

Benin: Poverty Reduction Strategy Paper—2005 Progress Report

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REPUBLIC OF BENIN

**PROGRESS REPORT
2005**

September 2006

SUMMARY TABLE OF INDICATORS

INDICATOR	Level in 2005		Type of indicator		
	Target value	Value achieved	PRSP	OMD	ABC
Incidence of income poverty					
Incidence Human Poverty (IPH-1)					
Real economic growth rate		2.9	0		
Rate of inflation	<=3	4.2	0		
Real per capita GDP growth rate	3.8	6.5	0		
Overall deficit (payment order basis and excluding grants) as % of GDP		3.1	0		
Trade balance (excluding re-exports) as a % of GDP		6.1	0		
Amount of debt service as a % of exports		2.8			
Infant mortality rate		66.8			
Infant and child mortality rate		105.1			
Maternal mortality rate (per 100,000 births)		230			
Rate of use of health services	40	37			
Rate of use of health services for children aged 0 – 5 years	78	76.2			
Rate of births attended by medical and /or paramedical worker	77	75			
Rate of prenatal consultation	>90	90			
AIDS Prevalence Rate among pregnant women who attend antenatal clinics centers		2.1			
Malaria mortality rate per 10, 000 inhabitants		140			
Rate of children aged de 0-5 suffering from malnutrition (stunted growth and emaciation)		30			
Incidence of food poverty (proxy : extreme poverty)					
Gross Rate of enrolment into Primary School		94			
Gross Rate of Admissions into Primary School		99			
Rate of children having completed primary cycle		54			
Literacy rate		48			
Slave / master Ratio	53.7	50			
Percentage of population with access to drinking water		41			
Percentage of households with latrines	57.2	34.1			

Rate of access of households to a public source of electricity					
INDICATOR	Level in 2005		Type of indicator		
	Target value	Value achieved	PRSP	MDG	ABC
Rate of deforestation due to uncontrolled bush fires					
Rate of use of payment orders	<=15	9.9			
Rate of use of advance payment schemes	<=9	10			
average timeframe for payment of public expenditures (in days) >=	25	61			
Average procurement deadline for contracts financed by the national budget	55	51			
Average procurement deadline for contracts for services, small and medium-sized works financed by the national budget	65	65			
Average procurement deadline for large-scales contracts financed by the national	75	75			
Rate of increase of budget allocations to ministries in PRSP social priority sectors (MEPS, MSP, MMEH, METFP)	>=16	13			
Budget execution rate (commitment basis) of current non-wage expenditures in the PRSP's priory social sector ministries	>=97	98.05			
Budget execution rate (commitment basis) of investment expenditure financed by the national budget of ministries in the PRSP social priority sectors s a%	>=89.5	80.77			
Rate of increase of budget allocations to municipalities as a %		11			
Rates of execution of municipal budgets (payment order basis) as a %		100.3	0		
Commitment rates of delegated non-wage operating allocations to priority social sector ministries as a %		78.39			
Commitment rate of delegated investment allocations (MSP, MMEH, MEPS, METFP)					
Women's participation index					

INTRODUCTION

The government of Benin has decided to make the Poverty Reduction Strategy Paper (PRSP) the single framework of its medium-term policies and strategies and the main document for negotiations with all its technical and financial partners.

This PRSP was developed following a long participatory process based on an institutional mechanism involving all socio-economic development actors in the country.

Pursuant to the Monitoring-Evaluation Guide of the Poverty Reduction Strategy (PRS), validated in February 2004, the government also committed, within the evaluation process, to report annually on progress achieved in the implementation based on an annual review conducted by development partners and the government. Of course, each year status reports on PRSP implementation present progress achieved in implementing the PRS.

The annual review of the PRSP seeks to assess the results achieved in the implementation of the poverty reduction strategy by analyzing the evolution of the performance indicators retained and the level of execution of the matrix of measures retained in the PRSP. It will also help identify the bottlenecks and take the appropriate corrective measures.

This report, which is the main outcome of the PRSP review for the year 2005, is based on the reports of resource persons organized according to the pillars of the PRSP and on information collected from some reference documents (government budget, program budget, sector projects and programs, framework documents on the interventions of some development partners).

The overall objective of this annual status report on the implementation of the PRSP is to present an analytical document which makes it possible to assess progress achieved in 2005.

To this effect, the report seeks to:

1. Analyze the degree of attainment of development goals, the causes of poor performance, and impact of policies and programs implemented in 2005. This part is based on the strategic pillars of the PRSP. It implies the analysis of performance and impact indicators and those of complementary sector indicators.
2. Evaluate the matrix of measures annexed to the PRSP, the weaknesses observed, the difficulties encountered, and the recommendations.

I. ANALYSIS OF THE IMPACT OF ECONOMIC POLICIES IN 2005

The analysis of the impact of economic and social policies in 2005 was based on a list of indicators jointly agreed with development partners. These indicators are broken down into overall poverty reduction objectives, and aligned with the four main strategic pillars of the PRSP.

1.1. TRENDS IN POVERTY IN 2005 AND PROGRESS WITH REGARD TO THE OVERALL OBJECTIVES OF THE PRSP

The analysis of trends in poverty in 2005 and progress with regard to the overall objectives of the PRSP is conducted from a monetary and a non-monetary perspective, based on two indicators:

- the incidence of monetary poverty
- the incidence of human poverty (IHP-1)

According to the overall objectives of the PRSP, the implementation of the poverty reduction strategy should enable the reduction by half of the incidence of poverty by 2015. This requires, at a minimum, an annual decline in poverty incidence of about 4.52%.¹ In this perspective, with an incidence estimated at 30% in 2000, the poverty rate at the national level should be 28% in 2001; 25.5% in 2003; and 23.3% in 2005. Depending on the area of residence, this rate for 2005 should stand at 19.1% in urban areas and 27.1% in rural areas.

Due to lack of adequate data to assess the real poverty situation at the national level in 2003, 2004 and 2005, monetary indicators of poverty for these years have been estimated from projections of consumption expenditures (QUIBB, 2002) and from poverty thresholds.² Indeed, none of the three years was covered by the traditional poverty measurement surveys. It is worth mentioning that this choice makes it impossible to have poverty indexes that reflect the real poverty situation in the population of Benin or to appreciate the actual impact of the various economic and social policies implemented to fight poverty. However, it gives an idea of the trajectory of poverty indexes. The analysis conducted deals with developments in the situation from 2002 to 2005.

1.1.1 Incidence of income poverty

Income poverty in Benin is measured by the level of household expenditure in reference to a poverty threshold. It is assessed using the indexes developed by Foster, Greer and Thorbecke (1984).

In 2005, the incidence of poverty, at the national level, rose slightly, from 26.84 % in 2004 to 27% in 2005, a 0.16% increase³. This trend is similar for the 2003-2005 period, since the

¹ Beginning in 2002.

² Household consumption expenditures have been projected based on the evolution of households' final consumption, whereas the national poverty threshold was determined based on the evolution of the implicit GDP index as presented in national accounts. The data are derived from revised national accounts for June 2006.

³ This slight increase in the incidence of poverty was statistically insignificant. This means that the incidence of poverty remained stable during the period under review.

incidence of poverty remained stagnant between 2003 and 2004. The increase in poverty between 2003 and 2005 is attributable to the erosion in the purchasing power of households. Indeed, over this period, the final household consumption⁴ recorded only a slight 2.19% increase, while inflation was close to 57%.

Beyond the incidence of poverty, the depth (average depth) and severity of poverty are also measures that are particularly important for assessing economic policies. Consequently, they should be combined with the incidence to ensure the relevance of effectively implemented programs to improve the well-being of poor populations.

Thus, similar to the incidence of poverty, the poverty depth index (P1) rose slightly⁵ from 10.34% in 2004 to 10.41 in 2005, a 7% increase. Compared with 2003, this increase stands at 8%. Overall, this slight increase in the depth of poverty, between 2003 and 2005, reflects the fact that the gap between poor households and the poverty threshold has widened somewhat. Consequently, the level of per capita spending required to eliminate poverty when the poor are properly targeted has increased. In other words, the amount that would have to be transferred to the poor to lift them out of poverty, assuming that everybody receives exactly the amount necessary, has increased considerably.

In contrast, the data show a mixed trend in the poverty deficit (P1/P0). Indeed, following a 2.2% decline in 2004, the poverty deficit rose slightly in 2005, from 38.52% of the threshold in 2004 to 38.56% in 2005, a 4% increase, indicating that the gap between consumption expenditure and the poverty threshold widened slightly between 2003 and 2005.

⁴ Data on final household consumption and on the rate of inflation were provided by INSAE (revised National Accounts and the harmonized index of consumer prices, June 2006)

⁵ non significant

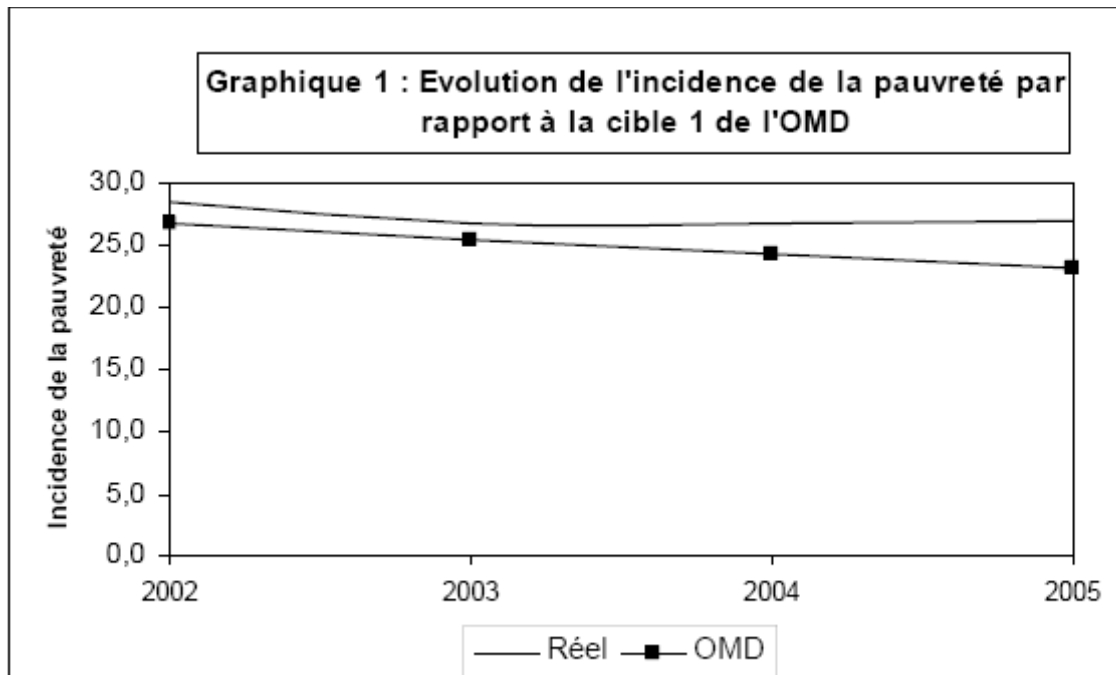
Table 1: Trends in Poverty Indices between 2002 and 2005

Year	Ensemble	PO			P1			P2	
		Urban	Rural	Total	Urban	Rural	Total	Urban	Rural
2002	0.2850 (0.0061)	0.2356 (0.0093)	0.3159 (0.0081)	0.1087 (0.0030)	0.1068 (0.0052)	0.1099 (0.0037)	0.0624 (0.0023)	0.0688 (0.0041)	0.0584 (0.0027)
2003	0.2684 (0.0060)	0.2206 (0.0091)	0.2983 (0.0079)	0.1035 (0.0030)	0.1030 (0.0052)	0.1037 (0.0036)	0.0596 (0.0023)	0.0665 (0.0041)	0.0553 (0.0026)
2004	0.2684 (0.0060)	0.2206 (0.0091)	0.2983 (0.0079)	0.1034 (0.0030)	0.1030 (0.0052)	0.1037 (0.0036)	0.0599 (0.0023)	0.0660 (0.0041)	0.0553 (0.0026)
2005	0.2700 (0.0059)	0.2220 (0.0098)	0.3001 (0.0078)	0.1041 (0.0030)	0.1035 (0.0052)	0.1045 (0.0036)	0.0599 (0.0023)	0.0667 (0.0041)	0.0557 (0.0027)

Source: From QUIBB estimates, 2003. PO=Incidence of poverty; P1= depth; P2 = Severity of poverty.

With respect to the Millennium Development Goals (MDGs), specifically MDG 1, whose goal is to reduce by half the incidence of poverty by 2015, it should be noted that the poverty incidence curve remains above the desired trend. In other words, the proportion of the Beninese population below the poverty threshold during the 2003-2005 period is still lower than the level required to achieve the MDGs. Indeed, with a difference of 1.79 points in relation to the rate envisaged in 2002, this gap widened to 1.33 in 2003, then to 2.35 in 2004, and 2.01 in 2005. These results indicate that, even though the gaps observed in terms of incidence are small, if this trend continues, Benin will not be able to reduce by half the incidence of income poverty by 2015.

Figure 1: Developments in the incidence of poverty in relation to goal 1 of the MDGs

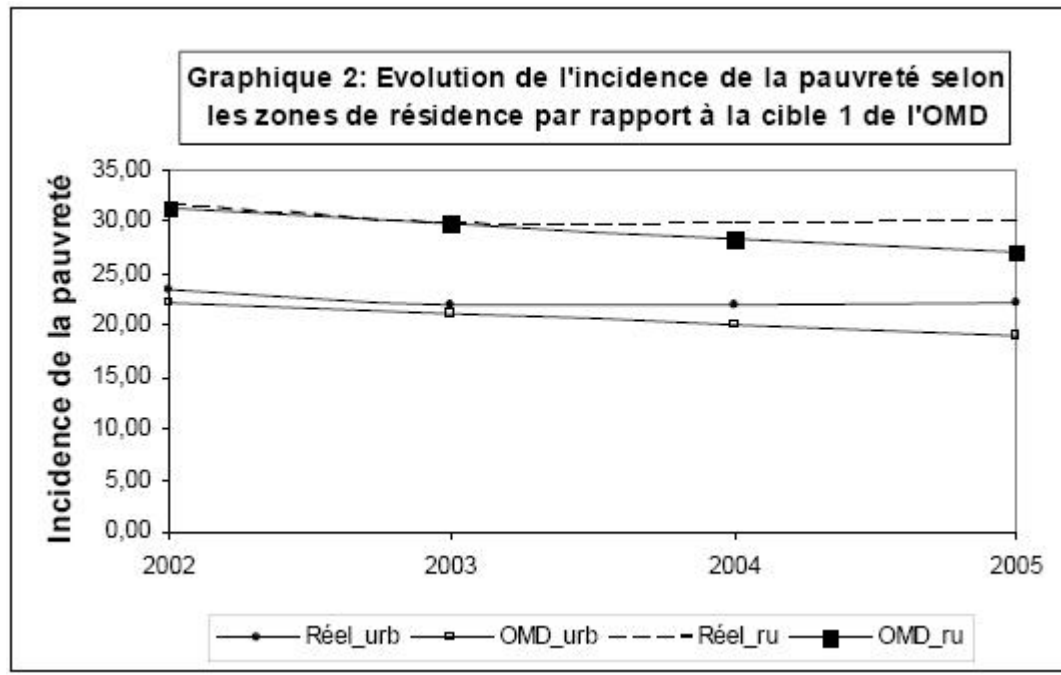


Source: QUIBB 2003 estimates

As for the whole population, the data show that the incidence of poverty rose slightly between 2003 and 2005 in the two areas. In urban areas, this increase was 0.14% compared with 0.16 % in rural areas. Although the increase noted in each of these areas of residence was not significant, it shows that rural areas remain the main target of the poverty reduction strategy.

With respect to the Millennium Objectives, Figure 2 shows that the trend curves in the incidence of urban poverty remain below the desired trend. It also shows that the gaps in relation to the Millennium Objectives are smaller in rural areas compared with urban areas. In deed, as can be noted through the trajectory of the real incidence of poverty and the MDG path, rural areas were closer to attaining the poverty reduction objectives over the 2002-2005 period. One can conclude from this that the different development programs directed towards rural areas have had a positive impact on income distribution among the population.

Figure 2: Developments in the incidence of poverty by area of residence in relation to MDG Goal 1



Source: QUIBB 2003 estimates

1.1.2 Non-income poverty

The Human Poverty Index (HPI) is used to analyze non-income poverty. The HPI was proposed by Anand and Sen (1986). The concept of human poverty refers to deprivation of some basic functional capacities that may include material as well as areas such as participation in community activities, and combines notions of absolute poverty and relative poverty. Given the diversity of situations, and given that it is generally not possible to take all these aspects into account, the HPI focuses on shortcomings in basic areas of existence: life expectancy, education and living conditions. It is a composite index calculated as a weighted average of: (1) the probability of death before the age of 40; (2) adult illiteracy rate; and (3) the arithmetic average of the percentage of the population deprived of potable water and the percentage of children under five years of age that are underweight.

The most recent national poverty index in Benin was that of 2002. It stands at 48.9%, and shows great disparity among regions. Thus, close to one Beninese on two is affected by human poverty; this means that close to half of the population of Benin continues to be deprived of a number of essential needs. In addition, the incidence of human poverty in Benin is higher than that of income poverty. It is worth mentioning that the expected level of the human poverty index in 2005 is 39.6.

Furthermore, non-income poverty is not limited to the concept of human poverty. Consequently, this analysis was extended to include the subjective poverty approach based on indicators of qualitative perceptions. In this context, individual's assessments of their own living conditions were recorded. Indeed, basing analysis on the population's perception helps avoid the "normative" characteristic of the definition of the concept of poverty. This avoids the imposition of a unique lifestyle.

According to the results of the 1-2-3 survey⁶, the population's overall assessment of the well-being of households in 2003 was rather negative. Only a small minority (4.1%) deemed itself fully happy with its situation. In total, 44.3% of the inhabitants of the six towns surveyed⁷ estimated that they were more or less satisfied in terms of well-being. This group can be expanded to include the 27.1% of those surveyed who expressed relative satisfaction while underscoring that their households were not without difficulties. Close to one third (28.5%) of individuals declared that it was hard to make ends meet. They can thus be classified in the category of poor. It therefore follows that subjective poverty is relatively higher than non-income poverty.

Furthermore, the perception of the financial situation⁸ of individuals from a perspective of financial ease allows for the identification of vulnerable households through the subjective assessment of the individuals surveyed. Financial constraints constitute one of the indicators used to this end. Indeed, the results indicate that there is no doubt about the magnitude of poverty in our big cities, with 22% of the population incurring debts to meet their daily needs. Furthermore, 14% of households indicate that they are obliged to draw on their savings to meet basic needs. These figures indicate the level of dissatisfaction of the population in relation to resources.

In this context, although 90% of the urban population agrees on the importance of poverty reduction, its assessment remains mixed on the relevance of policies implemented. Forty-six percent (46%) estimate that the socio-economic development policies implemented have yielded some results. However, only 9% are really of about the effectiveness of these strategies.

1.1.3 Limitations and scope of poverty level estimates

The nonexistence of standard survey data for measuring poverty has seriously limited the scope

⁶ The 1 2 3 survey is a survey on the information sector, employment, and household consumption conducted by the INSAE

⁷ Cotonou, Parakou, Porto-Novo, Abomey, Lokossa, Natitingou

⁸ Compared with the classic monetary approach, it takes into consideration persons whose consumption level can be deemed adequate, but who only achieve this through considerable effort (indebtedness, etc.). Eli integrates the notion of dependency, and identifies households likely to fall into poverty

of the analysis of poverty trends and the understanding of factors that may explain the fluctuations in the different poverty indices. In fact, the extrapolation of data on household consumption for 2003, 2004, and 2005 excludes an analysis of inequalities over this period and, consequently, the breakdown of the variation in the incidence of poverty into growth and redistribution components. Such an analysis should be helpful in assessing the contribution of increased average expenditure and that of redistribution to the variation in poverty. Taking into account the assumption made to generate consumption expenditure, we assume implicitly that the variations in the incidences of poverty are due, solely, to increases in average household spending.

Similarly, the evolution of non-income poverty through the subjective approach could be deepened if the data from the 1-2-3 survey, currently being processed at the *Institut National de la Statistique et de l'Analyse Economique* (INSAE), were available. For all actors involved in the PRSP implementation monitoring and evaluation system, this situation underscores the need for a regular statistics program that can provide data for the analysis of poverty.

1.2. TRENDS IN THE ECONOMIC SITUATION AT THE MACRO AND SECTORAL LEVELS AND ANALYSIS OF POLICIES IMPLEMENTED IN 2005

The priority objective of the first axis of the poverty reduction strategy is to consolidate macro-economic stability in Benin through strong and sustained economic growth in a context of stable prices, sustainable budget and current account deficits, and controlled development of the money supply.

The priority macro-economic objectives retained under the poverty reduction strategy are aimed at achieving, in 2005, a 7% economic growth rate and an inflation rate below 3%. To achieve these objectives, the government agreed to, and implemented economic, financial, and monetary policies that are analyzed below.

1.2.1. Macroeconomic and sectoral performance recorded in 2005

The impact of policies implemented on the macro-economic and sectoral environment will be assessed through the analysis of the following indicators:

- the real economic growth rate
- the inflation rate
- the overall deficit (payment order basis and cash basis) as a percentage of GDP
- the debt service amount as a percentage of exports
- the trade balance (excluding re-exports) as a percentage of GDP, and
- the development of the money supply.

1.2.1.1 The real economic growth rate

The gross domestic product (GDP) in constant prices⁹ stood at CFAF 984.9 billion in 2005, compared with CFAF 957.4 billion in 2004 and 928.5 billion in 2003. The real growth rate stood

⁹ Base year 1985

at 2.9 % in 2005, compared with 3.1 % in 2004 and 3.9 % in 2003. This growth rate reflects the downward trend over the 2003-2005 period. This underperformance is attributable primarily to activities in sectors such as agriculture, the manufacturing industries, fisheries and forestry.

Production in the primary sector declined in 2005. The sector grew 0.9 % in 2005, compared with 6.3 % in 2004 and 2.2 % in 2003. This low growth rate is attributable to a decline in agricultural production, notably in cotton production, which fell to 190,868 tons in the 2005/2006 season, compared with 427,709 tons in the 2004.2005 season, despite the strong performance in food crop production.

Production in the secondary sector improved in 2005. The sector's growth rate rose 5.4% in 2005, compared with a 0.5 % decline in 2004 and a 3% increase in 2003, as a result of production in the manufacturing sector, which recovered substantially as a result of strong performance in cotton production recorded during the 2004/2005 season.

With respect to the tertiary sector, activities in 2005 were characterized by a slight easing of restrictive measures taken by Nigeria during the fourth quarter of 2003, the stabilization of the Naira and of the dollar and the renewed competitiveness of the Port de Cotonou. The combination of these factors pushed up growth in trade activity. Thus, production in the tertiary sector rose to 6% in 2005, compared with a 0.2% decrease in 2004 and a 6.4% increase in 2003. The growth rate of non-tradable goods stood at 4.0 % in 2005, compared with 3.7 % in 2004 and 4.7% in 2003.

Table 3: Trend in rate of sectoral growth (%)

	2003	2004	2005
Primary Sector	2.2	6.3	-0.8
<i>Including agriculture</i>	2.2	7.4	-3.0
Secondary Sector	3.0	-0.5	5.4
<i>Including manufacturing industries</i>	0.7	-2.1	5.3
Tertiary Sector	6.4	-0.2	6.0
<i>Including transport and telecommunications</i>	6.0	-0.8	7.0
<i>Including trade</i>	7.4	-0.8	5.7
Total GDP	3.9	3.1	2.9

Source: INSAE, June 2006

In terms of the contribution of sectors to GDP growth, the situation was as follows:

- The primary sector contributed -0.3% in 2005, compared with 2.4% in 2004 and 0.9% in 2003.
- The secondary sector accounted for 0.8% in 2005, compared with -0.1% in 2004 and 0.4% in 2003 ;
- The tertiary sector accounted for 1.8% in 2005, compared with -0.1% in 2004 and 1.9% in 2003.

On the demand side, GDP growth was led by final consumption. Indeed, the final household

consumption increased 3% compared with 0.3% in 2004 and 3.8% in 2003, and this in relation to the maintenance of purchasing power as a result of world oil prices and revenues from cotton and from other sector activities. Final public consumption increased by 3.5% after a deceleration of 3.1% in 2004 compared with a 7.1% increase in 2003 and it is still within the trend to control current expenditure. The contribution of final consumption to GDP formation stood at 5.7 % in 2005, compared with -0.1% in 2004 and 4.6% in 2003.

With respect to investments, fixed capital formation experienced a 4% increase in 2005, against 1.6% in 2004 and 9% in 2003. This increase in investments is attributable to private investments, which rose from 9.6% in 2003 to -3.7% in 2004, and 4.7% in 2005. This recovery in private investments could constitute an important lever for the revival of the national economy. In terms of contribution to GDP formation, gross fixed capital formation stood at 0.8% in 2005, against 0.2% in 2004 and 1.3% in 2003.

Gross national savings improved and stood at 15.1% of GDP in 2005, against 14.7% in 2004, as a result of an increase in current transfers. The savings-investment balance definitely improved and stood at 3.8% of GDP in 2005, against 6% in 2004.

The exports growth rate in 2005 stood at 3%, compared with a 1.5% decline in 2004 and a 1.9% increase in 2003. The contribution of exports to the GDP stood at 0.9% in 2005, against -0.5% in 2004 and 0.6% in 2003. Imports registered a 5% growth rate in 2003, against a 6% decline in 2004 and a 10% increase in 2003. Imports contributed up to 1.7% of GDP formation in 2005, compared with -2.3% in 2004 and 3.6% in 2003.

Table 4: Contribution to GDP growth in %

RESOURCES	2003	2004	2005
Primary sector	0.9	2.4	-0.3
<i>including agriculture</i>	0.6	2.0	-0.9
Secondary Sector	0.4	-0.1	0.8
<i>Including manufacturing industries</i>	0.1	-0.2	0.5
Tertiary Sector	1.9	-0.1	1.8
<i>Including transport and telecommunications</i>	0.8	-0.1	0.9
<i>including trade</i>	0.4	-0.0	0.3
Employment			
Total final consumption	4.6	-0.1	3.4
<i>Including private</i>	3.8	0.3	3.0
Gross fixed capital formation	1.3	0.2	0.6
<i>Including private</i>	0.9	-0.3	0.4
Changes in inventories	0.9	1.2	-3.3
Total GDP	3.9	3.1	2.9

Source: INSAE, June 2006

The real per capita GDP growth rate stood at CFAF 293,000/inhabitant in 2005, compared with CFAF 275,000 per inhabitant in 2004 and CFAF 276,000 per inhabitant in 2003. The real per capita GDP growth rate stood at 6.5% in 2005, compared with 0.4% in 2004 and 3% in 2003.

The results obtained indicate that the per capita real GDP growth rate for 2005 was achieved.

Table 5: Trend in real per capita GDP growth rate

	2003	2004	2005
GDP per capita (1000 CFAF/hab.)	276	275	293
GDP per capita growth rate (in%) achieved	3.0	-0.4	6.5
GDP per capita growth rate (en%) estimated	3.2	3.5	3.8

Source: INSAE, June 2006

In summary, in relation to the growth objectives defined in the PRSP (5.8% in 2003; 6.8% in 2004 and 7% in 2005), the expected results were not achieved because of the exogenous shocks experienced in 2004. This trend continued in 2005, but the reforms implemented in various sectors will help revive the economy in coming years.

1.2.1.2 Inflation rate in 2005

On a year-to-year basis, the average annual inflation rate rose sharply to 4.2% in December 2005, exceeding its 2004 level of 2.7%, against 1.5% in 2003. However, the trend in the convergence indicator within the UEMOA space January 2005-December 2005 average compared with the January 2004-December 2004 average puts the change in prices at +5.4% in 2005, thus placing it below the 3% threshold estimated in the multilateral surveillance framework within UEMOA member states, compared with 0.9% in 2004 and 1.5% in 2003. This unusual increase in the general level of prices in 2005 is attributable to the rise in the price of oil products and the upward pressure on prices of food products by as a result of increased demand from sahelian countries suffering from the locust invasion in 2004.

Table 6: Trend in inflation rate (in %)

	2003	2004	2005
Inflation rate	1.5	2.7	4.2
Convergence indicator	1.5	0.9	5.4

Source : INSAE, December 2005

1.2.1.3 Overall deficit (payment order basis) and overall deficit cash basis

Recurrent revenues in 2005 stood at CFAF 383.55 billion, accounting for 16.64% of GDP, compared with 16.3% in 2004 and 17% in 2003. This represents a 2.08% increase compared with 2004 and reflects the impact of the measures that the government has been implementing since 2003 to widen the tax base and improve collections.

Expenditures in 2005 stood at CFAF 455.3 billion, against CFAF 426.12 billion in 2004 and CFAF 430 billion in 2003. The wage bill was CFAF 130.29 billion in 2005, compared with CFAF 123.48 billion in 2004 and CFAF106.22 billion in 2003. With respect to the quality of expenditure aimed at achieving Poverty Reduction Strategy objectives in 2005, commitments amounted to CFAF 148.010 billion out of a CFAF 151.325 billion appropriation, a 97.81% implementation rate. Expenditure related to the HIPC Initiative amounted to CFAF 12.306

billion against CFAF 14.8 billion in 2004. Recurrent expenditures undertaken amounted to CFAF 290.112 billion, against CFAF 271.393 billion in 2004 and CFAF 291.997 billion in 2003. Transfer payment expenditures stood at CFAF 69.341 billion against CFAF 76.18 billion in 2004 and CFAF 72.299 billion in 2003. Investment expenditures rose to CFAF 129.428 billion, compared to CFAF 123.084 billion in 2004 and CFAF 123.28 billion in 2003.

The overall budget deficit (payment order basis) amounted to CFAF 71.7 billion (3.1 % of GDP) in 2005, compared with CFAF 75.3 billion (3.5% of GDP) in 2004 and CFAF 93.5 billion (4.5% of GDP) in 2003. The overall balance, on a cash basis, stood at CFAF – 111.67 billion (4.8% of GDP) in 2005, compared with CFAF – 94 billion (4.3% of GDP) in 2004 and CFAF – 80.2 billion (3.8 % of GDP) in 2003.

Table 7: Abstract from TOFE 2003-2005 (in billions of CFA Francs)

	2003	2004	2005
Revenue and grants	384.5	425.9	434.1
Revenue (Fiscal and non fiscal)	344.0	350.6	383.6
Grants	40.5	75.3	50.5
Total Expenditure and net loans	430.0	426.12	455.3
Recurrent Expenditure	274.9	306.7	334.2
Capital Expenditure	<i>144.8</i>	<i>118.7</i>	<i>121.9</i>
<i>Budgetary contribution to Investment</i>	73.4	57.7	54.1
<i>External Financing</i>	71.4	61	67.8
Net Loans	-2.0	0.0	-0.8
Overall balance (payment order basis)	-93.5	-75.3	-71.7
Overall balance (cash basis)	-80.2	-94.0	-111.67

Source : SP/CNDLP

1.2.1.4 The public debt service

Domestic debt service paid in 2005 amounted to CFAF 4.052.483.479. This service is broken down as follows: CFAF 826.125.150 for FNI reimbursement; CFAF 1.355.600.163 FCFA for securitized non-wage arrears; CFAF 1.857.541.727 for mandatory loans and CFAF 13.216.439 FCFA for the management of securities.

The external debt service paid at end-December 2005 amounted to CFAF 14.191.697.355. The breakdown by type of creditor is as follows:

Table 8: External debt service by type of creditor in 2005 in billions of CFAF

Type	Principal	Interest and Com.	Total Service
Multilateral creditors	8.1	4.7	12.9
Bilateral creditors	0.40	0.42	0.81
Provisions	0	0.49	0.49
Total	8.50	5.61	14.20

Source: CAA

At December 31, 2005, the outstanding external debt in Benin, taking into account debt relief obtained under the HIPC Initiative, stood at **CFAF 919.452.831.972**, broken down as follows:

Table 9: Outstanding external debt in 2005 (in millions of CFAF)

Type of loan	Commitment	Mobilization	Depreciation	Amount outstanding
Bilateral loan	234.9	223.5	78.9	144.6
Multilateral loan	1.333.3	1.005.2	230.4	774.8
Total	1.568.2	1.228.7	309.3	919.4

Source : CAA

Debt relief granted to Benin by development partners under the HIPC Initiative amounted to **CFAF 12.043.058.033**. Since the decision point was reached in July 2000, the total amount of relief obtained under the HIPC Initiative amounts to CFAF 82.605.094.143.

The external debt servicing/tax revenue ratio stood at 4.2% against 4.7% in 2004 and 4.4 % in 2003. The evolution of this ratio over this period followed a downward trend, from 4.4% in 2003 to 4.2% in 2005. The debt servicing/exports ratio stood at 2.8% in 2005, compared with 5.1 % in 2004 and 4.2% in 2003. The evolution of these ratios reflects effective management of the external debt servicing.

Table 10: Trends in the external public debt servicing ratio (in billions of CFAF)

	2003	2004	2005
Debt service	15.66	14.9	14.2
Debt service /tax revenue (in %)	4.4	4.7	4.2
Debt service /exports (in %)	4.2	5.1	2.8

Source: CAA/BCEAO/SP/CNDLP (TOFE).

1.2.1.5 Balance of payments

The trade balance deficit stood at 154.6 billion, compared with 144.4 in 2004 and 178.2 in 2003. This deficit is attributable, on the one hand, to exports, which rose from 293.7 billion in 2003 to 300.3 billion in 2004 and, on the other hand, to imports, which stood at 454.6 billion in 2005 against 444.8 billion in 2004 and 472 billion in 2003. The levels of exports and of imports were strongly marked by the fall in cotton production in 2004 and the restrictive measures taken by Nigeria.

The current account deficit stood at 102.4 billion in 2005, compared with 152.4 billion in 2004 and 127.1 billion in 2003. The current account balance thus improved over the 2004-2005 period as a result of the positive developments in the services balance and in revenue. The financial and capital transactions account registered a surplus balance of 150 billion, compared with 95.9 billion in 2004 and a deficit of 7.5 billion in 2003. This resulted in an overall surplus balance of 47.6 billion in 2005, in contrast with 2004 and 2003, which registered deficits of 61.6 billion and 134.6 billion, respectively.

Table 11: Trends in the balance of payments (in billions of CFA francs)

	2003	2004	2005
Trade Balance	-178.2	-144.4	-154.6
Trade Balance (excluding re-exports)	-240.6	-205.1	-218.2
FOB Exports	293.7	300.3	300
<i>Including re-exports</i>	72.4	120.6	129.8
FOB Imports	472.0	444.8	454.6
<i>Including re-exports</i>	61.6	59.8	66.2
Net Services and Revenue	-48.8	-57.3	-51.8
Current Balance	-127.1	-152.4	-102.4
Capital account and financial operations	-7.5	95.9	150.0
Overall balance	-134.6	-61.6	47.6

Source : BCEAO, May 2006

With respect to trends in convergence criteria at end-December 2005, Benin only complied with four of the eight criteria, namely the basic budgetary balance/GDP, the outstanding internal and external debt/GDP, new internal and external arrears, and public investments financed from internal resources/fiscal revenue. The failure to comply with the other criteria is attributable primarily to the poor performance of fiscal revenues and to the high level of some current expenditures.

Table 12: Trends in Convergence Criteria

PRIMARY CRITERIA				
<i>Ratio</i>	<i>UEMOA objective</i>	<i>2003 value</i>	<i>2004 value</i>	<i>2005 value</i>
Basic budgetary balance/GDP (%)	>=0	-1.2	-0.1	0.0
Inflation rate (%)	<3	1.5	0.4	5.4
Outstanding internal & external debt/GDP (%)	<70	35.3	38.5	40.1
Variation in internal payment arrears (%)	<=0	-0.6	0	0
Variation in external payment arrears (%)	<=0	0	0	0
SECONDARY CRITERIA				
Wage bill/Tax Revenue (%)	<35	35.1	38	39
Public Investments financed from internal resources/fiscal revenue (%)	>20	22.9	19.8	19.8
External current account deficit excluding grants/GDP (%)	<5	-9.7	7.7	7.2
<u>Tax burden rate (%)</u>	<u>>=17</u>	<u>15.2</u>	<u>14.6</u>	<u>14.5</u>

Sources: DGE/CNPE

1.2.1.6 Trends in the money supply

The monetary survey at end-2005¹⁰ was characterized by an increase in the money supply. The latter increased by CFAF 110.8 billion from 2004 to 2005, rising from CFAF 502.8 billion at end-December 2004 to CFAF 613.5 billion at end-December 2005, compared with CFAF 554.7 billion in 2003. The liquidity ratio of the economy (money supply to GDP ratio) stood at 26.6% in 2005 compared with 23.4% in 2004 and 26.8% in 2003

With respect to **counterparts to the money supply**, at end-December 2005, net foreign assets of monetary institutions increased and stood at CFAF 376.5 billion, thus recording a CFAF 45 billion increase compared with end-December 2004, or a 13.5 % growth rate. These assets stood at CFAF 331 billion in 2004, compared with CFAF 390 billion in 2003. This evolution is attributable primarily to the increase in the Central Bank's foreign assets, estimated at CFA 6.8 billion. **Domestic credit** stood at CFA 277.6 billion at end-December 2005, compared with CFAF 213.3 billion at end-December 2004 and CFAF 197.4 billion at end-December 2003. This translated into an increase in credits to the economy of CFAF 64.4 billion from 2004 to 2005, or a 30.2% expansion rate. Indeed, **credits to the economy** stood at CFAF 375.1 billion at end-December 2005, a CFAF 63 billion increase compared with end-December 2004, with a 20.1% growth rate. These credits were estimated at CFAF 312.1 billion at end-December 2004 compared with CFAF 293.9 billion at end-December 2003. **The government's net position** was a creditor position of CFAF 97.4 billion at end-December 2005. This was a 1.4% deterioration compared with end-December 2004.

¹⁰ Temporary situation

Table 13: Trends in monetary survey (in billions of CFAF)

ITEM	2003	2004	2005
Net foreign assets	390	331.5	376.5
Domestic credit	197.4	213.2	277.6
Money supply	554.7	502.7	613.5
CCP deposits	7.4	8.1	8.3
Other net items	30.9	41.9	40.6

Source: BCEAO/CNPE - 07 Wirier 2006.

1.2.2. Macroeconomic policies implemented

The year 2005 was marked by the strengthening of the recovery measures implemented in 2003 and 2004, in line with the PRSP and with the Medium Term Expenditure Framework (MTEF), which constitutes its translation into the budget

On August 5, 2005, Benin negotiated and agreed a new three-year economic and financial program for 2006-2008 with the International Monetary Fund (IMF) under the Poverty Reduction and Growth Reduction Facility (PRGF).

With respect to public finance, the measures implemented focused on improving government revenues and strengthening expenditure control.

In 2005, program budgeting was extended to all ministries. The gradual implementation of results-based management within the public administration was initiated in five ministries (MDEF, MMEE, MEPS, MS, MEPN).

In the agricultural sector, the priorities defined in various rural sector strategic documents are in line with those defined in the Poverty Reduction Strategy. They thus constitute a good framework for development of the agricultural sector. In 2005, the government instituted global management of the agricultural sector. Through a participatory process, it put in place a national agricultural services structure and concluded with the private sector a program to support development in new sub-sectors, notably cashew nuts, shea nuts, Oche (shrimps), pineapple and oil palms.

With respect to land issues, measures have been taken to adopt the necessary regulations that will allow the preparation of a rural land plan. In the areas of livestock breeding and of shrimp, studies were conducted to improve the performance of local breeds and to prepare a fisheries code.

Regarding the industrial sector and small manufacturing firms, light manufacturing units were set up to promote participatory development in technology. Thus, achievements centered on the fabrication of construction materials, mining, the implementation of the SME/SMI program, and the constitution of a guarantee fund to promote micro enterprises.

A national development strategy for the development of new information and communication technologies (NICT) was adopted in 2003.

Regarding structural reforms, the privatization of enterprises followed different trends.

The option retained with regard to the privatization of the SONAPRA industrial units, was that of transfer by batch. Following a call for bids, three of the four batches were allocated and one batch was deemed unproductive, but the signing of the contracts was delayed by (i) negotiations related to the adoption of a social plan for workers; (ii) the incomplete marketing of cotton during the 2004/2005 season to allow the servicing of factories; (iii) the failure to adopt a regulatory framework that will govern relations between the different actors in the cotton sector. Thus, in May 2005, the government decided to resume the process. It invited buyers to provide written confirmation of their intentions to take over the different batches and a memorandum of understanding was signed to this effect on July 17, 2005, between the buyers and the government, setting October 31, 2005, as the date for signing the transfer contracts for the different batches. In view of the effective transfer of batches for the SONAPRA industrial tool, differences rose between the authorities and potential buyers. These differences concern the conditions for assuming responsibility for all staff. The sales conditions for all cotton fiber products and the depreciation rate of SONAPRA factories. To this end, the parties agreed to seek a ruling from an international arbitrator (mediator) who will be charged with finding a compromise to their differences.

The separation of the Posts and Telecommunications Corporation (OPT) into two distinct entities: namely, the “Benin Telecom S.A.” and “La Poste du Benin S.A.” was completed. The managers of both enterprises were appointed by the Cabinet. The privatization of the new firm “Benin Telecom S.A is being finalized and the telecommunications regulatory body has been put in place.

In the electricity sector, the split-off of the former Electricity and Water Company of Benin (SBEE) was completed, leading to the establishment of the National Water Company of Benin (SONEB) and the Electricity Company of Benin. A schedule is being prepared for the establishment of the Benin Electric Energy Company lease agreement, and, with respect to rural electrification, a decree was passed to create the Rural Electrification Agency charged with implementing the new rural electrification policy.

Several studies were conducted to improve the competitiveness of the Cotonou Port, notably a study on the implementation of a system to assess delays in clearing merchandise from the Cotonou Port. In addition, the *Centre de Gestion du Guichet Unique*, the centralized invoicing system, as well as the *Societe de Gestion du Guichet Unique* (SOGEGUCE), which is responsible for invoicing and cashes payments before paying beneficiaries (Customs and service providers) were cited. The SIGUCE-SYDONIA interface that has to be built for optimal functioning of this center is underway. The new single invoicing software at the Cotonou Port has been installed. Invoicing of ships is being done but that of merchandise will be done concomitantly with the effectiveness of the SIGUCE-SYDONIA interface.

In the railway sector, the leasing of the *Organisation Commune Benin Niger des chemins de fer et des transports* (OCBN) is being pursued. Studies relating to the leasing of the network have already been conducted. The final reports on the state of repair of the OCBN have been prepared as well as the tax exemption and the social plan for the firm’s workers. The international call for

bids has been published. The selection process is underway.

1.3 TRENDS IN THE STATUS OF HUMAN CAPITAL, ENVIRONMENT AND ANALYSIS OF POLICIES IMPLEMENTED IN 2005

1.3.1. Trends in the status of health and nutrition and analysis of the impact of policies implemented in 2005

The health situation¹¹ is still characterized by a variety of tropical diseases with a predominance of endemic and epidemic diseases (40%). Malaria is still the dominant disease and, alone, accounted for 37% of infectious and parasitic diseases in 2005. Diarrhea and gastroenteritis, resulting from water infected by fecal matter and to poor hygienic conditions, still constitute one of the main causes of death in Benin, especially among children aged 0-4 years. This is also the case with acute respiratory infections (ARI) with 16% of the diseases noted in consultations during 2005. The health situation can be summarized as follows:

(i) Inadequate supply of health services

The number of divisions with compliant health centers in 2005 stood at 68%, slightly higher than the 65% recorded in 2004. This is further proof that a high proportion of the existing health centers have to be rehabilitated, in addition to those that have to be built in the divisions that lack health infrastructures. In addition, in spite of the efforts made in the sector, several health areas still lack area hospitals and have insufficient staff, especially specialized physicians needed to serve in hospitals in the area. In addition, in 2005, the communications system was still nonexistent in most health areas, making it impossible for them to put in place an adequate reference and counter reference system.

(ii) Limited and poorly distributed human capacity

The human resources situation is still a concern. The same shortcomings noted in the management of staff in the sector were noted:

- the aging of the civil servants in general
- chronic shortage of qualified staff
- shortage of qualified staff, especially physicians, in the public sector ;
- the high number of physicians in administrative non-clinical functions;
- career management that does not reflect the current reality of the labor market (non-participatory appraisal and rating of staff based on subjective criteria rather than on merit)
- inadequate training and retraining ;
- Lack of incentives for the recruitment and maintenance of medical staff at post, especially in landlocked or remote areas ;
- The concentration of staff in urban centers to the detriment of rural centers
- Inadequate room for maneuver for the intermediary and peripheral structures with

¹¹ *Annuaire statistiques sanitaire 2005, SSD/DPP/MS*

respect to management of movement of personnel.

As a solution to the aging population and to insufficient staff, staff is recruited each year. In this context:

- Seventy (72) permanent public servants in total were recruited in 2005 for the Ministry of Health, comprising fifty eight (58) health care workers and twelve (12) administrative staff ;
- Fifty one (51) contractual public servants were recruited, of which fifty (50) health care workers and one (1) administrative personnel;
- In total, a staff complement of one hundred and twenty one (121) officers was recruited for a overall wage bill of one hundred and twenty-two million (122,000,000) CFA Francs.

For recruitment based on social measures, two thousand four hundred and fifty three (2453) officers in all categories were recruited, with an annual wage bill of two billion one hundred and eighty eight million CFA franc (2.188.000.000)

In total, the different recruitments of personnel in 2005 resulted in an additional wage bill of two billion, three hundred and ten billion (2.310, 000,000) CFA franc, and a total staff complement of 2,574 new agents.

(iii) Poor use of health services offered

In 2005, the rate of use of health services remained low (37%) compared with 39 % in 2004, despite the partial use of information on the private sector

To better assess the trend in health and nutrition in 2005, this report will analyze the following indicators¹²

- Maternal mortality rate in health centers
- Rate of use of health services
- Rate of use of health services for children aged 0-5 years
- Rate of births assisted by medical and/or paramedical personnel
- Rate of prenatal consultation
- AIDS prevalence rate among pregnant women who attend antenatal clinics in health centers;
- Malaria mortality rate per 10,000 inhabitants
- Rate of children aged 0 – 5 years suffering from malnutrition (stunted growth and emaciation).

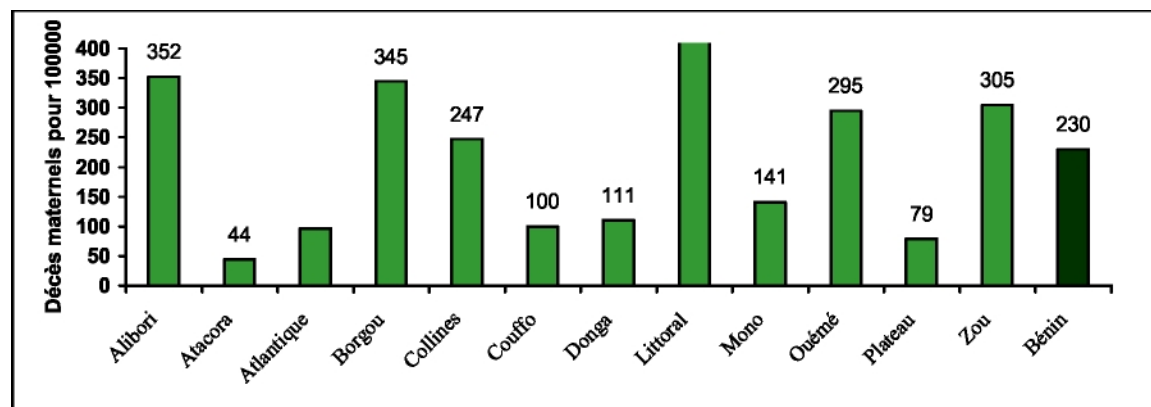
The indicators used are, for the most part, those routinely collected on a yearly basis by the systems, with the drawback that the existing health information system does not allow all the indicators to be disaggregated by department and by gender.

¹² Confere TDRs des groupes thematiques du rapport d'avancement de la mise en oeuvre du DSRP 2005

1.3.1.1. Maternal Mortality Rate

The maternal mortality rate¹³ in health centers in 2005 was estimated at 230 per 100,000 live births. There is disparity among the departments.

Figure 3: Level of maternal mortality per 100.000 lives births by department in 2005 in Benin



Source: SNIGS/DPP/MSP, 2005

Until 2005, Benin faced enormous obstacles related to the reduction of maternal mortality at all levels of the process leading to a reduction in maternal and neonatal mortality, namely, the availability, the use, and the quality of emergency obstetrical care. This situation raises questions about the relevance and effectiveness of interventions and strategies that have been implemented for decades.

The following actions were implemented:

- acquisition of caesarian kits to reduce the third delay in the supply of emergency obstetrical care ;
- acquisition of height gauges and SALTER balances for health centers ;
- celebration of the maternal breastfeeding week in August 2005 ;
- adaptation of the manual on nutritional care and support for PLWHIV/AIDS prepared by the WHO and the FAO ;
- free intra-zone transportation for obstetrical and neonatal emergencies ;
- preparation of the national strategy for the reduction of maternal and neonatal mortality (SNRMMN) 2006-2015 and the Five-year implementation plan 2006-2010
- initial supply of health centers with contraceptives
- preparation of the document on protecting reproductive health products
- availability in Benin today of reproductive health products.

To reduce maternal mortality, the Benin Government:

- prepared a maternal and neonatal mortality reduction paper for Benin, 2006-2015 ;

¹³ According to EDS the mortality rate is 474.4 per one hundred thousand live births in 2002

- set an objective to reduce maternal mortality¹⁴ from 498 in 1996 to 390 per 100,000 live births in 2015
- sought to reinforce monitoring of the nutrition of mothers, the development of emergency neonatal obstetrical care (SONU) and essential neonatal obstetrical care (SONE) and information, education and communication (IEC) activities.

The main challenges that have to be overcome to achieve these objectives are:

- the development and use of quality human resources ;
- the easing of physical, financial, and relational barriers ;
- the financing of activities aimed at reducing maternal mortality
- More affirmative political commitment

Limited human skills also accounts for the results observed at this level. As regards human resource, there is a shortfall as a result of the massive retirement of experienced staff that is only partially replaced. Moreover, qualified staff is scarce, especially in rural areas.

1.3.1.2. Rate of use of health services

Table 14: Trends in rate of use of health centers

Indicateurs	2001	2002	2003	2004	2005	
					Cible retenue	Niveau obtenu
Taux de fréquentation des services de santé %	34	35	35	39	40	37
Taux de fréquentation des services de santé par les enfants de 0-5 ans%	78	77	78	86	78	76,2

Source: DPP/MS

The desired level of rates of use in 2005 were not reached primarily because of the economic recessions that reduced the population's purchasing power. However, compared with 2001, these rates improved as a result of the taking into account of private health centers and the improvement in reception by health care workers.

¹⁴ Objective 5 of the MDGs

1.3.1.3. Changes in some indicators related to the promotion of reproductive health

Table 15: Changes in some indicators related to the promotion of reproductive health

Indicator	2001	2002	2003	2004	Target retained	2005 Level attained
Rate of assisted births (%)	76	62.8	76	76	77	75
Rate of prenatal consultations (%)	90	76.5	91.2	92.3	>90	90
Rate of use of modern contraceptive methods (%)	6.9	15.6	13.2	16.4		

Source: DPP/MS

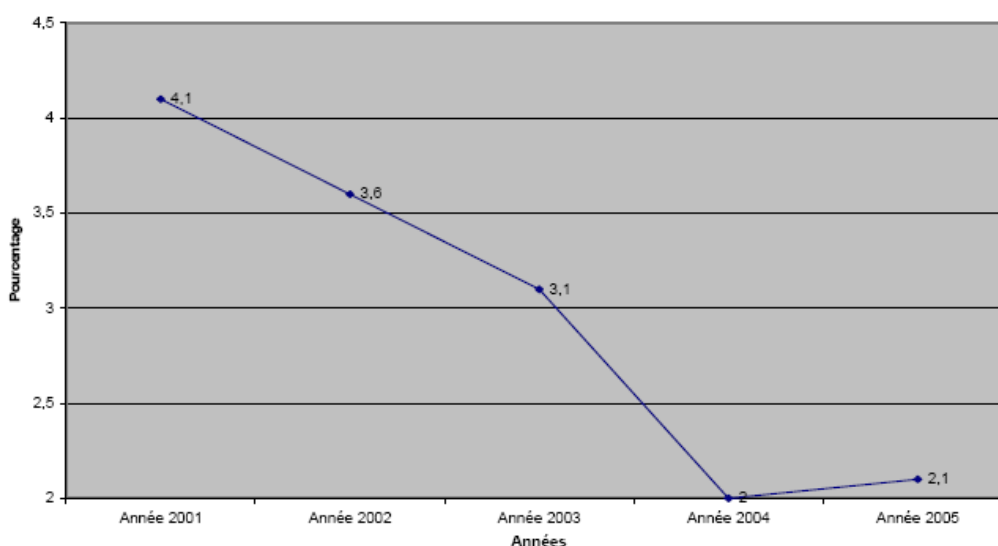
The prevalence of contraceptives is increasing slowly but steadily. However, the effect of reproductive health promotion actions on impact indicators remains low or limited. During 2005, health sector activities were strengthened.

1.3.1.4. HIV /AIDS Prevalence rate among pregnant women during prenatal visits to health centers

The average prevalence of HIV infection among the seven former sentry sites was 4.1% in 2001 and 2.1% in 2005 in all the former sentry sites. There is no statistically significant difference between these two years. Since 1996, the level of the epidemic in these urban sites seems to have reached a plateau that fluctuates between 3 and 4%.

Figure 4: Changes in prevalence of HIV infection in Benin from 2001 to 2005

Prevalence of HIV/AIDS in Benin



These rates mask regional disparities. The proportion of those infected with HIV is significantly higher in urban areas than in rural areas ($p < 0,0001$). The weighted national prevalence rate of HIV infection for 2005 is estimated at 2.1 %, with variations among the departments, as in previous years. It is more than two times higher in urban areas (2.8%) than in rural areas (1.3%). Thanks to the experience gained over the decades, the dynamics of HIV infection are well known, thus allowing for the implementation of ideal research tools and strategies to assess the magnitude of the epidemic and put in place a second generation monitoring system.

1.3.1.5. Prevalence of HIV/AIDS by department and according to area of residence in 2005

The proportion of people infected with HIV is significantly higher in urban areas (2.4%; IC: 2.25—2.46) than in rural areas (1.9% IC: 1.83 — 1.99), with a significance level of 0.05. The indicative estimated breakdown by department is as shown in Table III.

Table 15: Prevalence of HIV infection by department and by area of residence

Department	Urban ^a	Rural ^a	All ^b	IC 95%
Borgou	2.1	0.0	0.9	0.90 - 1.18
Alibori	2.3	0.2	0.7	0.60 - 0.80
Atacora	1.2	0.7	0.9	0.77 - 1.04
Donga	2.2	1.5	1.7	1.54 - 1.91
Atlantique	2.9	4.2	3.6	3.27 - 3.78
Littoral ^s	2.4		2.4	2.13 - 2.74
Zou	2.0	0.3	0.9	0.62 - 1.16
Collines	1.0	0.6	0.7	0.57 - 0.81
Mono	5.2	3.8	4.1	3.91 - 4.50
Couffo	1.0	0.5	0.6	0.52 - 0.75
Oueme	3.1	3.1	3.1	2.77 - 3.45
Plateau	2.2	1.1	1.4	1.28 - 1.61
Benin^d	2.4	1.9	2.1	2.03 - 2.17

Source: PNLMS/MS

The negative impact of this pandemic on the economy of households, the community and the country is alarming. This disease, which has such dire consequences on life expectancy, is taking a terrible toll on the social fabric of our societies, a toll which far exceeds the immediate pain endured by those infected. Therefore, the challenge needs to be met (the IEC, the fight against harmful cultural practices, appropriate reproduction health care services) to stabilize or even reverse the spread of HIV/AIDS by 2025.

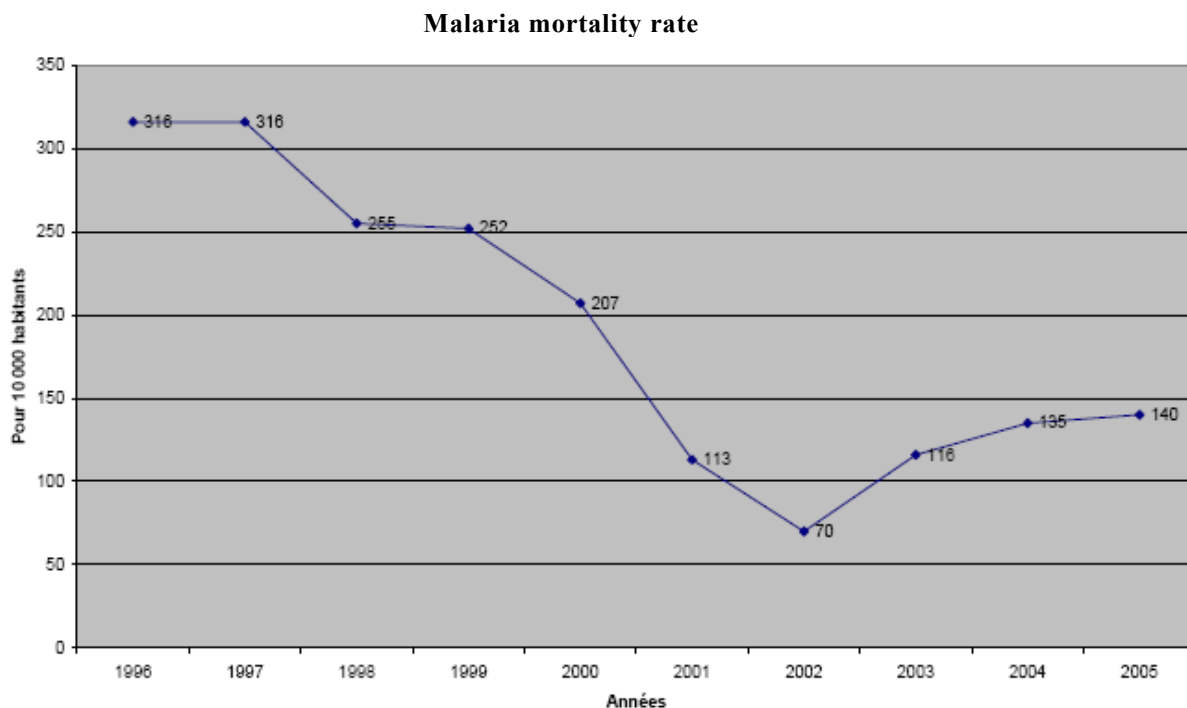
The Ministry of Health has put in place strategies to combat priority diseases (HIV/AIDS, malaria, tuberculosis). With respect to HIV/AIDS, these include intensifying sensitization and taking care of people living with HIV/AIDS by providing them with Anti Retro Viral (ARV)

treatment. This strategy, supported by the project to intensify the fight against AIDS, is financed by the Global Fund and other partners.

1.3.1.6. Malaria mortality rate per 10000 inhabitants

Malaria is among the top noted conditions in Benin. It has a negative impact on the economy through loss of productivity, increased absenteeism and the premature death of some affected people. In 2005, malaria accounted for 37% of the cause of patients' visits to health care centers. Deaths due to malaria decreased from 316 % in 1995 to 140% in 2005. However, it should be noted that they increased steadily during the PRSP implementation period, rising from 70% in 2002 to 140% in 2005, or double.

Figure 5: Evolution of malaria mortality in Benin from 1996 to 2005



Source: DPP/MS

Malaria has a negative impact on the economy by depriving Benin of some of its manpower. The fight against malaria is being done through several strategies, including the “Push Back Malaria” initiative which led to a change in behavior among the population. This change in behavior is reflected in the increased use of treated mosquito nets as well as in the prevention of the disease among pregnant women through anti-malarial drugs taken early in the pregnancy, strengthening and continuing all these actions in synergy with actions in other sectors will, in the long run, reduce the incidence of these diseases.

1.3.1.7. Trends in malnutrition¹⁵ in Benin and its impact

During 2005, 10,142 cases of malnutrition were registered in health services in Benin, an incidence of 13 per 10,000 inhabitants. The incidence is higher among children under 12 months, with a rate of 123 per 10,000 inhabitants compared with 125 per 10,000 inhabitants in 2004. Children under 5 are the most affected by the condition, accounting for 8,875 of the 10,142 cases noted in 2005, or 88% of the entire population.

Table 16: Incidence of malnutrition among 10,000 inhabitants by department and by age group in 2005

Department	0-11 months		1-4 years		0-4 years		5-14 years		15 years and up		All	
	Incide no	Rate	Incide no	Rate	Incide no	Rate	Inci no	Rate	Incide no	Rate	Inciden no	Rate
Alibori	259	125.5	742	74.1	1 001	82.9	66	3.5	22	0.8	1 089	18.3
Atacora	251	105.4	715	76.2	966	82.1	46	2.4	21	0.7	1 033	16.9
Atlantique	231	69.3	394	31.1	625	39.1	61	2.3	53	1.0	739	7.9
Borgou	656	236.0	941	71.3	1 597	100.0	80	3.1	92	2.3	1 769	21.4
Collines	64	28.2	140	16.1	204	18.6	14	0.8	23	0.7	241	4.0
Couffo	69	32.5	145	15.9	214	19.0	25	1.3	4	0.1	243	4.1
Donga	119	91.2	225	40.6	344	50.2	22	1.8	14	0.7	380	9.8
Littoral	315	157.7	523	79.6	838	97.8	178	11.5	127	2.7	1143	16.2
Mono	104	79.5	231	45.4	335	52.4	52	4.3	45	2.2	432	11.0
Oueme	271	99.4	458	46.6	729	58.1	80	3.5	48	1.1	857	10.6
Plateau	37	22.9	136	21.9	173	22.1	49	3.8	27	1.1	249	5.6
Zou	849	352.6	1 000	111.8	1 849	162.9	96	5.0	22	0.6	1 967	30.1
Benin	3 225	122.6	5 650	53.7	8 875	67.5	769	3.4	498	1.2	10 142	13.4

Source: SNIGS/DPP/MSP, 2005

Table 17: Incidence of malnutrition for 10,000 inhabitants by location in 2005

Location	0-11 years	1- 4 years	5 -14 years	15 years and up plus	Total
Rural	97	51	3	1	13
Urban	170	60	4	2	15
Benin	123	54	3	1	13

Source: SNIGS/DPP/MSP, 2005

¹⁵ Malnutrition : Disease caused by nutritional deficiency of the organism with two main forms: protein deficiency = Kwashiorkor (child with following symptoms: apathy, edemas, muscular atrophy, discolored skin and reddish and breaking hair); protein-calories = marasmus (child with following symptoms: normal height, extremely thin, muscular atrophy, wasting of the sub-cutaneous adepeous tissue, wrinkled skin)

Table 18: Mortality per 1000 cases of malnutrition by area of residence in 2005

Location	0-11 years	1-4 years	5-14 years	15 years and up	Total
Rural	25	11	2	5	14
Urban	49	27	14	31	34
Benin	37	17	8	20	23

Source: SNIGS/DPP/MSP, 2005

Malnutrition is still a source of great concern and testifies to the impact of poverty on a large section of the population. Several studies have confirmed that malnutrition affects a child's health, increasing the risks of sickness and death.

Chronic or acute malnutrition increases the vulnerability of children already living in a society exposed to different perils and to tropical diseases.

A national program to combat malnutrition among children has been in existence in Benin since 2000. The following actions have been implemented:

- Training of recipients in PCIME, PMA/Nutrition ;
- adaptation of the WHO and FAO manual on health and nutritional support for PLWHIV/AIDS;
- creation of a nutrition center in Karimama;
- technical support and medication for nutrition centers;
- technical support for nutrition NGOs in the Mono-Couffo, Donga-Atacora departments.

1.3.1.8. Status of the fight against child trafficking in Benin

For several years now, Benin has been at the crossroads of child trafficking. As a result of persistent poverty, poor parents, in exchange for amounts ranging from CFAF 10.000 to 20.000 (15 to 30 euros), entrust their children to "recruiters" who promise to pay for their education, according to a UNICEF report. These children are then sold to large-scale farmers, notably in the cocoa and cane plantations in Cameroon, in Gabon, in Cote d'Ivoire and in Nigeria, for amounts that are ten times higher. Recent statistics from the Social Protection Ministry in Benin indicate that more than 6,000 Beninese children are also exploited in quarries and plantations in Nigeria. From September to October 2003, about 190 Beninese children, victims of this traffic and who were being exploited in quarries in Abeokuta (about 100 km north-east of Lagos) in Nigeria, were rescued by the Abuja authorities and returned to the Beninese government (source: BAD, PNUD, ACBF, 2004)

Box 1: Child Trafficking

On 14/07/2004, AFP reported that the Beninese police had intercepted 27 minors, of whom nine girls, of Beninese origin and who were victims of child trafficking. They were intercepted at the Benin border, AFP learned Wednesday from police sources. "The minors, for the most part, unschooled, were kidnapped with the consent of their parents, in exchange for periodic salaries from the traffickers," declared a Beninese police officer to the AFP. These minors, aged 6 to 12 years, were from the Zakpota and Dassa-Zoume regions. They were intercepted at Hilacondji, a community located 110 kilometers north-east of Cotonou, on the border between Benin and Togo. They were being led by four Beninese who were arrested and then turned over to the judiciary police headquarters in Cotonou, added this source, who stressed: "the sensitization stage is over. We declare war on this traffickers."

Source : BAD, PNUD, ACBF, 2004

In spite of the numerous committees created between January 2003 and December 2004 to raise the awareness of families and municipalities about trafficking, this phenomenon is regressing very slowly. The fight against child trafficking continued in 2005 through the implementation of a unit comprising members of the government and of civil society in view of collective action.

Equipment was acquired and distributed to deconcentrated structures. Training on the rights and protection of children was organized for local committee members. These actions will be pursued until 2006.

The economic difficulties experienced in 2005 were not conducive to a reduction in this phenomenon, whose primary determining factor, no matter what is said, is poverty. The increase in child abuse stems from:

- the obsolescence of laws relating to the development of laws and of international instruments and to the worsening of the abuse of children ;
- insufficient knowledge of the legal texts that punish these actions
- socio-cultural obstacles, notably the worsening of poverty, which serves as a justification of the phenomenon, the illiteracy of the populations, the persistence in some regions of practices that favor their expansion, the complaisance of some authorities in delivering the authorization envisaged by the law and in the control of children's movement.

1.3.2 Trends in the status of Education and literacy and analysis of the impact of policies implemented in 2005

The analysis of the status and performance of education and of literacy was structured around the following strategic axes:

1. the gross school enrolment rate ;
2. the literacy rate;
3. the number of children admitted into primary school;
4. the teacher /pupil ratio;
5. the number of children who have completed primary school.

The information and statistics used as the basis for this assessment were drawn, for the most part, from documents provided by specialized services of the ministries in charge of the education sector. The period under review is examined on the basis of available information and depending

on the level of disaggregation of the indicators (gender, region, and zone).

1.3.2.1. The gross enrolment rate (GER)

The gross enrolment rate at the primary level declined from 96% in 2004 to 94% in 2005 (1 319 648 pupils in 2004 against 1 318 140 pupils in 2005). Two factors seem to account for this slight decline: (i) persistent strike action which occurred frequently during the 2004-2005 academic year (less than twenty weeks of effective teaching against the prescribed thirty six), exacerbating some parents lack of interest; (ii) the rationalization of the method for determining the basis for allocation of subsidies to compensate school contributions. The subsidy is no longer evaluated on a pro-rata basis of pupils declared; therefore, the statistics provided may be reliable than in the past. A well-designed study of the situation is necessary for informed action.

Meanwhile, the gross enrolment rate for girls declined from 84% in 2004 to 83% in 2005. Indeed there is a 22 point gap between the gross enrolment rate for boys (105%) and the rate for girls (83%). Table 1.3.1 shows trends over the last six academic years

The significant progress recorded during this period is a result of NGO involvement in implementing the package of special measures designed for municipalities with low school enrolment rates for girls. The extension and better management of school canteens also helped improve school coverage. The significant impact of the combined efforts of the Association of Mothers of Pupils, Parents Teachers Association and non governmental organizations involved in the area of education is also worth noting.

Table 19: Trends in gross school enrolment rates (in %)

Year		GER (All)	GER (Girls)
1999 /	2000	83	68
2000 /	2001	89	73
2001 /	2002	90	76
2002 /	2003	94	81
2003 /	2004	96	84
2004 /	2005	94	83

Source: MEPS, Statistical Yearbook 2004 and 2005

Table 19 shows that in 2005 the rates recorded in the Atacora-Donga (89%), Atlantique-Littoral (89%) and Borgou-Alibori (70%) departments were lower than the national average (94%). The gender gap noted in school enrolment has closed steadily (22 points in 2004 against 21 points in 2005, according to Table 19). However, current efforts must be sped up. However, a 2 point decline was noted in 2004 and 2005 in the gross school enrolment rate for girls. The rate declined from 96% to 94%. For boys, the rate dropped by 3 points. The reasons mentioned above are also applicable here.

Table 20: Trends in gross school attendance according to gender and by department.

Department	Male		Female		Total	
	2004	2005	2004	2005	2004	2005
ATACORA-DONGA	102	100	75	78	89	89
ATLANTIQUE-LITTORAL	99	96	84	83	92	89
BORGOU-ALIBORI	73	73	64	67	69	70
MONO-C O U F F O	150	145	110	109	130	127
OUEME-PLATEAU	125	120	89	87	107	104
ZOU-COLLINES	117	112	87	86	102	99
All BENIN	108	105	84	83	96	94

Source: MEPS, Statistical Yearbook 2004 and 2005

The analyses of the internal and external environment supports the possibility of attaining universal education for all school-age children (100%) by 2015. Strategies should therefore be developed to overcome the shortcomings of the sector in order to attain universal quality education and maintain children in school until they complete the primary cycle.

1.3.2.2. Literacy Rate

There is no recent assessment of the performance of the sector with regard to literacy. Information provided by some staff in charge of the sub sector indicates that between 2003 and 2005, the trend remained stagnant overall. It should be reiterated that the poor performance of the literacy sub sector is a result of a combination of the following factors: (i) the incompatibility of the capacity of the literacy programs with the grand national objectives of rolling back illiteracy, (ii) the virtual inexistence of a national framework for the collection, processing and analyses of data on literacy and the inexistence of methodological tools for projecting trends among the illiterate part of the population, (iii) the absence of strategic programming of political options and (iv) inadequate definition of the mandate of the operational structures in charge of literacy programs and adult education.

The recommendation of development partners regarding the institutional positioning of the literacy sub sector within the education sector was taken into account and the literacy plan is henceforth part of the ten-year plan for the education sector.

If current trends continue, the literacy rate for people aged 15 - 49 will be 42.4% by 2015. The related MDG target is 65.1%. The taking into account of the shortcomings of the sector and the need to promote local languages may improve literacy rates in the decade ahead and help attain the MDG levels.

1.3.2.3 Gross Rate of Admissions into Primary School (GRA) and percentage of girls registered in CI

The trend observed with respect to the gross rate of admission (also known as gross rate of access to year one) is encouraging. The indicator rose from 94% in 2003 to 99% in 2005, a 5 point increase over the period. These satisfactory results are the outcome of the combined efforts

of government and education sector stakeholders to improve access to education in response to high and pressing demand resulting from a true awareness within the municipalities. For female pupils, the rate is inadequate in spite of the 8 point increase recorded between 2003 and 2005. Indeed, the gross rate of admission of girls rose during this period from 84% to 92%.

Apart from the gender disparities noted, interdepartmental disparities were also noted in the gross rate of admission. The lowest rates continue to be recorded in the Borgou and Alibori departments followed by the Atacora and Donga departments.

Table 21: Trends in the gross rate of admission

Year	GRA (in %)	GRA girls (in %)
2001	93	81
2002	93	82
2003	94	84
2004	99	90
2005	99	92

Source: MEPS, Statistical Yearbook 2005

On the whole, this overall encouraging performance is attributable, in part, to the continued implementation of a more ambitious and focused strategy, which is underpinned by the following main points:

- The gradual mobilization of municipalities (Parent-Teacher Associations, local elected representatives, Mothers' clubs) and non governmental organizations (NGO) within the framework of decentralized management of schools
- More meticulous planning of strategic activities chosen by the MEPs and its deconcentrated organs for priority education areas;
- Preparation of the MTEF and of a sectoral program budget focused on school enrolment challenges.

1.3.2.4. Teacher/pupil ratio (REM)

To cover pupil supervision needs, three types of teachers were recruited: permanent government officers, contract-based and community teachers. The recruitment requires an analytical assessment of progress in the level of teaching conditions both at the national and regional levels.

As Table 22 shows, the REM at the national level dropped from 55.7 pupils per teacher in 2003 to 50.0 in 2005. This drop in the REM in the period under review reflects improvement in teaching conditions as a result of efforts to recruit contractual teachers into the civil service as well as community teachers.

Table 22: Trends in the number of teachers in public primary schools 2001-2005

	2001	2002	2003	2004	2005
Teachers	19 708	21 183	22 614	24 797	28 148
Of whom APE	11 891	11 967	11 500	11 500	10 351
Of whom contractors	4 208	4 254	4 368	5 433	6 897
Of whom community	3 609	4 962	6 746	5 814	10 900

Source: MEPS, Annuaire Statistique 2005

Table 23: Trends in the REM (Teacher to pupil ratio) public schools

Year	REM	Disparity between REM in remote regions
2002	55.3	10.4
2003	55.7	(Not available)
2004	53.2	9.0
2005	50.0	9.0

Source : MEPS, Annuaire Statistique 2005

In spite of these efforts, the shortage in qualified teachers persists. The resumption in 2005 of initial training of teachers in three Teacher Training Colleges (ENIs) reflects the political will of the Benin government to seek the right solutions to this shortcoming. Indeed, the qualification rate of primary school teachers deteriorated considerably between 2003 and 2005. In 2003, 78.4% of teachers were qualified; this rate dropped to 49.8% in 2005 due to an increase in the number of unqualified community teachers. It is noteworthy that efforts were made to improve the teacher/pupil ratio in 2005. Indeed, thanks to the HIPC Initiative, the government was able to recruit unemployed graduates with the requisite university education, as teachers, either by contract or as part time lecturers.

With respect to the geographical distribution of teachers, the percentage of understaffed schools at the national level increased substantially between 2003 and 2005, rising from 32% to 39%. Meanwhile, the percentage of overstaffed schools rose from 15% in 2003 to 29% in 2005. This situation is attributable to the decline in the school population, the substantial increase in the number of teachers, but in particular, the poor geographical distribution of teachers countrywide. The government should pursue efforts to recruit for given positions. In addition, it is imperative that the government introduce a strategy for the rational distribution of resources to ensure efficiency in public expenditure in the sector. Shortcomings related to the design and implementation of new programs have to be corrected taking into account the socio-economic situation of the country and the level of development of our country.

Table 24: Percentage of understaffed schools with respect to the REM (Teacher/pupil ratio)

	2003	2004	2005
Percentage of poorly staffed schools	3	31	39
Of which percentage under-staffed schools (REM higher than 70)	2	11	10
	1		
	7		
Of which percentage of over-staffed (REM lower than 40)	1	20	29
	5		

Source: MEPS, Annuaire Statistique 2005

The case of schools with an inadequate student population (15% in 2003 against 29% in 2005) is more common than that of overpopulated schools which are in net regression (17% in 2003 against 10% in 2005). This situation highlights the shortcomings of current modes of managing the teaching corps and calls for the continuation and development of the multi-grading experience. It is also important to, henceforth, draw on the recently prepared school maps as well as on the lessons drawn from the management per post experiment, supported by a system of decentralized recruitment in order to rapidly correct the disparities noticed in terms of distribution of teachers.

1.3.2.5. Number of children who have completed primary school

The goal sought through the national poverty reduction strategy is to increase the primary school completion ratio (TAP) to 56% in 2005. In 2005, the TAP was 54% at the national level—meaning that for one hundred (100) pupils admitted into the CI, only 54 complete primary school. Although there was a 5-point improvement compared with the 49% recorded in 2003, the performance is slightly below target. In addition, the repeater phenomenon persists in the primary cycle.

Table 25: Trends in Primary School Completion Rate 2001 to 2005

Year	2001	2002	2003	2004	2005
Completion rate	41	43	49	50	54
Completion rate (girls)	30	31	36	37	42

Source: MEPS, Annuaire Statistique 2005

If the current trend continues the completion rate will stand at about 71% in 2015 compared with the projected 100% under the MDG. Analyses of school statistics and of investigations carried out by the supervisory ministry of education show that the low level of retention noted in primary education in Benin is due primarily to factors relating to the supply of education.

In spite of free primary education, the school dropout rate remains high. Moreover, the school drop out rate is higher for girls than for boys (about 15% against 13%). The main reason for dropping out for both boys and girls is the inadequacy of class work resulting in repeated failures leading to frustration and disgust for school. In addition, the shortage of facilities also account for the low level of survival especially among girls. Insufficient teaching staff and the weight of repeating classes are factors which hinder the continuation of education. In addition to these two parameters there are other obstacles relating to the distance between the home and the school and the pupil/ teacher ratio.

In addition, the dynamics surrounding repeating a year continues to be a source of concern, in spite of measures that prescribe the elimination of repeating within the three sub cycles of primary education. The proportion of girls who repeat (17.36%) remains slightly higher than that of boys (16.70%). The average rate of repeating in 2005 was 15%. This rate has declined compared with 2003 when it stood at 20%. The percentage of repeaters in the CI in public schools dropped from 17% to 7% in 2005. This encouraging result is the outcome of the rigorous and sustained management of structural adjustment launched to eliminate systematic repeating of the school year. In the medium term, communication actions should be pursued to ensure proper

institutionalization of the measures to support its extension to other sub-cycles that are not yet covered.

It was, however, encouraging to note that the weight of newcomers who were drop-outs declined to 9% in view of a 7% target. This improvement is, however, inadequate considering the target with regard to universal education.

1.3.2.6. Policies implemented to promote gender equality in education

Table 25 provides us with an overview of what was achieved in the area of education between 2003 and 2005. It should be noted that considerable progress has been made with respect to gender equity in education. Unfortunately, although the gap between the TBS of boys and that of girls is narrowing, it still remains rather high as a result of the low status of the woman in the Beninese society; a low status which is worse when the woman is not educated or has a very low level of education. An analysis of various actions related to the education of girls implemented by the government, by technical and financial development partners and by non governmental organizations (NGOs) between 2003 and 2005, it is clearly obvious that socio-economic characteristics are difficult to change.

Many NGOs have invested in the education of girls. The summary table below provides an overview of the work of NGOs in the education of girls. The Association of Mothers of Pupils was initiated by World Education AME/WE and by the National Network for the Promotion of the Education of girls (AME/R).

Table 26: Summary of activities carried out for the for the promotion of education of the girl

Overview of OM	
AME/WE: Created between December 2003 and March 2004. 36 implanted in 6 school areas. Between 7 and 15 Members in the offices	AME/R: Set up in June/July 2005. 60 in 15 municipalities with low levels of school attendance for girls. 5-9 mothers members in the executive + all mothers of pupils
CME/Plan: created in 2004/2005. 57 implanted in 3 municipalities in Couffo. Between 7 and 11 women per office.	CRF/AeA: created in 2003, 82 including 52 operational, in 7 localities in Atlantique, office of 9 women
Mother's Clubs/MEPS: 9 community coordinators in Zou installed in September 2004. >70 in districts. Clubs present in several villages in Zou + office in municipalities with low levels of school attendance for girls	

Source:

In addition to these associations, it is worth noting the work carried out by the CME (Committees of Pupils Mothers) with the assistance of Plan Benin and that of the Mothers Club supported by the Ministry for Primary and Secondary Education (MEPS) and the CRF by AeA (Assistance and Action) with regard to the education of girls

The allocation of HIPC funds benefited social sectors in priority and this has a positive impact on the education environment: increase in infrastructures, improvement of the teacher/student ratio, etc. The health and education sectors alone received about 83% on average per year of the HIPC Fund resources allocated to the social sector.

1.3.2.7 Initiative to promote actions to enroll and keep girls in school

In 2005, several awareness-raising sessions were organized all over the country on the education of children, especially girls. Assistance (credit and grants in the form of materials) was granted to women's groups depending on the enrolment and maintenance of girls in school in some areas.

Government actions have to be consolidated by initiatives such as the following:

- Organizing extensive information, sensitization and social mobilization campaigns to emphasize the relevance of new education programs;
- Introducing and/or strengthening civic education, moral education, human rights, citizenship as well as gender equality and equity into education programs at all levels;
- Strengthening education in family life to help teenagers and youths develop skills in the area of reproductive health and with regard to STI/HIV/AIDS in particular;
- Strengthening self training by youth by opening and expanding EVF/EMP, EPD and UNESCO clubs to all levels of the educational ladder;
- Providing opportunities to reduce the domestic chores of women especially in rural areas so that too much housework will no longer be used as excuses to pull girls out of school;
- Setting up and/or strengthening orientation services at all levels of the educational system;
- Developing a safe and secure environment in collaboration with local municipalities;
- Pursuing free primary education for young girls to avoid school drop out;
- Improving and extending, in collaboration with decentralized organs, school canteens to all areas which need them to guarantee one balanced meal per day, at least, for underprivileged pupils.
- Pursuing and improving refresher training for teachers in line with the methodology of the competence-based approach for the proper utilization of the new syllabi and the gender based approach to eliminate gender-based stereotypes of behaviors and didactic material.
- Improvement in the production and distribution of appropriate didactic material in collaboration with development partners (UNFPA, 2005).

All the points raised are commendable activities to be implemented in order to keep girls within the educational system, but the government has to define its priorities depending on available resources.

1.3.3. Trends in the sanitation, energy and environmental situation and analysis of policies implemented in 2005

The situation with regard to sanitation, energy and environment was analyzed using four indicators

1. Percentage of the population with access to drinking water;
2. Percentage of households with latrines;

3. Rate of access to public source of electricity by households;
4. Rate of deforestation due to uncontrolled bushfires.

1.3.3.1. Drinking Water

Drinking water is a crucial element for people's health. Unfortunately, the risks posed by water-related diseases are still high. The status of drinking water has improved as a result of actions implemented during the 2003-2005 period, under the poverty reduction framework. Indeed, coverage in rural areas rose from 35% in 2002 to 36% in 2003, 38% in 2004, and to 41% in 2005, a 6 percentage point increase between 2002 and 2005. The population's access rate thus rose from 61.1% in 2002 to 66.3% in 2004, increasing the population with access to drinking water in 2005.

As the following table shows, the Alibori, Borgou and Zou departments had the highest level of coverage

Table 27: Level of water points per department in 2006

Departments	Number of water points
ALIBORI	265
ATACORA	21
ATLANTIQUE	96
BORGOU	179
COLLINES	97
COUFFO	29
DONGA	18
MONO	44
OUEME	37
PLATEAU	3
ZOU	221
TOTAL	1010

Source: Energy Directorate

1.3.3.2. Latrines

The statistics on latrines were not collected by the *Direction de l'Hygiene et de l'Assainissement de Base* (DHAB). The only remaining available source is the 2002 RGPH3. According to this source, the level of sanitary equipment of households in Benin is low. Indeed, in 2002, only one-third of households had toilet facilities: ventilated latrines (16.2%), non-ventilated latrines (16.2%) and flush toilets (2.8%). The majority of households (67.3%) does not have toilets and defecate in the open. Faecal matter-related risks are therefore high, especially in rural areas, since surface waters are sources of drinking water.

The situation is acceptable in coastal areas where it is less common for people to relieve themselves in the open (17.6%); it is critical in the four departments in the north, Collines, Mono, and Couffo where the inexistence of toilets is deplored in 75 to 90 % of households. The situation is not any better in Oueme (61%), Atlantique (65.1%), Zou (68.1%).

Comparison of the level observed in 2001 with that in 2001 shows that the use of latrines has improved slightly, rising from 32.1% in 2001 to 32.6% in 2002, a 0.5 % rate of increase. If this trend continues, the observed value will only be 33.1% in 2003, 33.6% in 2004, and 34.1%

in 2005. This low increase rate is attributable to the population's little interest in the issue of toilets, as long as nature is available for them to ease themselves. It is difficult to believe that the construction of a toilet depends generally on the "nature constraint", that is, when it is difficult or indecent to "relieve oneself" out in the open. In some municipalities in Benin, sociological constraints do not favor the construction of toilets, based on the argument that "two holes cannot face each other".

To address this situation and achieve expected objectives related to availability of latrines, it is advisable to conduct an awareness-raising campaign at the national level and in rural areas, in particular. One could even envisage the use of a related policy in due form, with the promotion of community latrines.

1.3.3.3. Energy

Prior to the implementation of the first PRSP, the energy situation in 2002 was as follows:

- only one in five households (22.4%) had access to a public source of electricity. 77% of households still used paraffin oil for lighting;
- The use of paraffin oil was a dominant characteristic of rural households (94.9%). In urban areas, 46.8% of households used electricity;
- There were disparities among departments: the Littoral was first with 69.9%, followed by Ouémé (30.8%) and Atlantique (20.9%). In the other regions, less than one household out of 5 had access to electricity. The situation was difficult in Alibori (5.4%), Atacora (5.6%), Donga (5.9%) and Collines (6.9%). Zou, Mono, Couffo and the Plateau were in an intermediary position with 17.4%, 15.3%, 9.9% and 9.5%, respectively, of their households having access to electricity.

Between 2003 and 2005, the MMEE made significant efforts to electrify municipalities. At end-2002, the number of electrified localities (solar energy, generators, pre-electrification using multi-functional platforms, etc.) was 749. This number increased to 756 in 2003; 825 in 2004 and 864 in 2005, an increase of 7 municipalities between 2002 and 2003; 61 municipalities between 2003 and 2004, and; 39 municipalities between 2004 and 2005. A slight decrease was noted in 2005.

According to MMEE figures, thanks to these achievements, an electric energy coverage rate of 22.1% was attained in 2004, compared with 20.2% in 2003 and 20% in 2002.

Despite the observed improvements, alleviating the burden of manual work on the population and reducing the use of firewood through rural electrification remains an objective with a long-term target. The different ongoing restructurings in the electricity sector, notably at the *Societe Beninese de l'Energie Electrique* (SBEE) and at the *Agence Beninese d'Electrification Rurale et de Maitrise d'Energie* (ABERME) are cause for hope.

1.4 TRENDS IN THE STATUS OF GOVERNANCE AND INSTITUTIONAL CAPACITIES AND ANALYSIS OF POLICIES IMPLEMENTED IN 2005

The status of governance and institutional capacity is assessed using twelve indicators:

- Rate of use of payment orders
- Rate of use of advance payment schemes
- Average time frame for payment of government expenditure (type of contract, ministry)
- Average procurement deadline for contracts financed by the national budget (type of contract, ministry)
- Rate of increase of budget allocations to ministries in PRSP priority social sectors (MEPS, MSP, MMEH, METFP)
- Budget execution rate (commitment basis) of current expenditures in the PRSP priority social sector ministries (MEPS, MSP, MMEH, METFP)
- Budget execution rate (commitment basis) of investment expenditures financed by the national budget in the PRSP's priority social sector ministries (MEPS, MSP, MMEH, METFP)
- Rate of increase of budget allocations to municipalities by Department
- Rates of execution of municipal budgets (payment order basis)
Commitment rates of delegated non-wage operating allocations (MEPS, MSP, MMEH, METFP)
- Commitment rate of delegated investment allocations (MSP, MMEH, MEPS, METFP)
- Women's participation index

1.4.1. Rate of use of payment orders

The rate of use of payment orders (PO), taking into account both the SIGFiP PO and the Treasury PO, declined 36.7% between 2004 and 2005, from 15.65% (2004) to 9.9 % (2005). With respect to the performance objectives agreed with partners¹⁶ (<= 15% of expenditures for which payment orders have been issued), efforts made by the government have helped considerably reduce the use of PO in 2005.

This observed decline is primarily attributable to the remarkable efforts made by the General Directorate of the Budget (*Direction Generale du Budget (DGB)*) to regulate POs. Indeed, the rate of use of POs within SIGFiP declined considerably by 84.5% between 2004 (8.2%) and 2005 (1.3%). In contrast, in nominal terms, Treasury POs rose from about 22 billion in 2004 to 34.547,251,728¹⁷ billion in 2005, representing 8.6% of POs over the same period. Thus, measures should be taken to substantially reduce POs, notably within the Public Treasury.

Furthermore, it is important to mention that the High Court of Justice, the Constitutional Court, the Supreme Court and the Ministry of Youths, Sports and Leisure are the government institutions where a good part of expenditures with payment orders issued, notably those relating

¹⁶ Matrix of measures of PRSC-3 (Cf. Aide Memoire de la Mission Technique PRSC-3 ,08-19 December 2005, page 15)

¹⁷ 17 33.228.913.991 FCFA was made available for structures and other organizations and the remainder for the Head of State's trip.

to current expenditures, were executed under emergency procedures by the DGB.

Table 28: Rate of use of SIGFiP POs by ministry in 2005

Institutions and Ministry	Amount PO Budget	Allocation	Rate (%)
<i>AN</i>	0	5 523.5	0.00
<i>CC</i>	175.5	702.8	24.98
<i>CS</i>	175.7	1 429.2	12.29
<i>CES</i>	0	912.4	0.00
<i>HAAC</i>	0	1 187.1	0.00
<i>HCJ</i>	166.01	392.6	42.30
<i>PR</i>	119.8	5 463.6	2.19
Total gov't institutions	637.1	15 611.1	4.08
<i>MDN</i>	27.1	23 716.9	0.11
<i>MISD</i>	962.7	19 005.4	5.07
<i>MAEIA</i>	0	12 377.2	0.00
<i>MFE</i>	132.5	15 309.9	0.87
<i>MCPPD</i>	104.4	10 465.8	1.00
<i>MCRI-SCBE</i>	2	803.4	0.25
<i>MFPTRA</i>	0	3 750.2	0.00
<i>MCPTN</i>	0	2 450.7	0.00
<i>MCAT</i>	95.3	6 288.4	1.52
<i>MESRS</i>	258.1	22 962.4	1.12
<i>MJSL</i>	853.7	3 011.9	28.34
<i>MFPSS</i>	65.7	4 279.3	1.54
Total non priority min	2 501.5	124 421.4	2.0
<i>MICPE</i>	107.8	7 310.9	1.47
<i>MJLDH</i>	9.5	6 464.7	0.15
<i>MTPT</i>	23.7	47 415.6	0.05
<i>MEHU</i>	208.4	25 791.2	0.81
<i>MSP</i>	1 316.4	41 617.5	3.16
<i>MMEH</i>	- 18.5	13 113 .1	-0.14
<i>MAEP</i>	35.08	31 528.9	0.11
<i>MEPS</i>	0	79 642.3	0.00
<i>METFP</i>	286.2	7 762.9	3.69
Total priority min	1 968.6	260 647.3	0.8
TOTAL GLOBAL	5 107.2	400 679.8	1.27

Source: SIGFiP/DGB/MFE, 2005

1.4.2 Rate of use of advance payment schemes

The use of advance payment schemes is a non-rigorous practice in public expenditure execution which seems to be well-developed in Benin. Public finance management best practices recommend its elimination in the long term. The target for 2005 was to reduce expenditures executed with advance payment schemes to 8% or less. But it should be noted that, overall, the practice is in decline, compared with previous years. Indeed, since 2002, the government has reduced the number of advance payment schemes by 83% (from 617 in 2002 and 317 in 2003 to

106 in 2005). The rate of use of advance payment schemes in 2005 was 11%, of which 10% in current expenditures. Additional measures should be taken to further reduce the use of advance payment schemes in the future.

1.4.3. Average time frame for payment of government expenditure (type of contract, ministry)

For all ministries and institutions, the average time frame for payment of government expenditures for 2005 increased considerably. This was due to the exaggerated delay in payment enforcement by the Public Treasury. Indeed, at the national level, payment enforcement by the public treasury accounts for about 3/5 of the average timeframe for payment of public expenditures. This delay is not compliant with the standards set forth in the credit notification letter.

Table 29: Average timeframe for payment by type of contract and by ministry

Category	General Budget				Operating Budget 2005	Common expenditures 2005	BESA 2005	PIP 2005
	2003	2004	2005	Target				
<i>Institutions of the Rep.</i>	-	25	71.6		66		87	75
<i>all</i>	23	23	58.4		62	43.5	76	143
<i>Non-priority ministries</i>								
<i>MJLDH</i>	22	25	57.9		56.5		93.6	62.8
<i>MTPT</i>	17	26	60.9		51.4		36.9	82.1
<i>MICPE</i>	22	25	70.4		63.6		70.4	83.6
<i>MEHU</i>	16	30	60.9		53.4		96.7	75.9
<i>MAEP</i>	15	31	67.3		62.1		32.2	71
<i>Other all</i>	18	28	62.0		56		45	77
<i>Priority ministries</i>								
<i>MSP</i>	26	32	70.5		69.6		88.1	70.2
<i>MMEH</i>	18	29	72.8		73.7		95.6	69.9
<i>MEPS</i>	23	28	57.6		59.0		32.2	70
<i>METFP</i>	21	30	59.0		55.2		61.4	64.3
<i>Ensemble</i>	22	30	62.8		62		42	69
<i>All priority social sector ministries</i>								
<i>Priority ministries</i>	20	29	62.5		61		43	75
Total country	24	24	61.0		60.5		59.6	71.4

Source: SIGFIP/MFE

1.4.4. Average procurement deadline for contracts financed by the national budget

The expected results for 2005 have been largely reached with respect to, on the one hand, the targets agreed with ABC partners¹⁸ and, on the other hand, the levels of indicators in 2004. Indeed, the deadline for the procurement of supplies is 51 days, compared with an objective of 55; for major works, it is 75 days, compared with an objective of 75; and for minor services, it is 65 days, compared with an objective of 65. In comparison with 2004, a laudable effort was made to reduce the average procurement deadline by 55% for supplies. A four-point decline was recorded for services, and for major works, the deadline increased by four points.

Such performance could be related to the signing of decrees in nearly all ministries dealing not only with the creation, the operation and the responsibilities of the public procurement units, but also with the appointment of new officials responsible for running the units. These provisions have certainly helped streamline administrative procedures for procurement.

Table 30: Trends in average procurement deadlines (in days) by contract type

	2002	2003	2004		2005		dif
	Reference value	Actual value	<i>Value achieved</i>	<i>Value achieved</i>	Target	Actual	
Supplies	58	64	113		51	55	4
<i>Services,</i>	67	104	69		65	65	0
small and average works							
Major works	80	96	71		75	75	0

Source: OCS calculations

1.4.5. Rate of increase of budget allocations to ministries in PRSP social priority sectors (MEPS, MSP, MMEH, METFP)

Benin's government and development partners give increasingly great importance to priority social sectors, which are supposed to have a quick and efficient impact on the improvement of the living conditions of the poor. In this regard, in 2005, budget trade-offs were once more in favor of priority social sectors, and significant additional resources were allocated to these sectors (some 16.5 billion more than in 2004), which truly reflects the fiscal choices of the PRSP. Indeed, the weight of priority social sectors in the government's general budget is in the order of 24.1%, compared with 20.1% and 21.1% for the other priority sectors and the non-priority ministries, respectively

In 2005, the external contribution to priority social sector expenditures was 4.7% of the general budget, compared with 4% in 2004; furthermore, in nominal terms, the rate of increase of foreign resources allocated to priority social sectors between 2004 and 2005 was 24%, compared with only 4 % for the general budget, which is in line with the increasingly stronger donor commitment to the implementation of the Millennium Development Goals (MDGs).

¹⁸ Joint budget support.

Although priority social sectors have represented a significant proportion of the government's general budget since 2001, it is worth mentioning that in 2005, the rate of increase of budget allocations to these sectors is 13%, three points less than that of the general budget (target rate: 16%) and two points less than that of government institutions (15%).

Even though operational expenditures in priority social sectors have been maintained within reasonable proportions (8% of general budget in 2005, compared with 9% in 2004), personnel expenditures increased considerably (8.5% of general budget in 2005, compared with 7.9% in 2004). As a result, in 2005, ordinary expenditures (operations and personnel) of priority social sectors represent 68% of their allocations. Furthermore, 62% of capital expenditures are foreign-financed.

Investments in road infrastructure, sanitation and agriculture remain strongly dependent on foreign financing. Indeed, in 2005, 55.5% of foreign assistance (compared with 48% in 2004), or 9.7% of the general budget, was dedicated to the development of these sectors whose productive character is unquestionable. Given the importance of these sectors in wealth creation and development, it is important to foresee an in-depth review of public expenditures in terms of budget allocations (capital expenditures) to the various productive sectors to ensure expenditure efficiency and effectiveness. There can be no efficient fight against poverty without wealth creation.

Table 31: Rate of increase of budget allocations in 2005

RATE OF INCREASE OF BUDGET ALLOCATIONS IN 2005	Rate	Target
	Achieved 2005 (%)	Value 2005 ¹⁹ (%)
Government institutions	15	
All non-priority ministries	3	--
All other non priority ministries	7	--
Ministry of Public Health	5	>=16
Ministry of Mines, Energy and Water	32	>=16
Ministry of Primary and Secondary Education	16	>=16
Ministry of Technical Education and Vocation Training	6	>=16
All priority social sector ministries	13	>=16
All priority ministries	10	--
Total country	16	--

SOURCE: calculations done by OCS

¹⁹ The relative increase in the budget of each of the priority social ministries must be higher than the relative increase of the budget.

1.4.6. Budget execution rate (commitment basis) of current non-wage expenditures in the PRSP's priority social sector ministries (MEPS, MSP, MMEH, METFP)

The Budget execution rate (commitment basis) of current non-wage expenditures in the PRSP's priority social sector ministries was 98.05% in 2005, compared with an expected rate of 97%, or 1.05% higher. Compared with the previous year, priority social sector ministries achieved a remarkable performance: 10.4 points more than in 2004, whereas for the total current expenditure budget, observed performance was lower (1.2%). Only the Ministry of mining, energy and ... recorded a negative performance in 2005.

Table 32: Rate of execution of non-wage current expenditures (commitment basis) from 2003 to 2005

Rate of execution of Non-wage current expenditures (commitment basis) (%).	Value achieved		2005- 2004		Gap (%)
	2003 (%)	2004 (%)	2005 Value achieved	Target value	
Government institutions	90.8	98.1	99.29	-	1.2
All, Non priority ministries	96.5	97.3	98.77	-	1.5
Ministry of Public Health	99.8	87.4	98.06	>=97 ²⁰²⁰	10.7
Ministry of Mines, Energy and Water	98.6	96.3	82.61	>=97	-13.7
Ministry of Vocational Education and Technical Training	98.8	96.8	97.93	>=97	1.1
All, priority social sectors	99	87.7	98.05	>=97	10.4
Other priority sectors	97.3	96.3	84.34		-12
All priority sectors	98.9	89.7	94.78		5.1
Total country	96.9	94.9	96.77		1.9

SOURCE: Calculations done by OCS

²⁰ The rate of execution of non-wage current expenditures in each of the priority social sector ministries should exceed the average rate of execution of non-wage current expenditures for the whole government budget, as recommended by the partners of ABC

1.4.7. Budget execution rate (commitment basis) of investment expenditures financed by the national budget in the PRSP's priority social sector ministries (MEPS, MSP, MMEH, METFP)

The budget execution rate (commitment basis) of investment expenditures financed by the national budget in the PRSP's priority social sector ministries was 80.8% in 2005, compared with an expected rate of 89.5%, or 8.8 points lower than the target rate. Compared with the previous year, priority social sector ministries achieved a performance of 2.9 points, less than

the general budget's performance (4.9 points). Strong measures have to be taken, especially by Ministry of health authorities, because since 2003, this Ministry has performed poorly in the consumption of investment expenditures financed by the national budget. Compared to the budget execution rate of non-wage current expenditures, the execution rate of investment expenditures remains low.

Table 33: Changes from 2003 to 2005 of the budget execution rate (commitment basis) of investment expenditures by type of Ministry financed by the national budget in PRSP priority sectors in comparison to other sectors

Rate of investment expenditure Expenditure execution (commitment basis, budget National)	Value	Value	2005		Gap
	achieved	achieved	Value achieved	Value targeted	2005- 2004 (%)
	2003	2004			
All government institutions	78.7	106.1	160.99	-	54.89
All non priority min.	86.2	86.2	89.51	-	3.31
MSP	83.4	79.8	73.88	≥89.5	-5.92
MMEH	73.5	72.3	92.91	≥89.5	20.61
MEPS	62.1	74.0	82.03	≥89.5	8.03
METFP	100.0	86.6	90.04	≥89.5	3.44
All Sectors	78.5	77.9	80.77	≥89.5	2.87
All Other social priority sectors	114.4	91.7	92.05	≥89.5	0.35
Priority	97.9	86.2	88.21	≥89.5	2.01
All sectors	91.8	84.6	89.52		4.92
Total priority country					

SOURCE: Calculations done by OCS

1.4.8. Rate of increase of budget allocations to municipalities by Department

The transfer of financial resources to promote decentralization reforms in Benin is not yet a tangible reality in terms of, on the one hand, the share of the rate of increase of budget allocations to municipalities and, on the other hand, the absolute amounts of such allocations. The central government, for the year 2005, increased by 11% (compared with 172% between 2003 and 2004) the actual subsidies to municipalities, with significant discrepancies among

departments (see table below). Indeed, several municipalities in the Alibori, Atacora, Donga, Atlantique, and Plateau departments received lower subsidies than in 2004. The major part of these resources allocated to municipalities is still managed by the central government. These seesaw changes in the locations to municipalities illustrate the embryonic nature of the implementation of decentralization as a concept. It is advisable to accelerate the process of actual transfer of resources to local municipalities to allow the population to effectively implement democracy at the grassroots level and to give local development a real chance of success in Benin.

Table 34: Changes in the rate of increase of budget allocations (subsidies) to municipalities from 2003 to 2005

	Transfers received in millions of CFAF (subsidies)			Rate (%) of increase of subsidies to municipalities between 2004 and 2005
	2003	2004	2005	
ALIBORI	71	180	107,3	-40
BORGOU	87	123	240,7	95
ATACORA	86	298	279,7	-6
DONGA	50	117	95	-19
ATLANTIQUE	45	154	125,6	-19
LITTORAL	0	0	0	0
COUFFO	42	161	190,8	19
MONO	30	147	164,7	12
OUEME	87	209	308,9	48
PLATEAU	51	126	112,2	-11
COLLINES	51	163	175,7	8
ZOU	76	155	231,6	50
TOTAL	675	1 833	2 032	11
GENERAL				

Source : mfe/dgtcp/service des collectivites locales

1.4.9. Rates of execution of municipal budgets (payment order basis)

The execution rates of municipal budgets are not only excellent for the three years of implementation of PRSP-1, but also increasing significantly. Indeed, they rose from 98.8% in 2003 to 99.0% in 2004 and 100.3% in 2005. This strong performance of municipalities in the execution of their budgets reinforces the opinion that it is necessary to give them more budget opportunities. However, it is worth mentioning that there are discrepancies among departments. For example, the Borgou, Donga, Couffo Plateau and Collines departments posted rates that are slightly under the national average (96.4%, 97.8%, 93.8%, 98.3%, 96.4%, 95.7%, respectively, compared with 100.3% at the national level).

However, a major problem remains: revenue collection at the municipal level.

Table 35: Changes in municipal budget execution rates from 2003 to 2005

	Operating				Capital				Budget global			
	O N	O N	O N	⁰ N RC dN	O N	O N	O N	^a RO GN	O N	O N	O 0	^a RO GN
ALIBORI	98.5	96.3	105.7	9.5	96.0	101.2	107.0	5.8	98.2	97.1	106.0	8.9
BORGOU	93.3 2	103.	102.9	-0.4	106.9	66.2	78.4	12.2	95.8	94.5	96.4	2.0
ATACORA	97.3	97.8	97.2	-0.6	104.5	120.2	269.7	149.5	98.0	100.6	117.9	17.3
DONGA	94.2	92.9	96.1	3.1	107.6	69.2	130.1	60.8	95.0	90.1	97.8	7.7
ATLANTIQUE	96.1 4	109.	107.7	-1.7	110.0	101.4	83.6	-17.8	98.0	107.4	103.0	-4.4
LITTORAL	100.1 6	100.	81.9	-18.7	100.0	100.0	ND	ND	100.1	100.4	100.0	-0.5
COUFFO	93.3	97.3	77.6	-19.7	103.9	103.0	896.2	793.3	94.1	98.4	98.3	-0.2
MONO	97.6 3	101.	80.8	20.4	87.9	87.6	264.1	176.5	96.4	98.2	93.8	-4.4
OUEME	98.7	96.8	84.5	-12.3	102.6	110.4	365.5	255.1	99.5	99.2	101.1	1.8
PLATEAU	80.4	94.7	75.5	-19.2	103.4	103.7	377.9	274.1	82.6	96.5	96.4	-0.1
COLLINES	103.1	89.0	91.2	2.3	103.9	129.5	115.0	-14.5	103.4	101.6	95.7	-5.9
ZOU	95.2	87.4	91.6	4.2	147.1	83.1	127.2	44.2	100.0	86.4	100.4	14.0
TOTAL GENERAL	98.0	99.3	97.0	11.4	102.2	98.0	221.9	123.8	98.8	99.0	100.3	1.3

SOURCE: Calculations done by OCS

1.4.10. Commitment rates of delegated non-wage operating allocations to priority social sector ministries (MEPS, MSP, MMEH, METFP)

Contrary to previous years, the commitment of delegated non-wage operating allocations in 2005 for priority social sectors is low: 78.39%, or a 21.1 point decrease from 2004. This decline is mainly attributable to the poor performance observed during the same year at the Ministry of Public Health. Indeed, the commitment rate of delegated appropriations to this sector fell from 24.7% compared to 2004. It is all the more verified that the share of resources allocated to this

sector represents 65.7% (more than 4/5 of delegated allocations to priority social sectors) of the total amount of the delegated allocations.

Since 2003, the share of priority social sector ministries in the total amount of delegated allocations has been high, although it decreased slightly between 2003 and 2004 and between 2004 and 2005, albeit in a smaller proportion. Indeed, the decrease recorded between 2003 and 2004 is 4.1 points, compared with 1.3 points between 2004 and 2005. This decline is significant over the 2003-2005 period.

Table 36: Changes in commitment rates of non-wage delegated operational allocations

	2003		2004		2005		GAP 2005-2004	
	Rate* (%)	CREDIT RATIO DELEGUESITOTA OF DEL. CREDITS (%)	Rate* (%)	CREDIT RATIO DELEGUESITOTA OF DEL. CREDITS (%)	Rate* (%)	CREDIT RATIO DELEGUESITOTA OF DEL. CREDITS (%)	Gap Rate (%)	Gap Rate (%)
All. Mins. Non Priority other Mins	99.9	12.5	100.00	17.0	99.72	16.1	-0.28	-0.9
Priority MSP	98.6	4.7	98.59	4.4	85.04	6.5	-13.55	2.1
MMEH	100.0	46.0	99.09	45.1	74.55	65.7	-24.5	20.6
MEPS	100.0	0.1	100.0	0.2	99.85	1.6	-0.1	1.4
METFP	99.9	36.3	99.93	32.9	100.00	9.7	0.1	-23.2
All. Min. Priority social sectors	99.9	0.5	100.00	0.5	100.00	0.4	0.0	-0.1
	100.0	82.8	99.45	78.7	78.39	77.4	-21.1	-1.3
Total Delegated credits	99.9	100.0%	99.51	100.0	82.26	100.0	-17.2	

Rate of commitment of delegated credits

SOURCE: Calculations done by OCS

Table 37: Share of delegated allocations in the operational budget

Share of delegated Credits in the Operating budget	Rate 2003 (%)	Rate 2004 (%)	Rate 2005 (%)	Gap 2005 -2004
All non priority ministry				
	8.40	11.20	11.40	0.20
Other ministries				
	8.30	6.50	10.60	4.10
Priorities				
.MMEH	0.80	0.90	11.50	10.60
MSP	30.60	26.10	44.90	18.80
MEPS	23.10	17.80	6.20	-11.60
METFP	3.40	2.90	2.80	-0.10
All, Priority social sector ministries	24.80	20.10	23.30	3.20
All ministries				
	22.40	18.10	21.30	3.20
Total				
Priority	18.50	16.40	18.70	2.30

SOURCE: Calculations done by OCS

1.4.11. Commitment rate of delegated investment allocations to priority social sector ministries (MSP, MMEH, MEPS, METFP)

In 2005, only the Ministry of mining, energy and water received delegated investment allocations. The commitment rate of such allocations in this Ministry is 99.4%, which is higher than the national average (96.3%).

1.5 CHANGES IN THE SOLIDARITY SITUATION AND IN POOR PEOPLE'S CAPACITIES TO PARTICIPATE IN THE DECISION-MAKING AND PRODUCTION PROCESS, PACKED IN MINT OF DEVELOPMENT GOALS AND IMPACT ANALYSIS OF POLICIES IMPLEMENTED IN 2005

On Pillar 4 of the PRSP, "Solidarity management and capacity building to help the poor participate in the decision-making and production process", two (02) performance and impact indicators were proposed, namely:

- Women's rate of access to allocations;
- Proportion of land parcels with titles belonging to women.

These indicators are not included in the PRSP and were retained after the evaluation of the 2003 status report on PRSP implementation

As a result, the reference values and development targets for these indicators are not included in the PRSP.

1.5.1 Women's rate of access to credit

The indicators contained in the monitoring and evaluation guide of PRSP implementation show that women's access rate to credit is the ratio of the number of credits received by women to the number of credits received by men. Statistics available at the Microfinance Unit do not make it possible to calculate the indicators. However, the penetration rate of MFIs can be calculated.

The penetration rate shows the proportion of the number of customers covered by MFIs in relation to the capacities of the potential of the market targeted by the microfinance sector. This rate is very difficult to determine due to the absence of real statistics on the importance of the potential of the target market. Although there are some estimates, they do not reflect reality.

The penetration rate at the national level is calculated by the Microfinance Unit using a ratio whose numerator is the number of SFD customers and whose denominator is the poor and economically active population, estimated at 2,000,000 people by the INSAE after RGPH3.

At the national level, the penetration rate is defined as the ratio of the number of beneficiaries of microfinance services to the economically active poor population (the economically active poor population is estimated at two million people). According to Microfinance Unit calculations, the rate stood at 30.3 per cent in 2004. Thus, only less than one third of the economically active poor population of Benin has access to and benefits from savings and loan services of decentralized microfinance institutions (MFIs). Such a ratio may mean that a large part (about 70 per cent) of the potential market is not covered by MFIs. This rate is still very low considering the Government's poverty reduction objectives.

At the end of December 2003, the penetration rate in Benin was estimated at 26.3 per cent. The 4 points increase in the penetration rate in 2004 reflects a temporary increase in the number of customers and shows progress in microfinance implantation.

The 2004 Financial and Social Performance Report on Microfinance Institutions in Benin, published in December 2005 by the ALAFIA Consortium, shows that women are the majority of loan applicants: 53 per cent of women against 46 per cent of men.

Thus, MFIs provide additional resources for households through micro-credits. The surplus generated from these credits should enable households with a per capita income deficit to improve their consumption and those with a higher per capita income, to increase their investments.

Experiences both at the national and world levels show that microfinance is a powerful tool for fighting poverty, considering the services it provides to people and the attendant impact on the improvement of the standards of living of these people. Unfortunately, the number of people with access to such services is still low. In order to improve on this indicator and strengthen the role and presence of the microfinance sector in Benin to complement the formal banking sector, there is need for providing continuous support to the Microfinance Unit and for rapidly setting up an SFD Support Fund to increase their intervention capacities and their ability to meet the needs of the people.

Furthermore, it is imperative to conduct systematic collection of data at the level of MFIs throughout the national territory with a view to facilitating the regular calculation of indicators, notably the rate of access to credit per department or municipality, MFI, gender, etc.

This will make it possible to objectively appreciate poor people's access to savings and loan services and to take subsequent corrective measures.

In 2005, Government microfinance was set up at the MFPSS through the National Solidarity and Social Action Support Fund (FASNAS), a human dignity support and solidarity institution. Apart from the Ministry of Family Affairs and Social Protection, which grants loans, there are also:

- the Ministry of Health and the Ministry of Plan that give out loans to farmers' organizations and village groups,
- the Ministry of Finance and Economy that also allocates credit lines to some microfinance institutions of the capital city.

Table 38: Distribution of individual beneficiaries of the FASN per Division and according to the sum allocated in 2005

Department	Beneficiaries			Amount/Gender		
	Male	Female	Total	Male	Female	Total
Alibori	28	142	170	2780000	14030000	16810000
Atacora	13	144	157	1200000	13880000	15080000
Atlantique	37	224	261	3390000	20425000	23815000
Borgou	57	165	222	5180000	15010000	20190000
Collines	38	148	186	3800000	14770000	18570000
Couffo	27	156	183	2430000	13884000	16314000
Donga	25	92	117	2500000	9110000	11610000
Littoral	10	107	117	1000000	10390000	11390000
Mono	41	193	234	3003000	15397000	18400000
Oueme	68	365	433	6650000	34385000	41035000
Plateau	45	120	165	4500000	11950000	16450000
Zou	77	294	371	7500000	27920000	35420000
Total	466	2150	2615	43933000	201151000	245084000

Source: MFFE, 2005

Table 39: Distribution of group beneficiaries of the FASN per Division and according to the sum allocated in 2005

Number of groups	Amount by type of group (in Thousands of FCFA)							
	Male	Female	Mixed	Total	Male	Female	Mixed	Total
Department								
Alibori		5	2	7	-	1500	600	2100
Atacora		6	-	6	-	1700	-	1700
Atlantique		4	2	6	-	1200	600	1800
Borgou	1	5	4	10	300	1500	1100	2900
Collines		1	14	15	-	300	4200	4500
Couffo			4	4	-	-	1200	1200
Donga		7	5	12	-	2100	1500	3600
Littoral			2	2	-	-	600	600
Mono		6	8	14	-	1800	2349,5	1149,5
Oueme		1	7	8	-	300	2100	2400
Plateau	1			1	300	-	-	300
Zou	1	14	8	23	300	4200	2400	6900
Total	3	49	56	108	900	14600	16649,5	32149,5

Source : MFFE, 2006

Information from FASNAS Management shows that the amount of credits dropped between 2004 and 2005. There was a sharp drop in men's credit in 2005. But there was a slight increase in women's credit. There was also a drop in credits granted both men's and women's groups. The generalized poverty situation witnessed in 2005 can be explained in part by a drop in the possibilities of the poor to take care of themselves.

Table 40: Number of beneficiaries of FASNAS²¹ credit in 2005

Beneficiaries of credit individual		Beneficiaries of credit by group		Beneficiaries by credit	
Men	Women	Men	Women	Men	Women
466	2150	268	1354	2509	1206
2616		1622		4238	

Government actions do not tie in with poverty reduction objectives. In fact, between 2003 and 2005, there was a net decline in the number of individual and group beneficiaries. However, between 2004 and 2005, the number of female groups increased slightly.

One wonders what policy underlies the allocation of credits. FASNAS is part of the Government's projects/programs acting as supportive and solidarity institutions to promote human dignity. In fact, the human dignity loan is a credit with a low interest rate granted to well-known people, usually State structures (Social Promotion Centre), as well as their family, considered as social cases with the will to become self-sufficient, but who lacks the minimum social package (Kpakpossa G., 2006). By reducing credits, the State worsens the conditions of men and women living in abject poverty.

²¹ Here, FSAS and FASN are more concerned

1.5.2 Proportion of plots with land titles belonging to women

In the monitoring and evaluation implementation guide of the PRSP, the proportion of plots with land titles owned by women is defined as the women's possession level of secured plots (with land titles), and it is calculated by the ratio of the number of plots owned by women to the number of plots owned by men.

Table 39: Evolution of the situation of land titles (LT)

Year	Localities	Number of LT cited		Total	Proportion (%) of allotment with TF belonging to women.
2003	Cotonou	16	96	112	16,67
	Porto-Novo	3	7	10	42,86
	Parakou	4	9	13	44,44
	Abomey-Calavi	160	470	630	34,04
	Seme-Kpodji	12	41	53	29,27
	TOTAL	195	623	818	31,30
2004	Cotonou	54	157	211	34,39
	Porto-Novo	3	30	33	10
	Parakou	6	29	35	20,69
	Abomey-Calavi	145	565	710	25,66
	Seme-Kpodji	17	60	77	28,33
	TOTAL	225	841	1066	26,75
2005	Cotonou	52	138	190	37,68
	Porto-Novo	6	13	19	46,15
	Parakou	4	15	19	26,67
	Abomey-Calavi	140	506	646	27,67
	Seme-Kpodji	12	58	70	20,69
	TOTAL	214	730	944	29,32

Source: Prepared by the author based on data from the Department of Lands, and Stamp Duty (DDET)

Land titles are issued in the name of physical persons (men and women) and corporate bodies. Considering the number of land titles issued in the name of physical persons, the proportion of plots with land titles owned by women stood at 31.3 per cent in 2003, 26.75 per cent in 2004 and 29.32 per cent in 2005. Women owned on average between 25 and 30 per cent of secured plots. More than a quarter but less than a third of women own a secured plot. This figure varies from year to year and from locality to locality. An objective interpretation of this indicator requires consideration of other analyses on the land issue in Benin.

To calculate this indicator, the capacities of DDET need to be strengthened with a view to setting up a database that will make it possible to obtain zonal and gender information using a simple application.

1.5.3 Improving support to women's groups involved in income-generating activities

The financing of women's activities is key to making women true development actors. National strategies aimed at economic growth and poverty reduction must focus on a financing policy to build women's capacities so as to reflect their place in the socio-economic life of the country. A distribution of credits allocated by all microfinance structures in the ALAFIA Consortium in 2005 shows that credit beneficiaries invested in the following sectors:

- trade,
- manufacture and small industry,
- agriculture,
- service provision,
- livestock farming / gardening / fishing,
- handicraft, and
- other income-generating activities.

According to the same report, as at 30/06/05, 30,070 women (62 per cent of all women) had access to credit, against 19,675 men. At the same time, 8,526 groups were reached.

In Benin, women represent on average 80 per cent of customers who apply for credit in microfinance institutions. We can therefore deduce that women's income-generating activities are among the above-mentioned activities. While small trade dominates in urban areas, processing activities are predominant in rural areas.

To enable women with income-generating activities to maximize their output, MFFE organized a training course in management and family life for six groups in the Malanville and Bembereke municipalities in 2005.

1.5.4 Training course for women's groups on food processing and conservation

Within the framework of capacity building for women involved in income-generating activities, the MFPSS planned to organize, between 2003 and 2005, a training course for women's groups on the processing and conservation of foodstuffs. Thus, an activity was programmed for 2004 to organize a training course for members of 500 women's groups within the framework of the promotion of AGRs by the Social Action Support Fund (FSAS) and the National Solidarity Support Fund (FASN).

The Government of Benin has taken some measures to encourage the participation of Beninese women in international trade fairs, and in 2004, it implemented the Administrative Reform Support Project with a focus on strengthening women's employment policy in the Public Service.

1.5.5 Reinforcing vocational training for crafts women

To enable women to obtain sustainable employment, MFPSS organized in 2004, a training course in management and associative life for 144 members of Women's Groups and 62 Officials from Social Promotion Centers. In addition, officials from Social Promotion Centers have been supporting since March 2003, the support counsel of 200 Women's Groups per month. Some partners support the Government to strengthen vocational training of crafts women through different training courses organized by the Federation of craftsmen and with support from GTZ.

Table 41: Evolution of the distribution of workers in different sectors of activities according to gender

Gender Sector of activity	2003			2004			2005		
	H	F	T	H	F	T	H	F	T
Sewing	12		12	307	342	649	132	211	343
Hair dressing				6	323	329	16	117	133
Carpentry				89		89	151		151
Electricity				50		50			
Photography	21	1	22	73	8	81	48		48
Dyeing				39		39	17	23	40
Agri-food	8		8	18	96	114	23	177	200
Pottery				28		28			
Masonry							12		12
mechanics				99		99	33		33
Management							7	3	10
Weaving							2	8	10
elaboration d'appel							20		20
Soap	10		10	17	52	69	73		73
Parfumery				27	66	93			
Embroidery				24		24			
Baby garments				20		20			
Incubator				10	3	13	9	3	12
Painting							22		22
technique des dossiers d'apprentissage							50		50
raining for association leaders				37	8	45			
staff	33	19	52	733	1009	1742	542	615	1157
percentage	63.4	36.6	100	42.1	57.9	100	48.9	53.1	100

Source: FEDERATION DES ARTISANS, 2006

Information collected in 2004 and 2005 show that more women benefit from vocational training, especially in the fields of sewing, hair dressing and agro farming. In 2005, 53.1 % of women were trained compared with 57.9 % in 2004. A slight regression was noted among women, while the number of trained men is on the rise.

1.5.6 Policies implemented to retrain female genital mutilation practitioners

In the field of reproductive health, special emphasis was placed on female genital mutilation. From January 2003 to December 2004, a ten (10)-day crusade against this act, which is detrimental to health of women and to their promotion, was organized in ten (10) prevalence localities to sensitize excision practitioners. The MFPSS regularly organizes a training course for support leaders and excision practitioners, with supported from NGOs and qualified resource persons. To reach the people concerned by this practice, MFPSS has translated the law on the

repression of FGM in Benin into the different national languages for better dissemination. To this end, the services of 97 vulgarization agents have been retained on the said law in Copargo and N'Dali

In addition, vulgarization of the said law and the Family Code was carried out in the six (6) municipalities with high prevalence. In spite of these sensitization campaigns, the Beninese excision practitioners migrate to Nigeria to continue their practice. Negotiations are underway with neighboring countries to sign agreements to punish them

Although repression is a means of attaining the target objectives, the government should focus on public policy, sensitization, dissuasion and retraining to win the war against Female Genital Mutilation.

II. . PROGRESS REPORT ON THE IMPLEMENTATION OF PRSP MATRIX OF MEASURES AND CORRECTIVE ACTIONS IN 2005

2.1 PROGRESS MADE IN 2005 IN RESPECT OF AXIS 1 MEASURES: STRENGTHENING THE MEDIUM TERM MACROECONOMIC FRAMEWORK AND CORRECTIVE MEASURES FOR THE FUTURE

The implementation status of measures under axe 1 of the PRSP indicates that of the forty five (45) measures, thirty (30) have been implemented, fifteen (15) are currently being implemented and implementation has not started on one (1). The ongoing measures mostly concern structural reforms. These include, among others, measures related to the privatization of SONAPRA industrial units, the leasing of the electricity sector, the privatization of the public telecommunications operator and the construction by the private sector in BOT of a second airport. The measure related to the rehabilitation of Water reservoirs, mini-dams and hydro-agricultural development of Adjararla have not been launched due to lack of financing.

For this axis, a rating of 37 points was attributed for 2005, or an implementation level of 82.2% compared with 24 points in 2004, or an implementation level of 53.3%.

2.2 PROGRESS MADE IN RESPECT OF MEASURES UNDER AXIS 2: HUMAN CAPITAL DEVELOPMENT AND ENVIRONMENTAL MANAGEMENT AND CORRECTIVE ACTIONS FOR 2005

2.2.1 Progress in 2005 in relation to measures under Axe 2 concerning the education sector and literacy

Synthetic indicators of the implementation of measures planned for the education sector under the poverty reduction strategy are presented in the table below.

Table 42: Synthetic indicators of the implementation of PRSP matrix of measures

Group of measures	Score achieved			Possible maximum score			Achievement Index			
	2003	2004	2005	2003	2004	2005	2003	2004	2005	Education
	12,5	13	15	16	17	17	0,67	0,78	0,85	10

Source: SP/CNDLP, 2005

Table 42 shows that the index of achievements of measures planned in the education sector reached 85% in 2005 compared with 78% in 2004, reflecting a net improvement. For the whole period (2003-2005), this index rose from 67% to 85%. Education therefore seems to be one of the sectors with a high implementation rate for planned measures. This translated into the satisfactory performance recorded in the sector.

2.3 PROGRESS MADE IN 2005 IN RESPECT OF MEASURES UNDER AXIS 3: STRENGTHENING GOOD GOVERNANCE AND INSTITUTIONAL CAPACITY BUILDING AND CORRECTIVE MEASURES FOR THE FUTURE

An analysis of the matrix shows that the overall level of implementation of Axes 3 is far below expectations. In fact, the overall level of implementation was estimated at 45% in 2005, compared with 35% in 2004 and 27.3% in 2003; an increase of 2 percentage points of the absolute score each year (cf score in Table 11). In addition to measures implemented in 2003 and 2004, and despite the difficulties experienced during 2005, it is worth noting that efforts were made to accelerate the implementation of some measures.

In the case of combating corruption and strengthening the capacity for management and absorption of public resources, (i) most ministries took adopted the « results-based approach » through the preparation of budget-programs 2006-2008, (ii) the Supreme Court gave its opinion on the laws amending the constitution, creating the audit office and statute of magistrates who will work there. It only remains to be adopted by the cabinet before transmission to the national assembly.

Concerning the acceleration of administrative reform, the 2006-2008 reform action plan, including the staff development strategy and the preparation of a new civil service statute which takes into consideration elements of performance-based management has been completed and adopted by the Administrative Reform Coordination Committee (CCRA). Similarly, law 2005-108 of March 9, 2005, on the legal employment status of contractual government employees has been passed.

Furthermore, to accelerate the decentralization process, the competent technical bodies prepared a reform acceleration strategy, which was slated to be adopted and validated on June 8 and 9, 2006. As well, the *Statut de la Fonction Publique Territoriale* project was adopted and transmitted to the Supreme Court for its opinion before presentation to parliament.

Table 43: Level of implementation of measures concerning of strengthening good governance and institutional capacity building

Group of measures	Score achieved 2003	Score achieved 2004	Score achieved 2005	Possible maximum score	Achievement Index 2005
Fight against corruption and capacity building for the management and absorption of public resources					
Acceleration of administrative reforms	3.5	4.5	5	10	0.5
Acceleration of the decentralization process	0.5	1.0	2	6	0.33
Strengthening good governance and institutional capacity building	2.0	2.5	3	6	0.5
Strengthening good governance and institutional capacity building	6	8	10	22	0.45

Source: Calculations done by OCS

2.4 PROGRESS MADE IN 2005 IN RESPECT OF MEASURES UNDER AXIS 4: PROMOTION OF SUSTAINABLE EMPLOYMENT AND STRENGTHENING THE CAPACITY OF THE POOR TO ENABLE THEM TO PARTICIPATE IN DECISION- MAKING AND PRODUCTION AND CORRECTIVE ACTIONS FOR THE FUTURE

Measures envisaged under Axis 4 of the PRSP focus on the following areas:

- *Promotion of community development*
 - Promotion of employment and of income-generating activities
 - Social security and women's development
 - Development of micro-finance
 - Protection of vulnerable areas
 - Promotion of development centers

During 2005, implementation of the measures retained continued to be implemented to varying degrees. Performance with respect to measures related to the promotion of employment and of income-generating activities, development of microfinance, protection of vulnerable areas stagnated, while those related to the sub-component "social security and women's development" are regressing, compared with 2003 and 2005, because of the lack of available financial resources. Many actions seem to be sporadic and inadequately integrated to contribute to the achievement of objectives.

The abandonment of the program to support UCD pilots and the end of the Community Development Support Program (PA/DEVCOM) supported by UNICEF rendered null and void the sub-component "promotion of community development, even if elsewhere many community development activities are implemented by government programs/projects as well as by NGOs as well as by religious bodies. To this end, it is worth noting the launching in 2005 of the national project to support community-led development (*Projet National d'Appui au Developpement Conduit par les Communautés -PNDCC*) financed by the World Bank, the government and beneficiaries.

The average rating for the implementation level of all measures planned under Axe 4 is 0.45, deterioration in performance compared with 2003 and 2004. This reflects unsatisfactory implementation of planned measures. The main reasons for the delays noted in the implementation of the measures are primarily the lack of/insufficient financial resources, but also administrative red tape, preliminary studies to be conducted, the reorientation/abandonment of some initiatives, etc.

Thus, despite the relevance of the proposed measures, the reasons mentioned above did not facilitate their sustained implementation in line with a well-defined calendar in order for the objectives defined under the PRSP to be achieved by 2005. This issue should be examined during the preparation of the second PRSP to ensure that the lack of financial resources, the excessive mobility of staff, poor understanding/appreciation of the objectives and the lack of consistency in programming do not hamper the implementation of the PRSP.

III. IMPLEMENTATION OF PRSP MONITORING AND EVALUATION MECHANISMS

3.1 DEVELOPMENTS IN THE INSTITUTIONAL FRAMEWORK OF THE POVERTY REDUCTION STRATEGY (PRS) MONITORING AND EVALUATION MECHANISM IN 2005

The institutional framework, governed by decree No. 2004-082 of 21 February 2004, and the interministerial decisions No. 2004-31/MCPPD/MFE/DC/SGM and No. 2004-32/MCPPD/MFE/DC/SGM concerning respectively the rest possibilities, the organization and the operation of the Permanent Secretariat (SP/CNDLP) and the observatory of social change (Observatoire du Changement Social, OCS), was implemented during 2005. The two technical bodies, namely the Permanent Secretariat and the OCS, are operational and active in the implementation and in the monitoring-evaluation of the poverty reduction strategy

Two meetings of the ministerial committee were held in August 2005 on the occasion of the validation and the adoption by the government of the 2004 status report on the implementation of the SRP. The General Assembly of the *Commission Nationale pour le Developpement et la Lutte contre la Pauvrete* (CNDLP) for the year 2005 was held in January 2006. This workshop was the opportunity to report to CNDLP members on all activities carried out in 2004, on the results achieved during the first two years of PRSP implementation, and to share with them the need for evaluating the 2003-2005 PRSP with a view to preparing the second generation of the PRSP.

The only concern in implementing the PRS monitoring-evaluation mechanism is the functionality of departmental monitoring committees (Comites Departementaux de Suivi—CDS). Since they were established in December 2003 and January-February 2004, nothing has happened, so much so that this change of information between the departments and the central administration is almost nonexistent. Some technical and financial partners are sensitive to this concern and intend to make one CDS operational on a pilot basis. This will allow the testing of CDS functionality and the identification of potential bottlenecks.

3.2 STATUS OF ACTIVITIES AND ACTION PLAN FOR PRSP MONITORING-EVALUATION IN 2007

During the year 2005, significant PRS monitoring-evaluation activities were carried out by different functional units of the system, including:

- • The holding of annual reviews of the PRSP for the years 2003 (February 2005) and 2004 (September 2005);
- the preparation, through a participatory process, of the second status report on the implementation of the PRS (2004 report);
- the organization of joint missions of technical and financial partners in June, September and December 2005;
- the completion of the social roadmap (Tableau de Bord Social (TBS) for 2000-2003) in February 2005;
- the implementation of the pilot phase of the integrated modular survey on household living conditions (Enquete Modulaire Integree sur les Conditions de Vie des Menages—EMICOV0 between February and October 2005;

- the finalization and validation of the three-year work plan (Plan de Travail Triennal, PTT) for 2005-2007 of the monitoring-evaluation capacity building program of the PRS;
- the preparation of the 2005 report on the national social profile on the theme: "HIPC Initiative and poverty reduction";
- the preparation and dissemination of the first departmental report on MDGs in Benin;
- the implementation of the pilot phase of the participative local impact monitoring (Suivi d'impact Local Participatif, SILP) approach in the education sector and in the Atacora Department, with support from the World Bank and the Corbeille Commune (DANIDA, Swiss Corporation Agency, and GTZ);
- the signing of two financing conventions between the government and financial and technical partners for the implementation of some PTT 2005-2007 activities. The first was signed with the UNDP and the World Bank in October 2005 for capacity building through impact studies of land reforms on the living conditions of the population, and the second with Corbeille Commune partners (DANIDA, GTZ) for the financing of the PRS monitoring-evaluation capacity building program

Thus, in line with the wish expressed during the September 2005 annual review, some technical and financial partners responded positively with respect to the implementation of the 2005-2007 PTT. However, there is still a significant gap to fill; out of a financing gap of about CFAF 5 billion, only some 2 billion has been mobilized if we take into account the completion of the EMICOV financing by the national budget and the resources of the Millennium Challenge Account (MCA). It is therefore necessary to emphasize that, according to the recommendations of the two annual reviews, the financing already mobilized (Corbeille Commune) includes a provision of CFAF 125 million over the three-year period to build the capacities of officials employed in the monitoring and evaluation units (Cellules de Suivi-Evaluation, CSE) and in the statistical services (SS) of the ministries

3.3 EVALUATION OF THE MONITORING AND EVALUATION SYSTEM

The evaluation of the PRSP monitoring and evaluation system since the beginning of its implementation has identified a certain number of difficulties and has made recommendations that eloquently show the importance of the issues that the coordination of the PRSP process needs to address.

With regard to the institutional mechanism for monitoring and evaluation: at the end of the third year of implementation, one notes that certain institutional mechanisms for PRSP monitoring-evaluation (departmental monitoring committees, thematic report groups) are not yet fully operational. The main problem encountered remains the lack of capacities in the different national, sector and regional structures responsible for monitoring and evaluation. With regard to the methods, tools, instruments and indicators used, the difficulties encountered may be summarized as follows:

- the information system is still unable to measure certain performance indicators precisely;
- the methodology for preparing the status report needs to be revised in light of the needs and requirements of the PRSP;
- the reliability and consistency of the information and data obtained from various sources remain a serious problem.

V RECOMMENDATIONS

To improve the implementation of the PRSP and achieve development and poverty reduction objectives, the following recommendations can be made based on reports by different resource persons:

CONCLUSIONS AND RECOMMENDATIONS

4.1 WITH RESPECT TO MACROECONOMIC RECOMMENDATIONS

It should be noted that the PRSP framework was prepared on the basis of a voluntarist and optimistic scenario. The results of three years of PRSP implementation provide a basis to assess the realism of this scenario by 2005 and to propose corrective measures for the second generation of the PRSP. Regarding the objectives to be achieved by 2005, the PRSP implementation results show that most objectives could not be achieved while others are difficult to achieve.

Most indicators, notably the growth rate, the public investment rate, tax burden rate, the wage bill ratio in percentage of fiscal revenues, and the outstanding debt/GDP ratio are difficult to achieve (taking into account the structure of our economy (strong correlation between economic activity and difficult to control factors), on the one hand, and the basis for comparison on the other. The gap between the objectives and the achievements allow an assessment of the efforts and of the shortcomings with a view to formulating suggestions/recommendations aimed at redirecting actions. These include, among others:

- Direct more available financial resources towards social sectors and mobilize additional external financing in compliance with the recommendations of the Geneva donor roundtable (March 2004) ;
- Introduce the modernization of agriculture and develop irrigated and non-seasonal crops that are likely to reduce the vulnerability of the primary sector to weather conditions;
- Take measures aimed at reducing factor costs (water, electricity, telephone, transport, etc.) in order to attract foreign investors to sectors such as textiles, agro-industry, cement, sugar, and encourage private national investments in all areas ;
- Maintain and strengthen the country's image in relation to socio-political stability, good governance, transparency in the management of public affairs ;
- lay emphasis on controlling deficits which have an impact on the level of indebtedness, by focusing on efficiency in the use of resources ;
- Strengthen the technical and human capacities of the services responsible for macroeconomic analysis and forecasting, by recruiting staff, improving their working conditions and providing continuing education ;
- Institute a centralized system for collecting statistics on economic, financial and social performance and put in place a forecasting and modeling committee for macro fiscal management coordination.

4.2 WITH RESPECT TO IMPLEMENTATION OF THE STRATEGY

To ensure better implementation of the PRSP, the report makes the following recommendations, among others, with respect to the institutional mechanism for monitoring and evaluation of the

PRSP.

The following measures should be taken to ensure the proper functioning of the monitoring and evaluation mechanism:


- application of the laws governing the PRSP monitoring and evaluation mechanism and consideration of the roles assigned to the different actors;
- better organization of the different actors involved in the PRSP process (at the national and regional levels) by the coordination structures to enhance ownership of its implementation ;
- Adequate financial support to enhance the mainstreaming of the monitoring and evaluation mechanism in order to bring about better planning of its activities with a certain visibility and to avoid short-sighted management based on the availability of financial resources.

4.3 WITH RESPECT TO THE SECOND GENERATION OF PRSPS

All policies related to the poverty reduction strategy must seek to eliminate obstacles to strong and sustainable growth in a stable macroeconomic environment that is supported by a diversified economy. In addition, pro-poor public expenditure should also be strengthened, particularly basic infrastructure to allow deeper participation by the poor in all decisions.

Thus, the following are worth taking into account in preparing poverty reduction policies and programs:

- identification of sources of growth to better focus investments;
- diversification of export crops by promoting and nurturing new profitable sectors ;
- orientation of the economy towards an internal taxation system in order to reduce the vulnerability of the economy to exogenous shocks ;
- refocusing of the economy on productive sectors such as manufacturing
- Implement a development policy that :
 - strengthens and ensures private sector promotion, reinforcing its capacity to play the role of engine of economic growth ; accelerates structural reforms aimed at improving the competitiveness of Benin's economy, through the completion of privatization efforts as well as through the implementation of sector regulatory bodies
- promotion of local development through the implementation of decentralization within all sector ministries (transfer of skills, of resources, of delegated credits)
- focus sector policies on actions that have an impact on the poorest
- strengthen government policy for promoting good governance
- organize and encourage social dialogue that avoids social tensions
- refocus national poverty reduction policies
- Align development strategies with structural reforms ;

- the role of higher education and vocational training in the human capital development strategy
 - capitalization on successful measures/actions or policies
 - development of the productive sector
 - the need for measurable indicators
 - the need for a strategy for the development of statistics as an integral part of the fight against poverty ;
 - the need to decentralize the monitoring and evaluation mechanism to the level of divisions (*arrondissements*)
 - The need for a strategy for updating the matrix of policies
- 

CONCLUSION

The 2005 report on progress in the implementation of the PRSP shows Benin's desire to make the fight against poverty its priority by aligning PRSP objectives with the budget law. The latest monitoring and evaluation report on the first generation of the PRSP shows that the gaps between 2005 objectives and achievements are not yet closed, notably with respect to the growth rate, the public investment rate, the overall investment rate, the outstanding debt-to-GDP ratio, the tax burden rate and some sectoral indicators, where the levels achieved, although close to the forecasts, did not fully meet the targets.

Benin's economy recorded real growth of 3.9% in 2003 and 3.1 % in 2004. In contrast, the economic situation in 2005 was marked by an underperforming agricultural season because of poorly distributed rainfall, the decline in world cotton prices and the consequences of disorganization within the cotton sector as well as the rise in world oil prices. Thus, the rate of economic growth in 2005 was limited to 2.9%.

Encouraging results were noted thanks to the different actions implemented to ensure a participatory process in the preparation, execution and implementation of the PRSP, which allowed all population groups to become aware of their health, their education, and their rights and to take the necessary measures to improve their living conditions.

One of the notable results of this process is the improvement of results-based management within the government, the preparation of program reviews and the establishment of assessment tools, which all constitute encouraging signs that will help strengthen PRSP monitoring mechanisms in the long term.

However, to achieve the Millennium Development Goals (MDGs), Benin must find suitable solutions to some recurrent problems and meet a number of challenges in the future.

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