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

Project ID: 2000001073

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Document: EB 2022/DoA/2

Date: 25 November 2022

Distribution: Public

**Action:** According to the delegation of authority procedure approved by the Executive Board at its 126<sup>th</sup> session and detailed in document [EB 2019/126/R.48/Rev.2](#), the President is invited to approve the recommendation for the proposed additional financing contained in paragraph 57.

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### Project delivery team

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## Financing summary

<b>Initiating institution:</b>	IFAD
<b>Borrower/recipient:</b>	Republic of Benin
<b>Executing agency:</b>	Ministry of Agriculture, Livestock and Fisheries
<b>Total project cost:</b>	EUR 89.5 million (equivalent to approximately US\$104.52 million)
<b>Amount of original IFAD loan:</b>	EUR 13.32 million (equivalent to approximately US\$15.5 million)
<b>Amount of original IFAD grant:</b>	EUR 13.32 million (equivalent to approximately US\$15.5 million)
<b>Terms of original IFAD loan:</b>	HC: 40 years, including a grace period of 10 years, with a service charge of 0.75 per cent per annum (adjustments for single-currency loans)
<b>Amount of additional IFAD financing 1:</b>	EUR 12.3 million (equivalent to approximately US\$14.56 million)
<b>Terms of additional IFAD financing 1:</b>	73% highly concessional 27% grant under the Debt Sustainability Framework
<b>Amount of additional IFAD loan 2:</b>	EUR 8.7 million (equivalent to approximately US\$10.2 million)
<b>Terms of additional IFAD loan 2:</b>	80% Super highly concessional terms and 20% Highly concessional terms
<b>Amount of additional IFAD loan 2:</b>	EUR 3.84 million (equivalent to approximately US\$4.5 million)
<b>Terms of additional IFAD loan 2:</b>	Ordinary: Category 1, Maximum of 35 years, including a grace period of maximum 10 years, subject to interest at a rate equal to the IFAD Reference Interest Rate including a variable spread
<b>Cofinancier(s):</b>	OPEC Fund for International Development (OFID) Private Sector Financial Institutions
<b>Amount of cofinancing:</b>	OPEC: EUR 8.6 million (equivalent to approximately US\$10 million) Private Sector: EUR 4.8 million (equivalent to approximately US\$5.6 million) Financial Institutions: EUR 1.1 million (equivalent to approximately US\$1.3million)
<b>Terms of cofinancing:</b>	OPEC: Loan Private sector: Loan Financial institutions: Loan
<b>Contribution of borrower/recipient:</b>	EUR 8.4 million (equivalent to approximately US\$ 9.7 million)
<b>Contribution of beneficiaries:</b>	EUR 2.8 million (equivalent to approximately US\$ 3.3 million)
<b>Financing gap:</b>	EUR 12.283 million (US\$14.7 million):
<b>Cooperating institution:</b>	IFAD

## I. Background and project description

### A. Background

1. The Agricultural Development and Market Access Support Project (PADAAM) was approved in September 2018 by the Executive Board 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 original cost of PADAAM amounted to approximately EUR 89.5 million (equivalent to approximately US\$104 million), as follows: IFAD financing: US\$31 million, OPEC: 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 million.
3. In 2021, upon request of the Government of the Republic of Benin (GoB) a first additional financing of US\$14.56 million to partially fill the financing gap was approved. On 31 May 2022, GoB sent another request to IFAD expressing its interest in using part of its allocation under the performance-based allocation system for 2022-2024 and accessing the Borrowed Resource Access Mechanism in the amount of US\$14.713 million, to partially fill the remaining financing gap of US\$28.4 million (EUR 24.8 million).

### 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. **Project area.** 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 expects to 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 has been 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 (COSOP) for Benin 2018-2022. These additional resources will be used to strengthen PADAAM's support to the identified value chains (rice, maize and cassava), to improve food security and increase the income of rural populations and allow the ramp-up of the project with the implementation of the measures and recommendations agreed in the Aide-Mémoire of the supervision mission of June 2021. All activities were foreseen in the original project design.
10. The project has been affected by two major crises: (i) the COVID-19 pandemic which has led to a large extent to the price increase of agricultural products and the loss of jobs for young people and women especially in rural areas in Benin; (ii) the crisis linked to the war in Ukraine which led to an increase in the prices of cereals, fertilizers and fuel. These constitute considerable risks to rural people, who may be particularly vulnerable, especially for the ones living in fragile contexts.
11. PADAAM is entering its fourth year of implementation, the year of the mid-term review. The technical components (development of rural infrastructures including hydro-agricultural facilities) contribute to reducing Benin's dependence on imports to meet food needs.
12. At the end of the monitoring mission held in June 2021, major progress was noted in terms of access to agricultural inputs with expected positive effects on production, and increased support to producer organizations. Thirty-six (36) recommendations were made to improve the project's performance. To date, 29 recommendations have been fully implemented and seven are in the process of being implemented. Additional resources will be used to strengthen partnerships and create added value (progress of component 1 has been limited by budget restrictions) for beneficiaries, and accelerate the implementation of the other components in PADAAM intervention areas.

#### **Special aspects relating to IFAD's corporate mainstreaming priorities**

13. In line with IFAD's mainstreaming commitments, the project has been validated as:
  - Gender transformational
  - Nutrition-sensitive
  - Youth-sensitive
14. **Gender and women's empowerment.** Women in Benin and particularly in the PADAAM area, 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 areas where they perform 80 per cent of the agricultural work and provide up to 44 per cent of services needed to feed their families. The average salary of a woman is 20 per cent lower than that of a man, a significant gap linked to local culture, different gender status and role. Given women's constraints the project has promoted women's active participation in specific segments of the value chains, like the processing and marketing of products, and tailored support to their needs.
15. **Youth inclusion and employment.** Youth in Benin constitute 60 per cent of the population. They have limited access to agricultural production and lack the necessary knowledge and training. As a result, they migrate to cities in pursuit of better prospects and living conditions. Landless rural youth (15-24 years) and young adults (25-35 years) are the most affected by the phenomenon. They work on family farms they do not own, without much future prospects given the modest income earned from their work. They have a negative perception of agricultural work, seen as

unprofitable, labour and capital-intensive and for people lower in rank, hence their low participation in agriculture<sup>1</sup>.

16. **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). 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. Malnutrition is the greatest risk factor for mortality and morbidity among young children in Benin. It accounts for 45 per cent of death of children under the age of five. A large number of Beninese children do not benefit from adequate nutrition in early childhood. The project includes partnerships with national institutions, WFP and private partners to organise nutrition trainings around products quality (hygiene and nutritional intake).
17. **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, contributes to the proliferation of insects and pests and the alteration of the agricultural calendar, causing lower productivity and, as a consequence, reduced food supply and livestock forage, lower incomes and land degradation.

## **B. Description of geographical area and target groups**

18. 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, including the Plateau department; and (iv) cluster 7, incorporating the departments of Ouémé, Atlantique and Mono. There will be no changes to the geographical area or target groups.

## **C. Components, outcomes and activities**

19. 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.
20. **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.
21. **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

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<sup>1</sup> <https://www.sciencedirect.com/science/article/pii/S2405844022000263>

objectives: 2,500 hectares of improved wetlands, 91 rehabilitated or built storage facilities and construction of 250 km of feeder roads.

22. **Component 3: Coordination and management under ProCar (Coordination, monitoring, evaluation and knowledge management).** Implementation of this component will be based on ProCar approach and Government's reforms aimed at the territorialisation of agricultural development. This framework is used in 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

23. 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.
24. 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 (AF) approved in Nov 2021</i>	<i>AF requested in 2022</i>	<i>Total</i>
IFAD loan	13 313	9 052	12 541	34 906
IFAD DSF grant	13 313	3 348		16 661
Other cofinanciers	14 462	0		14 462
Beneficiaries	2 837	0		2 837
Borrower/recipient	8 377	0		8 377
Financing gap	37 224			12 283
<b>Total</b>	<b>89 526</b>	<b>12 400</b>	<b>12 541</b>	<b>89 526</b>

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

<i>Component/ subcomponent</i>	<i>Additional IFAD loan</i>		<i>Total</i>
	<i>Amount</i>	<i>%</i>	<i>Amount</i>
<b>A. Strengthening of partnerships and creation of value added</b>			
A1. Partnership Development	4 038	100	4 038
A2. Capacity - building	1 730	100	1 730
<b>Subtotal</b>	<b>5 768</b>	<b>100</b>	<b>5 768</b>
<b>B. Improvement of agricultural productivity and production</b>		100	
B1. Access to inputs, services, crosscutting support	1 706	100	1 706
B2. Infrastructure development	3 311	100	3 311
<b>Subtotal</b>	<b>5 017</b>	<b>100</b>	<b>5 017</b>
<b>C. Coordination, monitoring and evaluation and knowledge management</b>		100	
C1. Coordination and management	1 194	100	1 194
C2. Monitoring evaluation and knowledge management	562	100	562
<b>Subtotal</b>	<b>1 756</b>	<b>100</b>	<b>1 756</b>
<b>Total</b>	<b>12 541</b>	<b>100</b>	<b>12 541</b>

Table 3

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

Expenditure category	Additional IFAD loan		Additional									Total Amount
			Other cofinanciers		Beneficiaries			Borrower/recipient				
	Amount	%	Amount	%	Cash	In-kind	%	Cash	In-kind	%		
1. Work	2 759	100	-	-	-	-	-	-	-	-	-	2 759
2. Equipment and material	1 003	100	-	-	-	-	-	-	-	-	-	1 003
3. Goods, services and inputs	1 380	100	-	-	-	-	-	-	-	-	-	1 380
4. Consultancies	1 881	100	-	-	-	-	-	-	-	-	-	1 881
5. Training	2 257	100	-	-	-	-	-	-	-	-	-	2 257
6. Grants and subsidies	2 634	100	-	-	-	-	-	-	-	-	-	2 634
7. Operating costs	125	100	-	-	-	-	-	-	-	-	-	125
8. Salaries and allowances	502	100	-	-	-	-	-	-	-	-	-	502
<b>Total</b>	<b>12 541</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12 541</b>

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
<b>Total</b>	<b>7 854</b>	<b>9</b>	<b>18 966</b>	<b>21</b>	<b>26 277</b>	<b>29</b>	<b>22 781</b>	<b>25</b>	<b>9 408</b>	<b>11</b>	<b>4 241</b>	<b>5</b>	<b>89 527</b>

### Financing and cofinancing strategy and plan

25. The project original financing plan was as follows: IFAD, for a total of EUR 26.6 million, 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; OPEC, 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).
26. A financing gap of EUR 37.2 million (41.6 per cent of the total project cost), was anticipated at Executive Board approval. This financing gap was reduced to EUR 24.8 million following the approval of an additional financing of EUR 12.4 million in November 2021. This gap of EUR 24.8 million will be partially filled by a second additional financing of EUR 12.54 million from the present request. This new additional financing will not entail any changes to the original design, financing package, implementation arrangements, completion and closure dates.

The remaining financing gap of EUR 12.283 million may be sourced through subsequent performance-based allocation system cycles and/or through the Borrowed



Resource Access Mechanism (under financing terms to be determined and subject to internal procedures and subsequent Executive Board approval) or by cofinancing identified during implementation.

### Disbursement

27. PADAAM funds are managed according to the procedures in force in Benin and in line with IFAD administrative and financial management detailed in the Letter to the Borrower and in the project's administrative, accounting and financial management manual.
28. 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.
29. Project disbursement rate reached 31.38 per cent in 2021. Projections for December 2022 are around 51 per cent. Disbursement rate is expected to continue to increase.
30. The project is now developing hydro-agricultural activities requiring preliminary studies and lengthy procurement procedures in need of additional resources.

### Summary of benefits and economic analysis

31. **Financial analysis.** The additional financing 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 focused on defining the return on investment of project activities, ensuring that invested funds came from the farmer, the project or a credit institution. It assessed farmers' capacity to generate net positive results and their financial resilience, considering project's access to credit and co-financing rules. Analysis' results summarized in the table below indicate that all project's 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
<b>1. Agricultural production models</b>					
Maize/cassava model	2.9	104%	3 881 463	7 255	<b>6 223</b>
Wetlands management type 1	1.2	13%	9 355 186	17 486	<b>14 999</b>
Wetlands management type 2	1.1	13%	11 990 007	22 411	<b>19 224</b>
Wetlands management type 3	1.4	19%	38 169 833	71 345	<b>61 198</b>
<b>2. Models for increasing value added</b>					
Creation of ESOP <sup>a</sup> -Rice	1.2	32%	388 379 283	725 943	<b>622 699</b>
Strengthening of ESOP-Rice	1.3	46%	433 770 696	810 786	<b>695 476</b>
Creation of ESOP-Cassava	1.1	29%	242 930 261	454 075	<b>389 496</b>
4P PIVERT <sup>b</sup> /ESSOR <sup>c</sup> -Maize	1.1	17%	44 129 563	82 485	<b>70 754</b>
4P PIVERT/ESSOR-Cassava	1.2	26%	103 466 044	193 394	<b>165 890</b>
4P Agribusiness-Maize	1.5	33%	45 872 520	85 743	<b>73 549</b>
Simple contracting-Cassava	1.1	24%	14 007 311	26 182	<b>22 458</b>
Simple contracting-Maize	1.2	22%	19 152 330	35 799	<b>30 708</b>
Simple contracting-Rice	1.3	54%	114 071 931	213 219	<b>182 895</b>

<sup>a</sup> Producer services and organization enterprise.

<sup>b</sup> Green innovation, rural energy and transformation cluster.

<sup>c</sup> Solidarity Enterprise for Services to Rural People.

32. **Economic results and sensitivity analysis.** Given the wide range of foreseen activities, PADAAM is expected to bring many economic benefits, the totality of which is not the sum of 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.

33. 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 some benefits could not be included in the calculations due to insufficient data for their evaluation. For example, the effects of both capacity building and construction of storage facilities, that have improved food security. Overall, the project is expected to have a positive impact on national economy and well-being of women and youngsters, the priority target groups.
34. 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. Calculations show 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**

35. PADAAM will improve the sustainability of the investments made at different levels of the Agriculture Development Clusters (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 interventions and strengthen the sustainability of 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 June 2025.
36. 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 Territorial Agricultural Development Agency (ATDAs) through institutional support; (ii) the economic and financial viability of the actors involved in partnerships and business initiatives developed by farmers' organizations or young rural entrepreneurs; (iii) the sustainability of infrastructure and facilities built with the decentralized territorial groups, and their maintenance and management by beneficiaries; and (iv) environmental sustainability and promotion of resilience measures to climate change involving 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**

37. The mitigation measures defined at design stage have been implemented and effectively reduced the probability of the identified risks. However, in the current context, new risks should be taken into consideration with appropriate mitigation measures to ensure the continuation of the project. These risks are: (i) the consequences of the COVID-19 pandemic on mobility and access to inputs; (ii) the Ukraine crisis also affecting access to inputs, and increasing prices of goods (inflation, energy...); and (iv) external factors, such as climate change. To respond to the challenges presented by the health crisis, Benin received funding from IFAD's Rural Poor Stimulus Facility (RPSF) through PADAAM to accelerate the recovery of poor and vulnerable people.
38. The May 2022 RPSF supervision observed that in addition to mitigating the effects of the COVID-19 pandemic, the RPSF operations have permitted to contain and anticipate the consequences of the current crisis in Ukraine. The inputs acquired by producers through RPSF grants (and the PADAAM leverage fund mechanism) enabled

them to maintain their usual level of production despite the combined effects of the two crises.

39. The project's environmental and social risks is rated as "moderate". Risks associated with climate change are considered as "moderate". As the request is for an additional financing originally identified at the design stage, and there is no change to the project's rationale, objectives or area of intervention, the categorizations do not change, and the original SECAP note is still valid.

## **B. Environment and social category**

40. The project's environmental and social risk categorization is "Moderate" based on the possibility of avoiding and minimizing environmental risks resulting from project activities Climate risk classification

## **C. Climate risk classification**

41. 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 of 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**

42. PADAAM is aligned with IFAD's Strategic Framework 2016-2025, which fosters inclusive and sustainable transformation of the rural world. PADAAM is focusing on IFAD's three strategic objectives: (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.
43. PADAAM is included in IFAD's COSOP 2018-2022 which pursues the following strategic objectives: sustainable improvement of (i) productive capacity, resilience to climate change, and food and nutrition security of vulnerable rural populations; and (ii) access to agricultural output markets. These objectives also contribute to the achievement of the relevant Sustainable Development Goals. IFAD will also support the GoB 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's objective.
44. The project is aligned with the IFAD strategy on climate change supporting innovative approaches to increase smallholders' resilience and opportunity to take advantage of available measures and financing and establish a more articulated national dialogue on climate change, rural development, agriculture and food security.
45. PADAAM is aligned with IFAD's Environment and Natural Resource Management Policy (2011) based on the following guiding principles: (i) engagement in value-chains to drive green growth (principle 5); and (ii) promotion of climate-smart approaches for rural development (principle 3).
46. The project's targeting strategy, introduced at design stage, is based on geographic, direct and self-targeting. PADAAM is engaging with rural poor people, women and young adults, the priority beneficiaries at the core of IFAD interventions. Different profiles of target groups were considered through an analysis by sex, age, and degree of wealth. Project implementation ensures that targeting indicators are well integrated during monitoring and impact's assessments.
47. PADAAM's development approach is focused on value-chains, considering all stakeholders, target group and their interactions, and market as the driving force. Activities are based on a demand assessment and the absorption capacity of markets.

PADAAM encourages private-sector engagement and promotes 4Ps partnerships. The 2021 supervision mission confirmed the suitability of this approach.

## **B. Organizational framework**

### **Financial management, procurement and governance**

48. **Financial management.** Project funds will continue to be managed pursuant current Government and IFAD procedures, which will be detailed in the "Letter to the Borrower" and the project's manual of administrative, financial and management procedures.
49. **Procurement.** The works and supplies, as well as the consulting and advisory services necessary for the project are delivered in accordance with Benin procurement principles aligned with IFAD's. Within the framework of productive partnerships and rural micro-enterprise promotion, the beneficiaries will participate in procurement activities following official guidelines. The 2021 PADAAM supervision mission confirmed this procedure that will continue to be implemented.
50. **Governance.** PADAAM applies the principles of good governance. Following the audit of 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 identified and notified to IFAD. An internal mechanism to denounce fraud and corruption is 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**

51. The PADAAM monitoring and evaluation system (M&E) is part of the ProCaR approach that monitors progress of all IFAD projects in Benin. A platform (RUCHE) developed within ProCaR, records progress of activities, outputs, and impact and includes a database for beneficiaries to record baseline data and follow improvement as they receive support.
52. The additional financing will contribute to the full operationalization and digitalisation of the M&E system to facilitate decision-making. Partners will be continuously capacitated, collection of data and outcome results will be produced on a regular basis.
53. The knowledge management (KM) efforts support the creation of practical and actionable know-how leading to improved country programme results and performance, as well as scaling-up of successful activities. It also serves as a base to link project experience, lessons learned and evidence to policy engagement. The ongoing COSOP mid-term review 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 through various channels and tools of communication adapted to different audiences.

## **D. Proposed amendments to the financing agreement**

54. An amendment to the original financing agreement between the Republic of Benin and IFAD will be made to reflect the additional financing.

## **V. Legal instruments and authority**

55. The Republic of Benin is empowered under its laws to receive financing from IFAD.
56. The proposed revision will comply with the Agreement Establishing IFAD and the Policies and Criteria for IFAD Financing.

## **VI. Recommendation**

57. According to the delegation of authority procedure approved by the Executive Board at its 126<sup>th</sup> 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 on super highly concessional terms in an amount of six million nine hundred sixty-four thousand two hundred forty-eight euros (EUR 6 964 248) 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 loan under highly concessional terms to the Republic of Benin in an amount of one million seven hundred forty-one thousand sixty-two euros (EUR 1 741 062) 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 loan on ordinary terms to the Republic of Benin in an amount of three million eight hundred thirty-five thousand six hundred ninety euros (EUR 3 835 690) and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Donal F. Brown  
Associate Vice-President  
Programme Management Department

## Cadre logique

Tableau 1: Cadre logique actualisé, juillet 2022

Chaîne logique	Indicateurs				Moyens de vérification			Hypothèses
	Nom	Situation de référence	Mi-parcours	Cible Finale	Source	Fréquence	Responsabilité	
<b>Portée</b>	<b>1.b Estimation correspondante du nombre total des membres des ménages</b>				SSE du projet	Trimestrielle	PROCAR	- Un cadre stratégique et institutionnel national favorable - Disponibilité de partenaires et de prestataires efficaces
	Membres des ménages - Nombre de personnes	0	105000	255000				
	<b>1.a Nombre correspondant de ménages touchés</b>				SSE du projet	Trimestrielle	PROCAR	
	Ménages - Nombre	0	21000	51000				
	<b>1 Nombre de personnes bénéficiant de services promus ou appuyés par le projet</b>				SSE du projet	Trimestrielle	PROCAR	
	Nombre total de personnes bénéficiant de services Nombre - de personnes	0	21000	51000				
	HommesNombre -	0	12600	30600				
	Femmes - Nombre	0	8400	20400				
	Jeunes - Nombre	0	6300	15300				
<b>Objectif du projet</b> 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	<b>Nombre de personnes bénéficiaires d'une mobilité économique</b>				Enquête de référence, évaluation d'impact	Année 1, 3 et 6	FIDA et Gouvernement	
	Bénéficiaires - Nombre de personnes	0	85000	204000				
	<b>Pourcentage de ménages ayant une période de soudure de deux mois au maximum</b>				Enquête de référence, évaluation d'impact	Année 1, 3 et 6	FIDA et Gouvernement	
Households - Pourcentage	51	40	30					
<b>Objectif de développement</b> Améliorer durablement la sécurité alimentaire et nutritionnelle, et les revenus des petits agriculteurs intervenant dans les filières manioc, maïs et riz	<b>Pourcentage de ménages déclarant une augmentation de leurs revenus d'au moins 30%</b>				Enquête spécifique	Année 1, 3 et 6	PROCAR, prestataires	- Un cadre stratégique et institutionnel national favorable - Disponibilité de partenaires et de prestataires efficaces
	Households - Pourcentage	0	65	80				

<b>Effet direct</b> La valeur ajoutée créée au niveau des filières est augmentée	<b>2.2.5 Organisations de producteurs ruraux faisant état d'une augmentation des ventes</b>			Enquêtes spécifiques	Année 1, 3 et 6	PROCAR, prestataires	- Performance des prestataires de services pour le développement de partenariats productifs - Volonté politique du Gouvernement à promouvoir les filières nationales	
	Pourcentage d'organisations de producteurs ruraux - Pourcentage	0	80					80
	<b>2.2.2 Entreprises rurales appuyées signalant une hausse de leurs bénéficiaires</b>							
	Pourcentage d'entreprises - Pourcentage	0	80	80	Enquêtes spécifiques	Année 1, 3 et 6	PROCAR, prestataires	
<b>Produit</b> Des partenariats entre acteurs favorisent la création de valeur ajoutée et la commercialisation	<b>Nombre de contrats de partenariat appuyés</b>			SSE du projet	Trimestrielle, trimestrielle, annuelle	PROCAR	- Performance des prestataires de services pour le développement de partenariats productifs - Volonté politique du Gouvernement à promouvoir les filières nationales	
	Contrats simples signés - (Nombre)	0	204					335
	Partenariats 4P créés - Nombre	0	38					55
	Co-entreprises renforcées ou créées - Nombre	0	6					12
<b>Produit</b> Les acteurs et organisations au niveau des filières ciblées sont renforcés	<b>2.1.3 Organisations de producteurs ruraux soutenues</b>			SSE du projet	Trimestrielle	PROCAR	- Intérêt des producteurs à s'organiser - Intérêt des privés à recevoir des formations	
	Organisations de producteurs ruraux soutenues - Nombre	0	1139					1577
	<b>.2.12 Personnes formées à des activités productrices de revenus ou à la gestion des entreprises</b>			Rapports d'activités	Trimestrielle	PROCAR		
	Personnes formées à des activités productrices de revenus ou à la gestion des entreprises - Nombre	0	200					235
	<b>Nombre de jeunes appuyés à l'auto-entrepreneuriat</b>			Rapports d'activités	Trimestrielle	PROCAR		
Young - Nombre	0	500	1100					
<b>Effet direct</b> La productivité et la production agricole dans les chaînes de valeur ciblées sont améliorées	<b>1.2.4 Ménages faisant état d'une augmentation de la production</b>			Enquêtes spécifiques	Année 1, 3 et 6	PROCAR, prestataires	Pas de catastrophes naturelles	
	Ménages - Pourcentage	0	25					85
	<b>Augmentation de rendement (t/ha)</b>			Enquêtes spécifiques	Année 1, 3 et 6	PROCAR, prestataires		
	Riz - Poids	2,5	3					3,5
	Mais - Poids	1,3	1,5					2
	Manioc - Poids	13	16	18	COI, MDDW methodology	Baseline, mid term, completion		UGP, prestataire
	<b>1.2.8 Femmes déclarant une diversité alimentaire minimale (MDDW)</b>							
	Femmes (%) - Pourcentage	50	55	60				
	Femmes (nombre) - Nombre	0	0	0				
	Ménages (%) - Pourcentage	50	55	60				
Ménages (nombre) - Nombre	0	0	0					
Membres des ménages - Nombre	0	0	0					

<b>Produit</b> L'accès aux intrants et services de conseil agricole est amélioré	<b>1.1.3 Producteurs ruraux ayant accès aux facteurs de production et/ou aux paquets technologiques</b>			Rapports d'activités	Annuelle	Responsables de filières, OPA	Les intrants sont disponibles à temps	
	Producteurs ruraux - Nombre	0	16750					48500
	<b>Nombre d'exploitations touchées par le CEF (Conseil à l'exploitation familiale)</b>			Rapports d'activités	Annuelle	Responsables de filières, OPA		
	Exploitations - Nombre	0	8150	22550				
<b>Produit</b> Des infrastructures durables améliorent la productivité au niveau des filières ciblées	<b>1.1.2 Terres agricoles dotées d'infrastructures hydrauliques construites/remises en état</b>			Rapports d'activités	Semestrielle	PROCAR	- Retard dans la passation des marchés - Retard dans l'exécution des travaux au regard de la faible capacité des PME	
	Superficie en hectares - Superficie (ha)	0	1500					2500
	<b>2.1.5 Kilomètres de routes construites, refaites ou améliorées</b>			Rapports d'activités	Trimestrielle	PROCAR		
	Longueur des routes (km) - Longueur (km)	0	125					250
	<b>2.1.6 Installations de commercialisation, transformation et stockage construites ou remises en état</b>			Rapports d'activités	Trimestrielle	PROCAR		
	Installations de stockage construites ou remises en état - Nombre	0	49					91
	<b>1.1.8 Ménages recevant un soutien ciblé pour améliorer leur nutrition</b>			M&E system	Annuelle	UGP		
	Nombre de personnes qui participent - Nombre	0	765					2550
	Hommes - Nombre	0	459					1530
	Femmes - Nombre	0	306					1020
Ménages - Nombre	0	765	2550					
Membres des ménages bénéficiaires - Nombre	0	3825	12750					