

AFRICAN DEVELOPMENT BANK GROUP

REPUBLIC OF BENIN

**RESULT-BASED COUNTRY STRATEGY PAPER
2005-2009
MID-TERM REVIEW REPORT**

**COUNTRY REGIONAL DEPARTMENT WEST 1
ORWA**

July 2008

TABLE OF CONTENTS

I	INTRODUCTION	1
II	COUNTRY CONTEXT	1
	2.1 Recent Political Developments	1
	2.2 Economic and Social Development	1
III	IMPLEMENTATION OF THE RBCSP AND OUTPUTS AT MID-TERM	3
	3.1 Progress in Achieving Overall Goals	3
	3.2 Progress in Achieving Thematic Results of the RBCSP	5
	3.3 Other Results of the Bank's Strategy	7
	3.4 Resource Allocation	7
	3.5 Portfolio Management	8
	3.6 Aid Coordination and Harmonization	8
	3.7 Monitoring and Evaluation of Bank Group Assistance	9
IV	LESSONS LEARNT AT MID-TERM	9
	4.1 Lessons for the Bank	9
	4.2 Lessons for the Government	9
V	BANK GROUP STRATEGY FOR THE SECOND PHASE	10
	5.1 Consultation with Stakeholders	10
	5.2 Strategy for the Remaining Period 2008-2009	10
	5.3 Dialogue Issues	12
	5.4 Risks and Mitigation Measures	13
VI	CONCLUSION AND RECOMMENDATION	15
	6.1 Conclusion	15
	6.2 Recommendation	15
	Table 1. Benin Status of Achievement of Major Indicators	4
	Table 2. Achievements under Pillar	6
	Table 3. Achievements under Pillar	7
	Table 4. Bank Financial Activities for 2008-2009 Period	11
	ANNEX 1. RBCSP 2005-2009: Mid-Term Outputs	1
	ANNEX 2. RBCSP 2005-2009: Expected Outcomes in 2009	1
	ANNEX 3. Status of Millennium Development Goals (MDG)	1
	ANNEX 4. Key Financial and Macroeconomic Indicators 2000-2007	1
	ANNEX 5. Bank Group Portfolio Performance Indicators	1
	ANNEX 6. Portfolio Status as at 10 January 2008	1

<p>This report has been prepared by Mr. Alain EKPO, Senior Country Economist at ORWA following a mission to Benin from 31 October to 11 November 2007 led by Mr. Janvier LITSE, Director, Regional West Department 1, ORWA, with the participation of Mr. Racine KANE, Chief Economist at ORCE.</p>

ABBREVIATIONS AND ACRONYMS

ADB	:	African Development Bank
ADF	:	African Development Fund
IDA	:	International Development Association
AIDS	:	Acquired Immuno-Deficiency Syndrome
BCEAO	:	Central Bank of West African States
CENTIF	:	National Financial Data Processing Centre
CFAF	:	African Financial Community Franc
CPAR	:	Country Procurement Analytical Review
CSP	:	Country Strategy Paper
PRSP	:	Poverty Reduction Strategy Paper
ECOWAS	:	Economic Community of West African States
EU	:	European Union
GDP	:	Gross Domestic Product
GNP	:	Gross National Product
GPRS	:	Growth and Poverty Reduction Strategy
HDI	:	Human Development Index
HIPC	:	Heavily-Indebted Poor Countries
HIV	:	Human Immuno-Deficiency Virus
IMF	:	International Monetary Fund
INSAE	:	National Institute of Statistics and Economic Analysis
JBS	:	Joint Budget Support
MTEF	:	Medium Term Expenditure Framework
OHADA	:	Organization for the Harmonization of Business Law in Africa
PADS	:	Health System Development Support Project
PASRP	:	Poverty Reduction Strategy Support Programme
PERAC	:	Public Expenditure Reform Adjustment Credit
PGFP	:	Participatory Forest Management Plan
PRGF	:	Poverty Reduction and Growth Facility
PRSC	:	Poverty Reduction Strategic Credit
RBCSP	:	Result-Based Country Strategy Paper
SAL	:	Structural Adjustment Lending
SBEE	:	Electricity Corporation of Benin
SIGFIP	:	Integrated Public Finance Management System
SONAPRA	:	National Agricultural Production Corporation
UNDP	:	United Nations Development Programme
WAEMU	:	West African Economic and Monetary Union
WSSP	:	Water Supply and Sanitation Programme

I. INTRODUCTION

1.1 In June 2005, the Boards of Directors of the Bank Group approved the Results-Based Country Strategy Paper (RBCSP) for Benin covering the 2005-2009 period. The paper (ADF/BD/WP/2005/63) is based on two pillars: (i) diversification of production; and (ii) broadening of access to basic social services.

1.2 In considering the RBCSP, the Boards made recommendations aimed at reversing the upward trend of the incidence of poverty, notably through: (i) better targeted efforts to ensure wider access to basic social services, particularly for women and children; (ii) pursuance of actions relating to strengthening of the fiduciary framework, reform of the justice sector, the fight against corruption and money laundering, as well as the elimination of obstacles to private investments; and (iii) improvement of the performance of the Bank's portfolio by accelerating the implementation of projects with a view to enhancing their impact on development. Overall, although these recommendations were followed by actions, they need to be reinforced. Indeed, the incidence of poverty remains high and greater efforts need to be made to significantly improve the performance of the Bank's portfolio.

1.3 This mid-term review of the RBCSP 2005-2009 assesses the results obtained in the implementation of the Bank's Strategy over the 2005-2007 period, and draws lessons for pursuance of the Strategy until 2009. The content of this report reflects the outcomes of discussions held with the Benin's authorities and development partners. It is also based on information gathered by the Bank's team during missions to Benin in the last quarter of 2007 and the first half of 2008.

1.4 In addition to the introduction, the paper comprises five other chapters: Chapter II provides an overview of the country's current political, economic and social situation; Chapter III focuses on the implementation of the Bank's operational strategy and the results obtained at mid-term; Chapter IV presents the lessons learnt at mid-term; Chapter V outlines the Bank Group strategy for the second term; and lastly, Chapter VI draws conclusions and makes recommendations.

II. COUNTRY CONTEXT

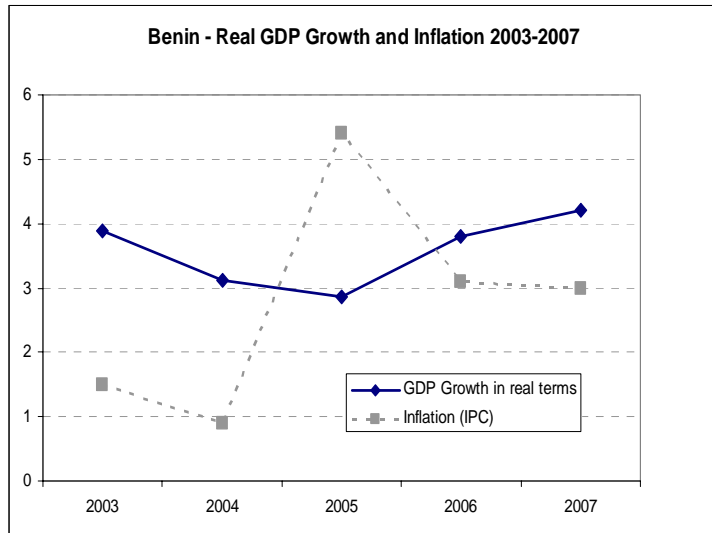
2.1 Recent Political Developments

The April 2006 elections culminated in the victory of President Yayi Boni. The legislative elections that followed in April 2007 gave him a majority in parliament thanks to a coalition with other political parties. Municipal elections were held on 20 April 2008, the outcomes of which could lead to some adjustments in the Government.

2.2 Economic and Social Development

2.2.1 The objectives of the Government's programme in 2005 centre around four strategic pillars of the Poverty Reduction Strategy Paper (PRSP 2003-2005), namely: (i) strengthening of the medium-term macroeconomic framework; (ii) human capital development and environmental management; (iii) strengthening of governance and institutional capacities; and (iv) promotion of sustainable employment and building the capacities of the poor in decision-making and production. These strategic pillars were expected to achieve a real growth rate of 6% in 2007 and over 7% by 2015. The incidence of urban poverty was expected to decline to 20% in 2007, and stand at only 10.8% by 2015.

2.2.2 Growth and Inflation: After a four-year period of slowdown, the country's economy picked up in 2006 and continued in 2007 following the improvement in cotton production, the restoration of trade relations with Nigeria under a Co-prosperity Alliance and the growth in port activities. Real growth rose from 2.9% in 2005 to 3.8% in 2006, and was estimated at 4.2% in 2007. However, this growth remained below expectations as a result of the energy crisis that hit productive activities early 2007, as well as delays in the implementation of structural reforms, notably in the cotton sector. The rate of inflation, which had risen sharply in 2005



(5.4%) as a result of the prices of foodstuffs and petroleum products, fell to 3.8% in 2006 thanks to good rainfall that led to increased food production in the sub-region. The tax and customs relief measures introduced by the Government helped to mitigate the impact of the soaring world prices of oil and staple products on domestic prices.¹ In 2007, the rate of inflation was estimated at 2%, which was below the maximum community standard of 3%.

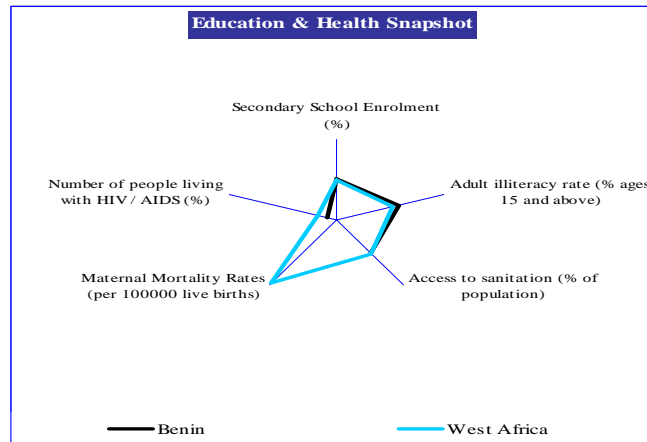
2.2.3 Public Finance: The measures adopted by the Government in 2006 to safeguard revenues and curb expenditures helped to improve public finance from a deficit of -1.4% of GDP in 2005 to a slight surplus of 0.4% in 2006. These measures, which were pursued in 2007, improved the country's financial situation. The total revenues (excluding grants), estimated at 19% of GDP in 2007 (compared to 16.8% in 2006), benefited from the renewed economic activity, notably external trade and greater efficiency of the tax and customs services. As regards expenditures, the Government improved budget execution procedures. The unorthodox practice of committing expenditures directly through Treasury payment orders has been gradually replaced with the increased use of the normal expenditure mechanism through the Integrated Public Finance Management System (SIGFIP). This helped to achieve a basic primary balance of 1% of GDP in 2007.

2.2.4 Money and Credit: In 2006, monetary expansion was sustained, with a 16.3% increase following the improvement of the net external assets of the banking system. Increased private and official transfers boosted foreign exchange inflows to the country. In 2007, the increase in money supply was limited to 7.6%, with a less pronounced expansion of net external reserves. The net position of the Government in relation to the banking system strengthened further in 2007, following the good performance of tax revenues. In 2007, the resulting decrease in net credit to the Government was accompanied by a 9.8% increase in credit to the private sector.

¹ It should be noted that the current upsurge in food prices has brought back the issue of food security to the limelight in Benin. Apart from the short-term tax and customs measures, the Government in December 2007 approved an Emergency Food Security Support Programme (PUASA) estimated at CFAF 62.3 billion. The programme aims at increasing the production of staple products in the short term, notably through: (i) building the capacities of grassroots organizations; (ii) irrigation schemes; and (iii) intensification and diversification of agricultural production. The Bank has undertaken to support the Government's efforts by restructuring its agricultural portfolio in Benin.

2.2.5 Balance of Payments and External Debt: The external position of Benin, marked by structural deficits in the trade balance and current account degraded during the 2000-2005 period due to the combined effects of a decline in cotton and textile export revenues, as well as an increase in the petroleum products import bill. In 2006, the current account deficit, excluding official transfers, stood 7.1% of GDP and was expected to fall to 6.9% in 2007 following the increase in cotton exports and the good performance of current transfers. Benin has already received debt relief under the HIPC and MDRI Initiatives. Furthermore, in 2007 the country's Chinese and Russian debts were cancelled. The outstanding external debt was estimated at 12% of GDP in 2007 as against 36.9% in 2005. With international reserves estimated at 13 months of imports in 2007, the country's external position is viable. However, it still remains fragile as a result of the country's vulnerability to the volatile cotton prices, uncertainties in its trade relations with Nigeria and the appreciation of the Euro against the Dollar.

2.2.6 In the social sector, as we will see in Paragraph 3.1.3, significant progress was made in basic education, with a slight increase in the enrolment rate. Similarly, there has been some improvement in access to health services by poor communities as reflected by increased attendance of health services. However, monetary poverty has not declined; rather, it has worsened as a result of the limited growth.



2.2.7 The Business Climate of Benin benefitted from the stable political situation and improved macroeconomic situation. However, major constraints persist, particularly the high tax rate, administrative red tape, land insecurity and corruption. The "Doing Business 2008" survey ranks Benin 151st out of 178 countries, compared to 147th one year ago. The energy infrastructure also hampers the country's productive activities. Indeed, Benin is a net importer of electric energy, and suffers from frequent load-shedding.

III. RBCSP IMPLEMENTATION AND OUTCOMES AT MID-TERM

3.1 Progress in Achieving Overall Goals

3.1.1 The Bank's strategy in Benin for the 2005-2009 period hinges on the country's Poverty Reduction Strategy Paper (PRSP 2003-2005) whose implementation continued in 2006. In 2007, the Government adopted a new Growth Strategy for Poverty Reduction (GSPR 2007-2009), of which the major challenge was the promotion of wealth-creation activities. As mentioned earlier, the pillars adopted by the Bank for the RBCSP are: (i) **promotion of the diversification of production and (ii) improvement of access to basic social services.** With these two pillars, the Bank sought to assist the Government in addressing four main challenges: (i) reducing the vulnerability of the economy by diversifying production; (ii) reducing delays in PRSP implementation by enhancing governance; (iii) reducing the low attendance rate of health facilities; and (iv) improving the use of health services.

3.1.2 An analysis of quantitative indicators (Table 1) shows that, overall, the country's macroeconomic and social situation has improved. However, growth remains weak and has not helped to reduce poverty significantly. Furthermore, the economy remains highly dependant on the cotton sub-sector and external trade, particularly with Nigeria, the country's large neighbour. The issue of the diversification of the economy remains a major constraint on achieving strong growth that is less vulnerable to exogenous shocks. Delays by the Government in implementing key structural measures, particularly the privatization of public enterprises and some port reforms, have contributed to the poor performance noted. The Government has undertaken to pursue these key reforms over the next two years.

Table 1
Benin: Status of Key Indicators (*)

Key Indicator		PRSP 2003-2005			GSPR 2007-2009	
		2005 Target	2005 Achievements	2015 Target	2007 Target	2007 Achievements
Macro	Real GDP Growth Rate (in %)	5	2.9	>7.0	6.8	4.2
	Inflation (IPC) (%)	<3.3	5.4	<3.0	<3.0	2
Poverty	Incidence of Poverty		36.8 (2004)			37.4 (2006)
	Incidence of Urban Poverty (%)	21	27.2	10.8	20	35.0 (2006)
	Incidence of Rural Poverty (%)	26.7	40.6	13.5	25.5	38.8 (2006)
	Life Expectancy at birth (year)	52.3	55	65	52.4	56.7
Health	Rate of attendance of Health Services (%)		37		40	43.9 (2006)
	Infant and Child Mortality Rate (per 1000 Live Births)	116.3	105	90	111.2	...
	Maternal Mortality Rate (per Hundred Thousand Live Births)	490	474.0 (2003)	390	480	...
	HIV/AIDS Prevalence Rate (%)	<6	2.1	<6	<6	1.2 (2006)
Education	Primary Gross Enrolment Rate (%)	96	94	100	97.2	95.6
	Pupil / Teacher Ratio		50		50	47.0 (2006)

(*) Indicators for monitoring GSPR 2007-2009 are being defined with the development partners.

3.1.3 As regards governance, progress has been mixed. The objectives were to extend the programme budget to all sector Ministries and to fight against corruption. The first objective was, on the whole, achieved although efforts still have to be made to establish the results-oriented management. On the other hand, with respect to corruption, a survey conducted in 2005 and 2006 indicated that it remains a major concern for households and enterprises. Several Government services are affected by corruption, the most noted ones being customs, tax service, police and justice. The Government intends to update the national anti-corruption plan based on this survey, and take effective measures to combat the scourge.

3.2 Progress in Achieving Thematic Outcomes of the RBCSP

Tables 2 and 3 below indicate achievements under the two pillars of the Bank's strategy.

3.2.1 **Pillar 1 Achievements: Promotion of the Diversification of Production.** This priority was intended to promote accelerated growth against a background of improved macroeconomic framework. The implementation of this pillar depended on: (i) the creation of an enabling environment for private sector development, (ii) promotion of good governance and capacity building for public expenditure execution, in line with the PRSP focus areas; and lastly (iii) increased production and competitiveness of the agricultural sector.

3.2.2 ***Creation of an Enabling Environment for Economic Growth:*** As already indicated, although there has been an improvement in economic growth, this has been rather limited in view of delays in the implementation of structural reforms. The privatization programme was only partially implemented. With regard particularly to the National Agricultural Promotion Corporation (SONAPRA), the Government in October 2007 launched a competitive bidding for the partial privatization of the ginning plants but was compelled to abandon the exercise two months later as a result of irregularities in the tender award process. In the electricity sector, the Government decided to review its divestiture strategy for the National Electricity Energy Corporation (SBEE) given the very fragile financial situation of the corporation. It intends relaunch the privatization in 2009 after restructuring the corporation. Similarly, the Government intends to privatize Benin Telecom after completing its financial restructuring. New texts to govern the sector are currently being prepared.

3.2.3 The situation in the Port of Cotonou improved significantly as a result of the reforms initiated by the Government with the technical and financial support of the Millennium Challenge Account (MCA) of the United States to enhance competitiveness. However, the implementation of these reforms is behind schedule, particularly the establishment of a Single Window for External Trade (SIGUCE). The Government intends to accelerate the reforms and involve the private sector in the management of port facilities.

3.2.4 ***Promotion of Governance and Institutional Capacity Building:*** The results obtained are satisfactory on the whole, although corruption remains a major concern in the country. A general internal audit reform plan has redefined the role of the various structures and established standards for internal auditing. With regard to external auditing, the General Inspectorate of Finance is operational, and has already undertaken a number of audit exercises. The Audit Chamber of the Supreme Court has also already reviewed the public accounts for 2001 and 2002, and submitted the report to Parliament for approval. The other accounts, which are still being audited, will be forwarded to Parliament with some delay because of the inadequate material and human resources of the Audit Chamber. The upgrading of the Audit Chamber into a Court of Auditors following the revision of the constitution, should give the structure more autonomy and resources.

Table 2
Achievements under Pillar 1

Long-Term Outcomes	Expected CSP Outcomes in 2007	Outcomes in 2007
1.1. Create a pro-growth business environment	1.1.1. Increase economic growth to 6%.	NOT ACHIEVED -Growth stood at 4.2% in 2007.
	1.1.2. All the cotton ginning enterprises are privatized.	NOT ACHIEVED -Government intends to conduct reflection on a general reform of the sector in 2008 before resuming the privatization process.
	1.1.3. Dialogue between the Government and the private sector improves.	ACHIEVED -A Parity Partnership Organ (OPP) was created in July 2005. In June 2006, the OPP published the health sector development policy and strategies for the 2006-08 period.
	1.1.4. A private sector promotion action plan is formulated.	ACHIEVED - The Government adopted a Private sector development policy letter in September 2006. The Government also initiated development programmes for the microfinance, industry and trade sectors.
1.2. Promote good governance and build institutional capacities	1.2.1. Regulatory instruments for improving the public expenditure control system are adopted.	ACHIEVED —The Government issued a decree in 2006 on the reorganization of control structures. The General State Inspectorate is operational, and has already begun audit exercises that led to the dismissal on 12 November 2007 of the GMs of the Cotonou Port Authority and SOGEMA.
	1.2.2. Audited budget bills are prepared, considered by the Court of Auditors (Chamber) and forwarded to Parliament within the prescribed time lines.	PARTIALLY ACHIEVED -The 2001 audited budget bill has already been passed by the National Assembly (N.A.). The 2002 audited budget bill has been submitted to the N.A., but has not yet been passed. The other bills will be delayed.
1.3. Enhance competitiveness of the agricultural sector and improve the incomes of farmers	1.3.1 Implement participatory forest management plans for six classified forests.	ACHIEVED –Participatory forest management plans have been formulated in six localities and cover 19 classified forests.
	1.3.2 Increase the share of private and public investments in the agricultural sector.	ACHIEVED -The share of public investments in agriculture increased in 2007, and this is expected to continue in 2008.

3.2.5 As regards public procurements, a draft of an updated Public Procurement Code based on the WAEMU Guidelines was prepared by the Government in 2007 and submitted to the National Assembly. While awaiting its adoption, the Government has been seeking financial resources from its technical and financial partners to be used in establishing procurement units.

3.2.6 To support the Government's efforts in the fight against corruption, the Bank strengthened the anti-corruption observatory and assisted the Government in the operation of the National Financial Data Processing Unit (CENTIF), responsible for monitoring issues relating to money laundering. The Bank also participated in the financing of the survey on corruption and governance in Benin.

3.2.7 *Enhancement of the Competitiveness of the Agricultural Sector and Improvement of Farmers' Incomes:* The results are satisfactory. The participatory forestry management plans for 19 classified forests was prepared in six localities of the country under

the forestry management project financed by the Bank. Furthermore, the share of public investments in agriculture increased in 2007, and is expected to continue in 2008. The Government allocated CFAF 21.5 billion in the 2008 budget using internally-generated resources compared to CFAF 13.6 billion allocated in 2007.

3.2.8 Achievements under Pillar II: Improvement of Access to Basic Social Services: The Bank's objective was to contribute to: (i) improving access to health care with a view to reducing child and maternal mortality; and (ii) increasing access by the population to quality health services. The mid-term objectives set in the RBCSP were achieved on the whole. Access by the population to health care improved with a health coverage that attained 90% countrywide in 2006. However, access in 13 out of 34 health zones in the country remains lower than the national average. The Government hopes to step up efforts to improve the situation of these zones.

Table 3
Achievements under Pillar 2

Long-Term Outcomes	Expected Outcomes in 2007	Outcomes Obtained
2.1. Improve accessibility, quality and use of health interventions contributing to the objectives set for reduction of child and maternal mortality and the management of epidemics.	2.1.1. The coverage rate of health facilities increased from 83% in 2001 to 90% in the selected poor health zones.	Achieved -Health coverage stood at 90% countrywide in 2006. Increase in attendance rate of health services by the population from 37% in 2005 to about 44% in 2006.
2.2. Increase accessibility by the population to quality health services.	2.2.1. Mechanisms for funding pro-poor services were put in place and evaluated.	Achieved -Establishment in 2005 of a fund for the needy in 19 health zones in the country. In 2007, the number of zones covered rose to 34.
	2.2.2. Obstetrical coverage increased from 34.6% to 55% in the Bank's intervention areas.	Achieved -The rate of births attended by medical and paramedical personnel in 2006 is estimated at 82%, exceeding the 77% target. The rate of prenatal consultation is also in line with the 91% target set.

3.3 Other Results of Bank Strategy

Under the production diversification programme, the Bank participated in the multinational project for the dissemination of NERICA rice. The interest generated by the project resulted in its unexpected ownership by some Benin businessmen. Indeed, the businessmen replaced the Bank in some localities and provided the communities with NERICA Rice seeds to increase production.

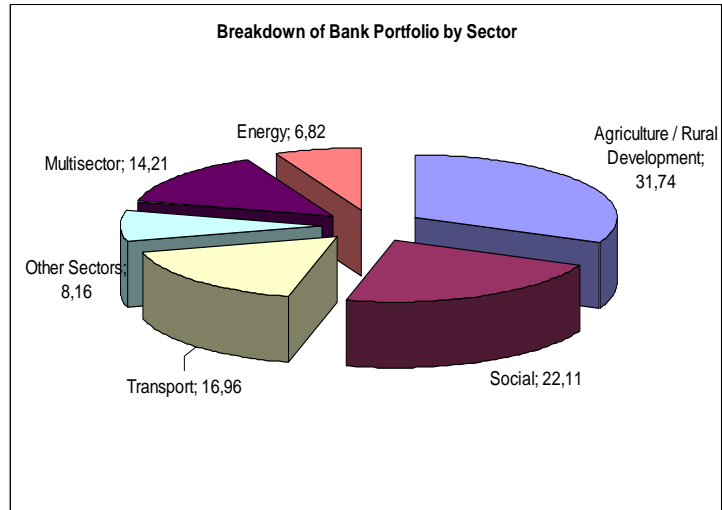
3.4 Resource Allocation

3.4.1 For the implementation of the CSP 2005-2009, the Board, under ADF-X, approved financing amounting to UA 52.5 million, comprising UA 29.1 million as loans and UA 23.4 million as grants. The ADF-X allocation for Benin was used to finance three projects (PAGEFCOM, PAIC and PRSP II). In line with the RBCSP pillars, the financing concerned the agricultural sector (support for the diversification of production), capacity building, and improvement of access to health services through support for the implementation of the country's poverty reduction strategy.

3.4.2 The portfolio of ongoing operations comprises 22 operations, for net commitments of UA 198.52 million. Ninety-eight percent (98%) of these operations were financed by the ADF Window and 2% by the NTF Window.

3.5 Portfolio Management

3.5.1 The management and monitoring of the Benin portfolio have been major concerns of the Bank for many years. The portfolio of operations as at 31 December 2007 consisted of ten (10) potentially problem projects (PPP), representing 56% of the portfolio. With an overall rating of 1.96 points (on a scale of 0 to 3), the performance of the portfolio was deemed to be average during the portfolio review conducted in



December 2007. This did not improve significantly in relation to the last review carried out in 2004 that achieved an overall rating of 1.90. All the sectors have been encountering difficulties, in particular projects in the agriculture, transport and social sectors, all of which are more than four years old with a 28% disbursement rate at end December 2007. However, some progress was made in the first quarter of 2008, thereby increasing the disbursement rate to 36.5%.

3.5.2 The high level of PPPs is mainly due to long delays in operation effectiveness, the non-allocation of counterpart funds for some projects in the national budget, delays in the procurement of goods and services, and the poor capacity of the Project Implementation Unit to prepare the bidding documents. The absence of a Bank Country Office in Benin has also compounded the difficulties in monitoring the portfolio, which is one of the largest of all the development institutions operating in Benin, after that of the European Union.

3.5.3 In accordance with the Bank's commitments during ADF-XI replenishment, efforts will be made to improve the performance of the portfolio, including better selectivity of projects to be financed so as to guarantee an adequate level of implementation.

3.6 Aid Coordination and Harmonization

3.6.1 Since 2004, aid coordination among the development partners has been strengthened with the creation of a consultative framework known as the JBS Group, comprising the European Union, Denmark, Netherlands, Switzerland, the World Bank and the Bank. This coordination resulted in the adoption of a common approach to support the PRSP through joint budget support. Sector and thematic meetings are also regularly organized, with a donor as lead, particularly in the health, education, governance and agricultural sectors.

3.6.2 In September 2007, a joint aide-mémoire on the status of the Poverty Reduction and Growth Strategy for the 2006-2007 period was formulated, and a Protocol Agreement between the Government of Benin and the JBS Group on budget support arrangements was signed on 4 December 2007. The agreement aims at improving, in the spirit of the Paris

Declaration, the working framework between the Government and the donors. A matrix of indicators aimed at improving the monitoring of the implementation of the country's poverty reduction strategy is being prepared in collaboration with the authorities. However, the absence of a Bank Country Office in Benin made it impossible to participate regularly in the meetings of the Group. Plans are underway to recruit a National Programme Officer to partially fill this vacuum.

3.7 Monitoring and Evaluation of Bank Group Assistance

The Bank's activities in Benin were monitored through: (i) programme and project supervision missions under the two pillars of the Bank's strategy, and (ii) the quarterly monitoring of the Bank's portfolio based on a matrix drawn up for the purpose. Pending the recruitment of a National Programme Officer, an increase in the frequency and composition of supervision missions should contribute to improving the monitoring of the Bank's activities.

IV. LESSONS LEARNT AT MID-TERM

4.1 Lessons for the Bank

4.1.1 Relevance of Indicators: One of the major difficulties encountered during the RBCSP mid-term review was the monitoring of quantitative indicators. Apart from the macroeconomic indicators provided within a reasonable timeframe, the other indicators, particularly the social indicators, were obtained with much difficulty. Most of these indicators, computed after countrywide surveys, are only available several months after the end of the year. The Bank should take these factors into account in choosing the monitoring indicators.

4.1.2 Relevance of Structural Measures Proposed: Some structural measures pose the problem of credibility and relevance, particularly with regard to their level of ownership by the Government. For example, the Bank, in conjunction with other donors, adopted the privatization of cotton ginning plants of SONAPRA as an indicator of the RBCSP. This privatization, which has still not materialized, was still maintained in the budget support. The Bank should ensure that the reforms supported are not only relevant to the country's strategy, but also are owned by the Government.

4.1.3 Selectivity of Projects to be financed: The Bank's portfolio in Benin includes ten projects that are potentially at risk. Apart from the management problems mentioned above, there is also the issue of relevance of the choice and design of the projects. Some projects no longer appear to be a Government priority, in view of the difficulties in mobilizing counterpart funds. Others need to be closely monitored to ensure effective implementation, given the scale of activities to be carried out. The Bank should ensure better selectivity of projects in order to concentrate its limited resources on a reasonable number of key projects that have a greater chance of being completed on time.

4.2 Lessons for the Government

The Government is of the view that progress has been made at the institutional level with the widespread use of the participatory approach in the formulation and implementation of sector strategies. However, it has noted the need to improve coordination of activities with all the technical and financial partners, particularly with regard to the

formulation of projects and the monitoring of their implementation. The Government has undertaken to ensure stability of the institutional system, particularly by avoiding too frequent replacement of project coordinators.

V. BANK GROUP STRATEGY FOR THE SECOND PHASE

5.1 Consultations with Stakeholders

5.1.1 Consultations with the various parties (Government, donors, project management agencies and beneficiary structures) were held during the Bank's supervision missions, as well as during joint missions with other TFPs. This helped to assess the achievements of intermediate indicators, as well as factors impeding the implementation of projects. The CSP mid-term review mission, as well as the official visit by the Bank President to Cotonou in March 2008, also offered an opportunity to discuss with the country's authorities and other stakeholders the issues, choices and priority actions under the pillars of the strategy.

5.1.2 The consultations showed that the challenges identified in the 2003-2005 PRSP are still relevant. The new Growth Strategy for Poverty Reduction (GSPR) approved in February 2007 pursues objectives that are similar to the previous strategy, with special focus on the promotion of wealth-creation activities. Consequently, the Bank strategy for the second period of CSP (2008-2009) will be maintained, but greater attention will be paid to the selectivity of projects to enhance their impact on development.

5.2 Strategy for the Remaining Period 2008-2009

5.2.1 The country allocation for Benin was fixed at UA 90.4 million under ADF-XI (2008-2010), comprising loans (UA 50.11 million) and grants (UA 40.29 million). For the 2008-2009 period, the Bank's lending activities, agreed with the Government and other stakeholders, are summarized in Table 4 of the next page.

5.2.2 These intervention areas, which are in line with the two pillars of the RBCSP, will aim at: (i) reinforcing the diversification of production through increased cattle and dairy production, (ii) improving access to electrical energy by reinforcing the electric power production and distribution infrastructure; (iii) building the capacities of the population in various trades, particularly public works and construction, agriculture, electricity, carpentry, and hotel industry by constructing several trades centres and increasing the admission capacities of existing agricultural schools; and (iv) continued support for the implementation of the GSPR through a joint budget support programme with other technical and financial partners.

- The Bank's support for the cattle sector aims at pursuing the dual objective of production diversification and the fight against food insecurity. The support will be provided through the Rural Economic Growth Support Project (PACER) jointly financed with IFAD. The sub-sector approach was adopted in order to take into account the need to promote the dairy industry as well. The Bank's support specifically aims at contributing to achieving the objectives defined under the two sub-sectors in the agricultural sector rehabilitation strategic plan: (i) increase meat production by 45% so as to reduce meat shortage by 30%, and (ii) increase dairy production from 85,000 tonnes in 2005 to 124,000 tonnes in 2010.

Table 4
Bank's Areas of Focus for 2008-2009 Period

Bank Strategy		Activities Initiated at Mid-term of the RBCSP 2005-2009	Activities for Remaining RBCSP Period (2008-2009)	
		2005-2007	2008	2009
Promote wealth creation and diversification of production	Create a pro-growth environment	Budget support (UA 15 M)	Budget support (UA 22 M)	Establishment of Trades Centres and expansion of agricultural schools and colleges (UA 20 M)
				Rural and urban electrification, construction of micro dams (UA 20 M)
	Increase the competitiveness of the agricultural sector	Agricultural production - PAGEFCOM (UA 35 M)	Cattle and dairy production project (UA 25 M)	
	Promote good governance	Institutional support (UA 2.5 M)		Institutional support (UA 3.4 M)
Improve access to basic social services		Budget support resources		Budget support resources

NB: The amounts of the projects are indicative.

- Budget and institutional support are part of concerted efforts with the other TFPs to help the Government to implement its new Growth for Poverty Reduction Strategy. Special emphasis would be laid on: (i) public finance management and governance; (ii) improvement of the business climate; and (iii) pursuance of efforts to provide health and education services.
- The electric energy production and distribution enhancement project is a follow-up to the second rural electrification project approved by the Bank in 2003; it is aimed at achieving 29% national electrification rate in 2008 and the gradual supply of less costly electricity for the entire population. The project will contribute not only to improving access by the population to the national grid, but will also help to mitigate the impacts of the country's energy crisis through the construction of micro-dams. These small energy production structures will be linked to agricultural schemes to enhance the productivity of the sector.

- The construction of trades centres and extension of agricultural colleges and schools are intended to support the country in the implementation of five development poles identified in the GSPR, namely: (i) services; (ii) cotton-textile; (iii) agro-food; (iv) tourism and handicraft; and (v) public works and construction. In these areas, Benin is often compelled to resort to foreign labour to cover its needs. The extension of agricultural schools and colleges will also contribute to strengthening the diversification and competitiveness of the agricultural sector with the training of more people in farming techniques.

5.2.3 In the private sector, the Bank intends to support women's entrepreneurship. It will coordinate this activity with the World Bank, which finalized a Competitiveness and Integrated Growth Project (PROCCI) in Benin in February 2008.

5.2.4 With regard to regional integration, Benin ratified a loan agreement in June 2008 amounting to UA 17.39 million for a Ghana-Togo-Benin electric interconnection project. The project aims at constructing a 330 kV electric transmission line between the three countries in order to increase the electric energy supply to Benin and Togo. In view of the current priorities of the Government of Benin, no new integration projects will be financed from ADF-XI resources.

Non-Project Activities

5.2.5 The micro-credit components of some Bank projects in Benin appear to be producing significant results in terms of diversification of production and poverty reduction by increasing the incomes of communities that have access to micro-credit. The Bank will conduct a study on the impact of these micro-credits, the findings of which will be used in formulating the next strategy paper for the country.

5.2.6 As regards education, the authorities will deconcentrate higher education by creating several university poles in various regions, depending on their development needs. To that end, the Government will construct a cotton institute in the main cotton production area and a fisheries institute in the region focusing on this activity. The Bank will provide technical support by funding a study on the overall higher education reform. The study will define the broad outlines of the proposed reform, as well as assess its implementation.

5.2.7 With respect to health, the Government intends to construct a referral hospital in Cotonou under a public-private partnership. The Bank will finance a pre-feasibility study on the hospital.

5.2.8 Contribution to the HIPC Initiative: The Bank continues to provide assistance to the HIPC Initiative. For Benin, the Bank has earmarked a nominal contribution of UA 28.2 million, 81.2% of which was delivered on 31 December 2007. The Bank Group relief corresponds to about 20% of the aid provided by the entire multilateral creditor community and 14% of the total relief granted by Benin's creditors. The Bank Group debt relief will be disbursed until the end April of 2009.

5.3 Dialogue Issues

5.3.1 The Bank will pursue dialogue with Benin's authorities to ensure better selectivity of projects to be financed, and this requires better definition of national and sector priorities. Dialogue will also be enhanced with regard to structural measures that the Government has undertaken to pursue, as well as the monitoring of indicators.

5.3.2 As regards governance, the Bank will follow up on the updating of the anti-corruption action plan in line with the outcomes of the survey on corruption and the assessment of Benin under the African Peer Review Mechanism (APRM).

5.4 Risks and Mitigation Measures

5.4.1 Several risk factors were identified during preparation of the RBCSP 2005-2009, the first of which concerned the possibility of slackening in the dissemination of the PRSP contents as a result of the upcoming 2006 presidential elections. This risk did not materialize. The presidential and legislative elections were held without any problems. Despite practical organization problems raised during the recent municipal elections in April 2008, the situation was calm.

5.4.2 Delays in the implementation of structural reforms were also considered as a risk factor. This risk still remains, in view of the considerable delays in the implementation of the reforms. The World Bank suspended the disbursement of its fourth budget support tranche pending greater assurance by the Government to address the risk. The Government reiterated its commitments to pursue the reforms. The Bank will monitor the reforms closely, particularly those that will impact on its future activities, such as the agriculture and electricity sector reforms.

5.4.3 The vulnerability of the country's economy, due to its high dependence on cotton and climatic conditions, continues to be a risk factor. This risk is expected to reduce in the medium term. Indeed, the Bank has been financing several projects in the agriculture sector that should ultimately contribute to diversifying agricultural production and improving the use of lowlands by farmers to minimize the impacts of climatic conditions.

5.4.4 The last risk concerns the dependence of the Benin's economy on political and economic developments in Nigeria, the country's key trading partner. This risk has been mitigated by the significant normalization of trade relations with Nigeria and the improvement of the Cotonou Ports Authority. Furthermore, by strengthening its customs system, Benin could take advantage of its strategic position and become a major entry port to Sahelian countries.

VI. CONCLUSION AND RECOMMENDATION

6.1 Conclusion

6.1.1 Although Benin has made progress in macroeconomic stabilization and public finance management, the results of the implementation of its poverty reduction strategy have been mixed on the whole. The productive sector is still dependent on the performance of the cotton sector, and economic growth has not been enough to reduce the level of poverty. In 2007, Benin adopted a new Growth for Poverty Reduction Strategy.

6.1.2 The challenges identified in the preparation of the RRCSP are still relevant, particularly the diversification of production and enhanced governance in matters relating to corruption and the extension of results-based management to all sector Ministries. The ongoing Bank operations in the agricultural sector, as well as budget and institutional support that can help to meet these challenges must be strengthened. Consequently, over the 2008-2009 period, the Bank will strengthen its assistance through a budget support programme and operations aimed at increased cattle and dairy production, as well as electrification and improvement of basic social services.

6.2 Recommendation

6.2.1 The Boards of Directors are invited to approve the 2008-2009 activity programme of Benin, as well as the use of ADF-XI resources for its financing.

RBCSP 2005-2009: Mid-Term Outputs

Long-Term Outcomes	Expected CSP Outcomes in 2007	Outcomes Obtained in 2007
PILLAR I: Promotion of the Diversification of Production		
1.1. Create a pro-growth business climate	1.1.1. Increase economic growth to 6%; 1.1.2. All cotton ginning enterprises are privatized; 1.1.3. Dialogue between the Government and the private sector is improved; 1.1.4. A private sector promotion action plan is prepared.	<p>Despite renewed growth in 2006 and 2007, the 6% target could not be achieved as a result of the energy crisis that severely affected productive activities at the beginning of 2007 and delays in the implementation of structural reforms, particularly in the cotton sector. The growth rate in 2007 is estimated at 4.2%.</p> <p>The Government launched a competitive bidding on 27 August 2007 for the partial transfer of the industrial component of SONAPRA. Following the opening of bids, the <i>Société Commune de Participation</i> (SCP) was selected for the acquisition of 45% of the capital of the joint venture company (SODECO), established by Decree No. 2007-462 of 12 October 2007 to take over the ginning plants of SONAPRA. However, on 2 November, the Government cancelled the entire privatization process, claiming irregularities in the award of the industrial component, as well as in the establishment of SODECO. The Government intends to conduct reflection on an overall reform strategy of the sector with the support of external partners. The reform, projected to start by June 2008, will cover a three-year period.</p> <p>A public-private sector consultative framework was put in place by Ministerial Decision on 13 May 2005. A Parity Partnership Organ was created in July 2005 and resources for its operation allocated in the 2006 budget. In June 2006, the OPP published the Development Policy and Strategies of the Partnership between public and private sectors in the area of health for the 2006-08 period.</p> <p>Various programmes were implemented in accordance with the Private Sector Development Policy Letter adopted by the Government in September 2006, notably the establishment in February 2007 of a Presidential Investment Board (CPI) placed under the authority of the Head of State. The CPI is responsible for enhancing dialogue between the Government and investors, so as to accelerate the process of identification and implementation of reforms designed to improve the business climate. The Government has also initiated development programmes in the microfinance, industry and trade sectors.</p>
1.2. Promote good governance and building of institutional capacities	1.2.1. Regulatory instruments to improve the public expenditure control system are adopted; 1.2.2. Audited budget bills are prepared, considered by the Court of Auditors (or Chamber) and submitted to Parliament within the legal timeframe.	<p>Decree No. 2006-627 on the reorganization of control bodies. The IGE, in charge of the coordination of internal control, is operational and has the minimum human and material resources needed to start its activities. The IGE has already begun audits resulting in the dismissal on 12 November of the Directors of the Cotonou Ports Authority and of SOGEMA.</p> <p>The IGE audits are ongoing and should focus on the National Water Corporation of Benin (SONEB), the National Lottery of Benin (LNB) and the National Agricultural Promotion Corporation (SONAPRA). The National Public Procurement Regulatory Committee has been operational since 2005. A new Management was put in place in 2007 to enhance its activities. However, the new Public Procurement Code has not yet been adopted.</p> <p>The 2001 Audited Budget Bill has already been adopted by the National Assembly. The 2002 Audited Budget Bill was submitted to the National Assembly in March 2007, but has not yet been adopted. The Audit Chamber has already audited the 2003 accounts and submitted its execution report to the Ministry of Finance in January 2008 for consideration prior to its adoption by the Government and onward transmission to Parliament. The 2004 accounts were sent by the Treasury to the Audit Chamber. The Audit Chamber, which should be upgraded into a Court of Auditors following an amendment of the constitution, is suffering from lack of material and human resources. As a transitional measure, it will relocate to more suitable offices and increase its staff.</p>
1.3. Enhance the competitiveness of the agricultural sector and increase farmers' incomes	1.3.1. Implement participatory forest management plans for six classified forests. 1.3.2. Increase the proportion of private and public investment in agricultural sector	<p>Participatory forestry management plans have been prepared in six localities, and cover 19 classified forests.</p> <p>The proportion of public investments in the agricultural sector increased in 2007, and this is expected to continue in 2008. The Government allocated CFAF 21.5 billion in the 2008 budget for investments using internally-generated resources, as against CFAF 13.6 billion in 2007.</p>
PILLAR II: Improvement of Access to Basic Social Services		
2.1. Improve access, quality and use of health interventions that help to reduce child and maternal mortality and ensure management of epidemics.	2.1.1. The coverage rate of health facilities increases from 83% in 2001 to 90% in selected health zones.	A significant increase in the attendance rate of health services by the general public which rose from 37% in 2005 to about 44% in 2006, for a target value of 40%. Similarly, the attendance rate of health services by children aged from 0 to 5 increased from 76% in 2005 to 79% in 2006, in line with the target value.
2.2. Increased access by the population to quality health services	2.2.1. Mechanisms for financing pro-poor services are put in place and assessed. 2.2.2. Obstetrical coverage increases from 34.6 to 55% in the Bank's intervention areas.	<p>Establishment in 2005 of a pro-poor fund in 19 health zones of the country. In 2007, the number of areas covered increased to 34 in 2006, the amount of the fund stood at CFAF 1 billion and the consumption rate of the said fund by the poor increased from 6.74% in 2005 to 44.6% in 2006. Training and information sessions were conducted in health facilities and communities in June 2007 to improve the use of the fund resources.</p> <p>The rate of delivery attended by medical and paramedical personnel in 2006 is estimated at 82%, far in excess of the 77% target set. The rate of prenatal consultation is also in line with the 91% target.</p>

CSP2005-2009: Expected Outcomes in 2009

Bank Strategy		Expected CSP Outcomes in 2009
Promote wealth creation	Create an enabling environment for growth	1.1.1.Increase real GDP growth to 7%;
		1.1.2.Public service enterprises are privatized in line with the new schedule decided by the Government;
		1.1.3.The cost of technical factors of production decreases by 10%;
		1.1.4.Administrative procedures hampering private investment are reduced in accordance with FIAS recommendations;
		1.1.5.Land certificates are used to mobilize resources.
	Increase competitiveness of the agricultural sector	1.3.3.Increased agricultural services are provided to farmers
		1.3.4.The incomes of the beneficiary communities increase by an average of 10 % in the ADF intervention areas
	Promote good governance	1.2.1.Duration of public expenditure processing reduces by 50%
1.2.2.All priority sectors have MTEF-backed programme budgets in 2009		
Improve access to basic social services	2.1. Improve accessibility, quality and use of health facilities that help to reduce child and maternal mortality and ensure management of epidemics.	2.1.2.Maternal mortality rate decreases from 485 deaths per hundred thousand births in 2001 to less than 388 (reduction by at least 20 %)
		2.1.3.Child mortality rate reduces from 89 per thousand in 2001 to less than 75 per thousand in 2009 (reduction by at least 15%)
	2.2. Increase access by the population to quality health services	2.2.1.From 2002 to 2009, the rate of curative consultation increases from 32% to 60% in Zou, and from 30% to 50% in Donga
		2.2.2. CPN coverage rate increases from 70% in 2002 to 90% in 2009 in Donga

ANNEX 3

Status of MDGs

Goals	Target	Indicators adopted in Benin	Current 2004 value of indicator	MDG 2015 Target value	Achievement
1. Eradicate extreme poverty and hunger	1. Halve the proportion of people living below the poverty line by reducing the poverty index to 15% by 2015	1. Monetary poverty index	36.3%	15%	Unlikely
		2. Human poverty index	48.9%	16%	
	2. Halve the number of people suffering from malnutrition by 2015.	3. Proportion of under-weight children	30%	14.6%	Likely, provided more action is taken
2. Achieve universal primary education	3. Provide primary education to all children of school age by 2015	4. Net primary education enrolment rate	80.7%	100%	Likely if actions initiated are pursued
		5. Primary education completion rate	54%	100%	
		6. Literacy rate	62%	100%	
3. Promote gender equality and empower women	4. Eliminate gender disparities in primary and secondary education by 2005, and at all levels of education by 2015	7. Girl-boy ratio in primary and secondary education	0.75	1	Unlikely
		8. Percentage of locally elected representatives by gender (% of women)	3.2%	30%	
		9. Women's participation indicator	0.356	1	
4. Reduce child mortality	5. Reduce infant and child mortality by 166.5 per thousand in 1996 to 65 per thousand in 2015	10. Under-5 mortality rate	146.4 per 1,000	65 per 1,000	Unlikely
		11. Child mortality rate	65.6%	39%	
		12. Proportion of 1 year old immunized against measles	99%	100%	
5. Improve maternal health	6. Reduce maternal mortality rate from 498 in 1996 to 390 per hundred thousand live births in 2015	13. Maternal mortality rate	474.4 per 100,000	390 per 100,000	Unlikely
		14. Proportion of births attended by health workers	75%	100%	Likely if actions are pursued
		15. Coverage rate of prenatal care	90%	100%	Likely if actions are pursued
6. Combat HIV/AIDS, malaria and other diseases	7. Reduce STI/HIV/AIDS prevalence	16. HIV/AIDS prevalence among pregnant women aged between 15 and 24 years	2%	1.9%	Unlikely
		17. Rate of use of contraceptives	10.1%	40.9%	
		18. Number of AIDS orphans	32810	Stabilized	
	8. Halt and reverse the current trend of malaria and other major diseases by 2015.	19. Incidence rate of malaria	116 per 1000	N/A	Unlikely
		20. Death rate due to malaria	140 per 1000	N/A	
		21. Tuberculosis prevalence rate	4.5%	Stabilized	
7. Ensure sustainable development	9. Mainstream the principles of sustainable development into national policies and reverse the current trend of depletion of environmental resources	22. Attendance rate of health services (curative care)	37%	100%	Unlikely
		23. Area of protected lands (in %)	0.18%	1%	
		24. Method of disposal of household waste (Rate of waste collection)	10.1%	34%	
	10. Half the percentage of the population without access to sustainable supply of drinking water	25. GDP per unit of energy consumed (energy output)	3.2%	N/A	Likely
		26. Carbon dioxide emission (per capita)	300	N/A	
		27. Proportion of population with access to drinking water source	76%	100%	
11. Significantly improve by 2015 the lives of at least 2/3 of Benin's population living in slums	28. Proportion of households without latrine or toilet	67.3%	42%	Unlikely	
	29. Proportion of precarious housing units	ND	N/A		

Source: Extract from Departmental Report on MDGs in Benin, PRSP-MDG and OCS/MDEF

Key Macroeconomic and Financial Indicators 2000-2007

Main Macroeconomic and Financial Indicators 2000-2007								
	2000	2001	2002	2003	2004	2005	2006	2007 Est.
Real Economy	(percentage change)							
GDP at Current Prices	9,6	9,1	6,8	5,7	3,1	8,5	7,1	7,4
GDP at Constant Prices	4,9	6,2	4,5	3,9	3,1	2,9	3,8	4,2
GDP Deflator	4,5	2,7	2,2	1,7	0,4	5,4	2,9	3,0
Consumer Price Index (average)	4,2	4,0	2,4	1,5	0,9	5,4	3,8	2,0
Consumer Price Index (end of period)	9,8	2,3	1,2	0,8	2,7	3,7	5,3	2,1
Cotton Production (thousands of tonnes)	363,6	336,6	400,7	337,5	333,1	190,8	285,0	306,0
Public Finance								
Revenues	13,3	5,5	13,2	8,1	2,2	9,1	8,7	21,1
Net Expenditures and Loans	25,0	9,5	8,5	12,2	3,8	13,9	-2,0	25,1
Money and Credit								
Net Domestic Assets 3/	10,5	-10,9	4,6	11,3	4,3	13,0	-4,3	3,9
Domestic Credit 3/	9,4	-9,2	7,5	12,8	4,6	13,4	-2,8	2,6
Net Government Position 3/	0,3	-9,1	2,3	-0,2	1,9	3,2	-7,4	-8,2
Credit to Non-Governmental Sector	25,5	-0,3	16,1	33,0	4,5	20,2	9,0	9,8
Broad Money	21,2	12,7	-3,8	-12,7	-4,9	21,8	16,3	7,6
Velocity (GDP/M2 average)	3,5	3,3	3,4	3,6	4,4	3,7	3,3	3,2
External Sector (in CFAF)								
Exports, f.o.b.	-3,0	15,3	-3,9	14,2	-0,2	-5,2	-14,3	24,6
Imports, f.o.b.	8,1	8,0	13,8	3,6	7,0	-5,5	1,6	14,5
Export Volume	-11,0	-2,9	10,4	11,1	-9,2	22,7	-9,1	21,6
Import Volume	1,2	6,2	5,5	4,7	2,6	3,3	4,2	9,4
Terms of Trade (minus = deterioration) -	2,1	16,7	-19,3	3,9	5,4	-15,9	-3,1	-2,1
Nominal Effective Exchange Rate (minus =)	-6,1	1,3	6,4	4,8	3,2	-0,5	-0,3	...
Real Effective Exchange Rate (minus =)	-4,2	3,2	5,5	4,1	2,6	2,2	0,2	...
	(In percent of GDP, unless otherwise indicated)							
Gross Investment	19,5	20,3	17,3	19,8	19,8	19,6	18,1	22,1
Government Investment	7,3	7,4	6,2	7,0	6,9	6,2	4,6	8,4
Private Sector Investment	12,2	12,9	11,1	12,8	12,8	13,4	13,6	13,7
Gross Domestic Saving	7,2	8,2	3,8	6,9	6,0	9,5	7,1	10,6
Government Saving	5,1	5,3	6,2	6,4	4,6	3,3	2,2	5,9
Non-government Saving	2,0	3,0	-2,3	0,5	1,4	6,2	4,9	4,7
Gross National Saving						12,9	11,7	16,4
Central Government Finance								
Revenue	15,8	15,3	16,3	16,6	16,5	16,5	16,8	19,0
Expenditure and Net Lending	19,2	19,3	19,6	20,8	20,9	21,1	19,3	22,6
Primary Balance 4/ -	-2,5	-3,1	-2,5	-3,6	-4,1	-4,3	-2,3	-3,3
Primary Balance (narrowly defined) 5/	2,7	1,3	1,0	-0,1	-0,3	-1,4	0,4	1,0
Overall Fiscal Deficit (payment order basis)	-3,4	-3,9	-3,3	-4,2	-4,4	-4,6	-2,5	-3,7
Overall Fiscal Deficit (cash basis, excluding)	-5,2	-3,9	-4,4	-3,9	-5,1	-3,6	-2,2	-5,2
Debt Service (after relief), in % of revenues	14,4	9,2	8,0	5,4	5,8	7,0	3,6	3,8
External Sector								
Trade Balance -						-9,6	-10,2	-10,9
Current Account Balance (excluding grants) -		-7,5	-8,1	-9,4	-9,6	-7,1	-7,1	-6,7
Current Account Balance (including grants)	-7,7	-6,4	-7,9	-9,2	-8,9	-6,7	-6,4	-5,7
Overall Balance of Payments 4.7 4.7 -	3,1	5,1	-3,6	-5,6	-2,5	3,0	4,7	1,1
Debt Service Ratio/Exports 1/	15,7	9,9	12,8	6,6	6,0	6,5	5,6	6,0
NPV of Debt to Exports Ratio	203,9	231,8	244,2	157,7	154,0	81,6	88,5	80,8
Debt to GDP Ratio (after HIPC and before MDRI)	55,8	55,5	47,7	35,3	33,4	36,9	36,1	34,1
Debt to GDP (post MDRI)						36,9	10,5	13,6
Gross Reserves (in months of imports)	8,6	10,8	8,8	7,9	5,9	11,3	14,7	13,7
Nominal GDP (in thousands of CFAF)	1679,7	1832,2	1956,7	2067,9	2131,5	2319,7	2485,3	2664,0
Population (mid-year in millions)	6,3	6,5	6,8	7,0	7,2	7,4	7,6	7,9

Sources : Beninese authorities; IMF estimates and projections

Bank Group Portfolio Performance Indicators

BENIN : PORTFOLIO REVIEW - OVERALL PERFORMANCE																					
	PGIPAP	PADMOC	PBF2	PAGEFCOM	PADPO	NERICA	PADPA	PAMF	DJOUGOU NDALI	KETOU ILARA	RURAL ELECTRI II	WSS	EDUC IV	HRDP	HEALTH III	HIV/AIDS	PRSP II				
A- Project Implementation																				1,82	
1. Compliance with conditions precedent to effectiveness	2	2	2	2	1	1	2	2	2		2	1	1	3	2,5	2,5	2			1,88	
2. Compliance with general conditions	2	1	1,5	2	2	2	2	2	2		1	1	2	2,5	2	3	2			1,88	
3. Compliance with other conditions	2	2	1	2	2	2	2	2	1,5		1		3	2	3	2				1,72	
B- Procurement Performance																				1,9	
1. Procurement of Consultancy Services	1	2	2	2	2	2	2	2	1		2	2	2,5	3	2	2	2,5			2	
2. Procurement of goods and works	2	1,5	2	2	1,5	1	2	2	1		2	2	2,5	1,5	2		2			1,8	
C- Financial Performance																				1,92	
1. Foreign exchange availability	2	2	2	2	2	2	2	2	2		2	2	3	3	3	3	2			2,25	
2. Availability of local resources in local currency	2	1,5	2	2	2	1	1	1	2		1	1	2	1,5	3	1,5	2,5			1,69	
3. Disbursement flow	1	1	1,5	2	2	2	1	2	1		3	1	2,5	2,5	2	2	2			1,78	
4. Costs management/recovery		2	2		2		2	2	1		3									2	
5. Co-financier Performance (where applicable)							2	1							2	1,5	3			1,9	
D- Activities and Outputs																				1,9	
1. Compliance with implementation schedule	1	1	1	3	1	1	1	2	1		2	1	1	1,5	1,5	1	1,5			1,34	
2. Consultant or technical assistant performance		2	2		2	2	2	2	2		2			3		2				2,33	
3. Contractor performance	1,5				1,5			1			3					2				1,8	
4. Project management performance	2	2	2	2	2	2	2	2	1,5		2	2	1,5	3	3	2	3			2,13	
E- Impact On Development																				1,57	
1. Likelihood of achieving project objectives	3	3	3	3	3	3	3	3	1		2	2	3	3	3	3	3			2,25	
2. Likelihood of obtaining benefits lasting beyond the project investment phase	3	3	3	3	3	3	3	3	3		2	2	3	3	3	3	3			2,38	
3. Likelihood of project contributing to institutional capacity building	3	3	3	3	3	3	3	3	2		2,5	2	3	3	3	3	3			2,34	
4. Current rate of return																					
F- Overall Project Rating																					
1. Current	1,93	1,94	2,01	2,3	2,01	1,9	2,05	2,07	1,57		2	1,57	2,25	2,52	2,45	2,6	2,38			2	
2. future trend																					

3 = Highly satisfactory, without problem; 2 = Satisfactory: a few problems, needs Bank monitoring; 1 = Unsatisfactory: problems, requires close monitoring by Bank, but no action required
0 = Highly unsatisfactory: serious problems: Bank action required

ANNEX 6

Portfolio Status as at 10 January 2008

Project	Financial Data in UA				Duration		Rating						Status
	FIN	Net Commitment	Amount Disbursed	%	N. of extensions	Age (yr.)	Compliance with conditions	Procurement of g & s	Financial performance	Activities & works	Impact on dvlpmt	Overall Rating	
FUELWOOD PROJECT - PHASE II (PBF II)	ADF	10000000	1962997	20	0	6	1.5	2	1.9	1.7	3	2.0	NPP
FORESTRY MANAGEMENT PROJECT	ADF	10540000	10307055	98	2	8	2	2	1.6	1.8	3	2.1	NPP
Communal Forests Management Support (PAGEFCOM)	ADF	19240000	704180	4	0	3	2	2	2	2.5	3	2.3	NPP
Communal Forests Management Support (PAGEFCOM)		15760000	513027	3	0	3	2	2	2	2.5	3	2.3	NPP
ARTISANAL FISHERIES SUPPORT PROGRAMME	ADF	7310000	1278781	17	0	6	2	2	2	1.7	3	2.1	PPP
RURAL DEV. SUPPORT PROJECT	ADF	11680000	5413398	46	1	8	1.7	1.8	2	1.6	3	2.0	PPP
MONO & COUFFO RURAL DEVELOPMENT	ADF	9130000	937920	10	7	0	1.7	1.8	1.6	1.7	3	2.0	PPP
NERICA DISSEMINATION PROJECT- BENIN	ADF	1450000	205679	14	0	4	1.7	1.5	1.7	1.7	3	1.9	NPP
Invasive Aquatic Weeds – Benin	ADF	1240000	48149	4	0	3	2	1.5	1.8	1.5	3	2.0	PPP
TOTAL AGRICULTURE		86350000	21371186	25%		4.6	1.8	1.8	1.8	1.9	3.0	2.1	
		43%	38%										
DJOUYOU-NDALI ROAD REHABILITATION	ADF	11110000	1821466	16	1	5	1.7	1.8	1.5	1.5	2.3	1.8	PPP
DJOUYOU-NDALI ROAD REHABILITATION	NTF	4000000	854194	21	1	5	1.7	1.8	1.5	1.5	2.3	1.8	PPP
POBE-KETOU-ILLARA ROAD REHABILITATION PROJECT	ADF	7800000	2899977	37	0	3	1.3	1.5	1.5	1.6	2.7	1.7	PPP
TOTAL TRANSPORT		22910000	5575636.7	24%		4.3	1.6	1.7	1.5	1.5	2.4	1.7	
		12%	10%										
RURAL WSS PROGRAMME	ADF	10740000	135022	1	0	3	1	2	1.5	1.5	2	1.6	PPP
Second Rural Electrification Project	ADF	12320000	8058181	65	0	4	1.5	2	2.3	2.3	2.3	2.1	NPP
TOTAL PUBLIC UTILITIES		23060000	8193203	36%		3.5	1.25	2	1.9	1.9	2.15	1.8	
		12%	15%										
EDUCATION SYSTEM STRENGTHENING PROJECT	ADF	12000000	388444	3	0	5	2	1.5	2	1	2.7	1.8	PPP
HEALTH SYSTEM DEVELOPEMENT	ADF	22000000	579269	3	0	3	2.3	2	1.8	1.8	2.3	2.0	PPP
HIV/AIDS CONTROL SUPPORT PROJECT	ADF	2700000	401434	15	0	4	2	1.5	1.8	1.9	3	2.0	PPP
RESOURCE DEVELOPMENT PROGRAMME	ADF	10000000	2704245	27	3	8	1.7	2.3	2.1	2.1	2.3	2.1	PPP
RESOURCE DEVELOPMENT PROGRAMME		2000000	1601603	80			1.7	2.3	2.1	2.1	2.3	2.1	PPP
TOTAL SOCIAL SECTOR		48700000	5674995.3	12%		4	1.94	1.92	1.96	1.78	2.52	2.0	
		25%	10%										
CONTROL INSTITUTIONS SUPPORT	ADF	2500000	151768	6	0	3	1.8	1.8	2.1	1.8	2.3	2.0	NPP
POVERTY REDUCTION. STRATEGY SUPPORT PROG.	ADF	9860000	9750330	99	0	2	2	2.3	2.3	2	2.3	2.2	NPP
POVERTY REDUCTION STRATEGY SUPPORT PROG.		5140000	5123713	100	0	2	2	2.3	2.3	2	2.3	2.2	NPP
TOTAL MULTI-SECTOR		17500000	15025811	86%		2.3	1.9	2.1	2.2	1.9	2.3	2.1	
GRAND TOTAL		198520000	55840832	28%		3.7	1.7	1.9	1.9	1.8	2.5	1.96	