

# »»Project information

Implemented by:



## Decentralisation – Benin

Increasing the efficiency of municipalities

Benin has long been driving its decentralisation process forwards. Cities and municipalities are gaining more powers to better provide for their populations. Transferring decision-making powers to municipal level is designed to reduce poverty and help the local economy grow because political decisions can be better aligned with local needs. As in other cases of decentralising power, however, the gap between the increasing responsibilities and the inadequate funding of the municipalities is growing – and Benin is no different. KfW has recognised this challenge and provides funds for much-needed investment in local infrastructure by means of the *Fonds d'Appui au Développement des Communes* (FADeC) together with the government of Benin and other development partners in the municipalities. The municipalities are also supported in the transparent and efficient use of the investment funds provided.

### Context

After the first democratic municipal elections in the year 2002, the Beninese state gradually began to transfer powers to the municipalities. The government created a budget transfer mechanism (FADeC) in 2008 through which more money is gradually transferred to the municipalities every year, so that they also have sufficient funds to fulfil their new tasks. Yet, the diverse funding requirements are still not covered. It is often the case that adequate funding is not available, for urgent investments in local infrastructure in particular. That is because opportunities to develop an area's own financial resources and to make effective and efficient use of the available funding still lack at the local level. Many municipalities also lack suitably qualified personnel to pro-

vide municipal services efficiently and to a high standard for the population. German development cooperation supports the decentralisation efforts of the Beninese government by contributing to financing and to expanding capacities.

### Project approach

KfW Development Bank has actively supported the foundation and establishment of the FADeC budget transfer mechanism since 2011. Together with other donors and the Beninese government the KfW Development Bank co-financed the fund with the remittance of three tranches per year. That way, municipalities can

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<b>Commissioned by</b>	Federal Ministry for Economic Cooperation and Development (BMZ)
<b>Country/region</b>	Benin
<b>Lead executing agency</b>	Ministère de la Décentralisation et de la Gouvernance locale (MDGL)





Bildunterzeile, sollte maximal über zwei Zeilen laufen wie dieses Beispiel veranschaulichen soll. Source: KfW photo archive, photographer: Max Mustermann

give their populations better access to basic infrastructure – including schools, health centres, drinking water supply and transport routes. Decisions on which investments to finance are no longer made by the central government as before, but rather by the selected municipal representatives that best understand the local needs. Other than the population, area and poverty indicators, performance criteria are also taken into account when allocating funds to the municipalities, so as to provide incentives for efficient and transparent administrative procedures.

KfW Development Bank also supports the development of state structures that monitor and evaluate the use of funds and the quality of locally created infrastructure: national audit institutions are supported in carrying out comprehensive annual audits in all 77 Beninese municipalities to ensure that the funds provided reach the target group.

## Impact

The municipalities' investment expenditure has more than tripled since 2008 due to the FADeC allocations. So far the municipalities have built or modernised over 9,000 kilometres of roads and paths, and substantially increased the number of primary schools. About 3,100 individual projects were financed through the FaDEC in 2014 alone. The construction measures also create jobs for the local population and therefore improve their financial situation. Often for the first time, municipalities now get the opportunity to fulfil their responsibility and better provide for their population. Municipalities are now perceived as important players on Benin's political

landscape and demand a transfer of powers and the appropriate allocation of funding.

Including all the relevant players is crucial for KfW Development Bank at local level. With this in mind, the project is geared towards the national poverty reduction strategy, builds on existing structures and therefore promotes the self-responsibility of the Beninese partners. A systematic follow-up of the recommendations of the municipal audits as well as the publication of the audit reports have already had an impact: the pressure has increased on the municipalities to administer the provided funds transparently and gradually implement applicable statutory requirements in finance and procurement.

The transfer of planning and implementation duties for municipal tasks to locally elected representatives and the establishment of a reliable and sustainable budget transfer mechanism including monitoring systems make an important contribution to good, responsible governance and cementing democratic principles.



### Contact

KfW Group  
Business area: KfW Development Bank  
West Africa – Governance Sectoral Team  
Palmengartenstrasse 5-9  
60325 Frankfurt am Main  
Telephone +49 69 7431 8214  
[Annemie.Denzer-Schulz@kfw.de](mailto:Annemie.Denzer-Schulz@kfw.de)

Bureau de la KfW à Cotonou  
Maison de la Coopération allemande  
B.P. 504  
Cotonou  
Benin  
[kfw.cotonou@kfw.de](mailto:kfw.cotonou@kfw.de)