

Benin: Poverty Reduction Strategy Paper—Annual Progress Report

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Price: \$18.00 a copy

**International Monetary Fund
Washington, D.C.**

REPUBLIQUE DU BENIN
Fraternité - Justice - Travail



PROGRESS REPORT ON GROWTH STRATEGY FOR POVERTY REDUCTION

AUGUST 2007

REPUBLIC OF BENIN

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ACRONYMS AND ABBREVIATIONS

AFD	French Development Agency
IDA	International Development Association
BNAM	Benin National Association of Municipalities Association Nationale des Communes du Bénin
ODA	Official Development Assistance
WACB	West Africa Central Bank
BenInfo	Database of socioeconomic Benin Base de données socioéconomiques du Bénin
BGE	State General Budget of the State
IDB	Islamic Development Bank

BOA	Bank Of Africa
WADB	West African Development Bank
BOT	Build, Operate and Transfer
BRVM	Regional Stock Exchange
BTP	Public works & Civil Engineering
AAF	Autonomous Amortization Fund
CMC	Communal Monitoring Committee
CCIB	Chamber of Commerce and Industry of Benin
CDMT	Framework Medium Term Expenditure
DMC	Departmental Monitoring Committee
CEBENOR	Benin Centre for Standardization and Quality Control
ECOWAS	Economic Community of West African States
CEB	Electrical Community of Benin
NBC	National Budget Commission
NDC	National devolution Commission
NSB	National Statistics Board
UNCTD	United Nations Conference for Trade and Development
NCI	National Commission of Indebtedness
CNDLP	National Commission for Development and the Fight Against Poverty
CNPB	Benin Business Board
CSA	District Centre for Health
CSPRES	Monitoring Programs of Economic and Structural Reforms Unit
CSC	Commune Health Centre
DANIDA	Danish international Development Agency
DAT	Delegation of Land use
DEPOLIPO	Declaration of Population Policy
DEPONAT	Declaration of national policy of Land
DOTS	Directly Observed Therapy Short Course
DPP	Directorate for Planning and Forecasting
DPS	Directorate of Strategic Planning
DSD	Social Dimension of Development
DSO	Operational Strategy Document
PRSP	Poverty reduction strategy paper
ECI	Survey on Investment Climate
ECVR	Surveys on Living Conditions of Rural households
EDS	Demographic and Health Survey
EES	Strategic Environmental Assessment
ETARB	Budget Reform Technical Support Team
ELAM	Light Survey with Households
EMICoV	Modular Integrated Survey on Living Conditions of Households
EPT	Education for all
ADF	African Development Fund

FAO	Food and Agriculture Organisation for United Nations
FECECAM	Federation of Savings and agricultural mutual credit
FIAT	Encouragement Fund for Land Planning
FIDA	International Fund for Agricultural Development
IMF	International Monetary Fund
FRIDC	Regional Fund for Investment and Development of ECOWAS
RBM	RBM
HIMO	Intensive labour
FDI	Foreign Direct Investment
HDI	Human Development Indicator
INSAE	National Institute of Statistics and Economic Analysis
IPH	Human poverty Index
I-PPTE	Heavily indebted poor Countries
IPF	Women involvement Indicator
IRA	Acute respiratory infections Infections Respiratoires Aigües
IST	Sexually Transmitted Infections
APRM	African Peer Review Mechanism
MDEF	Ministry of Development of Economy and Finance
MDCTTP	Ministry Delegate in charge of Public Works and Transport
MEPDEAP	Ministry of Economy of Foresight Development and Evaluation of the Public Agenda
MEPS	Ministry of Primary and Secondary Teaching
MF	Ministry of Finance
MAIR	Ministry of Administrative and Institutional Reforms
MF	Ministry of Health
NEPAD	New Partnership for Africa's Development
NLTPS	National Studies of Long-Term Prospects
OACI	Civil Aviation Organization
SCO	Social Change Observatory
MDG	Millennium Development Goals
NGO	Non-Governmental Organisation
SGD	Strategic Guidelines Development
SPGSPR	Support Programme for the Growth Strategy for Poverty Reduction
PAGEFCOM	Project Development and Management of Forests Communales
NAP	National Action Plan
PAP	Priority Action Programme
PBF	Project of fire wood
PCGPN	Programme for the Conservation and Management of National Parks
PDC	Communal Development Plan
EPI	Expanded Programme on Immunisation
PGDRN	Sustainable Program of Management of Natural Resources

PGFTR	Program Management of Forests and Countryside
PIB	Gross Domestic Product
PME	Small and Medium Enterprises
PNGE	National Programme for Environmental Management
PNLS	National Programme for the Fight against AIDS
PPA	Parity Purchasing Power
ProCGRN	Draft Conservation and Natural Resources Management
HIPC	Highly Indebted Poor Countries
SP	Social Protection
TFP	Technical and Financial Partners
QUIBB	Questionnaire Unified Indicators Base for the Well-Being
RTA	Reform of Territorial Administration
REM	Student-Teacher Ratio
RESEN	Network on the National Educational System
RGPH	General Census of Population and Housing
GSPR	Growth Strategy for Poverty Reduction
NSART	National Strategy for the Agricultural and Rural Training
SONAPRA	National Society for the Agricultural promotion
SONU	Neo-obstetrical Emergency Care
SPR	Strategy for Poverty Reduction
CRP	Completion rates in Primary
GER	Gross enrolment rate
TIC	Information Tand Communication Technology
IMR	Infant Mortality Rates
TMM5	Mortality rate of children under five years
WAEMU	West African Economic and Monetary Union
AU	African Union
VHU	Village Health Unit
HIV /AIDS	Virus Human Immuno-deficiency / Syndrome Acquired Immuno-Deficiency
GER	Gross Enrolment Rate
MMR	Maternal Mortality Rates

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INTRODUCTION

1. The first Poverty Reduction Strategy Paper (2003-2005) came to an end in December 2005. The year 2006 was marked by the development of the new Growth Strategy for Poverty Reduction (GSPR) Document over the period 2007-2009 .

2 The 2007-2009 GSPR was adopted by the Government in February 2007 and approved by the Bretton Woods Institutions in June 2007. It takes into account the shortcomings of the first edition of the GSPR, and is in line with the new development vision of the new government following the presidential elections in March 2006. The GSPR is the instrument of implementation, over the period 2007-2009, of the Strategic Development Guidelines (SDG) with which Benin has to meet the challenges of growth and that of an emerging country .

3 The mechanism for monitoring and evaluation of the implementation of the strategy for poverty reduction provides for the preparation by the government of a report on the implementation of the strategy, which supports the annual joint Government/Technical and Financial Partners Magazine of Benin. This year's edition is of a special nature. It sets out the results of the policies implemented in 2006 which are in line with the GSPR and reviews the implementation of the GSPR during the first half of 2007. We could perhaps think it is too early to assess the level of implementation of this strategy as it was only adopted by the Government in February 2007. In this regard, it should be noted that GSPR is the vision of the new Government which was installed in April 2006. That is why this year's progress report takes stock of the actions undertaken since 2006 until the first half of 2007.

4 As with the development of the 2007-2009 GSPR, the report is the result of a participatory process that involved, around the various priority areas of intervention of the strategy, representatives of sectoral ministries, local communities, private sector and civil society. The internal validation process continued with departmental and workshops and the national workshop.

5 The report is divided into three main parts. The first section presents an overview of the implementation of the strategy addressing in turn the new vision of development in Benin, the major projects initiated for the creation of national wealth and the situation of poverty and the achievement of MDG in Benin. The second part is devoted to the level of implementation of the strategy. For each of the five strategic areas, it points out the problems and presents, by priority areas of intervention, (i) recent developments and major actions conducted in 2006 and during the

first half of 2007, (ii) the level of performance through an analysis of the indicators' evolution and (iii) the prospects for the second half of 2007 and year 2008 before making a few recommendations for progress towards the goals of the strategy. The third part deals with the monitoring of the macroeconomic and budgeting framework and the implementation of the mechanism for monitoring and evaluating the 2007-2009 GSPR. It analyses the current situation in relation to the various scenarios of the macroeconomic and budgeting framework.

6 PART ONE: STRATEGY OVERVIEW

This section presents the overall objectives of the strategy, by highlighting progress toward the many challenges of development and the level of wealth creation, after recalling the new vision of development, spearhead of major projects started since 2006. It also addresses the current situation of poverty and the status of the MDGs in Benin.

CHAPTER 1: PROGRESS TOWARDS THE GLOBAL TARGETS OF THE STRATEGY

I- NEW VISION OF DEVELOPMENT

7 Given the economic and social situation of Benin always characterized by poverty, declining economic competitiveness and lack of dynamism and modernity of the national productive system, the Government has taken, since the inauguration of the new President of the Republic, following the presidential elections in March 2006, a clear and candid option for the country's development. This option is made visible by the obvious desire of the Head of State **to make Benin an emerging country** by meeting the challenges of accelerated economic growth and human capital development through the promotion of concerted governance, private sector support, infrastructure development and support for grass-roots development.

8 To effectively achieve such an ambition, the Government has established Strategic Development Guidelines (SDG) in the country for the period 2006 to 2011. These SDG whose goals focus on five years fit into the medium and long term prospects of Benin who, **in 2025, should become a flagship, well governed, united and peaceful country, with a prosperous and competitive economy and a cultural and social well-being.** The overall goal of SDG is to create and energize the poles of growth and development on the one hand and to significantly reduce poverty on the other. Therefore, the SDG 2006-2011 are expected to meet the challenges of economic competitiveness, the attractiveness of the national environment, the achievement of the Millennium Development Goals (MDGs) and especially good governance. The SDG is based on six (6) strategies, namely: i) Reconstructing an administration to serve development, ii) Streamlining the macroeconomic framework and maintaining its stability, iii) Promoting economic renewal, iv) Developing economic and social infrastructure, v) Enhancing human capital and vi) Ensuring balanced and sustainable development of the national *space* through the development at the grassroots level.

9 The Growth Strategy for Poverty Reduction (2007-2009 GSPR), which is the second generation after the first Poverty Reduction Strategy Paper of Benin (PRSP 2003-2005) emerges as the implementation of the Strategic Guidelines for Development, to the extent that its development was based primarily on the latter. Its development is also the result of a participatory approach, to which public administration, local government, the private sector and civil society have been closely associated

- a. Based on the SDG which already take into account the MDGs and the prospects for long-term development of Benin, the GSPR is intended to be a calculated translation of the different sectoral strategies the government plans to implement to accelerate growth and effectively reduce poverty in the period from 2007 to 2009. Based on a detailed Priority Action Programme (PAP) which is consistent with sectoral strategies, the GSPR also provides a framework for the programming, budgeting/financing and monitoring of the Government sectoral programmes. It consists of five (5) strategic axes in priority areas of intervention with the actions and measures to be implemented during the period 2007-2009. The five (5) strategic axes are:

Axis 1 : Growth acceleration

9 Through this axis, the Government intends to speed up reforms aimed at diversifying the economy and raise the rate of growth of 3.6% in 2006 to 7.5% in 2009. In addition to the areas of weaknesses that affect growth (governance, social development, infrastructure, etc.) the intensification of growth will take place through the stabilization of the macroeconomic framework, boosting the private sector, the promotion of new sectors favorable for exports and the promotion of regional integration. To ensure competitiveness and jobs, the government has accepted the implementation of policies to promote the emergence of strong and integrated clusters.

Axis 2: Infrastructure development >

10 This concerns the implementation of major projects planned in three priority areas of infrastructure sector, namely, transport infrastructure, energy and water and sanitation.

Axis 3 : Human Capital enhancement

11 This aims at developing and improving human capital and focuses on the promotion of an education system of development, the strengthening of vocational training in line with the needs of the labour market, the improvement of the accessibility and the quality of health services and nutrition, as well as the strengthening of protection and social solidarity.

Axis 4 : Promoting Good Governance

12 The Government intends to promote good governance in order to increase the effectiveness and efficiency in the management of public affairs and to strengthen the rule of law and individual freedoms.

Axis 5 : Balanced and sustainable development of the national space

13 The Government will make an effort to ensure a balanced and sustainable distribution of activities and infrastructure within the country. Land-use planning, protection of the environment and decentralization are the main tools with which the Government will effectively accompany the implementation of sectoral policies which will lead Benin to join the group of emerging countries.

II- THE LARGE PROJECTS UNDERWAY TO ENCOURAGE CREATION OF WEALTH

14 Under the 2007-2009 GSPR, many programs have been implemented in a concerted approach to governance during the first half of 2007 in the sectors of education, health, family care and support for the vulnerable. During the same period, the Government, continuing the reform of public finances, has intensified efforts to mobilize domestic (tax and customs revenues) and external resources and to control spending through budgetary discipline and ensuring quality expenditure. The Government has supported the cotton industry. Strategies have been put in place to alleviate the energy crisis. In the transport sector, actions have focused on building new roads, a toll bridge and the revitalization of the Port of Cotonou. With regard to the telecommunications sector, remarkable efforts have been made to satisfy the demand for telephone lines. In addition to this, the policy of improving the Global system for mobile communication in Benin has been implemented through the establishment of a transitional regulator for telecommunications.

15 In more general terms, the Government's efforts have focused on the following: i) cotton textiles, ii) food (seed cotton, palm oil, cashew nuts, fruit and vegetables, food products, fishing); iii) commerce and international trade, iv) construction and construction materials; v) tourism, vi) telecommunications and information and communication technologies (ICT). These pre-clusters, apart from financial services, correspond to the sectors deemed the most attractive by investors.

16 It should be emphasized that the Government is continuing to implement its strict policy of control of corruption and bad governance.

III - DIAGNOSTIC ANALYSIS OF POVERTY¹ IN BENIN

III-1 Poverty in Bénin

17 The challenge of poverty reduction is now more than a must. Indeed, in all its forms, the level of poverty in Benin remains one of the highest in sub-Saharan Africa and is particularly a rural phenomenon.

18 Seen from the monetary approach, the incidence of poverty at a national level, is estimated to be 37.4% (Table 1), which means that two out of five people live below the poverty line, - the minimum subsistence level. In rural areas, it is 38.82% vs. 35.04% for urban areas.

Table 1 Poverty Index in 2006

	P0 ² (%)	P1	P2	(P1/P0)
LIVING AREA				
URBAN	35.04 (0.03)	0.1111 (0.0001)	0.0519 (0.0001)	31.72
RURAL	38.82 (0.02)	0.1189 (0.0001)	0.0547 (0.0001)	30.63
TOTAL POPULATION	37.40 (0.02)	0.1160 (0.0001)	0.0536 (0.0000)	31.01
Standard deviations are in brackets Sources: EMICOV, EDS 2006				

¹The results from the analysis of household data from the first 17 9832 passage from the survey EMICOV

² P0: the incidence of poverty, measures the extent of poverty

P1 : The depth of poverty, helps to follow the gap average income of poor and poverty line

P2 :Severity of poverty, follows inequality between the poor people

19 Moreover, the poverty deficit (P1/P0) is higher in urban areas (31.7%) than in rural areas (30.6%), suggesting that the level of per capita expenditure necessary to eliminate poverty in urban areas where the poor are well-targeted is higher than in rural areas. In other words, the amount of resources that should be transferred to the urban poor to pull them out of poverty, considering that everyone receives exactly the amount needed, is significantly higher than that for the rural poor.

20 At the departmental level, it is noted, without taking into account the effect of price, that the poorest departments, from the monetary point of view are Couffo and Alibori with respective incidences of 40.56% and 42.97% respectively. However, the two less poor departments are Atacora and Littoral with an incidence 32.40% and 30.38% respectively. The economically viable departments Atlantiqu and Ouème display respectively incidences 1.2 and 1.3 higher than the Littoral.

21 Regarding the non-monetary approach assessed through a composite index of living conditions and household equipment, it is clear that this form of poverty affects, in 2006, 40.3% of Benin's population, predominantly in rural areas (58.3% versus 18.4% in urban areas).

22 The analysis of existential poverty is based on the patrimony and the living conditions of households; therefore, it generally reflects the rural nature of poverty in living conditions and masks the realities of the urban phenomenon. At a geographical level, this implies the influence of the living environment. Thus departments with a high rate of urbanization will have low incidences of poverty in living conditions. This is the case of Littoral, Ouémé and Atlantique. In contrast, Atacora, Mono, Couffo and Alibori show relatively higher rates of poverty in living conditions; the incidence of poverty is 71.5% in Atacora, which equals 2.7 times that of Oueme, 1.5 times that of Couffo, 1.3 times that of Alibori and 1.2 times that of Mono.

III-2 Inequality in Benin

23 An analysis of trends in the incidence of poverty alone does not allow a full assessment of the situation relating to poverty. It was supplemented by an analysis of trends in inequality in the distribution of income or expenditure to assess the relative position of households between themselves. This is essential in the analysis of the welfare of the population as a whole.

24 The analysis of the distribution of household consumption expenditure of the EMICOV 2006 investigation indicates that inequality is much higher in urban areas. Indeed, in urban areas, the Gini index is 0.4318 against 0.3995 for rural areas and 0.4134 for the whole country.

Table 2: Inequality in Bénin in 2006

	Gini Index	Atkinson Index
Urban area	0,4318	0,1616
Rural area	0,3995	01446
Total population	0,4134	0,1516

Source: EMICOV, EDS 2006

25 These results justify the importance given to the fight against poverty in the development strategy of the Government. Indeed, the Government, through its Growth Strategy for Poverty Reduction, intends to implement a policy of accelerated economic growth and poverty reduction consistent with the objectives of the Millennium Development Goals (MDGs) to which it adheres, given that economic growth is a necessary but not sufficient condition for the improvement of social well being.

III-3 Prediction of the effects of the growth of average income (average expense) and inequality on poverty.

26 Given the importance of the challenge, it is necessary to assess the effectiveness of the Government's policy to focus the fight against poverty in Benin mainly on a policy of accelerated economic growth. To this end, the methodology developed by Kakwani (1993), to predict the effect of the growth of average income on poverty and also that of inequality in view of its importance, is used (Box 1).

Table 3: Prediction of the effects of growth and inequality on poverty

Parameter (α)	Growth Effect Effect (%)			Inequality Effect (%)		
	0	1	2	0	1	2
Urban Area	-1,827	-2,004	-2,080	1,462	3,851	2,201
Rural Area	-2,057	-2,266	-2,226	1,224	3,150	2,121

Total population	-1,965	-2,166	-2,196	1,321	3,426	2,132
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Source: EMICOV, EDS 2006

27 The results obtained show that the marginal impact of growth is most important for rural households. Indeed, if inequality is constant, the impact of the growth of average income on poverty for rural households is 2.06 against 1.82 for urban areas and 1.96 for the entire population. Thus, whatever the living environment and degrees of poverty, the marginal impact of growth reduces poverty. All this confirms that the measures envisaged by directing the fight against poverty through accelerated and pro-poor economic growth are correct.

28 In addition, measures for redistributing income to reduce inequalities must accompany this growth policy with regard to the likely adverse effects of inequality on poverty. In fact, inequality contributes to increase the incidence of poverty of respectively 1.46, 1.22 and 1.32 in urban areas, rural areas and in the general population. This contribution to the increase in the incidence of poverty is higher in urban areas because they are the most unequal.

IV- STATE OF MDGs IN BENIN

29 By deciding to work for a MDG-based GSPR, the government of Benin has renewed its commitment to implement public policies promoting the economic growth needed to fight against poverty and hunger. In addition, the achievement of the MDGs by 2015 will help control HIV/AIDS and other diseases, to reduce illiteracy, environmental degradation and discrimination against women.

30 The reaffirmation of this commitment is all the more necessary since the progress made so far will probably not allow all targets to be reached by 2015, if current trends continue. An evaluation of the likelihood of achieving these MDGs in Benin is illustrated in Table 4.

Table 4 : Probability of achieving the MDGs

Objectives	Targets	Achievement
Objective 1. Eradicate extreme poverty and hunger		
	Target 1: Reduce by 50% the proportion of the Benin population living under the poverty line by bringing poverty index to 15% by 2015.	Unlikely
	Target 2. By 2015, reduce by 50% the number of malnourished people	Unlikely
		Probable provided that priority should be given to capacity building and effective implementation of measures planned
Objective : 2. Achieve universal primary education		
	Target 3 .: By 2015, ensure primary education for all school-age children	Probable if the measures taken since the 2006-2007 school year continues
Objective 3 : Promote gender equality and empower women		
	Target 4. Eliminate gender disparities in primary and secondary education preferably by 2005 and in all levels of education no later than 2015	Unlikely
Objectifve4 : Reduce child mortality		
	Target 5. Reduce the rate of infant and child mortality from 166.5 per thousand in 1996 to 65 per thousand in 2015	Unlikely
Objectifve5 : Improve maternal health		
	Target 6. Reduce the maternal mortality rate from 498 in 1996 to 390 for hundred live births in 2015	Unlikely
Objective 6 : Combat HIV/AIDS, malaria and other diseases		

Target 7. Reduce the prevalence of STI / HIV / AIDS Likely	Unlikely
Target 8. By 2015, having mastered malaria and other major diseases, and begun to reverse the current trend	Unlikely
Objective 7 : . Ensure environmental sustainability	
Target 9. Integrate the principles of sustainable development into country policies and programmes and reverse the current trends in the loss of environmental resources	Unlikely
Target 10. Reduce by half by 2015 the proportion of people who do not have sustainable access to safe drinking water	Probable for water and unlikely to sanitation
Target 11. Succeed by 2015, in significantly improve living conditions of at least 2/3 of Beninois living in slums	Very unattainable

Source : PASCRP

PART TWO: LEVEL OF STRATEGY IMPLEMENTATION

This second part of the report analyses the level of implementation of the strategy by taking stock of actions taken axis by axis and by reviewing all priority areas of intervention of the GSPR.

CHAPTER 2: ACCELERATION OF GROWTH

31 Despite the efforts made by the Government, the implementation of the PRS 2003-2005 resulted in economic growth rates lower than planned, and very close to the rate of population growth. This situation has resulted in a growth of per capita GDP of almost nil in the period and by a significant increase in monetary poverty. To reverse this trend, the Government, in the context of "Scenario of an Emerging Benin," has set four specific objectives to accelerate economic growth (an average of 7% per year over the period 2007-2009). These targets correspond to the four priority areas of intervention: i) stabilization of the macroeconomic framework, ii) stimulation of the private sector, and iii) diversification of the economy, and (iv) promotion of regional integration.

I- PRIORITY AREA 1: Stabilization of the macroeconomic framework

32 A stable macroeconomic framework is a key determinant of economic growth. It provides an enabling environment for increased economic activity contributing to increased investment and diversification of the economy. In 2006, and during the first half of 2007, the Government took some steps to improve the macroeconomic framework.

I-1 Key actions

33 Since April 2006, the Government has set itself the objective of pursuing the consolidation of public finances through the strengthening of recovery operations, the fight against tax fraud and the restoration of fiscal discipline. The actions taken in this context have helped to limit, amongst others, payment orders and to establish an inventory of reference prices in the context of public procurement. The capabilities of the financial administrations have been improved, in particular by further computerization and improving their internal governance. However, the implementation of new procedures for the execution of public spending has led to weak implementation of the budget, especially for capital expenditure.

34 In addition, the Government has settled the domestic debt due to businesses and cotton farmers in the context of boosting the economy. This has allowed the gradual recovery of cashflow for businesses and improved cotton production, which rose to 240,618 tons in the 2006/2007 season against 190,868 tons the previous season.

35 Improving the quality of energy has attracted the Government's attention throughout the year 2006. In this respect, measures have been taken, first, to ensure a regular supply of petroleum products in the country and, secondly, to complete the TCN/CEB interconnection.

36 The Government has also embarked on the restructuring of the telecommunications sector. A transitional regulator has been established and is functional

37 Relations with Nigeria have witnessed an increased momentum since April 2006. Cooperation between the two countries is evidenced by an economic forum, the signing of an agreement for co-prosperity between Benin, Ghana, Nigeria and Togo and the desire to expedite the gas pipeline project in West Africa.

I-2 Monitoring indicators Evolution

38 In 2006, the macroeconomic environment improved. Thus, the rate of real economic growth rose to 3.8% as against 2.9% in 2005. This growth is supported by an investment rate which was up to 20.6% in 2006 from 18.2% in 2005. The contribution of the primary sector (2.1%), of which agriculture is the main branch of wealth creation (1.9%) and the tertiary sector (1.1%). As far as employment is concerned, economic growth is driven by final consumption (2.4%) and movements in inventory (3.0%)..

39 Regarding inflation, the rate has dropped from 5.4% in 2005 to 3.8% in 2006 and less than 3% on average during the first half of 2007 in accordance with the community standard.

40 Tax revenue stood at 378.9 billion CFA francs in 2006 against 334.0 billion CFA francs in 2005 thanks to the improved performance of financial boards / public institutions?, mainly customs. The progress noted is due to: a more rigorous monitoring of the value of imports and better management of exemptions, the judicious use of ASYCUDA ++ and the simplification of procedures for revenue collection at the Port of Cotonou; implementation of measures to combat fraud at land borders.

41 In 2006, donations obtained are estimated at 45.3 billion CFA francs, a slight decrease compared to the achievements of the year 2005 (47.9 billion CFA francs). Contrary to the increase in total revenue, total expenditure and net lending lagged behind the achievements of 2005. Indeed, total expenditure and net lending are estimated at 481.0 billion CFA francs in 2006 compared with a forecast of 534, 9 billion and 488.5 billion CFA francs in 2005. This counter performance is mainly due to the delay taken by the actors in the chain of expenses to adapt to the new measures taken in the context of introducing fiscal discipline imposed by the new procedures for the execution of public spending.

42 The result is an improvement in the overall deficit excluding donations (payment authorization basis), which is estimated at 2.6% in 2006 down from 4.6% in 2005. But in 2006, obtained donations are estimated at 45.3 billion CFA francs, a slight decrease compared to the achievements of the year 2005 (47.9 billion CFA francs).

43 The trade deficit excluding re-exports would increase in 2006 and 2007, in particular because of the under-performance of the cotton industry. Indeed, the production of cotton in the marketing year 2005/2006, the level of which came out at 190,868 tons, has negatively impacted the growth of exports in 2006. This evolution has led to a worsening of the deficit in the trade balance excluding re-exports in 2006, compared with the benchmark target set at 6.2% of GDP

44 By contrast, net income and services improved in 2006 and 2007, thereby reducing the impact of the deteriorating trade deficit on the current account. The capital account and financial operations have been considerably strengthened through the benefits from the cancellation of debt under the Initiative for Alleviating the Multilateral Debt Relief Initiative (MDRI). The result is an overall balance estimated at 144.4 billion CFA francs in 2006 up from 49.2 billion in 2005, which shows a marked improvement in the external position of Benin in 2006.

45 Debt servicing insured in 2006 stood at 15.0 billion CFA francs against 14.2 billion CFA francs in 2005. As a percentage of exports, the debt service is about 5.1% in 2006 against 4.7% in 2005.

46 Despite these encouraging results, some adverse factors in the international environment and internal problems in Benin's economy persist, including: the high oil prices on international markets (the average price of crude oil was US\$ 64.3 dollars a barrel in 2006 compared with US \$ 53.38 a barrel in 2005), the stagnation of the price of cotton, the main export product of Benin, the under-performance in the production of cotton, especially during of the 2005/2006 campaign and the slow pace in implementing structural reforms. This situation has resulted in a heightened trade deficit excluding re-exports.

I- 3 Performance³ s in the stabilization of the macroeconomic framework

47 Compared to 2005, the performance of the stabilization of the macroeconomic framework has improved, thanks to the Government's desire to pursue the consolidation of public finances, to improve the quality of governance and to encourage private sector development. Thus, the various activities undertaken by the Government in 2006 led to the improvement of the macroeconomic framework. In 2006 and 2007, the performance in this area is encouraging though moderate (Table 5). Therefore, efforts must continue to improve the macroeconomic framework.

³ Performance scoring methodology is developed in Appendix. It gives marks from 1 to 5, 5 is the highest performance and 1 is the lowest

Table 5 Performance in the area of stabilization of the macroeconomic framework

Indicators	Baseline level	Achievement 2006	Target 2006	Level of performance
Economic Growth Rate	2,9	3,8	3,6	5
Inflation rate	5,4	3,8	<=3	4
Investment rate	18,2	20,6	21,5	3
Global budgetary Déficit (payment authorization basis excluding donations) in % of GDP	-4,6	-2,6	-5,1	3
Debt Service in % of exports	4,7	5,1	8,9	3
Balance of trade balance (excluding reexports) in % of GDP	-9,0	-8,7	-6,2	1
Average 1				2,85

Source : Calculated using data from INSAE, 2007, CSPRES, BCEAO, 2006, CAA, 2007

II- PRIORITY AREA 2 : Energizing the private sector

48 As the private sector has been seen as the engine of wealth creation and employment generation, the Government is determined to make it dynamic through: i) the continuation of structural reforms, ii) the improvement of the business environment and iii) the facilitation of financial intermediation for the poor. To this end, the government has indicated its determination by setting a clear and objective timetable for structural reforms. Various programs have been implemented to support the revitalization of the private sector, in line with the Development Policy Letter from the private sector. Also, the establishment of the Presidential Investment Council, a body linked to the Presidency of the Republic, responsible for the facilitation of private investment, should be noted..

II- 1 Key actions

49 In view of the actions of the PAP for 2006 and 2007, the process of implementation of the programmes is as follows:

50 The "**Private Sector Development**" programme supported: i) the development of a programme of development and increased productivity of the Port Authority of Cotonou, ii) the design and editing of a business support document, the development and adoption by the Council of Ministers of the private sector Development Policy Letter as well as its edition in the form of brochure iii) the strengthening of capacity for dialogue in the private sector (including professional and institutional consular organizations of private sector, the agro-food groups); iv) the development and validation of the overall strategic development plan of professional associations (CCIB, CNP, ADEx, AFACEB and CIPB), and v) the ongoing development of strategic development plans of professional associations chosen (with a view to strengthening their organizational capabilities, their capacity for dialogue and the ability to supply services to member companies..

51 The "**development of the microfinance sector**" programme has proceeded with the strengthening of the management information system of PAPME and continued with the institutional transformation of this institution as well as building its capacity. This programme has also given support to the Direction de la Surveillance du Secteur de Microfinance (DSSMF) (Microfinance Sector Monitoring Directorate) through the evaluation and operational audit of the FECECAM. In addition, the launching of Micro-Credits to the poorest people should be noted.; this programme has helped to make the poor economically active and capable of changing their situation for a better contribution to economic development.

52 The "**Industry Development**" programme is continuing its activities under the programme for servicing and improving the Export Processing Zones (EPZs) together with the client representative (Directorate of EPZs) and the contracting body (Military Engineers). It not only helped to initiate the development of 102 preliminary drafts of standards for several products, but also to initiate the adoption of 170 CEI standards on electricity and electrical equipment and the approval of 92 Beninese standards. There was also the preparation and dissemination of sketches in the media on industrial property rights and the contribution to the development of a draft bill on the registration by the normative structures of all food products imported in Benin.

53 The "**Business Development**" programme has contributed to the preparation of two draft decrees on product quality control and the prices of services provided by the DMCQ. It has also contributed to the creation of a squad to combat tax evasion and unfair competition. It supported several trade events, several trade marketing missions in Benin and abroad and participation in international trade events. As part of the support for the inter-agency commission responsible for the monitoring and implementation of the WTO agreements, a series of capacity-building activities for the members of the commission was implemented. It also organized within the framework of the implementation of the Cotonou Agreement and the monitoring of negotiating the Economic Partnership Agreement, a number of seminars for enhancing the capacity of members of the national committee for negotiations and of private players. It is the same for information seminars and awareness on regional integration

II-2 Evolution of monitoring indicators

54 The performance of the industrial sector remains weak over the period 2006-2007. The analysis of the situation in 2006 in industry showed a negative growth contribution of 1.3% compared with 0.5% in 2005. Regarding the share of the industrial sector in GDP, it stood at 142.42 billion CFA francs against 144.36 billion in 2005 at constant prices.

55 In the commercial sector, the coverage of imports by exports stood at 67.42% in 2005 against 67.32%. The opening rate is 41.29% in 2006 against 43.98% in 2005. The contribution of trade to GDP in 2006 grew and rose to 397.46 billion from 386.57 billion in 2005

56 As for private investment, it stood at 404.52 billion CFA francs in 2006 against 273.12 billion CFA francs in 2005.

II-3 Performances

57 The performance achieved in the field of the revitalization of the private sector is low (Table 6) and is inadequate compared with the macroeconomic framework. This situation is explained by the poor performance recorded in the cotton-growing season 2005/2006 with a fall of cotton production of 20.7%. However, Benin's industrial production and exports are largely based on cotton. The consequence is the poor performance of the industrial sector and to a lesser extent the commercial sector

58 However, the poor performance is mitigated by the resumption of confidence amongst economic operators which has resulted in an improvement in private investment. However, the poor performance will have a negative effect on performance in the field of economic diversification.

Table 6: Performance in the field of dynamisation of private sector

Indicators	baseline Level	Achieved value in 2006	Level of performance
INDUSTRIES			
Industrial production growth rate (in :%)	5,2	-1,3	1
Share of industry in economic growth rate	0,5	-0,19	1
Share of industrial sector in GDP training	9,62	12,98	5
TRADE			
Trade production growth rate	2,17	0,016	1
Share of trade in the economic growth rate	0,3	0,5	1
Coverage rate of imports by exports	96,2	63,66	1
PRIVATE SECTOR			
Share of private investment in the growth rate of the GDP	0,4	0,5	3
Growth rate of value added in private investment	4,63	4,81	3
Average 2			2,25

Source : Calculated using data from l'INS-AE ,MICPME

III- PRIORITY AREA: Economic Diversification

59 One of the structural features of Benin's economy is its lack of diversification. Cotton which has contributed to the growth and financing of the economy has experienced during the past three years a decrease in production due to a malfunction in the industry and the decline in international prices. That is why the Government has decided to add to the various macroeconomic and structural reforms a real policy of diversification of the economy. To this end, efforts have been made to identify clusters of projects capable of reviving growth and rendering the economy less vulnerable to external shocks. Actions are currently underway to operationalize these clusters of projects.

III-1 Key actions

60 Several programmes are now being implemented to operationalize the objectives of the Government in terms of diversifying the economy.

61 The "**Improving productivity and agricultural production**" programme has contributed to the strengthening of research and extension programs through various programmes/projects (Research programme of the National Institute of Research of Benin (INRAB), Support project for the Development of the Seed sector, Support programme for the Development of Agricultural Sectors, Support project for the development of Interactive Artisanal Fishing (PADPPA), Multinational Project for the Nerica Rice Outreach (PDRN)) and SONAPRA. The "**Improving productivity and agricultural production**" programme has supported the development of industrial and agro-industrial clusters and infrastructural development of storage/conservation of agricultural products, livestock and fishery with the support of the Department of Agriculture (DAGRI) and the Directorate of Fisheries (DPECHES).

62 The most advanced sectors at this stage are: pineapple, cashew nuts and shrimp and to a lesser extent rice. The palm oil industry is currently experiencing instability (despite efforts by the state) due primarily to internal conflicts and contradictions that undermine the CAR and URCAR. The programme has supported the development of the national umbrella organization for producers of cashew nuts, the training of producers of mushrooms (about 250) on technical itineraries and good agricultural practices in the production of the mushrooms, the completion of the internal phase of the prospective study on the export of mushrooms the implementation and validation of the diagnostic study of the fishing industry within the framework of the dialogue aimed at providing the sector with a plan to remove obstacles to short, medium and long term development, the training of fishermen and of fishing factory staff about hygiene and HACCP, the conducting of a diagnostic study for the preparation of the Support Project for Food Security and Nutrition with the technical and financial contribution of FAO, the implementation from March 2007 of the Food Security Project by the Agricultural Intensification (FSP) whose main objective is to increase and facilitate access to foodstuffs and nutritional products.

63 The "**Improving market access**" programme has provided information to producers and players on the commercial opportunities. To this end, the CCIB broadcasts on its website information on business opportunities for the marketing of food crops such as cereals and tubers. The National Budget has made available to the APRM a fund of 600 million CFA francs for the construction and equipping in Cotonou of a central multi-purpose laboratory respecting the standards required for accreditation. A laboratory of analysis and quality control of foodstuffs and agricultural products from plant, animal and fishery is accredited for pineapple, shrimp and cashew nuts. In addition to the central laboratory, a regional laboratory in Parakou is anticipated. This laboratory is already built and procedures have already been undertaken to equip it.

64 **With regard to the Integrated Framework Programme**, actions are: i) the preparation of a document to facilitate trade, in accordance with the negotiations being held with the World Trade Organization, ii) full diagnosis of existing institutions supporting trade and investment (on-going); iii) maintaining, in the cotton sector, domestic reforms and the fight for the reduction or even the elimination of cotton subsidies.

65 The **Development and Promotion of Tourism and Handicrafts** programmes, have also contributed to: i) improving the institutional and regulatory framework of these sectors ii) the enhancement of tourism sites and the development of crafts. This through: i) the development of tourist sites and their access routes (Calavi loading and unloading dock), ii) the establishment of tourist villages in Savalou and Boukoumbé iii) the development of the Bori pool in the Pendjari

national park iv) the development of the Tanekas-kokos site and its surroundings; v) the construction of a tourist area along the "Route des Pêches"; vi) the development and promotion of ecotourism in Attodji and Aguégoués; vii) the construction of a historical center, viii) the development and restoration of sites at Savi. As far as handicraft is concerned, there are: i) the establishment of chambers of trade, ii) the extension and establishment of the support bases for artisans; iii) a comprehensive census of artisans and home crafts and rehabilitation of the mini zoo and infrastructure of the Centre for the Promotion of Crafts.

III-2 Evolution of monitoring indicators

66 The actions in this area have led to an improvement in its performance despite being below average. It is to be noted:

- Improved productivity and plant production. The efforts made both by management and by producers have generally helped to bring the expected return to more than 81%.
- Improved productivity and livestock production. The year 2006 was characterized by a substantial increase in local poultry products despite the psychosis of bird flu that swept over the country at the end of 2005 through to the 1st half of 2006.
- Improved productivity and fishery production. The results for the size of the main market fish species are for the most part beyond expectations.
- The development of lowlands and perimeters. Only 3.2% of forecast planning were realized, or 509.62 ha ha, of which 259.62 ha by the ProCGRN on a forecast of 16,100 ha. This poor performance is explained on the one hand by difficulties in the implementation of large projects such as the Project Management of Small Irrigation areas (PAPPI), the Hydro farming development plan in the lower River Mono Valley (Mono-PAHV) and the Hydro agricultural Niger River Valley development plan – Sota pilot Perimeter (PAHV-Sota).
- The opening up of production areas. The achievement of selected indicators is respectively 171.17% for the number of miles of rural services earth roads and 27.50% for renovated highways.
- Meeting water needs of people and livestock. The drinking water provided by the Hydro-agricultural Mono River lower Valley development plan (PAHV-Mono) (04) and the Hydro agricultural Niger River Valley development plan - Scope of pilot Sota (PAHV-Sota) (04) could not be completed because of delays in procedures.
- No water retention pond could be conducted out of the 10 planned on the grounds of procedures and the PDEIII closing. These projects are reprogrammed for the year 2007.
- Meeting the needs in infrastructure and agricultural equipment. The forecast could not be met due to certain constraints including the non-payment of start-up advances to selected

companies, the standstill of sites due to heavy rains in respect of the Hydro-agricultural Mono River lower Valley development plan (Mono-PAHV) and the Hydro-agricultural development plan in the Valley of the Niger River : Pilot Perimeter of Sota (PAHV-Niger: PPSota). This situation results from delays in disbursement and the slow finalization of tenders.

- Compared to managed production areas, the implementation rate (41%) is relatively low despite the more and more pronounced interest for these types of facilities that benefit small producers and especially women.
- With regard to agricultural equipment, a single walking tractor is set up on an experimental basis by the support project for the rural development of Mono and Couffo (PADMOC) out of the 24 planned, the acquisitions of expected equipment under the Program Promotion of Agricultural Mechanization in Benin (PPMA) have not been implemented because of the delay in the starting up of this project.
- There has been a strong demand for the motor-driven pumps (implementation rate for this indicator is 241.7%). This strong demand is due to complementary needs expressed by gardeners installed at sites arranged by the PADFA. It reflects the genuine desire of farmers to control water for production purposes.

III-3 Performance in the diversification of economy

67 Overall performance of this priority area is not yet in line with expectations. It is likely that this poor performance is due to the latency period necessary for the initiation of tangible results. However, they encourage all the actors of the GSPR to take all appropriate measures so that in 2008 the results are better. Regarding the improvement of market access, performance is below average of the considered area (Table 7). This is an obstacle to the development of clusters. Therefore, special attention should be given to issues relating to market access if we are to promote the diversification of the economy.

68 The performance in this area will improve only if that of boosting the private sector gets better. These results indicate clearly that we cannot diversify the economy without energizing the private sector, and that the stabilization of the macroeconomic framework is not enough to develop the economy..

Table 7: Performance in the area of diversification of the economy

Indicators	Level of performance
IMPROVED PRODUCTIVITY AND AGRICULTURAL PRODUCTION	3,24
Yields of major crops	3,85
Growth rate of production of major crops	1,46
Productivity of major animal species	3,48
Growth rate of 5 main herds	5
Market size of the main fish species	4,67
Growth rate of fish productivity	1
INFRASTRUCTURES AND FARM EQUIPMENT	2
% Of rehabilitated lowland and flood plains (compared to the potential 322000 ha)	1
Miles of earth roads of rehabilitated rural services	5
rehabilitated production area	1
% of rural rehabilitated earth roads	1
Water ponding for pastoralists	1
built and furnished infrastructures	1
Walking tractors Motoculteurs	1
Motor pumps	5
ACCESS TO MARKETS	2,28
Tonnages of controlled agricultural products	3,11
Rates of compliance with standard microbiological food	1
Rates of compliance with standard physio-chemical inspected food	4
Number of improved markets	1
Average 3	2,5

Source Calculated using the APRM data

IV. PRIORITY AREA 4: Promoting regional integration

69 In this area, the stated objective is to continue actions of openness and cooperation within the subregion (UEMOA and ECOWAS) in order to expand markets while maintaining the global competitiveness of the area in relation to the rest of the world. To this end, actions undertaken have allowed: (i) the expansion of its potential for transit services to make the country a platform for exchanges, and (ii) the development of channels for exchanging food for which there is a strong demand in the subregion (especially in Nigeria and Niger) with a view to increasing the production of these products, and (iii) work for the promotion of co-prosperity through sharing and the joint use of production factors and transport infrastructure; (iv) the reduction of fraud and distortions relating to rules of origin; (v) the enhancement of the potential of the corridors of Benin, (iv) the involvement of Benin's diaspora in the socio-economic development of the country.

Key actions

70 In particular, the strong actions taken during the period can be summarized as: i) the Coprosperity Agreement signed between Benin, Nigeria, Togo and Ghana on February 8, 2007, which seeks the integration of the national economies ii) consultation on the public-private

partnership designed to speed up the local production of generic drugs for the fight against AIDS (ARVs) in the ECOWAS area.

71 Moreover, in terms of policy, subregional cooperation and the regional diplomatic actions of Benin, supported by the personal involvement of the Head of State, allowed Benin to appear more on the sub - regional and regional levels as a key player in the promotion of socio-economic development and in conflict resolution which delays the effective take-off of the African continent.

73 . In the economic and social field, the 8th Ordinary Session of the Conference of Leaders and Heads of State of CEN-SAD in which took part Benin from 1 to 02 June 2006 in Tripoli, Libya asked the CEN-SAD Secretary General to continue and intensify efforts to achieve short-term major projects in the field of agriculture and food security. These include the construction of the Great Green Wall on which current studies should clarify coverage areas, the creation of a High Authority in charge of Sahara Development and a High Authority for Water. The implementation of these major projects will undoubtedly have a positive impact on economic growth of our country.

74 In considering the results of the axis "Accelerated growth," the Government is determined to step up efforts to stabilize the macroeconomic framework. To achieve this, it is important to: (i) bring those responsible for structures to adopt a proactive approach in the implementation of activities, (ii) establish a policy of recruiting managers, and (iii) regularly inform the directors and programme managers on the implementation of their budgets (to review the quarterly consumption of credits by each structure), (iv) organize briefings and training for directors and executives on the procedures for implementing the budget, (v) define and implement an effective policy for mobilizing financial resources for the implementation of planned actions. (vi) finally, it would be necessary to strengthen the capacity of line ministries in the production of statistics in order to calculate levels of performance in all areas.

CHAPTER 3 : INFRASTRUCTURE DEVELOPMENT

75 Infrastructure is an important means to promote economic growth and development. The cross-cutting nature of the infrastructures has notable leading effects on the development of all sectors of activity.

76 Indeed, the availability of transportation services and competitive performance enables companies to: i) reduce production costs, and ii) facilitate the smooth supply of markets and the development of economic activities. Similarly, energy and water infrastructures contribute significantly to improving the welfare of the people and the development of the productive potential in all sectors of the economy. In addition, sanitation works and water management are essential to the well-being of the people. They can improve safety and the living environment. Finally, water control for productive purposes is required to reduce the vulnerability of farm households to climatic variation and to improve agricultural productivity. Therefore, the following three areas: (i) transport infrastructure, (ii) energy, and (iii) water and sanitation have been identified as priority areas in GSPR.

77 In this context, the Government has chosen to place special emphasis on the realization of infrastructure in the sectors of transport (land, river, sea, air and rail), energy and water and sanitation.

I - PRIORITY AREA 1: Transport Infrastructure

78 The vision of the Government in the field of transport infrastructure is to transform Benin, today a transit country, into a platform for services in logistics and export by providing, inter alia, an integrated infrastructure system and efficient transport services. Thus, the overall objective of the transport sector in the light of new guidelines and recent developments is to develop and manage transport infrastructure and services to support economic growth and social well-being. To achieve this objective, the actions taken have been through two programmes, namely: (i) the road programme, which seeks to ensure better urban, rural and inter-state mobility of persons and goods as well as access of populations to essential socio-community services, (ii) the management of transport methods to render the system of transportation by land, sea and air more efficient.

I-1 Key actions

79 Several measures have been taken in the realization of transport infrastructure: (i) the development of earth roads, (ii) the periodic maintenance and rehabilitation of tarred roads, (iii) the development and modernization of road network, (iv) the construction of specific works, and (v) the development and maintenance of earth roads for rural transport, (vi) the achievement of road infrastructure studies (vii) the conservation of roadway heritage and management of various projects related to roadworks; (viii) and the studies of the environmental impact of road projects.

80 Accomplishments precisely include:

In terms of rehabilitated earth roads: Rehabilitation of 131.71 km of earth roads and the building of 10 water projects of box type drains on the axes of Zian-Igolo, Ouidah-Allada, Zounhouè-Athiemé and Bantè - Aguélé-Aklampa;

In terms of rehabilitation and periodic maintenance of tarred roads: Road grading (maintenance) of the 38.7 km of road remaining on the route Djougou-Natitingou and completion of the 2.2 km road remaining on the route Porto-Novo-Igolo making a total of 40.9 km.

In terms of the **road network:** Work on the dam at the entrance to the city of Djougou are completed. A (01) Preliminary design Study (PDS) and five (05) Preliminary Detailed studies (PDS) for development projects and the tarring of roads followed by a network of 3,615 km of roads out of 6,076 km (59.50%) are completed. The establishment of seven (07) tolls out of fifteen (15), including 05 posts which are fully functional and 02 nearing completion (a coverage rate of 46.66%). The rehabilitation of public works equipment, leading to an availability rate of 54.57% for equipment. In addition, the utilization rate of these materials is 48.04%. The routine maintenance of a network of 3,615 km of roads over 6,076 km gives a rate of coverage for routine maintenance of 59.50%. The general improvement in the index of the state of the road network has indicated only 71% of the network in good condition.

At the level of rural roads: Rehabilitation of 87 km of earth roads through the processing of critical points and 162.40 kilometers of roads on the Rehabilitation and maintenance of Rural service Roads programme (PREPDR) in Borgou-Alibori and Zou Collines , hence a total of 249.40 km.

I-2 Evolution of indicators and performance of transport sector

81 Despite the major projects which have been launched, the performance of this priority area is still below the targets needed to propel economic growth. This sub performance is due to the latency period that characterizes large projects (Table 8). It should be noted that a lot of major projects were launched in 2006 and 2007 and the results will be noticeable within two to three years.

Table 8: Performance of transport sector

Indicator	Value achieved in 2006	2006 Target	Level of performance
Miles of managed earth roads	131,71	250	2
Miles of managed or rehabilitated earth roads	249,40	800	2
Miles of treated and regularly maintained roads	3615	3752	3
Regularly maintained Index	59,50	61,75	3
Percentage of road network in good condition	71	70%	3
Goods Traffic for imports	4.836.140	4.854.794	4
Goods Traffic for exports	503 900	514.340	3
Air travellerTraffic (from Cotonou)	170.000	178.443	4
Cargo Air traffic	4800	4.636	4
Average			3,11

Source : DPP –MDCTP/PR

I-3 Perspectives and Recommendations in transport sector

82 The validation of the updated strategy in the sector by September 2007 will enable the organization of the round table of sector donors. This mobilization of partners around the new sector strategy is a new start for the sector. As for the indicators, a study is scheduled to determine reference values to be attached to the five-year programme of investment, subject of the partners' round table. Thus, the monitoring and evaluation mechanisms will be more efficient and will contribute significantly to the evaluation of the strategy to be adopted. To this end, the determination of the reference values of the indicators is a crucial exercise that will allow players to agree on the initial values and to harmonise their method of calculating them and the annual, realistic targets.

83 Finally, in the end, the process of validating the updated strategy, the organization of partners' round table, the determination of the target values of the indicators and the establishment of the monitoring and evaluation mechanism will be tools for the Transport and Public Works sector, enabling it to achieve its objectives and to support the efforts of other sectors under the Growth Strategy for Poverty Reduction.

84 Moreover, in the context of the completion of development projects, it is strongly recommended to grant an important role to cross-sectoral dialogue for a better use of mobilized resources.

II- PRIORITY AREA 2: Energy Infrastructure.

85 Given the sensitive nature of energy in economic growth, and taking into account the power shortages the country is currently facing, appropriate actions have been taken to solve the energy crisis; increase and diversify the country's energy capacity and in future, provide the country with an energy policy.

II-1 Key actions

86 As part of the implementation of priority GSPR Action Programme, actions by the Government are part of the "Energy for Poverty Reduction and Development." These actions have helped: i) improve the institutional and regulatory framework of the sector; ii) strengthen actions to control energy iii) establish funding mechanisms to promote alternative energy and development at the community level in general and in rural areas in particular in the context of poverty reduction; iv) develop the hydrocarbon potential of the coastal sedimentary basin v) boost rural electrification vi) secure facilities from Sèmè field, vii) expand the rate of access of urban, peri-urban and rural populations to modern energy (electricity and biofuel alternatives to firewood)..

87 To be precise, the relevant actions in this area are as follows: (i) selection of a company for the construction of two digesters for electricity generation from biogas and the launching of restricted tenders for the construction of four other digesters (ii) final approval of pre-

electrification work in Kilibo (commune of Ouessè) and Goro (commune of Tchaourou), (iii) the electrification by the Electricity Company (SBEE) of a few villages or urban districts and communes : Tchetti, Pénésoulou, Gbessou, Bougou, Bodi, Nagayillé, Kodowari, Ouaké, Péhunco, Kérou, Lokossa, Hlassamè, Koutimè, Tannou, Tchégnonhoué, Avrankou, Dongbo and Yoko, (iv) the provisional reception of solar electrification facilities in 24 villages in Benin, (v) the implementation of management by the leasing of solar electrification facilities, (vi) the completion of preelectrification installations of Sori (commune of Gogounou), Sèkèrè (commune of Sinendé) Kilibo (commune of Ouessè), Goro (commune of Tchaourou), Baoudjo (commune of Ifangny) and Adohoun (commune of Athiémé) (vi) the entering into service of pre-electrification installations and mechanical energy production by a multifunctional platform at Igba and Igbo-Abikou (commune of Sakété), (vii) the completion of the state of the site of preelectrification in Madékali (commune of Malanville), (viii) the continuation of the work of pre-electrification and mechanical energy production by a multifunctional platform for Djègou Nagot (commune of Ifangny), (ix) the implementation of management by leasing facilities in Igba and Igbo-Abikou (commune of Sakété) (x) the development of the Terms of Reference and launching of the tender for the completion of feasibility studies for the electrification of 155 communities through various options (xi) the completion of feasibility studies for the electrification of 57 locations by connecting to conventional networks and the transmission of the report of that study to the Investment Bank of ECOWAS for the negotiation of its funding; (x) start of work on the electrical grid interconnection of the North Togo - and North Benin; (xi) the selection of a company to ensure the emergency extension and strengthening of the electrical network in Cotonou, Porto-Novo and Abomey-Calavi (the contract is being signed).

II-2 Evolution of indicators and sector performance Evolution des indicateurs et performances du secteur

88 The performance of this sector is not yet up to the objectives of the sector, actions must continue not only to increase the country's power capacity but also to improve the quality and cost of electric power.

89 Therefore it is appropriate to insert indicators measuring the quality and cost of service in this sector.

Table 9: Performance of electricity sector

Indicator description	Value achieved in 2006	Target value	Level of performance
Electrification rate	24,1	25,2	3
Coverage rate	25,7	26,3	2
Rate of service	43,7	44	3
Population served	3232605	3359566	2
Average			2,50

Source : DPP MMEE

89 The reasons for which the achievement of goals has been hampered include: (i) the lack of funding allocated annually to projects, (ii) the delay in the availability of appropriations from the National Budget, (iii) the brutal reduction of credits allocated to projects already underway as part of

programmed activities, (iv) the non availability of counterpart funding from the National Budget for projects benefiting from external resources, (v) the low organizational capacity of the beneficiaries of the Agence Béninoise d'Electrification Rurale et de Maître d'Energie (ABERME), especially for the technical and financial management of the facilities.

90 To remedy these shortcomings, the following measures must be taken. (i) the upward revision of funds allocated to projects so as to enable the managers of such projects to achieve the objectives in a timely manner, (ii) the timely disbursement of funds allocated for projects, and (iii) the timely provision of counterpart funding in order to facilitate the implementation of projects jointly funded by the development partners and the National Budget, (iv) the strengthening of the capacity of beneficiaries of the ABERME providers.

III- PRIORITY AREA 3: Hydraulic and sanitation infrastructures

III-1 Key actions Principales actions

91 **The drinking water sector in rural areas** has experienced a spectacular jump in terms of physical accomplishments during 2006: 1693 equivalent drinking water points have been received in 2006 up from 900 in 2005; this total includes 1206 new equivalent water points and 487 rehabilitations. Physical targets for the year 2006, set at 1678 equivalent water points, were met at 101%, or 123% for new installations and 70% for rehabilitations. Although the goal of rehabilitation is not reached, it should be noted that significant efforts have been undertaken to replace several hundred very old and unserviceable human motor pumps. The resulting decline in the failure rate of the distribution structure is estimated at 2%. The rate of overall service has increased by 3%, from 41% in late 2005 to 44% at the end of 2006, considering the current repository of the rural population and the standard of service of 1 EPE/250 inhabitants. Thus, one can estimate that about 423,000 people are served by the works included on the 2006 balance sheet.

92 The execution rate of credits in the 2006 budget was 90.3% based on legal commitments and 45.6% on an accounting basis. Payments made in 2006 total 7 036 billion CFA francs of a total allocation of 15 437 billion CFA francs. With regard to the carry-forward of balances from 2005, the consumption rate is 64.0% on an accounting basis.

93 This poor financial performance for the year 2006 is mainly due to the difficulties encountered by the Treasury to pay suppliers and businesses both from national resources and external resources made available through sectoral budget support. Suppliers of pumps, whose markets represent significant amounts, have been particularly affected by late payments. The framework for consultation (MMEE, MF) created during the year, according to a recommendation of the 2005 budget review, should improve its efficiency.

94 The procurement of studies and services at a decentralized level has led to a significant reduction of time limits for procurements. An average time limit of 77 days was calculated on a batch of 27 contracts. This departmental approach has yet to be rolled out to all programmes. Efforts are still needed to reduce procurement times at a central level for work and services which do not have a multi-year nature, so as to be able to establish on a timely basis the annual procurement plan and the time tracking mechanism.

95 The estimate of targeted rural and urban populations has improved as a result of the development of a register of people in each locality. This will allow a better delineation of the boundaries of intervention of the Water-GD and the SONEB, a better estimation of the levels of service and a more efficient programming of works by locality so as to achieve the MDGs.

96 In terms of social intermediation, a breakthrough is recorded with the completion of the study on the revitalization of this area of vital importance for subsequent programming. The recommendations of the study should be disseminated to social intermediation structures that are the key players on the ground for implementation. The next step is the development of a social intermediation process specifically for village water supplies. An investigation will be launched shortly on the subject.

97 The creation of the common pot of the Water Initiative in the semi-urban centres has made significant progress. MMEE-MF-PTF consultations for the financing of investments resulted in the preparation of a framework agreement on an allocation of 15 million euros, or about 10 billion CFA francs (the signing took place on March 27, 2007) and the procedures for its implementation have been developed. The annual programme of investments in research and analysis for 2007 and 2008 in all departments is being finalized and will shortly be forwarded to MEPDEAP for inclusion in the first call for funds from donors.

98 The two aspects of the Water Initiative regarding the diagnostic on Village Water Conveyances (VWC) on the one hand and their management on the other hand have also progressed in 2006. A workshop involving the Mayors and the Water Administrations validated methods of VWC management which can be retained for the professionalization of management. A test has also been launched to develop professional management of 17 VWCs across several departments, as part of a joint communal-private operator contract.

99 The Water and Sanitation Sector, which includes the PTF and representatives of the Administration has been very active in leading the thinking necessary to make progress in the sector through the financing of studies of mutual interest.

100 Benin's commitment in the process of the Integrated Management of Water Resources (IMWR) has been reflected in the new organizational structure of the General Directorate of Water with the creation of the Directorate of Planning and Management of Water (DPMW), which has been entrusted with a large part of the tasks of the Permanent Technical Secretariat for coordinating IMWR. But this commitment should continue through the allocation to this area of the human resources necessary for technical activities to start effectively.

101 Consultations with partners to find funding for the IMWR within the framework of conventions have led to encouraging results. Thus, the IMWR dimension has been taken into account as part of the 4th component of the Multiannual Support Programme to the Water and Sanitation sector (PPEA / MSPWS?).

102 The process of sector reform based on the basic texts continues. The adoption of the National Policy Paper on Water is not yet effective, but the study of the draft Law on the Management of Water has made progress with the review carried out by the Supreme Court. The preparation of the IMWR National Action Plan is underway and should result in the development of a document in early 2008. The progress of this process must have the greatest attention from the MMEE.

103 With the completion of 287 EPE new installations and 160 EPE rehabilitated works between January and June 2007, rural hydraulics performed poorly this year compared to 2006. The decentralized services of the GD of Water are already working hard to achieve, during the second half of the year 774 EPE new installations and 525 EPE rehabilitated works. This would result at the end of 2007 in a rate of 69.1% of new installations and 96.2% rehabilitated works. Similarly, to ensure achievement of the Millennium Development Goals for 2015, the completion of 2316 EPEs (1926 new and 390 rehabilitation) is foreseen for the year 2008.

104 **As part of the urban hydraulics**, SONEB has achieved the following: (i) the acquisition and installation of generators in the catchment areas of Cotonou and Porto Novo to secure the drinking water supply following power outages, (ii) the renewal 40km of asbestos cement pipes; (iii) the drilling of two new wells, (iv) the conducting of detailed studies related to the work to be performed under 2nd phase of the AEP secondary cities project; the completion of feasibility studies of the

project to supply drinking water to the cities of Savè, Dassa and Glazoué from surface water, (v) the completion of the feasibility study of the AEP system in the city of Tchaourou, and (vi) the completion of the environmental impact study of the project for strengthening and extending the drinking water distribution system in the city of Cotonou and its suburbs.

105 These actions had an impact on the drinking water supply to the population. Indeed, the volume of water supplied to populations in urban and periurban areas was 33 million m³ at the end of 2006 and the number of subscribers to the SONEB network is 132 600 at the end of June 2007. The total population served at the end of June 2007 can be estimated at 1.6 million inhabitants.

106 The coverage rate for June 2007 was 53.5%. Its current level is 53.1% as a result of delays in implementing water connections. Indeed, the value realized for subscribers is 98%. This small difference is mainly due to the slow pace in the procedures for awarding public contracts. Most goals of the AEP sector in urban areas are met.

107 In the second half of 2007, work on the following projects will start: (i) the project to supply drinking water to secondary cities / Phase 2: Dassa-Zoume, Glazoué, Kandi, Nikki, Azové / Aplahoué / Djakotomey, Tanguiéta Sakété and (ii) the project to strengthen the system of AEP in the city of Cotonou and its surroundings/emergency measures, (iii) the connection of three boreholes at Godomey.

III-2 Evolution of indicators and industry performance Evolutions des indicateurs et Performance de l'industrie

108 In view of the indicator analysis, the sector remains generally successful, with a rate of coverage in rural areas, which is about 44% against a target of 43% in 2006. . All of this is due to the good management of this sector and cooperative governance between the various technical and financial partners in this sector.

Table 10: Water sector performance

Indicators	Value achieved in 2006	Target Value	Level of performance
Service rate (in Rural and periurban area) in %	44	43	4
Water point shortage rate (en %)	14	15	4
Additional Population served	423250	419 500	3
Number of newly built water points	1206	978	5
Number of equivalent	487	700	2

rehabilitated water points			
Average			3,6

Source DPP MMEE

109 **Sanitation and Basic Hygiene Assainissement et Hygiène de Base.** The achievements in this area have focused on: (i) the start of technical studies for the development of 300 acres of bottomland with partial control of the water; the rate of physical implementation is 40%, (ii) the start of the development of 400 hectares of equipped perimeters with total control of the water. The physical delivery rate is 30% also with the support of the PGUD program

110 Work on the rehabilitation of 50 dams, the construction of 12 new dams and the rehabilitation of 60 hectares of irrigated perimeter in Malanville have not yet started. However, an environmental monitoring program is implemented for the rehabilitations undertaken by the Agricultural and Pastoral Hydraulics Programme.

Evolution of indicators and sector performance

111 The level of indicators reflecting the achievements in the field of sanitation and hygiene as a basis for the end of June 2007 is as follows: (i) the coverage rate in basic sanitation work in households is 35.75% against a target of 35.4% (ii) the number of localities covered by the promotion of hygiene and sanitation is 858 against 779 planned, (iii) the number of health facilities with functional incinerators stands at 138 against 158 planned. Iv) None of the 100 protective equipment for foodstuffs to be made available to sellers and food sellers is yet available.

IV- PRIORITY AREA 4: mining infrastructre

112 In the field of geological and mining research efforts have been made in particular in: (i) the identification of sand deposits off the coast in the alluvial plain of the river sô and Dèkougbe, which helped delineate and allowed the attribution to developers of thirty-two operating perimeters including Aholouyèmè, Akassato, Sô-Ava, Dèkougbe and Adounko, (ii) the work of strategic prospecting took place in the departments of Mono, Couffo, Atlantique and Ouémé and also in bodies of water such as Lake Nokoué and the lagoon of Porto-Novo, thus highlighting areas that are favourable to the accumulation of sand, (iii) the exploration of gold indices in the municipalities of Djougou and Ouaké, which helped to improve their level of knowledge within the mining perimeters P12 and P14 for the gold metallogenic zone of Donga, (iv) the exploration of marble at Assio (Commune of Dassa) (v) the delimitation of perimeters for the exploitation of quartzites in the area of Natitingou, (vi) the recognition of signs of nickel, chromium, fine stones, ornamental stones, and (vii) the licensing of prospection or operations to companies that have undertaken in-depth research surveys, respectively, on deposits of limestone of Bakpodji, Massè, Onigbolo and Ahlan.

113 In the area of exploitation of mineral resources, pilots projects were undertaken for the production of granite, lime, clay and stabilized bricks.

115 As part of the implementation of the PAP, the following actions were taken: (i) continuation of the digitization of maps and mining perimeters, (ii) continuation of the supervision of alluvial diggers (?), and (iii) start up of the exploitation of the Idadjo marble deposit.

CHAPTER 4: STRENGTHENING HUMAN CAPITAL

116 The strengthening of human capital and human resource development constitutes a pillar of the strategy. Indeed, poverty is not only due to low incomes, but is also a result of a lack of access to various forms of capital. Also, the improvement in the human capital stock consolidates the social sphere and strengthens the foundations of economic growth in the medium and long term. Therefore, GSPR has retained within this framework four (4) priority areas, namely: (i) the promotion of an education system of development; (ii) the strengthening of vocational training matching the needs of the labour market, (iii) improving the accessibility and quality of health services and nutrition, and (iv) strengthening protection and social solidarity.

I PRIORITY AREA 1: Promoting a development education

117 Access to quality education is essential for socio-economic growth and poverty eradication. The promotion of development education is clearly enshrined in the GSPR as one of the priority objectives for an upgrading of human capital needed for economic growth and poverty reduction. Thus, the challenges for the period of the implementation of the GSPR can be summarized as: i) improving the education provided by nursery schools, ii) improving pupil retention rates especially for girls in primary and secondary education; iii) better support for higher education and iv) the fight against the AIDS pandemic.

I-1 les Key actions principales actions menées

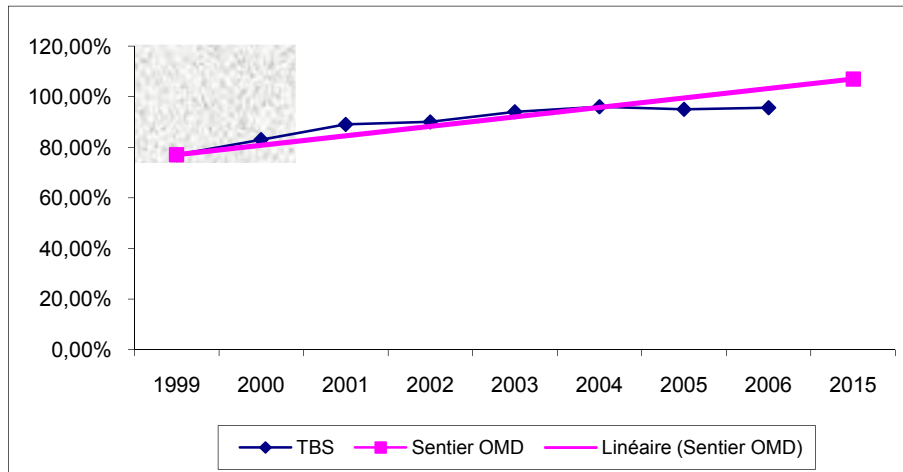
118 The key actions are aimed at improving the performance of the education system, strengthening the foundations of an education system capable of meeting the demands of a modern economy, generating growth and sustainable development. These actions are fully in line with the Millennium Development Goals which aim, by 2015, at the possibility that 100% of school-age children follow a complete primary education, the minimum requirement for the acquisition of basic skills (reading, writing, counting) to become irreversible. Among these actions are: i) the finalization of the Ten-Year Plan for the Development of the Education Sector, its adoption by the Government and its endorsement by the Initiative FAST TRACK ii) free nursery and primary education iii) the organization of the National Forum on the Education Sector, and iv) the organization of the EFA Week in April 2007.

119 **Primary education:** The aim of this kind of education is to: i) ensure equal access to education for all school-age children and ii) to strengthen the quality of education provision. In this

regard, the government declared that primary and nursery education is free. Several actions have been taken to accompany this gratuity. These include: i) the recruitment of teachers (1024 contractual primary school teachers and 15 permanent secondary school teachers were recruited in 2006), ii) the identification of public schools and teachers throughout the country. iii) the intensification of construction of school infrastructure (321 classrooms were completed)

120 Evolution of indicators and performance of the primary education sector Evolution des indicateurs et performance du secteur de l'enseignement primaire : The overall analysis of the sector is appreciated here from GER, the enrolment rate in 1st year primary, the REM and the pupil/books ratio.

Figure 2: Trends in GER in the context of the MDGs



Source : DPP MEPALN

121 At the end of the 2005-2006 school year, the Gross Enrolment Ratio (GER) was estimated at 95.6%, up 0.8 percentage points from the level of 2004-2005. To achieve the MDGs in 2015, it is important to improve this trend and make gains of 1.2 points over the next nine (9) years. Despite this performance, a proportion of Benin's population, consisting of children who are no longer in school or not in school and children with disabilities, is outside the school system. Mechanisms are being identified to ensure their integration into the education system.

122 As for the GER of girls, it has also improved from 81.3% in 2003 to 86.1% in 2006. This relative improvement in the enrolment of girls over the period 2003-2006 has been more marked than that of boys (5 points rise for girls and 2 for boys). The actions to promote girls' education, community involvement (including mayors and NGOs) and women's literacy have certainly helped to achieve these results with girls.

123 However, the elimination of the girl / boy imbalance demands greater and more targeted efforts, because the GER for girls remains lower than that of boys (approximately a 19-point difference in 2005-2006). In addition, the percentage of female pupils enrolled in the 1st year of

primary school, although increased since the 2002-2003 school year, remained far from the target for the school year 2005-2006 (46.13% vs 50 %).

Table 11: Evolution of the gross enrolment ratio and number of pupils in CI

	2002/2003	2003/2004	2004-2005	2005-2006	
	Values achieved	Values achieved	Values achieved	Values achieved	Target Values
Gross enrolment ratio (%)	94,5	96	95	95,6	100
Gross enrolment ratio of girls (%)	81,3	84	83	86,1	—
Gross admission ratio in CI (%)	95,53	99,33	99,26	114	110
Number of pupils in CI (public and private schools)	282 760	308 977	275 672	294 506	309 900
Percentage of girls in CI (public and private schools) (%)	44,13	44,74	45,94	46,13	50
New admission in CI (public and private schools)	235 648	246 994	—	290 667	—
Percentage of girls among new admission in CI (public and private schools)	44,29	44,9	—	46,26	—
Coverage rate of school fees (%)	71	97	—	—	78

Sources : SSGI/DPP/MEPALN, juin 2007

124 In addition to the progress in schooling, efforts are being made to improve the gross admission ratio to the 1st year of primary school and the survival rates in the system. Thus, the number of children enrolled in the 1st year of primary school in the public and private schools over the period 2003-2006 grew at an average rate of 4.15% (the numbers have increased from 282 760 in 2002-2003 to 294 506 in 2005 -- 2006). However, the desired results have not been achieved. Indeed, the number of children enrolled in the 1st year of primary school in the public and private institutions in 2005-2006 is less than the target for 2006. The number of children enrolled in the 1st year of primary school during the 2006-2007 school year is expected to show significant improvement due to the free nursery and primary education policy.

125 The number of new children enrolled in the 1st year of primary school also increased over this period with an average annual growth rate of 07.24%, higher than that of the total number of children enrolled in the 1st year of primary school. The result was an increase in the gross admission

ratio at the 1st year of primary school, which rose from 95.5% in 2002-2003 to 114% in 2005-2006, an increase of 4 points compared to the target value of this indicator estimated at 110%.

Table 12: Evolution Pupil-teacher ratio in public institutions

	2002/03	2003/04	2004/05	2005/06	
	Values achieved	Values achieved	Values achieved	Values achieved	Target Values
Pupil-teacher ratio (STR)	65,4	54,9	50	47	50
departmental STR extremes	18,1	9	9	12,3	6

Source : DPP/ MEPS, juin 2007

126 The conditions of supervision of pupils have improved over time. Indeed, the pupil/teacher ratio rose from 65.4 to 47, an improvement of the supervision of pupils of 18.4 points. Thus, the value obtained in 2005-2006 is less than the planned target for this school year. It should be noted that these values include the number of community teachers recruited directly by the schools and paid for by parents. This raises some issues in relation to the quality of teaching because these community teachers do not receive basic vocational training.

127 The review of the differences between the extreme pupil/teacher ratios at a departmental level shows a decrease in the gap between the school years 2002-2003 and 2005-2006. However, this decline has not achieved the target of 6 planned for the 2005-2006 school year. Much work remains to be done to close this gap which has widened again between 2004-2005 and 2005-2006.

Table 13: Evolution of the indicators of internal efficiency

	2002/03	2003/04	2004-2005	2005-2006	
	Values achieved	Values achieved	Values achieved	Values achieved	Targets
Repeater rate in%	23,62	16,95	7,92	Nd	15
Completion rate in %	49,1	49,54	54,45	59	59
Completion rate of girls in %	36	36,57	42,27	48	46

Source : DPP/ MEPS, juin 2007

128 Indicators such as promotion, repetition and dropout rates which measure the internal efficiency of the education system are not yet satisfactory. However, there has been a decline in the repetition rate of 15.7 points over the period 2003-2005, in conjunction with the implementation of the policy for the non-repetition of the 1st year of primary school.

129 The completion rates for both boys and girls have increased significantly (almost 10 points difference) over the period 2003-2006. The value achieved by the rate for both sexes is equal to the target value provided by the Programme Budget of 2006. In addition, the completion rate for girls is higher than the target value. Unfortunately, the poor performance in various examinations this year will negatively impact the internal efficiency of the educational system.

Table 14: Table of performance of primary education

Indicators	Level of Performance
Gross schooling ratio (%)	2
Gross schooling ratio of girls (%)	3
Gross admission ratio in CI (%)	5
Total number in CI (public and private schools)	3
STR	1
Completion rate	5
Coverage rate of school fees (%)	5
Average	3,42

Source : Calculated using MEPALN data

130 The analysis of the indicators hides the disfunctions in this sector, revealed by the poor results of this year's examinations that has marked all stakeholders in the education system. The decreed free nursery and primary education should provide an improvement of these indicators if all the accompanying measures begun this year continue.

131 **Secondary Education Enseignement Secondaire:** In terms of general secondary education, the government is committed to improve access and quality of secondary education. This objective guarantees access opportunities to secondary education for all school-age children and enhances the quality of educational provision. For this purpose, programmed actions aimed to i) Ensure the promotion of girls' education and ii) Enhance the quality and quantity of education offered. Many actions have been undertaken at the level of secondary education. They are related to educational facilities and teachers.

132 **Evolution of indicators and performance of secondary education sector:** Analysis of the performance of secondary education is demonstrated by the transition rates between 5th year primary and 1st year secondary and between 4th year secondary and 5th year secondary and the ratio of pupils per teacher group, which is an indicator of the level of supervision of students. This ratio per student/teacher group helps to measure the availability of educational groups in the classroom.

Table 15 : Evolution of transition rates in the secondary

	2002/03	2003/04	2004/05	2005/06	
	Values achieved	Values achieved	Values achieved	Values achieved	Target values
Transition rate CM2 - 6 ^{ème} (%)	51,07	73		75	63
Transition rate 3 ^{ème} - 2 nd (%)	48	58	49,5	47	38

Source : DPP/ MEPS, juin 2007

133 The value of transition rates between 5th year primary and 1st year secondary increased from 51.07% in 2002-2003 to 75% in 2005-2006. The value of 2005-2006, which is higher than the target set at 63%, was achieved thanks to the results achieved in 2005-2006 CEP and especially in the capacity of the secondary schools, which has dramatically increased through the creation of new colleges.

134 The rate of transition between 4th year secondary and 5th year secondary declined slightly from 48% in 2002-2003 to 47% in 2005-2006 after a seesaw period between 2002-2003 and 2004-2005. This 2005-2006 rate is higher than the target for 2006 set at 38%. But the poor performance of the 2006-2007 school year will bring a heavy blow to this performance

Table 16: Evolution of Students/educational group ratio in public schools from 2003 to 2006

	2002/03	2003/04	2004/05	2005/06	
	Values achieved	Values achieved	Values achieved	Values achieved	Target Values
Ratio students/EG 1 st cycle	47,3	52,6	55	56	53
Ratio students/EG 2 nd cycle	43,3	46,3	47	46	ND

Source : DPP/ MEPS, juin 2007

135 The quality of education is conditioned not only by the level of supervision of students but also by the level of qualification of teachers and the availability of qualified teachers to cover the required timetable. The evolution of the coverage of the timetable by teachers is shown in Table 17:

Table 17: Evolution of teacher timetable coverage

	2002	2003	2004	2005/2006
	Values achieved	Values achieved	Values achieved	Values achieved
Number of educational groups 1st & 2nd cycles	4277	4737	5168	6528
Number of teachers needed in 1 st & 2nd cycles	7141	7919	10582	13388
Number of teachers available in 1st & 2nd cycles (Civil servants & public fixed term contract)	2786	2617	6896	2112
Coverage of teacher Timetable (Civil servants & public fixed term contract) 1 st & 2 nd cycles(%)	31,85	27	23,26	15,78

Source DPP/ MEPALN, juin 2007

136 The coverage of teaching hours deteriorated between 2001-2002 and 2004-2005. In 2005, only 1/8 of the required hours are covered during the first four years of secondary school by state teachers (Agent permanent de l'Etat) and state fixed-term teachers against 1/5 in 2004. In the senior secondary grades, about 26% of the required hours are covered by state teachers and state fixed term teachers against 54% in 2004. Therefore, the remaining hours are covered by interim teachers within the limits of the grant awarded by the state and of the financial capacities of parents. This grant is not sufficient to cover all the hours not covered by by state teachers and state fixed term teachers despite the continuing increase in funds allocated by the state for this purpose.

137 It thus appears that the major part (84%) of the timetable is covered by fixed-term teachers recruited by students' parents on the state subsidy and by interim teachers. The coverage of hours of instruction of secondary education by permanent government teachers and of the state fixed term teachers (15.78%) is quite far from the target set for the 2004-2005 school year which is 64%.

138 Professional Teaching: Taking into account the importance of vocational and technical training in poverty alleviation, GSPR has made this a priority. The objective is to adapt the technical and vocational training to the needs of the labour market through the development and diversification of offers, improvement of quality and equity and that of its management and steering. The government has initiated many projects for the construction of agricultural and industrial schools in all departments. Thus, a dozen constructions of agricultural and industrial schools are underway. In 2006, two school facilities opened. They are:

:

- The professional training centre of Djougou; du Centre de Formation Professionnelle de Djougou ;

- The Kpondéhou Annex of the Lycée technique Coulibaly (Cotonou) de l'Annexe de Kpondéhou (Cotonou) du Lycée Technique Coulibaly.

139 Vocational training by apprenticeship: The informal sector accounts for the vast majority of the labor force in Benin. It is for most young people coming out of the formal education system the only path to integration into the labour market. It is, for more than 150 000 of them, the place of access to learning which guarantees them a professional future and integration into the working community. As a result, training in the crafts or agricultural environment is for the vast majority of the active population the only opportunity to grow professionally at the rhythm of the market and technological developments, and so to better secure their social integration and their careers.

140 Training in the informal sector as part of the reform of the ETFP shows that the government, like committed national and international partners attaches particular importance to the revitalization of craftsmanship and of all players in the unstructured economy. Through vocational training by apprenticeship of dual type, Benin has been able to build an exemplary system of professional training in the informal sector. The course, sanctioned by a certification called the Certificate of Professional Qualification (CPQ), is primarily intended for apprentices aged over 14 with at least the level of 4th year primary school. It combines training with both a craftsman and a training centre.

141 In 2006, more than a dozen specialties are open to the certification: Two-wheel Mechanics - Auto Mechanics - Metal Construction - Carpentry - Masonry - Electricity - Refrigeration and Air Conditioning - Plumbing - Coating - Cutting and Sewing - Hairdressing. The number of apprentices has increased from 908 in 2005 to 1370 in 2006.

142 Higher Education Enseignement Supérieur : The number of students in our two public national universities increased from 34,771 in 2004/05 to 42,054 in 2005/06, an increase of 20.95%. This strong pressure reflects on the one hand, the enthusiasm of young people to acquire knowledge and skills, and expresses on the other hand, the important number of students obtaining the baccalaureat and who want to attend university. In contrast, in the professional entities, the number is growing very timidly. In 2005/06, a total of 7,534 students up from 7,241 in 2004/05 was recorded, an increase of 4.05%. In comparing the growth rate in the overall size of students in 2004/2005 with the professional entities (20.94% vs. 4.05%), allows us to see the lack of opportunities offered to students to enrol in professional entities of Higher Education.

143 Literacy: It is an important link in the fight against poverty. Despite the various difficulties in this subsector, some appreciable activities have been carried out. These include: i) the creation of a ministry in charge of literacy and national languages; ii) the organizing of Initial Literacy and Post

144 Strengthening Social Security: Social dysfunction, characterized by the social exclusion of a class of persons and the lack of consideration for them, is another manifestation of poverty. In response to concerns expressed about this phenomenon, GSPR has decided to: i) promote family and women; ii) reduce gender inequalities; iii) ensure the empowerment of women; v) protect and ensure child development; vi) strengthen social protection and promotion of mutual health insurance.

145 To achieve these goals, three major programmes were identified in the PAP of GSPR. These programs are: i) Promotion of responsible parenthood and gender; ii) Promotion and social solidarity; iii) Promotion of social community initiatives. The implementation of these programmes has helped:

-In terms of family promotion, strengthen the protection and preservation of the family, promote peace and social stability, through major actions below:

- capacity building of institutions in charge of the promotion of family and homes for orphans and vulnerable children.
- validation of National Action Plan on Family (PANF)
- organization of the International Day of Families (IFD)

- In terms of the advancement of women, to ensure the economic empowerment of women, promote women's health and improve respect for the legal status of women. In this regard, the following actions were taken:

- the continuation of the fight against violence in gender relations.
- the celebration of International Women's Day;
- the celebration of Rural Women's Day;
- the extension of the law prohibiting Female Genital Mutilation (FGM) along the border between Benin and Nigeria in the departments of Borgou and Alibori;
- translation of 4 laws protecting women into 9 languages;
- the holistic training of leaders of Centre for Social Promotion (CSP) and of members of NGOs in the area of prevalence of FGM in an holistic approach;

- In terms of the promotion of gender equality and the empowerment of women, to facilitate the access of women, especially the poor, to micro-finance and provide literacy in simple french and this through the following actions:

- management training as an accompanying measure of micro credit.
- The multiplication and the availability of proceedings of a symposium on gender and human rights culture ";
- The Installation of a documentation centre on women in the Directorate for the Advancement of Women and Gender (DPFG/DAWG);

- In terms of the Protection and the Development of Children, to ensure the protection of children and adolescents against abuse and the trafficking of children; and to promote girls' and boys' access to essential social services ; to improve the food and nutritional status of children; to reinforce the capacity of institutions working for the benefit of children. To achieve this, the following actions have been taken:

- The family and social rehabilitation of orphans and vulnerable children.
- The installation of 234 local committees;
- The strengthening the capacity of local committees to protect children through their equipment and the training of their members;
- the preparation of the first draft of the action plan to combat the trafficking of children for labour exploitation purposes;
- the preparation of the first draft of the preliminary draft of the Beninese Children's Code;
- the Extension of rules of law protecting women and children;
- the celebration of the Day of the African Child (JEA)
- the celebration of the Day of the Beninese Child (JEB)

- In terms of boosting Social Security, to ensure the socio-professional integration of disabled persons; to support elderly people in an active retirement ; to care for the needy and victims of HIV/AIDS and other disabling diseases, to support the establishment of mechanisms for protection and social security of workers in the informal sector;

- In terms of the promotion of mutual health insurance: to promote micro-insurance, create incentives for the installation of mutual health insurance; encourage mutual community health insurance; sensitize the population on the benefits of belonging to a health care mutual insurance company.

146 **Employment**: An incentive policy for job creation is in place since 2006, this policy has helped to: i) increase training for entrepreneurship; ii) Take steps to hire young graduates in companies; iii) boost the National Agency for Employment iv) Support income-generating activities initiated by young people and women through an appropriate Microfinance network. In practical terms the government has organized the national forum on youth employment and engaged in the development of "employment" focal points in the 77 municipalities in the country. Also, the government intends to create national fund for youth employment.

II- PRIORITY AREA 2: Improved accessibility and quality of health services

147 Improving the health status of populations is both an objective of economic and social development and reducing poverty. Indeed health contributes to improve the quality and effectiveness of human capital. That is why under the GSPR, the Government had opted for: (i) the development and equipping of health facilities, (ii) securing pharmaceutical products and medical consumables, (iii) the development of a regional health offer of reference, (iv) the improvement of food and nutrition, and (iv) the promotion of sports and recreational activities.

II-1 Key actions Principales actions menées

148 The health situation in 2006 in the Republic of Benin is characterized by high morbidity and a constantly deteriorating environment. The social and health indicators have not really changed during 2006.

149 The health situation is also characterized by a varied tropical pathology with a predominance of endemoepidemic diseases. These ailments are dominated by malaria, which represents, in itself, more than 36% of infectious and parasitic diseases in 2006 for the general public received in consultation. Diarrhoea and gastroenteritis related to hydro-fecal and unhygienic perilous conditions are a leading cause of death in Benin especially among children aged 0 to 5. The same is true for acute respiratory infections (ARI) with 14% of the pathology notified in consultations during the year 2006.

150 In order to achieve the Millennium Development Goals (MDGs), relevant actions have been completed. They relate mainly to:

(i) The promotion of maternal health and reducing child mortality: In this context, it is worth mentioning:

- Free intra zone transportation for obstetric and neonatal emergencies since January 2006;
- The development of the 2006-2015 National Strategy for the Reduction of Maternal and Neonatal Mortality (SNRMMN.) and the Five-Year operationalization Plan - 2006-2010;
- Acquiring caesarean kits for the reduction of the third delay in the availability of emergency obstetric care;
- Organizing Nation immunization Days (NIDs)
- Staffing the departments of Atacora-Donga and Mono-Couffo with a pool of trainers in IMCI;;
- The delegation of tasks (MVA), and the application of suction at the communal level for health facilities providing emergency obstetrical basic health care;

- the acquisition of ambulances to provide references and counter-references;
- organization of training for supervisors;
- IEC campaigns on good practices, including hospitality;
- The establishment of a bumper stock of contraceptives to avoid disruptions in supply.

(ii) The securisation of pharmaceutical products and consumables:

- The development of a securisation document of reproductive health products;
- Creation of dispatch depots in the departments;
- Harmonisation of funding mechanisms between the partners and the strengthening of cost recovery mechanisms;
- Providing integrated products and services 7 days a week in order to meet increased demand.

iii) The prevention of HIV/AIDS: Although HIV/AIDS is not the leading cause of hospitalization or death, it is by far the most dreaded disease in view of its social impact both on the carrier and his or her progeny and on the future of a country. According to national statistics one person is infected every 28 minutes or 52 people a day, while four years earlier, the number of daily infections was only 35 (NACP, 2003). To deal with this pandemic, the Government has placed emphasis on:

- Prevention, treatment, care and support for orphans of AIDS at a national level;
- The management of cases of tuberculosis in accordance with DOTS (Directly Observed Therapy Short Course).⁴

(iv) The fight against malaria and endemic diseases: The incidence rate is much higher among children under five years: 478.0 ‰ among children under five. The average incidence rate of simple malaria is 116.0 ‰. On the epidemiological level, Benin is in a zone of stable transmission and therefore, the cases occur throughout the year with an escalation during the rainy season. Malaria causes many casualties. It is the leading cause of birth-mortality and strongly influences the rate of infant mortality. It is also the cause of absenteeism, resulting in huge economic losses for both families, individuals and for the nation. The under-performance observed in the context of the fight against malaria can be explained by the fact that the shift in policy for the management of malaria cases from therapeutic combination based on artemisin (ACT), which started in early 2004 led to a disruption of the proper care of cases of uncomplicated malaria with chloroquine both in health centres and in communities. Also, the high fatality rate can be explained primarily by:

- a lack of resources for the care of serious cases in hospitals;

⁴ The incidence of tuberculosis is experiencing an upward trend since the emergence of HIV / AIDS as it is an opportunistic disease

- inadequate service upgrades in health centres;
- A late appeal to health services by people suffering from serious cases.

The Government has taken steps of prevention through its national programme to fight against malaria and increase access to treatment, especially in rural areas. The following actions were taken:

- Construction of an incinerator for the virology laboratory;
 - la construction d'un incinérateur pour le laboratoire de virologie ;
 - -- Training of 75 health workers, doctors, nurses and laboratory technicians on the detection and treatment of TB;
 - Customized retraining of nurses and laboratory technicians of CDT;
 - Purchases of 2nd line medicines for resistant patients;
 - The purchase of film for radiology departments;
 - Organization of outreach campaigns for the free impregnation of mosquito nets in health zones;
 - Monitoring of the distribution system of MTT and Drugs;
 - The acquisition of long lasting treated mosquito nets;
 - The acquisition of medico-technical equipment in the departments

(v) Implementation of the transfusion safety policy: The actions can be summarized as:

- Supply and distribution of reactivities and consumables at the level of transfusion institutions,
- Advocacy with local politicians of sanitary zones on blood donation and communication for the promotion of blood donation,
- Support for the reorganization of the Association of Volunteer Blood Donors.

(vi) Development of a reference health offer with a regional vocation: Major efforts are underway to modernize different health facilities and conform to health standards. To this end,

the rehabilitation of the hospital HKM (CNHU) has started. There are also plans to construct new regional hospitals.

(vii) Development and equipping of health facilities: Given the importance of the health infrastructure in improving health, construction and equipment are at the heart of health policy in Benin. To that end, several measures have been taken, including:

- The Preparation of a human resource development plan, based on the deficits by type of staff

and by locality. This plan includes the cost of training of new staff and takes into account the norms and standards according to health service coverage requirements;

- The recruitment of staff. The total recruits in 2006 has led an additional wage bill of (2 310 000 000) CFA francs;;
- The Granting of 21 scholarships for paramedical training and fifteen (15) scholarships for medical training;
- The construction of six wells at the AHC of Ouoré, Pikiré, Ouinra Kossou, a new clinic at the Kotopounga AHC and one at the AHC of Yarikou, housing for nurses including two kitchens outside the CSA of Tanougou ; six wells in the AHC of N'dahonta, Dassari, Cotiakou, Koussoucoingou, and Tanougou Péporiya in Atacora/Donga;
- The renovation of the annex building of the maternity hospital of CSC Abomey-Calavi, of the delivery room of Ouidah CSC and Akassato AHC, renovation of nurses housing in **zinvié** AHC in the Atlantic/Littoral Department;
- The completion of the AHC of Bouanrou Gounari Bensékou, of the maternity hospital of Guérankali, of Bogo bogo, accommodation of Bogo bogo, guérankali in Borgou/Alibori i
- The renovation of the CS of Dédé (Dogbo), and Kpinnou Atchannou Dédékpocé; la réfection des CS de Dédé (Dogbo), Kpinnou Atchannou et Dédékpocé ;
- Construction of housing for nurses and the SFE of Houètan CS, housing of type F3 for Kpinnou CS and Adohoun clinic in the Mono/Couffo
- The completion of the construction of Ahoyéyé Health Centre (HC) , of Sado health centre, rehabilitation of the laboratory of Adjara HC, the renovation of the Health Center of Avagbodji and the roof of the consulting room of the Kraké centre, construction of a hangar for vaccinations at the Centre for Health in Louho in Ouémé / plateau

In total, more than 18 billion CFA francs were allocated in 2006 to be spent on infrastructure development in 2006.

(viii) Improved nutrition: Malnourished children are at high risk of morbidity and mortality and moreover malnutrition compromises the physical and mental development of children. Malnutrition is thus a very important concern and reflects the impact of poverty on a large proportion of the population. The Government, through the National Programme against Malnutrition in Children, initiated the following actions to improve nutrition:

- Providing technical support and medicines to homes of nutritional recovery.
- Training providers in IMCI, PMA / Nutrition;
- Adapting the manual on care and nutritional support for the use of PLH/AIDS developed by the WHO and the FAO;

II-2- PRESENTATION OF THE LEVEL OF INDICATORS

151 The analysis of the evolution of the indicators of hospital statistics show satisfactory results with regard to the targets that were set. The attendance rate of health services was 43.9% in 2006, against a projected target of 38%. This can be explained by the policy of diversification and the equipping of health zones that the Government has been developing in recent years.

152 It should be noted that targets have not been reached for the percentage of children and pregnant women sleeping under treated mosquito nets, and the rate of use of modern contraceptive methods.

153 It follows from this that we must redouble our effort to get better results. As regards the rate of use of impregnated mosquito nets, we will have to raise the awareness of husbands to gain their support

154 As for the percentage of pregnant women and children sleeping under treated mosquito nets, it is expected to improve with the free distribution of nets to these two targets with the support of the "Booster program" from September 2007.

155 It should be noted that the analyzed indicators are from the hospital statistics, which are limited with regard to completeness of the information; it is therefore important to make use of data from 2006 HDS to better assess the health situation when the final results are available.

Table 18: Health sector Performance

Indicator	Value achieved in 2006	2006 Target	Level of Performance
Attendance rate of health services	43,9%	38%	5
Attendance rate of health services by children aged 0 – 5 years	79%	77%	5
HIV/AIDS prevalence rate among pregnant women	2,1%	<4%	5
Immunization coverage in DTCP3 of children aged 0-11 months	92%	>83%	5
Percentage of children under 5 years sleeping under insecticide-treated bednets	20,2%	45%	2
Percentage of pregnant women sleeping under insecticide-treated bednets	19,7	40%	2
Rate of assisted delivery by the medical and paramedical staff	82%	77%	5
Rate of antenatal	91%	91%	5
Rates of use of modern contraceptive methods	8,8 ⁵ %	13%	2
Average			3,77

Source : calculated using health data from DPP

⁵ This figure does not yet account data from the PSI and ABPF

CHAPTER 5 : GOOD GOVERNANCE STRENGTHENING

156 It is no longer a secret to anyone today that good governance is a factor of economic development. Scientific research has already shown that an efficient public administration and, more generally institutions of high performance, contribute to the improvement of individual income and the promotion of economic growth.

157 Whilst political and social governance has improved in the last two years, it is equally true that much remains to be done to ensure the positioning of Benin as an emerging country. The streamlining of the organization and functioning of institutions, the improvement of the representativeness in all public institutions, the increased ownership of the values of accountability and transparency, and the improvement of the mobilization and the management of public resources all require much effort.

158 Similarly, economic governance has significantly improved since 2006, however, it has not yet reached the desired level in the sense of prudent, rigorous and transparent macroeconomic management. Problems of communication, coordination and understanding of procedures still persist, which negatively affect the absorption capacity of financial resources and the design and implementation of pro-poor development policy.

159 Therefore it is with good reason that Benin has made the promotion of good governance a focus of Growth Strategy for Poverty Reduction. Thus, for the next three years, the Government will strengthen good governance in order to increase effectiveness and efficiency in the management of public affairs. To achieve its ambitions, the Government has set two objectives that translate into two priority areas: (i) accelerating administrative reforms, and (ii) strengthening the rule of law and individual freedoms.

I- PRIORITY AREA 1: Acceleration of administrative reforms

160 In this context the Government has undertaken actions that have resulted in: i) a reduction in losses of public funds due to corruption and the institutional failure of public administration, ii) the restoration of State authority; ii) modernization and stabilization of the public service; iii) the acceleration of the territorial reform, and iv) the development of mechanisms of concerted governance.

161 Since 2006, several measures have been taken in the context of the reduction of losses of public funds due to corruption and the institutional failure of public administration, led directly by the President of the Republic. These actions can be structured around the following items i) Systematization of the practice of Results Based Management (RBM) ii) combating corruption; iii) improving economic management

162 **Systematization of result-based management:** practice: After the rollout of programme-budgets to all ministries, the government began the experience of RBM. Thus in 2006, the number of ministries implementing RBM rose from 5 in 2005 to 11 including six new ministries (MICPME, APRM; MJDH, MTFP, MRAI). This practice should be formalized by a law that allows the National Assembly to vote programme budgets, and therefore to hold accountable the Government in relation to the achievement of performance indicators selected. Furthermore, a multisectoral technical assistance to the ETARB to support sectoral ministries in the implementation of performance monitoring as part of RBM is operational. In addition, the PROREGAR programme contributes to the systematization of budget management focused on results.

163 **Fighting Corruption:** The Government has adopted a strategic plan to fight corruption. In this context several measures have been taken including: (i) the establishment in June 2006 of the State General Inspectorate, which took over with significant powers, the attributes of the former Public Service Moralisation Unit (Cellule de moralization de la vie publique) ii) administrative sanctions such as dismissal and demotion; iii) the operation of the Centre for the Fight against Corruption (OLC), iv) conduct of audits commissioned by the Government, (v) establishment of a national day for the fight against corruption. Meanwhile, civil society organizations, through the trade unions, NGOs and institutions such as the FONAC, Transparency International, ALCRER and ELAN exercise pressure and carry out denunciations. They deserve to be encouraged. In addition, the government will reinforce the capacity of the National Commission for the Regulation of Government Procurement to render it successful in curbing corruption in public procurement.

164 **Improved economic management:** the Government has undertaken bold actions since 2006 to improve economic governance and encourage the private sector to help achieve the growth target for the reduction of poverty. These include: (i) the reduction in the number of imprest accounts and the extent of eligible expenditure on imprest account, (ii) the return to the use of normal procedures of budget management (iii) the development of a directory of reference prices for government procurement.

Table 19: Performance of economic governance

Indicator	Reference Value	Values achieved in 2006	Target 2006	Level of Performance
Utilization Rate of Payment Orders	14,17 %	6,4%	8%	5
Utilization Rate of imprest payment	15,02%	12%	17,6 %	5
average time of payment	33,2 days	22,9 days	29 days	5
average time for public procurement on national budget				
- Supplies	103 days	81,00 days	55 days	3
- Services	121 days	105 days	65 days	3
- Works	336 days	80 days	75 days	3
Average				4

Source :CSPRES DGTCP ; DNMP

165 Overall indicators of economic governance have improved, in fact, the utilization rate of payment orders and imprest accounts fell respectively from 14.2% to 6.4% and from 15.02 to 12% between 2005 and 2006.

166 The average length of time for payments and for the award of public contracts has also seen a significant reduction even if the targets are not met. Budget tightening that led to these results should continue, and should also be accompanied by capacity building measures for the various players in the budgetary chain to ensure a better understanding of the new procedures.

167 **Strengthening State authority:** The State's authority has been strengthened through its promptness in making administrative decisions and the end of impunity. Thus these measures have allowed the State to effectively assume its sovereignty.

168 **Modernization and stabilization of the Civil Service:** The demands of political and economic changes underway in Benin require the reduction of delays in user satisfaction and the modernization of the career management system as well as plans for strengthening the skills of civil servants.

(i): Modernization of the State Human Resources Management tool: The Audit of the Unique Reference File (RUF/URF?) was conducted from March to April 2006 as a prelude to the establishment of the Integrated Human Resources Management System (IHRMS) aimed at providing in real-time all the necessary information on the career management of civil servants. The introduction of this system, authorized by the Council of Ministers in the statement 37/PR/SGC/Rel of Sept. 15, 2006, begins in 2007.

(ii) Classification of statutory and senior technical posts: In terms of streamlining the structures of public administration, nineteen (19) employment groups are identified and the development of skills profile is underway

(iii) Development of the organizational chart for ministries and State institutions:

In the process of an optimal management of positions within administrative bodies, the organizational chart for the Ministry of Labour and Public Service was completed and approved on December 20, 2006. The results and expertise capitalized during this pilot project will eventually be rolled out to help other ministries and state institutions to develop their organizational charts.

(iv) Recruitment policy for civil servants: During the year 2007 the government has been preparing the policy framework document with regard to the recruitment of civil servants and procedures manual thereof

(v) Archiving of civil servants' personal files: With a view to the physical organization of personal files of civil servants and the archives of the Public Service, arrangements have been made which consist of the filing and computerization of officials' individual files. For speed and more efficient modernization of civil service records management, the system will be devolved through the installation of computer terminals at a departmental level.

(vi) Advancement of women to senior positions: A five-year action plan from 2007 to 2011 on gender mainstreaming in the private workplace was developed, it is aimed at reducing inequalities in the private workplace in Benin.

169 **Promotion of concerted governance:** Under the direct leadership of the Head of State consultation meetings with social partners, civil society, and political parties on various aspects of economic and social policies have been organized. These include for example dialogue on education system, the health sector, road transport, on the competitiveness of the Cotonou Port Authority, etc.

170 **Accelerating territorial Reform:** Actions taken under the RAT can be articulated around:
(i) the preparation of a plan for the operationalization of decentralization and devolution;
(ii) the preparation of strategic plan for the implementation of the RAT
(iii) the preparation of a national forum on the results and the prospects of decentralization.

171 Moreover, the budgetary allocations to municipalities have increased by 15.74% between 2006 and 2007, rising from 2270.737 million francs to 2470.737 million francs.

II- PRIORITY AREA 2: Strengthening the rule of law and individual freedoms

Key actions

172 **Strengthening the legal and judicial system:** In order to curb the dysfunction of the judiciary, a plan to strengthen the independence and accountability of judges has been developed and validated under the coordination of the General Inspection Service of Justice and Administration of the Ministry (IGSJAM). The plan of operation was also conceived, and will be implemented from 2008.

173 In addition, to enable people to know their rights and duties, the Directorate of Human Rights (Direction des Droits de l'Homme) (DHR) organizes radio and television broadcasts for this purpose. It also runs training courses in human rights for the benefit of judicial police officers (OPJ/JPO), the public security forces, journalists, philosophy teachers, etc. It also provides technical support to NGOs intervening in the field of human rights.

174 **Enhancing public safety and the neutrality of the army:** Actions were also undertaken to improve public security and the neutrality of the army. Military engineering has contributed to strengthening democracy and development. To this end, the military was asked to be involved in several economic, political and social works. These include the construction of schools, the building of sanitation works etc

175 **Promotion of Civic and Patriotic Education:** With a view to creating a sense of patriotism and national pride, the government is engaged in the establishment of military service and patriotism at the level of first-time job-seekers leaving certain schools and vocational training centres

CHAPTER 6: BALANCED AND SUSTAINABLE DEVELOPMENT OF THE NATIONAL ENVIRONMENT

176 The country is still marked by significant disparities. In demographic terms, the four (4) departments of the South (the Littoral, Ouémé, Atlantique and Mono) account for only 5% of the national territory, but account for nearly 40% of the national population. This situation of spatial imbalance which is consistently increasing has, among other things, its origins in the unfavourable living conditions of some regions and in the fact that the city of Cotonou alone concentrates almost 90% of industries, thus creating a population flow to the South. Movements of the active population towards the big cities in the South are increasing poverty in the rural areas. The suburban development, as a result of these movements, poses problems in terms of infrastructure and facilities in areas such as health, education, housing, transport, as well as in terms of environmental degradation and quality of life.

177 Land management, decentralization and protection of the environment are seen as the main tools that will address the issues of space disparities, ensure greater territorial equity in the distribution of social and economic investment, guarantee sustainability of natural resources, improve local governance and ultimately ensure the emergence of Benin.

178 Thus, the Government has included in the GSPR a strategic focus on the question of balanced and sustainable development of the national environment. This theme is based on three specific objectives identified as priority areas: (i) the sustainable development of regions and localities, (ii) the emergence of the poles of development and growth, and (iii) the environment, management of natural resources and living environment.

I- PRIORITY AREA 1: Sustainable regional and local Development

I-1 Key actions

179 Each component of the national territory must, in terms of its potential, take an active part in development, while enjoying the benefits of national growth. The appeal thus launched to territories must be accompanied by the State, in accordance with the constitutional provisions that require it to ensure the harmonious development of all local authorities on the basis of national solidarity, regional potential and interregional balance.

180 It is within this framework, and along the lines of the Declaration of the National Policy of Land Management (DEPONAT) adopted in 2002, that the government is implementing a strategy based on the clustering of municipalities into shared development spaces able to carry genuine regional development. The majority of municipalities in place with the reform of the territorial administration is still fragile and needs to pool the resources at its disposal with other municipalities. Spatial planning is lacking and human resources for local development feel the need for a skills building. The GSPR incorporates the process of sustainable development at regional and local levels, with: (i) the promotion of inter-communal structured dynamics, (ii) the promotion of spatial planning, and (iii) skills building of human resources at the service of regional and local development.

I 1-1 Promoting inter municipal structured dynamics La promotion des dynamiques intercommunales structurantes

181 Regarding the promotion of inter-municipal structured dynamics, the GSPR identifies three main actions: (i) the creation of spaces for shared development, (ii) the preparation of territorial projects, and (iii) the contracting of the territorial project; (iv) the transfer of funds to municipalities, and (v) the establishment of inter-municipal agencies.

182 **The constitution of spaces for shared development:** Already in 2005, on the basis of several studies to identify areas of development (see thematic map below), the Government has initiated, in partnership with the SNV and the Partnership for Municipal Development (PMD), the formation of intercommunalities (Lower Oueme valley, the Niger Valley and Gun Country). In 2006, these efforts have been continued and consolidated. Thus, in partnership with SNV, municipalities in the Lower Ouémé Valley have formed a shared development space. Thus, on June 24, 2006, a

general constituent assembly comprising all the councillors of the municipalities involved (Aguégués, Adjohoun, Bonou, Dangbo and Sô-ava), the political and administrative authorities and representatives of civil society, officially inaugurated the Community of the Lower Valley of Oueme.

183 In collaboration with the Swiss cooperation, the elected territories of Superior Ouémé, (Tchaourou, N'Dali and Parakou) and the Heart of the Bariba Region (Kalalé, Nikki and Pèrèrè) have initiated discussions.

184 In addition, the Voodoo regions (Ouidah, and Tori Kpomassè-Bossito) and the Agonli regions (Covè, Zagnanado and Ouinhi) are very advanced in their negotiations for the creation of their territory.

185 Also, the Forest Community of Middle Ouémé (CoForMO) was created on May 10, 2007 with the support of the Energy Services Delivery project (PFSE) of the MMEE for natural resource management in the Middle Ouémé.



186 **The Development of territorial projects:** Some pilot actions were undertaken, including the following: (i) The starting in 2006 of the first territorial projects by the territories of the

Lower Valley of Ouémé and le Pays Gun with the support of the DAT, PDM and SNV, (ii) the preparation of a draft FSP (French Cooperation) decentralization and land planning to support the territory of the Niger valley to establish, develop and implement a project for the territory, and (iii) the starting of the process of preparation of draft territory projects for the Pays de l'Okpara and MEKROU.

187The process of preparing territory projects of the Ouémé Lower Valley and of the Gun region has progressed well and is at the end of June 2007 in the territorial diagnosis phase whose objective is to ensure consistency between the PDC of Communes on targeted and shared issues that include gender, HIV/AIDS and human rights. The experiences of this process will be capitalized in a practical guide for developing territory projects to be used by different actors involved in the actions of local and regional development.

188**The contracting of a territory project:** In order to commit the territories to the politics of negotiation and contracting with the State and on an experimental basis, action sheets were developed by the municipalities to be negotiated with the relevant State institutions. These are: (i) the pilot project for the electrification of the two communes of the "Land of 41 hills" which is in advanced negotiations with the SBEE, (ii) the pilot project of rehabilitation of rural intermunicipal roads in the "Plateau Land of Danxomè " being negotiated with the MTPT, and (iii) the proposed development of the agricultural and fisheries territory of the Ouémé Lower Valley being negotiated with the APRM. Eventually, these experiences will allow a better understanding and a better management of the process of contracting between the state and local communities

189The transfer of funds to the Municipalities: The transfer of funds to the municipalities within the framework of the implementation of territory projects has not yet happened. Starting from the year 2008, ongoing consultations with the ministry in charge of finance will put in place the mechanisms that will drain funds from the contract with the State to the associated municipalities.

190However, in the context of decentralization, municipalities receive contributions from the state. In terms of devolution, the funds transferred to the devolved structures of the Ministry of Health, Ministry of Primary and Secondary Teaching and the Ministry of Mines, Energy and Water have experienced increases every year.

191Apart from the direct support from the national Budget, the ministry in charge of local collectivities implements actions to mobilize external resources for the benefit of municipalities. To that end, within the framework of cooperation between Belgium and Benin, a financing agreement of 8 695 830 055 CFA was signed in October 2006 for the implementation of the "Support Programme for the implementation of the Municipal

Development Plans in the Departments of Mono, Couffo, Atacora and Donga. " Also, the development project in Commune of Alibori (ADECOM) developed in July 2006 will benefit from UNPD support of \$ 1 353 000 from 2006 to 2008. This project will enable the municipalities concerned to improve the accessibility and quality of local public services to the people.

192**The establishment of public institutions of intercommunal cooperation:** For territory project management, the intermunicipal agencies that are public institutions of intercommunal cooperation will be implemented by the territories with the DAT support. The operationalization of these structures will allow, through the engineering they promote, the exercise of powers by the municipalities. The installation of these agencies will start from the year 2008 with the validation and contracting of territory projects under development.

I-1 2 The promotion of spatial planning La promotion de la planification spatiale

193 The option of the Government as part of the relaunch of spatial planning undertaken recently, is to provide policy guidance in the distribution of men, activities and infrastructure in an approach that emphasizes fairness and territorial coherence. Thus, it is retained in the GSPR: (i) the development of spatial planning tools and (ii) the integration of spatial dimension in the allocation of budgetary resources.

194**The development of spatial planning tools:** The government has worked during the year 2006 to finalize preliminary studies aimed at important diagnoses and to indicate the main directions of development of the national environment. These studies are for the most part included as part of the establishment of spatial planning tools. These include the study on land use and Benin's economy and the study on the diagnosis and direction of the umbrella draft bill on land use. The findings of the first study build on ideas to reinforce reflections on the economic and social future of Benin. These include: (i) agricultural promotion and the diversification of cash crops, (ii) dematerialization of the economy and industrial development, (iii) development of service options, and (iv) investment on territories. The second study is designed to ensure the legal anchoring of instruments of land-use planning. The development of the Spatial Agenda or Master Planning diagrams of Territorial Planning and Development (STAD), Master Planning of Communes (SDAC), the umbrella Law on the Management of Territories is based on these preliminary studies. Also, a practical guide to achieving the development plans on a subnational scale is being finalised in partnership with the PRODECOM. The outcome of this process will open up the process for the development of these territory wide planning instruments.

195In 2007, the Government has included as a priority the development of the Spatial Agenda or the Territory Use Plan. In this context, a session of the National Council for Planning

(CNAT), a body which gives impulse to Government decisions in terms of land use, took place in April 2007 at the Palace of the Republic to adopt the operational memorandum of the process of developing this instrument and set up an ad hoc committee. Currently, the DAT endeavours to collect information for the development of the sector planning diagnostic, the core document for the implementation of the Spatial Agenda. This diagnosis will also serve as a basis to conduct discussions in the context of achieving the Collective Services Diagrams, the tools needed for the spatialization and streamlining of the development of infrastructure and equipment, by sectoral ministries. The Government will ensure that the achievement of these schemes is a reality from the fiscal year 2008. To this end, efforts are being made to bring the concerned ministries to include in their budgets for the year 2008, the costs of carrying out those plans.

196 Similarly, the process of developing the policy framework law on land use which started in the 2006 fiscal year continues. Indeed, the draft documents (the diagnosis, the covering memorandum, the principle of the law and the legislation) are already written.

197 The integration of the territorial dimension in the allocation of budgetary resources:

Sustainable development at regional and local level cannot be achieved without an efficient allocation of budgetary resources. The guidelines of the GSPR, to this effect, can be summarized as the fact that the resource allocation mechanism integrates territorial arbitration, in order to allow on the one hand the volume of investments that benefit each territory to be reflected in the sector budgets, and on the other hand, to show the volume of investments under municipal jurisdiction.

Human resources capacity building for regional and local development

198 The GSPR selected as a priority to promote local development and to support territory development and human resources capacity building. These capacity building actions are targeted at: (i) local elected officials, (ii) Prefectural Government, and (iii) the NGOs and local research companies.

199 **In terms of capacity building for local elected officials:** As part of the training of actors in the design and implementation of territory projects, an immersion course was held in June 2006 in Toulouse on the organization of development territories. Representatives of Ouémé municipalities, a representative of the DAT and a representative of civil society took part in this course.

201 In addition, the General Directorate of Territorial Administration (DGAT) and the House of Local Authorities (MCL) have, in 2006, trained elected officials in several fields including: (i) the guide for control of legality, (ii) control of government projects with support from DANIDA, (iv)

management of micro-projects, (v) the method of awarding leases of public service, (vi) the decentralisation laws, and (vii) the budgetary and accounting schedules for municipalities, (viii) government procurement, (ix) management for women, etc...

202 **Capacity building of the prefectural administration:** In order to enable Prefectural Government to exercise at its best its prerogatives in terms of approval of spatial planning documents, the government has begun the process of training prefects on the definition of criteria and approval procedures for such documents.

203 In 2007, the DGAT organized training on empowering prefects and departmental directors of decentralization. Other courses are planned for the second quarter.

II - PRIORITY AREA 2: Emergence of poles of development

204 In order to reduce rural-urban migration resulting from the large gap in development between urban and rural areas, the promotion of development poles is enshrined in the GSPR. The policy of the poles of development should also be used to increase production in the different regions. It is achieved through: (i) the spatialization of project clusters, and (ii) the security and reliability of land ownership.

II-1 Spatialization of project clusters

205 As part of the building of an emerging Benin, Benin has chosen as a central pillar of its development, logistics, transport and services, and as secondary pillars cotton-textile, agrobusiness - international trade, building construction-building materials, tourism, crafts and culture, ICT. These pillars are also called secondary project clusters. They should be implemented taking into account the potential and specific advantages of different regions.

206 With a view to a coherent spatialization of ongoing projects, the government is developing a spatial agenda. This instrument which will provide an overview of planned projects in the various sectoral ministries will be important in defining the poles of development and in the identification of cities expected to play a leading role. These actions which are included in the National Program of Land Management (PRONAT) will be implemented starting in the year 2008.

II-2 Security and reliability of land ownership

207 Faced with the uncertainty of land ownership and its impact on development, the Government has committed itself to solving the problem. To this end, a series of consultations with public and private national experts as well as stakeholders in the area has helped produce a report. The report, entitled: "Land reform in Benin: towards the formulation of an overall programme, is accompanied by a proposal for a programme of overall land reform.

208 With the creation of the Ministry in charge of land reform in late 2006, the deliberations are continuing to finalize a program that is consistent with the interventions of the various players. But several actions had been carried out and are continuing at an urban and rural sector level in particular the creation of the Urban Land Registries (RFU) and the Rural Land Plans (PFR).

209 In addition, at the urban sector level, the subprogramme "Securing land and residences" , which aims at contributing to securing land and residences and wealth creation for Benin's economy has led to: (i) the acquisition of satellite images of certain cities in Benin in order to have a clear idea as to the state of the land and its use, (ii) the completion of the land survey of the city of Cotonou, (iii) the beginning of land survey of the city of Porto-Novo, the densification of three hundred (300) geodetic control points in the southern and central parts of the country, (iv) the completion of the study on national campaigns on security of tenure and urban governance, (v) the development and validation of the preliminary draft of the code of construction and Urban Development, and (vi) the development and validation of the survey of equipment standards in urban areas.

210 In rural areas, with the support of the Management of Natural Resources Programme (ProGCRN), the Rural Land Act was drafted and passed. The institutionalization by this Land Act of certificates that are issued to land owners constitutes a step forward towards securing rural areas.

211 It should also be noted that from 2006, the Millennium Challenge Account was operational, and has, among its activities, the implementation of various components including "access to land" component. The MCA programme is registered as a specific programme in GSPR.

III- The environment, natural resource management and the living space

212 Environmental issues have many challenges to face to include economic growth in the long term. This means giving natural resources a function of production, wealth creation and added value while preserving and safeguarding the environment. It is therefore important to take all measures likely to derive maximum benefit for both institutions and humans, the main determinant of economic growth which guarantees the wellbeing of the people.

213 But this issue is not yet well perceived by the different political actors involved in the formulation and implementation of different policies, strategies and programmes. That is why has included in the GSPR are: (i) capacity building for environmental management at the base, (ii)

strengthening the system to take into account the environment in sectoral policies and in the tax system, and (iii) the promotion of integrated natural resource management, including water resources and forestry, and (iv) the promotion of basic sanitation.

Key actions

214 **Capacity building for environmental management at the base:** Many major actions have been undertaken to strengthen the capacity of environmental management. To this end, efforts have been made for: (i) the development of a directory of risk industries (ii) the operationalization of two (02) CREPPE (iii) the finalization of the guide for the management of shared ecosystems.

215 **Strengthening the system of taking into account the environment in sectoral policies and tax system:** During the period, the Government has proceeded with: i) the validation of 43 studies on the impact on the environment (ii) the improvement of the strategic environmental assessments guide, (iii) the audit of 5 industrial units; iv) the development of a database on environmental auditing, (v) the development of the interim report of the study on the identification of new sources of environmental taxes, (vi) the translation into national languages of the charter on environmental governance, (iv) the preparation of an interim report on the strategy of integrating the environment into non agricultural technical education, (v) the awareness campaign to target groups on the impact of pollution on urban food security; vi) the acquisition of a laboratory vehicle for monitoring the quality of air in Cotonou vii) the training of the crew on the handling of all equipment on board of the laboratory vehicle viii) the collection of data relating to air quality on the ground using the laboratory vehicle; ix) the raising of awareness of users of Cotonou highways, x) continued awareness campaigns and the tuning of engines of polluting vehicles; xi) informing and educating people on the importance of the maintenance of engines and the impact of air pollution on human health and the environment.

216 **The promotion of integrated natural resource management:** As part of the integrated management of natural resources, major actions undertaken focus on: i) the expansion of the supply of energy wood, wood for rural construction and fences, and timber; ii) to control desertification and land degradation, and iii) the improvement of the biodiversity

(i) **In terms of expanding the supply of wood energy:** the maintenance of enrichment planting has been carried out; the IEC (Information Education and Communication) to encourage the emergence of groups of professional energy wood producers and finally the development of a model teak plantation to serve as timber.

(ii) **In terms of the fight against desertification and land degradation:** Actions may be summed up as

- The organisation of village reforestation meetings (productions of 132368 plants to growers)
- The management of plantations (the production of 311101 on the perimeters of reforestation, planting of about 299493 plants over 256.74 ha)
- The training of AVIGREF officers in the field of finance and administration.
- The planting of 5080 plants in the shallows and forest pulses, replanting and plantation protection / demarcation of forests with nearly 24000 plants put in the ground.
- The raising of awareness/demonstration on household energy at a local and village level.
- The training of improved stove producers and other actors respectively (14) training sessions at a village level for the benefit of 350 women promoters on the manufacturing technology of improved ceramic stoves and improved rocket stoves and (40) women trained on techniques of manufacturing Nansu type improved ceramic stoves.
- Construction of ovens and ceramics stoves in applicant villages
- the establishment of 14 866, 2 ha of enrichment plantations against a forecast of 14175 ha;
- the establishment of 651.1 ha of plantation against a forecast of 625 ha;
- the identification and completion of a reserve with an area of 105 904 ha in place of an originally scheduled integral protection zone of 56 000 ha;
- the establishment of 587 credits in the context of support to Income Generating Activities;
- the construction of four shea butter manufacturing stores with their equipment into "Shea plus" complexes and mixers.

(iii) For the enhancement of biological diversity: The actions below were undertaken

- the start-up of the national forest inventory;
- The development of two Communal land use plans (Péhunco and Ouaké)
- Organization of training for nurseries: Five (5) plots (Mucuna, -Aeshynomene, Gliricidia, Moringa, Stylosanthès) were installed in the 7 communes with a total area of 55 135 hectares by 134 producers out of which 31 were women (23 %)
- the reopening and maintenance de 700 km of tracks in Benin Parks.

217 Promotion of basic sanitation: Several basic sanitation projects were undertaken; these actions fall within the framework of the implementation of the programme of support to Urban Management. They include among others: i) Start-up of sewage and sanitation works in the cities of Comè, Adjohoun, Abomey Calavi, Parakou, ii) the continuation of studies and urban master plans for the cities of Ouidah, Sème Podji , Abomey Calavi and Kalale.

III-2 Evolution of indicators and sector performance

218 Regarding the National Programme for Land Management (PRONAT), the year 2007 is the first year of implementation. Most of the actions to be implemented during the year are likely to pave the way to achieve the very ambitious targets for 2008 and 2009. For example, the contracting of territory projects with the government presupposes the existence of such projects. That is what the Government endeavours to do this year through the development of two territory projects (02) in the Lower Valley of Ouémé and Gun region (development of territories already established).

219 The stated objectives in relation to the selected monitoring indicators will be achieved by the end of the year. Indeed, in the area of land development, a number of actions planned for this year are likely to prepare the achievements of the coming years for which the stated ambitions are significant.

220 The Government would like to endeavour, in the second half of the year, to carry out the following actions:

- Continuing the process of drawing up a spatial agenda;
- finalisation of the draft policy framework on land use and its adoption by the Government;
- Support to mounting development territories and the preparation of territory projects;
- conduct consultations with the Minister in charge of finance for the definition of contractual arrangements between the State and the municipalities involved;
- discussions with the minister in charge of finance for defining the mechanisms of territorialization of budgetary resource allocation;
- Continuing the organization of training of locally elected officials, etc.!

PART THREE: FOLLOW-UP OF THE IMPLEMENTATION

This part is the monitoring of the macroeconomic and budgetary framework, presents an analysis of the various framework scenarios, and examines the level of implementation of monitoring evaluation.

CHAPTER 7: MONITORING OF THE MACROECONOMIC AND BUDGETARY FRAMEWORK

221 The previous chapters have reviewed the implementation of the GSPR in the first half of 2007. This chapter examines the numbered implications of the implementation of sectoral strategies on the macroeconomic framework and on the 2007 CDMT. This analysis focuses on the macroeconomic framework and implementation of the CDMT by the end of June 2007 and then on structural reforms.

I- MACROECONOMIC FRAMEWORK AT THE END OF JUNE 2007

222 The macroeconomic outlook for the end of 2007 is good in terms of results for the implementation of GSPR. In 2007, economic growth is expected to reach 5,6%⁶, driven by an improvement in agricultural production. The exports of cotton and agricultural products should help increase growth in 2007. During the first half of 2007, several actions were undertaken by the Government to diversify and increase agricultural production. They include the recruitment of farming supervisors, the promotion of promising sectors such as NERICA rice, pineapple and cashew nuts, the establishment of agricultural inputs and involvement by the Head of State in the cotton-growing season.

223 Economic growth in 2007 would also be supported by an improvement in the cash flow of businesses through the paying down of the State debt. In addition, productivity improvement of the Port of Cotonou and economic relations with Nigeria, through the organization of the Benin-Nigeria Economic Forum and the establishment of a zone of coprosperity between Benin, Ghana, Nigeria and Togo, should lead to improved growth in 2007.

224 On the demand side, economic growth is mainly driven by investment and exports.

225 Inflation should be contained within the limits of the UEMOA convergence criterion of 3% due to the expected improvement in agricultural production and the appreciation of the CFA franc against the American dollar. Moreover, the relaxation observed in the prices of petroleum products should also contribute to the control of inflation. It averages at 2.85% for the first half of 2007

226 The current account deficit excluding donations in 2007 would come to 3.2% of GDP from 4.6% in 2006. This improvement in the current account deficit reflects the impact of the good 2006/2007 cotton campaign and the promotion of promising export sectors. In addition, the demand for import of petroleum products and capital goods is expected to increase to take into

⁶Estimates made by the CEO in May 2007 and validated by the Committee GDP-TOFE

account the energy crisis and improvements in the business environment. The overall balance of payments would experience a reduction from 5.9% of GDP in 2006 to 0.9% in 2007, due to the cessation of financial fall-out of the IADM.

227 The implementation of the 2007 budget was marked in the first half of 2007 by good management of government revenues and a low level of commitment to public spending.

228 Up to 51% of forecast budget revenues in the 2007 GSPR were mobilized during the first half of 2007. This good performance results primarily from the General Directorate of Customs and Indirect Taxes and the General Directorate of Taxation and Estate that have benefited from the fall-out from the resumption of economic activities and the more efficient use of information technology (IT). In addition, the monitoring of imports and exemptions also contributed to the improved performance. If this trend continues, the goals of income set out at the level of the GSPR would be largely achieved (Table 21) and the 17% pressure tax rate set by UEMOA would be observed for the first time. However, in terms of non-tax revenue, the Government must take steps to ensure that the goals set at the GSPR level are respected.

229 The rate of public expenditure commitment at the end of June 2007 is 37% compared to the forecasts for the 2007 GSPR. This trend can be explained by the continuing discipline through the limitation of payment orders and closer monitoring of income and expenditure by the treasury committee. These measures have led to a slowdown in the rate of implementation of investment expenditure and transfer expenditure. Thus, if this trend continues, it is likely that the planned levels of expenditure on transfers and public investment would not be met. However these are costs that have a significant impact on accelerating growth and poverty reduction. It is therefore important that the Government should implement the necessary measures to improve the level of implementation of expenditure.

Table 20: Evolution of income and expenditure (as% of GDP)

	2006	2007 SCRIP prévu	2007 Proj. (1)	Taux de réalisation à fin juin 2007 (2)
Total income	17,0	17,6	18,4	50,9
Fiscal income	15,4	15,8	17,0	53,1
Non fiscal income	1,5	1,8	1,4	31,6
Total expenditure	19,5	24,4	21,2	36,7
Payroll	5,5	5,9	6,3	47,5
Public Investment	4,9	8,6	6,3	25,4
Budgetary Contribution to investment	2,3	3,9	3,1	24,2
Basis Primary balance	0,4	-1,5	-1,5	-99,1
Overall Deficit (basic payment order)	-2,6	-6,8	-2,8	-0,3

Sources : DGB, DGID, DGDDI, DGTCP et DGE

(1) Projections on the basis of seasonal index

(2) It is the report between data obtained as at June 2007 and data projected by GSPR

II- THE EXECUTION OF THE MIDDLE TERM EXPENDITURE FRAMEWORK(CDMT) BY END OF JUNE 2007

230 Globally, the rate of implementation of the 2007-2009 CDMT of GSPR at the end of June 2007 is 35%. In terms of the “production and trade "and" productive infrastructure” sectors, the implementation rate is even lower compared to the average. Yet it is these sectors that are driving the acceleration of economic growth necessary for a significant reduction of poverty.

231 Furthermore, the implementation rate of expenditure at the "health" and "social and cultural development" sector level remains a concern. This does not seem consistent with the Government's desire to enhance human capital and to improve the living conditions of the population.

Table 21 : Budget Allocation by sector and the implementation rate was at the end of June 2007

	2007	Completion Rate end of June 2007
Social sectors	30,6	28,5
Education	19,7	33,3
Health	9,1	20,9
Social and Cultural Development	1,8	15,9
Production and trade	8,5	21,3
Productive Infrastructure	19,5	24,9
Governance	8,7	36,1
Political	3,4	33,7
Economic	5,3	37,6
Defence and Security	8,0	38,2
Sovereign	3,8	56,3
Total Ministries and institutions	79,1	30,0
Other budgets	20,9	52,8
Total Budget	100,0	34,7

Source : SIGFP-DGB

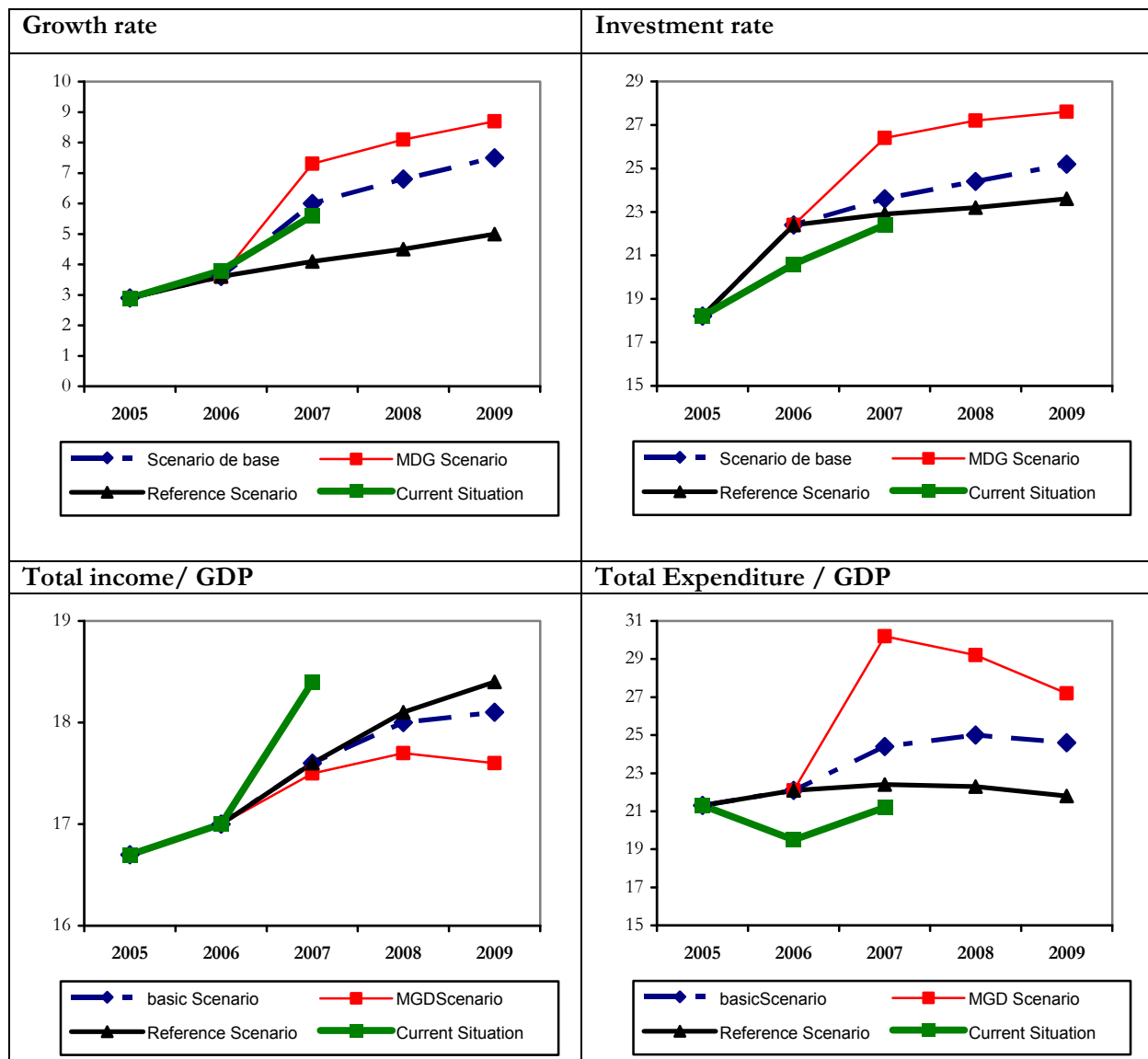
III- ANALYSIS OF VARIOUS SCENARII

232 The macroeconomic framework and the CDMT described below shows that Benin's economy is between the underlying scenario and the baseline scenario of the GSPR and below the scenario of the MDGs. Therefore, to put the economy back on the track of the baseline scenario of the GSPR and even the MDGs, it is necessary for the Government, while continuing the consolidation of public finances; to enhance the rate of consumption of credits on the one hand and to accelerate structural reforms on the other in order to spur the construction of an emerging Benin.

233 In terms of economic growth rate and tax revenues (Figure 2), the trend is in line with the baseline scenario of GSPR. The action taken so far should continue to consolidate this trend and target the rate necessary to reduce poverty and achieve the MDGs.

234 With regards to the rate of investment and expenditure in relation to GDP, the trend is below the underlying scenario. Bold actions deserve to be conducted at the beginning of the second half of 2007 to raise the rate of investment and expenditure levels, whilst maintaining their quality. Increasing the level of consumer credits, in particular credits for investment, should be allow the targeted growth rate in the baseline scenario of GSPR to be achieved.

Figure 3: Evolution of indicators in various framework scenarii perspectives



III- ROADMAP FOR STRUCTURAL REFORMS IMPLEMENTATION

235 To keep the economy on the defined path to growth, the Government is determined to create conditions conducive to the development of an attractive and competitive business environment for private investment, including direct foreign investment. This is why the Government intends to:

- The sale, no later than September 30, 2007, of the industrial facilities of the National Society for Agricultural Promotion (SONAPRA). The shareholding will be open to bidders with a healthy financial position, to cotton producers, to the staff of SONAPRA, to the Benin public and to the State;
- the sale, before March 31, 2008, through the regional capital market and by international tender, of the shares held by the State of Benin in the Onigbolo Cement Company (SCO), following the withdrawal of Nigeria who transferred its shares to private investors;
- evaluate the ongoing restructuring of Benin Telecoms and the opening of its capital to the tune of 51% through the regional financial market and by international tender before June 30, 2008;
- the opening of the capital of Libercom to private individuals;
- the continued reform of the energy sector through the improvement of the Benin Electrical and Energy company and the creation of:
 - a joint management company to ensure the distribution of energy and whose capital will be opened to the private sector to the tune of 51% through the regional financial market and by international tender, not later than September 30, 2008 ;;
 - a public assets company in charge of making and maintaining investments;
- concession arrangements for the running of the Cotonou Port Authority before the end of the first quarter of 2008;
- the rehabilitation of the joint Benin-Niger Railways and Transport Organization (OCBN).

236 The Government also plans to continue efforts for the improvement of the cotton sector and diversification of agriculture, through the promotion of promising sectors such as pineapple, NERICA rice, cashew nuts and shrimp.

CHAPTER 8: IMPLEMENTATION OF THE THE GSPR EVALUATION AND MONITORING MECHANISM

237 In view of the inadequacies of the monitoring - evaluation mechanism of the 2003-2005 PRS, the Government has opted for a strengthened institutional framework with the main challenges of: (i) instilling a greater sense of responsibility in sectoral ministries and central institutions producing

statistics in different areas of activity, (ii) simplify institutional coordination to better synchronize technical follow up with administrative follow-up, and (iii) to operate the decentralized monitoring structures so as to enhance GSPR ownership by the people and as a result enhance service quality and the efficiency of policies and programmes.

238 The new institutional participatory mechanism comprises four levels: (i) national, sectoral, departmental and local, with specific functions. In general, monitoring activities of the strategy implementation has two distinct but complementary dimensions: the administrative monitoring of programme implementation and the technical monitoring of development.

239 The administrative monitoring of the implementation of programmes consists of ensuring that those responsible for the programmes and actions execute them according to a specific timetable, and report through the 'approved' reports and indicators. The technical development monitoring, consists of measuring what is achieved with regard to strategic objectives, and evaluating the impact of what is being done.

240 Technical development monitoring comprises three dimensions namely: (i) statistical monitoring of economic and social development, (ii) monitoring the implementation of programmes and projects, and (iii) the assessment of impacts of policies and programmes. The implementation of each of these dimensions is ensured by a sub-system of the technical development monitoring.

- **Sub-system 1**, working on the monitoring of macroeconomic indicators and poverty, aims to organize and supervise the activities of monitoring poverty, living conditions and the economic and social situation. It is the systematic production of indicators on household living conditions and/or basic information for each of the priority areas identified in GSPR. For this purpose, it centralizes indicators on: (i) the evolution of poverty, (ii) growth and the macroeconomic framework, and (iii) the development of infrastructure, (iv) the social sector, and (v) governance.
- **Sub-system 2**, which deals with monitoring the implementation of programmes and projects, has been mandated to monitor the implementation of programmes and projects included in the GSPR PAP. It allows the monitoring of the physical and financial implementation of PAP in the sectors. It is broken down into several compartments namely: (i) monitoring physical accomplishments, and (ii) monitoring financial performance of programme budgets.
- **Sub-system 3**, responsible for assessing the impact of policies and programmes, aims at measuring the effects of policies and actions on the target groups and development goals (growth, poverty and social development). It essentially consists of, in collaboration with the actors of sub-systems 1 and 2, i) indentifying and choosing the issues relevant to

analyze, (ii) identifying the service providers who can be either internal or external actors (Research centres, investigation firms, and so on.), (iii) allocating resources, and (iv) supervising the completion of, the distribution of these studies and exploitation of results for the refinement of policies and programmes.

241 In the framework of the GSPR follow-up and development of the progress Report on the strategy implementation, a number of specific results are expected from the three sub-systems. This chapter presents the results of the three sub-systems and then discusses the malfunctions that continue to hamper the effectiveness of the monitoring/evaluation mechanism.

I Results of the different sub-systems of the GSPR monitoring/ evaluation mechanism

242 Different results are expected from the three technical development monitoring sub-systems of GSPR. These include:

- **In sub-system 1**, (i) the implementation of the Integrated Management System for Economic and Social Information (SIGIES), (ii) the production of Economic and Social Trend charts (TBES); (iii) the updating of the Beninfo database to accompany the progress report on the implementation of GSPR and the monitoring report of the MDGs.

- **In sub-system 2**, (i) the Annual Reports for implementing programmes and projects, whose programs budgets, (ii) the performance report, and (iii) a database on the projects.

- **In sub-system 3**, (i) conducting surveys among recipients, in order to know what people and users think of the services that were "provided" to them by the administrative institutions or public companies; (ii) selective impact studies of policies and programmes carried out under specifications which are reviewed annually to take into account GSPR priorities and programming in various sectors, and (iii) the realization of a periodic spatial analysis that follows in time and space the development of intra-and inter regional disparities and ensures balanced development

I-1 Statement of results of sub-system 1

243 The National Institute of Statistics and Economic Analysis (INSAE), which coordinates the sub-system has conducted during the period 2006 - and first half of 2007 several activities leading to the subsystem's expected results. These include work on the Integrated Modular Survey of Living Conditions of households and those related to the preparation of the Chart of Social Trends.

244 Following the collection, capture, processing and analysis of data from the first run of the EMICoV, INSAE has just produced a preliminary report, which refers to the first results of most immediate interest to the managers and directors of programmes for fight against poverty.

245 The draft of the 2004-2006 Social Trend Chart is also available. An enhanced version of the TBS ie Economic and Social Trend Chart has also been developed by INSAE.

246 For the moment the Integrated Information Management System of Economic and Social Trend chart (SIGIES) is not yet in place. The updating of the Beninfo database is also expected.

I-2 State of results of sub-system 2

247 The General Directorate of the Monitoring of Projects and Programmess (DGSPP), in collaboration with the General Directorate of Budget, the General Directorate of the Autonomous Amortization Fund (CAA), the Directorate of Planning and Forecasting, has consistently and regularly conducted activities in the monitoring and evaluation of the physical and financial implementation of development projects and programmes executed by the Government. As such, periodic reviews were performed as well as field visits in order to assess the appropriateness of the expenditure incurred and physical outputs. The performance report on the Public Investment Programme (PIP) for 2006 management and that of June 30, 2007 are available.

248 From the exploitation of these documents, it appears that from a financial point of view and under the General Budget of the State under 2006 management, on a forecast of 196 415 million FCFA, 124 759.40 million CFA francs was authorized at 31 December or an implementation rate of 63.52%. At the end of the first half of 2007 65 88 million CFA francs was authorized on a forecast of 266 961 million CFA francs or an implementation rate of 24.68%.

249 In total, over the period from 1 January 2006 to 30 June 2007 a total of 190 639.400 million CFA francs was authorized for the benefit of public investment. Productive sectors have consumed 64 556.70 million FCFA on a forecast of 116 668 or an implementation rate of 55.33%. Infrastructure is in the lead with 36 321.54 million FCFA followed by the rural sector (agriculture, fisheries and livestock) with 10 607.10 million CFA francs.

250 For the benefit of social sectors, 33 472. 14 million CFA francs was authorised against an estimate of 47 554, being a delivery rate of 70.39%. The education sector ranks first with 13 584. 30 million CFA francs and an implementation rate of 71.45% and health sector second with 12 130. 10 million CFA francs or an implementation rate of 60.52% . For the benefit of the energy and water sector, 9944. 8 million FCFA was authorized on a forecast of 53 908. 8 million CFA francs or an implementation rate of 18.45%.

251 The administration or governance sector has received credits for payment of an amount of
26 731. 05 million CFA francs or an implementation rate of 23.03%.

252

I-3 State of the results from the sub-system 3

253 As part of the fulfilment of its mission, the SGD has, during the period 2006-2007, directed
several studies. Some of these studies are carried out in a concern to evaluate the impact of pursued
economic and social policies. Among these are:

Report of the National Social Profile (RPSN) 2006 edition

254 The development, each year, of the RPSN is part of the valuation work on poverty and social
development in Benin. The central theme of the 2006 edition of this report is "Employment and
Poverty". The theme was chosen because the studies on the perceptions of the dimensions of
poverty, wealth and well-being conducted in Benin in 1994 (rural areas), 1996 (urban areas) and 2005
(study of the evolution of perceptions in both rural and urban areas), placed employment at the heart
of the main dimensions of well-being both in rural and urban areas. Unemployment is rampant and
under-employment is widespread especially at the youth level. The phenomenon has been
exacerbated with the implementation of structural adjustment programmes, with their corollaries of a
freeze on recruitment in the Civil Service, the reducing of numbers of permanent state employees
arising from the restructuring/privatization of State companies, as well as the inability of private
companies to provide new employment.

255 The Report of the National Social Profile 2006 described the framework for analysing the
problems of employment, the structure of the labour market and the relationship between
employment and poverty, presented the main policies and programmes designed to reduce
Unemployment and made recommendations for policy measures consistent for a better
implementation of various actions taken by the Government.

256 The report was also used to assess the impact of HIM approaches (High Intensity
Manpower), and to conduct a comparative analysis of the HIEQ and HIMO (High Intensity
Equipment) techniques on Benin's economy. In view of simulation results, the report recommends
that special attention be paid to work at High Intensity Manpower in the context of pro-poor
interventions.

- **The study of the impact of land reform on poverty and the social situation in Benin**

257 The land issues in Benin, identified by the people themselves as one of the main causes of poverty, resulting from the coexistence of multiple legal systems, the presence of public and private actors with diverging interests, are compounded by the Population growth and migration. The common denominator is tenure insecurity, the consequences of which are immediate an sterilization of a portion of private savings, public investment and the blocking of private initiatives.

258 The Government is aware of this and is taking the initiative of land reform in order to create security of tenure. In fact, these reforms are essential for the development of the agricultural sector, which provides 35% of GDP and employs 65% of the active population. They constitute an essential component of policies and strategies to combat poverty to achieve, by 2015, the Millennium Development Goals (MDGs).

259 The study made it possible to analyze the ex-ante impact of land reform on poverty and social conditions in rural and urban areas in Benin, and to make recommendations for measures consistent with policies for poverty reduction and achieving the MDGs in the country. Its results will help: (i) national and local decision makers to develop and implement land policies aimed at combating poverty, (ii) rural producers and peri-urban populations, to enjoy land security and expand their operations, and (iii) promoters of SMEs and SMIs and industrialists from the private sector to secure their investments against the land risks.

260 The main findings of this investigation will be transmitted to the various stakeholders following the adoption of the report by the Council of Ministers.

- **The follow-up of Local Interactive Impact**

261 In order to achieve the MDG No. 2 (Achieve universal primary education), Benin deploys tireless efforts and allocates substantial resources to the education sector, particularly primary education which is the first priority, in accordance with the Constitution of 11 December 1990.

262 In order to involve the beneficiaries in the monitoring and evaluation of interventions in the sector, the SGD and CSPRES, supported by the World Bank and GTZ and an institution for action research at the University of Abomey - Calavi (FIDESPRA / UAC), have developed an approach called "Monitoring Local Interactive Impact (SILP)" which helps to measure performance of public service while ensuring the traceability of allocated resources. .

263 The implementation of this initiative, during a pilot phase in Atacora, enabled users and producers of public services and communities in a position to evaluate the quality of these services, to ensure the traceability of public and community resources allocated to these services and to suggest remedial action for identified malfunctions and deficits.

264 The encouraging results prompted the technical and financial partners to decide to: (i) generalize the approach in the education sector, and (ii) extend it to water and health areas.

265 At the level of this sub-system, a spatial analysis within the framework of monitoring in time and space intra and inter disparities has not yet been undertaken.

III State of identified dysfunctions and proposed recommendations

266 ism of the 2007-2009 GSPR, as with the entirety of the Strategy, was launched very quickly so that a few malfunctions identified during the implementation 2003-2005 of the PRS occurred again. These include: (i) the ownership of the contents of the GSPR by various actors at all levels, (ii) the flow of information, and (iii) the functionality of the last two levels of institutional arrangements, namely, departmental and local levels.

II-1. Appropriation of the contents of the GSPR

267 Although the preparation of the strategy has undergone a broad participatory process, it is extremely important that the final contents, adopted by the Government and approved by the Bretton Woods institutions, should be the subject of a wide spread distribution to the different players. This will spread its ownership and hence accountability of each and every person relative to its implementation. The sectoral ministries must face the facts of their commitment to the implementation of the Priority Action Programme (PAP) which accompanies the strategy. They must report regularly. This becomes an imperative in the context of the assessment of public action.

268 Members of the three sub-systems of technical monitoring of development, of the monitoring and evaluation mechanism must ensure the leadership of the systems and participate actively in the production of different outputs.

II-2. Functionality of CDS and CCS

269 Apart from the departments of Zou and Collines, none of the other Departmental Committees (CDS) of Monitoring of the GSPR implementation is functional. This continues to be a major handicap for feedback from the local level to the national level.

III.3. Recommendations

270 In light of the failures, the recommendations go in three directions namely:

- To ensure the distribution of the contents of the 2007-2009 GSPR at all levels;
- Implement item 10.7 of GSPR on capacity-building. An institutional organization, training, logistics and management of motivations are indeed planned, in light of multiple challenges to the national system of statistical information management. In terms of institutional organization, it is planned to develop the precise specifications for all the structures involved in the follow-up evaluation. It has to be done to better empower different players. Regarding training, the strengthening of the human resources of the three sub-systems of monitoring and evaluation is anticipated through training workshops.
- To ensure the functionality of the CDS and CCS In relation to this, the pilot experience of the implementation and the functionality of the CDS in the Zou/Collines region, thanks to the financing of DANIDA's Programme of Governance and Personal Rights, should be reinforced and rolled out. This will allow an effectif follow-up of the implementation of the strategy on a local and departmental level.

III- Implementation of the Declaration of Paris

271 As part of the implementation of the Declaration of Paris in Benin, many actions have been taken to operationalize the objectives of the declaration. As a first step, the CSPRES coordinated the exercise launched by the OECD to assess the indicators of the Declaration of Paris in Benin. This was then followed by a more ambitious approach which led to the definition of an action plan to implement the recommendations of the Declaration of Paris and improve the effectiveness of aid. The action plan has four goals: (i) to improve the coordination of aid based on national priorities and the leadership of the Government, (ii) to improve transparency of the efficiency and accountability in the management of resources for development (iii) to consolidate programmes and harmonize aid modalities and (iv) harmonize mission management and analytical work. Currently, Benin is actively preparing for the second survey, which will take place in 2008 and will serve as a basis for the high-level summit to be held in Accra in September 2008.

CONCLUSION

272 Benin's economy has experienced renewed momentum from 2006 as evidenced by the macro-economic and financial indicators and sectoral achievements recorded on the progress of the GSPR implementation. However, the macroeconomic performance achieved deserves to be

reinforced to reach most of the objectives set out in the basic framework of the GSPR, and to get closer to the scenario of the MDGs.

273 During the first half of 2007, the trend of economic growth and total revenue is in line with the baseline scenario of the GSPR, while the trend in capital spending will affect the achievement of GSPR, if bold actions are not taken during the second half of the year to increase the investment rate and the level of total expenditures to the levels provided for in the basic framework of the GSPR.

274 In addition, effective implementation of the strategy requires an appropriation of the strategy at all levels, actions should therefore be taken to vulgarize the strategy. It is also important to set up a mechanism for the alignment of sectoral strategies to the GSPR and link the objectives of the strategy to the implementation of the State General Budget..

APPENDIX

Appendix 1

The method of scoring is used to evaluate the level of the results of actions and programmes. The estimation of scores is based on the principle of listing. Each indicator is assigned a note rated from 1 to 5 (5 being the level of the highest satisfaction) according to the level of achievement of results in 2007 compared to this year's target set by GSPR. The performance per area is the average of scores for indicators of the strategies and programs that make it up.

Cases where the aim is to increase the value of the indicator

1 = Result less than or equal to the reference

2 = Result above the reference but the % of the difference in achievement compared to the gap between the 2007 target and the reference is greater than or equal to -100% and -66% below 1 = Result less than or equal to the reference

3 = Result above the reference but the % of the difference in achievement compared to the gap between the 2007 target and the reference is greater than or equal to -66% and -33% below

4 = Result above the reference but the % of the difference in achievement compared to the gap between the 2007 target and the reference is greater than or equal to -33% and below 0%

5 Result = greater than or equal to the target

Cases where the aim is to reduce the value of the indicator

1 = Result above or equal to the reference

2 = Result below the reference but the % of the difference in achievement compared to the gap between the 2007 target and the reference is greater than or equal to -100% and -66% below

3 = Result below the reference but the % of the difference in achievement compared to the gap between the 2007 target and the reference is greater than or equal to -66% and -33% below

4 = Result below the reference but the % of the difference in achievement compared to the gap between the 2007 target and the reference is greater than or equal to -33% and below 0%

5 Result = less than or equal to the target

Regarding the field 3, diversification of the economy, which consists primarily of agricultural development sector, the scores are awarded by considering the achievements% compared with the forecasts in the following manner:

1 = Achievements below 70%

2 = Achievements greater than or equal to 70% but less than 80%

3 = Achievements greater than or equal to 80% but less than 90%

4 = Achievements greater than or equal to 90% but less than 100%

5 = achievements greater than or equal to 100%.

In addition, for this area, these are the achievements of 2006, 2007 achievements are not yet available

Table 22: Contribution to GDP (%)

	2002	2003	2004	2005	2006	2007	Cible 2007	2008	2009	Ecart 2006
Rates of real economic growth	4,4	3,9	3,1	2,9	3,8	5,0	6,0	6,6	7,5	-0,15
Primary Sector	1,0	0,9	2,4	-0,3	2,1	2,7				
Including agriculture	0,5	0,6	2,0	-0,9	1,9	2,2				
Secondary Sector	1,0	0,4	-0,1	0,8	-0,1	0,9				
including manufacturing industries	0,6	0,1	-0,2	0,5	-0,3	0,5				
Tertiary Sector	1,4	1,9	-0,1	1,8	1,1	0,6				
Including transportations & telecommunications	0,3	0,4	0,0	0,3	0,2	0,2				
Trade	0,5	0,8	-0,1	0,9	0,4	0,1				
Final total Consumption	4,8	4,6	-0,1	2,2	2,4	1,3				
Including private	4,2	3,8	0,3	1,8	2,0	0,8				
Gross fixed capital constitution	1,1	1,3	0,2	0,6	0,8	0,9				
including private	0,4	0,9	-0,3	0,4	0,5	0,6				
Change stock	-1,6	0,9	1,2	-3,3	3,0	0,6				

Source : INSAE, June 2007

Table 23: : Selected indicators Benin national accounts

	2002	2003	2004	2005	2006	2007	Cible 2007	2008	2009	Ecart 2006
Investment rate	18,5	20,3	20,7	18,2	20,6	21,4	23,6	25,8	27,9	0,94
Growth in real GDP per capita	3,4	2,2	0,1	3,9	3,4	3,9				

Source : INSAE, juin 2007

Table 24: Level of inflation

	2004	2005	2006	Jan- 2007	Feb- 2007	March -2007	Target 2007	2008	2009	Variatio 2006
Inflation rate (%)	0,9	5,4	3,8	3,8	3,4	3,2	<=3	<=3	<=3	0,70

Source : INSAE

Table 25: Poverty Index at departemental level in 2006

	P0 (%)	P1	P2	(P1/P0)
ALIBORI	42.97 (0.07)	0.1547 (0.0003)	0.0804 (0.0002)	36.01
ATACORA	32.40 (0.07)	0.0805 (0.0002)	0.0293 (0.0001)	24.85
ATLANTIQUE	39.63 (0.06)	0.1116 (0.0002)	0.0465 (0.0001)	28.15
BORGOU	39.19 (0.06)	0.1745 (0.0003)	0.1083 (0.0003)	44.53
COLLINES	36.11 (0.07)	0.0988 (0.0002)	0.0396 (0.0001)	27.36
COUFFO	40.56 (0.07)	0.1144 (0.0002)	0.0473 (0.0001)	28.20
DONGA	35.98 (0.08)	0.1013 (0.0003)	0.0395 (0.0002)	28.15
LITTORAL	30.38 (0.06)	0.1041 (0.0003)	0.0522 (0.0002)	34.28
MONO	37.16 (0.08)	0.0966 (0.0003)	0.0369 (0.0001)	26.00
OUÉMÉ	36.54 (0.05)	0.1108 (0.0002)	0.0479 (0.0001)	30.31
PLATEAU	40.15 (0.08)	0.1267 (0.0003)	0.0588 (0.0002)	31.55
ZOU	37.52 (0.06)	0.1057 (0.0002)	0.0451 (0.0001)	28.18

Standard deviations are in brackets s
Sources: EMICOV, EDS 2006

Table 26: Extract from TOFE (in billion FCFA)

	2002	2003	2004	2005	2006	2007*	Cible 2007	2008	2009	Ecart 2006
Global Deficit (basic scheduling excluding grants) as a% of GDP	-2,0	-5,4	-3,6	-4,6	-2,6	-6,2	-6,9	-6,8	-6,2	-2,55
Revenue and donations	328,2	384,4	407,1	431,3	462,3	519,8				
Total income	318,2	342,9	351,4	383,4	417,0	465,1				
Tax revenue	282,5	307,2	311,4	334,0	378,9	420,9				
Donations	10,0	40,5	55,7	47,9	45,3	54,7				
Total expenditure and net lending	361,1	453,5	430,2	488,5	481,0	629,8				
Current expenditure	262,1	319,7	298,5	345,1	359,0	401,6				
Capital expenditure	95,8	135,8	131,0	144,2	120,8	228,2				
Budget	46,6	62,4	61,2	76,2	56,0	102,5				

Contribution							
External finance	49,3	73,4	69,8	67,9	64,8	125,7	
net Loans	3,2	-2,0	0,7	-0,8	1,2	0,0	
Overall balance							
excluding grants	-39,7	-112,6	-78,1	-105,9	-62,8	-164,7	
(base scheduling)							

Source : CSPRES (*) Predictions

Box 1: EMICoV

The modular integrated survey on the living conditions of households deals with a national sample of 17982 households representing both the 77 Municipalities and the area of residence (urban/rural). It is divided into 7,438 households in urban areas and 10,544 in rural areas. The sample is areal, stratified and drawn at 2 degrees. At the first stage, 750 counting zones (CZ) are chosen proportionally to their size in counted households during the 2002 General Census of Population and Housing. An enumeration of households in each CZ has helped to provide a list of households from which are chosen at the 2nd degree 24 households

As the demographic and health survey (EDSB-III) is coupled with the Modular Integrated Survey of Living Conditions of Household in Benin (EMICoV), the latter requires a large size sample and the sample distribution covers a maximum of 546 districts in order to have a representative sample at each of the 77 municipalities, while respecting the size of each area and a minimum number of cases per area to ensure acceptable accuracy for the main indicators of EDSB-III.

To this end, an allocation of the sample for each department is applied. The allocation of each department is then divided proportionally on the municipalities and according to urban and rural areas. This corresponds to stratification at the municipality and urban/rural level. A total of 135 strata sampling have been identified and the sample is taken independently from each stratum.

A counting of households in each selected CZ is performed before the main gathering. This makes it possible to obtain a list of households that will be used to select households in the second degree. Before the counting of households, large CZs are divided into segments of which only one will be retained in the sample. This final step is not seen as a degree of draw because the segmentation's sole purpose is to limit the counting within the CZ.

The average number of households selected in each cluster is set at 24. Among the 750 CZs selected, 310 are in urban areas and 440 in rural areas. It covers 476 districts, representing 87% of the 546 districts.

Box 2: Prediction of growth and inequality effects

It consists of drifting elasticities of poverty compared to the average income - or average spending - and inequality, particularly in relation to the Gini index.⁷

Kakwani (1993) drifts elasticity of poverty compared to the average expenditure on the assumption that inequality does not vary. He supposes therefore a neutral growth compared to inequality where all income varies proportionally with the same growth rate as the average income. Thus, the elasticity of poverty indices FGT compared to the average expenditure per adult-equivalent ($\eta_{P\alpha}$)⁸ when growth of total spending comes solely from the k group's growth is equal to:

$$\eta_{P\alpha} = \begin{cases} \alpha \frac{P(k, z, \alpha) - zP(k, z, \alpha - 1)}{P(z, \alpha)} & \text{si } \alpha \geq 1 \\ -\frac{zf(k, z)}{F(z)} & \text{si } \alpha = 0 \end{cases} \quad (1)$$

The group for which the growth will contribute most to the reduction of poverty, will be presenting the elasticity highest growth in absolute terms.

Regarding the effect of inequality, the elasticity of FGT poverty index compared to the Gini index is derived assuming that the average expenditure is constant. This approach is based on the assumption that changes are marginal. However, according to Duclos (2002), it can not really be a stable structural relationship between the indexes of inequality and poverty, even assuming that the average income is constant. Indeed, it is difficult to predict the effect on poverty of a process of change in inequality using a single indicator of inequality.

By choosing the Gini⁹ index, the elasticity of poverty to inequality ($\epsilon_{P\alpha}$) is given by:

$$\epsilon_{P\alpha} = \begin{cases} \eta_{P\alpha} + \frac{\alpha\mu P_{\alpha-1}}{zP_{\alpha}} & \text{si } \alpha = 1, 2 \\ \eta_{P_0} \left(\frac{z - \mu}{z} \right) & \text{si } \alpha = 0 \end{cases} \quad (2)$$

⁷ The Gini index revealed income inequalities.

⁸ Kakwani believes that if economic growth is positive then the pure growth effect on poverty will always be negative

⁹ Duclos (2002) proposes to make the Gini elasticity from poverty a process of bipolarization that divides income away from the average by a proportional factor