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Republic of Benin

Agricultural Development and Market Access  
Support Project

Addendum

Executive Board — 124<sup>th</sup> Session  
Rome, 11-13 September 2018

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For: Approval

# Agricultural Development and Market Access Support Project

## Addendum

The attention of the Executive Board is drawn to the following corrections to the President's Report on the Proposed Loan and Grant to the Republic of Benin for the Agricultural Development and Market Access Support Project (EB 2018/124/R.23). For ease of reference, the additions to the text are in boldface, while underscore denotes deleted text.

Page vi, Financing summary

|   |  |
|---|--|
| Total project cost:   | <b>EUR 89.5 million</b>  |
| Amount of IFAD loan:<br>(Performance-based Allocation System –<br>PBAS 2016-2018 cycle) | <b>EUR 13.3 million</b>  |
| Amount of IFAD grant (under the Debt<br>Sustainability Framework):                      | <b>EUR 13.3 million</b>  |
| Amount of cofinancing:  | OFID: <b>EUR 8.6 million</b><br>Private sector: <b>EUR 4.8 million</b><br>Financial institutions: <b>EUR 1.1 million</b> |
| Contribution of borrower/beneficiary:   | <b>EUR 8.4 million</b>   |
| Contribution des beneficiaries:   | <b>EUR 2.8 million</b>   |
| Financing gap:  | <b>EUR 37.2 million</b>  |

## Page 1, paragraph 1

The third sentence should read:

"Nevertheless, it still faces significant challenges, with a poverty rate of more than 40 per cent; persistent social and occupational inequities to the detriment of women; food insecurity, which affects 15 per cent of rural populations and 21 per cent of farm households; and persistent unemployment (2.7 per cent) on top of a high level of underemployment (72 per cent), largely among young adults."

## Page 1, paragraph 2

The paragraph should read:

"Agriculture is a strategic sector of the Beninese economy, contributing an average of 23 per cent of GDP and 75 per cent of export revenues and generating around 70 per cent of the jobs. The National Investment Plan for Agriculture, Food and Nutrition Security 2017-2021 five-year breakdown of the Strategic Plan for Agricultural Development (PSDSA 2017-2025), is aimed at maintaining annual GDP growth of at least 6 per cent and increasing the average annual income of rural households by 7.5 per cent."

## Page 2, paragraph 6

The first phrase should read:

"In the current strategic context, characterized by the promotion of value chains and "agro-clusters," PADAAM will intervene in four agricultural development poles (ADPs) with the potential for production and economic partnership development, namely: (i) the south of pole 4, covering the department of Collines; (ii) pole 5, covering the departments of Zou and Couffo; (iii) pole 6, confined to the department of Plateau; and (iv) pole 7, which stretches to the departments of Ouémé, Atlantique and Mono."<sup>1</sup>

## Page 3, paragraph 12

The paragraph should read:

"PADAAM will be implemented over a six-year period (2019-2024) and will have three investment components: (i) strengthening partnerships and creating value added (EUR 39.4 US\$45.9 million, or 44 per cent of the total cost); (ii) improving agricultural productivity and production (EUR 40.1 US\$46.8 million, or 44.8 per cent of the total cost); and (iii) coordination and management under the IFAD Rural Intervention Framework Programme in Benin (ProCar) (EUR 10 US\$11.7 million, or 11.2 per cent of the total cost)."

## Page 3, paragraph 15

The first sentence should read:

"Implementation of this component will be implemented using based on the programme approach used in corresponding to the creation of ProCar and the reforms to the territorialization of agricultural development adopted by the Government."

## Page 4, paragraph 21

The paragraph should read:

"In the ADPs, PADAAM will be implemented by the ATDAs, and the agricultural service centres, which will be assisted by the technical assistance units under a

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<sup>1</sup> "The department of Littoral, included in ADP 7, is not part of the PADAAM intervention area."

mandate governed by a clear and assured exit strategy with a three-year horizon, capacity-building and the acquisition of competencies by the ATDAs. ProCar programme functions in the four ADPs will be guaranteed by two regional support units."

Page 4, paragraph 23

The first sentence should read:

"The PADAAM monitoring and evaluation system will be anchored in the ProCar system and implement a results-based management system, following using the programme approach adopted in 2016 and the monitoring and coordination mechanism of the National Value-chain Development Programmes (PNDF) fostered by the the ATDAs responsible for their coordination."

Page 5, paragraph 29

The paragraph should read:

"The total cost of PADAAM, including provisions for physical contingencies and price increases, is EUR 89.5 million FCFA 55.8 billion, or US\$104.4 million. The base cost is EUR 84.1 million FCFA 52.5 billion (US\$98.1 million). The amount for physical and financial contingencies is EUR 5.4 million FCFA 3.4 billion (US\$6.3 million). Taxes, which are included, come to EUR 8.4 million US\$9.8 million."

Page 5, paragraph 30

The paragraph should read:

"Project costs can be broken down into the following components:  
 (i) strengthening of partnerships and creation of value added: evaluated at EUR 39.4 US\$45.9 million, or 44 per cent of the total project cost;  
 (ii) improvement of agricultural productivity and production: EUR 40.1 US\$46.8 million, or 44.8 per cent of the total project cost; and  
 (iii) coordination, monitoring and evaluation and knowledge management: EUR 10 US\$11.7 million, or 11.2 per cent of the total project cost."

Page 6, table 1 should be replaced with the table below

(US\$ Thousands of euros)

| Component  | IFAD loan     |             | IFAD grant    |             | Financing gap |             | OFID         |             | Private sector |             | Banks/SFD    |            | Beninese Government |             | Beneficiaries |            | Total         |             |
|--|---------------|-------------|---------------|-------------|---------------|-------------|--------------|-------------|----------------|-------------|--------------|------------|---------------------|-------------|---------------|------------|---------------|-------------|
|  | Amount        | %           | Amount        | %           | Amount        | %           | Amount       | %           | Amount         | %           | Amount       | %          | Amount              | %           | Amount        | %          | Amount        | %           |
| <b>A. Strengthening of partnerships and creation of value added</b>        |               |             |               |             |               |             |              |             |                |             |              |            |                     |             |               |            |               |             |
| Partnership development  | 4 390         | 14.6        | 4 390         | 14.6        | 11 971        | 39.7        |              |             | 4 807          | 15.9        | 628          | 2.1        | 1 850               | 6.1         | 2 131         | 7.1        | 30 167        | 33.7        |
| Capacity-building  | 1 778         | 19.4        | 1 778         | 19.4        | 5 229         | 56.9        |              |             |                |             |              |            | 301                 | 3.3         | 106           | 1.2        | 9 193         | 10.3        |
| <b>Subtotal</b>  | <b>6 168</b>  | <b>15.7</b> | <b>6 168</b>  | <b>15.7</b> | <b>17 200</b> | <b>43.7</b> |              |             | <b>4 807</b>   | <b>12.2</b> | <b>628</b>   | <b>1.6</b> | <b>2 151</b>        | <b>5.5</b>  | <b>2 237</b>  | <b>5.7</b> | <b>39 360</b> | <b>44</b>   |
| <b>B. Improvement of agricultural productivity and production</b>          |               |             |               |             |               |             |              |             |                |             |              |            |                     |             |               |            |               |             |
| Access to inputs, services, cross-cutting support                          | 1 936         | 18.8        | 1 936         | 18.8        | 4 946         | 48          |              |             |                |             | 466          | 4.5        | 410                 | 4           | 600           | 5.8        | 10 295        | 11.5        |
| Infrastructure development   | 3 122         | 10.5        | 3 122         | 10.5        | 9 784         | 32.8        | 8 561        | 28.7        |                |             |              |            | 5 243               | 17.6        |               |            | 29 832        | 33.3        |
| <b>Subtotal</b>  | <b>5 059</b>  | <b>12.6</b> | <b>5 059</b>  | <b>12.6</b> | <b>14 730</b> | <b>36.7</b> | <b>8 561</b> | <b>21.3</b> |                |             | <b>466</b>   | <b>1.2</b> | <b>5 653</b>        | <b>14.1</b> | <b>600</b>    | <b>1.5</b> | <b>40 126</b> | <b>44.8</b> |
| <b>C. Coordination, monitoring and evaluation and knowledge management</b> |               |             |               |             |               |             |              |             |                |             |              |            |                     |             |               |            |               |             |
| Coordination and management  | 1 514         | 21.4        | 1 514         | 21.4        | 3 607         | 50.9        |              |             |                |             |              |            | 444                 | 6.3         |               |            | 7 080         | 7.9         |
| Monitoring and evaluation and knowledge management                         | 573           | 19.4        | 573           | 19.4        | 1 687         | 57          |              |             |                |             |              |            | 128                 | 4.3         |               |            | 2 961         | 3.3         |
| <b>Subtotal</b>  | <b>2 087</b>  | <b>20.8</b> | <b>2 087</b>  | <b>20.8</b> | <b>5 295</b>  | <b>52.7</b> |              |             |                |             |              |            | <b>573</b>          | <b>5.7</b>  |               |            | <b>10 041</b> | <b>11.2</b> |
| <b>Total</b>   | <b>13 313</b> | <b>14.9</b> | <b>13 313</b> | <b>14.9</b> | <b>37 224</b> | <b>41.6</b> | <b>8 561</b> | <b>9.6</b>  | <b>4 807</b>   | <b>5.4</b>  | <b>1 094</b> | <b>1.2</b> | <b>8 377</b>        | <b>9.4</b>  | <b>2 837</b>  | <b>3.2</b> | <b>89 527</b> | <b>100</b>  |

Page 6, paragraph 31

The paragraph should read:

"The project financing plan is presented as follows:

- (i) IFAD, for a total of EUR 26.6 US\$31 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;
- (ii) OFID, for EUR 8.6 US\$10 million, or 9.6 per cent of the total project cost;
- (iii) The private sector, for EUR 4.8 US\$5.6 million, or 5.4 per cent of the total project cost;
- (iv) Financial institutions, for EUR 1.1 US\$1.3 million, or 1.2 per cent of the total project cost;
- (v) Beninese Government, for EUR 8.4 US\$9.8 million, or 9.4 per cent of the total project cost; and
- (vi) Beneficiaries, for EUR 2.8 US\$3.3 million, or 3.2 per cent of the total project cost."

## Page 6, paragraph 32

The first sentence is modified as follows:

"This yields a financing gap of EUR 37.2 million US\$43.4 million, or 41.6 per cent of the total project cost, which can will be filled by future allocations from IFAD (through financing modalities to be determined, based on internal procedures and approval by the Executive Board), or any other source of financing to be determined in the course of project implementation."

## Page 7, table 2 should be replaced with the table below

(US\$ Thousands of euros)

| Categories                          | IFAD loan     |             | IFAD grant    |             | Financing gap |             | OFID         |            | Private sector |            | Banks/SFD    |            | Beninese government |            | Beneficiaries |            | Total         |            |
|-------------------------------------|---------------|-------------|---------------|-------------|---------------|-------------|--------------|------------|----------------|------------|--------------|------------|---------------------|------------|---------------|------------|---------------|------------|
|                                     | Amount        | %           | Amount        | %           | Amount        | %           | Amount       | %          | Amount         | %          | Amount       | %          | Amount              | %          | Amount        | %          | Amount        | %          |
| Works                               | 2 549         | 10.3        | 2 549         | 10.3        | 8 148         | 32.8        | 7 094        | 28.6       |                |            |              |            | 4 465               | 18         |               |            | 24 803        | 27.7       |
| Equipment and matériel <sup>a</sup> | 1 380         | 18.9        | 1 380         | 18.9        | 2 862         | 39.0        | 22           | 0.3        |                |            |              |            | 1 685               | 23         |               |            | 7 328         | 8.2        |
| Goods, services and inputs          | 1 436         | 19.7        | 1 436         | 19.7        | 4 030         | 55.2        | 12           | 0.2        |                |            |              |            | 365                 | 5          | 21            | 0.3        | 7 301         | 8.2        |
| Consultancies <sup>b</sup>          | 2 056         | 15.9        | 2 056         | 15.9        | 5 732         | 44.3        | 1 330        | 10.3       |                |            |              |            | 1 755               | 13.6       |               |            | 12 929        | 14.4       |
| Training <sup>c</sup>               | 2 327         | 20          | 2 327         | 20          | 6 537         | 56.2        | 104          | 0.9        |                |            |              |            |                     |            | 346           | 3          | 11 640        | 13.0       |
| Grants and subsidies                | 2 875         | 12.9        | 2 875         | 12.9        | 8 232         | 36.8        |              |            | 4 807          | 21.5       | 1 094        | 4.9        |                     |            | 2 470         | 11.1       | 22 353        | 25         |
| Operating costs                     | 109           | 18.5        | 109           | 18.5        | 266           | 45.1        |              |            |                |            |              |            | 106                 | 18         |               |            | 591           | 0.7        |
| Salaries and allowances             | 581           | 22.5        | 581           | 22.5        | 1 420         | 55          |              |            |                |            |              |            |                     |            |               |            | 2 582         | 2.9        |
| <b>Total</b>                        | <b>13 313</b> | <b>14.9</b> | <b>13 313</b> | <b>14.9</b> | <b>37 224</b> | <b>41.6</b> | <b>8 561</b> | <b>9.6</b> | <b>4 807</b>   | <b>5.4</b> | <b>1 094</b> | <b>1.2</b> | <b>8 377</b>        | <b>9.4</b> | <b>2 837</b>  | <b>3.2</b> | <b>89 527</b> | <b>100</b> |

<sup>a</sup> Including vehicles.

<sup>b</sup> Studies, including domestic and international technical assistance.

<sup>c</sup> Including workshops.

## Page 7, table 3 should be replaced with the table below

| 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 <sup>a</sup> -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 <sup>b</sup> /ESSOR <sup>c</sup> -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 |

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

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

<sup>c</sup> Solidarity enterprise for services to rural people.

Page 8, paragraph 35

This first sentence should read:

"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 FCFA 36.3 billion."

Page 8, paragraph 36

The first sentence should read:

"The sensitivity analysis yields 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 US\$24 million."

Page 11, paragraph 55

The recommendation should read:

"RESOLVED: that the Fund shall provide a loan to the Republic of Benin under highly concessional terms in the amount of thirteen million three hundred twenty thousand euros (EUR 13,320,000) fifteen million five hundred thousand United States dollars (US\$15.5 million) 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 to the Republic of Benin under the Debt Sustainability Framework in the amount of thirteen million three hundred twenty thousand euros (EUR 13,320,000) fifteen million five hundred thousand United States dollars (US\$15.5 million) and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein."