

EVALUATION OF SECTOR APPROACHES IN THE WATER SECTOR

COUNTRY REPORT

BENIN

9 December 2007

CDP Utrecht



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LIST OF ABBREVIATIONS

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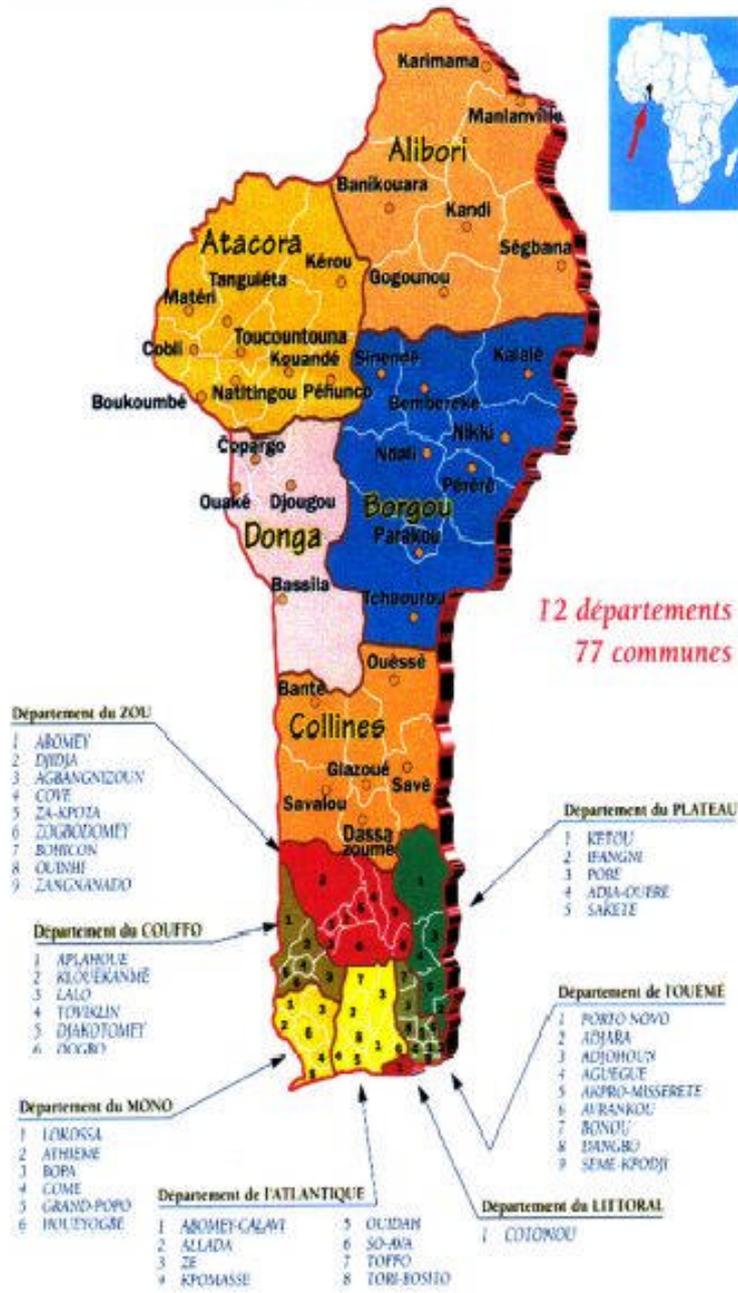
LIST OF ABBREVIATIONS

AEP Approvisionnement en eau potable

AEPA	Approvisionnement en eau potable et assainissement (National Strategy on water supply and sanitation in rural areas)
AEV	Adduction d'eau villageoise
AFD	Agence française de développement
AMCOW	Conseil des ministres africains chargés de l'eau
AUE	Association des usagers de l'eau
BAD	Banque africaine de développement
BdE	Bureau d'études techniques
BOAD	Banque ouest-africaine de développement
BP	Budget programme
BPO	Budget programme par objectif (water Budget Programme)
CAA	Caisse autonome d'amortissement
CARDER	Centre d'action régionale pour le développement rural
CDMT	Cadre des dépenses à moyen terme
CGPE	Comité de gestion de point d'eau
CIEH	Comité Inter-Africain d'Études Hydrauliques
CREPA	Centre régional pour l'eau potable et l'assainissement à faible coût
DANIDA	Agence danoise de développement international
DAO	Dossier d'appel d'offres
DDMEE	Direction départementale des Mines, de l'Énergie et de l'Eau (Provincial Department of Mines, Energy and Water)
DDMEH	Direction départementale des Mines, de l'Énergie et de l'Hydraulique
DGB	Direction générale du Budget
DG Eau	Direction générale de l'Eau (ex- Direction générale de l'Hydraulique DGH)
DGTCP	Direction Générale du Trésor et de la Comptabilité Publique
DHAB	Direction de l'Hygiène et de l'Assainissement de Base
DIEPA	Décennie internationale de l'eau potable et de l'assainissement
DNMP	Direction Nationale des Marchés Publics
DSRP	Document de stratégie de réduction de la pauvreté
EIER	École Inter-États d'Ingénieurs de l'Équipement Rural
EPE	Équivalent points d'eau
ETSHER	École Inter-États des Techniciens Supérieurs de l'Hydraulique et de l'Équipement Rural
GIRE	Gestion intégrée des ressources en eau (Integrated Water Resources Management)
GTZ	Gesellschaft für Technische Zusammenarbeit (Allemagne)
HAADI	Hydraulique et assainissement en appui au développement institutionnel
KfW	Kreditanstalt für Wiederaufbau (Allemagne)
MDEF	Ministère du Développement, de l'Économie et des Finances
MFE	Ministère des Finances et de l'Économie
MSPCL	Ministère de Sécurité, Justice et des Collectivités Locales (ex-Ministère de l'Intérieur, de la Sécurité et de l'Administration Territoriale –MISAT)
MMEE	Ministère des Mines, de l'Énergie et de l'Eau (Ministry of Mines, Energy and Water)
OMD	Objectifs du Millénaire pour le développement (MDGs-Millennium Development Goals)
ONG	Organisation non gouvernementale
PADEAR	Programme d'appui au développement du secteur de l'eau et de l'assainissement en milieu rural
PADSEA	Programme d'Appui au Développement du Secteur Eau et assainissement
PDC	Plan de développement communal
PIP	Programme d'investissement public
PME	Petites et moyennes entreprises

PPEA	Programme Pluriannuel d'appui au secteur de l'Eau potable et de l'Assainissement (Comprehensive Medium Term Water Sector Support Programme)
PTF	Partenaire technique et financier
RF	Receveur financier
SEau	Service de l'eau (Provincial Water Division)
SHAB	Service de l'hygiène et de l'assainissement de base
SIGFIP	Système Intégré de Gestion des Finances Publiques
SIS	Structure d'intermédiation sociale (NGO- Non Governmental Organization)
SONEB	Société Nationale de l'Eau du Bénin
STC/GIRE	Sécretariat Technique de Coordination de la GIRE
UE	Union Européenne

CARTE DU BÉNIN



INTRODUCTION

The Sector-Wide Approach (SWAp) in Dutch bilateral aid was introduced in 1999. In recent years it has been attempted to gradually transform bilateral cooperation in the “partner countries” in accordance with these principles. In 2004 the Netherlands cooperated with seven partner countries in their water sector: Bangladesh, Benin, Egypt, Indonesia, Yemen, Mozambique and Vietnam. Within the context of the evaluation field visits will be paid to at least three countries, amongst which Benin.

The most common definition of a sector programme is “all significant funding for the sector supports a single sector policy and expenditure programme, under government leadership, adopting common approaches across a sector, and progressing towards relying on government procedures to disburse and account for all funds”.

The specific motivation for the evaluation is the need to obtain greater insight into the potential for applying the SWAp and the Paris Declaration in the water sector. The objectives of the evaluation are: i) *Policy development*: to contribute to policy development intended to promote the application of the SWAp in the water sector and; ii) *Accountability*: to obtain insight into the results of the efforts made by the Environment and Water Department (DMW) and the missions to implement the sector policy (for terms of reference see annex 1). The principle questions to be addressed by the evaluation are: a) What progress has been made to date in implementing the SWAp in the water sector, and what factors account for this and; b) What lesson can be learned from experiences to date and how can these be used in the implementation of the SWAp?

For the evaluation of progress the following definition will be used:

- Contributions to the fulfillment of the conditions for SWAp in terms of policy formulation and operationalization towards the meso and micro levels, improved public-private partnership, institutional strengthening and streamlining of the project portfolio towards sector support.
- Intensification of coordination with other donors towards harmonization and alignment.
- Changes in aid modalities in terms of decrease of project aid and a shift to basket funding, pooled funding and sectoral budget support.

A preparatory desk review for the evaluation of the Netherlands sector support to the water sector Benin was drafted as an input for the field visit by the evaluation team to Benin. The mission was conducted by Bert van Woersem (team leader), Frank Jaspers (UNESCO-IHE, Delft) and Hamady N’Djim (local consultant) between 17 and 29 June, 2007. Discussions were held with representatives of relevant government departments, multi-lateral and bilateral agencies as well as with representatives of NGOs in the water sector. Moreover, a brief field visit was paid to the provinces (Departements) of Collines, Zou and Atlantique for site visits on rural water supply projects and for discussions with the provincial government and local representatives (for itinerary see annex 2).

A preparatory note regarding Public Finance Management (PFM) issues in Benin was prepared by Piet Lancer (Ecorys, Rotterdam) within the broader context of his visit to the Netherlands Embassy in Cotonou, Benin in April 2007. To get a better insight into the macro-meso-micro relations (between the Directorate General for Water at national level, the provinces and the municipality) the local consultant paid a five day visit to the provinces of Zou and Collines and reported on the findings during the later part of the mission (see also annex 3).

A seminar including all actors in the sector took place on June 27, 2007. During this seminar the mission presented a power point presentation with five hypotheses to stimulate discussions between parties. Directors General, directors, senior staff of national agencies, regional and local representatives as well as representatives of donor agencies participated

in this seminar (for details see annex 4). These discussions provided valuable input for the mission. The seminar did fit into the programme of the Annual Revue of the main donors in the Water Sector.

A summary note with the main findings and conclusions has been presented to and discussed with the Netherlands Embassy in Cotonou on 29 June 2007. A draft country report has been sent in July 2007 for comments to all relevant parties. Comments made have been incorporated in the final report, wherever relevant.

The Netherlands input in the water sector in Benin started in 2004 with support to rural water supply, followed in 2005/2006 by urban and semi-urban project activities. These pilot project activities were the stepping stone for a Netherlands financed Comprehensive Medium Term Water Sector Support Programme 2006-2012 consisting of rural, urban and IWRM components. This IOB report includes an assessment of the pilot activities with special reference to the activities in the rural drinking water supply where the Netherlands involvement in the water sector started.

Moreover, expectations regarding the implementation and anticipated results of the Comprehensive Medium Term Water Sector Support Programme are also included in the chapters on inputs, output and outcome. The text of the report clearly differentiates between assessment of pilot activities and expectations regarding the Comprehensive Medium Term Water Sector Support Programme wherever relevant. The expectations expressed in this report are based upon early findings from pilot activities and on discussions held at various levels during the field visit to Benin. Inclusion of expectations in this report is relevant as the Comprehensive Medium Term Water Sector Support Programme is an important step towards SWAp. Only paying attention to the finalized and ongoing pilot activities would not do justice to the development process of the Netherlands activities in Benin since 2004. The inclusion of expectations puts the Netherlands water sector programme in Benin in a proper broader perspective.

1. CONTEXT

1.1 General

Benin's macroeconomic performance has been mostly on track over the past years, but economic activity has been adversely affected by major external shocks since 2003 with a poor performance of the cotton sector under declining international prices and an intensification of the trade restrictions in Nigeria. This did lead to a slow down of economic activity, a decline in exports and a loss of government revenues. Real GDP growth rate declined from averaged 5.0 percent over 2000-2003 to 3.0 percent in 2004 and 2005. The economic growth is slightly recovering since 2006. Benin's main exports are cotton and crude oil.

Despite satisfactory economic performance and improvement in some social indicators, available data suggest that progress in achieving the MDGs is mixed. Progress in achieving the non-income poverty goals is short of targets. The incidence of monetary poverty has slightly decreased from 28.5 percent in 2002 to 27 percent in 2005. The incidence of non-monetary poverty has decreased from 48.9 percent to 39.6 percent of the same period.

The transparent presidential elections of March 2006 led to the election of an independent candidate, Mr. Yayi Boni, the former president of the West African Development Bank as the Head of State. Increased freedom of the press and strengthening of civil society institutions have reinforced Benin's democratic foundations. The new government is articulating a new economic vision for the country with a view to accelerating economic growth and poverty reduction. It developed a number of new strategies and initiatives including (i) Strategic Orientations of Development; (ii) PRSP 2; (iii) a Private Sector Development Strategy and (iv) a Presidential Investment Council.

In addition, the government is pursuing an active and strong policy of transparency and improving governance that has led to several audits of public institutions including public enterprises, ministries and clean up of public finance and expenditure management.

Among the other measures adopted by the Government in the context of poverty reduction, improvement of sanitation and ensuring access to safe drinking water is a priority, although no specific goals have been set in the context of poverty reduction (SCRIP 2007-2009: 53, 64). The national drinking water policy aims to address the access to water supply and to bring about a lasting improvement in the welfare and health of the population, in particular through control, demand-based provision and sound and rational management of the country's water resources.

The Province (Departement) and the Municipality (Commune) are the two key levels for the implementation of the national water policy. The Province is the de-concentrated meso level headed by a Governor (Prefet) representing the national government as well as the ministries. A total of 77 municipalities have been created in 2002 after the local elections. The municipality is the only decentralized level with a substantial financial and legislative autonomy.

1.2 Public Sector Reform

Benin made considerable gains in reforming the public service, improving governance and strengthening public finance management in the early 1990s, but the progress stagnated during the 2nd half of the 1990s. The stagnation ended when "GOB embarked on an ambitious programme of reforming public expenditure management supported by donors through various instruments" (Public Expenditures Review, December 2004). The situation

further improved over the last few years with attention for PFM, decentralization and de-concentration. Benin's overall Country Policy and Institutional Assessment (CPIA) rating for public sector management improved from 19098 to 2003 and was in the middle range and above the average for Sub-Sahara Africa during the early years of 2000. Benin made particularly strong gain in the ratings for transparency, accountability and control of corruption¹.

The burden of civil service pay on the national budget remains high because of the tradition of higher salaries (still related to the earlier rights to same salaries as French colonial staff). Measures containing the wage bill occurred through a number of ad-hoc measures instead of through a comprehensive civil service reform. These measures were at least partly successful². The issues of Public Finance Management, decentralization and de-concentration will be elaborated in the next paragraph.

1.3 Public Finance Management

Budget reforms for the water sector were implemented in 2002. The first programmatic budget (Water Budget Programme for rural drinking water supply - BPO) covers the period 2002-2004. This is an operational document based upon the water related MDGs. This makes the Water Budget Programme a strong sector coordination instrument. The PRSP does not reflect the programme budgets and is worded in too general terms to allow an easy link between the PRSP and the Water Budget Programme.

The total number of physical water points (EPEs) implemented in the rural areas nearly tripled from 651 in 2002 to 1693 in 2006 to an expected 2247 in 2007. This took place thanks to the introduction of the Water Budget Programme (PBO) in 2002, which brought additional parties to the sub-sector with additional funding which contributed to an increased production of water points. The external funding since the start of the BPO tripled from FCFA 5 milliards in 2002 to FCFA 14.76 milliards in 2007. The internal funding nearly doubled over the same period (see table 1.1).

Table 1.1 : Physical and financial basic data rural water supply 2002-2007

Year	New water points (EPE)	Rehabilitation water points (EPE)	Total number of water points (EPE)	Execution rate external funding (%)	Internal funding (milliards FCFA)	External funding (milliards FCFA)	Total funding
2002	479	172	651	-	2.00	5.00	7.00
2003	431	176	607	94.70	2.30	5.30	7.60
2004	1010	203	1213	109.62	3.10	7.70	10.80
2005	761	139	900	55.10	3.07	11.23	14.30
2006	1206	487	1693	45.6	3.62	11.81	15.43
2007*	1535	712	2247	100	3.75	14.76	18.51

Source: SSE, SBCF/DGEau, Budget execution report 2007

*Estimates

However, table 1.1 also shows a deterioration of the budget execution rates during the period 2005-2006. The following reasons have been given for the low budget execution rate of external funding³:

- The present absorption capacity in rural water supply sub-sector is lower than the funds available. This capacity is low due to inefficiencies in budgeting, tender, procurement and spending procedures.

¹ Effective states and engaged societies, Capacity development for growth, service delivery, empowerment and security in Africa, the case of Benin, Ted Freeman, Ottawa 2005

² In 1990 civil servants averaged wages of 25 times per capita national income. In 2002 this ratio has declined to eight times per capita income.

³ There was no common opinion amongst various parties (within government and amongst donors) on the relative importance of factors contributing to the low execution rate of external funding in 2005-2006

- Problems related to Public Finance Management (PFM) issues at the level of the Ministry of Finance and the Ministry of Mines, Energy and Water (the line Ministry). The understanding of the PFM systems and procedures of the Ministry of Finance is limited within the line Ministry.
- The low number of completed water points in 2005 was due to the fact that there were no pumps available to install on the newly constructed water points (new water points without pump were not counted as completed).
- Spending procedures in the francophone system consist of four phases: commitment, verification, authorization and payment. In this system execution and payment are strictly separated. The latter being centralized within the Ministry of Finance.
- Payments to contractors are being made in a very late stage.
- A special element in the lagging behind of payments with regards to physical realizations is the reluctance of suppliers to ask for advances and interim payments. Getting paid is a cumbersome and, probably, costly process and many suppliers prefer to “pass by the cash desk” only once. This implies that the costs involved in getting paid are higher than those of pre-financing the claimable amounts. It can be readily assumed that these costs are incorporated in the prices of goods and services and that, by consequence, prices of goods and services are higher than they ought to be.

1.4 Decentralization

Decentralization got off the ground with the installation of elected municipal councils in 2003. In the fields of drinking water, health and education the 1999 Benin legislation on decentralization provides major decision making powers to local government units. The structure of the decentralized State is indicated in table 1.2.

Table 1.2 : Structure of the decentralized State

Structure	Number	Status	Authority	Description
Province (Département)	12	Administrative Unit (Circonscription administrative)	Governor (Préfet covers two provinces)	Nomination by Council of Ministers
Municipality (Commune-ancienne sous-préfecture)	77	Decentralized territorial Unit (Collectivité territoriale décentralisée)	Mayor (Maire)	Élected in 2003
Former Municipality (Arrondissement - ancienne commune)	546	Local Administrative Unit (Unité administrative locale)	Chief (Chef d'arrondissement)	Élection in 2003
Village (Quartier de ville)	3 628	Local Administrative Unit (Unité administrative locale)	Village Chief (Chef de village ou de quartier)	Elected since 1990 by villagers

Source : Royal Tropical Institute (KIT) document on decentralization 2007

The role and responsibilities of various parties changed over time as a consequence of the decentralization process in the rural water sector (see table 1.3). Capacity at local level to take over decision making responsibilities remains limited. The strengthening of the technical and managerial capabilities at local level is a top priority in the development process.

Table 1.3 : Evolution of the roles and responsibilities of various stakeholders in the water sector

Activities	1994	2003 Decentralisation	Ongoing processes of change (since 2005 strategy)
Policy formulation and monitoring strategies	Director General for Water (DGEau)	Director General for Water (DGEau)	Director General for Water (DGEau)
Information ; demand management ; intermediary	Former municipality (Communauté) Director General for Water, Provincial Division for Water and	Former municipality (Communauté) and Community, NGO and Provincial Division for Water	Management with NGOs ; reduced role of the Provincial Division for Water (Gestion SIS). Increased role municipality and lower levels

	NGOs		
Planning and programming of the investments	Provincial Division for Water (SEau)	Municipality and Provincial Division for Water	Provincial Division for Water (SEau)
Financial management, tendering and payments (Gestion financière ; passation marché ; paiement)	Directorate General for Water (DGEau) and donors	Provincial Division for Water and donors, treasury and province	Municipality for NGO participation and Provincial Division for Water for other activities, province
Implementation of physical works	Private sector and Provincial Division for Water (SEau)	Private sector and Provincial Division for Water (SEau)	Private sector and Provincial Division for Water (SEau)
Management and monitoring of works	Water Management Committees, Water Users Associations, craftsmen	Municipality, Water Management Committees, Water Users Associations, craftsmen	Professional management together with Municipality, Water Management Committees, Water Users Associations, craftsmen
Water quality	Directorate General for Water	Provincial Division for Water (SEau)	Provincial Division for Water (SEau)

Source: Royal Tropical Institute (KIT) document on decentralization 2007

1.5 Poverty Reduction Strategy Paper

In December 2002 the first PRSP 2003-2005 stated that a stock-taking over a decade of adjustment in Benin shows that notwithstanding the restoration of the of the major economic equilibria and the progress made in the social area, poverty persisted and was worsening in rural areas. The PRSP did pursue a twofold objective of achieving macroeconomic stability and appropriately responding to social demands, giving high priority to social sectors.

In April 2007 a new PRSP strategy document for 2007-2009 has been launched (Stratégie de Croissance et de Réduction de la Pauvreté – SCR). Access to potable water is one of the MDGs. The PRSP is not consistent in reporting on the present situation regarding water supply. In an overview it states that 76% of the population has access to safe drinking water but the same document later states that only 41% in rural areas and 50% in urban areas have access to safe drinking water. Financial figures in the PRSP are difficult to understand. For 2007 the PRSP estimates the costs for the drinking water supply programme at 5.1 billion FCFA. This is in sharp contrast with the programme budget for 2007 which already amounts to 18.6 billion FCFA. The figure of 5.1 billion FCFA corresponds to the figure for investments from own resources in the budget of the Ministry for Mines, Energy and Water. However, this figure also covers investments in the mining and energy sector. Investments from GOB resources in the 2007 Programme Budget amount to 3 billion FCFA. The PRSP does not foresee a significant relative increase of expenditures in the water sector. The only sub-sector that is expected to grow significantly is Environment and Protection of Nature.

1.6 Foreign Aid

The total ODA over the period 2003-2005 was USD 343 million per year (see table 1.4). The bilateral share of the ODA is approximately USD 190 million per year over the same period.

Table 1.4 : Basic data ODA in Benin 2003-2005

Receipts	2003	2004	2005
Net ODA in USD million	295	385	349
Bilateral share (gross ODA)	61%	55%	54%
Net ODA/GNI	8.4%	9.6%	8.2%
Population (million)	7.9	8.2	8.4
GNI per capita (atlas USD)	380	450	510

Source: OECD, World Bank

The total Netherlands aid represented 4.5% of the total ODA (2004-2005 average). The Netherlands contribution to the water sector is substantial. The top ten donors of gross ODA (2004-2005 average in USD millions) are the following: EU (70), France (64), IDA (54), AfDB (35), Denmark (34), Japan (32), Germany (26), USA (26), Netherlands (17) and Belgium (14).

Ongoing donor supported WSS programmes and projects in 2006

With reference to the water sector the Netherlands is an important player since 2004 as shown in table 1.5.

Table 1.5 : Ongoing donor supported WSS programmes and projects in 2006

Partner	Title programme	Implementing organization	Contents	Amount in Euro	Period
KfW	Programme d'Hydr. Phase 3	Directorate General for Water/SONEB	Boreholes, latrines		2003-2005
	Programme d'Hydr. Phases 4 and 5	Directorate General for Water/SONEB	Boreholes, latrines, urban systems	4.000.000	2005-2008
	Mesures d'Urgences AEP Cotonou	SONEB	Co-funded with GON and BOAD	unknown	2005-2006
GTZ	PEP Technical collaboration	Directorate General for Water/SONEB	Studies, support to KfW programme Regional National	15.000.000 7.000.000	2004-2015 2004-2008
Danida	PADSEA 2	Directorate General for Water; Directorate for Hygiene and Sanitation/Private sector	Budget support PBO, institute. Support WS and S, support private sector	37.300.000	2005-2009
AfD	PADEAR	Directorate General for Water	Boreholes, institutional strengthening various levels	10.000.000	2004-2008
JICA	Japanese support programme	Directorate General for Water	Boreholes	?	2006-?
Netherlands	Eau III	Directorate General for Water	Boreholes, rehabilitations and purchase pumps	4.600.000	2005-2006
Netherlands	Co-funding KfW phase 4	Directorate General for Water	Construction 8 piped schemes	1.900.000	2006-2008
Netherlands	Mesures d'Urgences AEP Cotonou with KfW and BOAD	SONEB	Co-funded with KfW and BOAD	2.000.000	2005-2006
AfD, Danida, Netherlands, KfW/GTZ, EU	Common fund small towns	Directorate General for Water	Studies and implementation piped schemes	2.200.000 2.700.000 3.000.000 5.000.000	unknown
EU	Water Facility (Initiative Eau)	Directorate General for Water	Subsidy to GTZ, UNICEF and PROTOS for water sector	6.700.000	2005- unknown
West Afr.Dev.Bank (BOAD)	Mesures d'Urgences AEP Cotonou with KfW and BOAD	SONEB	Co-funded with KfW and GON	unknown	2005-2006
	13 small dams for livestock	Directorate General for Water	unknown	unknown	unknown
World Bank	Through GBS	Directorate General for Water	unknown	unknown	unknown
PEA (Programme Eau et Assainissement)	Water treatment in urban areas	SONEB	Study	2006	unknown
PROTOS?	Local IWRM	Benin Water Partnership	See EU water facility	unknown	unknown
UNICEF	AEP Rural	Directorate General for Water	See EU water facility	unknown	unknown

Source: PPEA Document de Programme, 2006

According to data from the Directorate General for Water the total donor commitment (as of present) in the water sector over the period 2004-2011 amounts to Euro 242 million. The total Netherlands commitment of the period 2004-2010 is approximately Euro 65 million

(including the Euro 52 million commitment for the Comprehensive Medium Term Water Sector Support Programme) representing 27% of the total donor commitment over the same period.

The role of Danida

Danida has supported the WSS sector in Benin since it adopted a new strategy for cooperation in 1994. In this new strategy Danida adopted the Sector Programme Support (SPS) approach for programme design and implementation. During the early years of this strategy Danida contributed to the rural water supply and sanitation sector through World Bank initiated projects. In 1998 Danida started its own Water Sector Support Programme in Benin with its first "Programme d'Appui au Developpement du Secteur de l'Eau et de l'Assainissement (PADSEA), which was in conformity with the national strategy for rural water and sanitation and with Benin's Programme d'Assistance au Developpement du Secteur de l'Alimentation en Eau et de l'Assainissement en Milieu Rural (PADEAR). This first sector programme was executed over the period 2000-2004. The major components for the programme were: i) rural water supply and hygiene education in four provinces; ii) sanitation in four provinces; iii) institutional support to the central and provincial institutions for WSS and iv) private sector development. Since 2005 the second sector programme (PADSEA 2) is operational covering the period 2005-2009 for a total amount of Euro 37 million.

In addition, substantial funds were made available for Technical Assistance at national and regional level. As compared to the first sector programme the second one also allocated funds for WSS initiatives in semi-urban centers. Moreover, a major shift in financing was made as funds were channeled through the Directorates General for Water and the Directorate for Hygiene and Sanitation. The Danida programme gradually evolved from implementation together with a multi-lateral agency in the 90s, then project implementation and sector programme support in the last few years. Danida played (and still plays) an important role in policy operationalization and institutional strengthening at various levels. Danida TA is very instrumental in this respect.

The donor support in the water sector heavily relies on four donors: Denmark, Germany, France and the Netherlands. There is a tendency amongst these donors to move towards sector support in the water sector. Such a sector support does not exist in other sectors.

1.7 Assessment contextual conditions SWAp

The enabling environment for SWAp in the water sector in Benin can be considered favorable with special reference to the ongoing decentralization and de-concentration policies and processes, a number of committed bilateral donors in the water sector and substantial long term and short term TA at national and regional level. The enabling environment regarding Public Finance Management is not favorable for the water sector.

Decentralization and de-concentration

Decentralization got off the ground with the installation of elected councils in 77 municipalities (communes) in 2003. In the field of drinking water, health and education the 1999 legislation (Local Government Law) provides major decision making powers to these municipalities. Within this context of decentralization the role and responsibilities of the various actors in the rural water sector is in a major process of change with special reference to the Provincial Water Division and the municipalities. The de-concentration process is complementary to the decentralization process. The capacity to take over the decision making responsibilities at local level still is limited and needs to be strengthened. Transferring responsibilities to local level at an early stage will accelerate such a process (as done under the Netherlands funded rural drinking water supply project, Eau 1).

Macro-meso-micro relations

These relations are well developed in the field of planning and implementation with special reference to the relations between national and provincial (meso) level. Technical Assistance (TA) for capacity building at meso level played an important role in this respect. The relations between the meso and micro level are being strengthened within the context of the decentralization process. Within this process the role of the meso (provincial) level has to change from implementer to facilitator. The quality of the relations in the field of monitoring and evaluation remains limited. Moreover, a number of data gathered at meso level is not being analysed and exploited at national level.

Committed bilateral donors and TA

Danida has been involved in the water sector in Benin since the 90s, both at national as well as at regional level through implementation projects, capacity building at various levels and substantial TA at national and regional level. Moreover, KfW/GTZ and AFD also play an important role in the sector. These three donors provided substantial expatriate and local long term and short term TA at national as well as at regional level. This TA has played and still is playing an important role in the development, operationalization and implementation of (sub) sector policies within the GOB administration. The substantial TA component in the water sector also has the implicit danger of taking over tasks and responsibilities of national staff concerned.

Public Finance Management (PFM)

The situation regarding PFM is not favorable for the water sector although general progress in PFM has been made through; i) the computerized Integrated Financial Management Systems (Systeme Integre de Gestion des Finances Publiques-SIGFIP); ii) the PFM reform strategy document as agreed upon in 2005 and; iii) substantial Danida, BAD, AFD and Netherlands support to implement the reform.

The following major weaknesses in the PFM can hamper progress in the water sector with special reference to those activities which are fully channeled through the GOB financial budget and expenditures systems and procedures(as the Netherlands supported activities are):

- The necessary decisions from the Ministry for Mines, Energy and Water on the budget are communicated to the regional level not earlier than five months after the start of the budgetary year (In 2007 the Provincial Water Division - Seau did not receive notification as yet on June 23, the date of our field visit). This seriously hampers the start of all activities as far as these are fully implemented through the GOB financial systems and procedures.
- Budget execution is an extremely slow process and consequently private contractors are paid at a very late stage. This hampers progress in implementation and leads to frustration at regional and local level.
- There is insufficient insight into the major bottlenecks related to PFM in the water sector. Consequently there is disagreement amongst the Ministry of Finance and the Ministry of Mines, Energy and Water (MMEE) regarding responsibilities for the delays and solutions to be found. The communication between both ministries is not sufficient although a representative from the Ministry of Finance is posted in the MMEE. There are strong indications that the major problems are concentrated within MMEE (line ministry) itself (e.g. lack of knowledge on existing PFM systems, budgeting procedures, etc.).
- The GOB vote for running costs in the water sector remains more or less stable, while the number of water points to be installed increases substantially and consequently also the need for monitoring and evaluation will increase. Moreover, the new GOB role for the Provincial Water Division requires substantial input in the strengthening of relations with and building capacities of the local government units. Insufficient and late arrival of operational funds at regional level are major constraints and are as important as the

capacity problem itself. The vote for running costs for sanitation under the Ministry of Health is minimal.

The Netherlands is at present the only donor which channels nearly all funds fully through the GOB financial system using all GOB financial procedures. Therefore the PFM problems specially hurt the implementation of the Netherlands programme in the water sector⁴. Due to the weaknesses in the PFM system, the beneficiaries suffer from delays in the implementation of water points, while the private enterprises suffer through very late payments of the bills. Moreover, the unfavorable PFM situation hampers the ongoing and new GON programme. This could also lead to frustration amongst the Provincial Water Division (Seau) staff. The new GON supported Comprehensive Medium Term Water Sector Support Programme (PPEA-component 1) includes support to the Ministry of Finance for PFM.

⁴ However during the donor meeting regarding the water sector it became clear that also other donors like Danida, AFD and GTZ/KfW are confronted with low budget execution rates due to PFM problems. The 2007 budget execution rates as of end of June 2007 varied from 0% to 10% amongst the four major donors.

2. THE WATER SECTOR

2.1 General

Water resources in Benin are abundant. In terms of quantity there is no risk of water shortage even in the longer term perspective, as demand is negligible compared with available resources. In an average year there is 13 billion m³ available and the recharge of the aquifers amounts to approximately 1.8 billion m³. Currently only an insignificant part of the water resources (1 percent) is utilized. However, there are problems in the distribution of water resources in time and space. Some geographical regions have abundant water resources (e.g. the coastal basin), while other regions have less access (e.g. Plateau region). Finally, Benin will be exposed to water quality problems certainly in densely populated regions, because of contamination of water resources. Serious problems with groundwater contamination already occur in regions with substantial cotton production (nitrate pollution).

2.2 Institutional framework

Public sector⁵

The Ministry of Mines, Energy and Water (Ministère des Mines, de l'Énergie et de l'Eau - MMEE) is responsible for water supply in rural and semi urban areas through the Directorate General for Water (Direction Générale de l'Eau). At provincial level the Directorate General for Water is represented in the Provincial Water Division (Services de l'Eau) of the eleven Provincial Directorates for Mines, Energy and Water (Directions Départementales des Mines, de l'Énergie et de l'Eau). The provincial division is the implementing agency (maître d'ouvrage) for the implementation of facilities in the regions. The Directorate General for Water was the first Directorate that re-organized its structure in conformity with the policy on de-concentration.

MMEE is also responsible for Integrated Water Resources Management (IWRM) through its Director Planning and Water resources, a small unit under the Directorate General for Water. This unit only consists of four staff.

The Société Nationale des Eaux du Benin (SONEB), a structure with administrative and financial autonomy under the Ministry for Mines, Energy and Water is responsible for urban water supply as well as for the treatment of used water.

Irrigation and other water resources for agriculture, husbandry and fisheries are the responsibility of the Ministry of Agriculture.

The Directorate for Hygiene and Sanitation (Direction de l'Hygiène et de l'Assainissement de Base - DHAB) is a part of the Ministry of Public Health and is responsible for the development and implementation of the national policy on hygiene and sanitation in both urban and rural areas. At provincial level the DHAB is represented by the Division (Service) Infrastructure, Equipement, Maintenance, Hygiène et Assainissement de Base. DHAB directly works in institutions, such as schools, health centres, and markets. It shares responsibility for sanitation with SONEB, municipalities and departments in the Ministry of Environment, Housing and Urbanism (MEHU) and Ministry of Public Works and Transportation.

Local government

WSS is the responsibility of municipalities since 2003. However, due to weaknesses in the local government structure and a lack of financial means, local government still is not in a

⁵ See organogram in annex 6

position to take over responsibilities for planning and implementation. The lack of technical staff to plan, appraise designs and supervise construction of facilities does not qualify them as yet to become fully responsible for the establishment of facilities. The strengthening of technical capabilities at local level is a priority.

Rural communities

The rural communities (users) are closely involved in the implementation and management of water facilities. Moreover, they are consulted on the technological choices and are being assisted in the establishment of the future management structure: Water Management Committees (Comités de Gestion des Points d'Eau -CGPE) and Water Users Associations (Associations d'Usagers d'Eau -AUE). The Water Management Committees are directly responsible for the management of facilities. The Water Users Associations (AUE) generally delegate Operation & Maintenance of the piped water schemes to a remunerated individual.

2.3 Civil society and private sector

Civil society plays a role in the water sector with special reference to the Benin Water Partnership, PROTOS, CREPA, Helvetas, Plan Benin, SNV and a number of small local NGOs partly organized in Area Water Partnerships (Points Focaux through Benin Water Partnership). The importance of the NGOs mainly refers to the following components:

- Strengthening the decentralization process through support to local level government with special reference to water.
- Support to concrete activities in the field of water supply
- Support to concrete local IWRM pilot activities, e.g. in the field of conflict resolution on water use.
- Awareness creation and training in the field of WSS.

The Benin Water Partnership (part and parcel of the Global Water Partnership) takes a special position in the water sector. It is a neutral platform consisting of approx. 100 member organizations including NGOs, ministries, local government units, development partners and private sector. The Benin Water Partnership aims as a neutral platform to contribute to: i) the understanding regarding IWRM at all levels; ii) the facilitation and formulation of water policies and plans and; iii) the implementation of local level pilot activities in the field of IWRM.

The Benin Water Partnership took a number of initiatives leading to six substantial partnerships and projects with the following organizations:

1. Support Programme to IWRM aiming at: i) the establishment of operational area water partnerships; ii) awareness creation amongst many parties regarding water problems and IWRM issues and support and; iii) operational support to the policy and legislative aspects of the IWRM process. This programme was co-financed by the Royal Netherlands Embassy, 2005
2. Consortium with PROTOS to conduct an inventory on IWRM issues in 12 departments, produce an operational manual on IWRM and the start of pilot activities in the field of IWRM
3. Water management Programme focused on pilot activities in four regions in the field of IWRM, EU 2005-2006
4. Strengthening of the IWRM planning process with Netherlands assistance through GWP, 2005-2008. This programme is implemented together with the Directorate General for Water.
5. Support to Local IWRM issues/activities financed by EU and implemented together with PROTOS, SNV, Helvetas, CREPA and A4A in 22 municipalities.
6. Participation in the Netherlands funded Comprehensive Multi-year water sector programme, IWRM component.

In 2005 the Benin Water Partnership took the initiative to apply to GWP for funding to strengthen the IWRM planning process in Benin. This initiative was stimulated through the first National Water Forum. The document presented in September 2005 was of a good quality and included a clear set of activities to be undertaken under the following three major components:

- Support to the elaboration of a national IWRM action plan.
- Support to the strengthening of CWP through capacity building of its Area Water Partnerships.
- Support to inclusion of water issues in poverty reduction activities

The total financial funding requirements were estimated at Euro 2.7 million of which Euro 540,000 to be funded through GWP. The GWP funding concerned all components and was meant to meet the minimum requirements to strengthen the IWRM planning process. The strengthening of the IWRM planning process through GWP (with Netherlands funding) was formalized in MOUs between GWP and the Government of Benin as well as between GWP and CREPA/WVP Benin.

The Benin Water Partnership received substantial support from the Netherlands directly through the Netherlands Embassy (Comprehensive Multi-Year Sector Programme) as well as indirectly through Netherlands central level support to GWP for the preparation and implementation of IWRM plans in seven African countries. Till present the Benin Water Partnership achieved the following:

Role in policy influencing: The Benin Water Partnership played and still plays a major facilitating role in the preparation, formulation and awareness creation regarding the Water Charter, the Water Policy and the IWRM action plan. The major result of its role is an improved quality of the Water Charter and an acceleration of the approval process of the water charter. The facilitating role has the following aspects:

- Provision of know how on IWRM through awareness raising and training
- Increasing people's participation in the preparation process
- Contribute to the answering of questions from the Supreme Court regarding the proposed Water Charter and facilitating meetings in this respect.
- Lobbying amongst MPs and create awareness amongst them to approve the water charter
- Getting the water charter on the agenda of the parliament (present sessions late 2007)

Parliamentary approval of the water charter is a long process. CWP's commitment to push it through is very important as WB, AfDB and Danida funding in IWRM is held up due to the slow decision making process.

Role in starting up of pilot activities in the field of IWRM: The Partnership puts much efforts in the stimulation of IWRM pilot activities at local level. The Partnership is convinced of the need to demonstrate the importance of IWRM through concrete activities at local level as the IWRM concept as such is not easy to be understood.

Role in awareness raising: Awareness raising activities have been undertaken at all levels, good quality manuals were produced. In view of the above the Benin Water partnership earned a lot of credibility amongst all parties in the water sector. The Netherlands support to the Partnership was important to enable it to play its role.

Apart from the Benin Water Partnership SNV and CREPA also receive Netherlands support within the context of the Comprehensive Multi-year Sector Programme.

The role of the private sector is focused on drilling activities. Private as well as semi-autonomous drilling companies mainly implement WSS activities in the rural areas.

2.4 Sector policy and sector reform

The Policy Framework

Benin does not yet have an approved national policy or sector framework for the water sector. A Water Charter is under parliamentary approval while a water policy has been prepared and will be approved by the Council of Ministers in 2008. An IWRM action plan is under preparation. Plans and strategies per sub-sector (rural, urban drinking water supply and sanitation) are summarized in table 2.1 and will be described in this paragraph.

Table 2.1 : Policy framework and status of policies and strategies in the water sector

	Policy/strategy	Sub-sector	Status/year of approval
	<i>Rural Water Supply</i>		
1.	Strategy on Rural Water Supply and Sanitation	Rural WS	1991
2.	National Strategy for WSS in rural areas AEPA 2005-2015	Rural WS	In draft awaiting approval
3.	Water Budget Programme	Rural WS	Started in 2002, ongoing and rolling programme
	<i>Urban Water Supply</i>		
4.	Long term SONEB investment plan (10 yrs)	Urban WS	In draft
5.	New strategy for Urban Water Supply 2006-2015	Urban WS	Ready, waiting for approval
6.	Provisional Plan for Company Development (5 yrs)	Urban WS	Under preparation
	<i>Sanitation</i>		
7.	National Sanitation Policy	Sanitation	1994
8.	National Sanitation Programme and sanitation manual	Sanitation	2003
9.	Sanitation Budget programme	Sanitation	Under preparation
	<i>Water policy - IWRM</i>		
10.	Water Charter	IWRM	In parliament for approval during ongoing session
11.	National Policy for Water	IWRM	Draft version ready for approval by Council of Ministers (waiting for approval of Water Charter by parliament)
12.	IWRM action plan	IWRM	Under preparation

Source: various GOB documents

Rural water supply

In rural areas and small towns, a national strategy was developed (1992) and implemented in the 1990s, as a result of a rural WSS programme (PADEAR), which created a unified framework for WSS interventions. This strategy was based on a demand driven approach to increase ownership by rural communities and herewith to guarantee sustainable operation and maintenance. The basic principles of this strategy were: i) the decentralization of decision making; ii) the financial contribution of the communities towards the investment costs of facilities; iii) a search for cost reductions in investment and operations of the systems and; v) the privatization of construction and maintenance activities making the maximum use of national and local implementation capacities. Moreover, hygiene education was considered to be part and parcel of the rural WSS programme while the role of the Directorate General for Water was meant to change from implementer towards facilitator.

Recently the strategy has been renewed to focus on achieving the MDGs, and is premised on a demand-responsive approach (Stratégie nationale de l'approvisionnement en eau potable en milieu rural du Bénin – AEPA 2005-2015). The guiding principles for this strategy are: i) decentralization of decision making towards local level based upon demands from users; ii) user participation in funding, management and the Operation & Maintenance of the facilities; iii) research to reduce investment costs; iv) privatization of construction, management and local level institution building; v) strengthening of the technical and

administrative de-concentration process and; vi) the changing role of the national level agencies.

The rural and small towns sub-sector has adopted a programmatic approach through its Water Budget Programme (Budget Programme par Objectif – BPO). This is in effect a MTEF started in 2002. The BPO seeks to balance investment amongst the different districts throughout the country, and also tracks expenditures. Most donors are aligned with the BPO, which accounts for about 90% of rural and small town financing.

Water supply and small towns and peri-urban areas

Three million people in small towns (more than 2.000 inhabitants) are not covered by the SONEB investment plan. Approximately 50% of these inhabitants have no access to improved WS. A Water Initiative (“Initiative Eau”) has been launched to start a common fund to achieve MDGs in small towns and peri-urban areas. The institutional structure to reach this group remains unclear as of present.

Urban water supply

In urban areas, SONEB (Société Nationale des Eaux du Benin) is a new, national public service provider in charge of water supply in urban areas. At present, the urban sub-sector lacks a cohesive strategy. Discussions were held towards the end of 2006 to start a planning process. A draft is ready. One of the major challenges for the urban sub-sector relates to billing and financing. It is expected that these two new policy documents – a long term investment plan (with a ten year horizon), and SONEB’s Provisional Plan for Company Development (with a five year horizon), will help to organize the sector more effectively.

The new strategy 2006-2015 for urban WS is in the approval process. The strategy has three main objectives: i) reach 75% coverage in 2015, which means that 3 million people will receive improved WS⁶; ii) ensure economic and financial sustainability of the systems in 2015 and iii) ensure access to water for the poor.

The focus of the water sector in the urban and semi-urban areas is on (i) maintaining the water supply network operational; (ii) increasing the capacity of water supply networks; (iii) improving the connection rate to the supply network; (iv) applying an appropriate tariff policy through, among other things resumption of social connections; and (v) expanding the drinking-water supply, system to serve all neighborhoods of the urban and sub-urban centers.

Integrated Water Resources Management (IWRM)

In the last few years, Benin has embarked on an ambitious policy reform programme for Integrated Water Resources Management (Gestion Intégrée des Ressources en Eau – GIRE) that includes updating its Water Charter (the existing one if ineffective), creating a coordination unit for the sector, as well as a National Water Council, drafting a National Policy for Water, and establishing four inter-communal agencies throughout the country. While the policy frameworks are not completed the Water Charter is expected for approval towards the end of 2007 or early 2008. The National Policy for Water is ready in draft and waits for approval by the Council of Ministers. Approval can only be granted after parliamentary approval of the Water Charter. Other relevant strategies include the 1999 Local Government Law, which identifies communes as responsible for WSS. The Benin Water Partnership plays an important role in the stimulation of the IWRM development process in Benin.

⁶ The present urban coverage is estimated at 50% in 2005 meaning that 1.4 million people receive improved WS in urban areas. An additional 160.000 people per year require improved WS to reach the 75% coverage objective in 2015.

Sanitation

The objective of sanitation is to improve the living environment of the population and thereby help to reduce poverty. Under the devolution policy substantial authority regarding sanitation is transferred to local governments.

In the field of sanitation three documents are relevant (see also table 2.1) :

- The 1994 National Sanitation Policy (Politique Nationale de Developpement du Secteur de l'Assainissement).
- The National Sanitation Programme (Programme Nationale de l'Hygiene et de l'Assainissement de Base) has been developed in 2003. This programme includes an analysis and has three components : hygiene education, institutional strengthening of DHAB and the strengthening of decentralized structures (SHAB). The sanitation manual (Manuel de la Mise en Oeuvre de la Promotion de l'Hygiene et de l'Assainissement – PHA) translates the sanitation programme in operational terms.
- A Sanitation Budget Programme, which is under preparation.

The sanitation sector encounters a large number of problems. One of the major problems is that the responsibilities for hygiene and sanitation are spread amongst various institutions with none of the institutions playing the role of lead party. The role of donor agencies in the sanitation sector remains limited.

2.5 Summary assessment institutional capacity

The Directorate General for Water was an early adopter of the de-concentration policy with World Bank and Danida assistance. Decision making and resources were de-concentrated towards the provincial level (e.g. assessment of local demands for water points and decision making on tendering). The de-concentration process was intensively monitored and audited with the assistance of donors. Danida provided substantial Technical Assistance at national and provincial level for capacity building of staff. The staffing situation at provincial level is relatively good.

The decentralization policy provides substantial decision making powers on water supply and sanitation to the municipal level. While Benin has experienced considerable progress over the last few years, especially in the rural sub-sector, the country still faces considerable capacity constraints. This to the extent that capacity may be a bigger issue than financing. At a national level, public companies face a shortage of skilled personnel, and even where skilled staff is available they tend to work under short-term contracts. This limits their effectiveness. Many municipalities were only created in 2003. With decentralization, local authorities are increasingly responsible for WSS. To do their jobs effectively, capacity is needed for public administration, public finance and procurement/hiring and managing of the private sector.

The Directorate for Hygiene and Sanitation does not function properly. It lacks staff and has a very limited operational budget. The donor assistance to the Directorate is limited to short term technical assistance which will not lead to an early “take-off” of the sector. The sub-sector needs innovative ideas. However, also the donors lack ideas how to develop the sub-sector in a consistent and systematic manner. The Ministry of Health does not give any priority to sanitation in its policy. None of the institutions involved takes the lead in the development of the sanitation sub-sector. The national policy as well as the donors show not enough interest. Substantial Technical Assistance as well as political commitment will be required to improve the situation in the sanitation sub-sector.

Monitoring and evaluation

Benin's first PRSP (2003-2005) calls for a harmonized overall M&E system, which would include a coordinating network of NGOs, the private sector and the government. For the water sector, as part of its sub-sector strategy, Benin's rural sub-sector has developed a clear M&E framework with linkages between objectives, activities, expected results and expenditures. Particular attention was paid to quantifiable and cost-efficient indicators. These activities are largely donor funded and focused at national level. They are dissociated with local level monitoring, or local empowerment to monitor. In the urban sub-sector, M&E is barely existent. In both the urban and rural sub-sectors sanitation monitoring is very poor.

It should be emphasized that the data on WSS coverage substantially differ from one source to the other⁷. This makes planning and monitoring of the coverage a rather vague exercise. A common definition, commonly agreed baseline data and projections are the least one can expect in a situation where partners talk about harmonization and alignment.

2.6 Water sector budget and external funding

The total investment in the drinking water sector will increase with 50% during the period 2005-2009. The budget for running costs remains stable over the same period. The external funding components of the investments remains very high with over 80% over the same period (see table 2.2).

Table 2.2 : Running costs and investments in the drinking water sector 2005-2009 in FCFA

Budget	2005	2006	2007	2008	2009
Running cost	1.014.014	1.028.270	910.575	982.289	989.995
Investments	13.294.901	14.492.681	14.998.753	18.422.622	19.886.965
Of which external funding	11.231.607	11.796.126	12.032.753	15.456.622	16.320.965
In %	84%	81%	80%	84%	82%
Total	14.308.915	15.520.951	15.909.328	19.404.911	20.876.960

Source: MMEE: *Budget-Programme Gestion 2007-2009*. Cotonou, September 2006

The data as presented in table 2.2 are not consistent with the conclusions drawn in the 2007 retrospective study on Danida support to the drinking water sub-sector. This study concludes that the national budget for running costs within the Directorate General for Water increased from 2001 onwards as a result of the GOB agreement with Danida to jointly increase the national operational budget over a long period⁸.

2.7 Political will and commitment

The GOB interest in the water sector with special reference to achieving the drinking water MDGs increased over the last years. This is shown by the preparation of policy and plan documents, the introduction of the Water Budget Programme for rural water supply and the establishment of SONEB as an autonomous organization within the GOB government system (for urban water supply). The Gob contribution for the water sector remained at least stable. The interest for IWRM and sanitation is less pronounced.

The overall political will and committed can be positively assessed for the following reasons:

⁷ Data and projections regarding the number of people living in rural, peri-urban and rural areas and the coverage of water supply and sanitation differ very substantially from one source to the other (Directorate General for Water, SONEB and the National Statistical Institute). The projections of the Directorate General for Water as expressed in the Water Budget Programme are probably much too high. This leads to an over-estimation of the number of new water points required in the rural areas to meet the MDGs.

⁸ Etude retrospective sur la mise en oeuvre et l'impact de l'approche programme dans le secteur de l'eau potable en milieu rural en République du Bénin, August 2007, Embassy of Denmark, Cotonou.

- Benin is strongly committed to the water supply related MDGs. The present government even expressed its commitment to achieve the MDGS in 2011 instead of in 2015.
- The water sector is ahead of the other sectors with regard to harmonization and alignment. GOB has considerable ownership of the national sector policies, strategies and Water Budget Programme for the rural water sector.
- The de-concentration and decentralization process in the water sector is ahead of most of the other sectors.

The political will and commitment is less evident for the following aspects:

- The major PFM problems related to the water sector mainly originate from the Ministry for Mines, Energy and Water itself (see also chapter 3.4). The ministry has not taken sufficient steps to solve these problems.
- The recent replacement of a large number of the senior staff and decision makers within the Directorate General for Water (at the same time leaving a vacuum).
- The GOB budget for operational costs does not appear to increase over the coming years.

2.8 Assessment conditions in the water sector for SWAp

The enabling environment for SWAp in the water sector in Benin can be considered favorable in the field of policy preparation and formulation with special reference to the National Strategy for rural water and sanitation, a programme approach through a GOB Water Budget Programme for rural water (Budget Programme par Objectif) since 2002 and a reasonably functioning institutional structure in the water sector. However, the Directorate General for Water (DG-Eau) as well as the ministry concerned are rather weak with regards to the budgeting and other PFM issues.

National strategy

The National Strategy for Rural Water and Sanitation originates from 1992 and was up-dated and officially approved in 2005 as a demand based strategy (including users financial contribution) with a policy, advisory, monitoring and evaluation role for the GOB agencies, implementation through the private sector and NGOs and decision making at local government unit level and ownership at the level of local communities. The National Strategy is subscribed and adhered to by all donors.

Water Budget Programme

The rolling three year Water Budget Programme for rural water and sanitation (a road map) started in 2002 within the framework of the budget reform process. The Directorate General for Water (DG-Eau) pioneered with these rolling plans. These plans are agreed upon by all development partners and are the basis for implementation and monitoring. Danida TA played a major role in the preparation of this roadmap.

Institutional structure

The water sector is divided into a rural and urban sub-sector. The Directorate General for Water (DG-Eau) under the Ministry for Mines, Energy and Water (Ministere des Mines, de l'Energie et de l'Eau) is responsible for water supply in rural and semi-urban areas. At departmental level (regional level) SEau is the agency for the implementation of facilities in the regions. Their role is changing within the context of the decentralization process. DG-Eau functions reasonably well with special reference to the regional (departmental) level. This is partly thanks to the donor interest and related TA. Regarding PFM issues the Directorate General for Water and the ministry concerned function less effectively.

SONEB (Societe Nationale des Eaux du Benin) has administrative and financial autonomy under the Ministry (MMEE) and is responsible for urban water and treatment of used water. SONEB elaborated a policy, functions reasonably well and is supported by donors and TA.

The IWRM sub-sector is slowly getting off the ground. The parliamentary approval of the Water Charter (expected latest early 2008) will stimulate the IWRM development process as donors made the approval of the Water Charter conditional for their future assistance to IWRM (Danida and AfDB). The Benin Water Partnership plays an important role in the strengthening of IWRM in Benin.

The sanitation sector is institutionally dispersed over various ministries, has no leader, no keen donor interest and consequently is not strong. The Ministry of Health shows no interest in sanitation.

Besides the Benin Water Partnership's role in the preparation and formulation of IWRM policies and plans, civil society plays an increasing role in awareness creation and mobilization of the population at local level in the fields of decentralization, drinking water supply, hygiene education and conflict resolution on IWRM (water conflict) issues. The importance of the role of civil society within the decentralization process is gradually being recognized by GOB and the donors.

3. INPUTS DONOR

3.1 Netherlands support to the water sector

The Netherlands programme mix

The Netherlands input in the water sector started in 2004-2005 with support to rural water supply through three rural water supply projects (eau I, II and III) and diversified in 2006 towards the urban and semi-urban sub-sectors through support to the projects Urgency Measures Cotonou and the construction of eight small piped water schemes in small towns (see table 3.1). This diversification was in line with the MYSP 2005-2008. These five projects implemented during the period 2004-2007 were the stepping stone for a Comprehensive Medium Term Water Sector Support Programme consisting of rural, urban and integrated water resources management activities.(PPEA/RURAL/URBAN/IWRM).

Table 3.1 : Basic data major Netherlands funded water related activities in Benin 2004-2006⁹

Act.nr.	Name	Period	Total amount	Sub-sector	Executing agency	Remarks/modality
	<i>Five pilot projects 2004-2007</i>					
10205	Supply Drinking Water I 2004	October 2004 – January 2008	€ 2,621,427	Rural WS	DGH	DGH= General Direction of Hydraulic Engineering of the Ministry of Mining, Energy and Water
10997	Supply Drinking Water II 2004	December 2004 – January 2008	€ 2,339,483	Rural WS	DGH	
12888	Supply Drinking Water III	December 2005 – July 2007	€4,652,964	Rural WS	DGH	
13010	Urgency Measures Cotonou	December 2005 – December 2007	€ 2,000,152	Urban WS	SONEB National Water Societ Benin	First phase of large project AEP Cotonou with a second phase with major contribution expected from the EU Water Facility.
14494	Construction of 8 AEV	15 June 2006 – 15 June 2008	€ 1,976,920	Small towns WS	DGH	Co-funding with KfW in 4 departments as a starting point for a common fund (Initiative Eau) for small towns and peri-urban areas.
	<i>Just started Comprehensive Medium Term Water Sector Support Programme 2006-2012</i>					
15088	PPEA BP/RURAL 2007-2011	15 November 2006 - January 2012	€ 26,026,689	Rural WS	Ministry of Economic Development and Finance	Aiming at common fund and towards sub-sector budget support
15096	PPEA BP/URBAN	15 November 2006 - January 2012	€ 15,092,453	Urban WS	Ministry of Economic Development and Finance	Through common fund aiming at further upstream modality
15097	PPEA BP/GIRE (integrated management of water resources)	15 November 2006 – January 2012	€ 3,587,346	IWRM	Ministry of Economic Development and Finance	In addition specific project activities with SNV and two NGOs (CREPA and BWP) will be funded.

Source: RNE Cotonou, 2007

⁹ Excluding small activities like activity numbers 1829 on National Water Forum; 11214 on SNV water supply I; 13519 Joint review DHAB; 13950 on evaluation and formulation and 14299 Institutional audit. Together less than Euro 200,000.

Related to the newly started Comprehensive Medium Term Water Sector Support Programme additional technical assistance activities will be undertaken (see table 3.2). It concerns substantial funding to SNV for the strengthening of local level organizations (municipalities) within the context of the decentralization process, funding for CREPA for water issues and community organizations and the funding of the Benin Water Partnership for the promotion of IWRM at all levels. Inclusion of SNV, CREPA and BWP ensures that the macro-meso-micro relations will get attention with special reference to the micro level. The Comprehensive Medium Term Water Sector Support Programme consists of a modality mix including common funding, upstream modality towards sub-sector support and specific project modalities for the inclusion of civil society activities.

Table 3.2 : Basic data Benin Netherlands funded new water related activities 2007 onwards

Act.nr.	Name	Period	Total amount	Executing agency	Remarks/modality
15755	PPP Hand washing (Lavage des Mains)	15 February 2007 – July 2008	€ 606,415	Ministry of Economic Development and Finance	
15792	PPEA Missions 2007-2011	June 2007 – April 2012	€ unknown yet	Unknown yet	€ 600.000
16048	PPEA SNV 2007-2011	April 2007 – April 2011	€ unknown yet	Unknown yet	€ 4.300.000
Still to be registered	PPEA Benin Water Partnership 2007-2011	April 2007 – April 2011	€ unknown yet	Benin Water Partnership	€ 1.300.000
Still to be registered	PPEA CREPA 2007-2011	April 2007- April 2011	€ unknown yet	CREPA	€ 800.000
Still to be registered	PPEA Audits 2007-2011	November 2007-April 2011	€ unknown yet	Unknown yet	€ 300.000

Source: Netherlands Embassy Cotonou, 2007

Netherlands expenditures

The total Netherlands expenditures in the water sector in Benin amounted to Euro 12.254.000 during the period 2004-2006 (see table 3.3). The expenditures for rural water supply represent 66% of the total expenditures. The expenditures for urban water supply represent 25% of the total expenditures while the remaining 9% is shared by IWRM and small towns water supply.

Table 3.3 : Expenditures Netherlands funded water programme Benin 2004-2006 per sub-sector in Euro

Source of funding	2004	2005	2006	Total 2004-2006	Percentage
Rural water supply -total				8.049.000	66%
Eau I	2.076.000	-	257.000	2.333.000	
Eau II	1.688.000	-	261.000	1.949.000	
Eau III	-	2.567.000	-	2.567.000	
Comprehensive Medium Term Water Sector Support Programme – Rural component	-	-	1.200.000	1.200.000	
Small towns water supply (8 AEVs)	-	-		505.000	4%
8 AEVs			505.000	505.000	
Urban water supply				3.120.000	25%
Cotonou phase 1	-	1.266.000	634.000	1.900.000	
Comprehensive Medium Term Water Sector Support Programme – Urban component	-	-	1.220.000	1.220.000	
Water Resources Management			580.000	580.000	5%
Total	3.764.000	3.833.000	4.657.000	12.254.000	100%

Source :Database Netherlands Embassy Cotonou 2007

According to the data base of the Ministry of Foreign Affairs (FEZ, July 2007) sectoral support to the water sector amounts to Euro 10.2 million and represents 83% of the total expenditures for the water sector during the period 2004-2006. This total of Euro 10.2 million is labeled as sectoral support.

The Netherlands expenditures in the water sector in Benin nearly fully consist of bilateral delegated funding. Centrally managed funds for the water sector were only made available for Benin to the Benin Water Partnership through the Global Water Partnership in Stockholm for the preparation and formulation of IWRM policies and plans for a total amount of Euro 540.000.

3.2 Netherlands input in project aid

Eau I, II and III

Three rural water supply projects were implemented during the period 2004-2006. The common characteristic of these three projects is that the funding is fully aligned with the GOB financial system and procedures. All three projects did fit into the decentralization and de-concentration process. Main difference between the three projects are that the first project (Eau I) made maximum use of the opportunities offered by the decentralization process in which major responsibilities for planning, implementation and monitoring were given to the municipal level. Under the projects Eau II and III major responsibilities were given to the Provincial Water Division level. Lessons learned from these three pilot projects were incorporated in the Comprehensive Medium Term Water Sector Support Programme. The main characteristics of the three projects are indicated in table 3.4.

Table 3.4 : Basic data Programmes Eau I, II and III

Programme Eau I	Programme Eau II	Programme Eau III
<p>Objective: Facilitate improved water supply through municipalities from GOB budget (external and internal budget) Strengthen the delegation of sector funds to the meso (provincial) level</p>	<p>Objective: Stimulate drinking water sector to reach MDGs through: Reorganization of the roles and responsibilities of the central (Directorate General for Water) and de-concentrated meso (Provincial Division for Water) level Increase of decentralized budgets (credits delegues)</p>	<p>Objective: Contribute to an increase of the functioning water supply systems Increase of access to sustainable water point for rural population</p>
<p>Results expected: GON funds available for investments in 6 municipalities in 2004-2005 Effective tendering under the responsibility of the mayor Funding of the construction of 70 water points Tendering for purchase of 1000 hand pumps from GON funds Timely payment from the GON funds for the expenses made by the mayor</p>	<p>Results expected: GON fund available for investments in 7 provinces (departments) Effective tendering under the responsibility of the Governor (Prefet) Funding of the construction of 220 water points Timely payment from the GON funds for the expenses made by the prefet.</p>	<p>Results expected: GON funds available to the Ministry for Mines, Energy and Water, Directorate General for Water programme budget for central and de-concentrated level for: Rehabilitation of 460 water points in 4 provinces Construction of 90 new deep wells (forages) Purchase of 2000 hand pumps to "beef up" the national stock of hand pumps</p>
<p>Implementation constraints: Funds availability delayed Lack of information Climatic conditions caused delays in drilling Unclear fiscal principles and procedures Delays in payment of suppliers Lack of capacity at provincial and municipality level</p>	<p>Implementation constraints: See Eau I Lack of active involvement of municipalities in the planning and implementation of activities Drilling results improved thanks to better preparatory studies A 25% cost reduction of works as compared to Eau I</p>	<p>Implementation constraints: Substantial reduction of constraints thanks to lessons learned exercise</p>

Source: Document Aide sectorielle, 2006

Water supply in small towns

The construction of eight small piped water supply schemes in small towns (construction of 8 AEVs) is a co-funding of an ongoing KfW project. This activity is meant to be a starting point for a Common Fund for small towns and peri-urban areas. Although the project activity itself just started the broader objectives of starting with a Common Fund already are being achieved.

Urban water supply

The project activity Urgency Measures Cotonou is meant to be part and parcel of the first phase of a large water supply project in Cotonou with major contributions from other donors. The experience gathered through this (pilot) project provided input for the Comprehensive Medium Term Water Sector Support Programme, urban component.

3.3 Netherlands input in programme aid

The Comprehensive Medium Term Water Sector Support Programme (PPEA) 2006-2012 was built on the experience as gathered from the five project activities as described in chapter 3.2. An evaluation of the three rural water supply projects (Eau I, II and III) provided the building blocks for the new programme. The new programme consists of four major components, three sub-sectors and a multitude of participating parties.

Table 3.5 shows the different components of the programme as well as the different actors and the implementation structure. The Ministry of Finance will play a key coordinating role. The Steering committee as well as its Secretariat will fall under the responsibility of this ministry.

Table 3.5 : Components of the GON funded Comprehensive Medium Term Water Sector Support Programme

No.	Component	Organisation involved	Target group	Implementation structure	Advisory structure
1.	Strengthening Public Finance Management in support of de-concentration and decentralization for water sector	Ministry of Finance	Treasury, DG-Budget, DG-Water, Province, municipalities,	Directorate General Budget and Directorate General for Water	None
2.	Capacity development and transfer of responsibilities towards the municipal level	Ministry of Local Government, Ministry of Finance, National Association of Municipalities	Municipalities, provincial authorities, Directorate General Budget and DG Water, NGOs, Directorate Hygiene and Sanitation	Directorate Regional Planning, Directorate General for Water, Directorate Hygiene and Sanitation, Municipalities	SNV (Netherlands Development Cooperation)
3.	Investment and development of infrastructure for WSS	Ministry for Mines, Energy and Water, Ministry of Health, Municipalities and NGO (CREPA)	Municipality, private sector, local community	Directorate General for Water and Provincial Water Division, Directorate Hygiene and sanitation and Provincial Division, Municipality, SONEB (urban water authority), NGO (CREPA)	None
4.	Strengthening of the Integrated Water Resources Management process	Ministry for Mines, Energy and Water, Benin Water Partnership	National Water Council, Municipalities, civil society	Technical Coordination Committee IWRM, Benin Water Partnership	None

Source: Programme Pluriannuel d'appui au secteur de l'eau et de l'assainissement, document de programme, avant project final, September 2006

The various components are relevant for rural, urban and IWRM activities. The rural water support programme is the largest activity with a budget of Euro 26 million. The urban water support activity has a budget of Euro 15 million, while the IWRM activity amounts to Euro 3.5 million. Support activities by SNV, CREPA and the Benin Water Partnership (activities 3,4 and 6 in table 3.6) amount to approximately Euro 6.2 million.

Table 3.6 : Activities of the GON funded Comprehensive Medium Term Water Sector Support Programme

No.	Activity	Component	Contract with	Budget in FCFA (x 1.000)	Budget in Euro
1.	Rural Water Support Programme	1,2,3	Ministry of Finance	17.072.392	26.026.689

2.	Urban Water Support Programme	3	Ministry of Finance	9.900.000	15.092.453
3.	Technical support SNV	2	SNV	2.820.938	4.300.492
4.	Capacity building CREPA	3	CREPA	499.300	761.224
5.	Missions and audit	1,2,3,4	Unknown	575.000	876.582
	Integrated Water Resources Management Support Programme	4	Ministry of Finance	2.353.145	3.587.346
6.	IWRM Technical assistance Benin Water Partnership	4	Benin Water Partnership	833.575	1.270.777
	Total (excluding 5% contingencies)			34.054.379	51.915.566

Source: Memorandum COT PPEA BP/GIRE 2007-2011

The implementation of technical infrastructure is with 67% of the total budget by far the largest budget item under the new programme (see table 3.7). Capacity building and transfer of responsibilities towards the local (municipal) level and the contribution of NGOs represent 17% of the total budget.

Table 3.7 : Budget items the GON funded Comprehensive Medium Term Water Sector Support Programme

Budget category	Percentage
Contribution of local NGOs	7%
Technical studies	7%
Implementation technical infrastructure	67%
Technical Assistance (including SNV)	4%
Monitoring and support missions	1%
Capacity building activities	10%
Equipment	3%
Seminar and meeting costs	1%
Total	100%

Source: Programme Pluriannuel d'appui au secteur de l'eau et de l'assainissement, document de programme, avant project final, September 2006

The Netherlands programme will be aligned with national procedures except for a small component of management assistance by SNV, CREPA and the Benin Water Partnership. This management assistance is granted directly through the Netherlands Embassy as project support. The financing structure of the Comprehensive Medium Term Water Sector Support Programme is aligned in management terms except for the following issues: i) a special steering committee for the Netherlands programme; ii) direct contracting of SNV and NGOs; iii) bilateral evaluation missions and; iv) annual special audits of the programme.

3.4 Netherlands input in Public Finance Management in water sector

Public fund mobilization¹⁰

From the very start of the GON funded water programme nearly all funds were channeled through the GOB financial systems making use of all GOB procedures. All activities have followed the procedures related to non-delegated credit (to the Directorate General for Water) and delegated credit (to the provinces) from the very start. What changed was that the Netherlands Embassy in Cotonou, based on reports that the GOB did not have the means to pre-finance activities, allowed available funds in the BCEAO bank account to be advanced to the different existing "working accounts" rather than to use the BCEAO account to reimburse expenses already made by GOB at central and de-concentrated level. With this, the Embassy helped GOB to overcome the existing cash-flow problems, but it did not otherwise change the existing procedures for budgeting, payments and (financial) reporting.

¹⁰ See also schedule 1 : Institutional schedule for Financial Fund Mobilization

Although the fund mobilization improved considerably, a number of constraints still exist, specially at national level. At national level four major constraints still need to be solved: i) too slow finalization and approval of the provincial programme; ii) Bad communication within the Ministry for Mines, Energy and Water between the Directorate General for Water and the Directorate for Financial Resources as well as bad functioning of these Directorates; iii) Bad communication between the Ministry for Mines, Energy and Water and Treasury and; iv) Lack of solutions found as of present regarding the opportunities offered through multi-year funding (e.g. GON funding through new Comprehensive Medium Term Water Sector Support Programme).

At provincial level the major constraint is that the provincial level still is not fully aware of the opportunities offered by the de-concentration process and the principle of delegated credit. In fact, the provincial level still has a “wait and see” attitude towards the national level. The provincial level should play a pro-active role in ensuring that the budget approval for provincial activities will be communicated to them early in the financial year. Pressure of the province through the Governor and the Provincial Director of Financial Resources upon the national level upon to ensure early budget approval is required and is in line with the de-concentration process.

Analysis of the institutional framework and processes to get access to the delegated credit

An analysis of the five major phases starting at municipal level, going up to the national level through the provincial level and coming back to the provincial level as final phase provides insight into the real constraints (and levels) regarding the proper implementation of the system of delegated credit (for details see also annex 3). The main characteristics of the five phases can be summarized as follows:

Phase 1: Municipal level

At this level the demands for water points are collected, registered, prioritized based upon a local development plan and transmitted to the provincial level. The average time to finalize this phase is only two weeks. The implementation of this phase is fast .

Phase 2: Provincial level

At this level (Provincial Directorate for Mines, Energy and Water) demands are registered, checked with existing policies and norms, prioritized and transmitted with an indicative provincial programming to the national level. Moreover, a local NGO is contracted to start with preparatory activities. The average time to finalize this phase is one to two weeks. The implementation of this phase is fast.

Phase 3: National level (Directorate General for Water)

At this level demands are analyzed and verified with existing criteria. Moreover the following activities are undertaken; i) examination of funds available; ii) estimation of number of works to be realized per province taking into consideration unit costs; iii) proposal of the repartition of works per province; iv) submission of report to the Netherlands Embassy and approval meeting and ; v) information of provinces regarding the approved plan. The average time to finalize this phase is long (a number of months). During the field visit towards the end of June 2007 the provinces were still not informed about the approval of the plan. The implementation of this phase is very slow.

Phase 4: Directorate General for Water and the Directorate for Financial Resources (both within the Ministry for Mines, Energy and Water)

At this level the provincial budgets (credits) should be officially communicated to the provincial level. This process also is very slow as the official communication of the 2007

budget was not sent to the provincial level during the field visit towards the end of June 2007. The implementation of this phase is very slow.

Phase 5: Provincial level; the budget (credit) is officially communicated

Start tendering, requests made for delegated funds, start implementation of works, supervision of works, mobilization of beneficiaries with NGO support, finalization of works. This phase gets quickly off the ground.

The above analysis shows that the major constraints for an effective implementation of the delegated credit are caused by slow action at the national level. This is where the appropriate action is required.

Provincial level

The budget execution differs per province. During the field visit to the province of Zou the Danida and Netherlands budget and expenditures over the 2006 budget year were analyzed and compared.

Table 3.8 : Basic data Water Programme Province of Zou

Source of Funding	Programme/activity	Budget 2006 in FCFA (x 1.000)	Expenditures 2006 in 1.000 FCFA	Budget execution in percentage
Danida	PADEAR II-deep wells and small piped schemes	515.833	282.542	55%
	Ten large deep wells	179.400	91.854	51%
	Budget support for operational costs Provincial Division for Water (SE) Zou	42.556	41.262	99%
	Budget support, salaries for temporary staff Zou	5.223	5.223	100%
The Netherlands	Eau 1; 30 deep wells, operational costs and studies	126.195	58.662	46%
	Eau 2; 40 deep wells; operational costs and studies	258.600	242.777	94%
	Eau 3; 30 deep wells	262.000	244.580	93%

Source: Rapport Annuel 2006, SEau Zou (DDMEE Zou et Collines)

Regarding table 3.8 the following conclusions can be drawn :

- The budget execution of the Netherlands supported programme substantially improved from 46% for Eau 1 to 94% for Eau 2 and Eau 3. This is an indication that the procedures have improved substantially. At the one hand through a better knowledge of the procedures and at the other hand through better procedures of delegated credit (crédit délégué) instead of the original pre-financing arrangements.
- The budget execution rates for Eau 2 and 3 are superior to the execution rates for the Danida programme.
- The budget execution for operational costs under the Danida programme is substantially higher (99-100%) as compared to the investment programme (51-55%).

3.5 Netherlands contribution to harmonisation

The harmonization process in the water sector is progressing according to all Paris indicators (see table 3.9).

Table 3.9: Paris indicators related to harmonization in the water sector

Paris indicators	Trends	Role GON
Number of activities adopting programme based approach	Increasing – 70-80% of the activities are estimated to be incorporated in the BPO	More than 80% of GON activities follows programme based approach. Major exceptions are a few minor studies and

		(planned) activities with SNV, PNE and CREPA.
Disbursements (amounts) adopting a programme based approach	Budgets: 7,7 milliard FCFA in 2004 to 14,8 milliard in 2007. Actually disbursed 2,6 milliard in 004 to 5,9 milliard in 2006	Around 90% of GON funding follows programme based approach.
Number of coordinated missions as % of total missions	Two to three coordinated missions per year to review the sector as a whole. Most donors still organize 1-2 missions per year to review/evaluate their respective programmes.	GON participates in joint reviews. In 2007 two "exclusive missions were organized by the "rekenkamer" and IOB, while a wo-yearly review mission is expected in the context of PPEA.
Amount of coordinated country analytical work undertaken as % of total analytical activities	Since the establishment of the Common Fund for Studies in 2006 (thus far sponsored by Danida, AFD and GTZ and with GON funds in the pipeline) 80-90% of the studies is undertaken in coordinated fashion.	GON is a member of the coordinating committee for the Common Fund and is expected to contribute Euro 200,000 in 2007-2008

Source: Netherlands Embassy, Cotonou, 2007

All major donors play a role in the strengthening of this harmonization process. In this respect the establishment of three Common Funds plays an important role (see table 3.10).

Table 3.10 : Characteristics Common Funds in the water sector

Characteristic	Common fund Studies	Common Fund semi-urban areas (small towns)	Common Fund Urban areas
Objectives	Joint Studies	Acceleration implementation water supply in towns larger than 2,000 inhabitants Legislation and regulations in place for sustainable management	Acceleration implementation water supply in cities with special reference to peri urban areas. Legislation and regulations in place for sustainable management
Results expected		500 towns to be covered by 2015 Studies undertaken Capacities strengthened Sustainable management	Still to be elaborated based on up-dated SONEB business plan.
Implementing GOB agency	Donors themselves together with DG-Eau	DG-Eau	SONEB
Partners	AFD, Danida, GTZ GON expressed intention to sign up	AFD, Danida, Netherlands, KfW, EU	AFD, Netherlands, KfW
State of Affairs	Ongoing	Signed	To be signed
Funds available	Euro 600.000	Euro 15 million	Not known as of yet
Summary contribution to harmonization	Less studies individual donors (less missions)	Strongly harmonizes participating donors in all fields	Strongly harmonizes participating donors concerned in all fields
Summary contribution to alignment		GOB Budget execution procedures respected.	GON budget execution procedures respected. However, The Netherlands funds channelled to common fund in a complicated manner which could hamper the proper functioning (has attention from CdP/RNE).

Source : Netherlands Embassy Cotonou 2007

3.6 Netherlands contribution to alignment

Alignment

Policy alignment takes place amongst all major donors with special reference to the rural water supply sub-sector. All major donors subscribe to the national water policy and fit into the Water Budget Programme (BPO). However, it should be emphasized that technically speaking only the GON funded Eau 1 was 100% aligned in policy terms as this project fully implemented the decentralization process¹¹ (with decision making powers at local government

¹¹ Eau 1 was to a certain extent even "ahead" of the decentralization process as rules, regulations and procedures regarding local level responsibilities still had not (and have not) been elaborated and agreed upon.

unit level). A number of other projects (also the GON projects/programme) aim at decentralization, but still provide an implementing and decision making role for the provincial level (S-eau). The main arguments are that local government still lacks capacity. Capacity building is included in the Netherlands programme. However, there are no clear indicators (or a road map) whether and when local government will take over responsibilities. In fact this is in line with the present GOB policy as decentralization is considered as a gradual process. There is an inherent danger that the decentralization process will be slowed down as national and provincial levels of government do not easily give up decision making power.

Management alignment takes place with regards to budget execution procedures, auditing procedures and national procurement systems. In general terms the GON activities are better aligned than activities implemented by other donors as GON fully utilizes the GOB financial principles and procedures (see table 3.11 and paragraph 3.3).

Table 3.11 : Paris indicators related to alignment in the water sector

Paris indicators	Trends	Role GON
Number of activities using national budget execution procedures, national auditing procedures and national procurement systems	All major donors use national budget execution, auditing and procurement systems, although Danida, GTZ and AFD have their own control mechanisms on top of it.	Most of the GON programme follows this principle although external audits remain an option (as for all other donors).
Number of parallel project implementation units directly accountable to external funding agencies	Estimated 3-6. With the exception of BAD, JICA and UEMOA and a few international NGOs (Protos, Plan), most donors use existing structures for implementation. In the case of Danida, AFD and GTZ there is substantial TA attached to these structures.	None
Number of parallel project implementation units accountable to national agencies	Estimated at 2-3: BAD and JICA have an element of accountability towards national agencies.	GON finances a small coordinating unit to carry out a one-year hand washing project in the Ministry of Health.
Number of activities (nearly) fully aligned and % of total support to the sector Direct GBS and SBS)	Six: At present only five GON and one Danida component nearly fully aligned.	Only Eau 1 is 100% aligned in policy terms. Most other (80-90%) Dutch activities are nearly fully aligned.
Number of activities partly aligned and % of total support to the sector (Pooled funding under country administration)	Three: AFD (2) and Common Funds???	Nil
Number of activities not aligned and % of total support to the sector (project or separate programme support)	16-20 and decreasing	GON finances 5-6 relatively minor activities that are not aligned (mostly studies and support to PPEA)

Source:: Netherlands Embassy, Cotonou, 2007

3.7 Assessment of the Netherlands input

Decision making on aid and aid modalities

A clear policy and a related road map (BPO) agreed upon by all parties are the basis for collaboration in the rural water supply and to a certain extent in the urban water supply sub-sectors. The Netherlands approach is timely and strategically well fitted into the water sector. It should be emphasized that such an approach can only be implemented thanks to the previous work done by other bilateral donors.

Because of the encouraging results of the pilot projects, the Netherlands Embassy has decided to start a Comprehensive Medium Term Water Sector Support Programme. This is in line with the ideas expressed in the MYSP. The Netherlands programme is innovative and complementary to programmes of other donors. The Netherlands water programme in Benin consists for nearly 100% of delegated bilateral funding. There are no centrally managed or supported water sector activities in Benin.

Achievements (type of) budget support

The value added of the budget support under Eau I, II and III can be summarized as follows:

- The weaknesses in the PFM system became obvious thanks to the Netherlands “earmarked” type of budget support with special reference to budgeting, fund mobilization and reimbursement procedures at the level of the Line Ministry at national level as well as at meso and micro (municipal) level. Consequently, the effectiveness of the GOB budget procedures and systems to channel donor funding has been tested. Within this context opportunities and constraints for future budget support have been clarified for all interested parties.
- The need for a operationalization of the financial responsibilities of the municipalities in the context of the decentralization process became clear thanks to the Netherlands efforts to channel funds directly to the municipal level under Eau I.

Impulse for Common Funds

The results of the GON budget support already has been used for the establishment of a Common Fund for the Water Initiative in secondary towns together with AFD, EU, Danida, KfW). The GON budget support opens up opportunities to increase budget support of the BPO. The GON approach explicitly states that the budget support should be used as an example and learning exercise for other donors as well (see Appui Sectorielle, 2006).

Paris Declaration

The Netherlands support to harmonization and alignment is substantial. The start of the two joint Common Funds (urban water supply and water supply in small towns) in line with the financial principles and procedures as implemented under the Netherlands project activities provides evidence that GON played a crucial role in the harmonization and alignment process.

Innovative approach

The Comprehensive Medium Term Water Sector Support Programme (PPEA) is innovative for Benin in the following ways: i) the importance of PFM was recognized and support in the field of PFM was included as a separate component of PPEA ; ii) the new programme fits into the decentralization process; iii) the new programme follows all GOB budget and financial procedures; iv) the new programme is flexible in the sense that it also includes “project elements” like support to the Benin Water Partnership and CREPA. Moreover, it provides SNV with means to provide TA in PPEA. All this support is embedded in the overall programme; v) the support to IWRM through the involvement of various actors (ministry, National Water Partnership, CREPA) and; the new programme is more than the “just pasting together” of various sub-sectors. Efforts are made to promote complementarity between sub-sectors.

4. OUTPUT

In this chapter outputs in the fields of contextual factors (PFM and decentralization and de-concentration policies), policy operationalization, expansion and improvement of institutional development, implementation capacity and sector management, the creation and advancement of public-private partnership, the increase in leadership and ownership as well as the quality of the dialogue will be assessed.

The outputs will be assessed for the five (pilot) projects under implementation during the period 2004-2007; the three rural water supply and sanitation projects (Eau I, II and III); the urban water supply project (Urgency measures Cotonou) and; the small towns water supply project (Construction 8 AEVs).

Moreover, expectations regarding the implementation and anticipated results of the Comprehensive Medium Term Water Sector Support Programme are also included in this chapter on outputs. The text of the chapter clearly differentiates between assessment of the ongoing and finalized pilot activities and expectations regarding the Comprehensive Medium Term Water Sector Support Programme. The expectations expressed in this chapter are based upon early findings from pilot activities and on discussions held at various levels during the field visit to Benin. Inclusion of expectations in this chapter on outputs is relevant as the Comprehensive Medium Term Water Sector Support Programme is an important step towards SWAp. Only paying attention to the finalized and ongoing pilot activities would not do justice to the development process of the Netherlands activities in Benin since 2004. The inclusion of expectations puts the Netherlands water sector programme in Benin in a proper broader perspective.

4.1 Improved contextual factors

The five pilot projects contributed to improvement of contextual factors with special reference to two major fields. Firstly, through PFM where the five projects did provide a first step towards improved PFM by implementing through the GOB financial system in close dialogue with all parties concerned. Secondly, through the strengthening of the GOB de-concentration and decentralization policy by clarifying the respective roles of the various levels and by focusing on decision making and capacity building at lower levels.

Public finance management

The major PFM constraints became clearer through the GON approach to channel all funds for the five pilot activities fully through the GOB system. The need for a solution of the PFM problems became more eminent for all parties involved. The solution of the PFM issues in operational terms is high on the development agenda. Solutions still have to be found and implemented.

It is expected that the Comprehensive Medium Term Water Sector Support Programme will contribute to improved PFM through a joint contribution of the Ministry of Finance and the Ministry for Mines, Energy and Water to the solution of the PFM constraints, a simplification of the fund mobilization procedures, strengthening of the principles of delegated credit and the strengthening of staff capabilities in public fund mobilization and utilization. The fact that one component of the Comprehensive Medium Term Water Sector Support Programme is devoted to the PFM issue shows GON commitment to contribute to solutions.

The role of the provincial level in financial management was strengthened. Moreover, the relations between the national and provincial level on public funds management were clarified to all parties. Danida played a major role in strengthening and clarifying the roles at

various levels. The capacity of the provincial level in the preparation, implementation and monitoring of tender agreements was strengthened, mainly through Danida support. All this enabled the provincial level to better implement their new roles in the context of de-concentration. Eau I, II and III contributed to the clarification of the responsibilities for financial management at provincial and municipal level. However, the GON role remained limited.

The GON urban and small towns water supply pilot projects contributed to the start of Common Funds based upon lessons learned from the GON experience with funding through the GO system.

Decentralization and de-concentration

Eau I intended to contribute to an acceleration of the decentralization process with its choice to implement Eau I directly through the municipal level with a focus on local level decision making in line with the decentralization policy itself. The municipal level still lacks capacity and capability to make full use of its decision making responsibilities. Moreover, the rules and regulations regarding the implementation of financial responsibilities at local level are not in place as of yet. Consequently, Eau II and III refocused their attention on the provincial level. The efforts made under Eau I were very valuable as Eau I stimulated the discussion regarding the decentralization process as well as regarding the ways and means to strengthen this process. Eau II and III played a role in the strengthening of the de-concentration process towards the provincial level by raising awareness at national level on the consequences of de-concentration and by making the requirements of the provincial and municipal level better known at national level.

The Comprehensive Medium Term Water Sector Support Programme has a component focused on capacity development and the transfer of responsibilities towards the municipal level and therefore is expected to stimulate the decentralization and de-concentration process.

4.2 Improved policy operationalization and implementation framework

Water Charter and National Policy for Water

The Water Charter is under parliamentary approval and the National Policy for Water is ready in draft. The Benin Water Partnership (BWP) plays an important role in the preparation and approval process. The Netherlands (centrally managed) support to BWP through the Global Water Partnership in Stockholm for the IWRM process is crucial in this respect.

Improved sector strategy, plans and roadmaps

RWSS and the RWSS strategies are ready. Moreover, a Rural Water Budget Programme (roadmap) is being prepared since 2002. Danida and GTZ/KfW played an important role in the preparation process. Eau II and III contribute to an improvement of the demand based planning for rural water supply at national and provincial level.

The urban and small town projects contribute to the establishment of a Common Fund which also implies the elaboration of a strategy, plans and road maps.

Eau I contributed to the development of a Hygiene and Sanitation Budget Programme (a road map). Such a programme did not get off the ground as of yet due to the weak institutional set-up and a lack of GOB and donor interest. The GON contribution has not been successful. The Comprehensive Medium Term Water Sector Support Programme intends to contribute to the elaboration of a sanitation strategy, a proper road map as well as an effective institutional set-up. From the documents it does not become clear how such a contribution to the sanitation sub-sector will materialize.

GOB institutions from implementer to facilitator

The donor support to the strengthening of the decentralization and de-concentration process will impact on the role of the GOB institutions at various levels. The strengthening of the municipal capabilities and responsibilities will ultimately enforce the change of the role of GOB institutions from implementer to facilitators. The Netherlands contribution to this process of change is indirect, but important.

In urban water supply the role of SONEB will only gradually change. The Netherlands influence will be limited in this process.

The Netherlands pilot projects provide sufficient indications that the Directorate General for Water itself at national level is a major constraint for the accelerated development of the rural sector as delays in the budget preparation process as well as delays in communicating the delegated credits to the provincial level originate from the national level. Assistance to the Directorate General for Water in improving this situation as anticipated under the Comprehensive Medium Term Water Sector Support Programme is expected to contribute to solving major constraints.

4.3 Improved institutional development

Strengthening of institutions at various levels

The urban and rural water supply core business is well established within SONEB and MMEE. GON played no role in this respect. However, the issue of water supply to small towns is not properly established within the GOB institutions. Major donors, including the Netherlands, stimulate institutional attention for and funding of water supply to small towns.

Eau I, II and III played a role in the strengthening of the administrative structure and the technical and managerial capacities at municipal level enabling the municipality to play their key role in rural water supply and water supply in small towns and rural areas. It is expected that the strengthening of the municipal level will continue under the Comprehensive Medium Term Water Sector Support Programme as strengthening of the local level is a major component of this programme. The strengthening of the Provincial Water Division mainly took place under Eau II and III and will continue under the new programme. Local water management organizations were already strengthened under Eau I, II and III and will be further strengthened under the new programme.

The establishment of an operational Secretariat for the elaboration and implementation of an IWRM strategy was stimulated with GON support. The recent development from operational Secretariat into a regular IWRM department under the Directorate General for Water is the outcome of GON input. The GON contribution to the strengthening IWRM institutions is expected to be substantial in future as IWRM is one of the three key activities under the Comprehensive Medium Term Water Sector Support Programme. Moreover, the BWP funded by the Netherlands plays an important role in IWRM.

The problematic functional relations between the Ministry of Finance and MMEE became evident through the GON funding through the GOB systems. Constraints met provided valuable information regarding the weaknesses in the inter-ministerial linkages as well as regarding weaknesses within the line ministry (MMEE) itself at various levels.

Improved systems development (laws, rules and regulations)

The present juridical-financial regulations and procedures do not allow for a decentralization of the expenditures of public funds towards the municipal level. This became clear from the

experience under Eau I. This experience stimulated the discussion regarding the financial responsibilities at provincial and municipal level in the field of water supply. Such a discussion is an essential starting point to formulate new rules and regulations to clarify the situation.

Civil society

Besides the Benin Water Partnership's role in the preparation and formulation of IWRM policies and plans, civil society plays an increasing role in awareness creation and mobilization of the population at local level in the fields of decentralization, drinking water supply, hygiene education and conflict resolution on IWRM (water conflict) issues. The importance of the role of civil society within the decentralization process is gradually being recognized by GOB and the donors. It is expected that the Netherlands support to CREPA, BWP and SNV Benin under the Comprehensive Medium Term Water Sector Support Programme will strengthen their role in the decentralization process with special reference to the municipal level.

4.4 Improved implementation capacity and (sub)sector management

Improved implementation capacity

An inventory of the capacity of GOB organizations was made. A comprehensive training and improvement plan was made for the RWSS sub-sector only. Implementation of training and organizational strengthening at national and provincial level was substantial for RWSS. The above activities were mainly supported by Danifa financial and substantial technical assistance. Since recently the strengthening of the local level gets attention. In this process played and is expected to play an important role.

The improvement in the execution of physical works has been very substantial from 2002 onwards. The time to reach agreement regarding the implementation of water points was substantially reduced during Eau I, II and III. Moreover, the unit costs went down with an increase in scale of the drilling and other implementation activities. Practical training at provincial level in plan preparation and implementation for rural water supply took place. The involvement of local NGOs was important to increase the local level capacity for plan preparation, fund mobilization and implementation.

Sector management

The water (point) management committees are meant to play an important role. From the diagnostic study it becomes clear that a substantial number of the existing committees does not function properly. GON took the initiative to conduct diagnostic studies in all provinces. However, most of the findings and conclusions of these regional diagnostic studies were not thoroughly discussed with a broader audience. Monitoring of water supply and sanitation activities still remains weak¹². Under the Comprehensive Medium Term Water Sector Support Programme the role of the provincial as well as the municipal level in monitoring will take a prominent place. It is hoped that this will contribute to the improvement of sector management. However, it should be emphasized that monitoring and evaluation does not have a high priority amongst various parties involved in the water sector. The data base regarding the state of affairs and achievements of rural and urban water supply is utterly confusing as various sources provide contradicting data. There is an urgent need to rectify this situation.

¹² Managing for results is managing and implementing in a way that focuses on desired results and using information to improve it. Result oriented reporting and assessment to properly monitor has not systematically been implemented. Efforts amongst donors to work together and harmonize in the recipient country regarding the result oriented reporting and monitoring started recently. However, interesting results from the Netherlands initiated diagnostic studies regarding the sustainability of the delivery systems have not been utilized as of yet to improve the sector performance.

4.5 Improved Public-Private Partnership

The GOB payment principles and procedures for private drilling companies are very cumbersome. These problems became evident under Eau I, II and III.

For studies, advisory services, drilling activities and capacity building, private companies and local NGOs play an important role. Their role increased under the Netherlands rural water supply projects. This situation is expected to continue under the new programme. However PPP remains an issue for concern. The GON role is limited.

4.6 Increased leadership and ownership recipient country

General

In the policy for SWAp, PRSP is seen as a crucial instrument for promoting ownership based upon the assumption that the PRSP reflects the priorities of the recipient countries themselves (IOB 301, 2006). The 2nd generation PRSP for Benin do not provide much evidence for a balanced integration of the water sector in the PRSP. Some improvements did take place due to the introduction of MDGs within the PRSP. Other water sub-sectors are still hardly mentioned in the PRSP.

Brown et al (Brown, A.Foster, M.Norton, A.Nuchshold, F., 2001)¹³ distinguish three types of ownership in the relationship between the recipient country and the donors:

- Strong leadership by the recipient government which increasingly determines the decisions made about policy and spending. For the GON water sector programme this applies to Vietnam, Indonesia, Bangladesh as well as to Egypt.
- A coalition of donors with a core group of politicians and technical experts to implement reforms in the sector.
- Weak ownership, so donors are the prime bearers and drivers of the reform in the sector. This applies to Mozambique although the 2001 GON assessment of the potential for SWAp was more positive regarding the Mozambique reform process and the recipient country ownership. The lack of success of the 2002-2007 ASAS programme shows lack of leadership and ownership from the GOM side.

The second type of ownership (coalition of donors with a core group) applies to the situation in Benin.

The ownership issue at different levels

The Ministry of Finance plays a key role in the GON projects as all funds are channeled through the GOB financial system. PFM problems encountered are being discussed between the Directorate General for Water and the Ministry of Finance. This is a step forward as the relations between both ministries were marginal in the past. The Ministry of Finance does not as yet play the crucial role it is meant to play in the Comprehensive Medium Term Water Sector Support Programme.

The Directorate General for Water (as well as the ministry concerned) is crucial for the GON programme in the water sector. Specially in view of the PFM problems as most of these problems related to the water sector are created within the Directorate General for Water and the Ministry for Mines, Energy and Water itself. The Directorate provides a certain leadership in the field of policy, strategy and plan preparation. However, the Directorate does not provide enough leadership as yet in solving the PFM issues within the Directorate and Ministry itself.

¹³ The status of SWAps, ODI working paper 142

The provincial level shows increased ownership and leadership. The opportunities offered through the de-concentration process are appreciated. Delays in budget execution do not originate from this level. The relations between the Provincial Water Division and the Governor in the field of financial management and responsibilities intensified. This strengthens the sense of ownership at provincial level. The Netherlands projects played a role in increased leadership and ownership at provincial level. It is expected that the Comprehensive Medium Term Water Sector Support Programme will further accelerate this process.

The sense of leadership and ownership substantially increased at municipal level with special reference to the implementation of Eau I. The increased role of the local level in the demand driven planning process contributes to an increased sense of ownership. The focus on capacity building at local level increases awareness regarding the rights and opportunities for the local level in the field of water supply. The GON projects played an important role in this respect. The Comprehensive Medium Term Water Sector Support Programme is expected to contribute to an increased sense of leadership and ownership with special reference to the local level.

Netherlands contribution to ownership

The ownership of the recipient country and the Netherlands contribution to increased ownership in the water sector can be sub-divided into a number of elements:

- The Netherlands played a role in stimulating the responsibilities of the recipient government for policy, strategy and implementation, in the contribution to the harmonization and alignment process, in the fulfilment of conditions for SWAp through projects and in the mainstreaming of pilot projects.
- In addition, the Netherlands played an important role in the improving the dialogues on macro-micro relations.
- The Netherlands played no role in stimulating sector involvement in the PRSP process as well as in stimulating that the sector is properly addressed in PRSP (e.g. through stimulating line agencies, WSP, NGOs, etc.).
- The Benin water budget itself did not increase. Usually seen as a sign of lack of sufficient ownership.

4.7 Improved quality of dialogue

The GON projects played a role in the improvement of the quality of the dialogue at various levels and in the following fields:

- At national level the quality of the dialogue between the Ministry for Mines, Energy and Water with the Ministry of Finance improved under the pressure of finding solutions for GON funding approach.
- At provincial level the projects Eau II and III contributed to an increased and improved dialogue between the Provincial Water Division and the (Office of the) Governor regarding financial responsibilities.
- At municipal level the dialogue between various parties improved under Eau I as responsibilities were transferred to this level.
- The quality of the dialogue between the Directorate General for Water and the Provincial Water Division improved as roles and responsibilities of the national and regional level were clarified under Eau I, II and III. The quality of the dialogue improved as well through the capacity building at provincial level.
- The quality of the dialogue between the provincial and the municipal level improved through clarity about each others role and capacity building.

The quality of the dialogue between GOB and the donors improved through the preparation and implementation of the Water Budget Programme and the recently started (or to be started) Common Funds.

The quality of the dialogue is expected to further improve under the Comprehensive Medium Term Water Sector Support Programme.

4.8 Contribution to improvements of other outputs

The principle of delegated credit is gradually being introduced by other donors as this principle reduces the time required for tendering and implementation of works and as it fits into the GOB de-concentration and decentralization process. Table 4.1 shows progress being made with the principle of delegated credit amongst various parties.

Table 4.1 : Type of funding of the water sector

Funding source	Activity	Approach
Denmark (Danida)	Investments Operational costs	Direct payments (tendency towards delegated credit for Common Funds) Budget support to channel funds through Treasury and according to established financial procedures.
Netherlands	Investments Operational costs	Budget support to channel funds through Treasury and according to established financial procedures (through delegated credit).
Japan	Investments Operational costs	Direct payments through projects with special project arrangements
Germany (GTZ/KfW)	Investments Operational costs	From direct payment through projects tendency (partly) towards budget support through delegated credit for urban water supply (Common Fund)
EU	Investments	Direct payment through projects for urban water and budget support through delegated credit for Common Fund for water supply in small towns.
UNICEF	Investments Operational costs	Direct payments through projects
National budget (hand pump programme)	Investments Operational costs	Budget support through delegated credit
France (AFD)	Investments	From direct payment through projects tendency (partly) towards budget support through delegated credit with Water Initiative in small towns (Common Fund)
Others (e.g. African Development Bank)	Investments	From direct payment through projects negotiations started to investigate possibilities to move towards budget support through delegated credit .

Source: Evaluation mission 2007

The GON projects substantially contributed to the improvement of the macro-meso-micro relations:

- Clarification of roles and responsibilities of national and provincial level
- Capacity building of the provincial level to execute their new roles and responsibilities within context of de-concentration.
- Strengthening of the micro level through capacity building
- Handing over responsibilities to micro level within context of decentralization process

4.9 Summary assessment contribution to improved outputs

The functioning of GON programme through the GOB financial system and procedures enables all partners to find out which constraints hamper a proper PFM in the water sector.

The short term “loss” of (or delays in) production capacity is probably counterbalanced by the medium term gains in improved PFM and increased capacity and understanding in the water sector. Other major outputs of the Netherlands pilot projects as well as the expected outputs of the Comprehensive Medium Term Water Sector Support Programme are summarized in table 4.2.

Table 4.2 : Overall assessment contribution to improved outputs

Contribution to improved outputs:	Delegated bilateral project support Achievements of five pilot projects	Expected output Comprehensive Medium Term Water Sector Support Programme
Improvement of contextual factors	Step towards Improved public finance management by activating national and delegated funding. Strengthening of the de-concentration and decentralization process.	Improved public finance management by activating national, delegated and transferred funding. Coordination rural, urban, sanitation sub-sectors.
Improved policy operationalization and implementation	Water Charter and National policy under approval contribution of BWP through GON funding. Planning, coordination and implementation of demand based plan improved. Substantial contribution to production targets in water supply Contribution to sanitation strategy and plan not successful. Clear indications that Directorate General for Water itself causes major delays in budgeting and execution of projects (problems highlighted).	Planning, coordination and implementation improved. Efforts regarding coordination rural, urban and IWRM sub-sectors Substantial contribution to production targets
Improved institutional development	Organizational and human resources development at various levels within different organizations. A systematic and structured start of IWRM within the Ministry for Mines, Energy and Water with support from NGOs Procedures clarified and adapted On the job training	Organizational and human resources development of MOF, MMEE, DGEau, Seau, Communes. A systematic and structured start of IWRM within the ministry (MMEE) with support from NGOs Procedures clarified and adapted On the job training
Improved implementation capacity and (sub)sector management	Procedures clarified and adopted specially at regional and local level. Unit costs reduced and acceleration execution physical works. Sector management limited improvement	Innovative capacities for communes. Increased capacities for provincial level.
Improved PPP	Improved enabling environment for the payment of private drilling companies. Involvement private sector more intensive and more systematic. Limited progress and limited GON contribution.	Improved enabling environment for the payment of private drilling companies. Involvement private sector more intensive and more systematic.
Increased leadership and ownership recipient country	Leadership and ownership increased substantially at provincial level as well as at municipal level. Less pronounced at national level. IWRM ownership and leadership substantial within the Directorate General for Water as well as within Benin Water Partnership. GON contribution.	Leadership and ownership should substantially increase within the Ministry of Finance and the Ministry for Mines, Energy and Water.
Improved quality of dialogue	Improved dialogue at national level between Ministry of Finance and Ministry for Mines, Energy and Water. Improved dialogue between macro-meso and micro level within the water sector. Both in Government and among the donor communities SWAp is intensively discussed and analyzed Awareness creation, platform development at various levels	Improved dialogue at national level between Ministry of Finance and Ministry for Mines, Energy and Water. Improved dialogue between macro-meso and micro level within the water sector. Both in Government and among the donor communities SWAp is intensively discussed and analyzed Awareness creation, platform development at various levels
Improved PFM at sector level	The principle of delegated credit was experimented with under the GON supported pilot projects. Other donors gradually started adopting this principle	The principle will be further adhered to under the various Common Funds to be started in the urban and rural water supply subsectors.
Improved macro-meso-micro relations	Under Eau I the relations between micro and other levels intensified. Problems and opportunities were identified and finding solutions was prioritized. Under Eau II and III the de-concentration got high priority. This benefited the provincial level as well as its relations with the national as well as with the micro level.	Relations are expected to further improve with special reference to the relations with the micro level provided that the transfer of responsibilities will materialize as a result of the capacity building at local level.

Source: Evaluation mission and seminar in IOB evaluation mission, Cotonou 2007

The overall contribution of the Netherlands to improved outputs has been substantial in the fields of policy operationalization, implementation and institutional development with special reference to the local level. The Netherlands also played a substantial role in accelerated production in the rural water supply sub-sector. In the field of increased ownership and dialogue the Netherlands played an important role in improving the inter-ministerial dialogue and collaboration as well as in increasing the relations and dialogue between local and higher levels. The role of Civil Society is also being stimulated through the GON input. The Netherlands played no role in policy formulation, operationalization and capacity development at national level (started before GON's recent involvement) except in the field of IWRM. The Netherlands role in improving the micro-macro relations is interesting through the GON focus on the (local consequences of the) decentralization process.

5. OUTCOME

In this chapter, in line with the terms of reference, outcome has been defined in terms of improved service delivery, sustainability of the delivery systems and poverty focus.

The outcomes will be assessed for the five (pilot) projects under implementation during the period 2004-2007; the three rural water supply and sanitation projects (Eau I, II and III); the urban water supply project (Urgency measures Cotonou) and; the small towns water supply project (Construction 8 AEVs).

Moreover, expectations regarding the implementation and anticipated results of the Comprehensive Medium Term Water Sector Support Programme are also included in this chapter on outcomes. The text of the chapter clearly differentiates between assessment of the ongoing and finalized pilot activities and expectations regarding the Comprehensive Medium Term Water Sector Support Programme. The expectations expressed in this chapter are based upon early findings from pilot activities and on discussions held at various levels during the field visit to Benin. Inclusion of expectations in this chapter on outcomes is relevant as the Comprehensive Medium Term Water Sector Support Programme is an important step towards SWAp. Only paying attention to the finalized and ongoing pilot activities would not do justice to the development process of the Netherlands activities in Benin since 2004. The inclusion of expectations puts the Netherlands water sector programme in Benin in a proper broader perspective.

5.1 Sector performance

Rural sub-sector water supply

According to coverage data from the WHO/UNICEF Joint Monitoring Programme access to safe water in the rural areas is stable around 57% over the last years (see table 5.1). This percentage does not take into account the percentage of non-functioning systems which is estimated at 20 to 30%. This brings the real access to improved water substantially down. Definitions on when to count a water point as a non-functioning point are not clear as of yet. Access to water in rural areas is focused on traditional and improved dugwells and boreholes equipped with hand pumps. Rural piped water schemes are relatively unimportant and often non-functioning due to the limited management capacities in rural areas.

Over the last years, Benin's rural sub-sector has improved considerably by creating a coherent strategy and programmatic approach that included investment projections and an M&E framework. The main challenge appears to be capacity building to keep up the currently required pace of 1,350 new water points per year. One of the core issues to be addressed is effective decentralization, since most of the newly created municipalities lack the ability to exercise their new competences, whether in functional terms, but also in terms of managing finance.

To meet the MDGs to provide 68% of the population with improved WS in rural areas in 2015 requires approximately 1,350 new water points and 450 rehabilitations per year till 2015 (for details see also table 5.8). The absorption capacity both at community and intermediate levels is the major concern in achieving the WS MDG objectives.

Urban sub-sector ws

According to coverage data from the WHO/UNICEF Joint Monitoring Programme access to safe water in urban areas slightly increased from 73% in 1990 to 78% in 2004 (see table 5.1). In urban areas, support for planning and management functions will be critical in the coming years, to help sustain SONEB as a nationwide water utility. In particular support is needed to develop the company's commercial plan and financing strategy, both for water

supply and for sanitation, and also for increasing water service delivery in poor peri-urban areas.

Table 5.1 : Water supply and sanitation data for rural and urban population¹⁴

Year	% rural population with access to		% urban population with access to	
	Water supply	Sanitation	Water supply	Sanitation
1990	57%	2%	73%	32%
1995	57%	5%	74%	42%
2000	57%	8%	76%	51%
2004	57%	11%	78%	59%

Source: WHO/UNICEF, Joint Monitoring Programme for Water Supply and Sanitation, coverage estimates, June 2006, wssinfo.org

Performance small piped water schemes

About three million people live in small towns of more than 2.000 inhabitants. About 50% of this population has no access to improved water supply. The situation in small towns got less attention in the past. These small towns are not covered by the urban water organization SONEB. The Water Initiative (Initiative Eau), a joint initiative from Benin and the key donors intends to substantially improve the situation in these small towns through the establishment of a Common Fund with the following objectives: i) to make an analysis of the present situation; ii) to define an appropriate management policy; iii) to elaborate a proper legislative framework; iii) to elaborate effective implementation modalities and; iv) to elaborate an investment programme and to start funding. France, Denmark, The Netherlands, Germany and the EU are the partners in the Common Fund with an initial budget of Euro 30 million.

Performance of Water Resources Management

The importance of IWRM is recognized in Benin at national level. At lower administrative level the knowledge of IWRM (and thus recognition) is limited. The Benin Water Partnership established in 2001 plays an important role in lobbying and promoting IWRM at all levels. One of the major activities was the promotion of a dialogue between stakeholders, users, engineers, politicians, professionals and local council members. The wider implications of activities and decisions on water use did not receive due attention. One of the main activities in the framework of introducing an IWRM approach in the Five Year Development Plans was the organization of a workshop on IWRM and decentralized management of water issues. The Benin Water Partnership and SNV played a role in capacity building in the field of IWRM at various levels.

Performance sanitation

According to coverage data from the WHO/UNICEF Joint Monitoring Programme access to sanitation in rural areas increased from 2% in 1990 to 11% in 2004. The access in urban areas increased from 32% to 59% over the same period (see table 5.1).

The total access to sanitation improved considerably between 1990 and 2005 from 14 to 40% of the population (see table 5.8). The funding of the sanitation MDGs remains limited, the sub-sector is substantially under funded (see table 5.7). The sanitation sub-sector still is considered as “add-on” to the water sector and not as a sub-sector in itself (by GOB as well as by donors). Still, recent literature makes clear that the “old fashioned, more of the same approach” will not contribute to the solution of the sanitation problems.

A more marketing oriented approach is required under the assumption that demand for sanitation will be created through: i) motivation (no health message as this message does not create demand but he convenience and status message, which does create demand); ii) creating the opportunity for access to the good (in the sense of a product) sanitation and; iii) ability (the resources required).

¹⁴ The PPEA programme document 2006 indicates that the rural coverage increased from 49% in 2002 to 65% at the end of 2005. In a footnote the document mentions that the 2005 Annual Sector Review for water states that 41% of the rural population has access to improved water supply. The WHO-UNICEF data differ again from the data as provided by various parties.

5.2 Sustainability of delivery systems

Major efforts are being undertaken to improve the sustainability of water points in rural areas through the establishment and strengthening of water user committees and by increasing local level responsibility for the planning, implementation and monitoring process.

Table 5.2 : Basic data on water management committees in the province of Collines¹⁵

Item	Number	As percentage of total
Water points investigated	500	100%
Water points out of order	60	12%
Water management committees	426	85%
Properly functioning water management committees	98	20%

Source: Diagnostic study Collines, 2006 and field visit evaluation mission 2007

Table 5.2 shows that water management committees in the province of Collines do exist for 85% of the water points investigated, but that only 20% of the water committees functioned properly. A closer look at the technical problems related to the water points is provided in table 5.3. This table shows that one third of the water points had at least a two months break down per year. Problems related to the availability of spare parts were mentioned most frequently.

Table 5.3 : Problems related to technical management of the water points in the province of Collines

	Type of problem	Number of water points/committees involved	Percentage of pumps involved
1.	Water management Committees not having made any provisions to prevent break down	244	57%
2.	Pumps with break downs at least twice per year	255	60%
3.	Pumps being out of order at least two months per year	140	33%
4.	Committees with problems related to availability of spare parts	367	86%
5.	Committees with problems related to local mechanics	97	23%

Source: Diagnostic study Collines, 2006 and field visit evaluation mission 2007

Financial data in the field of funds mobilization from the same study in the Province of Collines show that water is sold at 45% of the water points. Approximately 55% of the water committees had a bank account for operations (not for renewal) and another 29% of the committees had cash money available for repairs. Major differences exist between the municipalities in the Province of Collines (see table 5.4). The overall performance of the water committees around water points constructed till 2002 is not satisfactory. Sound data regarding the functioning of water committees and water points beyond 2002 are not available. Monitoring of sustainability issues does not get the required attention at national level.

Table 5.4 : Fund mobilization in the Province of Collines

Municipality	Mechanism of fund mobilization				Existence of an account		
	Sales of water	Financial contribution	Sales and contribution	None	Cash	For operations	For renewal
Bantè	29 (69%)	10 (24%)	4 (15%)	1 (2%)	15 (36%)	22 (52%)	8 (19%)
Dassa	42 (27%)	76 (49%)	20 (19%)	10 (6%)	49 (31%)	99 (64%)	12 (8%)

¹⁵ Data on the functioning of these committees as well as other data relevant to assess sustainability issues of the rural water supply delivery systems have been collected in nearly all provinces. However, these provincial data have not been aggregated to the national level. This seems to show a lack of commitment/interest in sustainability issues amongst all parties in national level. The lack of aggregated data hampers a discussion (and actions) on sustainability issues for rural water supply. It should be emphasized that the data from the diagnostic studies refer to the situation of water points as constructed during the period 1990-2002. More recent data are not available in a systematic and structured manner.

Zoumè							
Glazoué	48 (53%)	29 (32%)	4 (6%)	9 (10%)	27 (30%)	57 (63%)	15 (16%)
Ouessè	53 (71%)	10 (13%)	0 (0%)	9 (12%)	9 (12%)	33 (44%)	12 (16%)
Savalou	24 (30%)	35 (43%)	15 (27%)	8 (10%)	19 (23%)	42 (52%)	10 (12%)
Savè	29 (51%)	25 (44%)	3 (8%)	3 (5%)	25 (44%)	22 (39%)	17 (30%)
Total	225 (45%)	185 (37%)	46 (13%)	40 (8%)	144 (29%)	275 (55%)	74 (15%)

Source: Etude Diagnostique sur 500 anciennes pompes a motrice humaine dans le Departement des Collines, Financement Royaume des Pays Bas, Decembre 2006

The sustainability of piped rural and urban systems strongly relates to issues as tariff and management policies and structures.

The key issues to be addressed regarding sustainability of various sub-sector delivery systems in water supply and sanitation have been summarized in table 5.5.

Table 5.5 : Assessment of the need for improvement of the sustainability of the delivery systems

Key issues to be addressed regarding
Improvement of the overall sector sustainability
Lack of capacity at provincial and municipal level to implement policy changes that shift responsibilities to these levels.
Institutional capacity to implement legislative and regulatory reforms
Financing gap to implement and scale up programmes at national level
Improvement sustainability for rural and small towns water supply
Lack of capacity at provincial and municipal level to implement policy changes that shift responsibilities to these levels.
Limited fiscal decentralization to empower the municipal level to claim responsibility.
Improvement sustainability for urban water supply
The urban sub-sector lacks a programmatic approach (Water Budget Programme)
Lack of true autonomy within SONEB and continued reliance on government subsidies
Lack of clear sanitation strategy for urban sector
Improvement sustainability for rural sanitation
Limited attention for rural sanitation and limited capacity within the Directorate for Hygiene and Sanitation at various levels
Limited attention through GOB budgets and donors for rural sanitation
Improvement sustainability for urban sanitation
Limited awareness of the need for proper drainage systems
Financing
Need for increased public latrines, particularly in peri-urban areas

Source: WSP scorecard and assessment evaluation mission 2007

5.3 Poverty focus

There are no data available regarding the access of the poor to rural water supply. Consequently, there is no evidence regarding equal access of the poor to rural WSS. There are indications that hard core poor in a number of cases have been excluded from access for financial and/or social reasons. The decision whether a water point will be included in the Provincial Water programme depends on the local contribution which hard core poor often cannot pay for. A poverty analysis is lacking (e.g. to what extent do poor benefit from improved water supply and if so how often do they return to non-improved water points in wet season due to lack of funds to pay for safe water). The abolishment of subsidies for latrines has a negative impact on the access of the poor to sanitation. There is no pro-poor strategy on WSS. The GON supported activities do not have an explicit poverty focus (see also table 5.6).

Table 5.6 : Summary assessment GON contribution to poverty dimension

Activity	Improved poverty analysis	Improved poverty focus in Water sector policy	Improved focus in operational terms at lower levels	Specific pro-poor approach propagated
Eau I	None	None	None	None
Eau II	None	None	None	None
Eau III	None	None	None	None
Urban WS	None	Limited	Fair	Fair
Small towns WS	None	None	None	None

Source: various GOB documents

The poverty issue is explicitly defined as one of the three operational objectives in the Urban AEP strategy 2006-2015.

5.4 Netherlands contribution to improved service delivery, sustainability and poverty focus

The Netherlands contribution to improved service delivery during the period 2004-2006 has been substantial with an additional number of 340,000 people provided with improved water supply (see also table 5.7). This number will further increase with 70,500 to 410,000 as soon as the small towns project will be finalized.

Table 5.7 : Total number of equivalent water points (sources) built and to be built and persons served and to be served under the GON co-funded programme 2004-2006

Activity	Total works completed	Total number of persons served	Remarks
Eau I	50 EPE 1310 pumps	12,500 40,938	
Eau II	232 EPE	58,000	
Eau III	77 EPE 460 EPE rehabilitated 2000 pumps	19,250 115,000 62,500	
Urban WS – Cotonou phase 1	2665 connections	31,980	
SubTotal 2004-2006		340,168	
Small towns WS – AEV Initiative Eau		70,500	282 planned with 70,500 persons to be served
GRAND TOTAL 2004-2007		410,668	

Source: RNE Cotonou, 2007

The GON contribution to improved sustainability of the delivery systems takes shape in the following ways in the five ongoing and completed project activities:

- Capacity building at local level is a priority in the GON funded rural water supply activities (as well as in GOB policy).
- The elaboration of appropriate financial management systems and enabling environment (legislation, regulations, principles, plans, tariff setting) for the delivery systems in small towns and urban areas. This will get high priority in the Common Funds that are being established for both sub-sectors.

5.5 Perspectives for the coming years and role SWAp

The perspectives for the development of the water sector are favorable for the coming years. Strategies for the urban sector, small towns and IWRM have been elaborated and/or wait for approval. One of the major problems in the field of rural water supply is the low budget execution rates, which can seriously hamper development in case no appropriate solutions will be found and implemented. The commitment of GOB should be shown in finding solutions for the problems encountered. The “road towards” a Sector Wide Approach can play an important role in accelerating the development process through the joint donor financing of major Common Funds in the water supply sub-sectors.

The perspectives for sanitation are not positive as of yet as the sub-sector remains institutionally weak, while the GOB and donor commitment is still not strong enough.

5.6 Will MDGs be met and what is GON contribution

Service delivery

According to GOB and WSP¹⁶ data 48 percent of Benin's population had access to safe water while 40% had access to sanitation by the end of 2005 (see table 5.8).

To reach the MDGs for water supply in 2015 an additional number of 404,000 persons per year have to be provided with water of which 221,000 persons per year in rural areas and 183,000 in urban areas. In the rural water supply sub-sector the capacity has increased rapidly between 2002 and 2006¹⁷. This means that the MDGs for water supply are within reach particularly in the rural water supply sector. Table 5.8 also shows that there is potentially "over-funding" of the drinking water sub-sectors.

To reach the MDGs for sanitation additional number of 381,000 persons per year need to be provided with sanitation. The coverage targets for sanitation will not easily be met as the funding requirements to meet the MDGs for sanitation are not at all met by the funds available (see also table 5.8). Moreover, the sanitation sub-sector is extremely weak without a GOB and/or donor lead party.

Table 5.8 : Coverage targets and investments requirements per year

		1990 Access (%)	2005 Access (%)	2015 (MDG) Access (%)	Add Pop to be covered (year)	Total Invest New mnl\$	Total invest Rehab mnl\$	Total invest required Mnl\$	Public invest required Mnl\$	Planned public invest Mnl\$	Surplus (funding gap) Mnl\$
Water	Rural	35	41	68	221,000	11	6	17	16	24	8
	Urban	44	57	72	183,000	7	3	10	7	10	3
	Total	37	48	68	404,000	18	9	27	23	33	10
Sanitation	Rural	2	19	51	215,000	6	3	9	8	2	(6)
	Urban	53	64	77	166,000	6	3	10	8	0	(8)
	Total	14	40	51	381,000	12	6	19	16	2	(14)

Source: GOB 2006, WSP a status overview of sixteen African countries

Table 5.8 suggests a surplus funding for water supply to reach the MDGs and a major deficit in funding for sanitation. Major documents suggest that the lack of capacity to implement scaled up on WSS is the major source of concern.

The construction of 1,350 rural water points per year costs approximately Euro 15 million per year. This amount can relatively easily be financed by GON, Denmark, Germany (GTZ and KfW), France, AfDB and WB. The constraints are not funding but management and implementation capacity in Benin. The elaboration of new modalities to increase the absorption capacity in the sector is being done within the context of the decentralization policy with GON support.

Over the last few years, Benin's rural sub-sector has improved considerably by creating a coherent strategy and programmatic approach that included investment projections and an M&E framework. The main challenges appear to be: i) capacity building to keep the current pace of 1,350 new water points per year and; ii) the elaboration of new modalities to increase the absorption capacity in the sector. The funding for the execution of additional water points is already available from commitments from major donors (including GON).

Some of the other core issues to be addressed include the effective decentralization, since most of the newly created municipalities lack the ability to exercise their new functional and managerial competences.

¹⁶ Getting Africa on track to meet the MDGs on water and sanitation; a status overview of sixteen African countries, December 2006.

¹⁷ Nearly tripling of the number of new water points between 2002-2006, see also table 1.1 in chapter 1

In urban areas support for planning and management functions will be critical to help sustain SONEB as a nationwide utility. In particular support is required to develop its commercial plan and financing strategy, both for water supply and sanitation, and also for increasing water services delivery in poor peri-urban areas.

Netherlands contribution to coverage on water:

Under the assumption that during the period 2004-2015 a total of 404,000 additional persons per year require access to water (of which 221,000 in rural areas and 183,000 in urban areas to reach the MDGs for water (see table 5.8) the Netherlands contribution during the period 2004-2007 under the five “old” projects (Eau I, II and III and urgency measures and 8 AEVs) was providing water to an additional 410,000 persons or approximately 100,000 persons per year. This represents 25% of the annual requirements per year (to meet MDGs) over this same period.

The Comprehensive Medium Term Water Sector Support Programme (PPEA) is expected to provide water supply to an additional 595,000 persons over five years or 119,000 persons per year (see PPEA document 2006). This represents 30% of the additional requirements over this period to meet the MDGs. This makes the Netherlands one of the largest donors in water supply in the coming years.

6. CONCLUSIONS

6.1 Aid policy

The Netherlands has a rather small aid programme with Benin, which shows a sharply declining trend during 1999-2002 and a subsequent increase to Euro 4.5 million per annum for the years 2003-2006. The support to the water sector is of very recent origin; it started in 2004 with pilot activities in rural and urban drinking water supply. These were also meant for gaining experience and therefore implemented in close co-operation with more experienced donors (e.g. Danida and GTZ/KfW). Specific policy reasons for starting support to the water sector as summarized in the MYSP 2005-2008 were i) the Netherlands value added in the water sector through knowledge and experience of the Netherlands private sector and NGOs; ii) the Netherlands priorities as formulated in the AEV policy document and the Benin Government priorities as formulated in the PRSP and; iii) the existing institutional knowledge in the field of de-concentration and decentralization (relevant for the water sector) at the Netherlands Embassy in Cotonou.

After two years, in 2006 the Netherlands Embassy decided to start a Comprehensive Medium Term Water Sector Support Programme covering rural and urban water supply and sanitation as well as integrated water resources management. This was in line with the ideas expressed in the MYSP. The arguments for the early expansion were to contribute significantly to an improvement of access to water supply and sanitation and to IWRM through modalities that strengthen the sector wide approach, the budget support and the de-concentration and decentralization process (from: Appraisal documents Comprehensive Medium Term Water Sector Support Programme; rural, urban and IWRM components). The decision of the Netherlands Embassy in Cotonou was based upon the encouraging results of the pilot projects as described in the 2006 external evaluation report (Aide Sectorielle Neerlandaise au Programme d'Approvisionnement en eau potable en milieu rural 2004-2006, June 2006). This evaluation report mentions a concrete and significant value added of the Netherlands funded rural water supply pilot activities.

The Netherlands programme is innovative and complementary to programmes from other donors. The Netherlands water programme in Benin consists for 100% of delegated bilateral funding. There are no centrally managed or supported water sector activities in Benin. It can be concluded that the GON policy in the water sector in Benin is consistent, clear and innovative. Its contribution to the achievements of the water MDGs is substantial. However, the contribution to the sanitation sub-sector remains limited.

6.2 Conditions for applying the SWAp

The enabling environment for SWAp in the water sector in Benin can be considered as rather favorable with regards to the ongoing decentralization and de-concentration policies and processes, the National Strategy for rural water and sanitation, a programme approach through a GOB Water Budget Programme for rural water (Budget Programme par Objectif) since 2002, a number of committed bilateral donors in the water sector and substantial long term and short term TA at national and regional level as financed by Danida, GTZ/KfW and AFD.

The enabling environment regarding the institutional structure provides a mixed picture. The institutional structure for urban water supply and sanitation (SONEB) is clear and functions reasonably well. The institutional structure for rural water supply through the Directorate General for Water functions reasonably well with special reference to the regional (departmental) level. Its major weakness is in the field of budgeting and financial

management systems at Ministry level (Ministry for Mines, Energy and Water). The IWRM institutional structure is just emerging while the institutional structure in the sanitation sub-sector is weak as it is dispersed over various ministries, has no leader and no keen interest from donors. TA has played and still plays an important role in the improvement of the institutional structure in the water sector with special reference to water supply.

The enabling environment regarding Public Finance Management still remains not favorable for the water sector. The major weaknesses in PFM as far as relevant for the water sector are delays in decision making regarding annual budget allocation, low budget execution rates, insufficient insight into the bottlenecks related to PFM and a stable GOB vote for operational costs. This is a delicate situation as the GON programme channeled and in future is expected to channel most of its funds through the GOB financial budget and expenditures systems using all GOB procedures.

Netherlands contribution to improved enabling environment

Till 2004 Danida, KfW/GTZ and AFD played an important role in improving the enabling environment. Since 2004 the Netherlands also contributed to further improve the enabling environment for a SWAp in the water sector in the following ways:

- The channeling of all funds through the GOB financial system showed to all parties both the possibilities to channel donor funds through the system as well as the constraints related to such an approach. The awareness of the constraints increased while the pressure of finding a solution for these constraints is much higher on the GOB and donor agenda than before.
- The delegated/de-concentrated budget experimented with under the Netherlands programme is being mainstreamed taking into consideration lessons learned from the GON projects. The support to the establishment of two common funds is based upon and drawing lessons from the financial procedures as experimented with under Eau I, II, III and the urban project (Urgency Measures Cotonou).
- Through the strengthening of the decentralization process under Eau I the municipalities were made fully responsible for planning, implementation and maintenance. This approach showed at the one hand eagerness of the municipalities and at the other hand the possibilities and constraints at local level. Moreover, it intensified the discussion on the strategy and procedures regarding the transfer of responsibilities to the local level.
- The strengthening of the de-concentration process under the projects Eau II and III contributed to the increase of insight and capabilities of regional staff into the financial procedures and flows. These projects also increased the responsibilities of the provincial level within the context of the de-concentration process.

6.3 Implementation of the SWAp

The Comprehensive Medium Term Water Sector Support Programme (2007-2011) consists of rural, urban water supply and sanitation components as well as of an integrated water resources management component. Interrelations between the sub-sectors still need to be identified and made operational. Within this context there is a potential value added of managing the programme under one umbrella (Steering Committee) under the leadership of the Ministry of Finance. However, such a management structure should not become a burden for the various sub-sector programmes as the decision making responsibilities concerning the various sub-sectors do not coincide with the structure and responsibilities of the Steering Committee.

The weaknesses in the field of PFM can possibly have major consequences for the implementation process of the new GON programme¹⁸.

However, the GON decision to continue channeling funds through the GOB system under the new Comprehensive Medium Term Water Sector Support Programme, in spite of the PFM weaknesses, can be explained as follows:

- Other major donors also started channeling a part of their funds through the GOB financial system.
- There is keen interest amongst some key donors to intensify alignment in policy as well as in management terms in the water sector. The joint donor initiatives to start Common Funds is evidence of this keen interest.
- The Netherlands approach to channel funds fully through the GOB system provides valuable lessons for other donors as constraints become more visible and the need for solutions becomes more pressing. This (learning by doing) provides valuable information regarding the functioning of the system for the water sector at various levels. The partners in the sector benefit from experience gathered in a very concrete manner.

The conclusion: the decision to start the road towards sector support through the start of pilot activities was based upon a balanced assessment of the opportunities in the water sector. The decision to start a SWAp through the implementation of the Comprehensive Medium Term Water Sector Support Programme is based upon a positive assessment of the institutional setting and the opportunities offered through the GOB de-concentration and decentralization process. The decision implies that the Netherlands Embassy is confident that the PFM situation with special reference to the line ministry level will further improve. *In this field the Netherlands Embassy takes a certain, calculated risk by channeling most of the funds through the GOB system.* The positive steps from other donors to move away from project support as well as the Netherlands wish to be innovative justify the decisions taken. TA as provided by other donors will facilitate the road towards sector support.

6.4 Sector support in the context of Dutch aid to the water sector

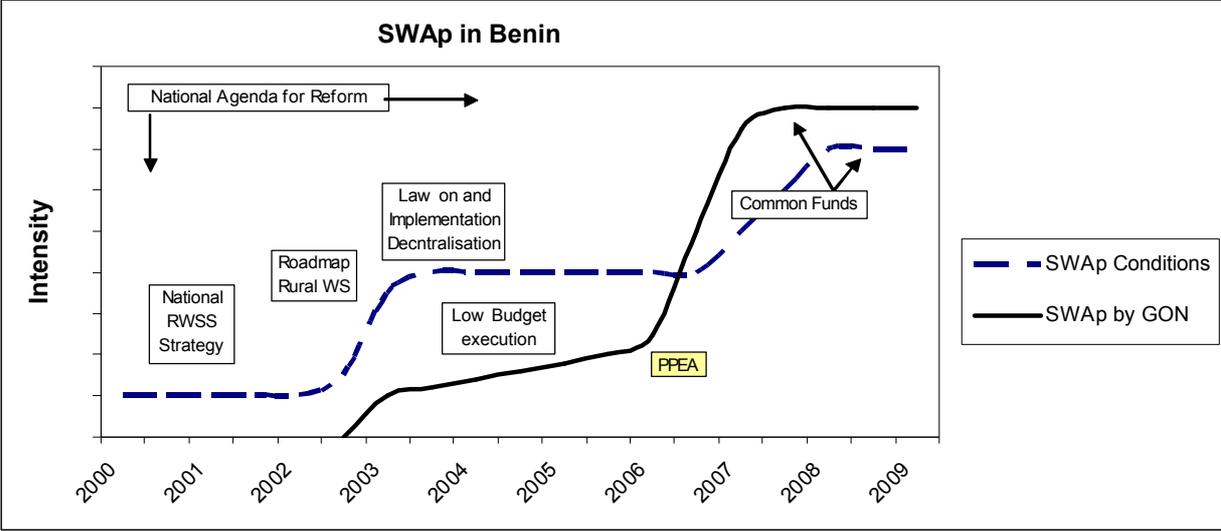
All Dutch aid to the water sector in Benin should be seen within the context of sector support. The five pilot projects paved the road towards sector support, while the Comprehensive Medium Term Water Sector Support Programme 2006-2011 is expected to be the only GON activity in the water sector in Benin for the coming years.

The conditions for SWAp and the way the GON aid modalities have responded to these conditions are depicted in figure 6.1. The figure shows important milestones reached and it also shows that the GON modality is currently “ahead of the conditions for SWAp” as the PFM conditions with special reference to the low budget execution rate in the rural water supply sub-sector have not been met. The conditions are expected to improve further in the coming years. The following tentative conclusions can be drawn from figure 6.1:

- The conditions for SWAp in Benin improved considerably since 2002 with the start of the Rural Water Budget programme (road map) and are expected to improve further in the coming years as PFM issues have been identified and will be probably be tackled.
- The SWAp as implemented by GON is in a steep upward line with the implementation of the pilot projects during the period 2003-2006 and the start of the Comprehensive Medium Term Water Sector Support Programme including rural water supply and sanitation, urban water supply as well as IWRM.

¹⁸ The extent to which other donors “suffer” from PFM problems depends on the modality and the financial procedures followed (e.g. JICA will not suffer at all as they function completely independent of the existing GOB systems). Activities of other donors like Danida and GTZ/KfW are also substantially hampered by the PFM problems.

Figure 6.1 : Schedule of SWAp conditions and SWAp by GON in Benin



6.5 Results of sector support

The Netherlands contribution to increase the coverage in water supply during the period 2004-2007 under the five pilot projects is to provide improved water supply to an additional 410,000 persons equivalent to approx. 100,000 additional persons per year. Under the assumption that during the period 2004-2015 a total of 404,000 additional persons per year require access to water (of which 221,000 in rural areas and 183,000 in urban areas, PPEA 2006) to reach the MDGs for water, the Netherlands contribution during the period 2004-2007 under the five “old” projects (Eau I, II, III and urgency measures and 8 AEVs) represents 25% of the annual requirements per year (to meet MDGs) over this same period. The Comprehensive Medium Term Water Sector Support Programme (PPEA) will provide water supply to an additional 595,000 persons over five years equivalent to 119,000 persons per year. This represents 30% of the additional requirements over this period to meet the MDGs. This makes the Netherlands one of the largest donors in water supply. The Netherlands financial contribution to the water sector is to a very large extent used for investments in infrastructure (new water points or rehabilitation of water points).

The GON contribution to improved sustainability of the delivery systems is expected to materialize through capacity building at lower levels and the introduction of appropriate financial management systems for the delivery systems in small towns and urban areas¹⁹. However, there is a general tendency amongst all parties concerned to focus too much on coverage at the expense of the sustainability of the systems.

There are major indications that other donors further join the road towards SWAp with special reference to the establishment of Common Funds using existing GOB procedures and institutions. The common funds for urban water supply (through SONEB) and small towns (through DG-Water) as agreed upon by GOB, Danida, AFD, KfW/GTZ, EU and the Netherlands are nearly fully aligned in policy terms and to a large extent aligned in management terms with special reference to the financial procedures. Annual approval of the work plans and auditing will still be an issue in which donors will play a role. These common funds have the potential to become the major funding source and modality in the both sub-

¹⁹ It is too early to assess whether the above is realistic.

sectors. By adopting similar type of financial procedures as in the Netherlands programme the participants in the Common Funds increase the pressure on GOB to solve the PFM problems. GON played a role in accelerating the process of common funding.

There is no evidence of equal access of the poor to rural water supply and sanitation. There are indications that hard core poor in a number of cases have been excluded from access for financial and/or social reasons. A poverty analysis is lacking. Although the poverty dimensions is lacking in operational terms in the rural WSS, the urban WS defines the poverty issue explicitly as one of the three operational objectives in the urban AEP strategy for 2006-2015. Real (down-to-earth) operationalisation of this objective still needs to be done.

6.6 Factors influencing progress in sector support

Progress towards SWAp is substantial in Benin. Contextual factors as well as factors directly related to the water sector positively influence the progress towards sector support. Key donors are keen to intensify collaboration in the water sector, to show medium term commitment and to contribute to the acceleration of the de-concentration and decentralization process. The political support in Benin for the rural as well as the urban water sector is substantial. The political commitment for the de-concentration and decentralization process varies amongst different agencies and persons. The political support for sanitation is lacking mainly due to a very unfavorable institutional setting. The need for an improvement of the PFM situation is recognized by all parties. Progress has been made in general PFM issues as well as through the agreement on delegated credit (Credit Delegué). However, further and fast improvements are essential. If not, PFM risks to hamper further development of the sector.

6.7 Harmonization and alignment

The donor coordination in the water sector in Benin already exists for a number of years. The coordination was inspired by the Water Budget Programme in 2002. The coordination intensified during the last few years and broadened from the rural to other sub-sectors. The Netherlands played a positive role in the intensification of the donor coordination. The five pilot projects very well fitted in existing programmes and approaches as implemented by others, while relevant innovative elements in the field of funding arrangements and decentralization were added.

Alignment of donor funding with government rules and regulations is an ongoing process. Policy alignment takes place amongst all major donors with special reference to the rural water supply sub-sector. Alignment with the broader de-concentration and decentralization processes is substantial amongst some of the key donors. Management alignment²⁰ takes place with regards to budget execution, auditing procedures and national procurement systems. Alignment with GOB financial management issues varies amongst donors. The Netherlands contribution in increased alignment in management terms is substantial. GON is ahead of others in systems alignment. Lessons from the Netherlands experience with funding through the GOB system under its pilot projects have shown to be important for the start of two Common Funds.

Benin shows a beginning of leadership in the development and implementation of national sector strategies as well as in the operationalization of the rural water budget programme (road map). It still needs to take the full lead in coordinating aid at various levels

²⁰ Often also called systems alignment

incorporating various stakeholders. Donors play a positive role in strengthening the GOB capacity to exercise its leadership. GON has played an important role in simplifying procedures and making common arrangements and has taken the lead in using the partner country systems and showing to other parties that it can work.

The progress in harmonization and alignment in WRM is less prominent as implementation of this programme takes place through various channels and as the policies still have to be finalized and approved. GOB ownership in WRM is high as the process is fully owned by the various national GOB and NGO parties participating in Benin. Harmonization and alignment in the sanitation sub-sector is weak due to a lack of commitment of major parties concerned.

6.8 Lessons learned

The following lessons relevant for GON SWAp in the water sector can be learned from the Benin experience:

- A clear policy and a road map (BPO) agreed upon by all parties is the basis for collaboration in the sector.
- The Netherlands approach is timely and strategically well fitted into the water sector. It should be emphasized that such an approach can only be implemented thanks to the previous work done by other bilateral donors.
- The enabling environment does not have to include a properly functioning PFM system from the very beginning. PFM issues can be tackled through the programme itself provided that a large number of other factors are favorable (see also para 6.2).
- TA from various donors at national as well as at regional level played and still plays a major role in improving the enabling environment in the water sector in Benin (except in sanitation). The GON programme benefits from this situation.
- The existence of a number of committed bilateral donors (all with substantial financial contributions to the sector) substantially facilitates the road towards SWAp.
- Macro-micro relations are facilitated thanks to the regionalized road map, the de-concentration/decentralization policies and the strong regional involvement of various donors (including TA).
- Water supply can be an instrument in strengthening the decentralization process.

6.9 Recent improvements of conditions for SWAp

For the evaluation of progress with SWAp three components have been identified in the TOR. In Benin substantial progress has been made in all three components:

- All five pilot projects (2004-2006) provide a contribution to the fulfillment of the conditions for SWAp specially in terms of policy operationalization and implementation towards the meso and micro levels and institutional strengthening. The project portfolio was streamlined towards sector support through the Eau 1, 2, 3 as well as through the urban project Urgency measures Cotonou (Mesures d'Urgences AEP Cotonou) and the small towns water project (8 AEV).
- Intensification of coordination with other donors towards harmonization and alignment takes place and materialized in the signing of the joint agreements on common funds for the urban and small towns drinking water supply between GOB and Danish, German, EU, French and Netherlands partners. The Netherlands projects provided substantial input regarding financial systems and procedures to be followed.
- The changes in aid modalities in terms of decrease of project aid and a shift to basket funding, pooled funding and sector budget support takes place in two ways: i) The five projects started in 2004-2006 are succeeded by a comprehensive sector programme covering the rural, urban as well as the IWRM sub-sector (Programme Pluriannuel d'Appui au Secteur de l'Eau et de l'Assainissement - PPEA) and ii) Common funding in

the rural and urban water sub-sectors has been agreed upon and will be implemented based upon and drawing lessons from the financial procedures as experimented with under the GON projects.