COTE D’IVOIRE - REPUBLIC OF: ENHANCING GOVERNMENT EFFECTIVENESS FOR IMPROVED PUBLIC SERVICES (P164302)

INTEGRATED FIDUCIARY SYSTEMS ASSESSMENT REPORT

PROGRAM FOR RESULTS (PforR)

Report prepared by the

WORLD BANK GROUP

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I. Executive Summary

1. The Integrated Fiduciary Systems Assessment (IFSA) concluded that the Program’s fiduciary systems meet OP/BP 9.00 requirements and provide reasonable assurance that financing proceeds will be used for intended purposes with the objective of supporting achievement of Program objectives.

2. The fiduciary assessment entailed a review of the capacity of the participating entities on their ability to (a) record, control, and manage all Program resources and produce timely, relevant, and reliable information; (b) follow procurement rules and procedures; and (c) ensure adequate implementation arrangements and risk mitigation. IFSA covered the following implementing entities: MEF, MENET-FP, MEER through AGEROUTE and DMP. IFSA focused on quality of legal and institutional framework for PFM, procurement, and Governance and Anticorruption (GAC) applicable to the Program, and the fiduciary capacity of implementing entities for budget, budget execution, internal controls, and external audit.

3. Côte d’Ivoire PFM and procurement country systems are acceptable to the Bank and meet the requirements for the implementation of a PforR. Côte d’Ivoire PFM counts in particular with a strong legal and institutional framework; effective PFM planning and budget system; and a strong internal control system with clear and relevant segregations of duties at each step of the budget execution. Budget execution and internal control systems are computerized and inter-linked with procurement and treasury systems. There is an adequate legal and institutional framework for fraud and anti-corruption in line with international standards. Côte d’Ivoire also adopted West Africa Economic and Monetary Union (WAEMU) PFM and procurement directives, whose implementation is on-going.¹

4. Meanwhile, there are opportunities to strengthen country systems for internal and external audit, procurement, and anti-corruption. The internal audit function needs to adopt international standards and increase number of staff and capacity, with an on-going related reform. External audit does not conduct performance audits and needs additional resources. Procurement timeliness could be improved by streamlining processes, and enforcement of sanctions could be enhanced, particularly for infrastructure sector. Finally, the level of enforcement of anticorruption mechanisms could be enhanced.

5. PforR Program implementing agencies have acceptable fiduciary capacity and FM & Procurement procedures and systems, and qualified staff. The fiduciary team of the ST as well as AGEROUTE are very familiar with the country and Bank FM and Procurement procedures. The fiduciary teams of the participating line ministries (e.g. MENET-FP, MEF, MOJ and SE in charge of budget) execute their respective budgets through country systems with qualified and experienced staff. Annex 4 describes the Program Action Plan measures to address capacity challenges.

6. Based on the fiduciary context and assessment, the overall fiduciary risk of the Program is Substantial.

7. The Program will address these fiduciary risks in several ways. For the purposes of the Program the key integrated fiduciary risks are presented below. The Program Action Plan (PAP) detailed in section G of this assessment, includes specific, time-bound actions to mitigate the main risks: (a) First, several fiduciary mitigation measures have been embedded in the design of the Program to improve transparency in the allocation and predictability of resources, capacity strengthening, accountability, and external verification. All the commitments and liquidations of the Program expenditures (issuance of Payment Orders) will be made by the Directorate of Finance and

Administration (DAF) of the MEF supported by focal points. The design of the fiduciary arrangements of the Program considered also the Decree² applicable to donors-financed operations in Cote d’Ivoire for the IPF components of the Program. A dedicated “Public accountant - Agent comptable” and a dedicated Financial controller will be assigned to the Technical Secretariat (ST) of the Program to mitigate the risks of delays in the payment process of the Program expenditures: (i) the Finance controller assigned to the Program will conduct prior reviews and provide his visa “service fait” before the Agent comptable makes payments; and (ii) the Public Accountant “Agent comptable” of the MEF assigned to the ST of the Program will have the responsibility to make payments of expenditures incurred by all implementing agencies. The Program will be implemented using the country public expenditure chain to execute the budget, proceed payments to service providers, consultants and beneficiaries, report on the execution of the budget and to comply with the auditing requirements.

(b) Second, the IPF component will support the improvement of public financial management systems and procurement processes. (c) Third, the Program will support a set of national control bodies to increase the efficiency of internal and external audit functions.

8. **Procurement exclusions.** It is envisaged that there is no high-value contract exceeding Operations Procurement Review Committee (OPRC) threshold value that would qualify for Procurement exclusions.

**Summary of disbursement arrangements**

9. A Designated Account– A) in FCFA will be opened at the Central Bank (BCEAO) to receive the amounts of the initial advance (of up to 15% of IDA contribution) and the amounts corresponding to the DLIs achieved. The DA-A will be managed by the Directorate General of the Treasury and Public Accounting (Direction générale du Trésor et de la comptabilité publique – DGTCP); specifically, the Directorate of Public Debt (Direction de la dette publique et des dons (DDPD). The DDPD will transfer within five (5) business days to the Treasury Account (Compte du Tresor) managed by the DGTCP (Agent comptable), the amounts received from IDA representing the advance up to 15% as well as the amounts of DLIs achieved.

10. The Government, through the budget execution procedures, will transfer its contribution to the Program via the Treasury Account managed by the DDPD. This contribution could pre-finance the expenditure. The Government will transfer its annual contribution to the Treasury Account twice a year (e.g. February and August) based on the approved annual plan and budget as well as the payment estimates for the next 6 months.

11. The Government would claim disbursements² from the Bank as the DLIs are achieved. All DLIs will be independently verified by an independent verification agent (IVA). The IVA will prepare a Results Verification Report which will be shared with the Program PCU and the World Bank. A key use of the Results Verification Report will be to determine the amount of the eligible disbursement to be made based on the results achieved. If the World Bank finds that the disbursement request meets the terms of the Financing Agreement, the World Bank will disburse the corresponding funds to the MEF.

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² The Decree no 2015-475 dated on July 1st, 2015 governing the modalities and management of donors-financed projects and programmes in Cote d’Ivoire

² If there is any advance with the Bank, either it could be adjusted or rolled over till the end of the Program for final adjustment.
II. Detailed Integrated Fiduciary Systems Assessment

A. Objective and scope of the IFSA

1. As part of the Program preparation, the Integrated Fiduciary Systems Assessment (IFSA) of the Program was carried out, consistent with Bank Policy and Bank Directive: “Program-for-Results Financing” and in accordance with the World Bank Guidance Notes for “Program-for-Results Financing.

2. The objective of the assessment was to examine whether Program systems provide reasonable assurance that the financing proceeds will be used for their intended purposes, with due attention to the principles of value for money, economy, integrity, fit-for-purpose, efficiency, effectiveness, transparency, fairness, and accountability.

3. The IFSA covered the following ministries and entities mainly (i) Ministry of Economy and Finance (MEF), Ministry of Education, Technical Education and Vocational Training (MENET-FP), Ministry Infrastructure and Road Maintenance (MEER) through the Agence de Gestion des Routes (AGEROUTE) and Fonds d’Entretien Routier (FER), Directorate of Public Procurement (DMP) and the Ministry of Justice (MOJ) through Tribunal de Commerce d’Abidjan (TCA).

4. The IFSA was conducted through a methodical review of systems and practices at the national and district levels, involving the review of several analytical work mainly: (i) Public Expenditure and Financial Accountability (PEFA 2017) Assessment; (ii) Public Investment Management Assessment (PIMA 2016); and (iii) National Public Procurement Regulatory Agency (ANRMP), Court of accounts State General Inspectorate (IGE) and annual reports. The team also reviewed the lessons learned in implementation of Bank-financed operations in the concerned sectors. Several consultations of the IFSA had been conducted. A dedicated IFSA mission was conducted in September and October 2018 with the objective to conduct interviews with key stakeholders. The findings of the mission were presented to stakeholders in November and December 2018.

B. Program Design: Institutional and Implementation Arrangements

5. The Program will finance approximately 70 percent of the GoCI’s supported program expenditures (US$122 million) for the Economic Governance for Basic Service Delivery to Citizens 2018–2023 (Programme de Gouvernance Economique pour la Délivrance des Services de Base aux Citoyens 2018–2023).\(^4\) The mobilization of government financing represents a major challenge for the implementation of the Program. The total amount needed to finance the entire government program (including areas not supported by the PforR) during 2018–2023 is estimated at US$194 million, while the parts of the government program related to the PforR amount to US$122 million. The World Bank plans to reimburse to the Government a total amount of US$85 million, approximately 70 percent of the US$122 million, once the DLIIs are achieved. This amount represents the World Bank contribution to the overall costs of the Government Economic Governance for Basic Service Delivery to Citizen 2018–2023 Program. The gap of US$37 million (30 percent of total program costs supported by the PforR) will be financed by the Government, and the additional resources (US$72 million) needed to

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\(^4\) The EGSDP covers the period and expenditures 2018-2023 and was formally adopted by Inter-ministerial Order No. 050/MEF/SEPMBPE dated February 18, 2019.
finance the entire US$194 million will be supported by the government, other Bank operations, and other donors.

Table 1: Summary of the Program Expenditure Framework (US$ million)

<table>
<thead>
<tr>
<th>Financing Source</th>
<th>FY18/19</th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
<th>FY24</th>
<th>TOTAL</th>
</tr>
</thead>
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<td>7</td>
<td>5</td>
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<td>11.45</td>
<td>85</td>
</tr>
<tr>
<td>Total</td>
<td>15</td>
<td>22.06</td>
<td>23.29</td>
<td>21.17</td>
<td>24.04</td>
<td>16.45</td>
<td>122</td>
</tr>
</tbody>
</table>

6. **The Program will finance specific activities to strengthen systems to support delivery of the program objectives and related results.** An ST within the MEF will be responsible for the day-to-day management of the program activities, facilitating coordination across implementing ministries and agencies, monitoring results, and generating performance and financial reports on Program implementation. The ST, as the designated coordinator for the PforR, will be the lead agency for the Program and act as the interlocutor with the World Bank on behalf of the GoCI. It will ensure that the Program is implemented according to the POM. The ST will be staffed by at least a coordinator, an M&E specialist, a procurement specialist, an FM Manager, a public accountant (agent comptable), and a financial controller. They will support the implementation of the PforR in relation to the implementing agencies. The ST will be responsible for providing relevant information for the independent verification of the results to the IVA. The ST will oversee the implementation of activities related to the IPF component of the operation including FM and procurement aspects.

7. **The implementation arrangements for the Program are embedded within the existing structure of the MENET-FP, MEF, MEER, MOJ, MB, and ANRMP.** The Program will have the following implementing agencies: within the MEF (DGTCP, SNDII, and IGF); IGE; SAI; MENET-FP, MEER (AGEROUTE), MOJ (TCA), SEB (DGBF, Directorate of financial control (DCF), and DMP), and ANRMP.

C. **Review of the PFM cycle including Procurement**

**Legal and Institutional PFM and Procurement Framework**

8. **PFM and Procurement legal and institutional framework is acceptable for the PforR.** This framework is in line with international standards, and Côte d’Ivoire has adopted WAEMU PFM and Procurement directives, whose implementation is an on-going challenge. A new procurement code is about to be adopted by the government. Country PFM and Procurement legal framework will be applied for the PforR Program budget planning, execution, reporting, and internal control. The legal framework for external audit will also be complied with.

**Planning and Budgeting**

**Adequacy and Credibility of Budgets**

9. **The Organic Budget Law introduced the performance-based budget, which uses statements of missions, goals, and objectives to explain how the money is spent.** The Organic PFM law no 2014-336 dated June 5, 2014, requires the preparation of DPPD. All the ministries are committed to comply with this requirement. However, for the 2018 budget, only 5 ministries (for example, MENET-FP and MEER) out of 37 ministries, but representing about 54.8 percent of the 2018 budget, transmitted their DPPD to the Parliament for information. It is expected by 2020 that all the ministries involved in the operation will submit their DPPD with the draft finance law (Projet de Loi des Finances) for approval to the Parliament.
10. The overall costs of the supported Program including the portion financed by the World Bank are expected to be integrated into the DPPD and the PIP. The annual budgets are prepared based on the PIP. Planning and budgeting related to this Program will follow the national procedures. Based on budget instructions/circulars, the teams of the various implementing entities under the responsibility of the DAF of each participating ministry will prepare the budget of the Program considering the limits of allocations set by the Government and the Program. The consolidated budget of the Program will be integrated in the budget of the MEF. The total amount allocated to the Program during FY2019 according to the operation document should be reflected in the revised 2019 Finances Law.

Procurement Planning

11. Decree No. 325 / MPMP / DGBF / DMP / of May 23, 2014, on the composition and functioning of public procurement units specifies that the latter are responsible for drawing up Public Procurement Plans and communicate them to the Public Procurement Directorate. This is done annually in cooperation with the Administrative and Financial Departments and Directorates for Studies, Planning and Budget Management. It begins in November of the year N-1, 15 days after budget approval. The general Procurement Plan and the consolidated annual Procurement Plan for each ministerial department are published in the public procurement portal no later than January of the budget year.

12. For 2017 and 2018, the MENET-FP submitted Procurement Plans that included seven and four new contracts, respectively, to be processed through regular procedures. Of the seven of 2017, only one was related to the acquisition and delivery of school kits, and for 2018, of the four, two were related to school kits and one to textbooks.

13. AGERROUTE prepares each year a road maintenance program that it submits to the FER. AGERROUTE’s maintenance program covers almost the entire Ivorian territory. In addition to AGERROUTE, regional councils, town halls, and some agricultural sectors also develop their own road maintenance program, with limited coordination between them. Moreover, due to unavailability of resources, AGERROUTE cannot not always carry out the agreed annual program, which affects the road network and can lead to emergency approaches.

Budget Execution

Budget Execution Modalities

14. As per 2017 PEFA, Côte d’Ivoire’s overall performance for budget execution is satisfactory. The country scored A for PI-1 mainly due to the high execution rate of the national budget estimated, respectively, at 96.84 percent, 96.14 percent, and 97.65 percent over years 2015, 2016, and 2017.

15. 2015-17 budget execution has a strong performance for ministries involved in the PforR Program have of ministries involved in the PforR, the good performance. Budget execution commitment rates per ministry were: (a) MEF: 100.24 percent (2015); 94.72 percent (2016), and 104.73 percent (2017); (b) MOP: 90.20 percent (2015); 81.21 percent (2016), and 26.94 percent (2017); (c) MEER: 51.79 percent(2015); 42.63 percent (2016), and 67.67 percent (2017); and (d) MENET-FP: 98.59 percent (2015); 98.45 percent (2016), and 99.08 percent (2017). Rates for payments are lower due to cash flow management constraints. It should be noted that despite satisfactory budget execution rate, the government is facing challenges in terms of service delivery efficiency and timeliness.
16. **Delays in processing transactions.** Prior approval by the financial controller is required for the commitments for expenditures. Once the contract is executed, the financial controller issues a ‘*Fiche de contrôle du service fait*’ in addition to the ‘*Certificat de service fait*’ prepared by the owner of the budget line (for example, credit administrator). This allows the DAF team to prepare the payments order or the ‘*Mandat*’. Once the ‘*Mandat*’ is signed by the DAF, it is brought back to the financial controller again for his visa called ‘*Attestation de service fait*’. The ‘*Mandat*’ is sent back to the DAF for final rechecks before the entire package (electronic and paper versions) is sent to the PGT (Paire Generale du Tresor) for payment. Some additional reviews are also performed by the team of the PGT before the issuance of the checks or the transfers to the beneficiaries’ bank accounts. At each phase of the process, the budget execution software ‘SIGFIP’ and the accounting software are updated. This duplication of tasks and controls causes delays between the commitment phase and the final phase of the payment of expenditures.

17. **Procurement delays.** As per a 2012 study from ANRMP, there is on average around 200 days of elapse between the start of the procurement procedure and contract approval. This period may be longer depending on the nature and complexity of the contract.

18. **Delays in payments.** There are payment delays due to commitment process and cash rationing for contracts financed by the PGT, which affect PGT procurement effectiveness and competition.

19. **Non-compliance with contract deadlines.** Lessons learned from some ongoing World Bank-financed projects in Côte d’Ivoire in the concerned sectors mainly MEER confirmed the risk of noncompliance with contract deadlines and the challenges faced to apply some of the contracts’ articles such as the suspension and cancellation of contracts for weak performance of the contractors. The application of penalties is also a challenge.

20. **Limitation of expenditures commitments to the availability of cash estimated.** This is due to structural problems with cash flow management and affects the ability of budget owners to properly plan the execution of the budget allocated to the unit mainly for capital budget.

21. **To address these challenges, the Government, by order No. 068 / MPMB / CAB of 21/02/2014, set up a committee to monitor the deadlines for awarding contracts and budget execution.** While there has been good progress in reducing delays, efforts are still required to meet the 88-day regulatory deadline by the DMP. In addition, to mitigate the fiduciary risk and avoid delays in the implementation of the program, all the commitments and liquidations of expenditures (issuance of the *Mandats*) related to the Program will be under the responsibility of the DAF of the MEF. Further, the appointment of a financial controller and a public accountant fully dedicated to the proposed Program to mitigate risks of delays.

**Funds Flow Arrangements for Program Implementation**

22. **The PforR-financed results areas are embedded in the budget and expenditure management processes of the country system.** IDA funds will be deposited in a DA at the BCEAO and Treasury Bank Account in the National Treasury to mitigate risks associated with liquidity shortfalls or cash rationing. In addition, through the focal point at the PGT, the Government will commit to ensure the timely disbursement of funds from the Special Account. The entire Program allocations will be incorporated into the budget of the MEF as appropriated by the National Assembly.

23. **A DA-A in CFA franc will be opened at BCEAO to receive the amounts of the initial advance (of up to 15 percent of IDA contribution) and the amounts corresponding to the DLIs achieved.** The account at BCEAO will be managed by DGTCP. The Treasury Bank Account (*Banque du Tresor*) will be managed by the public accountant assigned to the ST of the supported Program. The DGTCP will
transfer within five business days to the account opened at the Banque du tresor the amounts received from IDA representing the advance up to 15 percent as well as the amounts of DLIs achieved. The Government has agreed to use a Treasury Bank Account ‘compte ouvert à la banque du trésor’ and put in place appropriate measures to avoid cash rationing and streamline the payment process of the Program.

24. **Government’s contribution to the Program.** The Government, through its budget execution procedures, will transfer its contribution to the Program through the Treasury Bank Account managed by the public accountant assigned to the ST. This contribution could prefinance the expenditure. The Government will transfer its annual contribution to the Treasury Bank Account twice a year and based on the approved annual plan and budget as well as the payment estimates for the next 6 months.

25. **Replenishment of Treasury Bank Account.** The Government would claim disbursements\(^5\) from the World Bank as the DLIs are achieved. All DLIs will be independently verified by an IVA. The IVA will prepare a Results Verification Report, which will be shared with the ST of the Program and the World Bank. A key use of the Results Verification Report will be to determine the amount of the eligible disbursement to be made based on the results achieved. If the World Bank finds that the disbursement request meets the terms of the Financing Agreement, the World Bank will disburse the corresponding funds to the MEF through the DA opened at BCEAO to facilitate further accounts reconciliation.

26. **Payments of invoices (for example, contractors and service providers) through the Treasury Bank Account.** For the activities linked to Components 1 and 2 to be implemented directly by the participating ministries, the funds will flow directly from the Treasury Bank Account to service providers, consultants, and constructors. The Government’s internal institutions of controls will reserve the right to verify the expenditures ex post, and actions might be requested for any irregularities.

27. **The GoCI, through its budget, would transfer the funds to the MEF and would prefinance the expenditure.** The GoCI would claim disbursements from the World Bank as the DLIs are achieved. The funds for the Program will be spent by the MEF. IVAs will confirm the attainment of DLIs to release funds in accordance with the agreed schedule. Any advance from the World Bank could be adjusted or rolled over till the end of the Program for final adjustment. The disbursements under the DLIs would be compared with Program expenditures in the last year of the Program.

**Accounting and Financial Reporting**

28. **The budget execution and internal control is computerized.** The expenditure chain, which covers the budget execution and control cycles, is fully computerized and interfaces well with the procurement and the treasury system. The information is extracted from the budgeting ‘SIGFIP’ and ‘ASTER’. The quarterly budget execution reports are put on the website of the MEF (www.finances.gouv.ci; www.dgbf.gouv.ci; www.budget.gouv.ci). All annual accounts are submitted by the Government within four months from the receipt of the financial statements (on time) to the SAI. Still, there are some delays in the approval of state accounts (Comptes de Gestion) by the Supreme Court.

29. **Interim financial reports (IFRs) as well as annual financial statements for the supported Program, will be prepared using the team of ST through SIGFIP and ASTER by the public accountant supported by the RAF of the ST.** The ST of the Program should ensure that SIGFIP and ASTER are configurated and installed in their premises and operate effectively. All the expenditure supporting

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\(^5\) If there is any advance with the World Bank, it could either be adjusted or rolled over till the end of the Program for final adjustment.
documents will remain at ST for recording of transactions and evidence expenditures. The ST of the Program will prepare and submit quarterly IFRs and annual financial statements, and the ST will also ensure that SIGFIP and ASTER are installed and configured in their premises and operate effectively.

**Procurement Processes and Procedures**

30. **The procedures described in Decree No. 2009-259 of August 6, 2009, on the Public Procurement Code are those currently in force.** The new code being finalized provides new tools, such as framework agreements, which will be used as part of the program for road maintenance and textbook acquisition. It is therefore recommended that this code be adopted before the Program implementation.

31. **The 2009 code, as well as the one that is being finalized, in its Article 43 of the draft document states that open tendering is the basic method and offers methods such as the call for tenders.** Restricted offers and the Direct Agreement are exceptional procedures requiring prior authorization of the administrative structure responsible for public procurement. Following the study ‘Stimulating the Implementation of Investment Budgets in WAEMU Countries’, the Government by Decree No. 2015-525 of July 25, 2015, amending Decree No. 2009-259, introduced simplified procedures for supply and works contracts below certain thresholds.

32. **At the MENET-FP, school kits are procured through tenders, while textbooks are procured through restricted tendering due to the limited number of suppliers.** Manuals are supplied for a period of three years corresponding to the estimated lifetime after study as well as the frequency of educational reforms. One of the major issues raised is the availability of the budget to meet the needs expressed in the Procurement Plan. It should be noted, however, that the MENET-FP’s procurement unit is also taking early steps to save time and make the process efficient. A study on the procurement and textbook distribution chain will be conducted to identify obstacles and difficulties and to propose solutions that will improve the manual distribution rate. This study will also analyze the method and standard bidding documents (SBDs) used.

33. **AGERROUTE, because the amount of road works contracts is well above the threshold for the use of simplified procedures, is experiencing long procurement deadlines.** For the 2018 budget exercise, AGERROUTE launched a single open bidding document for road maintenance works of 138 lots in total. This represents a very intense workload, extends the deadlines at all levels, and compromises the final results.

34. **As part of this program, one of the solutions envisaged to improve procurement in both structures is the use of new tools such as Framework Agreements.** The Framework Agreement was described in the new code in Article 57 as a particular type of contract. It can be concluded in the case of frequent repeated orders, but its use requires the prior authorization of the DMP. The Framework Agreement may be concluded with one or more economic operators for a period not exceeding two years. The program should provide support to ANRMP, MENET-FP, and AGERROUTE in the form of TA for the preparation of standard documents for the Framework Agreement as well as the implementation of the first Framework Agreements.

**Procurement Performance**

35. **The following progress has been recorded from 2016 to 2017 in the performance of procurement management:**

- Budget lines subject to procurement increased from 49,268 lines in 2016 to 52,169 lines in 2017.
- Open bidding process increased from 37.2 percent of the total amount of approved contracts to 51.9 percent in 2017.
• Procedures using Direct Agreement in 2016 were 18.2 percent of the total amount in 2016 and 12.9 percent in 2017.
• Average procurement time is an estimated 198 days (2013) and is estimated to have declined slightly for some activities.

36. Nevertheless, actors will need to continue efforts to (a) improve the implementation rate of Procurement Plans, which averaged less than 50 percent in 2017 and (b) establish a culture of anticipation so that the maximum number of contracts are committed in the first half of the year. On the other hand, the performance measure should include criteria on contract execution, such as compliance with deadlines and average payment terms.

Publication

37. The public procurement of Côte d’Ivoire is very attractive for regional and international bidders. Articles 59 and 71 of the new code stipulate that tender notices as well as results must be published in the Official Bulletin and on the public procurement portal. They specify that in the case of an international tender, the publication should also be done in an international newspaper or on the web. Meanwhile, the document does not specify the conditions under which a call for tenders is launched at international level.

38. When the estimated amount reaches the community threshold, the contracting authority must comply with the requirements of community advertising. It is also planned to apply a margin of preference of 15 percent for companies in the WAEMU zone and another 15 percent national preference margin that cannot be combined with the first.

39. Under this program, it is recommended that the first Framework Agreements of AGEROUTE and MENET-FP be advertised internationally. Also, preferences should not apply to supply contracts that are not manufactured in the sub region.

Contract Management Administration

40. Like the other WAEMU countries, the execution of contracts is one of the most challenging phases in the execution of the budget. Contract management is still not integrated with procurement and the structures responsible for the different phases continue to work in silos. The main issues are (a) failure to meet the deadlines, (b) poor quality or noncompliance with specifications, (c) the many endorsements, (d) non-application of late penalties, and (e) lack of follow-up at the technical level.

41. For the MENET-FP, the implementation of textbook contracts faces all these difficulties, which results in the low rate of distribution of textbooks at the level of the pupils. The proposed studies will help better understand the state of play and actions needed to improve the chain of distribution.

42. AGEROUTE, for the 2018 financial year, will simultaneously commit more than a hundred road maintenance contracts covering almost the entire Ivorian territory, which is a real challenge in the monitoring of the execution. Given the limited resources of this agency and the fact that it is not present in all regions, it will be almost impossible to monitor the execution of the contracts. AGEROUTE should develop a strategy that involves the Regional Directorates of MEER and the local authorities in the contract’s management. As for the implementation of Framework Agreements, it will be imperative to train the various structures/entities on the management of these types of contracts.
Authority to Approve Contracts

43. According to the Public Procurement Code, the minister supervising the contracting authority approves all contracts in his/her department that are less than CFAF 100 million. Beyond this amount, only the Minister of Economy and Finances is the approving authority. The latter delegates this task to the Chief of Staff for contracts between CFAF 300 million and CFAF 1 billion and to the Director of Public Procurement for contracts from CFAF 100 million to CFAF 300 million. The procurement code authorizes that AGEROUTE, being a state company, approves its contracts either by the Board of Directors or by the General Manager if the amount is less than CFAF 100 million.

44. A study conducted by ANRMP in 2014 shows that the average approval time would be 17 days. Since then, efforts have been made to reduce this figure to tend toward the 7-day rule set by the DMP.

Internal Controls and Internal audit

Administrative Controls and Internal Audit

45. The institutional framework for control is adequate at the Central Government level, but the overall performance of institutions of internal control requires additional improvements. There are several administrative control bodies in Côte d’Ivoire, along with the (a) IGF, (b) IGM, (c) IGE, and (d) Good Governance Authority (HABG). Further, the DCF is responsible for authorizing expenditure commitments and certifying the execution of the contracts before payments are made by the PGT.

46. According to 2017 PEFA, there is an acceptable internal control system in Côte d’Ivoire. The country scored B for the indicator PI-25 with a strong segregation of duties between the various actors at each phase of the public expenditure channel (for example, PI-25.1 was rated A). Meanwhile, the controls of commitments conducted by the financial controller before the issuance of the Purchasing Order at the commitment phase do not include checking of availability of appropriate level of cash to ensure timely payment of contractor invoices. This may generate arrears as noted by 2017 PEFA.

47. Procurement prior control is carried out by the Public Procurement Department and the procurement units. AGEROUTE, although being a state company with a private management, is subject to the same control thresholds before the DMP. Thus, AGEROUTE must validate the awards of contracts estimated between CFAF 100 million and CFAF 300 million and in addition obtain the validation for contracts awarded above CFAF 300 million. These constraints make AGEROUTE’s procurement activity extremely slow. It is suggested that the agency discuss with DMP to gain more autonomy and efficiency.

48. Procurement ex post control is performed by the ANRMP. In this context, Decree No. 2009-260 of August 6, 2009, on the organization and functioning of the ANRMP as amended by Decree 2013-308 of May 8, 2013, sets one of these missions as follows: ‘carry out independent audits of the award and execution of public contracts and public service delegations and monitor the implementation of the recommendations. Thus, on an annual basis, the ANRMP uses independent audit firms to conduct audits of the contracting authorities. The contract audit report concluded in 2017 is being finalized, but those from previous years until 2016 are published on the website. The 2016 report shows that a total of 250 contracts with 25 structures were audited. A total of 51 percent was spent in a consistent manner, 31 percent were spent irregularly, and 16 percent were without documents. The MENET-FP was part of the 2015 sample, and 12 contracts out of the 17 audited were found compliant and 5 were noncompliant. On the other hand, in 2014, only 3 of AGEROUTE’s contracts were considered compliant. In 2014, a special audit was carried out in the direct contracts
between 2011 and 2013. It was noted that out of 60 contracts chosen, only 5 percent justified the use of the single-source method.

49. According to 2017 PEFA, internal audit bodies have limited scope of work and the internal audit process is largely focused on assessment of internal controls. The internal control bodies do not have enough human and financial resources, and their capacities require strengthening to meet internal audit international standards. Also, only 56 percent of IGF recommendations were implemented.

50. Measures will be adopted to ensure effectiveness of the financial and procurement aspects of the internal audit function for the Program. The IGE will lead the internal audit mission in collaboration with the IGF and DMP/ANRMP. A Memorandum of Understanding will have to be signed between the three bodies to conduct joint missions at least twice per calendar year. The IGF and DMP/ANRMP should ensure that the IGE has put in place an appropriate coordination mechanism of this multidisciplinary team and their contributions are well reflected in the reports of the joint-missions. The IGM involved in the PforR, in charge of the physical inspections and the quality of the services, furniture, and works (technical aspects) provided, will continue to play its role.

Complaints Management

51. The Public Procurement Code provides a precise framework for the complaints management system. Thus, Title VIII of the new code deals with the settlement of disputes and provides for two remedies: a nonjudicial and a jurisdictional remedy. Thus, Articles 135 to 139 deal with amicable remedies, all of which must be exhausted before the judicial remedies dealt with in Articles 141 and 142 of the new Code des Marches Publics can be explored.

52. The first step in any appeal is therefore to challenge the decision before the relevant administrative authority within 10 days of the decision. This decision can be further appealed to ANRMP, which has 10 working days to render its decision; otherwise, the suspension of the prior decision is lifted.

53. In terms of judicial remedies, Articles 170 and 171 of the Public Procurement Code deal with appeals to state courts and arbitration courts. This system, with prior recourse to the contracting authority, has the advantage of giving the opportunity to respond directly to the complainants and to reduce the number of complaints that arrive at the ANRMP level. From 2010 to 2015, only 197 complaints were lodged with the ANRMP against 158 decisions and opinions, that is, 80.20 percent.

External Audit

54. According to 2017 PEFA, progress in external audit reform was limited compared to previous PEFA period. The Chamber of Accounts became an SAI in 2015 (Organic Law No. 2015-494 dated July 7, 2015). The SAI draws up an annual report on the implementation of the finance law, which reports to the National Assembly on budget implementation. The SAI has the judicial power (Article 144 of the 2016 Constitution) to monitor and sanction irregularities committed by users of the budget as well as the public accountants. It also applies risk-based audit approach. Meanwhile, the SAI experiences financial constraints and has limited number of professional staffs (auditeurs and vérificateurs). While foreseen by the law, performance audits are not yet largely conducted.

55. For fiscal years 2013, 2014, and 2015, the audit reports were submitted to the legislature between three and six months after receipt of the report on Settlement Laws by the SAI. The executive replied, albeit after delays, to the recommendations of the SAI. The SAI human and financial resources limitations and its capacity may affect the timeliness of the Program audit. The capacity
development of the SAI is included in the PFM reform action plan 2017–2019 as well as the TA activities.

56. The World Bank will require annual audited financial statements of the supported PforR operation implemented by the entities of the participating ministries, including transactions in the Treasury Bank Account. An independent audit firm will be recruited to conduct the external audit of the program for the first two years. The capacity of the SAI will be reassessed at midterm, and if satisfactory, the SAI will conduct the external audit of the Program financial statements.

D. Program Governance and Anti-Corruption arrangements

57. Fraud and corruption risks associated with the proposed PforR are moderate, and some mitigation measures are included in the PAP.

58. There is adequate legal, regulatory, and institutional framework in place in Côte d’Ivoire on fraud and anticorruption. Multiple control mechanisms intended to provide checks and balances are being introduced to ensure integrity in the management of public resources. These include regular internal audits by the IGF and the General Inspection of the State, as well as the external audits by the Supreme Audit Institution and the HABG. More efforts are still needed to ensure that audit reports are broadly made available to the public and there is effective follow-up of administrative and/or judicial actions and that these are dutifully applied. Generally speaking, noncompetitive procurement contracts are decreasing but remain high at 30 percent in 2017 compared to 40 percent in 2015.

59. Factors that affect governance in Côte d’Ivoire include (a) concentration of decision making and fragmentation of sectoral responsibilities; and (b) the nature of the appointments of high officials which reduces incentives for bureaucratic responsiveness and performance. This situation has affected the pace of implementation of relevant legal framework including for asset declaration. Meanwhile, in recent years, significant efforts have been made to improve the situation. In the 2018 Transparency International Corruption Perception Index, Côte d’Ivoire improved to 103rd with a score of 36, compared to 108th with a score of 34 in 2017.

60. To address the governance and fraud and corruption risks, the Program will prioritize effective oversight through increased public accountability, increased monitoring and auditing, and greater disclosure and transparency. The IFSA recommends (a) increasing monitoring and auditing through support to systematic tracking and reporting on sector spending by the sector, to foster efficiency and accountability in the use of resources and prioritize auditing sector accounts; and (b) updating the MEER and MENET-FP websites to develop a coherent online presence with user-friendly content and functionalities to enhance greater public disclosure and transparency. Thus, under the PAP, tailored grievance redressal mechanisms will be implemented to ensure that stakeholders’ concerns are documented and resolved on time.

E. Procurement and financial management capacity of implementing agencies

Procurement

61. Each participating ministry has an operational procurement unit. However, the assessment revealed that their capacities are varied. The Unit within the MENET-FP is composed of two procurement staff who are relatively new, and the unit will need capacity reinforcement.
62. AGEROUTE has extensive experience in procurement of roads infrastructure for both Government- and donors-funded projects. In fact, the assessment found that their performance could be better if the relatively low prior-review threshold is addressed.

Financial Management

63. The DAF of the MEF and MENET-FP execute their budgets following the public expenditure channel through the budget execution software SIGFIP. The strengths, weaknesses, and challenges facing the DAF of the three ministries are similar to the overall ministries of Côte d’Ivoire.

64. The financial controller and the public accountant assigned to the ST of the Program will perform their respective tasks following the public expenditure channel through SIGFIP and ASTER.

65. The FM departments of the implementing entity of MEER (for example, AGEROUTE) have qualified staff and acceptable FM procedures manuals and accounting tools. Meanwhile, the execution of the budget will be initiated by the DAF of the MEF (transfert en capital); hence, no accounting tasks (such as record of transactions in the budget and accounting software) will be performed by the FM teams.

66. To address the risks of delays in processing transactions, preparation of interim and annual financial statements, and payments of invoices, IFSA recommends specific actions for the FM arrangements of the Program IPF component. These actions that are detailed in the PAP include:
   • Appoint focal points in each participating implementing entity to support the DAF of the MEF in the commitments and liquidations of the expenditures leading to the issuance of the Payments Orders ‘Mandats’;
   • Install the Government budget execution software SIGFIP and the accounting software ASTER in the premises of the ST of the Program;
   • Staff the ST of the Program with qualified RAF to support the dedicated public accountant and the financial controller assigned to the Program;
   • Increase the staffing of the IGF with 5–10 additional persons; and
   • Conduct audit of the annual financial statements of the Program by the SAI supported by an independent audit firm. The terms of reference of the audit firm will include capacity building of the Cours de comptes staff.

F. World Bank Implementation Support

67. The World Bank will provide timely support to the implementation of the PforR as well as guidance to the relevant agencies regarding fiduciary issues. The ST of the Program will be created and will be responsible for the implementation of the operation. Supervision of FM and procurement arrangements will be carried out as required as part of the Program supervision plan, and support will be provided on time to respond to Program needs.

68. The World Bank implementation support team will include procurement and FM specialists who would be tasked with the monitoring of the Program’s integrated fiduciary aspects. The reviews will be conducted jointly as far as possible to monitor, in particular, the status of implementation of the PAP. The fiduciary team will also review the Program’s financial and procurement reports and their conformance with applicable standards, and at least two implementation support missions will be conducted during the first year following the Program effectiveness. The team will also provide hands-on support to other organs such as the IGF and SAI supporting the mitigation of fraud and corruption.
## G. Detailed IFSA Program Action Plan

<table>
<thead>
<tr>
<th>Action Description</th>
<th>Due Date/Schedule</th>
<th>Responsible Party</th>
<th>DLI or Loan Covenant</th>
<th>Completion Measurement</th>
</tr>
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<tbody>
<tr>
<td><strong>Planning and Budgeting</strong></td>
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<tr>
<td>Include in the Finance Law the annual plan and budget of the Program</td>
<td>Starting from the first year of the Program</td>
<td>Directorate of Budget/ST of the Program</td>
<td>N/A</td>
<td>Unaudited financial report of the first quarter of each fiscal year of the Program implementation period</td>
</tr>
<tr>
<td><strong>Budget Execution</strong></td>
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</tr>
<tr>
<td>Install SIGFIP and ASTER and SIGMAP in the premises of the ST of the Program</td>
<td>Effectiveness</td>
<td>MEF/SNDI and ST of the Program</td>
<td>N/A</td>
<td>Budget executed through SIGFIP, and IFR and annual statement prepared through information derived from SIGFIP and ASTER</td>
</tr>
<tr>
<td>Increase the prior-review threshold of AGEROUTE for works from XOF 100 million to XOF 1 billion</td>
<td>—</td>
<td>DMP/MB</td>
<td>N/A</td>
<td>No contract less than XOF 100 million is subjected to prior review during the implementation period of the Program</td>
</tr>
<tr>
<td>Request an initial advance up to 15% of the total budget of the PfRoR component and submit the evidences of the achievement of prior results (enabling disbursement of US$ 10 million)</td>
<td>First months following effectiveness</td>
<td>St/ MEF</td>
<td>N/A</td>
<td>Bank accounts opened and requested submitted to the Bank as well as evidence of achievements of prior results</td>
</tr>
<tr>
<td><strong>Internal Control and Internal Audit</strong></td>
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<tr>
<td>Conduct biannual inspections and internal audit missions covering procurement, financial, and technical aspects of the Program</td>
<td>Two months following the end of each calendar semester starting from the first year of Program effectiveness</td>
<td>IGE in collaboration with IGF, IGM, DMP, and ARNMP</td>
<td>N/A</td>
<td>Copy of the reports of inspections and reviews of the Program activities implemented by the implementing entities submitted within the specified period to the MEF, HABG, and the World Bank</td>
</tr>
<tr>
<td><strong>Third-party Verification</strong></td>
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<td></td>
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<tr>
<td>Recruitment of the IVA</td>
<td>Three months following the Program effectiveness</td>
<td>ST of the Program at the MEF</td>
<td>Loan Covenant</td>
<td>IVA team contracted</td>
</tr>
<tr>
<td><strong>External audit</strong></td>
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<tr>
<td>Recruit an external auditing firm to audit the Program annual accounts under the responsibility of the SAI</td>
<td>Six months following the Program effectiveness</td>
<td>The SAI supported by the ST</td>
<td>N/A</td>
<td>Copy of the audit report submitted to the World Bank six months after end of year</td>
</tr>
<tr>
<td>Action Description</td>
<td>Due Date/Schedule</td>
<td>Responsible Party</td>
<td>DLI or Loan Covenant</td>
<td>Completion Measurement</td>
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<tr>
<td>Prepare and submit on a biannual basis a detailed report on the training and capacity-building activities conducted by the auditing firm supporting the SAI in the audits of the annual financial statements of the Program</td>
<td>Two months following the end of each semester</td>
<td>The SAI/ST accounts supported by a private audit firm</td>
<td>N/A</td>
<td>Copy of the reports on capacity-building activities conducted by the audit firm submitted within the agreed time frame to the World Bank</td>
</tr>
<tr>
<td><strong>Procurement and FM Capacity</strong></td>
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<tr>
<td>Staff the DAF of MEF with focal points and the Program ST in MEF with dedicated procurement, FM, and internal control staff</td>
<td>Effectiveness and throughout the entire Program implementation period</td>
<td>DAF/MEF and ST of the Program</td>
<td>N/A</td>
<td>DAF of MEF and ST staffed accordingly</td>
</tr>
<tr>
<td>Strengthen the capacity of the IGE, IGF, DMP, and ANRMP to enable these institutions to conduct the biannual inspections and internal audit missions (for example, training and staffing)</td>
<td>Six months following the Program effectiveness</td>
<td>MEF/ST</td>
<td>N/A</td>
<td>Annual work plan and budget of the IPF component includes budget line for payment of the costs of internal audit activities</td>
</tr>
<tr>
<td>Create or strengthen the capacity of the procurement unit in each implementing entity</td>
<td>Four months following the Program effectiveness</td>
<td>Directorate of Budget/ST of the Program at the MEF</td>
<td>N/A</td>
<td>Staff from the implementing entities trained on procurement related to activities to be procured in the Program.</td>
</tr>
</tbody>
</table>

*Note: a. The DAF of the MEF will be strengthened with additional focal points (at least two) to manage commitment and issuance of payment orders (Mandat). Each participating implementing entity should also have a focal point to handle commitment requests. The ST within the MEF should be staffed by at least a coordinator, an M&E specialist, a procurement specialist, an RAF, an environmental safeguard specialist, a financial controller, and a public accountant with functions and resources agreed with the World Bank, and with staff in adequate numbers with qualifications, experience, and terms of reference agreed with the World Bank.*