

INTERNATIONAL MONETARY FUND AND
THE INTERNATIONAL DEVELOPMENT ASSOCIATION

BENIN

Joint Staff Assessment of the PRSP Preparation Status Report

Prepared by Staffs of the International Monetary Fund and
the International Development Association

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1. The Executive Boards of the IMF and the World Bank concluded in July 2000 that the government's interim poverty reduction strategy paper (interim PRSP) provided a sound basis for developing a fully participatory PRSP, for reaching the decision point under the HIPC Initiative, and for continuing Fund and World Bank concessional financial assistance. A first draft of the full PRSP is expected to be completed in October 2001, which will then be discussed with stakeholders and development partners. The government expects to adopt the final version in November 2001. As the PRSP preparation will not be completed by the time of the forthcoming IMF Executive Board meeting on Benin, the authorities produced a PRSP preparation status report (the status report).
2. The status report reviews steps planned for preparing the PRSP and sets out the main activities undertaken to date, including a description of the participatory process. It provides a timetable for remaining work, including the setting of sectoral objectives and policies, and the definition of priorities. The status report does not explain why Benin was not able to keep its original April 2001 timetable for completion of the PRSP. One factor for delay was the longer than expected process to establish the institutions in charge of managing the process. Another factor was that the government decided to postpone consultations with civil society until after the presidential elections held in March 2001.
3. The status report provides limited information on progress in the key areas highlighted in the joint staff assessment of the interim PRSP. These areas include data and diagnosis limitations; development of the strategies for health, education, and the cotton sector; policy priorities; costing of proposed measures; and a monitoring and evaluation framework. Important progress has in fact been achieved in a number of these areas, and it is expected that the full PRSP will reflect this. Noteworthy examples are consolidation of liberalization efforts in the cotton sector and reforming budget preparation, execution, monitoring, and auditing. In particular, the government is moving toward performance-based

budgeting, which includes the implementation of sectoral strategies to be monitored through explicit impact indicators.

4. The staffs found useful the review of recent studies on poverty diagnosis in Benin and the assessment of the impact on poverty reduction of the macroeconomic and structural policies implemented since the early 1990s. However, important gaps and methodological issues in poverty diagnosis remain. These need to be addressed in order to identify indicators and mechanisms to monitor poverty, one of the key challenges in the completion of a high quality PRSP.

5. The status report indicates that the authorities held broad consultations at the regional and national levels to discuss the PRSP process and elicit suggestions for reducing poverty. However, one of the key challenges in completing the full PRSP is to integrate the measures suggested at the regional and national levels into a broad strategy to reduce poverty. The status report also reflects the emphasis that the government places on achieving higher economic growth as a means to reduce poverty, which was the subject of an international forum organized in Cotonou in May 2001.

6. The status report emphasizes the importance that the government attaches to maintaining a stable macroeconomic framework, an issue that was discussed with staffs in the context of the second review of the program supported by the IMF. As regards the government's Action Program, which covers the five-year term in office of the President, the status report is unclear about how it will be integrated into the PRSP. Notwithstanding this lack of clarity, the staffs received assurances that the authorities would adjust proposed policies and measures to the outcome of the PRSP process.

7. The status report does not specifically address the issue of technical assistance required for the preparation of the PRSP. In fact, multilateral and bilateral donors have participated in forums, provided comments on the work undertaken in the context of the PRSP, and offered assistance in defining sectoral strategies, conducting the participatory process, and implementing the poverty-reduction strategy.

8. The government has prepared an outline of the PRSP and submitted it for comments to development partners. It lists sectors selected for the preparation of antipoverty strategies, based on the outcome of the consultation process, and it contains a section describing the medium-term macroeconomic framework. The drafting of the PRSP began in September 2001, and the authorities aim at adopting a full PRSP by end-November 2001. The staffs noted that the authorities' timetable was ambitious given the remaining work required to produce a high quality PRSP. In particular, the one-month gap between the first draft (October) and adoption of a final version (November) appears too short, in view of the extensive consultations to be concluded during this period. In addition, work is still ongoing to complete a full medium term expenditure framework (MTEF) that will cost the policies and strategies to implement the PRSP.

9. In conclusion, the staffs regard the status report as appropriately reflecting progress achieved in important aspects of the PRSP process. While not discussed in the status report, progress has also been made in other areas that had been identified in the interim PRSP. Consequently, the staffs believe that Benin has made major strides towards completion of a comprehensive poverty reduction strategy, and consider that this progress forms a sound basis for continued access to Fund concessional assistance and IDA adjustment lending. The staffs recommend that the respective Executive Directors of the World Bank and the IMF reach the same conclusion.