



Program Information Document (PID)

Concept Stage | Date Prepared/Updated: 28-Oct-2021 | Report No: PIDC254503



BASIC INFORMATION

A. Basic Program Data

Country Benin	Project ID P176653	Parent Project ID (if any)	Program Name Building Resilient and Inclusive Cities in Benin
Region AFRICA WEST	Estimated Appraisal Date 18-Apr-2022	Estimated Board Date 23-Jun-2022	Does this operation have an IPF component? Yes
Financing Instrument Program-for-Results Financing	Borrower(s) Government of Benin	Implementing Agency Ministère du Cadre de Vie et du Développement Durable – MCVDD	Practice Area (Lead) Urban, Resilience and Land

Proposed Program Development Objective(s)

To improve urban governance and financing for inclusive and resilient urban infrastructure and service delivery in selected municipalities.

COST & FINANCING

SUMMARY (USD Millions)

Government program Cost	277.00
Total Operation Cost	247.00
Total Program Cost	238.00
IPF Component	9.00
Total Financing	247.00
Financing Gap	0.00

FINANCING (USD Millions)

Total World Bank Group Financing	200.00
World Bank Lending	200.00
Counterpart Funding	47.00



Borrower/Recipient

47.00

Concept Review Decision

B. Introduction and Context

Country Context

- 1. Prior to the pandemic, Benin experienced robust real GDP growth averaging 6.4 percent in 2017-2019, thanks to a relatively favorable external environment and commitment to macroeconomic stability.** Growth in recent years has been boosted by private investment, higher agricultural production with record-levels of cotton output, and an expanding services sector. Fiscal consolidation efforts since 2016 enabled the authorities to respond to the COVID-19 crisis with fiscal stimulus, keeping the GDP deceleration among the lowest in Sub-Saharan Africa (SSA). Real GDP growth lowered down from +6.4 percent in 2017-2019 to +3.8 percent in 2020, equivalent to 1.0 percent in per capita terms, as economic activity was supported by higher public consumption and public investment. Activity marked a rebound in the second quarter of 2021, with quarterly growth reaching +7.8 percent year-over-year. As a result of the measures undertaken to contain the economic impact of the health crisis, fiscal deficit is expected to widen to 6.4 percent of GDP in 2021, deteriorating for a second consecutive year. The Government of Benin (GoB) is committed to advancing domestic revenue mobilization to return to the WAEMU convergence criterion of 3 percent of GDP by 2024.
- 2. The COVID-19 pandemic is expected to contribute to increased poverty and widening inequalities, to the detriment of inclusiveness.** It is estimated that average household income would decrease in 2020, in part due to large expected gross job losses (up to between 360,000 and 620,000), with the trade, transport and tourism sectors particularly impacted. Per capita income was US\$1,291 in 2020 and the Human Development Index was estimated at 0.545 in 2020, with Benin ranking 158th amongst 189 countries. The poverty rate, which went from 35.2 percent in 2010 up to 38.5 percent in 2019, is projected to further increase to above 45 percent in 2020, following the pandemic. Inequality in the distribution of per capita consumption was moderately high, with a Gini index of 47.8 in 2015.
- 3. Benin is highly vulnerable to multiple recurrent hazards exacerbated by the effect of climate change.** In the last fifty years, Benin was hit by at least fifty reported adverse climate events, that affected over 50 percent of the population, with floods and droughts being the most devastating.¹ Projections predict an increased occurrence and intensity of torrential rains and floods in the South; rising sea level and increased coastal erosion expected to lead to intensified coastal flooding and storm waves, and an accelerated desertification in the North due to rainfall decrease. Historical data show that: since 1960, the mean average temperature has increased by 1.1°C and the annual amplitude of rains reduced by 180 millimeters per hour. Droughts have intensified, especially in the 1970s and 1980s, and rains have also intensified by 100 millimeters per hour enhancing soil erosion and floods.² The total impact of the 2010 floods for example were estimated at US\$260 million or 3.7 percent of 2010 GDP,³ with destruction of several infrastructures including bridges and roads, and damages to over 6 percent of school facilities across the country due

¹ EM-DAT: The Emergency Events Database – Université Catholique de Louvain - CRED, D. Guha-Sapir - www.emdat.be, Belgium

² MER, 2015, Climate Change Profile Benin, Netherlands commission for environmental assessment Dutch suitability unit https://ees.kuleuven.be/klimos/toolkit/documents/684_CC_benin.pdf

³ Post Disaster Needs Assessment, April 2011. http://www.gfdr.org/sites/gfdr/files/GFDRR_Benin_PDNA_2010.pdf



to this single event. In the medium-term the country could suffer annual losses of about 0.23 percent of GDP (relative to 2019 GDP) due to natural disasters.⁴

4. **Benin’s vision is to be “a model of democracy and stability, with all the necessary assets to become a center of inclusive and sustainable development, economic dynamism, and social progress”.** This was enshrined in the Government’s Action Program (*Plan d’Actions du Gouvernement – PAG*) for the period 2016-2021, which underpinned investments in infrastructure and focused on strengthening governance. This vision remains in the new PAG for the period 2021-2026 (under finalization), re-affirming the GoB’s engagement towards decentralization, resilience, basic infrastructure and improving living environment/conditions.

Sectoral (or multi-sectoral) and Institutional Context of the Program

5. **With rapid and uneven urbanization, Benin is experiencing increased spatial inequalities in service delivery.** Total population is estimated at 12.1 million (2020) and is mostly concentrated in the South, on a surface area that covers only 10 percent of the country. Population density is highly contrasted, with a national average of 108 compared to 8,709 inhabitant per square kilometer in Cotonou. The country is divided into 77 municipalities called “*communes*” with: (i) large and sparsely populated municipalities in the North and the Center; and (ii) much denser urban areas in the South, mainly forming *Le Grand Nokoué* (the metropolitan area along Lagos-Cotonou corridor). The *Grand Nokoué* is spread across three “*départements*” and comprises five municipalities around the Nokoué Lake: (i) Cotonou (economic capital) in the Littoral *département*; (ii) Porto Novo (administrative capital) and Seme-Podji (port city) in the Ouémé *département*; and (iii) Abomey-Calavy (now suburbs of Cotonou) and Ouidah (historic city) in the Atlantique *département*. These municipalities and their suburban areas represent a population of approximately 4.5 million inhabitants. While areas around the capital and the economic centers present lower poverty rates than the national average, these areas host the largest number of poor, with the highest density of the poor found in Cotonou commune at nearly 1,700 poor per square kilometer. Providing basic services to these populations is a major challenge as 58.8 percent of the urban population is considered in 2018 as living in informal settlements that are underserved. Significant investments in urban infrastructure and service delivery are needed to accommodate both (a) the large and growing number of users in leading areas and in emerging secondary cities in Northern and central regions, and (b) underserved population in low-density lagging municipalities.

6. **Cognizant of the critical role that municipalities play in local basic service delivery, GoB continues to advance the decentralization process, focusing now on strengthening municipalities’ financial, technical and human resources.** Benin embarked on its decentralization reforms in the 1990s with the wave of decentralization that started in Africa between the late 1980s and early 1990s. With the promulgation of Law No. 097-029 of 15 January 1999, a wide range of competencies were devolved to all 77 municipalities in the country, including elementary education, economic development, transport, drainage, environment, health and social goods, tourism, security and marketplace management. In this context, GoB launched the National Decentralization and Deconcentration Policy (*Politique Nationale de Décentralisation et de Déconcentration - PONADEC*) a 10-year strategy (2009-2019) aimed at creating the institutional conditions for broad and sustainable development based on coordinated local governance, transparency, and municipal empowerment. As part of this initiative, an intergovernmental fiscal transfer system, the Local Development Support Fund (*Fonds d’Appui au Développement des Communes - FADeC*) was set up in 2008 to strengthen fiscal decentralization. GoB is in the process of adopting a new 10-year PONADEC and of reforming the FADeC.

⁴ The estimate is based on a probabilistic evaluation of disaster risks in Benin led by the World Bank, in 2019.



7. Three interdependent line ministries are leading the urban development and decentralization reform process.

The Ministry of Living Environment and Sustainable Development (*Ministère du Cadre de Vie et du Développement Durable*, MCVDD) is in charge of urban development (including land and housing) and environment policy, as well as of the climate change agenda. The National Commission for Local Finance (*Commission Nationale des Finances Locales* - CONAFIL) under the Ministry of Decentralization and Local Governance (*Ministère de la Décentralisation et de la Gouvernance Locale*, MDLG) is in charge of FADeC's overall management— (i) it takes care of transferring national capital grants to the municipalities; and (ii) it hosts the process of transferring earmarked grants by sectoral ministries to municipalities, such as the ones transferred by MCVDD under the Bank-financed Benin City Support Project (*Projet d'Aménagement Urbain et d'Appui à la Décentralisation* - PAURAD, P122950).⁵ The *Ministry of Economy and Finance* (MEF) is in charge of the budgeting, processing and overall oversight of the intergovernmental fiscal transfer system.

8. GoB has demonstrated its commitment to address climate change, including enacting the Climate Change Law in 2018 and adopting the National Climate Change Management Policy (2021-2030) – however, local action in climate change adaption and mitigation is still lagging.

Benin ratified the United Nations Framework Convention on Climate Change (UNFCCC) on June 30, 1994, the Kyoto Protocol on February 25, 2002, and the Paris Agreement on October 31, 2016. It developed its National Adaptation Program for Action in 2008 and has undertaken several initiatives to strengthen its policy framework to address climate change. In 2015, the National Strategy for Low carbon emission was adopted to address the adverse effects of climate change, through the identification, adoption, dissemination of coping measures, and to contribute to the reduction of greenhouse gas emissions.⁶ In the same year, Benin also presented a National Climate Action Plan and its National Determined Contribution which estimated that US\$11.6 billion will be required to finance adaptation and mitigation interventions by 2030.⁷ Benin established the National Fund for Environment and Climate (*Fonds National pour l'Environnement et le Climat* - FNEC) in 1994 which was accredited by the Green Climate Fund (GCF) in 2019 and under MCVDD's supervision. In 2021, 14 municipalities received support from the FNEC to integrate climate change into their local development plans. Although municipalities are responsible for environmental protection, as confirmed by the Environmental Governance Act, the 2003 National Adaptation Strategy does not specify a role for them in the national effort to plan and implement appropriate adaptation measures.

9. Despite efforts to improve disaster preparedness and response capacities, technical and institutional challenges persist, especially at the local level.

Rapid unplanned urbanization, with unregulated development in disaster-prone areas, and a concentration of the population in coastal areas, have exacerbated the country's vulnerability to natural disasters. Combined with an incomplete regulatory framework and weak enforcement of building codes, land use and development controls, infrastructure and building stocks are more prone to damage by natural disasters, and floods, in particular. Within the current institutional arrangements, there is a lack of clarity in the definition of roles and responsibilities for disaster preparedness and response between government ministries, directorates, and agencies, central and local governments in general,⁸ and private sector entities. The current emergency and response capacities of municipalities are low. Although municipalities have an obligation to develop municipal contingency plans, only 21 municipalities (out of 77) have developed such plans. The lack of clear guidance, inadequate funding, and poor operational coordination with local authorities are hindering adequate preparedness for disasters. Strengthening

⁵ FADeC comprises two types of capital grants transferred from the center to the municipalities: (i) unconditional capital grants; and (ii) earmarked capital grants. The former falls under MDGL's budget, while the latter falls under each of the sectoral ministries' budget.

⁶ Stratégie de Développement à faible intensité de Carbone et Résilient and Changement Climatiques. (2016-2025).

⁷ Republic of Benin, First Nationally Determined Contributions under Paris Agreement.

http://www4.unfccc.int/ndcregistry/PublishedDocuments/Benin%20First/CDN_BENIN_VERSION%20FINALE.pdf

⁸ For example, in the Decree no 2012-426 of 6 November 2012 for the establishment of the ANCP, it is stated that the Ministry of Interior and Public Security/ANPC is the coordinator and in charge of emergency response interventions, including at local levels, while in the Decentralization Law no 97-029 of 15 January 1999, the Province head, in collaboration with the mayor or the town councilman/woman ought to play the coordination role in emergency planning and response.



urban resilience and disaster risk management in a context of recurrent natural disasters (floods especially) is crucial to improving living conditions, particularly for the most vulnerable communities.

10. The Covid19-pandemic highlighted the need to pivot towards consistent and sustainable service delivery and building back better. During the crisis and preparing the recovery, GoB made it a top priority – even more than prior to the pandemic – to strengthen key service delivery institutions, overhaul current service delivery models, and pivot towards arrangements that can, over time, deliver world-class services in a manner that is environmentally and financially sustainable as well as socially inclusive.⁹

Relationship to CAS/CPF

11. The proposed operation is in line with the Country Partnership Framework (CPF) for FY19-23 (Report Number: 123031-BJ). The CPF has three strategic Focus Areas: (1) Structural transformation for competitiveness and productivity, (2) Investing in human capital, and (3) Increasing resilience and reducing climate-related vulnerability. The proposed operation will particularly contribute to Focus Area 3. It will be instrumental in achieving both CPF Objective 7 Building resilience at the community level and Objective 8 Reducing vulnerability to climate-related threats. The proposed operation will support municipalities in improving access to basic services and strengthening their capacities to promote and protect their citizen’s wellbeing.

12. By improving urban living conditions, the proposed operation is relevant to the World Bank’s Western and Central Africa Region Priorities 2021-2025 entitled Supporting a Resilient Recovery, specifically to Goal number 2 “remove the bottlenecks that prevent firms from creating more and better jobs”, which supports accelerated productivity growth through stronger agglomeration economies and more livable cities. The proposed operation also seeks to address urban vulnerabilities/inequalities and ensure improved public service delivery, both of which align with the World Bank’s twin goals.

Rationale for Bank Engagement and Choice of Financing Instrument

13. The World Bank is well positioned to support the GoB for two main reasons. First, the World Bank has garnered significant international experience through its ongoing support for urban resilience, decentralization and municipal development programs over the last three decades. Second, apart from international experience, the World Bank has also accumulated significant knowledge and experience in Benin, through support for municipal development since 1993 with four successive operations in the urban sector. The first three operations focused on much-needed infrastructure and capacity building for a subset of municipalities in initial first step of administrative decentralization. The fourth one, the Benin City Support Project (*Projet d’Aménagement Urbain et d’Appui à la Décentralisation - PAURAD*, P122950) under MCVDD, in its second phase came as part of an effort to reorient World Bank support towards promoting greater fiscal decentralization through increased earmarked FADeC transfers to municipalities. The proposed operation builds on PAURAD’s strong foundation to support decentralization reforms, and also draws lessons from the fifth ongoing operation in the sector that is focused on urban resilience in the Grand Nokoué— the Benin Stormwater Management and Urban Resilience Project (P167359) under MCVDD. It aims to transition from an investment approach supporting separate subprojects in distinct municipalities, to a more systemic integrated approach and targeting key reforms for effective decentralization for improved infrastructure and service delivery.

⁹ Inclusion through the proposed operation will be ensured at two levels: (i) at the country level, municipalities in lagging regions, especially in the Northern and Central regions, will be considered as Program beneficiaries; and (ii) at the commune level, underserved/vulnerable neighborhoods would be prioritized.



14. The proposed operation is informed by technical assistance to GoB to strengthen the legal, institutional and technical capacity to manage climate and natural disaster risks. The technical assistance (TA) supported GoB in its effort to shift from a relief-centric post-disaster approach towards a more comprehensive pre-emptive approach to manage climate and disaster risks. It supported the development of the Disaster Risk Management Law and the National Disaster Risk Reduction Strategy (both under approval) and the revision of the legal framework for urban planning. It also provided assistance to the Agency for the Construction of the Infrastructure in the Education Sector through the development of technical guidelines establishing the standards and requirements for materials, techniques and construction procedures for “safer” schools – this was done through a consultative process and started with a risk assessment of (existing and future) school infrastructure so as to build recommendations to increase their resilience to disaster and climate risks. The TA also contributed to enhancing the public financial management system to better anticipate and manage the impacts associated with disaster and climate-related shocks: (i) it contributed to establishing an inter-institutional Body with legal mandate to assess and quantify socioeconomic and fiscal impacts of natural disasters, and to systematically including estimates of impacts of disasters and climate-risks on fiscal accounts as part of managing contingent liabilities (by the Department of Economic Affairs of the Ministry of Finance), and (ii) it helped establish a national disaster fund, (*Fonds national de Réponse aux Catastrophes* – FONCAT), to provide GoB with a dedicated mechanism to finance emergency response and recovery in the aftermath of a natural catastrophe.

15. The proposed operation builds on the World Bank’s cumulative experience of financing and strengthening local government and urban development globally through the use of the PforR instrument. World Bank financed urban operations in several countries in Africa (Mozambique, Uganda, Kenya, Senegal, Ethiopia, Tunisia) have adopted PforR modalities with considerable success – as measured in terms of results, as well as disbursements. The use of the PforR instrument allows such operations to focus on and strengthen institutional performance, rather than on input control and management. In fact, the implementation of the activities under the proposed operation will be carried out by both the central and local governments and will require a high level of coordination between the two tiers of government. Hence, incentives for each level of government to deliver on their mandates are integral to the program’s design. The proposed operation’s design also incorporated key lessons learned on the importance of using the institutional set-up of the government program, ensuring ownership of the results framework, and strengthening transparency and accountability, such as through having credible verification processes. GoB has already tested the instrument, using it successfully in the water and sanitation sector through the Rural Water Supply Universal Access Program-for-Results (Aqua-Vie, P164186). At the start of a new presidential mandate and in the process of finalizing its 2021-2026 Government Action Plan with major focus on strengthening key service delivery institutions, the operation is relevant and timely for GoB.

16. A small complementary IPF window could enhance the overall management, effectiveness, and impact of the proposed operation. The IPF implementation modality allows strategic and targeted interventions, responding to specific needs from sub/groups of municipalities/national agencies in terms of technical assistance, capacity building and institutional support activities. It will also be informed by the findings from the technical, fiduciary, and environmental and social systems assessments. It would be implemented by the Ministry of Cadre de Vie and Sustainable Development (*Ministère du Cadre de Vie et du Développement Durable* – MCVDD, that has an active project implementing entity currently responsible for the Stormwater Management and Urban Resilience Project) that has extensive knowledge of the IPF instrument, which will help enhance overall management, effectiveness and impact of the operation. For instance, it would support: capacity building activities to improve urban planning and management, integrate risk reduction measures in such process, development of planning tools and instruments for urban development and risk management (such as local development plans, local contingency plans, risk mapping, etc.), development and rolling out of tools to promote citizen engagement, stakeholder engagement through information/education/communication (IEC) events such as “local government days”, strategic or technical studies e.g., on the intergovernmental fiscal system sustainability and evolution, on gap/needs assessment for effective early



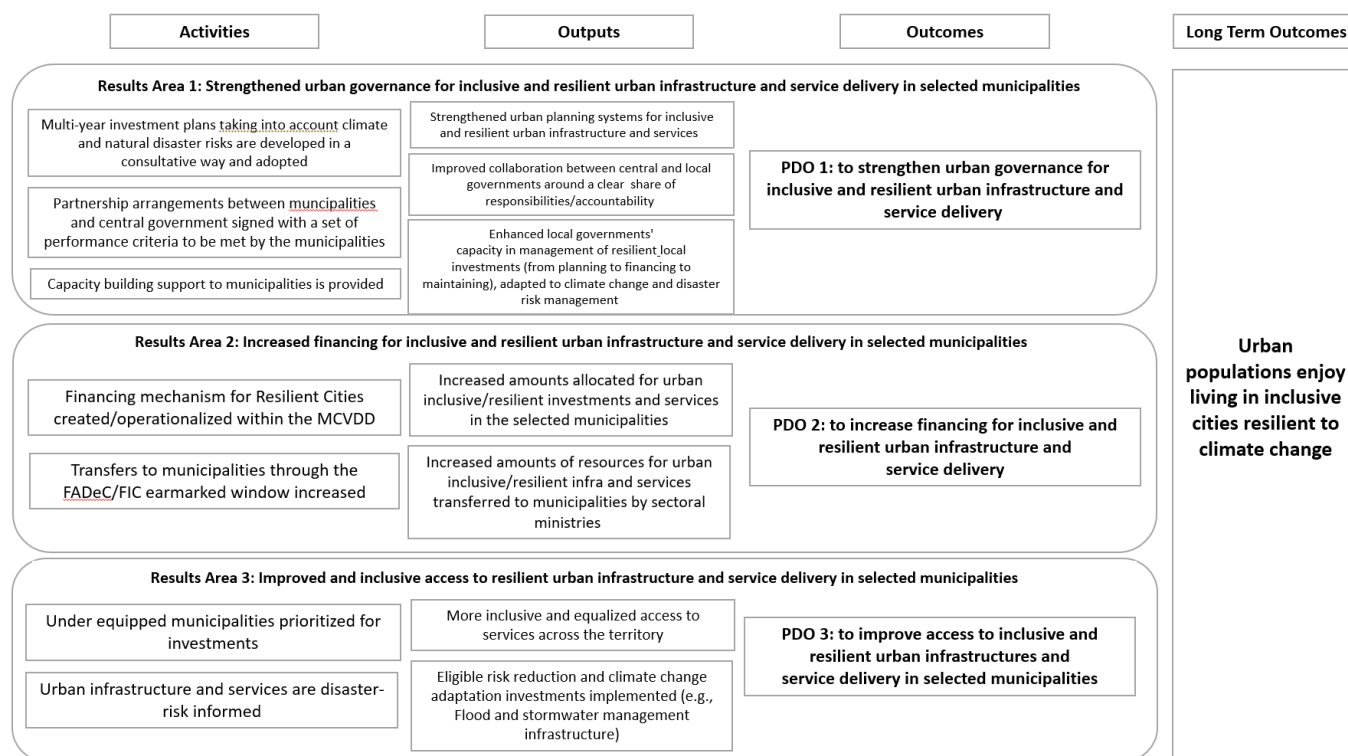
warning systems, Support to setting up M&E system and unit, and/or recruitment of specialized consultants e.g., independent verification agent if not an existing GoB entity, support staff to existing implementing unit at MCVDD who will be coordinating the whole operation.

C. Program Development Objective(s) (PDO) and PDO Level Results Indicators

Theory of Change

17. The proposed operation seeks to support GoB in enhancing inclusion and resilience to climate change for infrastructure and service delivery in urban settings, promoting a decentralized approach. The operation is proposed to be structured around three main results areas (RA): (RA1) strengthen urban governance for inclusive and resilient infrastructure and service delivery, mainly through (a) partnership agreements between central government and municipalities that are performance based and specify clear share of responsibilities for the delivery of investments; (b) the development of local urban planning tools integrating resilience and inclusion aspects; and (c) capacity building support to central and local institutions involved in the delivery of such infrastructure and service investments; (RA2) increase financing for inclusive and resilient infrastructure and service delivery, mainly through two mechanisms: (a) MCVDD financing to large infrastructure to strengthen resilience to climate risks in key priority areas for the GoB; and (b) increase in the earmarked grants transferred by MCVDD to the municipalities that transit through the FADeC for the reinforcement of small-scale urban infrastructure and services; and (RA3) improve access to inclusive and resilient infrastructure and service delivery in the selected municipalities. RA3 cannot happen without RA1 and RA2, and will also aim to improve access in prioritized and isolated areas inland, thus contributing to more equal access across the territory. The theory of change for the proposed operation is in Figure 1 below.

Figure 1. Theory of Change of the proposed Operation



Program Development Objective(s)

18. To improve urban governance and financing for inclusive and resilient urban infrastructure and service delivery in selected municipalities.

PDO Level Results Indicators

Table 1. Proposed PDO level indicators

PDO level result	PDO level indicators
Strengthen urban governance for inclusive and resilient urban infrastructure and service delivery in selected municipalities	1. Proportion of municipalities that met the performance criteria specified in the signed partnership agreements
Increase financing for inclusive and resilient urban infrastructure and service delivery in selected municipalities	2. Timely transfer of state-financed earmarked grants to the selected municipalities following the adoption of the improved intergovernmental fiscal transfer system reform 3. Increase in the share of sector budget allocated to inclusive and resilient urban infrastructure and services in the selected municipalities



Improve access to inclusive and resilient urban infrastructure and service delivery in selected municipalities

4. Number of beneficiaries living in the selected municipalities that have benefited from inclusive and resilient urban infrastructure and service delivery improvement under the Program, including women

D. Program Description

PforR Program Boundary

19. Government program. GoB’s overarching program is the PAG for the period of 2021-2026. The Government program is GoB’s urban development and decentralization program that stems from the PAG and that is structured around four Pillars (cf. Figure 2 below): (i) land use planning; (ii) urban development and climate change; (iii) decentralization; and (iv) disaster risk management.

20. PforR scope. The PforR BRIC Program will support a subset of results identified under Pillar 2 and Pillar 3 of the Government program. The BRIC Program will be structured around 3 results areas (RA) that will support the GoB in the selected municipalities in: (i) strengthening urban governance for inclusive and resilient urban infrastructure and service delivery; (ii) increasing financing for inclusive and resilient urban infrastructure and service delivery; and (iii) improving access to inclusive and resilient urban infrastructure and service delivery. Figure 2 and Table 2 below illustrate the relationship between the Government program and the PforR Program.

Figure 2. Government program and PforR Program (circles with dotted lines)

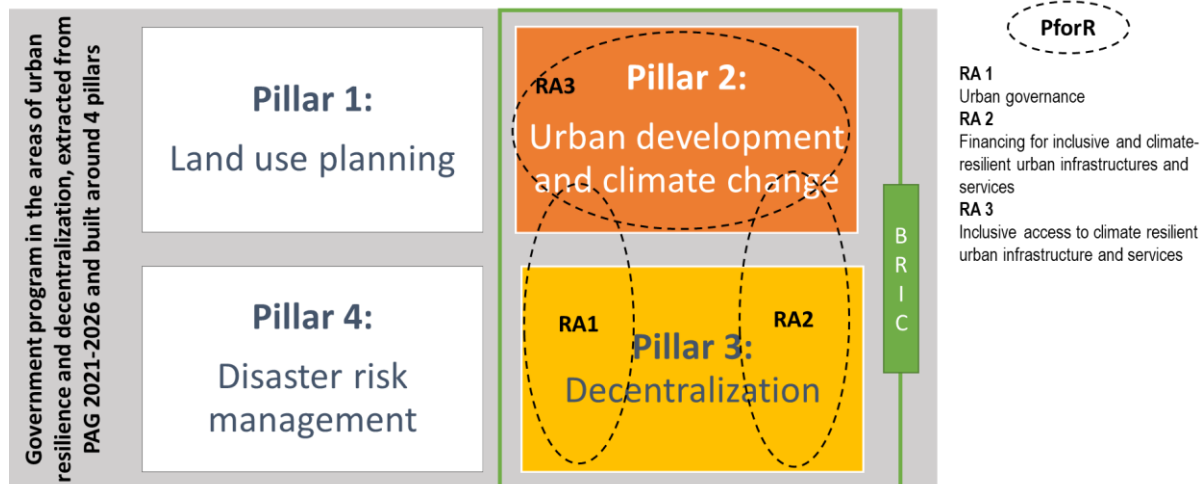




Table 2. Government program and PforR Program supported by the World Bank

	Government program	Program supported by the PforR (PforR Program)	Reasons for non-alignment
Duration	2021-2026	2022-2026	
Geographic coverage	Entire country	Up to 30-40 selected municipalities (out of 77)	Priority engagement for the Bank
Results areas	Pillar 1 “Land use planning” Pillar 2 “Urban development and climate change” Pillar 3 “Decentralization” Pillar 4 “Disaster risk management”	Pillars 2 and 3 as follows: RA1: urban governance for inclusive and resilient urban infrastructure improved (Pillar 2 and 3) RA2: financing increase (Pillar 2 and 3) RA3: access to inclusive and resilient urban infrastructure improved (Pillar 2)	
Overall Financing	US\$277million (all activities are not costed yet and total Government program amount is expected to be higher)	US\$238million	The difference would be covered by the Government, other donors, participation by the municipalities

21. **Program Results Areas.** The Program will support the following three RAs to contribute to the outcomes of the Government program.

- **RA 1: Strengthening urban governance for inclusive and resilient urban infrastructure and service delivery in selected municipalities**

Under this RA, support will be provided to:

- i) Develop multi-year investment plans integrating climate change and DRM considerations
- ii) Develop partnership arrangements between municipalities and central governments, with a set of performance criteria to be met by the municipalities
- iii) Enhance the capacity to plan and manage resilient investments at the central and local levels

- **RA 2: Increasing financing for inclusive and resilient urban infrastructure and service delivery in selected municipalities**

Under this RA, support will be provided to:

- i) Create and operationalize a financing window for “resilient cities” at MCVCD
- ii) Increase the earmarked grant transfers from central government to municipalities through the FADEC/FIC¹⁰

¹⁰ FIC : *Fonds d’investissement Communal* is the name GoB intends to give to the reformed FADEC. The reform is under development and there is no available information at this stage. The intention from GoB is to pass the reform and have the new mechanism effective by June 2022.



- **RA 3: improving access to inclusive and resilient urban infrastructure and service delivery in selected municipalities**

Under this RA, support will be provided to:

- i) Implement large inclusive and resilient infrastructure in key priority areas for the GoB
- ii) Elaborate climate/disaster-risk informed local development plans and implement select urban investments

22. A preliminary long list of Disbursement Linked-Indicators (DLIs) was developed jointly with GoB counterparts based on existing knowledge of key constraints in the three RA. The list will be further prioritized and refined during preparation in line with the results of the Program assessments and narrowed down to provide adequate incentives for achievement of priority results and improvements under the Program. The composite DLIs will have separate measurable annual Disbursement Linked Results (DLR) targets for each of the stakeholders. examples of DLIs that could be considered include: proportion of municipalities that met the performance criteria specified in the signed partnership agreements; adoption of the improved intergovernmental fiscal transfer system; timely transfer of state-financed climate-earmarked grants to the selected municipalities; increase in the share of sector budget allocated to inclusive and resilient urban infrastructure and services in the selected municipalities; proportion of LGs who have executed XX percent of the annual risk reduction investment plans; and infrastructure rehabilitated with climate and disaster-resilient standards (e.g., “safe” schools that are retrofitted/built following improved technical standards to withstand climate risks).

Role of Development Partners (if applicable)

23. Consultations with development partners fed into the design of the PforR thus far. Active development partners in the decentralization, urban and resilience sectors were consulted throughout the identification process, mostly through the Sectoral Coordination Group (GT2DAT) led by the Swiss Cooperation, as well as in bilateral coordination. The dialogue will continue to ensure that the PforR complements and builds on initiatives supported by other development partners.

24. Potential co-financing or parallel financing of the PforR by other partners is being explored. There was previous interest from the French Development Agency (Agence Française de Développement - AFD) to co-finance operations in urban resilience / disaster risk management, prior to the pandemic. AFD has an active engagement in the sector through the Program for Cities’ Adaption to Climate Change (Programme d’Adaptation des Villes aux Changements Climatiques - PAVICC) that will be subject to mid-review in the coming months and for which a follow up operation is under consideration. In the region and more broadly in the Middle East and North Africa and Africa regions, AFD has co-financed several PforR operations in the urban and resilience sectors in both, for instance the Morocco Municipal Performance Program (P168147), the Senegal Municipal and Agglomerations Support Program (P157097) and the Tunisia Integrated Disaster Resilience PforR (P173568).

E. Initial Environmental and Social Screening

25. Environmental and social impacts of the Program. A desk review of the proposed Program suggests that the activities as currently described should not pose any significant threats or cause adverse impacts. The risk at the concept stage is rated at Moderate pending details. The activities will need to be further refined (in terms of scale, location, etc.) so that associated environmental and social impacts can be adequately assessed and rated (low, moderate, substantial, high).



26. Environmental and Social Systems Assessment (ESSA). The ESSA will assess the relevant systems of GoB, the capacity of MCVDT and of a sample of municipalities in environmental and social management. Any gaps or areas of improvement in these systems will be addressed in a mutually agreed Program Action Plan. Examining the systems and capacity would include a review of the management of similar past projects.

27. Gender inclusion. Benin is ranked 148 out of 162 countries in the 2019 Gender Inequality Index (GII) (with a score of 0.612) and is positioned above the average for SSA countries (0.570).¹¹ The GI reflects gender-based inequalities in three dimensions of human development – reproductive health, empowerment, and economic activity. The low political and public participation of women hinder their involvement from decision-making processes. Women remain very poorly represented in national decision-making bodies and municipal bodies. In 2003, women represented only 3.67 percent of municipal councilors; 4.37 in 2008, 4.66 in 2015 and 3.86 in 2020.¹² There is a large opportunity and a priority in the Program to contribute to addressing the gender issues. For instance, this would be through (i) systematically including gender considerations in the design of infrastructure (e.g., in terms of access, safety), (ii) indirectly reducing gender-based violence risk in post-flooding events (by reducing the risk of flooding that often cause temporary displacement/separation of households and increase vulnerability of certain groups), and/or (iii) closing the gender gap in decision-making processes for strategic/investment planning especially at the local level (promoting female participation in decision committees, equal job opportunities, etc.). Specific actions and indicators will be identified and proposed as part of the Program.

28. Citizen Engagement. Establishing strong participatory processes, mechanisms to collect and respond to citizen feedback, and access to open data will constitute key elements promoted under the PforR. Participatory approaches will be adopted for preparing urban planning tools such as climate/disaster risk reduction investment plans, risk mapping. IEC events would also be organized, engaging citizen on a regular basis and in different ways. Feedback on service quality and the overall perspective of the citizen vis-à-vis the investments in the municipalities (e.g., perception of social impact, satisfaction) will be collected and could be a measure of performance. Data will be disclosed on procurement, progress of the works, etc.— as part of effective monitoring mechanisms whose main milestones can be seen by the public. This would support a better alignment between public services and citizen demands, particularly if lines of accountability are clear. Such clarity in lines of responsibilities between different tiers of governments will respond to citizens’ demand for good governance and help them hold their elected officials and local civil servants accountable for service standards and performance.

F. Systematic Operations Risk Rating Tool (SORT)

29. Overall, the risk of the proposed PforR is assessed to be Substantial. The main risks and challenges that are identified at this stage relate to the areas of Technical Design of Program, Institutional Capacity for Implementation and Sustainability, Fiduciary and Environmental and Social. These ratings (as well as all of the others) will be confirmed throughout project preparation, especially in light of the results from the fiduciary, environmental, and social system assessments. The Substantial risk rating at this stage is based primarily on the fact that the Program would involve up to 30-40 municipalities with widely differing levels of capacity. Even though the criteria to select the participating municipalities will take into consideration these risks (and could define a minimum capacity level), and even though the Program is intended specifically to build their capacities, the risks persist if the selection prioritizes low-capacity municipalities. Mitigation measures and additional assistance would be put in place. The risk is also associated with institutional capacity and commitment by GoB to continue supporting local governments’ primary roles/responsibilities and providing adequate resources for them to develop and roll out subsequent generations of

¹¹ United Nations Development Program, Gender Inequality Index (GII) 2019. <http://hdr.undp.org/en/content/gender-inequality-index-gii>

¹² World Bank (2021). Benin Gender Assessment. Women participation in economic opportunities and decision making. Washington DC: United States.



investments for inclusive and climate-resilient urban infrastructures and services. This will be possible if the financing mechanisms supported through the Program for municipal investments continue to be efficient and regularly replenished after the project ends. The ambition of the reform and the capacities at the local level are likely to constitute a substantial risk to successful implementation – albeit mitigated through the technical support program that will be put in place.

30. Developing local capacity for effective service delivery and provision of resilient infrastructure are key requirements for urban management. The specific challenges identified in the current context are the following. First, the GoB is undertaking a structural reform of its decentralization sector, with a particular focus on improving local governance and financing of municipal investments. The details of the reform are still under GoB internal discussion and will be known over the course of PforR preparation. Second, effective coordination between the urban, decentralization and disaster risk management/climate change adaptation sectors will be a requisite for the successful implementation of the Program. Third, the key national delivery agencies have traditionally followed a top-down approach to urban service delivery. The transition towards an operational role for municipalities will require a significant shift in the approach – which is the critical step that GoB is committed to taking ever since the Decentralization Law was enacted in 1999.

Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

Summary of Screening of Environmental and Social Risks and Impacts of the IPF Component