
Benin: The construction site of the national budget

*Richard Gerster**

I am sitting in a comfortable, somewhat luxurious armchair of the ministry for alphabetisation in the West African country of Benin. For years Switzerland has supported the alphabetisation efforts in an exemplary manner and these experiences should now be used for the entire country. The person in charge is Blaise Djihouessi also mentions in passing, but obviously not happy about it: "We have more than a hundred of these chairs in our basement. Nobody needs them." The directorate for alphabetisation was a part of the sports ministry until the end of 2007. In that context it remained a foreign body and fell victim to other interests. Much more office furniture than needed was bought, because seller and buyer could earn a fair share by inflating prices and nobody checked. President Yayi Boni, newly elected in 2006, upgraded the directorate to a new ministry for alphabetisation where the population's reading and writing skills really take centre stage.



Smuggled petrol from Nigeria, portioned in bottles for motor bikes: the government is left with nothing.

Budget support to fight poverty

With his openness and professionalism Blaise Djihouessi is characteristic for this reorientation in matters of alphabetisation. On a much broader basis five countries, including Switzerland, together with the World Bank, the European Union and the

African Development Bank provide direct contributions to Benin's budget. With 1,5 million US dollars (1,7 mio CHF) Switzerland is the David of all budget support donors who jointly mobilise some 165 million dollars. In return the government commits to achieving certain goals and to implementing reforms in terms of good governance. Apart from the health and education system fiduciary management of public money stands in the forefront. The state's budget is ultimately the construction site where it is decided whether public authorities really act at the service of the population, how they fight abuse and how they render accountability with respect to the deeds done.

Benin's government has elaborated a strategy for economic growth for alleviating poverty. It also is the binding basis for international cooperation. According to the strategy education, health, drinking water, agriculture, infrastructure, justice as well as some other areas enjoy high priority. An increasing percentage of all government expenses are foreseen for these areas. But at the end of the year it can repeatedly be seen that much less of what would have been available according to the budget has been spent. In a poor country such as Benin, where child and maternal mortality rates are high, it is not acceptable if at the end of the year only six out of ten approved dollars are spent (2007). As the budget reflects the work programme of the respective year, such a massive under-usage also means that the set goals have not been reached. "The reason for this are not lacking will or intentions of enrichment, but rather bureaucratic rules, for example in the area of public procurement when orders for school books or the construction of rural sites are given away", says Houinsou Dieudonné, leading secretary of the non-governmental organisation Social Watch. A weak exhaustion of the budget can lead to completely changed priorities in the com-



Road taxes are a source of income for the government.

parison to the envisaged fight against poverty. Government and donors are jointly working on the issue, to close the gap between actual and approved expenses.

Cushioning the crisis – yes please, but how?

2008 definitely was a year of crises. It was not so much the global financial crisis which afflicted Benin, rather the exploding oil and food prices eroded its substance. In order to go easy on the wallet of the man in the street, the state wanted to prevent price increases. It temporarily waived duties and partially also value added tax on imported

foodstuffs such as flour and rice as well as on combustibles and construction material. Furthermore, new subsidies were paid out, namely for foodstuffs and energy. Because that was not foreseen in the budget, the government took recourse to special procedures which amounted to almost 20 percent of all expenses in 2008 and therefore were quite substantial. In the same year, the losses of income and costs of subsidies amounted to almost 148 million dollars (71 bn CFA) or 13 percent of the expected income.

The intension of easing social tensions is comprehensible from the political perspective – if only there were no smuggling. In Benin one ton of cement costs roughly 138 dollars (69'000 CFA), in neighbouring Nigeria it is almost twice as much, namely 260 dollars (130'000 CFA). On the local market in Benin no cement was to be found at the subsidised price, as inventive profiteers bartered it away abroad. A study found that the aim was also missed in the case of foodstuffs. "The effects for the consumers were insignificant." And: "Above all it was the importers and wholesalers who profited." In the end the subsidies were abolished again, upon pressure from the donors under lead of the International Mone-



The government tries to cushion the effects of increasing food prices in a socially responsible manner.



A customs stop on the way to Niger: A source of income for the government as well as a business opportunity.

tary Fund – total budget support for 2007 amounts roughly to the unplanned expenses for the 2008 state budget.

Benin asked the donors to contribute to the costs for coping with the crisis. “If the government does not talk to us before, but only contacts us afterwards, when dealing with the ensuing costs, it cannot expect us to settle the bill”, says Jan Vlaar, coordinator for budget support on the donors’ side and responsible for the Netherlands’ development cooperation. The donors consider themselves to be advocates for the poor who have hardly profited from the measures to ease the crisis’ burden. The government, on the other side, missed the donors’ understanding for the critical situation which demanded extraordinary measures. “We had to keep social peace in the country”, they argue.

Weak parliament

In a well functioning democracy parliament discusses and approves the budget for the past year and can learn a lesson from it for the following year. In Benin, parliament passed the state budgets for 1999 and 2000 on December 5th 2005. 2001 and 2002 are “under discussion” in parliament.

2003, 2004 and 2005 have been presented to the revision chamber by the ministry of finance, but not yet been passed on to parliament. 2006 and 2007 are still pending in the ministry of finance. “Parliament is in a weak position towards the government, which does not implement any recommendations made by the national assembly upon the approval of the budget anyway. That is why parliament leaves the budget aside. And today the numbers from 2001 to 2006 are water under the bridge and of no interest to anyone”, comments a person who is very familiar with parliament.

“All of that is unbearable and will blow up any time”, says an observer from the do-



Parliament (“Assemblée Nationale”) holds a key role when it comes to the state budget.

nors' side. In the framework contract for budget support the government has now committed to closing the budget within the legal limits, to have it revised by the revision chamber and then present it to parliament. It is explicitly stated that the backlog has to be caught up with no later than 2009. Due to the separation of power the government cannot be forced to have parliamentary approval for the budget. At the 2008 annual conference the donors repeatedly, and in both oral and written form, demanded effective measures. The revision chamber, today a part of the ministry of finance shall be transformed into an independent audit authority and be equipped with more resources and capacities. An influential reason for these interventions were concerns with respect to insufficient mechanisms of control for the entire national budget, not only the donors' own contributions – because budget support ultimately only amounts to around ten percent of the state expenses.

Fighting corruption

In a survey of 2007, 1500 people said that they consider customs, the police, justice and tax authorities to be the most corrupt

authorities. “Benin makes a systematic effort to reduce corruption. Things are moving along slowly, but there is progress. With budget support we back up a government, which assigns high priority to the fight against corruption”, says Jan Vlaar. The fight against corruption has brought people into prison and a start has been made with high level personalities from the economy and administration. “The fight has limits in the form of a weak justice, that is a reason for worry”, says Omer Thomas, from the non-governmental organisation CIDR. Others observe critically that in recent months the president has made corruption less of an issue. The non-governmental organisation ALCRER criticises ministers for trying to silence journalists who wanted to make cases of corruption public. But hardly anyone disputes that everybody has become more prudent since the government under president Yayi Boni declared war on corruption. The private organisation Transparency International fights for clean business relationships on a worldwide level and publishes an annual corruption index for 180 countries. Benin, which ranked 118th in 2007, jumped up to place 96 one year later.



“Pay your taxes for the development of your city” – that is how understanding for the necessity of paying taxes is solicited.

Contacts in the villages create the impression that in every day live ignorance is at least as big a problem as the actual petty corruption. If people do not know how to read, write or calculate their ignorance is abused time and again by scrupulous profiteers. The antidote in this case is alphabetisation and education. Corruption has been a topic in alphabetisation classes for a long time. For example cartoons showing a policeman taking money from driver of a vehicle totally overloaded with goods and people instead of reporting him. Alphabetisation, as it has been supported by Switzerland for years, and general budget support with its possibilities for dialogue and pressure go hand in hand when it comes to the fight against corruption.

No alternative

There is no way around managing a national budget according to the rule. Children only can expect to attend primary and secondary schools if the public procurement system works well. Only the police can guarantee security against criminal offences, only justice can do the same for legal security. It is no coincidence that the construction site of the national budget stands at the core of the government's and donors' efforts. The groundwork has been laid, but the house is not yet built. No other instrument used in international cooperation is as well suited as budget support, to contribute to this process. In Benin, progress in the education and health system cannot be overlooked.



Transports are an important branch of the economy.

* The author, Dr. Richard Gerster, is an economist and works as independent consultant and publicist (www.gersterconsulting.ch). This article is part of a series commissioned by the State Secretariat for Economic Affairs (SECO) to take a closer look at budget support from various points of view. They reflect the author's personal opinion.