performance Indicators between 2016 and June 2019**

Indicators	2016	2018	2019
Cumulative disbursement rate	30%	35.80%	31.01%
Average age (year)	3.5	3.6	2.92
Number of projects at risk (PARs)	1	0	0
Projects at risk (PARs) (%)	9%	0	0
Volume of commitments in XOF	105		294
Co-financing in XOF	-	-	27.67
Average effectiveness period in months	20	-	6
Average signature period of time	6	-	2
Average procurement processing time in days	-	11.3	10
Overall portfolio score on a scale of 1 to 4	3	3.1	3.1

2.2 The overall portfolio performance is deemed satisfactory with an aggregate score of 3.1 on a scale of 1 to 4 as follows: (i) the portfolio has no aged project; the average portfolio age is 2.93 years (2.64 years for national public projects and 4.36 years for regional public projects); (ii) the portfolio has no project at risk; (iii) the cumulative disbursement rate (national and regional public projects) is 31.01%, that is 17.15% for national public projects and 82.35% for regional public projects. The table below shows trends in selected performance indicators over the past four years.

2.3 The Bank and the Government have made significant progress in implementing the March 2005 Paris Declaration on Aid Effectiveness. This progress is summarised as follows:

- **Principle of ownership:** national authorities coordinate Bank operations during project design and implementation. Together with the Bank, the Autonomous Sinking Fund (CAA) of the Ministry of Economy and Finance regularly organises quarterly reviews of all Bank-funded project management units (PMUs) to examine project implementation status.
- **Principle of alignment:** the two 2017-2021 CSP pillars are consistent with the priority thrusts of the Government Action Programme (GAP) – Benin Revealed for the 2016-2021 period as well as the National Development Plan (PND 2018-2025) and its operationalisation document: the Growth for Sustainable Development Programme (PC2D 2018-2021).
- The assessment of Benin’s national procurement procedures by the Bank in 2011 recommended the use of national procedures for national bid invitations, subject to their alignment with Bank procedures or international standards.
- **Principle of harmonisation:** the Bank is working closely with Benin’s main technical and financial partners (World Bank, EU, AFD, JICA, BOAD, etc.) to better coordinate operations and ensure greater complementarity between TFPs.

The Country Office was established recently in 2017 and due to lack of staff, the Bank is yet to assume the role of leader of a sector dialogue framework, but participates in meetings and reviews.

- **Principle of results-based management:** the Bank's Country Office and national authorities are striving to improve the quality at entry of new projects. Investments should be devoted mainly to achieving development objectives that are clearly formulated in project logical frameworks accompanied by appropriate assessment indicators.
- **Principle of mutual accountability:** the Bank's Country Office and national authorities jointly conduct project and programme midterm reviews and evaluation, and draw appropriate lessons therefrom.

### **3. Project Management Performance**

3.1 Overall, the performance of the Government and project executing agencies in project management and aid coordination is rated as satisfactory, although there is a possibility and need for improvement. Government departments are increasingly involved in all phases of the operation cycle.

3.2 The Bank's performance in project management and aid coordination is considered satisfactory, although there is room for improvement. The Bank monitors ongoing projects periodically during supervision missions. It also maintains regular contact with PMUs in the form of informal reviews to identify potential difficulties in real time and contribute to resolving them. The Country Office also urges Task Managers and their Division Managers to regularly update supervision data in SAP in order to help to rate projects, thus assessing country portfolio performance. Furthermore, the Country Office conducts field missions to: (i) ascertain project physical implementation status and outcomes; (ii) visit project works and outputs; (iii) discuss with project beneficiaries; (iv) discuss problems and difficulties encountered on the ground; and (v) make recommendations and propose solutions to the difficulties encountered.

3.3 The Bank participates fully in the aid coordination mechanism in Benin, which includes: (i) a group of Heads of Diplomatic Missions chaired by the United Nations that meets every two months; (ii) a group of Cooperation Leaders that meets twice a month; and (iii) twelve thematic groups each headed by a TFP.

3.4 The performance of co-financiers is deemed satisfactory with the provision of a total of XOF 27.67 billion in June 2019. The key partners financing projects with the Bank are the World Bank, the European Union, the French Development Agency and the West African Development Bank.

### **4. Main Problems Facing Portfolio Implementation**

4.1 During the 2018 portfolio performance review, nine challenges were identified and a 2019 Portfolio Performance Improvement Plan (PPIP) was proposed and implemented. The challenges are: (i) persistent cumbersome procurement procedures; (ii) difficulties in mobilising counterpart funding; (iii) inadequate project monitoring and evaluation; (iv) difficulties in committing project resources; (v) absence of a specific coordination entity; (vi) poor internal audits; (vii) often long response periods of time; (viii) inadequate project monitoring and evaluation; and (ix) persistent procurement delays. The implementation of the six recommendations made to the Government is deemed satisfactory and the required

improvements in various actions are awaited. The three recommendations made to the Bank are being implemented. Consequently, the Portfolio Performance Improvement Plan was fully implemented by each of the parties. Based on the lessons learned, another plan for the June 2019 – June 2020 period was proposed and validated by stakeholders.

4.2 The main factors that hinder portfolio quality and performance are:

- Persistent cumbersome procurement procedures; and
- Malfunction of some project management units grappling with inadequate human and material resources, which hinder their full operationalisation.

4.3 The main difficulties identified at Government level are: (i) persistent cumbersome procurement procedures; (ii) difficulty in mobilising counterpart funds; (iii) difficulty in mobilising external resources; (iv) poor conduct of project financial audits; (v) difficulty in operationalising project implementation units; (vi) poor performance of the Multinational – Benin/Togo: Project to Rehabilitate the Lomé-Cotonou Road and Facilitate Transport on the Abidjan-Lagos Corridor; (vii) delays in disbursement of resources to the SBEE Sub-transmission and Distribution System Restructuring and Extension Project (PRESREDI); and (viii) poor accountability.

4.4 The main difficulties identified at Bank level are: (i) often long delays in issuing no-objection opinions; and (ii) inadequate project monitoring and evaluation.

## **5. Conclusion**

Overall, despite the main difficulties summarised in this note, Bank portfolio performance is considered satisfactory. To improve performance, the Country Portfolio Performance Improvement Plan (PPIP) for the June 2019 to June 2020 period was adopted and is being implemented by stakeholders. It will be evaluated upon completion.

## **Annex 12: Dialogue on Country Portfolio**

### **1. INTRODUCTION**

1.1 The purpose of this note is to summarise the findings of the Bank's consultations during the portfolio performance review conducted from 27 May to 6 June 2019. The consultations were held from 30 April to 10 May 2019 by the Bank, under the auspices of the Ministry of Planning and Development. Fruitful discussions were held with all parties involved in the combined mid-term review process of the Bank's Country Strategy 2017-2021 for Benin and the 2019 Country Portfolio Performance Review (CPPR). The discussions consisted of several working sessions with the representatives of all stakeholders, namely: the Bank, the Ministry of Planning and Development, the Ministry of Economy and Finance, sector ministries, project management units, private sector organisations, representatives of the diplomatic corps, civil society organisations and development partners. The consultations culminated with the holding of a technical workshop on Friday 31 May 2019 at Azalai Hotel in Cotonou. The workshop was chaired by Mr. Zakari TASSOU, Secretary General of the Ministry of State in charge of Planning and Development, in the presence of Mr. John ANDRIANARISATA, AfDB Country Manager in Benin.

1.2 Concerning the portfolio performance review, discussions focused on:

- **Project counterpart contribution:** it was noted that projects face the problem of mobilising counterpart resources (in particular PAPVIRE-ABC and PAIAVO). For example, since the beginning of PAIVO implementation in 2014, the project has received only XOF 400 million out of XOF 3 billion earmarked as counterpart funds. This situation has delayed the cultivation of developed areas that should have been financed with counterpart funding.
- **Commitment of external resources:** it was noted that there are lingering difficulties in programming and allocating project external resources in the General Directorate of Budget through the SIGFIP. However, the Beninese party has reassured that waivers are always possible with respect to external resources.
- **Institutional framework for monitoring project implementation:** project implementation is monitored by the General Directorate of Development Financing (DGFD) through annual portfolio performance reviews, and by the Autonomous Sinking Fund (CAA) through quarterly project monitoring reviews. This project monitoring mechanism was strengthened by the establishment of a new Project Monitoring Department at CAA.
- **Auditing:** project coordinators were reminded to ensure timely auditing, particularly the project closure audit. On this last point, the Ministry of State in charge of Planning and Development stressed the importance for project implementation units to provide resources for project closure audits, which the State is no longer willing to finance.
- **Procurement:** delays in procurement were also highlighted as a bottleneck delaying project implementation. The Beninese party cited the innovations in the new Public Procurement Code and the procurement reforms undertaken, namely: (i) the professionalisation of the Public Procurement Officer (PRMP) and the appointment of public procurement control delegates in all ministries; (ii) externally funded procurements that have undergone donor ex-ante control

will no longer be subject to control by the administration; (iii) the raising of the control thresholds; and (iv) the reduction of statutory procurement deadlines.

- **Project management unit:** dysfunctions were noted in some project management units with insufficient human resources. The Bank reiterated the need to strengthen project management units by providing them with the required staff to ensure that they are fully operational (e.g. AfDB road project implementation units, PRESREDI, etc.).
- **Multinational-Benin/Togo: Project to Rehabilitate the Lome-Cotonou Road and Facilitate Transport on the Abidjan-Lagos Corridor:** the project was fully implemented with regard to activities that were the responsibility of the Beninese party. Works on the Hillacondji juxtaposed check post, which fall under the responsibility of WAEMU, are still to be completed. The Beninese party wishes that this project be withdrawn from its portfolio to prevent it from having a negative impact on the overall country portfolio performance.
- At the end of discussions, the workshop made the following recommendations:
- ***Counterpart funding:*** make written communications to the Council of Ministers to enable some critical projects (PAIAVO, PAPVIRE-ABC, etc.) to have counterpart resources.
- ***External resources:*** strengthen coordination between sector ministries, project implementation units and the General Directorate of Budget during the programming and allocation of the external resources of the State to enable project implementation units to have sufficient resources to carry out their activities.
- ***Governance sector:*** the authorities expressed the wish that the Bank intervene in the governance sector through institutional support projects.
- ***Project financial audit:*** carry out audits within the required timeframes and ensure that project implementation units conduct project closing audits.
- ***Project implementation unit:*** make all project implementation units fully operational by providing them with the necessary human and material resources.
- **Multinational-Benin/Togo: Project to Rehabilitate the Lome-Cotonou Road and Facilitate Transport on the Abidjan-Lagos Corridor:** submit a request for this project to the Bank. Since the implementation of remaining activities is the responsibility of WAEMU, the project should be withdrawn from Benin's national portfolio.
- ***SBEE Sub-transmission and Distribution System Restructuring and Extension Project (PRESREDI):*** implement the action plan agreed with AfDB within the required timeframe to enable the first disbursement of loan resources latest September 2019, and inform the Minister of Energy of the implementation status of project activities.

- **Accountability:** strengthen accountability by establishing an institutional framework for citizen monitoring and oversight in AfDB's sectors of intervention by building on the experience acquired in the agricultural sector.

1.3 At the end of the country portfolio performance review, the Bank's portfolio in Benin comprised 15 operations for a total commitment of UA 363.03 million, broken down as follows: UA 285.85 million for 12 national public projects and UA 77.19 million for three (3) regional public projects. The portfolio does not yet have a private project.

## 2. OUTCOMES OF CONSULTATIONS

2.1 Consultations on the portfolio focused on the major problems affecting portfolio performance. In June 2019, the consultations led to the preparation of an action plan for the June 2019 to June 2020 period during the combined mid-term review of Country Strategy Paper 2017-2021 for Benin and the 2019 Country Portfolio Performance Review.

2.2 The June 2019 - June 2020 Portfolio Performance Improvement Plan (PPIP) addresses institutional issues related to the preparation of future projects. The recommendations made concern project quality at entry, the care to be given to the establishment of PIUs and their composition, and the payment of the counterpart contribution.

2.3 As part of this mid-term review, the Bank carried out a survey on the performance of its portfolio in Benin. In this regard, an "Opinion Survey Questionnaire" was prepared and sent to Project Implementation Units. The purpose of this questionnaire was to obtain the opinion of project managers on a number of project implementation-related parameters (project quality at entry and compliance with conditions precedent, procurement, financial management, disbursement, monitoring and evaluation, implementation, performance of project staff and various actors involved in project management, including the Bank). The questionnaire responses helped to better understand the difficulties faced by project managers in implementing Bank operations in Benin.

**A. Quality at entry and fulfilment of conditions precedent:** overall, the conditions precedent to effectiveness were fulfilled on time. Delays were due mainly to administrative procedures related to the signing of loan agreements, particularly obtaining authorisation by the National Assembly and the legal opinion of the Supreme Court. Concerning project quality at entry, respondents indicated that the following aspects were not adequately considered to help to initiate and implement projects as initially planned: (i) delays in recruiting the Coordinator and the Administrative and Financial Officer and deploying project implementation unit staff; (ii) the absence and/or poor quality of engineering studies; and (iii) the execution of numerous activities during project preparation, which impeded the conduct of procurement processes during project implementation. Lastly, respondents acknowledged that all projects are effectively aligned with Government and Bank strategies.

**B. Procurement:** as regards procurement, although projects have competencies, these need to be strengthened in some cases. Procurement performance remains mixed due to long delays. The concerns expressed mainly relate to: (i) the cumbersome procurement process; (ii) the cumbersome contract approval process, which comprises at least a dozen stages from the preparation of the draft contract to registration in the State Property database; and (iii) delays in processing requests for no-objection opinion by the Bank.

- C. Financial management and disbursements:** the financial management capacity of all, except two transport sector projects, is considered satisfactory since the financial and accounting statements and audit reports are prepared within the prescribed timeframe. However, a number of weaknesses that affect project financial performance were identified. These include: (i) the absence of or delay, well after project start-up, in the putting the Administrative, Financial and Accounting Management Procedures Manual and the integrated project management software in place; (ii) delay in updating accounts; (iii) inadequate mobilisation and coordination of national entities involved in financial management, project preparation and evaluation; (iv) delays in implementing conditions precedent, resulting in delays in mobilising first disbursement resources and ensuring the effective start-up of project activities; (v) delays in processing requests submitted to AfDB for no-objection opinion, thus causing delays in implementing activities/tasks; (vi) delays and cumbersome procurement formalities resulting in the non-disbursement of resources and the non-implementation of activities, hence a low project disbursement rate; (vii) delays in mobilising counterpart resources and regularising expenditure, leading to the frequent closure of SIGFIP and the downward revision of the amount of counterpart resources allocated to projects during the year; (viii) delays in the reservation of appropriations due to the reform and implementation of the procurement procedure within the SIGFIP platform as it does not take into account contracts drawn up using the old procedure; (ix) absence of a project accounting and financial management software that can be used to automatically produce project financial statements; (x) non-compliance with contractual commitments by service providers; (xi) cumbersome procurement processes; and (xii) lack of a financial management specialist in the PMU.
- D. Monitoring and evaluation:** it is necessary to strengthen monitoring and evaluation mechanisms in all projects to ensure regular data collection in order to better document the output and impact indicators specified in logical frameworks, and hence improve the presentation of the results and outcomes of project implementation in various progress reports.
- E. Staff performance:** project staff are recruited on a competitive basis and are bound by an annual performance contract including performance indicators related to the activities included in the Annual Work Plan and Budget (ABWP). There is a need to ensure regular staff capacity building, particularly in project fiduciary aspects, monitoring and evaluation. The Bank has provided such training since 2018.
- F. Bank performance:** the Bank's efficiency is deemed satisfactory with respect to the advisory support provided by the Country Office and the value-added derived from its presence in Benin, which helps to provide close assistance to project implementation units. The Bank's performance is also considered satisfactory in terms of project supervision. Concerning the Bank's decision-making or feedback time, many projects indicate relatively long delays in issuing no-objection opinions/making decisions related to procurement dossiers, the disbursement of working capital, and the approval of financial audit reports and ABWPs. It is necessary for the Bank to reduce the time taken to provide feedback on the review of requests for and issuance of no-objection opinions to projects. Project staff also noted that: (i) the presence of the Country Office in Benin has contributed to improving project monitoring; (ii) the Country Office participates in portfolio performance review, thus promoting experience-sharing to improve the monitoring of the implementation of activities; (iii) supervision missions are very effective as they help to finalise some procurement dossiers and support the



follow-up of files; (iv) dossiers are processed promptly; and (v) the existence of the Country Office should enable the Bank to assign Task Managers on a permanent basis to projects and give them more decision-making authority on the ground.

**G. Government's performance:** the clear and visible willingness of supervisory ministries to support project outcomes was underscored. Overall, the efficiency of the other State entities involved in project implementation monitoring (CAA and DGFD) is considered satisfactory. Quarterly portfolio monitoring reviews are carried out and the ensuing performance improvement action plans evaluated regularly. The CAA has also set up a Project Monitoring Department to ensure proper project implementation.

### **3. CONCLUSION**

The June 2019-June 2020 Portfolio Performance Improvement Plan (PIIP) will be jointly monitored by the Government and the Bank during quarterly portfolio reviews organised by the Autonomous Sinking Fund (CAA) of the Ministry of Economy and Finance and the Bank.

## Annex 13: Benin - Key Macroeconomic Indicators

### Benin Selected Macroeconomic Indicators

Indicators	Unit	2010	2014	2015	2016 <sup>✓</sup>	2017	2018 (e)	2019 (p)
<b>National Accounts</b>								
GNI at Current Prices	Million US \$	7,513	9,857	9,357	9,157	9,167	...	...
GNI per Capita	US\$	817	958	885	842	820	...	...
GDP at Current Prices	Million US \$	6,970	9,707	8,299	8,573	9,228	11,413	12,749
GDP at 2000 Constant prices	Million US \$	3,436	4,228	4,316	4,488	4,730	5,012	5,325
Real GDP Growth Rate	%	2.1	6.4	2.1	4.0	5.4	6.0	6.3
Real per Capita GDP Growth Rate	%	-0.7	3.4	-0.7	1.1	2.5	3.1	3.4
Gross Domestic Investment	% GDP	23.1	28.6	26.0	24.6	28.5	28.2	28.3
Public Investment	% GDP	6.4	5.3	7.7	5.9	6.8	6.6	6.3
Private Investment	% GDP	16.7	23.2	18.4	18.7	21.6	21.5	22.0
Gross National Savings	% GDP	14.9	20.0	16.6	15.2	19.0	20.7	19.7
<b>Prices and Money</b>								
Inflation (CPI)	%	4.0	-1.1	0.3	-0.8	0.1	1.6	1.9
Exchange Rate (Annual Average)	local currency/US\$	495.3	493.6	591.2	593.1	582.1	558.1	555.6
Monetary Growth (M2)	%	11.2	15.9	9.1	-0.3	5.2	...	...
Money and Quasi Money as % of GDP	%	55.4	64.2	68.4	65.8	65.5	...	...
<b>Government Finance</b>								
Total Revenue and Grants	% GDP	18.9	17.2	17.3	15.2	18.6	19.1	18.8
Total Expenditure and Net Lending	% GDP	20.3	19.1	25.3	21.4	24.5	23.8	21.4
Overall Deficit (-) / Surplus (+)	% GDP	-1.5	-1.9	-8.0	-6.2	-5.9	-4.7	-2.6
<b>External Sector</b>								
Exports Volume Growth (Goods)	%	-8.7	27.2	19.2	-1.4	45.7	49.6	35.9
Imports Volume Growth (Goods)	%	10.2	23.6	-13.4	4.9	28.8	26.0	15.2
Terms of Trade Growth	%	27.3	-2.3	-3.9	-2.1	-9.5	-8.2	-7.0
Current Account Balance	Million US \$	-530	-885	-745	-809	-1,034	-1,228	-932
Current Account Balance	% GDP	-7.6	-9.1	-9.0	-9.4	-11.2	-10.8	-7.3
External Reserves	months of imports	0.5	0.3	3.5	3.4	1.0	0.1	...
<b>Debt and Financial Flows</b>								
Debt Service	% exports	3.9	5.1	5.4	4.6	5.1	5.8	5.4
External Debt	% GDP	17.0	18.4	20.9	21.4	23.1	23.6	25.7
Net Total Financial Flows	Million US \$	689	670	386	487	748	...	...
Net Official Development Assistance	Million US \$	689	599	430	493	676	...	...
Net Foreign Direct Investment	Million US \$	177	405	229	161	...	...	...

Real GDP Growth Rate, 2007-2019

Inflation (CPI), 2007-2019

Current Account Balance as % of GDP, 2007-2019

Source : AfDB Statistics Department: African; IMF: World Economic Outlook, October 2018 and International Financial Statistics, October 2018;

AfDB Statistics Department: Development Data Portal Database, October 2018. United Nations: OECD, Reporting System Division.

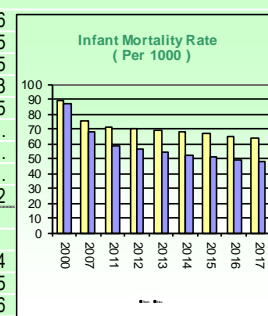
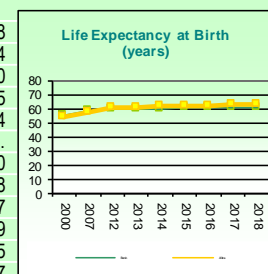
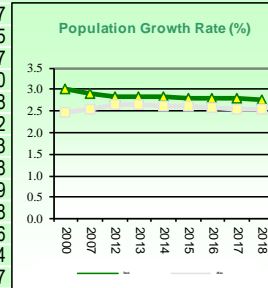
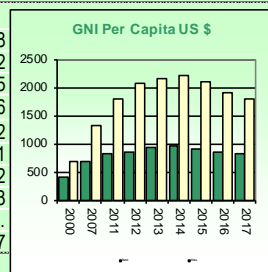
Notes: ... Data Not Available (e) Estimations (p) Projections

Last Update: March 2019

## Annex 14: Benin - Main Comparative Socioeconomic Indicators

### Benin COMPARATIVE SOCIO-ECONOMIC INDICATORS

	Year	Benin	Africa	Developing Countries	Developed Countries
<b>Basic Indicators</b>					
Area ('000 Km <sup>2</sup> )	2018	115	30,067	92,017	40,008
Total Population (millions)	2018	11.5	1,286.2	6,432.7	1,197.2
Urban Population (% of Total)	2018	47.3	42.5	50.4	81.5
Population Density (per Km <sup>2</sup> )	2018	104.3	43.8	71.9	31.6
GNI per Capita (US \$)	2017	800	1 767	4 456	40 142
Labor Force Participation * - Total (%)	2018	71.4	65.9	62.1	60.1
Labor Force Participation ** - Female (%)	2018	69.8	55.5	47.6	52.2
Sex Ratio (per 100 female)	2018	99.6	99.8	102.3	99.3
Human Develop. Index (Rank among 189 countries)	2017	163	...	...	...
Popul. Living Below \$ 1.90 a Day (% of Population)	2007-2017	49.6	...	11.9	0.7
<b>Demographic Indicators</b>					
Population Growth Rate - Total (%)	2018	2.8	2.5	1.2	0.5
Population Growth Rate - Urban (%)	2018	4.0	3.6	2.3	0.7
Population < 15 years (%)	2018	42.4	40.6	27.5	16.5
Population 15-24 years (%)	2018	19.8	19.2	16.3	11.7
Population ≥ 65 years (%)	2018	3.3	3.5	7.2	18.0
Dependency Ratio (%)	2018	79.3	79.2	53.2	52.8
Female Population 15-49 years (% of total population)	2018	23.6	24.1	25.4	22.2
Life Expectancy at Birth - Total (years)	2018	61.4	63.1	67.1	81.3
Life Expectancy at Birth - Female (years)	2018	63.0	64.9	69.2	83.8
Crude Birth Rate (per 1,000)	2018	36.2	33.4	26.4	10.9
Crude Death Rate (per 1,000)	2018	8.9	8.3	7.7	8.8
Infant Mortality Rate (per 1,000)	2017	63.5	47.7	32.0	4.6
Child Mortality Rate (per 1,000)	2017	98.3	68.6	42.8	5.4
Total Fertility Rate (per woman)	2018	4.8	4.4	3.5	1.7
Maternal Mortality Rate (per 100,000)	2015	405.0	444.1	237.0	10.0
Women Using Contraception (%)	2018	19.3	38.3	61.8	...
<b>Health &amp; Nutrition Indicators</b>					
Physicians (per 100,000 people)	2010-2016	15.3	33.6	117.8	300.8
Nurses and midwives (per 100,000 people)	2010-2016	59.8	123.3	232.6	868.4
Births attended by Trained Health Personnel (%)	2010-2017	77.2	61.7	78.3	99.0
Access to Safe Water (% of Population)	2015	77.9	71.6	89.4	99.5
Access to Sanitation (% of Population)	2015	19.7	39.4	61.5	99.4
Percent of Adults (aged 15-49) Living with HIV/AIDS	2017	1.0	3.4	1.1	...
Incidence of Tuberculosis (per 100,000)	2016	59.0	221.7	163.0	12.0
Child Immunization Against Tuberculosis (%)	2017	96.0	82.1	84.9	95.8
Child Immunization Against Measles (%)	2017	74.0	74.4	84.0	93.7
Underweight Children (% of children under 5 years)	2010-2016	18.0	17.5	15.0	0.9
Prevalence of stunting	2010-2016	34.0	34.0	24.6	2.5
Prevalence of undernourishment (% of pop.)	2016	10.4	18.5	12.4	2.7
Public Expenditure on Health (as % of GDP)	2014	2.3	2.6	3.0	7.7
<b>Education Indicators</b>					
Gross Enrolment Ratio (%)					
Primary School - Total	2010-2017	126.6	99.5	102.8	102.6
Primary School - Female	2010-2017	122.3	97.4	102.0	102.5
Secondary School - Total	2010-2017	59.0	51.9	59.5	108.5
Secondary School - Female	2010-2017	50.7	49.5	57.9	108.3
Primary School Female Teaching Staff (% of Total)	2010-2017	25.1	48.7	53.0	81.5
Adult literacy Rate - Total (%)	2010-2017	32.9	65.5	73.1	...
Adult literacy Rate - Male (%)	2010-2017	45.0	77.0	79.1	...
Adult literacy Rate - Female (%)	2010-2017	22.1	62.6	67.2	...
Percentage of GDP Spent on Education	2010-2015	4.4	4.9	4.1	5.2
<b>Environmental Indicators</b>					
Land Use (Arable Land as % of Total Land Area)	2016	23.9	8.0	11.3	10.4
Agricultural Land (as % of land area)	2016	33.3	38.2	37.8	36.5
Forest (As % of Land Area)	2016	37.8	22.0	32.6	27.6
Per Capita CO <sub>2</sub> Emissions (metric tons)	2014	0.6	1.1	3.5	11.0



Sources : AfDB Statistics Department Databases; World Bank: World Development Indicators;

last update :

February 2019

UNAIDS; UNSD; WHO, UNICEF, UNDP; Country Reports.

Note : n.a. : Not Applicable ; ... : Data Not Available. \* Labor force participation rate, total (% of total population ages 15+)

\*\* Labor force participation rate, female (% of female population ages 15+)

## **Annex 15: Benin - Summary of Country Fiduciary Risk Assessment (CFRA)**

### **1. INTRODUCTION**

In line with Bank directives, the mid-term review will assess progress towards achieving the CSP 2017-2021 targets, portfolio performance and the relevance of the Bank Group strategy. It will also draw useful lessons that will guide the implementation of the Bank's programme for Benin for the remaining CSP period.

The CFRA helped to determine whether the Bank can fully or partially rely on Benin's national public finance management systems to implement Bank-funded operations, and when and where weaknesses are identified, to indicate capacity building possibilities in line with the Bank's policies on reaching the goals of the Paris Declaration on Aid Effectiveness, the Accra Agenda for Action and the Busan Partnership for Effective Development Cooperation. This assessment (which was conducted from 27 to 31 May 2019) covered the main components of the Government of Benin's public finance management (PFM), namely budget planning and execution, cash flow management, accounting and reporting, internal control, procurement, external audit and governance.

The assessment was conducted using the national systems assessment methodology developed by the Bank in 2014. Therefore, the assessment was conducted based on the laws and regulations in force in the country, previous assessments and analytical reviews of the national public finance system (including the latest assessment of the public finance management system of Benin - PEFA 2014) and the conclusions of meetings with the main stakeholders involved in PFM in Benin, including the Ministry of Finance, during the mission fielded in May 2019. This helped to: (i) sufficiently understand the fiduciary risks associated with the use of the country's public finance management system; (ii) identify measures that the Bank and/or the country should consider to ensure the increased use of the PFM system through mitigation of potential risks identified; and (iii) incorporate a coherent fiduciary strategy into the CSP derived from previous analyses.

### **EXECUTIVE SUMMARY**

The Government continues to initiate reforms in public finance management (PFM) and maintains a positive PFM trajectory. The consolidation of reforms at all levels of Government will continue to help to strengthen quality service delivery while optimising the use of resources in implementing Government policies, improving the governance framework and strengthening the control environment. The reforms include: (i) the communication of budget information to local authorities after the vote and the enactment of the appropriation act for the year, and the introduction of the citizen budget; (ii) the introduction of e-payment of taxes as well as the increased use of the banking system for tax collection; (iii) the establishment in 2018 of an Economic Crimes Court and the adoption of a law on the fight against money laundering and terrorism financing; (iv) the establishment of a one-stop-shop for foreign trade (GUCE) with the geolocation of freighters; (v) the deployment of SIGTAS, the launching of e-services and e-invoicing machines to improve VAT collection and modernisation of the tax administration; and (vi) the reinforcement of control bodies, particularly the introduction of internal audit, of which the IGF is now the central body in charge of coordinating the various bodies for the entire administration. Ongoing reforms that need to be consolidated include: (a) the full operationalization of the Treasury single account while improving the quality of cash flow forecasts; (b) the update of the debt strategy; and (c) the operationalization of SIGFP in replacement of SIGFIP.

Moreover, given that the fiduciary risk continues to be mitigated by the effective implementation of the PGRGFP and the measures recommended for the 2019-2020 period, this risk remained substantial during the CSP mid-term review which made the following findings; (i) the high frequency of use of exceptional procedures for budget expenditure execution; (ii) weaknesses in cash flow planning; (iii) the absence of an effective mechanism for limiting expenditure commitments to available resources; (iv) the non-use of the cash flow forecasting plan for budget management; (v) the non-processing or partial processing of some budget operations in SIGFIP; (vi) the non-exhaustive nature of information in budget implementation reports; and (vii) the small number and low qualification of staff of the Audit Bench, and delays in the auditing of accounts that should be the subject of an action plan to make up for lost time. The reform of administrative control bodies will have an impact on the implementation of Bank-funded projects.

**Risk Assessment Summary Table - PFM**

<b>Risk Assessment Summary Table</b>					
<b>Item</b>	<b>Indicator</b>	<b>Capacity Building Average</b>	<b>Initial Risk Assessment</b>	<b>Mitigation Measures</b>	<b>Residual Risk Assessment (After Mitigation)</b>
• <b>Budget</b>	The capacity of the budget subsystem is sufficient for budget planning (preparation).	1.50	Substantial	Effective implementation of PAAGFP reforms over the 2018-2021 period	Moderate
	The capacity of the budget subsystem is sufficient for budgetary control.	0.50	High	Full implementation of the WAEMU Guidelines on appropriation acts	Substantial
<b>Cash flow</b>	The capacity of the cash flow subsystem is sufficient for the management of resource flows and disbursement of aid funds.	1	Substantial	Effective use of the cash flow forecast for budget management. Strengthening the role of the cash flow committee	Moderate
	The single treasury	1.50	Substantial		Moderate
	account is an appropriate and reliable means of administering aid funds.			Inclusion in the CUT of all the liquid assets of all ministries and public projects. Each financial year, set the ceilings on guarantees that could be granted	
Accounting and financial reporting	The capacity of the accounting subsystem is sufficient to record all transactions and serve as a basis for timely and comprehensive financial reporting.	1.50	Substantial	Organisation and incorporation of the data processing systems of the public expenditure chain. Systematic entering of payment data into the system.	Moderate

	Finance management information systems are sufficiently flexible to meet specific reporting requirements, and are governed by procedures that ensure compliance with set deadlines and the quality of information produced.	0	High	Link all ministries and regions through a computer network and deploy the integrated public finance management information system in the ministries and regions.	Moderate
	The financial accounting subsystem has an integrated fixed assets module for the proper recording and control of acquired assets.	0	High	Inventory and management of government assets in a fixed asset management module incorporated into the integrated public finance management information system. Capacity building of the integrated accounting system that produces government accounts	Moderate
	The accounting subsystem keeps up-to-date records of the country's loans.	0.5	High	Entering all data on government debt and guarantees (commitments and payment) into the system	Substantial
	Accounting systems are protected against deliberate manipulation of data and/or accidental loss or corruption of data.	0.25	High	Regular update of the security features of computer systems.	Substantial
<b>Internal audit</b>	The capacity of the internal audit subsystem is sufficient.	1.60	Moderate	Maintain the synergy of internal audit entities through the formation of mixed teams and the selection of risk-based targets.	Low
	Mechanisms for competitive bidding, optimal use of resources and control of procurement are appropriate.	1.70	Moderate	Definition of the concept of conflict of interest in manuals and dissemination of the manuals.	Moderate
	The capacity of the internal audit function is sufficient	2.00	Moderate	Provision of adequate human, material and financial resources to this function	Moderate

<b>External audit</b>	The ISC enjoys the level of “independence” required to effectively discharge its duties.	0.50	High	Establishment of an Audit Bench with a corps of financial magistrates and audit professionals  Promotion of the implementation of the eight principles of the ISSAI standard as part of reforms to ensure its independence	Moderate
	The ISC has the required capacity to discharge its audit duties.	0.50	High	Provision of adequate human, material and financial resources to entities	Substantial
<b>Overall Risk Assessment</b>			<b>Substantial</b>		<b>Moderate</b>
<b>Risk Assessment</b>					
Below 0.75	High risk				
Between 0.76 and 1.50	Substantial risk				
Between 1.51 and 2.50	Moderate Risk				
Between 2.51 and 3.00	Low risk				

## 2. DETAILED FIDUCIARY RISK ANALYSIS - PFM

The fiduciary risk assessment of the public finance management system is based on the risk assessment of each component of the system as follows:

### 2.1 Budget

Based on the information provided in the 2014 PEFA, it was noted that **budgetary discipline is affected by: (i) low budget credibility in respect of expenditures; (ii) the incomplete nature and inadequate transparency of the budget; (iii) the absence of prior approval of expenditure ceilings and the lack of linkage between investment decisions and medium-term current expenditure projections; (iv) the frequent use of exceptional execution procedures for budgetary expenditure; (v) inadequacies in cash flow planning; and (vi) the lack of an effective mechanism for matching expenditure commitments with available resources.** It is also weakened by delays in the production of full annual financial statements, in scrutinising same by the Audit Bench and the passing of the audited budget that does not promote the observance of budgetary discipline. To overcome the above weaknesses, **the mission noted the adoption of a number of measures under PGRGFP 2017-2020 to mitigate the fiduciary risk deemed substantial. The measures concern the following strategic thrusts: (i) building budget preparation capacity and organising the transition to programme-based budgeting; (ii) developing tax awareness and building budgetary resource mobilisation capacity; and (iii) building capacity for budget execution control.**

### 2.2 Cash flow

Regarding cash flow, the assessment of the PFM system using the 2014 PEFA methodology noted the following: (i) the cash flow forecast, prepared at the beginning of each budget year, is not updated during the year and is not used for budget management purposes; (ii) budget regulations lack rigorous predictability; (iii) the mechanisms for monitoring and managing cash, debts and guarantees have not been updated over the past decade; (iv) data on external and domestic debt have been comprehensive and reliable; (v) cash balances are generally consolidated monthly but some accounts still remain outside the process. These include the liquid assets of some ministries (justice sector, Ministry of Interior, and some public projects not included in the Treasury single account at the BCEAO or other financial institutions); and (vi) the absence of a ceiling on the guarantees that may be granted within a fiscal year does not allow for forecasting the budgetary implications of these contingent liabilities.

### 2.3 Accounting and reporting

The assessment of the public finance management system using the methodology of the last 2014 PEFA indicates that SIGFIP allows for monitoring the execution of the general State budget expenditure. The General Directorate of Budget produces **a quarterly report on the execution of the general State budget, which details: (i) for revenue, the forecasts and actual revenue, and (ii) for expenditures, the commitments, payment authorisations and securities admitted for payment. However, actual payments (actual disbursements and lawful unpaid claims) are not reported.** The following budgetary operations are not or are only partially processed in the system, which affects the completeness and accuracy of the data in reports on the execution of the general State budget. These include: (i) loan-financed operations that are at best taken into account in SIGFIP only at the commitment stage, payment authorisations and payments made outside the expenditure chain; (ii) grant-financed operations not fully reflected in the system; (iii) expenditures made through Treasury payment orders that are not always tracked ex-post in the system; (iv) disbursements made by payment order by the



General Directorate of Budget (DGB) and by entrustment decision that are considered in the system as definitive expenditure and whose amounts are not adjusted to their actual level owing to significant regularisation delays; (v) expenses paid without prior authorisation (salaries), whose full regularisation in SIGFIP only occurs at the end of the budget year; and (vi) data relating to payments that are not all entered in the system. Therefore, the information contained in budget execution reports is not comprehensive and reliable. However, between 2007 and 2014, there was an improvement in the timeframe for producing financial statements. To reduce the delay in the production of accounts, more staff have been recruited and the accounting software deployed nationwide to mitigate the substantial risk noted above.

## 2.4 Internal audit

The current internal audit system is based on Decree No. 2006-627 of 4 December 2006 reorganising the control and inspection units of public administration. Article 3 of the decree provides for two types of public administration control and inspection, namely control units with national jurisdiction and control units with sector jurisdiction. Control and inspection units with national jurisdiction are the General State Inspectorate (IGE), the General Inspectorate of Finance (IGF) and the General Inspectorate of Public Services and Employment (IGSEP). Control units with sector jurisdiction are the General Inspectorates of Ministries (IGM) and the General Inspectorates of Services (IGS) of financial departments. It should be noted that the reform of internal control units was also discussed. The innovations introduced by the reform include: (i) the setting up of the Ministerial Committee for Risk Control; (ii) the setting up of the Ministerial Internal Audit Committee; (iii) the creation of the corps of Ministry Inspectors; and (iv) the reorganisation of the General Inspectorate of Finance (IGF), which is now the central unit responsible for the operational coordination of the activities of internal audit entities of the State. **Moreover, the mission noted a major change in public finance management in Benin, which has an impact on the implementation of Bank-financed projects. It concerns the reform of administrative control bodies under the supervision of the General Inspectorate of Finance (IGF), which ensures the operational coordination of the activities of State internal audit entities and the monitoring of actions taken on the key recommendations of the audits conducted in the various ministries.** The reforms underway that need to be consolidated include: (i) placing sector ministers at the centre of the internal control system of ministries; (ii) specialising control bodies to optimise training while limiting the General Inspectorates of Ministries (IGM) to auditing the operational functions of ministries and to financial and organisational audits; (iii) sustainably addressing the lack of human resources in State internal audit units; and (iv) reducing the vulnerability of control institutions and increasing their contribution to service efficiency, thereby ensuring the progressive use of the national system with respect to the internal audit component of the finance management system.

## 2.5 External audit

The report on the assessment of the PFM system using the last 2014 PEFA in Benin shows that external audit is carried out by the Audit Bench of the Supreme Court and the National Assembly. The Audit Bench of the Supreme Court audits the accounts of national public accountants. It also audits the accounts submitted to it by the persons it has declared to be de facto accountants. Concerning financial discipline, it has jurisdiction to audit and punish management offences committed against the State, local authorities and bodies under its control. In addition, it audits the accounts and controls the management of public establishments, State corporations, semi-public corporations in which the State is a majority shareholder and any entity created by the State to solve an isolated or non-isolated problem of

general interest, irrespective of the source of the resources placed at the disposal of the body. **The National Assembly carries out ex-ante control during the passing of initial and remedial appropriation acts, and ex-post control during the passing of the budget review act.** It also carries out control through oral and written questions to the Government or through investigations by parliamentary control committees. It was noted that the external audit performance of the Audit Bench improved slightly compared with 2007, particularly with regard to its scope (at least 75% of central government entities were audited). The scope of the control carried out by the National Assembly during the review of the appropriation act has expanded and Members of Parliament have sufficient time to carry out controls, in accordance with the By-laws of the National Assembly. Compared with 2007, Parliament's control performance has improved. In contrast, the National Assembly has not been efficient regarding the review of reports on the execution of appropriation acts and the scrutiny and passing of the audited budget. Regarding **external audits, it is worth noting that improving the working environment of the Supreme Court's Audit Bench is a challenge for the Government.**

### **3. GOVERNANCE AND CORRUPTION**

Benin has improved its performance with respect to governance and the fight against corruption. The country's score increased from 39 out of 100 in 2017 to 40 out of 100 in 2018. However, its ranking has not changed. It occupies the 85<sup>th</sup> position out of 180 countries as in the last Transparency International ranking, with a Corruption Perceptions Index (CPI) of 4.0. In addition, as part of the fight against corruption and financial crime, the reforms implemented are: (i) the revision of the Penal Code in July 2018 and the creation of an Economic Crimes and Terrorism Court (CRIET), and (ii) the adoption of a law on the fight against money laundering and terrorism financing.

### **4. CONCLUSION OF THE FIDUCIARY RISK ASSESSMENT - PFM**

From the foregoing, it is clear that almost all the components of Benin's public finance management system are still plagued by major weaknesses and that improvements are required to strengthen fiscal credibility, budget implementation control, planning and management of State cash flow, production of accounts and reports, and internal and external auditing. **Based on available fiduciary assessments, the overall fiduciary risk remains substantial at CSP midterms.** However, due to the bright prospect of implementing reforms in the coming years, owing mainly to the Government's determination and the support of the technical and financial partners, **Benin's public finance management system is on a positive trajectory that should allow for the progressive use of national systems in the medium term.**

### **5. RISK MITIGATION MEASURES AND BANK FIDUCIARY STRATEGY - PFM**

#### **5.1 Risk mitigation measures**

To mitigate the fiduciary risk deemed significant, the following measures should be envisaged:

- Continued implementation of the action plan resulting from the latest diagnosis on the quality of the public finance management system in Benin, including self-assessment using the PEFA methodology;
- The full and complete operationalization of the Audit Bench of the Supreme Court (staffing and logistical resources to enable it to discharge its duties);

- Preparation of a national plan to fight corruption and financial crime. The force of law conferred on this plan would enhance its effectiveness;
- A dynamic partnership with TFPs to secure technical assistance for Government's implementation of the action plan to improve public finance management;
- Effective implementation of PAAGFP reforms over the 2018-2021 period and the full implementation of the WAEMU Guidelines on appropriation acts;
- Efficient use of cash flow forecasts for budget management and strengthening the role of the cash flow committee;
- Inclusion in the CUT of all the liquid assets of all ministries and public projects, and fixing the ceilings on guarantees that may be granted each financial year.

## 5.2 Bank fiduciary strategy

In compliance with the provisions of the Paris Declaration and the Accra Forum on Aid Effectiveness, the Bank's 2017-2021 fiduciary strategy in Benin will focus on supporting reforms to strengthen the public finance management system. **Therefore, the Bank will prioritise an approach that improves the level of use of the public finance management system.** Thus:

- Programme-based operations (general budget support, sector budget support or budget support in response to crises) will use the public finance management system, with objectives and conditionalities that help to boost the implementation of the fiduciary risk mitigation measures referred to above and the Public Finance Management Improvement Action Plan (PAAGFP);
- Public investment projects/programmes that generally use implementation and control procedures that are parallel to the public system will, after assessment, have to use those components of the national system that will make satisfactory progress in implementing reforms, notably the Public Finance Management Improvement Action Plan (PAAGFP).

The use of Benin's national system during the remaining period of the current CSP will take into account and work towards:

- Involving the Audit Bench in the audit of Bank-financed projects, either through its own services or through private audit firms that it will recruit in accordance with the terms of reference agreed with the Bank. This will ensure the use of the national system with regard to the external audit component of the finance management system. It is worth noting that the Audit Bench is and will continue to be responsible for auditing the Bank's budget support cash flows in Benin;
- Involving State control bodies under the supervision of the General Inspectorate of Finance (IGF), which ensures the operational coordination of the activities of State internal audit entities and the monitoring of actions taken on the key recommendations of the audits conducted in the various ministries. The reforms that are underway and need to be consolidated include: (i) placing sector ministers at the centre of the internal control system of ministries; (ii)

specialising control bodies to optimise training while limiting the General Inspectorates of Ministries (IGM) to auditing the operational functions of ministries and to financial and organisational audits; (iii) sustainably addressing the lack of human resources in State internal audit units; and (iv) reducing the vulnerability of control institutions and increasing their contribution to service efficiency, thereby ensuring the progressive use of the national system with respect to the internal audit component of the finance management system;

- Involving new players in programme budget management as defined by the organic law on the finance act (LOLF) of 27 September 2013, which introduced radical changes to the budgetary framework by going beyond the traditional logic of resources through the requirement of an explanation on the public policy objectives to which programme budgets contribute and the introduction of the objectives and results concepts. The operationalization of the software (SIGFP) to replace SIGFIP will improve public finance management by ensuring the traceability of financial data and its automatic and permanent availability. With a single database, this tool will be shared by all financial and accounting actors of the central and decentralised services of the State. This is an important reform that will be implemented during the remaining CSP period.

It should be noted that specific implementation arrangements will be adopted for each operation. Hence, in this process, the Bank may provide financial resources to the IGF to act as internal auditor. The same approach will be used for the involvement of the Audit Bench in the external audit of Bank-financed projects/programmes. The Bank's budget support strategy will remain the same and each operation will be assessed to define the operational methods of the fiduciary component.

## **6. ASSESSMENT OF THE COUNTRY PROCUREMENT SYSTEM**

### **6.1 Procurement risk assessment methodology**

The Bank-recommended methodology for assessing country procurement systems was used to assess the procurement fiduciary risk. It is based on OECD/DAC Methodology (MAPS) that the Bank modified and adapted to its operational context. The Bank's methodology (Customised MAPS) is based on a qualitative assessment of 20 sub-indicators (out of the 55 provided by the original tool) selected as critical (essential) from the Bank's point of view. These 20 sub-indicators are broken down into the four (4) Pillars of the MAPS methodology. The assessment was carried out based on information and data collected during discussions with the key actors of the national system. The assessment's main findings and conclusions **based on data available in May 2019** are presented below around the four (4) MAPS pillars. These elements helped to determine a procurement fiduciary risk level for each pillar and to deduce the overall country risk.

## *Detailed analysis of Benin's public procurement system following the MAPS*

### 6.2 Pillar I: Legal and Regulatory Framework

Public procurement in Benin is regulated by Law No. 2017-04 of 19 October 2017 on the Public Procurement Code ("CMP") in the Republic of Benin (2017 Law) and various implementing decrees<sup>4</sup> issued by the Council of Ministers on 13 June 2018. The CMP covers the works, supplies, services and intellectual services categories for all procurements made by the State, local and regional authorities, public establishments, other bodies, agencies or offices created by legal entities governed by public law (Sections 1 and 2 of the 2017 law), with the exception of procurements relating to arbitration and legal representation services, financial instrument-related financial services, labour contracts and, by derogation, the national movable property service, diplomatic missions and consular offices abroad. Similarly, the CMP does not apply to procurement of petroleum products, butane gas, essential and emergency drugs and products, transport documents and the following services: (a) accommodation and catering for participants at official summits and workshops; and (b) printed publications (Section 3 of the 2017 law). In addition, the CMP does not apply to contracts concerning defence and national security needs requiring secrecy and for which the protection of the essential interests of the State is incompatible with advertising measures. Such contracts are regulated by Decree No. 2018-233 of 13 June 2018 as provided for in the law (Section 9). The procedure for their award is the restricted national or international bid invitation without advertisement on authorisation by the DNCMP (Article 7 of Decree No. 2018-233). The Public Contracts Regulatory Authority (ARMP) has the jurisdiction to hear disputes related to these contracts (*Article 25 of Decree No 2018-233*). The CMP considers advertising as an important element of transparency provided for in its general principles. At the beginning of each fiscal year, contracting authorities are required to publish an indicative general procurement notice (*Section 24 of the 2017 law*). Furthermore, the contracting authorities also publish, through the DNCMP, their provisional annual procurement plan in order to advertise the works, supplies and services contracts to be awarded (*Section 23 of the 2017 law*). The code requires the publication of all contract opportunities (except price solicitations) under pain of nullity. Section 67 of the CMP, which specifies the publication media to be used, does not impose the public procurement portal (which is a specialized open access site) but makes it an option. On the other hand, the provisions of the Section make it compulsory to publish contract opportunities in the public service daily which is a paid general information newspaper. Such a provision, which does not require publication on a website (public procurement portal), is unfortunate because not all potential bidders may be reached.

The CMP provides for open bidding as the rule (*Section 31 of the 2017 law*). Exceptional procurement methods such as private contract, single tender, restricted call for tenders and two-stage call for tenders are subject to the prior opinion of the National Directorate of Public Contracts Control (DNCMP) (*Sections 31, 38, 42 and 51 of the 2017 law*). The conditions under

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<sup>4</sup> These include decrees relating to the following aspects: (i) responsibilities, organisation and functioning of ARMP (No. 2018-223); (ii) responsibilities, organisation and functioning of the DNCMP (No. 2018-224); (iii) responsibilities, organisation and functioning of PRMP and the Procurement Commission (No. 2018-226); (iv) responsibilities, organisation and functioning of public procurement control units (No. 2018-225); (v) expenditure, pricing and contracting thresholds for approval bodies and authorities (No. 2018-232); (vi) timeframes for public procurement, control and approval bodies (No. 2018-228); (vii) rules and procedures for implementing pricing procedures (No. 2018-227); (viii) specific measures governing public procurement related to defence and national security needs requiring secrecy (No. 2018-233); (ix) procedures for preparing public procurement plans (No. 2018-231); (x) code of ethics and professional conduct in public procurement (No. 2018-230); and (xi) approval of standard public procurement documents (No. 2018-229).

which the single tender may be authorised are well-defined and acceptable (however, it is necessary to define the concept of urgency) with the exception of the single tender authorised by the Council of Ministers listed as a condition (*Section 52(8) of the 2017 law*). The Council of Ministers is a decision-making body and not a circumstance (condition) that could justify the use of an exceptional method such as the single tender. As it stands, the CMP has given the Council of Ministers unlimited and unconditional right to decide on the use of this exceptional method, which poses the risk of abuse and political influence in public procurement. In Benin, the splitting of purchase orders is formally prohibited by the CMP under pain of the penalties provided for in the law (*Section 23*). Participation in competitive bidding (CB) by a body governed by public law is satisfactorily regulated, while the participation of all bidders is based on their technical and financial capacity, as well as their experience (*Section 69 of the 2017 law*). Any contractor, supplier or service provider may bid for a contract and will benefit from equal treatment (*Section 34 of the 2017 law*), the principles of which are included in the standard quality competitive bidding documents (relating to works, supplies, equipment, services, intellectual services and pre-qualification) based on the community documents and approved in June 2018. In addition, the CMP does not explicitly provide that the security and confidentiality of bids should be maintained prior to their opening and until after contract award. However, it is stated that bids received must remain closed until they are opened (*Section 79(6)*). The bid opening mechanism is acceptable, with the exception of technical bids that are not necessarily made public by the CMP and/or requests for proposal. The CMP requires that information provided in confidence by bidders (technical or commercial secrets, confidential aspects of bidders, etc.) should be kept confidential by the contracting authority [*Section 77 of the 2017 law*]. Lastly, bidders who feel that they are victims of prejudice during a procurement procedure have the right to lodge an appeal for discretionary remedy from the contracting authority and then, if necessary, a suspensive judicial appeal against the acts and decisions of the contracting authority (*Sections 137 and 138 of the 2017 law*). In this regard, the CMP specifies the list of issues that may be challenged. The list is satisfactory and complies with international practices and standards. It provides an acceptable basis for bidders to complain and hope for a response from the ARMP within a specified timeframe. In this respect, the period is indefinite because it is set at 7 working days from the end of investigation (*Section 138 of the CMP*) for which no maximum deadline is set. The CMP does not make it an obligation for the ARMP to publish its decisions within a set deadline in an easily accessible medium after processing complaints.

In light of the foregoing, the legal and regulatory framework has some weaknesses that present the following risks:

**Risks identified under Pillar I:** (i) risk of abusive use of the single tender by the Council of Ministers; (ii) exposure of procurement to the influence of political authority; (iii) absence of provisions in the CMP explicitly stating that the security and confidentiality of bids be maintained until contract award; (iv) no publication on the public procurement portal of business opportunities and tender results; (v) non-public opening of technical proposals by consultants; (vi) absence of a maximum period for closing the investigation of a complaint; (vii) non-publication within a specified timeframe of ARMP's decisions on complaints due to lack of a relevant legal obligation; and (viii) non-execution of the decisions taken following judicial settlement before the courts.

**Overall risk rating for Pillar I:** in view of the divergences identified above, the risk rating for Pillar I is “**Substantial**”.

**Mitigation measures** (i) amend existing instruments to: (a) preferably avoid the involvement in procurement of any political authority such as the Council of Ministers; or at least (b) regulate contracts and the conditions under which a single tender may be authorised by the Council of Ministers; (ii) revise the law or regulations in force to make it mandatory to maintain the security and confidentiality of bids; (iii) amend the provisions of the CMP to make it mandatory to publish business opportunities, bidding results and contract awards on the public procurement portal; (iv) amend the CMP to make the opening of the technical proposals of consultants public; (v) fix, through regulation, a maximum deadline for closing the investigation of complaints in order not to stall contested procurement processes; (vi) revise the current regulations to make it mandatory for ARMP decisions following the processing of complaints to be posted<sup>5</sup> on the ARMP website within a specified timeframe; and (vii) revise the law to make it clear that decisions resulting from litigation before the courts are enforceable.

### 6.3 Pillar II: Institutional Framework and Management Capacity

The public procurement institutional framework is functional with an appropriate distribution of the various control and regulation functions. The CMP provides for the establishment of a public procurement regulatory body called Public Contracts Regulatory Authority (ARMP). The ARMP is attached to the Presidency of the Republic, has legal personality and enjoys administrative and financial autonomy. The ARMP is composed of two bodies, the Regulatory Council and the Permanent Secretariat. The ARMP has various duties<sup>6</sup>. A review of these duties helps to assert that none of them directly involves the ARMP in procurement management and operations, which, in principle, clears the regulatory authority of any conflict of interest.

**Risks identified under Pillar II:** None

**Overall risk rating for Pillar II:** in the light of the foregoing, the risk rating for Pillar II is “**Low**”.

**Mitigation measures:** none.

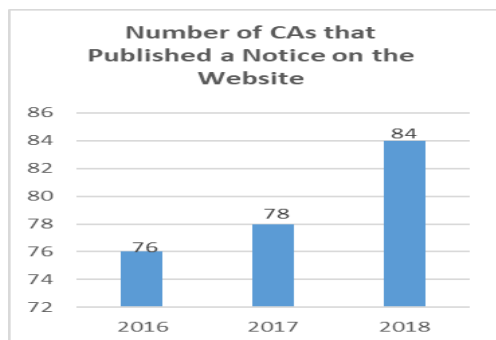
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<sup>5</sup> Business opportunities but also the results and final award of contracts.

<sup>6</sup> (i) The monitoring/evaluation of the system and proposals for improving the system; (ii) training, awareness-raising, technical support and information for economic operators and public procurement institutions; (iii) the drafting of regulatory texts on public procurement, standard bidding documents and procedural guidelines; (iv) the proper maintenance and preservation of public procurement records; (v) the collection of statistics on the award, execution and control of public procurement; (vi) the promotion of a transparent environment that provides effective and pro-competitive means of redress; (vii) the promotion and implementation of ethical and deontological measures aimed at proscribing corruption; (viii) the periodic evaluation of the human, logistical and financial capacity of public procurement; (ix) the establishment and regular publication of the list of natural and legal persons and public entities under sanctions; (x) the annual conduct of ex post controls through independent technical audits of public procurement; (xi) the investigation of irregularities or violations of public procurement rules and regulations; (xii) the effective application of the public procurement regulations by all actors; (xiii) the imposition of financial penalties and/or exclusions provided for under the Public Procurement Code; (xiv) the exclusion of natural or legal persons or public entities having violated the public procurement regulations or having engaged in fraudulent practices; (xv) the receipt and decision on appeals lodged by public procurement candidates, bidders or awardees; (xvi) the self-reporting of violations of the regulations on public procurement; (xvii) act as a liaison body for the WAEMU Regional Observatory on Public Procurement in the context of multilateral surveillance of public procurement; (xviii) participate in regional and international meetings on public procurement; (xix) submit an annual report on the effectiveness, reliability, execution and control of public procurement to the President of the Republic, accompanied by suggestions and proposals for improvement; and (xx) perform any other public procurement tasks assigned by the President of the Republic.

## 6.4 Pillar III: Procurement Activities and Contract Award Practices

Benin has 194 contracting authorities<sup>7</sup> (CAs) that are subject to public contract regulations as identified by the National Directorate of Public Procurement Control (DNCMP). In practice, the level of compliance with the publication requirements of Procurement Plans (PPs) is quite high. In 2018, 154 of the 194 CAs actually posted their PP on the public procurement portal. Although up from previous years, these figures show that 20% of CAs continue to award contracts without a PP, contrary to the requirements of the



CMP (Section 23 of the 2017 law).

Similarly, bid invitations are published as provided for by Section 63 of the CMP, with CAs tending to use the public service daily more than the Journal and the public procurement portal. Statistics show that in 2018 only 84 out of 194 CAs posted a specific notice on the public procurement portal. This situation is caused by the provisions of Section 63 which do not make posting on the public procurement portal a

requirement but an option. This practice, however, has disadvantages in that the tender notices inserted in the public service daily, which is a general paid newspaper, may not be seen by some potential foreign bidders.

In practice, standard bidding documents approved in 2018 are used by stakeholders.

The procurement methods used are those provided for in the procurement plan (PP). According to DNCMP statistics compiled based on the contracts submitted to it, in 2018 **competitive**

Year	Direct Negotiation		Open Bidding		Other Competitive	
	Value	Number	Value	Number	Value	Number
2016	44.6%	22.5%	51.8%	67.1%	3.6%	10.5%
2017	8.0%	13.8%	17.6%	39.7%	74.4%	46.5%
2018	1.0%	3.0%	92.3%	45.4%	6.8%	51.6%

Source : DNCMP

**procedures** (open bidding, call for expression of interest, limited bid invitation, shopping) stood at **99% in value and 97% in number**, which is a significant improvement over previous years. However, these figures must be put into perspective because they do not take into account

contracts awarded through the single tender authorised by the Council of Ministers, which are generally major contracts of which DNCMP is not aware.

Bids are submitted, received and opened as described in the standard bidding documents and bidders are allowed to attend the public opening of bids. Although the file on request for proposal for intellectual services does not provide for public opening of technical proposals (see Pillar I), in practice, opening is public and the subject of a bid opening report. Tenders for goods and works are generally evaluated based on the criteria and methods set out in the Bidding Document (BD), and contracts are generally awarded to qualified bidders who submit a bid that is compliant and evaluated as the lowest bid. Similarly, technical proposals are evaluated according to their compliance with the Terms of Reference, using weighted evaluation criteria and sub-criteria, as indicated in the Special Data. After approval of the

<sup>7</sup> May 2019 statistics provided by DNCMP



contract award proposal, the Contracting Authority publishes the award report and, upon written request, notifies all unsuccessful bidders in writing of the reasons for rejection of their tender, the amount of the contract awarded and the name of the successful bidder and a copy of the contract award report. However, it was noted and confirmed by the DNCMP that once the contracts have been signed, the final contract award notices are not published by the CAs on the public procurement portal as recommended by the provisions of Section 97 of the CMP despite the reminders made through circular notes No. 3402-C/MEF/DC/DNCMP/SP and No. 3403-C/MEF/DC/DNCMP/SP of November 2017. The contract templates used are those contained in standard bidding documents (SBDs). The templates do not include performance clauses that take sustainability considerations into account. It was not possible to collect reliable data to assess the timing of procurement cycles in order to make a judgement on the efficiency of the system.

In light of the foregoing, procurement activities and contract award practices entail the following risks that require appropriate mitigation measures:

**Risks identified under Pillar III:** (i) insufficient use of the public procurement portal to post tender notices (ii) lack of data on contracts awarded through the single tender by the Council of Ministers; (iii) failure to post final contract award notices on the public procurement portal; and (iv) absence of performance clauses in contracts that take sustainability considerations into account.

**Overall risk rating for Pillar III:** in view of the divergences identified above, the risk rating for Pillar III is “**Moderate**”.

**Mitigation measures:** (i) set up a mechanism that makes the provision of evidence of posting tender notices and final contract award notices on the public procurement portal a mandatory element; (ii) provide the DNCMP and the ARMP with updates on contracts awarded through the single tender by the Council of Ministers for consolidation; (iii) include, in domestic legislation, the possibility of taking sustainability considerations into account in public contracts.

## 6.5 Pillar IV: Integrity and Transparency of the Public Procurement System

The 2017 law and its implementing decrees contain the following provisions for public contract control:

### *Internal pre-control of public contracts*

The National Directorate of Public Procurement Control (DNCMP) carries out internal control

<b>DNCMP Processing Timeframe (working days)</b>			
	<b>2016</b>	<b>2017</b>	<b>2018</b>
Review of the BD	12	2	3
Review of the appraisal report	12	3	3
Authorisation of direct contracting	18	2	2
<i>Source : DNCMP</i>			

delegate appointed by the DNCMP (Section 15 of the 2017 law). The existing pre-control regulated by maximum processing timeframes set by Decree No. 2018-228 is functioning quite well and keeps improving over the years. The performance of the DNCMP (which is

of procurement processes above a threshold defined by regulation (Section 14 of the 2017 law). Below the threshold, internal control is carried out by the Public Procurement Control Unit (CCMP) designated within the contracting authorities. For ministries, State institutions and prefectures, the head of the CCMP is a public procurement control

decentralised to six administrative divisions in the country) is remarkable in terms of processing timeframe despite the increase in the number of requests in recent years. The performance contributed to the ISO 9001/2008 certification obtained recently by the DNCMP. Moreover, and in order to make control more independent, twenty-one public procurement control delegates proposed by the DNCMP were appointed in May 2019 by Order<sup>8</sup> of the Minister of Finance to replace the heads of the CCMP units previously appointed by the CAs they are supposed to control.

#### *Internal ex-post control of public contracts*

In 2009, there was the institution of ex-post control to be carried out by DNCMP on public contracts whose amount falls below the threshold of its jurisdiction. This ex-post control only started in 2015 with the establishment of a department in charge of that task within the DNCMP. This enabled the sustainable incorporation of ex-post control into contract award practices. In 2017, forty entities, including twenty-four municipal councils and sixteen ministries, public establishments and a State-owned company, underwent ex-post control for the 2016 fiscal year, thanks to an XOF 30 million budget allocation. In 2018, thirty-three entities underwent the same control for contracts awarded in 2017.

That said, there is no provision for an internal procurement audit within the contracting authorities and regular related reporting.

#### *External public procurement control*

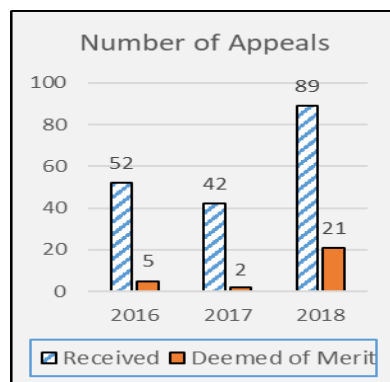
External control of the procurement system is carried out through audits. The performance of specific public procurement audits falls within the remit of the Public Contracts Regulatory Authority (Article 2 of Decree No. 2018-223). These audits are carried out annually by ARMP as part of its missions through private consulting firms (Articles 2 and 3 of Decree No. 2018-223). The conclusion is that public procurement audits are not regularly carried out by the ARMP due to lack of financial resources. ARMP is financed through a 0.50% deduction from all contracts awarded nationwide (Article 48 of Decree No. 2018-223 of 23 June 2018). Unfortunately, such deduction and State subsidy provided for in Decree 2018-223 (Article 47) are not paid to ARMP. Ultimately, such a situation will undermine the effectiveness of the institution and will have a negative impact on its independence and effectiveness in the discharge of its duties. To date, there is an eight-year backlog in the production and publication of contract audit reports. There has been some progress recently thanks to ad hoc funding obtained by ARMP through projects financed by technical and financial partners. The 2011-2014 audits seem to have been conducted recently but their results have not yet been published. The 2015 audit is ongoing while those of 2016 and 2017 are being contracted. Lastly, in addition to auditing ARMP's public procurement contracts, the Audit Bench carries out some missions that cover aspects relating to procurement.

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<sup>8</sup> Order 1438-C/MEF/DC/DGM/DNCMP/SP and 1439-C/MEF/DC/DGM/DNCMP/SP of 23 May 2019

### *Public procurement litigation*

Decisions relating to procurement process appeals are taken based on information submitted by the parties (Sections 137 and 138 of the 2017 law). The complaints management mechanism is clearly described by the CMP. It provides for an appeal for discretionary remedy from the Contracting Authority to be submitted to the person responsible for public procurement (Section 137 of the 2017 law). The CA's decisions on the appeal for discretionary remedy may be the subject of a judicial appeal to ARMP through its Disputes Settlement Commission (DRC) set up by the ARMP Regulatory Board, in accordance with Section 138 of the 2017 law. The CRD's draft decisions are submitted to the Regulatory Board (a tripartite and joint body comprising



the private sector, civil society and the administration) for approval. The decisions of the ARMP are immediately enforceable unless they are appealed before a judicial body without suspensive effect (Section 138(8) of the 2017 law). This mechanism is known to the private sector, which submits complaints that are handled impartially by the CRD on behalf of the ARMP. The latter is not involved in contract award or award decisions. The deadlines for filing objections (Section 137(5) of the 2017 law) are reasonable and observed. Conversely, based on the ARMP data, the maximum deadline of seven working days (with effect from the close of complaint

investigation) set for ARMP's response is rarely observed. This context, combined with a generally lengthy investigation deadline, results in long complaint processing periods likely to delay the procurement process. The purpose of the CRD's decisions is to correct the alleged violation, prevent further damage to the interests concerned, suspend or cause the suspension of the contested decision or the award procedure (Section 138(3) of the 2017 law). Although not required by regulation, the decisions of the CRD are published within a time limit left to the discretion of the ARMP. Once ratified by the regulatory council, CRD decisions are binding on the parties that have five (5) working days to enforce them.

### *Prohibited public procurement practices*

Corruption, conflict of interest and other unethical practices in procurement are defined in the current regulations (Decree No. 2018-230) in accordance with international agreements signed by Benin, in particular WAEMU Guideline No. 4/2012 of 28 September 2012. However, Decree No. 2018-230 does not clearly define fraud among prohibited practices. On the contrary, it clearly defines conflict of interest in public contract award (Article 2). Based on this, bidders and representatives/agents of contracting authorities may be punished for breaches of the regulations governing public procurement, particularly in cases of fraud, corruption and collusive practices, without prejudice to criminal and disciplinary sanctions (Sections 144 to 149 of the 2017 law). The effectiveness of sanctions imposed on the contracting authority's agents or representatives is still to be ascertained in practice. In contrast, bidders are effectively sanctioned by ARMP and the list of companies found guilty of prohibited practices posted on its website.

Although current regulations do not require the inclusion of provisions on prohibited practices in competitive bidding documents and do not provide specific instructions on their incorporation, bidding documents and related contracts include provisions relating to sanctions incurred by bidders who violate the rules of ethics and take part in prohibited practices as defined in the Code of Ethics and Professional Conduct in force in Benin. In this regard, the bidding documents comprise an undertaking by the bidder, which shall form an integral part of the bid (for example: Clause 3 of IC and Clause 3 of the General Administrative Terms and Conditions (CCAG) of CBDs for works in 2018; Clause 3 of IC and Clause 3 of the CCAG of

CBDs for supplies in 2018; Clause 3 of IC and Clause 1.11 of the General Contract Conditions in the request for proposals for major intellectual procurement contracts in 2018).

In view of the above, the risks identified are as follows:

**Risks identified under Pillar IV:** (i) lack of an internal procurement audit service within CAs; (ii) the obstacle that fees required from bidders wishing to complain could constitute; (iii) irregular conduct of procurement audits; (iv) lengthy complaint processing period; (v) no definition of "fraud" in the regulations in force; and (vi) absence of penalties against State employees involved in prohibited procurement practices.

**The overall risk rating for Pillar IV:** in view of the divergences identified above, the risk rating for Pillar IV is "**Substantial**".

**Mitigation measures:** (i) in local legislation, provide for the establishment of an internal audit service within CAs; (ii) revise Decree No. 2018-223 of 13 June 2018 on the powers, organisation and functioning of ARMP to eliminate or reduce the referral fees to be paid by bidders wishing to file a complaint; (iii) apply the laws and regulations in force and effectively pay to ARMP the fees collected on its behalf to enable it to discharge its duties and regularly carry out procurement audits; (iv) reduce the time required to investigate complaints received; (v) revise the 2018 Code of Ethics and Conduct to provide for the definition of fraud; (vi) punish State employees involved in prohibited public procurement practices and post punishment-related statistics and types of offences committed on the ARMP website (without disclosing names).

## 7. BANK'S FIDUCIARY STRATEGY IN BENIN FOR THE CSP PERIOD –

### Procurement

The Bank's Fiduciary Procurement Strategy in Benin for the remaining CSP period will be the same as the one implemented during the first part of the CSP, except for the reduction in the size of bid invitations to be conducted using the country system due to the setback observed during the amendment in October 2017 of the Public Procurement Code with the definition of new conditions for the justification of directly negotiated contracts that are not in conformity with international standards. In short, the Bank's strategy will seek to: (i) ensure the use of the country system for some procurements under investment projects for which the procurement fiduciary risk will be deemed low; (ii) continue dialogue to address issues of concern regarding the procurement system; (iii) use future budget support operations to continue the implementation of major projects that contribute to the necessary reforms; and (iv) build the capacity of projects by continuing fiduciary clinics, and of key players within the public procurement institutional framework by preparing technical assistance operations for institutional support.

## 8. TABLE - SUMMARY OF BENIN'S FIDUCIARY RISK RATING

<b>Public Finance Management</b>	<b>Budget</b>	<b>Substantial</b>	<b>Substantial</b>
	<b>Cash flow</b>	<b>Substantial</b>	
	<b>Accounting and reporting</b>	<b>Substantial</b>	
	<b>Internal audit</b>	<b>Moderate</b>	
	<b>External audit</b>	<b>High</b>	
	<b>Governance</b>		
<b>Procurement</b>	<b>Procurement</b>	<b>Substantial</b>	<b>Substantial</b>

**Annex 16: Linking 2016 PAG Pillars with the Objectives of PND 2018-2025 and the Operational Thrusts of PC2D 2018-2021**

Pillars of PAG 2016-2021	Strategic Objectives of PND 2018-2025	PC2D 2018-2021 Operational Thrusts
1. Consolidate democracy, the rule of law and good governance	SO 4: Consolidate the rule of law and good governance	1. Strengthen the foundations of democracy and the rule of law
		2. Enhance governance
2. Embark on the structural transformation of the economy	SO 2: Sustainably increase the productivity and competitiveness of Benin's economy	3. Improve the macroeconomic framework and maintain stability
		4. Improve economic growth
3. Improve the living conditions of the people	SO 1: Develop healthy, competent and competitive human capital	5. Improve the performance of education
		6. Strengthen basic social services and social protection
	SO 3: Ensure the sustainable management of the living environment, the environment and the emergence of regional development hubs.	7. Balanced and sustainable development of the national space