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PRACTICE NOTES SUMMARY

Improving the implementation rate of domestically financed infrastructure projects in the agricultural sector in Benin

Introduction

Benin is strategically positioned as a trade and tourism hub in West Africa, leveraging access to the Port of Cotonou for regional connectivity. However, its economy relies heavily on agriculture, mainly cotton and cashew production, leading to a need for more diversification. Economic growth rates have shown resilience with recent fluctuations, including a notable decline attributed to external constraints and macroeconomic challenges.

Key economic indicators

- **GDP contribution:** Agriculture contributes 26.6% to GDP and provides 70% of employment (2022).
- **Growth rates:** GDP growth slowed from 7.2% in 2021 to 5.8% in 2023 following external and domestic challenges.
- **Revenue generation:** Total revenue (2023) reached 14% of GDP, below the sub-Saharan Africa average of 15%.

Public finance overview

- **Budget deficit:** Reduced from 5.5% of GDP in 2022 to 4.1% in 2023, the lowest level since 2019.
- **Debt growth:** Slowed to 1.4% in 2022-2023 from much higher rates in previous years.

Investment in agriculture

- **Public investment:** The Benin government allocated an average of 78 billion CFA francs annually to agriculture (2020-2022).
- **Implementation rates:** Internal financing implementation decreased significantly from 98.20% in 2020 to 35.81% in 2022, indicating poor execution.

Challenges identified

- **Delays in project implementation:** Bottlenecks include delays in approving Annual Work Plans (AWPs), insufficient human resources for public procurement, and complexities in budget programming.
- **Absorption capacity:** The Ministry of Agriculture, Livestock and Fisheries (MAEP) has low absorption capacity and struggles to mobilize and implement necessary investments effectively.

Addressing the issues

The Assouka Team has engaged in CABRI's Building Public Finance Capabilities (BPFC) programme to address these challenges through the application of the Problem-Driven Iterative Adaptation (PDIA) approach.

Key entry points

1. **Insufficient training:** Lack of qualifications for stakeholders in the planning and implementation chain.
2. **Poor management dialogues:** Inefficient communication and coordination in budget implementation lead to delays.
3. **Irrelevant activities in AWPs:** Planning processes that need to reflect current needs and priorities cause financial inefficiencies.
4. **Limited available financial resources:** Dependence on external funding and stagnant domestic resource mobilisation impede investment.
5. **Procurement rigidity:** Inflexible timelines and regulations obstruct the procurement processes needed for project completion.

Proposed solutions

Short-term

- **Streamlined Approval Process for AWPs:** Involve ministerial offices for quicker validation.

Long-term

- **Internal Budgetary Control System Enhancement:** Focus on programme effectiveness.
- **Revision of the Public Procurement Code:** Simplification and efficiency improvement in the procurement process.

Conclusion

The Assouka Team emphasizes the importance of local solutions to local problems, advocating for iterative approaches to solution development while understanding stakeholder needs. By engaging in the BPFC programme and utilizing the PDIA methodology, Benin aims to enhance public financial management, improve infrastructure project implementation, and ultimately support sustainable economic growth.