

**An Independent Review of World Bank Support for
Capacity Building in Africa:
The Case of Benin**

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Acronyms

AAA	Advisory and Analytical Services
ACBF	African Capacity Building Foundation
CAS	Country Assistance Strategy
CAPAN	Centre of Political and Economic Analysis for Parliament
CAPE	Centre for Political and Economic Analysis
CFAA	Country Financial Accountability Assessment
CPAR	Country Procurement Assessment Report
DROA	Roads and Works Department
ESW	Economic and Sector Work
ICR	Implementation Completion Report
IDA	International Development Association (World Bank)
IDF	Institutional Development Fund
M&E	Monitoring and Evaluation
MTPT	Ministry of Public Works and Transport
NGO	Non-Governmental Organizations
OED	Operations Evaluation Department of the World Bank
PAGE	Economic Management Project
PEM	Public Expenditure Management
PERAC	Public Expenditure Reform Adjustment Project
PRSP	Poverty Reduction Strategy Paper
PRSC	Poverty Reduction Support Credit
SAC	Structural Adjustment Credit
SWAp	Sector Wide Approach
TA	Technical Assistance
WBI	World Bank Institute

Executive Summary

1. This study of Benin is one of six country case studies undertaken as part of an independent evaluation by the World Bank's Operations Evaluation Department (OED) of the relevance and effectiveness of World Bank support for public sector capacity building in Sub-Saharan Africa over the past ten years (1995-2004). In each case study, particular attention has been paid to the Bank's support for capacity building in four focal areas: education, health, roads, and public expenditure management.

2. Benin emerged from 17 years of Marxist-Leninist government in 1989 to embark on a major economic reform program with strong support from the Bank. The country has subsequently enjoyed one of the best macroeconomic performances in the region, growing by an average of five percent per year during the past decade. Social indicators have improved, privatization is virtually completed, and trade has been liberalized. Overall, Benin scores well on most indicators of governance, economic, and public sector management.

3. Capacity building in the form of institutional, organizational and human development has been a major focus of the Bank's effort in Benin in the past decade. The Bank has lent about US\$32 million in investment loans and an additional some \$63 million in adjustment loans for capacity building in education, health, roads, and public sector/financial management through four adjustment credits and five investment projects in these four sectors.

4. In the four sectors reviewed, the effectiveness of the Bank's capacity building support has been mixed. The transport project achieved most of its institutional and organizational objectives. The education, health, and economic management projects were less successful, in part because of persistent deficiencies in capacity to plan and manage their ambitious reform programs. Reform of public financial management has been a priority throughout the period. The initial reform effort of the mid-1990s was not successful, in part due to fundamental differences over the scope of the program between Benin authorities and the Bank. A subsequent operation, the Public Expenditure Reform Adjustment Credit (PERAC), has been more successful in introducing significant institutional and organizational changes in fiscal management. Performance-based budgeting, decentralization of budget responsibility, and a unified recurrent and capital budget have been introduced in five pilot ministries. But this operation has been hampered by over ambitious goals relative to existing human capacity to implement wide-ranging reforms.

5. Major institutional and organizational changes—in areas of decentralization, public service reform, and procurement reform (until recently)—have progressed slowly. The Bank seems to have underestimated the resistance to change and its support was unable to promote the needed levers for change, including appropriate incentives and sanctions for civil service performance improvements.

6. Both the Bank and the government acknowledge the limited impact of Bank support on capacity building, despite significant investment (28 percent of total investment lending). The Interim Country Assistance Strategy (CAS) of 1991 and the 2003 CAS were candid about the importance of capacity building and the deficiencies in previous efforts. While the relevance of the Bank's engagement in capacity building was strong, focused on critical areas of economic and social development, the effectiveness of the Bank's interventions was less satisfactory, due largely to shortcomings in diagnosis of needs and constraints and the limited impact of training and technical assistance. There has been some success in institutional development, including modernization of the Road Fund, introduction of new budget policies and, after seven years, a new procurement law, but less satisfactory outcomes in the areas of organizational and human development, measured by the continued deficiencies in the quality and quantity of education and health services and the under-performance of the civil service generally.

7. The Bank and the government agree that capacity building should be the focus of the current of Poverty Reduction Support Credits (PRSC), which aims to support judicial reform, civil service reform, improved public service management, and decentralization of public services. To be effective, however, capacity building efforts will need to be more explicitly managed as a goal of the Government and the Bank's work. This, in turn, will require significant capacity building in monitoring and evaluation of the government program. On the basis of review of activities from 1993 through mid-2004, the Bank's overall support to capacity building in Benin is rated *moderately unsatisfactory*.

1. Introduction

Objectives

1.1 This study of Benin is one of six country case studies undertaken as part of an independent evaluation by the World Bank's Operations Evaluation Department (OED) of the relevance and effectiveness of World Bank support for public sector capacity building in Sub-Saharan Africa over the past ten years (1995-2004). In each case study, particular attention has been paid to the Bank's support for capacity building in four focal areas: education, health, roads and public expenditure management.

Methodology

1.2 The Benin study involved document reviews, interviews, and data analysis. The principal documents reviewed include: (i) the Country Assistance Strategy reports for 1994, 2001 (an Interim CAS) and 2003; (ii) project documents for the eight projects in the four sectors initiated during 1993-2004; (iii) the Poverty Reduction Support Paper (PRSP) and PRSC approved in March 2004; (iv) all relevant economic and sector reports; and (v) reports prepared by the government and other donors on questions of capacity building. The complete list of documents reviewed is attached in Annex B.

1.3 OED interviewed senior government officials, representatives of project implementation agencies, local donor agencies, and the academic community, and World Bank management and staff during a field visit undertaken April 3-10, 2004.¹ Annex A lists the individuals interviewed.

1.4 The Benin country report follows a framework that examines three dimensions of capacity building in the public sector: (i) institutional capacity, that includes policies, procedures, legislation and the systems of goals and incentives that constitute the "rules of the game"; (ii) organizational capacity, groups of individuals bound together for a specific purpose, with objectives and internal mechanisms, staff, and other resources to achieve them; and (iii) human capacity, people with the ability to define objectives, design and implement programs, raise resources and deliver services.

¹ The team for the country review and field mission consisted of Daniel Ritchie, Wakili Tairou, and Mai Le.

2. The Country Context

The General Environment

2.1 Benin is a small West African country of about 6.7 million people. The legacy of French colonial rule continues to influence its politics, institutions of government, and economic management. Several characteristics that distinguish Benin's public sector are:

- **Highly centralized:** More than most other countries in the region, the Benin government is still very centralized despite a policy of decentralization adopted in 1990.
- **Patrimonial:** The public service operates more on the basis of family and personal relationships and informal ties, than formal systems and rules.
- **Elite:** Following World War II, local Benin civil servants won the right to same wages as French colonial staff, creating an elite cadre of highly paid public officials. In 1990, civil servants were paid, on average, 25 times the national per capita income and were in the top 12 percent of income earners. In 2002, the ratio of formal pay had declined to eight times per capita income, but is still significantly better than for most citizens.
- **Highly organized:** To protect their privileged position, public sector employees formed powerful labor unions that have resisted efforts to downsize and decentralize the civil service.

2.2 In 2002, Benin's public service consisted of about 53,000 civil servants, or 0.9 percent of the population, about the same percentage as other lower income Sub-Saharan African countries. This number had grown from about 9,000 in the 1970s to over 47,000 during the period of Marxist-Leninist rule in the 1980s. A retrenchment in the mid-1990s reduced the size by about 10,000, but the numbers have since grown by over 40 percent.²

2.3 In a number of respects, Benin enjoys a reputation as a country with capable public institutions. Benin ranks in the second quintile in the World Bank's overall Country Policy and Institutional Assessment rating of 77 IDA borrowers. In specific categories, Benin ranks as follows:

- **Economic Management:** Second Quintile
- **Structural Policies:** First Quintile
- **Social Inclusion/Equity Policies:** Fifth Quintile
- **Public Sector Management and Institutions:** Second Quintile
- **Governance:** First Quintile

² This information was compiled from the Cross National Data on Government Employment and Wages (www1.worldbank.org/publicsector/civilservice/cross.htm) and an ongoing OED review of the Bank's community driven development work in Benin.

2.4 These assessments reflect 15 years of good macroeconomic management, the emergence of democratic political institutions, and a reasonably open and active civil society. The country emerged in the late 1980s from an experiment with Marxism-Leninism with the re-establishment of democratic government that has twice successfully managed peaceful transitions of the ruling party.

2.5 During the last decade, Benin has enjoyed strong macroeconomic performance. Growth has averaged over five percent per year. Budget deficits have been modest, debt management sound, and prices relatively stable. Some social welfare outcomes have also improved. Notably, primary school enrollment has increased sharply and infant mortality declined. But overall, social indicators are poor. The infant mortality rate is still high, child malnutrition and life expectancy remain very low, and Benin lags the Sub-Saharan Africa average for GNP per capita and adult literacy, especially among women (See Table 2.1).

Table 2.1: Social Indicators: Benin and Sub-Saharan Africa (SSA)

	1990		2001	
	Benin	SSA	Benin	SSA
GNP per capita (US\$)	360	540	380	500
Gross primary school enrollment (%)	58	76	81	78
Male	78	83	98	85
Female	39	68	69	72
Literacy (%15+)	26	50	39	63
Male	38	60	48	66
Female	15	41	21	50
Infant mortality (per 1000)	104	100	87	91
Life expectancy	52	50	53	51
Child malnutrition (% under 5)	35	38	31	32

Source: CAS, July 16, 2003, page 3.

2.6 In the past, Benin built a reputation for producing skilled professionals. It was known in the colonial period as the “Latin Quarter” of West Africa because of its concentration of students and intellectuals. Benin officials helped build the public services of neighboring francophone countries such as Cameroon and Côte d’Ivoire. But today there are said to be more Benin doctors in the environs of Paris than in Benin. The private sector is not generating the growth and employment to absorb the country’s growing labor pool. The current institutions of government are said to be weak, the public service described as resistant to change, and civil society seen as robust and vocal but not able to coalesce to demand better performance. Despite the persistent shortcomings in reaching investment and public sector reform goals, the international aid community provides 90 percent of the country’s development budget in support of the country’s macro-performance and democratic rule.

Economic Priorities

2.7 In the immediate period following the restoration of multiparty democracy, the economic priorities of government were to restore macro-economic stability, rebuild the financial system, lay the foundations for private sector growth, and tackle the widespread problem of poverty. Fiscal discipline was restored and progress was recorded on tax reform, privatization, and trade liberalization in the early 1990s. Since then, structural change in the economy and the public sector has slowed. Major reforms of the cotton industry stalled. Privatization of water, power, and telecommunications has not occurred. Real decentralization of government authority and reform of the civil service have not yet been fully realized.

2.8 In view of the slow pace of structural and public sector reforms, and a widening gap between rich and poor and urban and rural populations, the Poverty Reduction Strategy Paper (PRSP) developed between 2001 and 2003 has focused explicitly on issues of institutional change to support poverty reduction. The four principal pillars of the PRSP are:

- Consolidating macro-economic stability through accelerated private-sector led growth and rigorous public finance management;
- Improving access to basic education, literacy, primary health care, safe water, and the fight against new HIV infection, malaria, and TB with special attention to vulnerable groups, especially women;
- Strengthening good governance and reinforcing institutional capacities; and
- Promoting long-term employment and building capacity for poor people to participate in the decision-making process and in production.

Thus, the PRSP agenda aims to tackle the long-stalled agenda of structural and institutional reforms.

Sector Strategies and Capacity Building Efforts

2.9 As part of the economic reform program in the early 1990s and with the help of the World Bank, Benin developed sector strategies in roads, health, education, and public financial management.

2.10 **Roads:** The deterioration of the road system during the 1970s and 1980s required a wholesale reassessment of the country's investment program when the economic recovery program was initiated in 1989. The National Transport Sector Strategy that culminated in a donors meeting in October 1993 that endorsed the basic elements of the strategy, included: (i) increased investment; (ii) improved government capacity to plan, program, and manage the sector; (iii) increased focus on routine maintenance; (iv) improved sector funding; (v) increased private sector engagement; and (vi) better human resource management of the sector. Comprehensive discussions of this strategy continued, and a Transport Sector Strategy report (TSS) was prepared jointly by Ministry of Public Works and Transport (MTPT) and the World Bank.

2.11 Capacity building aspects of the program included the following: (i) management improvements within the Ministry including financial management, transport licensing, contract management, personnel management, and data collection on road operators and road conditions; (ii) a traffic safety program including short-term technical assistance for road and vehicle safety, supply of data processing equipment, setting procedures for eliminating high accident locations, improving rules for road and accident reporting and enforcing vehicle weight limits; and (iii) private sector involvement to strengthen local civil works enterprises for road maintenance and spot improvements.

2.12 The Government also implemented a reform of the Road Fund. Statutes of the Road Fund have been revised to give it greater autonomy as an entity independent from MTPT, namely increasing the power of the board. The Road Fund would finance road maintenance.

2.13 **Health:** Reforms initiated in 1989 with the support of IDA and other donors have begun to tackle basic curative and preventative health care needs of the population. Essential generic drugs and basic supplies are now available on a regular basis in all health facilities. In 1995, a health sector roundtable took place to discuss the sector strategy that led to the Government's National Health Sector Strategy. The particular targets of the strategy were:

- Decentralization and strengthening of sector management and administration
- Reconfiguration of the referral system and strengthening its capacity to provide technical support services to primary health care and nutrition
- Expansion of the participation of multiple stakeholders, including beneficiaries, in the planning, implementation and evaluation of national health policy and programs

2.14 The Government's 2003 policy paper, *Politique de Gestion des Ressources Humaines du Secteur Santé*, recognized that the lack of human resource capacity in the health sector remained the principal obstacle to more successful health outcomes. The allocation of resources to the sector, however, has been limited. The share of the health budget in the National Budget increased from 4.1 percent in 1994 to 6.8 percent in 1997. But it declined to 2.5 percent in 2001.³

2.15 **Education:** The Government has embarked on reforms to increase the efficiencies of the primary and secondary schools, and provide technical vocational training for adults by instituting training facilities throughout the country. To complement the training centers, the Government has also supported distance learning to increase the capacity of the public and private sector institutions. The Government has given less emphasis to higher education in its reforms.

2.16 The Government's current strategy emphasizes primary education with the objective to expand access and improve equity and quality. As for secondary education,

³ "Health and Population Project," Implementation Completion Report, Report No. 26250, (Washington, DC: World Bank, 2003), p. 30.

the focus has been on improving the quality of education, constraining costs, and increasing access with specific attention to girls' participation. The Government has also attempted to improve vocational training and higher education by reducing costs and enhancing internal efficiency.

2.17 Public Financial Management: Public financial reform has been the centerpiece of Benin's public sector development strategy for more than a decade. At the end of the socialist era, Benin embarked on an economic rehabilitation program that included revenue reforms, trade liberalization, financial sector recovery, and public administration reform, including reduction in the size of the civil service, limits on new hiring, and performance audits of several ministries, including Finance, Education, Health, and Rural Development. More than 5,000 employees left the civil service, and the wage bill was reduced from 79 percent of fiscal revenues in 1991 to 58 percent in 1993.

2.18 Measures were also introduced to improve the government's administrative capacity, including new budget procedures and a unified budget presentation. These reforms had limited impact on resource allocation and management. In 2001, the government launched a new public financial management reform program with two significant structural changes—decentralization of budget management and performance-based budgeting.

3. Bank Assistance Strategy and Capacity Building Support

3.1 The World Bank’s program of assistance to Benin during 1993-2004 has focused significantly on the four focus sectors of this review. Nine of 18 projects financed since 1993 and a large share of the modest Economic and Sector Work (ESW) effort have been associated with health, education, roads, and public expenditures.

Bank Assistance Strategies

3.2 The Bank has produced two Country Assistance Strategies (CASs) in 1994 and 2003 as well as a 2001 Interim CAS during the decade under review. The CASs are notable for their candor in examining past experience. The 2001 Interim CAS foreshadowed the move to programmatic lending. In broad terms, the priorities of the two CAS demonstrate an increased focus on capacity building and governance.

Table 3.1: Bank Overarching CAS Objectives (1994-2003)

CAS Objective	1994 CAS	2003 CAS
Private Sector Development	•	
Human Development	•	•
Public Sector Reform/Governance	•	•
Macroeconomic Management		•

3.3 In 1994, the Bank outlined a program of support financed by both adjustment operations (one third of the program) and investment activity. The Bank helped produce sector strategies for education, health, transport, and public expenditure management. Projects followed in each of these sectors in 1994-97. The key constraints to be addressed included institutional and administrative capacity and the changing role of the state. In 2001, the Interim CAS acknowledged good progress on macroeconomic management and reforms supporting private sector development. But it also noted that:

“The assessment of Benin’s performance in the 1990s nonetheless reveals a basic paradox: the implementation of a broad development strategy has been successful, both in terms of economic growth and improved social indicators—yet there is a widely-held perception of unrealized potential and unmet expectations due in part to insufficient depth of some of the reforms, especially those linked to sectoral policies and institutional reforms.”⁴

3.4 The CAS added that “weak public institutions remain the biggest constraint on development and poverty reduction in Benin and that relatively little progress had been made in this regard....The Government, the Bank, and much of the larger development community recognize that traditional aid approaches have failed to make adequate

⁴ 2001 Interim CAS, paragraph 11.

progress, despite underutilized national technical capacity and the advantages of a very open society and a dynamic civil society.”⁵ Acknowledging the “decidedly mixed” accomplishments of its adjustment and investment operations, the Bank set a new course for its support to Benin, built on:

- Increased analytical and advisory activities as input into formulation and monitoring of the government’s poverty strategy
- Consolidated programmatic lending

3.5 The 2001 Interim CAS laid out an extensive program of Bank analytical work that was focused on (i) poverty analysis and monitoring, (ii) designing, refining, and implementing growth promoting strategies in key sectors, and (iii) preparing and implementing cross-cutting institutional reforms (public resource management, devolution, decentralization, civil service, corruption, and judicial system).⁶ Yet apart from continuing work on the PRSP, little formal Advisory and Analytical Services (AAA) work materialized. Although the Interim CAS did not explicitly propose sectorwide investment projects, lending in support of sector wide approaches (SWAps) and direct budget support was to be triggered by progress in the pace of reform, institutional change, and capacity building.

3.6 The 2003 CAS reinforced this direction and proposed a reinvigorated program of Bank support to Benin, returning to planned (but not always realized) lending levels of the mid-1990s with a base case of \$200 million for FY04-06. Half the program would be budget support through annual PRSCs, focused in part on capacity development and institutional change. No new investment lending was proposed in education, health or roads, but continued engagement in education and health was to be provided through the proposed PRSC, together with an ambitious analytical program focused on capacity building:

“The capacity building program will focus on the following areas: developing a coherent private sector-led growth strategy; refining sector strategies; participatory annual sector Public Expenditure Reviews; poverty monitoring and evaluation capacity (program performance monitoring and evaluation, public expenditure incidence analysis, sector statistics); public expenditure reform design; fiscal decentralization; and human resource management in the public sector. In the medium-term horizon covered by the CAS, among the most important contributions the Bank can make to Benin’s capacity enhancement agenda is to help the government re-invigorate the long-stalled civil service management reform.”⁷

⁵ Ibid, paragraph 27.

⁶ Ibid, paragraph 52.

⁷ 2003 CAS, paragraph 45.

Capacity Building Support

3.7 The Bank's support for capacity building in Benin has gone through three distinct phases, mirroring in several ways the Bank's overall country program approach.

3.8 In the mid-1990s, the Bank supported institutional, organizational, and human capacity developments primarily through **specific investment projects**. There were some successes in sector planning and management, which contributed to increased access to social services. But the overall capacity building impact was generally modest. Policy implementation in support of decentralization faltered; public service reforms such as performance based pay and rewards stalled; and measures to build human resource capacities were undertaken but there is no clear evidence of impact.

3.9 In the 2001 Interim CAS, recognizing the shortcoming of the previous approach but also acknowledging the continued overarching importance of institutional reform for the public sector, the Bank shifted its focus to **programmatic support**. The intention was to shift the principal responsibility for improvements in public financial management to the government, through adjustment-type lending such as the Public Expenditure Adjustment Credit, known as PERAC. The PERAC was the first of what was expected to be a series of annual program loans promoting institutional development, organizational reform, and human resource development. It was to use the country's own budget systems, medium-term expenditure framework, and procurement systems to build ownership and competence in public finance management. It was also to promote decentralization of budget management to sector ministries and eventually, to local levels of government. The programmatic lending was to be accompanied by enhanced analytical work on institutional capacity and the use of grants from the Institutional Development Fund (IDF).

3.10 The PERAC was an extremely ambitious effort to break out of a long period of inaction on public sector reform. As indicated below, it has had some notable achievements in introducing new budget and decentralized management systems. It also proved to be too ambitious to be carried out in a period of only one year.

3.11 The PRSP inaugurated direct **budget support**, to be provided through a series of PRSCs. The first PRSC was approved in March 2004. PRSC-1 will focus on improving the delivery of basic services tailored to the needs of the poor primarily in the rural water, health, and education sectors. PRSC-2 will deepen the lessons learned from PRSC-1, and would cover agriculture, rural transportation, and justice. PRSC-3 would focus on improving the climate for private sector development and conditions for better public service management, including decentralization. The capacity building instrument is essentially conditionality with technical support from a number of donors operating within a common PRSP framework. This evolution through specific instruments is described in the following paragraphs.

Lending

3.12 The Bank has committed a total of \$307 million to Benin since FY1993, currently 25th out of 38 Africa IDA borrowers. About \$111.3 million of investment lending has been committed in the four sectors reviewed in this evaluation of which \$31.6 million (28 percent) was allocated to capacity building activities. In addition, the Bank provided some \$135 million in adjustment/budget support of which \$63.45 (47 percent) supported capacity building measures.⁸ Table 3.2 presents a breakdown of capacity building support by sectors, projects, and lending type.

Table 3.2: Commitments for Capacity Building Components (US\$ million)

Year	Project	Investment Loans		Adjustment Loans	
		Total Commitment	Capacity Building Cost (% commitment)	Total Commitment	Capacity Building Cost (% commitment)
ROADS					
1997	Transport Sector Inv Program	34.7	4.8 (14%)		
EDUCATION					
1994	Education Development	18.1	5.4 (30%)		
HEALTH					
1995	Health & Population	27.8	12.8 (46%)		
PSM/PEM					
1994	Eco Management Support	5.2	5.2 (100%)		
1999	1 st Decentralization City Mgmt.	25.5	3.4 (13%)		
Macroeconomic Support					
1998	SAL II			55	20.9 (38%)
1999	SAC III			40	15.2 (38%)
2002	Public Exp Adj Cr (PERAC)			20	18.6 (93%)
2003	PRSC			20	14 (70%)
	TOTAL BANK PROGRAM	111.3	31.6 (28%)	135	63.45 (47%)

*Total commitment amount for this project was \$40m with \$34.7 apportioned to roads.

3.13 In general, capacity building support has been larger in public expenditure management and social sectors than in roads. Overall, public expenditure management operations entail considerable capacity building activities, fluctuating between 30 and 90 percent across adjustment projects approved up until early 2000. Similarly, this level applies to both health and education where the average capacity building support is about

⁸ For investment loans, capacity building support was estimated by summing the costs of activities—such as TA, training, consultancies, studies, and equipment and materials—designed to strengthen government functions (not including costs for direct frontline service delivery, such as the construction of schools and clinics). For adjustment operations, the estimate was based on calculating the number of conditions or actions directed to achieving specified capacity building objectives as a percent of the total number of actions.

36 and 46 percents, respectively. On the other hand, capacity building components in roads is some 14 percent.

3.14 There are several noteworthy features of these principal projects compared to projects in other case study countries:

- **Size.** The credits are small, \$21 million each compared to an average of about \$45 million for all projects in Africa during this period.
- **Age.** All the projects are closed, except the PRSC and Distance Learning. There are no active investment operations in education, health, or roads in Benin financed by the Bank.
- **Continuity.** The projects in education, health, and roads were the last of a series of investment projects in the sector (while support continues through the PRSCs).
- **Implementation.** Three of four investment projects started slowly and ended even more slowly. Project effectiveness was delayed on average for six months and completion was 23 months beyond the original closing dates, except for the transport sector project that opened and closed on schedule.
- **Results.** The results have been mediocre, with OED rating 60 percent of outcomes less than fully satisfactory.

Analytical Work

3.15 The Bank was instrumental in supporting the development of sector strategies for education, health, and transport in the early 1990s, the first such strategies following the period of socialist government. It also helped develop the initial vision for public expenditure reform. Since that time, despite strong emphasis on the Bank's analytical and knowledge dissemination role, the actual output of analytical work has been rather modest, judging by the analytical work made available to the review team. Most of the products are designed essentially for the Bank's internal requirements, such as Country Procurement Assessment Review (CPAR), Country Financial Accountability Assessment (CFAA), and the PRSP Joint Assessment by the Bank and Fund. Of the 14 pieces of ESW made available and reviewed, six were designated as working papers, two were essentially internal (CPAR and CFAA) and one is still in draft (a financial sector review). A few diagnostic studies such as *Le Systeme Educatif* (2001) and *Civil Service Reform—Strengthening Bank-IMF Collaboration* (2002) were related to the four sectors over the 10 years. However, since completion of this review in mid-2004, the Bank has produced two major pieces of AAA work—a Public Expenditure Review and a Poverty Assessment. The analyses reviewed did not have explicit recommendations for the future approaches to capacity building. The 2003 CAS noted that budget constraints had prevented a more robust program of analytical work.

Africa Capacity Building Foundation

3.16 The Africa Capacity Building Foundation (ACBF) has a relatively large program in Benin. ACBF supports three institutions in the country—the Centre for Political and Economic Analysis (CAPE), the Centre of Political and Economic Analysis for

Parliament (CAPAN), and the National Focal Point to support public sector capacity building in the Ministry of Planning.

3.17 CAPE is a public sector organization established by presidential decree in 1995 which became operational in 1998 with ACBF support. Its mandate for capacity building includes (i) studies on strategic questions related to economic issues and development policy, (ii) training of civil service managers, (iii) support to establishment of a discussion mechanism on national issues concerning economic and social development, and (iv) publications. CAPE has carried out several studies on competitiveness of the Benin economy and poverty reduction. It also trained public and private sector staff on modelling of development policy, strategic planning, cooperatives management, public procurement, and budgeting.

3.18 CAPAN was created in 2000 essentially through ACBF funding to give technical support to members of parliament on capacity building to enable them to manage their responsibility for budget oversight. Others sources of CAPAN funding are the African Development Fund and Benin parliament. The main achievements of CAPAN include production of a manual for members of parliament, training in law and budget interpretation, project analysis, communication with electors, and training of parliament staff and members.

3.19 In 2003, the ACBF helped create a Capacity Building Directorate in the Ministry of Planning, which is in charge of developing public sector capacity building and defining the national capacity building action plan. Five areas will be covered: macroeconomic policy and development; agriculture, livestock and fishery; environment; health and social protection; budget management at central and sector levels.

World Bank Institute

3.20 The World Bank Institute (WBI) has conducted training programs in Benin for many years. For example, WBI has fostered the Network on Public Finance Management in West Africa, which primarily trains ministry personnel involved in public financial management and poverty reduction strategy. The Network has held two programs since 2002. The first program trained government officials in four West African countries on tax policies involving 11 modules on topics such as budgetary control and governance, public expenditure financing, and development of the budget and medium term expenditure. The second was a forum on public finance that took place in 2004. Annual training programs are also held for ministry officials involved in the Bank's programmatic lending projects. In addition, WBI has encouraged the establishment of a Distance Learning Center, created by the government and financially supported by the World Bank. The Center has trained participants from the ministries, public and private enterprises, and civil society.

4. Assessment of Bank Support to Capacity Building

4.1 This review assessed the relevance, effectiveness, delivery of support, and Bank and borrower performance for capacity building in Benin from 1993-2004.

4.2 In the four sectors reviewed, the overall effort in capacity building has been mixed, with positive achievements in roads and health, less satisfactory outcomes in education, and a generally unsatisfactory experience in public expenditure management over the period of the review:

Sector	Ratings
Roads	Satisfactory
Health	Moderately Satisfactory
Education	Moderately Unsatisfactory
Public Expenditure Management	Moderately Unsatisfactory

4.3 These ratings of capacity building interventions are rather different than the ratings for project outcomes overall. They take account of the relevance, effectiveness and delivery of Bank services for a sub-set of activities, while ICRs and OED evaluations assess a project’s overall impact, sustainability, institutional development impact and Bank and Borrower performance. Table 4.1. indicates the assessment of the broader outcomes of the projects in the cohort:

Table 4.1: Evaluation of Project Outcomes

Project	ICR Evaluation	OED Evaluation
Economic Management	Satisfactory	Moderately Unsatisfactory
SAC III	Satisfactory	“Marginally” Satisfactory ⁹
Transport	Satisfactory	Satisfactory
Population and Health	Satisfactory	Moderately Satisfactory
Education	Satisfactory	Satisfactory
Public Expenditure Reform	Satisfactory	Moderately Satisfactory

4.4 More explicitly related to capacity building are the ICR and OED ratings for Institutional Development and Sustainability. Those ratings are shown in Table 4.2.¹⁰

⁹ OED ICR Reviews formally use “moderately satisfactory/unsatisfactory” ratings. But this particular review used “marginally satisfactory,” noting that “the formal ICR rating system does not include marginally satisfactory. However, the ICR does state that the project was “marginally satisfactory.”

¹⁰ Ratings differ in two cases—ICR rated institutional development as “partial” for SAC III and sustainability as “likely” for the Economic Management project.

Table 4.2: ICR and OED Assessments of Institutional Development and Sustainability of Projects

Project	Institutional Development	Sustainability
Economic Management	Modest	Non-evaluable
SAC III	Modest	Likely
Transport	Substantial	Likely
Population and Health	Substantial	Unlikely
Education	Modest	Likely
Public Expenditure Reform	Modest	Likely

4.5 These ratings mirror in some respects the findings of this review. The ID impact of the Bank-financed program has been greatest in roads and health and less significant in education and public expenditure. In looking at capacity building specifically, this review found it easier to assess the impact of projects on institutional and organizational development than on human development. Most ex-post reviews evaluated the contribution of the project to institutional changes, such as policy reform, and organizational change (e.g., structural and process changes within agencies). However, there is much less explicit evidence of the impact of the capacity building effort on human development. Some statistics are typically provided in ICRs on the amount of training, but the review team found no ex-post evaluation of training or the utility of technical assistance (TA) in any project. The ICRs and OED assessments use project outputs or outcomes as a proxy since capacity building has been seen as a means to other goals. This review also used interviews with beneficiaries, government departments and Bank staff to form judgments about the utility of training and TA for human development in the absence of hard data.

4.6 ICR and OED assessments of institutional impact and sustainability are often based on expectations. Many projects are actually just coming into full operation when Bank-funding ends. This review revisited project impacts several years after the credit was closed and was able to examine the longer-term impact of the operation. For example, the positive experience of the Road Fund during the project implementation period has recently been tempered by pressure to make funding decisions on a political rather than analytical basis. Consequently, the assessments in this review build on the project evaluation work of the Bank and OED but have had the benefit of additional elapsed time and qualitative assessments by many stakeholders.

Relevance

4.7 The criteria used to assess the relevance of Bank support to capacity building are: (i) the alignment of sector and project goals with national and Bank strategic objectives, (ii) the quality of the diagnosis—commitment, needs assessment, and institutional framework, and (iii) the quality of the design of interventions (clarity, realism, and likely impact). The analysis that follows focuses most heavily on the experience with public expenditure management, which represented more than half of the lending volume in the four sectors and portrays the Bank support to capacity building in rather vivid relief.

Overall, the assessment of the relevance of Bank support to capacity building is rated *moderately satisfactory*.

Alignment

4.8 General alignment of the project and capacity building goals with the country and Bank strategies in the sectors has been strong. The investment projects were built around national strategies that the Bank had helped define. Adjustment operations were also built in conjunction with well-conceived strategic objectives most recently developed through the PRSP process.

Diagnosis

4.9 The underlying diagnosis of existing capacity and the needs of the sectors were mixed. For the period under review, the Bank's project analysis approach did not require an explicit institutional or social analysis. While most projects incorporated an assessment of the needs for skilled staff and for policy and organizational improvements, appraisal documents reviewed did not include references to training needs assessments or candid evaluations of the need for, and resistance to, change. This was especially important in promoting changes in public sector management. Even the well-performing roads project failed in one component to improve the quality of local contractors because of failure to assess the capacity (and interest) of the local contractor association to shoulder the responsibility for training. The deficiencies of the planning units in education and health were severe and required several years of remediation before they could effectively handle the Bank-financed projects.

Design of Operations

4.10 The quality of the design of capacity building measures was also mixed. The design of the activities in the roads project was focused, pragmatic, and built on 30 years of collaboration. In contrast, the Bank had been absent from education for 14 years and did not have the knowledge or experience of continued engagement. The design of the Economic Management Project (PAGE) was also seriously deficient, with over 80 percent of the loan earmarked for international consultants despite the objections of the borrower.

4.11 Typically, the assessment of borrower commitment to institutional and organizational change and the obstacles to reform has been inadequate. The lack of ownership delayed implementation of the Economic Management Project by two years (parliament refused to approve the Credit Agreement). The education and health projects were also delayed by as much as two years.

4.12 In sum, the relevance of the capacity building effort is rated moderately satisfactory, based on the focus of (i) the Bank's interventions on important sector and public finance issues and (ii) project designs on critical capacity issues.

Effectiveness

4.13 The criteria used for assessing the effectiveness of capacity building interventions are: (i) capacity building achievements against objectives, where specified; (ii) indicators of sector performance; and (iii) usefulness of different Bank instruments, where appropriate.

4.14 The overall assessment focused on the effectiveness of the capacity building in human resource development, organizational change, and institutional development. Overall, the effectiveness of Bank support for capacity building in Benin is rated *moderately unsatisfactory*.

4.15 The experience in Benin suggests that the Bank has been somewhat more successful in supporting capacity building on an institutional level, particularly in strengthening strategic planning and policy reform. At the same time, there has been much less success in creating positive incentives for improved public sector performance and major institutional reform initiatives have stalled, ranging from civil service reform to decentralization. Support for organizational change has been reasonably successful in certain areas of sector ministries and agencies—helping, for example, to build effective financial management systems—but not consistently effective in improving organizational management and planning capacities. And the effectiveness of capacity building of human resources is also limited, judging by the overall weak performance in the management of the education and health sectors and, until recently, in public financial management.

Two Contrasting Experiences

4.16 Building durable capacity in Benin is possible, but the effectiveness of interventions differs markedly sector by sector. The capacity building efforts in roads and public financial management provide two contrasting experiences.

4.17 **Strengthening Capacity in Roads.** Effective support for capacity building in roads has been the result of strong stakeholder pressure (e.g., private sector interests), solid diagnosis of capacity constraints and needs, strong commitment, and effective use of both TA and training.

4.18 The Bank has provided substantial support in the roads sector in Benin since the 1970s with 12 projects amounting to some \$149 million. The Transport Sector Program that took place during the period under review initiated institutional and policy reforms to improve planning, implementation, and budgeting in the roads sector. It increased the focus on road maintenance and rehabilitation, and significant progress was made in promoting private sector participation. This targeted focus set priorities for resource allocations and enabled important infrastructure to be built and maintained. Additionally, it was easier to monitor and evaluate the project because of the focused objectives.

4.19 These efforts to improve sector performance consisted of on-the-job training, international and local TA, studies, and equipment. The project financed TA in all of its components and substantial training activities took place. TA and training were

successful in this area because they were applied within an approach that integrated institutional, organizational, and human capacity development. For example, both TA and training for key management personnel enhanced the government's capacity for planning and managing transport sector investments.

4.20 While there were substantial improvements in all three dimensions of capacity, support was most effective at the institutional level than in organizational and human resource strengthening. This is discussed in further detail in the next section on the effectiveness of the three capacity building dimensions. (Also see Annex C for capacity building achievements by dimensions). The experience of the roads project shows that it is possible to build capacity and create oases of effectiveness given the right circumstances.

4.21 **The Challenge in Public Expenditure Management.** Although public expenditure reform has been the centerpiece of the national economic reform agenda since the early 1990s and Bank involvement appropriate, the quality of the diagnosis of capacity building needs and design of interventions were inadequate.

4.22 Better management of the recurrent budget and investment program has been a priority for government since the end of the socialist period. In the early 1990s, the salary budget absorbed virtually all-fiscal revenue. Spending on education and health was minimal. Investment expenditure was typically less than 65 percent of budgeted levels, even though foreign assistance financed 95 percent of the national investment program. Macro-economic stabilization and restoration of growth required radical improvement in quality of public expenditure management, and represented the appropriate choice for the Bank. But the assessment of government capacity and commitment for reform underlying the Bank's support was flawed. In 1993, there had been a significant backlash against the reform efforts in the previous adjustment operation, SAC II. There was strong resistance to reform both in the National Assembly and in the public service, but this lack of commitment and ownership was not adequately taken into account as indicated in the project's completion reports.

4.23 The design of PAGE created significant controversy in Benin, and delayed implementation by more than two years. The government objected at the time of negotiations in writing that the project was too heavily weighted toward short-term international consultants, but this remained a feature of the project design. A Benin participant at the time told OED that it was a "dialogue of the deaf." In the event, the project was stalled for 30 months. When it became effective, the principal long-term capacity building component—support to the national training institute (CEPAG)—was dropped from the project (although the project's objectives were never revised). In its comments on the PAGE ICR, the borrower noted there should have been an ex-ante evaluation of capacity before deciding on an approach to ensure there was commitment and ability to implement the program.

4.24 The next generation of public expenditure management support—PERAC and PRSC-1—were equally important for the country. The experience of the PERAC has been more positive than the PAGE. Performance-based budgeting, integration of the

recurrent and development budget, decentralization of budget authority to line ministries, the removal of ex-ante controls have all been introduced and deepened through the PERAC program. At the same time, in terms of capacity building the PERAC was hampered by shortcomings in analysis and design. The initial diagnosis underestimated the need to build the Ministry of Finance's own capacity to build capacity and commitment in the five pilot agencies, and the resistance to change was underestimated. The design was also too ambitious for the available capacity. According to the ICR, PERAC was designed to introduce major reforms in the budget process to five ministries over a 1-year period. In hindsight, the design was too ambitious, too broad, and results expected much too soon. The short-term goals and benchmarks were not well defined. A supplemental credit was approved in 2003 to maintain momentum until the PRSC became available.

4.25 The PERAC experience also demonstrated an important lesson for capacity building. The Ministry of Finance championed the reforms but found it was not sufficiently prepared to assist other ministries in adopting the new procedures of performance-based budgeting, accepting new responsibility for budget management or even understanding the rationale for the changes (since many ministries received significant donor-funded support and saw little need for the new systems). The need to build central capacity to promote capacity building in line ministries was underappreciated as a priority intervention.

4.26 The PRSC approved on March 10, 2004, is highly relevant. It deepens and broadens the reform effort and places new responsibility and authority on government execution. The quality of its design will ultimately be determined only by the realization of the program. However, the PRSC is no less ambitious than the PERAC and will need to be very carefully managed. Many informants expressed concern about the initial conditions of implementation, particularly the inadequacy of the existing institutional, organizational, and human capacity to undertake the program. The need for new processes and systems such as well-established financial controls, an operational M&E system, a functioning computerized financial management system, and recurring delays in actual budget allocations (often 3-4 months into the fiscal year) threaten the results-framework. In short, the fundamental foundations for a performance-management budget system and decentralized management—incentives for public servants, sanctions, M&E monitoring mechanisms, and a sense of accountability—were not yet fully in place and will need to be the priority focus of the PRSC effort. The PERAC ICR reinforced the need for priority attention to a functioning M&E system to track progress and compliance and auditing at the sector level.

4.27 In sum, while the objectives have been appropriate, the Bank's approach has often underestimated the human and organizational constraints to reform, and capacity building program designs were not always grounded on successful absorption of previous experience. The risk to reform—particularly the opposition in the public service to change—was not adequately assessed or appreciated.

Strengthening Dimensions of Capacity

4.28 **Institutional Development.** There has been some progress in developing policies and processes that influence the quality or effectiveness of public services, but the process has generally progressed slowly. For example, the major institutional change initiated by the 1991 SAC II and supported by subsequent operations was the reform of the public procurement system. Legislation was prepared in the mid-1990s. The procurement law and regulations were finally submitted to Parliament in 2003 (and finally passed by the National Assembly in August 2004).¹¹ Civil service reform has likewise had a long history of fitful progress. Audits of public sector agencies were carried out in the mid-1990s, but no significant restructuring has taken place. Five laws on devolution were passed in 1998 but await implementation.

4.29 Overall, in the four sectors reviewed, institutional capacity building achievements were most significant in roads and the social sectors, and least in public financial management. Capacity building support in roads has been most effective at strengthening institutions and policy reforms to improve the planning, implementation, and budgeting in the sector. Significant progress was made in promoting private sector participation in road maintenance. The Road Fund was restructured with less staff and with adequate resources for road maintenance. Table 4.3 indicates areas of capacity building progress for institutional development as well as areas of continuing difficulty.¹²

Table 4.3: Institutional Capacity Building Objectives and Achievements

Sector	ID Objective	Achievements
Roads	Restructure the Road Fund	Done. Road Fund restructured into autonomous entity.
Roads	Introduce an integrated approach for planning road maintenance expenditure	Done. New integrated approach introduced, which led to road construction and maintenance plan.
Education	Create policies and procedures for the provision and distribution of textbooks	Done, but rules may change.
Health	Decentralize and strengthen sector management and administration	Done. Decentralization led to development of management structures and creation of departments and health districts.
Public Expenditure Reform	Reform the budget preparation system	Partially done. Initial steps to improve performance budgeting. But progress was limited and uneven among ministries.
Public Expenditure Reform	Establish a fiduciary framework for procurement, financial management and auditing methods	Partially done. External audit was strengthened. Procurement and internal audit remain weak.

¹¹ It should be noted that in 1997, the Bank waived a tranche release condition of SAC III requiring ratification of the procurement law.

¹² Capacity building objectives and achievements in Tables 4.3, 4.4, and 4.5 were analysis of ICRs and OED ICR Reviews. Please refer to Annex C.

4.30 The health sector's objective to decentralize led to the development of new management structures, resulting in the establishment of health districts. Significant improvements have also been recorded in the health referral system. Similarly, policy and procedures for the provision of textbooks were implemented in the education sector.

4.31 The economic management projects were less successful, in part because of persistent deficiencies in capacity to plan and manage their ambitious reform programs. Initial steps have been taken to improve institutional capacity in public financial management, but progress has been limited and uneven across ministries. However, institutional change is arguably a more effective aspect of the Bank's capacity building effort in PFM than organizational and human resource capacity development. Policy reform in public sector financial management is taking hold. Under the PERAC, program budgets have been introduced in five pilot ministries, including education, health, and transport. Most PERAC budget performance targets for 2003 were met—procurement lags were reduced from eight to four months, payment delays reduced from 30 days in 2000 to 22 days in 2002, and budget deviations (between approval and actual expenditure) were less than 10 percent in 2002 compared to more than 90 percent in the preceding two years. At the same time, the agenda for institutional reform remains large. The PRSC of February 23, 2004, candidly assesses the shortcomings of the institutional reform effort in the past decade:

Notwithstanding the progress, there are still other key components of Benin's overall public administration that require significant changes in order to establish a full-fledged, results-based public expenditure management system, the ultimate goal of the reform.... So far, the reform has had minimal bearing on the reality of administrative practice. There is not yet a clear plan or incentives to change the way public administration is run practically... To achieve the ultimate goal of reform there is the need for a comprehensive approach to (i) develop an overall administrative reform strategy, (ii) establish a performance-based management and accountability framework, (iii) set up a formal incentive system, (iv) develop a modern human resource management system that includes continuous professional development for civil servants, and (v) develop a citizen's charter of rights for quality public services.¹³

4.32 **Organizational Capacity.** Improving the organizational capacity of ministries and agencies has been a part of every project examined in this review. Typically projects aimed to improve planning and sector management, financial management, and quality and quantity of public services. The Bank-financed projects were designed to improve organizational procedures for budget preparation, decision-making, implementation, and monitoring and evaluation. Roles and responsibilities were to be clarified. Budget management was to be modernized through the installation of computer technology and budget units linked by local area networks. Table 4.4 indicates organizational capacity

¹³ PRSC Program Documents, February 22, 2004, paragraph 65.

building achievements noted in ICRs in the four areas of review, again more significant in roads and health than elsewhere.

Table 4.4: Organizational Capacity Building Objectives and Achievements

Sector	Objectives	Achievements
Roads	Reorganize the Ministry of Public Works and Transport (MTPT) and Roads and Works Department (DROA).	Done. Capacity for planning and managing has improved. DROA and MTPT were reorganized. A road cell within DROA was created.
Roads	Create National Council for Rural Roads.	Done, but not consequential and operational.
Education	Improve management of the Ministry of National Education and Scientific Research (MENRS).	Partial achievements. Some key management departments developed capacity while others continue to remain weak.
Health	Reorganize the referral system.	Done. New referral system, which led to creation of 13 health districts.
Public Expenditure Reform	Reorganize the Ministry of Planning.	Done. MOP enhanced its capacity. But achievements are not evident.
Public Expenditure Reform	Strengthen the Ministry of Finance.	Done. Capacity of MOF strengthened but directorate of inspection in various ministries not operational due to lack of capacity and qualifications.

4.33 In roads, the ministry is among the most effective in the country in terms of planning and execution of its work program, aided significantly by an independent source of funding from the Road Fund. The reorganization of the Ministry of Public Works and Transport (MTPT) and the Roads and Works Department (DROA) improved the capacity for planning and managing the sector. The creation of the National Council for Rural Roads was completed but it was never operational. In public sector management, the capacity of the Ministry of Finance was strengthened in budget preparation, monitoring, and execution. The Directorate of Public Works Equipment (DMTP) was transformed into an Equipment Leasing Company (SLMTP), but insufficient working capital and inadequate management have limited its operations.

4.34 In the education sector, some organizational restructuring took place but the impact on educational reform has been limited. A few key departments of the Ministry of National Education and Scientific Research strengthened their capacities. The Directorates for Financial Management recruited and trained a strong budget team that is able to better manage school construction, book procurement, and timely preparation of budgets. The Policy and Planning Directorate improved contract management and accounting. But, notably, the Department of Human Resource Management remains weak. Although, it did develop a computer based personnel file and management manual for staff as management tools, it has not developed the capacity to manage contractual teachers. Overall, although ministries and agencies in the four sectors have reorganized,

the existing institutional human resource capacities have been too limited to support organizational changes.

4.35 **Human Resource Development.** As noted previously, there are several difficulties in assessing the impact of the Bank-financed projects on human resource capacity building, particularly training, due to the lack of tracer studies, follow up assessments and other mechanisms to evaluate impact.

Training

4.36 Table 4.5 provides some evidence from ICRs on the outputs from training, if not the impact.

Table 4.5: Human Resource Capacity Building Objectives and Achievements

Sector	Objective	Achievements
Education	Train 13,000 teachers, inspectors, principals, and regional ministry staff.	Done, but not effective. Training was not evaluated; no evidence of impact.
Public Expenditure Reform	Train staff in economic and financial management—700 civil servants trained.	Done, but skills were not utilized or retained due to high staff turnover and mobility.
Public Expenditure Reform	Strengthen government’s capacity to manage, execute, report, monitor and evaluate public expenditure.	Partially done. Some improvements in public expenditure management. But management of resources remains weak. Lack of resources and expertise to perform functions.

4.37 The PAGE ICR indicates that 700 civil servants were trained under the project. Yet, with 44 courses for 427 staff/days in local training and 32 overseas training modules for 967 staff/days, the impact was modest due to the “small size and difficulty in retaining the acquired skills due to the high level of staff rotation.”¹⁴ The education project trained 13,000 teachers, administrators and officials, but the ICR noted that no evaluation was ever undertaken, so that feedback for institutionalizing the in-service training function was foregone.¹⁵

4.38 In roads, training was not a stated objective but substantial training activities seem to have helped develop human resources in key management within MTPT, traffic management, financial management, and management of the Road Fund. However, there were initial difficulties with road works due to a lack of capacity among small and medium contractors who needed more highly trained professionals and equipment. The contractor association lacked the capacity and interest to manage the training program for local contractors. The original intention was to put the contractors' association in charge of training, but its capacity and interest to do so were not fully assessed. The issue of

¹⁴ “Economic Management Project,” Implementation Completion Report, Report No. 21425, para. 4.5.

¹⁵ Education Project ICR of May 20, 2002, paragraph 4.1.

training private contractors, especially in countries that traditionally lack this expertise, needs to be treated more vigorously from the beginning.

4.39 While no other documents provided information on the level or impact of training, interviews suggested that recipients of both internal and external training often changed assignments or left public service so that the impact of training on performance of the sector was not realized.

4.40 Perhaps the most serious problem in the area of human resource development is the lack of success in addressing what many informants identified as a fundamental problem affecting all projects in Benin. The vast majority of public servants are demoralized and unmotivated to change (many by their own admission in interviews). They have enjoyed a privileged position since independence. There are no incentives for changing behavior—no positive or negative sanctions. Civil service pay and reward reform have been stalled for years. The Bank has indicated that action on civil service reform will be an explicit trigger for continued budget support by 2006.

Technical Assistance

4.41 Technical assistance has been used to build capacity or fill capacity gaps. The projects in this review relied heavily on short-term external and internal consultants to carry out diagnosis, design, and implementation of projects. Although it was difficult to separate out the exact TA costs from training, a significant share of the capacity building funding was devoted to technical assistance, typically in the form of consultant services, studies, and policy papers. There was no evidence of an assessment of the correlation of outcome to TA. In the four sectors, the transfer of knowledge and skills from TA has been limited. A summary of TA experience and achievements in Benin in the four sectors is provided in Annex D. In brief, TA has been used in the following ways:

- *Roads:* Short-term TA was used to help carry out studies, assist in implementing programs, improve database, and implement training programs.
- *Education:* Consultants carried out studies, diagnostic work, field surveys. TA was also used to design and monitor programs and develop capacity within organizations.
- *Health:* Mostly local consultants were used to support implementation, prepare manuals, strengthen management capacity, and assist in the decentralization process.
- *Economic management:* TA was used to prepare and execute the budget, carry out studies, and support the training center.

4.42 Taken as a whole, the Bank's experience in helping to build capacity in Benin during the period of 1993-2004 has been modest. The relevance of the Bank's support was strong and fully consistent with the priority needs of the country. The diagnosis of needs and design of interventions was less successful, except in roads and to a lesser extent in health. The analyses tended to underplay the importance of incentives for change and the sources of resistance, which in turn hampered the design of capacity building interventions. And the interventions in human resource development were

dissipated by staff turnover, the lack of opportunity to apply skills developed, and lack of positive or negative sanctions for performance.

5. Bank and Borrower Performance

5.1 The performance of the Bank and the borrower on capacity building is rated *unsatisfactory*. The effort was characterized by poor or missing initial capacity building assessments, improper project designs, mediocre supervision, including a critical disengagement of technical staff in PERAC as noted in the ICR.

5.2 The main exception has been in roads, where there was continued positive engagement by the Bank. On the other hand, until recently Bank support for capacity building in public expenditure was flawed. The performance of the Benin authorities was also deficient. Perhaps most critical was the inability, or unwillingness, to implement institutional changes such as civil service reform, procurement reform (until recently), decentralization, or meaningful improvements in public sector management.

6. Conclusions

6.1 Three different sets of conclusions emerge from the Bank's experience in supporting capacity building in Benin.

Project Design

6.2 The experience of investment projects reinforces the importance of certain success factors in capacity building (and in projects generally). The lessons apply not only to Benin but more broadly. They include:

- **Adequate diagnosis of capacity requirements and availability is essential.** It takes capacity to build capacity. The Transport Project did not adequately assess this core capacity and interest of contractor associations to train small contractors. The education project did not evaluate the planning and management capacity of the Ministry to carry out the expansion program. Some capacity assessment, in the form of an institutional analysis or a social assessment would normally be very valuable. A real understanding of the political economy—the winners and losers—is also essential in any capacity building intervention but is rarely done.
- **Long-term engagement is critical.** The transport program was the only real success in the Benin portfolio of projects, in large measure due to the Bank's 30-year engagement in the sector through investment lending. Capacity development does not take place in linear 5-year project periods. It needs a sustained commitment to build mutual confidence and trust. The recent experience with the PERAC followed by the PRSCs is also an example of continuing engagement.
- **Ownership matters most.** The weak outcomes of the PAGE, SAC III, and some elements of the health and education projects reflect, in part, lack of client commitment. In the case of the PAGE, the objections were given in writing during negotiations, to no avail. The agenda appears to have been largely donor driven.
- **Clarity of objectives and quality of design are also critical success factors.** The ICRs of the education, health, and PERAC projects faulted the quality of project design. The goals were too ambitious, roles were ambiguous, indicators too broad, and M&E systems were missing. For capacity building, there needs to be a clear assessment of needs, realistic plans for meeting those needs, and a way to track progress and outcomes.
- **Capacity building is forever.** People move, organizations evolve, and circumstances change. Capacity building is a never-ending, permanent feature of effective development.

Transitioning from Investment Lending to Budget Support

6.3 Benin offers a vivid example of the complexity of Bank support for capacity building in the transition from investment lending to sector wide approaches and direct budget support characterized by PRSCs. The Bank has phased out of direct lending in education, health, and roads in favor of supporting these sectors through its contribution to the national budget. The PERAC was a transitional instrument in which these three sectors participated in the development of a results-oriented budget approach. Sector investment programs were established in the context of a Medium-Term Expenditure Framework. Annual work programs and prior year achievements are reviewed by participating donors. In the event, the education project was closed rather abruptly (and contrary to the wishes of the Ministry) in favor of moving to the PERAC-sponsored budget support approach.

6.4 The PERAC ICR identifies important lessons for how the Bank should stay engaged operationally in such activities as capacity building when financial support and dialogue have moved to the policy level. The lessons from the ICR are:

- Budget reform is a long-term process that will take decades to succeed in most member countries. The main issue, at design, is to select a few strategic kick-off activities.
- Success of a long-term budget reform will obviously depend on long-term commitment.
- Multi-sector budget reform needs to mobilize considerable support from the Bank and possibly other donors, particularly at *the supervision stage*.
- Introducing entirely new processes and procedures and evaluation techniques require significant technical assistance to be financed by donors. *It is unrealistic to expect that capacity-building activities will be automatically funded even if included in the budget.*
- In a program of direct budget support, institutional arrangements need to be in place to help implementing agencies develop their own competence to manage the new approach.

6.5 In short, the transition to direct budget support requires new approaches to capacity building support by the Bank. Without the direct financial relationship with a specific ministry or agency and continuous involvement through supervision, the contribution to capacity building becomes more indirect. Unlike an investment project with its levers of suspension of disbursements for serious compliance problems, positive or negative sanctions are more difficult to manage in an adjustment operation (particularly one-tranche operations) if specific activities such as training and technical assistance are carried out or not. A number of Benin representatives from project agencies expressed a concern for the loss of direct and regular contact with technical colleagues. Several said that working with Bank specialists was their most important form of capacity building—learning alongside world-class experts. Direct budget support offers a number of advantages in terms of client ownership and responsibility and donor harmonization. But it is more complicated for the Bank in a number of respects, and it needs suitable mechanisms to stay engaged, possibly through associated demand-driven

Technical Assistance Credits at the sector level to help realize high-priority activities agreed in the annual programs of work.

Addressing Capacity Building as a Goal

6.6 The common critique of informants is that things do not work in Benin because the “system” is dysfunctional, preventing talent from emerging and sending competent and ambitious citizens abroad. The “system” is typically a complex web of norms, beliefs, practices and values. In public administration reform, for example, a complex world of social interaction and daily survival are at play. The Bank and other outsiders cannot begin to understand how the weight of history and experience influences the behavior and attitudes of whole societies and cultures, much less try to reform them in the context of an individual project. It can only hope to help introduce elements of incentives, procedures and rewards that begin to move the “system” in a more appropriate direction, step by step. This is a long-term and difficult process that cannot succeed unless the Bank’s approach to capacity building recognizes the long-term nature of the reform process. Review of the last 10 years of experience indicates that capacity building needs to be addressed as a goal rather than as a means to other objectives, and designed, measured, and evaluated as such.

6.7 **Bank support for capacity building needs to be more evidence-based.** There are currently three major obstacles to being able to measure the effectiveness of the Bank’s interventions. First, the Bank’s methodology of project analysis typically does not provide information that can measure the impact of capacity building. Capacity building is typically treated as an input, or means to achieve project objectives. As such, there are no targets, indicators or mechanisms to trace progress or assess accomplishments against goals. We have seen no tracer studies of completed training or professional development programs. We have seen no assessment of the effectiveness of specific technical assistance interventions.

6.8 Second, the proxy of using outputs or outcomes measures of success of capacity building has a major shortcoming. Even with a lack of hard evidence, it is possible to assess the impact of the “means” by the “results.” If the results were positive, one can adduce that the means were effective. The Bank’s methodology for assessing results, however, typically makes the measurement prematurely. Project outcomes, institutional development, and sustainability are normally assessed at project “completion,” defined as when the loan is fully disbursed. However, the reality is that many projects, especially in productive sectors, are only just beginning to realize their full development at completion. The experience in Benin suggests that when the money runs out, project’s accomplishments tend to fade quickly. For example, the Road Fund three years after completion of the Transport Project has lost its autonomy and freedom from political interference. An ICR or similar review should realistically be carried out not earlier than two years after final disbursement to assess the real impact.

6.9 Third, the complex issue of attribution and cause and effect is compounded in a program of budget support rather than investment lending. The programmatic approach

of annual program review and agreement by multiple donors makes it impossible to ascribe an explicit contribution to the Bank.

6.10 The Bank should consider two measures to enable capacity building to be assessed more explicitly. First, treat capacity building as an objective, not just as a means to other goals. Building sustainable organizations and institutions is a key to sustainable development beyond a single project. Strengthening human resource capacity is ultimately the purpose of development. The Benin CAS explicitly cites capacity building as the principal goal of the Bank's country assistance strategy for 2004-06. If capacity building is an objective, it would be governed by the same analytical requirements as other project goals. As such, there would be need for adequate:

- **Preparation**—A diagnosis of current capacity, needed capacity and mechanisms to achieve the competence, output indicators, and benchmarks.
- **Supervision**—Regular supervision, monitoring and reporting of the results, and effectiveness of capacity building initiatives as a project component.
- **Evaluation**—A systematic review of the impact and outcomes of different capacity building initiatives.

6.11 Second, conduct assessments of capacity building effectiveness two to three years after project completion. The experience in Benin suggests that the value and impact of Bank-financed projects often do not survive the end of funding. The real sustainability of Bank interventions should be of significant interest. In fact, one senior advisor in Benin suggested that the country should do an explicit cost-benefit analysis of different donors' contribution to Benin's development, including that of the Bank.

6.12 **Finally, capacity building needs to begin at home.** Unless the Bank has its own adequate capacity to understand how capacity can be built and sustained, it can hardly help others. Several ICRs lamented the lack of specialized technical staff on preparation and supervision missions. The lack of staff skilled in developing M&E systems has been particularly severe. The ability to help design and implement effective education and training programs is also not a skill widely available in the Bank.

6.13 Technical skills are not the only deficiency in the Bank's current approach to capacity building. In the projects reviewed, the Bank's support for capacity building was marked by overly complex project design, inflexibility in implementation, laxity in enforcing conditionality, rapid turnover of Bank staff. But no less important have been the omissions—incomplete or missing analysis of fundamental organizational capacity, the lack of attention to communications, the lack of serious effort in building M&E systems.

Annex A: List of Interviews

Interviewees	Organization
Benjamin Soude	Food Security
Stephan Roken	GTZ
Dr. Peter Wienard	German Ambassador
Sylvain Degbe	DANIDA
Cakpo Anatole Sogbohossou	Ministry of agriculture
Alexandre Dossou	World Bank
Nicolas Ahouissoussi	World Bank
Achaire Deoulengar	Swiss Cooperation
El hadj Mohamed Ly	FAO Representative
Akadiri Falilou	Program manager FAO
Rahamane Traore	Ministry of Finance
Félicienne Guinikoukou	Ministry of Finance and Economy
Anne Marie Sanvi	Ministry of Public Health
Dr. Yacouba Fassassi	President's Office
Dr. Claude Olowolagba	President's Office
Joseph Prince Agbodjan	CAPE
Leolpold Dandjinou	Ministry of Public Works
Dr. Midou Ibrahima	World Bank
Pascal Yaha	Ministry of Habitat and Urban Environment
Benoît Domingo	Ministry of Habitat and Urban Environment
Mouftaou Laleye	CAPAN
Gilles Yekpon	Ministry of Primary Education
Jean Adande Tokpessi	Ministry of Primary Education
Dr. Olivier Bienvenu Capo-Chichi	Public Health
Lucien Sossou Afanou	AGEFIB
Jean Tossavi	FODEFCA
Clement Logbo	Ministry of Higher Education
Michel Ahouankpanzo	United Nations Development Program
Sourou Gérard Codja	Ministry of Public Works and Transportation
Christian Attindehou	Director of Human Resources, Ministry of Plan
Nicaise Ahounou	Professor of Economics
Theodore Glele	Ministry of Public Works and Transportation
Joseph Tossavi	Ministry of Interior, Security, and Decentralization
Jacques Edjrokinto	Center for Distance Learning
Laurent Guirkinger	European Union
Yves Mercier	French Cooperation
Nicolas Lokpe	Director of Road Fund
Jean Richard Amoussou	Director of CAPE
Antoinette Sayeh	World Bank
Hinh Dinh	World Bank

Annex B: Documents and Projects Reviewed

A. Projects (FY)

Sectors			
<i>Roads</i>	<i>Education</i>	<i>Health</i>	<i>PFM/PSM</i>
Transport Sector Investment Project (1997)	Education Development Project (1994)	Population and Health (1995)	Economic Management Project (1994) SAC III (1995) PERAC (2001) PRSC (2004)

B. Bank Country Assistance Strategy, Poverty Reduction Strategy Papers, Analytical, and Other Reports (FY)

Country Assistance Strategy (CAS)	Poverty Reduction Strategy Papers (PRSP)	Analytical & Other Reports
Rural Water Supply & Sanitation Project (1994)	Interim PRSP & Assessment (2000)	Assessment of Selected Road Funds in Africa (2001)
Interim CAS (2001)	PRSP Preparation Status Report & Joint Assessment Vol. 1 (2002)	Le Systeme Educatif Beninois (2002)
2004 CAS	PRSP & Joint Staff Assessment Vol. 1 (2003)	Le Secteur Medical Prive a Cotonou, Benin, en 1999 (2000) Towards a Public Sector Management Strategy for West/Cent. Africa Republique du Benin--Rapport Analytic sur la Passation des Marches Country Financial Accountability Assessment (2001) Civil Service Reform: Strengthening World Bank and IMF Toward a Poverty Alleviation Strategy for Benin, vol. 1 (1995) Sustainable Banking with the Poor (1997) Contribution pour une Strategie de Protection Sociale du Benin (2000) Poverty Assessment Revue des Despenses Publiques du Secteur Sante Politique de Gestion des Ressources Humaines du Secteur Sante Social and Structural Policy Agricultural Markets in Benin and Malawi (2002)

Annex C: Capacity Building Objectives and Achievements in Focus Sectors

Project	Capacity Building Category	Capacity Building Objective	Results from ICR, OED ICR Review, and OED Team
ROADS			
Transport Sector Investment Project	Organization	Reorganize sector institutions—the Ministry of Public Works and Transport (MTPT) and Roads and Works Department (DROA)	MTPT reorganized departments and staffing, and introduced an integrated approach for program planning and monitoring. Government's capacity for planning and managing has improved. The DROA was reorganized, and its planning and management enhanced. Fifteen qualified engineers have been hired and trained for DROA. A rural road cell within DROA was created.
	Institution	Restructure Road Fund	The Road Fund has been restructured into an autonomous entity with less staff and with adequate resources for road maintenance. The Road Fund has exceeded performance objectives and resources have been increased for infrastructure management and user fees. However, political interference has risen since project ended.
	Institution	Introduce integrated approach for planning road maintenance expenditure	New integrated approach introduced. This led to road reconstruction and maintenance plan.
	Organization	Create a council for rural roads	National Council for Rural Roads (CTNPR) was established with a set of procedures and agreements to be used in working with local communities. However, the council for rural roads was not operational.
EDUCATION			
Education Development Project	Human Development	In-service training of teachers, inspectors, principals, and regional ministry staff	About 13,000 teachers, head teachers, inspectors, principals, and regional ministry staff were trained. The group training was not effective. Implementation of in-service training program was successful. However, training was not evaluated and no evidence of short-term impact. There was absence of incentives and motivation of personnel. There was extreme mobility in the staff of the project. The director of planning changed twice and the director of finance changed 8 times.
	Institution	Policies, procedures for	Policies/provision of textbooks was passed for rental, conservation, and replacement of books.

		provision and distribution of textbooks	These policies/provisions fluctuated.
	Organization	Strengthen the Ministry of National Education and Scientific Research (MENRS) capacity for planning, managing the sector's human and financial resources	Some key management departments of MENRS developed capacity. The performance of the Directorates for Financial Management (DRF) and Policy & Planning Directorate (DAPS) improved significantly. For DRF, the main achievements were the recruitment and training of a strong budget team. Better management of school construction, book procurement, and timely preparation of the budget. Outputs such as school statistics and the analysis of unit costs were produced by the DAPS. DRF improved contract management and accounting. Department of Human Resource Management remained weak, but it developed a computer based personnel file and management manual for staff as management tools.
HEALTH			
Population and Health Project	Institution	Decentralize and strengthen sector management and administration	Decentralization led to development of management structures, resulting in the creation of additional departments within the Ministry of Public Health and the establishment of health districts.
	Organization	Reorganize referral system and strengthen technical capacity to support primary health care and nutrition services	New guidelines, protocols, and referral system. Referral system reorganized, which led to the creation of 4 new health districts with support extending to 9 additional health districts (this also led the government to create 36 health districts in which 13 are operational). No detail on the impact of referral systems.
PUBLIC SECTOR MANAGEMENT			
Economic Management Project	Human Development	Strengthen civil servants capabilities in economic and financial management	About 700 civil servants were trained from on the job training courses in economics, finance, statistics, national accounting, and computing. Although there was a lot of training, skills were not utilized or retained due to high staff turnover and mobility. Civil servants trained under the project were not assigned to posts where their training could be used.
	Organization, Human Development	Reorganization of Ministry of Planning in public investment program monitoring, & national accounts preparation	The MOP has enhanced its capacity to undertake macroeconomic modeling and impact analyses. OED Team was unable to notice any positive impact of reorganization.

	Organization	Strengthen the Ministry of Finance in budget preparation, monitoring, and execution	The capacity of the MOF was strengthened but directorate of inspection in various ministries was not operational due to absence of qualifications, political involvement, and lack of capacity. The budget reform was put in place without having sufficient human capacity to handle the reform.
PERAC	Institution	Reform the budget preparation system through performance budgeting in five pilot ministries	Initial steps taken to improve performance budgeting in the line ministries. But progress was limited and uneven among ministries. There were delays, limited capacity, and resistance to programmatic approach. Budget allocations are still driven by politics.
	Human Development	Strengthen government administrative capacity to manage, execute and report, and monitor and evaluate public expenditure	Some improvements in managing public expenditures—such as introduction of integrated financial management and computerized budget management systems, progress made towards preparation of unified budgets, delegation of spending authorities to line ministries, etc. But management of resources continues to be weak due to limited capacity of monitoring and evaluation of line ministries. Most units lack resources and expertise to perform new functions.
	Institution	Establish a fiduciary framework for procurement, financial management, and auditing methods	Only a part of fiduciary framework was achieved. External audit was strengthened. Procurement and internal audit remain weak.

Annex D: Summary of Technical Assistance in the Four Sectors

Kinds of Technical Assistance	Outcome
<p>Roads</p> <ul style="list-style-type: none"> • Short-term TA and studies for key management improvements within Ministry of Public Works and Transport (MTPT) such as updating of priority program, financial management, transport licensing, contract management, data collection, and personnel management. • Short-term TA to assist in traffic safety program and improve database on road security as well as develop and implement a road safety policy. • Short-term TA for training of Cotonou's traffic management plan, studies for a bus/traffic management plan and its implementation and definition of a means for urban user participation in traffic planning through an NGO <p>More specifically:</p> <ul style="list-style-type: none"> • 45 months out of 125 months of expertise required for road component were hired locally; • 144 of 240 months of NGO assistance for rural road component • 7 of 67 months of rural road specialists; • 50 of 60 months of traffic plan experts in urban component (286 local out of 492 months total). 	<ul style="list-style-type: none"> • The roads project was satisfactory and objectives were achieved. Cannot assess whether this is a direct result of TA. • MTPT was reorganized and a transport information system was put in place. • Road database was created. • TA for road safety had long delays due to consultant procurement.

Kinds of Technical Assistance	Outcome
Health	
<ul style="list-style-type: none"> The project financed 85 person-months of external specialist support for implementation and 199 person-months of local consulting services. 	<ul style="list-style-type: none"> Unable to assess the direct impact of TA on the project.
<ul style="list-style-type: none"> Technical assistance to help initiate and coordinate the process of establishing 4 health district offices. 	
<ul style="list-style-type: none"> TA from local management experts would prepare with MOH staff manuals for: supervision, personnel management, health information, in-service training, management of drugs and medical supplies, transportation, communication, facilities and equipment maintenance, financial management, planning / programming / budgeting / evaluation, and patient referral. 	
<ul style="list-style-type: none"> Short-term TA to help with the decentralization of sector planning 	
<ul style="list-style-type: none"> TA provided by local NGOs as needed to strengthen management capacity and autonomy of members. 	

Kinds of Technical Assistance	Outcome
Education	
<ul style="list-style-type: none"> • Local consultants carried out a study on (Girls Boarding Facility) FJF's program. • Key economic and sector work were to be carried out with the assistance of consultants on the development of a sector strategy, an operational audit of the University of Benin, an assessment of vocational and technical education, and on labor market. • 18 months of TA was to be provided to: (a) conduct a field survey to determine key factors that positively influence girls' schooling; and (b) following the field survey, design and monitor pilot programs to increase girls' participation that take into account the results of the survey. • 4.5 months of TA for: (a) building capacity within the MENRS for a more efficient budgetary process by developing, implementing, monitoring, and evaluating revised and uniform procedures for the projections and control of budgeting, accounting and expenditures; and (b) developing the project accounting and contract management capacity. • 24 months of local TA for architectural services to assist the Ministry of National Education and Scientific Research (MENRS) in monitoring implementation of the new rehabilitation and maintenance. 	<ul style="list-style-type: none"> • The consultants recommended the generalization of the FJFs, with greater involvement of local communities and the State in management. This new approach would result in FJFs operating more like a girls' boarding school, which IDA does not support in Africa. • The operational audit of the University was completed, discussed with faculty and students and key recommendations adopted by the Council of Ministers. The audit carried out by an experienced university president and professor of economics, provided an in-depth diagnosis of the university's problems and made sound recommendations for reform. However, plan was not implemented. • The study designed to identify factors favoring girls schooling, with a view to piloting promising approaches and eventually developing a national strategy for girls participation was only carried out in the last year of the project. • In general for this project, managing TA was difficult and skill transfer was limited.

Kinds of Technical Assistance	Outcome
Public Sector Management	
<ul style="list-style-type: none"> • Provide support to the preparation and execution of the PIP and the budget through TA to the Ministry of Planning, the Ministry of Finance and the sector ministries. • Studies and consulting services to support the implementation of the Government's economic reform program. 	<ul style="list-style-type: none"> • The project's poor design placed excessive emphasis on long-term expatriate TA. Initially 80% of the project funds were allocated to cover the costs of a massive deployment (24 staff years) of TA. This was discarded immediately. • TA has helped the Budget Directorate and the Treasury to improve logistical support
<ul style="list-style-type: none"> • Support to the training center through provision of an expert to assist in managing the center and developing new program of short and long-term training in economic and financial management. Two other experts would provide the sector ministries with operational and pedagogical support for programming and executing the PIP and the budget. • Two experts to provide pedagogical and operational support to the staff involved in the preparation and execution of the budget. • Studies and short-term expertise to support the economic reform process. • The project component consisted of providing short-term support to the economic reform program in: codification of legal texts, judiciary reform studies and related action plans; banking reform studies and an action plan to improve financial intermediation; action plan for the implementation of the recommendations of a competitiveness study and the monitoring of indicators of competitiveness; and an action plan for the follow-up on the implementation of a tariff reform. 	<ul style="list-style-type: none"> • Project study funded led to a reorganization of the role and improved performance of the CAA. • A study to harmonize use of statistical concepts and methods was carried out and its recommendations were implemented under supervision of the National Statistical Commission. • Studies of salary and grade scales and the introduction of the merit-based pay have been valuable, but their introduction has not yet been completed due to the time required to achieve socio-political consensus among the parties. • Studies introduced fundamental reforms to public administration.