Report Number: ICRR0022635

1. Project Data

Project ID P122950	**Project Name** BJ-Cities Support Project	
Country Benin	**Practice Area(Lead)** Urban, Resilience and Land	
L/C/TF Number(s) IDA-52740	**Closing Date (Original)** 30-Jun-2020	**Total Project Cost (USD)** 56,009,004.17
Bank Approval Date 21-Jun-2013	**Closing Date (Actual)** 31-Dec-2020	

	IBRD/IDA (USD)	Grants (USD)
Original Commitment	60,000,000.00	0.00
Revised Commitment	60,000,000.00	0.00
Actual	56,125,844.32	0.00

Prepared by	Reviewed by	ICR Review Coordinator	Group
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2. Project Objectives and Components

a. Objectives

According to the Financing Agreement (FA, p. 5) and the Project Appraisal Document (PAD, paragraph 19), the Project Development Objective (PDO) of the Benin Cities Support Project (*Projet d'Amenagement Urbain et d'Appui a la Decenralisation* or PAURAD) was "to increase access to urban services and improve urban management in selected cities of Benin."

In this review, the project performance is assessed against the achievement of the PDO under two sub-objectives, in line with the ICR assessment:

- to increase access to urban services in selected cities of Benin
- to improve urban management in selected cities of Benin

b. Were the project objectives/key associated outcome targets revised during implementation?
Yes

Did the Board approve the revised objectives/key associated outcome targets?
No

c. Will a split evaluation be undertaken?
No

d. Components
1. **Service Delivery Improvement through infrastructure rehabilitation, maintenance, and expansion** (US$49 million at appraisal, US$48.74 million actual). This component would finance the rehabilitation and expansion of urban infrastructure based on the development plans of 10 participant cities. The subprojects would include urban drainage systems, urban roads, water supply, sanitation facilities, local markets, and preservation and rehabilitation of cultural assets.

2. **Municipal Management and Deepening Decentralization** (US$5 million at appraisal, US$4.56 million actual). This component would finance training and capacity building of cities and municipalities in procurement, project management, financial management (FM), social and environmental safeguards design and implementation, monitoring and evaluation (M&E) and disaster management. Training would also strengthen the local government financial base through improved revenue collections. Capacity building efforts would also be directed at the National Local Finances Commission (*Commission Nationale des Finances Locales* or CONAFIL) to manage the Municipal Development Fund (*Fonds d'Appui au Developpement des Municipalities* or FADeC). This component would also finance equipment purchase.

3. **Institutional Strengthening, Capacity Building, Monitoring and Evaluation (M&E) and Project Management** (US$6 million at appraisal, US$4.45 million actual). This component would finance project management, including M&E of results, and train city, municipal, and central government officials involved in project implementation and on FADeC or Intergovernmental Fiscal Transfer System (IFTS).

e. Comments on Project Cost, Financing, Borrower Contribution, and Dates
Project Cost: The total project cost was US$60 million equivalent. The credit disbursed US$56.12 million equivalent. The balance was due to foreign exchange losses, as confirmed by the Task Team in their September 9, 2021 email to IEG.

Financing: The International Development Association (IDA) fully financed this project.

Borrower Contribution: The recipient had no counterpart contributions.

Dates and Restructurings: The project was approved on June 21, 2013 and made effective on June 6, 2014. It was originally scheduled to close on June 30, 2020. A Mid Term Review (MTR) was completed on January 19, 2018. A level 2 restructuring extended the project closing date by 6 months to December 31, 2020. There were two level 2 restructurings:

- On June 29, 2019, to introduce two sets of changes informed by the MTR. The first, to the results framework: (i) drop one outcome indicator, (ii) drop four intermediate indicators; (iii) increase target values of 3 outcome and 6 intermediate outcome indicators due to changes in data collection methodologies. The second, to the institutional arrangements, to allow direct project implementation by the remaining 8 (of 10) cities.
- On May 27, 2020, to extend the project closing date from June 30, 2020 to December 31, 2020 due to the impact of the Covid 19 pandemic.

Split Rating: A split rating of the outcome was not undertaken. Target values for outcome indicators were significantly increased due to a change in methods for collecting target beneficiaries data and changing the basis for end target values of infrastructure sub-projects. The previous method of extrapolating from the 2013 census was replaced by statistical surveys to collect empirical data on beneficiaries. In addition, foreign exchange gains financed additional sub-projects (ICR, paragraph 25 and footnote 11). An outcome indicator -- *Number of additional operational Neighborhood Development Committees (NDC) formed* -- was dropped at restructuring because there was no activity to support its creation (ICR, paragraph 17, 24, and Annex 6).

3. Relevance of Objectives

Rationale

Country Context. The coastal country of Benin adopted a new constitution in 1990 and shifted its economy from a centrally planned to a market based one. By the 2000s, rural to urban migration had fueled rapid urbanization growing at a rate of 38.3 to 47.0 percent between 2000 and 2019. Forty one percent of the country's population was urban with about half coming from the three main cities of Cotonou, Porto Novo, and Parakou. The urban population continued to grow at a rate of 5 percent compared to 3.5 percent for the rest of the country. The existing urban infrastructure was strained by this growing demand for services. In a disastrous flooding caused by heavy rains in 2010 and 2012, under-funded services, insufficient asset management, and poor maintenance further exposed the inadequate state of infrastructure in these dense urban areas. In 1999, laws defined the legal and institutional framework for decentralization, created 77 communes, 12 administrative regions, and assigned "Special Municipal" status to Cotonou, Porto Novo, and Parakou. In 2008, the government created the National Commission for Municipal Finance (*Commission Nationale des Finances Locales* or CONAFIL) and a Municipal Development Fund (*Fonds d'Appui au Developpement des Municipalities* or FADeC). FADeC was an intergovernmental transfer mechanism that financed both current operating and capital investment needs of decentralized services. The PDOs at closing were relevant to addressing the urban infrastructure needs of the country's urban areas.

Alignment with Country Development Plans: The government adopted a National Decentralization and Deconcentration Policy (*Politique Nationale de Decentralisation et de Deconcentration* or PONADEC) covering 2009-2019. PONADEC laid the institutional conditions for sustainable development through coordinated local governance, transparency, and city/municipal empowerment. The Government Action Program for 2016−2021 (*Programme d'Actions du Gouvernement or* PAG) premised on the 2030 Agenda for Sustainable Development, outlined the following initiatives, sectoral policies, and reform plan for the period: (i) consolidation of democracy, the rule of law, and good governance; (ii) structural transformation of the economy; and (iii) improvement of social wellbeing. The National Development Plan (*Plan National de Developpement* or PND) for 2018−2025 supported a program of growth and sustainable development with a goal of inclusive sustained growth of at least 10% by 2025 by improving agroindustry, tourism, and local and national governance with improvements in human capital and infrastructure. The PDOs were highly relevant to these plans, particularly those focusing on local governance and infrastructure improvement.

Alignment with World Bank Strategy in the Country: The PDO remained relevant to the World Bank's Country Partnership Framework (CPF) for Benin for FY19-FY23. The CPF focused on (i) structural transformation of the economy to promote competitiveness and productivity; (ii) investing in human capital; and (iii) enhancing resilience and reducing climate-related vulnerabilities. The PDOs contributed to Focus Area 1: Structural Transformation for Strengthened Competitiveness and Productivity through Objectives 2: Improving the quality of Infrastructure; and 3: Improving governance in management of public finances and improving the central government's administration of decentralized public service delivery. The PDOs were also relevant to Focus Area 3: Increasing Resilience and Reducing Disaster and Climate-Related Risks through support to Objectives 7: Building resilience at the community level and 8: Reducing vulnerability to climate-related threats. The PDOs were directed at increasing the capacity of urban governments in a decentralized system to deliver social and infrastructure services that may be disrupted by climate induced shocks (CPF, paragraph 34). Increased capacity in urban management would lead to efforts in reducing risks from climate-led disasters and informing speedy restoration of delivering urban services. The PDOs remained relevant to the Bank's programs directed at strengthening and improving services down to the commune level.

Prior World Bank Experience in the Country and in the Sector: The Bank supported urban development and management in Benin in **three successive operations** for almost two decades (1993-2012). These included:(i) Second Decentralization City Management Project (*Projet de Gestion Urbaine Decentralisee* or PGUD II); (ii) Emergency Urban Environment Project (*Projet de Gestion de l'Environement et Management Urbaine* or PGEMU); and (iii) the Decentralized Community-Driven Services Project (*Projet de Services Décentralisés Conduits par les Communautés* or PSDCC). These operations focused on infrastructure and capacity building for a subset of municipalities as part of decentralization. The present project was the fourth urban-focused intervention and was designed to build on the outcomes of these prior interventions to further strengthen decentralization (see also Section 8 Assessment of Bank Performance (a) Quality at Entry below).

Overall, the relevance of the PDOs is rated high. The operation built on the outcomes of over two decades of urban management interventions and complemented government decentralization plans.

Rating

High

4. Achievement of Objectives (Efficacy)

OBJECTIVE 1

Objective
To increase access to urban services.

Rationale
Theory of Change: The results framework at appraisal (PAD, Annex 1) showed the main causal chain to achieve the PDO. Inputs such as construction or rehabilitation of infrastructure, would result in outputs such as improved/increased length of roads, drainage, and flood reduction works, and intermediate outcomes such as increased income due to the number of person-days associated with labor-intensive jobs created during the construction or rehabilitation works. These inputs and intermediate results would lead to three outcomes defined at appraisal as the number of: (i) direct beneficiaries; (ii) additional people protected from seasonal flooding; and (iii) additional people with improved access to all season roads. The outcome indicators at appraisal were the same as in the TOC at closing, except for the increased end target values introduced at restructuring due to changes in data collection methodology. The TOC was valid because the project interventions were properly sequenced, in scale appropriate to each infrastructure element since these were identified in respective local plans, and sufficient to achieve the expected outcome as defined.

The TOC in the ICR did not identify assumptions for this objective such as foreign exchange gains although its impact was acknowledged to lead to additional investments that benefitted an increased number of beneficiaries than originally envisaged (ICR, paragraph 28). Also, the component description assumed that the infrastructure improvements were identified in the development plans of the ten participating cities. The beneficiary survey conducted at closing provided additional justification for outcomes achieved.

OUTPUTS: The following outputs were exceeded:

- 33.82 km (original target 8) of roads were rehabilitated. Foreign exchange gains increased project investments in roads than originally planned.
- 8.4 km (original target 4) of primary drainage network and one water catchment basin were put in place. Foreign exchange gains increased project investments in drainage infrastructure than originally planned.
- Other basic services were provided, as targeted such as (i) 1,117 solar street lighting poles (23 kilometers) installed; (ii) 5 local markets rehabilitated including 38 hangars (shaded portions of trading areas) built; (iii) three tourist sites in two cities (a temple, a palace, and three afro-Brazilian houses) rehabilitated; (iv) a bus station in Bohicon for local and regional traffic upgraded; and (v) 65 serviced classrooms, including toilets and ablution facilities built.
- 156,000 person-days of employment (original target 2.5, revised to 14,200) were created, with 3.8 percent (original target 10 percent, not achieved) for women.

OUTCOMES: The following outcomes were exceeded as well.

- 936,975 residents (original target 95,000, revised target at restructuring to 900,000), benefited directly from the infrastructure investments. 51 percent of these direct beneficiaries were female, as targeted.
- 369,477 beneficiaries (original target 40,000, revised to 151,000) were protected from seasonal flooding.
- 250,939 persons (original target 25,000, revised to 246,000) were provided access to other basic services
- At closing, an independent consultant carried out a beneficiary assessment on a sample of 2,500 households living within a radius of 500 meters of project interventions. 78 percent were satisfied with the quality of improved services in the ten cities. 81 percent were satisfied or very satisfied with the usefulness of the completed works. The following outcomes of the infrastructure investments were noted but without supporting data beyond reference to the response to the beneficiary assessment conducted at closing:
    - **Solar streetlights** addressed road accidents, sense of insecurity, and lack of evening activities. The new poles facilitated access to social infrastructure at night and in areas where street vendors, especially women were present. Solar powered lighting decreased the urban carbon-footprint. Safer streets were created (no data on reduced incidence of crimes).
    - **Drainage / flood control.** Drainage works led many to move back to previously flooded neighborhoods, reclaim their lands, and increased population settlements. These drainage investments improved infrastructure needed to prevent recurring floods. 369,477 beneficiaries (original target 40,000, revised to 151,000) were protected from seasonal flooding. Project design allowed flexibility and an ability to respond to unforeseen events (e.g., a public space/playground was created following a flood event in a flood prone area). 70 percent of beneficiaries agreed that there was no more flooding in their neighborhoods following the project interventions.
    - **Transport.** The bus station, along with the road investments, improved traffic (according to 87 percent of respondents) and eased home-to-work travel (according to 84 percent of respondents). Mobility of residents improved in segments where major flooding issues in roads caused traffic disruption or detours (impeding people's access to markets, schools, and community facilities). 378,352 beneficiaries (original target 60,000, revised to 315,000) were provided access to all season roads. Drains constructed along some of these roads reduced localized flooding during the rainy season (369,477 beneficiaries (original target 40,000, revised to 151,000) were protected from seasonal flooding). Large quantity of debris (no data reported), especially in markets, were removed improving sanitation. Foreign exchange gains resulted in additional roads works.
    - **Markets**. The respondents to the beneficiary assessment estimated that work in markets contributed to an increase in: (i) market attendance (56.6 percent), (ii) sales volume (73.3 percent), (iii) number of clients (70.5 percent), (iv) the emergence of new sales outlets (75.1 percent), and (v) commercial exchanges between communities (67.2 percent).
    - **Education**. Improvements in pre-schools and primary schools increased school attendance (71 percent).
    - **Tourism**. Respondents to the beneficiary assessment estimated that this contributed to the increase in the number of tourists by 84 percent in one city and 40 percent in the other.
- Jobs were created in works that relied on manual labor. Incomes increased (no value reported). However, the project did not proactively attract women to participate in urban civil works as noted in the output above. Low female participation in the labor-intensive works was due to access to year-long economic opportunities (such as small-scale retail or catering activities) for women in urban areas unlike women in rural areas. These were more often profitable alternatives of income generation

and often perceived as less difficult and more attractive than labor-intensive public works programs. At closing, beneficiary assessment indicated that the original and revised target for the number of jobs created by the Delegated Contract Management (*Maîtrise d'Ouvrage Déléguée* or MOD)-supervised works were underestimated and those generated by works implemented by the participating cities after the MTR were not captured.

Overall, the efficacy of the project to achieve this objective is rated Substantial because original and revised targets for outcome indicators were exceeded. Beneficiary assessments at closing supported substantial satisfaction with the completed works.

Rating
Substantial

OBJECTIVE 2

Objective
To improve urban management.

Rationale
Theory of Change: The results framework at appraisal (PAD, Annex 1) showed the causal chain to achieve the PDO. These inputs - training and technical assistance of city/municipal and central government officials in management and fiduciary and safeguards compliance - would result in outputs expressed as the number of officials trained, cities with publicly-disclosed budgets, with budgets that allocated for operations and maintenance (O&M), and with asset inventories conducted. Outcome indicators were the number of additional operational Neighborhood Development Committees formed, additional cities disclosing annual budgets, and growth rate of FADeC funds transferred to communes. Note that two of these outcome indicators were outputs. These PDO outcome and intermediate outcome indicators were the same at appraisal and in the TOC at closing except for changes introduced during restructuring. These changes included dropping one outcome indicator because there were no inputs that would lead to the expected outcome (formation of additional Neighborhood Development Committees); and three intermediate outcome indicators because these were unclear or were existing functions. These were the number of cities (i) with staff basic training package because the training package was undefined; (ii) with O&M targets because the targets were unclear; and (iii) with markets with management systems because local governments already managed these markets.

The TOC made two assumptions under this objective: (i) after the MTR, the remaining 8 cities would have built their implementation capacities without MOD supervision, and (ii) procedures at the national level would be amended to allow local implementation of their respective infrastructure investments as designed. These assumptions were realized during implementation and led to achieving the PDO. The TOC was valid because the results chain showed the causal link from project interventions (inputs) that led to outputs and were sufficient to achieve the expected outcomes, as defined.

OUTPUTS:

- Overall, all technical and social and environmental safeguards requirements were met by the selected cities and works were completed with MOD supervising the execution of 135 works and equipment and the 10 participating cities directly implementing 44 infrastructure works.
- All 10 participating cities, as targeted prepared and used a manual of administrative and financial management procedures; generated, disclosed, and discussed quarterly progress reports of their annual budgets beginning in 2019; completed and updated their annual asset inventory using equipment acquired under the project; and dedicated at least 15 percent of revenues to infrastructure maintenance in 2019 and 2020. Appropriate operations and maintenance arrangement were put in place to ensure the sustainability of investments after project closing.
- The central government and the cities agreed and implemented an intergovernmental financial transfer system (IFTS) formula, as targeted. Starting in 2017, the government publicly disclosed the IFTS formula to allocate FADeC resources on the CONAFIL website. 99.4 percent (original target 100 percent) of the resources allocated to the performance-based tranche were disbursed through the FADeC earmarked window in 2020. This target was almost achieved because the final amount spent on public works contracts was lower than what was originally planned.
- Two independent city/municipal capacity assessments were carried out - one in 2017 and another at closing.
- The following tools were implemented to support decentralization reforms and improve local urban governance: (i) the Local Government Training Center (*Centre de Formation pour l'Administration Locale* – CeFAL) delivered 10 training modules; (ii) a manual on local administrative and financial procedures; (iii) two manuals on procurement procedures; (iv) evaluations of the public FM system according to the Public Expenditure and Financial Accountability (PEFA) framework (at the level of the ten cities); (v) two handbooks on decentralization; and (vi) a guide on how to promote the local economy. The following new urban planning and management tools were also produced: (i) storm water management master plan studies for five cities; and (ii) urban mobility plans for five other cities.
- Capacity building activities at the central and local levels resulted in 58 (original target 12) central government officials trained in IFTS management and financial auditing of cities and municipalities, 68 central government staff were trained including officials of the public deconcentrated services and two national inspection institutions (*Inspection Générale des Affaires Administratives* or IGAA and *Inspection Générale des Finances* or IGF), on topics related to inter-communality, administrative and financial oversight. Local staff in charge of accounting and FM and tax collectors (*Receveurs Percepteurs*) in all 77 municipalities of Benin received training on maintaining satisfactory bookkeeping. 297 local officials (original target 40) trained in fiduciary, safeguards, project management, and engineering services in local taxation by 2020. The ten participating cities received training in the maintenance of urban infrastructure and climate change and disaster risk management issues.

OUTCOMES:

- At project closing, all participating cities delivered all planned investments they directly implemented as designed, by accurately budgeting the infrastructure investments and overseeing procurement and implementation. All cities and municipalities were now legally required to disclose budgets and progress reports.
- All ten participating cities, as targeted, increased their infrastructure assets to improve service delivery in drainage, transport, education, achieving their respective development priorities. The average annual city investment executed from 2013-2019 ranged from US$0.48 million to US$7.2 million while

project-financed investments over the project duration were equivalent to 6 times more (ICR, Annex 6.6).

- An independent consultant carried out two municipal capacity assessments that showed improvements in the performance of municipalities in the areas of planning and budgeting, financial management, and revenue mobilization. Specifically, (i) planning and budgeting had a 12 percentage point increase from 2017 to 2020 and FM and revenue mobilization had a 27 percentage point increase over the same period; (ii) performance levels in the areas of procurement and human resources and organization were found acceptable; (iii) secondary cities outperformed the three largest cities (Parakou, Porto Novo and Cotonou); (iv) difficulties in infrastructure operations and maintenance persisted. Porto Novo and Sèmè Podji showed lower scores in 2020 than in 2017, because of structural constraints, according to MOD staff interviews (ICR, footnote 19)
- IFTS now mainstreamed as evident in the use of FADeC to course project funds through this IFTS system in 2020. Sectoral ministries used IFTS to reinforce fiscal decentralization. Starting 2017, as targeted, the government publicly disclosed the IFTS formula to allocate FADeC resources on the CONAFIL website. To render the resource distribution process transparent and objective, the annual amounts allocated per city/municipality were adopted by ministerial orders (arrêtés) published on the website of the CONAFIL and Ministry of Economy and Finance.
- Materials on how to promote the local economy were distributed to all 77 cities and municipalities of Benin and served as a key reference in the training that is being provided by the CeFAL. These were produced in close collaboration with the cities and municipalities and other stakeholders and were validated at the technical level. The new urban planning and management tools would guide future investments in the national and local development plans.
- By way of comparison, only five out of the 67 municipalities that did not benefit from this project (PAURAD) allocated 15 percent of their resources to O&M (7.5 percent vs. 100 percent for the PAURAD cities). These were important results to help institute financial accountability that uses publicly accessible financial information as a mechanism beyond voting to hold the public services providers accountable. The ten beneficiary cities continued this practice in 2021. The rest of the 67 municipalities in Benin also adopted this good practice.

Overall, the efficacy of the project to achieve this objective is rated Substantial because target indicators were achieved or exceeded. The ICR acknowledged that the institutional outcomes could have been further strengthened in two aspects. First, a single system such as a unified national audit or performance assessment could have been used to reinforce national decentralization efforts. Second, using the first component to leverage activities from the two other components. For example, offering municipalities with learning-by-doing opportunities (component 2) in small-scale works (component 1); or creating incentives (component 3) by allocating local government grants (component 1) based on achieving a minimum score for performance improvements (ICR, paragraph 30) (see also Section 12 Lessons below).

Rating
Substantial

OVERALL EFFICACY

Rationale

Overall, the efficacy of the project to achieve the objectives is rated Substantial because all target indicators were achieved or exceeded. The project interventions were not changed but at MTR the outcomes were clarified to better show the causal link between inputs and outputs. End target values were adjusted at restructuring to take advantage of changes in data collection methodology (see Section 9 Monitoring and Evaluation Design below), although some original targets values were not adjusted even as resources were added by foreign exchange gains. The project's overall efficacy is rated Substantial.

Overall Efficacy Rating

Substantial

5. Efficiency

Economic and Financial Efficiency: At appraisal, the PAD did not provide a detailed methodology for the economic and financial analysis of the project (ICR, paragraph 37). Nevertheless, the PAD presented a cost benefit analysis to justify the viability of both rehabilitation investments and institutional development of local administration. The analysis used two (unexplained) discount rates- one at 12 percent for the economic analysis related to flood prevention and adaptation; and the other at 5 percent for the financial analysis related to institutional capacity building. The ex-ante economic analysis yielded an economic Internal Rate of Return (EIRR) of 31 percent and 11.24 in benefit cost ratio for flood protection. An ex-ante financial analysis for institutional capacity building yielded a 10 percent EIRR and a 1.5 benefit cost ratio. The project components remained viable even after a sensitivity analysis considered factors such as reducing to 2 days the number of flood-days; reducing incremental land value by 5 percent; a 5 percent increase in city operating costs and a 2 percent decrease in revenues. No details were provided in the PAD.

At closing, no comparative methodology could be applied. No methods and assumptions used at appraisal were available. COVID 19 prevented the conduct of onsite surveys to conduct ex-post economic analysis (ICR, paragraph 37). The following alternative valuation methods were used: (i) hydro meteorological event risk affecting health and activity; (ii) hydro meteorological event producing damages to public and private assets, (iii) fee payment avoided to third party for tendering, (iv) economic multiplier effect due to labor income activities; (v) improved livelihood associated with income generating activities; (vi) improved schooling - were used to analyze the economic efficiency of the project. Several assumptions were identified including a 6 percent discount rate the World Bank recommended for economic analysis (as opposed to the 12 percent discount rate used ex ante). Benefits were derived from (i) prevented premature death; (ii) avoided damages and loss of opportunities associated with reduced floods; (iii) improved project management; (iv) socio economic value added from urban infrastructure and labor intensive works. Sensitivity analysis used 4, 6, and 12 percent discount rates yielding positive project viability. The ex post EIRR was 20 percent and benefit cost ratio ranged from 2.5 at 4 percent discount rate, 2.1 at 6 percent and 1.5 at 12 percent.

Administrative and Operational Efficiency: The design called for a two-step implementation process reflecting lessons learned from similar World Bank operations in the sector; existing local capacity and to leverage ongoing government programs such as PONADEC (see Section 8 Assessment of Bank Performance, (a) Quality at Entry below). The project was restructured twice, one after the MTR to adopt the second step of the implementation design and the second to extend completion in the face of the COVDI 19 pandemic. There were notable implementation delays: (i) an 8- month delay in effectiveness of the credit after a procurement complaint against MOD (AGETUR) to implement the first phase of the project; (ii) a 6- month hold on disbursements while social safeguard compliance was addressed (see Section 10 Other Issues below); (iii) a 12-month delay after MTR recommended that the remaining period of implementation be handed over by MOD to the participating cities. The two step approach proved beneficial. AGETUR was an experienced MOD. Infrastructure outputs were delivered early on while local capacities were preparing to take over implementation after the MTR (ICR, paragraph 49). Cities took over implementation in the last 18 months of the project. Project was completed with a 6 month extension of the original closing date. The experience provided the evidence that enhanced local capacities could deliver decentralized services. According to the ICR (paragraph 38 and footnote 27), this transfer of service delivery from central to local authorities was achieved without a perceived loss of central government power. Project management with the initial MOD fees did not exceed 8 percent of the total project cost (ICR, paragraph 38 and Annex 3).

Overall, the efficiency of the project is rated Substantial.

Efficiency Rating

Substantial

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal		0	0 ☐ Not Applicable
ICR Estimate	✓	20.00	0 ☑ Not Applicable

* Refers to percent of total project cost for which ERR/FRR was calculated.

6. Outcome

The relevance of the objectives is rated High. Overall efficacy of the project to achieve the objectives and efficiency are rated Substantial. As a result, the project outcome is Satisfactory.

a. Outcome Rating

Satisfactory

7. Risk to Development Outcome

The following pose risks to development outcomes:

- **Government Commitment:** The risk of the government's commitment to decentralization is rated low. The government is currently implementing its Government Action Plan for 2016-2021 (*Le Programme d'Actions du Gouvernement* or PAG) and drafting a new one for 2021-2026. Both these plans reinforce their commitment to decentralization focusing on the legal framework for intergovernmental transfers to build on the momentum from PAURAD activities. Local elections were held In May 2020, in the middle of the Covid 19 pandemic, indicating active citizen engagement. A stable fiscal environment would foster local government's' ability to fulfill their assigned mandates and fortify Benin's decentralization policies. The follow-on program - Benin Resilient and Inclusive Cities Program-for-Results (P176653) - would further mitigate this risk and target municipalities to strengthen its governance and financing for public infrastructure.
- **Resource Mobilization:** There is moderate to high risk in the capacity of target cities to mobilize resources to finance O&M, asset management, and capital investment planning. The local government's ability to mobilize resources was also affected by the COVID-19 pandemic as it affected the national government's own ability to raise revenues. Mitigation may be offered by the follow-on program for results. .

8. Assessment of Bank Performance

a. Quality-at-Entry

Project design was simple. Objectives were stated in the tradition of a classic infrastructure service delivery and municipal capacity project. Design was informed by the country's urban development and decentralization priorities. The Bank's over two decades of prior operations in the country (see Section 3 Relevance of Objectives, Prior Experience in the Country and Sector above) and this fourth urban sector project complemented the government's National Decentralization and Deconcentration Policy (*Politique Nationale de Decentralisation et de Deconcentration* or PONADEC). Design included the following lessons from these operations: (i) focus on a smaller number of reforms, in this case releasing funds to municipalities through a window of the existing intergovernmental transfer mechanism; (ii) more direct commitment at the local level (city/municipal and community priorities) that support decentralization, such as community involvement in generating commune development plans that identify priority investments; (iii) complete technical studies before effectiveness and establish follow-up of institutional components (PAD, paragraph 35). The PMU, familiar with Bank-financed projects, acquired sufficient capacity to support the two step implementation approach. In the first step, a Delegated Contract Management ((*Maîtrise d'Ouvrage Déléguée* or MOD) would first implement the project while building capacity of the cities. In the second step, MOD would turn over to the cities to complete sub-project implementation. This approach, together with the strategy of working out the challenges of the IFTS as the project was implemented and the availability of completed technical studies (ICR, paragraph 45) marked readiness to implement the project.

The ten target beneficiary cities ensured geographic spread (ICR, paragraph 44). At appraisal, baseline data were collected from participating cities on revenues and infrastructure (ICR, paragraph 44) but not baseline data for institutional assessment that could have informed how the three simultaneously implemented components could better institutionalize a decentralized service delivery (ICR, paragraph 44). The Bank team conducted fiduciary, policy and institutional, implementation, M&E arrangements, risk assessment. Mitigation measures addressed the unfamiliarity by the 10 municipalities with World Bank implementation procedures. Among these were having an MOD in place and hiring an M&E specialist as key PMU staff (ICR, paragraph 46).

Overall, the Quality at Entry is rated Moderately Satisfactory. The ICR (paragraph 67) notes that, in terms of readiness, safeguards and accompanying arrangements fell behind, and the targets set at appraisal could have been more ambitious if a baseline study complemented the experience of the preceding Second Decentralized City Management Project (*Project de gestion urbaine decentralisee* or PGUD II) experience.

Quality-at-Entry Rating

Moderately Satisfactory

b. Quality of supervision

The Bank team conducted 15 supervision missions over the 7-year implementation period. There were three task team leaders during preparation and implementation of the project with some transition overlap. No disruption in continuity was reported, although initial missions were conducted in an irregular manner; clearances of Procurement Plans, No-Objections to terms of reference and project documents submitted in bulk were delayed; and composition of the team handicapped by overstretched and understaffed fiduciary and safeguards experts (ICR, paragraph 69).

Proactive measures were undertaken in response to safeguards non-compliance by suspending disbursements for a period while the implementing entity adopted corrective measures (see Section 10 Other Issues below). Separate Financial Management (FM) missions supplemented staff constraints to maintain low FM risks. Procurement shortcomings during implementation were addressed by closer monitoring by the World Bank team and training. Until September 2017, there was a high turnover in the Bank's social safeguards staff and consultants. Frequent social safeguard missions were conducted outside of the project missions. These factors resulted in institutional memory gaps and diminished attention to social safeguards issues (see Section 10 Other Issues below). Monitoring compliance of social safeguards improved after staff was hired. After the MTR discovered shortcomings in the parallel simultaneous implementation of the project components, restructuring introduced features to better integrate the activities under Components B (municipal management) and C (institutional strengthening) to reinforce Component A (infrastructure investments). The MTR also strengthened definition of indicators in the results framework. The output targets remained unchanged even when investments were added due to foreign exchange gains.

Overall, the Quality of Supervision is rated Moderately Satisfactory due to delays and issues in the implementation of fiduciary and safeguards aspects of the operation.

Overall, the quality of Bank performance is rated Moderately Satisfactory based on the same ratings for the quality at Entry and at Supervision.

Quality of Supervision Rating

Moderately Satisfactory

Overall Bank Performance Rating

Moderately Satisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design

M&E design was reflected in the project's results framework, which established a causal link between 17 intermediate and 7 PDO outcome indicators. Inputs were based on the three project components. Some indicators, however, would have benefited from a better description or defined activities to support target outcomes. For example, there was no activity that would lead to 'the formation of additional operational neighborhood development committees' as an output. This was later dropped at restructuring.

Original target values, set at appraisal, were modest (ICR, paragraph 56). However, M&E design was improved during implementation by addressing these conservative targets. Data collection methods were revised from extrapolating from the 2013 census to conducting surveys. At the Mid Term Review (MTR), targets increased to more realistic values to capture the change in data collection methodology, acknowledge the influx of new migrants attracted by the project, and implementation progress. Project baselines and data sources were identified. Some, however, were not differentiated from the general decentralization efforts of the government. As a result, institutional outcomes could not be solely attributed to those generated by the project. The design of the M&E framework did not include the impact of intermittent ministerial orders to the formula used for the intergovernmental transfer in allocating funds to cities and municipalities. The results framework had limited gender specific indicators.

b. M&E Implementation

M&E was implemented by the Technical Secretariat (TS) in the Ministry of Environment, Housing and Urban Development (MEHU) as designed. An M&E Specialist was hired. Independent capacity assessment, works supervision reports, and other data were communicated to the TS and consolidated into the regular project monitoring report and reviewed by the Inter-ministerial Steering Committee (ISC).

Data collection methods were refined during M&E implementation. Target indicators were increased at restructuring to accommodate the change in data collection methods and to acknowledge completed sub-projects by the time of the MTR. Two city/municipal capacity assessments were carried out. These provided details on the impact from improvements in urban services and management introduced by the project.

c. M&E Utilization

M&E data informed project management, the ISRs, and the Mid Term Review (MTR). M&E data informed the restructuring to allocate resources for direct implementation by the participating cities. At closing, M&E data informed the dissemination of results through print media and videos. The project also used the beneficiary assessments at closing to capture some evidence of impact that supplemented the inadequately defined outcome indicators (ICR, Annex 6).

On balance, the quality of M&E is rated Substantial. Design was improved by more realistic targets to accommodate change in methods for obtaining beneficiary data, the influx of new urban migrants to the target municipalities, and implementation progress achieved so far. Implementation captured the improvements achieved in urban services through two capacity assessments. Utilization also showed how M&E data informed project progress and the outcome of the project through multimedia dissemination. Beneficiary assessment at closing strengthened the justification for achieving outcomes.

M&E Quality Rating

Substantial

10. Other Issues

a. Safeguards

At appraisal, the project received an environmental category "B" because no activity was expected to have significant negative environmental or social impacts. The project triggered three safeguard policies: Environmental Assessment (OP/BP 4.01), Physical Cultural Resources (OP/BP 4.11) and Involuntary Resettlement (OP/BP4.12). The project sites were not known at preparation, an Environmental and Social Management Framework (ESMF) and the Resettlement Policy Framework (RPF) were prepared. These instruments were complemented by other instruments such as actionable notes in aide memoires.

There were some **social safeguards** compliance issues in specific resettlement plans, but these were resolved before the project closed. For example, in implementing the Resettlement Action Plan, insufficient communication with the Project Affected Peoples (PAPs) was noted. Also, a not fully completed RAP was under implementation; PAPs were not fully compensated before the start of civil works as planned. A 6-month hold on disbursement was made for a social safeguards audit and corrective measures to be carried out. The PMU safeguards specialist left in 2018 and was replaced by four city social and environmental safeguards officers. At closing, the ICR indicated overall compliance with the social safeguards (ICR, paragraph 62) but did not specify the implementation of Physical Cultural Resources safeguards.

Environmental safeguards compliance also noted implementation issues. These included (i) failure to provide environmental control offices with an outline for the environmental monitoring report of the works to be completed; (ii) lack of environmental monitoring and social implementation of ESMPs by the National Environment Agency (*Agence Béninoise de l'Environnement*); and (iii) MOD failed to send to the PMU ESMF-compliant report for completed works (ICR, paragraph 63). At closing, the ICR reported compliance with environmental and social safeguards as moderately satisfactory (ICR, paragraph 61).

b. Fiduciary Compliance

Financial Management (FM). FM arrangements during project implementation were reported to be satisfactory (ICR, paragraph 65). All the interim financial reports were submitted on time and were of acceptable quality to the World Bank. External auditors issued unqualified opinions on annual financial statements. Audit recommendations were implemented.

Procurement. The project complied with the World Bank's Procurement guidelines (ICR, paragraph 64). Procurement staff in the PMU and MOD attended an Africa Region World Bank procurement training in May 2018. The project employed the World Bank's Systematic Tracking of Exchanges in Procurement (STEP) in implementing the Procurement Plan. However, project documents showed some issues such as: (i) similarities in offers for some civil works tender; (ii) bias in method used to evaluate 'Consultant's Qualification'; (iii) single, rather than the required two signatures on contracts; (iv) the frequent use of lump-sum contracts; and (v) delays in procurement. Securing World Bank's No-Objections were delayed by the bulk submission of Terms of Reference and project documents (see Section 8 Assessment of Bank Performance, (b) Quality of Supervision above).

c. Unintended impacts (Positive or Negative)

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d. Other

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11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Satisfactory	Satisfactory	
Bank Performance	Moderately Satisfactory	Moderately Satisfactory	
Quality of M&E	Substantial	Substantial	
Quality of ICR	---	High	

12. Lessons

Following are three of the five lessons offered in the ICR, with minor additions from IEG (ICR, paragraphs 74-78).

- **Customized capacity development interventions may best enhance readiness by cities to implement decentralization reform.** In this project, the two-step implementation arrangement allowed the delivery of needed infrastructure while capacities in delivering decentralized services at both the city and central levels were bolstered. This approach also showcased how increased autonomy of cities and municipalities to execute investments that deliver services to their constituents. At closing, beneficiary cities showed improvements in urban management performance and delivered investments in a timely manner. Two city/municipal capacity assessments identified where longer-term reforms and support were needed:(i) in local asset management, and (ii) local resource mobilization. Areas of future local capacity development support may include (i) interventions using this project's experiences; (ii) allow cities or municipalities to plan and implement civil works after their capacities improve; and (iii) consider changing needs of the recipients, such as city or municipality size/tier of government/geographic situation etc.

- **Using an existing window for intergovernmental transfers may provide a central entity with the incentive to make the system work effectively**. In this project, funds were coursed through an earmarked window of FADeC. The sectoral ministry test ran its fiscal transfer system (FADeC) and provided a level of ownership for the project to work, rather than establishing a standalone mechanism. FADeC was an important vehicle for sectoral ministries to transfer earmarked funds to cities and municipalities in accordance with locally determined priorities while maintaining an oversight role. Optimal use of the FADeC by line ministries may include further incentives and support such as improving the predictability of transfers, regular notification by the central government to cities and municipalities on their allocations, and creating a more systematic transfer of responsibility of decentralized services to cities and municipalities.
- **A multidimensional approach may be useful to encourage women participation in labor intensive public works**. In this project more proactive measures may encourage women to participate in labor intensive, civil works e.g., road construction/rehabilitation, and street cleaning. Measures may include working with contractors to: (i) use flexible task-based payment to attract women to worksites; (ii) reach out to women's groups, since working in groups fosters safety and help overcome perceived danger; (iii) provide childcare facilities and allow flexible working hours; (iv) sensitize employees and subcontractors on gender-based violence codes of conduct; (v) set a quota, where possible, for minimum participation by female workers.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

The ICR is concise and provides a clear picture of the project design and implementation. It is outcome - oriented, and follows the guidelines. The overall quality of evidence and analysis is satisfactory. The ICR is candid, in particular, in reporting on the Bank performance, and provides a good explanation behind the target setting revisions. The annexes are very helpful, especially the cost comparison, by component (Annex 3), showing foreign exchange gains that led to exceeding the original targets for roads and drainage investments. Annex 4 details an economic analysis of the sub-projects using various methods to justify efficiency at closing, acknowledging that a comparison with the ex-ante economic efficiency method could not be made.
The recipient assessment (Annex 5) adds specifics, and a detailed beneficiary satisfaction with components by city (Annex 6) supports the project outcomes. Lessons are informed by the project experience and useful for similar operations in the sector.

a. Quality of ICR Rating

High