

Ex post evaluation – Benin

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Sector: Public sector policy and administrative management 15110
Programme/Project: Macroeconomic programme support as part of PRSP, BMZ No. 2006 66 446*
Implementing agency: Ministère du Développement, de l'Economie et des Finances (MDEF)



Ex post evaluation report: 2015

		PRSC 4-6 (Planned)	PRSC 4-6 (Actual)
Investment costs (total)	USD million	94.50**)	127.50**)
Counterpart contribution	EUR million	No info	No info
World Bank**)	USD million	92.00	125.00
Funding	EUR million	2.00	2.00
of which BMZ budget funds	EUR million	2.00	2.00

*) Project in the 2011 random sample; **) Please note: figures in USD

Summary: The FC project was closely linked with the PRSC 4-6 reform programme (2007-09) launched for three years in order to support the Beninese government in implementing their second national poverty reduction strategy (Stratégie de Croissance et de Réduction de la Pauvreté, SCRP). This ensued in coordination and cooperation with other bilateral and multi-lateral donors via the general budget support (Appui Budgétaire Conjoint). The targets linked to the financial support were integrated into a cross-donor "policy matrix", based on which the target achievement was measured too.

Objectives: The programme was designed to support the Beninese government in pushing through key reforms in the following areas: (1) creating a favourable investment climate for the private sector to boost economic expansion and growth; (2) improving the quality and access to basic services via an increase in coverage rates in education and health care; (3) improving public finance management with a focus on transparency, accuracy, the participation of the population and avoiding corruption. This was to help alleviate poverty and increase economic efficiency. Furthermore, it was designed to improve coordination between donors and make political dialogue more coherent.

Target group: The target group for the programme was the population of Benin, focusing on those living in poverty. According to national figures this group makes up roughly 36 % of the total population.

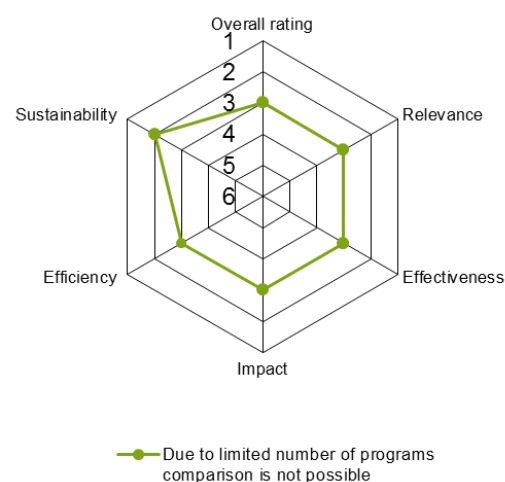
Overall rating: 3

Rationale: The reform results have fallen below the rather unrealistic expectations and the moderate macroeconomic changes are hugely affected by major external factors.

Highlights: The FC support was provided as a one-off, comparatively small payment. However, this was the "way in" to taking part in discussion forums which had an influence on reform projects.

Over the duration of a programme possible changes in cultural customs and politically rooted habits are quite limited.

The almost simultaneous exit of all bilateral donors from the general budget support was striking, while it was rather multilateral institutions that offered sustained support via this instrument.



Rating according to DAC criteria

Overall rating: 3

Overall context

PRSC 4-6 (PRSC II) was a reform package designed for three years, which consisted of sections PRSC 4, PRSC 5 and PRSC 6 and built on a previous project (PRSC I, sections 1-3). It was implemented under the direction of the World Bank, ultimately extending over approximately 5 years. Germany supported the programme through the FC with a contribution amounting to EUR 2 million (payment "docked" to PRSC 4).

The PRSC programme was coordinated in close cooperation with other budget support programmes. The central agreements between budget support donors (so-called ABC Group, Appui Budgétaire Conjointe) and the Beninese government were brought together in a joint policy matrix. At the time of the programme implementation, Denmark (DK), the Netherlands (NL), Switzerland (CH) and France (F) participated in the general budget support along with the World Bank, the European Union (EU) and the African Development Bank (AfDB).

The assessment of the FC contribution described below is based on an assessment of the PRSC 4-6 programme. This is an overall programme spanning several years and led by the World Bank, and whose effectiveness targets the medium term. Additionally, it was incorporated into a comprehensive budget support strategy (ABC Group), which included all the general budget support donors. Partial consideration of the German PRSC contribution is thus neither useful nor possible.

Breakdown of total costs

The financial planning and implementation of PRSC 4-6 was designed as follows:

		PRSC 4 (Actual)	PRSC 5 (Planned)	PRSC 6 (Actual)	PRSC 4-6 (Planned)	PRSC 4-6 (Actual)
World Bank	in USD million	40	30	22	92	125
German FC*)	in EUR million	2	0	0	2*)	2
National counterparty contribution	in EUR million	No info	No info	No info	No info	No info
Donor total**)	in USD million	43	30	22	95	128

*) Further commitments were envisaged; average EUR/USD exchange rate applied: 1 EUR = 1.25 USD:

***) Figures have been rounded. Source: World Bank, ICR No. 1941, 2012

Relevance

With the transition from PRSC (1-3, 2003-06) to PRSC II (4-6, 2007-09), policy matrices of the World Bank (PRSC) and the EU, previously negotiated separately with the government and implemented, were pooled into a joint matrix based on the priorities of the national poverty reduction strategy (Stratégie de Croissance et de la Réduction de la Pauvreté, SCRP). This was based on a "Protocole d'Accord" renewed in 2007, which outlined general principles, responsibilities and implementation mechanisms of the budget support programme, and invited all bilateral and multilateral donors to join this DC form favoured by Benin.

The design of the PRSC 4-6 was characterised by a very broad policy matrix, resembling a concession to the bringing together of very different donor interests. The matrix included topics in the areas of agriculture, health, education, water and waste water management, justice, public financial management (PFM) as well as development of the private sector, and led to approximately 120 "actions" as well as 75 target agreements relevant to disbursement (triggers). However, the disbursement-relevant triggers for the PRSC only constituted part of these. Furthermore, the actions agreed between the World Bank and

the national government were not thoroughly incorporated in this joint matrix, but rather monitored separately to some extent, meaning that the merger of the policy matrix did not take place in full.

It should be noted regarding the content of the matrix that the agreed objectives were not always clearly linked to the actions therein. In some cases, the actions resemble “stand alone” measures. The poverty reduction strategy, which was certainly less operational per se, could not be used as a basis for the matrix. According to the final programme report of the World Bank (WB, ICR, 2012), a reduced and coherent network of actions, which are geared towards a few common objectives, would probably have achieved a better overall result. Furthermore, it was noticed that the very limited implementation capacities of the public administration of Benin were not given sufficient consideration in the agreement on the content of the matrix.

The general budget support strategy was in line with the country strategy of the Federal Ministry for Economic Cooperation and Development as well as with the sectoral priority areas at the time of the programme appraisal (2007), which essentially reflect today’s reality too (decentralisation, agriculture and household water management), were found in the policy matrix covering these sectors for the most part. The expectation on the German side at that time was that participation in general budget support, which promised a “say” in priority reform areas and design, would also be a useful supplement to the ongoing project-based German DC.

The conceptual progress made in the coordination and the transaction costs was hampered by the incoherent and overly extensive policy matrix, which was not suited to the limited implementation capacity of Benin.

Relevance rating: 3

Effectiveness

In view of the indicators agreed in the policy matrix only moderate progress was made during the implementation period, which is sobering and falls short of expectations in many areas, sometimes markedly. The attainment of the objectives defined at the programme appraisal can be summarised as follows based on the number of defined indicators (unweighted):

Area of intervention, target values of policy matrix	Process during / after the implementation of PRSC 4-6
(1) Macroeconomic framework (private sector, agriculture) 8 indicators, of which: - 3 given a target value - 0 eliminated before completion - 1 classified as achieved	The reforms implemented during the programme achieved little improvement for the private sector. Significant steps were not taken in this respect until 2011/2012*). However, Benin’s Doing Business (DB) rank is still very low (position 167 out of 183 countries, 2014). In the area of agriculture the progress made also fell significantly below expectations. This was caused by the lack of an operational strategy, insufficient commercial scope and unusual climatic events (floods). → significantly below expectations
(2) Economic infrastructure (transport, energy and water) 10 indicators, of which: - 8 given a target value - 2 eliminated before completion - 1 classified as achieved	Clear improvement in access to safe drinking water supply, which surpassed expectations. An increase in the number of people with access to the power supply was also recorded, but this was around two thirds of the objective agreed. For transport there were positive developments, but these fell short of expectations. → Expectations partially met

<p>3) Human capital (education and health) 26 indicators, of which - 12 given a target value - 14 eliminated before completion - 7 classified as achieved</p>	<p>Primarily quantitative improvements can be observed in education (enrolment rates for primary and secondary schools, schooling rates). In terms of quality (literacy rate and high school completion rate) we see more of a stagnation or decline. For health care there was clear progress made in the key indicators (e.g. medical check-ups carried out on children under the age of 5, medical check-ups for pregnant women), but no progress in structural aspects such as financial and personnel capacities. → Expectations partially met</p>
<p>4) Good governance (Public finance management and justice) 20 indicators, of which: - 10 given a target value - 10 eliminated before completion - 2 classified as achieved</p>	<p>There were isolated improvements in budget planning processes, but less so with implementation. Results in terms of transparency and public procurement were weaker. There was no progress in the professionalisation of public services and the legal system. → significantly below expectations</p>
<p>5) Regional development (decentralisation and environment) 11 indicators, of which: - 8 given a target value - 2 eliminated before completion - 5 classified as achieved</p>	<p>In terms of decentralisation (e.g. budget reallocation to decentralised levels, decentralised implementation of measures) the progress made is mixed and the environmental issue was not pursued. → Expectations partially met</p>

*) e.g.: The "Presidential Investment Council" was staffed, an action plan to improve the DB ranking was adopted, the costs for business start-ups reduced and the process for business start-ups simplified.
Source: KfW final reporting, 29.09.2011 and World Bank ICR No. 1941, 29.06.2012.

The administrative capacities of Benin, which were limited both quantitatively and qualitatively, had a restrictive effect on implementation. A limited desire to reform was often spoken of when it came to curbing widespread corruption, i.e. adapting processes, professionalising them and making them more transparent. When interpreting the results – particularly for water supply, education and health – it must also be taken into account that Benin receives far more funds for social sectors through project support strategies in addition to the general budget support (25-30 % of ODA): almost 40 % (2006) or 50 % (2012) of the ODA (OECD DAC statistics). Also apparent is the elimination of 28 of the initial 75 indicators, which is probably less attributable to an effort to “downsize” the matrix than to non-existent or insufficient monitoring. This was not given sufficient consideration in the planning of the policy matrix.

What was achieved and not achieved proves that it is only possible to push ahead with sensitive reforms concerning the status quo of a broad sector of the population or the elite, such as the professionalisation or performance focus of public services or the civil service, when there is sufficient support in the corresponding decision-making bodies. During President Boni Yani's first term of office (2006-11), he was not supported by a majority in parliament. He was therefore occasionally dependent on the support of the opposition. With this starting position, an agreement on such fundamental reforms, which directly affect the instruments of the distribution of power, was not realistic. This also applies to the “overall package” of expectations, which seem to have been set unrealistically high overall. The continuation of budget support by multilateral donors points to this tool still having a perspective (see sustainability). Despite the only partially met expectations, the effectiveness of the project is still evaluated as satisfactory.

Effectiveness rating: 3

Efficiency

Efficiency is measured for project-based strategies by comparing inputs (financing) and outputs (production efficiency) or the impacts (allocation efficiency). In the case of budget support, however, it is hardly possible to match an input and output side. It must also be considered that significant DC funds were lent to the areas embedded in the policy matrix through project strategies or from national sources in parallel to the general budget support. In accordance with OECD DAC guidelines (2005), the following criteria for assessing the efficiency of budget support are referred to: (a) the quality of the political dialogue, (b) the reduction of transaction costs expected from increasing donor harmonisation and (c) the predictability of donor contributions. Furthermore, the planned and actual duration of the programme is considered.

The PRSC programme was designed for a period of 3 years. The rather slow implementation of individual actions led to an extension of approximately 2 years (closing by World Bank: December 2011). Two effects may have played a role in this: unrealistic expectations in terms of timescale were incorporated into the policy matrix, and/or the readiness to carry out reforms – which change the elite’s area of influence and power – was overestimated. The present documents suggest that both elements played a role.

The new political dialogue led within the combined donor group (ABC) and the greater consistency and stringency of content observed suggest an improvement in the quality and results orientation of the dialogue. The yearly inspection and update of actions and target agreements as well as the regular assessment of developments in the common framework (Revision Conjointe) – if it can be evaluated – contributed significantly to the general transparency of financial planning processes and their weaknesses. This also had an impact on the general public, especially since different interest groups were included in these discussion groups. However, the wide spectrum of the policy matrix broadened the discussion excessively. This occurred without any recognisable weighting, which diluted the meaning of individual, highly relevant reforms, such as that for the professionalisation of public service, and limited the depth of the discussion.

With the establishment of coordination mechanisms initially only intended for general budget support, the exchange and coordination of the donors was significantly improved among themselves but also with national partners. This should have led to a reduction in transaction costs after a certain start-up phase. However, the transaction costs could have increased on the donor side, possibly for Germany, which provided a comparably low contribution to the general budget support but participated as an equal partner in the work-intensive ABC discussion groups. Furthermore, the use of the national systems mandatory for budget support approaches – and thus their strength – is an important element in reducing transaction costs.

With regard to the predictability of the donor contributions, the public expenditure and financial accountability reports (PEFA) of the World Bank for 2007, 2012 and 2014 produced very sobering results. These concern the project-based strategies and also the general budget support. The indicators recorded under “donor practices” imply the following:

- The predictability of the availability of general budget support funds has only slightly improved (from the worst evaluation of D¹ for 2006 and 2012 to C in 2014);
- The information provided by the donors on DC services (all instruments) only significantly improved in 2014 (from the worst evaluation of D for 2006 and 2012 to B+ in 2014);
- The DC share, which is channelled via national systems, is unsatisfactory (D rating for 2006 and 2012; no information for 2014).

In summary, the clearly improved policy dialogue, the transaction costs reduced at the receiving end and the negative evaluation of funds predictability produce a satisfactory evaluation overall.

Efficiency rating: 3

¹ Scale from A to D, with D being the worst.

Impact

The overall developmental objective of this PRSC programme was to contribute towards the alleviation of poverty and the economic development of the country. This led to the objective of contributing towards better donor coordination and a stronger “alignment” with the national partner using the general budget support instrument.

Indicator, Status PA	Status at ex-post evaluation
(1) Poverty rate , national 2006: 37.4 % (INSAE)	2007: 33.3 %; 2009: 35.2 %; 2010: 36.2 % (INSAE) → Slight reduction initially - then relapse Development after 2010 unclear (no data available).
(2) Economic growth 2006: 3.8 %	2007: 4.6 %; 2008: 5.0 %; 2009: 2.7 %; 2010: 2.6 %; 2011: 3.1 % → Continuation of GDP growth
(3) Harmonisation / coherent political dialogue 2007: Existing macroeconomic oriented funding (PRSC, ABC Group) was conflated	Functioning coordination mechanisms were established Decision on disbursements not consistent throughout (concerns fixed and variable instalments); Internal political aspects of donor countries played a significant role in the allocation of funds. → Positive trend

By providing general budget support the donor community was able to contribute towards maintaining the fundamental roles of the Beninese administration and the population’s basic supply of state services. By contrast, a trend reversal in the reduction of poverty was not observed. This also applies for the expected intensification of economic growth. However, it must be taken into account that the implementation period was during a phase that experienced several massive external shocks: general oil price crisis of 2008/09, food price crisis of 2008 and global economic crisis of 2009/10. These may have had an increased impact given the inadequately diversified economy of Benin. It cannot be estimated based on the present documents how development would have proceeded without these events, but it can be assumed that the slump was softened by the budget support.

The provision of general budget support facilitated a higher quality of political dialogue between the government and the donor community, in which prevailing challenges and weaknesses – particularly in the public finance sector / administration – were talked about more openly. This in itself created new transparency, which led to an improved awareness among politicians but also the public regarding developmental topics, such as public procurement. Overall, this increased the pressure to carry out reforms (e.g. adoption of an improved procurement law and its application).

The consolidation of the related political matrices was important for (1) improving coordination between donors, (2) reducing the national transaction costs as far as possible and (3) prioritising pending reform steps more strongly. However, there was no significant increase in the share of bilateral DC – processed through general budget support – with this step. The DC processed with this mechanism has ranged between 25 and 35 % of Benin’s ODA funding since 2007. Moreover, the coordination did not lead to a coherent disbursement practice of the various budget support activities.

The overall developmental impact – compromised by massive external shocks – in the area of poverty reduction and economic growth fell below expectations. Clear progress can be recorded in the area of harmonisation. The importance of transparency of public action in conjunction with general budget support and the strengthening of national systems and processes, which only have an effect in the medium-term, should not be underestimated. This produces an overall evaluation of just satisfactory.

Impact rating: 3

Sustainability

The foundations for intensifying growth laid down in PRSC 4-6 appear to have strengthened since 2011 with the continuation of the PRSC commitment. The Doing Business indicator continues to exhibit a positive trend. In terms of poverty reduction there is no new information to facilitate a trend prediction. The established coordination structures, which bring donors and the partner structure together, continue to apply. They have proven their value and serve now as a platform for an expanded donor community. As regards the progress made in the priority areas, this has been sustained or improved further in many areas. The “access to water supply in rural areas” indicator was 69 % (2010: 57 %) in 2012, the “percentage of pregnant women that have medical check-ups” indicator was 86 % (2010: 80 %) and the rate of children finishing primary school rose to 71 % (2010: 64 %). There is step-by-step development in the areas of public finance and procurement, promotion of the private sector and economic infrastructure, which was achieved with the PRSC follow-up projects (7 and 8) and used as the basis for the PRSC 9 project of the World Bank (2014 appraisal).

The sustainability of the impacts is supported by the given financial sustainability. The commitment via general budget support continues and is currently concentrated on the World Bank (PRSC 8, almost SDR 20 million / EUR 36 million, 2014) and the EU (2008-13; commitment volume of EUR 420 million). The focal areas of the poverty reduction strategy are also supported by other multilateral and bilateral donors through project-based support, such as in the area of public finance and decentralisation through German FC. The national funding potential also increases as a counterweight to the continued external financing. Tax revenues were 19.4 % of GDP in 2013 (2005: 14 %). Furthermore, Benin applies moderate expenditure policies, with the limitation that a comparably high percentage of government spending is used for salaries (almost 45 %, budget year 2013).

The sustainability of the programme is evaluated as good in view of the above.

Sustainability rating: 2

Notes on the methods used to evaluate project success (project rating)

Projects (and programmes) are evaluated on a six-point scale, the criteria being **relevance**, **effectiveness**, **efficiency** and **overarching developmental impact**. The ratings are also used to arrive at a **final assessment** of a project's overall developmental efficacy. The scale is as follows:

Level 1	Very good result that clearly exceeds expectations
Level 2	Good result, fully in line with expectations and without any significant shortcomings
Level 3	Satisfactory result – project falls short of expectations but the positive results dominate
Level 4	Unsatisfactory result – significantly below expectations, with negative results dominating despite discernible positive results
Level 5	Clearly inadequate result – despite some positive partial results, the negative results clearly dominate
Level 6	The project has no impact or the situation has actually deteriorated

Rating levels 1-3 denote a positive assessment or successful project while rating levels 4-6 denote a negative assessment.

Sustainability is evaluated according to the following four-point scale:

Sustainability level 1 (very good sustainability): The developmental efficacy of the project (positive to date) is very likely to continue undiminished or even increase.

Sustainability level 2 (good sustainability): The developmental efficacy of the project (positive to date) is very likely to decline only minimally but remain positive overall. (This is what can normally be expected).

Sustainability level 3 (satisfactory sustainability): The developmental efficacy of the project (positive to date) is very likely to decline significantly but remain positive overall. This rating is also assigned if the sustainability of a project is considered inadequate up to the time of the ex post evaluation but is very likely to evolve positively so that the project will ultimately achieve positive developmental efficacy.

Sustainability level 4 (inadequate sustainability): The developmental efficacy of the project is inadequate up to the time of the ex post evaluation and is very unlikely to improve. This rating is also assigned if the sustainability that has been positively evaluated to date is very likely to deteriorate severely and no longer meet the level 3 criteria.

The **overall rating** on the six-point scale is compiled from a weighting of all five individual criteria as appropriate to the project in question. Rating levels 1-3 of the overall rating denote a "successful" project while rating levels 4-6 denote an "unsuccessful" project. It should be noted that a project can generally be considered developmentally "successful" only if the achievement of the project objective ("effectiveness"), the impact on the overall objective ("overarching developmental impact") and the sustainability are rated at least "satisfactory" (level 3).