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INTERNATIONAL FINANCE CORPORATION

MULTILATERAL INVESTMENT GUARANTEE AGENCY

COUNTRY PARTNERSHIP FRAMEWORK

FOR

BENIN

FOR THE PERIOD FY19–FY23

June 6, 2018

**AFCF2 Country Management Unit
Country Department AFCF2
Africa Region**

**The International Finance Corporation
Sub-Saharan Africa Region**

**The Multilateral Investment Guarantee Agency
Sub-Saharan Africa Department**

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CURRENCY EQUIVALENTS

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ABBREVIATIONS AND ACRONYMS

AFD	French Development Agency (<i>Agence Française de Développement</i>)
AfDB	African Development Bank
ARCH	Health Insurance Program (<i>Assurance pour le Renforcement du Capital Humain</i>)
ASA	Advisory Services and Analytics
CAT-DDO	Catastrophe Deferred Drawdown Option
CCT	Conditional Cash Transfer
CDD	Community Driven Development
CLR	Completion and Learning Review
CPF	Country Partnership Framework
CPS	Country Partnership Strategy
CRI	Corporate Results Indicator
CWA	Compact with Africa
DPO	Development Policy Operation
DSA	Debt Sustainability Analysis
ECF	Extended Credit Facility
EU	European Union
FDI	Foreign Direct Investment
FM	Financial Management
GDP	Gross Domestic Product
GEF	Global Environment Facility
GHG	Greenhouse Gas
GNI	Gross National Income
GoB	Government of Benin
GPE	Global Partnership for Education
ICT	Information and Communication Technology
IFC	International Finance Corporation
IMF	International Monetary Fund
IT	Information Technology
M&E	Monitoring and Evaluation
MCC	U.S. Millennium Challenge Corporation
MFD	Maximizing Finance for Development
MIGA	Multilateral Investment Guarantee Agency
MSME	Micro, Small and Medium Enterprise
NDC	Nationally Determined Contribution
PADA	Agricultural Productivity and Diversification Project
PAG	Government Action Program (<i>Programme d'Actions du Gouvernement</i>)
PFM	Public Finance Management
PIM	Public Investment Management

PLR	Performance and Learning Review
PPP	Public-Private Partnership
PSW	Private Sector Window
REDISSE	Regional Disease Surveillance Systems Enhancement
RSF	Risk Sharing Facility
SCD	Systematic Country Diagnostic
SMEs	Small and Medium Enterprises
SOE	State-Owned Enterprise
SUF	Scale Up Facility
SWEDD	Sahel Women's Empowerment and Demographics
TA	Technical Assistance
T&D	Transmission and Distribution
SBEE	<i>Société Béninoise d'Énergie Électrique</i>
SDG	Sustainable Development Goal
TF	Trust Fund
UNDP	United Nations Development Programme
WAAPP	West Africa Agricultural Productivity Program
WACA	West Africa Coastal Area
WAEMU	West African Economic Monetary Union

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FY19–FY23 COUNTRY PARTNERSHIP FRAMEWORK FOR BENIN

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I. INTRODUCTION

1. This Country Partnership Framework (CPF) sets out the strategy for how the World Bank Group will support Benin in achieving higher rates of economic and social well-being over the period FY19–FY23. The Republic of Benin is a small country with a large potential for improving the well-being of its people. With a population of roughly 10.9 million people, Benin is renowned for the stability of its democratic system of government (since 1990). It is endowed with relatively fertile agricultural land, a long border shared with the region’s economic giant, Nigeria, and a strategic location as a hub connecting coastal and landlocked countries to the north. Despite these advantages, Benin’s development indicators are among the world’s lowest: the absolute number of people living in poverty has increased in recent years and conditions are particularly bad for women, people living in lagging regions in the north of the country, and young job-seekers. The country is also highly exposed to the environmental and social consequences of climate change, affecting agriculture productivity, health, food security, economic development, physical infrastructure, and water resources.

2. The Government of Benin (GoB) proposes to improve its state of development through its Government Action Program 2016–2021 (*Programme d’Actions du Gouvernement* [PAG]). Adopted at the outset of the recently elected (2016) government of President Patrice Talon, the PAG starts with the premise that given Benin’s long history of democratic stability, its natural resource endowment, and its strategic location within West Africa, it can achieve much higher rates of economic and social well-being through a three-pronged approach: (a) consolidation of democracy, the rule of law, and good governance; (b) structural transformation of the economy; and (c) improvement of social well-being. The PAG is premised on the 2030 Agenda for Sustainable Development (embodying its related goals [SDGs]) as well as the Paris Climate Agreement.

3. **What this CPF is about.** This CPF helps Benin achieve its development objectives (as embodied in the PAG) by focusing on more effective employment of its human and natural resources and geographical advantages in ways that are sustainable, resilient, and inclusive. This CPF takes as its point of departure the Systematic Country Diagnostic for Benin (SCD – Report N° 114822-BJ). In accord with the first IDA18 Special Theme, Jobs and Economic Transformation, the SCD identifies better employing its human resources—through job creation—as a primary challenge to Benin’s achievements of the twin goals of eliminating extreme poverty and boosting shared prosperity. More specifically, it emphasizes the need for higher productivity jobs, as the current overwhelming preponderance of low productivity, insecure, and informal employment has led to stubborn poverty and inequality. The SCD prioritizes development of Benin’s vast agricultural potential as the primary avenue for better employment of its natural resources while simultaneously creating higher productivity jobs. It also emphasizes the benefits to Benin in taking greater advantage of its unique geographical position, not only as a neighbor and trade partner of Nigeria, but as a transport hub linking the coast to landlocked countries of the interior.

4. **Helping Benin overcome impediments to achieving the twin goals.** To achieve these goals, the SCD addresses structural impediments—regulatory, low human capital, governance related, and infrastructural, among others—that must be overcome to enable effective use of its resources and locational advantages. While the SCD advocates an accelerated process of structural transformation, and that this process ensures inclusiveness so that poor households and vulnerable groups, and especially women, can effectively engage in a growing, more productive and competitive economy. As also emphasized in the SCD, Benin requires a singular focus on sustainability and resilience to climate change, both in terms of ensuring (i) adequate governance systems to improve the productivity and sustainable use of natural resources, as well as (ii) improved resilience of households and the economy to climate change and other shocks.

5. **What this CPF is not about.** This CPF proposes a lending and nonlending program that is selective: it recognizes that the World Bank Group neither has the resources nor the comparative advantage to cover all aspects of Benin’s ambitious development agenda. Rather, it ensures that the Group’s activities are rooted in the PAG and the SCD and are within the reach of available resources and the World Bank Group’s comparative advantage relative to other development partners. As such, it will ensure consistency with the SDGs and address IDA 18 Special Themes while drawing upon IDA 18 Special Windows for financing operations.

6. **The proposed CPF program will be focused on achieving high impact outcomes while leveraging scarce resources.** The IDA allocation of US\$482 million¹ for Benin is modest considering the needs and transformational ambitions of the Government’s plans. For the World Bank Group to provide effective support, the IDA allocation will be selectively targeted and leveraged by drawing upon cross-Group synergies, by making best use of the full array of IDA18 and Africa Region special initiatives, maximizing finance for development (MFD), and partnering with other international development agencies in ways that best employ the comparative advantages of each. The World Bank Group seeks to apply these resources to become a game changer across a number of areas, including the following:

- **Agriculture.** The CPF program proposes deploying a range of the World Bank Group’s instruments to help the GoB achieve its goal of transforming agriculture from low-productivity and largely subsistence-based activities to meeting its potential for high growth, more export-oriented production that contributes far more than at present to overall economic growth, and produces new jobs for a rapidly growing labor force.
- **Water.** The CPF program proposes a range of actions that will help the GoB to (i) manage water as a critical resource, including improved control of flooding in urban areas exacerbated by climate change, and (ii) achieve its ambitious goal of providing 100 percent of its population access to drinking water (from the current 50 percent) by 2021.
- **Economic empowerment of women.** The CPF program proposes providing Benin’s women with considerably more economic power than is currently the case by mainstreaming activities focused on women in virtually all its operations.

II. COUNTRY CONTEXT AND DEVELOPMENT AGENDA

Social and Political Context

7. **Political background.** Benin benefits from low political violence and the stability of its democratic institutions. Benin is widely regarded as one of the more successful cases of democratic transition within Africa. Since 1991, elections have been held on peaceful terms and sitting Presidents have vacated office following elections without incident. Presidential elections held in March 2016 were won by the prominent businessman Patrice Talon. In December 2016, the new government adopted the PAG structured around 45 flagship projects aimed at improving the productivity and living conditions of the population. While support for the PAG’s objectives is widespread, President Talon’s government faces political opposition. His proposals to reform Benin’s political model to increase accountability and transparency (included within the PAG) were rejected by Parliament in April 2017. The sociopolitical atmosphere remains largely favorable and conducive for reforms, but economic expectations remain high and there is pressure on the government to accelerate efforts to reduce high

¹ This figure is indicative. The exact amount of the IDA allocation will ultimately depend on a number of factors, including Benin’s policy and portfolio performance, gross national income (GNI) per capita and population, and indicators for other IDA-eligible countries.

youth unemployment, address poor living standards, accelerate economic growth, and improve the quality of public services.

8. **Political economy.** The political economy is characterized by a concentration of powerful interests and a resulting uneven playing field, weak institutions, poor governance, and incidents of corruption. As elaborated in the SCD, Benin's potential for achieving the twin goals has faltered for several reasons, including those related to political economy: low levels of trust between economic agents, weak institutions, and poor governance. Benin's economy is divided between a few large, formal, dominant enterprise groups and a multitude of informal microenterprises. Few medium-size enterprises exist. This situation reflects how powerful interests have been successful in creating an economic playing field that is tilted to their advantage and where it is difficult for new firms to establish themselves, grow to scale, and compete with established interests.

9. **Geography: Sharing a long border with its neighboring economic powerhouse, Benin's economy is highly focused on serving the Nigerian market—almost exclusively informally.** Nigeria's economy is large, growing, increasingly affluent and 63 times bigger than that of Benin. High levels of trade protection in Nigeria have created profitable opportunities for Benin's informal traders who import goods for informal reexport to Nigeria across a porous border. Benin is also positioned as a transit corridor for the landlocked countries to its north; it represents the shortest and most competitive transport route to Niamey, and is a competitive option for goods destined for Ouagadougou, northern Nigeria and parts of Mali and Chad. The transport industry and the Port of Cotonou, referred to as the 'lungs of the economy', play a primary role in Benin's economic fabric.

Recent Economic Developments

10. **Economic growth has been steady but too low to achieve sustainable poverty reduction.** Benin is a low-income economy with a per capita income of US\$770 in 2016. Real gross domestic product (GDP) grew on average by 4.2 percent annually during 2000–2016. Growth has accelerated slightly over the last five years (2012–2016) to around 4.9 percent and was estimated to reach 5.4 percent in 2017. Given rapid population growth (about 3.2 percent), average annual growth in GDP per capita was just over 1 percent for the period, below the Sub-Saharan African average and far below the best performing economies.

11. **Informality predominates in the economy.** The informal economy represents 65 percent of GDP engaging 90 percent of the labor force and more than 95 percent of the female labor force. Services and agriculture, accounting for approximately 50 percent and 25 percent of total value added, respectively, are both dominated by the informal sector. The large share of services reflects Benin's role as a transit and trade hub for landlocked countries, primarily Niger and Burkina Faso, and the large amount of informal reexport trade and commerce with Nigeria, which amounts to some 20 percent of GDP and 25 percent of government revenue.

12. **Benin is a member of the West African Economic and Monetary Union (WAEMU), a group of seven Francophone countries and Guinea Bissau which share a common currency, the CFA Franc.** WAEMU members work toward greater regional integration with unified external tariffs. WAEMU has established a common accounting system, periodic reviews of members' macroeconomic policies based on convergence criteria, a regional stock exchange, and the legal and regulatory framework for a regional banking system. Convergence criteria focus on the fiscal balance, inflation, outstanding debt, arrears, the wage bill, public investment, and domestic revenue mobilization. Benin's monetary and exchange rate policies are managed at the regional level by the Central Bank of West African States (BCEAO), which maintains a fixed peg between the CFA Franc and the Euro.

13. **The economy has grown primarily through the accumulation of factors rather than higher productivity.** As shown in the SCD, total factor productivity growth was negative over 2000–2015. In addition, though capital accumulation has contributed more to growth than other factors over the period, Benin underperformed compared to countries in other regions in terms of physical capital accumulation. Indeed, over the past 10 years, gross capital formation in Benin averaged 23.7 percent of GDP. This ratio is comparable to the average investment ratio in other West African Economic Monetary Union (WAEMU) countries and IDA-only countries (23.4 percent), but is much lower than developing East Asian economies (41.6 percent.)

14. **Benin has consistently reported high current account deficits that have been financed by foreign direct investment (FDI) and concessional capital inflows.** The marginal role of trade in Benin’s growth process is noted by the low penetration of merchandise and service trade in GDP (66 percent in 2015), which is significantly less than other small open, coastal economies. Not only has the flow of trade been limited, but it has been concentrated in a few products and markets. The current account deficit averaged 8 percent of GDP over the last decade, partly because of significant investments in capital-intensive industries (oil exploration and cement) that required considerable imports of intermediate and capital goods. The deficit grew from 7.7 percent of GDP in 2013 to about 8.4 percent of GDP in 2015. In 2016, the current account deficit improved from 8.4 percent of GDP to 7.2 percent, as investments slowed down and exports rebounded by 7 percent owing to the strong performance of cotton. In 2017, the current account deficit was estimated to reach 9.2 percent of GDP, mainly as a result of the increase in investments and the related increase of capital goods imports.

15. **Resulting from these factors, the economy does not generate enough high-quality jobs for the rapidly growing population.** The consistent decline of the manufacturing/industrial sector as a share of GDP over the few decades stands in contrast to most fast-growing developing countries at this stage of development, where labor typically leaves low-productivity agriculture and enters the higher productivity manufacturing sector. Decline in manufacturing employment was not compensated by improvements in services sector productivity as most of its expansion concentrated in the low-productivity and informal sector. Employment in modern services has risen rapidly in recent years but from too low a base to have a significant impact on total employment nationally. Job creation rates in productive sectors remain too low to actively absorb the increasing labor supply, forcing new labor force participants to settle in the informal and low-productivity commerce sector.

16. **Fiscal discipline has ensured Benin’s macroeconomic stability over the past decade but with deviations associated with the political cycle.** Benin’s fiscal stance had been prudent before the recent electoral period, with limited budget deficits (including grants) of 0.4 percent in 2012, 2.6 percent in 2013, and 1.9 percent in 2014. However, the fiscal deficit increased up to 8 percent of GDP in 2015 when the departing administration followed an expansionary fiscal policy before the 2016 Presidential elections. In addition, most of this additional spending was largely ineffective because of inefficient public financial management (PFM), public investment management (PIM) and procurement practices. The Government contained expenditures in 2016 and managed to reduce the fiscal deficit to 6 percent of GDP. The authorities are trying to balance ambitious public investment plans with a fiscally responsible budget position and appear committed to returning to a sustainable fiscal and debt management approach. The PAG program is supported by an Extended Credit Facility (ECF) three-year program approved by the International Monetary Fund (IMF) Board on April 7, 2017, providing macroeconomic and fiscal anchors that should help the implementation of reforms.

17. **The rural economy has been dominated by low-productivity agriculture where steady output growth has been accompanied by a deforestation rate at over twice the Sub-Saharan average.** Analysis of the trends in Benin’s rural natural capital shows increasing values of cropland, pastureland, and forests, indicating a solid foundation for higher productivity and income gains. Still, sustainability issues arise in both agriculture and forestry due to trends in resource degradation,

unclear tenure rights, and water stresses exacerbated by climate change. Given the need for improved agricultural productivity and the reliance on these resources by most of the population, including the majority of the poor, these issues are of critical importance in sustainably achieving the twin goals.

Table 1. Key Economic and Financial Indicators

	2012	2013	2014	2015	2016	2017	2018	2019	2020
					Est.		Projections		
Real economy			(Annual percentage change)						
Real GDP	4.8	7.2	6.4	2.1	4.0	5.4	6.0	6.3	6.7
Contributions									
Consumption	5.0	2.3	7.6	2.8	2.9	2.6	5.0	5.9	6.3
Investment	3.9	8.3	4.9	-2.2	0.9	7.8	1.1	2.1	2.2
Net exports	-4.1	-3.4	-6.1	1.5	0.2	-4.9	-0.2	-1.8	-1.9
Imports	2.0	7.7	8.3	0.0	1.0	7.8	3.6	4.8	5.1
Exports	-2.1	4.4	2.2	1.5	1.2	2.8	3.4	3.1	3.3
Unemployment rate (International Labour Organization definition)	1.0	1.0	1.0	1.0	1.0	—	—	—	—
Consumer Price Index (end of period)	6.8	-1.8	-0.8	2.3	-2.7	2.2	2.0	2.0	2.0
Fiscal accounts			Percent of GDP, unless otherwise indicated						
Expenditures	19.6	21.0	19.1	25.3	21.4	24.2	21.9	20.4	19.7
Revenues	17.4	17.6	16.3	16.7	14.7	16.5	16.1	16.8	17.4
General government balance	-2.2	-3.5	-2.8	-8.6	-6.7	-7.7	-5.8	-3.6	-2.3
External Public and Publicly Guaranteed debt (end of period)		16.7	19.8	21.3	23	23.8	25.4	26.9	27.4
Total public sector debt		25.3	30.5	42.4	50.8	53.6	53.7	51.7	47.8
Balance of payments			Percent of GDP, unless otherwise indicated						
Current account balance	-8.2	-7.7	-8.8	-8.4	-7.2	-9.2	-8.1	-7.8	-7.3
Imports	-25.2	-28.3	-31.0	-28.8	-28.2	-31.4	-30.9	-31.6	-30.8
Exports	13.2	15.5	15.8	15.9	16.4	17.9	18.9	19.8	19.3
FDI	2.6	3.3	4.0	1.4	1.3	1.7	1.7	1.8	1.8
Terms of trade	-1.3	1.6	1.0	2.4	2.4	1.1	-0.9	0.3	2.1
For example, GDP nominal in US\$	8,157	9,160	9,723	8,295	8,577	9,410	10,616	11,558	12,569

18. **Debt is sustainable.** The results of the external Debt Sustainability Analysis (DSA) carried out in March 2017 show that Benin's debt dynamics are sustainable under the baseline scenario, facing a moderate risk of debt distress. Because of the recent debt increase, risk of debt distress is higher than in the 2015 DSA. However, in the DSA baseline scenario, all debt indicators remain below their relevant policy-dependent thresholds. The ratio of the present value of external debt to exports exceeds its threshold in the case of an extreme shock to exports. Benin's WAEMU membership ensures its ability to pay in case of such a temporary shock. Total public (external and domestic) debt is projected to rise during the scaling up of public investment, reaching about 53 percent of GDP in 2017 and 2018, and declining afterwards. The IMF-supported program is anchored to the net present value of total debt-to-GDP ratio, which remains consistently below the indicative benchmark of 56 percent, a level considered linked to increased probability of debt distress for countries, like Benin, with moderate capacity.

19. **Real GDP growth is projected to accelerate and average 6.3 percent during the period 2018–2020.** Public investment and private investment, underpinned by improvements in the business environment, are expected to drive growth in the short term and medium term, respectively. Political stability and reforms to the business climate will lead to increase in private investment. Continued manufacturing investment is expected to provide some impetus to manufacturing GDP, while agricultural output is expected to remain strong over the next years with greater productivity. Those projections assume a recovery in neighboring Nigeria that will support a rebound of the reexport trade which is one of the pillars of the Beninese economy. The successful implementation of the PAG will further strengthen medium-term economic growth. Government investment plans are also intended to accelerate, facilitate, and leverage related private sector investment, with many investments to be pursued on a PPP basis. In this context, the use of expansive fiscal policy will be restrained by the need to stabilize public debt, which has increased quickly since 2016.

Poverty profile

20. **Growth in Benin has been reasonably inclusive, contributing to a marked decline in poverty between 2006 and 2015.** World Bank estimates using the international poverty line show a decline in poverty from 61 percent to 50 percent.² Despite this decline, the absolute number of poor increased from 5.0 to 5.3 million people, on account of a high rate of population growth of 3.2 percent. Inequality is moderate with a Gini index of 41 in 2015. The decline in poverty is corroborated by improvements in nonmonetary poverty indicators. Maternal mortality, for instance, fell from 498 (per 100,000 live births) in 1996 to 347 in 2014, as did infant and child mortality. Nutrition outcomes improved and so did access to education. The gross enrollment rate for primary education, for instance, increased from 98 percent to 122 percent between 2004 and 2014. Additionally, the poor are more exposed than average to the impact of floods which can be exacerbated by the effects of climate change.³

21. **Lacking employment prospects make it all the more difficult to escape poverty.** Creation of good jobs, particularly for the poor, has been limited in the current economic structure. Only 13 percent of jobs are salaried positions that typically offer higher earnings and greater security. As two out of three people with salaried jobs have secondary education or higher, most of the poor do not possess the qualifications to compete for such posts. Furthermore, most wage workers come from households in which a parent is also employed in the formal sector. As a result, a majority of the workforce must resort to self-employment (81 percent of jobs), predominantly informal in nature with lower average earnings

22. **The rural-urban poverty divide.** The majority of the poor (65 percent) live in rural areas, where they are engaged in smallholder agriculture. Most rural poor are smallholders, cultivating maize and yam for own consumption and sale; and cotton, oil-palm, and fruits and vegetables as cash crops. Farming typically happens under rain-fed conditions using traditional means of production such as the hoe or oxen. The fraction of poor residing in urban areas is relatively high at 35 percent, about three times higher than what is found in other countries in the region. The urban poor are largely engaged in the informal sector, particularly informal (fuel) trade with Nigeria.

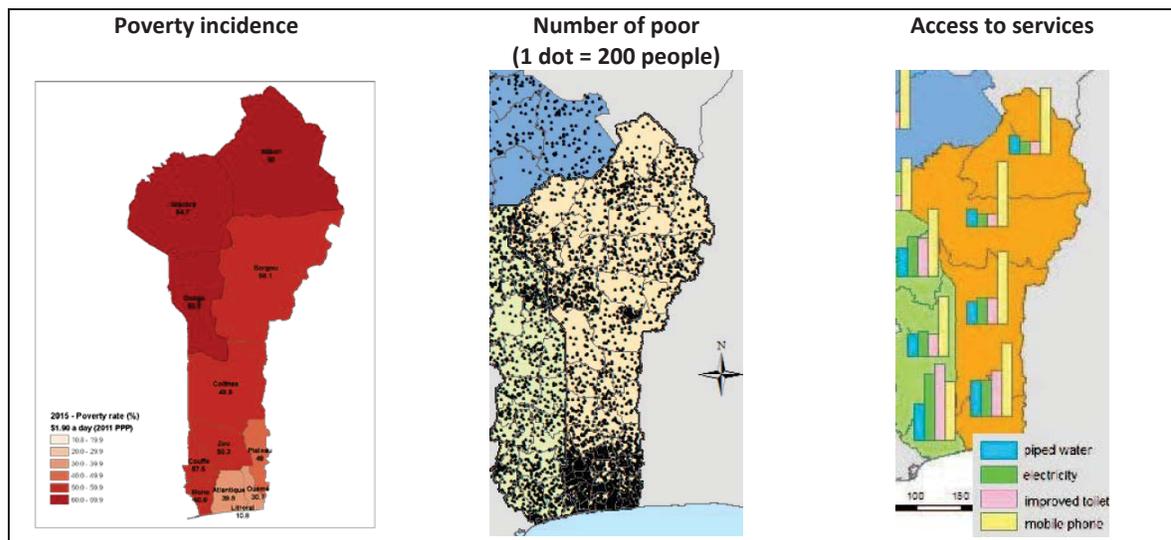
23. **Lagging regions and the north-south divide.** The highest poverty rates are found in the remote departments in the north. Poverty tends to increase from south to north, albeit not uniformly. The northernmost departments have a poverty incidence of 60 percent or higher, but some departments in the south have comparable poverty rates, such as Couffo (57.5 percent). Not only does

² Official estimates present a different poverty trends with poverty falling from 37.5 percent in 2006 to 35.2 percent in 2010 and then increasing to 40.1 percent in 2015. This official trend is not used as it is based on noncomparable estimates of poverty (see SCD for details).

³ Based on the World Bank publication “Shock Waves: Managing the Impacts of Climate Change on Poverty.” <https://openknowledge.worldbank.org/handle/10986/22787>.

poverty incidence increase toward the north, the further one moves away from the coast, the less services become accessible. This holds not only for water, electricity, sanitation, and mobile phone coverage but also for social services such as health and education. Malnutrition rates are higher in the north than in the south, families are larger, and the average number of years of education in the north is lower than in the south. Nonetheless, the more heavily populated southern regions account for roughly half of the poor, despite their generally lower poverty rates.

Figure 1. Poverty Incidence



Source: World Bank. 2016. The Geography of Welfare in Benin, Burkina Faso, Côte d'Ivoire, and Togo.

Drivers of Poverty and Development Challenges

Development Agenda

24. **The SCD specifies three intervention areas to serve as starting points for generating high-quality employment opportunities and for reversing Benin's slow progress toward twin goals achievement.** These are to promote (a) rapid economic growth with specific attention to labor-intensive activities, (b) equitable access to opportunities and inclusion of the poor in the growth process, and (c) sustainability over time. The SCD further identifies constraints to achieving success within these areas: political economy and governance challenges, infrastructure weaknesses, trade and competitiveness challenges, human capital and demographic pressures, gender imbalances, and environmental and natural resource management. Taken together, these proposed intervention areas and constraints serve as the basis for an agenda and logic for the Group's development interventions.

Development priority 1: Promoting rapid economic growth

25. **Improving agricultural productivity.** The SCD argues that Benin's achievement of the twin goals begins with realization of its vast agricultural potential. Benin is far from fully benefiting from its vast agricultural potential. While its natural capital accounts show the total value of its cropland, pastureland, and forests increasing by 50 percent over the past 20 years, given high population growth, the per capita value has fallen by 15 percent. These values can be raised through rural investments in capacity, technology, and value chains. Agricultural growth averages only 3.4 percent a year, barely higher than the population growth rate of 3.2 percent. Productivity and yields have stagnated and the aggregate agricultural trade balance remains in deficit. Transforming Benin's

agricultural production presents a logical pathway to creating new jobs for a rapidly growing labor force, especially in rural areas. Cotton, as an example, is produced in great quantity, yet less than 5 percent of this production is processed in-country and only a handful of textile companies exist. Potential exists in several other areas as well, such as cashews, mangoes, pineapples and wood products. A particular challenge in agriculture will be to mobilize the private sector as a source of capital investment as well as entrepreneurship. An incomplete regulatory and policy reform process and weaknesses in the governance system inhibit farmers' access to key productive resources, such as finance, water, land, and technology, and limit their ability to take advantage of the fast growing urban, regional, and international markets that put a premium on product quality and safety.

26. **Addressing infrastructure challenges.** The SCD identifies infrastructure challenges as a barrier to rapid economic growth. Priority areas of infrastructure for the development agenda are:

- **Electricity.** Only 29 percent of Benin's households have access to electricity. This low rate, which is below Sub-Saharan Africa's average electrification rate of 35 percent, is compounded by deficiencies in quality of service.
- **Water and sanitation.** As of 2015, only 36 percent and 7 percent of the urban and rural population had access to improved sanitation facilities, respectively, while access to piped water in private residences remains low, particularly in rural areas, at only 5 percent access. Another major issue related to water and sanitation is flooding, particularly in Cotonou and other coastal cities.
- **Digital economy.** The development of Benin's digital economy could be transformative for the country, given its strategic location within West Africa and its access to existing submarine cable networks. With the right policies, the two forces of the digital economy—broadband infrastructure and digital services—will have significant direct and spillover benefits for the country.
- **Transport infrastructure.** Transport infrastructure and related services are key to Benin's goals of improved trade and competitiveness, especially on its main transport and transit corridors to the hinterland and neighboring countries. For a small economy, such as Benin, further integrating regionally and tapping into external demand is critical to ensuring robust and resilient growth.
- **Infrastructure resilience.** Future infrastructure design and investments will be made with increased awareness of future climate change needs, including both measures to increase resilience to future climate shocks (across the transport, energy, urban and water sectors) and avoiding lock in effects that would hinder future efforts to reduce carbon emissions.

27. **Addressing governance challenges.** The SCD identifies political economy and governance challenges as the foremost constraint to unleashing economic growth. These challenges include a weak business-enabling environment; elite capture, including in land access, bureaucratic burdens, and corruption; a weak judicial system and environment of impunity; low social capital; gender imbalances which impinge on growth; and PFM weaknesses, particularly in the areas of procurement and PIM. These issues will be addressed through actions proposed by this CPF. A major area for World Bank Group action is government effectiveness and accountability in public finance and public service delivery. Among the most salient barriers to achieving the twin goals in Benin are government ineffectiveness and low-quality basic services, notably in infrastructure. Allocating public resources efficiently and equitably and ensuring public accountability in the delivery of quality services is

essential to improving opportunities for all citizens, especially disadvantaged groups. In this regard, effective governance and management of public service delivery matter.

28. **Enabling competitiveness.** The SCD also points to Benin's lack of competitiveness in regional and broader international markets. Benin would benefit enormously from a business-enabling environment conducive to serving international and cross-border markets in a formal fashion, that is, one conducive to attracting domestic, foreign (including Nigerian) firms, to establish a presence in Benin. Improving the business environment for cross-border trade is an important part of the regional trade integration agenda, yet cross-border traders, especially women, face a series of constraints.

Development priority 2: Equitable access to opportunities and inclusion of the poor in the growth process

29. **Developing human capital.** The SCD sees the underdevelopment of Benin's human capital as a critical constraint to achieving the twin goals. Although education indicators have improved, large disparities between the poorest and wealthiest households persist, and learning outcomes are lower for poorer households. Similarly, educational attainment of girls consistently lags that of boys. As adults, lower educational attainment increases the probability of being poor. Furthermore, children from poor families have higher rates of malnutrition and lower levels of access to adequate food, care, water and sanitation, and health services. As malnutrition can interfere with early childhood development, which in turn can affect prospects later in life, tackling malnutrition along with improving equitable access to quality education and other basic services will be critical for improving opportunities for disadvantaged groups.

30. **Improving educational outcomes.** The SCD notes that despite improvements, Benin remains a country with low levels of educational attainment. With adult literacy rates at approximately 50 percent (35 percent for women and 61 percent of men in 2011) and a high proportion of 19–24-year-olds with less than 10 years of education, Benin's active labor population lacks the educational profile necessary to further reduce poverty, increase labor productivity, and create better jobs.

31. **Strengthening social protection, health and nutrition services.** The SCD observes that lack of adequate social protection in Benin has left households vulnerable to the impact of shocks including from climate change. With limited savings and lack of insurance, the poor, facing disproportionate constraints are also more exposed to shocks (bad weather, plummeting commodity prices, rising consumer prices, accidents, disease) that can push households into or deeper into poverty. In this respect, the coverage of social safety nets remains far below the needs of the poor and vulnerable. Although pension and retirement savings institutions exist for employees in public sector and formal private sector employment, past attempts at establishing these for workers in the informal sector have failed. One aspect of social protection involves taking measures to protect children from malnutrition. Child mortality and stunting prevalence remain high despite recent progress.

32. **Addressing gender imbalances.** As the SCD notes, gender-based obstacles result in inequality of opportunity between women and men. Many of these obstacles are interrelated and are underpinned by pervasive social norms: young women drop out of school early to have children and/or get married, which impedes their education, resulting in women occupying jobs that pay them half the wage of men. This reduces their ability to save for investments in businesses or other productive activities and reduces their bargaining power with their relationships, such as over decisions about how many children to have and obtaining health care in a timely fashion, and makes them more likely to experience intimate partner violence. Social norms also undermine any statutory legal protections for gender equality, with customary practices meaning that women typically only obtain secondary land use rights through a male spouse or relative, leading them to underinvest in their land, with likely negative impacts on their agricultural productivity. Such gender gaps in resource

access and control, asset development, and human capital accumulation increase women's vulnerability to the negative impacts of climate change. This is due in part to women's disproportionate reliance on natural resource-based livelihoods, weak income diversification, and gender-based time poverty that make recovery from climate shocks that much more difficult.

33. **Addressing regional disparities in well-being.** As noted earlier, Benin's lagging regions in general exhibit lower levels of prosperity and access to public services the further one travels away from the coast and toward the north. Recent Advisory Services and Analytics (ASA), *The Geography of Welfare in Benin, Burkina Faso, Côte d'Ivoire, and Togo*, identified several measures that can help alleviate such regional inequities, including an emphasis on development interventions which increase agricultural productivity, budgetary transfers targeting the poorest regions, and focusing social protections on lagging regions and pockets of poverty within them.

Development priority 3: Building resilience to economic and climate shocks

34. **Building resilience to external shocks at the community level.** Benin's poorest communities are highly vulnerable to external shocks, whether they be economic or environmental (for example, increasingly unpredictable rain patterns alternately creating water shortages and heavy flooding). A key element of building the basis for sustainable and inclusive development will be to work with poor communities in both rural areas and cities to increase their ability to respond to these shocks. A particular challenge in Benin's decentralized system of public service delivery is building its capacity to deliver a range of social and infrastructure services.

35. **Building resilience to climate change.** Benin's achievement of poverty reduction and shared prosperity relies heavily on agriculture, forestry, mining, and other natural resource-based activities. Like most coastal countries in West Africa, Benin's economic activity is concentrated in the coastal zone, with the communes of Cotonou, Abomey-Calavi, and Sèmè-Podji making up about 57 percent of urban GDP and 33 percent of national GDP. Risks to formal and informal economic activity centered in communities on the coast will only increase with sea level rise, the intensity and frequency of extreme weather events, and flooding. Heavy deforestation both contributes to and exacerbates the effects of climate change in Benin. With inadequate energy supply, wood fuel and charcoal for cooking represents the highest share—49 percent—of the country's energy balance, accelerating the decline of forest cover and exacerbating the effects of climate change. To effectively counter the increasingly destructive environmental degradation and its economic and human toll will require multisectoral action at local, national, and regional levels, requiring improvements in government capacity as well as regional coordination mechanisms.

III. WORLD BANK GROUP PARTNERSHIP STRATEGY

Government Program and Medium-Term Strategy

36. **The Government's PAG is an ambitious program designed to rapidly increase growth and social well-being in the country.** The PAG commits to an improvement in all dimensions of governance—political, administrative, and economic—and to undertake ambitious reforms for greater economic efficacy; more equitable access to public services, resources, and opportunities; greater confidence between communities, the private sector, and individuals; and greater participation of people in a democracy that is open and transparent. The PAG consists of three pillars: (a) consolidation of democracy, the rule of law, and good governance; (b) structural transformation of the economy; and (c) improved social well-being. The GoB has affirmed its commitment to implementing the SDGs and has ensured consistency between them and the PAG. It has established an inter-ministerial committee and a Permanent Secretariat reporting to the Council of Ministers with responsibility for implementation while ensuring stakeholder engagement.

37. **In October 2017, Benin became a full participant in the G20 Compact with Africa (CWA) Initiative⁴ in the hope of crowding in private sector financing of the PAG, 2016–2021.** In the prospectus presented to G20 Finance Ministers and Central Bank Governors on October 12–13, 2017, in Washington, DC, Benin plans to strengthen the macroeconomic framework through reforms in the areas of domestic resource mobilization, the efficiency of public spending, and public debt management. The country also plans to improve the business climate through implementation of a special economic zone, promotion of a platform for private investment, and continuing improvement of Doing Business indicators.

Proposed WBG Country Partnership Framework

Lessons from CPS Completion Review, IEG Evaluation, and Stakeholder Consultations

Completion and Learning Review

38. **The Completion and Learning Review for the Benin Country Partnership Strategy (CPS) FY13–FY18 (see Annex 2) rated World Bank performance as Moderately Satisfactory,** although most of the CPS' performance indicators were achieved. The CPS program was organized into three pillars: A 'Foundation Pillar' focused on Governance and Public-Sector Capacity was rated Moderately Satisfactory due to the partial achievement of expected results in improved public sector capacity. A second pillar focused on Sustainable Growth, Competitiveness, and Employment was rated Satisfactory, reflecting substantial achievement of results in the areas of transport and port services, access to information and communication technology (ICT) services, enhanced business environment, agricultural productivity and diversification, natural resource management, and labor skills for youth. A third pillar focused on Improving Service Delivery and Social Inclusion was also rated Satisfactory, with full achievement of results in the areas of flood protection in urban areas, increased access to safety nets, improved access to primary education, and improved access to health and nutrition services. Much of the proposed CPF program detailed below builds upon the successes of the CPS program that preceded it while simultaneously bringing to bear a range of new initiatives and instruments that have been developed since the CPS approval in 2013.

39. **Lessons learned and World Bank Group response.** A number of lessons learned during CPS implementation will be taken into account as new operations are being developed during the CPF period. The main lessons learned according to the Completion and Learning Review (CLR) along with proactive measures that are being mainstreamed within operations include the following:

- **Weak governance and insufficient Government commitment undermined the policy reform program in important areas such as PFM and difficult policy reforms such as electricity.** Improving governance is a foundational, cross-cutting objective in the CPF program which will be implemented through a variety of measures at both the national and subnational level (specific measures will be identified under each of the CPF objectives discussed below). The World Bank Group, in collaboration with other partners, will continue to address governance issues—including weak institutions and systems, long-standing unethical behaviors, and limited progress with fiscal decentralization—in the policy reform dialogue. Up front, in the design of CPF interventions, consideration will be given to using a governance filter, especially in sectors where opportunities for corrupt practices are prevalent. The ongoing Public Investment and Governance project addresses improvements to public expenditure

⁴ Germany's presidency of the G20 in 2017 introduced a new initiative for supporting African countries' development: The G20 CWA. The compact brings together interested African countries with the World Bank Group, the IMF, the African Development Bank (AfDB), and other multilateral and bilateral partners to develop and support policies and actions that are essential for attracting private investment.

planning, management, and evaluation and supports systems needed to remove opportunities for corruption. Citizen engagement, which is hardwired into CPF operations through scorecards, and beneficiary engagement during supervision missions, will be emphasized.

- **A positive lesson learned involves WBG support to investment programs targeting the poor. These programs have yielded results, leading to meaningful policy and institutional changes in affected sectors; this is important in light of the need to redouble the Bank's efforts to address poverty.** Experience with the 2013–2018 program shows that investment projects that directly assist the poor in such areas as agricultural diversification, community development, and health and nutrition have yielded quantifiable results, and that those programs have led to important policy and institutional reforms (creation of the safety net system, community-based management systems, strengthening the planning and execution of programs in the Ministry of Agriculture, PPP arrangements). Analytical work on poverty carried out during this period points to the need to redouble World Bank efforts to alleviate persistent high poverty levels, and address spatial inequalities. The Group's operations designed to directly target poverty could, for example, be put through a filter to measure the sustainability and replicability of activities being undertaken and the projects' impact on institutional reforms in the areas covered by them. In addition, the filters could ensure efficient management of funds. Programs addressing poverty would need to spell out spatial inequality issues by (a) supporting activities that are of particular relevance to livelihoods in the poorest regions; (b) rolling out reforms and investments in the poorest regions first (being planned for future World Bank-supported health, education, and access to electricity programs); and (c) focusing on particularly vulnerable groups.
- **It is important to quickly respond to changes in the country context and to monitor the program in a timely manner.** The World Bank Group team will continue to closely monitor the CPF program and individual operations. Portfolio review meetings will be held on a regular basis with the GoB to respond quickly to emerging problems. A Performance and Learning Review (PLR) will be undertaken at the CPF midpoint and appropriate action will be taken to correct course wherever needed.
- **The World Bank Group is most effective when all its institutions work together.** This CPF details ways in which IDA, International Finance Corporation (IFC), and Multilateral Investment Guarantee Agency (MIGA) optimize the scope provided by IDA 18's mandate to maximize cross-World Bank Group synergies, particularly in maximizing finance for development in agriculture, infrastructure, finance, and building and enabling environment for the private sector.

Consultations

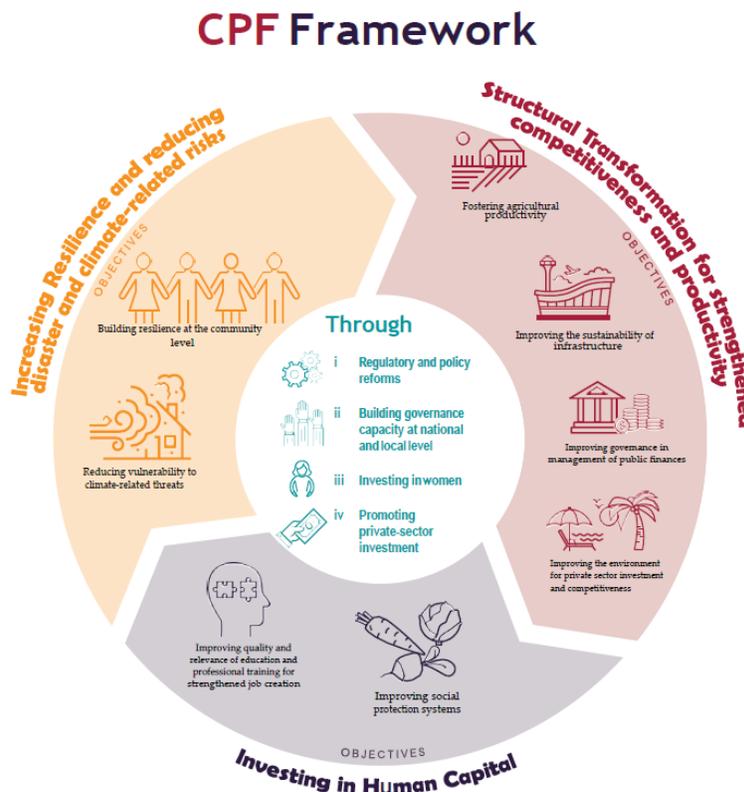
40. Consultations were held during February 15–23, 2018, in five of Benin's twelve departments to explore the views of key participants on the objectives and proposed interventions of the CPF. Participants included representatives from both national- and local-level governments, the private sector, civil society, donors, and project beneficiaries. They unanimously acknowledged the CPF's alignment with Benin's PAG, as well as the relevance of the proposed interventions for addressing the population's needs. The Government expressed eagerness to pursue options to deploy the CPF's new and innovative approaches. The private sector emphasized the need for support to regulatory reforms, infrastructure improvements and assistance in developing national and international partnerships for capital investment and market development. They highlighted concerns related to the negative impact of the Nigerian economy, but recognized its considerable market opportunities.

They cited persistent lack of competitiveness, due to noncompetitive factors of production, difficult access to finance, high energy costs, lagging public-private dialogue, poor human capital, and the lack of incentives to develop agricultural value chains. Civil society requested more participation in development planning, implementation, and monitoring. They also appreciated the full inclusion of women as project beneficiaries and requested more deliberate attention in World Bank Group interventions to girls’ education, early marriage and early pregnancies, and women’s access to land. As one female project beneficiary stated, “For the first time, I feel as if I am being listened to and taken seriously.” The World Bank Group team assured participants of the World Bank Group’s commitment to pursuing agile options for addressing these issues through CPF implementation.

Overview of World Bank Group Strategy

41. The pathways toward reducing extreme poverty and boosting shared prosperity, which are laid out in the SCD, are woven into the CPF. The framework covers the FY19– FY23 time horizon, but considers a longer-term vision for Benin’s development. The CPF will respond to selective priorities presented in the Government’s PAG. A framework encapsulating the CPF’s core objectives and modalities is depicted in Figure 2.

Figure 2. Country Partnership Framework



Implementing the FY18-23 Country Partnership Framework

Guiding Principles

42. The proposed CPF supports the GoB’s ambitious program of improved governance, structural transformation of the economy, and improving social well-being through investment in

human capital. The CPF has been developed jointly by IDA with IFC and MIGA, and seeks wherever possible to develop robust synergies across the World Bank Group.

- **IDA's role.** Consistent with the selectivity filters discussed in the next paragraph, IDA will act as platform, knowledge generator, and financier of last resort. Its support will also be directed toward the use of seed and preparatory funding, especially for large transformational operations, whereas the program more generally will be based on (a) how the Government can leverage its own resources for its priority development targets, (b) crowding in international and domestic private sector financing, and (c) utilization of innovative financing models, including public-private partnerships (PPPs) and guarantees. Policy reforms in the CPF's three focus areas will be supported by a series of Development Policy Operations (DPOs) designed to support achievement of the Government's reform objectives.
- **IFC's role.** Complementary to the World Bank approach, IFC focuses on promoting private sector development in Benin, with a focus on the financial, power, telecoms, and agribusiness sectors. IFC's new strategy, IFC 3.0, is particularly relevant for Benin. It will underpin the World Bank Group's systematic and sequenced approach to market creation, scale up private sector solutions and catalyze private capital. These activities complement the activities proposed under Benin's G20 CWA plan.
- **MIGA's role.** MIGA will also seek to mobilize sustainable foreign investment for Benin by deploying its political risk insurance products. This could be done, as needed, through use of the MIGA Guarantee Facility under the IDA18 Private Sector Window (PSW).

43. **Selectivity filters.** The World Bank Group's approach derives from three selectivity filters: (a) the priorities identified by the SCD to help Benin reduce poverty and boost shared prosperity, (b) alignment with the Government's own development program and requests for World Bank Group support, and (c) the World Bank Group's comparative advantage, as understood from the lessons of our experience, from client feedback, and in terms of positioning compared with other donors.

- **Selectivity Filter 1: Alignment with the SCD.** The CPF builds upon the SCD's findings and recommendations. It is broadly aligned with the SCD's six 'Pathways' toward achieving higher productivity jobs with inclusiveness and sustainability, although the intensity and modality of World Bank Group engagement within each area will vary depending on the two other selectivity filters (see table 2). It also directly addresses each of the SCD's eight 'binding constraints' that hinder Benin from achieving the twin goals (see Table 3).
- **Selectivity Filter 2: Alignment with the Government's own development program and requests for World Bank Group support.** The World Bank's dialogue with the GoB centers on the PAG's development strategy (see Table 4), and consultations confirm its satisfaction that the proposed program is aligned with its critical priorities. In particular, the Group's program complements GoB's efforts to achieve structural transformation of the economy, improved governance, and investment in human capital.
- **Selectivity Filter 3: World Bank Group comparative advantage.** The Group will refine its selective handling of the priorities identified in SCD. An ongoing partner-led review of donor strategies and interventions in Benin will provide the Group with a timely opportunity to hone its support to specific PAG priorities and ensure that collective donor efforts build on synergies as determined by the experience and resources of each agency. The CLR, the outcomes of consultations, and a countrywide client survey will help further define the areas of the Group's comparative advantage.

- **The SDGs and IDA 18 Special Themes.** The proposed CPF Country Program has also been designed to ensure consistency with both the SDGs and IDA18 themes. These will be identified in the following paragraphs in relation to each Country Program objective.

44. **Areas in which the World Bank Group will not be engaging.** Consistent with these selectivity principles, the CPF does not envisage engagement in some areas. For example, no IDA investment is envisaged in core justice sector reform, while the World Bank Group is open to considering advisory support to complement past investments in the establishment of commercial courts for enhanced competitiveness. Justice reforms are, besides, supported by France. No large-scale IDA operation in the banking and financial services sector is planned at this time, whereas the World Bank Group will prioritize financial inclusion for small and medium enterprise (SME) development and entrepreneurship growth and advisory support on savings, credit, insurance, and consumer protection. No IDA investment in mining is planned, as it is not an area where the Government currently seeks World Bank Group support.

45. **Some recurring themes in the CPF.** The CPF program addresses eight objectives organized within three broad focus areas (see Table 5). While each of these is unique in terms of the development challenges faced and the World Bank Group's operational response, there are several important themes that recur across a number of the objectives:

Foundational themes

- **Building capacity for improved governance.** Governance and institutional capacity are an IDA18 Special Theme, which recognizes that this issue touches the World Bank Group's work in all sectors—serving as a foundation for IDA's effective investment in growth, resilience, and opportunities. The PAG highlights building capacity for improved governance as a top priority, while the SCD considers political economy and governance issues to be the highest priority among all constraints to achieving the twin goals for the Group to address. As such, the CPF program considers building capacity for improved governance a foundational theme and proposes integrating in all its investment operations components designed to improve the regulatory framework and implementation capacity of government agencies, civil society, communities, and the private sector alike.
- **Women's economic empowerment.** Gender and development is also an IDA 18 Special Theme, which emphasizes that closing gaps between men and women is a complex task spanning multiple sectors and almost always requiring sustained effort over time. The SCD highlights weak women's economic empowerment as a significant constraint to achieving the twin goals, and is of such importance to achieving the twin goals that it is treated as a foundational theme in the CPF. The World Bank Group seeks wherever possible to empower Benin's women economically in its operations, as will be reflected across the specific objectives discussed below. In addition, a range of gender analytical work has informed and will continue to inform this CPF. This analytical work covers multiple sectors, as required by OP/BP 4.20. In addition, to strengthen the analytical foundations on which the CPF's approach to gender is based, the team will explore options for integrating gender into new ASA, where relevant, including the Support to Poverty Analysis and Monitoring and Evaluation. The team will also explore more options for detailed gender analysis in sectors where there are key knowledge gaps.

Other recurring themes

- **MFD.** Both the PAG and the SCD emphasize the critical importance of maximizing private sector investment for Benin to achieve its targets. The World Bank Group fully endorses the MFD principles of (a) promoting private sector-minded regulatory reforms; (b) promoting upstream engagement with the private sector; (c) providing targeted advisory, blended finance, and PPP solutions; and (d) fostering joint interventions in selected sectors. Thus, the CPF program will orient World Bank engagements to accompany IFC interventions designed to build momentum for private sector-oriented reforms, address the key impediments to private sector development, and raise domestic private sector capacities. IFC's Creating Markets Advisory Window funding could be mobilized to build private sector capacity where it is most needed, including in agriculture and infrastructure.
- **Climate co-benefits.** Also an IDA18 Special Theme, climate change constitutes a particular threat to coastal and agriculture-dependent Benin. As stressed by the SCD, the World Bank Group is well positioned to help Benin achieve its targets while fostering inclusive development that builds resilience to climate change and reduces the risk of its citizens slipping back into poverty. Addressing disaster and climate-related risks is the subject of an entire objective (8) but the CPF also proposes to address climate issues by mainstreaming them in investment operations wherever possible, as is indicated below.
- **Citizen participation.** Citizen participation and oversight for purposes of accountability and transparency are critical elements of any approach to improved governance as well as empowering women, the two foundational themes discussed earlier. As such, this will also appear as a recurring theme in the proposed CPF program, reflecting the extent to which it is being mainstreamed within World Bank Group operations.
- **Regional integration.** In keeping with the Africa Region's Regional Integration and Cooperation Assistance Strategy, the World Bank Group's Benin program builds on cross-border synergies and regional initiatives wherever there is an opportunity. As will be discussed below, for example, climate change is an issue that requires a high degree of regional cooperation and coordination, and the World Bank Group's operational response (see Objective 8) draws upon regional programs while nonetheless continuing to tailor Benin-specific components to local needs. The World Bank Group will continue seeking opportunities to apply regional initiatives wherever they might apply.
- **An emphasis on reducing inequities in prosperity and inclusion among regions.** While not explicitly flagged in the discussion of each of the objectives below, the CPF program implicitly applies the recommendations of the aforementioned ASA, The Geography of Welfare in Benin, Burkina Faso, Côte d'Ivoire and Togo, for redressing regional inequities by focusing much of the Group's portfolio on improving agricultural productivity and expanding social safety net coverage.

Table 2. SCD Proposed Pathways, Actions, and CPF Operational Response

SCD Proposed Actions	A. Alleviate constraints to agricultural productivity growth	B. Shift the focus on serving the Nigerian market from one based on informal trading to one based on formal, value-added products and services	C. Increase efficiency in the transport and logistics sector to capitalize on the Port of Cotonou and Benin's natural trade corridors to the north	D. Strengthen the delivery of public services	E. Invest in women's literacy and education efforts	F. Strengthen and improve the coverage and targeting of social safety nets
Carry into CPF?	Yes. The GoB makes a priority in the PAG and has taken key reforms allowing first DPO to move forward. Large ongoing World Bank Group portfolio that is generating positive results, with lessons learned being taken into consideration in designing future interventions	Yes, with caveats. The World Bank Group is helping the GoB promote cross-border trade. More instruments are available; however, there are risks in overdependence on Nigerian markets due to possibility of economic change adversely affecting Terms of Trade with Benin.	Yes, with conditions under discussion with the GoB. Previous World Bank Group operations in support of the port not fully effective. Regulatory reforms necessary before major investments in road and rail infrastructure	Yes. The GoB (through the PAG) prioritizes improved service delivery, particularly in education and health sectors. World Bank Group has long experience in these sectors in Benin and globally and with next generation operations under discussion with the GoB.	Yes. Both a GoB priority and within World Bank's experience. This is one key component, among others, provided for under the 'foundational' (cross-cutting) theme of women's economic empowerment.	Yes. Both a GoB priority and within World Bank Group's experience. World Bank Group has long experience in social safety net issues such as pensions and conditional cash transfers (CCTs) globally and operations are under advanced discussion with the GoB.

Table 3. Constraints to Achieving Twin Goals Identified by the SCD

SCD Constraints to Achieving the Twin Goals	G. Political economy, elite capture, and poor governance	H. Poor Infrastructure services	I. Constraints to competitiveness	J. Human capital weaknesses, especially among the poorest	K. Gender imbalances and a lack of female empowerment	L. Population growth and demographic pressures	M. Lack of adequate social protection	N. Lagging environmental and natural resource management
Addressed by CPF?	Yes. Improving governance is a 'foundational'	Yes. Improving infrastructure is a major area of World	Yes. Addressing regulatory and infrastructural	Yes. Addressing human capital weaknesses is	Yes. Women's economic empowerment	Yes. In particular through	Yes. Social protection is	Yes. Improving coastal areas management is

SCD Constraints to Achieving the Twin Goals	G. Political economy, elite capture, and poor governance	H. Poor Infrastructure services	I. Constraints to competitiveness	J. Human capital weaknesses, especially among the poorest	K. Gender imbalances and a lack of female empowerment	L. Population growth and demographic pressures	M. Lack of adequate social protection	N. Lagging environmental and natural resource management
	theme that is addressed up front as a priority component of World Bank Group operations planned under the CPF.	Bank Group comparative advantage, with ongoing and proposed operations in areas of energy, telecommunications, ICT, water and sanitation, and roads.	constraints to competitiveness is a major objective of the CPF.	a focus area of the CPF, with operational responses planned in education, health, and improved social services delivery.	is a 'foundational' theme that is addressed up front as a priority component of World Bank Group operations planned under the CPF.	emphasizing health and education for women	an objective of the CPF.	an objective of the CPF.

Table 4. Alignment of Government Priorities, World Bank Group Comparative Advantage and CPF Objectives

SCD Priority	Government Priorities	World Bank Group Comparative Advantage	CPF Objective
A. G. I. K.	The agriculture sector will be the fulcrum of economic development. Emphasis is on developing several high-value crops through research, extension services and attracting private investment.	Long experience working on agriculture sector in Benin. The World Bank Group is the leader in dialogue with the Government on agriculture, with other donors in the sector including the AfDB, International Fund for Agricultural Development, the European Union (EU), the Belgian Cooperation, the French Cooperation, the German Cooperation, and U.S. Agency for International Development (USAID).	Fostering agricultural productivity
B. C. G. K.	Transport, energy, and ICT are prerequisites for relaunching economic growth. Access to clean water is a top priority for social well-being.	The World Bank Group has long experience working with the GoB on infrastructure issues, with increasing support through integrated regional infrastructure operations. In the	Improving the quality of infrastructure

SCD Priority	Government Priorities	World Bank Group Comparative Advantage	CPF Objective
		electricity sector, the World Bank is working with the U.S. Millennium Challenge Corporation (MCC) in complementary fashion alongside the French Development Agency (<i>Agence Française de Développement</i> , AFD) in support of the Government's Action Plan for increased energy generation.	
D. G.	The PAG calls for an improved regulatory environment for PPP, the modernization and professionalization of public procurement, greater budget transparency, and fiscal measures that promote private investment.	The World Bank Group has an established policy dialogue with the GoB on fiscal management and PIM and is closely collaborating with the IMF on these topics to support sustainable economic growth.	Improving governance in management of public finances
B. I.	Economic diplomacy will be marshalled to improve the conditions of market transactions between Benin and Nigeria and ensure that formal trade agreements are respected. Promoting tourism is a top priority.	The World Bank Group has supported international competitiveness over a long period, particularly in the area of tourism. IFC has long experience building the business environment.	Improving the environment for private sector investment and competitiveness
E. J. K.	Improvement of national education system, in particular vocational education, is a top priority.	The World Bank Group has long experience in funding education improvements in Benin and globally. The challenge of quality of education is being addressed at the primary and lower secondary education by two ongoing projects funded by donors: (a) Pooled Fund (<i>Fonds Commun Budgétaire-Partenariat Mondial pour l'Éducation</i>) and (b) the AFD-funded project supporting lower secondary education reform.	Improving quality and relevance of education and professional training for strengthened job creation
E. F. K. L. M.	Reducing vulnerability and promoting opportunity through productive social safety net programs is critical for poverty reduction and shared prosperity. Weak disease surveillance systems	The World Bank Group has piloted Benin's first social safety net program of notable size and has supported identification of poor and extreme poor households and a national social registry.	Improving social protection systems

SCD Priority	Government Priorities	World Bank Group Comparative Advantage	CPF Objective
	increase the risk of a major health epidemic outbreak.		
G.	Improving governance generally is a top priority for the GoB.	The World Bank Group has long experience working on governance and capacity building in Benin and globally.	Building resilience at the community level
N.	The PAG highlights the need for action and priority investments in (a) strengthening of overall resilience to climate change, (b) sustainable management of forest resources and biodiversity, (c) program development to fight coastal erosion, and (d) improving of the livelihoods of local communities.	The World Bank Group is a leader in support for prevention of and adjustment to climate- and epidemic-related risks having provided billions of dollars of investment financing in Africa and throughout the globe. Its experience in assisting countries in West Africa to address climate and epidemic risks is broad, ranging from technical assistance (TA) to investment financing.	Reducing vulnerability to climate-related threats in forestry, agriculture, and coastal zones

Table 5. CPF Areas of Engagement

Focus Area 1: Structural Transformation for Strengthened Competitiveness and Productivity	Focus Area 2: Investing in Human Capital	Focus Area 3: Increasing Resilience and Reducing Disaster and Climate-Related Risks
Objective 1: Fostering agricultural productivity	Objective 5: Improving relevance of education and professional training for strengthened job creation	Objective 7: Building resilience at the community level
Objective 2: Improving the quality of infrastructure	Objective 6: Improving social protection systems	Objective 8: Reducing vulnerability to climate-related threats
Objective 3: Improving governance in management of public finances		
Objective 4: Improving the environment for private sector investment and competitiveness		

Focus Area 1: Structural Transformation for Competitiveness and Productivity

46. The four objectives encompassed within this focus area aim to help Benin achieve the structural transformation of its economy that is a top priority for action both in the SCD and the PAG. Both documents emphasize the need to enhance agricultural productivity, improve the quality of infrastructure, increase the efficiency and accountability of public sector management, and make Benin more competitive in international markets. The CPF proposes an operational response to these challenges according to an intervention logic that is set forth for each objective as follows.

Objective 1: Fostering agricultural productivity

Relevant Sustainable Development Goals:

SDG 1: End poverty in all its forms everywhere

SDG 2: End hunger, achieve food security and improved nutrition, and promote sustainable agriculture

SDG 5: Achieve gender equality and empower all women and girls

SDG 8: Promote sustained, inclusive, and sustainable economic growth; full and productive employment; and decent work for all

SDG 13: Combat climate change

Relevant IDA18 Special Themes:

Special Themes 1: Jobs and Economic Transformation; 2: Gender and Development; 3: Climate change;

5: Governance and Institutions

47. Both the SCD and PAG prioritize the need to realize Benin's considerable agricultural potential as the path of least resistance toward overall economic growth, production of stable employment, and poverty reduction. The majority of Beninese households are involved in agriculture and are also heavily dependent on the sector from a consumption perspective. Increasing agricultural productivity will not only foster growth and employment but can also have a direct and important welfare effect on household. Gender imbalances also figure prominently in agriculture, presenting opportunities for proactive interventions to foster women's economic empowerment. Finally, as the CLR notes, the World Bank Group has a long and successful track record of operations in Benin's agricultural sector which serve as a bedrock of knowledge and experience upon which to build. The CPF program focused on fostering agricultural competitiveness and diversity would involve the following steps:

- **Promoting agricultural innovation for higher productivity.** As the SCD documents, a major constraint to productivity is the lack of producer access to innovative technologies and quality inputs. Through the Agricultural Productivity and Diversification Project (PADA) the World Bank is supporting large-scale adoption of improved agricultural technologies, including climate-smart production systems, development of production and market infrastructure to enhance productivity through efficient water management, reduction of postharvest losses and better access to market through warehouses and other facilities, improved value chain coordination, and access to finance. In addition, the West Africa Agricultural Productivity Program (WAAPP) is promoting the adoption of agricultural innovation and access to improved inputs through support to agricultural research, extension, and advisory services. The project also supports mechanization by promoting access to equipment and labor-saving technologies for women.
- **Developing human capital for agriculture.** Better technical skills are critical for agricultural producers to meet the challenge of new technologies. The Centers of Excellence project (which aims to produce a cadre with high-level technical skills and promote research of international standing) is entering a second phase of

implementation during which increased emphasis will be given to the agricultural sector. Furthermore, the proposed Education for Employability Project will focus on producing mid-level technicians and expertise for the agricultural sector.

- **MFD in agriculture.** Both the SCD and PAG stress the need to mobilize private sector financing for agriculture. Doing so will first require strengthening the investment climate. IFC recently finalized a study of value chains—in cashew, cotton, rice, maize, cassava, livestock/milk, poultry/eggs, pineapple, horticulture, soya, fisheries, and shea butter—to identify new business development opportunities and explore opportunities to support agriculture SMEs. The World Bank’s study Value Chains in Agriculture will identify policies that better support segmented market product and service combinations to be more competitive in export markets. Furthermore, a proposed diagnostic of the entrepreneurship ecosystem will identify key interventions needed to spur entrepreneurship in Benin’s agribusiness. Another constraint to agricultural productivity is poor or nonexistent access to financing for producers. IFC is working to improve access to finance for agribusiness operators through existing trade finance lines with Ecobank and Diamond Bank. The Risk Sharing Facility (RSF) with Bank of Africa (using IDA funds for the first loss portion) to support SMEs operating along the tourism and other value chains is also expected to include an agribusiness segment. IFC will continue to (i) seek opportunities like these, through financial intermediaries, to support SMEs and the agribusiness sector, and (ii) seek direct financing opportunities to support large-scale operations such as commercial farming and food processing.
- **Climate co-benefits: Addressing risks to agriculture.** An increasingly prevalent constraint to agricultural productivity is weather- and climate-related risk. The CPF will support (see Objective 8) improved understanding of these risks to agricultural productivity and approaches to improve diversity and production in a changing climate to integrate weather and climate-related information in agricultural practices and extension services to female and male farmers. In addition, World Bank Group dialogue with the GoB will include ways to assist achievement of Benin’s Nationally Determined Contribution (NDC) to the Paris Agreement, including measures to reduce carbon emissions with a focus on limiting the burning of grasslands and agricultural wastes.
- **Extending connectivity to the agricultural sector.** Improved access to digital services can generate numerous benefits for producers. The World Bank’s Digital Services for Sustainable Development Project will extend ICT connectivity in rural areas, providing digital solutions to smallholders for selected crops that will increase crop yields, increase volumes of sales, reduce postharvest loss, and improve market links. The project will also help smallholders obtain financing through mobile banking and by leveraging ICT to develop cheap and reliable tools to register land and deliver land certificates.
- **Citizen participation.** PADA will strengthen the capacity of civil society and producers’ organizations for better citizen engagement and increased participation in the policy dialogue and decision making within the sector while providing TA to support the improvement of the legal and regulatory environment for the targeted value chains.

Foundational themes

- **Building capacity for governance in agriculture.** The SCD considers governance issues to be among the most fundamental constraints to transformation of Benin’s agriculture. Of particular importance to agribusiness and processing are access to land in rural areas and near production areas, and quality, safety, and standards testing facilities. The CPF

supports the GoB's efforts to develop its institutional and regulatory framework for improving agricultural productivity. The Fiscal Reform and Growth Development Policy Credit series supports the GoB's new institutional framework for agricultural development, characterized by the establishment of seven new agricultural development poles (combining existing agroecological zones). PADA is working to improve capacity within the Ministry of Agriculture to coordinate the agricultural sector. Meanwhile, the ASA report Review of Land Tenure Policy in Benin has assessed Benin's policy and legal framework governing land in order to provide a basis for future World Bank engagement on land policy issues there.

- Women's economic empowerment in agriculture.** Ensuring that women benefit from improvements in agricultural competitiveness is emphasized in the proposed CPF program. PADA identifies the roles of women in targeted value chains and aims to ensure women's full participation in those activities where they play an important role. Meanwhile, the Digital Solutions for Sustainable Development Project will enhance gender equality and women's empowerment by allowing women smallholders to access information of importance to their productive and community roles and by supporting women-owned enterprises in the development of ICT services for rural communities.

Objective 2: Improving the quality of infrastructure

<p>Relevant Sustainable Development Goals:</p> <p>SDG 9: Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation</p> <p>SDG 7: Ensure access to affordable, reliable, sustainable, and modern energy for all</p> <p>SDG 6: Ensure availability and sustainable management of water and sanitation for all</p> <p>SDG 11: Make cities and human settlements inclusive, safe, resilient, and sustainable</p> <p>SDG 5: Achieve gender equality and empower all women and girls</p> <p>SDG 8: Promote sustained, inclusive, and sustainable economic growth; full and productive employment; and decent work for all</p> <p>SDG 13: Combat climate change</p> <p>Relevant IDA18 Special Themes:</p> <p>Special Themes 1: Jobs and Economic Transformation; 2: Gender and Development; 3: Climate change</p>

48. The SCD and PAG both emphasize the importance of investing in infrastructure, whose poor condition currently is a major impediment to achieving the twin goals. Where electricity is concerned, a poorly functioning utility has created power shortages that hinder light manufacturing and limit access especially to Benin's poorest and rural populations. Lack of adequate water and sanitation services infrastructure leaves only about half of the population with clean drinking water, produces serious drainage and flooding problems, and exacerbates health issues. Inadequate road transport infrastructure increases the costs of doing business and is a critical impediment to commerce and economic growth overall. Expanding access to basic digital services can provide multiple economic benefits to Benin's population. As discussed in the CLR, the World Bank Group has considerable experience in several areas infrastructure within Benin. In addition, the Group recently launched regional initiatives (for example, in energy and transport) that allow it to develop operations within Benin that benefit from the efficiencies and economic benefits that derive from their conceptualization in a regional, cross-boundary context. Given the scope and importance of overcoming infrastructure constraints in Benin, the World Bank Group is engaged in and designing new operational responses in several sectors, as follows:

Electricity

- **Increasing electrical generation capacity.** Low capacity for electrical generation, coupled with poor functioning of the national electrical utility, constitutes major constraints to economic growth. The World Bank Group is supporting the GoB to improve both generation capacity and administration of the system to improve performance and access. The Energy Service Improvement Project is primarily focused upon improving the utility's (*Société Béninoise d'Energie Electrique* [SBEE]) performance by contributing to reduced commercial and technical losses and by providing a road map for gradual power sector development while strengthening the key stakeholders' capacity. The North Core/Dorsale Nord Regional Transmission Project (a West African Power Pool priority project for the creation of a regional power pool in West Africa) aims to connect Nigeria, Niger, Benin/Togo, and Burkina Faso, with a high-voltage 330-kV transmission line, and facilitate energy trade among its participants. For Benin, the project will increase the supply of electricity and the access to electricity in the northern part of the country.
- **MFD for electricity generation.** Private sector involvement could go far toward improving electricity generation, but it has faced regulatory barriers to participation. The Fiscal Reform and Growth Development Policy Credit series will help promote private sector investment in power generation by supporting a comprehensive framework for private sector participation and strengthening of the sector's financial viability. Meanwhile, IFC has contributed to improving electricity generation by providing a €6 million guarantee to generator suppliers APR and Aggreko on behalf of SBEE for emergency power. IFC and MIGA plan to explore long-term options to further contribute to electricity generation.
- **Climate co-benefits: Producing greener energy.** To counter severe deforestation due to overcutting for fuel consumption, the Energy Service Improvement Project will implement community-based forest management plans (described more fully under Objective 8). Under a proposed WAPP Power Pool TA to be provided by the Korea Green Growth Trust Fund, opportunities will be explored to include Benin in an initiative aiming to realize a greener, more resilient, sustainable, and accessible energy system and help achieve its renewable and greenhouse gas (GHG) targets. The activity would include an assessment of possible solutions for energy storage. In addition, the World Bank Group's dialogue with the GoB will include ways to assist achievement of Benin's NDC goals of greater electricity generation through usage of renewable and cleaner sources of energy including natural gas, hydroelectric, and solar power.

Foundational themes

- **Building capacity for governance in the energy sector.** Poor governance of the energy sector has been the principal obstacle to increasing electricity supply. The First Fiscal Reform and Growth Development Policy Credit and Energy Service Improvement Project both primarily focus on improving SBEE's capacity to administer electricity generation and distribution and to manage arrears and improve revenue collection. The Fiscal Reform and Growth Development Policy Credit series also supports the Government's strategy to restore the financial viability of the sector by clearing public sector arrears with SBEE, implementing initiatives that will help collect more revenue, and adopting a legal framework that will ensure the sustainable financial equilibrium of the sector.
- **Women's economic empowerment in the energy sector.** The Energy Service Improvement Project includes a focus on connecting female-headed households to

electricity by promoting women's participation in decision making at the community level and their awareness of customer feedback mechanisms regarding their electricity connection and service. To this end, before and after surveys will examine the impact of the project on customer satisfaction by gender.

Water and Sanitation

- **Increasing access to water and sanitation services in small towns.** Poor management of water and sanitation services has become a major problem of public health and disease control. The Small Town Water Supply and Urban Septage Project is supporting the GoB's strategy to improve rural and small town water supply by strengthening stakeholders involved in water service delivery and contributing to funding water and sanitation system rehabilitation, construction, and expansion in selected municipalities. The CPF proposes to scale up this support through the Benin Rural Water Supply Universal Access Program, a Program-for-Results intervention. The Program will target large-scale investments in piped rural water systems. It will also support the delegation of service delivery to professional private operators.
- **MFD: Mobilizing private sector finance for water and sanitation.** The Small Town Water Supply and Urban Septage Project establishes a Risk Sharing Facility to encourage national commercial banks to serve selected private sector operators by partially mitigating creditor risk through counter guarantees offered by the National Guarantee and Small and Medium Enterprise Assistance Fund. The Rural and Small Town Water TA Grant will assist the GoB to support decentralized local governments and the water domestic private sector in implementing, at scale, PPP subsidized concession models.
- **Climate co-benefits: Reducing flooding in urban areas.** Urban flooding has had a disruptive impact on Benin's economy, as will be discussed under Objective 8. To address this, a proposed Urban Drainage and Sanitation Operation would support the GoB's efforts to improve drainage, urban planning, and sanitation/environmental management in the greater Cotonou area. Using a multi-sectoral and multi-donor approach, the proposed operation would support storm water infrastructure and improved municipal management as a complement to road network development and rehabilitation to be financed by other donors.

Foundational themes

- **Building capacity for governance in water and sanitation.** The Streamlining Strategies and Capacity of Institutions for the SDGs in Rural and Small Town Water TA Grant supports municipalities and the private sector in scaling up the subsidized concession model in small towns, as well as its regulation at the national level. The Small Town Water Supply and Urban Septage Project focuses on improving municipal capacity to plan, monitor, and manage improvements to water and septage facilities.
- **Women's economic empowerment in water and sanitation.** The Small Town Water Supply and Urban Septage Management Project will emphasize improving access to water for the poor, especially female-headed households, by introducing flexible water connection payments and the adoption of low-cost connections. The Benin Rural Water Supply Universal Access Program team is currently designing an approach to gender.

Digital Economy

- **Extending access to e-services.** Mobile telephony and the Internet can contribute significantly to economic growth and productivity, yet in Benin these services are expensive and Internet coverage is poor, particularly in rural areas. The Digital Solutions for Sustainable Development Project will be one of the first in Sub-Saharan Africa to implement a national e-agriculture approach and to harness the potential of e-services in achieving greater efficiency in public service delivery and management for rural population and businesses. Accelerated development of local content, applications, and services both through public and private e-services (e.g. e-commerce platforms), including mobile applications, will strengthen the economic return for the digital infrastructure built by this project.
- **MFD: Mobilizing private sector participation for digital solutions for development.** The Digital Solutions for Sustainable Development Project adopts the MFD approach by identifying rural areas and digital services where market forces are sufficient to bridge the gap over a medium-term horizon, improving the institutional and regulatory environment to address market failure, and partnering with potential investors.

Foundational themes

- **Building capacity for governance of the digital economy.** The Digital Solutions for Sustainable Development Project's approach of leveraging e-Government platforms to generate a demand for local content, applications, and service creation will be applicable to all other e-Government platforms such as e-Education or e-Health (thus sustaining other Group initiatives to help the GoB improve public sector management discussed in Objective 3). The project will also increase digital literacy of the rural population. Under the Digital Infrastructure Initiative, the World Bank and IFC are in preliminary discussions with Government on options for supporting the planned restructuring of the telecom operator, Benin Telecom, as well as the expansion of broadband infrastructure.
- **Women's economic empowerment in the digital economy.** The Digital Solutions for Sustainable Development Project will enhance gender equality and empowerment by enabling women to access information relevant to their productive and community roles. It will target crops where women constitute the majority of the workforce.

Transport Infrastructure and Services

- **Overcoming bottlenecks to efficient transportation.** The poor condition of Benin's road and rail transport systems increases the costs of commerce and is a dead weight on the economy. This is particularly problematic given Benin's role as a regional transport and logistics hub. Preliminary dialogue is ongoing with the GoB on how the World Bank Group might support their efforts to address bottlenecks to trade, transport, and economic opportunities while strengthening sub-regional integration between Benin and Niger.
- **MFD: Mobilizing private sector involvement in transportation.** Private investments in transport are lagging in West Africa, apart from port concessions—and Benin is no exception. Any operation emerging from World Bank Group dialogue with the GoB on transport would address binding constraints in terms of physical infrastructure, regulatory and enabling environment with the objective of unlocking private solutions when appropriate. IFC will explore financing private enterprises in this sector, as well as

support transport infrastructure. MIGA would also be ready to explore guarantees for any foreign investments in the transport sector.

Foundational themes

- **Building capacity for governance in transport infrastructure and services.** Several governance issues in the road transport sector would need to be addressed in any prospective operation. They include (a) professionalization of the trucking and transport industry, currently highly informal and antiquated; (b) targeting of noncompetitive practices (such as cartels, monopolies, and rent seeking); (c) harmonization of road transport rules and regulations between Benin and its neighbors; (d) improvement of transport policies on preservation of road assets, including maintenance and enforcement of axle load control; and (e) enhancing of port-city interactions to reduce port congestion and reduce traffic impacts, noise, and pollution on local residents.

Objective 3: Improving governance in management of public finances

Relevant Sustainable Development Goals:

SDG 5: Achieve gender equality and empower all women and girls

SDG 8: Promote sustained, inclusive, and sustainable economic growth; full and productive employment; and decent work for all

Relevant IDA-18 Special Themes:

Special Themes 2: Gender and Development; 5: Governance and Institutions

49. The SCD and PAG both consider addressing governance issues to be a top priority. Governance weaknesses are perhaps the leading constraint to growth and are important to inclusion in terms of equity in the delivery of public services and in ensuring equality in economic opportunity. They constitute obstacles to achieving the twin goals within virtually all aspects of economic and social development; hence, they are treated as a foundational, cross-cutting issue requiring World Bank Group action targeting sector-specific issues under each objective of this CPF. The present objective focuses on an overarching dimension of the governance problematic in Benin: the need for improved public sector governance, particularly in PFM. As the CLR notes, the Group has extensive experience working with the GoB on these issues. Greater capacity in public sector management will allow the GoB to mobilize and apply resources with much improved impact and results in all areas of development, particularly those aimed for in the PAG.

- **Improving PFM.** The CPF will support the GoB's efforts to reduce its fiscal deficit and create the fiscal space necessary to achieve its development goals. The Fiscal Reform and Growth Development Policy Credit series will continue to support the GoB's fiscal management to broaden the fiscal space needed for financing the PAG's ambitious program. In parallel, analytical work and/or TA is planned in revenue, expenditure, and debt management to pave the way for effective fiscal policy reforms. Technical support may also be provided, in coordination with IMF, to improve Government's capacity to adequately assess contingent liabilities linked to state-owned enterprises (SOEs) as well as PPP projects. Simultaneously, the Public Investment Management and Governance Support Project is providing TA to improve the Government's capacity to manage PIM. It also addresses cross-cutting deficiencies in planning, budgeting, procurement, and monitoring and evaluation (M&E) to improve capital budget execution and results-based financing in order to operationalize similar reforms in selected sectors (water supply, electricity, and justice). During the CPF period, additional financing may be leveraged to scale up achievements and lessons from the Public Investment Management and Governance Support Project, expanding its support of planning, budgeting, and

procurement to other PAG priority sectors. The CPF will also support analytical work to strengthen the impetus for decentralization, enhance the predictability of resource flows to communes, and create an enabling framework for community-driven development (CDD) through improved local governance (Objective 7).

- **Strengthening fiduciary control systems.** The CPF will continue to strengthen Benin’s fiduciary systems and capacity through TA and lending to professionalize and modernize procurement and accounting systems (including e-procurement) and internal/external controls. This support will include analytical work on procurement and financial management (FM) to capture and quantify processing and workflow processes and recommend improvements based on international best practice.
- **Strengthening statistical capacity.** During the CPF period, statistical capacity will be strengthened through investments in official statistics production, dissemination, and use. Support for statistical capacity building will either be provided through a stand-alone investment or be incorporated in another project or regional intervention.
- **Citizen participation for improved accountability.** A priority goal of both the SCD and PAG is to develop greater accountability and fight pervasive corruption. Increasing citizen participation in PIM and service delivery is a proven avenue for achieving greater transparency in Government service delivery. The Public Investment Management and Governance Support Project will assist the GoB and civil society to implement Citizen Report Cards for priority sectors and create a platform for public dialogue among stakeholder groups. The Bank will also explore, with the GoB, the possibility of launching a network of BOOST public access portals to help strengthen fiscal transparency and be used as public expenditure monitoring tool for citizens, civil society, and the media.

Objective 4: Improving the environment for private sector investment and competitiveness

<p>Relevant Sustainable Development Goals: SDG 8: Promote sustained, inclusive, and sustainable economic growth; full and productive employment and decent work for all SDG 5: Achieve gender equality and empower all women and girls</p> <p>Relevant IDA18 Special Themes: Special Themes 1: Jobs/Economic Transformation; 2: Gender and Development; 5: Governance and Institutions</p>

50. The SCD emphasizes ways in which Benin’s achievement of the twin goals is constrained by several obstacles to competitiveness: not only bureaucratic and administrative barriers to private sector investment and competitiveness, but also the high costs imposed by poor and deteriorating infrastructure. In effect, all the objectives listed under Focus Area 1 of this CPF address different aspects of competitiveness; these include barriers to value chain formation and private investment in agriculture, improving the quality of infrastructure, and increasing the public sector’s effectiveness and accountability. Objective 4 proposes World Bank Group actions more specifically targeting investment climate improvements and specific GoB programs aiming to promote cross-border commerce, and tourism in particular. Improved competitiveness will create jobs and improve economic growth in a number of sectors.

- **Increasing Benin’s international competitiveness across sectors.** In many ways, increasing Benin’s competitiveness is a cross-cutting issue. Objective 1 seeks to develop its comparative advantage in several agricultural products for export; Objective 2 seeks to lower the costs of production overall, including for exports, by investing in critical

areas of infrastructure; and Objectives 5 and 6 treat the development of human capital for employment in a more modern, export-oriented economy. With regard to infrastructure, in particular, the World Bank Group is helping the GoB address a range of issues that constrain cross-border trade, with a focus on energy and electrification as well as on ICT and digitalization of economic infrastructure. The Group will also explore possibilities for investment and institutional support to GoB efforts to address the myriad bottlenecks in the transport corridor from Cotonou Port to cross-border destinations. Furthermore, the Group will pursue with the GoB ways it can further support development of a modern export economy through strong investment climate reforms, follow-up support to the commercial court system, strengthening of export and invest promotion functions, access to markets for export oriented firms, and development of entrepreneurial skills. In addition, the Group plans to support development of local capital markets in WAEMU through the Joint Capital Markets Program (J-CAP) initiative. This program will mobilize the collective expertise of the Group to help provide additional domestic financing sources to fill the large gap in key sectors such as infrastructure, housing and climate. This engagement will involve advisory and analytical work, structuring and delivering key demonstrative financial transactions, and knowledge dissemination to attract additional private sector interests.

- **MFD: Promoting cross-border tourism.** The Benin Cross-Border Tourism and Competitiveness Project supports the implementation of Benin’s tourism policy for 2013–2025 which aims to increase tourism by upgrading sites, improve tourism-related infrastructure, build skills for higher quality of services, increase promotion and marketing, and develop ecotourism. IFC contributes to this project by financing SMEs along the tourism value chains through a US\$10 million RSF program with Bank of Africa Benin, for a maximum target SME portfolio size of up to US\$20 million. Benin could also benefit from IFC’s Creating Markets Advisory Window which funds knowledge and advisory activities that could help create the conditions for private sector investments, including diagnostics, project preparation work, capacity building, and upstream institutional support. MIGA would also be ready to explore guarantees for any foreign investments in the tourism sector.

Foundational themes

- **Building capacity for governance.** The Benin Cross-Border Tourism and Competitiveness Project focuses on strengthening the regulatory and institutional environment for tourism, while World Bank and IFC assistance will jointly support the strengthening of tourism value chains. Meanwhile, the World Bank’s overall support for statistical capacity (see Objective 3) will include a focus on the tourism industry.
- **Women’s economic empowerment.** Should a transport corridor operation materialize, it would highlight actions designed to enhance the legal status and protections for women involved in cross-border commerce.

Focus Area 2: Investing in Human Capital

51. The PAG considers investing in human capital a top priority for Benin’s development. The PAG places special emphasis on the need to help create more formalized employment opportunities for Benin’s burgeoning youth population, to improve health, education, and social protections. The CPF envisages two objectives to address the PAG’s national priorities.

Objective 5: Improving relevance of education and professional training for strengthened job creation

Relevant Sustainable Development Goals:

SDG 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

SDG 8: Promote sustained, inclusive, and sustainable economic growth; full and productive employment; and decent work for all

SDG 5: Achieve gender equality and empower all women and girls

Relevant IDA-18 Special Themes: 1: Jobs and Economic Transformation; 2: Gender and Development;

3: Climate change; 5: Governance and Institutions

52. The SCD and PAG highlight improving educational outcomes as fundamental to achieving Benin's development goals; in particular, in preparing youth for modern and formal sector employment and with a special focus on reaching the rural poor and women. Disparities in access to education exist across wealth, gender, and geographical groups. Notably, while girls and boys access the last grade of primary school at nearly equal rates, gender disparities increase as girls and boys progress beyond that level. As noted in the CLR, the World Bank Group has long and successful experience in working with the GoB on basic education issues. By assisting the GoB achieve greater quality in educational outcomes, with greater equity in access to education, particularly vocational education, the Group will help it reduce disparities while developing vital human capital for a more productive and diverse economy.

- **Improving the quality of basic education.** The first step toward preparing Benin's youth for formal sector employment is improvement of basic primary education outcomes. The Early Childhood Development Project aims to prepare children better for success at the primary education level expanding access to community-supported preschools in the poorest districts. Meanwhile, the Benin Global Partnership for Education (GPE) Program, managed by the World Bank, has reinforced primary school learning environments through teacher training, school rehabilitation/construction, and the development of learning assessment systems. The next phase of the GPE program will (i) deepen and broaden initiatives to increase learning by adopting school-based approaches and extend the scope to include lower secondary education, and (ii) reinforce the institutional framework for and governance of the overall education system.
- **Fostering skills for a more modern economy.** The second step under this objective involves providing youth with basic competencies to participate in the new economy. The proposed Education for Employability Project will help youth acquire the skills needed in priority and promising economic sectors with growing demand for skilled labor. First, it will improve the instruction of science and technology in secondary schools, ensuring that graduates acquire essential skills for priority sectors. Second, the project will support the development of postsecondary opportunities in close collaboration with economic actors in key sectors to improve the productivity of key industries. Institutions that provide one- to two-year programs can prepare graduates quickly for insertion in the labor market. The World Bank will also continue to support the regional Centers of Excellence program that helps select universities produce graduates with high-level skills for key industries. The ongoing Youth Employment Project aims to improve access to employment, skills, and opportunities for underemployed youth who have not completed formal basic education. It supports apprenticeships and youth wishing to start their own business. The World Bank is also exploring, with the Government, a Youth at Risk intervention which would focus on social integration services to improve inclusion of youth at risk in selected communities.

Foundational themes

- **Women’s economic empowerment.** All the actions included under this objective will provide specific support to girls and women for the purposes of economic empowerment. First, each project will track and ensure equal opportunity for girls to access relevant services (for example, school completion, enrollment in secondary education, and in science and technology courses, access to training opportunities linked to priority economic sectors). Girls who have already dropped out and who are unlikely to return to school will be targeted by the World Bank Sahel Women’s Empowerment and Demographics (SWEDD) Project, which Benin will join. Beyond this, the Youth Employment Project is successfully targeting young women, who constitute more than half of the project’s beneficiaries. To further improve young women’s welfare and economic prospects, project benefits include a life-skills training centered around social norms and self-esteem, and child care to ensure full participation of young mothers in training. In addition, the World Bank’s Gender Innovation Lab will conduct an impact evaluation to assess the gender differential and overall impact of information campaigns, sensitization activities, and short-term technical retraining in productive trades. The World Bank Group’s policy dialogue around potential future operations with the GoB will also feature: (a) the links between early marriage and dropout rates among girls particularly in rural areas and (b) the role of social norms and intrahousehold bargaining in unlocking a young women’s economic empowerment potential.

Objective 6: Improving social protection systems

Relevant Sustainable Development Goals:

SDG 2: End hunger, achieve food security, and improved nutrition and promote sustainable agriculture

SDG 3: Ensure healthy lives and promote well-being for all at all ages

SDG 5: Achieve gender equality and empower all women and girls

Relevant IDA18 Special Themes:

Special Themes 2: Gender and Development; 5: Governance and Institutions

53. The SCD and PAG emphasize the need to improve the coverage and administration of social protection for the poor. A high priority for the GoB is extension of pension and health insurance coverage, now largely limited to formal sector employees, to several categories of informal sector workers and in doing so decrease the risk to the elderly and the working poor that an unforeseen economic shock or health emergency will throw them deeper into poverty. Meanwhile, improving outcomes in health, especially for women and children, are essential in promoting more inclusive growth and breaking the intergenerational cycle of poverty. Child nutrition is a particularly high priority for Benin to avoid physical stunting and other medical problems among the youth who will form the workforce for a modernizing future economy. Another key element of health in Benin is to protect against the epidemic diseases that loom as a perennial risk to the entire region; in particular, weak disease surveillance systems increase the risk of major health epidemic outbreaks. Finally, focus on young children (Early Years Initiative) will impact Benin’s development over the longer term.

- **Improved administration of pensions and health insurance.** Ongoing World Bank Group TA to the Government’s flagship Health Insurance Program (*Assurance pour le Renforcement du Capital Humain* [ARCH]) is expected to assist the GoB to establish the regulatory and institutional basis for a viable pension system, to include a retirement savings scheme for informal sector workers, and a clear role for private sector financial institutions. ARCH also encompasses a health insurance system to support the GoB’s plans for universal access. Meanwhile, proposed ASA under the Rapid Social Response Multi-Donor Trust Fund would study the financial sustainability of the pension system.

- **Improved child nutrition and family services.** The new Early Years Nutrition and Child Development Project (FY19) will build on the successes of the Multisectoral Food Health Nutrition Project (PMASN; 2014–2019) to increase the coverage and utilization of community-based child development and nutrition interventions, support the development of an integrated approach to coordinate the multitude of stakeholders involved in Early Years’ nutrition and child development interventions, and build leadership to collaboratively communicate and implement a holistic package of family services. The project will also prepare children better for success at primary level by expanding access to community-supported preschools in the poorest districts.
- **Improved disease surveillance.** The CPF will include Benin’s integration into the Regional Disease Surveillance Systems Enhancement Phase III Project (REDISSE III), which will support the Ministry of Health’s efforts to strengthen health systems for better preparedness and response to epidemic diseases.
- **Citizen participation.** The safety net program to be scaled up under *Appui aux Communes et Communautés pour l’Expansion des Services Sociaux (ACCESS)* will continue to leverage the CDD approach in the identification of the poorest and most vulnerable households and the implementation of labor-intensive public works.

Foundational themes

- **Building capacity for governance.** To ensure transparency and participation, the ACCESS program will be implemented through a community-driven approach, implemented at commune level. The operation will also build the capacity of poor households receiving social assistance to improve their livelihoods with the eventual goal of ‘graduating’ from social assistance. In addition, ACCESS will support the ongoing development of a national social protection platform that will serve multiple programs, including ARCH. Meanwhile, the Early Years Nutrition and Child Development Project will build capacity at national and local government levels to plan, implement, and monitor child nutrition programs.
- **Women’s economic empowerment.** The Early Years Nutrition and Child Development Project will have an explicit focus on women, aiming to accelerate behavioral change and improvement of child feeding and stimulation practices. The Sahel Women’s Empowerment and Demographics (SWEDD) Project will address women’s sexual and reproductive health through investment in four priority areas designed to accelerate the demographic transition: reproductive health (including family planning), child health and nutrition, girls’ education, and age of marriage.

Focus Area 3: Increasing Resilience and Reducing Climate-Related Vulnerability

54. Benin is vulnerable in several respects. It is a small country with a high proportion of its population living in poverty and marginal conditions whose well-being is vulnerable to climate change and rapidly changing market conditions. Increasing their resilience begins with helping the communities develop the capability to understand and incorporate disaster and climate-related risks considerations in the management of development planning, implementation and monitoring of public investments. At the national level, it means assisting the GoB in strengthening the institutional framework to improve management of the potential negative impacts of disasters and climate-related shocks by increasing capacity to rapidly respond and effectively reduce existing risks.

Objective 7: Building resilience at the community level

Relevant Sustainable Development Goals:

SDG 11: Sustainable cities and communities

SDG 3: Ensure healthy lives and promote wellbeing for all at all ages

SDG 5: Achieve gender equality and empower all women and girls

Relevant IDA18 Special Themes:

Special Themes 2: Gender and Development; 5: Governance and Institutions

55. Building resilience among Benin’s poorest communities, both in cities and in small rural communes, will require strengthening and improving the coverage and targeting of social safety nets to reduce the risk of households falling into poverty as a result of economic, social, and natural disaster shocks and to enable households to improve their welfare. Lacking adequate social protection and with limited savings and insurance, the poor are more exposed to shocks (bad weather; plummeting commodity prices; increases in consumer prices, accidents, disease, and so on) that can propel poor households deeper into poverty. As the CLR notes, the World Bank Group has had successful experience in community-based projects in Benin. The essential elements of the World Bank Group’s approach to increased resilience for communities will include:

- **Increased resilience for the poor in rural communes.** A social safety net program under the new ACCESS project will be composed of (a) a basic CCT to all targeted households and (b) labor-intensive public works for the same households to provide the opportunity to earn an additional transfer during the agricultural lean season. ACCESS will continue to mobilize a CDD approach in the identification of the poorest and most vulnerable households and the implementation of labor-intensive public works.
- **Increased resilience for the poor in urban areas.** The Cities Support Project will continue to support municipalities to improve their performance and service delivery. Going forward, the World Bank Group will explore opportunities for accelerating performance and service delivery improvements and at the municipal level. The Small Town Water Supply and Urban Septage Management Project will support municipalities in the development of capacity to deliver water and sanitation services to their populations.
- **Citizen participation.** The safety net program to be scaled up under ACCESS will continue to leverage the CDD approach in the identification of the poorest and most vulnerable households and the implementation of labor-intensive public works. To ensure citizen engagement, communities will receive Grassroots Management Training and undergo Participatory Poverty Assessments to enable them to identify the factors underlying poverty in their community, pre-identify the poorest and most vulnerable households in their community, and prioritize their needs.

Foundational themes

- **Building capacity for governance at the commune level.** As noted earlier (Objective 3), the World Bank Group will work with the GoB at the central level to improve its administration of decentralized delivery of public services. The ACCESS project will reinforce the capacity of communes to implement participatory Commune Development Plans, and increase citizen engagement and community implementation of small demand-driven infrastructure projects.

- **Women’s economic empowerment at the community level.** Women will be a priority target group for the training and support for income-generating activities provided through the safety net program. The World Bank Group will explore opportunities to use the ACCESS CCT instruments to incentivize SME formality and reduce start-up risk for women entrepreneurs.

Objective 8: Reducing vulnerability to climate-related threats

<p>Relevant Sustainable Development Goals: SDG 13: Combat climate change SDG 5: Achieve gender equality and empower all women and girls</p> <p>Relevant IDA18 Special Themes: Special Themes 2: Gender and Development; 3: Climate Change; 5: Governance and Institutions</p>
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56. The SCD maintains that the effects of climate change constitute a serious barrier to the sustainability of advances in other priority areas for achieving the twin goals. Building Benin’s resilience in the face of climate change will require addressing issues across a range of sectors, including agricultural production technology, coastal erosion, forest management/preservation and water management, to name a few. A number of World Bank Group investment operations aim to produce climate co-benefits within a variety of sectors, and these have been noted earlier. Objective 8 is particularly focused on the priority challenges of managing the impact of climate change in coastal zones as well as flooding in urban areas. In Benin, large numbers of the poor are located in coastal and urban areas, and the damage to productive land and infrastructure caused by erosion and flooding affects the poor most severely. Countering the effects of climate change, particularly in coastal zones, is both a national- and regional-level development challenge requiring coordination and multisector interventions across national borders. Yet another major challenge in Benin is to reverse large-scale deforestation, a major cause of which is overcutting for fuel consumption. As the CLR notes, the World Bank Group has successfully engaged with Benin in its efforts to fight the impacts of climate change (this was a cross-cutting theme under the previous CPS) and is well positioned to apply its skills, knowledge, and growing array of instruments (including regional initiatives) to the effort, as follows:

- **Improved management of coastal areas.** Protecting the coastal zone from erosion and restoring fragile coastal ecosystems are major objectives of Benin’s Nationally Determined Contribution Document. The World Bank Group is supporting these objectives through its regional initiative (in collaboration with Global Environment Facility [GEF] and the Nordic Development Fund) the West Africa Coastal Area (WACA) Resilience Investment Program.
- **Improved management of forest resources.** With deforestation exacerbating the impact of climate change, the Energy Service Improvement Project will implement community-based forest management plans covering 300,000 ha in several municipalities, including financing tree nurseries, tree plantings, logistical support, training of key actors on forest resource management and energy-efficient charcoal production, communication campaigns targeting local governments and households, and acquisition of equipment for income-generation activities such as beekeeping.
- **Introducing new financial instruments to counter climate risk.** The World Bank Group is in discussion with the GoB about the possibility of engaging in a Catastrophe Deferred Drawdown Option (CAT-DDO) operation.

Foundational themes

- **Building capacity for governance.** The WACA Program will support Benin’s development of a policy framework and instruments for the operationalization of its coastal management plans. It will improve the monitoring of coastal resources, development of preparedness, and response and management strategies associated with coastal inundation.
- **Women’s economic empowerment.** As women tend to be among the poorest in any given sector, climate change has a disproportionately adverse effect on them. Both the WACA and the Energy Service Improvement Project will support alternative income-generating activities with a focus on women, as well as ensuring their involvement in stakeholder groups. The WACA will also foster women’s participation in local climate leadership through decentralized planning mechanisms.

Implementing the CPF

Financial Envelope and IDA 18 and IDA 19 (partial) Allocation

57. **The CPF (FY19–FY23) will span the periods of IDA 18 (FY19–FY20) and of IDA 19 (FY21–FY23).** The World Bank Group will apply a combination of lending, advisory and analytical work, and convening power to achieve the CPF objectives. The indicative IDA 18 allocation for Benin is US\$482 million, not including additional resources which Benin could potentially access through the IDA 18 Special Windows. These include the Regional Window aimed at bolstering regional integration efforts; the PSW mobilizing private capital, de-risking investments, and promoting private sector-based growth; the Scale-Up Facility providing non-concessional borrowing for high-impact projects; if necessary, the CRW aimed at providing support in the event of severe natural disasters, health emergencies, and economic crises; and finally the CAT-DDO facility, which is currently under exploration with the authorities. In addition, the World Bank Group will leverage all World Bank/IFC/MIGA instruments and seek to crowd in other financiers, including the private sector, and development partners to maximize the effectiveness of development results. In outer years, actual allocations will depend on (a) the total IDA resources available; (b) the country’s performance rating, per capita GNI, and population; (c) the terms of IDA assistance (grants/credits); (d) the allocation deductions associated with Multilateral Debt Relief Initiative annual debt service foregone as applicable; (e) the performance, other allocation parameters, and IDA assistance terms for other IDA borrowers; and (f) the number of IDA-eligible countries. Table 6 is a CPF financing table, which maps proposed World Bank interventions through to the PLR stage.

58. **IFC and MIGA operations.** IFC is seeking to increase its engagement in Benin through investments and advisory services primarily aligned with the Government’s priorities. While MIGA will seek to mobilize private sector foreign investment in the country, it has no predetermined envelope for guarantees over the CPF period, beyond its existing guarantee in the services sector. However, MIGA is seeking opportunities in the infrastructure and financial service sector through its political risk insurance products—namely, transfer and convertibility, expropriation, war and civil disturbance, and breach of contract, the latter in the context of PPP concessions. On a last resort basis, the IDA 18 PSW facilities could be deployed to develop transformational solutions not otherwise possible, especially in power and access to finance.

Table 6. CPF Financing

Areas of Engagement		World Bank Support							SUF	Total Amount (Indicative in US\$, millions)	
		National IDA					FY21	FY22			FY23
		FY19		FY20							
		Grant	Credit	Grant	Credit						
Focus Area 1: Structural Transformation for Competitiveness and Productivity											
1	DPO		30		30	70	70	70		480	
2	*Operation on Agricultural Competitiveness and Diversification (FY20)								160		
3	Water Sector Reform and Universal Access Program (PforR) Phase 2			50							
Subtotal		0	30	50	30	70	70	70	160		
Focus Area 2: Investing in Human Capital											
1	SWEDD	20				40	40	40		210	
2	Early Years Nutrition and Child Development Project	30									
3	*Youth at Risk			40							
4	Education for Employability										
5	*Dismantling Barriers to Women Economic Empowerment (WE-FI)										
Subtotal		50	0	40	0	40	40	40	0		
Focus Area 3: Increasing Resilience and Reducing Climate-Related Vulnerability											
1	Combatting Forestry and Desertification	20				50	50	50		220	
2	Greater Cotonou Urban Drainage and Sanitation		50								
Subtotal		20	50	0	0	50	50	50	0		
	*Tentative										

59. **Knowledge, Convening Services, and Trust Funds (TFs).** World Bank Group activities will adopt an integrated approach to tailoring the packaging of financing with knowledge and convening services (ASA and TA). The World Bank Group will leverage its comparative advantage by bringing to bear its global expertise and convening power in response to GoB's development priorities. ASA and TA products currently planned for the CPF period are summarized in Table 7.

Table 7. World Bank Group Knowledge Services and TFs FY19–FY23

	Current ASA and TF	Tentative ASA and TF
Focus Area 1: Structural Transformation for Competitiveness and Productivity	Financial Sector Assessment	Assistance to Water and Sanitation Sector Reforms in Benin
	Benin-Competitive Value Chains in Agriculture	Energy Sector Review
	Benin Statistical Capacity Building	Streamlining Strategies and Capacity of Institutions for the SDGs in Rural and Small Town Water
		<i>Tax Policy Study</i>
		<i>Support to Poverty Analysis and Monitoring and Evaluation</i>
		<i>Energy Sector Management Assistance Program (ESMAP), Global Infrastructure Facility (GIF), Korean Green Growth (KGG) TF for the energy sector to (a) develop the transmission and distribution (T&D) systems and energy efficiency and (b) strengthen client capacity to design, plan, and implement green growth initiatives, strategies, and investments</i>
		<i>Global Procurement Partnership TF (GPRCPT)</i>
Focus Area 2: Investing in Human Capital	Technical Support to ARCH	<i>Consultative Group to Assist the Poorest to Support the Microfinance Sector Supervisory Agency (CGAP)</i>
		<i>Supreme Audit Institution Capacity Development Fund (SAIF)</i>
	Gender and Youth Employment in Benin	<i>Public Expenditure and Financial Accountability (PEFA)</i>
	GPE	<i>Early Learning Partnership (ELP)</i>
		<i>White Paper on Gender</i>
Focus Area 3: Increasing Resilience and Reducing Climate-Related Vulnerability	Impact Evaluation of Health Result-Based Financing	<i>Policy Reform on Teacher Employability and Standards</i>
	Forestry and Biodiversity Assessment	<i>Scaling up Nutrition (SUN)</i>
	Education Sector Review	<i>GPE</i>
		Scaling Up Social Protection in Benin
	<i>Global Water Security and Sanitation Partnership TF Support for Water and Sanitation Sector Reforms (GWSP)</i>	
	<i>TF to Address Climate-Related Threats and Vulnerabilities (GEF)</i>	
	<i>Global Financing Facility in Support of Women and Children (GFF)</i>	

Note: Blue: TFs; Italic: Tentative.

Procurement and FM Arrangements

60. Benin’s public procurement system suffers from several weaknesses, particularly in implementation. The main deficiencies are related to (a) inconsistencies in procurement legislation, particularly as application of the law does not extend to defense and national security procurement, as well as requests for quotations; (b) the high proportion of sole source contracts, which, according to the National Procurement Control Directorate, total around 30 percent of all procurement actions; (c) the length of procurement procedures, which range from three to six months, chiefly as a result of inadequate technical capacity, a lack of physical and information technology (IT) resources, and the

fact that control bodies focus more on process than on service delivery, which is to ensure the availability of procurement contracts on a timely and competitive basis.

Donor and Partnership Arrangements

61. The World Bank Group will pursue common approaches with other donors, including emerging partners and private sector investors, to increase aid effectiveness and reduce fragmentation of interventions. Twelve sector groups, with each one led by an aid agency, ensure coordination across the following areas: Agriculture (European Union-UE), Decentralization (Germany), Water and Sanitation (Netherlands), Education (Switzerland), Energy (Millennium Challenge Corporation/Account), Environment (United Nations Development Program [UNDP]), Gender (USAID), Macro/Public Finance (EU), Justice (France), Civil Service Reform (UNDP), Health (Belgium), and Private Sector (World Bank Group). An analysis of donor engagement, currently under way for the Heads of Diplomatic and Aid Mission in Benin, will further highlight the status of donor support to PAG implementation and serve to better define the comparative advantages, cooperation, and co-financing potential for the World Bank Group in engagement with other agencies.

IV. MANAGING RISKS TO THE CPF PROGRAM

Table 8. Systematic Operations Risk-Rating Tool (SORT)

Risk Categories	Rating (H, S, M, L)
Political and governance	S
Macroeconomic	S
Sector strategies and policies	M
Technical design of project or program	M
Institutional capacity for implementation and sustainability	M
Fiduciary	M
Environment and social	M
Stakeholders	L
Overall	Moderate

Note: H = High, S= Substantial, M = Moderate, L = Low.

Political and Governance Risks

62. **Political and governance risks (Substantial).** Unpredictable political and governance developments create some uncertainty in Benin at this time, particularly in the context of an administration whose track record is not yet fully established. As noted earlier (paragraph 7), in April 2017, the Parliament rejected President Talon’s introduction of an independent Auditor General’s Office, a new method of appointing members to the Constitutional Court, the simplification of procedures in the High Court of Justice, and a revamping of political party funding. In addition, the concentration of wealth and power in the hands of a relatively small number of people, cases of corruption, noncompliance, and impunity also create an environment that could prompt unrest and disruption of development plans. Through the CPF, the World Bank Group will ensure that (a) the financial, knowledge, and convening services provided are amply communicated to citizens up front; (b) projects are seen to strengthen voice and accountability and deliver tangible results to beneficiaries; and (c) adequate channels are provided to enable beneficiaries to provide feedback, especially where corrective action is needed in areas of transparency or service delivery. Should there be a substantial change in the politico-governance environment in the field, the World Bank Group would reevaluate its approach, while maintaining its focus on twin goal achievement.

63. **Macroeconomic sustainability risks (Substantial).** Such risks to the CPF will require vigilance. The fiscal and debt situation deteriorated in 2015–2016 as poor fiscal management, limited

accountability, and unorthodox PFM led to an increase in the fiscal deficit (including grants), which grew to 8.0 percent in 2015. Total public debt jumped to 49.5 percent of GDP at end-2016. The new administration contained the 2016 overall budget deficit to 6.2 percent, while the projected 2017 budget deficit rose to 7.9 percent, reflecting Government's ambitious public investment program. Associated risks include revenue projections due to Nigeria's economic slowdown, the potential for tightening regional liquidity markets and associated debt rollover concerns, and contingent liabilities linked to SOEs. The ECF program with the IMF provides comfort that macro risks will be contained and the World Bank Group will coordinate their approach with its sister institution. Under the CPF, measures taken under budget support operations will help mitigate these risks. The World Bank Group will continue to support with capacity building in macroeconomic, budget, and debt management. DPOs will target domestic revenue reforms designed to reduce Government reliance on revenues generated from imports informally reexported to Nigeria. The strategy will also support business climate improvements, value addition, and job creation in the domestic market. If the macroeconomic situation deteriorates, World Bank Group support would be adjusted.

64. **Institutional capacity risks (Moderate).** The Government has made a commitment to reforming Benin's public administration and to establishing a meritocratic system based upon competence and transparency. While the needed reforms are designed and pushed through, the Government has created a series of agencies staffed by highly competent teams, some from the Beninese diaspora, which have been recruited to accelerate PAG implementation. To mitigate risks to the technical design, implementation, and sustainability of proposed CPF interventions, the World Bank Group will prioritize capacity building with the core civil service, academic institutions, research bodies, and think tanks, while collaborating with the specialized agencies.

65. **Fiduciary risk (Moderate).** Despite remaining risks, the Government has put in place strong countermeasures, in particular a new public procurement code (October 2017) that provides for the professionalization of the public procurement system along with a number of other measures designed to address systemic risks. The World Bank Group will continue to closely monitor the quality of fiduciary management and make adjustments in approach should the need arise.

66. **Environment and social risks (Moderate).** Benin's coastal population, especially the poor, is vulnerable to the effects of climate change, whose already precarious livelihoods depend on the quality and quantity of natural resources. The coastline is also susceptible to increased flooding caused by storm surges and intense rainstorms. Degradation of coastal resources and ecosystems is accelerating due to increasing population pressure on the coast, demand for resources, and anarchic coastal development. The CPF plans to assist Benin address these issues through the Regional West Africa Coastal Resilience Program (WACA). Should an unanticipated natural disaster affect CPF implementation plans under the WACA, the Government and the World Bank Group are exploring an IDA CAT-DDO instrument for both the Government and World Bank Group to hedge against such an eventuality. The World Bank Group could also restructure operations as needed should these risks become reality.

67. **Sub-regional security threats.** While the situation in the field in Benin is calm, and direct threats to the country are estimated to remain low, a rise in jihadist-related terrorism in the sub-region places the country at some risk of instability. The World Bank Group will continue to monitor the situation closely in collaboration with World Bank Group Corporate Security and United Nations Department for Safety and Security, taking measures needed to protect World Bank Group staff and address any threat of derailment of CPF interventions in the country.

Annex 1: CPF Results Matrix

Focus Area 1: Structural Transformation for Competitiveness and Productivity
<p>Intervention Logic: This focus area mirrors one of the key pillars of the Government’s program for economic revival. Its strategy as laid forth in the PAG includes a focus on efficiency and accountability in the management of public finances, improved administration of public investments and PPPs, and improved competitiveness in regional markets. The PAG also emphasizes the need to enhance agricultural productivity, improve infrastructure and connectivity, and overcome human capital constraints to increase competitiveness, productivity, and job creation.</p> <p>The four objectives encompassed within this focus area aim to help Benin achieve the structural transformation of its economy that is a top priority for action both in the SCD and the PAG, and the key pathway to poverty reduction. Both documents emphasize the need to enhance agricultural productivity, improve the quality of infrastructure, increase the efficiency and accountability of public sector management, and make Benin more competitive in international markets. The World Bank program under Focus Area 1 of this CPF addresses different aspects of competitiveness and productivity as drivers of structural transformation; these include barriers to value-chain formation and private investment in agriculture, improving the quality of infrastructure, and increasing the effectiveness and accountability of the public sector and supporting an enabling environment for private sector and investments. It does so leveraging synergies both across the World Bank Group as well as its comparative advantage in working collaboratively with other development partners.</p>
<p>Objective 1: Fostering agricultural productivity</p> <p>SDG 1: End poverty in all its forms everywhere SDG 2: End hunger, achieve food security and improved nutrition, and promote sustainable agriculture SDG 5: Achieve gender equality and empower all women and girls SDG 8: Promote sustained, inclusive, and sustainable economic growth; full and productive employment; and decent work for all. SDG 13: Combat climate change</p> <p>IDA 18 Special Theme 1: Jobs and Economic Transformation IDA 18 Special Theme 2: Gender and Development IDA 18 Special Theme 5: Governance and Institutions</p>
<p>Intervention Logic: Both the SCD and PAG prioritize the need to realize Benin’s considerable agricultural potential as the path of least resistance toward overall economic growth, production of stable employment, and reduction of poverty. Increasing agricultural productivity has a direct and important welfare effect on households beyond fostering growth and employment opportunities. Prominent gender imbalances in the agriculture sector present opportunities for proactive interventions to foster women’s economic empowerment. Building on the World Bank Group’s long and successful track record of operations in Benin’s agricultural sector and through PADA, the World Bank is supporting smallholders, producers, agricultural cooperatives, and the private sector with integrated services for production and market infrastructure. Both PADA and WAAPP will promote agricultural innovation and improved agricultural technologies. Innovation and connectivity to markets will also be galvanized by the Digital Services for Sustainable Development Project that will provide digital solutions to smallholders that will increase select crop yields and sales and reduce postharvest loss. By leveraging the range of the World Bank Group expertise and MFD, the Program will provide access to finance for agribusiness and value chain development through PADA and IFC support. The Fiscal Reform and Growth Development Policy Credit series will develop the institutional and regulatory framework for improving agricultural productivity, complemented by PADA’s strengthening of the capacity of civil society and producers’ organizations for better citizen engagement and increased participation in the policy dialogue. Ensuring that women benefit from improvements in agricultural competitiveness is emphasized in the proposed CPF program, through PADA support to women in targeted value chains and the digital solutions support to women-owned enterprises in the development of ICT services for rural communities. Advisory services will be used selectively to underpin the program, including for a diagnostic of agribusiness entrepreneurship. The World Bank Group will ensure synergies across</p>

the CPF pillars to develop human capital and technical skills for agriculture and maximize climate co-benefits by reduction of the climate risk to agriculture; use of early warning systems; climate-smart agricultural techniques and production systems; and positive socioeconomic impacts. The combined package of support is expected to increase production of processed products and production of high-value-added products for the domestic, regional, and international markets.

CPF Objective Indicators	Supplementary Progress Indicators	World Bank Group Program
<p>Average quantity (kg) of processed cashew (C), pineapple juice (P), and milled rice (R) for each ton produced C - Baseline (2016): 55, Target (2023): 61 P - Baseline (2016): 270, Target (2023): 300 R - Baseline (2016): 220, Target (2023): 240 (Source: PADA P160029/P160700)</p> <p>Increase in volume of sales of selected crops (rice and maize)⁵ (%) Baseline (2018): Maize: 50,000 tons Rice: 25,000 tons Target (2023): 20% over baseline for each crop (Source: P162599)</p>	<p>Micro projects funded through matching grants (number) Baseline (2017): 0 Target (2022): 180 (Source: PADA)</p> <p>Drying areas built in support of rice value chain (number) Baseline (2017): 0 Target (2022): 100 (Source: PADA)</p> <p>Female farmers and producers supported Baseline (2017): 0 Target (2023): 86,000 (Source: PADA)</p> <p>Volume of private investment in targeted value chains (pineapple, cashew, and shea butter): Baseline (2018): 0 Target (2022): US\$5 million (Source: SUF)</p> <p>Share of cashew (C) and pineapple (P) samples tested by the <i>Laboratoire Central de Contrôle de la Sécurité Sanitaire des Aliments (LCSSA)</i> which meet international standards:</p>	<p>Ongoing</p> <ul style="list-style-type: none"> • Agricultural Productivity and Diversification (PADA) (P115886, P160029) • West Africa Agricultural Productivity Program (WAAPP) (P122065) • First Fiscal Reform and Growth Development Policy Credit (phase 1) (P160700) <p>Pipeline</p> <ul style="list-style-type: none"> • Digital Services for Sustainable Development Project (FY18, P162599) • Benin Second Fiscal Reform and Growth DPF (P166115) • Operation on Agricultural Competitiveness and Diversification (non-IDA SUF) <p>ASA</p> <ul style="list-style-type: none"> • Competitive value chains in agriculture (P166247) <p>IFC/MIGA</p> <ul style="list-style-type: none"> • IFC study of agricultural value chains

⁵ Indicator measures change in volume of wholesales of crops, with baseline based on data on patterns of production and marketed surplus of these two crops and the potential beneficiaries of World Bank Group interventions.

	<p>C - Baseline (2017): 90 percent, Target (2022): 98 percent. P - Baseline (2017): 85 percent, Target (2022): 96 percent. (Source: PADA)</p>	
<p>Objective 2: Improving the quality of infrastructure SDG 9: Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation SDG 7: Ensure access to affordable, reliable, sustainable, and modern energy for all SDG 6: Ensure availability and sustainable management of water and sanitation for all SDG 11: Make cities and human settlements inclusive, safe, resilient, and sustainable SDG 5: Achieve gender equality and empower all women and girls SDG 8: Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all. SDG 13: Combat climate change IDA 18 Special Theme 1: Jobs and Economic Transformation IDA 18 Special Theme 2: Gender and Development</p>		
<p>Intervention Logic: The SCD and PAG both emphasize the importance of investing in infrastructure, whose poor condition currently is a major impediment to achieving the twin goals. Where electricity is concerned, a poorly functioning electrical utility has created power shortages that hinder light manufacturing and provide limited access especially to Benin’s poorest and rural populations. Lack of adequate water and sanitation services infrastructure leaves only about half of Benin’s population with clean drinking water, produces serious drainage and flooding problems, and creates serious health issues. Inadequate road transport infrastructure increases the costs of doing business and is a serious impediment to commerce and economic growth overall. Expanding access to basic digital services can provide a large number of economic benefits to Benin’s population. As discussed in the CLR, the World Bank Group has considerable experience in several areas of infrastructure within Benin. In addition, the World Bank has recently launched regional initiatives (for example, in energy and transport) that allow it to develop operations within Benin that benefit from the efficiencies and economic benefits.</p> <p>The Energy Service Improvement Project will improve the electrical utility’s (SBEE) performance by contributing to reduced commercial and technical losses, while the North Core/<i>Dorsale Nord</i> Regional Transmission Project aims to facilitate energy trade and increase the access to electricity in the northern part of Benin. The Fiscal Reform and Growth Development Policy Credit series underpins investments and capacity in the energy and water sectors. The World Bank will continue its strong engagement in water and sanitation. The CPF will scale up support through the Benin Rural Water Supply Universal Access Program targeting large-scale investments in piped rural water systems, and the Greater Cotonou Urban Drainage and Sanitation project will support the GoB’s efforts to improve drainage, urban planning, and sanitation/environmental management. The Digital Solutions for Sustainable Development Project will build digital infrastructure and harness the potential of e-services in achieving greater efficiency in public service delivery and management for rural population and businesses. The Maximizing Financing for Development -MDF- approach is fully harnessed for this objective; partnering with potential investors, PPPs and RSFs will be a core element in the infrastructure initiatives. IFC provides guarantees to the water sector and generator suppliers and plans to explore long-term options to further contribute to electricity generation. Climate co-benefits will be maximized through the energy and water portfolio, and activities are built in to ensure that women fully access services.</p>		

CPF Objective Indicators	Supplementary Progress Indicators	World Bank Group Program
<p>People provided with new or improved electricity service (Number⁶) Baseline (2018): 0 Target (2023): 125,000 (Source: 161015)</p> <p>People provided with access to improved water sources (Number⁷) Baseline (2017): 0 Target (2023): 1,864,000 (Source: including 1,660,000 from P164186 and 204,000 from P156738)</p> <p>Beneficiaries accessing mobile communication services (voice and SMS) in targeted zones (percentage)⁸ Baseline (2018): 60% (for women 52%) Target (2023): 70% (for women 70%) (Source: P162599)</p>	<p>SBEE Management improvement plan Baseline (2017): None About 75% of MIP key measures implemented Target (2022): Plan implemented (Source: P161015)</p> <p>Female-headed households provided with new or improved electricity connection (Percentage) Baseline: 0 Target (2022): 10% (of 15,000) (Source: P161015)</p> <p>Contracts with regional water operators launched Baseline (2018): 0 Target (2023): 100% (Source: P164186)</p> <p>Ratio of female beneficiaries accessing the Internet (%) Baseline (2018): 7% Target (2023): 15% (Source: P162599)</p>	<p>Ongoing</p> <ul style="list-style-type: none"> • Energy Service Improvement Project (P161015) • Public Investment Management and Governance Support Project (P147014) • Small Town Water Supply and Urban Septage Management Project (P156738) <p>Pipeline</p> <ul style="list-style-type: none"> • Digital Solutions for Sustainable Development (FY18, P162599) • Fiscal Reform and Growth Development Policy Credit (phase 2) • Benin Rural Water Supply Universal Access P4R Program (FY20, P164186) • Greater Cotonou Urban Drainage and Sanitation Project (FY19) • North Core/Dorsale Nord Regional Interconnector Project (FY18, P162933) <p>ASA</p> <ul style="list-style-type: none"> • Assistance to water and sanitation sector reforms in Benin (P166502) • Streamlining Strategies and Capacity of Institutions for the SDGs in Rural and Small Town Water TA grant (P157374) • Energy Sector Review (P161919) • ESMAP/GIF/KGG TF for the energy sector to (a) develop the T&D systems and energy efficiency

⁶ Following Corporate Results Indicator (CRI) definition; from the World Bank Guidance on Corporate Results Indicators. Catalogue Number OPS5.06-GUID.132. Target represents around 5 percent increase in the number of current households (485,000) in Benin connected to SBEE electricity and a higher share of targeted areas of peri-urban areas of Cotonou, Porto-Novo, Parakou, and Natitingou.

⁷ Following CRI definition; from the World Bank Guidance on Corporate Results Indicators. Catalogue Number OPS5.06-GUID.132.

⁸ The targeted zones are *Poles de Developpement Agricoles* 1, 2, 3, and 4 equivalent to the following five administrative regions: Atacora, Donga, Borgou, Alibori, and Collines.

		<p>and (b) strengthen client capacity to design, plan, and implement green growth initiatives, strategies, and investments (tentative)</p> <p>IFC/MIGA</p> <ul style="list-style-type: none"> • IFC guarantee to emergency power suppliers • IFC: Benin Water Scale-Up (602063) • Potential MIGA guarantees for foreign investors into the energy sector
<p>Objective 3: Improving governance in management of public finances SDG 5: Achieve gender equality and empower all women and girls SDG 8: Promote sustained, inclusive, and sustainable economic growth; full and productive employment; and decent work for all. IDA 18 Special Theme 5: Governance and Institutions IDA 18 Special Theme 2: Gender and Development</p>		
<p>Intervention Logic: The SCD and PAG both consider addressing governance issues to be a top priority. Governance weaknesses are perhaps the leading constraint to growth and are important to inclusion in terms of equity in the delivery of Government services and in ensuring equality in economic opportunity. They constitute obstacles to achieving the twin goals within virtually all aspects of economic and social development; hence, they are treated as a foundational, cross-cutting issue requiring World Bank Group action targeting sector-specific issues under each objective of this CPF. The present objective focuses on an overarching dimension of the problematic governance in Benin: the need for greater effectiveness and accountability in public sector, and particularly public finance, management. As the CLR notes, the World Bank has extensive experience working with the GoB on these issues. Greater effectiveness and accountability in public sector management will allow the GoB to mobilize and apply resources with much improved impact and results in all areas of development, particularly those aimed for in the PAG.</p> <p>The Fiscal Reform and Growth Development Policy Credit series will continue to support the GoB's fiscal management to broaden the fiscal space needed to finance its ambitious program. The PIM and Governance Support Project is providing TA to improve the Government's capacity to manage PIM and address cross-cutting deficiencies in planning, budgeting, tax, procurement, and M&E to improve capital budget execution. In parallel, targeted analytical work is planned on the revenue, expenditure, and debt management side, and technical assistance may also be provided with IMF to assess contingent liabilities linked to PPP projects. The CPF analytical work will also address Benin's fiduciary systems and capacity (procurement and accounting systems, efficiency in processing and workflow processes, and the quality of decentralization to enhance the predictability of resource flows to communes for improved local governance (Objective 7).</p>		
<p>CPF Objective Indicators</p>	<p>Supplementary Progress Indicators</p>	<p>World Bank Group Program</p>
<p>Share of non-customs taxes paid through the banking system and the e-payment system (percentage)</p> <p>Baseline (2016): 0 percent Target (2023): 85 percent (Source: P160700; Government, Ministry of Economy and Finance [<i>Direction Générale des Impôts-DGI</i>])</p>	<p>PPP transactions (number)</p> <p>Baseline (2014): 0 Target (2020): 5 (Source: P147014)</p>	<p>Ongoing</p> <ul style="list-style-type: none"> • Public Investment Management and Governance Support Project (P147014) • First Fiscal Reform and Growth Credit (phase 1) (P160700)

<p>Investment budget execution rate (percentage)</p> <p>Baseline (2014): 68% Target (2023): 80% (Source: P147014)</p> <p>Reduction of backlog in administrative cases</p>	<p>Reduction of variance between the P Programme d'Investissement Public (PIP) 3 year and the Medium-Term Expenditure Framework (percentage)</p> <p>Baseline (2018): 34% Target (2022): 15% (Source: PIMA)</p>	<ul style="list-style-type: none"> • MIGA guarantee for <i>Société d'Exploitation du Guichet Unique du Bénin, SA</i> (Project 9392) <p>Pipeline</p> <ul style="list-style-type: none"> • Fiscal Reform and Growth Development Policy Credit (phase 2) (P166115) • Statistical Capacity Project (tentative) <p>ASA/TF (tentative)</p> <ul style="list-style-type: none"> • Tax policy study • Support to Poverty Analysis and Monitoring and Evaluation (tentative) • Global Procurement Partnership TF (GPCPT) • Consultative Group to Assist the Poorest to Support the Microfinance Sector Supervisory Agency (CGAP) TF • Supreme Audit Institution Capacity Development Fund (SAIF) TF • Public Expenditure and Financial Accountability TF (PEFA)
<p>Objective 4: Improving the environment for private sector investment and competitiveness</p> <p>SDG 8: Promote sustained, inclusive, and sustainable economic growth; full and productive employment; and decent work for all. SDG 5: Achieve gender equality and empower all women and girls IDA 18 Special Theme 1: Jobs and Economic Transformation IDA 18 Special Theme 5: Governance and Institutions IDA 18 Special Theme 2: Gender and Development</p>		
<p>Intervention Logic: The SCD emphasizes ways in which Benin's achievement of the twin goals is constrained by a number of obstacles to competitiveness: bureaucratic and administrative barriers to private sector investment and operations, and also the high costs imposed by poor and deteriorating infrastructure. In effect, all the objectives listed under Focus Area 1 of this CPF address different aspects of competitiveness; these include barriers to value chain formation and private investment in agriculture, improving the quality of infrastructure, and increasing the effectiveness and accountability of the public sector. Objective 4 proposes World Bank Group actions more specifically targeting improvements in the investment climate and specific GoB programs aiming to promote cross-border commerce, and in particular the promotion of tourism. Improved competitiveness will, over time, create jobs and improve economic growth in a number of sectors. The Benin Cross-Border Tourism and Competitiveness Project focuses on strengthening the regulatory and institutional environment for tourism, while the World Bank and IFC are contributing through providing finance for SMEs along the tourism value chains through a US\$10 million RSF program with Bank of Africa Benin, for a maximum target SME portfolio size of up to US\$20 million. Beyond this, the World Bank Group will discuss with the GoB ways it can further support the development of a modern</p>		

export economy through strong investment climate reforms, follow-up support to the commercial court system, strengthening of export and invest promotion functions, access to markets for export-oriented firms, and development of entrepreneurial skills.

<p>Additional private investment by firms in tourism sector (US\$) Baseline (2016): 0 Target (2023): 10 million (Source: P149117)</p> <p>Benin Doing Business "Distance to Frontier" score Baseline (2018): 50.47 (DB18) Target (2023): 61 (DB22) (Source: Doing Business)</p> <p>Value of SME loans outstanding (US\$) Baseline (2017): 6,800,000 Target (2023): 274,600,000 (Source: IFC 602177)</p>	<p>Micro, Small and Medium Enterprises (MSMEs) receiving technical support (Number) Baseline (2016): 0 Target (2021): 1,000 (Of which 30% are female owned) (Source: P149117)</p> <p>One stop shop for construction permits is established and will be fully automated by 2023 (Source: new operation)</p> <p>Investment and export promotion agency APIEX (<i>Agence de Promotion des Investissements</i>) is fully staffed and will be operational by 2021 (Source: new operation)</p>	<p>Ongoing Benin Cross Border Tourism and Competitiveness Project (P149117)</p> <p>Pipeline</p> <ul style="list-style-type: none"> Potential new competitiveness operation <p>IFC/MIGA IFC: BOA BENIN AMSMETA (602177) IFC: Invest West Africa Benin Implementation (601619) IFC: GTFP Ecobank Benin (27518) IFC: RSF Benin Tourism (38159) IFC: Diamond Benin (25280) Potential MIGA guarantees for foreign investors into the tourism sector (for example, hotels)</p>
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Focus Area 2: Investing in Human Capital

Intervention Logic: The PAG considers investing in human capital a top priority for Benin's development. The PAG places special emphasis on the need to help create more formalized employment opportunities for Benin's burgeoning youth population, to improve health, education, and social insurance and protection. The SCD pointed out that low human capital is undermining the prospects of the poor to realize shared prosperity, as reflected in disparities between the poorest and wealthiest households, lower learning outcomes for poorer households, and lagging educational attainment of girls. Children from poor families have higher rates of malnutrition and lower levels of access to adequate food/care, water and sanitation, and health services. Demographic pressures are overwhelming the current pace of growth, job creation, and the expansion of basic social services, thereby limiting opportunities for poor households. The World Bank Group will build on its long experience in education improvements in Benin and its successful piloting of Benin's first social safety net program of notable size to strengthen the human capital, which the SCD identified as an important determinant of long-run growth.

Objective 5: Improving relevance of education and professional training for strengthened job creation

SDG 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
SDG 8: Promote sustained, inclusive, and sustainable economic growth; full and productive employment; and decent work for all
SDG 5: Achieve gender equality and empower all women and girls
IDA 18 Special Theme 1: Jobs and Economic Transformation
IDA 18 Special Theme 5: Governance and Institutions

IDA 18 Special Theme 2: Gender and Development		
<p>Intervention Logic: The SCD and PAG highlight improving educational outcomes as fundamental to achieving Benin’s development goals, in particular, in preparing Benin’s youth for modern and formal sector employment, and with a special focus on reaching the rural poor and women. Disparities in access to education exist in Benin across wealth, gender, and geographical groups. Notably, while girls and boys access the last grade of primary school at nearly equal rates, gender disparities increase as girls and boys progress beyond that level. As noted in the CLR, the World Bank Group has long and successful experience in working with the GoB on basic education issues. The CPF will support the development of human capital at strategic points in the education for employability process. The next phase of the Benin GPE Program will extend its scope to include lower secondary education and reinforce the institutional framework for and governance of the overall education system. The proposed Education for Employability project will help youth acquire the skills needed in priority and promising economic sectors with growing demand for skilled labor, complemented by the Centers of Excellence regional program that helps select universities produce graduates with high-level skills for key industries, and the ongoing Youth Employment Project targeting apprenticeships and self-employment for underemployed youth who have not completed formal basic education. The World Bank is also exploring with the Government a Youth at Risk intervention to improve inclusion of youth at risk in selected communities. Equal opportunity for girls to access relevant services will be included in all operations.</p>		
CPF Objective Indicators	Supplementary Progress Indicators	World Bank Group Program
<p>Youth creating, expanding, or diversifying their economic activity⁹ (number) Baseline (2018): 0 Target (2023): 8,000 (of which 4,000 women). (Source: P132667 tracer study)</p> <p>Students completing postsecondary training programs in key economic sectors (number)¹⁰ Baseline (2018): 0 Target (2023): 10,000 (gender-disaggregated) (Source: new operation Education for Employability)</p>	<p>Youth completing entrepreneurship training and receiving start-up capital (number) Baseline (2018): 5,000 (of which 2,500 women) Target (2023): 10,000 (of which 5,000 women) (Source: P132667)</p> <p>Postbasic education programs developed in consultation with the private sector (number) Baseline (2018): 0 Target (2023): 5 (Source: new operation Education for Employability)</p>	<p>Ongoing</p> <ul style="list-style-type: none"> Youth Employment (FY14; P132667) Africa Higher Education Centers of Excellence for Development Impact Project (P164546) <p>Pipeline</p> <ul style="list-style-type: none"> Sahel Women’s Empowerment and Demographics (SWEDD) Additional Financing (Benin) (FY19, P166813) GPE Program TF Youth at risk (early pipeline, FY20) Education for Employability project (tentative) <p>ASA</p> <ul style="list-style-type: none"> Education Sector Review (P153478) Gender and Youth Employment in Benin (P147780) Policy Reform on Teacher Employability and Standards (tentative) Early Learning Partnership (ELP)TF (tentative)
<p>Objective 6: Improving social protection systems SDG 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture</p>		

⁹ Indicator measures number of underemployed youth who start a new economic activity, or expand their existing economic activity (increased number of hours worked or increased profit).

¹⁰ Key economic sectors to include agriculture, science and technology, IT.

SDG 3: Ensure healthy lives and promote wellbeing for all at all ages SDG 5: Achieve gender equality and empower all women and girls IDA 18 Special Theme 5: Governance and Institutions IDA 18 Special Theme 2: Gender and Development		
<p>Intervention Logic: The SCD and PAG emphasize the need to improve the coverage and administration of social protection programs for the poor. A high priority for the GoB is to extend pension and health insurance coverage, now largely limited to formal sector employees, to several categories of informal sector workers and in doing so decrease the risk to the elderly and the working poor that an unforeseen economic shock or health emergency will throw them deeper into poverty. Meanwhile, improving outcomes in health, especially for women and children, are essential in promoting more inclusive growth and breaking the intergenerational cycle of poverty. Child nutrition is a particularly high priority for Benin to avoid physical stunting and other medical problems among the youth who will form the workforce for a modernizing future economy.</p> <p>The ACCESS project will support the development of a national social protection platform (including a social registry, linkages to ID systems, payment systems, and grievance redress) that will serve multiple programs, including ARCH in addition to ACCESS. Ongoing World Bank Group TA to the Government's flagship social insurance program (ARCH) is expected to assist the Government to establish the regulatory and institutional basis for a viable pension system and a health insurance system to support the Government's plans for universal access. The new Early Years Nutrition and Child Development Project (FY19) will build on the successes of the Multisectoral Food Health Nutrition Project to increase the coverage and utilization of community-based child development and nutrition interventions. The CPF will include support for Benin to join REDISSE to strengthen health systems for better preparedness and response to epidemic diseases. Most operations under this objective will have a specific focus on women and girls.</p>		
CPF Objective Indicators	Supplementary Progress Indicators	World Bank Group Program
<p>Number of households enrolled in national social registry of potential beneficiaries for social programs (number) Baseline (2018): 232,000 Target (2023): 800,000 (Source: P163560)</p> <p>Children 0–59 months who benefit from an integrated package of nutrition and early childhood development interventions (number) Baseline (2017): 0 Target (2023): 800,000 (Source: P166211)</p>	<p>ARCH design for health and pension component is implemented in pilot areas Baseline (2018): No ARCH design Target: (2020): ARCH is implemented in pilot area (Source: ARCH TA)</p> <p>Nutrition care group members trained and providing services to households Baseline (2018): 0 Target (2019): 12,000 (gender disaggregated) (Source: P166211)</p>	<p>Ongoing</p> <ul style="list-style-type: none"> Benin Multisectoral Food Health Nutrition Project (P143652) <p>Pipeline</p> <ul style="list-style-type: none"> Community and Local Government Basic Social Services Project (ACCESS Project) (P163560) Early Years Nutrition and Child Development Project (FY19, P166211) Sahel Women's Empowerment and Demographics (SWEDD) Additional Financing (Benin) (FY19, P166813) West Africa Regional Disease Surveillance Systems Enhancement Project (REDISSE, AF, P159040) ARCH health and pension project (tentative) <p>ASA</p>

		<ul style="list-style-type: none"> • Support to ARCH (Health and Pension) ASA (P164230) • Impact Evaluation of Health Result-Based Financing (P125066) • Scaling Up Social Protection (P163561, Rapid Social Response TF) • Regional TA to Support to Extending Pension Coverage to Informal Sector Workers (includes Benin) (RSR TF financed) • Scaling up Nutrition (SUN) TF (tentative)
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<p>Focus Area 3: Increasing Resilience and Reducing Climate-Related Vulnerability</p>
<p>Intervention Logic: Benin is vulnerable in several respects: It is a small country with a high proportion of its population living in poverty and marginal conditions whose well-being is highly vulnerable to climate change and rapidly changing market conditions. Increasing their resilience begins with helping the communities in which they live to identify and prioritize risks, manage development planning, and implement and monitor development activities on their own so as to be able to adapt to changing circumstances in ways appropriate to local conditions. Local governments, which have responsibility for most basic services, need increased capacity to be able to promote and protect their citizens' well-being. At the national level, it means assisting the GoB with its response to externalities beyond its control, including coping with the wide range of climate change impacts affecting its major economic sectors and human and natural capital.</p>
<p>Objective 7: Building resilience at the community level SDG 11: Sustainable cities and communities SDG 3: Ensure healthy lives and promote wellbeing for all at all ages SDG 5: Achieve gender equality and empower all women and girls IDA 18 Special Theme 5: Governance and Institutions IDA 18 Special Theme 2: Gender and Development</p>
<p>Intervention Logic: Building resilience among Benin's poorest communities, both in cities and in small rural communes, will require improving access to basic services and strengthening and improving the coverage and targeting of social safety nets to reduce the risk of households falling into poverty as a result of economic, social, and natural disaster shocks and to enable households to improve their welfare. Lacking adequate social protection and with limited savings and insurance, the poor are more exposed to shocks (bad weather, plummeting commodity prices, increases in consumer prices, accidents, disease, and so on) that can push households into or deeper into poverty. As the CLR notes, the World Bank Group has had successful experience in community-based projects in Benin. The essential elements of the World Bank Group's approach to increased resilience for communities in Benin will include the Social Safety Net program under the new ACCESS project, which will increase resilience for the poor in rural communes, through Unconditional Cash Transfer to targeted households, and labor-intensive public works to provide the opportunity to earn an additional transfer during the agricultural lean season. Women will be a priority target group for income-generating activities. Increased resilience for the poor in urban areas is promoted by the Cities Support Project that supports municipalities to improve their performance and service delivery. ACCESS will also build Government capacity for implementing commune-level investment projects and decentralized delivery of basic public services, while also building the capacity of grassroots organizations to participate in both planning processes and implementation.</p>

CPF Objective Indicators	Supplementary Progress Indicators	World Bank Group Program
<p>Beneficiaries of safety nets programs (number of households) Baseline (2017): 12,983 Target (2023): 17,500 (Source: P163560)</p> <p>Average rating of communes on the annual procurement audit rating scale¹¹ Baseline (2018): 1.9 Target (2023): 2.1 (Source: PSDCC -<i>Projet de Services Décentralisés Conduits par les Communautés</i> - procurement audits)</p>	<p>Communities that have received grassroots management training Baseline (2018): 0 Target (2023): 360 (Source: P163560)</p> <p>Women in leadership positions in community associations Baseline (2018): 0 Target (2023): 40.00% (Source: P163560)</p>	<p>Ongoing</p> <ul style="list-style-type: none"> • Benin Cities Support Project (P122950) • Small Town Water Supply and Urban Septage Management Project <p>Pipeline</p> <ul style="list-style-type: none"> • Community and Local Government Basic Social Services Project (ACCESS) (FY18, P163560) <p>ASA</p> <ul style="list-style-type: none"> • Scaling Up Social Protection TF (P163561) • Global Water Security & Sanitation Partnership TF Support for Water and Sanitation Sector Reforms (GWSP) (tentative) • Global Financing Facility in support of Women and Children (GFF) TF (tentative)
<p>Objective 8. Reducing vulnerability to climate-related threats SDG 13: Combat Climate Change SDG 5: Achieve gender equality and empower all women and girls IDA 18 Special Theme 5: Governance and Institutions IDA 18 Special Theme 2: Gender and Development</p>		

¹¹ Indicator measuring communes showing improvement on the annual procurement audit rating scale, on 5-point performance rating scale, with 1=non-performant to 5=très performant).

Intervention Logic: The SCD maintains that the effects of climate change constitute a serious barrier to the sustainability of advances in other priority areas for achieving the twin goals. Building Benin’s resilience in the face of climate change will require addressing issues across a range of sectors, including agricultural production technology, coastal erosion, forest management/preservation, and water management, to name a few. Objective 8 is particularly focused on the priority challenges of managing the impact of climate change in coastal zones as well as flooding in urban areas. In Benin, large numbers of the poor are located in coastal and urban areas, and the damage to productive land and infrastructure caused by erosion and flooding affects the poor most severely. Countering the effects of climate change, particularly in coastal zones, is both a national- and regional-level development challenge requiring coordination and multi-sector interventions across national borders. As the CLR notes, the World Bank Group has successfully engaged with Benin in its efforts to fight the impacts of climate change (this was a cross-cutting theme under the previous CPS). A number of World Bank Group investment operations aim to maximize climate co-benefits within a variety of sectors. Protecting the coastal zone from erosion and restoring fragile coastal ecosystems are the major objectives of Benin’s NDC for adaptation to climate change of the major thrusts of action foreseen in the NDC for adaptation to climate change. The World Bank Group is supporting these objectives through the WACA Resilience Investment Program. With deforestation exacerbating the impact of climate change in Benin, the Energy Service Improvement Project will implement community-based forest management plans in several municipalities, including reforestation, training on forest resource management, communication campaigns, and income-generation activities.

CPF Objective Indicators	Supplementary Progress Indicators	World Bank Group Program
<p>Hectares of forest covered by community-based forest management plans Baseline (2018): 0 Target (2023): 300,000 (Source: P161015)</p> <p>Households in targeted coastal areas with less exposure to flooding¹² Baseline (2018): 0 Target (2023): 1,600 (Source: P162337)</p> <p>Decrease of tree forest loss¹³ Baseline (ha/year): 22,400 Target (ha/year): 11,200</p>	<p>New forest management plans developed in municipalities Baseline (2017): 0 Target (2023): 3 (Source: P161015)</p> <p>Local-level planning committees in coastal resilience with female representation Baseline (2017): n.a. Target (2023): 40% (Source: P162337)</p> <p>Hectares conceded to the private sector for timber and fuelwood production (number) Baseline (2018): 0</p>	<p>Ongoing</p> <ul style="list-style-type: none"> Energy Service Improvement Project (P161015) <p>Pipeline</p> <ul style="list-style-type: none"> West Africa Coastal Resilience Investment Program (WACA) (FY18, P162337) West Africa Regional Disease Surveillance Systems Enhancement Project (REDISSE) (FY18, P159040) Forest and Desertification Project (FY19) <p>ASA</p> <ul style="list-style-type: none"> Forestry and Biodiversity Assessment (P164413) TF to address climate-related threats and vulnerabilities (GEF) (tentative)

¹² The indicator measures resilience by design to flooding through infrastructure solutions, nature-based solutions and/or planned relocation. It captures absorptive capacity of resilience due to the protection provided against flooding, and transformative capacity due to the planned relocation and creation of new livelihood opportunities. Less exposure to flooding means decreased likelihood and intensity of flooding, due to project-related investments for houses and other immovable assets. Flooding is defined as a general and temporary condition of partial or complete inundation of normally dry land areas from overflow of inland or tidal waters from the unusual and rapid accumulation or runoff of surface waters from any source.: Targeted areas: Gbèkon, Mono Lagoon. Activities: periodic opening of the river mouth, and others.

¹³ Defined as ‘Displaying tree cover and loss with >15% canopy density’, in targeted sites to be determined during operation design.

(Source: new Forest and Desertification Project)	Target (ha/year): 210 (Source: new Forest and Desertification Project)	
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Annex 2: Completion and Learning Review

CPS of March 5, 2013 (Report No. 75774-BJ)

PLR August 30, 2016 (Report No. 106266-BJ)

Updated 3/28/2018

INTRODUCTION

- 1. This CLR assesses the performance of the World Bank Group¹⁴ CPS for Benin for the period FY13–17 (Report No. 75774-BJ of March 2013) as updated in the Benin PLR, (Report No. 106266-BJ of August 2016).** The PLR extended the CPS program period to FY18. The CLR also assesses World Bank performance during the period and draws lessons for future World Bank Group interventions in Benin.
- 2. The 2013 CPS was supportive of Benin’s Growth Strategy for Poverty Reduction (*Stratégie de Croissance pour la Réduction de la Pauvreté, [SCRP]*), and its longer-term development strategy entitled *Alafia 2025*.** Outcomes are grouped around a Foundation Pillar of strengthening governance and public sector capacity, with Pillars 1 and 2 focusing on increasing sustainable growth, competitiveness and employment, and improving service delivery and social inclusion, respectively. The first two guiding principles for the CPS were (a) the reinforcement of governance in focus areas through capacity building and (b) realism and selectivity given the country’s governance challenges and capacity constraints. Other guiding principles related to improving quality at entry by ensuring ownership, proactive portfolio management, and using World Bank resources to act as a catalyst for other donor and private financing. The CPS called for a mid-term review in 18–24 months. The program period coincided with an economic downturn in Nigeria due to the fall in oil prices and elections, which were more disruptive than experienced in Benin in the past.
- 3. The PLR of 2016 assessed progress in program performance and proposed adjustments going forward.** The PLR noted that the strategic objectives of the CPS remained relevant and incorporated in the program the emerging lessons of implementation, particularly the modest reduction in poverty during the program period and problems with economic management. The PLR called for the World Bank Group program, for the remaining two years of implementation, to (a) deepen the analytical work on the causes of poverty, (b) sharpen the poverty response of the World Bank interventions, and (c) devote attention to the restoration of sound macroeconomic and fiscal conditions. The PLR refined the Results Framework to consider the program as executed at the time, and adjusted the pipeline in response to government priorities. In line guidance from OPCS, the team (a) modified the Results Framework to make it more amenable to future evaluation, including the adjustment of targets no longer reflecting reality on the ground, and (b) provided additional justification for dropped and revised outcomes.
4. The PLR extended the program implementation period by one year to facilitate more agile responses to emerging priorities of the new Government, which took office in April 2016, and to facilitate preparation of the SCD.
- 5. The CLR rates the Development Outcomes of the CPS¹⁵ (the extent to which the CPS achieved stated objectives) and World Bank Group performance (design and implementation of the CPS program).** The CLR uses the Results Framework, as updated in the PLR, to evaluate CPS achievements. The updated Results Framework included outcomes in 12 areas/sectors, which were measured by 32 performance indicators. This CLR is not an assessment of Benin’s progress toward its development goals but rather of program achievements directly linked to World Bank Group-supported activities

¹⁴ The World Bank, IFC, and MIGA.

¹⁵ This report follows guidelines issued jointly by the Operations Policy and Country Services unit and the IEG in December 2014 with respect to rating methodology and categories.

and to World Bank Group engagement in Benin during the CPS period. **The CLR was informed by country team member discussions with the Government and stakeholders and a review of World Bank documents**, including Project Appraisal Documents (PADs), Implementation Status and Results Reports (ISRs), and analytical work. The SCD, prepared in FY16 and discussed with the Government in August 2017, was also an input to the CLR.

Country Context

6. **At US\$800, Benin's GDP per capita is among the lowest in the world (population 10 million as per 2013 census).** The economy is driven by agriculture and services, particularly import/export activities through the Port of Cotonou. Agriculture accounts for 25 percent of GDP and 47 percent of the country's employment. Cotton is the primary export commodity. The informal sector contributes up to 56 percent of GDP and engages over 90 percent of the labor force. Reexport trade with Nigeria, mostly informal, accounts for 20 percent of GDP and 25 percent of government revenue. Benin has experienced peaceful transitions of power following competitive elections since 1991. Presidential elections were held in March 2016 and the pre-electoral period was particularly contentious. March 2016 marked a transition to new leadership. The new administration took office in April 2016, vowing to establish a right-sized administration based on competence.

7. **In 2015, Benin maintained macroeconomic stability, as it had done in the preceding decade, which laid the foundation for growth.** Real GDP grew by 4.6 percent in 2012, 7.2 percent in 2013, and 6.4 percent in 2014. Growth dropped to 2.1 percent in 2015 as a result of Nigeria's economic crisis, a decline in cotton prices, and the political uncertainty and economic mismanagement preceding the elections organized for the end of 2015. Recovery began in 2016 with GDP growing at 4.0 percent in 2016 and 5.6 percent in 2017.

8. **In 2015, in the run-up to the legislative and presidential elections, the outgoing administration engaged in profligate spending, including on road infrastructure through prefinanced arrangements.** The extraordinary expenditures and borrowing resulted in the fiscal deficit increasing to 8.0 percent in 2015 (from 1.9 percent in 2014) and continued through to March 2016. Many of the spending measures approved before the elections were canceled in 2016, including wage increases and bonuses and some of the positions created in public administration. In addition, the new government reduced the number of ministries and central institutions and significantly reduced discretionary expenditures within ministries; the measures resulted in the fiscal deficit decreasing to 6.0 percent of GDP in 2016. On the debt front, substantial amounts of government paper were issued in the regional market¹⁶ to finance the fiscal deficit in 2015 and 2016. This resulted in an increase in total debt, which rose from 30.5 percent of GDP at end-2014 to 42.4 percent of GDP at end-2015 and to 50 percent of GDP at end-2016. The Government has committed to fiscal consolidation and improved debt management (including refraining from entering into new prefinancing contracts) as part of its agreements with the World Bank and the IMF. The IMF approved an ECF in April 2017 and the World Bank approved a DPO in support of Fiscal Reform and Growth, in November 2017. Key measures associated with the programs are discussed in the outcomes section below.

9. **While the fight against poverty has been prominent in Benin's development strategy, poverty reduction results have been modest during the program period.** The economic growth experienced between 2011 and 2015 was not especially pro-poor. Although there are differences in available data, the 2016 SCD confirms that Benin experienced limited per capita growth and made little substantive progress in reducing poverty and increasing shared prosperity this decade. In the best of cases, poverty has gradually declined over the past decade. According to official estimates,

¹⁶ WAEMU.

presented in the PLR, national headcount poverty rates fell from 37.5 percent in 2006 to 35.2 percent in 2010 and then increased to 40.1 percent in 2015.

10. **The disconnect between economic growth and poverty reduction during the program period reflects in part the nature of the expansion which centered on capital-intensive sectors like banking, telecommunications, and the port.** In contrast, agriculture, which employs half of the labor force, only grew at an annual rate of 4 percent, with its growth derived from increases in land under cultivation and labor but with little increase in productivity as programs in support of nontraditional commodities are just starting to yield results. In addition, population growth limited per capita growth and its impact on poverty reduction, as did the economic slowdown in Nigeria, which decreased opportunities for informal trade.

11. **There are serious policy constraints to poverty reduction.** These include a tilted playing field favoring established enterprises, including in the key export commodity—cotton—which has facilitated elite rent capture to the detriment of poor producers. Governance weaknesses, infrastructure deficiencies, and economic competitiveness issues also constrain growth. This has led to low levels of public and private investment and a non-typical structural transformation where labor has left low-productivity agriculture and has moved primarily into commerce and other services areas, where productivity is equally low and indeed declining. Gender imbalances, high population growth, and low levels of human capital among the poor pose constraints to households in benefiting from economic growth.

12. **In FY13–16, World Bank support totaled US\$379 million compared to a planned US\$389 million.** World Bank support in FY17 increased to US\$173 million compared to the planned US\$100 million following the inauguration of the new government, which introduced policies that began redressing macroeconomic imbalances of 2015. Total World Bank support for FY13–17 was US\$563 million compared to the planned US\$469 million. In the same period, TF financing totaled US\$80.9 million. IFC commitments in FY13–17 were US\$209 million, of which US\$10 million was in long-term finance. MIGA did not enter new guarantees during the period but maintained some guarantees entered before the program period. A summary of IDA planned/actual financing for FY13–FY18 appears in this annex.

Assessment of Program Performance

13. The World Bank was proactive in addressing problems in program implementation and responded to delays in reforms associated with PRSCs, by delaying effectiveness on the last policy-based operation in the program (PRSC 10 [FY15]) and cancelling the last planned one (PRSC 11 planned for FY16). Since FY16, the World Bank Group has focused on investment operations that focus on growth and poverty. Also, the World Bank team monitored project implementation closely, which improved portfolio performance; having World Bank Group task team leaders on the ground visibly enhances project performance. A PLR after 18–24 months of implementation—rather than in August 2016—might have brought more timely focus to issues such as the need to strengthen the poverty focus of the program.

14. **Overall performance of the CPS program (FY13–18) is moderately satisfactory.** Most indicators were achieved or mostly achieved. Performance under the Foundation Pillar is rated moderately satisfactory and under Pillars I and II as satisfactory. Important progress was made in the areas of agricultural productivity, which could help in the structural transformation of the economy; in the development of instruments to promote private participation in the provision of basic services (mainly water), which can be replicated; and in the definition of a safety net program. The CPS performance in the FY13–18 period under the program's three pillars, as revised in the 2016 PLR, is

summarized in the paragraphs that follow and in the Results Matrix (Annex 1 (a)). Table 7 summarizes ratings for individual outcome indicators.

Table 2.1. Summary of CLR Ratings

Rating of Strategic Objectives and Indicators	
Strategic objectives and indicators	Rating
Foundation Pillar: Governance and Public Sector Capacity	MS
Outcome 1.1 Improved public sector capacity in public financial management	PA
Pillar I: Sustainable Growth, Competitiveness and Employment	S
Outcome 2.1: Increased access to power services	PA
Outcome 2.2: Improved transport and port services	A
Outcome 2.3: Increased access to ICT services	A
Outcome 2.4: Enhanced business environment	MA
Outcome 2.5. Improved agricultural productivity and diversification	A
Outcome 2.6. Improved natural resource management practices	A
Outcome 2.7: Labor skills development for youth	MA
Pillar II: Improving Service Delivery and Social Inclusion	S
Outcome 3.1: Improved flood protection in urban areas	A
Outcome 3.2: Increased access to safety nets	A
Outcome 3.3: Improved access to primary education	A
Outcome 3.4: Improved access to health and nutrition services	A
<i>Note: A: Achieved; MA: Mostly Achieved; MS; PA: Partially Achieved; NA Not Achieved; NV: Not Verified.</i>	

Foundation Pillar - Governance and Public Sector Capacity

15. **World Bank interventions were designed to improve public sector capacity in PFM (Outcome 1.1).** The outcome in this area was most affected by the macroeconomic management and governance issues discussed above. The outcome is rated as partially achieved. World Bank Group assistance was to be delivered principally through four programmatic operations (PRSCs) and two TA projects and was informed by analytical work and TA, although other programs such as the successful Community-Driven Decentralized Services Project (P117764) also included public finance aspects.

16. **Three PRSCs supported prudent macroeconomic and debt management.** Efforts in public finance and governance reforms stalled by 2015, and issues including excessive government borrowing and uncontrolled expenditures resulted in delayed disbursements of the third budget support operation (PRSC 10), approved in FY15, and the cancellation of the last programmed PRSC (PRSC 11). Under the PRSC series, some reforms were introduced to institutionalize program-based budgeting, and the computerization of budget execution, accounting and reporting. There was some improvement in procedures for public procurement, although practices did not follow the updated procedures. The World Bank also supported, under the PRSCs (9 and 10), the establishment of the National Anti-Corruption Authority (ANLC) and its regulatory framework; progress in the implementation of the legislation was slow. Also, decentralized service delivery, transparency, and accountability, a CPS objective, improved with interventions from the Community Development Program and fiscal transfers to communes have risen, though largely driven by donor financing as opposed to domestic transfers. The program supported by PRSCs was closely linked with IMF programs. The World Bank was the main donor providing budget support, which made discussions on sensitive reforms difficult. Other donors, such as the AfDB and the MCC, supported some aspects of the program.

17. **Six indicators measured improvement in public sector capacity in FM.** Three indicators of budget control, including the execution of priority social expenditures, the time to submit national

accounts to the chamber of accounts, and the investment budget execution rate were met, and one, the percentage of unallocated budget, was not met. The two CPS indicators on the predictability of fiscal transfers to communes and communal audits have been met. The outcomes under this pillar fell short of the expectations under the CPF. The 2013 CPF¹⁷ relied on PEFA reports/indicators, which were replaced at the PLR, as the monitoring reports had not prepared consistently during the period. Although the PEFA indicators cannot be verified, the PRSC program, as implemented, is not likely to have resulted in a significant change in PEFA indicator performance.

18. **Analytical work and TA focused on taxation, land, public investment, debt management, customs, and accounting and debt-related issues.** In 2015–2018, the World Bank Group prepared 13 policy notes to brief the new government on key issues, and these served as background for preparation of the plan presented by the Government in 2016 (PAG 2016–2021, GAP). An SCD, which was completed in June 2016 and discussed with the Government in August 2016, has provided the analytical basis for the design of the CPF. Following the expanded borrowing in 2015 and 2016, an intensive dialogue on debt and debt-related issues has become an integral part of the macroeconomic engagement. The IMF and the World Bank carried out a DSA in March 2017. Total public (external and domestic) debt is projected to rise during the planned expansion of public investment to about 53 percent of GDP in 2017 and 2018, and decline thereafter. The ratio remains below the indicative benchmark of 56 percent, the levels linked to increased probability of debt distress in moderate-capacity countries like Benin.

19. **A further concrete result of the World Bank’s support in the area of governance was the introduction of measures conducive to transparency and accountability in World Bank operations, an area highlighted in the PLR.** The concept was first introduced in the Community Development and Agricultural Operations. Access to information and grievance redress mechanisms have also been introduced in the Small Town Water Supply and Urban Septage Management Project (FY17, P156738). A grievance redress mechanism is also being put in place under the Benin Cross Border Tourism and Competitiveness Project (FY16, P149117). The Public Investment Management and Governance Support Project (FY17, P147014) will help improve the efficiency of public investment and provide results-based incentives to the energy, water, and justice ministries to improve the management of investment projects.

Pillar I - Sustainable Growth, Competitiveness and Employment

20. **World Bank interventions in support of Pillar I objectives included investments and analytical work in infrastructure, business climate reforms, agricultural diversification beyond cotton, natural resource management, and youth skills development.** IFC had a complementary program that increased the effectiveness of World Bank Group interventions. The World Bank and IFC together supported reforms and development of infrastructure necessary to attract FDI, for example, port, electricity, and telecommunications. The outcome of the program under this pillar is rated satisfactory, as the majority of outcomes were achieved or mostly achieved. In addition, work in agriculture and telecommunications is expected to have a transformational effect in the economy.

21. **Energy - Access to power services has improved modestly (Outcome 2.1).** This outcome is rated as partially achieved. Of the four indicators measuring outcome, three were achieved (establishing the infrastructure for bill collection, establishing light efficiency standards, and the revision of the agreement on the Beninese-Togolese electricity code). A key indicator, on the completion of the transmission-distribution system, was only partially achieved. The World Bank Group has supported the sector through two operations. The first, Increased Access to Modern Energy

¹⁷ Unless specifically labeled as 2013 CPS indicators, ‘CPS indicators’ refers to the indicators in the 2013 CPS as modified in the 2016 PLR.

(P110075, World Bank and GEF) approved in FY08 but implemented during the CFP period, financed investments to improve the T&D to ensure system reliability and encouraged energy efficiency. The project activities complemented support from the EU and the MCC. An Energy Service Improvement Project (P161015) was approved in FY17. It aims to improve the operational performance of Benin's Power Utility expand electricity access, and promote community-based management of forest resources. The program complements policy reforms relating to the Power Utility financing being introduced under the Fiscal Reform and Growth Credit. The World Bank investment in the Adjarala power plant straddling the Benin-Togo border did not materialize despite a substantial World Bank Group contribution to project preparation, as the authorities decided to seek alternative financing sources.

22. **Transport - Transport and port services (Outcome 2.2) improved and the CPS outcome was achieved.** Indicator targets were met or exceeded. A regional trade and transport facilitation operation (P112456)—the Abidjan-Lagos Trade and Transport Facilitation Project (APL1, FY10, P096407)—helped reduce trade and transport barriers in ports and along the Ghana-Togo-Benin road corridor. The time for merchandise/trucks to cross the borders with Nigeria and Togo along the corridor, a CPS indicator, has decreased significantly, and the target was exceeded. Thus, the border crossing time between Togo and Benin decreased by 58 percent, from 24 to 10 hours against a target of 19 hours, and between Benin and Nigeria by 35 percent, from 48 to 31 hours against a target of 38 hours. The dwell time in the Port of Cotonou decreased by over 26 percent, from 19 days to 14 days at project closing in June 2017. IFC supported the sector through a port PPP to assist the Government meet its obligations under the concession agreement with a private operator to develop and operate a container terminal for the Port.

23. **ICT - Access to ICT Services has expanded substantially (Outcome 2.30) and the expected outcome was achieved.** All indicator targets were met or exceeded. World Bank Group support was delivered under the West Africa Regional Communications Infrastructure Project (WARCIP) (FY12, P130184). Improvements are reflected in a significant drop in the wholesale price and improvement of quality of ICT services. Ongoing institutional and legal reforms and the delivery of a second international connection are also making the ICT environment more attractive for business. The retail price has fallen substantially, and the percentage of the population using the Internet is 12 percent against a target of 4.2 percent. Although the prices for Internet services have been reduced substantially, they remain high compared to the local purchasing power. Benin now has low-cost internet capacity that can be sold to landlocked neighboring countries (Burkina Faso, Niger). There has also been a marked increase in ICT SMEs with support from World Bank operations. Ongoing institutional and regulatory reforms have increased Internet access. Also, there is a need to ensure better access to broadband services for agriculture, education, health and SMEs, particularly in rural communities. The proposed Benin Digital Solutions for Sustainable Development Project (P162599), scheduled for late FY18, aims to improve access to affordable broadband in rural communities and use e-services to improve supply-chain efficiency and access to markets.

24. **Business Environment - The Government has taken some measures to improve the business environment (Outcome 2.4) and the outcome was mostly achieved.** Two CPF outcome indicators, the number of new SMEs registered and the number of PPPs approved during the CPS period were met, but one indicator on the business environment, the number of days to enforce a contract, decreased to 750 days from 825. This fell short of the 650-day target for 2016, but the period may be shortened once the Commercial Court becomes operational. Benin's Doing Business indicator standing improved from 162 in 2012 to 151 in 2017, although Benin remains below the Sub-Saharan African average of comparator countries. Some improvement was made in 'Starting a Business' with the creation of the Single Window for Business Formation ("GUFÉ") with support from MIGA and the World Bank. IFC TA helped to implement the Organization for the Harmonization of African Business Law (OHADA) *Entrepreneur* status program, a new legal regime that encourages small entrepreneurs

to enter the formal sector through simplified processes. The World Bank provided investment financing under the Competitiveness and Integrated Growth Opportunity Project (FY08, P104881 but implemented during the CPS period). IFC partnered with Ecobank and Diamond Bank to improve access to finance for MSMEs, and provided capacity building to strengthen the financial sector and promote business growth. The World Bank completed a review of land tenure policy in FY16 that provides a diagnostic of the new legal framework and makes recommendations to improve access to land. Also, as part of the PRSC 10 actions, the Government introduced measures to improve the business environment: the new Competition Law and a PPP law were adopted as well as a new labor law, which is business friendly and eliminates difficulties of the old legislation.

25. **The World Bank and IFC, working together, contributed to an increased number of innovative PPP investments in critical service delivery areas, a CPS outcome indicator.** Six PPP transactions have come online compared to the two planned transactions. The World Bank and IFC, through joint TA in connection with the Water and Sanitation Program (WSP), helped with the conclusion of four PPPs for rural water services. This engagement encouraged the use of robust contractual arrangements and improved risk allocation among parties. This experience informed the design of the Small Town Water Supply and Urban Septage Management Project (FY17, P156738).

26. **Agricultural Productivity - Performance in improved agricultural productivity and diversification was positive and the planned outcomes were achieved (Outcome 2.5).** World Bank support has been provided through the Agricultural Productivity and Diversification Project (FY11, P115886) for which an additional financing (AF) was approved in FY17. It supported the (a) promotion of large-scale adoption of improved technologies, (b) development of production and market infrastructure, (c) value chain coordination and access to finance, and (d) institutional strengthening for market participants. The AF also includes micro-projects in SMEs to create more jobs, especially for youth and women. The West Africa Agricultural Productivity Program APL (WAAPP, FY11, P122065) also supported the sector, and additional financing is planned.

27. **Most of the indicators increased substantially and the number of project beneficiaries—is 90 percent achieved one year before the target date. Inter-professional organizations have been established in non-cotton crops.** From respective baseline (tons) of 50.0 and 3.50, pineapple and Rice yields were improved to 59.6 (60.0) and 4.53 (5.0)¹. For maize, yield was established at 2.2 surpassing the target of 1.50 whereas cashew yield which moved from 0.45 to 0.62 need more effort to reach the set target of 0.7. As areas under cultivation using new approaches expand, productivity increases are expected to have an impact on rural incomes and poverty reduction. As of mid-2017, some 422,000 producers were participating in the program. The program has also supported the institutional strengthening of the Ministry of Agriculture, which has started yielding results. The budget execution rate of the ministry rose from 45 percent at the beginning of the project to 79 percent in 2017. Agricultural diversification should help reduce the country's dependence on cotton. The sector faces political and governance issues, which past governments have had difficulties addressing. The cotton sector was discussed in the CPS but there was no commitment of resources to the sector. The World Bank provided limited TA in the cotton sector during the program period.

28. **Natural Resource Management - Natural resource management has also improved with IDA support (Outcome 2.6).** The CPS outcome has been achieved and all four indicators have met or exceeded targets. Benin's Savanna ecosystems have been protected through conservation measures in the Pendjari and W National Parks, and CPS conservation indicators are on track to be achieved. The program has provided institutional strengthening to the sector. The fiduciary capacity of Wildlife Management departments has been strengthened, a PPP for protected area management is ongoing, and the first phase of the alternative income-generating activities has been completed successfully with significant positive impacts on gender inclusion, increased income generation, and reduction of human pressure on protected areas. Participatory management practices for designated forest areas

were also introduced. Sustainable financing through the Foundation of West African Savannas (the conservation TF) has been established and is currently operational with initial funding from the World Bank, Global Environment Fund and Kreditanstalt für Wiederaufbau (KfW). World Bank Group assistance was delivered through the 2nd Phase of the Coastal Transmission Backbone (FY08, P094917, now closed), Benin AF Forests and Adjacent Land Management Project (IDA/GEF, FY13, P131051) and Support to Protected Areas Management Project (IDA/GEF, FY11, P115963).

29. **Labor Skills - The objective of labor skills development for youth (Outcome 2.7) has been partially achieved.** The only indicator in the CPS, youth receiving professional certification, has been partly achieved, as 1,870 have passed the *Certification de Qualification Professionnelle* (CQP) exam against a target of 2,500, pending the organization of the next exam for 1,000 complementary youths. Analytical work has been produced on Youth Employment and Skills and on the dual apprenticeship system. An assessment of constraints to employment and productivity has also been prepared.

Pillar II - Improving Service Delivery and Social Inclusion

30. World Bank Group support to improving Service Delivery and Social inclusion was broad (some US\$238 million during program period). World Bank Group programs were designed to (i) improve urban water and sanitation, which directly impact health; (ii) support the expansion of decentralized community services, which helped implement a social safety net program, which did not exist in Benin; and (iii) directly support health and education sectors through specific operations.

31. **Urban water and sanitation.** There was improvement in flood protection (Outcome 3.1) in urban areas and the planned outcome was achieved. The World Bank delivered its assistance through two additional financings of US\$6.4 million and US\$40 million, respectively, (FY14 and FY15) for an Emergency Urban Environment Project approved in FY11 and two new operations a Cities Support Program for a Small Town (FY13, US\$60 million) and Water Supply and Urban Sewage projects (FY17, US\$68 million). Some 62 km of drainage networks in the project targeted municipalities were constructed/rehabilitated exceeding the CPS target and will reduce the vulnerability to flooding in those areas. All milestones set in the CPS were achieved: institutional arrangements for a flood early warning system were established; a drainage master plan was prepared for key cities; and awareness campaigns and sensitization meetings on flooding and disaster risk management were developed and are in place. Urban infrastructure management has improved for all participating municipalities, with strong, community-based, participatory investment decision making.

32. **Safety Nets - Substantial progress has been made in increasing access to social safety nets (Outcome 3.2) and the CPS objective was achieved.** World Bank support has been provided through the Community-Driven Decentralized Services Project (P117764), which closed in December 2017 and for which a follow-up operation is being prepared (FY18). World Bank support has enabled Benin to launch a pilot program targeted to the poorest households in communes with the highest poverty levels and all indicators and benchmarks in this area were achieved. About 125 communities are implementing safety net programs, and some 12,933 beneficiaries were reached with unconditional cash transfers, above the CPF target of 12,000. A national targeting platform and social registry of the poorest was developed and a scalable social safety net program using nationally agreed targeting procedures that are shared with other major programs has been established. Targeting of social programs to the poor has also improved, through a harmonized targeting methodology and a national registry of the poorest. Temporary employment was created in labor-intensive public works safety nets projects such as road repairs, refuse collection, upkeep of public places, and community agriculture, with over 1.52 million person-days of temporary employment supported in the program (against a target of 1.29 million person-days).

33. **Education - There has been improvement in access to primary education (Outcome 3.3) and the CPS objective was achieved.** World Bank support has contributed to improve access to basic education in deprived areas with intake rate for girls in these areas increasing by 15 percent between 2011 and 2016. For the primary completion, CPS targets, initially set for 50.0, have been met, since the primary education completion rate in targeted districts increased from 40.4 percent in 2011 to 54.4 percent in 2016. However, strong geographic and social disparities in the provision and quality of primary education services persist and the gender gap widens as students move through the education system. Future World Bank programs should seek to address these issues. World Bank support for education was through the GPE (basic education) and on the regional Africa Centers of Excellence project geared to higher education.

34. **Health - Access to and quality of health services and nutrition services has improved (Outcome 3.4).** All indicator targets have been met. By 2016, some 65 percent of the program area is benefitting from community-based growth promotion activities. Some 366,000 children were vaccinated in the project area, well above the CPS target of 260,000. In addition, most milestones have been achieved. The World Bank has supported Benin's Food and Nutrition Council to coordinate food and nutrition sector policies and the management of community-based food, health and nutrition interventions. Two operations supporting health system performance, and a multi sector food health and nutrition project, were implemented under the program period.

35. **Gender - Cross-cutting Theme.** The CPS called for mainstreaming gender in the Bank portfolio (CPS, p. 68) and progress was made in this area. In 2014, a Poverty Assessment including a gender analysis was delivered and widely disseminated. Analytical work on poverty since 2014 has also focused on gender issues. Some projects included specific gender results and components. An example is the youth employment operation, which targets fifty percent female beneficiaries, with a specific sub-component to support females in mainly male-tagged trades. The decentralized Community-Driven Decentralized Services Project (P117764) is gender oriented and women and girls are targeted; of the 12,873 beneficiaries, 52.6 percent are women. The FY17 Small Town Water Supply and Urban Septage Management Project (P156738) indicators call for 50 percent of beneficiaries to be women while the Energy Service Improvement Project (P161015) approved in FY17 will address the lack of access to electricity for poor female-headed households; create income-earning opportunities for women; and increase women's participation in decision making (some 10 percent of beneficiaries are expected to be households headed by women).

36. **Climate Change - Cross-cutting Theme.** The expected impact of climate change, especially the projected rise in temperature and rainfall, will exacerbate Benin's vulnerability. CPS support includes direct and indirect links to climate change with interventions in natural resource management, coastal erosion, flood and disaster risk management, and energy efficiency. The Benin Emergency Urban Environment Project (P113145) has helped communities with flood contingency plans, technical studies on coastal erosion sites, and a feasibility study for a Flood Early Warning System. Investment support to forest and adjacent land management has helped rehabilitate about 7,830 hectares of degraded forests, and enhanced carbon sequestration, surpassing its 2016 target of 7,700 hectares. The ongoing Energy Service Improvement Project (P161015) is expected to result in significant peak-load reduction by 9.8 MW (or 5 percent of Benin's peak load) through the diffusion of efficient lamps, which will result in annual savings of about 18,000 MWh (2.6 percent of Benin's annual consumption). The accompanying reduction in GHG emissions is estimated at about 16,000 tons of CO₂e per year. Efforts to further mainstream climate change in World Bank Group support will be informed by the Africa Climate Business Plan and new World Bank Group Climate Change Action Plan.

World Bank Group Performance

37. Overall, World Bank Group performance is rated as good.¹⁸ Most indicators were achieved or mostly achieved. World Bank interventions contributed to progress in the areas of agricultural productivity, which could help in the structural transformation of the economy; and in the definition of a safety net program. The World Bank and IFC worked together in the development of the water sector instruments to promote private participation in the provision of basic services that can be replicated. The World Bank adjusted the program after the PLR and focused on social services and agricultural productivity. The World Bank was proactive in engaging the Government, and World Bank reports on the economy spelled out clearly the problems with governance and their effect on growth and program implementation. There was close monitoring of the program but a formal assessment of program progress was not conducted until 2016, which did not allow for the timely refocusing of the program.

38. The CPS was supportive of Benin's Growth Strategy for Poverty Reduction and its longer-term development strategy. The objectives of the World Bank's program remained valid through the program period. The CPS objectives are grouped around a Foundation Pillar aimed at strengthening governance and public sector capacity, with Pillars 2 and 3 focusing on growth, competitiveness, and employment and improving service delivery and social inclusion, respectively, and included policy-based operations as well as investment projects. Although the CPS was prepared before the twin goals of ending extreme poverty and boosting shared prosperity were spelled out as the World Bank Group corporate strategy, the CPS addressed these issues. Pillar I aimed at improving governance, which is central in improving government operations and the provision of services to the population. In tandem with that objective, the other two pillars focused on increasing competitiveness, essential for growth, and improving services to the poor, essential to reducing poverty. The CPS noted that the financial assistance programmed could be increased depending on the government's performance. The streamlining introduced at the time of the PLR resulted in a better articulation of program objectives. The CPS noted the various unsuccessful efforts in the preceding decade to restructure the cotton sector, in large measure because of the vested interests, which affected government policies. The planned analytical work and TA supported the policy dialogue with the Government and helped develop programs and projects especially those aimed at the poor. The CPS noted that institutional strengthening was a priority and would need to be addressed through all Bank interventions. The CPS anticipated close collaboration with other donors, IFC, and the IMF.

39. **Risks were clearly identified.** The CPS noted that Benin had been unable to capitalize on its comparative advantages in part due to persistent weak governance, which had delayed policy and institutional reforms and that this would remain a main risk to program success. The CPS also noted other risks such as economic downturns in Nigeria. The governance risk is difficult to mitigate, although the program sought to balance improved governance with support that directly impacted growth and greater inclusion. Those interventions, especially agriculture and social services, were effective in bringing changes in government structures and practices, which impact governance. In an effort to mitigate risks, the CPS called for annual PRSC operations and associated TA programs which were expected to support measures designed to improve governance, such as implementation of the Government's anti-corruption legislation and improvements in PFM. **Going forward, one lesson to draw for the CPF is the importance of being vigilant to implementation issues even ahead of the PLR and the need to conduct a PLR in a timely manner.**

40. **The results framework was generally well designed but had weaknesses in some areas.** Some indicators were not directly attributable to program outputs (for example, reduction of

¹⁸ The design and implementation of the program contributed to the pursuit of the key CPS objectives and timely adaptation to changing circumstances and priorities. A sound program of activities is in place for the next strategy period.

individuals vulnerable to flooding - Outcome 3.1). The framework was weakest in the public finance area, which may reflect the governance risks identified in the document. Indicators dealing with PFM assumed that the program would result in substantial improvements in standardized PEFA indicators. Surveys to measure progress in the indicators were inconsistent and thus the results could not be measured. In any case, it would have been difficult to assume that the program could yield significant results in this area considering the risks identified. The PLR refined the Results Framework to take into account the program as executed, modifications in the World Bank Group portfolio, and changes in World Bank practices on results orientation.

41. **Program Implementation - In FY13–16, World Bank support totaled US\$389 million compared to a planned US\$369 million.** World Bank support in FY17 increased to US\$168 million compared to the planned US\$100 million following the inauguration of the new government, which introduced policies to redress the macroeconomic imbalances. As of March 1, 2018, one operation, for US\$40 million has been approved. Two additional operations, Benin Digital Solutions for Sustainable Development (P162599) and Community and Local Government Basic Social Services Project (P163560), totaling US\$70 million, are planned. The 2016 PLR adjusted the program to highlight basic service provision to the poor in water, and social services, scaled-up productivity and transformation in agriculture, and improvements in transportation and the business environment to stimulate investment and job creation. Planned and actual lending for 2013–2018 are presented in Annex 1(b).

42. **The World Bank Group was proactive in addressing portfolio problems and IDA portfolio performance shows an upward trend and has been moderately satisfactory over the CPS period.** When the risk of continued governance problems identified in the CPS materialized, the World Bank adjusted its policy-based lending to reflect the continued challenge. Disbursements under the Third PRSC (PRSC 10) were delayed and the last PRSC (PRSC 11) was cancelled. The program as implemented focused increasingly on areas of success in the provision of basic services and increases in productivity. In FY16–FY18, the World Bank has focused on investment operations that focus on growth and poverty. A timely PLR after 18–24 months of implementation—rather than in August 2016—might have brought greater focus to issues such as the need to strengthen the poverty focus of the program. Experience in CPS implementation has shown that improved portfolio performance resulted from rigorous portfolio monitoring with the Development Ministry, regular training of local staff, and rapid responses to implementation issues. The presence of most World Bank Group task team leaders on the ground has also visibly enhanced project performance. If it is not possible to have a permanent presence in the future, there is a need for more regular physical presence of World Bank Group task teams between six-monthly implementation support missions. In February 2018, the portfolio consisted of 17 IDA operations totaling US\$461.4 million, compared to 11 operations totaling US\$340.8 million at the end of FY12. Six operations were financed by TFs with a total commitment of US\$80.9 million. Disbursements have improved over the period. The percentage of problem projects dropped from 16.7 percent in FY13 to 7.1 percent in FY16. During FY13–FY16, two of the planned operations were not carried out: PRSC 11, which was cancelled following the performance on the preceding PRSCs, and the regional hydropower project which was dropped at the government request, which decided to seek alternative financing.

43. **TA has helped in defining government programs and World Bank operational work.** Work on debt management and wage policy continues to help in designing fiscal reform programs. Policy notes prepared to brief the current government prior to its coming into office were used by the Government in formulating its plans. The Poverty Analysis, initially carried out in 2014, and subsequent analytical work on poverty and social programs, helped understand the causes and characteristics of poverty and design investment interventions highlighting basic service provision to the poor in water and social services.

Evolution of Partnerships and Leveraging

44. **The World Bank Group is an active partner in donor coordination and plays the lead role of ‘chef de file’ representing the community of bilateral and multilateral donors with the Government.**

The interaction among donors has led to good coordination in areas of common interest, such as the social sectors and agriculture. Coordination in economic management issues and governance improved in connection with the recently approved budget support operation. Financing for budget support financing has principally come from the World Bank. The IMF and the World Bank have coordinated closely on the economic reform agenda including public finance issues and have been the main partners in these discussions. Greater participation of key donors in economic policy and thus on governance discussions would be important as the new government begins to implement its program.

45. **Donor dialogue takes place at the level of heads of bilateral and multilateral missions, between heads of technical cooperation, and regular meetings of 13 distinct thematic groups.**

At a political level, the Ministry of State for Planning and Development chairs the joint Government-Partner Steering Committee. A joint review takes place every year to assess progress with the Government’s development strategy. A Round Table was held in Paris in June 2014 in support of Government’s growth for poverty reduction strategy. In addition to the World Bank Group, Benin’s traditional partners include the EU, AfDB, West African Development Bank (BOAD), Belgium, France, Germany, the Netherlands, Switzerland, the United States Agency for International Development (USAID) and MCC, and the United Nations system agencies. Emerging partners, including Brazil, India, China, and South Africa, increasingly contribute to Benin’s development agenda and participate progressively in donor coordination.

Lessons Learned

46. Lessons learned are summarized below.

47. **Weak governance and government commitment undermined the policy reform program in important areas such as PFM and difficult policy and institutional reforms.**

Experience with CPS implementation highlights the need for a concerted, action-oriented dialogue between partners and the Government to address issues affecting economic management, and by direct association, governance. In this context, the World Bank could consider undertaking political economy analysis, to systematically identify key constraints to efficient economic management. The Country Management Unit could also consider carrying out a governance filter exercise for pipeline interventions, such as large infrastructure projects, which are especially prone to governance and transparency challenges. Finally, the practice of incorporating citizen participation in the design, monitoring, and evaluation of World Bank projects should be continued and enhanced as a measure to increase accountability and a focus on results.

48. **Investment programs targeting the poor have yielded results and have led to meaningful policy and institutional changes in the affected sectors; this is important in light of the need to redouble the Bank’s efforts in addressing poverty.**

Experience with the 2013–2018 program shows that investment projects that directly assist the poor in such areas the agricultural diversification, community development, and health and nutrition have yielded quantifiable results and that those programs have led to important policy and institutional reforms (creation of the safety net system, community-based management systems, strengthening the planning and execution of programs in the Ministry of Agriculture, PPP arrangements). Analytical work on poverty carried out in 2014–2018 points to the need to redouble the World Bank’s efforts in alleviating poverty, which remains high,

and the spatial distribution is uneven. The World Bank Group should focus on projects directly affecting poverty. These projects should be put through a filter, which would measure the sustainability and replicability of the activities being undertaken and the projects impact on institutional reforms in the areas covered by them. In addition, the filters should ensure efficient management of funds. Programs addressing poverty would need to spell out the spatial inequality issues by (a) supporting activities that are of particular relevance to livelihoods of the poorest regions; (b) rolling out reforms and investments in the poorest regions first (being planned for future World Bank-supported health, education, and access to electricity programs); and (c) focusing on particularly vulnerable groups.

49. **It is important to quickly respond to changes in the country context and to monitor the program in a timely manner.** The World Bank was proactive in addressing problems in program implementation and responded to delays in reforms associated with PRSCs, by delaying effectiveness on the last policy-based operation in the program and cancelling the last planned one. Since FY16, the World Bank has concentrated its activities in programs that directly focus on growth and poverty, which have been effective. Experience with the CPS confirms the need to monitor implementation closely and having World Bank Group task team leaders on the ground visibly enhances project performance.

50. **The World Bank Group is most effective when all its institutions work together.** The World Bank and IFC worked closely in SME financing and pilot programs in water. In smaller countries like Benin, sponsor standards, deal size, and weak human resource endowments constrain greater World Bank Group-wide involvement. Earlier and more proactive engagement by the World Bank and IFC to identify and develop opportunities for collaboration is necessary. The World Bank Group should continue to explore innovative financing instruments that facilitate involvement of IFC and MIGA, such as the recently approved Water Program which entails support from the World Bank and IFC in arranging PPP.

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Long-Term Development Issues Goals (GSPR3) and Key Challenges	CPS Indicators	Milestones	World Bank Group Program	Lessons and Suggestions for the Forthcoming CPF
Foundation Pillar: Governance and Public Sector Capacity				
Outcome 1.1. Improved public sector capacity in public financial management				
<p>Promote public sector governance and accountability (Public services lack access to e-application and e-business)</p> <p>Improve public revenue generation and management (Weak public revenue collection capacity, in terms of revenue generation and efficiency of revenue collection)</p> <p>Enhance performance across public sector institutions to improve service delivery (Weak PFM performance across public sector institutions)</p>	<p><i>-Execution Rate of Social Priority Expenditures (%)</i> Baseline: (2011): 75 Target: (2016): >90</p> <p>Progress: Achieved (September 2015): 86.6%. (Source: Government macro report), or achieved according to latest IMF report and ICR for PRSC8 (100.60% in 2013 and, 81,2% in 2014). The IFM did not have a program with the Government in 2015 and 2016 and the IMF and Government did not report on this in 2015 and 2016.</p> <p><i>-Time required to submit national accounts to the Chamber of Accounts (months)</i> Baseline (2012): 9 Target (2017): <6</p> <p>Progress: Achieved. Accounts for 2016 submitted in early June 2017.</p> <p><i>-Unallocated percentage of budget (%)</i> Baseline (2012): 12.4 Target (2017): <5</p> <p>Progress: Not achieved. Unallocated percentage of budget for 2017 is 11.1%.</p> <p><i>-Investment budget execution rate</i></p>	<p>-Implementation of the new anti-corruption legislation. Partly Achieved. The law was approved by Parliament and some of the implementing decrees have been prepared. The anticorruption agency has been established, staffed and is currently functioning (<i>Autorité nationale de Lutte Contre la Corruption</i> [ANLC]). Its effectiveness is still in doubt.</p> <p>-Signed agreement between <i>Centres de Gestion Agréé</i> and the tax administration (Achieved. PRSC 10 actions)</p> <p>-Simplified turnover-based tax regime for SMEs included in national budget (Achieved. Included in 2015 budget. PRSC 10 actions)</p> <p>-Update of national poverty line and numbers.</p>	<p><u>Now closed/delivered:</u> PRSC 8-10 DPO E-government project (E-Benin) (FY10) IPF</p> <p><u>Active:</u> Poverty Diagnostics and Statistics (regional TA) (FY17) Decentralized Community Driven Services Project (FY12 - closes 12/17) Public Investment Management and Governance Support (FY16)</p> <p><u>ASA delivered:</u> Social Capital Study ECW (FY13) Use of Country Systems TA (FY13) Customs Service/Civil Services Reform/Wage Bill TA (FY14) CEM (FY16–FY17, replaced by Policy Notes series) Country Integrated</p>	<p>-Government commitment is a precondition for public finance reform.</p> <p>-Government commitment would facilitate appointment of qualified staff that can be trained in in key positions.</p> <p>-Participation of key donors is needed to ensure dialogue.</p> <p>-Strong TA program is needed to support preparation and implementation of reforms.</p>

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Long-Term Development Issues Goals (GSPR3) and Key Challenges	CPS Indicators	Milestones	World Bank Group Program	Lessons and Suggestions for the Forthcoming CPF
	<p>Baseline (2016): 66.3% Target (2018): 72%</p> <p>Progress: Not rated. Investment budget execution rate for mid-2017 (end June 2017) is 89.2%, which points to good performance in this area. Data for 2018 will only be available at end of first quarter of 2019. Not possible to rate indicator at this point.</p> <p>-Dropped/changed:</p> <p>-Wage bill as a % of Tax revenues (not a major part of World Bank Group support during the period); replaced with time to submit national accounts to Chamber of Accounts.</p> <p>-PEFA Indicators rated B or better and PEFA.</p> <p>Sub-indicators, (World Bank Group support not focused on overall PEFA indicators). Time required to submit national accounts to the Chamber of Accounts (months) (From PRSC9-10: Baseline (2012): 9 Target (2017): <6)</p> <p>*Added indicator <i>Unallocated percentage of budget</i>, which has been more of a challenge in the past than budget execution. (From PRSC9-10) Unallocated percentage of budget: Baseline (2012): 12.4 Target (2017): <5</p>	<p>-Promulgation of new Customs Code (Achieved. PRSC 10 actions)</p> <p>-Approved decree on the general rules of public accounting (Achieved. PRSC 10 actions)</p> <p>-Approved decree on nomenclature of the State Budget (Achieved. PRSC 10 actions).</p> <p>-Inclusion of citizen engagement mechanisms in new World Bank investment operations. Achieved in new operations.</p> <p>-Guidelines for procurement of goods and services are adhered to by all MDAs (Achieved)</p> <p>-Annual audit of procurement contracts (Achieved; annual performance reports)</p> <p>-Passage of the new Budget Framework Law (LOLF) by</p>	<p>Fiduciary Assessment Statistics TA (FY15) Support for e-procurement to ARMP TA (FY16) Developing a Medium-Term Debt Management Strategy TA (MTDS, with IMF) (FY16) PEMFAR TA (FY15) Debt Management Assessment (FY17) Poverty Diagnostics and Statistics (FY16) DEMPA TA (FY17); Risk assessment tools and capacity building for implementation of projects in CAA portfolio (FY17) Policy Note package (FY16) WAEMU program to harmonize living conditions survey (tentative) (FY17) Poverty and Inequality Assessment Geography of poverty; Poverty mapping, (FY17); Review of Land Tenure Policy (FY17)</p>	

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Long-Term Development Issues Goals (GSPR3) and Key Challenges	CPS Indicators	Milestones	World Bank Group Program	Lessons and Suggestions for the Forthcoming CPF
<p>Enhanced resource availability for decentralized service delivery and improve capacity in FM at decentralized levels (Unpredictable transfer to communes for service delivery)</p>	<p>*Added indicator <i>Investment budget execution rate</i>.</p> <p>-<i>Fonds d'Appui au Développement des Communes (FADeC) transfers to communes (days from the published timetable)</i> Baseline (2012): 39 Target (2016): Maximum 15</p> <p>Progress: Achieved/exceeded. Predictability of fiscal transfers to communes has been increased; for 100% of communes (from 39 days variance from scheduled transfer date in 2012 to 5 days at present (2015 figures)</p> <p>-<i>Communes with audits and published action plans to correct any revealed deficiencies (%)</i> Baseline (2011): 0 Target (2016): 90%</p> <p>Progress: Achieved/exceeded. 100%. All communes undergo annual financial audits of funds received through the FADeC with action plans to correct deficiencies.</p>	<p>Parliament (Achieved)</p> <p>-Resources transferred through FADeC to be executed by communities for basic social infrastructure though delegation of responsibility: Achieved: target was 15%; current value is 20.37%.</p> <p>-Community involvement in construction of small infrastructure has reduced costs. 22% as compared to construction by communes without community involvement</p>	<p><u>Pipeline:</u></p> <p>First fiscal reform and growth credit (FY17, new) Benin Statistical Capacity Building TF (new, FY16)</p> <p><u>Other partners:</u> AfDB, IMF, EU, Netherlands, Canada, France, UNDP, Switzerland, USAID</p>	
Pillar I: Sustainable Growth, Competitiveness, and Employment				
Outcome 2.1. Increased access to power services indicators				
<p>Improve power generation and distribution (Poor network services; poor power supply and</p>	<p>-<i>Infrastructure for electricity distribution network established (km)</i> Baseline (2012): 0 Target (2017): 50 km</p>	<p>-Construction of T-Lines and Construction of substations. Partly achieved. All the substations are completed and energized. Of targeted</p>	<p><u>Now closed:</u> Energy Services Delivery (FY08) IPF WAPP APL 1 (2nd Phase-Coastal Transmission</p>	<p>-Difficult to introduce reforms in the absence of government commitment. -Recognition of impact</p>

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Long-Term Development Issues Goals (GSPR3) and Key Challenges	CPS Indicators	Milestones	World Bank Group Program	Lessons and Suggestions for the Forthcoming CPF
<p>quality of service; and high cost of electricity)</p>	<p>Progress: Indicator not directly linked to an operation. Target in Modern Energy Project of 30 Km of distribution network has been achieved but target of 260 km of transmission infrastructure has not been achieved.</p> <p><i>-Infrastructure for electricity bill collection established</i> Baseline (2012): 0 Target (2017): 45,000 prepayment meters delivered and installation launched</p> <p>Progress: Mostly achieved. 40,500 prepayment meters installed.</p> <p><i>-Lighting efficiency standards developed and applied</i> Baseline (2010): 0 Target (2016): Standards for at least 2 appliances</p> <p>Progress: Achieved. Standards for compact fluorescent bulbs and AC developed and applied</p> <p><i>-Revision of the international agreement on the Beninese-Togolese Electrical Code and the law governing the Electricity Code in Benin</i> Baseline (2010): No Target (2018): Yes</p>	<p>310 km of T-lines, 60% are completed. Construction completion is now scheduled for 2018, after delays due to construction company financial difficulties and bill payment arrears with EIB.</p> <p>- The electrification of 7 rural areas completed.</p> <p>-The Generation/T&D Master Plan is completed and endorsed</p> <p>-Operationalization of the Electricity Regulatory Authority (ARE) by decree (Not Achieved: ARE established by decree in 2014 but not fully operational yet)</p> <p><i>-Multidimensional milestones adjusted to measure realistic progress.</i> <i>-New milestones related to Energy Master Plan; and Electricity Regulatory</i></p>	<p>Backbone, FY06)</p> <p><u>Active:</u> Increased Access to Modern Energy Services/ GEF Energy Efficiency; followed by additional financing (FY09, FY17) Energy Service Improvement (FY17)</p> <p><u>Pipeline:</u> First fiscal reform and growth credit (FY18, new)</p> <p><u>ASA (tentative):</u></p> <p>Beninese society of electric power and PPP Knowledge product (FY17);</p> <p><u>Other partners:</u> EU, Denmark, KfW, EIB, BOAD, WAEMU, AfDB, USAID,</p>	<p>on invest and public finances of strong electricity sector is needed.</p>

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Long-Term Development Issues Goals (GSPR3) and Key Challenges	CPS Indicators	Milestones	World Bank Group Program	Lessons and Suggestions for the Forthcoming CPF
	<p>- Dropped/changed:</p> <p>-Reduction in power losses replaced with infrastructure for electricity distribution network established;</p> <p>- Electricity bill collection rates replaced with Infrastructure for electricity bill collection. Both changes to reflect relevant project goals.</p> <p>-Lighting efficiency standards added to reflect the climate change mitigation portfolio.</p> <p>-Electricity Code revision indicator added to reflect energy policy reform</p>	Authority		
Outcome 2.2: Improved transport and port services				
<p>Streamline ports processes and procedures (Long port dwell time, processes and procedures)</p> <p>Improve the road infrastructure network to support economic development and social welfare</p>	<p><i>-Port dwell time in Cotonou (days)</i> Baseline (2009): 19 days Target (2017): 15 days</p> <p>Progress: - Actual results exceeded target, at project closing (June 30, 2017) the port dwell time was 14 days—a 26 percent improvement</p> <p><i>-Border crossing time of trucks/merchandise along corridor (hours):</i> Krake-Seme - Baseline (2009): 48 hours Target (2017): 38</p> <p>Progress: - Actual results exceed targets, at project</p>	<p>-Computerized port single window established and functional (achieved)</p> <p>-Road corridor rehabilitated (achieved)</p> <p><i>-Milestones on cooperation and awareness not measurable in CSP; replaced with milestones on:</i> Computerized port single window and roads rehabilitated (above)</p>	<p><u>ASA delivered:</u> Customs Assessment Toolkit ECV (FY13); Port of Cotonou Operations Policy Note (FY15)</p> <p><u>Active:</u> -Abidjan-Lagos Trade and Transport Facilitation Project (FY10, IPF) -MIGA Guarantee (FY12) to Bureau VERITAS of the Netherlands -Tourism and Competitiveness Project (FY16, IPF)</p>	<p>-Despite improved indicators, transport costs and trade barriers have remained high under this “first generation” corridor project. A more holistic approach on corridors and regional integration should be taken, with a focus on policy reforms, institutional framework and procedures at the regional and bilateral level; and a stronger</p>

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Long-Term Development Issues Goals (GSPR3) and Key Challenges	CPS Indicators	Milestones	World Bank Group Program	Lessons and Suggestions for the Forthcoming CPF
	<p>closing (2017) the border crossing time was 31 hours—a 35% improvement</p> <p><i>-Roadblocks per 100 kilometers along the Abidjan-Lagos corridor along the Benin segment</i> Baseline: 7 (2009) Target: 3 (2017)</p> <p>Progress: - Partially achieved: at project closing (June 30, 2017) the check points/roadblocks along the Benin part of the corridors were down to about 4, a 43% improvement compared to a 57% target.</p> <p>-Rehabilitation of road infrastructure was completed, and HIV/AIDS treatment and prevention along the corridor have yielded positive outcomes. The establishment of the Single Window and establishment of an integrated port information system reduced delays, port dwell time and costs.</p> <p>-IFC supported a port PPP to assist the Government meet its obligations under the concession agreement with a private operator to develop and operate a container terminal for the port: it assisted in the selection of a construction/dredging company at a reasonable price (around 28 percent cost saving), which avoided the termination or renegotiation of the</p>		<p>-Tourism and general SME RSF (IFC, FY17) -Cross-Border Tourism and Competitiveness Project (FY16)</p> <p><u>ASA</u> -Regional infrastructure gap analysis (ICT, transport and energy) (FY17) dropped.</p> <p><u>Other partners:</u> AfDB, MCC; EU; Netherlands</p>	<p>multisectoral collaboration (for example, transport and trade).</p> <p>-A shift from transport corridors to development-economic corridors, which tracks the long-term impact of transport interventions (for example, population density; public and private finance attracted; opening up of lagging regions; social and environmental impacts).</p> <p>-A more integrated approach—focused on investment and services along the logistics chains, with disbursement based indicators—would help,</p> <p>- World Bank/IFC/MIGA collaboration enhances results.</p>

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Long-Term Development Issues Goals (GSPR3) and Key Challenges	CPS Indicators	Milestones	World Bank Group Program	Lessons and Suggestions for the Forthcoming CPF
	concession agreement. MIGA, for its part, financed consulting services to help set up the Single Window. In addition to the PPP investment for the Port of Cotonou terminal (Bolloré Africa Logistics) IFC is also supporting feasibility studies for PPP projects, including for the new airport, three dams, and dry ports.			-Investment lending more effective in cases of weak governance
Outcome 2.3: Increased access to ICT services				
<p>Increase access to ICT services (Low access to ICT services)</p> <p>Improve access to internet and telephone services (Inadequate access to Internet and telephone services)</p>	<p><i>-Retail price of Internet services</i> (per Mbit/s per month, in US\$) Baseline (2010): US\$125 Target (2016): US\$80</p> <p>Progress (2016): Achieved. The retail price per Mbits/s per month is between US\$40 and US\$80 depending on the technology used (LTE, WiMax, copper ADSL).</p> <p><i>-Access to Internet services</i> (number of subscribers per 100 people) Baseline (2011): 1.80 Target (2016): 4.20</p> <p>Progress (2016): Exceeded. The percentage of the population using the Internet is 12%. Access to Internet services and prices for these services have been reduced substantially. Benin has now redundancy for its international communications and low-cost international capacity to be sold to landlocked neighboring countries (Burkina</p>	<p>-Adoption of a broadband strategy (completed). Achieved. Strategy delivered 2013. Implementation of reforms continue, including the repositioning of BTSa, establishment of ABETIC and a permanent regulator, the arrival of a second international connection, establishment of the ABSUCEP; and decrees of the law on Electronic Communications and the Post Office.</p> <p>-E1 capacity to link Cotonou to Europe (achieved - line completed)</p> <p>-Strategy delivered 2013. Implementation of reforms continue, including the</p>	<p><u>Now delivered/closed:</u> -E-government project (E-Benin) (FY10) IPF</p> <p>-West Africa Communications Infrastructure Program (WARCIP) (FY12)</p> <p><u>ASA (tentative):</u> -Regional infrastructure gap analysis (FY17)</p>	<p>Indicators and results should be directly linked to project activities to avoid attribution issues. Data collection mechanisms should be put in place with all stakeholders, in particular private operators, at the earliest stage of project preparation in order to avoid delays and missing data. Future intervention should include a provision to carry out detailed and comprehensive surveys on key ICT indicators (unique subscribers, affordability, usage,</p>

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Long-Term Development Issues Goals (GSPR3) and Key Challenges	CPS Indicators	Milestones	World Bank Group Program	Lessons and Suggestions for the Forthcoming CPF
	Faso, Niger). Ongoing institutional reforms should continue so as to ensure greater access to broadband services. Also, more efforts are needed to ensure better access to broadband services for agriculture, education, health and SMEs, in particular in rural communities. There has also been a marked increase in ICT SMEs with support from the World Bank operations.	repositioning of BTSAs, establishment of ABETIC and a permanent regulator, the arrival of a second international connection, establishment of the ABSUCEP; and decrees of the law on Electronic Communications and the Post Office.		and so on).
Outcome 2.4: Enhanced business environment				
<p>Promote private sector growth and competitiveness (Regulatory and administrative constraints impede start up and enterprise development)</p> <p>Promote PPP (Lack of access to finance)</p> <p>Promote inclusive and sustainable growth by leveraging the private sector (Lack of public-private dialogue)</p>	<p><i>-Number of new SMEs Registered</i> Baseline (2012): 0 Target (2016): 3,000</p> <p>Progress (April 2017): Achieved. A number of projects are contributing to firm formalization. 2,100 SMEs registered as <i>Entrepreneur</i>. Other SMEs benefitting from World Bank Group programs of which the number registered is estimated at 10,324, including as <i>Entreprise personne physique</i>. In addition, 99 ICT SMEs were established through support from World Bank E-Benin (above target of 30).</p> <p>IFC TA helped implement the Organization for the Harmonization of African Business Law (OHADA) <i>Entrepreneur</i> status program, a new legal regime that encourages small entrepreneurs to enter the formal sector</p>	<p>-Improved Doing Business Indicators (Achieved). Benin's ranking has improved (from 162 in 2012 to 155 in 2016), Benin was identified as one of the top 10 global reformers for 2015, but the pace of reforms has slowed down since then. Benin's ranking changed from 158 in 2015 to 155 in 2016.</p> <p>-Adoption of the OHADA Reform Program. Achieved.</p> <p>-Passage of a PPP law. Achieved. A PPP law has been adopted by the National Assembly and</p>	<p><u>Now closed/delivered:</u> -PRSC8-10 (FY13–15) DPO E-government project (E-Benin) (FY10) IPF -IFC PPP projects – Cotonou container port; and rural water initiative MIGA -IT company, (MTN Spacetel SA (Contract enterprise: Spacetel Benin) - US\$1 million -Malian Hotel Promotion Company (Societe Malienne de Promotion Hotelier - SA (Contract enterprise: Compagnie Hoteliere du Golfe) - US\$1 million</p>	<p>-Same remarks as in public finance reform apply. -Good Governance critical to improve business environment. -World Bank/IFC collaboration enhances results.</p>

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Long-Term Development Issues Goals (GSPR3) and Key Challenges	CPS Indicators	Milestones	World Bank Group Program	Lessons and Suggestions for the Forthcoming CPF
	<p>through simplified processes. A total of 2,000 MSMEs were formally registered using the streamlined registration process of GUFÉ (business registration one-stop-shop), and 495 MSMEs were registered at CGA (a semi-private organization specializing in tax filling and payment support).</p> <p><i>-Number of days to enforce a contract</i> Baseline (2012): 825 Target (2016): 650</p> <p>Progress (2017): 750 (64.7%). Not achieved (Doing Business 2018 report). This activity is not directly reflected in portfolio results, but the expected Court (<i>Tribunal de commerce</i>) reforms may positively influence the time for enforcement (in PRSC series).</p> <p>Also, as part of PRSC 10 actions, a PPP law was adopted and implementation details are being worked out. In addition, a new labor law was adopted in 2017, which is business friendly, eliminates difficulties of the old legislation, and plays almost the same role as the proposed code that has been under consideration in the assembly. Lastly, the President signed a new Competition Law on November 2016.</p>	<p>signed by the President. Government and the World Bank are currently working of the implementation decrees to adjust weaknesses in the law identified by the Constitutional Court.</p> <p>-Passage of a new labor code. Mostly Achieved. The National assembly has not yet approved the labor code. However, a new labor law has been adopted in 2017. This law is business friendly and eliminates the main problems of the old legislation. The new legislation plays almost the same role as the proposed code.</p> <p>Passage of Competition Law. Partly Achieved. The Law was adopted by the National assembly on October 13, 2016, and should be signed by the President soon.</p> <p>200 SMEs have a business</p>	<p><u>ASA delivered:</u> -Benin small-scale piped water schemes inclusive business support TA (with IFC) (FY15) A Review of Land Tenure Policy (FY17)</p> <p><u>Now active:</u> -Competitiveness and Integrated Growth Opportunity Project (FY08) -Cross-border Tourism and Competitiveness (FY16) -IFC: -Benin Investment - Climate Reform Program; Ecobank and Diamond Bank Benin MIGA: Bureau Veritas Inspection, Valuation Assessment.</p> <p><u>Pipeline:</u> First Fiscal Reform and Growth Credit (FY18,</p>	

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Long-Term Development Issues Goals (GSPR3) and Key Challenges	CPS Indicators	Milestones	World Bank Group Program	Lessons and Suggestions for the Forthcoming CPF
	<p><i>-Number of approved innovative PPP investments in critical service delivery areas (supported by World Bank Group)</i> Baseline: (2012): 0 Target (2016): 2</p> <p>Progress (2016): Achieved/exceeded. 6 transactions. Through joint TA World Bank and IFC support by the Water and Sanitation Program (WSP), four PPPs were concluded for rural water services, over three sites (Gouounou, Sakété, Zogbodomey) with an estimated total cost of US\$1.1 million excluding household contributions. This experience has informed the new Water and Sanitation operation. IFC has concluded PPP investments for the Port of Cotonou terminal (Bolloré Africa Logistics), and in the health sector. In addition, feasibility studies for PPP projects are now in the process of finalization, including for the new airport, three dams including Vossa and Beterou, and the dry ports.</p> <p><i>-Dropped/changed</i> Number of days to enforce a contract edited to focus on time dimension, not cost. -PPP investments approved edited to reflect client relevance, and support from both IFC and World Bank.</p>	<p>plan prepared (achieved)</p> <p><i>-Dropped at PLR: Preparation of an investment code favorable to investment promotion, and strengthened coalitions. Improved consensus and new implementation knowhow (Not measurable)</i></p>	<p>new) Benin Cross Border</p> <p><u>ASA:</u> -Impact Evaluation of the <i>Entreprenant</i> Status in Benin (FY16) Achieved</p> <p><u>Other partners:</u> EU</p>	

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Long-Term Development Issues Goals (GSPR3) and Key Challenges	CPS Indicators	Milestones	World Bank Group Program	Lessons and Suggestions for the Forthcoming CPF
Outcome 2.5. Improved agricultural productivity and diversification				
<p>Improve agriculture productivity and diversification (Low agricultural productivity and weak technological capacity to process farm produce)</p>	<p><i>-Average yield (tons/ha) of food crops (rice, maize) in project area</i> Baseline (2011): 4.0 tons/ha (rice): 1.2 tons/ha (maize) Target (2016): 15% increase</p> <p>Progress (2017): Achieved/exceeded. Rice: 4.53 tons/ha; Maize: 2.2 tons/ha.</p> <p><i>-Average yield (tons/ha) of cash crops (pineapple and cashew) in project area</i> Baseline (2011): 50 tons/ha pineapple; 0.45 tons/ha cashew Target (2016): 15% increase</p> <p>Progress (2017): Achieved/exceeded. Cashew 0.62 tons/ha; pineapple 54.5 tons/ha.</p> <p><i>-Quantity exported of cashew and pineapples in project area (tons/ha)</i> Baseline (2011): 20,000 tons (pineapples); 25,000 tons/ha cashew Target (2016): 20% increase (that is 24,000 tons (pineapples); 30,000 tons/ha cashew)</p> <p>Progress (2015): Achieved/exceeded. Pineapple 57,600 tons; Cashew 39,280 tons. This represents a diversification relative to cotton exports, whose share in total exports decreased from 29.5% to</p>	<p>-Area provided with small scale irrigation and drainage services (Ag productivity project)</p> <p>11,728 ha June 25, 2017</p> <p>End Target: 12,678</p> <p>-Share of beneficiaries using new technologies generated. 80% (Agricultural Productivity)</p> <p>16 technologies generated out of a target of 20. WAAP</p> <p>-Client days of training including for farmers and extension agents</p> <p>Not a project indicator in Agricultural Productivity Project or WAAPP. 180,000 direct beneficiaries. WAAP 432, 000 direct beneficiaries</p> <p>-Creation and operationalization of a national agency for property registration</p>	<p><u>Delivered:</u> PRSC9-10 (FY14-16)</p> <p><u>ASA (delivered):</u> Agriculture Sector TA (FY13) A Review of Land Tenure Policy (FY17)</p> <p><u>Active:</u> Agricultural Productivity and Diversification Project (FY11 closes 12/17) West Africa Agricultural Productivity Program-; followed by additional financing (WAAPP) (FY11, FY17)</p> <p><u>Pipeline:</u> -First fiscal reform and growth credit (FY17, new)</p> <p><u>ASA:</u> -Land Policy Reform ASA (FY17, new)</p> <p><u>Other partners:</u> AfDB, Belgium, EU,</p>	<p>-Investment lending focusing on priority sectors more effective than policy based lending when governance issues are prevalent</p>

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Long-Term Development Issues Goals (GSPR3) and Key Challenges	CPS Indicators	Milestones	World Bank Group Program	Lessons and Suggestions for the Forthcoming CPF
	<p>25.2% in the same period.</p> <p><i>-Share of project beneficiaries using improved technologies supported by project</i></p> <p>Baseline (2011): 0 Target (2018): 80%</p> <p>Progress (2017). 80%: Mostly achieved. On track to be achieved by target date.</p> <p>In addition, the program has also supported the institutional strengthening of the Ministry of Agriculture, which has started yielding results. the agriculture sector program budget execution ratio stood at 79 percent in 2017 against a baseline of 45 percent at the beginning of the project. In addition, the ministry is now monitoring 100 percent of its programs against a baseline of 55 percent at the beginning of the project</p>	<p><i>-Milestone on resilience not measurable; new ones added, (see above)</i></p>	<p>Germany, Japan, Switzerland</p>	
Outcome 2.6. Improved natural resource management practices				
<p>Improve natural resource management (Poor natural resource management practices)</p>	<p><i>-Scores from PA-METT for Pendjari National Park</i></p> <p>Baseline (2011): 85 Target (2017): 93</p> <p>Progress (2017): Achieved. The PA score for Pendjari is 94.</p>	<p>-The FSOA Articles of Association, By-Laws, Operating Manual, Investment Policy, communication and fund raising strategies are finalized (Achieved)</p> <p>-The ESMF and Process Framework are fully</p>	<p><u>Now closed:</u> Community-Based Coastal Marine Biodiversity Project grant (FY08)</p> <p><u>Active:</u> -Forests and Adjacent Land Management Project (IDA/GEF) (FY13)</p>	<p>-Investment lending focusing on priority sectors more effective when governance issues prevalent in economy</p>

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Long-Term Development Issues Goals (GSPR3) and Key Challenges	CPS Indicators	Milestones	World Bank Group Program	Lessons and Suggestions for the Forthcoming CPF
	<p><i>-Communal marine and coastal biodiversity sites, including wetlands areas are demarcated and protected</i> Baseline (2011): 0 Target (2016): 3</p> <p>Progress (2017): Achieved: four communal marine and coastal biodiversity sites, including wetlands areas (Bouche du Roy, Vodounto, Togbin-Adouanko, Bymins) have been demarcated and protected and four other sites are in progress</p> <p><i>-Number of threatened species identified in the baseline study of biodiversity which benefits from conservation measures</i> Baseline (2011): 30 Target (2018): 35</p> <p>Progress: The target of 35 species benefitting from conservation has been achieved.</p> <p><i>-Rehabilitation of degraded of forests (ha)</i> Baseline (2006): 0 Baseline AF (2012) 5,800 Target (2017): 7,700 ha</p> <p>Progress: (2017) 8, 059 ha (Target exceeded)</p> <p><i>Dropped/Changed.</i></p>	<p>implemented (Achieved)</p> <p>-Mechanisms or arrangements for discussing conservation of marine and coastal resources, including mangrove conservation at the communal and inter communal level are established</p> <p>-Baseline study of biodiversity conservation measures. Achieved. Study completed.</p> <p>-Community members trained in integrated ecosystem management</p> <p>The constitutions of the inter-communal management councils prepared and adopted. Achieved.</p> <p><i>-One milestone (Training tools on integrated ecosystem management) moved up from 3.1. as it is related to this outcome</i></p>	<p>-Support to Protected Areas Management Project (IDA/GEF) (FY11) -Niger Basin Water Resources Development and -Sustainable Ecosystems Management Project (IDA FY07)</p> <p><u>ASA (delivered):</u> A Review of Land Tenure Policy (FY17) Coastal Erosion Multi-sector Investment Plan (FY17)</p> <p><u>Other partners:</u> KfW, UNDP, Nordic Development Fund</p>	

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Long-Term Development Issues Goals (GSPR3) and Key Challenges	CPS Indicators	Milestones	World Bank Group Program	Lessons and Suggestions for the Forthcoming CPF
	<p>-Indicator on <i>Rehabilitation of degraded forests added</i>, to reflect effect on environment. For indicator <i>Threatened species</i>, baseline and target numbers and deadline (to 2018) adjusted in line with project metrics. Deadline adjusted to 2017 for <i>PA-METT scores</i></p>			
Outcome 2.7: Labor skills development for youth				
<p>Employability of youth is improved (official unemployment is low, but youth underemployment and nonparticipation in the labor force is high)</p>	<p>-<i>Youth supported by the project receiving professional certification</i> Baseline (2014): 0 Target (2018): 2,500 Progress (2016): 1870. Partly Achieved.</p> <p><i>Dropped-Changed</i> -Youth employed following support dropped and replaced to reflect the results framework of the underlying project once it was approved, by Youth supported by the project receiving professional certification, with updated and relevant targets.</p>	<p>-Eligible youth have received on the job, technical, entrepreneurship, and life skills training. Some 4,624 youth beneficiaries of labor market programs.</p> <p>-The National Employment Agency launched the recruitment of commune-level employment agents in charge of decentralized training delivery and the development of new training curricula targeting the poor and vulnerable.</p> <p>-Recommendations on impactful employment policies.</p> <p><i>-Milestone added on new jobs assessment providing</i></p>	<p><u>ASA delivered:</u> -Youth Employment/ Skills Note (FY13) -Tertiary Education and Capacity and Training Assessment Study (FY13) -Impact Evaluation of the <i>Entrepreneur Status</i> in Benin (FY16).</p> <p><u>Now active:</u> -Youth Employment Project (FY14, IPF)</p> <p><u>ASA (new):</u> -Jobs Assessment (FY16)</p> <p><u>Other partners:</u> France, Switzerland</p>	

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Long-Term Development Issues Goals (GSPR3) and Key Challenges	CPS Indicators	Milestones	World Bank Group Program	Lessons and Suggestions for the Forthcoming CPF
		<i>policy recommendations</i>		
Pillar II: Improving Service Delivery and Social Inclusion				
Outcome 3.1: Improved flood protection in urban areas				
<p>-Reduce urban flooding (Lack of adequate drainage infrastructure to mitigate the negative environmental impacts of floods)</p> <p>-Improve access to urban services (Weak management and lack of access to urban services)</p>	<p><i>-Drainage network rehabilitated/constructed in the targeted municipalities (kilometers)</i> Baseline (2011): 0 Target (2018): 21 (updated indicator)</p> <p>Progress (2017): Achieved. 62 km</p> <p><i>-CPS indicators (reduction of households vulnerable to flooding; number of flood alerts) were ambiguous and replaced in PLR with indicator on drainage infrastructure in targeted municipalities</i></p>	<p>-Institutional arrangements for flood early warning system established. Achieved. MoU between Ministry of Water and the National Flood Disaster Agency (ANPC)</p> <p>-Drainage Master Plan prepared for key cities. Achieved. Draft completed and validation workshops carried out.</p> <p>-Awareness campaigns and sensitization meetings on flooding and disaster risk management. Achieved. Sixteen awareness campaigns had been carried out by July 2017, higher than the 10 planned by the end of the project.</p> <p><i>-One milestone (Training tools on ecosystem management) moved under outcome 2.6.</i> <i>Milestones added on:</i></p>	<p><u>Now Active:</u> -Benin Emergency Urban Environment Project (with 2 Additional Financings) (IPF, FY11, FY13, FY16) -Benin Cities Support Program (IPF, FY13) -Small Town Waste Supply and Urban Septage Management (FY16) with IFC PPP</p> <p><u>ASA - active:</u> -Global Index Insurance Facility (GIIF) Regulatory and Policy Capacity Building TA (FY16)</p> <p><u>Other partners:</u> Japan, UNDP, Netherlands, EU</p>	

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Long-Term Development Issues Goals (GSPR3) and Key Challenges	CPS Indicators	Milestones	World Bank Group Program	Lessons and Suggestions for the Forthcoming CPF
		<i>Master plan for drainage Awareness campaigns on flooding</i>		
Outcome 3.2: Increased access to safety nets				
<p>Improve basic social services and enhance safety net measures (Households do not have access to safety nets)</p>	<p><i>-Communities implementing safety nets program</i> Baseline (2011): 0 Target (2017): 120</p> <p>Progress (2017): Achieved. 125</p> <p><i>-Beneficiaries of Safety Nets programs (number)</i> Baseline (2011): 0 Target (2017): 12,000</p> <p>Progress (2016): Achieved. 12,933</p> <p><i>-Temporary employment indicator moved to milestone, and replaced with project indicators on Social Safety Nets more directly relevant to key objective (Communities implementing safety nets program; and Beneficiaries). The public works employment is a sub-activity of the broader established safety net</i></p>	<p>Adoption of national methodology for targeting the poorest by Council of Ministers</p> <p>- National social registry of the poorest established and used by multiple programs</p> <p><i>-Originally no milestones; milestones added, at PLR.</i></p>	<p><u>ASA - delivered:</u></p> <p>Poverty/ Gender Assessment (FY13)</p> <p>-Building a common national targeting and registry system for safety net and health interventions in safety nets TA. (P146298) (FY16)</p> <p><u>Active (IPF):</u></p> <p>-Decentralized Community Driven Services (FY12)</p> <p><u>ASA:</u></p> <p>-Scaling up safety nets (FY18-19)</p> <p><u>Pipeline:</u></p> <p>-Community and Local Government Social Services (IPF, FY18)</p> <p><u>Other partners:</u></p> <p>United Nations Children</p>	

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Long-Term Development Issues Goals (GSPR3) and Key Challenges	CPS Indicators	Milestones	World Bank Group Program	Lessons and Suggestions for the Forthcoming CPF
			Fund, Belgian Cooperation	
Outcome 3.3: Improved access to primary education				
<p>Improve access and quality of basic education (Access to and completion of basic education, particularly in deprived districts)</p>	<p>-Gross Primary Intake Rate for girls in deprived districts targeted by project support (%) Baseline (2011): 100.5% Target (2018): 117% (GPE June 2017 ISR)</p> <p>Progress: Achieved. 118.3 Primary education completion rate in targeted districts Baseline (2011): 40.40% (Girls 34.3) Target (2018): 56.50%</p> <p>Progress: Partially achieved. 50.90% in 12/16</p> <p>-The indicator on <i>gender ratio</i> is at national level and beyond the scope of World Bank Group support; replaced with similar indicator of <i>Gross Primary Intake Rate for girls in deprived districts targeted by project support</i>. The indicator on <i>Primary completion rate</i> edited for clarity to cover <i>Primary education completion rate in targeted districts</i>. Targets adjusted due to the data uncertainty related to recent census update</p>	<p>-Girls in grade 1 and 2 in the deprived districts receiving school package. Achieved. (6/17) 267,866, higher than target.</p> <p>-Teachers trained by project in the deprived districts at primary level. Achieved. (12/16) 10,699, Slightly above target</p> <p><i>-CPS milestones on mitigation measures to strengthen maternal and child health dropped (not related to outcome). Milestones added (see above)-</i></p>	<p><u>ASA -delivered:</u> -Poverty/Gender Assessment (FY 14)</p> <p><u>Now active:</u> -GPE program TF (FY13) -Africa Centers of Excellence regional project (new)</p> <p><u>ASA:</u> -BJ Education Sector TA</p> <p><u>Other partners:</u> Denmark, France, KfW, Japan, Switzerland</p>	
Outcome 3.4: Improved access to health and nutrition services				
Improve access and	-Number of additional children (under 1) in	-Average availability of	<u>Now closed:</u>	

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Long-Term Development Issues Goals (GSPR3) and Key Challenges	CPS Indicators	Milestones	World Bank Group Program	Lessons and Suggestions for the Forthcoming CPF
<p>quality of health services (Poor quality of maternal and neonatal health services)</p> <p>Improve food and nutrition security outcomes (Fragmented policies and programs Ineffective sector-specific services and interventions, notably, but not exclusively at community level)</p>	<p><i>project target areas completely immunized</i> Baseline (2011): 0 Target (2018): 260,000</p> <p>Progress: Achieved. (6/16) 365,864 children. 95% of target</p> <p><i>-Number of communes engaged in scaling up community health, food and nutrition security interventions for women and children under five</i> Baseline: (2012): 0 Target (2018): 7</p> <p>Progress (2017): Achieved/exceeded. Currently rolled out in 10 communes.</p> <p><i>-Children 0–23 months who benefit from a minimum package of monthly community-based growth promotion activities in targeted Communes</i> Baseline (2013): 0 Target (2018): 20%</p> <p>Progress (2017). Achieved. 59.5%</p> <p><i>-Rate of assisted deliveries was dropped in restructuring and replaced with related project-level indicator on Pregnant women receiving antenatal care during a visit to a health provider.</i></p>	<p>essential drugs in health facilities. Achieved. (2015) 78% (target of 85%). Comparable data for 2017 not available</p> <p>-Multisectoral strategy document for community-based health, food and nutrition standardizing roles and responsibilities of Stakeholders. On track. Under preparation</p> <p>-Coordination mechanism of multi sectoral nutritional policy and programs at central and communal levels. Baseline (2013); Target (ongoing project target (2019) 40: Progress (2017): 21 On track. The remaining 19 communes have now started so project target should be met be met.</p> <p>-Inclusion of food and nutrition security priorities in Communal Development Plan. Ongoing project target (2019): On track. Most of the 19 communities have</p>	<p>-Benin Community Nutrition (IPF, FY10) -Health System Performance IPF (FY10) <u>Ongoing</u> -Multi-Sector Food, Health Nutrition project IPF (FY14) -Building stewardship capacity for food and nutrition policies and programs (TF FY16) Nutrition Sensitive Agriculture & Capacity Building of Small and Marginal Farmers Project TF FY16. Done</p> <p><u>ASA:</u> -Impact Evaluation of Health Result-Based Financing in Benin (new) (FY16):</p> <p><u>Other partners:</u> Belgium, Japan, Netherlands, USAID</p>	

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Long-Term Development Issues Goals (GSPR3) and Key Challenges	CPS Indicators	Milestones	World Bank Group Program	Lessons and Suggestions for the Forthcoming CPF
	<p>Indicator on <i>children immunized</i> made more precise and to reflect project metrics. Initial target was for under five children immunized, but the data available (and RBF related indicator) is for under 1 children. <i>Community workers trained</i> not in project results; dropped and replaced with PDO-level indicator on <i>Children 0–23 months who benefit from a minimum package of monthly community-based growth promotion activities in targeted Communities</i></p>	<p>food and nutrition in plans in their plans.</p> <p>-Social and Health Workers trained on Community Management of Acute Malnutrition (CMAM) On track; 485 workers trained by 2017 of the targeted 900 by 2019.</p> <p><i>-Milestone on mitigation measures to strengthen maternal and child health dropped, not measurable. Milestones added on: health personnel training and availability of essential drugs (above).</i></p>		

Note: Indicator data from most recent project ISR unless otherwise indicated.

BENIN CLR Annex 2b: Planned Lending Program and Actual Deliveries FY13–FY18
(figures as of March 1, 2018)

FY	CPS PLANS	Projected		STATUS	Committed	
		IDA	TF		IDA	TF
FY13	PRSC-8 (DPO)	30.0		PRSC-8	30.0	
	Cities support Program	60.0		Cities Support Program	60.0	
	AF Forest and Adjacent Land Mgt. (GEF/IDA)	2.0	5.56	Forest and Adjacent Land Mgt, (AF) (GEF/IDA)	2.0	5.56
	Regional WA Communication Infrastructure	12.0		West Africa Telecommunications Infrastructure	35.0	
	Global Partnership for Education		42.30	Global Partnership for Education		42.50
				Building Resilience-innovation (GEF)		4.60
	Total FY13	104	47.86	Total FY13	127.0	52.66
FY14	PRSC-9 (new series)	30.0		PRSC-9	20.0	
	Youth Employment	35.0		Youth Employment (AF)	35.0	
	Multi-Sectoral Food/Health and Nutrition	30.0		Multi-Sectoral Food/Health and Nutrition	28.0	
	Africa Centers of Excellence	5.0		Africa Centers of Excellence	5.0	
				Emergency Urban Environment (AF)	6.4	
	Total FY14	100		Total FY14	94.4	
FY15	PSRC-10	20.0		PRSC-10	20.0	
	Capacity Building Operation (multisector)	25.0		FY16		
	Cross-border SEZ	50.0				
	Regional Adjarala Hydropower	20.0		Dropped		
				West Afr. Niger River Basin Man. (multi-donor TF)	26.5	7.50
			West Africa Upper Volta Afr. TF/GEF		10.70	
	Total FY15	115.0		Total FY15	46.5	18.20
FY16	PRSC-11	20.0		Postponed/merged into new series		
	AF Urban Environment	30.0		Urban Environment (second AF)	40.0	
	Regional Transport DPO	TBD		Cross-border tourism and competitiveness	50.0	
	Public Investment Management-Public Support			Public Investment Management (grant)	30.0	
	Total FY16	50.0		Total FY16	120.0	
	Total FY13–16	369.0		Total FY13–16	387.9	80.90

FY	CPS PLANS	Projected		STATUS	Committed	
		IDA	TF		IDA	TF
FY17	PSRC new series	20-30				
	Energy Climate Change	TBD		Energy Service Improvement	60.0	
	Community Driven Decentralized Services 2	TBD				
	WAAPP-1C Phase 2	TBD		Small Town Water Supply and Urban Septage	68.0	
				Agricultural Productivity-Diversification (AF)	45.0	
	Total FY17	90.0-		Total FY17	173.0	
		100.0				
	CPS Total FY13-17	459.0-			563.9	80.90
		469.0				
PLR Additions - FY17 and FY18						
FY17/18	Fiscal Reform and Growth Credit (DPO)				40.0	
	West Africa Agricultural Productivity (AF)					
	Total FY17	n.a.				
				Fiscal Reform and Growth -DPO (actual)	40.0	
				West Africa Agricultural Productivity (AF) (programmed)	20.0	
				Digital Solutions for Sustainable Development (programmed)	30.0	
				Community and Local Government Basic Social Services (programmed)	40.0	
	Total FY18	n.a.		Sub Total FY18 up to November 2017	130.0	
ACGF AFRICA CATALYTIC GROWTH FUND; GEF: Global Environmental Facility						

CLR Annex 2c - IFC and MIGA Program 2013–2018

1. In addition to the programs in the financial sector, business environment, and infrastructure, which are discussed in the sections on the business environment and transport above, IFC supported the health sector through PPPs. The Benin Health PPP project was designed to support Government in procuring a private partner to design-build-finance-operate a new 250-bed public referral hospital in Cotonou. The steering committee approved IFC's recommendation for the Government to fund hospital construction and equipping, but the Government was ultimately unable to raise the funding.
2. IFC has also been working on a rural electrification project with an international investor to provide power to about 15,000 people, but the project is on hold pending the new government's confirmation of interest. IFC also provided a €6 million guarantee to generator suppliers APR and Aggreko on behalf of the utility SBEE for ~100 MW. The guarantee was required to enable the transaction. Moving forward, in energy, IFC is focusing on supporting independent power producer development.
3. IFC also contributed to the World Bank Group-wide Tourism and Competitiveness Project. The IFC component will provide finance for SMEs along the tourism value chain through a US\$10 million RSF program with Bank of Africa for a maximum target SME portfolio size of up to US\$20 million, which could benefit Benin agribusiness. IFC finalized a study of value chains to identify new business development opportunities and continue to support SMEs. The value chains evaluated were cashew, cotton, rice, maize, cassava, livestock/milk, poultry/eggs, pineapple, horticulture, soya, fishery, and shea butter. About two value chains will be selected for TA and financing. This work ties in well with the tourism-related RSF.
4. During the FY13–17 CPS periods, MIGA continued to support Benin in three projects, in tourism/business services (Malian Hotel Promotion Company — *Societe Malienne de Promotion Hoteliere S.A.* - US\$ 1.0 million); in infrastructure (IT Company Services - Spacotel Benin S.A.R.L. - US\$1.0 million); and Bureau Veritas, Single Widow Initiative: *Societe d'Exploitation du Guichet Unique du Benin* - US\$5.4 million), for a total of US\$7.4 million gross exposure. During the course of the CPS, the Spacotel Benin S.A.R.L. guarantee expired on September 29, 2016. The contract with *Société Malienne de Promotion Hoteliere S.A.* was cancelled on July 30, 2016, as the investor became comfortable with the risk and no longer required the cover. At the end of the CPS period, MIGA's operation with Bureau Veritas Inspection, Valuation, Assessment and Control continued in effect (see Annex 2d - MIGA's Outstanding Exposure table). MIGA continues to explore opportunities to stimulate private investment as part of the World Bank Group, by promoting foreign investment into Benin through the provision of guarantees against political risks (that is, the risks of transfer restriction and inconvertibility, breach of contract, expropriation, and war and civil disturbance).

While there have been no new projects since the start of the CPS period, MIGA remains eager to support projects through its political risk insurance product line. MIGA and IFC continue to seek ways of increasing their engagement in Benin, though identifying project sponsors with the required standards and investments of the appropriate scale has been a challenge.

CLR Annex 2d - MIGA's Outstanding Guarantee Exposure in Benin

Effective Date	Expiration Date	Investor Name (Guarantee Holder)	Investor Country	Business Sector	Project Name	Maximum (US\$)
07/22/2011	07/21/2021	Bureau Veritas Inspection, Valuation, Assessment, and Control	France	Services	Guichet Unique	6,048,158
					Total:	6,048,158

