Chapter 2
COUNTRY CONTEXT

2.1 AN OVERVIEW OF BENIN

2.1.1 HUMAN DEVELOPMENT CONTEXT

The population of Benin was estimated at 8 million persons in 2007. More than one third of the population lives below the poverty line set by Benin, suggesting that close to 50 percent lives below the dollar-a-day international poverty line as defined in MDG 1. The 2007/2008 UNDP Human Development Index, which measures average achievements in a country in three basic dimensions of human development (a long and healthy life, knowledge and a decent standard of living), ranks Benin at 163 out of 177 countries. According to 2006 data, Benin’s life expectancy is 55.4 years, and the average HIV/AIDS prevalence for people aged 15 to 49 years old is 1.2 percent. The relatively high population growth rate of 3.5 percent has led to a young age profile: 47 percent of the population are under 15 years old. Half are between the ages of 15 and 64, and only 3 percent are over 65.

Maternal mortality rates have not shown marked improvement over the last decade. The 1992 death rate was 498 per 100,000 live births. The 2006 Demographic and Health Survey registered 397 deaths per 100,000 live births. Infant mortality is high at 125 per 1,000 births in 2006, though this is down from 205 per 1,000 births in 1980. Some 29 percent of children under 5 years of age are malnourished. Although progress has been achieved on the gross enrolment rate in primary education, especially for girls, the 2006 completion rate remained at a comparatively low 54 percent.

According to 2002 estimates, approximately 38 percent of the population is found in urban areas, more than twice the 1990 census figure of 16 percent. Approximately 46 percent of urban dwellers do not have sanitation facilities. The majority of impoverished people, most of whom are women, live in rural areas and rely on small-scale agriculture for their livelihoods. The rural poor suffer from a steadily degrading environment and income levels that are insufficient to save for the future or invest in quality seeds, fertilizer or farm machinery.

Most recent assessments of Benin’s capacity to attain the MDGs are mixed, noting slow progress in recent years and projecting that Benin is unlikely to meet certain targets. According to the 2007 Benin CCA, the total cost for MDG target achievement between 2007 and 2015 is estimated to be $13 billion. This covers eight sectors prioritized by Benin (agriculture, hunger, gender, education, health, energy, water and sanitation, environment and transportation), and equals an annual average cost per capita of $160 during the period. Covering these financial needs would require a threefold increase of public spending during the period. At the same time, Beninese absorption capacity of aid is limited: in 2006, the general rate of execution of budgeted capital expenditure was 61.3 percent, especially affecting those ministries directly involved in MDG-related

14. In 1998, Benin was ranked 157th out of 174 countries.
16. Per the 2002 national population census.
activities in agriculture, infrastructure, education, health and water. In 2007, to help improve the situation, UNDP assisted MECEPDEAP in the creation of semi-autonomous units in ministries closely linked to MDGs.

2.1.2 ECONOMIC CONTEXT
Gross domestic product per capita (purchasing power parity measure) is estimated to be approximately $1,500. Benin opted for a market economy in 1991, but in 2008, public sector presence is still a significant factor. Moreover, the informal sector is vibrant, very powerful and beyond the control of the state, thereby depriving the latter of vital taxation revenue.

The economy is heavily dependent on the agriculture sector, which employs approximately 80 percent of the population. Crops are grown for both export and domestic consumption. Though production has been affected by falling prices on the world market, cotton production, which has opened to private investment, has grown over 300 percent since 1990. Industry is relatively underdeveloped and restricted to simple import substitution products and basic agro-industrial processes.

Successive governments have struggled to strengthen Benin’s economic and fiscal performance, resulting in reforms that introduced significant changes. From 1991 to 1996, the government privatized or liquidated 100 state enterprises that included breweries, producers of cement, textiles, tobacco and petroleum. The insurance sector has been liberalized, leading to increased competition. There has also been a significant foreign investment in telecommunications. Privatization has significantly decreased the proportion of government spending, with noticeable increases in foreign direct investment, the admission of Benin into the Highly Indebted Poor Country Initiative and the resumption of donor lending. However, the IMF has continued to press for further privatization of state-run enterprises, including major utilities such as electricity, water, postal services and telecommunications. The 2007–2009 GSPR has set the objective of privatizing even more state enterprises.

Corruption, poor governance and impunity are the three most destructive factors, presenting daunting challenges to the economy of Benin. Newly elected leaders’ recent attempts to curb corruption were met with heavily bureaucratic procedures that impeded the punishment of corruption in high places (e.g., at the National Assembly).

2.1.3 POLITICAL CONTEXT
Benin has been a multi-party democracy since the referendum and constitution that followed the national conference of 1990. Subsequent legislative, presidential and municipal elections have led to peaceful changes at the helm and the start of the decentralization process. The 1990 constitution instituted a five-year presidency, limited to two terms. The position of prime minister was dissolved in 1998, while the president has executive power, appoints and dismisses judges to the supreme magistrate, and can suspend parliament with court approval. The members of the 83-seat assembly serve four-year terms.

The current president, elected on an independent ticket, appears capable of uniting deputies of fragmented leading parties around ideas. This can be a source of unstable coalitions, which has decreased the Parliament’s effectiveness and risks blocking government legislation, if the majority does not share the ideas of the head of state. The independent media, trade unions and civil society are factors that have strengthened Benin’s democracy, as they are able to challenge the government’s economic and fiscal policies through denunciations and strikes. However, this tends to lead to civil unrest and severe economic losses.

2.2 NATIONAL PLANNING AND AID MANAGEMENT
2.2.1 NATIONAL PLANNING
After the structural adjustment plans of the 1990s, national development planning and aid management in Benin have been cast in PRSPs and Medium Term Expenditure Frameworks. In the last decade, the Republic of Benin has had three poverty reduction strategies, starting with the
Interim PRSP 2000–2002. Supported by UNDP, The World Bank and the countries of Denmark, Germany and Switzerland, the Observatoire of Social Change\textsuperscript{19} was the monitoring and evaluation mechanism of the Interim PRSP. The first full PRSP 2003–2005 centred on the same four pillars as the interim version:

- Bolstering the medium-term macro-economic framework;
- Strengthening human development and environmental management;
- Improving governance and institutional reforms; and
- Improving income-generating opportunities.

The current GSPR 2007–2009 of the 2006 Yayi Boni government aims at combating the root causes of poverty to bridge the gap between the democratic progress since the 1990 National Conference and the slow pace of economic growth and attainment of the MDGs. Adopted by the government in February 2007, GSPR 2007–2009 differs from previous plans in that it centres around five axes that build linkages among the MDGs and the cross-cutting themes of gender and human rights. The axes are:

- Acceleration of growth;
- Infrastructure development;
- Human capacity building;
- Good governance; and
- Equitable and sustainable development of the nation.

In addition to these planning tools, the 2006 Yayi Boni government has produced a policy document based on the GSPR, the ‘Strategic Orientations for the Development of Benin 2006–2011’,\textsuperscript{20} which aims at creating the conditions necessary for accelerated growth and poverty reduction. The document seeks to engage competitiveness, foster an enabling national environment for development, facilitate the attainment of MDGs and strengthen good governance. Monitoring and evaluation of the 2007–2009 GSPR is done via a reinforced institutional framework, which combines a participatory institutional package with administrative and technical monitoring. Box 1 illustrates the development and implementation process of the GSPR.

On 31 March 2004, Benin acceded to the APRM, a network comprising a number of African Union member-states with the common objective of improving governance practices and standards and sharing those experiences with the network to foster further improvements. In

\textsuperscript{19} Observatoire du Changement Social.
\textsuperscript{20} Orientations Stratégiques de Développement du Benin 2006–2011.
November 2005 and with UNDP support, Benin hosted a Country Support Mission to evaluate its preparations for undertaking peer review. After establishing the structures and methodologies necessary to undertake a self-assessment of its governance practices, Benin conducted it during 2006 and validated it with the population in 2007. The final report was approved and published by the government in January 2008. The document, which identifies the governance issues that the Beninese population considers to be priorities, constitutes the final and complementary tool that the government will use to organize efforts to meet the challenges of accelerated growth and poverty reduction. UNDP Benin will coordinate the preparation of its new country programme with orientations defined in the APRM Country Report.

2.2.2 AID AND ITS MANAGEMENT
For the years 2004–2006, the average rate of aid as a percentage of gross national income was less than 9 percent for Benin. Although this is slightly lower than neighbouring Ghana and Burkina Faso (12 and 13 percent respectively), Benin is certainly not an aid orphan, especially when compared to its neighbour Togo where the figure is less than 4 percent. Nonetheless, Benin saw a decrease of aid flow after reaching a peak in 2004, while many other sub-Saharan countries experienced an increase.

Donor support in Benin shows different patterns when support is broken down.21 On the whole, multilateral donors are progressively and steadily rising in importance in the economic life of Benin. Net bilateral (DAC member) distribution of ODA was four times that of multilaterals in 2000, yet only 50 percent higher in 2006.

A feature of official development assistance in Benin during 2000–2006 is that 10 donors contributed more than 82 percent of all aid received—peaking at more than 90 percent in 2001. These top donors, seven bilateral and three multilateral, by order of support are: France, African Development Fund, European Commission, Denmark, Germany, Netherlands, The World Bank, the United States, Belgium and Japan. It should be noted that:

- France, which is by far the most important donor, decreased its aid flow between 2001 and 2005. Though it increased aid in 2006, it has yet to return to 2000 levels;
- The United States, the second-highest bilateral donor in 2000, progressively reduced its aid over the period; and
- Denmark, the Netherlands, Belgium and the multilateral African Development Fund are becoming more financially significant partners each year.

From 2004 to early 2007, coordination of aid was handled through sectoral and thematic working groups, headed by rotating donors. For example, Denmark has coordinated the sectoral groups on water, education and corruption since 2006; the European Commission has coordinated groups on transportation, private sector, budgetary support, decentralization and aid effectiveness; the German Agency for Technical Cooperation (GTZ22) has coordinated groups on agriculture and environment; Belgium has coordinated the group on health; The World Bank has coordinated the group on monitoring and evaluation; Switzerland and the UNFPA have coordinated the group on gender; and UNDP has coordinated the group on the electoral system. Each group held monthly meetings, in which the ministry in charge of the relevant sector was represented.

Ideally, with a limited number of partners, coordination of aid in Benin would not present a challenge. Still, though some working groups have been functional, the participation of the involved ministries was irregular, and coordination among donors within the sectors has been

21. See Table 3.
22. Gesellschaft für Technische Zusammenarbeit.
neither effective nor optimal. These sectoral and thematic working groups were overseen by a donor roundtable, where MECEPDEAP was present. According to interviews conducted by the evaluation team, though MECEPDEAP is progressively becoming more active at the roundtable, more powerful coordination is still required.

In 2007, a tentative mapping of donor activities was prepared for MECEPDEAP, identifying 15 donors (considering UN agencies as one donor) and 13 sectors. This mapping helped identify one of the donor coordination problems. Donors were typically involved in seven to eight different sectors. Despite this relatively small number, donors became overextended, imposed their own procedures on sectoral ministries, and put forward objectives that were not always harmonized with national priorities. This partly explains the low Beninese aid absorption capacity. Enforcement of the new European Commission regulations regarding aid will help reduce this problem by limiting the number of sectors member countries can intervene in and by requiring better apportionment between donors and sectors.

The MECEPDEAP faces a tremendous challenge in trying to simultaneously coordinate a large number of strategies, which include not only governmental priorities, but also those of various donors. Already weighed down by donor pressure on public administration, the Minister of MECEPDEAP is requesting UNDP support in setting up a common strategic platform among donors.

### 2.3 Remaining National Development Challenges

Seven years after the 2000 Interim PRSP and despite improvements demonstrated by the evolution of MDG indicators, national development challenges remain in the areas of poverty and governance. These challenges touch on factors that will improve agriculture, accelerate investment and reassure investors. Benin’s development and poverty alleviation depends on activities that involve the general population, the rural poor and other stakeholders.

Through interviews with representatives of the government, civil society and donors, the evaluation team identified the challenges Benin is likely to face in the coming years. As summarized in the Benin Country Assessment, realized through the APRM Report, strategies that address these challenges can be grouped under three thematic areas:

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**Table 3. Official development assistance net disbursement in Benin, 2000–2006**

<table>
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<tr>
<th>Donor</th>
<th>2000</th>
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<td>US$ millions</td>
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<tr>
<td>All donors</td>
<td>238</td>
<td>272</td>
<td>216</td>
<td>295</td>
<td>386</td>
<td>346</td>
<td>374</td>
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<td>Percent of total official development assistance</td>
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<tr>
<td>Development Assistance Committee members</td>
<td>80</td>
<td>53</td>
<td>65</td>
<td>66</td>
<td>54</td>
<td>60</td>
<td>61</td>
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<tr>
<td>Multilateral donors (including UNDP)</td>
<td>21</td>
<td>46</td>
<td>34</td>
<td>34</td>
<td>46</td>
<td>40</td>
<td>39</td>
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1. **Democracy and political governance:**
   accelerate and reinforce decentralization and local governance; improve access to justice; enforce strategies against corruption; increase women's participation in decision-making at all levels of political and economical life; and stop child exploitation and trafficking;

2. **Governance and economic management:**
   control public spending; stimulate private domestic and foreign investment; and develop and implement sectoral policies, strategies, and action plans; and

3. **Poverty and socio-economic development:**
   prepare and enforce legislation and regulations conducive to more active participation of civil society, political parties, local authorities and the private sector in the conduct of the state; create jobs, especially for the youth; initiate land reform as a factor of production that is a source of wealth creation through agriculture, as collateral for investment, and as an avenue for the participation of women whose livelihood is based on land use; and diversify the economy, especially through agricultural production and transformation.

The APRM identified assets to meet these challenges, including: a strong willingness of the Beninese to bring about change; the new president’s commitment to change; the social and political stability and democratic culture of the Beninese society; vast agricultural potential and favourable geographic position; vitality of the informal sector; Benin’s adherence to the policies of regional economic and monetary bodies; and the youthfulness and adaptability of the population.