



<b>1. Project Data:</b>		<b>Date Posted :</b> 05/14/2001	
<b>PROJ ID:</b> P000116		<b>Appraisal</b>	<b>Actual</b>
<b>Project Name:</b> Economic Management Project	<b>Project Costs (US\$M)</b>	12.0	7.3
<b>Country:</b> Benin	<b>Loan/Credit (US\$M)</b>	5.2	2.9
<b>Sector(s):</b> Board: PS - Central government administration (100%)	<b>Cofinancing (US\$M)</b>	6.0	3.6
<b>L/C Number:</b> C2552			
	<b>Board Approval (FY)</b>		94
<b>Partners involved :</b> Danida, African Capacity Building Fund (AFCB)	<b>Closing Date</b>	12/31/1998	03/31/2000
<b>Prepared by :</b>			
Yvonne D. Jones	<b>Reviewed by :</b>	<b>Group Manager :</b>	<b>Group:</b>
	Andres Liebenthal	Ruben Lamdany	OEDCR

**2. Project Objectives and Components**

**a. Objectives**  
The project was designed to improve economic management capabilities in Benin . The project aimed to: (i) strengthen the preparation and management of the public investment program, the budget, and improve the quality of the national accounts; (ii) strengthen staff capabilities in economic and financial management, (iii) establish a permanent Government capability to train its own staff : and (iv) support the Government's overall economic reform program.

**b. Components**  
The project was restructured in 1995, after a significant effectiveness delay . While the overall objectives of the project were not changed, one component was added (support to key sectoral ministries ) and one component was significantly changed. Support to a national training center for civil servants was changed to short term training .

(a) Support to the Government's overall economic reform program by : codifying legal texts, implementing studies for judiciary and banking reform, leading to action plans based on these studies, and developing action plans for the implementation of a competitiveness study and tariff reform . This component also included reform of the civil service system. The component was also to finance workshops for discussion and consensus building for the proposed reforms (US\$ 1.3 million);

(b) Support to the Ministry of Plan--the Ministry was to be strengthened so that it could better perform its key economic management functions and reorganized so that its departments corresponded better to its mandate . Specific improvements were to be made in public investment programming and monitoring, timely production of reliable national accounts and major economic indicators (US\$ 2.4 million);

(c) Support to the Ministry of Finance--the project was to assist in the establishment of a unified budget, development of procedures for investment and recurrent cost budgeting and control, the reorganization of the debt management unit, and strengthening accounting procedures and methods . Measures were also to be taken to improve the information flow between it and major sectoral and economic management ministries (US\$ 2.4 million);

(d) Support to six of the principal sectoral ministries implementing the Public Investment Program (US\$ 1 million); and

(e) Short term training of civil servants in job-specific courses . (US\$ .2 million)

**c. Comments on Project Cost, Financing and Dates**  
Project effectiveness was significantly delayed due to Parliament refusal to ratify the project because the Bank did not respond proactively to the Government's statement at negotiations (September 1993) that the project included too much foreign technical assistance . Changes in the structure of the project were not officially made until May 1995, after effectiveness was delayed until January 1995. Even though the project implementation period was subsequently extended by 15 months, the slow start had a negative impact on the project's ability to achieve its objectives. Due to the delay in effectiveness, the AFCB program withdrew its support for one project component and the overall project cost was reduced from \$ 12 million to \$10 million to take this decision into account . At project completion, overall project cost was estimated at \$ 7.3 million. The further reduced project cost was due to the transfer of some project activities to the public expenditure program in 2000. The project closing date was extended twice.

### 3. Achievement of Relevant Objectives:

- (a) Support to the economic reform: Project support to civil service reform studies, (e.g. studies of salary and grade scales and the introduction of merit-based pay) was valuable, but the study's recommendations haven't been implemented due to the need to achieve socio-political consensus. However, civil service salaries are now paid on time. Public procurement manuals were prepared and introduced. Benin now has a uniform public procurement code.
- (b) Support to the Ministry of Plan: Computers were provided to the National Institute for Statistics and Economic Analysis which enabled it to publish economic statistics on a more timely basis, as well as to reprint earlier publications which had become unobtainable. The MOP can do macroeconomic modeling and can rapidly execute macroeconomic impact analyses. A study to harmonize the use of statistical concepts and methods was undertaken and its recommendations are being implemented.
- (c) Support to the Ministry of Finance: Financial programming and funds disbursement in the Budget Directorate and the Treasury have improved. The Treasury produces timely data required for its own management and to respond to donors. GOB can undertake ex-post reviews of the execution of the annual budget. The Debt Directorate was re-organized and its performance improved.
- (d) Support to the six principal sectoral ministries supporting the PIP: The process of selecting projects, preparing and monitoring the PIP has improved. The impact of the project on the implementation of the PIP has been less pronounced as 73% of the PIP was implemented in financial terms. Ministries have been slow to use multi-criteria project selection software and continue to have difficulty in choosing between competing projects. Projects contained in the PIP are not always fully consistent with sectoral development strategies. The data base network linking the sectoral ministries to the MOP is not yet operational, due to a lack of high-volume data transfer lines.
- (e) Short term training of civil servants: About 700 civil servants received on the job training courses in relevant subjects. About half of those trained were from the MOF. The impact of the training on the planning and management skills of the Government is hard to assess because of the high levels of staff rotation in the ministries. Some staff have been assigned to jobs which are not related to the training they received.

### 4. Significant Outcomes/Impacts:

- (a) Improvement in capacity to prepare and analyze national accounts, and to produce timely statistical data and macroeconomic impact analyses
- (b) Strengthening of the preparation and management of the national budget and preparation of the Public Investment Program, including timely data analysis
- (c) Preparation of a public procurement code, with accompanying procedures.
- (d) Completion of studies on how to reform the civil service, an integrated civil service staff list, and the payment of civil servant salaries as scheduled.

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

Inadequate data were provided in the ICR to determine the *overall* impact of the project on improving economic management the strengthening of Government staff capability in economic and financial management. Information was provided for some project components cited above.

Many of the activities under the economic reform component of the project were not completed, including the codification of legal texts, studies on judiciary and banking reform, and studies on competitiveness and tariff reform. The recommendations of the studies on civil service reform have not yet been introduced.

Civil servants trained under the project were not assigned to posts where their training could be used.

The impact of the implementation of the Public Investment Program has been smaller than expected due to a decrease in size of the investment program.

High volume telecommunications links between ministries for the computers financed under the project were not provided, reducing the effectiveness of the changes made to the public investment program analysis and procedures.

6. Ratings:	ICR	OED Review	Reason for Disagreement /Comments
<b>Outcome:</b>	Satisfactory	Moderately Unsatisfactory	While some project objectives were partially achieved, too many objectives either were not achieved or their impact on Government decision making is not assessable.
<b>Institutional Dev .:</b>	Modest	Modest	
<b>Sustainability:</b>	Likely	Non-evaluable	The ICR does not provide enough data to evaluate the project's sustainability.
<b>Bank Performance:</b>	Satisfactory	Unsatisfactory	Once the project was restructured and implementation begun, the Bank's actions were satisfactory. However, the Bank's failure to respond substantively to Government concerns at negotiations and

			to the Parliament' s delay in approving the project had a substantial impact on the non-achievement of major project objectives. In particular, it may have had a negative effect on the Government's commitment to the project.
<b>Borrower Perf. :</b>	Satisfactory	Unsatisfactory	Aspects of project implementation under the control of the central government were not well managed, overriding the impact of the strong implementation efforts of the project implementation unit. If the Government and Parliament found project design unacceptable, thus resulting in less commitment, a request could have been made to cancel the project. Once the Government accepted the project restructuring, more commitment should have been shown.
<b>Quality of ICR :</b>		Satisfactory	

**NOTE:** ICR rating values flagged with '\*' don't comply with OP/BP 13.55, but are listed for completeness.

#### **7. Lessons of Broad Applicability:**

- (a) Secure Government and stakeholder agreement up front, before the project goes to the Board .
- (b) Set realistic and limited effectiveness conditions .
- (c) Make sure the prerequisites for institutional change are in place or will be put in place during project implementation.
- (d) Accurately estimate the recurrent costs associated with maintenance and operation of activities financed by the project, including ongoing training of civil servants .

#### **8. Assessment Recommended?** Yes No

**Why?** Because the Africa region undertook a series of economic reform projects in many countries in the early 1990s. It would be useful to do a cross country survey of the projects to determine in what respects they were effective and ineffective.

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

The ICR was very frank on the Bank's shortcomings, especially during the design and preparation phases, but it was short on data to support its conclusions on those aspects of the project which worked relatively well . This is somewhat surprising, given that after negotiations the project contained rather detailed monitoring and evaluation indicators, for a project designed at that period . The ICR is thus marginally satisfactory . The ICR could have provided more data to substantiate the assertions made about the achievement of project outcomes, in particular the asserted link between the project and the rate of growth of GDP, the improvements in fiscal and external accounts and the improvement in the overall performance of the economy .

The Government's ICR was analytically more sound and more even handed in its assessment of the strengths and weaknesses of the Government, as well as the Bank, than are many ICRs .