I. Introduction and Context

Country Context

Situated next to Nigeria and providing a gateway to land-locked countries to the north, Benin has a relatively small population of 10 million and a GDP of $8.3 billion. Its economy relies heavily on re-export and transit trade with Nigeria and neighboring countries, and on agricultural production, cotton in particular. Real GDP growth is expected to reach about 5½ percent in 2014 for the third consecutive year. This performance has closed the gap in per capita GDP growth between Benin and the Sub-Saharan African (SSA) average, which was about 2 percentage points on average between 2005 and 2011. Poverty rates remain high. The incidence of poverty at the national level is estimated to be 36.2 percent in 2011, compared to 35.2 percent in 2009 and 37 percent in 2006. With a Human Development Index of 0.427 Benin was ranked 167th out of 187 countries in the 2011 Human Development Report. Benin is unlikely to meet most of the MDGs by 2015, including targets on universal primary education, gender equality, child mortality, maternal health and global
partnership for development.

Since transition to a multiparty democracy in 1990, Benin has had a stable political environment, but consensus building has been difficult. Different governments have come to power peacefully through democratic elections and strived to carry out reform programs. After some early successes, the pace of reforms has waned in part due to the increasing lack of political consensus and trust between the executive and the legislative branches. Benin was among the first francophone countries in the early 2000s to adopt a results-based management system and succeeded in achieving relative governance progress. Political discord, which is quasi permanent in Benin, usually heightens as parliamentary and presidential elections approach. President Yayi Boni is in the third year of this second term, which, under the current constitution, will expire in 2016. Parliament rejected the 2014 budget, which is now being executed by a presidential order as permitted under the constitution; draft constitutional amendments also remain divisive. In a context of unstable political party coalitions, successive governments have focused upon maintaining political support by conceding to political pressures with limited attempts to develop broad-based consensus and buy-in to reform processes.

Tensions between the government, civil service unions, and the private sector affect the fluidity of policymaking and the successful implementation of reforms. As a legacy of past Marxist experience, Benin has very active and powerful civil service unions, which have had difficult rapport with the government. Strikes are routinely staged for claims over work conditions and wages, leading to frequent service interruptions and a progressively unsustainable wage bill. There is also considerable mistrust and tension between the government and private sector; this tension has recently been put under the spotlight in the high profile judicial cases against the powerful business tycoon, Patrice Talon and the Government.

The government is seeking to re-engage the country in a strong growth trajectory by improving the business environment, enhancing partnership with the private sector and pursuing transformational investments. Within the past years, the government has demonstrated a strong commitment to improving the business environment and accelerating public investments and PPPs. The 2015 Doing Business report indicated that Benin is among the ten top reformers in the world. The government organized a Round Table on development financing from June 17-19, 2014 in Paris, in an effort to mobilize the public and private financing necessary to fast-track the Poverty Reduction and Growth Strategy (SCRP). Donors and private investors pledged a record US$ 10.4 billion, against a funding gap of US$6.7 billion, over the period 2014/2018.

**Sectoral and Institutional Context**

The government has identified strengthening management of capital expenditures as a priority reform area. Benin has historically spent much less on public investments than its neighbors. While nominal GDP increased at an average growth rate of 7.6% per year between 2006 and 2013, the ratio of public investments to GDP ratio stagnated at an average annual rate of 6.54%. Public investments as a proportion of the national budget were maintained at an average annual rate of 36.7%.

Benin’s institutional framework for public investment management is very weak. In the IMFs 2012 Public Investment Management Index (PIMI) ranking, which assessed country performance along the four areas (strategic guidance and appraisal, project selection and budgeting, project implementation, and project evaluation and audit) per the analytical framework developed by
Rajaram and al (2010), Benin has an overall PIMI of 1.56 on a scale of zero to 4.00. The performance varies for the different PIM sub-categories. The scores for the appraisal, selection, managing, and evaluation indexes were respectively: 1.17, 2.40, 2.67, and 0.00.

Poor management of public investments reflects weaknesses in the public sector, and this has had a particularly deleterious impact on service delivery and general development outcomes in Benin. To address poor management of public investments, the government launched an ambitious program in 2014 that seeks to double public investment within 5 years to reach a total of 1.3 thousand billion CFA. This program was launched in July 2014, and includes investments in water and energy, agriculture, education, health, and the transport sector. Creating and properly managing Public Private Partnerships is a central principle of this program.

In the context of reviewing and improving Benin’s PIM system, a Bank team undertook a detailed diagnostic of its PIM framework. Main findings of this functional review and suggested corrective measures, which were made through consensus among Beninese stakeholders who were associated in this study, are reported below.

1.1 Strategic guidance and appraisal

The tools and processes for strategic guidance and appraisal of public investment management are generally good, but challenges remain with respect to their application. The Poverty Reduction and Growth Strategy (SCRP) gives general guidance for the priorities and types of infrastructure assets that the country seeks to develop in order to achieve specific development outcomes. Current emphasis is on transport and energy infrastructure that will be primarily financed through the PPP modality. The Government has identified key investments that were presented to donors and investors during the Paris Roundtable; however, they are not integrated into a medium-term framework anchored in debt sustainability. Investment sector strategies are not sufficiently elaborated nor developed under top-down guidance from and collaboration with the Ministry of Planning.

The processes for multi-year programming are well established. The general MTEF, sector MTEFs and Public Investment Programs (PIP) are developed over a three-year time horizon. The government seeks to ensure that all public capital projects, whether publicly funded projects or Public Private Partnership (PPP), be undertaken through the PIP. The introduction of formal eligibility criteria for public investments to be included in the PIP and the triple layered arbitration process – at the sectoral, interdepartmental and national level – create a strong basis for effective initial prioritization of public investments.

While the processes for programming and pre-screening are in place, their application is seldom adhered to in full. Project appraisal in Benin is highly decentralized. Line ministries exercise a relatively high degree of autonomy in preparing, appraising and selecting their own projects. Weak institutional capacity and limited external ‘gate-keeping’ mean that investment projects financed from internal resources that are proposed for inclusion in the PIP are generally not sufficiently developed - they tend to be in the early stages of conception only. Consistent with good practice, project appraisals should be subject to independent review, necessary for confirming the integrity of the project appraisal and ensuring value. For the moment, there is not an independent appraisal committee in Benin, which would thoroughly appraise proposed investment projects in terms of social and economic returns.
1.2 Annual budgeting and project selection

The process of appraising and selecting public investment projects needs to be linked with the annual budget cycle. Individual ministries develop annual program budgets, which incorporate the medium term investment priorities for the sector. While these annual program budgets serve to guide the budget debates in the National Assembly, they are neither passed nor formally executed. Instead, the general government budget (annual budget accounting) remains the principal budgetary tool.

The budget preparation is not well aligned with the preparation of annual work, credit consumption and procurement plans, resulting in delays in execution. Existing regulations simply require the preparation of procurement plans during the year n-1. In practice, procurement plans (Plan de Passation des marchés - PPM) are only prepared once the finance law is approved. The PPM is not used during the budget arbitration process and does not have an influence on the allocation of resources. It is therefore not in practice considered as a priority document, and this results in long delays in its preparation and publication. The same applies for Annual Work Plans (plan de travail annuel - PTA), and credit consumption plans (plan de consommation de crédits - PCC) which are commonly delivered late by sector ministries. Delayed production of these documents impacts the timely start-up of projects - some commence as late as April when they should, according to the annual budget cycle, begin closer to the beginning of the fiscal year.

The National Assembly’s capacity to amend the budget for public expenditure is limited. The draft finance law is generally produced very late in the approval cycle, thus affording parliament limited time for scrutiny (although the delays are progressively improving). Further, even when the budget is approved, the actual execution of capital expenditures differs significantly from those approved in the budget, because the government commonly amends budget allocations unilaterally without parliamentary approval.

1.3 Project Implementation

The availability of investment credits in the first semester of the budget year is relatively consistent. Investment credits allocated in the initial budget law are made available by the General Directorate of Budget (DGB) in the SIGFIP in the first week of January at levels of up to 50 percent of the allocation envisaged for the year and for use during the first semester. The repartition of sectoral allocations is left to the sectors in question. For investment projects managed by delegated agencies, credits are made available in accordance with the relevant financing agreement. The rate of credit availability for Title IV (investment expenditures achieved through capital transfers to agencies) is the same as for spending in Title V (investments executed directly by the State).

By contrast, in-year budget revisions and the lack of predictability with regard to the availability of credits (or cash flow difficulties) in the second semester of the year heavily impact the pace of public investment implementation. Sector ministries are often faced with the cancellation of credits and the suspension / freezing of operations in SIGFIP by the DGB, without prior notice. This limits the ability of sector ministries to plan and execute investments. Furthermore, very often, expenses are decided by the Council of Ministers without consideration for the budgetary allocations that were approved in the finance law. This ruptures the intended linkage between planning and budget allocation, and defeats the purpose of the program budget, the MTEF and the establishment of
strategic priorities of national and sectoral policies.

Delays in procurement represent a binding constraint to the timely and effective execution of public investments. The regulatory framework for procurement outlines the overall timeframe for all procurement procedures, as well the ideal length for each stage of the procurement process. However, long delays throughout the process hamper project implementation. In the case of domestically financed projects, for example, the average delay is reported to take a minimum of 134 days. The absence of empirical analysis on the delays in the system makes it difficult to prioritize reforms in the sector. Delays are exacerbated by the limited resort to multi-year contracts (contrats des marches) – procurement processes are therefore engaged every year for many investment projects which places considerable strain on the procurement processes.

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

The discontinuation of certain investment projects, coupled with the slow pace of authorization and payment, have created a stock of domestic debt, damaged the credibility of the State as financier and weakened the capacity of contractors to fully execute contracts.

1.4 Project Evaluation and Audit

Monitoring missions are irregular and do not include the actors upstream in the expenditure chain. Physical monitoring and evaluation is conducted at the sector level by units attached to the Direction for Programming and Planning (DPP). The DPP prepares trimestral reports and an annual report on the physical and financial implementation rate of investment projects in the sector. The Direction for the Monitoring of Projects / Programs of the Ministry of Planning is charged with collating the information and conducting overall monitoring. Monitoring missions are irregularly conducted by the Directorate for Projects and Programs Monitoring (DGSPPP) and the relevant DPP for projects and usually only in the case of projects at high risk or those experiencing implementation difficulties.

The arrangements for monitoring and evaluation of public investments do not enable decision-makers to make adjustments at the strategic level nor take appropriate corrective action at the project level. While information on budget execution, payments effected and physical implementation of investment projects is available, it is not organized into a consolidated single report. There is limited coordination in the elaboration of the different monitoring documents prepared by the Ministry of Planning, the MEF and sectoral ministries, and more importantly, there is no credible feedback from stakeholders that generates strategic implementation information.

2. Governance and Public Administration
Limited capacity of the public administration in the areas of transparency, accountability, and collaboration within government structures negatively affect public investment management and achievement of overall socio-economic development of the country. The technical issues of PIM evoked above are in reality driven by severe institutional weaknesses, both of institutions managing public investment and structures of governance overall. Addressing the technical aspects of PIM will have limited impact if not accompanied by strengthened institutions. A more holistic and gradual approach that includes overall governance solutions would likely put PIM and the overall development agenda on a sound and sustainable track. The following provides a brief description of civil service and governance challenges impacting PIM and government effectiveness.

2.1 Civil Service

Civil service challenges are intricately connected with the quality of public investment management in the country. Across the value chain, the selection, retention and professional development of a critical mass of civil servants that are adequately trained and experienced to manage public investments is crucial. At the same time, ensuring that appropriate incentives are in place to motivate civil servant performance toward achievement of results is also critical. Tackling civil service challenges to public investment management therefore requires responses at two levels. Horizontally, foundational systems and processes for a modernized public administration need to be developed or improved as the basis for strengthening civil service management and performance. Vertically, these systems and processes need to be applied to civil servants working on public investment management and specific civil service challenges observed along the different phases of the expenditure chain need to be addressed.

The lack of clear orientation with respect to the structure, objectives and functions of the Administration limits institutional efficiency and effectiveness in public investment management. Since 2002, the Government has committed to clarifying of the missions of the Administration in order to: (i) rationalize the organization of the Administration; (ii) improve the delineation of responsibilities between ministries and departments; and (iii) strengthen the efficiency of human resource allocation and public expenditures across the administration. In 2009, the Cabinet of Ministers approved a study that proposed the organization of government departments around seven core missions. Until today, the findings of this study have, however, not been implemented. The absence of a clear vision, particularly in a context of regular political alternation, has created a significant degree of institutional instability. Ministries, including the Ministry of the Civil Service, are frequently restructured and re-organized.

Further efforts are required to improve the internal organization of Ministries. In recent years, institutional audits have been conducted and organic frameworks have been developed with respect to several ministries, including the Ministry of Civil Service (prior to its restructuring). In principle, these should serve as the basis for rationalizing the functions of the respective ministries in alignment with the seven defined missions, instilling a results-based orientation in the administration and identifying the necessary technical and decision-making profiles for each department. In practice however, these instruments have yet to be applied effectively (for example, procedural manuals and post descriptions have not been developed) and the MEF and sectoral ministries responsible for the bulk of public investments have yet to adequately define their organic frameworks.

Government coordination and institutional arrangements for the implementation of public
investments and PPP are weak. There are overlaps and duplication of efforts across multiple government entities. The Ministry Planning does not coordinate well with line ministries in the preparation, programming, monitoring and evaluation of investment programs. Similarly, coordination is not optimal between the Ministry of Planning and the Ministry of Finance during the preparation of MTEF, PIP, and annual budget. Additionally regarding PPP, many entities have recently been created, including the Beninese Agency for Larger Projects (Agence Béninoise des Grands Travaux), the Agency for the Promotion of Export Investments (Agence de Promotion des Investissements des Exportations – APIEX), and the Presidential Investment Council (Conseil Presidentiel des Investissements). There is little coordination among these entities, leading to the increase in transaction costs and ineffectiveness in the achievement of expected results.

2.2 Information systems and interoperability

Despite the country’s objective to become the “digital borough of Africa” (National Strategy for the Digital Economy, 2008), little has been achieved to modernize the administration. The Ministry of Finance has reportedly invested in a good Information Technology platform staffed by one hundred IT technicians and engineers, but remaining Ministries lag behind. Experience shows that multiple gains come from moving an administration from paper to computer, including enhanced transparency, efficiency, and accountability, but strong uptake of technological solutions requires a multi-year, complex change management regime that is yet to be established in Benin. Studies prepared since 2000 on enterprise architecture and interoperability have recently been discussed by “directeurs de l'informatique et du pré-archivage” from a number of ministries. Civil servant ability to adopt computer- and Internet-based systems is deemed very low.

2.3 Transparency and Accountability

More generally and more importantly, the success of public investment programs depends on the quality and effectiveness of governance in the country. Benin scores low on selected public sector and governance indicators. The 2012 Transparency International Corruption Perception Index ranked Benin in 94th position out of 183 countries. Weaknesses in the judicial system and accountability mechanisms undermine effectiveness of reform programs. Some of key challenges of the judicial system include: (i) limited number of judges and considerable distances between the court and the litigants; (ii) weak judicial communication; and (iii) a mismatch between supply and demand for justice.

Few internal or external mechanisms exist to hold those responsible for managing public investments to account and corruption represents a particular challenge. Since 2006, the General Inspectorates of Finance (IGF), Administration (IGM) and Services and Public Employment (IGSEP), have been reorganized. However these internal control structures exercise limited effective controls. The IGSEP is particularly weak in this regard and is widely viewed as an instrument that primarily serves political interests. External controls over administrative processes are also insufficient. The Chamber of Accounts and the Administrative Chamber have limited capacity and jurisdictional purview to investigate and sanction misconduct. The adoption of a decree outlining the ethical values of the administration has had limited traction in the civil service and corruption remains widespread.

Tackling corruption has been an uphill battle which still needs to be conquered to instill accountability and improve investment climate. The Bank has supported Anti-corruption legislation
and the creation of the National Anti-Corruption Authority (ANLC) under PRSC operations. Still, there are glaring challenges in proceeding with an asset declaration system and making fully operational the ANCL. Like in most countries, the fight against corruption is always difficult and takes time; still efforts must continue using a smarter approach.

**Relationship to CAS**

Strengthening Governance is considered a foundational principal of the World Bank’s Country Partnership Strategy for Benin, 2013-2017. The CPS states that “the main objective of the Bank’s governance program is to help Benin better manage its financial resources, so that fiscal policy can enable and foster inclusive growth.” The CPS identifies weaknesses in budgeting and planning, FM and procurement processes, and oversight mechanisms as priority areas that need to be addressed to strengthen the delivery of essential social services, and increase value and efficiency in government expenditures.

**II. Proposed Development Objective(s)**

**Proposed Development Objective(s) (From PCN)**

The project development objective is to strengthen public investment management effectiveness and enhance public sector accountability in Benin.

**Key Results (From PCN)**

- Increased number of projects appraised according to required standards
- Reduced delays in procurement resulting from clearer procedures and enhanced capacity among civil servants.
- Reduced project cost overruns
- Increased capital budget execution rate
- Improved performance management of civil servants in targeted ministries

**III. Preliminary Description**

**Concept Description**

The project builds on the action plan and recommendations formulated through a national consensus approach by Beninese stakeholders during the earlier stage of the framework diagnostic of the Benin’s PIM carried out by a World Bank team. It would be implemented over a four-year period and would finance high level workshops, training programs, coaching, technical assistance, and information management systems upgrade.

The project includes two main components which seek, on one hand, to tackle the shortcomings and weaknesses of the PIM system and, on the other hand, to address underlying governance and public administration issues which impact the PIM. The two components are: (i) Enhancing the Public Investment System; and (ii) Strengthening Governance and the quality of Public Administration. A third component deals more generally with the aspects of coordination and management of the project.

Component 1: Enhancing the Public Investment Management (US$15.0 million)

This component incorporates key consensus-driven recommendations during the diagnostic stage of the PIM framework.
Sub-component 1.1: Strategic guidance and Appraisal (US$3.0 million)

Support will be provided to ensure that proposed investment projects are aligned with strategic priorities and meet eligibility criteria. The main envisaged activities include:

- Elaboration of a PIM manual to serve as a mandatory reference framework for the preparation and implementation of projects. The manual will include key guidelines on the preparation and elements of the concept note, appraisal, supervision, and contract management. A systematic assessment will be carried out at the appraisal stage to decide whether a project should be taken forward as a PPP or not.
- Strengthening of the gatekeeping role in the Ministry of Planning to ensure centralized and independent appraisal of projects.
- Strengthening of the financial and risk management role of the Ministry of Finance, especially regarding contingency liabilities for the Government in the case of PPPs.
- Compliance with the calendar for PIP, MTEF, budget preparation, and submission to the Parliament.
- Development of mechanisms to facilitate a shift to multi-year contracts.
- Development of an integrated planning and programming information system (SINAPSE) connected with SIGFIP (budget execution system) SIGMAP (procurement management system), and the Enterprise Architecture framework.
- High level workshop and training programs in investment decision-making, contingency valuation, earned value analysis, etc.,
- Technical Assistance to government investment entities in the application of project appraisal techniques learned.

Sub-component 1.2: Annual Budgeting and Project Selection (US$2.0 million)

Support will be provided to prevent un-vetted projects from ‘jumping the fence’ (for political or opportunistic reasons), and to ensure implementation readiness. The following activities are envisaged:

- Elaboration of guidelines on vetted projects, PIP, recurrent expenditures, inclusion of procurement plans into the budget preparation.
- Seminar and training programs in multi-year and annual budgeting, procurement, procurement plans (PPMs), annual work plan (PTAs), and credits consumption plan (PCCs).
- Budgeting and procurement information management system upgrade.
- Technical Assistance to MEF and Directorate of Financial and Assets Management (DRFM) in line ministries in the application of annual budgeting and project selection learned.

Sub-component 1.3: Project Implementation (US$3.0 million)

The capacity needed to ensure more rapid execution of projects or divestment will be provided. Some of the proposed key activities include:

- Seminar and training programs in budget execution, project management, contract management.
- Organization of monthly ministerial working meetings with credit administrators, chief accountants of MoD, Planning and Programming Directorate (DPP), Directorate of Financial and Assets Management (DRFM), and Directorate of Financial Control (DCF) to document, justify, and
prioritize requests for validation of financial transactions made to the MoF
• Modernization of the processing circuit for investment expenditures under capital transfer (Title VI) to ensure alignment with investments managed by the State (Title V)
• Development of the electronic management of tender processes (e-procurement) as provided by the Procurement Law and introduction of a bidder pre-qualification process and a categorization of enterprises
• Development of standardized technical specifications for the acquisition of common items to assist the Directorate of Public Procurement (DNCMP) in evaluating technical aspects of tender packages.
• Development of ministerial commitment plans and a consolidated forecasting plan issued by the General Directorate of Budget (DGB) with respect to the overall national budget

Sub-component 1.4: Project Evaluation and Audit (US$2.0 million)

In order to evaluate project results against expected objectives, learn from them for better design of future projects, and ensure compliance with fiduciary procedures, the following activities are proposed:

• Seminar and training programs in project evaluation and audit
• Production of a unified quarterly consolidating information on financial, economic and physical execution
• Systemize the organization of joint biannual site visits of a sample of projects (risk-based selection) and ensure follow-up of recommendations including positive or negative rewards
• Introduce risk-based auditing, reduce a priori controls, and strengthen subsequent verification processes.
• Strengthen the technical capacity of the Chamber of Accounts pending the establishment of an Independent Court of Accounts
• Strengthen the technical oversight of the National Assembly.

Sub-component 1.5: Public Private Partnerships (US$5.0 million)

Given the complexity of PPP and the central role that they play in leveraging external financing for transformational projects, particular attention will be given to this type of investments for which the recommendations highlighted above for traditional public investments will still apply.

PPP portfolio includes a mixed bag of highly complex economic infrastructure projects and small-scale social infrastructure projects, which both require different treatments. The main economic infrastructure projects, for which the Government generally seeks funding for external partners like during the Paris Roundtable meeting in June 2014, include: (i) the railway Niamey-Cotonou, (ii) the new airport; (iii) the deep water port; (iv) energy production, restructuring, and distribution projects; etc. Generally, these high-caliber projects are centrally managed from Cotonou. By contrast, small-scale social projects in water or education sectors are decentralized and managed by communes.

The PPP law is currently under preparation, and there are many key areas which have not yet been adequately addressed in the current version. These include: (i) the institutional framework; (ii) the anchorage of the PPP unit; (iii) the disclosure of contractual conditions and actual contract performance; and (iv) contract management and fiscal management of PPPs. The treatment of unsolicited proposals for which exemption of competitive bidding applies, and which is great
concern, especially given that the threshold for PPP sole-sourcing is 100 million US dollars.

The following support activities are envisaged:

- Technical assistance and advisory services to the Government for tightening and improving the PPP law by addressing existing gaps in the current draft mentioned above.
- Streamline and strengthen the institutional framework governing PPPs (currently, there are overlaps from many institutions dealing with PPPs)
- Rapid assessment of proposed PPPs for which there are no feasibility studies
- Revise the decree governing procurement, particularly the sole sourcing selection method that is granted to unsolicited proposals
- Elaborate the PPP operational manual. The manual will help, among other things, clarify the processes and steps to follow for identifying projects, hiring transaction advisors, preparing an outline business case/pre-feasibility and feasibility studies, appraising projects, choosing procurement method, and managing risks.
- Roll out a series of seminar and training programs on PPP which will be tailored to specific audiences and interests (financial risks, procurement, appraisal, contract management, performance management, negotiations, etc.)
- Technical assistance in appraisal, implementation, contract management, and evaluation for four high profile PPPs.

Component 2: Strengthening Governance and Public Administration (US$8.0 million)

To ensure effective implementation and long-term success of the proposed PIM activities described above, it is critical that broader support on governance and change management be also provided. In the absence of dedicated activities and systems to bring in more accountability, transparency, and participation achieving long-term success in PIM and generally in any institutional reform program would be elusive.

Thus, this second component will support activities to improve public sector information system (e-governance) and strengthen judiciary and parliamentary capacity. Furthermore it will provide change management tools and training in leadership, coaching and results-based management to cultivate a culture of collaboration for results and to develop real ownership of reforms within the administration.

Sub-Component 2.1: Institutional Strengthening (US$5.0 million)

In addition to technical capacity that the actors involved in the PIM chain will acquire through training, guidance, and systems upgrade, another equally important and perhaps more fundamental dimension is governance and institutional capacity. As indicated earlier, the issues of overlaps, lack of accountability, corruption, justice, and ineffective institutions are major constraints broadly for development programs, and PIM in particular. Some key activities envisaged under this sub-component include:

- Organizational audit of the DGB, DGIFD, DGSPP, and AGT to take into account their new functions under the WAEMU directives, the new Finance Law, and the PPP law.
• Strengthen the capacity of the Parliamentary Finance Commission in PIM
• Consolidate results-based management by developing mission letters, performance contracts, task assignments and performance monitoring. Pilot the performance evaluation system on high-profile/high-risk projects
• Strengthen the newly created Office for the follow-up and implementation of donor pledges (BOSS)
• Strengthen the e-governance platform including the HR system and the Enterprise Architecture framework
• Support to the Anti-Corruption Committee
• Support to the justice sector training through training of judges

Sub-Component 2.2 Adaptive Change Management (US$3.0 million)

Institutional changes, such as those outlined in the PIM-strengthening activities of Component 1 and in the activities outlined in Component 2.1, are often more adaptive changes than they are technical. In order to ensure that adequate adaptive skills are present among the staff who are to be affected by the project, this sub-component will support change management capacity building and a series of rapid-results initiatives that will pilot changes within affected ministries and engage stakeholders in an analytical process to understand and then be better able to tackle the barriers to reform. Radical transformation will not occur overnight; the important areas of change addressed in the rest of the project will require incremental improvements and the sustained support of stakeholders.

The following activities are envisaged:

• Rapid Result Initiatives and coaching to engage those in leadership positions within the civil service to ensure continued commitment to the reform agenda
• Leadership training for leaders from the public sector and civil society, to be better able to identify priority issues, develop adaptive and problem-driven intervention plans, and establish and use feedback loops for better project design and management
• Coalition building support activities involving civil society and the media in monitoring and overseeing public sector reform priorities.

Component 3: Support to the Project Coordination Unit (US$2.0 million).

Main activities that will be carried out by the PCU include: (i) development of annual work programs and corresponding procurement plans, procedure manuals, and procurement plans; (ii) conduct of fiduciary and monitoring activities; (iii) coordination of the technical work related to the project components; (iv) and monitoring in project preparation and implementation. The project will provide funding for necessary office equipment, acquisition of the accounting software, and payment of the various activities related to project coordination and monitoring.

IV. Safeguard Policies that might apply

<table>
<thead>
<tr>
<th>Safeguard Policies Triggered by the Project</th>
<th>Yes</th>
<th>No</th>
<th>TBD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental Assessment OP/BP 4.01</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Natural Habitats OP/BP 4.04</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forests OP/BP 4.36</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
V. Financing (in USD Million)

<table>
<thead>
<tr>
<th>Financing Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>BORROWER/RECIPIENT</td>
<td>0.00</td>
</tr>
<tr>
<td>International Development Association (IDA)</td>
<td>25.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>25.00</strong></td>
</tr>
</tbody>
</table>

VI. Contact point

World Bank

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

Borrower/Client/Recipient

Name: Ministry of Development, Economic Analysis and Prospective  
Contact: Mr. Salem Aoutcheme  
Title: Directeur de Cabinet  
Tel: 22995956274  
Email: saoutcheme@yahoo.fr

Implementing Agencies

Name: Unite de Gestion des Reformes  
Contact: Joel Zodjihoue  
Title: Coordonnateur  
Tel: 229-21-31-09-00  
Email: zodajo@yahoo.fr

VII. For more information contact:

The InfoShop  
The World Bank