



Kingdom of the Netherlands



Construction *of* Commercial Infrastructure *in* Benin under Communal Project Management

STRENGTHENING GOOD LOCAL GOVERNANCE



Consortium members





Challenges

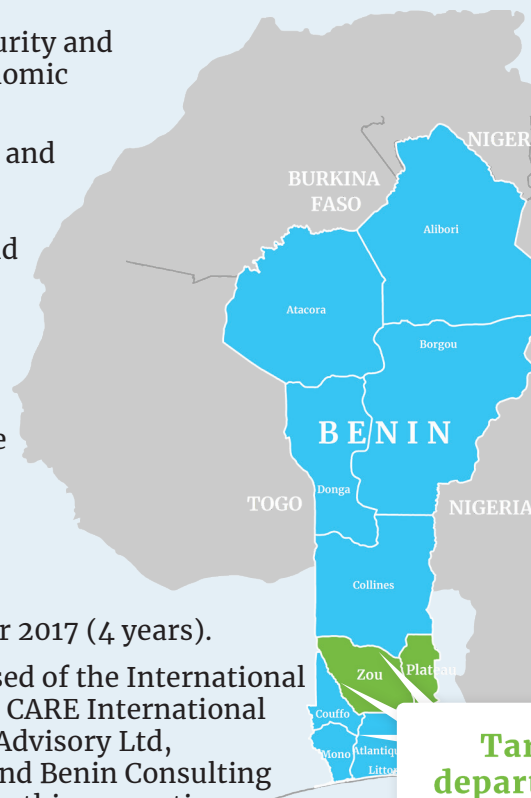
The agri-food market in Nigeria offers significant economic opportunities for the South-Eastern Region of Benin. Nigeria's demand for various agricultural products is far from saturated. Producers and processors in the Departments of Ouémé, Plateau, and Zou can benefit more by better organizing themselves for the marketing of their agricultural products. Currently, trades are quasi-informal, networks are not well structured, financing mechanisms are poorly adapted, and product pooling and storage are limited due to lack of adequate market infrastructure.

The Communal Approach for the Agricultural Market (ACMA) program co-finances the construction of market infrastructures. These infrastructures will reduce transaction costs and increase the negotiating capacity of producers, processors, and Beninese traders through the pooling of the supply of agricultural products, their storage under appropriate conditions, and collective marketing. It is therefore crucial to identify the infrastructures to be built and their location so that they can best play these roles in the sectors targeted by the program (Box 1).

The infrastructure, in accordance with the laws governing decentralization in Benin, is carried out under communal project management. This control comes down to the power of the municipalities to identify, design, finance, and build infrastructures that facilitate the grouping of products (reduction of transaction costs) and the storage of products under appropriate conditions (reduction of post-harvest losses).

Box 1 | The ACMA Program (2013-2017)

- Overall objective: to improve food security and increase agricultural incomes for economic operators.
- Target groups: producers, processors, and traders, including 40% women, in the 22 communes of three departments bordering Nigeria: Ouémé, Plateau, and Zou.
- Target products: maize, pepper, peanut, soybean, cassava, palm nuts, palm oil, and fish.
- Donor: Embassy of the Kingdom of the Netherlands in Benin.
- Overall Budget: €10 million, of which 40% is for commercial infrastructure under municipal control.
- Duration: November 2013 to November 2017 (4 years).
- Implemented by a consortium composed of the International Fertilizer Development Center (IFDC), CARE International Benin/Togo, Sahel Capital Partners & Advisory Ltd, l'Institut Royal des Tropiques (KIT), and Benin Consulting Group International (BeCG). IFDC leads this consortium.



Target departments



The Stages of Communal Project Management

Identification of a relevant market infrastructure project. A team composed of representatives of the local agriculture sector, which are organized in a network to mobilize an offer of an agricultural product (Agribusiness Clusters [ABCs]), and of communal technical services, identify the type and location of the market infrastructure. The team presents the project idea to the Intercommunal Consultation Framework (CCIC), which is composed of representatives of the private agricultural sector (producers, processors, and traders) and of the public sector (municipalities). This framework exchanges and acts on the improvement of the local business climate, in particular to facilitate agricultural trade.



Discussion of Stakeholders' Infrastructure Needs

The members of the consultation framework ensure that the projects are of communal competence and meet the pre-established criteria, in accordance with any of the types of eligible projects and in line with the objectives of the ACMA program (Box 2).

Box 2 | Factors for Identification and Approval of Commercial Infrastructure Project

Economic Factors:

- Eligible products are the target products of the ACMA programme: corn, soybean and groundnuts, pepper, cassava and its derivatives, palm oil, and fish.
- Infrastructure is located in existing corridors for marketing target products to Nigerian and national markets.
- Infrastructure facilitates (reduces transaction costs) and increases (in volume terms) the marketing of target products to Nigerian and national markets.
- Both ABC members and municipality support the infrastructure proposal.
- The municipality undertakes to mobilize 5% counterpart for the financing.

Construction and Management Factors:

- The infrastructures are located in a domain whose land status is clarified and secured between the municipality and the economic actors.
- An appropriate management approach is proposed for the infrastructure (preferably concerted private-public management).
- The ABC member's organizations have a supply mobilization strategy and experience (for efficient use of the work).



It is up to the consultation framework to approve the project idea. Once the project is approved, a report that contains suggestions for improving the project as well as a request for funding and technical support to the municipality of the commune concerned is written.

Political approval of the infrastructure project. As soon as the municipality receives the request from the consultation frameworks, the mayor adopts a communal decree for the establishment of a technical committee of which representatives of the ABCs are also members. This committee is responsible for the preliminary draft preparation of the infrastructure implementation. The operating costs of this committee are the responsibility of the municipality. To this end, it provides for at least 3-4% of the project budget for the costs of monitoring by the committee. The municipal and deconcentrated technical services of the state provide technical support to the committee for the preliminary draft preparation.

The preliminary draft shall be returned to the consultation frameworks for the collection of amendments for the preparation of the final preliminary draft. The preparation of the final draft consists of finalizing the architectural drawing, establishing the detailed work budget, selecting the types of tenders, planning the work in detail, preparing the detailed financing plan including the payment plan, and carrying out the final management, operational and cost-effectiveness study. It is important not to exceed a total budget of 200 million FCFA. Indeed, for higher amounts, the no-objection opinion from the national level is required, which requires additional procedures.

The municipalities may, if necessary, use the services of a study office or an independent consultant in charge of the ACMA program to assist the technical committee in the preparation of the preliminary draft. The municipality, pending the availability of the program grants, incurs the costs of the program. Program experts support the committee during the preparation of the preliminary draft, which is then forwarded to the ACMA program for study and advice. In most cases, the experts propose technical changes.

As soon as the ACMA program has given its non-objection opinion, it shall ensure that all dossiers, reports, and study results concerning the preliminary project are available for submission to the departmental committee for the approval of communal infrastructure and equipment projects.

The job of the committee is to verify and ensure that the project is in line with regional and national development guidelines. More specifically, the committee ensures that the identification, needs assessment and preparation of the project have been carried out in a participatory manner; the capacity of the municipality to carry out its project exists; the project is technically, financially, and socially feasible and contributes to the achievement of the objectives of the ACMA program; the risks to the environment are controlled; and the project is a communal responsibility. Based on the information provided and any additional opinions, the committee shall take its decision by two-thirds of the votes.

The ACMA program notifies to the municipality of the chosen project with amplification to the prefect. It asks the commission to provide additional information for the preparation of the grant agreement. Based on this notification, each municipality updates its Annual Investment Plan (PAI) and public procurement plan and includes in its budget its counterparty (at least 5% including all taxes) for the construction of the infrastructure.

Public tender for the infrastructure construction. The public procurement process follows the provisions of the public procurement code in force in Benin. Under the supervision of the municipal head of public procurement, in most cases of the mayor himself, the municipal technical services write the draft tender dossier (DAO) and submit it to the ACMA program for non-objection. Experience has shown that the program always proposes corrections at the level of the DAOs.

At the beginning of the program, the tender dossiers were developed in two municipalities by the municipal technical services, but this took too long, and the files lacked the required quality. Subsequently, the decision was made to have the commune assisted by consultants contracted by



the program, although the commune always directed the work. Program experts focus on ensuring that selection factors are included to ensure that qualified and experienced contractors bid. They do a local accompaniment for the commune for the improvement of the DAO.

When the ACMA program has approved, the DAO is finalized and published for the submission of technical and financial tenders by the providers. The publication is done according to the required standards and deadlines and on the channels indicated for this purpose (e.g., posters, local and national radio, written press).

The ACMA program shall be present during the opening of tenders by the selection committee, and the program experts shall accompany the examination of tenders. Bidder contractors are invited to explain their bids, which allows for better analysis of bids. For the selection of suppliers, the committee does not always choose the cheapest ones; the quality of the offer is also decisive. The municipal procurement officer certifies the decision of the committee. The ACMA program management then verifies and issues its no objection opinion in writing. The program transfers the first tranche of grant funds. The municipality then awards the contract and the draft contract is sent to the prefecture for approval.

Construction of commercial infrastructure.

The construction of the commercial infrastructure starts from the conclusion of the contract including its registration to the estate services, the site restoration, and the issuance by the municipality of the order of service to start the works. The municipality organizes the site presentation and is to invite representatives of the ACMA program.

The company is responsible for the construction execution plan and designates a construction manager. The municipal technical service and the technical committee carry out technical supervision and monitoring of compliance with deadlines and technical requirements. The municipality, depending on the nature or complexity of the work, may decide to have the assistance of a site supervisor (control office). Such an office is recruited following a call for tenders supported by the ACMA program. A weekly site meeting allows the company, the control office, the town hall, and the beneficiaries to discuss the progress of the site, the problems observed, and solutions. The ACMA team carries out periodic supervision visits and participates in site meetings. Local authorities often seek after the expertise of the commercial infrastructure and equipment manager of the ACMA team.



PEA Actors and Town Hall Officials Viewing Construction of the 1000-ton Maize Warehouse in Kétou



The Maize Warehouse in Kétou has a capacity of 1,000 tons

The municipality produces two types of reports on the monitoring of the construction of infrastructure: (i) monthly reports following the time limit for the execution of the works, which summarize the data provided in the daily reports, and (ii) the end-of-work report at the time of the provisional reception of the work. Monthly reports are sent to the ACMA program no later than every five months following the start date of the work. The head of the communal technical service (supervisor) checks and aims the

attachments submitted by the contractor to ensure that these documents are in conformity with the actual work carried out in the field in accordance with the contractual clauses and prepares the various technical reports.

At the completion of work, the municipality through its head of technical service makes a statement of completion and write a report. The person responsible for public contracts, at the



Inside the 1,000-ton Maize Warehouse in Kétou

head of a reception commission in which the ACMA program is also represented, shall verify that the service provider complies with the contract and declare that the work has been provisionally received. Within the time limit laid down in the contract after provisional acceptance, the acceptance commission shall, after ascertaining that the work does not contain any malformations attributable to the undertaking, declare final acceptance. The municipality then initiates the process of repayment of the retention guarantee to the provider.

The Funding Mechanism

Opening of a saving account with the Treasury. The funding mechanism introduced by the ACMA program does not detract from the powers conferred on municipalities in the context of decentralization, but is intended to be more effective and rapid. After a request to the Directorate General of the Treasury (DGTP), each commune benefiting from the program's subsidies opened a savings account to the Treasury called the ACMA-Commune X account. The opening of savings accounts to the Treasury makes disbursement easier and the procedures more flexible.

Subsidies and counterparts. The mayors of the municipalities receiving funding each sign a grant agreement with the ACMA program. This contract not only specifies the obligations of the parties involved, but also specifies the investments to be made with the financing granted the compensation owed and the method of disbursement. The grant agreement focuses on the objectives and deadlines to be met in the implementation of the market infrastructure project.

The subsidies are made available to the municipalities for 95% of the total amount of the project in the savings accounts opened to the public treasury. A first transfer of 40% of the total amount upon written request of the mayor is made upon notification of the notice of non-objection of award of contracts by the program; a second transfer of 30% is made after justification of 80% of the first tranche and upon written reasoned request of the mayor; and a third transfer of 30% is made as soon as 80% of the second tranche is justified.

Each beneficiary commune enters in its budget 5% of co-financing, all taxes included. This contribution is used to pay the companies the retention of the work guarantee at the final reception or at the request of the provider against a bank guarantee. This method of payment and the amount of the retention money will be included in the contracts entered into by the municipalities.

Payment and settlement of expenditure. The companies send a payment file to the municipality, and the Administrative and Financial Service (SAF) of the commune issues the mandate after carrying out the necessary checks. The ACMA program prefers to pay by check. When the money order has been endorsed, the head SAF draws up and signs a check corresponding to the amount of the money order in the name of the company. This file is sent to the mayor or the Secretary General of the municipality for signature of the money order and the check. The recipient of the check is then invited by the municipality to withdraw the check in return for a discharge. The discharge is photocopied and attached to the copies of the file of documents, one copy of which is transmitted by bordereau to the ACMA program, and the others are archived at the level of the SAF of the commune.

Control and accountability. The authorizing officer for local government expenditure, in this case the mayor and the SAF chief, is subject to an external audit of the management of the grants received. This audit is combined with a physical audit of the investments. The results of the audit are made public and presented to all stakeholders (mayors, prefects, ABCs, and consultation frameworks). Municipalities will be invited to implement the recommendations of these audits. The financial and technical services of the municipality and the collection receipt have a duty to document and archive the entire process of the implementation of infrastructure projects. Documents relating to the various stages, including supporting documents on the use made of the grants, must be kept in good working order and in easily accessible places.



Results

Fourteen commercial infrastructures were built in 13 municipalities under communal control with the support of the ACMA program (Table 1).

Table 1 | Commercial Infrastructures under the ACMA Program (2013-2017)

Agricultural Product	Municipality	Department	Type of Infrastructure	Capacity (ton)
Corn (grain)	Ifangni	Plateau	Warehouse	1.000
	Kétou	Plateau	Warehouse	1.000
	Pobè	Plateau	Warehouse	1.000
	Djidja	Zou	Warehouse	500
	Ouinhi	Zou	Warehouse	500
Pepper (fresh and dried)	Dangbo	Ouémé	Walk + store + drying area	100
	Djidja	Zou	Warehouse	250
Cassava (gari)	Adja-Ouéré	Plateau	Warehouse	1.000
Palm oil (oil)	Adjohoun	Ouémé	Storage center (tanks)	300
	Avrankou	Ouémé	Storage center (tanks)	300
	Bonou	Ouémé	Storage store (cans)	350
	Sakété	Plateau	Storage center (tanks)	300
Fish (fresh and smoked)	Adjarra	Ouémé	Market	100
	Aguésgués	Ouémé	Walk + store + drying area	100



The infrastructure in the Plateau department runs along the Nigerian border, and that in the Ouémé department is on transit roads for products marketed to Nigeria. These works reinforce the role of the region as a transit area for agricultural products. Infrastructure in the Department of Zou strengthens its role as an area of production and clustering of products.



Lessons Learned

- ✓ The whole process has been a learning process for the municipalities, for their staff, and for the elected representatives. It was not easy to introduce rigor in communal project management, in the keeping of documents, to create transparency in tenders. Some companies testified that the final choice of infrastructure and selection of companies is more transparent, efficient, and easy to accept if all actors participate in all stages.
- ✓ Also, the experience of the ACMA program shows that in order to stimulate in an effective and sustainable way the commitment of a group of actors from the expression of the first needs to the construction and management of infrastructures, the involvement and the responsibility of the municipality as well in the relationship of the actors as in the management of the project is essential. Effective participation and ongoing consultation among stakeholders (public, private, and expert) ensures that the process does not offer opportunities for politicization by elected officials.
- ✓ Networking of actors in the same value chain (producers, processors and traders) has made it possible to better define their infrastructure and equipment needs. Their involvement at the various stages of implementation led to the identification of the relevant infrastructures.
- ✓ For the presentation of tenders, the municipalities already had standard procedures, but with the ACMA program they understood how to make the procurement for large-scale works and the rigor that it takes to properly control and manage a multitude of actors such as companies, control offices, traders, producers, state services, and especially the staff of the municipality itself.
- ✓ The technical support of the technical services and other municipal bodies (design and drafting of projects, definition of qualification factor for companies to register in the DAO, and analysis of dossiers) by independent consultants and the program team is an appropriate approach to strengthen their skills and to monitor the procedures of public contracts within acceptable time limits.
- ✓ It is a learning by doing experience for technical committee members and technical services officers. Given the little experience in the area, in collective marketing and group selling, it was often difficult for the committee to define realistic accommodation capacity and technical standards for storage and logistics.
- ✓ There are still weaknesses in the reporting. First, the overall quality of the reports leaves much to be desired. Improvements are noted with standardized canvas, although the evolution of these improvements is slow. However, the iterative process with the experts and members of the ACMA program ensures the quality of the reports before they are sent to the prefecture. Reporting deadlines are not always met.



- ✓ Although it is difficult to estimate the level of appropriation of this communal workmanship, the staff of the communes have several times testified that things are done differently and better today. The success of the process is strongly linked to capacity building. Unfortunately, the staff of the municipalities are not stable, and there are frequent transfers. In any case, in order to ensure the continuity of the skills acquired in municipal management, a high-quality archive is also a means of maintaining institutional memory.
- ✓ The major challenge is to set up public-private management schemes so that this infrastructure, which is part of the communal heritage, can play its full role in agricultural trade (grouping and storing products, collective marketing). These arrangements include a series of organizational mechanisms: mobilization of supply, quality control, financing of operations (pre-financing of purchases from producers, credit warrantage), and collective marketing (inventory management, contractualization).

Publication February 2019

Contributors: Ursula KHONEN, Constant DANGBEGNON (PhD) ; Bertus WENNINK, Chantal BOSSOU AHOKPOSSI ; Agbéwonu Kosi DAVO ; Colette KIKI HOUZEZ-BIGA ; Valérie HOUNSOUNOU LEGBA ; Benjamin D. HOUETO ; Olga KOKODE NOUNAGNON ; Rassidatou MOUSTAFA ; Wabi OBADIMEDJI ; Edmond ZINZINDOHOUE ; Clément G. K. MEHOUEYOU ; Aude Roland GLELE ; Juliette AZIAGLO ; Adjovi Hugues ; Edwidge BANKOLE ; Pacôme TOGBE ; Mariano DOSSOU-KPANOU ; Daniel Morin ; Falak TIDJANI ; Tunji AFOLABI ; Tamou Boko GOUNOU ; Sylvanus ZOLIKPO ; Andy THIGPEN ; James THIGPEN ; Julie KOHLER ; Courtney GREENE

This publication is the result of the project Communal Approach to the Agricultural Market in Benin (ACMA)

financed by the Embassy of the Netherlands and implemented by a consortium of five institutions - International Fertilizer Development Center (IFDC - Lead Partner), the Royal Tropical Institute (KIT), CARE International, Sahel Capital Partners & Advisory Ltd, and Benin Consulting Group International (BeCG). It has been developed (from november 2013 to 31 december 2017) in three Nigerian border departments with high agricultural potential - Ouémé, Plateau and Zou through seven value chains (VC) initially: palm oil, maize, gari, chilli and fish, then peanuts and soya. The overall objective of the ACMA programme is "the improvement of food security and the increase of agricultural incomes of the direct actors".

Design: Farris Okou (PhD); www.fbhafrica.com

