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IFAD
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
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REPUBLIC OF BENIN
COUNTRY STRATEGIC OPPORTUNITIES PAPER

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CURRENCY EQUIVALENTS

Currency Unit	=	CFA Franc (XOF)
USD 1.00	=	XOF 541.621
XOF 1.00	=	USD 0.001846

WEIGHTS AND MEASURES

1 kilogram (kg)	=	2.204 pounds (lb)
1 000 kg	=	1 metric tonne (t)
1 kilometre (km)	=	0.62 miles (mi)
1 metre (m)	=	1.09 yards (yd)
1 square metre (m ²)	=	10.76 square feet (ft ²)
1 acre (ac)	=	0.405 hectare (ha)
1 ha	=	2.47 ac

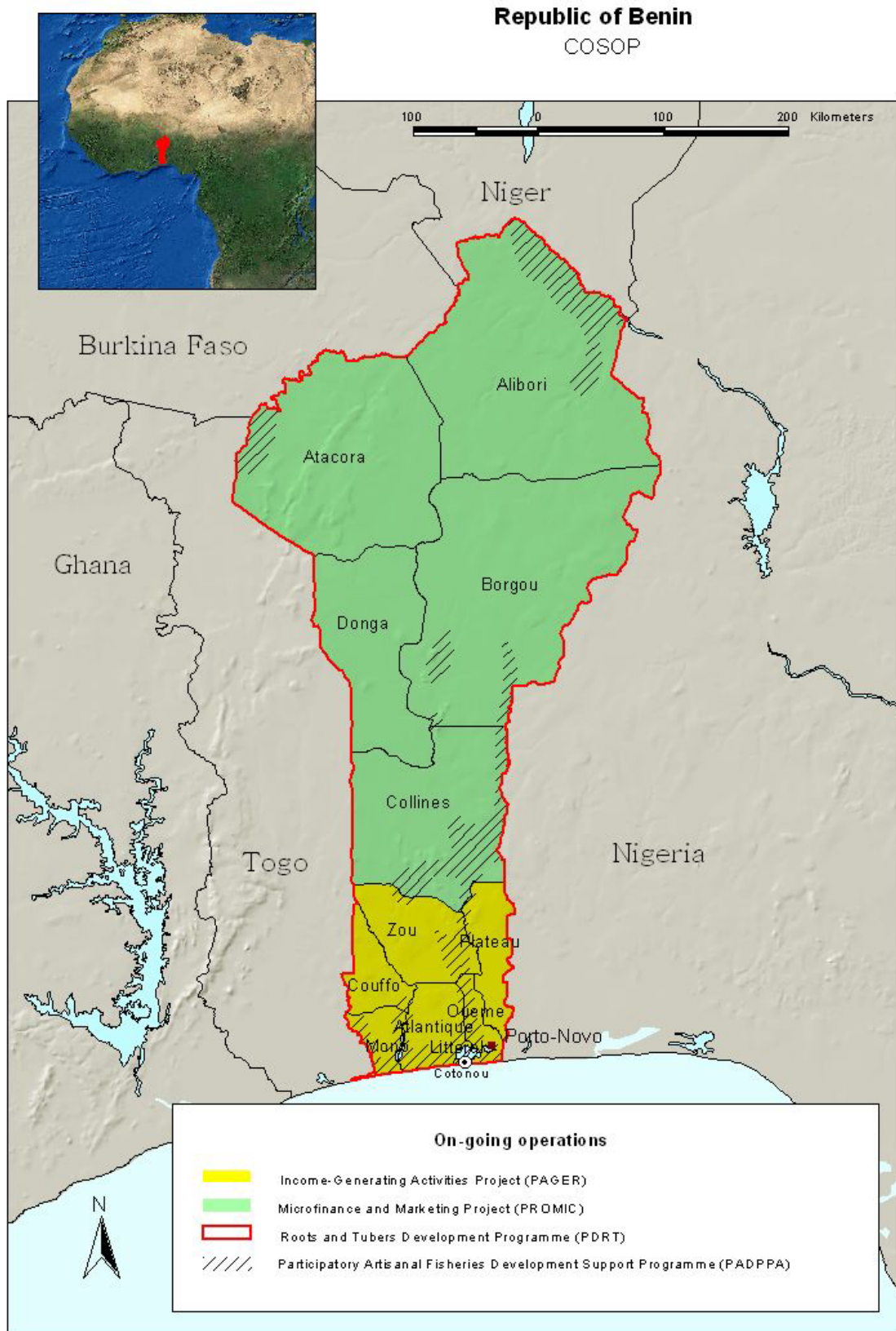
ABBREVIATIONS AND ACRONYMS

COSOP	country strategic opportunities paper
CPE	country programme evaluation
FSA	financial services association
IGA	income-generating activity
LDP	local development plan
LGU	local government unit
M&E	monitoring and evaluation
MAEP	Ministry of Agriculture, Livestock and Fisheries <i>(Ministère de l'agriculture, de l'élevage et de la pêche)</i>
MDG	Millennium Development Goal
MFI	microfinance institution
PBAS	performance-based allocation system
PRSP	poverty reduction strategy paper

GOVERNMENT OF THE REPUBLIC OF BENIN
Fiscal Year

1 January – 31 December

COUNTRY MAP: LOCATION OF IFAD ONGOING OPERATIONS



Source: IFAD
The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

IFAD PORTFOLIO OVERVIEW

Project Name	IFAD Approved Financing (USD '000)	Board Approval	Loan Signing	Loan Effectiveness	Current Closing	Project Completion Date	Cooperating Institution	Project Status
Borgou Province Rural Development Project <i>(Projet de développement rural de la province de Borgou)</i>	13 998	22 Apr 81	18 Jun 81	09 Mar 82	30 Jun 89	31 Dec 88	World Bank: IDA	Closed
Atacora Province Rural Development Project <i>(Projet de développement rural de la province de l'Atacora)</i>	9 000	14 Sep 82	16 Nov 82	23 Jun 83	31 Dec 90	30 Jun 90	World Bank: IDA	Closed
Second Borgou Rural Development Project <i>(Deuxième projet de développement rural du Borgou)</i>	10 500	02 Dec 87	29 Jan 88	06 Dec 88	31 Dec 94	30 Jun 94	World Bank: IDA	Closed
Second Atacora Rural Development Project <i>(Deuxième projet de développement rural dans l'Atacora)</i>	8 518	11 Dec 91	23 Jan 92	30 Sep 92	31 Dec 99	30 Jun 99	UNOPS	Closed
Income-Generating Activities Project <i>(Projet d'activités génératrices de revenus)</i> (PAGER – 399-BJ)	12 000	06 Dec 95	13 Sep 96	13 Mar 97	30 Jun 05	31 Dec 04	UNOPS	Closed
Microfinance and Marketing Project <i>(Projet de microfinance et de commercialisation)</i> (PROMIC – 470-BJ)	12 168	22 Apr 98	03 Jul 98	04 May 99	30 Jun 06	31 Dec 05	IFAD	Ongoing
Roots and Tubers Development Programme <i>(Programme de développement des racines et tubercules)</i> (PDRT – 530-BJ)	13 114	03 May 00	20 Jun 00	23 Jul 01	31 Mar 09	30 Sep 08	BOAD	Ongoing
Participatory Artisanal Fisheries Development Support Programme <i>(Programme d'appui au développement participatif de la pêche artisanale)</i> (PADPPA – 570-BJ)	10 009	06 Dec 01	20 Feb 02	19 Feb 03	30 Sep 11	31 Mar 11	AfDB	Ongoing
TOTAL Assistance	89 307							

IDA = International Development Association (World Bank Group), UNOPS = United Nations Office for Project Services, BOAD = West African Development Bank, AfDB = African Development Bank.

REPUBLIC OF BENIN**COUNTRY STRATEGIC OPPORTUNITIES PAPER****EXECUTIVE SUMMARY**

1. The new country strategic opportunities paper (COSOP) on IFAD operations in Benin between 2006 and 2010 is the outcome of a participatory process that involved a broad range of stakeholders in agricultural and rural development at central and decentralized levels. It takes into account government policy documents approved since the mid-1990s, including the poverty reduction strategy paper (PRSP 2003-05) adopted in 2002, documents laying down national, sectoral and general economic development and IFAD's own strategic priorities and policies, as well as the Fund's regional strategies.

2. **General background.** Between 1998 and 2003, Benin made progress towards steady economic growth and the building of a pluralist democracy. Government programmes succeeded in improving public finances, liberalizing the economy, privatizing most state enterprises and strengthening incentives for the private sector. Real GDP growth rates were positive, at 5.7% in 1997, 4.5% in 1998 and 6.4% in 2002, and many social indicators improved significantly, notably for education and health. Despite these real achievements, national poverty figures did not improve substantially. The reason was a strong dichotomy, whereby rural poverty increased, while urban poverty decreased.

3. **Agricultural sector.** Benin's agricultural sector is dominated by very small farms run by about 400 000 farm families. Less than a fourth of the total arable land is cropped in any given year. Output increases are achieved by expanding the planted area, resulting in steadily shorter fallow periods that are endangering soil fertility throughout the country. Farm families are becoming less and less able to make ends meet; yet they have few alternatives. Benin's chances of attaining the country's Millennium Development Goals (MDGs) for the year 2015 will depend on how well it can promote strong self-sustaining agricultural growth through intensification and diversification, while enhancing food and nutrition security for vulnerable groups. The main constraints are: (a) scarcity of fertile, arable land and unfavourable climatic conditions; (b) rising land pressures and the lack of effective land tenure policies; (c) poor water management for crops and livestock; (d) the abrupt transfer of the delivery of services by the state to an unprepared private sector; (e) inadequate mechanization of agricultural operations; (f) high input prices, particularly for smaller farmers; (g) little attention to gender equality, despite the broad recognition of women's contributions to the rural and, hence, the national economy; (h) dependence on a single commodity (cotton) as a source of cash and export earnings; (i) environmental degradation; (j) poor access to financial services (especially by women and youth); and (k) high illiteracy and rudimentary professional skills among rural populations.

4. **Rural poverty.** In the rural areas of Benin, the poverty threshold was raised from XOF 42 057 per capita per year in 1994-95 to XOF 51 413 in 1999-2000. Despite this adjustment, the percentage of individuals with average expenditures lower than these thresholds rose from 25.2% in 1994-95 to 33% in 1999-2000. During the same period, the threshold for urban poverty was increased by 88%; yet the incidence of poverty dropped from 28.5% to 23.3%. The depth and severity of rural poverty also increased, passing from 6.3% and 2.4% to 9.4% and 3.9%, respectively. Geographically, all three northern departments, as well as Atlantique and Couffo departments in the south, have above average rates with regard to **monetary poverty**. Atacora and Borgou in the north and Mono in the south have above average rates for **non-monetary poverty** in terms of access to basic social services. In **gender terms**, the share of poor households among woman-headed households is lower than that for man-headed households, but the depth of poverty tends to be significantly more severe among the former than among the latter.

5. **Policy framework.** Throughout the 1990s, the Government enhanced its emphasis on the need to intensify agricultural outputs and promote broadbased diversification of rural livelihoods in order to increase the incomes of small-scale rural producers. This automatically resulted in enhanced emphasis on related issues, such as land tenure and non-land-based income generation. Several policy documents and action plans have been adopted since the mid-1990s, leading up to **Benin's PRSP**. Officially indicated as the Government's principal reference framework for poverty reduction and economic and social development, the PRSP sets the following broad priorities for the period 2003-05: (a) the strengthening of the medium-term macroeconomic framework; (b) the development of human capital and environmentally sound natural resource management; (c) the strengthening of good governance; and (d) the empowerment of the poor so that they can participate in decision-making and development. **Gender** was systematically addressed as an integral part of the policy development process, leading to the adoption of gender strategies for the country as a whole and for all economic and social sectors, including agriculture.

6. **Lessons learned from IFAD's experience in Benin.** The findings of a country programme evaluation (CPE) in 2004 point to the need to: (a) continue the focus of the first COSOP on poverty reduction and integrate it as closely as possible with the PRSP; (b) consolidate the IFAD initiated and supported network of financial services associations (FSAs) as instruments for enabling access by the poor to appropriate financial products; (c) continue the promotion of remunerative income-generating activities (IGAs); (d) expand and strengthen strategic partnerships both with other development operators and with the new local government units (LGUs) created as part of the decentralization effort; (e) assist LGUs in taking up their responsibilities; (f) promote beneficiary participation systematically; (g) strengthen IFAD's field presence and hence its ability to influence the policy dialogue; and (h) improve the quality of project supervision by the Fund's cooperating institutions.

7. **IFAD's strategic framework** complies fully with the broad orientations and strategic thrusts of the PRSP. Within the context of PRSP goals and objectives, the Fund will give special emphasis to reaching its primary target groups, namely, small scale producers, women and youth. A major challenge will be to build up the capacities of these groups as respected actors in national economic and social development. IFAD's role in pursuing the goals of the PRSP will be strengthened by adopting a dynamic approach to fostering (and participation in) multi-stakeholder partnerships.

8. **The overarching goal** of IFAD's new country strategy will be to help achieve Benin's MDGs, particularly MDG-1: halving poverty by the year 2015. This goal will be pursued by stimulating and accompanying local initiatives that can boost the incomes of the rural poor and improve their living conditions. Gender equity, HIV/AIDS, beneficiary participation and capacity-building among local institutions will continue to be major cross-cutting elements of the Fund's future interventions. IFAD's **targeting approach** will be strengthened and made more dynamic by adopting self-targeting or negotiated approaches ("*auto-ciblage*" or "*ciblage discuté*"). IFAD's target group has evolved to include cotton growers, formerly a privileged category, as well as emerging entrepreneurs still unable to attain full autonomy in their relations with sources of finance, advisory services and markets.

9. The **specific objectives** of the new country strategy will be to: (a) consolidate or expand self-sustaining access by the rural poor to financial services; (b) promote the development of IGAs and micro-, small and medium-sized enterprises as alternative sources of sustainable livelihoods; and (c) empower the rural poor through community-led development and support for decentralized institutions.

10. **Potential for strategic partnerships.** A spin-off benefit of the process of PRSP preparation has been a strengthened partnership between the Government and the donor community. During decentralization, the infant communes will need strong support in order to take up their new roles, and it will be critically important to assist the private sector in taking up responsibilities that were once the prerogative of the public sector. Future interventions will adopt a programme approach designed to

enhance coherence and complementarity both between IFAD's projects and with other projects. Partnerships with other stakeholders, including donors and development-financing institutions, the Government, NGOs and private-sector operators, etc., will be governed by the twofold aim of capitalizing on the positive experiences acquired through IFAD supported projects and enabling the beneficiary populations themselves to develop the institutions needed to take over that responsibility. The guiding framework for the building of strategic partnerships will be the Paris Declaration on Aid Effectiveness, of March 2005.

11. **The prospects to be initiated through the new COSOP** include: (a) development of a coherent national programme for rural development; (b) improvement of the existing participatory approaches aimed at reinforcing grass-roots institutions; (c) strengthening the support for rural finance; (d) promotion of remunerative and viable economic opportunities; and (e) support for decentralization and community development.

12. **Portfolio management.** The performance of IFAD's portfolio in Benin is ranked as satisfactory, with no major implementation risks, and the Government has started implementing the CPE recommendations. There is, however, still scope for improving portfolio management, e.g. by: (a) improving the coverage and effectiveness of monitoring and evaluation (M&E) and impact assessment (including implementation of a results and impact-based management system and the creation of an umbrella M&E unit to feed information on all IFAD-supported operations to the national observatory charged with monitoring poverty); (b) deepening and expanding strategic partnerships with other development operators, including grass-roots institutions and LGUs; (c) improving knowledge management and knowledge sharing; (d) making the strengthening of the gender dimension mandatory for all operations; (e) making the formulation of a strategy to enhance sustainability mandatory for all operations; (f) strengthening the capacities of the members and leaders of farmer organizations and local institutions; and (g) creating a permanent IFAD presence in Benin, with a view to enhancing the Fund's participation in the policy dialogue and improving field impact.

13. **Tentative framework for IFAD's future lending operations.** Benin's performance-based allocation system rating is the best in Western and Central Africa with respect to macroeconomic, sectoral and portfolio performance indicators. The country's base lending scenario is, however, only USD 3.2 million per year because of the small population. Three lending scenarios with performance triggers are envisaged. The base case envisages a stabilization in the current performance levels and in the enabling conditions for rural development, with particular regard to: the policy and legal framework for rural organizations; access to resources, including land, water for agriculture, research, extension and credit; and a favourable climate for rural business development, as well as the satisfactory implementation of IFAD-financed projects and programmes. The low and high cases are based on changes with regard to these factors. Additional non-lending resources will be made available to Benin subject to the availability of funds, including: (a) grant support for early implementation tasks; (b) innovation mainstreaming initiative grants to scale up the FSA network and foster an FSA apex structure; and (c) technical assistance grants to support policy dialogue, knowledge management and knowledge sharing, innovations, partnerships, alignment and implementation effectiveness.

REPUBLIC OF BENIN**COUNTRY STRATEGIC OPPORTUNITIES PAPER****I. INTRODUCTION**

1. Benin joined IFAD in 1978. By the end of June 2005, IFAD had financed eight loans on highly concessional terms, for a total outlay of USD 91 million, plus USD 265 000 in grants, cofinancing for USD 87 million, and about USD 7 million in debt-relief to Benin as a heavily indebted poor country. The first country strategic opportunities paper (COSOP), for 1997-2002, allowed IFAD to consolidate and expand its loan portfolio by financing four new projects.

2. In 2003, the Government and IFAD agreed to undertake a country programme evaluation (CPE) to draw lessons from their experience and identify the main elements of a future plan. In May 2004, the CPE findings were discussed at a validation meeting in Cotonou, and the broad lines and strategic thrusts for continuing the IFAD intervention were identified as the starting points for formulating the new COSOP for 2006-10. The ownership by all stakeholders was furthered through an intensive in-country participatory process managed by an ad hoc orientation committee. The meetings, including one national forum and two regional forums, one each for the northern and southern departments, were attended by the main stakeholders in agricultural and rural development in Benin, including grass-roots organizations, NGOs, senior staff of ongoing projects financed by IFAD and other donors, and elected beneficiaries of IFAD-financed projects. Discussions on IFAD's poverty reduction mandate and the CPE results were followed by presentations of government policies with regard to poverty reduction, agricultural and rural development, decentralization, state disengagement from the delivery of services, etc.

3. A general consensus was reached on the main elements of IFAD's new COSOP and a policy dialogue agenda. The new COSOP also takes into account both IFAD's performance-based allocation system (PBAS) and the two most significant policy changes to have been made over the past decade: (a) the launch in 2002 of administrative decentralization and democratization and (b) the adoption in 2002 of the poverty reduction strategy paper (PRSP). The PRSP has been made the "principal reference guide" (*le référentiel unique*) for Benin's partners in development.

II. ECONOMIC, SECTORAL AND RURAL POVERTY CONTEXT**A. Country Economic Background**

4. **Geography and population.** Benin covers an area of 113 000 km² on the Gulf of Guinea, with Togo and Nigeria to east and west and the Niger and Burkina Faso to the north. In 1999, its population was 6.1 million and growing at over 3% per year. Over 60% of the country's population is rural, ranging between 85% rural in the north and 50% rural in the south. In the south, rainfall is more favourable for crops, and a very active inland fishery industry is supported by a dense network of inland lakes and lagoons. Pressures on land and other natural resources are at untenable levels throughout the country. Families increasingly unable to make ends meet are attracted to Zou and Collines departments, where land pressures are less substantial. These migrations are becoming a source of conflict because local land regulations have steadily become more inadequate, and transactions are rarely governed by the modern legal code.

5. **Administrative reforms: a promising but fragile start.** In 2002, local government units (LGUs) called "communes" were given a broad range of prerogatives and responsibilities, including the planning, implementation and monitoring of local development interventions designed to respond to locally identified needs and priorities in a coherent and complementary manner. The first elections were held in December 2002, and many communes began formulating commune development plans.

The presence of informal village-level development committees (*comité villageois de développement*) has facilitated decentralization. Fostered by projects over the years, most of these development committees have elected leaderships with experience in guiding and managing village-level development actions. IFAD, like other operators, is encouraging its partner village development committees to link up with the communes. The decentralization of responsibilities has been very abrupt, and many electees still have only a vague idea of their roles and responsibilities. Efforts to provide training, backstopping and support have yet to reach all the communes, and the financial resources at the commune level are limited because of a tiny tax base. The World Bank has approved the National Community-Driven Development Support Project (*Projet national d'appui au développement conduit par les communautés*, PNDCC). The support of the development community as a whole will be critically important to the success of the project.

6. **A paradigm shift with regard to the division of roles and responsibilities** is linked to the administrative reforms. Three categories of roles and responsibilities are envisaged: (a) those that are the exclusive prerogative of the state (e.g. enabling poverty reduction through the formulation of appropriate policies, strategies, rules and regulations, coordinating external assistance, creating and managing public infrastructures, ensuring that vulnerable categories also benefit from growth and development, etc.); (b) those that the state may share with the private sector (e.g. research and extension, capacity-building, the fostering of grass-roots organizations, the analysis and interpretation of sectoral trends, the monitoring of the impact of projects and policies); and (c) those that can and should be handled entirely by the private sector (e.g. production, processing, marketing, the supply of goods and services). Despite official recognition of the need for a strong private sector, the Government has yet to adopt appropriate macroeconomic policies. Private investment will not expand anywhere, but particularly not in rural areas, so long as the roles of the private sector in agricultural production, marketing and services remain poorly defined and so long as the regulatory framework remains characterized by costly bureaucratic procedures for obtaining business licences and investment approval, the prohibitive taxation of businesses and the high risk of harassment by regulatory, fiscal and police entities. The policy environment is not conducive to the development of good market linkages between rural producers and consumers.

7. **Economic growth is strong, and social indicators have improved; yet poverty is increasing.** In economic terms, Benin has performed well thanks to various programmes that have improved public finances, liberalized the economy, privatized most state enterprises and strengthened incentives for the private sector. Real GDP growth was 5.7% in 1997, 4.5% in 1998 and 6.4% in 2002. Prices were cut, and inflation dropped from 5.8% in 1998 to 2.5% in 2002 (an improvement over the target of 3%). Financial administration improved, with total tax revenues rising to 16.2% of GDP (versus 16%) in 2002, expenditures dropping to 18.3% of GDP (versus 19%), and a ratio of public investments to GDP at 9.2% (versus 10%). Although most social indicators also improved, especially in education and health, in-depth analyses of poverty suggest that poverty has actually increased. This is attributable mainly to rising impoverishment in rural areas, where most of the population still lives. Support for rural development and a more equitable distribution of the benefits of economic growth are major objectives of the ongoing decentralization and empowerment thrust and the new PRSP, respectively.

8. **A vulnerable economy.** The structure of GDP in Benin has changed little since the mid-1990s, with the primary sector accounting for about a third of GDP (34 to 38.3%), the secondary sector for less than 15%, and the tertiary sector for about 50%. Agriculture ensures the livelihoods of 55% of the active population, 90% of export earnings and 15% of tax revenues. National food security is ensured through a broad range of traditional food crops, but export earnings are generated almost exclusively by one crop, cotton, the country's only integrated commodity production and marketing chain (*filière*). Grown mainly by small farmers supported by a fairly effective service delivery mechanism, cotton accounts for 81% of export earnings, while palm oil, cashews and pineapples together account for only 7%. World cotton prices are a major factor of risk affecting Benin's prospects for economic growth in the short term, impacting heavily both on rural tax revenue and the balance of payments.

B. Agricultural Sector

9. **A significant, but increasingly fragile agricultural potential.** Barely 30% of the total arable land is cropped in any given year. The predominant technology (slash and burn) relies on lengthy fallow periods to restore soil fertility, and those periods are shortening rapidly. Agriculture throughout the country is heavily affected by natural conditions, increasing land pressures, poor water management, low input use and rudimentary practices.

10. **The policy framework for rural development.** The national economic liberalization effort launched in the mid-1990s has been associated with intense policy dialogue on ways to further poverty reduction, leading to a strong focus on how to raise and diversify the incomes of small-scale rural producers. The resulting body of policy documents includes a declaration of the broad options and strategic choices for the future, a master plan for agricultural and rural development and a strategic operational plan. The promotion of gender equity is an integral part of the framework. The immediate application of the principle of state withdrawal from direct involvement in the delivery of services provoked drastic cuts in line department resources (human, financial and material). Despite efforts to empower organizations of farmers, artisans and entrepreneurs to fill the gap, these organizations are mostly in their infancy, and access by rural producers to support services has weakened. The Government's instrument to ensure the delivery of technical and advisory services and empower producer organizations, local institutions and private operators is a network of regional centres for agricultural promotion (*centres régionaux pour la promotion agricole*), with branches at the commune level, the commune centres for agricultural promotion (*centres communaux de promotion agricole*). The World Bank is formulating a project to strengthen the capacity of agricultural services to contribute to the national poverty reduction effort. The **Government's policy for agricultural diversification** is inspired by the need to address the significant vulnerability revealed by the cotton crisis. In addition to reducing national dependency on cotton, the new commodity chains will expand the options for farmers throughout the country. The Programme for Support for Commodity Chain Development (*Programme d'appui au développement des filières agricoles*), which has been initiated and financed by the Government, operates at the commune level in collaboration with the regional centres for agricultural promotion.

11. **Gender** occupies a prominent position in all national policy documents. The broad principles laid down in the national gender strategy have been translated into practical changes in the policies and operations of all public agencies. The formulation of the gender policy of the Ministry of Agriculture, Livestock and Fisheries (*Ministère de l'agriculture, de l'élevage et de la pêche*, MAEP) was guided by a rural gender strategy aimed at strengthening the capabilities of rural women economically, socially, culturally and legally. The main constraints faced by rural women include: (a) difficult access to factors of production and gainful employment; (b) low educational attainment and literacy levels; (c) poor participation in decision-making; and (d) ignorance of their legal rights. MAEP's strategy envisages a three-pronged approach: (a) enable sustainable access by rural women, as well as men, to factors of production (e.g. land, credit, knowledge and information) and employment; (b) strengthen women's capacity to use their resources to best advantage, develop self-confidence and participate more actively in all respects (e.g. through vocational training, functional literacy and education, technology transfer, the promotion of groups and associations, and awareness-building); and (c) improve the institutional and legal environments by redefining mandates, functions and roles within MAEP; by ensuring that all data are disaggregated by sex; by sensitizing staff on gender issues; by commissioning periodic gender studies and sharing the lessons throughout the ministry and with partners, and by lobbying in favour of the concerns and priorities of rural women.

12. **Rural microfinance** has been a crucial instrument for pursuing poverty reduction goals in Benin, where the capacity of small rural producers, women and men, youth and adults to improve their incomes and living standards is hampered by lack of capital with which to buy inputs, raw materials and equipment, pay for labour and transport, etc. In-country experience emanates from a broad range of approaches: (a) input loans whereby the loan guarantee is provided by the crop (as has

been the case for cotton since colonial times); (b) credit lines financed through projects or NGOs; and (c) microfinance institutions (MFIs), such as savings and loan cooperatives, credit unions, financial services associations (FSAs), etc. Unlike commercial banks, MFIs were created to deliver financial services to small producers, most of them operating in the informal sector. IFAD has been particularly active in microfinance development in Benin, having pioneered the FSA concept and participated actively (along with the World Bank, the United Nations Capital Development Fund and the United Nations Development Programme) in the policy dialogue leading up to the formulation of the national policy on microfinance now before the Council of Ministers.

C. Rural Poverty

13. **Overview.** Benin is classified as a least developed country, ranking 153rd among the 175 countries covered by the United Nations Development Programme's Human Development Index in 2002. GDP measured in purchasing power parity terms was only USD 1 002 per capita in 2002, placing the country 197th worldwide and 32nd among the 54 countries of Africa. National poverty figures remain high despite impressive improvements in macroeconomic aggregates and in many social indicators. As seen below, a significant reduction in urban poverty has been offset by a larger rise in rural poverty.

14. **Poverty criteria.** Although the monetary poverty line (i.e. the value of the food, goods and services needed to live a healthy and productive life) for rural dwellers increased by 22%, from XOF 42 075 per capita in 1994-95 to XOF 51 413 in 1999-2000, the share of rural dwellers falling below the poverty line rose from 25.2% to 33%. During the same period, the poverty line for urban dwellers was adjusted upwards by 88% (XOF 48 629 to XOF 91 705); yet the share of urban dwellers living below the poverty line dropped from 28.5% in 1996 to 23.3% in 1999. The index of non-monetary poverty rose from 43.4% in 1996 to 49% in 2001; in other words, the basic needs of nearly half the country's population with regard to health, nutrition, education and water are not being met.

15. **Distribution of poverty.** All analyses point to rising inequality between the poor and the less poor, between urban areas and rural areas. Poverty in Benin has always been a rural phenomenon, and that has not changed. Households headed by farmers, herders and fishers are generally the poorest categories; even cotton growers, once a privileged category, are increasingly being impoverished. All three northern departments, as well as Atlantique and Couffo departments in the south, show above average rates with regard to monetary poverty. The poorest departments in terms of non-monetary poverty are Atacora and Borgou in the north and Mono in the south. Considering that most Beninese still live and work in rural areas, Benin will not attain its Millennium Development Goals (MDGs) unless it can reduce rural poverty substantially. The gender dimension of poverty is complex. Whereas the proportion of poor households is higher among households headed by men, poor woman-headed households are significantly poorer than are poor man-headed households. Poverty increases with household size and the age of the household head, but falls as the educational attainment of the household head increases.

16. **The causes of poverty** identified during participatory PRSP formulation were: (a) the lack of financial resources and difficult access to financial services; (b) inadequate development of income-generating activities (IGAs); (c) the scarcity of land and substantial land tenure problems, mainly in the south; (d) poor access roads in certain production areas; (e) rudimentary technologies and tools for farming and fishing; (f) sociocultural access obstacles, particularly with regard to gender and age; (g) difficult access to safe water and primary health care; (h) the silting up and diminished flows of streams and rivers; (i) the exodus from rural areas by young girls and boys; (j) illiteracy and high school drop-out rates; (k) weak support for and inadequate access to appropriate technologies among rural populations; (l) environmental degradation; and (m) inadequate support for the handicapped, the elderly and the ill. **Vulnerable groups** include: (a) (nearly) landless farmers; (b) women; (c) fishers; and (d) unemployed or underemployed youth. Rising land pressures are destabilizing land occupation and tenure and reducing fallow periods, especially in the south and around the larger towns in the

north. Benin's farm families are increasingly unable to meet their own food needs, let alone produce surpluses for sale. Cotton farmers, once a privileged category, are no longer sure that their efforts will be adequately rewarded, given collapsing world prices and rising input costs.

D. Constraints on and Opportunities for Rural Poverty Reduction

17. Benin's PRSP identifies the following as **important assets for poverty reduction**: (a) an institutional framework founded on democracy, respect for human rights and responsibility and accountability so as to ensure sociopolitical and macroeconomic stability; (b) a favourable geographical position close to large markets such as Nigeria and an efficient deep-water port that can handle the bulk of goods flowing to and from the landlocked countries to the north; and (c) the significant potential for development in agriculture, mining and tourism. The **main structural constraints** are identified as follows: (a) the rigidity of the country's production systems, which are poorly integrated both horizontally and vertically; (b) a persistently small secondary sector that lacks capital and access to markets; (c) low propensity to invest due to various reasons (the low level of savings, weak public investments, a preference for short term gains, the lack of awareness of opportunities, complex administrative procedures, inability to attract investors); (d) the lack of or high costs of factors of production, including land, utilities, communications and transport; and (e) excessive dependency of the national economy on cotton exports.

18. Information and analyses useful for the enrichment of IFAD's new country strategy have been generated by applying the Fund's PBAS, which focuses both on positive and negative aspects. By highlighting past weaknesses, as well as current shortcomings and constraints, this exercise has facilitated in-depth discussions of policy issues linked to the Government's priorities and validated IFAD's new country strategy. Major areas of continuing concern include: (a) the persistent weakness in the access by small producers and the rural poor to markets and financial services due in part to organizational inadequacies; (b) the lack of alternative livelihood options in rural areas; (c) weak community development, and (d) inadequate attention to problems in securing land tenure.

E. National Strategy for Rural Poverty Reduction

19. Benin's partners in development are expected to comply with the PRSP, which lays down the Government's long term strategy for poverty reduction and development. The PRSP is backed by a large body of in-depth studies that have been presented and discussed during two rounds of meetings with elected village representatives: one round to collect their views and the other to allow the representatives to pass judgement on the findings. Benin's **MDGs for 2015** are to reduce poverty by half (30% to 15%), raise life expectancy at birth from 54 years (2000) to 65 years, reduce the under-5 mortality rate from 165 (1998) to 90 per 1 000 live births, reduce the maternal mortality rate from 498 (1998) to 390 per 100 000 live births, reduce malnutrition rates by half, ensure full enrolment in primary school and raise gross schooling rates from 81% (2000) to 99%, eliminate gender inequality among students at all levels, attain full coverage by primary health care facilities and reduce the prevalence rates of HIV/AIDS and sexually transmitted diseases. A new observatory on social change (*observatoire du changement social*) will centralize the analysis of data from all partners in development so as to monitor progress towards achieving these goals. The strategic thrusts of the PRSP for the period 2003-05 are as follows:

- **Strengthen the macroeconomic framework over the medium term:** (a) consolidate macroeconomic stability (price stability, control deficits, improve the balance of payments, and rationalize the regulation of the money supply); (b) consolidate growth sectors (agricultural production, processing and marketing, non-farm IGAs, environmentally sound natural resource management); and (c) infrastructure development.

- **Develop human capital and environmental management:** address the main causes of poverty by upgrading the delivery, use and quality of social services, especially in rural areas.
- **Strengthen good governance and institutional capabilities:** (a) reduce corruption and strengthen the managerial and absorptive capacities of public resources; (b) accelerate administrative reform and devolution; (c) strengthen legal and juridical systems; and (d) consolidate democracy and internal social dialogue.
- **Promote stable employment and participation by the poor in decision-making and production:** (a) enable community-led development by enhancing grass-roots participation; (b) foster sustainable employment and IGAs; (c) enhance social protection and gender equity; and (d) promote rural finance.

20. **New ministries and agencies** have been created to address critically important aspects of the poverty reduction strategy. These include: (a) the regional centres for agricultural promotion, the commune centres for agricultural promotion and the observatory on social change (see above); (b) the Ministry of Environmental Protection, Housing and Town Planning (*Ministère de l'environnement, de l'habitat et de l'urbanisme*), including a national environmental agency, the Benin Environmental Agency (*Agence béninoise pour l'environnement*), to ensure that environmental issues are adequately addressed in all projects and programmes; (c) the Ministry of Industry, Trade and Employment Promotion (*Ministère de l'industrie, du commerce et de la promotion de l'emploi*), to provide an enabling environment for the private sector, including small and medium operations as a subsector able to generate sustainable employment; (d) the Ministry of the Family, Social Protection and Solidarity (*Ministère de la famille, de la protection sociale et de la solidarité*), charged with monitoring compliance with the Government's strong emphasis on gender equity; and (e) the microfinance unit within the Ministry of Finance and the Economy (MFE, *Ministère des finances et de l'économie*), to support the consolidation of credit delivery by improving the legal and regulatory framework for MFIs.

21. **Budgetary reform.** The institutional strengthening thrust of the PRSP also involves major budgetary reforms designed to improve governance and enable the efficient pursuit of national socio-economic development goals. The four main elements of the reforms are to: (a) optimize the use of resources by introducing planning according to objectives in the context of a programme budget approach; (b) revise spending procedures and modernize control mechanisms; (c) make ministries accountable for results; and (d) install a performance-based monitoring and evaluation (M&E) system. A single national budget for all state expenditures, both operating costs and investments, will contain proposals from each ministry and allow each ministry to define its own objectives and the corresponding resource requirements and detailed implementation strategies.

22. **Rural development donor group.** A broad range of interventions in specific sectors (e.g., agriculture, fisheries, water, transport, education and health) are being supported both by multilateral organizations (IFAD, the European Union, the World Bank, the African Development Bank, the West African Development Bank, United Nations Children's Fund (UNICEF) and the United Nations Development Programme) and by most of the European bilateral organizations, Benin's traditional partners. The main partners in development are taking an active interest in the formulation of sectoral strategies and policy dialogue in the context of several thematic groups on rural development, private sector development, legal reform, food security, HIV/AIDS, health and education. The preparation of the PRSP intensified their collaboration around the main issues. The aim of the thematic groups is to create arenas for concerted action and thereby stimulate synergy in all sectors, including agriculture and rural development.

III. LESSONS FROM IFAD'S EXPERIENCE IN THE COUNTRY

23. IFAD's first COSOP for Benin, approved in 1997, was inspired by the experience gained during four projects financed since 1981. This COSOP identified opportunities for pursuing rural poverty reduction goals through: (a) the expansion of the outreach to the poor through microfinance associated with the mobilization of village savings; and (b) the fostering of grass-roots organizations by improving access to markets and, hence, the share of agricultural wealth that accrues to farmers, women, as well as men. In 2004, following an evaluation of the Fund's portfolio to date and an interim evaluation of the longest standing of the Fund's ongoing projects (the Income-Generating Activities Project, *Projet d'activités génératrices de revenus*, PAGER), IFAD and the Government agreed to revise the COSOP. The main lessons and recommendations of the CPE are summarized below and detailed in the Agreement at Completion Point, which is attached as Appendix VI.

- The **rural poverty reduction goal** of the first COSOP remains valid, and future actions should be linked as closely as possible both to the PRSP and to IFAD's mandate and policies.
- The **FSA approach to microfinance** is a major institutional innovation of IFAD's portfolio in Benin, and it has fostered a second innovation, namely, the creation of information exchanges (*centrales d'échange d'informations*) that are helping many other MFIs to reduce their lending risk by tracking applicants with outstanding loans from other institutions. IFAD should consolidate these important results by continuing to support the FSAs, by developing partnerships with other MFIs, by supporting a new microfinance policy and by promoting a more enabling regulatory framework for MFI operations.
- **Non-land-based IGAs** should be actively encouraged in order both to alleviate the pressures on scarce arable land and to absorb the increasing surpluses of higher quality produce. The profitability of these IGAs and of their suppliers of raw materials can be enhanced by fostering integrated commodity chains allowing mutually beneficial relations to be forged between various operators (input suppliers, producers, processors, traders, exporters, etc.) at all levels (local, departmental, national and subregional) both individually and collectively.
- **Strategic collaborations need to be fostered** as widely as possible through coordination with other development actions. In addition to generating synergies and avoiding duplication, coordination will facilitate the Government's enabling role.
- **Coordination with and among local authorities.** Small farmers have always been a focus of IFAD's attention. The decentralization strategy laid down in the PRSP will allow the Fund to capitalize on its experience in the strengthening of grass-roots capacities to promote and manage local development, thereby empowering local people themselves to become the main actors in local economic and social development. The new LGUs and the villages that make them up still need support in learning how to prepare and implement development plans and in ensuring the coordination needed to generate local synergies.
- **Beneficiary participation** in the preparation of programmes and the management of all the beneficiaries' own affairs needs to be strengthened. Wherever possible, albeit gradually, actions should be carried out **with** the beneficiaries. Group approaches are essential for expanding outreach, but their function is also to provide a venue for stimulating individual dynamism.
- **IFAD country presence.** Policy dialogue is an important tool for poverty reduction, but IFAD's ability to represent the interests of the poorest is weak, and the Fund's views and experiences are not widely known or understood. To address this shortcoming and thereby

enhance the voice of the poorest in decision-making, IFAD should establish a permanent in-country presence both to participate more actively in policy dialogue with partners in development (donors and the Government) and to strengthen advocacy on behalf of the poorest.

- **Supervision by IFAD's cooperating institutions** should be improved and procedures harmonized to raise administrative efficiency. The changes should be based on the experiences of the agencies in charge of implementing IFAD-financed interventions; these agencies have a crucial role in generating the information necessary to enhance impact. Better supervision will facilitate partnership-building and policy dialogue with other partners, especially donors.

IV. STRATEGIC FRAMEWORK FOR IFAD

A. IFAD's Strategic Niche and Proposed Thrusts

24. **Country strategy.** IFAD's strategic framework for future interventions in Benin complies with the broad orientations of the PRSP, the Government's principal framework of reference for national economic and social development. It also complies with IFAD's own mandate and strategic orientations both globally and for the Western and Central Africa region. Account is taken of the Fund's considerable experience acquired in over two decades of operations in the country. Active participation in preparing the PRSP, the findings of the CPE and the results of national and regional consultations have been helpful in identifying the Fund's comparative advantages and in fine tuning the Fund's niche in the reduction of poverty in Benin. The Fund's activities have been in keeping with the main PRSP objectives, particularly with regard to the rural poor, IFAD's target group. One of IFAD's main challenges is to empower these populations to participate fully in national economic and social development. IFAD aims to strengthen its role within the PRSP and hence its partnership both with the Government and the group of donors.

25. **Geographical coverage and targeting.** Ongoing IFAD projects cover the whole of Benin. This national coverage will continue, with the Fund aiming to fill support gaps as opportunities are identified. IFAD will strengthen its targeting approach and make targeting more dynamic by adopting self-targeting and negotiated targeting ("*auto-ciblage*", "*ciblage discuté*"). IFAD's target group will continue to comprise small-scale rural producers with a special focus on the (nearly) landless, fishers, women and youth. Special attention will also be paid to emerging entrepreneurs among members of IGA groups. Responsibility for reducing local poverty will be entrusted to local actors in order to exploit their in-depth understanding both of the causes of poverty and vulnerability and of the coping strategies of the poorest. The poorest will be encouraged to participate in identifying and designing the sort of support they feel will address their constraints most effectively.

26. **IFAD's current programme** in Benin focuses on enabling access to financial services, strengthening market linkages and supporting community-led development; the aim is to contribute towards strong economic growth and self-sustaining improvements in rural livelihoods. A broad range of private and public sector initiatives is being supported so as to create both a platform allowing small farmers to develop new economic opportunities and the institutionalized mechanisms to allow the voices of the rural poor to be heard. Work is needed to deepen and broaden critical capacities and activities in these areas. The aim should be to promote effective private-sector partnerships and not to expand the responsibilities of the public sector beyond its capabilities and mandate.

27. **The new strategic framework.** IFAD's broad goal is to assist Benin in attaining the country's MDGs, particularly MDG-1, by supporting local initiatives that can increase incomes and improve living conditions among the rural poor, women as well as men. The **strategic thrusts** of the Fund's country strategy can be summarized under three objectives, as follows.

- **Objective 1: Sustainable improvement of access to financial services.** IFAD's considerable experience in promoting rural finance is an important asset that will be consolidated by enhancing outreach to the poorest and by developing new financial products to assist rural producers in boosting their productivity and incomes. The offer of financial services will be upgraded by enhancing the professional skills of microfinance operators to develop and deliver innovative financial products in response to real needs. The capacity of other actors to implement national microfinance policy may also have to be improved. Capacity-building efforts will comply with the Project to Assist in the Regulation of Savings and Credit Cooperatives (*Projet d'appui à la réglementation sur les mutuelles d'épargne et de crédit*), the law governing the promotion of microfinance in the member countries of the West African Economic and Monetary Union. Strategic partnerships will be fostered by enabling networking among all stakeholders engaged in microfinance development. The network of IFAD initiated FSAs will be expanded, and other MFIs that respond to the needs of the rural poor will be eligible for support. The ability of this effort to alleviate rural poverty will be heavily conditioned by the extent to which poor rural producers can be helped in developing sufficiently profitable economic activities.
- **Objective 2: Sustainable improvement of the profitability of IGAs and rural enterprises.** The ability of rural borrowers to reimburse their loans can be enhanced by fostering profitable businesses and by improving the access of rural business to markets. IFAD's efforts will continue to focus on four main areas: (a) expansion of the range of marketable outputs that exploit comparative advantages and generate new employment and higher local value added (e.g., by helping producers identify and enter new markets and by fostering the vertical and horizontal linkages needed to create commodity chains from the farm level to consumers, including processing, trading, tool-making, repairs, input supply and advisory services); (b) enabling access by the poor to appropriate technologies for the improvement of output quantity and quality (e.g., technical adaptation, participatory action-research); (c) promotion of environmentally sound natural resource management without compromising household food and cash needs (e.g., soil and water conservation, integrated soil fertility management, etc.); and (d) promotion of non-land-based rural activities (through the development of human capital, facilitating access to microfinance and marketing and building rural infrastructure).
- **Objective 3: Empowerment of the rural poor through community development and decentralization.** IFAD will contribute to the ongoing decentralization thrust by continuing to support village-level organizations as grass-roots institutions that can allow rural populations to add their voice in decision-making in their villages and their communes. This objective will be pursued through: (a) capacity-building among political and administrative actors at the commune level; (b) funding for critical social and productive infrastructure; and (c) the promotion of environmentally sound community-based management of natural resources, including land tenure. Special emphasis will be placed on assisting communes in addressing the priority development needs of the villages under their charge in a coherent and coordinated manner that maximizes the benefits of internal and external resources. This will involve arbitration among villages, the identification and exploitation of comparative advantages, the promotion of complementarities, the harmonization of initiatives.

28. The new COSOP covers the period 2006-10. In 2008, an in-house review will be carried out to take account of any changes made in the basic documents (the PRSP, the United Nations Development Assistance Framework and the PBAS).

B. Main Opportunities for Innovation and Project Interventions

29. **Programme approach.** IFAD's strategy for pursuing the COSOP goals will be implemented through an integrated programme approach. The ongoing projects already form a coherent and mutually reinforcing whole both among themselves and within the context of externally financed development action in Benin. To enhance effectiveness and the efficient use of resources, IFAD's next intervention will be a framework programme for all the Fund's operations in Benin. A single M&E system covering all IFAD-supported operations in the country will establish sharing arrangements for M&E both with other contributors in the PRSP implementation and with the observatory on social change. Provision will be made for streamlining the financial, administrative and human resource management of all IFAD-supported operations so as to reduce operating costs and improve synergies within the Fund's portfolio. Key elements of the next intervention will include the piloting of innovation and policy initiatives and due consideration for the promotion of innovative approaches with regard to several cross-cutting issues, as follows:

- **Gender mainstreaming.** There is substantial scope for contributing to gender balance through the implementation of IFAD-financed operations and through influence on policy development and in developing innovative approaches to mainstream gender concerns. The first goal is to increase gender equality in terms of access to productive resources and earning opportunities. The second goal is to promote women's participation in decision-making.
- **HIV/AIDS.** IFAD will continue to promote HIV/AIDS prevention through awareness-building as part of its communication strategies at the community level.
- **Fine tuning of IFAD's participatory approaches.** The implementation of IFAD-financed projects is based on two approaches, namely, the outsourcing of responsibilities (*faire-faire*) and collaboration and subsidiarity (*faire-avec*). The proven ability of these two approaches to assist beneficiary populations in developing the skills needed to ensure their own development will be capitalized upon.
- **Knowledge management.** There is an important need to document fully and share experiences in the piloting of innovative ideas and the transformation of these ideas into concrete initiatives and best practices. Backed by well-documented experience and the support of like-minded strategic partners, IFAD will be more well placed to become proactive in scaling up effective innovations and initiating policy dialogue.
- **Rural finance.** FSAs have a proven ability to enable access by the poor to the financial services needed by the poor to raise productivity and boost and diversify incomes. The FSA network will be consolidated and expanded by fostering strategic partnerships, where possible, with other MFIs and by developing new financial products in response to member needs.
- **Alternative livelihoods** are the only way to alleviate the already untenable pressures on natural resources. Future IFAD interventions will focus on helping rural producers to identify and promote remunerative non-land-based economic activities that will enhance local value added and increase their incomes and on stimulating policy dialogue on ways most effectively to promote rural entrepreneurship.
- **Consolidating institutional achievements** (FSAs, informal village-level development committees and groups, etc.) in the context of the ongoing decentralization and democratization thrust. This is a major opportunity for IFAD; the Fund's projects will continue to foster village-level institutions with a view to helping them reap benefits from the decentralization process. The experience of projects supported by IFAD and many

other operators is already facilitating the launch of new LGUs, thereby enhancing the prospects for the sustainability of the benefits of local development actions.

C. Outreach and Partnership Possibilities with NGOs and the Private Sector

30. The combination of outsourcing (*faire-faire*) and participatory collaboration (*faire-avec*) can generate field-level partnerships with a broad range of local NGOs and private-sector service providers (albeit to a far lesser extent for the providers). The outsourcing of specific implementation responsibilities is regulated by performance-based contracts requiring partners to adopt participatory approaches that are truly empowering for rural populations. The role of these partners is to assist rural populations in creating the skills and institutions needed to determine their own responses to the challenges of development and decentralization. Most of the private sector partnerships in the past have involved NGOs, essentially because of the lack in most countries of like-minded, qualified consultants. That is changing in part because state disengagement is freeing up large numbers of qualified professionals and in part because national-level schools are training more professionals. Future IFAD interventions can therefore be expected to involve more partners from the non-NGO world, including consultants, financial institutions and research institutes. The Fund's experience in linking financial services to farmer organizations provides valuable lessons on how to proceed in engaging various stakeholders from the private sector and also on the importance of enhancing the awareness of partners and the capacity of partners to foster genuine empowerment.

D. Opportunities for Linkages with Other Donors and Institutions

31. **Strategic partnerships** will be developed by identifying and following up on opportunities for new collaborations through cofinancing, linkages and coordinated action. The Fund's guiding framework for strategic partnership-building will be the **Paris Declaration on Aid Effectiveness**, of March 2005. All IFAD-financed projects and programmes will therefore be expected to seek out synergy-fostering complementarities with like-minded development partners with a view to enhancing the impact in terms of poverty reduction. Four areas have been identified as promising for such partnerships: (a) assistance for emerging entrepreneurs supported by the Agricultural Sector Support Programme and the Farming Systems Improvement and Diversification Project, financed by Danish and French development cooperation, respectively; (b) training in functional literacy and basic French, supported by SwissAid; (c) support for the agricultural sector and farmer organizations by a group of donors led by the World Bank, especially through the Agricultural Services and Farmer Organizations Support Programme (*Programme d'appui au secteur agricole et aux organisations paysannes*); and (d) support for community-led development, a programme being formulated by the World Bank (National Community-Driven Development Support Project). In all four areas, IFAD has significant experience and lessons to offer. Furthermore, as a member of the **donor group on rural development and poverty reduction**, the Fund will continue to meet regularly with like-minded development partners (e.g. the World Bank, the African Development Bank, the West African Development Bank, French Cooperation, Danish International Development Agency) in order to take advantage of their strong in-country presence and thereby enhance the policy dialogue between the donor community and the Government. IFAD's contributions will reflect its field-level experience in assessing the impact of policies and programmes in rural poverty.

E. Areas for Policy Dialogue

32. IFAD's contributions to policy dialogue will be grounded firmly on experience and the lessons learned in the field. The Fund's goal will be to promote pro-poor changes in policies and institutions. According to the PBAS review for Benin, IFAD's policies are well tuned to those of the Government and the donor community. The PBAS findings will be used as a tool for policy dialogue and linkage between IFAD's operations and the observatory on social change, the entity recently created to monitor Benin's progress towards achieving the country's MDGs. IFAD's efforts to deepen and broaden dialogue on the policy issues that arise during the implementation of the PRSP will include:

(a) continued support for the development of models for strategic public-private partnerships capable of delivering needed **advisory services** to the Fund's target group and (b) lobbying in favour of pro-poor policies (backed by appropriate institutional and regulatory frameworks) that will facilitate access by small-scale rural producers to **rural financial services** and **new markets**. The Fund will stimulate discussion of key policies and of the institutional bottlenecks that are blocking the efforts by members of rural producer organizations and small scale entrepreneurs to develop profitable and self-sustaining commercial activities.

33. **Land tenure** – a major issue that affects IFAD's target groups directly and enormously – has significant policy dimensions. The importance of land tenure insecurity as a constraint on the development of these target groups is probably equal to that of problems in marketing and in access to financial services. However, it is a far more complex constraint to address, as it brings into play a highly variable mix of factors deriving from the juxtaposition of traditional regulations and modern codes. IFAD's concrete, programme-based experience can make a significant contribution towards the formulation of policies that protect the land rights of the more vulnerable categories of producers. In close collaboration with the International Land Coalition, IFAD will act proactively to enhance the pro-poor orientations of all tenure-related initiatives, including sectoral studies and policy analysis.

F. Action Areas for Improving Portfolio Management

34. The performance of IFAD's portfolio in Benin is "satisfactory, with no major implementation risks". In 2005, the Government began taking gradual steps to implement the CPE recommendations. Additional learning and changes will be introduced periodically, in keeping with IFAD's programme approach to implementation. The action areas identified during the CPE and laid down in the related Agreement at Completion Point are summarized in Appendix VI.

G. Tentative Lending Framework and Rolling Programme of Work

35. **Lending resources.** Benin's current PBAS rating is the best in Western and Central Africa with respect to macroeconomic, sectoral and portfolio performance indicators. However, given its small population size, the country qualifies for a base lending scenario of only USD 3.2 million per year. The following are the proposed lending scenarios and performance triggers:

Lending Scenario	Performance Triggers
Base case	<ul style="list-style-type: none"> • Maintaining rural development sector framework conditions, particularly in areas of: (a) the policy and legal framework for rural organizations; (b) access to land; (c) access to water for agriculture; (d) access to agricultural research and extension services; (e) enabling conditions for rural financial services development; and (f) investment climate for rural business AND • An IFAD portfolio free of projects with major problems or that are at risk
Low case	<ul style="list-style-type: none"> • Deteriorating rural development sector framework conditions OR • The presence in the IFAD portfolio of projects with major problems that have not improved for three or more years (projects at risk)
High case	<ul style="list-style-type: none"> • Improving rural development sector framework conditions AND • An IFAD portfolio in which all projects have been improving for three or more years

36. **Non-lending resources.** Additional non-lending resources will be made available to Benin through IFAD's country programme. Subject to the availability of funds, these will include: (a) support for early implementation; (b) innovation mainstreaming initiative support so as to expand the FSA network and set up the needed apex institutions; and (c) technical assistance grants to support policy dialogue, knowledge management, innovations, partnerships, alignment and development effectiveness.

**REPUBLIC OF BENIN
COUNTRY PROGRAMME EVALUATION
AGREEMENT AT COMPLETION POINT**

Preamble

This Agreement at Completion Point (ACP) is based on discussions and deliberations of the partnership of the findings and recommendations of the Country Programme Evaluation (CPE) report of May 2004. It gathers the key recommendations that the concerned partners have agreed to integrate in the preparation of the future Country Strategic Opportunities Paper (COSOP).

It has been drafted on the basis of a first discussion of the report's recommendations at the National Workshop on the CPE, on the 13th – 14th May 2004, followed by an exchange of points of view by mail. It was finalized on the 17th February 2005 at the margin of the Governors' Meeting.

The Core Learning Partnership for the CPE consisted of representatives of the Beninese authorities (Ministry of Agriculture, Livestock and Fishery (MALF), Ministry of Finance, local government and decentralized agencies), the NGO community, farmers' organizations and various development partners, as well as IFAD's Western and Central Africa Division and Office of Evaluation

The essential stages of the CPE were the preparation of the approach paper, a preparatory assessment of the projects, self-assessments by the projects and the CPE mission itself, which was carried out from 12th November to 3rd December 2003. The final stage, the National Workshop on 13th -14th May 2004 in Cotonou, brought together about a hundred representatives of the aforementioned partners.

I. PRINCIPAL FINDINGS OF THE CPE

1. The CPE found, first and foremost, that the IFAD programme in Benin is a good programme which is yielding good results and have a real impact on poverty, and that it fully deserves to be continued. However, it raised questions regarding the sustainability and scope of some activities.

A. Dialogue, Partnership and Participation

2. **Partnership in formulating the COSOP.** The ultimate objective of IFAD's programmes and projects is to contribute to the reduction of rural poverty, in particular by increasing the incomes of the poor parts of the population; assuring their food security; facilitating their access to capital, production technologies and natural resources; and enabling the poor to pursue their own development. The CPE noted that the 1997 COSOP was, generally speaking, in line with the policies of Benin, but that it had been prepared in a rather unilateral manner and that it had remained a little-known document among the Beninese partners. In late 2002, the IFAD Executive Board approved a procedure for the preparation of COSOPs through a participatory process that involves all stakeholders in the country in question, the aim being to ensure ownership of the COSOP by the country's authorities. IFAD also defined the policies that it intends to follow in various sectors. In recent years, the Beninese authorities, too, have articulated policies on the development of agriculture, livestock and fishery and on poverty reduction (Poverty Reduction Strategy Paper – PRSP).

3. **Strategic partnerships and policy dialogue.** As important as IFAD may be in Benin, is only one element amongst numerous other development activities. As a general policy, IFAD seeks to establish strategic partnerships in two ways, i.e. through enhancing the effectiveness of operations through a better coordination among the parties involved and through sharing of positive experiences

(successful innovations), and secondly by fostering dialogue on development policies in its role as an advocate for the poorest. The CPE noted that a number of admirable initiatives have been undertaken by the heads of the IFAD project management units, but that much more remains to be done. The CPE also pointed out that the development policy dialogue requires a more sustained effort. Moreover, as dialogue implies a will to convince and an openness to be convinced by the partner, just as it requires flexibility and the ability to adapt activities in accordance with the outcome of the dialogue. In other words, it means raising the question of a stronger and more permanent presence for IFAD in Benin and also of a more prominent role for the Beninese authorities in coordinating external aid, as well as methods for adapting activities.

4. ***Flexibility and risk management.*** IFAD programmes and projects are of considerable scale and run for relatively long periods, which is in the nature of things. However, the strategic partnerships, coordination, adaptation of policies within the framework of dialogue and acquired experience mean that the programmes and projects may need to be implemented differently than originally envisaged. The CPE found that there was some flexibility in implementation. Furthermore, as IFAD seeks to promote innovation through the introduction of new techniques, methods and approaches to development, it is prepared to take the risks inherent in any innovative undertaking and to deal with any problems that may occur as a result. The impression gained during the CPE was that IFAD leaves the management of such risks or problems to its collaborators, who more or less assume them along with their own risks. In the same way, the CPE found that the project supervision attached major importance to quantitative aspects, with too little attention to qualitative, innovative and strategic aspects. However, the CPE noted with satisfaction that the project managers were aware of this and appeared very open in this respect. These issues arise mainly due to IFAD's relations with cooperating institutions, entrusted with the project supervision and loan administration.

5. ***Participation by beneficiaries.*** The CPE affirmed that the sustainability of the activities carried out by a development project is largely a function of the extent to which the beneficiaries take ownership of the project. Achieving this ownership will be all the easier the more closely the beneficiaries are involved in the formulation and follow up of the activities. Actual operational participation by beneficiaries has improved steadily since the 1997 COSOP. An effective participation of the major partners is noted at different stages of the project cycle.

B. Helping the Poor to Manage Their Own Development

6. ***Targeting of beneficiaries.*** In keeping with its mandate, IFAD strives to help reduce rural poverty. IFAD projects in Benin apply two methods, which appear to have borne fruit. One is "self-targeting", whereby the project attracts the target group "automatically", in that it is the only group to be interested in what the project has to offer. The financial services associations (FSAs) is a good example, inasmuch as it is the poor and poorest who stand to benefit, individually or collectively, from becoming members and utilize the loan services. However, it seems that the young (both sexes) are not well targeted at present through this method. In the other targeting method, the project facilitator in the village identifies, in consultation with the community, who will participate in the project activities. This targeting method seems to have yielded good results, although the outcome depends on the facilitator's "people skills" and on relations within the village. Indeed, this form of targeting can be misused by the social power relationships when the local leaders make themselves the spokespeople for the village and designate the beneficiaries. It also sometimes happens that efforts to promote the advancement of women create tensions within families or communities because the increased autonomy that they enjoy is not consonant with the traditional view of gender roles. It seems necessary to undertake a social intermediation effort within the community to improve the condition of the rural women.

7. ***Collective sensitization and individual achievement.*** It is obvious that only a method of collective sensitization of the target groups to the project or programme objectives will make it

possible to reach a large number of people. The same is generally true for training activities aimed at a group. However, the CPE noted that this collective approach was also being used to encourage beneficiaries to form self-development groups (also called “production groups”), which then require considerable guidance and institutional support in view of enabling them to become economically viable entities – which does not appear to be realistic in a number of cases. This extension of the collective approach into production activities has proved neither effective nor efficient, as the beneficiaries appear to have been much more interested in individual or family production activities. As a result, credits obtained for a group, for example, have later been divided up among the group members to finance individual production.

8. **Participation and/or ownership?** The IFAD projects use the “*faire-faire* approach” (“Do-Do”), under which the project employs service providers to closely guide and instruct the beneficiary groups, and it contracts services providers (NGOs, private entrepreneurs, etc.) to carry out the activities of the programme, all in a more or less participatory manner. With the “*faire avec* approach” (“Do with”) the project uses service providers to support beneficiary populations, helping them learn to take and carry out decisions (including handling the contractual relations). The activities in the programme are seen as a framework from which populations can identify those that meet their needs, decide which they can do themselves and which ones not, and who to call on for help on the latter ones. This approach obviously places more responsibility on the beneficiaries and is more conducive to beneficiary ownership than the *faire-faire* approach, but it is also more demanding. The CPE found that the project managers are aware of this, but that they perhaps lack experience in dealing with these rather delicate issues. Indeed, the gradual introduction of the approach requires a certain amount of caution and a solid method that will safeguard against a facile populism. It implies a transfer of skills and therefore of powers, and the knowledge needed to utilize them effectively must be acquired and strengthened through practice. It is a learning process that must take place in order to lay a solid foundation for management at the local level. Thus, the two approaches must co-exist for quite some time.

9. **Offering economically viable alternatives.** The CPE noted that the income-generating activities (IGA) were not always sufficiently profitable to ensure a decent standard of living for families and that the local markets were easily saturated. These activities would benefit from inclusion in a production chain (*filière*) approach wherein producers could forge ties with other stakeholders downstream. Where land is scarce, poor farmers who develop their production and increase their farmland risk doing so at the expense of those who are even weaker, who will be obliged to give up farming. The same holds true in the fishing sector. The only solution, especially in the southern part of the country, is to promote alternatives to agriculture and fishing per se.

C. IFAD’s Mandate in a Holistic Approach to Development

10. **Coordination and synergy.** Effective rural development often requires complementary activities at the limit of the mandate of the organization concerned. It may choose to expand its scope of action to address these needs, or it may try to borrow expertise from other organizations, at the least possible cost. Organizations must fit their field of action into a larger whole to avoid re-creating what already exists. The inverse is also true. Two examples will serve to illustrate this point. First, in order for IFAD projects to place more emphasis on achieving functional literacy among beneficiaries, should IFAD develop its own teaching methods and materials, or should it utilize those that others have already developed in Benin? Second, IFAD has acquired significant experience with FSAs as a means of making microcredit available to the local communities; should other organizations develop relatively similar models or should they borrow IFAD’s experience?

11. **Creating linkages.** Thanks to the activities of the IFAD projects (IGA and rural microfinance through FSAs, e.g.) some beneficiaries have managed to climb out of poverty and are no longer really poor. However, while they are no longer part of the target population, they still need financial or

organizational support, albeit perhaps of a different nature, to enable them to continue progressing. A similar problem arises when projects intervene only on certain activities at a specific stage of the production chain (*filière*) solving some problems but also creating others (e.g. promotion of cassava growing and processing, which is rapidly thwarted by the limited absorption capacity of the local market).

12. ***A programme or a set of projects: a certain centralization.*** The four IFAD supported projects currently under way in Benin form a coherent whole and exhibit many similarities. They basically have the same development objectives, and similar components if in varying ratios. Thus, the four individual operations can be considered as a coherent support program to the government's program. However, certain management tools are not at all similar, in part due to the fact that the cooperating institutions are different, which a programmatic approach to management difficult. They are also in line with the Poverty reduction strategy adopted by the Beninese authorities. The next COSOP could follow the same line.

13 ***Support for decentralization.*** The decentralization and creation of municipalities are proceeding in Benin. The legal and regulatory framework has been established, and elections taken place. But the political and administrative authorities at municipal level are still rather weak when faced with their duties. The municipality (and the villages that comprise it) could become the level at which the various external aid activities agencies should be coordinated through the development and implementation of a municipal development plan. The project coordination units have begun to study this issue.

II. THE RECOMMENDATIONS

14. The CPE report and the recommendations it contained have been discussed in depth during the National Workshop.

A. Dialogue, Partnership and Participation

Partnership in Developing the COSOP

15. The next COSOP for Benin, which will remain an IFAD policy document, will be consistent with the decision by the Executive Board in late 2002. Its general focus on the reduction of rural poverty will be maintained, and it will focus in particular on the linkages to the PRSP and the general agricultural policy documents approved in recent years by Benin, with a view to ensuring ownership of the document by the Beninese authorities. The COSOP will be prepared by means of a participatory process, involving all concerned Beninese stakeholders.

16. Any IFAD general, sectoral or regional policy documents with a bearing on ongoing projects should be disseminated in a targeted manner, through a communication effort adapted to the national context.

Strategic Partnerships and Policy Dialogue

17. The effort to form strategic partnerships with the other donors in Benin, and not only with the cooperating institutions, should be continued to avoid duplications and make best use of the existing resources, all in a re-invigorated spirit of collaboration and coordination. The coordination should be beneficial to all parties, and it should also make the role of public institutions easier. IFAD should sensitize its project managers, as well as its staff and consultants, to this need. Furthermore, it should be attempted to establish institutional and/or organizational mechanisms to allow the Partnership to be effective.

18. IFAD's presence in Benin should be stronger and more permanent to ensure its participation in development policy dialogue and its role as an advocate for the poor. A solution is needed that will also enable increased coordination with other development partners (the idea of a national IFAD representative in Benin has been proposed). The project coordinators should be encouraged to participate more actively in policy dialogues in their respective fields of action.

Flexibility and Risk Management

19. The IFAD should examine its current management practices to determine if they provide a suitable framework for managing flexibility, innovation and risks, and for making adjustments when needed. In particular, the decisions taken in this regard should be better documented.

20. Projects reporting should devote more attention to the analysis of the qualitative, innovative and strategic aspects, and cooperating institutions should do the same. IFAD should examine how to give more precise guidance and establish minimum standards for the supervision that would be part of the mandates entrusted to cooperating institutions.

Participation by Beneficiaries

21. The next COSOP should present clear guidelines on the various aspects involved in strengthening beneficiary participation in formulating and implementing the programme. They should be developed following an examination of the experience gained and the different approaches employed under the projects of IFAD and other cooperation agencies and should indicate how experiences are to be recorded as part of a learning process.

B. Helping the Poor to Manage Their Own Development

Targeting of Beneficiaries

22. IFAD should enter into a dialogue with authorities and rural stakeholders in order to establish a strategy for those that grow out of the target population. They should then receive ongoing support in order to keep them out of poverty (see also paragraphs 27-31).

23. If the young remain a target group, the activities proposed to them must meet their concerns, if they are to have any chance of generating interest.

24. The next COSOP should reflect IFAD's general policies with regard to women and should present approaches to the promotion of women that consider the difficulties they face.

Collective Sensitization and Individual Achievement

25. The collective approach should be continued for activities that lend themselves to it (e.g. sensitization, extension and training) in order to reach as many people as possible. The approach and its operational modalities should be carefully examined, with full recognition of the importance of the individual initiative in certain activities (e.g. production).

Participation and/or Ownership?

26. A study of suitability and feasibility of the "*faire avec*" approach, which gives the beneficiaries greater responsibility, should be undertaken as part of the formulation of the next COSOP, with the aim of identifying areas of intervention that might benefit from this approach and determining what support would be needed by project staff in order to apply it effectively. If the COSOP recommends this approach, it should be introduced gradually into existing projects and monitored closely so as not to lose the effectiveness achieved by the project management units.

Offering Economically Viable Alternatives

27. The drafting of the next COSOP should be based on a strategic reflection aimed at, on the one hand, determining how to increase the profitability of the IGAs through a *filière* approach (vertical production chain) and what alliances to foster for that purpose. And on the other hand, how to promote activities that are not land-dependent (small scale livestock with zero grazing techniques, processing of agricultural and fishery products, crafts etc.), which can provide a decent family income that does not rely on the availability of land or on fishing activities. Pressure on the land must be decreased just as land rights must be secured.

C. IFAD's Role in a Holistic Approach to Development

Coordination and Synergy

28. IFAD should focus its activities on a limited number of areas and address as many needs as possible, without attempting to cover all the rural development needs of the poor which it cannot do. This is why coordination of activities, strategic alliances and policy dialogue should receive increasing emphasis in the future.

29. Thus, the rural microfinance system (FSAs), for example, should be extended, reinforced by a modest umbrella structure which would ensure personnel training, establish the rules for the conduct of business, monitor the financial viability of the FSAs, would form alliances with other systems pursuing the same goals and applying similar methods, offer linkages with other institutions for its members who need larger amounts of credit and be an advocate for microfinance among the national entities responsible for overseeing savings and lending systems. The ultimate goal is a system that will gradually achieve institutional autonomy and economic viability. IFAD support should be assured throughout this period of reorganization and consolidation.

Creating Linkages

30. When IFAD decides, for reasons of practicality or expertise, to limit its scope of action, it should offer linkages to other institutions that can address the needs that it cannot meet.

31. A strategy should be devised, for example, to assist those individuals amongst the poorer whose success lifts them out of the target groups: additional support, up to a certain point, through IFAD projects and/or the establishment of linkages to other institutions.

32. Further, the IGAs based on improved agricultural production, small scale livestock or fishery could, for example, be incorporated in more profitable production chains that integrate processing and marketing. It could link the local level with the national level, and alliances should be forged with the various actors at the different points of the chain, so allow IFAD projects to focus on one part of the chain. Closer collaboration should be established with farmers' organizations, by geographic area and by sector of production.

A Programme or Set of Projects: a Certain Centralization

33. The next COSOP should emphasize national projects/programmes rather than area based ones. Stronger centralization through one single national programme encompassing all IFAD interventions is likely to run up against a number of difficulties and complicating factors that would entail more problems than solutions. National projects/programmes are more conducive to consistency and strategic coordination, each addressing a dimension of rural poverty in a specific and professional way.

34. To facilitate comparisons and choose, based on experience, the most rational and least costly solutions, all projects should adopt uniform guidelines for budgetary allocation of expenditures by

category and sub-category. IFAD should devise a means of standardizing the project accounting, regardless of which institution carries out supervision.

35. Monitoring and evaluation units are necessary for every project/programme, and their work is very useful for purposes of supervision and information. Nevertheless, with a view to ensuring rational and economical use of resources, their work program and the periodicity thereof should be examined to determine whether it is addressing real needs.

But Also Support for Decentralization

36. A process of strategic reflection should be undertaken on the linkage between project activities and the development of municipalities in Benin, as well as on the support that might be provided to a certain number of municipalities in which there is a particularly strong project presence, in order to help them establish and implement their development plans and strengthen coordination among the various stakeholders involved.

APPENDIX I

COUNTRY DATA

BENIN

Land area (km² thousand), 2003 1/	111	GNI per capita (USD), 2003 1/	440
Total population (million), 2003 1/	6.72	GDP per capita growth (annual %), 2003 1/	2.2
Population density (people per km²), 2003 1/	61	Inflation, consumer prices (annual %), 2003 1/	2
Local currency	CFA Franc BCEAO (XOF)	Exchange rate: USD 1 =	XOF 541.621
Social Indicators		Economic Indicators	
Population (average annual population growth rate), 1997-2003 1/	2.6	GDP (USD million), 2003 1/	3 476
Crude birth rate (per thousand people), 2003 1/	38	Average annual rate of growth of GDP 1/ 1983-1993	2.5
Crude death rate (per thousand people), 2003 1/	13	1993-2003	5.2
Infant mortality rate (per thousand live births), 2003 1/	91	Sectoral distribution of GDP, 2003 1/	
Life expectancy at birth (years), 2003 1/	53	% agriculture	36
Number of rural poor (million) (approximate) 1/	n/a	% industry	14
Poor as % of total rural population 1/	n/a	% manufacturing	9
Total labour force (million), 2003 1/	3.06	% services	50
Female labour force as % of total, 2003 1/	48	Consumption 2003 1/	
Education		General government final consumption expenditure (as % of GDP)	14
School enrolment, primary (% gross), 2003 1/	109 a/	Household final consumption expenditure, etc. (as % of GDP)	81
Adult illiteracy rate (% age 15 and above), 2003 1/	60 a/	Gross domestic savings (as % of GDP)	5
Nutrition		Balance of Payments (USD million)	
Daily calorie supply per capita	n/a	Merchandise exports, 2003 1/	541
Malnutrition prevalence, height for age (% of children under 5), 2003 2/	31 a/	Merchandise imports, 2003 1/	758
Malnutrition prevalence, weight for age (% of children under 5), 2003 2/	23 a/	Balance of merchandise trade	-217
Health		Current account balances (USD million)	
Health expenditure, total (as % of GDP), 2003 1/	5 a/	before official transfers, 2003 1/	n/a
Physicians (per thousand people), 2003 1/	n/a	after official transfers, 2003 1/	n/a
Population using improved water sources (%), 2000 2/	63	Foreign direct investment net, 2003 1/	51
Population with access to essential drugs (%), 1999 2/	50-79	Government Finance	
Population using adequate sanitation facilities (%), 2000 2/	23	Cash surplus/deficit (as % of GDP), 2003 1/	n/a
Agriculture and Food		Total expenditure (% of GDP), 2003 1/	n/a
Food imports (% of merchandise imports), 2003 1/	24 a/	Total external debt (USD million), 2003 1/	1 828
Fertilizer consumption (hundreds of grams per ha of arable land), 2000 1/	188 a/	Present value of debt (as % of GNI), 2003 1/	28
Food production index (1989-91=100), 2003 1/	134	Total debt service (% of exports of goods and services), 2003 1/	8 a/
Cereal yield (kg per ha), 2003 1/	1 173	Lending interest rate (%), 2003 1/	n/a
Land Use		Deposit interest rate (%), 2003 1/	4
Arable land as % of land area, 2000 1/	23 a/		
Forest area as % of total land area, 2000 1/	24 a/		
Irrigated land as % of cropland, 2000 1/	0 a/		

a/ Data are for years or periods other than those specified.

1/ World Bank, *World Development Indicators* database CD ROM 2005

2/ UNDP, *Human Development Report*, 2004

LOGICAL FRAMEWORK
IFAD's Country Programme for Benin 2005-10

	Narrative Description	Objectively Verifiable Indicators from the Results and Impact-Based Management System	Sources of Verification	Assumptions/Risks
GOAL	Living conditions of the rural poor (small scale producers, fishers, women and youth) in Benin (in particular, the northern region, i.e. Borgou, Atacora) are improved sustainably through gender-balanced support for local initiatives and the upwards evolution of incomes (Contributes to MDG-1)	Number of rural households experiencing improved food and nutrition security is x% higher in 2010 than in 2005 Number of malnourished children under 5 decreases by x% per year between 2005 and 2010 Gender balance achieved among beneficiaries	Survey of rural households Impact assessments Reports of the Directorate for Food and Applied Nutrition Results and impact-based management system baseline surveys and monitoring	The donor community is willing to create a permanent and effective multi-stakeholder partnership Gender concerns become a priority for national stakeholders Adequate budget allocations to agriculture and the rural sector
SPECIFIC OBJECTIVES	1. Access by the rural poor to financial services is consolidated and expanded on a self-sustaining basis (Contributes to PRSP Objective 4) 2. Small and medium-sized enterprises (<i>petites et moyennes entreprises</i>) are fostered, and marketing constraints are eased (Contributes to PRSP Objective 4) 3. Strengthening of institutional capacities to enable decentralization is supported through donor partnerships (Contributes to PRSP Objective 4) 4. IFAD's influence on poverty alleviation policies is enhanced (Contributes to M&E PRSP implementation)	1a. The geographical coverage of decentralized financial services (MFIs) expands from x% to x% of the country by 2010 1b. The share of rural producers who have obtained at least one loan rises from x% to x% of total producers between 2005 and 2010 1c. % of target group among borrowers rises by x% per year to x% of the total by 2010 2a. Start-ups of small and medium-sized enterprises increase by 2% per year by 2010 2b. Turnovers and the incomes of borrowers increase by at least x% by 2010 2c. A mechanism for collecting and distributing information on agricultural markets is operating efficiently by 2010 3a. Of Benin's 77 communes, 30 have prepared and are implementing local development plans (LDPs) that bring together the priorities of their constituency villages in a coherent and complementary manner 3b. 10% of the LDPs are completed, and the management systems in place are sound 4a. IFAD has a permanent country presence	MFI data and reports Reports by MAEP, the observatory on social change Reports by the communes Programme progress reports Results and impact-based management system progress reports	The decentralization policy is implemented as envisaged with regard to the transfer of responsibilities to the communes and grass-roots organizations and with regard to priority attention to particularly vulnerable groups The Government's policy on marketing will enable internal and subregional exchanges of agricultural products There is a political will in the programme area to support demand-led approaches
RESULTS	1.1 The MFI network is expanded in response to demand and in a participatory manner 1.2 An FSA apex organization exists 2.1 New technologies are introduced 2.2 Access to markets is improved 3.1 Village organizations are officially recognized by the new commune councils. 3.2 LDP implementation is supported by the donor community on the basis of a partnership 4.1 Rural poverty is a priority issue in the policy dialogue	1a. Outreach of rural MFIs covers x% of the country 1b. An FSA apex organization exists and is operating under beneficiary oversight 2a. Post-harvest losses are reduced by x% per year beginning in 2007 2b. Sales of agricultural products rise by x% per year beginning in 2007 3a. Village-level organizations are legally recognized as stakeholders in preparing and implementing LDPs 3b. 5% of IFAD supported LDPs are implemented in partnership with other donors 4a. The quality and depth of the dialogue on poverty reduction policies and the PRSP reflect the concerns of the rural poor	Reports of FSA and MFI networks Household economic surveys Reports of the observatory on agricultural prices Reports on LDP execution Reports on meetings with other donors Policy papers	

STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS (SWOT) ANALYSIS

Agricultural Sector

Main Constraints	Stakeholders Affected	Major Challenges	Measures and Actions for IFAD Consideration
Poor water management	Small scale farmers, particularly in the north	Inadequate water management skills Inefficient water harnessing systems Irrigation schemes are mostly large scale and state run	Promote water management as a priority concern in the LDPs of communes Support farmer training in water management Support the construction of small scale private irrigation systems
The degradation of natural resources	National population Rural producers (farmers, herders, fishers)	Natural resource management systems are non-functional Community-based natural resource management is rarely promoted	Support the preparation and implementation of plans for community-based forest management Promote resource management as a priority concern of LDPs
Poor access to agricultural advisory services	All rural producers, but especially small scale operators (farmers, processors, traders, craftsmen and service personnel), women and youth	Recently restructured agricultural services lack sufficient resources to pursue the intended objective of improving service delivery Weak capacity of small-scale rural operators, especially women The development of basic infrastructure, especially rural roads and tracks	Support the ongoing installation of the regional centres for agricultural promotion as decentralized public rural development service providers Promote service delivery by the private sector Provide funding for farmer training programmes, particularly for women Promote rural roads and tracks as a priority concern in LDPs
Weak investment capacity in the private sector	All rural producers, but especially women and youth	Financial products are not suitable for rural producers, particularly the poorest, women and youth The legal and regulatory framework is not enabling for private sector investment; no measures to protect investments Fiscal policy is not enabling for the private sector	Strengthen the ability of the MFIs to develop appropriate financial products for rural producers, particularly women and youth Promote and strengthen partnerships among MFIs so as to diversify the offer of financial products affordable to the rural poor Undertake a policy dialogue on the legal framework and fiscal policy
Poor access to markets	All rural producers	The lack of competitiveness among rural outputs Inadequate or no access to information on agricultural markets	Implement a strategy for the dissemination of information on agricultural markets
Weak institutional capacity at the commune level	All communes, but especially rural communes	The weak institutional capacity of new communes The effective transfer of roles and responsibilities to elected bodies	Support the formulation and implementation of commune-level LDPs that reflect village-level views in a coherent and complementary manner
The weak capacity of farmer organizations	Small farmers, especially women and youth	The sudden transfer of roles and responsibilities caught farmer and other village-level organizations unprepared	Build up the capacity of farmer organizations
Inadequate attention to women's specific needs	All stakeholders, including civil servants and policy-makers	Making gender awareness a priority in all projects and programmes	Organize gender awareness training Mention gender concerns as an objective
Low productivity	Small-scale rural operators	Raising productivity by upgrading technologies and skills	Identify and promote appropriate technologies for the poor
The scarcity of cultivable land	Landless and small scale farmers Women and youth	Ensuring that the new land law protects the rights of small scale farmers and the landless, including and especially women	Information campaigns Access to legal assistance
High illiteracy	All stakeholders, but especially women	Raising school enrolment, particularly among girls Raising adult literacy, particularly among women	Literacy programmes

STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS (SWOT) ANALYSIS

Institutions

Organization	Strengthens/Assets	Weaknesses	Opportunities	Comments
Ministry of Agriculture, Livestock and Fisheries	Institutional reforms have already been initiated Strong presence in rural areas and long experience working with rural producers Broad range of expertise in agricultural and rural development	Line department capability to deliver services has been severely curtailed by reforms during structural adjustment (staff and budget cuts, recruitment freeze, etc.) Certain services have not been adapted to the new decentralized framework (lack of presence at commune level) Persistence of top-down mindset and procedures exists in some services Limited coordination capacity	Ongoing process of administrative decentralization will empower communes as LGUs Deconcentration of agricultural line departments is well under way, and most line departments are willing to make structural changes Partners in development are willing to support the institutional reform thrust in the agricultural sector	The restructuring of the former regional action centres for rural development represents a positive step towards enhancing their efficiency in fulfilling their revised roles in the context of agricultural and rural development It is important that the new regional centres for agricultural promotion begin operations as soon as possible in order to enhance the chances for success of the reforms Continuing support by the partners in development is necessary so as to lay the groundwork for better coordination of all stakeholders in the agricultural and rural sectors
Ministry of Industry, Trade and Employment Promotion	Strongly involved in organizing the regulatory framework for commerce Expertise in the organization of the regulatory framework for internal trade	Tends to favour World Trade Organization proposals Inadequate empowerment of sectoral actors The main emphasis is on trading activities as opposed to grass-roots development	Organizational reforms initiated with a view to enabling decentralization Involvement of deconcentrated services in regional-level sectoral actions Strong interest in the trade in agricultural products, particularly farm-to-market linkages	Cotton is the main focus of the actions of this ministry, given the importance of this crop to the national economy (over 90% of export earnings)
Ministry of Environmental Protection, Housing and Town Planning	Deconcentrated organization at the national level Strong interest in environmental issues	Inadequate capacity to implement environmental policy in the field	Environmental issues are adequately addressed in the decentralization law Strong interest in natural resource conservation has been observed among people elected to LGUs	Measures should be put in place to monitor the actions of elected LGUs with regard to the management of natural resources
Ministry of Finance and the Economy	Expertise on budgetary issues linked to the recent reforms	Strong tendency to emphasize economic as opposed to development issues Priority is assigned to social issues rather than productive investments, even in agriculture Difficult negotiations on the balance between national and sectoral economic priorities	Budgeting reforms have provided an opportunity to integrate agricultural development as a priority, e.g., in the PRSP	Measures to enforce decentralization and ensure the flows and the control of financial resources to the LGUs
Ministry of State in Charge of Planning and Development	Expertise in coordinating external assistance Deconcentrated organization at least to the regional level	Disagreements among sectoral ministries (Ministry of Finance and the Economy, MAEP), especially on rural development issues Management problems due to a multitude of structures within individual departments	Opportunities for improvements offered by the PRSP, the mechanisms of which are designed to foster the coordinated participation of all ministries	The dynamic nature of the PRSP provides an opportunity for giving the agricultural sector its proper place in the struggle against poverty, in keeping with its weight in the national economy and, hence, its ability to advance the goal of sustainable economic growth

Local governments and associations	Representative of the communities Elected and therefore able to mobilize populations Enthusiasm for the new role of electees in managing local affairs	Poor administrative and managerial skills The risk of mismanagement remains high unless control mechanisms are put in place Often misinterpret or misunderstand decentralization texts High risk of abuse of power exists due to significant illiteracy rates among the electorate and the poor knowledge of laws and texts on decentralization	The partners in development are strongly committed to decentralization; this is associated with substantial expectations for the positive impact of the revised approaches on local development Many projects have positive experiences with fostering grass-roots institutions	Past experiences in the fostering of local institutions such as village development committees could accelerate the learning process of the communes and enhance their ability to produce and implement LDPs that reflect village-level priorities in a coordinated, coherent and complementary manner
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IFAD'S CORPORATE THRUSTS AS RELATED TO THE PROPOSED COUNTRY PROGRAMME

1. IFAD's strategic framework and the regional strategy for Western and Central Africa are conceived as part of a broad global commitment to achieve the **MDGs**. The COSOP for Benin contributes to this goal by using the PRSP as a basis for understanding and comprehensively addressing the priority issues affecting the rural poor. The Benin COSOP matches IFAD's corporate strategy, namely, developing and strengthening the capacity of the rural poor and their organizations to confront the issues they identify as critical and improving equitable access to productive assets and technology.
2. The proposed COSOP conforms with and has proposed linkages with the thrusts of IFAD's regional strategy for Western and Central Africa. It will specifically aim at improving the productive capacity of the rural poor, enhancing their access to markets and financial services, increasing their share of the market value of produce, empowering rural women and mainstreaming gender activities.
3. IFAD's regional strategic framework states that their lack of strong social organizations makes it difficult for the rural poor to exploit potential opportunities and to develop links with external partners. Thus, enhancing the human and social capital base is one of the main objectives of the proposed COSOP in terms of capacity-building at the community level. This will involve developing and promoting processes that increase the development effectiveness, accountability and transparency of the rural delivery of services within decentralized decision-making frameworks.
4. Another IFAD corporate thrust relates to **access to natural resources such as land**. The Benin COSOP acknowledges that there are area-specific cultural factors influencing access to land that need to be understood before interventions can be planned, particularly as they may be sources of social conflict. Reducing such tensions and improving the policy framework for sustainable and equitable resource use are key challenges for IFAD in Benin.

ACTIVITIES OF OTHER PARTNERS IN DEVELOPMENT, ONGOING AND PLANNED

Donor Programmes in Benin

Donor or Agency	Nature of Project or Programme	Project or Programme Coverage	Status	Complementary and Synergy Potential
World Bank	<ol style="list-style-type: none"> 1. Cotton Sector Reform Project 2. Forests and Surrounding Areas Management Project 3. National Community-Driven Development Support Project 4. Public Expenditure Reform Adjustment Project (groundwork for incorporating the agricultural sector into the Second Poverty Reduction Support Credit beginning in 2006) 	<ol style="list-style-type: none"> 1a. Improving the management of the cotton commodity production and marketing chain (<i>filière</i>) 2a. Support for forestry policy formulation and sector reform through the participatory planning of forestry exploitation 3a. Support for the implementation of commune-level LDPs 3b. Improving access by the poor to social services and basic infrastructures, income-generating activities (IGAs) and microfinance services 4a. Preparation of a departmental programme budgets (budget programme) 4b. Preparation of a national programme budget 	<ol style="list-style-type: none"> 1. Ongoing 2. In preparation 3. In preparation 4. In preparation 	<p>Strengthening of the coordinating capacities of communes</p> <p>Funding for LDP actions designed to promote agricultural and rural development</p> <p>Participation in reflections and dialogue in national fora and with the international donor community</p> <p>Study of how to integrate IFAD's country programme into the new budgeting mechanism</p> <p>Strengthening of the institutional capacity of the main stakeholders, including public agricultural services</p>
Belgian Technical Cooperation	<ol style="list-style-type: none"> 1. Support Project for Rural Areas in the Department of the Mono 2. Support Project for Rural Areas in Atacora and Donga 	<p>Diversification of agricultural production and marketing chains (<i>filières</i>)</p> <p>Implementation of community development plans</p> <p>Support for institution building for regional agricultural services</p> <p>Support for producer organizations</p>	<ol style="list-style-type: none"> 1. Nearing completion, but follow-up actions in preparation 2. Ongoing 	<p>Promotion of agricultural commodity production and marketing chains</p> <p>Enabling of access to markets</p> <p>Promotion of IGAs and rural finance</p>
European Union	<p>Communal Start-up Support Programme: <i>Financing and duration:</i> EUR 8.5 million for three years (2003-06). <i>Direct beneficiaries:</i> all Benin communes and four strategic units. <i>Civil administration:</i> organization of communal services, analysis of human resources, training. <i>Participatory programming:</i> Elaboration of commune development plans, support for work supervision, training; <i>Local finances:</i> accounting and financial management, resource mobilization, taxation; <i>Local communication:</i> identification of communication needs, reinforce intercommunal cooperation, development of an intercommunal communications strategy, administration and partnership in development</p>	National programme	Ongoing	<ul style="list-style-type: none"> - Rural Development Support Programme: capitalization of training offered through the project - Capitalization of communal development plans supported through the project - Inspiration and energy provided through the tools and communications strategy developed in the project
United Nations Capital Development Fund, United Nations Development Programme and	<p>Communal Development and Local Initiatives Support Project in Borgou: <i>Financing and duration:</i> USD 5.3 million over four years. <i>Direct beneficiaries:</i> the seven communes in the Borgou province and four intervention units: (1)</p>	Seven communes in Borgou: Kalalé, Membéréké, N'Dali, Nikki, Pèrèrè, Sinendé and Tchaourou	Ongoing	<ul style="list-style-type: none"> - Elaboration and use of local planning tools - Define and apply steps to be undertaken - Cofinancing of actions - Development of synergy within the local institutional framework

Belgian Survival Fund	participatory elaboration of planning tools for local development; (2) establishment of a local development fund; (3) improvement of the technical and institutional capacities of local actors; and (4) establishment and promotion of consultation frameworks and cooperation with local institutions			
French Cooperation (French Development Agency and Department of Cultural Cooperation and Action)	<ol style="list-style-type: none"> 1. Institutional Support Project for the Modernization of Family Agriculture, Department of Cultural Cooperation and Action 2. Support Project for Productivity in the Cotton Zones, French Development Agency 3. Farming Systems Improvement and Diversification Project, French Development Agency 4. Rural Tracks and Roads (Zou-Borgou), French Development Agency 	<p>Institutional support for MAEP</p> <p>Capacity-building for organizations of agricultural professionals</p> <p>The development of advisory services for family farms and producer organizations</p>	<ol style="list-style-type: none"> 1. Ongoing 2. Ongoing 3. Ongoing 4. In preparation 	<p>Strengthening of community-level ability to penetrate new markets</p> <p>Strengthening of grass-roots management capabilities</p>
Danish International Development Agency (DANIDA)	<ol style="list-style-type: none"> 1. Agricultural Sector Support Programme 	<p>Rural finance</p> <p>The development of the private agricultural sector through support for producer organizations, small and medium-sized enterprises and groups</p> <p>Community development</p> <p>Institutional support for MAEP on gender, quality standards, policy-making and monitoring</p> <p>Agricultural research</p>	Design stage ending; launch scheduled for the end of 2005	<p>Enabling of grass-roots access to financial services</p> <p>Strengthening of village-level influence in the communes</p> <p>The strengthening of the coordination abilities of stakeholders at various levels</p>
German Technical Cooperation	<ol style="list-style-type: none"> 1. Project for the Conservation and Management of Natural Resources 	<p>Natural resource management</p> <p>Wildlife conservation</p>	Ongoing	<p>Strengthening of village capacities to undertake participatory community-based natural resource management.</p> <p>Development of non-land-based IGAs</p>
West African Development Bank	<ol style="list-style-type: none"> 1. Land, Rural Water and Pastoral Management Project 	Construction and rehabilitation of small dams	Ongoing	Natural resource management in wet zones

COUNTRY PROGRAMME EVALUATION AGREEMENT AT COMPLETION POINT AND CONSIDERATION OF RECOMMENDATIONS IN THE COSOP

Agreed Recommendations	COSOP
A. Dialogue, Partnership and Participation	
<p>Partnership in developing the COSOP “The next COSOP for Benin, which will remain an IFAD policy document, will be consistent with the decision by the Executive Board in late 2002. Its general focus on the reduction of rural poverty will be maintained, and it will focus in particular on the linkages to the PRSP and the general agricultural policy documents approved in recent years by Benin, with a view to ensuring ownership of the document by the Beninese authorities. The COSOP will be prepared by means of a participatory process, involving all concerned Beninese stakeholders. “Any IFAD general, sectoral or regional policy documents with a bearing on ongoing projects should be disseminated in a targeted manner, through a communication effort adapted to the national context.”</p>	<p>In May 2004, CPE findings were discussed at a validation meeting in Cotonou. The broad lines and strategic thrusts then identified provided the starting point for formulating the COSOP for the years 2006-10. The formulation of the new COSOP involved a strongly participatory process, and the results were merged with the main policy orientations laid down in a number of policy documents adopted by the Government beginning in 1994. The process was managed by an ad hoc orientation and monitoring committee. It involved a national forum and two regional fora, one each in the northern and southern departments. All meetings and consultations were attended by the main stakeholders in agricultural and rural development in Benin, including grass-roots organizations, NGOs, senior staff of projects financed by IFAD and other donors, and elected representatives of the beneficiaries of IFAD-financed projects.</p>
<p>Strategic partnerships and policy dialogue “The effort to form strategic partnerships with the other donors in Benin, and not only with the cooperating institutions, should be continued to avoid duplications and make best use of the existing resources, all in a re-invigorated spirit of collaboration and coordination. The coordination should be beneficial to all parties, and it should also make the role of public institutions easier. IFAD should sensitize its project managers, as well as its staff and consultants, to this need. Furthermore, it should be attempted to establish institutional and/or organizational mechanisms to allow the Partnership to be effective. “IFAD’s presence in Benin should be stronger and more permanent to ensure its participation in development policy dialogue and its role as an advocate for the poor. A solution is needed that will also enable increased coordination with other development partners (the idea of a national IFAD representative in Benin has been proposed). The project coordinators should be encouraged to participate more actively in policy dialogues in their respective fields of action.”</p>	<p>A broad range of interventions in specific sectors (e.g., agriculture, fisheries, water, transport, education and health) are being supported by multilateral organizations (IFAD, the European Union, the World Bank, the African Development Bank, the West African Development Bank, UNICEF and the United Nations Development Programme) and by most of the European bilateral organizations, Benin’s traditional partners. A <i>rural development donor group</i> has been established with a view to compensating for weak coordination by the Government and to take an active interest in the formulation of sectoral strategies and a policy dialogue in the context of several thematic groups on rural development, private sector development, legal reform, food security, HIV/AIDS, health and education. Preparation of the PRSP intensified the collaboration around the main issues. The aim of the thematic groups is to create arenas for concerted action and thereby stimulate synergy in all sectors, including agriculture and rural development. The thematic group on agriculture and the environment was created in April 2004. It plans to meet monthly to discuss the main challenges and issues. During the four meetings held to date, the group defined its mandate and began exchanging views on agricultural sector development. Representatives of MAEP have been invited to participate in the meetings, an important first step towards strengthening MAEP’s own coordination capacities.</p>
<p>Flexibility and risk management “IFAD should examine its current management practices to determine if they provide a suitable framework for managing flexibility, innovation and risks, and for making adjustments when needed. In particular, the decisions made in this regard should be better documented. “Projects reporting should devote more attention to the analysis of the qualitative, innovative and strategic aspects, and cooperating institutions should do the same. IFAD should examine how to give more precise guidance and establish minimum standards for the supervision that would be part of the mandates entrusted to cooperating institutions.”</p>	<p>The concept of “country programme” that will be developed for the next programme will provide an enabling framework for consultations, flexibility and risk management. A results- and impact-based management system (including qualitative and quantitative indicators) will be applied, and a single M&E system covering all IFAD supported operations in the country will be established and linked to the PRSP monitoring system. The new programme will be the driving engine of IFAD’s assistance in Benin, and therefore supervision will receive special attention, which may lead to IFAD’s direct supervision.</p>
<p>Participation by beneficiaries “The next COSOP should present clear guidelines on the various aspects involved in strengthening beneficiary participation in formulating and implementing the programme. They</p>	<p>Wherever possible (albeit gradually, to give beneficiaries time to master the new responsibilities and skills), actions are being initiated and executed <i>with</i> rural people themselves. Outsourcing (“<i>faire-faire</i>”) for specific implementation responsibilities is</p>

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Agreed Recommendations	COSOP
<p>should be developed following an examination of the experience gained and the different approaches employed under the projects of IFAD and other cooperation agencies and should indicate how experiences are to be recorded as part of a learning process.”</p>	<p>regulated by performance-based contracts requiring partners to adopt participatory approaches that are truly empowering for rural populations. The role of partners is to assist rural populations in developing the skills and institutions needed to develop their own responses to the challenges of development and decentralization.</p>
B. Helping the Poor to Manage Their Own Development	
<p>Targeting beneficiaries “IFAD should enter into a dialogue with authorities and rural stakeholders in order to establish a strategy for those that grow out of the target population. They should then receive ongoing support in order to keep them out of poverty. “If the young remain a target group, the activities proposed to them must meet their concerns, if they are to have any chance of generating interest. “The next COSOP should reflect IFAD’s general policies with regard to women and should present approaches to the promotion of women that consider the difficulties they face.”</p>	<p>Future interventions will include support for emerging entrepreneurs among members of IGA groups, i.e., those members with the dynamism to manage a job-creating enterprise, but lacking certain skills and needing targeted support. A major concern of the next intervention will be to consolidate the achievements in terms of income increases and livelihood security. Youths remain an important target group, and the majority are interested in the sort of non-farm IGAs that are the primary focus of the next programme. IFAD’s general policies with regard to women are very much in line with those laid down in the Government’s policy documents (Paragraph 11 of COSOP).</p>
<p>Collective sensitization and individual achievement “The collective approach should be continued for activities that lend themselves to it (e.g. sensitization, extension and training) in order to reach as many people as possible. The approach and its operational modalities should be carefully examined, with full recognition of the importance of the individual initiative in certain activities (e.g. production).”</p>	<p>In addition to being tools for expanding outreach, groups and associations are effective instruments for the fostering of individual dynamism. While groups should always be perceived as a means, not an end, support provided to village-level institutions (committees, councils, etc.) should focus on consolidating and strengthening the capacity of groups to represent the community as a whole.</p>
<p>Participation or ownership? “A study of suitability and feasibility of the <i>‘faire avec’</i> approach, which gives the beneficiaries greater responsibility, should be undertaken as part of the formulation of the next COSOP, with the aim of identifying areas of intervention that might benefit from this approach and determining what support would be needed by project staff in order to apply it effectively. If the COSOP recommends this approach, it should be introduced gradually into existing projects and monitored closely so as not to lose the effectiveness achieved by the project management units.”</p>	<p>This recommendation is addressed by Objective 3 of the COSOP, where it is envisaged as an input to the Government’s ongoing decentralization process. The main areas of intervention include capacity-building for political and administrative actors at the commune and village levels, funding for social and productive infrastructure at the village level and the promotion of community-based land tenure regulation and enforcement. The participatory collaborative approach (<i>faire-avec</i>) introduced through the Roots and Tubers Development Programme has already been adopted by all IFAD projects, each one of which is moving forward in response to the actual capabilities and understanding of beneficiaries and village-level leadership.</p>
<p>Offering economically viable alternatives “The drafting of the next COSOP should be based on a strategic reflection aimed at, on the one hand, determining how to increase the profitability of the IGAs through a <i>filière</i> approach (vertical production chain) and what alliances to foster for that purpose. And, on the other hand, how to promote activities that are not land-dependent (small scale livestock with zero grazing techniques, processing of agricultural and fishery products, crafts, etc.), which can provide a decent family income that does not rely on the availability of land or on fishing activities. Pressure on the land must be decreased just as land rights must be secured.”</p>	<p>As envisaged under Objective 2 of the COSOP, IFAD will continue to support: (a) the expansion of the range of marketable outputs that exploit comparative advantages, generate new employment and higher local value added by helping producers identify and enter new markets; by fostering vertical and horizontal linkages to create fully integrated commodity production and marketing chains (farmers, processors, traders, tool-makers, repairers, input suppliers, providers of advisory services); (b) enabling access by the poor to appropriate technologies for improving output quantities and quality; (c) the promotion of environmentally sound natural resource management without compromising household food and cash needs; and (d) the promotion of non-land-based rural activities (capacity-building, access to microfinance and markets, rural infrastructures, etc.).</p>
C. IFAD’s Role in a Holistic Approach to Development	
<p>Coordination and synergy “IFAD should focus its activities on a limited number of areas and address as many needs as possible, without attempting to cover all the rural development needs of the poor, which it cannot do. This is why coordination of activities, strategic alliances and policy dialogue should receive increasing emphasis in the future.</p>	<p><i>Strategic partnerships</i> will be further developed by identifying and following up on opportunities for new collaborations through cofinancing, linkages and coordinated action. The Fund’s guiding framework for strategic partnership-building will be the Paris Declaration on Aid Effectiveness, of March 2005. The recommendations with regard to the expansion and strengthening of the FSA network are</p>

Agreed Recommendations	COSOP
<p>“Thus, the rural microfinance system (FSAs), for example, should be extended, reinforced by a modest umbrella structure which would ensure personnel training, establish the rules for the conduct of business, monitor the financial viability of the FSAs, would form alliances with other systems pursuing the same goals and applying similar methods, offer linkages with other institutions for its members who need larger amounts of credit and be an advocate for microfinance among the national entities responsible for overseeing savings and lending systems. The ultimate goal is a system that will gradually achieve institutional autonomy and economic viability. IFAD support should be assured throughout this period of reorganization and consolidation.”</p>	<p>addressed by Objective 1 in the new COSOP. The delivery of financial services will be upgraded by enhancing the professional skills of microfinance operators to develop and deliver innovative financial products in response to real needs, and apex institutions will be created to obtain official recognition, provide essential technical advisory services and ensure oversight. Capacity-building efforts will comply with the Project to Assist in the Regulation of Savings and Credit Cooperatives, the law governing the promotion of microfinance in the member countries of the West African Economic and Monetary Union.</p>
<p>Creating linkages “When IFAD decides, for reasons of practicality or expertise, to limit its scope of action, it should offer linkages to other institutions that can address the needs that it cannot meet. “A strategy should be devised, for example, to assist those individuals amongst the poorer whose success lifts them out of the target groups: additional support, up to a certain point, through IFAD projects and/or the establishment of linkages to other institutions. “Further, the IGAs based on improved agricultural production, small scale livestock or fishery could, for example, be incorporated in more profitable production chains that integrate processing and marketing. It could link the local level with the national level, and alliances should be forged with the various actors at the different points of the chain, so to allow IFAD projects to focus on one part of the chain. Closer collaboration should be established with farmers’ organizations, by geographic area and by sector of production.”</p>	<p>Rather than try to address the need for medium-term credit among emerging entrepreneurs, future projects and programmes financed by IFAD will assist these entrepreneurs in accessing the financial products offered by other sources. Similarly, support for IGA development will be systematically associated with support for the development of linkages both upstream (input supply, information, advisory services) and downstream (processing, marketing, retailing). Strategic partnerships are being actively sought with ongoing projects and programmes financed by other donors (see COSOP, paragraph 31 on strategic partnerships).</p>
<p>A programme or set of projects: a certain centralization “The next COSOP should emphasize national projects/programmes rather than area-based ones. Stronger centralization through one single national programme encompassing all IFAD interventions is likely to run up against a number of difficulties and complicating factors that would entail more problems than solutions. National projects/programmes are more conducive to consistency and strategic coordination, each addressing a dimension of rural poverty in a specific and professional way. “To facilitate comparisons and choose, based on experience, the most rational and least costly solutions, all projects should adopt uniform guidelines for budgetary allocation of expenditures by category and sub-category. IFAD should devise a means of standardizing the project accounting, regardless of which institution carries out supervision. “Monitoring and evaluation units are necessary for every project/programme, and their work is very useful for purposes of supervision and information. Nevertheless, with a view to ensuring rational and economical use of resources, their work programme and the periodicity thereof should be examined to determine whether it is addressing real needs.”</p>	<p>This recommendation is addressed comprehensively in the new Rural Development Support Programme, which is building on the lessons learned and developing a programme approach. It will thereby set up a joint capacity to carry out monitoring and impact assessment of the different ongoing projects in Benin, while developing the capacity to assess the contribution of the IFAD programme to the PRSP objectives and the MDGs through its link with the observatory on social change.</p>
<p>But also support for decentralization A process of strategic reflection should be undertaken on the linkage between project activities and the development of municipalities in Benin, as well as on the support that might be provided to a certain number of municipalities in which there is a particularly strong project presence, in order to help them establish and implement their development plans and strengthen coordination among the various stakeholders involved.</p>	<p>These recommendations are addressed in a comprehensive manner under Objective 3 of the new COSOP.</p>