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Investing in rural people

Report to the President
Proposed additional financing to the
Republic of Benin for the
Agricultural Development and Market Access
Support Project

Project ID: 2000001073

Note to Executive Board representatives

Approved on 26 November 2021

Focal points:

Technical questions:

Sana F K Jatta
Regional Director, a.i.
Western and Central Africa
Tel.: +39 06 5459 2388
e-mail: s.jatta@ifad.org

Jean Pascal Kaboré
Country Director
Western and Central Africa Division
Tel.: +233596910795
e-mail: p.kabore@ifad.org

Dispatch of documentation:

Deirdre Mc Grenra
Chief
Institutional Governance and
Member Relations
Tel.: +39 06 5459 2374
e-mail: gb@ifad.org

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Project delivery team

Regional Director a.i.:	Sana F. K. Jatta
Country Director:	Jean Pascal Kaboré
Technical Lead:	Fanny Grandval
Finance Officer:	Mame Awa Mbaye
Climate and Environment Specialist:	Yawo Jonky Tenou
Legal Officer:	Charles Etonde

Abbreviations and acronyms

4P	Public-Private-Producer Partnership
ADC	Agricultural Development Cluster
AF	Additional funding
APO	Agricultural Professional Organization
ATDA	Territorial Agricultural Development Agency
EIRR	Economic internal rate of return
NPV	Net Present Value
OFID	OPEC Fund for International Development
PADAAM	Agricultural Development and Market Access Support Project
ProCar	IFAD Rural Intervention Framework Programme in Benin

Financing summary

Initiating institution:	IFAD
Borrower/recipient:	Republic of Benin
Executing agency:	Ministry of Agriculture, Livestock and Fisheries
Total project cost:	EUR 89.5 million (equivalent to approximately US\$ 104.52 million)
Amount of original IFAD loan:	EUR 13.32 million (US\$15.5 million)
Amount of original IFAD grant:	EUR 13.32 million (US\$15.5 million)
Terms of original IFAD loan:	The Loan is granted on highly concessional terms, and shall be free of interest but shall bear a fixed service charge as determined by the Fund at the date of approval of the Loan by the Fund's Executive Board, payable semi-annually in the Loan Service Payment Currency. The Loan shall have a maturity period of forty (40) years, including a grace period of ten (10) years starting from the date of approval of the Loan by the Fund's Executive Board.
Amount of additional IFAD financing:	EUR 12.4 million (equivalent to approximately US\$14.56 million)
Terms of additional IFAD financing:	73% highly concessional loan 27% grant under the Debt Sustainability Framework
Cofinancier(s):	OPEC Fund for International Development (OFID) Private Sector Financial Institutions
Amount of cofinancing:	OFID: EUR 8.6 million (US\$10 million) Private Sector: EUR 4.8 million (US\$5.6 million) Financial Institutions: EUR 1.1 million (US\$1.3 million)
Terms of cofinancing:	OFID: Loan Private sector: Loan Financial institutions: Loan
Contribution of borrower/recipient:	EUR 8.4 million (US\$9.7 million)
Contribution of beneficiaries:	EUR 2.8 million (US\$3.3 million)
Financing gap:	EUR 24.8 million (US\$29 million):
Cooperating institution:	Directly supervised by IFAD

Recommendation for approval

According to the delegation of authority procedure approved by the Executive Board at its 126th session and detailed in document EB 2019/126/R.48/Rev.2 the President is invited to approve the recommendation contained in paragraph 55.

I. Background and project description

A. Background

1. The Agricultural Development and Market Access Support Project (PADAAM) was approved in September 2018 by the IFAD Executive Board¹ and entered into force on 29 April 2019. The project completion and closing dates are 23 June 2025 and 31 December 2025 respectively.
2. The total cost of PADAAM was approved at approximately US\$²104 million, as follows: IFAD financing US\$31 million, OFID US\$ 10 million, National Government US\$ 9.7 million, Beneficiaries US\$3.3 million, local private sector US\$5.6 million, local banks US\$ 1.3 million, and a financing gap of US\$43.5 million.
3. Following a reallocation of IFAD11 resources through the Performance-based Allocation System, Benin is eligible to receive additional financing of US\$14,563,862 (EUR 12,4 million) to partially fill the original financing gap of EUR 37.2 million (US\$43.5 million) for PADAAM to implement its activities as per original design.

B. Original project description

4. PADAAM's general objective is to reduce rural poverty in the project intervention area by including stakeholders, both women and men, in diversified and profitable value chains.
5. The project's development objective is to sustainably increase the food and nutrition security, as well as the income, of smallholder farmers, particularly women and young adults.
6. PADAAM intervenes in four agricultural development clusters (ADCs) with the potential for production and economic partnership development, namely: (i) the south of cluster 4, covering the department of Collines; (ii) cluster 5, covering the departments of Zou and Couffo; (iii) cluster 6, confined to the department of Plateau; and (iv) cluster 7, which stretches to the departments of Ouémé, Atlantique and Mono.
7. The priority production areas in the ADCs is selected on the basis of a detailed study conducted prior to project start-up. PADAAM's target group consists of the following categories: (i) smallholder farmers and small rural entrepreneurs engaged in production or processing activities in the three value chains (rice, maize and cassava); (ii) young adults from family farms, those graduated and/or have some education willing to work in value chains as first-time entrepreneurs, young entrepreneurs already active in value chains or wish to take advantage of business opportunities; (iii) agro-entrepreneurs and downstream actors in the value chains (processors, merchants and individuals involved in service activities organized into small or medium-sized enterprises or cooperatives); (iv) agricultural professional organizations (APOs) with different degrees of organization and geographic positioning: grassroots farmers' organizations, unions, federations, regional collaboration platforms and national mixed groups of professionals.
8. PADAAM will reach 51,000 households and approximately 255,000 rural people, including smallholder farmers, rural youth, agro-entrepreneurs and actors downstream in the value chains, as well as farmers' organizations. The approach is

¹ <https://webapps.ifad.org/members/eb/124/docs/EB-2018-124-R-23-Rev-1.pdf>

² Amount in President Report: 89.5 million Euro, September 2018.

designed to target and favour women and young adults (aged 15-35), who represent 40 per cent and 30 per cent of the beneficiaries, respectively.

II. Rationale for additional financing

A. Rationale

9. The requested additional financing will be used to partially fill the financing gap identified during design and required to implement planned activities as part of the country strategic opportunities programme for Benin 2018-2022. These additional resources will be used to strengthen PADAAM's support to the identified value chains (rice, maize and cassava) and to improve food security and increase the income of rural populations.
10. PADAAM is entering its third year of implementation from July 2021. The technical components contribute to improve the development of maize, cassava and rice sectors and to reduce Benin's dependence on the outside to meet food needs.
11. To date, 4,815 beneficiaries including 1,263 women and 1,396 young people receive the services promoted by the project:
 - 595 producers, including 129 women in 40 tontines, have direct business linkages;
 - 80 pilot producers, 4 suppliers of specific inputs, 10 distributors of delicious rice, and 2 business managers were trained and monitored on the content of the joint venture and compliance with contractual clauses.
 - six business plans (5 Joint Ventures and 1 CS) were drawn up according to the RURAL INVEST method with FAO review;
 - four business plans were set up for XOF113 million loans mobilized by four ESOP³s (XOF 28 to 42 million) with a single MFI.

Special aspects relating to IFAD's corporate mainstreaming priorities

12. In line with the Eleventh Replenishment of IFAD's Resources (IFAD11) mainstreaming commitments, the project has been validated as:
 - Gender transformational
 - Nutrition-sensitive
 - Youth-sensitive
13. **Gender and women's empowerment.** Women in Benin face constraints hindering their access to production resources, and the development of their activities within the value chains. They are underrepresented in farmer's organizations and other decision-making bodies. About 70 per cent of women live in rural area where they perform 80 per cent of agricultural work and provide up to 44 per cent of the services needed to feed their families. The average salary of a woman is 20 per cent lower than that of a man in the agricultural sector, a significant gap linked to local culture, different gender status and role.
14. **Youth inclusion and employment.** They have limited access to factors of production and lack the necessary knowledge and training. As a result, they migrate to the cities in pursuit of better prospects and overall better living conditions. Landless rural youth (15-24 years) and young adults (25-35 years) constitute the most affected layer by the phenomenon. For these young people, their work force is their sole factor of production. They are non-educated or poorly educated. They work on the family farms that they do not own, without bright prospects given the modest income earned from their work.
15. **Food and nutrition problems.** Food insecurity more often affects households in rural areas (15 per cent) than those in urban areas other than Cotonou (8 per cent).

³ Entreprises de services aux organisations de producteurs

The percentage of food insecure female-headed households is 24.2 versus 22 per cent of male-headed households. Food insecurity is unevenly distributed among departments and municipalities. The most vulnerable households (in terms of food consumption and poverty) are those who depend on agriculture as their sole source of income and those for whom agriculture is one of the sources of income, which shows that agriculture in its current form is not able to meet rural dietary needs.

16. **Environment and climate change.** Climate change weakens population's resilience particularly in rural areas. The increased frequency of droughts and floods affects soil's quality, the agricultural calendar and the yields of the agricultural crops. The impacts on the agriculture sector include the proliferation of insect pests, lower yields, lower productivity resulting in a diminishing food supply, a reduction in the supply of crop and livestock products, lower incomes for producers and the degradation of land.

B. Description of geographical area and target groups

17. In the current strategic context, characterized by the promotion of value chains and "agro-clusters," PADAAM intervenes in four agricultural development clusters (ADCs) located in the south of the country with potential for production and economic partnership development, namely: (i) the south of cluster 4, covering the department of Collines; (ii) cluster 5, covering the departments of Zou and Couffo; (iii) cluster 6, confined to the department of Plateau; and (iv) cluster 7, which stretches to the departments of Ouémé, Atlantique and Mono. There will be no changes to the geographical area or target groups.

C. Components, outcomes and activities

18. PADAAM is implemented over a six-year period (2019-2024) and has three investment components: (i) strengthening partnerships and creating value added; (ii) improving agricultural productivity and production; and (iii) coordination and management under the IFAD Rural Intervention Framework Programme in Benin (ProCar). The additional financing will contribute to the implementation of the same activities. No changes are made to the components of the project which remain the same.
19. **Component 1: Strengthening partnerships and creating value added.** This component should result in: (i) the formalization of sustainable economic relationships between smallholder farmers and the private sector; (ii) an increase in the volume of raw materials processed in three value chains and marketed on domestic and international markets; (iii) a significant increase in the income of smallholder farmers; and (iv) strengthening of the institutional and governance base of farmers' organizations.
20. **Component 2: Improving agricultural productivity and production.** This component is aimed at increasing the average yield per hectare by around 44 per cent, with production in the three targeted value chains reaching the volumes specified in the PSDSA (Strategic Plan for Agricultural Sector Development) for 2021. Under this component, PADAAM will also participate in increasing the availability and quality of infrastructure for production and implementation support, with the following as the main indicators: 2,500 hectares of improved wetlands, 91 rehabilitated or built storage facilities and 250 km of feeder roads built.

21. **Component 3: Coordination and management under ProCar (Coordination, monitoring, evaluation and knowledge management).** Implementation of this component will be based on the programme approach used in the creation of ProCar and the reforms aimed at the territorialization of agricultural development adopted by the Government. This framework programme governs the administrative and fiduciary management of all projects in IFAD's portfolio in Benin, and supports the shared functions of monitoring and evaluation, knowledge management, communication, targeting and youth support.

D. Costs, benefits and financing

Project costs

22. The total cost of PADAAM, including provisions for physical contingencies and price increases, is EUR 89.5 million. The base cost is EUR 84.1 million. The amount for physical and financial contingencies is EUR 5.4 million. Taxes, which are included, come to EUR 8.4 million.
23. Project costs can be broken down into the following components: (i) strengthening of partnerships and creation of value added: evaluated at EUR 39.4 million, or 44 per cent of the total project cost; (ii) improvement of agricultural productivity and production: EUR 40.1 million, or 44.8 per cent of the total project cost; and (iii) coordination, monitoring and evaluation and knowledge management: EUR 10 million, or 11.2 per cent of the total project cost.

Table 1

Original and additional financing summary

(Thousands of Euros)

	<i>Original financing</i>	<i>Additional financing</i>	<i>Total</i>
IFAD loan	13 313	9 052	22 365
IFAD grant	13 313	3 348	16 661
Other cofinanciers	14 462	0	14 462
Beneficiaries	2 837	0	2 837
Borrower/recipient	8 377	-	8 377
financial gap	37 224	-	24 824
Total	89 526	12 400	89 526

Table 2
Additional financing: project costs by component (and subcomponent) and financier
 (Thousands of Euros)

Component/ subcomponent	Additional IFAD loan		Additional IFAD grant		Other cofinanciers			Additional						Total Amount	
	Amount	%	Amount	%	Amount	%	Beneficiaries			Borrower/recipient					
							Cash	In kind	%	Cash	In-kind	%			
A. Strengthening of partnerships and creation of value added															
A1. Partnership Development	2 911	73	1 077	27	-	-	-	-	-	-	-	-	-	-	3 988
A2. Capacity - building	1272	73	470	27	-	-	-	-	-	-	-	-	-	-	1 742
Subtotal	4183	73	1547	27	-	-	-	-	-	-	-	-	-	-	5 730
B. Improvement of agricultural productivity and production															
B1. Access to inputs, services, crosscutting support	1203	73	445	27	-	-	-	-	-	-	-	-	-	-	1 648
B2. Infrastructure development	2378	73	880	27	-	-	-	-	-	-	-	-	-	-	3 258
Subtotal	3581	73	1325	27	-	-	-	-	-	-	-	-	-	-	4 906
C. Coordination, monitoring and evaluation and knowledge management															
C1. Coordination and management	877	73	325	27	-	-	-	-	-	-	-	-	-	-	1 202
C2. Monitoring evaluation and knowledge management	410	73	152	27	-	-	-	-	-	-	-	-	-	-	562
Subtotal	1288	73	476	27	-	-	-	-	-	-	-	-	-	-	1 764
Total	9052	73	3348	27	-	-	-	-	-	-	-	-	-	-	12 400

Table 3
Additional financing: project costs by expenditure category and financier
 (Thousands of Euros)

Expenditure category	Additional IFAD loan		Additional IFAD grant		Other cofinanciers			Additional						Total Amount	
	Amount	%	Amount	%	Amount	%	Beneficiaries			Borrower/recipient					
							Cash	In kind	%	Cash	In-kind	%			
1. Work	1 983	73	733	27	-	-	-	-	-	-	-	-	-	-	2 716
2. Equipment and material	698	73	258	27	-	-	-	-	-	-	-	-	-	-	956
3. Goods, services and inputs	980	73	362	27	-	-	-	-	-	-	-	-	-	-	1 342
4. Consultancies	1 393	73	515	27	-	-	-	-	-	-	-	-	-	-	1 908
5. Training	1 588	73	588	27	-	-	-	-	-	-	-	-	-	-	2 176
6. Grants and subsidies	2 002	73	740	27	-	-	-	-	-	-	-	-	-	-	2 742
7. Operating costs	64	73	24	27	-	-	-	-	-	-	-	-	-	-	88
8. Salaries and allowances	345	73	127	27	-	-	-	-	-	-	-	-	-	-	472
Total	9 052	73	3 348	27	-	-	-	-	-	-	-	-	-	-	12 400

Table 4
Project costs by component and project year (PY)
 (Thousands of Euros)

Component/subcomponent	PY1		PY2		PY3		PY4		PY5		PY6		Total
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount
A. Strengthening of partnerships and creation of value added	3 371	9	9 525	24	9 637	24	8 480	22	6 535	17	1 812	5	39 360
B. Improvement of agricultural productivity and production	2 103	5	7 969	20	15 071	38	12 672	32	1 529	4	782	2	40 126
C. Coordination, monitoring and evaluation and knowledge management	2 381	24	1 473	15	1 569	16	1 629	16	1 343	13	1 646	16	10 041
Total	7 854	9	18 966	21	26 277	29	22 781	25	9 408	11	4 241	5	89 527

Financing and cofinancing strategy and plan

24. The project original financing plan was as follows: IFAD, for a total of EUR 26.6million, or 29.8 per cent of the total project cost (50 per cent in the form of a loan granted under highly concessional terms and 50 per cent in the form of a grant through the Debt Sustainability Framework), under the PBAS 2016-2018 cycle; OFID, EUR 8.6 million (9.6 per cent of the total project cost); the private sector, EUR 4.8 million (5.4 per cent of the total project cost); financial institutions, EUR 1.1 million (1.2 per cent of the total project cost); Government of Benin, EUR 8.4 million (9.4 per cent of the total project cost); and beneficiaries, EUR 2.8 million, (3.2 per cent of the total project cost).
25. A financing gap of EUR 37.2 million (41.6 per cent of the total project cost), was anticipated at Executive Board approval. This gap will be partly filled by the additional financing of EUR 12.4 million from the present request. The additional financing will not entail any changes to the original design, financing package, implementation arrangements, completion and closure dates.

Disbursement

26. PADAAM funds are managed according to the procedures in force in Benin and in line with IFAD administrative and financial management. The administrative and financial management procedures are detailed in the Letter to the Borrower and in the project's administrative, accounting and financial management manual.
27. IFAD funds are made available through a "designated account" opened at the BCEAO in Cotonou, signatories are the Director General of the "Autonomous Amortization Fund" and the Head of the Finance and Debt Department. The Operation account is in Cotonou and managed by ProCaR under the principle of double signature (project Coordinator and ProCaR administrative and financial manager). The same procedures will apply to the Additional Financing.
28. Last year disbursement rate doubled, reaching 19 per cent. Projections for December 2021 are around 23 per cent. Disbursement rate is expected to continue to grow.
29. The project is now developing hydro-agricultural activities requiring preliminary studies and lengthy procurement procedures and is in need of the additional financial resources.

Summary of benefits and economic analysis

30. **Financial analysis.** The AF does not change the financial analysis benefiting: (i) smallholder maize and cassava farmers; (ii) small wetlands operations; and (iii) different types of partnership initiatives between farmers and the private sector in the form of simple partnerships, public-private-producer partnerships (4P) and co-enterprises. The analysis was aimed at determining the feasibility of the activities in terms of the return on investment throughout the project and ensuring that the

invested funds came from the farmer, the project or a credit institution. It consisted, on the one hand, in evaluating farmers' capacity to generate net positive results, and on the other, in analysing their financial situation to ensure that financial equilibrium was maintained for the continuity of the activity, bearing in mind the conditions of access to credit in the project area and the cofinancing rules established for the project. The results, summarized in the table below, indicate that all the included models have a satisfactory financial return.

Table 5
PADAAM economic model summary

Models	Cost-benefit Ratio	Financial Internal Rate of Return	NPV (8.5%)		
			FCFA	USD	EUR
1. Agricultural production models					
Maize/cassava model	2.9	104%	3 881 463	7 255	6 223
Wetlands management type 1	1.2	13%	9 355 186	17 486	14 999
Wetlands management type 2	1.1	13%	11 990 007	22 411	19 224
Wetlands management type 3	1.4	19%	38 169 833	71 345	61 198
2. Models for increasing value added					
Creation of ESOP ^a -Rice	1.2	32%	388 379 283	725 943	622 699
Strengthening of ESOP-Rice	1.3	46%	433 770 696	810 786	695 476
Creation of ESOP-Cassava	1.1	29%	242 930 261	454 075	389 496
4P PIVERT ^b /ESSOR ^c -Maize	1.1	17%	44 129 563	82 485	70 754
4P PIVERT/ESSOR-Cassava	1.2	26%	103 466 044	193 394	165 890
4P Agribusiness-Maize	1.5	33%	45 872 520	85 743	73 549
Simple contracting-Cassava	1.1	24%	14 007 311	26 182	22 458
Simple contracting-Maize	1.2	22%	19 152 330	35 799	30 708
Simple contracting-Rice	1.3	54%	114 071 931	213 219	182 895

^a Producer services and organization enterprise.

^b Green innovation, rural energy and transformation cluster.

^c Solidarity Enterprise for Services to Rural People.

31. **Economic results and sensitivity analysis.** Given the wide range of foreseen activities, PADAAM will have many economic benefits, the totality of which cannot be addressed in calculating the economic return indicators, such as the economic internal rate of return (EIRR) and the net present value (NPV). Nevertheless, the analysis covers the project's main benefits and the resulting support for production (rice, maize and cassava), resources for the creation and strengthening of stakeholder partnerships (simple contracting, 4Ps, co-enterprises) and rehabilitation of rural feeder roads.
32. The project's EIRR is established at 18.9 per cent, and the NPV, with an economic opportunity cost of capital of 6 per cent, at EUR 54.2 million. This is a very satisfactory result, as certain benefits could not be included in the calculations due to insufficient data for their evaluation – for example, the effects of capacity building and the construction of storage facilities, which have improved food security. Overall, the project will have a positive impact on the national economy and especially on women and young adults, who are its priority target groups.
33. The sensitivity analysis shows very robust results. Even in the case of a 30 per cent drop in income, a 50 per cent increase in costs or a two-year lag in profits, the economic rate of return remains largely above the opportunity cost of capital (6 per cent), and the NPV, at more than EUR 20.6 million. Calculation of the switching values shows that, all things being equal, the project's economic return will be nil only if its profits fall by 56 per cent or its costs increase by 125 per cent.

Exit strategy and sustainability

34. PADAAM will improve the sustainability of the investments made at different levels of the ADCs, as its approach aims at guaranteeing ownership and empowerment by the beneficiaries, limiting backsliding after project completion. The dynamics of the programme approach in place since the advent of ProCar will consolidate the synergy

of the interventions and strengthen the sustainability of the achievements. The exit strategy is built around the following key principles: ownership by partner organizations and complementarity. Planned actions in the strategy will be implemented until 2024.

35. PADAAM's actions will contribute to: (i) the institutional sustainability of farmers' organizations and mixed groups of professionals in the targeted value chains, and the strengthening of ATDAs through institutional support; (ii) the economic and financial viability of the actors involved in the partnerships and business initiatives developed by farmers' organizations or young rural entrepreneurs; (iii) the sustainability of the infrastructure that will be built in collaboration with the decentralized territorial groups during implementation of their communal development plans, and the involvement of the beneficiaries, who will be organized to ensure the sustainable maintenance and management of the infrastructure and facilities; and (iv) environmental sustainability and the promotion of measures to increase target groups' resilience to climate change as described in the SECAP and with the involvement of beneficiaries and partners. Results of the sensitivity test performed as part of the economic and financial analysis show the robustness of the project. The additional financing does not change the exit strategy.

III. Risk management

A. Risks and mitigation measures

36. The main risks for PADAAM are associated with: (i) the innovative nature of the ADC value-chain approach; (ii) the advent of the ATDAs, in 2017, as supervisors of the implementation of the national value-chain promotion strategy; (iii) the weak structure of the APOs value chains; and (iv) external factors, such as climate change. These risks were clearly identified at design stage and mitigation measures put in place, like: (i) strengthening of ATDA technical capacities to carry out their activities and functions; (ii) supporting the creation of APOs and improving their governance structure; (iii) disseminating drought-resistant crop varieties, cropping systems and agricultural conservation practices; and (iv) the development of agricultural insurance. The project's environmental and social risks is rated as Category "B". Risks associated with climate change are considered as "moderate".

B. Environment and social category

37. The country environment and social category remains B.

C. Climate risk classification

38. The project is classified at moderate climate risk (Category B). Taking into consideration the country's crucial challenges – rise in temperature, rainfall and sharp rise in sea level – the project has developed a Natural Resources Management Plan, an Environmental and Social Management Framework, a Pest and Pesticide Management Plan, and adopted resilient infrastructures and smart agricultural practices.

IV. Implementation

A. Compliance with IFAD policies

39. PADAAM is aligned with IFAD's Strategic Framework 2016-2025, which fosters inclusive and sustainable transformation of the rural world. PADAAM is engaged in activities aimed at the attainment of IFAD's three strategic objectives, which are to: (i) increase poor rural people's productive capacity; (ii) increase poor rural people's benefits from market participation; and (iii) strengthen the environmental sustainability and climate resilience of rural poor people's economic activities.
40. PADAAM is included in IFAD's COSOP 2018-2022 which pursues the following strategic objectives: (i) productive capacity, resilience to climate change, and food and nutrition security of vulnerable rural populations are sustainably improved; and (ii)

access to agricultural output markets is improved. These objectives also contribute to the achievement of the relevant Sustainable Development Goals. In this endeavour, IFAD will support the Government of Benin in achieving its development targets in agriculture and empowering smallholder farmers to become more productive, competitive and better integrated into markets to achieve the COSOP objective.

41. The project is aligned with the IFAD strategy on climate change, especially the following objectives: (i) support innovative approaches to make smallholder farmers, both women and men, more resilient to climate change; (ii) help smallholder farmers to take advantage of the available measures and financing to mitigate its effects; and (iii) establish a more coherent national dialogue on climate change, rural development, agriculture and food security.
42. PADAAM is aligned with IFAD's Environment and Natural Resource Management Policy (2011) and is based on the following guiding principles: (i) engagement in value chains to drive green growth (principle 5); and (ii) promote climate-smart approaches to rural development (principle 3).
43. The project's targeting strategy in line with IFAD policy, is based on geographic, direct and self-targeting. PADAAM engages with rural poor people, women and young adults, the priority beneficiaries at the core of IFAD interventions. The different profiles of the target groups have been considered in the project support, notably through an analysis by sex and age, as well as wherewithal (degree of wealth). The development of gender and youth targeting strategies and mechanisms was introduced during the project design phase. The project implementation ensures that these elements are well integrated during results monitoring and impact assessment.
44. PADAAM's development approach is focused on value chains and based on an overall analysis of the entire value chain. The adopted value-chain approach considers all stakeholders (in addition to rural poor people, young adults, and women, who are IFAD's main target group) and their interactions. The market is considered as a driving force, and the activities are based on an assessment of the demand and the capacity of markets to absorb additional production. PADAAM encourages the private-sector engagement to promote the forging of 4Ps partnerships that facilitate access to markets. The 2021 supervision mission has confirmed the good implementation of this approach.

B. Organizational framework

Financial management, procurement and governance

45. **Financial management.** Project funds will be managed pursuant to the current procedures of The Republic of Benin and IFAD, which will be detailed in the letter to the Borrower and the Project's manual of administrative, financial and management procedures.
46. **Procurement.** The works and supplies, as well as the consulting and advisory services necessary for the project are delivered in accordance with the current Benin procurement code, which are aligned with IFAD's procurement mechanisms. Within the framework of productive partnerships and rural microenterprise promotion, the beneficiaries – farmers' organizations and young promoters of rural enterprises – will participate in procurement through the specific modalities defined in the manuals. Following the 2021 supervision of PADAAM, this procedure has been confirmed and will be implemented from 2022.
47. **Governance.** PADAAM applies the principles of good governance. Following the supervision audit of the Benin country programme in 2019, an action plan was developed to strengthen transparency and governance and comply with IFAD's revised policy on fraud and corruption prevention. The fraud and corruption whistleblower authority has been established and a focal point has been identified and notified to IFAD. An internal mechanism for denouncing fraud and corruption is being implemented by ProCar. All supervision missions include a procurement expert and

both ProCar and Government staff have been trained in IFAD's revised policy on fraud and corruption prevention.

C. Monitoring and evaluation, learning, knowledge management and strategic communication

48. The PADAAM monitoring and evaluation system is part of the ProCaR monitoring and evaluation programmatic approach that monitor progress of all IFAD projects in Benin. A platform (RUCHE) has been developed within the ProCaR monitoring and evaluation system to record progress of activities, outputs, and impact. The platform includes a database for beneficiaries to record their situation at start-up and follow their evolution as they receive support.
49. The additional financing will contribute to the full operationalization and digitalisation of the M&E system to facilitate decision-making. Partners will be capacitated on a continuous basis, collection of data will be carried out on time and outcome results will be produced on a regularly basis.
50. The knowledge management efforts support the building of credible base of practical and actionable know-how leading to improved country programme results and performance, as well as scale up successes. It also serves as a base to link project experience, lessons learned and evidence to policy engagement. The ongoing midterm reviews of the COSOP is using the M&E system and data as a learning opportunity to increase knowledge management efforts. Successful practices and models are documented, and widely disseminated with all stakeholders through various channels and tools of communication adapted to the different audiences.

D. Proposed amendments to the financing agreement

51. An amendment to the original Financing Agreement is needed to reflect the additional financing subject to its approval.

V. Legal instruments and authority

52. An amendment to the financing agreement between the Republic of Benin and IFAD will constitute the legal instrument for extending the proposed financing to the borrower/recipient. The signed financing agreement will be amended following approval of the additional financing.
53. The Republic of Benin is empowered under its laws to receive financing from IFAD.
54. The proposed revision will comply with the Agreement Establishing IFAD and the Policies and Criteria for IFAD Financing.

VI. Recommendation

55. According to the delegation of authority procedure approved by the Executive Board at its 126th session and detailed in document EB 2019/126/R.48/Rev.2, the President is invited to approve the proposed financing in terms of the following resolution:

RESOLVED: that the Fund shall provide a loan to the Republic of Benin under highly concessional terms in an amount of eight million nine hundred seventy-nine thousand euro (EUR 8 979 000) and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

RESOLVED FURTHER: that the Fund shall provide a grant under the Debt Sustainability Framework to the Republic of Benin in an amount of three million three hundred twenty-one thousand euro (EUR 3 321 000) and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Donald F. Brown
Associate Vice-President
Programme Management Department

Cadre logique

Synthèse/Résultats	Indicateurs clés de vérification ^{3&4}				Moyens de vérification			Hypothèses
	Nom	Référence	Mi-parcours	Fin	Source	Fréquence	Responsabilité	
Objectif général								
Contribuer à la réduction de la pauvreté rurale dans la zone d'intervention du Projet en intégrant les acteurs hommes et femmes dans des chaînes de valeur diversifiées et rentables	1. Nombre de personnes bénéficiaires d'une mobilité économique* ⁵	0	85 000	204 000	Enquête de référence, évaluation d'impact	Année 1, 3 et 6	FIDA et Gouvernement	
	2. Pourcentage de ménages ayant une période de soudure de deux mois au maximum	A déterminer	A déterminer	30%	Enquête de référence, évaluation d'impact	Année 1, 3 et 6	FIDA et Gouvernement	
Objectif de développement du Projet								
Améliorer durablement la sécurité alimentaire et nutritionnelle, et les revenus des petits agriculteurs intervenant dans les filières manioc, maïs et riz	3. Nombre de bénéficiaires recevant les services promus par le Projet * ⁶	0	105 000	255 000	SSE du Projet	Trimestrielle	PROCAR	- Un cadre stratégique et institutionnel national favorable - Disponibilité de partenaires et de prestataires efficaces
	4. Pourcentage de ménages déclarant une augmentation de leurs revenus d'au moins 30%	0	65%	80%	Enquête spécifique	Annuelle	PROCAR, prestataires	
Effet 1: La valeur ajoutée créée au niveau des filières est augmentée	5. Pourcentage d'organisations de producteurs ruraux déclarant une augmentation de leurs ventes (2.2.5)	0%	80%	80%	Enquêtes spécifiques	Annuelle	PROCAR, prestataires	- Performance des prestataires de services pour le développement de partenariats productifs - Volonté politique du Gouvernement à promouvoir les filières nationales
	6. Pourcentage d'entreprises rurales soutenues déclarant une augmentation de leurs profits (2.2.2)	0%	80%	80%	Enquêtes spécifiques	Annuelle	PROCAR, prestataires	
Produit 1.1: Des partenariats entre acteurs favorisent la création de valeur ajoutée et la commercialisation	7. Nombre de contrats de partenariat appuyés				SSE du Projet			
	Contrats simples signés	0	204	335		Trimestrielle	PROCAR	
	Partenariats 4P créés	0	38	55		Trimestrielle		
	Co-entreprises renforcées ou créés	0	6	12		Annuelle		

³ Désagrégés par genre et âge (hommes, femmes et jeunes de 15-40 ans), et par filière autant que possible

⁴ * Indicateurs de base du Système de Mesure des Résultats Opérationnels (SMRO ex-SYGR1)

⁵ Projection, fondée sur les évaluations de l'impact du FIDA, du nombre de ruraux dont la situation économique a évolué (10% ou plus), notamment du point de vue des revenus, de la consommation, de la richesse, de la diversité alimentaire ou de la nutrition (*Porter le Système de gestion des résultats et de l'impact à l'étape suivante*, FIDA, avril 2017)

⁶ Dont bénéficiaires hommes/femmes/jeunes; bénéficiaires des actions environnementales durables et bénéficiaires des actions sur la nutrition

Synthèse/Résultats	Indicateurs clés de vérification ^{3&4}				Moyens de vérification			Hypothèses
	Nom	Référence	Mi-parcours	Fin	Source	Fréquence	Responsabilité	
Produit 1.2: Les acteurs et organisations au niveau des filières ciblées sont renforcés	8. Nombre d'organisations de producteurs ruraux soutenues * (2.1.3)	0	1 139	1 577	SSE du Projet	Trimestrielle	PROCAR	Intérêt des producteurs à s'organiser
	9. Nombre de producteurs ruraux membres d'organisations de producteurs (2.1.4)	0	A déterminer	A déterminer	Rapports d'activités	Trimestrielle	PROCAR	Intérêt des producteurs à faire partie d'une organisation
	10. Nombre de personnes formées à des activités productrices de revenus ou à la gestion des entreprises (2.1.2)	0	200	235	Rapports d'activités	Trimestrielle	PROCAR	Intérêt des privés à recevoir des formations
	11. Nombre de jeunes appuyés à l'auto-entrepreneuriat	0	500	1 100	Rapports d'activités	Trimestrielle	PROCAR	Intérêt des jeunes à s'insérer dans les filières appuyés
Effet 2 : La productivité et la production agricole dans les chaînes de valeur ciblées sont améliorées	12. Pourcentage de personnes/ménages déclarant une augmentation de la production (1.2.4)	0%	25%	85%	Enquêtes spécifiques	Annuelle	PROCAR, prestataires	Pas de catastrophes naturelles
	13. Augmentation de rendement ⁷				Enquêtes spécifiques	Annuelle	PROCAR, prestataires	
	Riz	2,5 t/ha	3 t/ha	3,5 t/ha				
Maïs	1,3 t/ha	1,5 t/ha	2 t/ha					
Manioc	13 t/ha	16 t/ha	18 t/ha					
Produit 2.1: L'accès aux intrants et services de conseil agricole est amélioré ¹²	14. Nombre de producteurs ruraux ayant accès aux facteurs de production et /ou aux paquets technologiques (1.1.3)	A déterminer	16 750	48 500	Rapports d'activités	Annuelle	Responsables de filières/OP	Les intrants sont disponibles à temps
	15. Nombre d'exploitations touchées par le CEF (Conseil à l'exploitation familiale)	0	8 150	22 550	Rapports d'activités	Annuelle	Idem	
Produit 2.2: Des infrastructures durables améliorent la productivité au niveau des filières ciblées	16. Nombre d'hectares de bas-fonds rizicoles aménagés/remis en état ⁸ (1.1.2)	0	1 500 ha	2 500 ha	Rapports d'activités	Semestrielle	PROCAR	- Retard dans la passation des marchés
	17. Nombre de magasins stockage construits/réhabilités (2.1.6)	0	49	91	Rapports d'activités	Trimestrielle	PROCAR	- Retard dans l'exécution des travaux au regard de la faible capacité des PME
	18. Nombre de kilomètres de pistes agricoles réhabilitées et de tronçons de pistes agricoles améliorées (2.1.5)	0 km	125 km	250 km	Rapports d'activités	Trimestrielle	PROCAR	

⁷ Il convient de relever que la situation de référence se réfère ici à la moyenne estimée dans la zone d'intervention du Projet. Cette moyenne tranche avec la moyenne nationale reprise dans le PSDSA, en particulier pour le riz dont le PDA leader (PDA 1) est hors-zone PADAAM avec de meilleurs rendements

⁸ Formulation de l'indicateur reformulée par rapport au contexte du Projet, mais indicateur similaire à l'indicateur de base 1.1.2 du SMRO (Nombre d'hectares de terres agricoles dotées d'infrastructures hydrauliques construites/remises en état)