

BENIN

Poverty Reduction Strategy Paper Preparation Status Report

October 12, 2001

1. The government of Benin started elaborating its poverty reduction strategy paper (PRSP) in December 1999 and prepared an interim PRSP that the Executive Boards of the Fund and the World Bank endorsed in July 2000. The government expects that the full PRSP, prepared with the active participation of the civil society, will provide it with a well-articulated framework that will help it focus the country's efforts to combat poverty. In addition, the PRSP would also allow Benin to reach the completion point under the enhanced Heavily Indebted Poor Countries Initiative (HIPC Initiative).

Institutional framework and work program

2. A full PRSP is under preparation by the National Commission for Development and the Fight Against Poverty (CNDLP), which was created by decree on November 2, 2000 (No. 2000-535). The CNDLP comprises the government, civil society, nongovernmental organizations (NGOs), the private sector, and development partners. The CNDLP's Permanent Secretariat, which is responsible for implementing the commission's policies, receives financial support from development partners. Hence, the Permanent Secretariat is coordinating the preparation of the PRSP, which began on January 17, 2001 when the Council of Ministers adopted proposed steps for the elaboration of the document. The main steps include the following:

- holding meetings to explain the new approach to development policy to managers, civil servants, and representatives from civil society;
- conducting five thematic studies;
- holding consultations at the regional and central levels;
- discussing the outline for the PRSP, defining objectives and policies, and establishing priorities, taking into account a cost and benefit analysis of alternatives, recommendations from consultations, and the macroeconomic and medium-term expenditure frameworks;
- writing a draft PRSP; and
- adopting the PRSP after a broad consultative process.

3. More details are provided on these steps in the attached timetable. It is expected that the first draft will be ready in October 2001. In accordance with the timetable, the PRSP will

be prepared within the framework defined in the government's Action Program, which covers the period 2001-06, the President's five-year term of office. The first three years of the Action Program and the PRSP will cover the same period.

Thematic studies

4. In order to establish an analytical basis for the poverty reduction strategy, five studies were conducted during April-May on the following topics:

- an analytical summary of the studies on poverty in Benin;
- identification and analysis of the structural factors and other factors that determine poverty in Benin;
- an assessment of the main social policies implemented in Benin since 1990 and their impact on poverty;
- an assessment of the main economic and financial policies implemented in Benin since 1990 and their impact on poverty; and
- an assessment of the institutional capacity to implement a social policy in Benin.

5. The studies indicate that, in spite of favorable economic developments, poverty and inequalities did not decrease in recent years. Rural and urban household surveys conducted during the last ten years show little improvement in the poverty level. It would appear that, although real GDP increased steadily, the measures taken to ensure that the benefits from growth were equitably distributed did not have the expected results. This outcome was due mainly to the difficulties encountered in designing measures that would benefit the targeted population, and to the limited utilization of indicators of objectives and their impact. Furthermore, several economic and social programs and projects undertaken during the period 1990-2000 proved not to be viable and of limited usefulness, as the local population that was to benefit from them did not participate in their preparation and monitoring. Even when the social dimension was taken into account in programs, it did not receive a high priority and suffered from a lack of resources, as well as from limited managerial and monitoring capacities in the social sectors. Hence, it is intended that the PRSP process fully integrate the social impact of the macroeconomic and structural policies.

The consultation process

6. The government conducted preliminary consultations with institutions and organized groups (comprising the government, women's associations, public and private representatives of the health and education sectors, and civil service representatives at the local level) to inform them of the PRSP approach. The government then held a large number of meetings with civil society, NGOs and the private sector in order to explain to the population, including the poorest groups, the purpose of the PRSP, its content and its

objectives, the differences with previous approaches, and what was expected from consultations with the population. The consultations, which received the active, sustained, and high-quality participation of the civil society, allowed the authorities (i) to learn how local communities perceived poverty in their areas and (ii) to hear the population's comments on sectoral strategies that were being implemented. Finally, these meetings enabled participants to express their main concerns and priorities for each sectors, and propose solutions, including the desired involvement of the government and the targeted groups.

7. As part of the consultation process for preparing the PRSP, the government organized three national forums on (i) the acceleration of economic growth; (ii) the reform of the water and electricity sectors; and (iii) the reform of the public administration. At all these consultations, the government involved development partners, the civil society, the private sector, and trade unions. The first draft PRSP will also receive comments from the population, parliament, and development partners.

8. The forums arrived at important conclusions that were then translated into policies and measures to raise the real economic growth objective to 7-8 percent. Such growth would offset the rapid increase in population and result in a gradual reduction of poverty, which affects one-third of the population. In that context, it was recommended to reform the water, electricity, and telephone sectors and privatize the management of the enterprise distributing water and electricity (SBEE) and the Post and Telecommunications Office (OPT). Such reforms would strengthen the management of the sectors and reduce the cost of water and electricity distribution, while covering more of the country. The results of all the consultations are reflected in the strategy to reduce poverty.

Definition of the strategy

9. The full PRSP will address the shortcomings noted in the preliminary report. In particular, the strategy will have as central objective the reduction of poverty. As regards the content, the national poverty reduction strategy mainly focuses on (i) accelerating economic growth and consolidating the macroeconomic framework; (ii) strengthening institutional capacities and governance; (iii) increasing the delivery of social services; and (iv) managing solidarity initiatives and the participation of the poor in the production process. The government believes that the desire to accelerate growth and reduce poverty will initially necessitate an increase in public expenditure. Nevertheless, it remains convinced that a stable macroeconomic framework needs to underpin such a strategy over the medium term. Hence, attaining the objectives of growth and poverty reduction, on the one hand, and maintaining a stable macroeconomic framework, on the other hand, will require an iterative process. Priority areas of the strategy will include the following: (i) strengthening good governance and decentralization; (ii) improving capacities for the management and use of public resources; (iii) enhancing the competitiveness of the economy and increasing private investment; (iv) meeting essential needs for health, education, food security, housing and sanitation, safe water, and electrification; and (v) protecting the environment.

10. The PRSP will indicate that, as it has been the case for the past ten years, the government will play, in an efficient and responsible way, the role expected from it in the context of a market-based economy, in which private initiative is the main engine for sustainable and durable growth. Government policies will be geared toward the consolidation of the macroeconomic framework, the divestiture of the government from public enterprises, the pursuit of efforts to establish a transparent and stable regulatory framework conducive to the development of private initiatives, and the enforcement of private economic law by the judicial system. The government considers a stable macroeconomic framework a prerequisite for higher growth, which itself is essential for reducing poverty reduction. Also, fiscal policy will continue to be strengthened by the implementation of program budgets in the main ministries; which has already resulted in an improvement in the preparation of sectoral and cross-sectoral strategies, and in the use of budget monitoring and evaluation mechanisms. The promotion and the support of the private sector will be reinforced through an investment strategy that as a priority will allocate resources to improve public services. This strategy will include (i) strengthening basic infrastructure; (ii) the quality of training provided by the education system; (iii) the access to basic health care; and (iv) the efficiency of the legal system. Through the decentralization of the decision-making process, the population will increasingly participate in the development of the local economy. All the measures mentioned above will be integrated within a medium-term expenditure framework (MTEF) for 2002-04, which constitutes the budgetary support of the PRSP.

11. The full PRSP will incorporate all the policies and measures described above. After presenting an analysis of the economy and of poverty in Benin, the document will spell out the strategic vision for the country in the year 2025, and the quantitative objectives for poverty reduction by 2015. Within this framework, the document will then present the national priorities, the main elements, and the objectives of the poverty reduction strategy for the period 2002-04. In particular, the strategy will address the issues arising from the studies on the economy and poverty in Benin. It will also be consistent with the macroeconomic framework envisaged in the program supported by an arrangement under the Poverty Reduction and Growth Facility (PRGF), a portion of which covers the same period. Finally, the strategy will include mechanisms for monitoring and evaluating its implementation, which will be based not only on outcome indicators but also on periodical consultations with the representatives of the civil society and vulnerable groups. The document will be available by end-October 2001 and will be presented to Benin's development partners for comments.

Timetable for the Preparation of the Poverty Reduction Strategy Paper

August 31, 2001

Activities	Date	Implementation Status
Completion of the preparation of the interim PRSP.	May 2000	Completed
Establishment of the National Commission for Development and the Fight against Poverty (CNDLP), staffing and organization.	December 2000	Completed
Preparation and adoption of the PRSP preparation process.	January 2001	Completed
Completing studies' terms of reference for the PRSP preparation and selection of consultants.	February 1–March 31, 2001	Completed
Recruitment of sectoral experts for strengthening the staffing of the CNDLP Secretariat.	February 1–March 31, 2001	Ongoing
Review of studies on poverty.	March 15–May 31, 2001	Completed
Work with line ministries, and preparation of the consultation process.	March 15–April 15, 2001	Completed
First round of consultation through regional seminars.	April 15–May 31, 2001	Completed
Consultation on macroeconomic policies		
Forum on economic growth acceleration	May 15–17, 2001	Completed
Forum on the state divestiture from the water and electricity sector	June 25–27, 2001	Completed
Forum on administrative reform	July 2001	Completed
Preparation of the PRSP outline, setting of sectoral objectives and policies, definition of priorities, preparation of macroeconomic framework and medium term expenditure framework, assessment of the regional programs, drafting of the PRSP.	June 15–Sept. 30, 2001	Ongoing
Discussions on the draft PRSP and the regional programs with development partners.	October 2001	
Second round of consultation and national seminar on draft PRSP.	October 2001	
Completion of the PRSP preparation.	October 2001	
Adoption of the PRSP by the government.	November 2001	