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Poverty Reduction Support Credits: Benin Country Study

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Brendan Horton



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Acronyms

AAA	Analytical and advisory activities	GBS	General budget support
AAP	Africa Action Plan	GFS	Government Finance Statistics
ABC-RP	<i>Appui Budgétaire Conjoint – à la Réduction de la Pauvreté</i> (joint budget support group)	HIPC	Highly Indebted Poor Country (initiative)
AfDB	African Development Bank	ICA	Investment Climate Assessment
APR	Annual Progress Report	ICR	Implementation Completion and Results Report
ASTER	Benin’s computerized accounting system	IDA	International Development Association
CAS	Country Assistance Strategy	IDF	Institutional Development Fund
CASPR	Country Assistance Strategy Progress Report	IFA	Integrated Fiduciary Assessment
CFAA	Country Financial Accountability Assessment	IFAD	International Fund for Agricultural Development
CFAF	CFA franc	JSAN	Joint Staff Advisory Note
CNDLP	National Commission for Development and the Fight Against Poverty	LICUS	Low Income Countries Under Stress (trust fund)
CPAR	Country Procurement Assessment Report	M&E	Monitoring and evaluation
CPIA	Country Performance and Institutional Assessment	MDG	Millennium Development Goal
CSPRES	Committee for Economic and Structural Programs (Ministry of Economy and Development)	MDRI	Multilateral Debt Relief Initiative
CSR	Country Sector Review	MDTF	Multi-donor trust fund
DAC	Development Assistance Committee	MTEF	Medium-Term Expenditure Framework
DGW	Directorate General of Water	ODA	Official development assistance
DfID	Department for International Development	ODI	Overseas Development Institute
DPL	Development policy loan	OP	Operational policy
DSA	Debt Sustainability Analysis	OPCS	Operations Policy and Country Services
DTIS	Diagnostic Trade Integration Study	PCR	Project Completion Report
EC	European Commission	PD	Program Document
EFA	Education For All	PEFA	Public Expenditure and Financial Accountability
ESAF	Environmental and Social Assessment Framework	PEM	Public expenditure management
ETARB	Budget Support Technical Support Team	PER	Public Expenditure Review
FY	Fiscal year	PERAC	Public Expenditure Reform Adjustment Credit
GAC	Governance and Anti-Corruption Strategy	PET	Public expenditure tracking survey
		PFM	Public financial management
		PFMP	Public financial management program
		PHRD	Policy and Human Resources Development Fund

PMS	Poverty monitoring system
PPP	Public-private partnership
PREM	Poverty Reduction and Economic Management
PRGF	Poverty Reduction and Growth Facility
PRS	Poverty reduction strategy
PRSF	Public sector financial management
PRSP	Poverty Reduction Strategy Paper
PSD	Private sector development
PSIA	Poverty and Social Impact Analysis
RBB	Results-based budget
SAC	Structural Adjustment Credit
SGPR	Strategy for Growth and Poverty Reduction
SIDA	Swedish International Development Corporation
SIGFIP	Information system in Benin
SONAPRA	Cotton parastatal in Benin
SWAp	Sector-wide approach
TA	Technical assistance
TF	Trust fund
UMEOA	West African Monetary and Economic Union
WTO	World Trade Organization

Acknowledgments

This paper is one of a series of seven background country case studies, prepared for the IEG evaluation of the World Bank's support for Poverty Reduction Support Credits (PRSCs), coordinated by Anjali Kumar. The paper was prepared by Brendan Horton on the basis of a mission undertaken jointly with Arna Hartmann, guided by a framework for evaluation prepared by Monika Huppi. Its preparation was supported by the World Bank's country office for Benin, which helped to organize the field visit. Support was provided in Washington by Andrew Waxman, Research Analyst. Valuable comments are acknowledged from Benin Country Team members, including Senior Country Economist Nancy Claire Benjamin and William Experton, Lead Education Specialist. The paper has been edited by Jesse Torrence and Anjali Kumar.

Executive Summary

Benin experienced a long period of political instability and economic challenges after achieving its independence in August 1960. In 1991 a new government initiated far-reaching reforms aimed at the creation of a market-based economy, resulting in significant liberalization of Benin's political and economic system. Growth fluctuated in the range of 4-6 percent until 2000, after which it began to trend downwards, fluctuating largely in response to variation in the exchange rate as well as to movement in the prices of cotton, Benin's main export, and oil, a major import.

Between 1989 and 2002, Benin benefited from support under three Structural Adjustment Loans/Credits (SALs) and a Public Expenditure Reform Adjustment Credit (PERAC) and supplemental credit. SALs 1-3 covered multiple sectors and included numerous conditionalities; implementation was slow and there were significant tranche-release delays. The PERAC, a single-tranche operation set up as a transition to programmatic lending, focused solely on public expenditure reform. An assessment by the World Bank's Independent Evaluation Group (IEG) found the adjustment operations were largely satisfactory and had made a significant contribution to helping Benin through a difficult transition and improving its macroeconomic performance, although structural reforms had not been assiduously pursued.

In 2004 Benin moved to consolidated support under the Poverty Reduction Support Credits (PRSCs) program. To date, five credits in two series have been approved. The PRSCs were meant to serve as an anchor for the Bank's support of Benin's policy and institutional reforms and the country's public expenditure priorities. As designed, the PRSCs were well aligned with Benin's Poverty Reduction Strategy Papers I and II and picked up important priorities from them. With the strategy embraced by Government and civil society alike, this has meant that the principal programs adopted by the PRSC are also owned and supported by Government. Each PRSC contained clear performance benchmarks, policy measures, and outcome indicators, with single-tranche disbursement on the basis of upfront actions. One area of relative weakness was the lack of an explicit results framework in PRSC 1-3. According to some sector specialists, the absence of such a framework has been a key weakness of the credits compared to investment projects, leading to implementation difficulties due to the lack of a clear, transparent accountability chain.

Each operation's core segment focused on implementing key macroeconomic and structural policies, as well as achieving progress in budget management and public sector reform, with the sectoral emphasis shifting over time as priorities emerged. In this spirit, the core sectors under PRSC 1 were rural water, health, and education; under PRSC 2, agriculture, rural transport and justice were added; under PRSC 3, private sector development was introduced, with environment, urban sanitation and forestry considered "maintenance" sectors. PRSC 4, launched in 2007 as the first of Series 2, was to provide continued support for reaching Millennium Development Goals and improving the delivery of basic health, education, and water services to the poor and underserved. Preparation of PRSC 5 was delayed by Bank management due to slow progress on structural reforms in the cotton and other key sectors (which were not included in the PRSC), but the credit was finally approved by the Bank in January 2009.

The PRSCs have clearly had a beneficial impact on improving government policy dialogue. Policy makers in technical ministries reported they were aware of Poverty Reduction Strategy Paper goals and mechanisms and believed, to varying degrees, that the PRSC process helped them strengthen the operational focus of their sector strategies and programs. They also reported a positive impact on their interactions with central ministries, particularly in regard to budget formulation, execution, and procurement. The PRSC has also helped focus attention on cross-cutting issues like procurement, which do not lend themselves to a sector approach and yet cannot be addressed by the Ministry of Finance alone. Budget execution systems have also shown improvement, although significant weaknesses remain. All ministries interviewed viewed the introduction of program budgeting as a positive development. In their view, it helped improve the quality of budget preparation and execution and has helped turn the budget into an effective instrument of dialogue between themselves, the Ministry of Finance, and development partners. The budget is beginning to be used as a tool for increasing the accountability of sector ministries to the Ministry of Finance through the new budget execution reporting arrangements and performance auditing on the use of resources, meeting triggers, and realizing outcomes.

The PRSCs have contributed significantly to donor harmonization, with the Bank receiving praise for its open, participatory processes and inclusiveness. At the same time, the Bank and donors have not seen eye-to-eye on every issue. The European Union (EU) has strongly advocated outcome-based conditionality, while the Bank believes that tailoring disbursements according to outcomes achieved is premature, as outcome indicators rarely change and databases in countries may be insufficient. But the two approaches may be converging: under a 2007 agreement signed by donors, performance is now assessed on the basis of a common matrix of indicators, with each partner retaining the power to make an assessment of performance and readiness for the release of funds against any subset of indicators in the common matrix. In any event, there is clear evidence that volatility of general budget support has been reduced over the last few years.

In regards to growth and poverty focus, while the PRSCs were designed to promote pro-poor growth, growth performance has fallen substantially short of target, as has public investment. Performance on the structural front was mixed. There was some improvement in the business environment, but key structural reforms have not gone forward as envisioned, with the lack of progress in reforming the cotton sector a particularly thorny issue. This has led to an apparent continuation of the lackluster reform record of the SAL/PERAC period. Progress in sectors was mixed, with progress in the water sector somewhat more notable than in education and health.

PRSCs have demonstrated that they can add value relative to the structural adjustment approach and are potentially good instruments for promoting policy dialogue for cross-sectoral issues with significant budget availability and management aspects. The Benin case provides a good example of an effective symbiosis between sector programs and public financial management reforms. Such reform is a very demanding but important endeavor, and one that faces some challenges still in Benin. Overall, the PRSCs have helped anchor Benin's policy and institutional reform and public expenditure priorities. Despite being a useful instrument, however, they are not the only one the Bank should use; and there remains plenty of scope for investment operations, both self standing and programmatic.

1. Background

Country Context

1.1 *Economic performance.* The period 1991-2008 was marked by significant liberalization of Benin's political and economic system. Over the period 1991-2003, growth fluctuated in the range of 4-6 percent until 2000, after which it began to trend downwards to an average of about 5 percent. A key event was the 100 percent devaluation (in nominal terms) of the CFA franc (CFAF) in January 1994, which led to a short but pronounced spike in inflation (38.5 percent in 1994), that declined rapidly to 5 percent or less after 1996. Yet inflation remained high compared to trading partners, causing the real effective exchange rate to appreciate and eroding about 75 percent of external competitiveness gains from the devaluation. The internal real exchange rate showed the same tendency, with a 40 percent appreciation (IMF, 2004). The terms of trade fluctuated largely in response to price movements of cotton, Benin's main export, and oil, a major import¹. A growing external current account deficit was financed largely by new borrowing and debt relief from the Paris Club and under the Highly Indebted Poor Country (HIPC) initiative.² Foreign exchange reserves increased on a regular basis; the overall balance of payments improved until 2000, at which time the trend reversed. On the fiscal front, the domestic primary balance showed an increasing surplus until 2000, became negative in 2004, then turned positive in 2006. The overall fiscal balance showed a similar development during this period, with financing coming primarily from abroad. On the monetary front, while net credit to Government became negative as of 1998 and remained so thereafter, net credit to the private sector grew on average at an annual rate of 22 percent from 1994-2003.

1.2 *Track record on macroeconomic policy and structural reform.* Benin benefited from support under the Environmental and Social Assessment Framework (ESAF) and Poverty Reduction and Growth (PRGF) facilities, the latter continuously since 1993. According to an independent ex-post review (International Monetary Fund 2004), program implementation during 1993-2003 was broadly successful. Real economic growth averaged 5 percent and fiscal consolidation improved as key initial challenges arising from the Government's low revenue collection and high wage bill were addressed. But overall progress in structural reform was mixed. Initial efforts to liberalize the economy and reduce government intervention were successful, and there was progress in introducing far-reaching reforms in the cotton sector. However, public utilities divestiture and civil service reform met with protracted delays. According to the review, successor programs would need to address the issue of country ownership of reforms through improved transparency and consensus building; the review also cited the need to build in safeguards to minimize risk to structural reform implementation, and to improve the response to external shocks. A new Poverty Reduction Growth Facility was approved in August 2005.

1 Nigeria's closing of its border with Benin also created a severe external shock to the economy.

2 Access to the Multilateral Debt Relief Initiative was attained in late 2005.

1.3 *Bank support through adjustment lending prior to the Poverty Reduction Support Credits (PRSCs).* As shown in Table 1, Benin was granted four structural adjustment loans. These consisted of Structural Adjustment Loans 1-3 in 1989, 1991, and 1995; the Public Expenditure Reform Adjustment Credit (PERAC) in 2001, and the PERAC supplemental credit in 2002.

Table 1. Benin: Summary of Adjustment Lending

Operation	Board Approval Date	Amount (USD U.S. millions, equiv.)	Number of Tranches
SAL 1	May 1989	45	2
SAL 2	June 1991	55	3
SAL 3	June 1995	25.8	2
PERAC	2001	10	1
PERAC Supplement	2002	10	1
PRSC 1	March 2004	20	1
PRSC 2	June 2005	30	1
PRSC 3	November 2006	30	1
PRSC 4	June 2007	40	1

Source: Business Warehouse, World Bank

Note: Bank documents sometimes refer to Benin's Structural Adjustment Credits (SACs) as Structural Adjustment Loans (SALs), even though all loans were in the form of IDA credits.

1.4 Structural Adjustment Loans 1-3 covered a multitude of sectors and included a large number of tranche release conditionalities, often inter-sectoral in nature. Implementation was slow, and there were significant delays in releasing tranches.³ The Public Expenditure Reform Adjustment Credit, a single-tranche operation, was set up as a transition to programmatic lending and focused only on public expenditure reform. The overall assessment in a review of the operation by the World Bank's Independent Evaluation Group (IEG) was that, on balance, the adjustment operations were satisfactory and made a significant contribution to helping Benin through a difficult transition. Macroeconomic performance improved significantly, but structural reforms were less assiduously pursued. From a design perspective, IEG considered multi-tranche operations as less appropriate than single-tranche operations in the Beninese environment; the lack of monitoring and evaluation regimes was also noted. The Public Expenditure Reform Adjustment Credit was also rated as satisfactory, although the assessment concluded that the program budget design it promoted was complicated by a proliferation in foreign financed investment projects. The assessment also concluded that the scope of the Public Expenditure Reform Adjustment Credit was too broad and should have concentrated on fewer sectors.

³ Tranche release delays and conditionality waivers were as follows: SAL 1 tranche 2 –six months, 1 waiver; SAL 2, tranche 2 –14 months, no waivers; SAL 2, tranche 3 –22 months, no waivers; SAL 3, tranche 2 –nearly three years, two waivers.

Situating the PRSC in the Country Assistance Program

1.5 To date, four PRSCs have been approved⁴, with the first three pertaining to Series I and PRSC 4 being the first part of Series II. Preparation of PRSC 5, delayed by Bank management, was approved by the Bank's Board in January 2009. All have been single-tranche credits on standard International Development Association (IDA)⁵ terms, with Board presentation conditional on the execution of certain prior actions. An Implementation Completion Report (ICR) prepared for PRSC 1-3 concludes that PRSC 1 was satisfactory, and PRSCs 2-3 were moderately so, particularly with regard to borrower performance. Institutional development impact was assessed as *substantial* and sustainability as *likely*, while risks to development outcomes were rated as *moderate*.

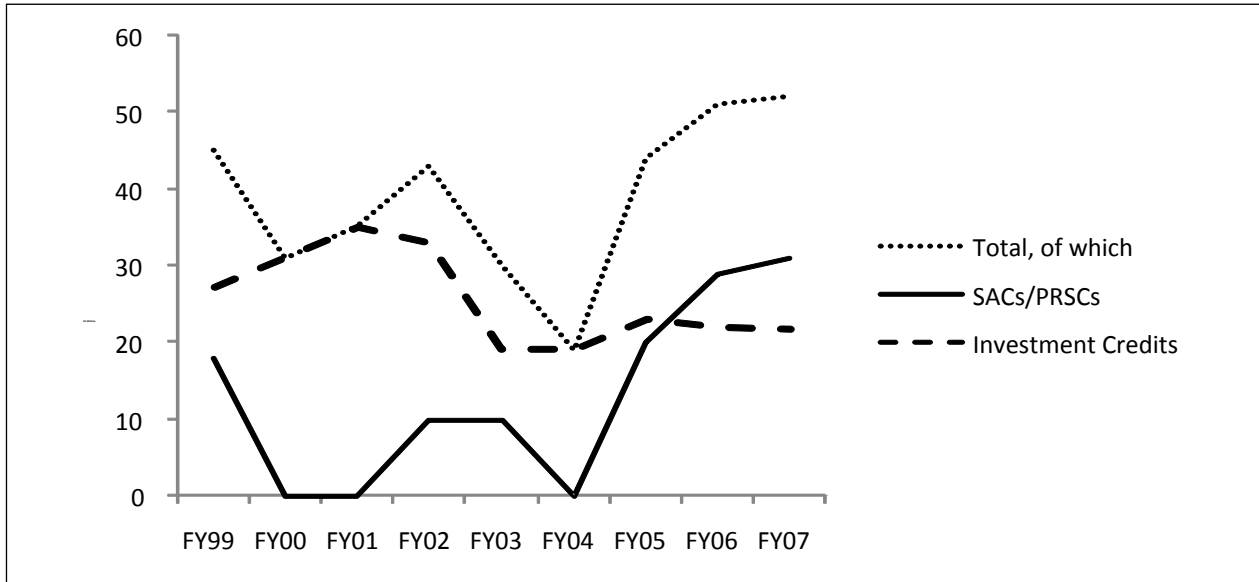
1.6 PRSCs 1-3 were undertaken in the context of Benin's Country Assistance Strategy (CAS) for FY2004-2006, approved by the Bank's Board of Directors in July 2003. PRSC 4 was prepared under the same umbrella although not included in the 2003 Country Assistance Strategy. The 2003 Country Assistance Strategy foresaw a lending program of about USD 200 million, which could be increased to USD 220 million, of which USD 85-105 million – 43-48 percent of the Country Assistance Strategy envelope – could be provided in the form of three single-tranche PRSCs, one in each of the three fiscal years covered by the strategy. The strategy intended to support pillars 1-3 of the Poverty Reduction Strategy Paper (PRSP). The 2003 Country Assistance Strategy reaffirmed the vision of the 2001 interim strategy, which had proposed progressive consolidation of programmatic support through PRSCs, although programmatic investment lending and one traditional investment project were also foreseen. Indeed, the record confirms the strategy's vision that fast-disbursing operations like the PRSCs would progressively dominate the portfolio. Thus, in the period FY2004-FY2007, the share of PRSCs amounted to 47 percent of total disbursements, whereas the Structural Adjustment Loans and Public Expenditure Reform Adjustment Credit had accounted for 21 percent (see Figure 1 and Figure 2). The PRSCs were to be aligned with Benin's budget cycle and support public finance management as well as the financing of key sector programs (World Bank, 2003a). As proposed in the 2001 Country Assistance Strategy, projects were closed in education, health, rural water and sanita-

4 The Poverty Reduction Support Credit (PRSC) represented a major departure from the prior adjustment lending model of the World Bank. Introduced in early 2001 in the context of global changes in aid architecture that recognized the importance of country ownership, government reform commitment, and multi-dimensional poverty reduction, PRSCs were intended to aid country-owned Poverty Reduction Strategies, support comprehensive growth, improve social conditions, and reduce poverty. Compared to previous adjustment lending, PRSCs aimed to ease conditionality, provide more predictable annual support and strengthen budget processes, all in a results-based framework. Many of its principles were reflected in the Paris Declaration of Aid Effectiveness. Within four years of their introduction, PRSCs came to account for almost 60 percent of IDA policy based lending and a quarter of total Bank policy based lending. From FY01-FY08, the Bank approved 87 PRSC operations amounting to US\$ 6.6 billion. By end-September 2009, PRSC approvals increased to 99 operations, with another 20 in the pipeline.

5 The International Development Association (IDA) is the part of the World Bank that helps the world's poorest countries. Established in 1960, IDA aims to reduce poverty by providing grants and interest-free credits for programs that boost economic growth, reduce inequalities and improve people's living conditions. IDA complements the World Bank's other lending arm—the International Bank for Reconstruction and Development (IBRD)—which serves middle-income countries with capital investment and advisory services (www.worldbank.org).

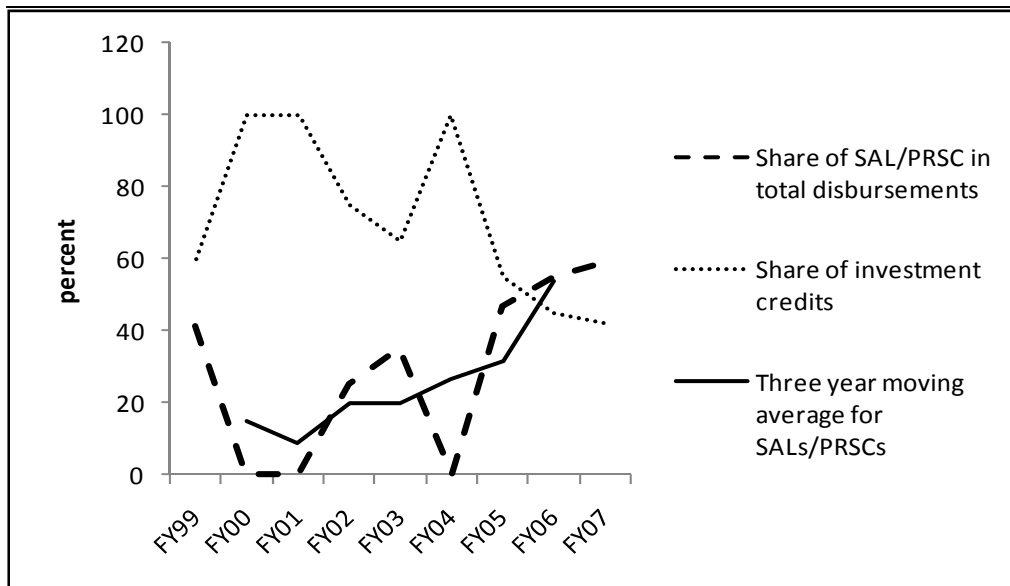
tion, environment, and agriculture, with a view to “mainstreaming” activities through consolidated support.

Figure 1. Disbursements (in percent) of SALs, PERAC, PRSCs (FY 99-07)



Source: Business Warehouse, World Bank

Figure 2. Share of Total Disbursements by Type of Credit



Source: World Bank data

2. PRSC Design

To what extent is there a discernible difference between the PRSC series and earlier adjustment lending/ development policy lending?

2.1 *Design and content.* The objectives of PRSCs 1-3 for 2004-2006 were as follows: maintain macroeconomic stability and accelerate economic growth focusing on implementation and completion of the privatization program; establish a sound regulatory framework in liberalized sectors; improve legal and judicial systems; and improve basic service delivery, quality, and coverage of basic services, as well as their expenditure efficiency. Series 2 proposed to deepen the focus on improving the policy environment for private investment, especially completing reforms in the cotton sector and infrastructure. Series 2 also focused on further improving access to basic services and the efficiency of public expenditure on human capital and promoting better government/governance through financial management, as well as reforming the civil service and justice sectors.

2.2 By building on lessons learned during PRSCs 1-3, PRSCs 4-6 would provide continued support for reaching Millennium Development Goals. It was expected that they would: (i) improve the equity focus of service delivery by intensifying the targeting of underserved areas; (ii) include more stakeholders outside government and Cotonou to improve program quality, Poverty Reduction Strategy Plan monitoring, and results orientation; (iii) reinforce the dialogue between sector ministries and the Ministry of Finance, and adjusting budget reform to better account for sector ministry needs; and (iv) improve donor coordination.

2.3 The PRSCs were intended to serve as an anchor for the Bank's support of Benin's policy and institutional reforms and public expenditure priorities. Each PRSC would contain clear performance benchmarks, policy measures, and outcome indicators, and be disbursed in a single tranche on the basis of upfront actions. There would also be triggers from which prior actions for the next operation would be derived. Each operation's core segment focused on implementing key central macroeconomic and structural policies, as well as achieving progress in budget management and public sector reform; meanwhile, the sectoral emphasis would shift over time as priorities emerged. In this spirit, the core sectors under PRSC 1 were rural water, health, and education; under PRSC 2, agriculture, rural transport, and justice were added; and under PRSC 3, private sector development was introduced. Environment and urban sanitation and forestry were considered "maintenance" sectors, where progress was monitored without the addition of new measures.

2.4 *Approach to conditionalities.* Under PRSC 1, prior actions and triggers for sectors generally pertained to realization of measures intended to improve outcomes (access to potable water, health services, quality of education, better rural transport). PRSC 2 introduced prior actions and triggers for agriculture, rural transport, and the legal/judicial sector. PRSC 3 added prior actions pertaining to development and adoption of a private sector development strategy and reform of the cotton sector. The triggers for PRSC 4 focused on the same set of issues but tried to streamline through recourse to the "good principles of conditionality." In all PRSCs, some pre-announced triggers were modified, deferred, or waived at the time of conversion into prior

actions. Furthermore, under PRSCs 2 and 4, new conditionalities were introduced that had not been foreseen in preceding operations pertaining to cotton, transport, civil service reform, and the justice sector. Three were revised and three postponed. Under PRSC 4, there were also revisions.

2.5 PRSCs conditionalities intervene at the level of Board presentation only in the form of prior actions. PRSC Board presentation conditions differ from those in Structural Adjustment Loans in that they are announced to the borrower and the Board in the preceding operation, with the implicit understanding that they can be modified or waived in the light of progress realized. In this regard, the Bank has shown considerable flexibility in agreeing to rewordings, deferrals, and waivers. At the same time, new prior actions have been introduced when thought appropriate during the preparation of a specific operation, particularly in cotton. Yet there is a limit to the Bank's flexibility, as demonstrated by its decision to suspend preparation of PRSC 5 because of lack of adequate progress with respect to reforms in the cotton sector.

2.6 Prior actions under PRSCs are pre-announced with a lead of at least one year. This, as well as the fact that they can be rolled forward from one operation to the next, makes prior actions akin to a forward-looking road map for key policy reforms over the life of one or more PRSC series. In this respect, PRSC prior actions differ from previous Board presentation conditions for Structural Adjustment Loans, which were specific to an operation and not disclosed to the Board. A comparison for this case study shows that PRSCs have tended to have a marginally smaller number of Board presentation conditions compared to Structural Adjustment Loans. There is no clear pattern as regards the number of Structural Adjustment Loan tranche release conditions and the PRSC triggers for the next operation. Yet, the total number of conditionalities – that is, both core and non-core actions – has been much larger under the PRSCs than under the Structural Adjustment Loans.

2.7 *PRSC flexibility compared to earlier lending instruments.* There are not generally substantial differences between PRSC and Structural Adjustment Loan conditionalities, in terms of objectives and content. But PRSC triggers/prior actions are more flexible than Structural Adjustment Loan tranche release conditionalities. The latter are generally defined in tight legal language, and non-compliance requires a waiver, which must be approved by the Executive Board (generally obtained on a non-objection basis). PRSC prior actions are Board presentation conditions for a specific Credit, albeit disclosed to the Board with a lead of one year. As has been seen, prior actions can be modified or waived at the behest of the task team or management. Finally, PRSCs, in principle, avoid disbursement delays. Delays imputable to the Bank can only arise if it Board presentation is deferred. Delays following Board presentation can only arise from borrower delays in signing or ratification, since PRSCs are supposed to be single-tranche operations without effectiveness conditionalities.

2.8 *Government opinion on PRSC-Structural Adjustment Loan differences.* Government counterparts told the IEG mission that they prefer the PRSC approach for three reasons. First, the conditionalities pertain to the implementation of the Poverty Reduction Strategy Paper, which is *their* document. Second, the formulation of prior actions for the operation in the following year initially in the form of adjustable triggers in the PRSC of that current year or the previous year is preferable to the Structural Adjustment Loan approach of hard, non-adjustable conditionalities for the second or third tranches – which facilitates IDA-government dialogue. Third, the fact that a PRSC series has three operations, and the presumption that there will be more than one series, generates the assurance that IDA will be present over the long run to help finance the government's budget. Direct deposit of counterpart funds to IDA resources into the Trea-

sure Account and their management according to national procedures is appreciated, as in the case of budget support under preceding structural adjustment loans.

2.9 Within the Bank, views are mixed. Strong support is expressed by Poverty Reduction and Economic Management (PREM) staff, who feel that the PRSC approach, as practiced in Benin, has led to a more productive dialogue between sector ministries and central ministries, especially Finance. Some sector staff strongly agree. Others, however, while not disputing that PRSCs have contributed to improved inter-ministerial dialogue, consider that multi-sector PRSCs are less effective than sector-specific PRSCs or sector-wide approaches (SWAs) or even traditional investment projects. Some staff also feel that the PRSC system can permit unjustified slippages attributable to lack of government commitment to difficult reforms, where stronger and binding conditionality of the adjustment kind could be appropriate. In their view, once the Bank engages the PRSC approach, it has less ability to exit or scale back in the event of weak performance. At best, the preparation of the next operation can be delayed, as in the PRSC 5, due to inadequate progress in cotton sector reforms.

2.10 *Regularity of disbursements.* All of the PRSCs have had only one tranche, so the question of tranches not being released because of delays in satisfying tranche release conditionalities has not arisen. But there have been delays in Board presentation for PRSC 3 (six months) and PRSC 5 (one year). Disbursement delays – that is, the time between Board approval and disbursement of funds – have varied, ranging from 3 months (PRSC 3) to 10 months (PRSC 4). These were apparently due to delays in ratification within Benin. Tranches have been disbursed in the first, third, and fourth quarters of Benin’s fiscal year. Neither situation has led to cash flow difficulties for the Government. By contrast, under the adjustment approach (Structural Adjustment Loans 1-3), there were frequent delays in disbursements of second and third tranches, in one case of nearly three years, due to delays in satisfying tranche release conditionalities. There were also lags of several years between operations.

3. PRSC Process

How effective have the PRSCs been as a vehicle to help Benin operationalize a country-driven poverty reduction strategy?

3.1 *PRSC alignment with national development strategy and sector strategies.* Benin has adopted two Poverty Reduction Strategy Papers, the first in 2003 and the second in 2007. The second is referred to by the Authorities as the Strategy for Growth and Poverty Reduction (SGPR). As summarized in Table 2, the objectives of PRSCs 1-3 were to: i) help create private sector-led economic growth by supporting the government’s macroeconomic program and improving the investment climate; ii) support the reform agenda and help finance the government’s expenditure program in key sectors, focusing on service delivery to the poor; and iii) support the government’s public expenditure management reform program. These objectives are clearly aligned with the first three pillars of Poverty Reduction Strategy Plan I. Similarly the objectives of PRSCs 4-6 were well-aligned with the SGPR’s key pillars of improving the policy environment for private investment and infrastructure, enhancing access to basic services and increasing the

efficiency of public expenditures on human capital formation, and promoting better governance through public financial management, civil service, and justice reforms.⁶

Table 2. Poverty Reduction Strategy Plan and PRSC Pillars in Benin

PRSCs 1-3	Poverty Reduction Strategy Plan I
Pillar 1: Create private sector-led economic growth by supporting govt's macroecon program and improving the investment climate	Pillar 1: Strengthen (i) med. term macroecon framework, and (ii) basic infrastructure to make factors of prod. available at reduced costs
Pillar 2: Support the reform agenda and help finance the government's expenditure program in key sectors, focusing on service delivery to the poor	Pillar 2: Develop human capital, & environmental management
Pillar 3: Support the government's public expenditure management reform program	Pillar 3: Strengthen good governance and institutional capacity, through decentralization, public administration reform, and strengthening of legal and judicial system
	Pillar 4: Promote sustainable employment and the poor's participation in decision and production processes.
PRSCs 4-6	Poverty Reduction Strategy Plan II (SGPR)
Pillar 1: Further improve the policy environment for private investment and infrastructure	Pillar 1: Accelerate growth
Pillar 2: Pursue progress towards the MDGs by improving access to basic services and ensuring greater efficiency of public expenditures on human capital formation;	Pillar 2: Develop infrastructure
Pillar 3: Pursue progress towards the MDGs by improving access to basic services and ensuring greater efficiency of public expenditures on human capital formation	Pillar 3: Build human capital
	Pillar 4: Promote good governance
	Pillar 5: Promote balanced and sustainable spatial development

Sources: Government of Benin, World Bank

3.2 Yet the Poverty Reduction Strategy Plan and the Strategy for Growth and Poverty Reduction contained shortcomings that would impede implementation. Implementation plans were ill-defined (for instance, there was a lack of detail on how the fiscal decentralization strategy would enhance service delivery), and deficiencies in implementation capacity were not addressed. To achieve successful implementation, structural reforms needed to be vigorously pursued in such areas as privatization, infrastructure improvements, and the judicial sector.

3.3 The PRSCs focused on addressing weaknesses considered likely to impede implementation and on developing a detailed operational implementation framework for both for the credits as well as for the Poverty Reduction Strategy Paper. It would do this through intensive collaboration with the strategy's implementation committee, which was also the counterpart for PRSC preparation. It is clear from PRSC/Poverty Reduction Strategy Paper documents as well as interviews with government and Bank staff that this process helped the Government prepare and implement a more specific implementation matrix for the Poverty Reduction Strategy Paper. Even so, the resulting PRSC policy matrices remained unwieldy. For example, PRSC 1 contained 288 actions in all, although this was reduced to 125 measures in PRSC 4. Overall, the PRSC process has helped the Government focus on time-bound, results-oriented actions. The PRSCs do include some measures not found in the Poverty Reduction Strategy Paper, introduced at the behest of the Government or the Bank. To date this has occurred once, when the Government requested that the elimination of education fees be included in the PRSC 4 policy matrix, even though the measure is not part of Poverty Reduction Strategy Paper II.

⁶ The alignment of the PRSCs with the poverty reduction strategies becomes even clearer from PRSC 2 onward, as the objectives of PRSCs 2-4 are organized around the three pillars: accelerating sustainable economic growth; improving basic services; and promoting better governance through public financial management, civil service and justice reforms.

3.4 *Ownership.* The PRSCs have been effectively led by the Government. The authorities consider the credits as derived from their Poverty Reduction Strategy Paper and serving as a vehicle for its implementation. The PRSCs are prepared in a consultative manner via interaction between the Bank team and its government counterpart. For PRSC series I, this counterpart was the Permanent Secretariat of the National Committee for Development and the Fight against Poverty (ST-CNDLP), also in charge of coordinating the Poverty Reduction Strategy Paper. For PRSC series II, technical management and coordination was the responsibility of the Committee for Economic and Structural Programs (CSPRES) in the Ministry in charge of Economy and Development. PRSC series II – in particular, PRSC 4 – benefited from broad stakeholder consultations conducted by the Government during preparation of Poverty Reduction Strategy Paper II.

3.5 *Effects on governmental policy dialogue.* The PRSC process has enhanced inter-ministerial governmental dialogue. Policy makers in technical ministries reported they were aware of Poverty Reduction Strategy Paper goals and mechanisms and believed, to varying degrees, that the PRSC process helped them strengthen the operational focus of their sector strategies and programs. Policy makers also reported a positive impact on their interactions with central ministries, particularly with regard to budget formulation, execution, and procurement. One example was the discussion that took place regarding the elimination of school fees, which had significant budgetary implications and would have been impossible without a shift in the budget's composition. In this case, the budget became an important tool for supporting policy implementation. The PRSC has also helped focus attention on cross-cutting issues like procurement, which do not lend themselves to a sector approach and yet cannot be addressed by the Ministry of Finance alone. In this sense, the PRSCs have brought government counterparts together across sectors in ways which would not otherwise have occurred. The greatest success has been in the water sector; less improvement has occurred in education and health.

3.6 The budget began to be used as a tool for increasing the accountability of sector ministries to the Ministry of Finance and the Chamber of Accounts – and ultimately, to Parliament – through the new budget execution reporting arrangements and performance auditing on the use of resources, meeting triggers, and realizing outcomes. This was attributable to the obligation of sector ministries to produce annual performance reports on the execution of program budgets, a task that requires combining information on financial and physical indicators, not simply providing statistics on financial execution.

3.7 *Results focus.* PRSC series I did not contain an *explicit* results framework, only expected outcomes by the end of the series. The matrix also contained a set of actions clearly intended to serve as a sequence or chain of events, and which would, over time, contribute to realization of the desired outcome.⁷ It was only with the advent of PRSC series II that there was an explicit, but brief, mention of a specific results framework, with PRSC 4 Annex 1 containing a summary matrix of PRSC 4 prior actions, PRSC 5 triggers, and outcome indicators for the period 2006-2010. This matrix lacked a results chain linking policy actions and specific milestones to expected medium and long-term outcomes. Within the Bank, there has been recognition of the weakness of the PRSC results framework; indeed some sector specialists argue that its effective absence is the key weakness of the credits compared to investment projects, leading to implementation difficulties and lack of a clear and transparent accountability chain. Thus, there was

⁷ The Bank first introduced the IDA Results Measurement System in 2002 through an interim framework as part of the policy framework for the 13th IDA replenishment. This was shortly after the PRSC had been introduced; thus, naturally, the early PRSCs faced significant challenges in developing and using robust results frameworks. Benin was no different in this regard.

significant progress between the first and second series, as regards the elaboration of a Results Framework.

3.8 *Monitoring and evaluation.* The PRSC series set forth in their policy matrices desired outcomes and/or expected results outcomes for all program components and established, in some cases, a set of specific targets. The Program Document (PD) for PRSC 1 also included a set of indicators for key sectors being supported and described the sources of data to be used for monitoring, which occurs through the national Poverty Reduction Strategy Paper monitoring system. But there was no discussion of indicators for other program components, nor discussion of the means for monitoring progress toward targets in the policy matrix. This was particularly surprising in the case of public financial management, given the component's centrality to the PRSC-supported reform program. The policy matrix did contain a number of specific outcome indicators on core reforms, namely: reduction in the use of cash advances; reduction in the share of budget expenditures approved using exceptional procedures; and the share of expenditures approved at the regional level.⁸

3.9 At the same time, PRSC 1-3 program documents devoted considerable attention to the issues of monitoring and evaluation, describing in detail the weakness of existing national monitoring and evaluation systems. This continued under PRSC 4, which stated that the PRSC monitoring and evaluation system would continue to be based on the system developed earlier for the Poverty Reduction Strategy Paper, weak as it remained. In this regard, progress was later made with donor support through a pooled fund to build the capacity of organizations tasked with the responsibilities of collecting, analyzing, and disseminating data. At the sector levels, monitoring and evaluation units established in line ministries began to play a role, but with considerable disparity in capacity. The Observatory for Social Change – the main agency for monitoring Poverty Reduction Strategy Paper indicators – is thought to have strong monitoring and evaluation capacity. A three-year program developed by the Observatory to address major monitoring and evaluation issues and enhance capacity received sizeable, coordinated donor support. The Implementation Completion Report concluded that capacity improved during the PRSCs, thanks to their attention to strengthening capacity in key sector ministries and the Statistical Institute, and the inclusion of monitoring and evaluation into the budget execution system.

How effectively have PRSCs contributed to donor harmonization around a country-owned, medium-term poverty reduction strategy?

3.10 *Relationship to other general budget support programs.* Benin traditionally receives budget support from other multilaterals, in particular the African Development Bank (AfDB) and bilateral donors including France, the EU, the Netherlands, Denmark, and Switzerland. The IMF provides balance-of-payment support through Poverty Reduction and Growth Facility arrangements, but this is counted as domestic financing. In the period 2000-2003, general budget support from donors was insignificant, except in 2001; such support assumed increasing impor-

⁸ The Implementation Completion Report (ICR) states that when the PRSC series was launched, the results framework standard had not been developed in the Bank, so that the PRSC team established what it thought to be the most relevant framework. Hence, the focus in series I on service delivery and omission of public financial management indicators (notwithstanding their inclusion in the policy matrices) and the inclusion of new indicators, particularly for cotton and private sector development, as these were added in PRSCs 2 and 3. With respect to public financial management, the ICR states that the definition of indicators was much influenced by donor coordination issues, particularly with the *Appui Budgétaire Conjoint* (ABC) group, and led to the inclusion of public financial management indicators in PRSC 4.

tance from 2004 on, representing some 30.5 percent of external financing over the period 2004-2007. The PRSCs share of total expenditure accounted for 2.1 percent in the period 2004-2007, fluctuating between zero in 2006, and a range of 2.1 to 3.2 percent in the other years.

3.11 *Performance assessment framework and policy matrix.* Since the beginning of the decade, and in particular since 2003, there have been increasing efforts on the part of IDA and other donors to increase their cooperation and coordination efforts in the provision of official development assistance financing to Benin, and these efforts have intensified with the advent of the Poverty Reduction Strategy Paper and the PRSCs. Initially, as under the Public Expenditure Reform Adjustment Credit and as reaffirmed in the 2003 Country Assistance Strategy, the Bank took the lead in coordinating programmatic lending through the PRSC with the objective of better aligning donor support to Benin's Poverty Reduction Strategy Paper/Medium-Term Economic Framework (MTEF) and lending timetables to the government budget cycle. It was agreed that all donors would base lending on the Poverty Reduction Strategy Paper and coordinate conditionalities. In this context, World Bank/African Development Bank operations were coordinated through a memorandum of understanding signed in 2002,⁹ which committed donors to reinforce the predictability of budget support. Donors are expected to inform the Beninese of amounts and disbursement conditions and make medium-term commitments.

3.12 *Effect of common performance assessment matrix on policy dialogue and PRSC program.* The two groups – World Bank/African Development Bank and the *Appui Budgétaire Conjoint – à la Réduction de la Pauvreté* (ABC-RP), the joint budget support group – work closely together in the context of joint missions. Under PRSC 1, the Bank monitored progress against triggers and actions set forth in a specific matrix established for that operation with monitorable actions and desired outcomes, measured by specific indicators either explicitly or implicitly contained in the Poverty Reduction Strategy Paper and its action plans. The policy matrices for PRSCs 2-4 have evolved from that used in PRSC 1. Meanwhile, the ABC group divides its disbursements into fixed and variable tranches. The fixed tranche is disbursed on the basis of Poverty Reduction Strategy Paper implementation as evidenced by the strategy's Annual Progress Report, provided that performance under the Poverty Reduction and Growth Facility is satisfactory. Disbursement of the variable tranche is contingent on achievement of performance indicators that are outcome/output oriented. The targets and realized values are set forth in a specific indicators matrix, derived from the Poverty Reduction Strategy Paper.¹⁰ If less than 100 percent of the tranche is released, the remainder can be, and is in practice, carried forward to the next year.

3.13 While the European Union strongly advocated outcome-based conditionality, the Bank felt that disbursements according to outcomes achieved were premature, as outcome indicators rarely change from year to year and databases in countries are typically unreliable, making attribution difficult to establish. Since PRSC 2 the approaches have converged, giving rise to a common matrix – the PRSC/ABC matrix – for donor and government monitoring of general budget support programs. Under PRSC 3 and 4, there is a government core policy matrix for Poverty Reduction Strategy Paper implementation, a blend of earlier PRSC and ABC matrices as well as a short PRSC-specific policy matrix containing prior actions only for the operations concerned and triggers for upcoming ones; the matrix is derived from the government's Poverty

9 The African Development Bank divides its support roughly equally between budget support (jointly with the Bank), with a focus on public financial management issues in general and procurement, and investment projects in rural development, basic infrastructure, human resource development, institution building, and good governance.

10 Some of the indicators are also monitored under the PRSCs.

Reduction Strategy Paper Priority Action Plan and is close to a performance assessment framework (World Bank, 2006).

3.14 The Government Policy Agenda matrix in PRSC 4 contains about 120 measures for the three-year period, but far fewer on a year-by-year basis. The Bank has reduced the number of prior actions during the life of the PRSCs to about 10 in PRSC 5 with no evidence that this reduction has lowered policy dialogue quality.

3.15 A new memorandum of understanding was signed in December 2007 by all general budget support donors. Under the memorandum, performance is to be assessed on the basis of a common matrix of indicators, based on priority measures of the Poverty Reduction Strategy Paper, although each partner retains the power to make an independent assessment of whether performance has been satisfactory with regard to disbursement conditionalities (Memorandum of Understanding, Article 9.2). This will enable the ABC Group to continue to use a fixed / variable tranche and outcome-based approach, while the Bank will continue to disburse in a single tranche on the basis of its assessment of whether actions in the joint policy matrix have been realized. All conditionalities will have to be extracted from the Performance Assessment Framework; the draft framework foreseen by the memorandum has materialized but has not yet been agreed upon by all parties.

3.16 *Joint missions and progress reviews.* Until September 2007, the overall joint review process has worked as follows. At the request of the Government, sector reviews have been organized from May to July, and these have been followed by joint progress reviews of the Poverty Reduction Strategy Paper and budget support operations in September of each year (2004-2007). To reduce the number of missions and better harmonize assistance, partners agree to base performance assessment solely on the common indicators matrix, to be prepared as soon as possible, and to use the Public Expenditure and Financial Accountability (PEFA) methodology to assess performance in public finance management.

3.17 In general, then, donor coordination and alignment have improved, and work better than before the advent of the PRSCs. Donors are grouped according to so-called "Sector Tables". Sector groups meet regularly and have reached different degrees of collaboration. While most groups still focus primarily on sharing information, others are actively engaged in elaborating joint processes and strategies. The PRSC process has been a useful tool for reinforcing the ongoing strong emphasis on coordination and harmonization. The yearly joint supervision missions, jointly undertaken with all donors involved, are viewed by all – including within Government – as an important stock-taking opportunity with regard to Poverty Reduction Strategy Paper implementation. The possibility to unite all donors and respective government ministries around the table provides for a unique opportunity to discuss pending policy issues. While difficult to organize and heavy because of the large number involved, all parties in Benin seem to appreciate this opportunity for joint review. The Bank also received high praise for its open, participatory processes and its efforts for inclusiveness

3.18 *Collaboration on underlying analytical and diagnostic work.* There has been good collaboration with respect to both capacity building and analytical and advisory services, for example, with respect to the Country Financial Accountability Assessment, strengthening of the budget system, and the Poverty and Social Impact Analysis on cotton. Often the donors agree to finance work which is proposed by the Bank, all the more so that the Bank frequently does not have the resources to finance studies.

3.19 *Relationship with the IMF.* Bank/Fund collaboration is close. The IMF is responsible for elaboration of the overall macroeconomic framework but consults with Bank on key assumptions in critical sectors, for example cotton. There is close collaboration on structural measures, where the Fund generally defers to the Bank. But it can, and does, introduce specific structural conditionalities into its programs — for example, cotton privatization, port reform, adoption of a revised timetable for the reform of the electricity company, and implementation of a consolidated electronic billing at the one-stop window at Cotonou Port.

How well have the PRSCs been aligned with country policy formulation, budgeting, and planning processes, and how effectively have they contributed to predictable resource flows?

3.20 *Alignment with domestic processes.* The poverty strategy's Annual Progress Report is generally produced in August, in time for presentation to the donors at the time of the September Joint Review. The Annual Progress Report is regarded by the Bank as a key input into the PRSC preparation process. (See Appendix Table 9 for more details).

3.21 PRSCs are supposed to provide untied support to the national budget. Accordingly, the PRSC preparation schedule should mesh well with the national budget preparation process with respect to financing assurances, and disbursements need to be well coordinated with the budget execution process, particularly in the area of cash flow requirements. According to the 2005 Country Financial Accountability Assessment, Benin's budget preparation cycle is an unclearly defined process that can vary from year to year. The process begins in late March, and the crucial period is from June-September when sector budgets, as elaborated by the sector ministries, are reviewed by the Ministry of Finance in budget conferences and then finalized. Discussions with donors are held in the September Joint Review. The draft budget is then finalized and sent to Parliament at end September. Financing does not have to have been mobilized at the time the budget is presented to Parliament, but if it does not materialize in a timely manner during the budget execution period, expenditures must be correspondingly reduced in the course of budget execution to avoid arrears. From the government's perspective, budget preparation and predictability of execution are thus greatly facilitated by early information about donor intentions, including those of the Bank, regarding PRSC preparation, Board approval, and disbursement.

3.22 According to the 2003 Country Assistance Strategy, there would be one operation in each of the Bank's fiscal years over the period FY04-FY06, implying that PRSC 1 would be approved no later than June 2004, and so on. Actual processing schedules indicate that PRSCs 1, 2, and 4 were approved in March and June of their respective Bank fiscal years, but there was slippage in Board approval for PRSC 3, which was supposed to have been prepared and approved in FY06, but in fact occurred only in November 2006. This delay was primarily due to the holding of the Presidential elections in March of 2006 and tardiness in preparing certain reforms.

3.23 Bank staff contend that the original intent was for PRSC 1 to support the 2004 budget, PRSC 2 the 2005 budget, and others. This view is defensible for PRSCs 1-3, since the funds were disbursed in September 2004 for PRSC 1, December 2005 for PRSC 2, and in January 2007 for PRSC 3 (that is, after the close of the 2006 budget year but before the end of its complementary period in February 2007). But it cannot be argued that PRSC 4 effectively supported the 2007 budget since the funds were not disbursed until April 2008 (that is, after the close of the complementary period for 2007). This resulted from delays in the ratification process in Benin.

3.24 *Predictability of disbursements.* The delay between Board approval and disbursement has varied from a minimum of six months (PRSC 3) to a maximum of one year for PRSC 5. Disbursements for PRSCs 1-2 occurred in third and fourth quarters, respectively, of the relevant fiscal year, but with lags of between 9 and 11 months. The lags were 13 and 16 months for PRSCs 3 and 4, given the disbursements occurred not in 2006 and 2007, but rather in 2007 and 2008. In practice, however, PRSCs 3 and 4 have been used to finance 2007 and 2008, with disbursements occurring early in the first and second quarters, respectively, of the relevant fiscal year.

3.25 *Exit strategy.* The exit strategy for PRSC 1-3 was clearly set forth in the program document for PRSC 1 (paragraphs 46-47), which specifies how support will be modulated depending on progress. In line with the Country Assistance Strategy base case lending and grant program, the first three-year PRSC series was to be disbursed over the following three years in increasing amounts (USD 20 million in FY04, USD 30 million in FY05, and USD 35 million in FY06, respectively). The triggers to stay in the base case lending program cover some of the major areas of the Poverty Reduction Strategy Plan that the Joint Staff Assessment highlighted as those needing to demonstrate improvement in subsequent annual progress reports. The triggers also target areas of relative weakness in Benin's most recent policy performance, including critical structural reform areas – for example, privatization of the cotton parastatal and cotton sector reform. Triggers also focus on core reforms supported by the PRSC: satisfactory implementation of the Medium-Term Economic Framework in key sectors submission to Parliament of a public administration reform program; satisfactory implementation of the anti-corruption strategy; and continued implementation of the Country Financial Accountability Assessment and Country Procurement Assessment Report programs.

3.26 In the case that key triggers were not substantially met, programmatic lending would be curtailed, even suspended. Furthermore, improving civil service management was singled out, given that it is critical to better service delivery. Accordingly, the amount of the PRSC was to be reduced if the Government failed to develop and start implementing a core reform program, such as an effective and sustainable performance-based civil service management system by PRSC 3. In the event, as of July 2008, such scaling back of the size of PRSCs has not occurred to date, with the exception of PRSC 3 from USD 35 to USD 30 million owing to a miscalculation in the estimation of resource availability within Benin's IDA allocation.¹¹ Yet, preparation of PRSC 3 was slowed down because of the elections and the less-than-fully-satisfactory implementation of key components of the structural reform program, particularly as relates to cotton and the approval of the *Loi de Règlement*. The same approach is being used concerning the preparation of PRSC 5, specifically because of lack of progress pertaining to the privatization of SONAPRA's industrial assets and the perception of reversal of key regulatory reforms in the cotton sector.

3.27 Looking forward, the recently signed memorandum of understanding for budget support could circumscribe the scope for modulating the size of PRSCs, and/or "opting out" of them altogether. This could happen to the extent that such modulation and/or opting out of PRSCs could compromise the objective of the protocol to further improve predictability of external budget support.

¹¹ A miscalculation of the cost of another project had led to a shortage of resources that could be allocated to PRSC 3.

4. PRSC Results

How effectively have PRSCs helped Benin strengthen its public financial management systems?

4.1 *Diagnostic work.* In the PRSCs, in particular from PRSC 2 onwards, the public finance management component was subsumed into the Poverty Reduction Strategy Pillar III (Improving Governance and Public Sector Management). The reforms were based on the diagnostic work of the last decade, including the 1996 Public Expenditure Review, a 1999 Country Procurement Assessment Report, Country Financial Accountability Assessments in 2001 and 2005, and a 2006 Civil Service Assessment. A Public Expenditure and Financial Accountability report was also completed in 2007.

4.2 *Program content and design.* The reforms addressed all key components of the public finance management system (budget preparation, budget execution and accounting, reinforcement of internal controls and external oversight, and procurement). Special attention was given to the continued development of the Medium-Term Expenditure Framework and program budgeting, which had begun in 2001 under the Public Expenditure Reform Adjustment Credit. Civil service reform and decentralization were also a focus due to their importance in reforming public finance management and improving local service delivery. The reforms targeted all ministries in a phased manner. A key development was preparation and adoption of a strategy for results-based budget management (*Gestion Budgétaire Axée sur les Résultats*) in December 2005 and a detailed action plan for introduction in March 2006.¹² Capacity building was not a PRSC focus, although some assistance was provided through Trust Funds during project preparation.

4.3 With regard to improving the management of public expenditure and ensuring the reliability of government accounts, a key objective already achieved under the Public Expenditure Reform Adjustment Credit had been to begin to delegate responsibility for budget execution to the sector level. On the fiduciary front, the key objective was to strengthen internal auditing via creation of internal audit units within ministries and definition of professional auditing norms and standards. Another objective was to strengthen procurement through revision of the procurement code and its institutional framework. External oversight was to be strengthened through more timely submission of government accounts to the Chamber of Accounts and of audit reports by the Chamber of Accounts to the National Assembly.

4.4 Civil service reform objectives were to buttress improved public administration and service delivery, including at the local level, via better human resource management through: adoption of an acceptable performance-based remuneration and promotion system for the civil service; decentralization of wage/salary management as part of the budget delegation to line ministries; and delegation of personnel to local governments (communes), in line with transfer of competences scheduled in the “devolution” law.

4.5 Governance and anti-corruption have not been a principal theme of the PRSCs. In this area, the Government is focusing on the preparation of a multi-sector governance and anti-corruption strategy (GAC), the key step being the preparation of a governance diagnostic at three levels (household, private sector, and official). Nevertheless, in the area of public expendi-

¹² This was based on the 2005 Country Financial Accountability Assessment and the Budget Reform Technical Support (ETARB) assessment of the public financial management reforms up to that time.

ture management, the PRSCs have focused on issues that could yield significant results in terms of improved governance and reduced corruption, improved procurement, reduction of exceptional budget and payment procedures (in particular, payment without prior authorization), abusive use of advance accounts, and extra-budgetary expenditures.

OUTCOMES

4.6 *Overall achievements.* Prior actions and triggers for PRSCs 1-4 have, for the most part, been realized, albeit with some delays and adjustments. All ministries interviewed interpreted the introduction of program budgeting as a positive development. In their view, it helped improve the quality of budget preparation and execution and turned the budget into an effective instrument of dialogue between themselves, the Ministry of Finance, and development partners. The ministries believe that defining program budgets makes them more accountable and helps introduce a results orientation into budget preparation. This is reinforced by the obligation to prepare regular budget execution reports. The 2005 Country Financial Accountability Assessment found the initial results of the program budgeting approach to be encouraging, depending on the ministry concerned, particularly with regard to financial monitoring, but less so with respect to the evaluation of results. The ministries have produced performance reports and sent them to the Chamber of Accounts, as required. However, the production of performance audits by the Chamber and their submission to Parliament has experienced delays. This was due to the fact that these audits are outside the Chamber's standard responsibility with regard to auditing government accounts and also the lack of a legal requirement for the Chamber to produce and submit performance audits to the National Assembly or to include program budgets in the Budget Law itself. This is a significant shortcoming.

4.7 Many complaints were received about budget execution, including: (i) delays in getting the budget off the ground at the start of the year, attributed mainly to slowness in loading the budget into SIGFIP, Benin's information system; (ii) mismatch between budget needs, which vary during the year, and the uniform release system, under which the budget is released in four equal installments, a point most forcefully made by the Ministry of Agriculture; (iii) continuing problems with procurement; (iv) inadequacy of human resources; and (v) a shortage of resources.

4.8 Sectoral procurement reform progressed reasonably well, albeit slowly. Good progress was made in the water sector, particularly at the local level (indeed, local decisions are sometimes impeded by tardiness at the central level). In other cases, tardy preparation of procurement plans by sector ministries is slowing down budget execution. It also seems that thresholds above which decisions have to be referred to the central level were too low, delaying procurement decisions. This was mentioned by the Ministry of Health, which also indicated that procurement can be slowed down by the need to obtain clearances from both the Ministry of Finance and the Ministry of Commerce for the importation of drugs. Progress with respect to indicators has not been satisfactory during the PRSC period. Delays in 2006, although smaller than those observed in 2004, were greater than the 2006 targets and indeed, in the majority of cases, greater than the 2004 targets.¹³

4.9 In accounting, implementation of the computerized accounting system (ASTER) and its effective link with SIGFIP progressed well. However speeding up accounting at the local level is essential to better centralization of accounts. The absence of appropriate accounting data has been a major reason for delays in this regard; an additional problem has been the shortage of

¹³ The PRSC 1 monitoring indicators matrix did not include indicators for procurement. These were introduced ex-post in the Implementation Completion Report version.

accounting officers and support personnel at the national and local levels and staff shortages at the Chamber. Nevertheless steady progress has been made during the PRSC series. The audits of government accounts for 2000-2003 were completed, as were performance report audits for 2001-2003. Final government accounts for 2004-2005 were submitted to the Chamber.

4.10 There has been some delay in civil service reform, largely on account of opposition from vested interests and labor unions. That said, the pilot experiences of decentralizing personnel management to certain technical ministries should be seen as an important achievement, as is preparation of new statutes on civil service management based on performance. In turn, the reform agenda planned under PRSC 4 is critical, involving: (i) overhaul of the integrated payroll and human resource database; (ii) implementation of manpower planning in key ministries following the example of the Ministry of Education; (iii) strict enforcement of sound and transparent recruitment rules; and (iv) continuation of deconcentration of human resource management following successful pilots in three ministries. Implementation of the decentralization process has been slow due to postponements of local elections, lack of operational modalities for the mandated transfers, including financial transfers, and an unclear institutional framework for implementation. Yet efforts have been made.

4.11 *Public finance management.* Two Highly Indebted Poor Country (HIPC) Africa Action Plans were undertaken, in 2001 and 2004, and a Country Financial Accountability Assessment was carried out in 2005. The IMF's Fiscal Affairs Department did a review in 2006. A Public Expenditure and Financial Accountability analysis was undertaken in 2007. Out of 15 criteria, Benin met 8 in the first assessment and 10 in the second (see Table 3).

Table 3. Benin HIPC Africa Action Plan Ratings for 2001 and 2003 Reviews

	Total number of criteria	Number of criteria met in 2001	Number of criteria met in 2004
Budget Formulation	7	4	6
Budget Execution	4	3	2
Budget Reporting	4	1	2
Total	15	8	10

Source: 2007 Public Expenditure and Financial Accountability assessment, World Bank

4.12 The Public Expenditure and Financial Accountability (PEFA) evaluation, carried out in 2007, was undertaken on the basis of operations for the 2006 financial year. The methodology, which goes into greater depth than the Africa Action Plan, ranks 28 indicators from A to D; donors are also ranked using three criteria. The overall implicit assessment is that public expenditure management is weak in Benin, given that most of the indicators are Cs and Ds. The highest grades were received for receipts, multiyear budgeting, and procurement, with the last two areas of concentration for the PRSCs. The weakest grades were reported for unrecorded expenditures, transparency in intergovernmental relations, supervision of fiscal risks, wage control, availability of information on resources received by service-providing units, reporting delays, and external verification of government accounts (see Table 4).

Table 4. Benin: PEFA Indicators (2006)

Indicator	A	B	C	D	Total
Budget credibility		2	2		4
Coverage and transparency			3	3	6
Budget cycle		2	6	3	11
Accounting			2	2	4
Oversight			1	2	3
Total		4	14	10	28
Donor practices			1	2	3

Source: 2007 Public Expenditure and Financial Accountability assessment, World Bank

4.13 Additional salient findings are that there is insufficient monitoring and evaluation of risks pertaining to budget and financial operations risks at the local level. Access to budget information is difficult and makes the budget monitoring problematic; improving this situation will require improvements in information systems. Budget programs are effectively elaborated on the basis of strategies and with the participation of sector ministries, but external financing remains unpredictable and often unconfirmed at the time the budget has to be presented to Parliament. The “letter de cadrage” of the budget law for the following year is prepared very late, and typically not in time for a given fiscal year.

4.14 Nonetheless, the Public Expenditure and Financial Accountability evaluation concludes that, overall, considerable progress has been made since 2000 in preparation of budget programs and the overall budget, computerization of budget and accounting management, procurement, and internal and external controls. Further efforts are needed in the following areas: monitoring of budget execution; human resource management in the civil service (including payroll management); budget and financial oversight of autonomous public agencies; and production and diffusion of budget and financial information.

4.15 The PEFA evaluation was also critical of donor practices, which received two Ds and one C. In particular, the predictability of budget support is very poor (rating of D) in that credible estimates of budget support for the following year are generally not known before the budget is presented to the National Assembly in October of the current year, or even the beginning of the budget year in question.¹⁴ Second, there is no system of quarterly reporting as regards programming and disbursements of donor support, which makes it impossible to assess donor performance concerning predictability (rating D+). Finally, use of national procedures receives a rating of C given that investment projects, which account for nearly two-thirds of all assistance use the donor procedures for procurement, budget execution and accounting. This is despite the fact that budget support, which accounts for the remaining third of financial support, uses national procedures.¹⁵ On the basis of the Public Expenditure and Financial Account-

14 The 2003 ABC-RP protocol is judged to have two weaknesses: estimates are not made on a three-year rolling basis, in line with the Paris Declaration (rating D); and part or all of disbursements is conditional upon the satisfaction of conditionalities during the year of disbursement.

15 A 2007 IMF working paper compares the Africa Action Plan and Public Expenditure and Financial Accountability assessments, but only for 11 out of the 15 original Highly Indebted Poor Country benchmarks. This suggests that Benin may not have been as good as was thought using the Africa Action Plan approach as regards the degree of spending funded by inadequately reported extra-budgetary sources, domestic arrears, and use of tracking surveys. But hasty conclusions should be avoided, given the differences in methodologies.

tability assessment, the Government updated its 2005 action plan for improving results-based budget management, particularly public finance management.

4.16 A technical assistance mission from the IMF's Fiscal Affairs Department, undertaken in November 2006, reviewed progress in the reform of public expenditure management since 1999. It concluded that the majority of reforms had not been put in place according to the agreed timetable and could not yet be considered fully functional or stabilized. Furthermore, many of these reforms required other complementary reforms, yet to be undertaken, in particular concerning the enabling legislation, a deeper financial commitment of the Ministry of Finance, civil service personnel management, and the organization of public administration. In the absence of these complementary reforms, it would be unrealistic to expect complete success regarding results based budgeting.

4.17 The performance monitoring indicators table introduced in PRSC 1 contained no indicators for public financial management, even though referenced by the program matrix. Yet the Implementation Completion Report introduces them as if they had been included. There was a need for more explicit monitoring and reporting on public financial management indicators pertaining to these issues, as they are central to improving financial governance.

4.18 *Alignment of public expenditures with policy priorities.* The Government appears to have protected the share of expenditures going to poverty-related expenditures, as measured by the shares of the ministries effectively supported by the PRSCs. Table 5 demonstrates that their share in the budget rose from 66.1 to 69.1 percent during 2003-2006, while the share of the same ministries in total expenditure (actual) rose from 55 to nearly 66 percent. The execution rate of the budget for PRSC ministries varied from 54.7 percent for the Ministry of Transport to 95 percent for the Ministry of Justice, with an average of 75 percent for the group. However, this average is less than the overall rate for all ministries (80.8 percent), implying that the budget execution rate for non-PRSC ministries was about 91.6 percent.

Table 5. Share of PRSC and Non-PRSC Ministries in Total Budget (2003-2006)

	Share of Budget				
	2003	2004	2005	2006	
PRSC	66.1	67.8	65.4	69.1	
non PRSC	33.9	32.2	34.6	30.9	
					Ex. Rate 2003-2006
Share of Actual Expenditures					
PRSC	55	61.3	64.8	65.9	75.5
non PRSC	45	38.7	35.2	34.1	91.6

Sources: Government of Benin, World Bank

4.19 *Expenditure predictability.* Credibility – the extent to which the approved budget is an indicator of actual expenditures – is characterized by close correspondence between actual total expenditure and the approved total budget, as well as low average deviation, as measured by the average of the (absolute) value of the total deviation between actual expenditures and the approved budget at the line level. In this regard, performance has been as follows over the period of 2004-2006. The difference between approved expenditures and budget authorizations was between 7 and 12 percent, with 2006 showing the largest deviation (12.2 percent). There was even greater average deviation in terms of absolute values, varying between 11.3 and 19.7

percent. In terms of Public Expenditure and Financial Accountability evaluation methodology, this performance resulted in ratings of B for P1 (deviation between approved budget and actual outturn), and C for P2 (the composition of actual expenditures compared to the originally approved budget). So the evidence would appear to indicate that budget predictability, as measured by these two indicators, has not improved over the life of the PRSCs. Overall the credibility of the budget remains low. Even so, given the many public financial management issues that were addressed during the PRSCs, shortcomings can be viewed as moderate at this juncture

4.20 The PRSC 1 Program Document pointed to a significant issue concerning the use of exceptional budget procedures (in particular, payments without prior budgetary authorization), through so-called operational policies (OPs), abusive recourse to advance accounts, and important payment delays. The Government successfully reduced operational policies from 27 to 16 percent of total expenditures between 2003 and 2005. There was a resurgence of operational policies and unbudgeted expenditures in the run up to elections in March 2006. But the new government quickly introduced measures to keep strict control of extra-budgetary procedures, with the result that operational procedures were reduced to less than 5 percent of total expenditures for 2006, compared to a target of 8 percent; this level of performance was maintained in 2007. Expenditures surged briefly in 2008 to 12 percent and, in 2009, fell to 2006-07 levels once again.

How relevant and effective a vehicle have PRSCs been in helping Benin set conditions for poverty reducing growth?

4.21 Benin's first Poverty Reduction Strategy Paper underscored several main themes: the importance of consolidating macro-stability and the sources of growth for poverty reduction through diversified and enhanced farming and handicrafts in which women and the poor can participate; a high performance and diversified service sector; an industrial sector developed through increased domestic and foreign private investment; and strengthening basic infrastructure to make production factors available at reduced cost. The second Poverty Reduction Strategy Paper takes up the same refrain through its first three pillars: accelerating growth, developing infrastructure, and focusing on human capital development – but emphasizes the importance of greater attention on growth and export diversification.

4.22 *Extent of growth focus.* The PRSCs included a focus on economic growth and related objectives, mainly through specific support to private sector development, the agriculture sector, and rural transport, but there is no evidence that they explicitly focused on the issues raised above. The reforms were phased in beginning with PRSC 2, and then progressively scaled up. The initial economic targets were to raise the growth rate to 7 percent by 2006, while public investment would go from 7.1 percent of GDP in 200-2004 to 7.6 percent between 2005-2007 and private investment rise from 12.4 to 13 percent over 2005-2007. These macroeconomic objectives were to be complemented by structural reforms in a variety of areas¹⁶

4.23 No prior actions pertaining to these issues were contained in PRSC 1 but they began to appear under PRSC 2 – that is, in cotton sector reform, the institutional and regulatory framework for input- and output-related transactions; identification of areas for priority rural feeder roads; and improvement of the legal and judicial sectors. They also began to appear in PRSC 3 – development and adoption of a private sector development strategy, including a Letter of

16 Other related PRSC objectives were to help create the basis for private sector growth by supporting the macroeconomic program, improving the investment climate and completing the privatization program, establishing a sound regulatory framework in liberalized sectors, and complete reform in the cotton and infrastructure sectors.

Development Policy, cotton sector reform, and further measures in the legal and judicial sector (see Appendix Table 16). The program core policy matrices for the operations all contained somewhat longer lists of benchmarks, which became progressively more detailed in PRSC 2 and PRSC 3.

4.24 This continued under PRSC 4, which set the stage for the second PRSC series covering 2007-2009, but the program (or government) policy matrix became more specific and more akin to a results framework, specifying how reforms in each area are supposed to progress over the series. To date, on the Bank side, no specific analytical work pertaining to the formulation of a growth strategy per se has been undertaken during the course of the PRSCs. However, a number of other studies were undertaken.¹⁷

4.25 *Relevance of growth-enhancing reforms in light of poverty reduction and capacity constraints.* The areas of emphasis and different triggers and prior actions all appear highly relevant to the formulation of a pro-poor growth strategy. Particular emphasis was placed on maintaining macroeconomic stability and improving the business environment, which, if successful, should facilitate international trade, increase land access, reduce business costs, facilitate contract enforcement, improve energy supply, and improve harbor service efficiency. The actions on improving access to agricultural inputs should enhance productivity, while investments in rural roads should improve connectivity of the rural sector and the rest of the economy. Cotton sector reforms are expected to lead to increased producer incomes. Overall, it is an approach predicated on the belief that most of the poor live in the rural sector and produce agricultural commodities – a fact confirmed by poverty data indicating that 68 percent of the poor live in rural areas.

4.26 These reforms have been reasonably prioritized and sequenced, given capacity constraints. In addition, as indicated earlier, the private sector, cotton sector, and energy reforms are being supported by self-standing investment and technical assistance projects. At the same time, there was little focus on measures aimed at directly ameliorating competitiveness through reversing or attenuating the appreciation of the internal real exchange rate, diversifying export to reduce their volatility, and improving the legal and judicial framework for business.¹⁸

4.27 The advantage of the PRSC, viewed as a multi-sector programmatic instrument, has been to simultaneously address the key macroeconomic and sector issues central to enhancing growth. The multitude of constraints to economic growth and private sector development clearly point to the advantages of the multi-sector approach of the development policy lending/PRSC kind, as compared to purely sectoral approaches (whether in the form of sector development policy lending or investment projects). However, as cogently argued by private sector development staff, PRSCs – or for that matter stand-alone development policy loans – are

17 The studies included the 2003 Poverty Assessment, the 2004 Financial Sector Review, a 2004 Poverty and Social Impact Analysis on the cotton sector, a 2005 Investment Climate Assessment, a study on the land tenure legal system in 2005, a savings assessment in 2005, a 2005 Diagnostic Trade Integration Study, and Doing Business Surveys in 2006 and 2007. A number of studies were also undertaken on competitiveness, agricultural diversification, port sector reform, and other topics as part of government's preparation of a private sector strategy. In addition, IMF Article IV report in November 2004 analyzes sources of growth and real exchange rate developments.

18 Even so, there is evidence of export diversification during the PRSC period, with non-cotton exports rising from 61 to 97 billion CFAF, while cotton exports fell from 107 to 66 billion CFAF; total exports remained roughly unchanged. The reasons for these developments should have been actively examined by the PRSC team, rather than it being implied, as in the Implementation Completion Report, that export diversification has resulted from PRSC reforms.

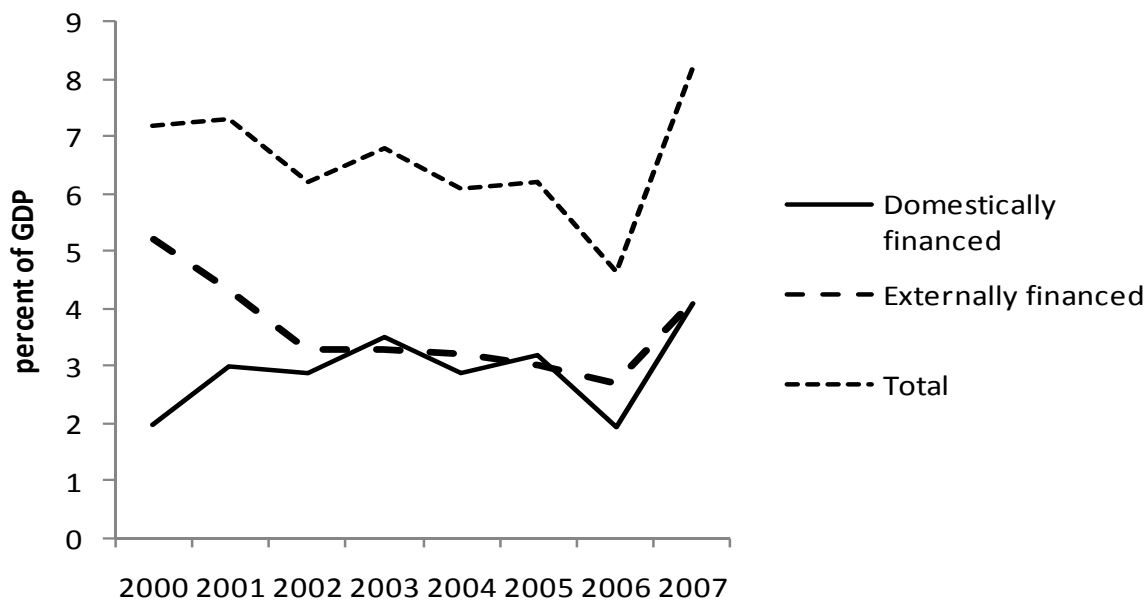
unlikely to suffice. There is scope for investment projects to support sector reforms, privatization, establishment of public-private partnerships, and development of the multitude of national institutions and systems that are necessary to promote growth in general, and private sector-led growth in particular.

4.28 *Outcomes.* Under PRSC 1-3, growth was expected to reach 7 percent by 2006, but this target was not achieved. In fact, as early as PRSC 2 the Government reduced growth targets to 3.6 percent for 2005, 5.0 percent for 2006, and 5.5 percent for 2007 due to a slowdown in economic activity in 2004. But even these reduced targets were not attained. In fact growth declined from 4.5 in 2002 to 2.1 percent in 2005, before increasing to 3.8 percent in 2006.

4.29 Similarly, public investment fell short of target, averaging only 6.4 percent during 2005-2007, as against an objective of 7.6 percent. Domestically financed public investment showed a slight upward trend until 2005, but a sharp contraction in 2006 before rebounding in 2007. Foreign financed public investment showed the reverse, confirming the view of many that there continue to be major problems with execution of foreign financed public investment projects (see Figure 3). Private investment did better. Under PRSCs 1-3, private investment had been projected to increase from 11 percent of GDP to 13 percent by 2009, but, according to PRSC 4, this was already reached in 2006 (13.6 percent, and 13.9 percent a year later). Inflation showed an upward trend from 0.8 percent in 2003 to 3.8 percent in 2006. On the external front, the real effective exchange continued to appreciate, by about 5 percent between 2003 and 2006. The terms of trade continued to fluctuate around a declining trend, and there continued to be pronounced volatility in export volumes. The IMF judged that overall macroeconomic performance was satisfactory during this period, in the context of the second Poverty Reduction and Growth Facility, which had been approved by its Board in August 2005.

4.30 Progress on structural reforms has been mixed. The Joint Staff Advisory Note (JSAN) (June 2007) for the second Poverty Reduction Strategy Plan points to repeated delays in the structural reform program, in particular pertaining to reform of the cotton, electricity, telecommunications and port sectors, all of which are vital for growth and economic development. IMF reviews for June 2007 and January 2008 concluded that the structural reforms have been slow. This was reconfirmed in the July 2008 review.

Figure 3. Public Investment in Benin



Sources: Government of Benin, World Bank

4.31 However, prior actions for PRSC 1-3 were met with only minor modifications, suggesting good progress in many program areas. Most prior actions were met with little or no change even those which were introduced at the last minute without having been pre-announced in the preceding operation (for example, cotton sector reform and rural roads in PRSC 2). Only part of one prior action (pertaining to cotton) was waived (PRSC 3)¹⁹ or deferred (feeder road management, PRSC 3 deferred to PRSC 4) (World Bank, 2006). In the judicial sector, a prior action was introduced under PRSC 2 for the recruitment of 28 judges and 29 clerks of the court, but a similar prior action for PRSC 3 had to be watered down because of delays in the hiring process. But this was a temporary setback as the recruitment targets for PRSC 4 prior actions were fully met.

4.32 Implementation of the private sector development strategy adopted under PRSC 3 (prior action) is proceeding satisfactorily, although significantly more slowly than expected in the cotton, electricity and telecommunications sectors. The time to register a business has been reduced from 63 days in 2003 to 31 days in 2006; the cost of business registration has also been lowered. Customs clearance times have been reduced from 5 days in 2003 to 48 hours in 2006. Of particular importance is the progress with respect to land reform, which is leading to fewer disputes and an increase in investment in land quality, which, in turn, should lead to rising productivity and agricultural incomes. A new microfinance policy has been adopted and a decree issued for implementation. Progress with respect to rural transport is good, with the adoption of the new Rural Transport Strategy in March 2006 and adoption by the Council of Ministers of an updated institutional framework in March 2007, a PRSC 4 trigger.

¹⁹ The waived prior action called for establishment of a written proposal and roadmap for implementing the new option for privatizing the three lots of SONAPRA and confirmation of the termination of the previous privatization process, accompanied by an accord with the bidders.

4.33 In the cotton sector, in conformity with agreed prior actions for PRSC 2 and 3, measures were taken to apply the new regulatory and institutional framework in 2005 to improve the sector's functioning regarding the timely distribution of inputs, reducing the frequency of non-payment for seed cotton, and parallel marketing. At the same time, the original transaction to privatize the assets of SONAPRA (the cotton parastatal), a key reform, slowed down substantially. After this, the Government adopted a new strategic vision for the sector, including creation of a new public-private company to succeed SONAPRA. Still, it is not known whether – and if so, when – the privatization of SONAPRA's ginning assets will be completed. Lack of progress in cotton sector reforms has held up preparation of PRSC 5. Given the sector's importance in poverty reduction, it is a significant weakness that the PRSC results and monitoring and evaluation frameworks lack annual monitoring indicators for key cotton sector reforms. Progress with respect to electricity has also been slower than anticipated, as have anticipated reforms in the telecommunications sector and reform of the Port of Cotonou. These delays led the IMF to express concern in the June 2007 and January 2008 reviews of the second Poverty Reduction and Growth Facility about the slow pace of structural reforms, given that a key objective is to accelerate the process of privatization in the cotton, energy, telecommunications, and port sectors.

4.34 Significant progress is needed in four areas to attain PRSC objectives of higher growth and a better investment climate: (i) increasing the rate of public investment, and execution of the public investment budget, whether domestically or externally financed, to crowd in private investment; (ii) improving access to finance by the private sector, including small enterprises; (iii) speeding up the pace of structural reforms in cotton and other sectors to positively impact competitiveness and exports; and (iv) reversing appreciation of the real exchange rate, a challenge given Benin's West African Monetary and Economic Union (UMEOA) membership and the fact that the West African franc is pegged to the euro.

How effectively has the PRSC helped advance the dialogue and achieve results in sectors delivering services to the poor?

4.35 *Objectives and policy content.* One of the key objectives of the PRSCs was to enhance service delivery and outcomes in rural water, health, and education in the broader context of helping Benin attain related Millennium Development Goals (Table 6). In all three cases, specific monitoring indicators and reform programs were established. The objectives were by and large retained in PRSC series II for water, health, and education. In the water sector, coverage was extended to include semi-urban areas. In addition to the three core sectors, the PRSC sought to support implementation of ongoing programs in environment, urban sanitation, and forestry sectors, while progressively including other sectors.

4.36 *Relevance and design.* In all cases, attaining objectives required addressing questions and issues outside the sole responsibility of the lead line ministry: budget, financial management, procurement; decentralization; and civil service management in health and education. The design of each component was relevant to the overarching objectives of poverty reduction, reaching the sector-related Millennium Development Goals, and reducing regional and gender disparities. The PRSCs were appropriate instruments to help achieve the objectives sought in each of the sectors concerned because they were focused on helping the Government try to realize the key related goals and because this required additional domestic budgetary resources, effec-

tive decentralization of service delivery, and structural/institutional reforms of an inter-sectoral nature. The PRSCs were based on updates of pre-existing analytical work.²⁰

4.37 In the health sector, management was to be improved through execution of budget programs, with particular emphasis on financial transfers to selected districts, adoption and implementation of management contracts between Ministry of Health and health districts, as well as performance contracts for two hospitals, and expanding availability and quality of services for the poor. These efforts would build on an existing national sector policy developed in the mid-1990s, as well as a related sector development plan. Donors in the health sector have mainly financed technical assistance rather than capacity building, including training. The Bank provided assistance through joint sectoral and overall reviews (two missions per year). The advice is generally provided through comprehensive aide-memoires covering budgetary and structural issues. Assistance was also provided through analytical work (for example, the 2004 Public Expenditure Review). While it is not clear that there was a good match between the PRSCs and the Millennium Development Goals of reducing child and maternal mortality, there are better prospects for reducing malaria-related deaths and lowering the incidence of HIV/AIDs.

Table 6. Sectoral Objectives in Water, Education, and Health

Sector	Objectives
Water	<ul style="list-style-type: none"> Improve the access of the rural population to safe water Improve the maintenance and management of existing water facilities Improve hygiene and sanitation
Education	<ul style="list-style-type: none"> Improve access, completion and quality in basic education, especially for girls Improve efficiency in delivery management Assist the government in sharpening the sector's vision
Health	<ul style="list-style-type: none"> Improve the quality of overall sector management Improve access and service quality especially v/v child and maternal mortality Reduce inequity and improve financial access to services for the poor

Sources: Government of Benin, World Bank

4.38 In the water sector, the emphasis was on increasing the number of water supply points and ensuring their sustainability via maintenance to be undertaken by local small and medium enterprises in the context of public-private partnership contracts, thereby also contributing to private sector development (see Appendix Table 9). A water sector strategy already existed with full support from donors. In water, the key to sustainable access to potable water is a sustainable increase in the number of water points, thus requiring the existence of a credible maintenance strategy. Implementation capacity and the need for capacity building had been clearly assessed in the water sector prior to the advent of the PRSCs, with most assistance provided by other donors already working in the sector.

4.39 In education, the key focus was on increasing the number of teachers and improving their distribution across the country, increasing teacher quality, and increasing the timely availability of classroom materials, all essential to improving completion rates. Increasing enrollment retention and completion rates are key measures for making progress toward the Millennium Development Goals of universal primary education; actually getting there requires more teach-

²⁰ Prior work included Public Expenditure Reviews in 1996 and 2004, a Social and Structural Policy Review in 2001, Country Sector Reviews in education in 2001 and 2007, and in health in 2001 and 2006, and a Poverty Assessment in 2003.

ers, better teaching, and more schools, along with the timely availability of supplies. Reducing disparities implies the need to implement a differential approach according to geographic zone. Hiring teachers locally, as done in the context of the PRSCs, had the added benefit of local employment generation. Unlike the water sector, implementation capacity and capacity-building needs in education had not been clearly assessed in the past; education also initially lacked a sector strategy. Here again, assistance was provided by other donors during the PRSCs, particularly with regard to teacher training. A sector strategy was developed in the course of the PRSCs on the basis of pre-existing subsector strategies, and its adoption was a prior action for PRSC 3.

4.40 *Implementation.* Available evidence indicates that implementation has generally been satisfactory, as measured by compliance with prior actions and triggers. However, structural reforms have gone more slowly than initially planned, particularly in health. On the budgetary front, the sectors' share in the total budget has been protected, although execution exhibits considerable problems and continues to retard program implementation. Outcome targets, as measured by performance indicators, have by and large been attained. Looking forward, it is likely that the Millennium Development Goals for access to rural water will be attained, as will the goal for 100 percent primary completion rates (though less likely for girls). On the other hand, it is unlikely that health goals will be attained for child and maternal mortality. In all, there were 17 prior actions (see Appendix Table 15), which focused on improving water service availability in rural and secondary towns, increasing the availability of teaching staff in disadvantaged zones, and reducing the cost of medical services to the poor. These well-chosen triggers reflect PRSC objectives of improving access and service availability to the poor. The delays were not major, nor did they impede program implementation.

4.41 *Results.* Evidence on budgeting and execution from 2003 to 2006 indicates that there was an increase in resource availability for all three sectors, as follows: energy and water, + 94 percent; health, + 37 percent; and education +43.5 percent, including a 62 percent increase for primary education. Evidence also indicates that actual expenditures rose both in nominal terms and as a share of total expenditure. For the ministry in charge of energy and water, expenditures rose by 18.5 billion CFAF (+300 percent), while its share of total expenditure rose from 1.8 to 4.6 percent.²¹ Comparable figures for health point to an increase in expenditure in nominal terms of 10.7 billion CFAF, while the ministry's expenditure share went from 10.9 to 11 percent. In education, expenditure on primary and secondary education rose by 11.1 billion CFAF, with a share attaining 19.0 percent in 2006 compared to 15.3 percent in 2003.

4.42 Looking at execution rates, evidence for the water sector points to a spike in execution rates between 2003 and 2005, from 57.5 to 168 percent, followed by a pronounced decline to 116.9 percent.²² During this period, actual expenditures quadrupled from 6.3 to 24.8 billion CFAF. In the health sector, there was also an increase from 78 percent in 2003 to a peak of 84 percent in 2005, followed by a decline to 78 percent in 2006; at the same time, actual expenditure rose in nominal terms by 37 percent (10.7 billion CFAF). In education, the execution rate was over 100 percent in 2003 and decreased systematically to 78.5 percent in 2006, while actual expenditures rose by 19 percent (10.1 billion CFAF) in primary education.

21 The program budget of the Directorate increased from 7.60 billion CFAF in 2003 to 15.52 billion in 2006 (Source: Joint Review AM of September 2006).

22 Rates in excess of 100 percent are due to the fact that foreign financed public investment substantially exceeded amounts inscribed in the budget.

4.43 Thus, the overall conclusion is that actual expenditures for these sectors have been protected over the life of the PRSCs – that is, budget allocations have increased, as have actual expenditures. In the same way, the sectors have shown rising shares in terms of budget allocations and expenditures relative to total expenditures and GDP. At the same time, budget execution numbers imply significant room for improvement, pointing to a need for further improvement in budget procedures. Key sector objectives in terms of outcomes were attained in water, education and health, as seen from Appendix Table 9, which provides key indicators being monitored by the PRSCs, the actual level observed in 2003, as well as the target and actual level for 2006. The evidence indicates that in all three sectors, outcomes were either roughly in line with, or exceeded, targets. This remained true through 2008, with the exception of primary school completion rates (the primary completion rate target for the second PRSC series was exceeded after the first operation, so targets were re-set at more ambitious levels). Both the education and health sectors were affected by a new government policy announced in 2007 offering gratuity for basic services. In education, indicators on access were exceeded but completion rates slipped, though they are still in line with the original targets for the PRSC series.

4.44 All counterparts interviewed by IEG reported, in differing degrees, that the PRSCs had contributed to improved performance, beyond what could be expected from investment projects (although Bank staff views were divided in this regard, with some arguing that investment projects or sector-wide approaches can provide as much value added as PRSCs). Regardless, IEG counterparts in Benin contended that the PRSCs had led to an improvement in the dialogue between the sector ministries concerned and the Ministry of Finance, in particular on account of the program budgeting process. In turn, representatives of the Ministry of Finance argued that the introduction of program budgeting had given sector ministries an incentive to do a better job in terms of budget preparation, knowing that Finance would look well upon financing requests based on sound program budgets.

4.45 For example, key to the success of the water sector was the introduction of program budgeting, which brought all stakeholders to the same table, empowered them, and gave them a greater sense of accountability, according to officials from the Directorate General of Water (DGW). The presentation of a credible, integrated budget covering both recurrent and capital expenditures to the Ministry of Finance was instrumental in getting the latter to grant a significant increase in budget, which helped the Directorate General of Water attain its outputs and better execute its budget as well. At the same time, progress has sometimes been compromised by the slowness of budget execution.

4.46 Other ministries made similar points, in different terms. The Ministry of Education felt that the PRSCs (PRSC 2 in particular) had helped finalize the National Educational Plan and that the program budget had compelled the Ministry to focus on key programs. Moreover, under a PRSC approach it is no longer possible to hide behind conditionalities and Bank procedures as the primary cause of slow disbursements. Thus, PRSCs have the potential to create internalized, more lasting effects than many investment projects, whose effects tend to die out following the closure of traditional project implementation units. In the agricultural sector, included in the PRSCs for the first time in 2004, ministerial representatives reported that the advent of the PRSC coupled with program budgeting had created a platform for discussion between key stakeholders in the sector. Ministry of Health officials were of the same opinion.

4.47 On the other hand, all sector ministries reported that budget execution remains weak and in need of improvement. Frequently, the budget is released with considerable delay, often making it impossible to make commitments before the beginning of the second trimester, which slows down budget execution in the first half of the year. Procurement remains complicated

and slow particularly at the central level, especially for drugs, which require approvals not only from the Ministry of Finance but also from the Ministry of Commerce regarding import licenses. The Ministry of Agriculture reported a major problem with the budget cycle, which is not well synchronized with the agricultural production cycle. Much work remains to improve budget execution, and this is more easily done through the program budgeting approach supported by the PRSCs.

4.48 Some ministries raised the issues of comparative incentives between investment projects and PRSCs. Thus the Ministry of Health complained about the lack of resources to undertake field missions under the PRSC approach, a problem that does not arise under donor-financed investment projects. Some Bank staff consider that pay and incentive issues are a major weakness of the PRSC approach, compared to investment projects where project staff are hired on terms and conditions which are superior to civil service norms.

ASSESSMENT OF OVERALL PRSC OUTCOMES

4.49 *Economic impact.* An assessment of realization of PRSC objectives indicates that macroeconomic stability was maintained in that the fiscal position strengthened particularly in 2006 (an improvement of the primary balance and overall fiscal deficit, a reduction of internal and external arrears, and lower inflation). On the other hand, inflation, though remaining modest, was still above that of other West African Monetary and Economic Union countries. The real exchange rate appreciated, also by more than elsewhere in the zone, raising the specter of some loss of competitiveness. Most importantly, growth targets were not attained. Moreover, actual growth rates did not accelerate, but rather fell, at least from 2003-2005. However, they turned up in 2006 and 2007 and reached 5.1 percent in 2008. Economic growth in 2009 is likely to be affected by the global economic recession. Nonetheless, macroeconomic stability has been maintained throughout.

4.50 The objectives of the privatization program were only partially attained as regards cotton, electricity, telecommunications, and the port. The regulatory frameworks in liberalized sectors remain incomplete with the possible exception of cotton, but even there it is currently under revision. The investment climate has improved, albeit marginally with respect to the creation of firms, payment of taxes and registration. However, it is not enough to induce the increase in private investment needed to substantially raise economic growth. Public investment has also shown a declining trend relative to GDP over the period 2003-2006.

4.51 The PRSCs have unquestionably helped Benin operationalize its poverty reduction strategy, and introduced a results focus into priority areas. The reason for this success is that the PRSCs were well aligned with Benin's poverty reduction strategy and developed in close cooperation with the Government, which clearly owns the PRSCs and is committed to the Poverty Reduction Strategy. Donors, in turn, are committed to effectively helping reduce poverty through the government's agenda, rather than their own agenda.²³ The result has been a much more focused government policy reform agenda and matrix than was the case before the PRSCs.

²³ The Government views the PRSCs as financing for its reform program as described in the Poverty Reduction Strategy Paper, and all agree that there is considerable commitment to the success of the reforms and thus to implementation of the PRSCs. The Government takes this responsibility seriously and has set up institutions to manage it. This is particularly the case concerning program budgets, which, relatively speaking, are the real innovation of the Benin experience. While not all ministries are fully on board, the PRSC has clearly made a major contribution to the way in which sector and central ministries, particularly Finance, work together.

4.52 That said, there have been significant weaknesses in the PRSC Results Framework and monitoring and evaluation, particularly as regards support to pro-poor growth and public financial management, where important issues were neglected – for example, annual performance indicators should have been included for cotton sector reforms and public expenditure management. Other areas for improvement include the establishment of: (i) a better link between the Country Procurement Assessment Report and the budget; (ii) a proper functional classification of expenditure that will permit automatic and regular monitoring of poverty related expenditures; (iii) more use of budget execution reports using the program classification (now that this is possible); and (iv) the use of the Public Expenditure Tracking Survey and user surveys to ensure that public resources reach service providers and that users are satisfied with services. The lessons to be drawn are that: government ownership and effective donor support of the reform agenda is likely to produce sustainable results; but the results framework and monitoring and evaluation framework requires constant attention as regards design and updating.

4.53 The PRSCs have contributed effectively to donor harmonization around Benin’s poverty reduction strategy. Donor cooperation has been substantial²⁴. Key achievements include the signature of a new memorandum of understanding in December 2007 on the part of all general budget support donors, as well as a substantial increase in donor predictability and reduction in the volatility of general budget support funding. The quality of the dialogue has improved as a result. The Bank has taken an important leadership role in this regard; its efforts and openness have been appreciated by other donors and Government alike. The lesson is that improved donor cooperation can lead to a significant increase in the effectiveness of donor assistance, in terms of the quality of assistance provided and results obtained.

4.54 The PRSCs have been reasonably well aligned with Benin’s domestic processes, including its budget preparation timetable. The PRSCs are acceptably well aligned with the desiderata of budget preparation and execution. The Bank approach has been an appropriately judicious combination of: a) concern for predictability through timely and credible expression of intent for the PRSC to support the budget in the following year in a manner which supports budget preparation; and b) signaling– by slowing down the preparation of PRSCs – that government performance has been unsatisfactory and that it must stay the course with structural reforms. This has not created unmanageable budget execution or cash flow problems. There is room for improvement, however, in the processing of operations that *are* on track. The Bank should ensure that such operations are expeditiously processed and, also ratified by Government so as to permit disbursement before the end of the first quarter of the Budget year being supported. Approval of PRSCs does not need to precede the presentation of Finance Law to Parliament. The reasons for success are attributable to insistence by the Bank on good performance as a condition for moving forward. Shortcomings are due mostly to lack of government commitment to structural reforms and diligence with respect to ratification. On balance, there are only minor shortcomings in this area. The lesson is that what matters for effective budget alignment is PRSC approval and disbursements in a time frame that does not compromise budget execution.

24 There has been a constructive coordination and cooperation between donors through formal and informal protocols, and the Bank has worked with other donors as a team player, its leading role emerging naturally from the respect it has generated. In the case of Benin, the Bank has not been as tightly bound by the memorandum of understanding as elsewhere, so it has been better able to signal its discontent with the slow pace of reforms with respect to cotton and energy – to the point of suspending preparation of PRSC 5 while getting cotton sector reforms back on track.

4.55 *How relevant and effective a vehicle have PRSCs been to help countries set conditions for sustained growth?* The PRSCs have helped establish a pro-poor growth strategy and a reasonably well-designed program given the limited range of options for improving competitiveness as a result of membership in West African Monetary and Economic Union. However, this has not yet produced visible results partly because success in the promotion of pro-poor growth is likely to take longer than one PRSC series and partly because of significant shortcomings in key macroeconomic outcomes and implementation of structural reforms. Growth performance fell substantially short of the initial and even the revised targets; and growth rates actually declined until 2006. The real exchange rate appreciated. Public investment did poorly, although private investment improved. Progress in key structural reforms has been disappointingly slow, and in the case of cotton, there is a significant lack of consensus. Monitoring of structural reforms has been inadequate. Substantial progress is needed on the part of the government and donors if pro-poor growth targets are to be attained. The lesson is that existing efforts should be continued and reinforced through firmer prior actions, all the more so given Benin's patchy record on structural reform over the last 20 years.

4.56 The PRSCs have also made an important contribution to improving public financial management systems, which is at the heart of the PRSC program. This success has occurred in particular through the continued application of the Medium-Term Economic Framework methodology, the expanded use of program budgeting, and a transition towards results-based budgeting. Program budgeting has been of particular importance in the water sector as a tool for policy and financial dialogue between stakeholders. All ministries interviewed appreciated its use (though success has been hampered by budget execution problems). Use of program budget performance reports by sector ministries is another encouraging improvement. Other notable achievements include delegation of spending authority to sector ministries and lower levels of government, introduction of multiyear budget authorizations and payments, and improved accounting. Financial governance has improved overall, and the scope for corruption has been reduced.

4.57 Nonetheless, more needs to be done to improve budget execution, especially non-wage recurrent expenditures, capital expenditures, and procurement. More institutional support is needed to help ministries make optimal use of the program budgeting approach. Performance reports should be reviewed by the Chamber of Accounts more rapidly and sent to Parliament; the same is true for government financial accounts. The legal framework for program budgeting should be approved by Parliament. Procurement reform is proceeding slowly, as are civil service and decentralization reforms. The Government is trying to tackle these issues in a global manner through its Results Based Budgeting Strategy, updated in June 2008 in light of weaknesses identified in the PRSCs.

4.58 Overall, despite substantive and sustained achievements by the PRSCs, building on the foundation set by Public Expenditure Reform Adjustment Credit, significant hurdles remain to be overcome for the public financial management reform to fully attain its objectives. However, given the breadth and complexity of the reforms undertaken and the achievements to date, shortcomings with respect to objectives are moderate. The lesson is that successful reforms in public financial management take many years and continued commitment by the authorities to overcome opposition by vested interests. Looking forward, PRSCs should focus on supporting Results-Based Budgeting and monitoring it through appropriate performance indicators. The Beninese understand that better program budgeting alone will not improve service delivery – it must be accompanied by civil service and decentralization reforms. Future PRSCs should bring this explicitly to center stage.

4.59 *How have the PRSCs advanced sector dialogue and achieved sector results?* Evidence from the three key sectors examined in depth (rural water, education, and health – the main focus of the PRSCs) affirm that sector results have been positive, especially in these sectors. Targets in some cases were largely exceeded (water²⁵). In health, progress has been less impressive, but access to health services was made free for children under five²⁶. In education, the PRSC-supported education strategy, which included the abolition of primary school fees, led to the country being admitted to the Education For All Initiative in April 2008.²⁷ In agriculture, the number of extension workers increased by 10 percent. In transport, the target for the number of kilometers of rural roads to be rehabilitated was attained. In justice, the objective of hiring more judges and clerks was realized.

4.60 Despite these achievements, there have been shortcomings in various areas: strengthening water delivery in peri-urban areas; improving learning outcomes and service quality; reducing geographic dispersion; and improving the geographic distribution of health services. Other areas of weakness include adoption of legal frameworks for contracting, human resource reform, and construction in remote areas. Progress has been impeded by slow progress in civil service reform and decentralization. On balance, attainment of sector objectives shows moderate shortcomings.

4.61 Some sector specialists argue that their sectors have not done well under the PRSCs (for example, health), and that sector-wide approaches or sector investment projects would be more appropriate instruments for addressing core sector policy and budget issues. In any event, it is important that the PRSCs do a better job of ensuring that supported sectors get larger domestic budget appropriations. Some Bank staff think that the PRSCs cover too many sectors, and that it would be better to combine two kinds of operations: the first focusing on cross-cutting issues common to all sectors, and the second focusing on sector-specific issues. These options merit consideration. Overall, the lesson is that success requires the existence of a sector strategy supported by all stakeholders, a limited number of objectives, the existence of appropriate institutions at the national and the local level, commitment to success by all stakeholders to improving national systems and effective dialogue between sector ministers and the Minister of Finance. These conditions were best met for rural water and education, but less so in health.

4.62 *Is there a discernible difference between PRSCs and previous Development Policy/Adjustment lending?* PRSCs in Benin have been similar to programmatic Development Policy Loans, but with a greater focus on public financial management issues. A programmatic Development Policy Loan could be a good instrument for addressing cross sector issues in Benin (such as private sector development) which do not make a big demand on the budget. Up to now, all PRSCs in Benin have been single-tranche, multi-sector operations. There is no reason for excluding the use of sectoral PRSCs, which could co-exist with thematic PRSCs focusing solely on cross-

25 In the water sector – which seems to be the sector that worked best – there was a national vision and strategy supported by all donors. There were few objectives, but they were strategic. Furthermore, the building blocks for effective decentralization of responsibilities to the departmental/community level were in place. Enough additional resources were made available from the national budget to accompany the increase financed by donors, as a result of the program budgets and donor-provided budget support. Program budgeting was an essential component of this success because it changed the nature of relations between the sector ministry and the Ministry of Finance.

26 The Ministry of Health lacked a strategic vision giving rising to coherent donor support. The Ministry is poorly organized, donor coordination is less effective than in water, and relations with the Ministry of Finance are wanting.

27 In the education sector, a shared vision developed through the finalization of the sector strategy, which has culminated in Benin's admission to the Education For All initiative.

sectoral thematic issues such as public financial management, civil service reform, and decentralization. Another option would be to combine a cross-sectoral tranche to be released at effectiveness, with a number of independent sector specific tranches to be released subsequently in any order when sector-specific prior actions have been satisfied (as in Cameroon's Structural Adjustment Loan 3).

4.63 *Have the PRSCs contributed to poverty reduction?* Findings with regard to the evolution of poverty are less clear, in part due to the need to better reconcile government/Bank data. This would be a key ingredient in the formulation of future PRSC operations. However the evidence presented suggests that there was only a marginal reduction in the prevalence of monetary poverty during the life of the PRSCs to date.²⁸ On the other hand, there clearly seems to be a positive evolution of indicators likely to have an impact on non-monetary poverty, particularly in access to water, education, and health.²⁹ The policies being supported by the PRSCs could make it more likely that some Millennium Development Goals will be reached, specifically those pertaining to access to rural water, and primary completion rates for boys. In health, it is unlikely that the MDGs pertaining to the reduction of maternal mortality will be attained, but more likely for those relating to the reduction of mortality for children under five, the spread of HIV/AIDs, and the death rate from malaria. The PRSCs could do more to assess progress in regard to the Millennium Development Goals.

4.64 The Annual Progress Reports also assess sector performance relative to individual targets and in the aggregate for the corresponding year, using a score of 1-5, in increasing level of performance. In the water sector, four out of five targets were met or exceeded. In primary education, the corresponding numbers were four out of eight, and in health six out of nine. The Annual Progress Report considers that 3 of 11 Millennium Development Goals are reachable by 2015: (i) reducing the number of malnourished people by 50 percent; (ii) attaining 100 percent completion rates for primary education (less likely for girls); and (iii) halving the proportion of people without access to safe drinking water.

28 According to the Strategy for Growth and Poverty Reduction, monetary poverty actually increased from 28.5 in 2002 to 36.8 percent in 2006, and the depth of poverty also from 10.9 percent in 2002 to 13.8 percent in 2006, with a more pronounced increase in rural areas. However, the authorities' conclusion that poverty increased between 2002 and 2006 is contested, and rightly so, by Bank and Fund staff, as differences in methodology imply that 2002 and 2006 indicators are not comparable. Rising income and a declining Gini coefficient make it unlikely that poverty could have increased, especially given that income increased over the same period. Bank staff think that it would be better to use as the indicator of monetary poverty in 2002 the level retained in the 2002 Quik survey (39 percent) which would indicate a decline of about 1.5 percent between then and 2006. Staff also consider that the poverty perceptions indices are essentially unchanged over the same time period. The findings on non-monetary indicators are confirmed by the variations in corresponding PRSC indicators for water, health, and education and suggest a decline in non-monetary poverty.

29 Non-monetary poverty declined from 43 percent in 2002 to 41.1 percent in 2006, although it may have risen in urban areas while falling in rural areas. The poverty perceptions survey indicates that 38.7 percent of the population felt poor in 2006 as against 37.1 percent in 2001. Inequality decreased from 2001 to 2006, *pari passu*, with a reduction in the Gini coefficient from 0.44 to 0.40 in that time period, although it may have risen in rural areas.

5. Bank Performance

5.1 *Assessment of instrument adequacy.* The suitability of moving to programmatic lending in the form of PRSCs was initially set forth in the 2001 interim Country Assistance Strategy, and again in the 2003 Country Assistance Strategy. PRSC 1 clearly described the criteria for including specific sectors in PRSCs 1-3, namely: existence of a sector strategy; program budgets; an ongoing and fruitful policy dialogue; and the willingness of other donors to jointly finance the sector. PRSC 1 was limited to health, education, and rural water, although progress was monitored in environment and forestry management. PRSC 2 extended coverage to agriculture, rural transport and justice, and private sector development was introduced under PRSC 3. Under PRSC 4, no new sectors were introduced, but forestry and environment were dropped. The initial sector choice was appropriate, but there was not a compelling case for including forestry and environment. It would have been better to focus earlier on agriculture, rural transport, justice, and private sector development.

5.2 There is no evidence of discussion in the Program Documents as to whether the PRSCs were the right or best instrument (in comparison to sector-wide approaches, sector investment programs, and other available options) to attain desired objectives. Nonetheless, the PRSCs were appropriate, given the need to address not only sector-specific policy structural and budgetary issues, but also cross-cutting themes in public finance management, procurement, civil service reform, and decentralization. An important value added by the PRSC approach is its focus on using programmatic budget support to support the same sectoral and cross-cutting issues over a period of several years, longer than is usually the case in adjustment operations. This made it possible to tailor the content of the program to actual progress and emerging issues. PRSCs also have an advantage relative to sector investment projects in providing a national approach to budget reform, which sector projects cannot do. At the same time, the program was arguably too big with too many sectors, which led to the relative neglect of important issues in terms of triggers. Progress reviews should have focused more on these issues.

5.3 *Capacity assessment.* The evidence does not suggest the Bank made a special assessment of the government's capacity to implement reforms. However, other donors did provide technical assistance and effective support to capacity building and institutional strengthening.³⁰ It would have been useful for the PRSC program documents to have provided more information on this point, and for the PRSCs to have treated the issue in more substance. The Implementation Completion Report argues that a number of important technical assistance activities were carried out during the first PRSC series leading to an increase in the capacity of the Government to design and implement the Poverty Reduction Strategy. Particular mention is made of the Medium-Term Economic Framework, budget execution, and institutions needed for raising fiduciary standards pertaining to procurement, internal auditing, and external controls. But few of these were the direct result of PRSC measures or interventions.

5.4 *Adequacy of Bank inputs.* By and large, the quality of staff on PRSCs was satisfactory. However, it has been argued by some staff that the size of the PRSC programs makes effective management difficult, with missions of 40 or more, giving rise to aide-memoires of more than

³⁰ The PRSCs were well prepared and based on extensive analytical work prior to and during the operations. Team performance has been satisfactory within the Bank and moderately so within Government. Yet the Bank could have been more forthright vis-à-vis the lack of performance with respect to structural reforms and paid more attention to capacity building.

100 pages. To some extent this is because the PRSC missions overlap with the Poverty Reduction Strategy Plan joint review mission, making mission notes difficult to parse for PRSC content. All of this raises important questions about the efficiency, ownership, and transactions costs of the PRSC process.

5.5 Bank health sector staff argue that the PRSC was not attaining its objectives mainly because the health sector is not benefiting from additional budgetary resources. On the other hand, the water sector staff argued that through the program budget approach, as supported by the PRSC, the rural water program had succeeded in obtaining a significant increase in budget resources, especially for financing recurrent expenditures. Others argue that the PRSCs should be more focused on core State reform issues related to the civil service, decentralization, and judicial sector. These cross-cutting issues require programmatic support and cannot be adequately addressed through sector investment or adjustment operations. Sector staff also argued that the weakness of the PRSC approach is that it does not give enough attention to the definition and monitoring of results frameworks at the sectoral level – although the results framework has clearly improved over the life of the PRSCs. Others point out that some themes are multi-sectoral in nature, such as private sector development, yet unlikely to make a large claim on the budget. In their view, this is an argument in favor of sector PRSCs or an investment program approach.

5.6 *Resources and incentives.* Table 7 shows that the Bank has spent about USD 3.64 million on PRSCs 1-4 between FY02 and FY07 and an additional USD 500,000 for Trust Fund support to PRSCs 1 and 2, most of which was spent on support to public financial management but with some support for rural sector reforms. In addition, support was provided through a number of Policy and Human Resources Development Fund grants. Excluding trust funds, PRSCs 1-3 cost around USD 1 million each, but PRSC 4 about half of that (as of end FY07).³¹ Most resources were spent by Poverty Reduction and Economic Management (USD 1.71 million, or 47 percent), followed by Human Development (USD 1 million, 27.4 percent), with Sustainable Development (including forestry, agriculture, and rural water) coming at a distant third (USD 430,000, 11.8 percent).

Table 7. Allocation of PRSC BB Across Bank Units Involved in PRSC Processes

	LEGAF ^a	AFTQK ^b	AFCE2 ^c	AFTPM ^d	AFTHD ^e	AFTSN ^f	AFTFP ^g	Total
PRSC1		90.6	0.5	623.7	232.4	148	7.2	1125.1
PRSC2		29.4	6	363.9	388.7	158.2	27.7	997.5
PRSC3		68	0.5	625.1	72.2	74.1	64.9	982.9
PRSC4	18.1	21.6	0.1	101.8	315.8	50.4		537.7
Total	18.1	209.5	7	1714.5	1009.1	430.7	99.8	3643.3

Source: Business Warehouse, World Bank

- (a) Law and Development Unit in the Africa Region
- (b) Operational Quality and Knowledge Services Unit in the Africa Region
- (c) Francophone Africa Office in Abidjan
- (d) Front Office for the Poverty Reduction and Economic Management Network in the Africa Region
- (e) Front Office for the Regional Human Development Network in the Africa Region
- (f) Front Office for the Sustainable Development Network in the Africa Region
- (g) Front Office for the Finance and Private Sector Development Network in the Africa Region

³¹ Total expenses through the end of FY08 are about USD 3.7 million.

5.7 Nonetheless, there appears to be some tension over the structure of the budget and expenditures within the Bank Team, particularly on the part of Human Development, who argue that Poverty Reduction and Economic Management tends to consume too large a share of the resources at the expense of the sectors—hence their preference for either managing the PRSC or having their own projects. However, this claim does not appear to be borne out by the numbers presented above, or by an analysis of the variable costs (travel and consultants). Furthermore, additional resources could be mobilized, if needed, to support reforms at the sector level through Trust Funds. On the other hand, Poverty Reduction and Economic Management argues that supervision would benefit from a larger variable budget, as in the cases of Ghana and Uganda. Further analysis of this issue would be merited.

6. Conclusions and Lessons Learned

6.1 Considered as self-standing operations, the PRSCs were well designed and have been moderately successful. Overall, they have been most successful with respect to helping Benin operationalize its Poverty Reduction Strategy and focus on key priorities. PRSCs also lent support to donor harmonization around the Poverty Reduction Strategy Plan and supported alignment with domestic budgetary systems, although with significant shortcomings. PRSCs have been moderately successful with respect to improvements in the public financial management system, although this is still weak in Public Expenditure and Financial Accountability terms. Support to sector reforms has been moderately successful in water and education, and to a lesser degree also in health, despite moderate shortcomings in service delivery to the poor. They have also made small but notable contributions to other sectors important for growth and poverty reduction, namely agriculture, environment, rural transport, and justice. Corruption was not addressed in a major manner, but progress in financial governance has been made in public financial management through the reduction of exceptional budgetary and financial procedures. Finally, there were significant shortcomings in terms of the results framework and setting conditions for pro-poor growth—the latter due to insufficient attention to the issue of raising the public investment rate, improving competitiveness, and making progress on key long standing structural reforms in cotton and other sectors. This makes for an overall assessment of moderate shortcomings. Objectives are likely to be attained in the long run, if reform efforts continue to be assiduously pursued.

6.2 The PRSC operations have inevitably been large and complex, rather than small, simple, and selective, and they should not be criticized on these grounds. The reality is that poverty reduction is complex. Nonetheless, the PRSCs were too big. Little, if anything, was gained by the inclusion of environment and forestry. It would have been better to have omitted these sectors—with the possible exception of urban sanitation, which is key to improving health—and instead to have deepened and accelerated reform in sectors of greater importance for poverty reduction. In this regard, the progressive inclusion of agriculture, rural transport, and justice was desirable, as was the “opportunistic” inclusion of cotton when it emerged that reforms key to poverty reduction were stalling.

6.3 PRSCs have shown themselves to be good, or potentially good, instruments for promoting policy dialogue for sectors or cross-sectoral issues where budget availability and budget management are significant issues. PRSCs have clearly demonstrated that they can add value relative to the Structural Adjustment Loan approach for at least two reasons. First, PRSCs support the Poverty Reduction Strategy Plan, which arguably has more government ownership than previous reforms during the structural adjustment era, to which Government is clearly committed, and without which reforms would have little chance of success. Second, the presumption that there will be at least two series of three operations implies that the PRSCs can focus for at least six years on the core reform issues both cross-cutting and sectoral. This was not the case under Structural Adjustment Loans.

6.4 The Benin case is a good example of how it is possible to combine sector and public financial management reforms, broadly defined to include civil service reform and decentralization, to enhance service delivery. There seems to have been effective symbiosis between sector programs and public financial management reforms. This kind of public financial management/public sector reform is a very demanding but vital undertaking, not yet fully successful, which will provide increasing comfort to Parliament and to Benin's financing partners that public resources are being well used. Finally, it can be said that the PRSCs have effectively constituted an "anchor" -- and a good one -- for the Bank's support to Benin's policy and institutional reform and public expenditure priorities set forth in the 2003 Country Assistance Strategy. PRSCs are a useful instrument which have clearly added value. However, much remains to be done, and they are not the only instrument the Bank should use. There is plenty of scope for investment operations, both self standing and programmatic.

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Appendix A

APPENDIX TABLE 1. SHARE OF SACs/DPLs/PRSCs IN TOTAL IDA DISBURSEMENTS

Bank Fiscal Year		Pre-PRSC FY5	Pre-PRSC FY4	Pre-PRSC FY3	Pre-PRSC FY2	Pre-PRSC FY1	PRSC FY1	PRSC FY2	PRSC FY3	PRSC FY4	Average (FY99- FY03)	Average (FY04- FY07)
Adjustment/Development Policy Lending												
PRSC												
SAC III	P000111	18.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
BJ - PERAC (Publ Expend. Adjust. Credit)	P061577				10.0	10.4	0.0	0.0	0.0			
<i>Public Sector</i>												
ECONOMIC MANAGEMENT PROJECT												
BJ-Decentral City Mgmt 2 (FY06)	P082725								2.4	0.9		
1ST DECEN.CITY MGMT.	P035648		1.1	1.9	7.8	8.2	4.4	1.6	0.0	0.0		
<i>Health</i>												
<i>Population and Health</i>												
Social Fund	P035645	0.9	3.5	3.9	4.5	3.3	0.1	0.0	0.0			
BJ-Natl CDD SIL (FY05)	P081484							2.5	3.2	9.9		
BJ-HIV/AIDS Multi-Sec APL (FY02)	P073118	0.0	0.0	0.0	0.0	1.7	6.9	8.3	7.9	0.4		
BJ-Malaria Cntrl Booster Prgm SIL (FY06)	P096482	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.7		
<i>Education</i>												
EDUCATION DEVELOPMENT PROJECT												
BJ Distance Learning Project – LIL	P067329	0.0	0.0	0.8	0.3	0.3	0.2	0.1	0.0	0.0		
BJ-Labor Force Dev SIL (FY00)	P070204	0.0	0.0	0.2	0.5	0.4	1.3	2.2	0.2	0.0		
<i>Transport</i>												
TRANSPORT SECTOR INVESTMENT PROGRAM												
WSS		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
RURAL WATER SUPPLY AND SANITATION	P000121	1.2	1.4	2.0	0.0	0.0	0.0	0.0	0.0	0.0		

Bank Fiscal Year		Pre- PRSC FY5	Pre- PRSC FY4	Pre- PRSC FY3	Pre- PRSC FY2	Pre- PRSC FY1	PRSC FY1	PRSC FY2	PRSC FY3	PRSC FY4	Average (FY99- FY03)	Average (FY04- FY07)
<i>Agriculture, Natural Resources, Rural Develop.</i>		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
MGT OF NAT RESOURCES	P000106	0.9	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
ENV. MNGMT PROJ	P000112	1.2	0.9	1.2	1.8	0.0	0.0	0.0	0.0	0.0		
RURAL CREDIT II	P000120	0.6	0.5	1.2	0.0	0.0	0.0	0.0	0.0	0.0		
<i>Energy</i>		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
POWER REHAB	P000108	1.8	4.6	1.8	0.0	0.0	0.0	0.0	0.0	0.0		
BJ-Energy Srvc Delivery APL (FY05)	P079633	0.0	0.0	0.0	0.0	0.0	0.0	1.5	2.1	2.2		
<i>Industry, Trade and Finance</i>		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
BJ-Private Sector (FY00)	P039882	0.0	0.0	6.7	5.8	2.5	3.0	3.9	3.1	2.0		
BJ-Cotton Sec Reform SIL (FY02)	P072503	0.0	0.0	0.0	0.0	0.9	2.9	4.1	4.0	5.0		
<i>Social Protection and Property Rights</i>		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
COMMUNITY-BASED FOOD SECURITY	P000099	2.0	2.2	0.3	0.0	0.0	0.0	0.0	0.0	0.0		
Total, of which		44.8	31.0	35.7	43.3	29.8	18.9	43.8	51.3	52.3	184.5	166.2
SACs/PRSCs/PRSCs		18.2	0.0	0.0	10.0	10.4	0.0	19.7	28.3	30.2	38.6	78.2
Investment Credits		26.6	31.0	35.7	33.2	19.4	18.9	24.1	23.0	22.1	145.9	88.0
Share of SAL/PRSC in Total disbursements (percent)		40.6	0.0	0.0	23.2	34.8	0.0	45.0	55.2	57.8	20.9	47.1
Share of Investment Credits (percent)		59.4	100.0	100.0	76.8	65.2	100.0	55.0	44.8	42.2	79.1	52.9
Three yr moving average for SALs/PRSCs			13.5	7.7	19.3	19.3	26.6	33.4	52.7			

Source: Business Warehouse, World Bank

APPENDIX TABLE 2. BENIN ECONOMIC INDICATORS (1991-2006)

Annex 2, Table 1: Benin Economic Indicators (1991-2006)																	
Sourcefile= Benin Econ-Indicators-IEG_final_july16. xls																	
Calendar Year																	
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Growth*																	
GDP growth (annual %)	4.7	4.0	3.5	4.4	4.6	5.5	6.1	4.5	4.7	5.8	5.0	4.5	3.9	3.1	2.9	4.1	
GNI per capita, Atlas method (current US\$)	340.0	340.0	340.0	300.0	310.0	310.0	340.0	340.0	340.0	340.0	330.0	330.0	380.0	450.0	510.0	540.0	
GNI per capita, PPP (current international \$)	710.0	720.0	740.0	760.0	790.0	820.0	860.0	900.0	920.0	970.0	1010.0	1040.0	1060.0	1090.0	120.0	160.0	
GDP per capita growth (annual %)	10	0.2	-0.3	0.7	1.1	2.3	3.0	1.6	1.7	2.7	1.8	1.2	0.6	-0.2	-0.3	1.1	
Agriculture, value added (annual % growth)	8.9	3.5	2.7	8.9	1.7	10.4	5.7	6.5	4.1	6.4	3.1	7.3	2.2	5.7	4.4	..	
Industry, value added (annual % growth)	4.4	8.6	0.9	4.9	2.7	8.1	3.5	0.3	2.1	9.0	9.0	6.2	2.6	-0.6	4.6	..	
Services, etc., value added (annual % growth)	16	2.9	5.1	0.5	7.8	0.7	7.5	4.3	6.1	4.2	5.4	14	6.0	2.0	0.9	..	
Macroeconomic Indicators*																	
Gross capital formation (% of GDP)	14.5	13.8	15.4	15.8	19.6	17.1	18.4	17.0	17.5	18.9	19.2	17.7	18.8	18.2	19.6	..	
Gross domestic savings (% of GDP)	19	0.0	11	6.0	6.7	3.4	5.6	6.6	4.8	6.0	6.5	3.7	6.0	5.5	6.9	..	
Inflation, consumer prices (annual %)	0.4	38.5	14.5	4.9	3.5	5.8	0.3	4.2	4.0	2.5	15	0.9	5.4	3.8	
Terms of trade (from IMF)	108.1	100.0	96.5	97.8	126.1	116.0	113.1	118.8	93.2	95.1	111.0	89.6	92.7	112.3	94.4	90.6	
Real effective exchange rate index (1990=100) from IMF	96.4	102.4	99.5	67.2	77.4	79.4	77.8	83.8	80.9	77.3	79.7	82.2	89.1	91.3	93.2	93.5	
Official exchange rate (LCU per US\$, period average)	282.1	264.7	283.2	555.2	499.1	511.6	583.7	590.0	615.7	712.0	733.0	697.0	581.2	528.3	527.5	522.9	479.3
Gross national expenditure (% of GDP)	12.5	13.7	14.2	10.9	12.9	13.7	12.8	11.4	12.7	12.9	12.7	13.9	12.8	12.7	12.6	..	
External Balance*																	
Exports of goods and services (% of GDP)	15.5	14.8	13.8	20.2	20.2	15.8	16.1	17.1	16.1	15.2	15.2	13.5	13.7	13.3	13.5	..	
Imports of goods and services (% of GDP)	28.1	28.6	28.1	29.9	33.0	29.5	28.9	27.5	28.8	28.1	27.9	27.5	26.5	26.1	26.1	..	
Current Account balance, exc Grants (% of GDP)				-2.6	-6.6	-4.2	-7.4	-5.7	-7.6	-8.0	-6.7	-9.0	-8.5	-7.9	-7.2	-7.0	
Current account balance (% of GDP)	-11.5	-4.5	-2.8	0.7	-8.3	-1.9	-7.1	-5.7	-6.5	-3.6	-3.2	-5.6	-9.3	-7.1	-5.3	..	
External debt (% of GNI)	72.2	87.0	70.0	108.7	82.1	73.7	76.5	71.1	71.1	70.9	70.7	66.0	52.0	47.8	43.5	17.5	
Total debt service (% of GNI)	16	18	16	2.8	2.5	2.1	2.6	2.6	3.0	3.4	2.1	2.1	1.7	1.6	1.6	1.8	
Gross fixed capital formation (% of GDP)	13.6	13.2	15.0	15.5	17.2	16.6	18.4	17.0	17.5	18.9	19.2	18.1	18.1	17.5	18.9	..	
IBRD loans and IDA credits (PPG DOD, current US\$ million)	369.8	388.7	47.9	463.8	498.3	519.9	509.8	542.8	574.4	578.4	597.6	654.0	729.5	791.4	770.8	126.1	
Public Finances**																	
Current revenue, including current grants (% of GDP)	11.6	11.9	13.1	12.8	14.9	..	15.6	15.9	17.1	16.7	17.4	17.2	18.9	19.0	20.3	..	
Current revenue, excluding grants (% of GDP)	8.7	9.5	11.0	12.8	14.8	16.2	14.5	15.3	16.0	16.6	16.2	16.3	17.2	16.4	17.4	..	
Current expenditure, total (% of GDP)	13.6	16.4	13.0	13.3	14.0	13.1	11.9	10.4	10.9	12.4	12.5	13.3	13.9	13.9	15.3	14.0	14.4
Capital expenditure and net lending (% of GDP)	5.3	4.4	4.8	6.5	8.1	6.4	6.8	5.9	6.6	7.6	7.8	6.3	6.7	6.2	7.4	..	
Expenditure, total (% of GDP)	19.0	20.8	17.8	19.8	22.1	19.5	18.6	16.3	17.6	20.1	20.3	19.5	20.6	20.1	22.6	21.3	22.0
Primary fiscal balance (% of GDP)	0.5	1.3	2.3	2.2	2.3	3.9	3.2	4.7	4.1	2.8	1.3	1.1	0.2	0	-1.4	0.4	
Overall budget balance, including grants (% of GDP)	-8.6	-8.9	-4.7	-7.0	-7.3	-2.5	-3.0	-0.4	-0.4	-3.4	-2.9	-2.3	-1.7	-1.0	-2.4	..	
Overall budget balance, excluding grants (% of GDP)	-7.3	-8.0	-4.6	-7.0	-7.2	-4.3	-4.2	-1.1	-1.6	-3.5	-4.2	-3.3	-3.7	-3.7	-4.6	-2.6	

Sources: * World Development Indicators/Global Development Finance Sept. 2007; ** LDB Working Database

APPENDIX TABLE 3. RELATIVE IMPORTANCE OF PRSC DISBURSEMENTS (BILLION FCAF)

	Pre- PRSC FY3	Pre- PRSC FY2	Pre- PRSC FY1	PRSC FY1	PRSC FY2	PRSC FY3	PRSC FY4	PRSC FY5	Total (2004- 2007)
Calendar Year	2000	2001	2002	2003	2004	2005	2006	2007	
A. Credits and Loans (BFCFAF)									
BJ - PERAC (Public Expend. Adjust.Credit)		10.0	10.4	0.0	0.0				
(IDA) PRSC					10.7	15.9		15.3	41.9
AfDB					8.9	9.2		11.1	29.2
Total		10.0	10.4	0.0	19.6	25.1	0.0	26.4	71.1
B. Grants (BFCFAF)									
EU					12.0	7.2	10.2	16.2	45.6
Denmark					2.5	2.1	2.5		7.1
Holland					0.0	1.3	6.6		7.9
Switzerland					1.3	0.3	0.3		2.0
France					0.0	1.0	3.0		3.9
Total					15.8	11.9	22.6	16.2	66.5
C. Total GBS (BCFAF)	1.7	41.7	3.7	11.2	35.4	37.0	22.6	42.6	137.6
D. Total ODA (external financing)	73.7	119.8	73.1	79.6	94.8	95.3	104.5	157.1	451.7
E. Government Expenditures and revenues									
Total Govt Current Expenditures (BCAF)	200.0	218.1	262.5	285.2	298.5	345.1	368.7	379.8	1,392.1
Total Govt Capital Expenditures (BCAF)	122.5	135.1	119.6	141.1	131.0	144.2	113.4	223.3	611.9
Total Govt Expenditures (inc. net lending) (BCAF)	322.5	353.2	382.1	426.3	429.5	489.3	482.1	603.1	2,004.0
Total Revenues (BCFAF)	266.2	281.0	318.2	350.7	351.4	383.4	416.9	504.9	1,656.6
E. Key Ratios									
GBS/ODA (external financing)					37.3	38.9	21.6	27.1	30.5
IDA share of GBS					30.3	42.9	0.0	35.9	30.4
ODA/total govt expenditures (%)					22.1	19.5	21.7	26.0	22.5
GBS/total govt expenditures (%)					8.2	7.6	4.7	7.1	6.9
PRSC/total expenditures (%)					2.5	3.2	0.0	2.5	2.1
Domestic rev./expenditure (%)					81.8	78.4	86.5	83.7	82.7

Sources: GBS flows from Bank estimates, Government revenues and expenditures from IMF.

APPENDIX TABLE 4. CONSOLIDATED GOVERNMENT OPERATIONS AND FINANCING

	2000	2001	2002	2003	2004	2005	2006	2007	Total	shares
A. Total Revenue	266.2	281.0	318.2	350.7	351.4	383.4	416.9	504.9	1656.6	
Total Recurrent Expenditure, o.w.	200.0	218.1	262.5	285.2	298.5	345.1	368.7	379.8	1392.1	
foreign interest	12.4	13.5	14.3	11.3	5.8	5.6	8.1	9.3	28.8	
Total capital expenditure	122.5	135.1	119.6	141.1	131	144.2	113.4	223.3	611.9	
B. Total Ext.+net lending	322.5	353.2	382.1	426.3	429.5	489.3	482.1	603.1	2004.0	
									0	
C. Overall balance, p.o. basis	-56.3	-72.2	-63.9	-75.6	-78.1	105.9	-65.2	-98.2	-347.4	
D. Net change in arrears	-30.6	-6.7	-6.7	-2.1	-8.5	-42.2	-15.0	-48.0	-113.7	
E. Payments in complementary period	-0.6	8.3	-13.8	1.3	-10.7	63.4	24.1	8.0	84.8	
Overall balance, cash basis, exc.										
F. Grants	-87.5	-70.6	-84.4	-76.4	-97.3	-84.7	-56.1	138.2	-376.3	
Financing, o.w.	87.5	70.6	84.4	76.4	97.3	84.7	56.1	138.2	376.3	
Domestic	13.8	-49.2	11.3	-3.2	2.5	-10.6	-48.4	-18.9		
G. External, o.w.	73.7	119.8	73.1	79.6	94.8	95.3	104.5	157.1	451.7	100.0
projects	74.4	79.8	70.4	69.3	69.8	67.9	64.8	113.2	315.7	69.9
budget support	1.7	41.7	3.7	11.2	34.3	37.1	18.1	53.9	143.4	31.7
amortization	-22.9	-17.5	-18.8	-17.9	-9.3	-9.7	548.5	-9.9	-577.4	-127.8
debt relief obtained, exc MDRI	20.5	15.7	17.8	17.0	0.0	0.0	0.0	0.0	0.0	
MDRI							570.2		570.2	126.2
H. Total Ext. Financing o.w.	73.7	119.7	73.1	79.6	94.8	95.3	104.6	157.2	451.9	100.0
budget support, o.w.	1.7	41.7	3.7	11.2	34.3	37.1	18.1	53.9	143.4	100.0
IDA		7.1	1.5		10.6	15.9	0.0	15.8	42.3	29.5
AfDB					8.9	9.3	0.0	12.0	30.2	21.1
European Union					11.9	7.2	5.7	11.8	36.6	25.5
Bilaterals					2.9	4.7	12.4	5.3	25.3	17.6
Other					0.0	0.0	0.0	9.0	9.0	6.3
net disbursements	-21.2	24.2	-15.1	-6.7	25.0	27.4	530.4	44.0	-434.0	
net transfers	-33.6	10.7	-29.4	-18.0	19.2	21.8	538.5	34.7	-462.8	
net disbursements, incl. DR and MDR1	-0.7	39.9	2.7	10.3	25.0	27.4	39.8	44.0	136.2	
net transfers, incl. DR and MDR1	-13.1	26.4	-11.6	-1.0	19.2	21.8	31.7	34.7	243.6	
Budget support as share of ext.										
J. financing	2.3	34.8	5.1	14.1	36.2	38.9	17.3	34.3	31.7	100.0
K. PRSC share of Budget support	0.0	17.0	40.5	0.0	30.9	42.9	0.0	29.3	29.5	100.0
External Financing share of total government expenditure	22.9	33.9	19.1	18.7	22.1	19.5	21.7	26.1	22.5	
GBS/Total Govt Expenditure	0.5	11.8	1.0	2.6	8.0	7.6	3.8	8.9	7.2	
PRSC share of total government expenditure	0.0	2.0	0.4	0.0	2.5	3.2	0.0	2.6	2.1	

Sources: Government of Benin, IMF, bilaterals and staff estimates

Note: Other denotes unidentified, calculated by difference

APPENDIX TABLE 5. CHARACTERISTICS OF GENERAL BUDGET SUPPORT OPERATIONS OF OTHER DONORS

Donor	Using Single PAF/policy matrix (indicate whether using entire matrix or subset of matrix)	Financing contingent on satisfactory macro-framework as determined by IMF	Participating in joint review process/ mission (indicate if additional donor specific missions)	Single tranche, multi-tranche, or variable tranche disbursement	Using uniform GBS reporting requirement or requiring additional reporting
IDA/PRSC	IDA now uses the government policy reform agenda matrix for program monitoring and a smaller sub-matrix for prior actions and triggers, which are drawn from the overall matrix	IDA requires satisfactory macro-framework and currently refers to IMF views in that regard. But IDA reserves the right to make and use its own judgment	IDA participates in all joint mission, but also undertakes independent identification, preparation, pre-appraisal and appraisal missions	Single Tranche	IDA prepares a Program Document (PD) for each Credit, which contains an assessment of implementation under preceding arrangement. IDA also requires a specific Letter of Development Policy (LDP) for each credit – which describes the specific content of the reforms to be undertaken in the operation concerned
AfDB	As above.	Yes	Yes, but like IDA has specific preparation missions	Single Tranche	AfDB prepares Board documents like IDA
ABC-RP donors	Now apparently uses the same policy matrix as IDA for overall performance assessment, but an ABC-RP specific matrix to assess performance with respect to release of variable tranche	Yes		Two tranches, one fixed and one variable. Fixed tranche is released in full providing that IMF attests that macroeconomic performance	For the variable tranche, Government prepares a specific performance report wrt to the ABC protocol indicators. Independent consultants then prepare an assessment of performance, and propose a disbursement rate On this basis of this assessment, EU decides on the final amount to be released.

Sources: Government of Benin, World Bank

APPENDIX TABLE 6. GENERAL BUDGET SUPPORT PERFORMANCE ASSESSMENT FRAMEWORK SUMMARY

	PAF	PRSC	ABC/RP
Number of performance indicators	There is currently not a PAF, but only a government policy agenda matrix used by all donors for program monitoring. In addition each donor has specific conditionality matrices		
Number of policy actions (core and none core)	2007 version, as presented in PRSC 4 PD, has 125 policy actions for the period 2007-2009 – about 40 per year	125 in all, including 15 prior actions for PRSC 4, and 10 prior actions for PRSC 5	ABC has a specific matrix for Variable Tranche with 15 indicators
Indicators drawn from PRSP or national development strategy monitoring system	Yes	Yes	Yes, but some may not be in PRSP monitoring framework.
Indicators drawn from sector specific monitoring frameworks used in country		Yes	
Requiring special reporting (i.e. not identical to PRSP or national development strategy monitoring reports)		Each PRSC requires a specific LDP	Government prepares a performance report, which is then audited by a consultant on behalf of EU. On the basis of this assessment, EU decides on total amount of tranche to be released.

Sources: Government of Benin, World Bank

APPENDIX TABLE 7. PREDICTABILITY OF PRSC AND GBS FLOWS

GBS donor	currency	Amt Expected in Currency	Disbursed in currency	Disbursement ratio	Amt Expected in FCAF (billions)	Disbursed in FCAF (billions)	Disbursement ratio	Quarter disbursed per MOF budget plan	Quarter of Actual disbursement
A. 2004									
PRSC	USD mill	20.0	20.0	100.0	13.0	10.7	82.3	Q3	Q3
AfDB	FCFA bill	10.2	8.9	87.3	10.2	8.9	87.3	Q3	Q4
EU	€ millions	19.2	18.2	95.0	12.6	12.0	95.2	Q3	Q3,Q4
Denmark	€ millions	2.7	3.8	139.2	1.8	2.5	138.9	Q3	Q4
Holland	€ millions	3.8	0.0	0.0	2.5	0.0	0.0	Q3	
Switzerland	€ millions	0.8	2.0	242.7	0.5	1.3	260.0	Q3	Q4
France	€ millions	0.0	0.0	0.0	0.0	0.0			
Total					40.6	35.4	87.2		
B. 2005									
PRSC 2	USD mill	30.0	30.0	100.0	14.7	15.9	107.9	Q3	Q4
AfDB	FCFA bill	9.8	9.2	93.9	8.0	9.2	115.6	Q2	Q3
EU	€ millions	12.3	11.0	88.7	8.2	7.2	87.6	Q3,Q4	Q3,Q4
Denmark	€ millions	3.4	3.2	94.6	2.3	2.1	90.8	Q3	Q3,Q4
Holland	€ millions	3.8	2.0	52.6	2.5	1.3	52.0	Q3	Q4
Switzerland	€ millions	0.6	0.5	83.3	0.4	0.3	76.9	Q4	Q3,Q4
France	€ millions	0.0	1.5		0.0	1.0			Q4
Total					36.1	37.0	102.5		
C. 2006									
PRSC 3	USD mill	30.0	0.0	0.0	15.4	0.0	0.0		
AfDB	FCFA bill	12.2	0.0	0.0	9.0	0.0	0.0		
EU	€ millions	21.8	15.6	71.6	14.3	10.3	71.7		
Denmark	€ millions	3.8	3.8	100.0	2.5	2.5	100.0	Q3	Q3,Q4
Holland	€ millions	10.0	10.0	100.0	6.6	6.6	100.0	Q3	Q3,Q4
Switzerland	€ millions	0.7	0.5	71.4	0.5	0.3	69.2	Q3	Q3,Q4
France	€ millions	4.5	4.5	100.0	3.0	3.0	100.0	Q3	Q4
Total					51.2	22.6	44.2		
D. 2007									
PRSC 3	USD mill	30.0	30.0		15.3	15.3			
PRSC 4	USD mill	40.0			19.2				
AfDB	FCFA bill	12.0			12.0	11.1			
EU	€ millions	17.9	17.9		11.7	11.7			
Denmark	€ millions				2.5				
Holland	€ millions				6.6	6.6			
Switzerland	€ millions				0.5				
France	€ millions				0.0	0.0			
Germany	€ millions				1.3				
Belgium					0.0				

Sources: Government of Benin, World Bank

APPENDIX TABLE 8. DATA PERTAINING TO VOLATILITY OF FINANCIAL ASSISTANCE (IMF, PROGRAM AID, DEBT RELIEF)

Year	IMF			Program Aid				Total (incl. IMF)			Total (excl. IMF)		
	Purchases	Repurchases	Net	Disbursed	Amortization	Net	Debt relief	Disbursed	Amortization	Net	Disbursement	Amortization	Net
1994	14.4	0.5	13.9	30.9	18.3	12.6	23.7	69.0	18.8	50.2	54.6	18.3	36.3
1995	6.9	1.0	5.9	15.6	16.2	-0.6	22.3	44.8	17.2	27.6	37.9	16.2	21.7
1996	10.1	0.9	9.2	33.5	17.3	16.2	8.0	51.6	18.2	33.4	41.5	17.3	24.2
1997	3.6	2.5	1.1	14.2	20.5	-6.3	0.0	17.8	23.0	-5.2	14.2	20.5	-6.3
1998	0.0	2.4	-2.4	17.0	20.4	-3.4	36.5	53.5	22.8	30.7	53.5	20.4	33.1
1999	6.1	5.5	0.6	27.6	23.6	4.0	13.3	47.0	29.1	17.9	40.9	23.6	17.3
2000	6.3	8.9	-2.6	2.7	22.9	-20.2	20.5	29.5	31.8	-2.3	23.2	22.9	0.3
2001	7.5	10.5	-3.0	41.6	17.5	24.1	15.7	64.8	28.0	36.8	57.3	17.5	39.8
2002	3.6	10.4	-6.8	3.7	18.8	-15.1	17.8	25.1	29.2	-4.1	21.5	18.8	2.7
2003	5.4	8.9	-3.5	11.2	17.9	-6.7	17.0	33.6	26.8	6.8	28.2	17.9	10.3
2004	1.1	3.9	-2.8	34.3	9.3	25.0	0.0	35.4	13.2	22.2	34.3	9.3	25.0
2005	0.7	4.1	-3.4	33.0	9.7	23.3	0.0	33.7	13.8	19.9	33.0	9.7	23.3
2006			0.0	18.1	548.5	-530.4	570.2	588.3	548.5	39.8	588.3	548.5	39.8
2007	1.3	0.0	1.3	27.4	9.9	17.5	0.0	28.7	9.9	18.8	27.4	9.9	17.5
Total	67.0	59.5	7.5	310.8	770.8	-460.0	745.0	1122.8	830.3	292.5	1055.8	770.8	285.0
average	5.2	4.6	0.5	22.2	55.1	-32.9	53.2	80.2	59.3	20.9	75.4	55.1	20.4
st. dev	4.1	3.9	5.6	12.1	142.1	144.0	149.2	147.0	141.0	17.2	148.2	142.1	14.6
av(exc.06)	5.2	4.6	0.6	22.5	17.1	5.4	13.4	41.1	21.7	19.4	36.0	17.1	18.9
st.dev(exc.06)	4.1	3.9	5.9	12.5	4.8	15.4	11.4	15.5	7.0	16.9	13.4	4.8	14.0

Year	Mov. Av (IMF purchases)	St.Dev	SD/M	Mov Av (SD/M – IMF)	Mov. Av (program aid)		Mov. Av (IMF, program aid & debt relief)		Mov. Av (program aid & debt relief, excl. IMF)				
					St.Dev	SD/M	St.Dev	SD/M	St.Dev	SD/M			
1995	10.5	3.8	0.4		26.7	9.7	0.4	55.1	12.5	0.2	44.7	8.8	0.2
1996	6.9	3.3	0.5	0.7	21.1	10.8	0.5	38.1	17.9	0.5	31.2	14.8	0.5
1997	4.6	5.1	1.1	0.8	21.6	10.4	0.5	41.0	20.1	0.5	36.4	20.1	0.6
1998	3.2	3.1	0.9	1.0	19.6	7.1	0.4	39.4	19.0	0.5	36.2	20.1	0.6
1999	4.1	3.6	0.9	0.6	15.8	12.5	0.8	43.3	12.4	0.3	39.2	15.2	0.4
2000	6.6	0.8	0.1	0.4	24.0	19.7	0.8	47.1	17.7	0.4	40.5	17.1	0.4
2001	5.8	2.0	0.3	0.3	16.0	22.2	1.4	39.8	21.8	0.5	34.0	20.2	0.6
2002	5.5	2.0	0.4	0.4	18.8	20.1	1.1	41.2	20.9	0.5	35.7	19.0	0.5
2003	3.4	2.2	0.6	0.7	16.4	15.9	1.0	31.4	5.5	0.2	28.0	6.4	0.2
2004	2.4	2.6	1.1	0.7	26.2	13.0	0.5	34.2	1.0	0.0	31.8	3.2	0.1
2005	0.9	0.3	0.3	0.6	28.5	9.0	0.3	219.1	319.7	1.5	218.5	320.2	1.5
2006	1.0	0.4	0.4		26.2	7.5	0.3	216.9	321.7	1.5	216.2	322.2	1.5

Source: IMF

APPENDIX TABLE 9 PRSCs INDICATORS AND OUTCOMES

Benin water sector indicators 2003-2006	Actual	Target	Actual
	2003	2006	2006
Access to safe water	36	45	44
Number of new water points constructed per year	480	850	1,206
Functioning rate of safe water points	80	90	86
Number of village-level piped water systems managed by private sector	1	15	8
Benin education sector indicators 2003-2006	Actual	Target	Actual
	2003	2006	2006
Primary education completion rate	49.5	60.0	59.0
Number of new students in sixth grade	91,500	117,600	142,053
Girl's primary education completion rate	34.5	48.0	48.0
Number of new female students in sixth grade	32,700	48,200	56,897
Repetition rate	19.0	15.0	<8.0
Percent of MPES budget transferred to PTAs	12.7	12.7	12.7
Benin health sector indicators 2003-2006	Actual	Target	Actual
	2003	2006	2006
Number of new visits per 100 under five children and per year	76	80	80
Proportion of attended deliveries	63.00	69.00	82.00
% of children vaccinated with DPT3	80.00	90.00	92.00
% of pregnant women using impregnated bednets	7.00	40.00	30.00
Number of well functioning health districts	13	24	26
HIV/AIDS prevalence rate among women	4.10	<6.0	2.10

Sources: World Bank, Government of Benin

APPENDIX TABLE 10. CALENDRIER D'EXECUTION DES TACHES RELATIVES A L'ÉLABORATION DU BUDGET GENERAL DE L'ÉTAT

Taches	LF 2004	LF 2005	LF 2006	LF 2007	LF 2008
Demande de propositions de nouvelles mesures et de prévisions de recettes à insérer dans le projet de LF		02/02/04			
Saisine du DGAE pour la production de la note d'orientation sur la préparation du Budget		27/02/04			
Disponibilité de la note d'orientation		22/03/04			
Finalisation du TOFE avec les services du FMI		25/03/04			
Demande au MFTRA et à l'intendance militaire de produire les informations relatives aux départs à la retraite des quatre trimestres		23/03/04			
Examen en CODIR des orientations du BGE		15/04/04			
Concertation sur l'orientation à donner au BGE par le Ministre des Finances et de l'Economie avec le DGB et le SP/CNDLCP		22/04/04			
Lettre de cadrage aux Institutions et Ministères comprenant les demandes de propositions, gestion (enveloppes indicatives, CDMT)		26/04/04			
Rappel à la Direction Générale des Affaires Economiques du Ministère des Finances et de l'Economie pour la production du Rapport Economique et Financier		30/04/04			
Concertation avec les Services de Recettes du Ministère des Finances et du Ministère des Transports Publics et des Transports		14/05/04			
Réception des propositions budgétaires des Administrations Financières et des Ministères dépensiers		30/06/04			
Dépouillement des Propositions budgétaires		01/05/04- 15/07/04			
Arbitrages par le DGB en concertation avec le DGPP		19/07/04- 21/07/04			
Rédaction des comptes rendus d'arbitrage		22/07/04- 28/07/04			
Conférences Budgétaires		09/08/04- 11/08/04			
Élaboration de la 1 ^{ère} esquisse du BGE		12/08/04- 18/08/04			
Finalisation de la rédaction du rapport de présentation et de l'avant projet de la LF, communication en Conseil, 1 ^{ère} version Décret de saisine		19/08 au 26/08/04			
Présentation de la première maquette de l'avant-projet de la LF au Ministre des Finances par le DGB		27/08/04			
Discussion avec les bailleurs de fonds du projet du BGE		01/09 au 12/09/04			
Etablissement des Annexes Budgétaires		03/09 au 13/09/04			
Première présentation du projet de LF en CM		15/09/04			
Saisine en Conseil Economique et Social du projet de LF		17/09/04			
Réception de l'avis du Conseil Economique et Social (dernier délai)		22/09/04			
Rédaction du Projet de Communication en CM et finalisation du projet de saisine de l'Assemblée Nationale		19/09 au 23/09/04			
Dépôt des documents budgétaires en CM pour examen et approbation après prise en compte des observation du premier examen		24/09/04			
Transmission du projet de LF à l'Assemblée Nationale		30/09/04			

Sources: World Bank, Government of Benin

APPENDIX TABLE 11. EXPENDITURES, GOVERNMENT OF BENIN (2001-2006)

	2001	2002	2003	2003	2003	2004	2004	2004	2005	2005	2005	2006	2006	2006
	Dotation	Dotation	Dotation	Engmt	percent	Dotation	Engmt	percent	Dotation	Engmt	percent	Dotation	Engmt	percent
Total Ressources Intérieures	311.11	366.88	379.63	384.48	101.3	409.63	403.86	98.59	506.20	399.70	79.0	506.24	398.29	78.7
Total Ressources Extérieures	54.06	101.13	101.65	32.90	32.4	100.07	34.34	34.32	103.58	67.52	65.2	107.44	100.39	93.4
Grand total, o.w.	365.17	468.01	481.28	417.38	86.7	509.70	438.20	85.97	609.78	467.22	76.6	613.68	498.68	81.3
Primary Expenditures, exc.														
Common Charges	261.24	326.09	345.59	280.90	81.3	370.90	303.52	81.83	421.63	344.61	81.7	459.46	374.47	81.5
Primary Expenditures by Ministry, exc CC														
National Assembly	2.99	3.14	3.98	3.15	79.1	4.75	4.63	97.47	5.52	5.24	94.9	5.96	5.87	98.5
Cour constitutionnelle	0.54	0.56	0.62	0.64	102.4	0.68	0.69	102.07	0.70	0.68	97.1	0.79	0.75	94.8
Cour Supreme	0.93	1.05	1.03	1.03	100.0	1.38	1.19	86.23	1.43	1.20	83.9	1.67	1.28	76.6
Economic and Social Council	0.46	0.65	0.73	0.72	98.1	0.77	0.73	94.4	0.91	0.87	95.2	1.09	1.01	92.7
Audiovisuel	0.90	1.27	1.30	1.09	83.8	1.20	1.20	100.0	1.19	1.18	99.2	1.41	1.31	92.9
High Court of Justice		0.26	0.35	0.21	60.6	0.37	0.33	91.0	0.39	0.37	93.6	0.55	0.47	84.5
Presidency	3.23	5.47	4.35	4.06	93.3	4.43	4.29	96.8	5.46	5.79	106.0	6.02	4.73	78.6
Ministry of Defense	15.53	16.90	19.36	19.38	100.1	21.22	22.00	103.7	23.72	22.73	95.8	24.46	24.22	99.0
Ministry of Interior	11.35	12.59	15.80	13.58	85.9	17.66	14.59	82.6	19.00	16.60	87.4	19.77	16.91	85.5
Ministry of Foreign Affairs	8.40	10.91	11.31	11.25	99.5	11.45	12.33	107.7	12.38	6.54	52.8	13.59	12.72	93.6
Mijnistry of Finance	24.84	19.01	19.08	17.69	92.7	18.07	21.52	119.1	36.25	16.42	45.3	20.77	17.33	83.4
Ministry of Justice	2.08	3.37	3.40	3.40	100.1	5.43	5.26	96.9	6.46	6.46	100.0	7.18	7.12	99.2
Ministry of Development	7.89	9.97	13.00	8.07	62.1	10.22	8.52	83.3	10.46	11.76	112.4	12.22	15.70	128.5
Ministry in charge of institutions	0.41	0.76	0.82	0.84	101.8	0.80	0.79	98.9	0.80	0.80	100.4	1.18	0.98	82.9
Ministry of Transport et TP	38.11	40.16	38.75	24.69	63.7	43.57	18.35	42.1	47.41	25.26	53.3	51.17	24.67	48.2
Ministry of Public Service	3.48	5.17	5.37	4.43	82.4	3.61	3.78	104.7	3.75	3.97	105.9	4.96	4.39	88.5
Ministry of Communication	3.53	2.57	2.48	1.71	69.0	2.26	1.92	85.0	2.45	1.90	77.6	2.95	2.68	90.8
Ministry of Commerce and Ind	2.47	5.63	6.56	3.91	59.6	7.42	6.32	85.2	7.31	4.26	58.3	9.03	5.96	66.0
Ministry of Environment	16.76	26.16	27.82	15.77	56.7	25.04	20.17	80.6	25.79	20.89	81.0	28.99	19.64	67.7
Ministry of Health	27.09	35.62	36.73	28.76	78.3	39.65	30.06	75.8	41.61	34.99	84.1	50.41	39.49	78.3
Ministry of Energy and Water	4.74	10.23	10.93	6.29	57.5	9.96	4.90	49.2	13.11	22.05	168.2	21.25	24.84	116.9
Ministry of Culture	2.02	3.47	4.63	3.46	74.7	5.79	5.48	94.6	6.29	5.28	83.9	7.21	4.76	66.0
Ministry of Agriculture	17.61	27.76	28.56	20.28	71.0	29.47	22.96	77.9	31.52	26.82	85.1	40.89	35.43	86.6

APPENDIX TABLE 11. EXPENDITURES, GOVERNMENT OF BENIN (2001-2006)

	2001	2002	2003	2003	2003	2004	2004	2004	2005	2005	2005	2006	2006	2006
	Dotation	Dotation	Dotation	Engmt	percent	Dotation	Engmt	percent	Dotation	Engmt	percent	Dotation	Engmt	percent
Ministry of Sports	2.79	3.03	3.10	4.47	144.1	3.46	3.27	94.5	3.01	2.89	96.0	3.43	2.63	76.7
Ministry of Family Affairs	1.73								4.28	3.52	82.2	4.93	3.85	78.1
Ministry of Social Protection		2.31	2.88	2.31	80.2	3.94	3.40	86.3						
Ministry of National Education	61.34													
Ministry of Primary&Secondary Edn		49.93	53.73	57.39	106.8	68.69	62.17	90.5	79.64	70.74	88.82	87.18	68.47	78.5
Ministry of Technical Training		11.16	9.94	6.65	66.9	7.34	5.35	72.9	7.76	5.35	68.90	7.64	6.54	85.6
Ministry of Higher Edn		16.49	18.29	14.65	80.1	22.29	17.10	76.7	22.96	19.52	85.02	22.78	20.74	91.0
Total	261.22	325.60	344.90	279.83	81.1	370.91	303.30	81.8	421.56	344.06	81.62	459.48	374.48	81.5
Selected Ministries (BCFAF)														
Ministry of Health	27.09	35.62	36.73	28.76	78.3	39.65	30.06	75.8	41.61	34.99	84.1	50.41	39.49	78.3
Ministry of Energy and Water	4.74	10.23	10.93	6.29	57.5	9.96	4.90	49.2	13.11	22.05	168.2	21.25	24.84	116.9
Total Education, o.w	61.34	77.58	81.96	78.69	96.0	98.32	84.62	86.1	110.36	95.60	86.6	117.60	95.75	81.4
Ministry of Primary&Secondary Edn		49.93	53.73	57.39	106.8	68.69	62.17	90.5	79.64	70.74	88.8	87.18	68.47	78.5
Ministry of Technical Training		11.16	9.94	6.65	66.9	7.34	5.35	72.9	7.76	5.35	68.9	7.64	6.54	85.6
Ministry of Higher Edn		16.49	18.29	14.65	80.1	22.29	17.10	76.7	22.96	19.52	85.0	22.78	20.74	91.0
Total	93.17	123.43	129.62	113.73	87.7	147.93	119.58	80.8	165.08	152.64	92.5	189.26	160.08	84.6
GDP	1832.10	1956.70	2067.90				2138.20		2319.70			2485.30		
Shares of selected ministries in their subtotal (percent)														
Ministry of Health	29.1	28.9	28.3						25.2			26.6		
Ministry of Energy and Water	5.1	8.3	8.4						7.9			11.2		
Total Education of which	65.8	62.9	63.2						66.9			62.1		
Ministry of Primary&Secondary Edn	0.0	40.5	41.5						48.2			46.1		
Ministry of Technical Training	0.0	9.0	7.7						4.7			4.0		
Ministry of Higher Edn	0.0	13.4	14.1						13.9			12.0		
Total	100.0	100.0	100.0						100.0			100.0		
Selected ministries and total primary expenditure (BCFAF)														
Ministry of Health	27.09	35.62	36.73						41.61			50.41		
Ministry of Energy and Water	4.74	10.23	10.93						13.11			21.25		

APPENDIX TABLE 11. EXPENDITURES, GOVERNMENT OF BENIN (2001-2006)

	2001	2002	2003	2003	2003	2004	2004	2004	2005	2005	2005	2006	2006	2006
	Dotation	Dotation	Dotation	Engment	percent	Dotation	Engment	percent	Dotation	Engment	percent	Dotation	Engment	percent
Total education of which	61.34	77.58	81.96						110.36			117.60		
Ministry of Primary&Secondary Edn		49.93	53.73						79.64			87.18		
Ministry of Technical Training		11.16	9.94						7.76			7.64		
Ministry of Higher Edn		16.49	18.29						22.96			22.78		
Total	261.22	325.60	344.90						421.56			459.48		
Shares of selected ministries in primary expenditure														
Ministry of Health	10.4	10.9	10.6						9.9			11.0		
Ministry of Energy and Water	1.8	3.1	3.2						3.1			4.6		
Total education of which	23.5	23.8	23.8						26.2			25.6		
Ministry of Primary&Secondary Edn	0.0	15.3	15.6						18.9			19.0		
Ministry of Technical Training	0.0	3.4	2.9						1.8			1.7		
Ministry of Higher Edn	0.0	5.1	5.3						5.4			5.0		
Total	100.0	100.0	100.0						100.0			100.0		
Shares of selected ministries in total resources														
Ministry of Health	27.09	35.62	36.73						41.61			50.41		
Ministry of Energy and Water	4.74	10.23	10.93						13.11			21.25		
Total education of which	61.34	77.58	81.96						110.36			117.60		
Ministry of Primary&Secondary Edn		49.93	53.73						79.64			87.18		
Ministry of Technical Training		11.16	9.94						7.76			7.64		
Ministry of Higher Edn		16.49	18.29						22.96			22.78		
Total	365.17	468.01	481.28						609.78			613.68		
Ministry of Health	7.4	7.6	7.6						6.8			8.2		
Ministry of Energy and Water	1.3	2.2	2.3						2.1			3.5		
Total education of which	16.8	16.6	17.0						18.1			19.2		
Ministry of Primary&Secondary Edn	0.0	10.7	11.2						13.1			14.2		
Ministry of Technical Training	0.0	2.4	2.1						1.3			1.2		
Ministry of Higher Edn	0.0	3.5	3.8						3.8			3.7		

APPENDIX TABLE 11. EXPENDITURES, GOVERNMENT OF BENIN (2001-2006)

	2001	2002	2003	2003	2003	2004	2004	2004	2005	2005	2005	2006	2006	2006
	Dotation	Dotation	Dotation	Engment	percent	Dotation	Engment	percent	Dotation	Engment	percent	Dotation	Engment	percent
Total	100.0	100.0	100.0						100.0			100.0		
In percent of Total Internal Resources														
Ministry of Health	27.09	35.62	36.73						41.61			50.41		
Ministry of Energy and Water	4.74	10.23	10.93						13.11			21.25		
Ministry of National Education	61.34	77.58	81.96						110.36			117.60		
Ministry of Primary&Secondary Edn		49.93	53.73						79.64			87.18		
Ministry of Technical Training		11.16	9.94						7.76			7.64		
Ministry of Higher Edn		16.49	18.29						22.96			22.78		
Total	311.11	366.88	379.63						506.20			506.24		
Ministry of Health	8.7	9.7	9.7						8.2			10.0		
Ministry of Energy and Water	1.5	2.8	2.9						2.6			4.2		
Total Education of which	19.7	21.1	21.6						21.8			23.2		
Ministry of Primary&Secondary Edn	0.0	13.6	14.2						15.7			17.2		
Ministry of Technical Training	0.0	3.0	2.6						1.5			1.5		
Ministry of Higher Edn	0.0	4.5	4.8						4.5			4.5		
Total	100.0	100.0	100.0						100.0			100.0		
In percent of GDP														
Ministry of Health	27.09	35.62	36.73	28.76					41.61			50.41		
Ministry of Energy and Water	4.74	10.23	10.93						13.11			21.25		
Total education, ow	61.34	77.58	81.96						110.36			117.60		
Ministry of Primary&Secondary Edn		49.93	53.73						79.64			87.18		
Ministry of Technical Training		11.16	9.94						7.76			7.64		
Ministry of Higher Edn		16.49	18.29						22.96			22.78		
Total	1832.10	1956.70	2067.90						2319.70			2485.30		
In terms of GDP														
Ministry of Health	1.5	1.8	1.8						1.8			2.0		
Ministry of Energy and Water	0.3	0.5	0.5						0.6			0.9		

APPENDIX TABLE 11. EXPENDITURES, GOVERNMENT OF BENIN (2001-2006)

	2001	2002	2003	2003	2003	2004	2004	2004	2005	2005	2005	2006	2006	2006
	Dotation	Dotation	Dotation	Engment	percent	Dotation	Engment	percent	Dotation	Engment	percent	Dotation	Engment	percent
Total education, ow	3.3	4.0	4.0						4.8			4.7		
Ministry of Primary&Secondary Edn	0.0	2.6	2.6						3.4			3.5		
Ministry of Technical Training	0.0	0.6	0.5						0.3			0.3		
Ministry of Higher Edn	0.0	0.8	0.9						1.0			0.9		
Total	100.0	100.0	100.0						100.0			100.0		

Sources: Government of Benin, SIGFIP, BCFAF

APPENDIX TABLE 12. EVOLUTION OF BUDGETED AND ACTUAL EXPENDITURES OF PRSC SECTORS, 2003-2006

(in billions of CFAF)										
	2003	2004	2005	2006	Total	2003	2004	2005	2006	2003-06
	Budget	Budget	Budget	Budget	2003-06	Exec.	Exec.	Exec.	Exec.	Exec.
EDUCATION	81.9	98.3	110.0	117.5	485.3	56.7	84.6	95.1	95.7	398.2
MTPT	38.7	43.6	47.4	51.2	221.1	24.7	18.3	23.5	24.8	121.0
MSP	36.7	39.6	41.6	50.4	203.9	28.8	30.0	33.4	39.4	157.8
MAEP	28.6	29.5	31.5	40.9	158.3	20.3	22.9	23.7	35.4	117.8
MEHU	27.8	25	25.8	29.0	134.2	14.1	20.2	20.8	19.6	96.9
MMEH	10.9	9.9	13.1	21.2	65.4	6.3	4.9	19.8	24.8	60.8
MJLDL	3.8	5.4	6.5	7.2	26.3	3.4	5.2	6.9	7.1	25.1
Total	228.4	251.3	275.9	317.4	1294.5	154.3	186.1	223.2	246.8	977.6
TOTAL BUDGET	345.6	370.9	421.6	459.5	1923.7	280.6	303.5	344.6	374.5	1553.8

(as a percentage of total budget, excluding debt)										
	2003	2004	2005	2006	Total	2003	2004	2005	2006	2003-06
	Budget	Budget	Budget	Budget	Budget	Exéc.	Exéc.	Exéc.	Exéc.	Exécution
EDUCATION	23.7	26.5	26.1	25.6	25.2	20.2	27.9	27.6	25.6	25.6
MTPT	11.2	11.8	11.2	11.1	11.5	8.8	6.0	6.8	6.6	7.8
MSP	10.6	10.7	9.9	11.0	10.6	10.3	9.9	9.7	10.5	10.2
MAEP	8.3	8.0	7.5	8.9	8.2	7.2	7.5	6.9	9.5	7.6
MEHU	8.0	6.7	6.1	6.3	7.0	5.0	6.7	6.0	5.2	6.2
MMEH	3.2	2.7	3.1	4.6	3.4	2.2	1.6	5.7	6.6	3.9
MJLDL	1.1	1.5	1.5	1.6	1.4	1.2	1.7	2.0	1.9	1.6
Total	66.1	67.8	65.4	69.1	67.3	55.0	61.3	64.8	65.9	62.9
TOTAL BUDGET	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Government of Benin, DGB and staff calculations

APPENDIX TABLE 13. DIFFERENCES BETWEEN APPROVED BUDGET AND ACTUAL EXPENDITURES (2004-2006)

	Approved Expenditures (billion FCFA)	Actual Expenditures (billion FCFA)	Total Deviation (billion FCFA)	Total Average Deviation -- TAD (percent)	Mean Absolute Deviation -- MAD (percent)	Difference between TAD and MAD (percent)
2004	385.1	347.3	37.8	9.8	18.4	8.6
2005	395.1	367.5	27.6	7.0	11.3	4.3
2006	447.1	392.5	54.6	12.2	19.7	7.5

Source: Government of Benin, Public Expenditure and Financial Accountability, tables pp. 1-2.

APPENDIX TABLE 14. PERFORMANCE DE LA GESTION DE FINANCES PUBLIQUES

Indicateurs sur la Performance de la Gestion de Finances Publiques		Méthode de notation	Notes par composante				Note Globale
			i	ii	iii	iv	
A . RESULTATS DU SYSTEME DE GESTION DES FINANCES PUBLIQUES : CREDIBILITE DU BUDGET							
PI-1	Dépenses réelles totales par rapport au budget initialement approuvé	M1					B
PI-2	Composition des dépenses réelles par rapport au budget initialement approuvé	M1					C
PI-3	Recettes réelles totales par rapport au budget initialement approuvé	M1					B
PI-4	Stock et suivi des arriérés de paiement sur les dépenses	M1	A	C			C+
B. SPECIFICITES TRANSVERSALES: COUVERTURE ET TRANSPARENCE							
PI-5	Classification du budget	M1					C
PI-6	Exhaustivité des informations contenues dans la documentation budgétaire	M1					C
PI-7	Importance des opérations non rapportées de l'administration centrale	M1	D	C			D+
PI-8	Transparence des relations budgétaires intergouvernementales	M2	C	C			D+
PI-9	Surveillance du risque budgétaire global imputable aux autres entités du secteur public	M1	D	C			D+
PI-10	Accès du public aux principales informations budgétaires	M1					C
C. CYCLE BUDGETAIRE							
C(i) Budgétisation basée sur les politiques publiques							
PI-11	Caractère organisé et participatif du processus annuel de préparation du budget	M2	D	C	A		C+
PI-12	Perspective pluriannuelle dans la planification budgétaire et de la politique des dépenses publiques	M2	B	A	B	B	B+
C (ii) Prévisibilité et contrôle de l'exécution du budget							
PI-13	Transparence de l'assujettissement et des obligations des contribuables	M2	D	C	C		D+
PI-14	Efficacité des mesures d'immatriculation des contribuables et de l'évaluation de l'impôt, des taxes et des droits de douane	M2	C	C	B		
PI-15	Efficacité du recouvrement des contributions fiscales et douanières	M1	D	B	D		
PI-16	Prévisibilité de la disponibilité des fonds pour l'engagement des dépenses	M1	C	C	C		
PI-17	Suivi et gestion de la trésorerie, des dettes et des garanties	M2	B	C	C		C+
PI-18	Efficacité des contrôles des états de paie	M1	D	D	D	D	D
PI-19	Mise en concurrence, utilisation optimale des ressources et contrôles de la passation des marchés publics	M2	A	C	B		B
PI-20	Efficacité des contrôles internes des dépenses non salariales	M1	C	C	C		C
PI-21	Efficacité du système de vérification interne	M1	C	B	C		C

APPENDIX TABLE 14. PERFORMANCE DE LA GESTION DE FINANCES PUBLIQUES

C (iii) Compatibilité, enregistrement de l'information et rapport financiers						
PI-22	Régularité et respect des délais pour les opérations de rapprochement des comptes	M2	B	D		C
PI-23	Disponibilité des informations sur les ressources reçues par les unités de prestation de services primaires	M1				D
PI-24	Qualité et respect des délais des états financiers annuels	M1	C	C	C	C
PI-25	Qualité et respect des délais des états financiers annuels	M1	C	D	C	D+
C (iv) Surveillance et vérification externes						
PI-26	Etendue, nature et suivi de la vérification externe	M1	D	D	D	D
PI-27	Examen de la loi de finances annuelle par le pouvoir législatif	M1	B	B	B	C C+
PI-28	Examen des rapports de vérification externe par le pouvoir législatif	M1	D	D	D	D
D. PRATIQUES DES BAILLEURS DE FONDS						
D-1	Prévisibilité de l'appui budgétaire direct	M1	D	D		D
D-2	Renseignements financiers fournis par les bailleurs de fonds pour la budgétisation de l'aide-projet et l'aide-programme et établissement des rapports y afférents	M1	B	D		D+
D-3	Proportion de l'aide gérée sur la base des procédures nationales	M1				C

Source : Government of Benin

Appendix B: Structural Adjustment Operations in Benin 1989-2001

1. **Structural Adjustment Loan 1.** Structural Adjustment Loan I, in an amount of SDR 33 million (USUSD 45 million equivalent) was approved by the Board in May 1989, supported a reform program focused on public sector reform and private sector development and contained two tranches. The policy matrix contained about 100 actions to be monitored during the life of the Loan. The first tranche of USUSD 22.5 million became available in June, but the actual release of the funds was delayed for several months, since the authorities encountered difficulties in providing supportive evidence in the form of import receipts as required by the loan agreement to justify the use of the funds. There were 18 prior actions relating to reforms of the public sector (mainly civil service and reform of public enterprises), the banking system, trade policy and deregulation, as follows:

- **Public sector:** (i) the implementation of a civil service census; (ii) reduction of certain civil service benefits; (iii) promulgation of a new framework law governing government-public enterprise relations; (iv) dissolution/liquidation of 12 Public Enterprises; (v) privatization of 6 public enterprises;
- **Banking sector:** (i) dissolution of CNCA; (ii) the placement of two other banks (BCB and BBD) under interim administration; (iii) audits of their portfolios; (iv) overhaul of the accounting system of BCB; and (v) preparation of a sector restructuring program; and
- **Trade policy reform and deregulation:** (i) increase in the main tariff, and elimination of “valeurs mercuriales” as the customs tax base for some imports; (ii) removal of QRs and prohibitions on all imports, and their replacement with tariffs; (iii) reduction of the number of goods subject to price controls from 22 to 7 and those from profit margin guidelines from 65 to 15

2. The second tranche was supposed to have been released in December 1989. However, the first part of 1990 turned out to be one of political turmoil, and the release of the second tranche was delayed by about six months. The specific tranche release conditions were as follows:

- **Public sector reform:** (i) agreement on an action plan for the introduction of a general sales tax (taxe sur le chiffre d'affaires); (ii) satisfactory progress in implementation of the civil service reform; and (iii) satisfactory progress in implementation of the parastatal sector restructuring program adopted in December 1988;

- **Trade Policy Reform and Deregulation:** (i) removal of import licensing on imports from the Franc Zone, the EC and ACP countries and agreement on action plan for application of the recommendations of the import taxation and protection studies; (ii) adoption of new simplified business registration and licensing procedures and labor regulations; and (iii) agreement on an action plan for the adoption of a revised Investment Code.

3. All but one of these conditions were substantially met, the one pertaining to tariff reform was waived (because the consultant's study on which the tariff reform was to be based was found to be deficient), with the understanding that a new study would be completed by September 1990.³²

4. Disbursement and Auditing arrangements were as follows. The proceeds of the credit were to be used to reimburse the foreign exchange cost of eligible imports (excluding luxury goods and defense items). Disbursement was to be facilitated by the establishment of a USUSD 8 million equivalent Special account in the Central Bank (BCEAO). The Ministry of Finance was to be responsible for the collection of supporting import documentation, and for preparing withdrawal applications, but to enable the government to meet urgent foreign exchange needs, IDA agreed to disburse up to 20 percent of the Credit for imports entering the country after November 1, 1988 (retroactive financing). Both private and public sector imports would be eligible for financing. For public sector imports, procurement had to be made through ICB procedures in accordance with Bank Guidelines for tenders over USUSD 2 million, but national procedures could be used for smaller tenders provided that these procedures had been appraised by the Task Team and deemed satisfactory to the Bank. An audit report, conforming to international standards and prepared by auditors acceptable to IDA, had to be prepared within six months of the close of each fiscal year.

5. These arrangements led to 23 disbursements over the life of the loan, which closed at the end of 1990. The performance audit report concluded that the overall Structural Adjustment Loan program was satisfactorily implemented by the government, and points out that this was the result of patience and persistence of the Bank over a number of years preceding the approval of the Loan. However it added that it remained to be seen whether the momentum of reform would be maintained during the implementation of some of the more painful reforms that remained to be implemented after the closure of the Credit

6. **Structural Adjustment Loan II.** Structural Adjustment Loan II, in an amount of SDR 41.3 million (USUSD 55 million equivalent) was approved by the Board in June 1991 and supported a reform program focused on public sector reform and private sector development and contained three tranches, of which the first (USUSD 25 million) was to be disbursed on effectiveness and the remaining two (USUSD 15 million each) when the respective tranche release conditions had been satisfied. The policy matrix contained about 100 actions to be monitored during the life of the Loan.

³² Refer to PCR (Rpt 10844), which seems to show that the tranches were released in small amounts over a period of several months.

7. The Structural Adjustment Loan II loan focused on the following areas: (i) Public Finance and Reform of the Fiscal System; (ii) Administrative Reform and the Civil Service Reduction program; (iii) Reform of the Financial System; (iv) Public Enterprise Reform; (v) Trade Policy reform, Deregulation; and Private Sector Promotion; (vi) Education Sector Reform; and (vii) the Social Dimensions of Adjustment.

8. The policy matrix contained 130 measures. There were 21 prior actions (that is, Board presentation conditions; two effectiveness conditions; 15 conditions for release of the second tranche; and 15 more for release of the third tranche. Disbursement and procurement arrangements were unchanged relative to Structural Adjustment Loan I.

9. Implementation of the program was significantly slower than expected. The Second tranche was released in May 1993, representing a delay of about 14 months compared to the originally planned date of March 1992. The third tranche was released in August 1994, more than 22 months later than the date forecast in the President's report (November 1992).

10. The PCR rated the achievement of macro policy and financial sector objectives as substantial, while those pertaining to public sector reform, private sector development, poverty reduction, and "other social objectives" were considered to have been only partially attained. Progress with regard to institutional development was considered to be negligible. Bank performance was found to be satisfactory in all regards, but that of the borrower was considered to be deficient as regards compliance with loan covenants. The overall outcome was assessed as satisfactory.

11. **Structural Adjustment Loan III.** Structural Adjustment Loan III, in an amount of SDR 25.8 million (USUSD 25.8 million equivalent) was approved by the Board in June 1995 and supported a reform program also focused on public sector reform and private sector development and contained two tranches, of which the first (USUSD 20 million) was to be disbursed on effectiveness and the second when the respective tranche release conditions had been satisfied.

12. The policy matrix contained 54 measures. There were no explicit Board presentation conditions but one effectiveness condition requiring the adoption of a new procurement code, which was supposed to have done as a condition for the release of the third tranche of Structural Adjustment Loan II, but for which a waiver had been granted. There were 9 conditions for release of the second tranche pertaining to the cotton sector (4), the petroleum sector (3); and public finance (2), specifically that the borrower to have implemented its FY 1995 in accordance with expenditure targets specified in paragraph 35 of the LDP and adopted a budget for FY96 based on the allocations specified in the same paragraph. Disbursement and procurement arrangements were unchanged relative to Structural Adjustment Loan I and II.

13. The MOP states (paragraph 77) that the practice of granting waivers should not continue, and therefore "the specific conditions for the release of the second tranche would be limited to those for which the staff would propose blocking disbursement even if all other actions had been taken."

14. Like Structural Adjustment Loan II, implementation of the program was significantly slower than expected, in fact even more so. The Credit was declared effective, and the first tranche released in February 1996, seven months after Board approval. Release of the second tranche, originally scheduled for March 1996, took place in January 1999, corresponding to a delay of nearly three years. In the event, two waivers of the nine Tranche release conditions were required, regarding (i) the transformation of the cotton parastatal into a joint venture with at least 33 percent of its capital being transferred to cotton producers; and (ii) the transfer of all petroleum storage facilities from SONACOP to itself.

15. The Implementation Completion Report rated the overall outcome, as well as Bank and Borrower performance as satisfactory and drew three major lessons. First, staff continuity contributed to a good quality dialogue, even when the political environment was not conducive to reform. Second, a two tranche operation was not the most appropriate instrument in a difficult environment; a series of single tranche operations would have increased leverage and flexibility. Third, an attempt should have been made to quantify the objectives of the program, and a monitoring and evaluation system should have been put into place with support from the economic management project approved a month before Structural Adjustment Loan III.

16. Public Expenditure Reform Adjustment Credit. The following fast disbursing operation to be prepared was the Public Expenditure Reform Adjustment Credit was approved by the Board in 2001 and a supplemental credit in 2002. In line with Bank thinking, its design was quite different from the preceding Structural Adjustment Loan in that it had only one theme -- Public Expenditure Reform -- and was disbursed in one tranche, immediately following Board approval. Board approval was of course subject to the conclusion of negotiations, in particular a detailed LDP and satisfactory implementation of the corresponding reform program, which contained 34 actions to be monitored during its implementation.

17. There were no effectiveness conditions. However, the Public Expenditure Reform Adjustment Credit MOP included a section specifying conditions for continued Bank support (MOP paragraph 77). The Public Expenditure Reform Adjustment Credit was to be considered as the beginning of a transition to increasingly programmatic lending, consistent with the program budget processes and cycles in Benin. Without prejudging any decision as to the design and timing of a subsequent operation, the Government would be expected to achieve certain milestones in its program, to justify continued financial support from IDA and other donors via operations like the Public Expenditure Reform Adjustment Credit. Drawing on the Government's LDP, prerequisites for continuing such assistance would focus broadly on two themes: (i) good implementation of the 2001 budget (based partly on agreed indicators and partly on strengthening capacity); and (ii) improved preparation of the 2002 budget. Specific "triggers" were likely to be as follows:

- Satisfactory implementation of the 2001 budget (that is, maximization of the financial execution rate, consistent with maximization of impact on performance indicators), based on mid-term reports produced by the pilot ministries;

- Respect of procurement guidelines and performance criteria designed to assure greater transparency and reduce corruption while making the procurement process more reliable and faster;
- Satisfactory progress on strengthening the systems and capacity to improve internal and external audits;
- Elaboration of a fully developed MTEF for 2002-2004 for the overall budget and consistent with the full Poverty Reduction Strategy Plan which would have been finalized, as a basis for launching the preparation of the 2002 budget.
- Revision of the 2001 program budgets in the pilot ministries to sharpen their sector strategies and budgetary linkages – to be supported by targeted analytical Bank work; and
- Submission to the National Assembly of a 2002 budget that is increasingly oriented toward growth and poverty reduction, as signified by both spending shares and by the effectiveness and incidence of key programs.

18. Procurement and disbursement arrangements under this operation were to follow the simplified disbursement procedures for Structural Adjustment Operations approved by the Board in 1996. Foreign exchange proceeds would be deposited into a specific account at the Central Bank, which could be audited at the Bank's request. Disbursements were not to be linked to specific purchases and there were to be no procurement requirements; however, could not however be used to finance goods on a negative list. The local currency counterpart was to finance the budget.

19. The Credit was expected to produce benefits in the form of improved availability of higher quality public services, as provided by the pilot ministries on account of more efficient use of public resources used to prepare them. This was to result from (i) more rigorous, unified and multiyear formulation of a performance budget and from systems to increase responsibility and accountability for better outcomes in service delivery; as well as (ii) improved and more transparent budget execution, a result of better procurement, improved execution procedures, and better budget control through expanded use of internal and external audits. Corollary benefits were expected to be (i) improved capacity of the Administration to manage public resources; (ii) reduced corruption; and (iii) the development of a more mature partnership between Benin and major donors, based on increasingly widespread use of national procedures.

20. The Implementation Completion Report rated the Public Expenditure Reform Adjustment Credit to be satisfactory in terms of implementation and outcomes, while making three points about concept and timing. *First*, the ownership of the reform was based on the strong commitment of a few key executives, but was not shared by a majority of participating institutions, who did not seem to appreciate the benefits of the reform in part because these ministries were continuing to receive substantial flows of external donor assistance and thus saw little need for change. Thus, the development of sound program budgets was complicated by the domination of externally financed projects reflecting donor rather than government sectoral priorities. For example, externally financed investments account for 90 percent of public investment, and in agriculture there are more than 100 donor funded projects. *Second*, while the long run objectives of the reform were clear, the promoters of the Public Expenditure Reform Adjustment Credit were less clear about short-term objectives to be realized during the

initial phase of the reform. In particular specific (spending) targets were not proposed for the next few years either for government in general or the pilot ministries in particular. As a result, the Public Expenditure Reform Adjustment Credit – initially designed as a one year operation -- became de facto a three year operation without the specific annual targets that would have been essential to guide the monitoring of the program by the government and the Bank. Third, the program was probably too complex, introducing too many reforms and perhaps too many sectors (education, health, agriculture, transport, and public works). It would have been better just to focus on health and education. Moreover, the Bank did not envisage follow up projects in any of the sectors, hoping that programmatic lending would become the main instrument of dialogue and, furthermore.

21. **The supplemental credit.** A supplemental credit of USD 10 million was approved in 2002, to mitigate the macroeconomic and fiscal shocks of the sharp drop in the international price of cotton, which accounts for 80 percent of the country's export earnings. The Implementation Completion Report concludes that the objectives of the supplemental credit were sound, and the subsidy to producers justified because of the distortions generated in the international market by subsidies granted to marginal producers in developed countries.

Appendix C

APPENDIX TABLE 15. TRIGGERS, PRIOR ACTIONS PRSCS 1-4

A. PRSC 1		Prior Action Status	
<p>Pillar 1 Service Delivery</p> <p><i>To improve access to safe water in rural areas</i></p> <ul style="list-style-type: none"> ▫ Achieved substantial progress in meeting targets set for 2002, and reflected the undertakings agreed in the joint Government-donor annual sector review in June 2003 in the 2004-2006 program-budget formulation. <p><i>To improve the performance of the national health system</i></p> <ul style="list-style-type: none"> ▫ Issued in 2003 the 1997-2001 health public expenditure review, whose main recommendations have been reflected in the 2004-2006 program-budget formulation. ▫ Officially selected ten (10) under-served health districts for implementing new strategies and mechanisms to facilitate financial access of the poor to good quality health services. <p><i>To improve access to quality basic education</i></p> <p>Adopted a detailed action plan to address major weaknesses identified by the external evaluation of the educational reforms implementation carried out in 2003, and completed the critical actions identified for the beginning of 2003/2004 academic year ((i) provided targeted in-service training to about 10,500 teachers; (ii) streamlined curriculum in grade 1 and 2, and restructured class organization; and (iii) streamlined teaching guides.</p> <p>Adopted a detailed action plan to progressively increase the retention rate in primary education that includes measures to:</p> <ul style="list-style-type: none"> (i) reduce repetition through the introduction of sub-cycles (eliminated repetition of grade 1 starting with the beginning of the 2003-2004 academic year); (ii) reduce schooling discontinuity and improve teacher availability (launched the decentralized recruitment of 1,200 teachers for the 2003-2004 academic year), giving priority to the most under-served regions (<i>départments</i>); (iii) reduce dropouts in target areas (published the list of 62-targeted schools to benefit from new school meal services during the 2003-2004 academic year). 			
<p>Pillar 2 Governance and Public Sector Management</p> <ul style="list-style-type: none"> ▫ Submitted the draft 2004 budget law to the National Assembly consistent with 2004-2006 medium-term expenditure framework ceilings and PRSP priorities, including detailed medium-term program-budgets for rural water, health, basic education, environment and urban sanitation, forestry management, and transportation. ▫ Agreed with the Association on annual result targets in rural water, health, basic education, environment and urban sanitation, and forestry sectors to be reflected in the 2004-2006 program-budgets (including specific targets regarding gender). ▫ Submitted to the National Assembly the final performance audit reports prepared by the Chamber of Accounts of 2001 program-budget implementation for 7 pilot ministries. ▫ Published two times a week since January 31, 2003, all the calls for bidding, evaluation reports of bids, and contract awards related to public procurement in the public procurement journal. ▫ Submitted to the National Assembly the draft law amending the institutional framework of the procurement code creating and defining the attributions of the national regulatory agency for public procurement. 			
B. PRSC 2			
PRSC 2 Triggers in PRSC 1 Board Document	PRSC 2 Prior Actions	Prior Action Status	Comments
Pillar 1 - Economic Growth			
	Implement the measures to protect the 2004-05 harvesting season and lay the foundation for better sector operations in the future:	Completed	New prior action relating to the cotton sector.

	<p>(i) creation of a mechanism for the importation and distribution of inputs;</p> <p>(ii) adoption of a single seed cotton marketing arrangement for the 2004/2005 season, using existing structures and operating under the supervision of a committee comprising representatives of ginners, farmers, traders, and the Government; and</p> <p>(iii) adoption of a presidential decree establishing a new regulatory framework for the sub-sector, which would foster competition and would be accepted by (and complied with) all sector actors, including government.</p>		
	Identify geographical areas for priority feeder road investments, based on poverty level, accessibility to production areas, and community services criteria.	Completed	New prior action relating to the rural transportation sector.
Pillar 2 - Services Delivery			
Adopt and initiate implementation of an action plan for the sound management of village-level water points.	Make substantial progress in meeting the objectives for 2003 and reflect agreements reached during the joint Government-donor annual sector review in May 2004 in 2005-2007 program-budget formulation.	Completed	New prior action set to take into account delays in developing the plan. The initial trigger was strengthened and proposed as trigger for PRSC 3.
Develop a resource allocation method based on poverty, health, and performance criteria, and use such methods to prepare the 2005 program budget for the Ministry of Health.	Develop a resource allocation method based on poverty, health, and performance criteria, and use such methods to prepare the 2005 program budget for the Ministry of Health.	Completed	
Expand community outreach programs to provide a greater number of health services to families in 5 of the 10 priority health districts.	Identify a comprehensive health services package to be delivered to families in 10 selected health districts and take measures to make the list of services included in such a package available to the public.	Completed	The initial trigger was slightly revised to reflect the fact that the implementation started in 2005. Prior action completed.
Effectively implement the two action plans to improve the execution of educational reforms and retention rates, and monitor the results; measures will include: (a) preparation of an implementation report on the organization of the Grade 1-2 sub-cycle, and on implementation of identified measures to improve and strengthen the reform effort during the 2004-05 school year; (b) validation and launching of a multi-grade class program in targeted geographic areas; (c) preparation of a construction program (at least 200 classrooms), to be funded under 2005 budget to reduce schooling discontinuity in targeted geographic areas (including the publishing of list of beneficiary schools); and (d) execution of at least 80 percent of the targeted intervention program.	Implement the two action plans adopted in 2003 to improve school retention and the execution of educational reforms, including the following measures: (a) preparation of an implementation report regarding the abolishment of repetition in Grade 1; (b) preparation of a construction program of at least fifty (50) classrooms to be funded under the 2005 budget to reduce discontinuity in targeted geographical areas; (c) carrying out of at least 70 percent of the targeted programs; and (d) preparation of the list of schools which will benefit from targeted intervention programs.	Completed	The initial trigger was slightly revised.
Implement a deployment plan for teachers in public schools (redeployment of existing teachers, and decentralized recruitment of	Implement a deployment plan for teachers in public schools (redeployment of existing teachers, and decentralized recruitment of 1,200 additional	Completed	

1,200 additional teachers at the primary level), and improve teacher distribution within and across districts.	teachers at the primary level), and improve teacher distribution within and across districts.		
Pillar 3 – Governance and Public Sector Management			
Adoption of a budget law for 2005 based on ceilings set with reference to 2005-07 MTEF, including detailed MT program budget for rural water, health, education, environment and urban sanitation, forestry, transportation, agriculture, and justice.	Submit to the National Assembly a draft 2005 budget law consistent with 2005-07 medium-term expenditure framework ceilings and PRSP priorities, incl. detailed medium-term program budgets for rural water, health, basic education, environment and urban sanitation, forestry management, and transportation.	Completed	The trigger was slightly revised to take into account the fact that the new sectors did not have yet in place detailed program-budgets.
Present the draft 2005 budget law submitted to the National Assembly, in terms of multi-year program authorizations and annual payment appropriations.	Present the draft 2005 budget law submitted to the National Assembly, in terms of multi-year program authorizations and annual payment appropriations.	Completed	
Establish and make operational the new National Regulatory agency for public procurement.	Establish and make operational the new National Regulatory agency for public procurement.	Completed	
Government issuance of a decree: (a) clarifying the organization and attributions of internal audit, at the level of line ministries and the overall government; and (b) setting norms and standards in order to ensure effective internal control consistent with results-based management.		Completed	The trigger was postponed for 2005 because consultations with stakeholders on draft texts took longer than planned.
Adoption by the Government of a comprehensive civil service reform action plan, including preparation of a single statute covering both civil servant and fixed-term contract government employees; and the introduction of a performance-based management system.	Authorize the three ministries responsible for the education sector (MEPS, MESRS, METFP) to carry out personnel management duties performed earlier by the Ministry of MFPTRA, responsible for civil service.	Completed	New prior action to take into account delays in developing a comprehensive civil service reform. The initial trigger was retained as a trigger for PRSC 3.
	Recruit additional 28 judges and 29 clerks of the courts.	Completed	New prior action relating to the justice sector.
C. PRSC 3			
PRSC 3 Triggers in PRSC 2 Board Document	PRSC 3 Prior Actions	Prior Action Status	Comments
Develop and adopt a revised strategy for private sector development, based on recommendations in identified studies (competitiveness, sources of growth, investment climate, integrated framework and land assets securitization) and prepare a letter of policy	Develop and adopt a revised strategy for private sector development, based on recommendations in identified studies (competitiveness, sources of growth, investment climate, integrated framework and land assets securitization) and prepare a letter of policy	Completed	
Satisfactorily implement the identified additional cotton sector measures, which include: (a) review regulations regarding the inter-professional associations and revise the articles of association of the existing institutions (AIC, CSPR, CAGIA) (b) complete a new study on cotton inputs	Satisfactorily implement the identified additional cotton sector measures, which include: (a) Revise the institutional framework for representation of professionals in the cotton interprofession (AIC, CSPR, CAGIA) (b) complete a new study on cotton inputs supply and marketing arrangements and ensure an effective	Completed	

supply and marketing arrangements and ensure an effective implementation of its main recommendations with the 2006/2007 harvesting campaign; and (c) complete a study on a private-based cotton price stabilization mechanisms	implementation of its main recommendations with the 2006/2007 harvesting campaign; and (c) complete a study on a private-based cotton price stabilization mechanisms		
Update the institutional framework for feeder road management, prepare and adopt new regulations			Postponed to PRSC 4
Adopt and initiate implementation of the action plan for the development of private/public partnership for water systems management in secondary towns	Adopt a strategic note for the professionalisation of village-level water systems management and for the development of private/public partnership for water system (PPP) to manage 10 water supply systems, which will be constructed under the initiative "water in semi-urban centers"	Completed	
Effectively implement financing mechanisms of service delivery to the poor in 10 health districts and carry out a preliminary evaluation of this innovation	Implement the sliding-scale and exemption mechanisms that provide the poor with a financially affordable access to quality health services in 10 health districts and prepare an implementation report	Completed	
Implement the redeployment plan (redeployment and the decentralized recruitment to fill 1,000 new contractual positions in the primary) for teachers in public schools and improve teacher distribution within and across districts	Implement the redeployment plan (redeployment and the decentralized recruitment to fill 1000 new contractual positions in the primary) for teachers in public schools and improve teacher distribution within and across districts	Completed	
Adopt the education policy document, to include literacy and gender	Adopt the education policy document, to include literacy and gender	Completed	
Submit the 2006 budget law to the National Assembly in line with 2005-07 MTEF ceilings and PRSP priorities Achieved the targets set in the 2005 program-budgets in priority sectors/program	Submit the 2006 budget law to the National Assembly in line with 2006-08 MTEF ceilings and PRSP priorities Achieved the targets set in the 2005 program-budgets in priority sectors/program	Completed	Globally completed wrt revised budget; agriculture and rural roads below par
Adoption by the Cabinet of a decree relative to: (i) the creation of internal control units within ministries (with nationwide competency), and (ii) the definition of professional norms and standards	Adoption by the Cabinet of a decree relative to: (i) the creation of internal control units within ministries (with nationwide competency), and (ii) the definition of professional norms and standards	Completed	
Overhaul the Procurement Code			Postponed to PRSC 4
	Submit to the National Assembly the 2001 budget draft "loi de règlement" (audit of Budget execution)	Completed	
Recruit 40 additional judges and 30 additional clerks of the courts	Hold the exam for recruiting 40 additional judges and 30 additional clerks of the courts	Completed	
Adopt a reforms action plan for 2005-2007, including: (i) a strategy for increasing staffing within a sustainable framework; and (ii) the preparation of a new civil servant statute which takes into account performance-management requirements	Adopt a reforms action plan for 2006-2008, including: (i) a strategy for increasing staffing within a sustainable framework; and (ii) the preparation of a new civil servant statute which takes into account performance-management requirements	Completed	

D. PRSC 4			
Original PRSC 4 Triggers defined in the PRSC-3 Board Document	Prior Actions for PRSC 4 (new formulation in bold).	Rationale for Change	
I. Improve the policy environment for private investment and infrastructure			
1. Implement the PSD strategy with a focus on the core actions retained for 2006, in the area of land markets, taxation, customs administration, the zone franche, and in the area of the newly selected agricultural product lines	1. Unchanged formulation.		
2. Implement remaining reforms in the cotton sector, which include: (a) ex-post analysis of the first campaign under the regulatory framework; (b) consolidation of all the cotton producers' associations; (c) start a gradual removal of restrictions on cottonseed exports; (d) sign a written protocol defining the roadmap for the new option for privatizing SONAPRA and confirm the termination of the previous privatization process, accompanied by an accord with the bidders, and begin protocol implementation.	2. Implement remaining reforms in the cotton sector, which include: (a) ex-post analysis of the first campaign under the regulatory framework; (b) consolidation of all the cotton producers' associations; (c) start a gradual removal of restrictions on cottonseed exports; (d) define the roadmap for the sale of the industrial assets of SONAPRA to a new company made up of the private sector, the producers, the workers and the State, indicating the participation of the bidders to the process. (e) Begin roadmap implementation, and confirm the termination of the previous privatization process.	Only the formulation on point (d) of the triggers related to cotton sector has been revised slightly to take account of the following: - Government has defined and started implementing the roadmap for privatization of SONAPRA industrial assets. - The financial evaluation of the industrial assets, underpinning creation of the successor company, is in progress. - The original process is delayed to ensure participation and ownership by relevant stakeholders.	
3. Update and start implementation of new institutional framework and regulation for feeder road management, i.e at the national level and at, at least, three Department levels institutions are in place and functional.	Update the institutional framework for management of rural roads, prepare and adopt the new regulations.	Approval of the institutional framework took longer than expected, implementation has been delayed consequently.	
II. Pursue progress towards the MDGs by improving access to basic services and ensuring greater efficiency of public expenditures on human capital formation			
4. The initiative "water in semi-urban centers" financed through a donors-pooled fund is operational and 10 water supply systems have been built and are managed under PPP arrangements.	Unchanged formulation.		
5. Develop in a participatory manner, a comprehensive framework for strengthening the public private partnership.	Complete the inventory of the private health facilities and disseminate the regulations governing the provision of health services by the private sector.	The new formulation emphasises a dissemination of the new regulations to the private sector.	

6. Implement the teacher initial training program (first cohort of at least 800 teachers enrolled) and prepare a detailed action plan for its improvement and consolidation.	Implement the redeployment plan (redeployment and decentralized recruiting to fill 1,000 new contractual positions in primary schools) for public school teachers and improve teacher distribution throughout the districts.	The number of teachers enrolled has been increased from 800 to 1000.	
III. Promote better governance through public financial management, civil service and justice reforms			
7. Submit the 2007 budget law to the National Assembly in line with revised MTEF ceilings and PRSP priorities. Achieve the targets set in the 2006 program-budgets in priority sectors/programs.	Unchanged formulation. Unchanged formulation. Submit to the Council of Ministers the Procurement Code and the application regulations revised in compliance with UEMOA Directives No. 04 and 05/2005/CM/UEMOA regarding public procurement and assignment of public services.	This prior action has been added to ensure that Benin will update the procurement code in compliance with UEMOA.	
8. Submit to the National Assembly the 2003 "loi de règlement" (audit of Budget execution).	Submit to the National Assembly the 2002 draft "Loi de Règlement" and complete verification of the 2003 draft "Loi de Règlement"	Institutional and capacity constraints have delayed the final steps. Technical work is now completed and the measure was revised to reflect progress made.	
9. Utilization of the Repertory of high level positions for all public administration high level positions made in the Council of Ministers, and mechanism to monitor this adequation prior to submission of nominations to the Council of Ministers is functional.	Adoption by the Council of Ministers of the "Référentiel de Hauts Emplois Techniques" (upper level management position reference repertory) and the monitoring mechanism, designation of the members of the monitoring body, and submission of nominations to the Council of Ministers.	The formulation strengthens the approval of the Repertory by the Council of Ministers. Utilization can only be incremental.	
10. Recruit 40 additional judges and 30 additional clerks of the courts have such 40 judges start their initial training at the <i>Ecole Nationale de l'Administration et de la Magistrature</i> .	Unchanged formulation.		
E. PRSC 5			
I. Improve the policy environment for private investment and infrastructure			
1. Simplify procedures in: a) tax identification number; b) time to create a company; d) import and export procedures e) conversion of living permits into property deeds; (f) micro finance regulation.			
2. Complete privatization of the SONAPRA industrial base.			

3. Government's decision authorizing private sector investment in new generating capacity in the electricity sector.			
II. Pursue progress towards the MDGs by improving access to basic services and ensuring greater efficiency of public expenditures on human capital formation			
4. At least 15 % of the Village Water Supply Systems are managed under a local PPP arrangement.			
5. Implement the strategic plan through: (i) the development of at least three community based health insurance schemes; (ii) the extension of the benefit of the Fund for the Poor in 10 additional districts and (iii) the gratuity of health care for the targeted vulnerable groups.			
6. Evaluate the Teacher Redeployment Plan, continue redeployment and decentralized recruiting to fill 1,300 new contractual positions in primary schools to reduce disparities, and evaluate the teacher training in ENI.			
III. Promote better governance through public financial management and civil service reforms			
7. Submit the draft 2008 Budget Law to the National Assembly in line with revised MTEF and PRSP priorities.			
8. Implement the 2007 budget programs for priority sectors including the monitoring and evaluation actions.			
9. Set up the integrated public procurement management system (SIGMP).			
10. Submit the 2003 and 2004 central budget audit reports to Parliament.			

Sources: Government of Benin, World Bank

Note: PRSCs 1-4, Program documents

APPENDIX TABLE 16. SELECTED REFORM MEASURES UNDERTAKEN – PRSC 1-3

Pillar I: ACCELERATE SUSTAINABLE ECONOMIC GROWTH		
Improve infrastructure services	- Adopted a decree creating a national power company (SONEB) - Adopted a decree creating a telecommunications regulatory agency	2004 2004
Private sector led growth	- Conducted an Investment Climate Survey (ICA) - Developed and adopted a revised strategy for private sector development based on identified studies (competitiveness, sources of growth, investment climate, integrated framework and land assets securization) and prepared a letter of policy - Adopted a national micro-finance policy and issued a decree for its implementation	2004 2006 2006
Improve performance of agriculture sector	-Adopted regulatory framework for cotton sector institutions - An additional 10% agriculture extension workers was recruited according to criteria in line with the new national strategy	2005 2006
Rural Transport Services	- Adopted the rural transport strategy (STR) and the associated multi-year investment program	2006
Pillar II: IMPROVING SERVICE DELIVERY		
Rural Water	- Adopted and initiated the implantation of the action plan for the professionalization of village-level water systems management - Adopted the revised Rural Water and Sanitation Strategy (PADEAR) - Adopted and implemented an Integrated Water Resources Management action plan (<i>GIRE</i>) - Adopted and initiated an action plan for private/public partnership for water systems management in secondary towns	2004 2004 2004
Health Sector	- Prepared and adopted 2004-2006 program-budget for the sector in accordance with identified priorities in order to improve coverage with priority health interventions. - Developed a resource allocation method based on poverty, health and performance criteria; used it to prepare and adopt the 2005 program budget - Expanded community outreach programs to provide an expanded package of health services to families in 5 of the 10 priority health districts - Designed a reform of co-management arrangements (COGES) including: (i) the renewal and training of its membership; (ii) an increased participation by vulnerable populations; (and (iii) COGES' role in financial accountability -- Implemented financing mechanisms of service delivery to the poor in 10 health districts and carry out of preliminary evaluation of this innovation	2004 2004 2004 2005 2005
Education Sector	-Prepared and adopted the 2004 program-budget for basic education sub-sector in accordance with identified priorities - Provided targeted in-service training to 10,500 teachers - Established a school profile for each school based on the 2002/2003 data and used its results to design the target schools intervention program (subsidies to pay the salary of community teachers, financial incentive to teachers, contract-based recruitment of teachers and/or construction of classrooms and school meal services - Finalized and implemented the targeted program for girls schooling, involving the NGOs, local development associations and leaders	2004 2004 2004 2004 2005 2006

APPENDIX TABLE 16. SELECTED REFORM MEASURES UNDERTAKEN – PRSC 1-3

	<ul style="list-style-type: none"> - Implemented the two action plans to improve educational reforms and retention rate and monitored the results: - Implemented redeployment plan (redeployment and decentralized recruitment to fill 1000 new contractual positions) for primary public school teachers and improved distribution within and across districts - Completed the preparation and endorsed the ten-year education sector development plan PPDSE and the EFA FTI candidacy. 	2006
Environment	<ul style="list-style-type: none"> - Program execution was in line with the performance contracts (resources, activities and targets) signed between program managers and their supervisors, and the allocation of the 2006 resource was linked to program (sub-program) performance, with respect to 2005 performance contract 	2006
Forestry	<ul style="list-style-type: none"> - Recruited 80 forestry agents as planned under 2002 budget and launched the recruitment of 80 forestry agents as planned under the 2003 budget - Set up a planning and coordination system of projects and programs implemented by the forestry administration - Transmitted to the National Assembly a draft law relative to a favorable fiscal regime for wood fire and charcoal produced from forest under management - Adopted the new DFRN Organizational Chart that integrated the remaining functions from ONAB - Implemented Participatory Forestry Management Plans (PFMP) for 6 gazetted forests that have PRGN plans - Created 20 rural pilot markets for wood fire and charcoal around the forests under management - Built and equipped 15 forestry stations - Submitted to the National Assembly the draft law relative to forestry products - Designed and implemented the data collection system for supervision and evaluation 	2004 2004 2004 2005 2005 2005 2005 2005 2006
Pillar III: IMPROVING GOVERNANCE AND PUBLIC SECTOR MANAGEMENT		
Public Expenditure Management	<ul style="list-style-type: none"> - Submitted the draft budget law to the National Assembly consistent with the MTEF ceilings and priorities 	2004, 2005
Performance-based management	<ul style="list-style-type: none"> - Achieved the targets set in the program-budgets in priority sectors/program 	& 2006
Improve reliability of government accounts	<ul style="list-style-type: none"> - Submitted to the National Assembly the final performance audit reports prepared by the Chamber of Accounts of 2001 program-budget implementation for seven pilot ministries; submitted 2002-2003 reports to the Chamber 	2005 & 2006
Fiduciary framework & procurement	<ul style="list-style-type: none"> - Present 2005 budget in terms of program authorization and payment appropriations in the Budget Law 	2004 2005
Internal audit	<ul style="list-style-type: none"> - Put in place ASTER and made the interface between SIGFIP and ASTER operational at the central level - Put in place a treasury management system based on fiscal adjustment and commitment regulation - Extended the SIGFIP to all Ministries 	2005 2005 2004
External audit	<ul style="list-style-type: none"> - Submitted to the National Assembly the draft law amending the institutional framework of the procurement code creating and defining the attributions of the national regulatory agency for public procurement - Published two times a week, all the calls for bidding, evaluation reports of bids, 	2004 2005

APPENDIX TABLE 16. SELECTED REFORM MEASURES UNDERTAKEN – PRSC 1-3

	<p>and contract awards related to public procurement in the public procurement journal</p> <ul style="list-style-type: none"> - Set-up the national regulatory agency for public procurement - Established the national public procurement directorate (DNMP) and set-up CMPs in line ministries - Submitted 2003 government accounts to the Chamber of Accounts - Cabinet adopted a decree relative to: (i) the creation of internal control units within ministries (with nationwide competency), and (ii) the definition of professional norms and standards - Submitted 2000 draft budget execution reporting law (<i>Loi de Règlement</i>) - Submitted to the National Assembly the 2001 budget draft "<i>loi de règlement</i>" (audit of Budget execution) 	<p>2006</p> <p>2005</p> <p>2006</p> <p>2005</p> <p>2006</p>
Justice	<ul style="list-style-type: none"> - Recruited 28 additional judges and 29 additional clerks of the court - Recruited 40 additional judges and 30 additional clerks of the court - Created a well functioning judicial and judiciary information management system - Provided technical training to at least 300 judges, clerks of the court and agents of the MJLDH each year <p>Conducted an institutional audit of the Justice Ministry</p>	<p>2005</p> <p>2006</p> <p>2006</p> <p>2004 & 2005</p> <p>2005</p>
Admin & Civil Service reform	<ul style="list-style-type: none"> - The institutional framework for the integration, coordination and monitoring of administrative reforms is operational - Adopted a reforms action plan for 2005-2007, including: (i) a strategy for increasing staffing within a sustainable framework; and (ii) the preparation of a new civil servant statute which takes into account performance-management requirements 	<p>2006</p> <p>2006</p>
Deconcentration/Decentralization	<ul style="list-style-type: none"> - Designed mechanisms of cooperation between deconcentrated services and "<i>préfets</i>" on the one hand and mayors on the other 	<p>2006</p>
Governance and Corruption	<ul style="list-style-type: none"> - Completed and disseminate the household component of the corruption and governance diagnostic study - Launched the final phases of the diagnostic survey 	<p>2006</p> <p>2006</p>

Source: Implementation Completion Report, Table 8, World Bank

APPENDIX TABLE 17. RESULT FRAMEWORK AND PERFORMANCE INDICATORS MATRIX PRSC 1-3

Indicator	Base (Year)	2004		2005		2006	
		Target	Outcome	Target	Outcome	Target	Outcome
PILLAR I: ENHANCE MACRO FRAMEWORK AND CONDITIONS FOR GROWTH							
Private Investment as a share of GDP	12.8 (2003)	>12.8	12.8	>12.8	13.4	>12.8	13.6
Cotton production	338K tons				190K tons	240K tons	268K tons
PILLAR II: SERVICE DELIVERY							
Rural Water							
Access to safe water	36	38	39	41	41	45	44
No. of new water points constructed per year	607	700	1200	700	1160	850	1206
Functioning rate of safe water points (%)	75	85	75	87	77	90	86
No. of village-level piped water systems managed	1	5	5	10	5	15	8
Health							
Percentage of new visits by the population to basic health services	36	39	39	37	37	40	44
Proportion of attended deliveries (%)	73	65	76	67	75	69	82
Percentage of children with DTCP3 at their first birthday	84	85	87	87	94	90	92
Percentage of under 5 children sleeping under impregnated bed nets	7.4						20*
Percentage of pregnant women sleeping under impregnated bed nets (%)	7	15	31	30	32	40	N/A*
HIV/AIDS prevalence rate among pregnant women	1.9	<6	2.0	<6	2.1	<6	2.1
No. of fully operational health districts	13	18	25	22	26	24	26
Basic Education							
Primary school completion Rate (%)	49	53	50	57	54	60	59
Number of students entering 6 th grade (CM2)	93,602	+8500	101,230	+8500	118,609	+8500	142,053
Of which girls Rate (%)	36	40	37	44	42	48	48
Number of students entering 6 th grade (CM2)	32,896	+4600	36,028	+4600	44,771	+4600	56,897
Average grade in French							
2 nd grade (CP)	57.4					65	NA**
5 th grade (CM1)	32.9					50	NA**

Average grade in Math							
2 nd grade (CP)	47.2					60	NA**
5 th grade (CM1)	32.2					50	NA**
First grade intake gross rate	104		99		95		109
Share of girls in total primary enrollment in targeted areas	38		45		46		47
Average repetition rate	24	17	17	16	8	15	11
Percentage of children in a situation of discontinuity	10.5	8.2	10	6.8	9	5.5	3
Gap between extreme district level STRs (Student-Teacher Ratio)	10	8.2	9	7	9	6	NA
Percentage of schools with STR lower than 40 or higher than 70 by district							
- Atacora-Donga	37	28	36	23	42	18	30
- Atlantique-Littoral	22	17	24	14	37	11	19
- Borgou-Alibori	45	34	40	28	51	23	29
- Mono-Coufo	34	25	27	21	28	17	24
- Oueme-Plateau	22	17	23	14	36	11	24
- Zou-Collines	30	22	28	18	42	15	23
Reading	0.5	1	0.5	1	0.7	1	1.0
(Book/Student)							
Math (Book/student)	0.5	1	0.4	1	0.7	1	1.0
Percentage of MPES operating budget transferred to Parents Associations (PA)	12.7	12.4	12.4	12.5	12.5	12.7	12.7
Amount transferred (in CFAF billion)	5.2	6.8	6.8	7.9	7.5	8.2	8.2
Environment							
No. of ministries whose public investments are submitted to environmental assessment	4	4		5	5	5	5
Trash collection rate in major cities (Cotonou, Porto-Novo, Parakou)			70	80	80	85	85
Forestry							
Additional number of forests and/or riverbank territories under a Participatory Forest Management Plan	6	-		5	5	5	5
PILLAR III: GOVERNANCE AND PUBLIC EXPENDITURE MANAGEMENT							
Public Expenditures							
Average delays of payment	25.2 days	25 days	25.7	25 days	33.2	29 days	22.9 days

Procurement delay							
Supplies	71.2 days	57 days	123.4 days	57 days	104.6 days	55 days	81 days
Services	89.6 days	70 days	85.4 days	70 days	121.4 days	65 days	105 days
Works	98.9 days	78 days	192.5 days	78 days	185.6 days	75 days	80 days
OP as percentage of total budget	26.6		16.6		15.5	8	5.0
Justice							
Budget execution rate	89.3			80%	107%	85%	99%
Rate of treated cases compared to number of cases accumulated and number of cases registered during the year						40%	40%

Source: Implementation Completion Report, Annex 1, World Bank

* Data on use of bed nets varies substantially between basic surveys (2003-2005) and DHS surveys (2006). Two comparable figures from DHS surveys show under 5 impregnated bed net use at 7.4 percent in 2001 and at 20 percent in 2006.

** Government does not acknowledge any comparable test scores because of extensive teacher strikes in 2005. Cross-country comparison shows Benin remains below the West Africa average

