



<b>1. Project Data :</b>		<b>Date Posted :</b> 06/27/2000	
<b>PROJ ID :</b> P000105 <b>OEDID :</b> C2285		<b>Appraisal</b>	<b>Actual</b>
<b>Project Name :</b> Agricultural Services Restructuring Project		29.6	27.8
<b>Country :</b> Benin		<b>Loan/Credit (US\$M)</b>	12.8
<b>Sector, Major Sect .:</b> Research, Agriculture		<b>Cofinancing (US\$M)</b>	11.6
<b>L/C Number :</b> C2285			
		<b>Board Approval (FY)</b>	91
<b>Partners involved :</b> UNDP, EU, France, Germany, IFAD, BOAD, Denmark		<b>Closing Date</b>	06/30/1995 09/30/1999
<b>Prepared by :</b>	<b>Reviewed by :</b>	<b>Group Manager :</b>	<b>Group :</b>
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**2. Project Objectives and Components**

**a. Objectives**

The fundamental objective of the project was to restructure the country's agricultural institutions in order to improve the provision of agricultural services. Complementing the government's five-year structural and financial restructuring program, the project would limit the central services provided by the Ministry of Rural Development (MDRAC), the research and development and seed production stations, and the Regional Rural Development Agencies (CARDERS) to core public sector functions, transfer to the private sector services that were not of a public nature, and foster the involvement of farmers' organizations in the supervision, management, and partial financing of field agricultural services. When the project was retrofitted in 1997, these objectives were reformulated in a logical framework and one more objective was added -- to promote the community-based management of local natural resources.

**b. Components**

The project had two major components -- agricultural policy reform and supportive investments -- each with a number of subcomponents.

The agricultural policy reforms comprised (a) adopting new statutes for MDRAC and the CARDERS, (b) reducing the number of MDRAC and CARDER employees by 62%, (c) introducing new personnel management rules for MDRAC and the CARDERS, (d) updating the legislation governing cooperatives, (e) privatizing the seed farms, (f) privatizing the state enterprise responsible for veterinary pharmaceutical imports, (g) appropriate taxation of imported meats, and (h) transferring the delivery of animal health services to the private sector.

The supportive investments comprised (a) restructuring of MDRAC central services, (b) restructuring of the CARDERS, (c) training, (d) research and development, (e) seed production, (f) livestock services, (g) training and credit to support the transfer of redundant personnel to the private sector, (h) technical assistance for project management, and (i) legal and technical studies.

**c. Comments on Project Cost, Financing and Dates**

IDA supported 41.6% of project costs at appraisal and 46.1% at completion, while contributing to all aspects of the project. The five initial co-financiers (EU, France, Germany, IFAD, and UNDP) contributed 41.9% at appraisal and, with the addition of BOAD and Denmark, 41.7% at completion. IDA disbursements were 97.15% of the original amount, and co-financing 94% of the original amount.

**3. Achievement of Relevant Objectives :**

The overall outcome was marginally unsatisfactory. The project, which was supposed to be implemented during a three-year period, became effective 13 months later than originally planned, was retrofitted in 1997, and did not close until six years and ten months following effectiveness. A very complex project, it suffered not only from the ambitious implementation schedule, but also from numerous design weaknesses, poor project management, the multiplicity of co-financiers (each with their own financing procedures), and the huge political, social, and economic changes which took place in Benin during the time period of the project. Although it is probable that farmers' productivity and incomes increased during the project, especially in the cotton sector, because of the noticeable

increase in cotton production, it is impossible to quantify these results due to the lack of monitoring and evaluation data.

#### 4. Significant Outcomes /Impacts :

(1) The transfer of cotton processing, transport, credit management, and input procurement and distribution from the CARDERS to producers' organizations was very successful . While the transfer of commercial services to POs in other subsectors was also completed, except for the production of base and pre -base seeds, this was less successful compared to the cotton subsector .

(2) Producers' organizations and community associations have emerged and on their way to becoming full partners of the government in some rural areas . Especially notable has been the emergence of women's groups and specialized farmer groups . Nonetheless, additional support, training, and supervision are still required to improve the financial management of many POs .

(3) The Village Level Participatory Approach (VLPA), which was introduced towards the end of the project in 1997, appears to have been more effective than the former Training and Visit (T&V) system in identifying and addressing the most important needs of the rural communities . Giving villagers the opportunity to identify their own needs, it appears to be more cost-effective, demand-driven, and readily accepted by the rural people .

#### 5. Significant Shortcomings (including non -compliance with safeguard policies ):

(1) While the project reduced the number of MDRAC and CARDER employees by more than the 62% target, the quality of the provision of the core public sector services which remained has declined . Generally speaking, the most competent and brightest staff left the civil service for the private sector, and the government has not been able to replace staff due to a hiring freeze .

(2) While the importation and distribution of veterinary pharmaceuticals has been completely privatized, the privatization of veterinary services stalled . The line of credit to assist private veterinarians in transferring to the private sector was never established, and the program to contract private practitioners for compulsory vaccinations and quarantine work was implemented only on a limited scale .

(3) While the legal basis for the restructuring of MDRAC and the CARDERS is essentially complete, the physical restructuring of the MDRAC the CARDERS, and the research and development and seed production stations experienced implementation delays and procurement problems (for civil works, office equipment, data processing, vehicles, etc.) throughout the life of the project .

(4) There was no formal training program to address the needs of MDRAC staff . Even though all the training funds were disbursed, the program was adversely affected by the constant political changes and high staff turnover during the project period .

(5) Even though an M&E system was designed, (this being a condition of credit effectiveness ), it never became operational .

6. Ratings :	ICR	OED Review	Reason for Disagreement /Comments
<b>Outcome :</b>	Unsatisfactory	Marginally Unsatisfactory	The project had some substantial development results, such as the growth of producers' organizations, even though it failed to achieve most of its major relevant objectives .
<b>Institutional Dev .:</b>	Partial	Modest	These ratings are essentially equivalent .
<b>Sustainability :</b>	Unlikely	Uncertain	Some achievements such as liberalization and privatization are unlikely to be reversed .
<b>Bank Performance :</b>	Deficient	Unsatisfactory	These ratings are essentially equivalent .
<b>Borrower Perf .:</b>	Deficient	Unsatisfactory	These ratings are essentially equivalent .
<b>Quality of ICR :</b>		Satisfactory	

#### 7. Lessons of Broad Applicability :

(1) When downsizing a line ministry like the Ministry of Agriculture, the project should start with a needs assessment, explicitly identifying those with skills that are no longer required, while providing incentives to retain those with skills that are still needed .

(2) When privatizing the commercial activities of a public agency, it is important to provide sufficient budgetary resources for the agency to continue to fulfill its non -commercial functions .

(3) When transferring the delivery of rural services to producers ' organizations in less favored agricultural areas

without a staple commodity like cotton, the government needs to provide greater support and incentives to the producers' organizations during the transition phase .

(4) Empowering farmers and communities to take over greater responsibilities for their own development is a multi-dimensional enterprise, from legislative and regulatory reform to capacity building at the local level .

(5) It is important for the government and the donors in a multi-donor project to share a common vision for rural development, including the respective roles of the government, the private sector, and civil society .

**8. Audit Recommended?**  Yes  No

**9. Comments on Quality of ICR :**

The ICR provided a frank, comprehensive, and balanced assessment of all aspects of the project . However, there was no aide-memoire.