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To: Members of the Executive Board

From: The Secretary

Subject: **Benin—Poverty Reduction and Growth Strategy**

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Questions:	Mr. Lonkeng Ngouana, AFR (ext. 38404) Ms. Daly, AFR (ext. 34032) Mr. Bennouna, AFR (ext. 37047)

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The Minister

Cotonou

To

Ms. Kristalina Georgieva,
IMF Managing Director
Washington, D.C. 20431

N° /MEF/DC/CSPEF/SP

Subject: Introducing Benin's National Development Plan (2018–2025).

Dear Managing Director:

Benin's development planning has been strengthened since 2016, with the adoption of the 2018–2025 National Development Plan (*Plan National de Développement*, PND hereafter) on October 24, 2018. The PND (2018-2025) was established with a view to realizing *Benin's 2025 Alafia Vision* and integrating the 2030 Agenda for the Sustainable Development Goals (SDGs) and the 2063 Agenda of the African Union in our planning. It is the result of a participatory and inclusive process involving all stakeholders, including sectoral Ministries, various institutions of the Republic, civil society organizations, social partners, the National Association of Municipalities of Benin (*Association Nationale des Communes du Bénin*), and development partners.

While Benin has experienced sustained growth overall in recent years, further action is needed to address the issues of poverty, inequality, and regional disparity. There are several challenges to overcome in human capital development in Benin, particularly: (i) strengthening the implementation of the National Population Policy (*Politique Nationale de Population,* PNP) in order to capture the demographic dividend; (ii) improving the effectiveness of the poverty reduction strategy; and (iii) strengthening initiatives for promoting youth employment.

Considering Benin's comparative advantages—consistent with the Benin 2025 Alafia Vision—and global and regional trends, the strategic vision adopted for the PND is **to make the agroindustry, tourism, and services the drivers of inclusive and sustainable economic growth in the context of more effective national and local governance, building on the development of human capital and infrastructures.**

Based on this strategic vision, the overall objective is "**to achieve steady, inclusive and sustainable growth of at least 10% in 2025, with a focus on development of the agroindustry, services, and tourism in the context of more effective national and local governance, building on the development of human capital and infrastructures**". The PND has set the following four (4) strategic development objectives:

- Develop healthy, competent, and competitive human capital;
- Increase sustainably the productivity and competitiveness of the economy of Benin;
- Ensure the sustainable management of living conditions, adaptation to climate change and the emergence of regional development clusters;
- Consolidate the rule of law and good governance.

These strategic objectives are based on the following three fundamental pillars: (i) the diversification of agricultural production, with support for the development of services (rural infrastructure, logistics, innovations, biotechnology, regional clusters); (ii) transformation of the agroindustry and increased development of services (special economic zones, business climate, tourism, logistical transport, digital technology, innovations); and (iii) fostering knowledge through innovation and biotechnology.

The strategic objectives are operationalized through specific objectives that further define the strategic choices.

To achieve the overall development objective of the PND, operational documents have been adopted at the national, sectoral, and local levels, in line with the four (4) strategic pillars.

At the national level, the reference documents for the implementation of the PND (2018-2025) are the Government Action Program (PAG; 2016-2021) and the Program of Growth for Sustainable Development (PCDD; 2018-2021) in the first phase, and the Government Action Program (PAG; 2021-2026) in the second phase. These operational documents define the areas of priority actions and flagship projects or programs, as well as the reforms to address the development challenges identified during the sectoral diagnostic.

At the sectoral and local levels, strategic sectoral policies and municipal development plans are also aligned with the PND and the PAG. They are divided into action plans or dynamic investment strategies.

Significant progress has been made in the implementation of the identified actions in different sectors, with a view to achieving the four (4) strategic objectives of the PND (2018-2025). In order to re-enforce this dynamic, the actions set out in the PAG (2021-2026) will be supported by transformative investments to accelerate the dynamic development underway in the country.

The operationalization of the PND (2018-2025) between now and 2025 should accelerate progress towards the achievement of the SDGs together with a

10.2% increase in Gross Domestic Product, while bringing the poverty rate down to around 25.8%.

The PND (2018-2025) sets out a flexible and evolving implementation and monitoring framework, incorporating results-based management tools and performance indicators, including on emerging topics such as climate change, gender, digital technology, employment, the empowerment of women, the demographic dividend and budget transparency.

Very truly yours,

/s/

Romuald WADAGNI
Minister of State

National Development Plan

2018-2025

State Ministry of Planning and Development
Republic of Benin

PREFACE

In revamping its development process in the wake of the February 1990 *Conférence des Forces Vives (stakeholders conference),* Benin adopted an approach to development planning with a three-level coordination: perspective, strategic planning, and a three-year rolling investment programs for the long, medium, and short terms.

The first layer of this development pyramid was re-affirmed in 2000 with the adoption of a long-term vision for the country coined "Benin 2025 Alafia". Fifteen years after its adoption, while the framework for investments was strengthened, implementation efforts by successive administrations have not been sufficient to ensure effective strategic planning. The following three phases were therefore adopted for the process of socioeconomic structural transformation: (i) strengthening of the institutional and economic foundations (2000-2010); (ii) economic growth in support of development (2011-2020); and (iii) restoring social values and reclaiming the external environment (2021-2025).

In fact, the midterm assessment of the development management process brought to light a substantial delay on the path to achieving the Benin 2025 Alafia Vision, and the absence of an appropriate monitoring and evaluation mechanism based on quantitative benchmarks. Similarly, the development paradigm has evolved substantially, and is now guided by the Sustainable Development Goals (SDGs) covering a wide range of objectives designed ultimately "not to leave anyone behind."

A diagnostic of the living conditions of our populations in April 2016 brought to light persistent poverty, unemployment, corruption, and institutional failures. The alarming severity of these issues meant that they had to be addressed urgently and responsibly. For that purpose, the government adopted the Bénin Révélé (Benin Revealed) Action Program to durably foster sustainable economic and social development. The Government Action Program (PAG) helped avoid ad-hoc planning; it must be sustained, considering its strong ambitions. The new paradigm calls for putting in place all the levels of planning. The decisive and unprecedented adoption of the 2018-2025 National Development Plan (PND) on October 24, 2018, was aimed to address the major challenge of human capital development. This plan must be relevant and sustained. It is a key ingredient for an inclusive economic growth that is mindful of the environment, in a context of peace and good governance. This strategic decision should support the ongoing dynamism for restoring sustainable development. The National Development Plan (2018-2025) provides an opportunity to ensure the implementation of the international agendas, including the Sustainable Development Goals (SDGs) at the 2030 horizon and the Africa 2063 Vision, "the Africa we want." It specifies the targets that Benin seeks to achieve in 2025.

Developed through a participatory and inclusive process involving all stakeholders, including the sectoral ministries, institutions of the Republic, civil society organizations (CSO), social partners, the National Association of Municipalities of Benin (ANCB), and the technical and financial partners (PTF), the PND (2018-2025) received full support from all development partners. The United Nations Development Programme (UNDP), as the lead agency for the technical and financial partners, provided major support in this process.

Considering the above, it is my hope that the spontaneity and enthusiasm that prevailed during the preparation of the PND will continue through its implementation. The government will make every effort for the effective attainment of the established objectives to make the Benin 2025 Alafia Vision a reality.



Abdoulaye BIO TCHANÉ
Minister of State Responsible for Planning and Development

FOREWORD

Based on the Benin 2025 Alafia Vision, the country's 2018-2025 National Development Plan incorporates the new challenges of economic and social development at the national, African, and international levels.

The preparation of this plan was a major undertaking, that we have met through contributions from all stakeholders at various levels: public sector, private sector, institutions of the Republic, civil society organizations, social partners, the National Association of Municipalities of Benin (ANCB), academics, government, and technical and financial partners. This joint effort provides the people of Benin with a major development tool, successful implementation of which will offer the country the triple winning opportunities to achieve the Benin 2025 Vision, and to place the country on the path of the Sustainable Development Goals (SDGs) at the horizon 2030 and the Africa 2063 Vision.

The 2018-2025 National Development Plan is structured around the following major pillars: (i) human capital and welfare of the populations; (ii) productivity and economic competitiveness; (iii) environment, climate change and territorial development; and (iv) governance. This structure reflects the urgent need to adopt an integrated approach for solving current development challenges going forward. It provides a framework for consolidating and sustaining the achievements of the 2016-2021 Government Action Program (PAG).

Finally, relying on the patriotism and sense of accountability of all development partners, our priority is its implementation process.



Magloire A. AGUESSY

Director General
of Development Policies

FOUNDATIONS AND IMPORTANCE OF THE NATIONAL DEVELOPMENT PLAN

1. Considering the need to strengthen the development planning system to achieve the Benin 2025 Alafia Vision, the Sustainable Development Goals (SDGs), and Africa's Agenda 2063, the government adopted a roadmap during the Council of Ministers of July 27, 2016 for the development of the 2016-2021 Government Action Program (PAG) and the National Development Plan (PND). The PND is the first layer in the configuration of the Benin 2025 Alafia Vision, in accordance with the planning system adopted by Benin during the national days of assessment organized on this subject on December 5 and 6, 1991 and adopted by the government in the Council of Ministers in 1992.

2. The PND is designed to specify the strategic benchmarks for development activities for the eight-year period until 2025, the target date for the implementation and completion of the Vision. Accordingly, it will be implemented in two phases: the first phase, from 2018 through 2021, through the Growth for Sustainable Development Program (PC2D) and the Government Action Program objectives of which it reflects, and the second phase, from 2022 through 2025. Implementation of the 2018-2025 PND will help consolidate the achievements of the 2016-2021 PAG by ensuring continuity in development actions between successive governments; it provides an opportunity to ensure that the priority targets of the Sustainable Development Goals and Africa's Agenda 2063 will be achieved at all levels of the development management process (the central, sectoral, and local levels).

3. The PND is unique in:

- Its due account of the Benin 2025 Alafia Vision, as well as the SDGs and Africa's Agenda 2063, through the integration of the following fourfold winning pillars: (i) economic growth and structural transformation; (ii) inequality reduction and improvement of social inclusion; (iii) environmental sustainability; and (iv) effective and inclusive governance;
- Its characteristic as a tool for guiding and steering the choice of strategic long-term development objectives, flagship investment projects, and major economic and social reforms;
- Its implementation and monitoring framework including results-based management tools and indicators.

4. The PND was developed through a participatory process, involving all sectors of Beninese society, at the national level and from the country's 12 departments, during the strategic diagnostic phase and the sequencing of the strategic guidelines at the 2025 horizon.

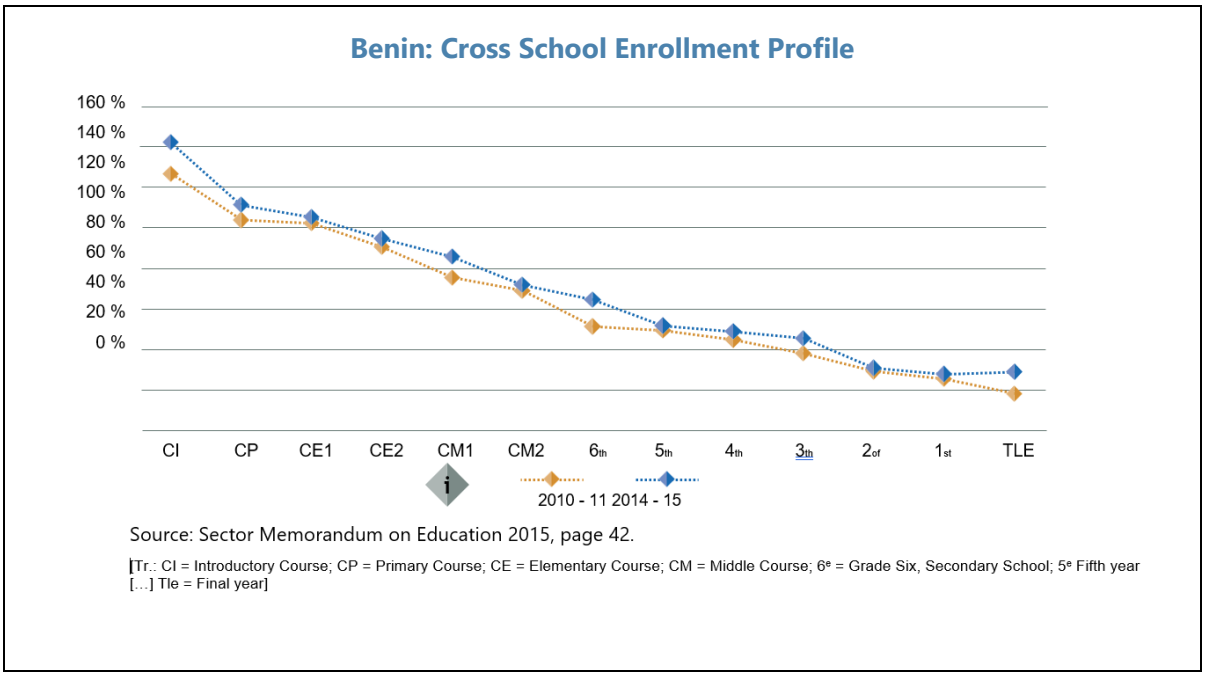
STRATEGIC DIAGNOSTICS

Human capital

5. On the social front, Benin is lagging behind in human development. This delay is mainly driven by low productivity, high demographic growth, high poverty and inequality rates, a lack of decent job opportunities, and increased vulnerability of population due to limited access to decent living conditions such as housing, sanitation, water, and health care.

6. In terms of access to basic social services, there are many types of deprivation that underpin the weak performance of education, health, and social protection. The sectoral strategic diagnostic suggests a general decline in school enrollment (in 2015, as in previous years, the gross rate of access to introductory courses [CI] was 141 percent, as against 66 percent in Grade Six [6e], reflecting a deterioration of more than 50 percent).

7. Similarly, the analysis suggests a low literacy rate (43.1 percent in 2015, as against an average of 60 percent in the region including Togo, Côte d'Ivoire, and Senegal), low performance levels in the education system and vulnerable public health situation due to insufficient public access to health services. Maternal and infant mortality rates are still high and certain chronic diseases such as malaria, tuberculosis, and HIV/AIDS continue to be the leading causes of hospitalization. Malnutrition, particularly at the chronic level, is a major concern for the public authorities, due to its negative effects on mother and child health. Despite significant progress in recent years, there is still a shortage of drinking water supplies in some areas.



Source: Sector Memorandum on Education 2015, page 42.

[Tr.: CI = Introductory Course; CP = Primary Course; CE = Elementary Course; CM = Middle Course; 6e = Grade Six, Secondary School; 5e Fifth year […] Tle = Final year]

8. Informality in the job market reflects low-skilled activities that generate limited revenues that are unlikely to improve the living conditions of workers. Promoting decent employment remains a national priority, and the exploitation of children and violence against women are two major challenges. The gender dimension in the economic, political, social, and cultural areas remains unresolved.

9. The low level of human capital development in Benin highlights several challenges, including:

- **Fostering and scaling-up human capital in support of inclusive, sustainable development:** Labor productivity should improve to enable the active population to contribute more effectively to economic growth and reap growth dividends. Maintaining healthy and skilled human capital is one of the key pillars of inclusive growth and economic development.

- **Strengthening implementation of the 2013-2025 National Population Policy (PNP):** The implementation of the PNP will help reap the "demographic dividend" with substantial impact on economic growth as the "demographic transition" starts in Benin (simultaneous reductions in the mortality and birth rates).
- **Implementation of an effective poverty reduction strategy:** Assessing the determinants of poverty highlighted the decisive role of income redistribution and economic growth in poverty reduction. The large size of household (eight or more persons) seems to be a limiting factor in this regard. Accordingly, the poverty reduction strategies should aim for robust economic growth and most importantly, inclusive growth with a better targeting of the poorest households in the process, through the expansion of the social security coverage under the new Insurance for Human Capital Development (ARCH), and development of income generating activities under the territorial development involving the communities as well as the local authorities.
- **Establishment of a coherent, effective system to promote employment of young persons:** Youth constitutes the most vulnerable segment of the population, more sensitive to the influence of globalization, a situation that is increasingly worrisome. Despite all the initiatives to facilitate youth's access to the labor market, the results today are still mixed, particularly due to a lack of coherence and synergy between the multiple initiatives in support of the youth.

Economic growth and production system

10. The diagnostic of economic growth determinants, the insufficient economic diversification, and the disconnect between effective growth (3.9 percent) and potential growth (8 percent) during 2005-2015 highlight the growth impediments and the Beninese weak structural transformation. However, Benin has untapped potential, including in agriculture, livestock, and fishing. The trade, tourism, and digital sectors are sources of innovation and wealth creation. Accordingly, the PND will focus on inclusive and sustained growth, integrating a deep assessment of the demographic dimension. This new scheme of inclusive, robust, and sustained growth should be complemented by reforms aimed at fostering the structural transformation of the Beninese economy, consolidating the human capital development, bolstering economic diversification and modernization of key sectors including agriculture, agroindustry and other industries, transportation, infrastructures, and services (logistics, digital, tourism, and financial). Nevertheless, some challenges need to be addressed to make growth more inclusive and sustained. These include:

- **Structural transformation:** The structural transformation of the economy is a long-lasting process of transferring labor from low productive to more dynamic and highly productive activities. It is a prerequisite for sustained economic and social development that entails the introduction of a new specialization to enhance competitiveness and to target new regional export markets. The economic structure has remained virtually stable since 2000, with the primary and secondary sectors representing an average of 23.3 percent and 24.7 percent of GDP, respectively, and a preponderant tertiary sector that accounts for 52.0 percent of GDP[1]
- **Improving overall competitiveness of factors:** For several years, the Beninese economy has

[1] See National Accounts, System of National Accounts (SNA)/93, National Institute of Statistics and Economic Analysis (INSAE), 2016.

experienced a downward trend in total factor productivity, which has affected labor productivity in both agriculture and industry. To address this challenge, Benin might in the coming years promote a large-scale transfer of agricultural and industrial biotechnologies in agriculture and industry to improve factor productivity by at least 3.0 percent between 2018 and 2025.

- **Diversification of financing sources:** The Beninese economy is characterized by a highly liquid banking sector. Firms have been facing difficulties to have access to tailored solutions to finance their activities.

Environment and climate change

11. The analysis of territorial development achievements in Benin highlights several problems related to the land use planning, decentralization, continuous pressure on natural resources, and the effects of climate change. Benin must adopt more targeted sector policies and adopt accompanying measures to ensure the effectiveness of land management instruments and the development of best environmental governance and participatory land management practices.

12. Securing property for housing and economic investment is a major concern in land development, including the management of pollution, waste products, wastewater and rainwater, the accessibility of decent, affordable housing, etc.

13. The interaction between humans and their environment is one of the two main problems that have led to the need for a greater focus on the impact human activities on land and the intensity of the activities carried out in different areas. In this context, a commensurate improvement in living conditions is not guaranteed, but not impossible.

14. Rational and efficient land management requires a reduction of spatial disparities, taking into account regional development hubs, infrastructures, and socio-collective facilities, as well as the effective use of border areas.

Governance, institutions, peace, and security

15. The democratic process in Benin is underway, despite some difficulties related to the development of best practices in terms of separation of powers, and the application of accountability principles in public affairs management and at the level of institution levels. Security has improved and social dialog has promoted peace, although some stakeholders' have not always delivered on their commitments. In terms of public participation, the multiparty system is yet to effectively foster the involvement of the public in the management of public affairs at the national and local levels. The civil society is stepping in to promote the participation of the public to development and foster a culture of transparency.

16. Despite this progress, governance in Benin is still characterized by a challenging political governance, a rule of law whereby individual and collective liberties are sometimes at risk, a weak public administration, an ineffective and opaque justice system; insufficient quality in the allocation of public resources; and corruption that is still present in a number of areas, adversely affecting economic activities.

17. This context highlights the persistence of many challenges that need appropriate responses:

- **Improving political governance:** The principle of separation of powers is challenging due the functioning of institutions, notably the procedures for designating their members. In addition, after more than 25 years of experience, as underscored by Benin 2025 Alafia Vision, the subpar organization and slowness to address electoral disputes (at the municipal and local levels) are still threatening national cohesion, peace, and strengthening of constitutional legality..
- **Strengthening the rule of law and liberties:** The country has made great progress in terms of individual and collective liberties, therefore contributing to the Benin 2025 Alafia Vision, including the ambition to make Benin a peaceful country.
- **Transparent, efficient judicial services:** The justice system aimed to protect the citizens, is insufficiently operational due to its limited efficiency and performance through political influence, corruption, insufficient, low human capital quality, and poor coverage of the national territory.
- **Modernization and efficacy of the public administration:** Despite the implementation of several initiatives and programs, the public administration is yet to improve the quality of public services and governance. Increasing efficiency of administration to help manage resources transparently and efficiently, and of formulating effective policies and strategies, is one of the key pillars of the PND.
- **Strengthening the fight against corruption:** While progress has been made, the country is still lagging in terms of Doing Business. The areas in which corruption is often reported are property, tax and customs administrations, public procurement and the Public Private Partnership (PPP) framework.
- **Improving the quality of the public resource allocation and management system:** Lack of consistency between investment decisions and current expenditure projections in the medium term, increasing gaps between expenditure forecasts and outturn, unrealistic medium-term expenditure frameworks at sectoral level (MTEF), an ineffective budget arbitration process, and a lack of accountability with the substantial involvement of civil society organizations (CSO) reflect the need to improve the quality of the allocation of public resources needed to strengthen the alignment of sectoral strategies with the development objectives. The fiscal reforms undertaken by Benin with the support of partners as part of the fiscal reforms of the West African Economic and Monetary Union (WAEMU), including those related to the Organic Law on Budget Laws (LOLF), must be strengthened to safeguard the results-oriented mechanism.
- **Expanding the decentralization process as a development tool:** The inadequacy of decentralization texts are not conducive to the effective operation of the different interrelated levels nor the proper planning of activities. Better sharing of roles and responsibilities between the central, intermediate, and local levels will facilitate the effective, coherent alignment of development policies and strategies.

CHALLENGES AND ISSUES AT STAK

18. Based on this diagnostic assessment, the challenges for Benin's development are to achieve, at the 2025 horizon a strong, inclusive, sustained, and durable economic growth by overcoming the challenges related to economic diversification, and through innovations in specific sectors, supported by incentive measures to shift the informal activities to the formal sector, and the structural transformation of human capital as well as production and consumption mechanisms.

19. The economic and social transformations needed during the development process in Benin over the coming years, will be focused on (I) improving the productivity of the primary sector; (ii) fostering development of processing activities including through a diversified, modern industrial sector, as well as services relying on the information and communication technologies; (iii) elevating the level of human capital; and (iv) improving governance (economic, administrative, and local). More specifically, this entails changes in the current sectoral composition of GDP while considering the fundamentals of the green and blue economy, and sustained development.

20. The Government Action Program is already laying foundations for this type of transformation through certain structuring projects. The National Development Plan will consolidate this movement, while ensuring that manufacturing and services (tourism and ICT) play effective roles as key drivers of endogenous growth. Through their multiplier effects on the various sectors, highly productive agriculture, manufacturing industries, and services will help generate more wealth and jobs, with more and more skilled positions.

STRATEGIC CHOICES AND GUIDELINES OF THE NATIONAL DEVELOPMENT PLAN

21. Based on Benin's comparative advantages with the ambitions enshrined in the Benin 2025 Alafia Vision, developments in international and regional trends, the chosen strategic option is to make agroindustry, tourism, and services the engine of inclusive, sustainable economic growth in a context of more effective national and local governance, based on the development of human capital and infrastructures.

22. Accordingly, with the expectation that Benin will set a precedent, effectively governed, united, peaceful, with a prosperous, competitive economy, cultural influence, and social welfare, the general objective of the PND is to: "achieve sustained, inclusive, and sustainable growth of at least 10 percent in 2025 focused on development of agroindustry, services, and tourism in a context of more effective national and local governance, based on the development of human capital and infrastructures." The achievement of this objective must be confirmed by 2025 with the following major changes:

- Healthy, skilled, and competitive human capital;
- A competitive, diversified economy based on agroindustry and services;
- A command of land management and urban development, and adaptation to climate changes;
- Effective national and local governance strengthened by sustained development management.

23. These changes will be manifested through:
(i) a significant elevation of the level of human development; (ii) robust, inclusive, and sustainable growth; (iii) an improvement in the quality of political, administrative, local, and environmental governance; and (iv) a contribution to rapid gains to achieve the SDGs. To achieve the medium term changes, satisfactory results must be obtained in the short term from the combined implementation of the 2016-2021 Government Action Program and the 2018-2021 Growth for Sustainable Development Program.

24. For that purpose, the PND has set four strategic objectives:

- To develop healthy, skilled, and competitive human capital;
- To sustainably increase the productivity and competitiveness of Benin's economy;
- To ensure the sustainable management of living conditions, the environment, and the emergence of regional development centers;
- To consolidate the rule of law and good governance.

25. The figure below shows the development issues and changes expected from the National Development Plan (Figure 24).

26. These strategic objectives are based on three fundamental pillars:
(i) diversification of agricultural production through the development of services (rural infrastructures, logistics, innovations, biotechnologies, and regional centers); (ii) agroindustrial transformation and increased development of services (special economic zones, business climate, tourism, transportation, logistics, digital, innovations); and (iii) exporting of knowledge through innovations and biotechnologies.

27. Accordingly, the following six effects must be present to achieve the desired impacts:

- Benin must have healthy, skilled, and competitive human capital for sustainable, inclusive development;
- The process of structural transformation of the Beninese economy must be accelerated;
- Diversified and productive agriculture must ensure food security and synergy with processing industries must be effective;
- Urban development and management of rural areas must be controlled with the emergence of regional development centers and resilience against the effects of climate changes and natural disasters must be supported;
- Governance in Benin must be inclusive, peaceful, and effective;
- The Beninese population must have access to quality public services.

28. To have healthy, skilled, competitive human capital, the government's interventions must produce the following results:

- Quality health services must be accessible to all and improved in all regions of the country;

- Health infrastructures must be effectively distributed and have appropriate equipment and human capital;
- The supply of the education, vocational training, and adult literacy sector must be improved in quantitative and qualitative terms, and accessible to everyone;
- The population must benefit from a higher quality of life, particularly in the areas of sanitation and energy services;
- The population must have easy access to a system of social protection and coverage adapted to the various occupational situations, and in all sectors (formal and informal);
- The nutritional status of the population and easy access to food and drinking water must be strengthened;
- The incomes of women and men, particularly young persons, must increase;
- The population must have access to financial services;
- An environment and conditions conducive to the development of sport and cultural activities for youth must be in place;
- Social and gender inequalities must be minimal, and the socioeconomic and political role of women must be promoted and supported.

29. The observation of the outputs depends, *inter alia*, on the awareness of the population of the benefits of education and health, the affordability of these services, the reflection of sociocultural factors, and the adaptation of education programs to the needs of the labor market.

30. To accelerate the structural transformation process in the Beninese economy, to help create decent, sustainable jobs, government interventions must produce the following results:

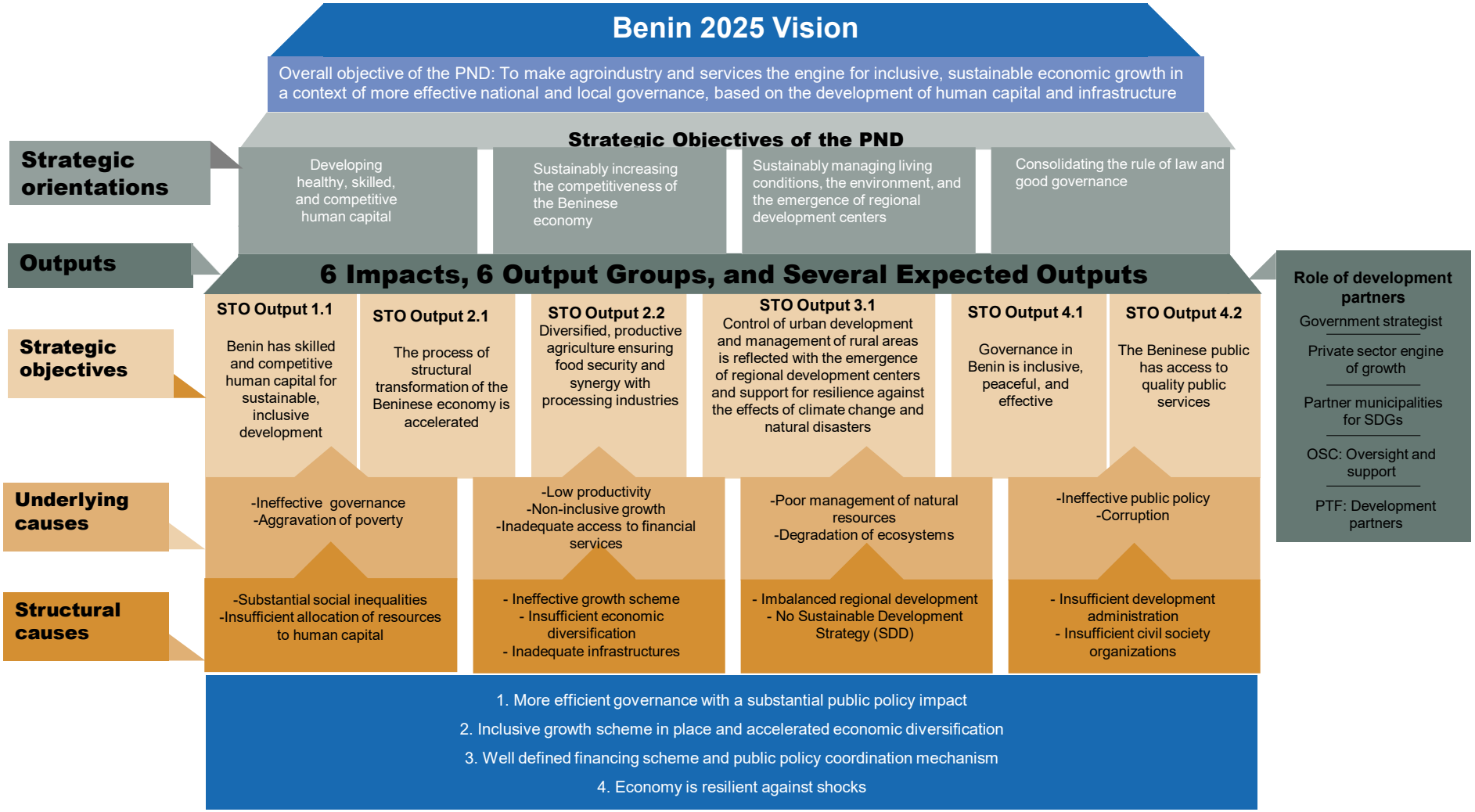
- Boost economic diversification;
- Increase substantially if the value added of the key sectors in Benin's economy, particularly industry, tourism, and services, must;
- Increased productivity of production factors;
- Enhance competitiveness of the economy;
- Rural populations must benefit from modern, reliable infrastructures for economic exchanges and market access;
- Provide tailored financing to the agroindustry, services, and infrastructures;
- Adapt finance to the specificities of the informal sector.

31. For that purpose, it is essential to ensure cross-sectoral synergy and strategic monitoring to make the economy more resilient against shocks.

32. Sustainable management of the living conditions and the environment along with the emergence of regional development hubs require ensuring enforcement of legislative and regulatory texts. Government's interventions should aim the following results:

- The population must conserve and upgrade the natural resources;
- Resilience and capacities to adapt to climate change and natural disasters must be strengthened;
- The population must benefit from a better living environment, particularly sanitation and energy services;
- Land management and regional development that are more efficient and equitable must be effectively reflected in sectoral policies and supported to revitalize regional and local economies;
- The population must have access to decent housing.

Figure 24: Development Issues and Changes Expected from the PND



33. To ensure inclusive, peaceful, and effective governance at the national and local levels, the government's interventions must produce the following results:

- Legal and physical security for individuals as well as the rights of democratic expression must be improved;
- General government must offer quality services to support the country's development dynamics;
- Communities must have access to quality basic sanitation and social services;
- Local governance must be strengthened and revitalized;
- The population must exercise its rights and duties in an effective, accessible, and credible judicial system;
- Public resources must be more effectively directed, managed, and used in support of priority development needs through more efficient administration;
- An effective fight must be waged against corruption;
- Protection of the population and property and strengthening of national cohesion must be ensured;
- The efficacy of institutions must be strengthened, and the quality of public services must be improved.

34. Efforts must also be made to ensure the resilience of regional governance against regional sociopolitical instability.

MACROECONOMIC FRAMEWORK

35. The PND includes three scenarios. The PND-SDG scenario is based on a reasonably prompt implementation of the Government Action Program and its economic reforms, in addition to four-year PC2D programs. This scenario therefore aims to strengthen investment, particularly from the private sector. For that purpose, it reflects the updated phasing of projects included in the PAG at end-2017 following the feasibility studies. It also assumes favorable commodity price trends in the international markets and good climate conditions. The assumptions under the model for the next eight years are provided below:

- Accelerated economic growth and emphasizing the goal of achieving sustainable and inclusive growth through structural socioeconomic transformation, creation of income opportunities in poor areas and in the informal sector, as well as the implementation of inclusive financing instruments for the agropastoral sector and processing industries, as well as reforms for a more efficient administration;
- Development of private investment to reach 33 percent of GDP by 2025, focusing on the development of small and medium-scale enterprises and industries, promotion of public-private partnerships, and increased foreign direct investment;
- Stable evolution of the global and regional economic environment and domestic factors of economic evolution. This reflects the optimism demonstrated through the diligent implementation of the 17 SDGs Benin has prioritized. It is also part of the effort to strengthen

capacities to accelerate growth through investment adopted in the 2016-2021 PAG;

- These macroeconomic assumptions are based on a real improvement in the business climate and progress in implementing major reforms, including the modernization of the public administration, the fight against corruption, modernization of the social protection system, an effective public financial management system, and inclusive access to financial services.

36. On this basis, it is envisaged that:

- The economic growth rate should reach 10.2 percent in 2025, as against 5.6 percent in 2017;
- The investment rate should rise from 29.1 percent in 2017 to 33.2 percent for the period 2022-2025;
- Revenue (not including grants) should represent 22.3 percent of GDP during the period 2022-2025, as against 17.6 percent in 2017.

Table 17. Quantified Major Objectives of the 2018-2025 PND

Indicators	2015	2025
Human development ranking	167	150
Per capita GDP in U.S. dollars	789	950
Economic growth rate	2.1 %	10 %
Monetary poverty rate	40 %	23.2 %
Nonmonetary poverty rate	29.1 %	10 %
Investment rate (percentage of GDP)	24.6 %	33 %
GDP derived from tourism as a share of total GDP (2011)	2.6 %	8 %
Share of industrial value added/GDP	12.5 %	20 %
Informal GDP/GDP	62 %	50 %
Life expectancy (2013)	62	65
Population growth rate	3.5 %	3 %
Literacy rate	43.1 %	55 %
Completion rate of lower secondary education	45 %	70 %
Completion rate of upper secondary education	28 %	45 %
Secondary school enrollment rate	47 %	70 %
Maternal mortality rate per 100,000 births (2013 General Population and Housing Survey—RGPH)	335.5 %	200 %
Infant and child mortality rate (2014 Multiple Indicator Cluster Survey—MICS)	115 ‰	< 100 ‰
Doing Business Classification (World Bank)	155	130
Ranking in the Corruption Perception Index (2017 Transparency)	85	50
Road network status index	73 %	80 %
Accident rate in connection with the road infrastructure	9 %	7 %

Table 17. Quantified Major Objectives of the 2018-2025 PND (continued)

Indicators	2015	2025
National electrification rate (percent)	34.7 %	51.3 %
Proportion of households using improved stoves for cooking (percent)	17.64 %	52.97 %
Broadband Internet service coverage rate for enterprises and individuals		80 %
e-Government Development Index		0.5
Bank penetration rate (2017)	19 %	> 25 %
Internet penetration rate	19.4 %	> 50 %
Informal employment rate (2005-14)	87.7 %	< 60 %
Health insurance and social protection coverage rate	8.4 %	> 40 %
Rate of access to electricity	38.8 %	> 60 %
Rate of access to drinking water in rural areas	41.4 %	100 %
Linear kilometers of serviced rural roads (2017)	4,958 km	8,000 km

PND FINANCING SCHEME

37. To reach the objectives indicated above and observe their consequential effects, the PND will be implemented through the PAG, the PC2Ds (2018-2021; 2022-2025), sectoral policies, and Communities Development Plans (PDC) while ensuring their alignment for consistency. Effective implementation of the PND also requires more domestic revenue mobilization, development of Public Private Partnerships, recourse to the financial markets and the technical and financial partners, nongovernmental organizations, foundations, active participation of the diaspora, effective use of innovative financing instruments, and the establishment of specialized financing facilities (environment, health, education, etc.). In addition to the mobilization of financial resources, Benin must have a critical mass of human capital consisting primarily of staff of general government (the central government and local authorities), while clearly identifying technical assistance from international organizations. Benin is part of the United Nations initiative for the evaluation of development financing in the context of the Addis Ababa Action Agenda on Financing for Development, that aims to explore all potential sources of financing available to the country (domestic, external, diaspora, sovereign funds, financial markets, foundations, innovative—including climate—financing, PPPs, etc.). The strategies and action plans for the financing of the National Development Plan will be refined based on the study.

MONITORING AND EVALUATION MECHANISM

38. The monitoring and evaluation mechanism includes:

At The National Level: Strategic Guidance and Technical Steering

- The National Guidance Committee (NOC): The highest body in the steering system;
- The Government-Development Partner Committee (CGPAD);
- The Technical Steering and Monitoring Committee (CTPS).

STRATEGIC MONITORING

39. The Directorate General for Development Policies (DGPD) will provide the technical secretariat for the Technical Steering and Monitoring Committee of the PND and will support the Progress and Impact Monitoring Framework (CSPE) for implementation of the PND through the four working groups, the Sectoral Committees (CS), and the Development Department Committees (CDP).

MONITORING OF SECTORAL PERFORMANCE AND EXPECTED OUTPUTS

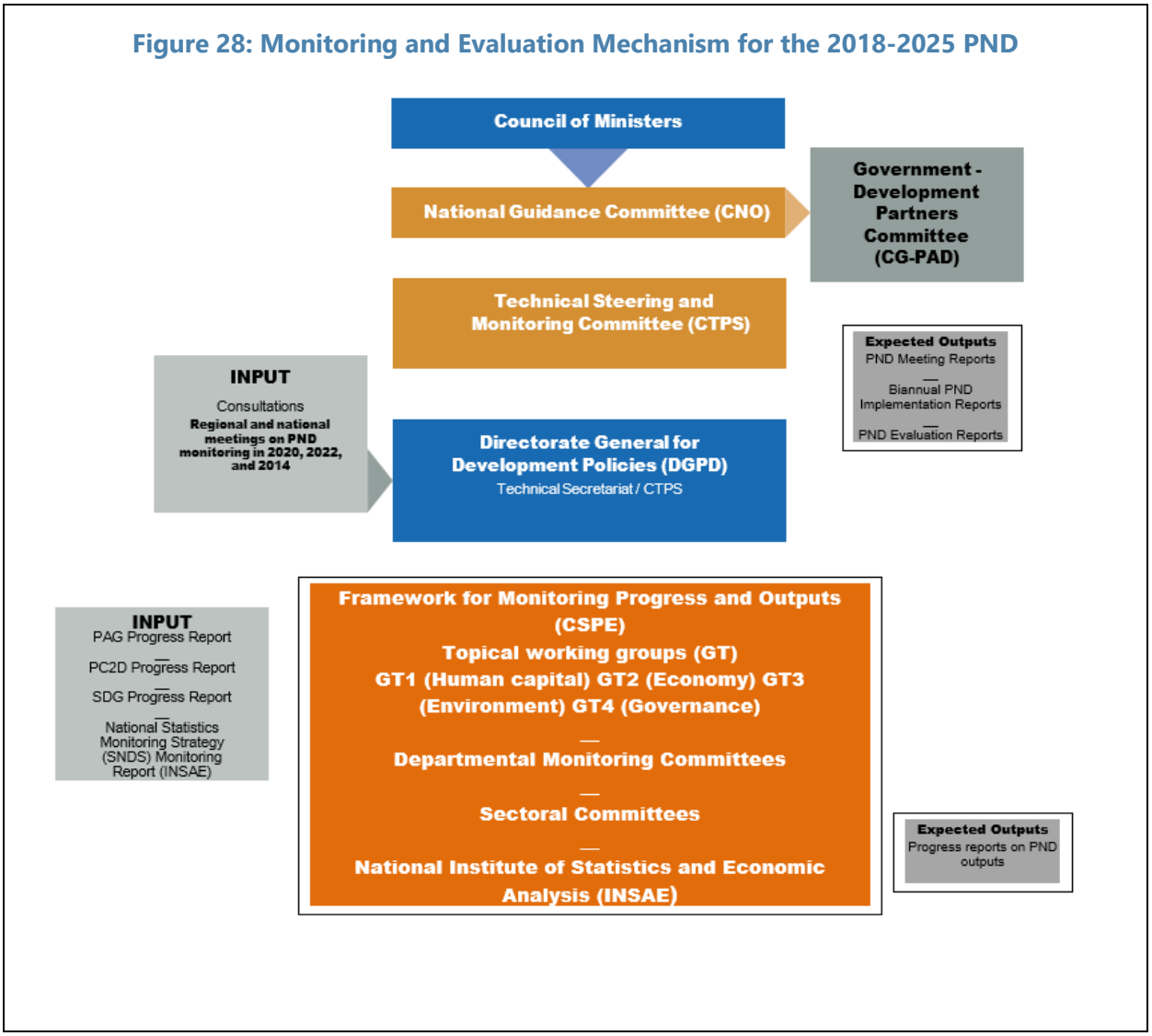
40. Three units are involved:

- **Four working groups**, that will meet every two years, will be established to analyze performance reports for each strategic objective of the PND.
- **A Sectoral Steering and Monitoring & Evaluation Committee** in each ministry and institution will monitor performance at the sectoral level according to the indicators defined by the PND performance framework.
- **Departmental Development Committees,** chaired by the prefects, including departmental services and municipal development committees, will monitor the progress of various program and projects being implemented.

41. Benin has initiated a number of planning exercises and, in December 1991 in conjunction with the National Development Day, it adopted a model for the development planning process at three coordinated levels: (i) long-term planning, (ii) medium-term planning; and (iii) rolling three-year investment programs. In 2000, the country adopted the long-term Benin 2025 Alafia Vision that included the following three key stages in the process of socioeconomic structural transformations: (i) strengthening the institutional and economic foundations (2000-2010); (ii) economic growth in support of development (2011-2020); and (iii) restoring social values and reclaiming the external environment (2021-2025). These choices have unfortunately not been effectively observed in the absence of good synergy between long-term planning and operational planning.

42. In this context, the government has stated its willingness to make bold reforms for the sustainable renewal of the country's economic and social development, including activities to strengthen the national planning system, and, more specifically, restoring the "strategic planning" link between forward-looking and operational planning, by adopting the development of the 2018-2025 National Development Plan for the implementation of Benin 2025 Alafia, the objectives of Agenda 2030 and the African Union's Agenda 2063.

Figure 28: Monitoring and Evaluation Mechanism for the 2018-2025 PND



43. For several decades, as a result of a series of development policies in the framework of a planning system insufficiently coordinated with the Benin 2025 Alafia Vision, the benefit from the structural transformation identified in the strategic guidelines of the Vision was relatively weak. The limits of the growth model based on the absence of an inclusive growth strategy, a human capital development strategy reflecting the question of demographic dividends, the very low levels of development in agricultural products, development of import-export activities with very low value added, the lack of Beninese enterprises initiatives in diversifying their production, and poor performance in governance during the last 20 years have led to a lack of major structural transformations that would have made it possible to improve the income of the populations, develop an effective private sector and accelerate poverty reduction.

44. The 2018-2025 PND is part of this dynamic of the renewal of Benin's planning system by incorporating the major challenges and key questions of the SDGs and Africa's 2063 Agenda that highlight issues of inclusive growth, industrialization, greater economic resilience, development of human capital, and sustainable development, as well as the efficacy of governance from many standpoints. To lead the process of preparing the PND, the government has implemented an institutional framework at four levels: a National Guidance Committee, a

Technical Steering Committee, a Technical Secretariat, and Topical Groups. The operational bodies of this institutional framework have operated with a participatory, inclusive process, as such a process requires.

45. The process was organized around the following four major pillars: (i) human capital and public welfare; (ii) economic growth: productivity and competitiveness; (iii) environment, climate change, and land development; and (iv) governance. These pillars were defined based on the concepts of the Sustainable Development Goals and human security, as relevant to the Benin 2025 Alafia Vision. The results of these activities provide the following structure for the document: strategic diagnostic of economic and social development, including development challenges and issues; general objective of development based on the selected strategic option, broken down into strategic objectives, including strategic guidance; macroeconomic and social frameworks, and the implementation, monitoring, and evaluation framework.

46. The PND will be used as a reference framework to guide the development objectives and strategies for the next eight years, including the strategies of the PAG, by more broadly integrating the successful interrelations at four levels:

- Economic growth and structural transformation;
- Reduction of inequalities and improvement of social inclusion; Environmental sustainability;
- Effective, inclusive governance.