

4 April 2019

Prepared by: RDGW/AHAI/COBJ/PGCL

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BOARD APPROVAL
Lapse-of-time Procedure

3 April 2019

FOR CONSIDERATION

MEMORANDUM

TO : THE BOARD OF DIRECTORS

FROM : Vincent O. NMEHIELLE
Secretary General

SUBJECT : BENIN - CASHEW NUTS SECTOR AND AGRICULTURAL ENTREPRENEURSHIP DEVELOPMENT SUPPORT PROJECT (PADEFA-ENA)*

ADF LOAN OF UA 7.12 MILLION
ADF GRANT OF UA 5.91 MILLION

The Loan and Grant **Proposals** and the draft **Resolutions** related to the above-mentioned project, were submitted for **your consideration on a Lapse-of-time Basis**, on 22 March 2019.

Since no objection was recorded by 5:00 pm on 3 April 2019, the Proposals are considered as **approved** and the Resolutions **adopted**.

Attach:

Cc: The President

*Questions on this document should be referred to:

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AFRICAN DEVELOPMENT FUND



CASHEW NUTS SECTOR AND AGRICULTURAL ENTREPRENEURSHIP DEVELOPMENT SUPPORT PROJECT (PADEFA-ENA)

BENIN

APPRAISAL REPORT

MARCH 2019

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AFRICAN DEVELOPMENT FUND



BENIN

CASHEW NUTS SECTOR AND AGRICULTURAL ENTREPRENEURSHIP DEVELOPMENT SUPPORT PROJECT (PADEFA-ENA)

RDGW/AHAID/COBJ/PGCL DEPARTMENTS

April 2019

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Currency Equivalents

(January 2019)

UA 1 = CFAF 796.489

UA 1 = EUR 1.214

UA 1 = USD 1.390

Fiscal Year

1 January - 31 December

Weights and Measures

1 metric tonne = 2204 pounds

1 kilogram (kg) = 2.20 pounds

1 metre (m) = 3.28 feet

1 millimetre (mm) = 0.03937 inch

1 kilometre (km) = 0.62 mile

1 hectare (ha) = 2.471 acres

Acronyms and Abbreviations

ABE	Benin Environmental Agency
ABSSA	Benin Food Security Agency
AfDB	African Development Bank
ATDA	Regional Agricultural Development Agency
B2A	Agricultural Sector Study and Support Office
BAI	Analysis and Investigation Office
CAA	Caisse Autonome d'Amortissement (Autonomous Amortisation Fund)
CSO	Civil Society Organisation
DDAEP	Divisional Directorate of Agriculture, Livestock and Fisheries
DGFD	Directorate General of Development Financing
DGR	Directorate of Rural Development
DLROPEA	Directorate of Rural Legislation, Support to Vocational Organisations and Agricultural Entrepreneurship
DPP	Directorate of Planning and Forecasts
DQIFE	Directorate of Information Quality and Entrepreneurial Training
DSA	Directorate of Agricultural Statistics
ERR	Economic Rate of Return
ESOP	<i>Entreprise de Services et Organisation de Producteurs</i>
FNDA	National Agricultural Development Fund
GDP	Gross Domestic Product
INRAB	Benin National Institute of Agricultural Research
LCSSA	Central Laboratory for Food Security Control
MAEP	Ministry of Agriculture, Livestock and Fisheries
MIC	Ministry of Industry and Commerce
OHADA	Organisation for the Harmonisation of Business Law in Africa
OPA	Professional Agricultural Organisations
PAPA/INRAB	Agricultural Policy Analysis Programme
PAG	Government Action Programme
PASCIB	Platform of Civil Society Stakeholders in Benin
PDA	Agricultural Development Centre
PDC	Communal Development Plan

PNACC	National Climate Change Adaptation Plan
PNIASAN	National Agricultural Investment, Food and Nutrition Security Plan
PNOPPA	National Platform for Farmers' and Agricultural Producers' Organisations
PP	Procurement Plan
PSDSA	Strategic Plan for Agricultural Sector Development
RCN	Raw cashew nuts
SME	Small- and Medium-sized Enterprises
TFP	Technical and Financial Partners
WAAPP	West Africa Agricultural Productivity Programme

Project Information Sheet

Client Information

DONEE/BORROWER	:	Republic of Benin
EXECUTING AGENCY	:	Regional Agricultural Development Agency No 4, ATDA4

Financing Plan

Source	Amount (in UA million)	Instrument
ADF	7.12	Loan
ADF	5.91	Grant
Government	1.30	Own resources
Beneficiaries	0.26	
TOTAL COST	14.59	

Key ADF Financial Information

Loan and Grant Amount	UA 13.03 million
NPV (at 20%)	CFAF 9.319 billion
ERR (baseline scenario)	29.84%

Timeframe – Key Milestones (projected)

Concept Note Approval	March 2018
Project Approval	March 2019
Effectiveness	June 2019
Completion	June 2024
Closing of Loan/Grant	June 2024

Executive Summary

Project Overview: The cashew nut sector stands out as one of the highest value-added flagship sectors featuring in the Government's Action Programme (GAP, 2016-2021), given its: (i) high potential to contribute to employment and income generation; (ii) contribution to food and nutritional security; and (iii) great export potential. Cashew nut is the country's second-largest agricultural export product after cotton, and accounts for 3% of the gross national product (GNP) and 25% of the income from agricultural exports. The project area alone generates more than 87% of national production. However, it is among the areas with the highest poverty rates, with an incidence of poverty rising from 36.2% in 2011 to 40.1% in 2015, well above the national average of 30.2%. With the strategic orientations of both Benin and the Bank in mind, the project design places particular emphasis on: (i) food and nutritional security; (ii) development of the sector's value chain, including local processing of raw cashew nuts (RCN); (iii) employment of youth and women; (iv) climate change (CC), strengthening population resilience and improving endogenous production systems. The project's sector objective is to contribute to poverty reduction and improve food and nutritional security; its specific objective is to support a sustainable increase in stakeholder income and sector productivity. The project's total cost is UA 14.59 million and will take 5 years to execute. The main expected outputs include: (i) re-profiling 145 km of access roads; (ii) building and equipping 5 RCN storage warehouses each with a capacity of one thousand tonnes; (iii) rehabilitating 15,000 ha of old cashew nut plantations and supporting the creation of a modern cashew orchard of 3,000 ha for an expected improved yield of 700 kg per hectare; (iv) supporting job creation, identified in the various links of the sector, for 10,000 youths and women; (v) supporting the construction and equipment of 20 satellite RCN shelling units for the benefit mainly of women and 20 walnut and cashew apple processing units; (vi) installing 5 mini-power plants of 10Kwc and 30 improved village water systems for communities and industrial processing units; and (vii) providing assistance to stakeholders in the sector to access bank credit through a facilitation fund hosted by the National Agricultural Development Fund (FNDA). In total, the project will directly reach more than 75,000 stakeholders in the sector, 30% of whom are women.

Needs Assessment. RCN production in 2017 was estimated at 100,000 tonnes on 213,000 ha by 200,000 small-scale producers. The sector's main constraints to development include: (i) the low yield of plantations (350 kg/ha compared to a world average of more than 900 kg/ha); (ii) the inadequacy and/or poor quality of agricultural infrastructure (storage warehouses, access roads); (iii) the low capacity of processing units (10% of national production); (iv) the non-existence or limited availability of bank credit; and (v) the organisational weakness of sector stakeholders.

Value-added for the Bank. The project area has significant agricultural potential that has not been fully developed but is also one of the regions with the highest rates of poverty in the country. The project will contribute to the sustainable alleviation of food and nutrition insecurity and persistent poverty by focusing on women, youths, smallholders and private RCN processing initiatives, thereby contributing to attaining the Bank's High 5 strategic objectives, including *"Feed Africa," "Industrialise Africa" and "Improve the quality of life for the people of Africa."*

Knowledge Management. The project will promote cropping systems that combine cashew nuts with food crops to meet food and nutritional security needs, while raising the RCN production and processing level for the market (increasing stakeholder income). The project will serve as a test model for sustainable management of tree plantations, based on the capacity of cashew tree plantations to sequester carbon, combat land degradation (climate change mitigation and adaptation), diversify and strengthen the livelihood of local communities, thus contributing to poverty reduction in the project area.

Results-based Logical Framework

TITLE: Benin - Cashew Nuts Sector and Agricultural Entrepreneurship Development Support Project (PADEFA-ENA) GOAL: Contribute to poverty reduction and improved food and nutrition security in Benin.						
	RESULTS CHAIN	PERFORMANCE INDICATORS			MEANS OF VERIFICATION	RISKS AND MITIGATION MEASURES
		Indicators	Baseline Situation (2018)	Target (2023)		
IMPACT	1. Contribute to poverty reduction in the project area 2. Contribute to poverty reduction and improved food and nutrition security	1.1. Percentage of population living below the rural poverty line	1.1. 48%	40%	National Statistics, UNDP, AfDB, WB Cereal balance sheets and DSA statistics. Monitoring and evaluation report	
		2.1. Percentage of food-insecure households	2.1. 9.6% (2014-cf. PSDSA 2017)	7%		
		2.2. Prevalence rate of chronic malnutrition (among children under 5 years of age)	2.2.34 % (MICS/UNICEF, 2014)	30 %		
OUTCOMES	1. Enhanced cashew nut sector productivity in the project area. 2. Improved income of sector stakeholders in the project area (farmers, processors, exporters) 3. Higher employment in agriculture, particularly in the cashew nut sector, for women and youths. 4. Strengthened entrepreneurship in the cashew nut sector. 5. Improved infant and child feeding practices.	1.1. Average yield per hectare of raw cashew nuts	1.1. 350 kg/ha	1.1. 700 kg/ha	Baseline and end-of-project survey reports Activity and appraisal reports of agricultural statistics project (DSA)) Multiple Indicator Cluster Survey (MICS/UNICEF) reports	Risk 1: Inadequate attention to sector stakeholder needs, including women, in project activities. Mitigation 1: A participatory and gender-sensitive approach will apply in project planning and implementation. Risk 2: The effect of climate change and unsuitable cultivation practises by farmers could degrade natural resources (NR) and limit the project's impact Mitigation 2: Integrated NR management and the development and dissemination of climate-smart technical innovations should sustainably enhance the project's impact
		1.2. Domestic production of raw cashew nuts (RCN)	1.2. 100 000 t	1.2. 150 000 t		
		1.3. Percentage of domestic production processed	1.3. 4.4% (4400 t)	1.3. 30% (66000 t)		
		2.1 Increase in farmers' income in the project area (export of raw cashew nuts)	2.1.18.21 billion	2.1 23.67 billions		
		2.2. Increase in processors' income (bleached nuts)	2.2. 1.316 billion	2.2. 1,710.8 milliards		
		2.3. Increase in retailers' income (collectors, semi-wholesalers, wholesalers)	2.3. 4.3 billion	2.3. 5.59 milliards		
		3. Number of additional jobs created (including 50% for women) in the various links of the chain (private service providers)	3. 0	3. 10 000 (of whom 5 000 women)		
		4. Number of additional agricultural enterprises/SMEs created (50% for women)	4. 0	4. 20 (10 for women)		
		5. Minimum Acceptable Diet Score	5. 15. 1%	5. 30%		
RESULTS CHAIN		PERFORMANCE INDICATORS			MEANS OF VERIFICATION	1. RISKS AND MITIGATION MEASURES
		Indicators	Baseline Situation	Target		

KEY ACTIVITIES	OUTPUTS		RESOURCES		FINANCING	
	A/ Resilience of cashew nut farmers and increased carbon sequestration potential A1. Support for carbon adaptation and sequestration through sustainable land management of old and new cashew tree plantations A2. Supervision of farmers and creation of a pool of service providers A3. Socio-economic and community infrastructure B/ Development of value chains <u>B1. Support to resilient land security</u> B2. Organising and structuring of sector stakeholders B.3 Support for youth and women's entrepreneurship and nutritional awareness B.4. Enhancement of the processing and marketing industry C/ Project coordination and management C.1 Strengthening of the executing agency C.2 Activity planning and monitoring C.3 Effective project management	A1.1 Area of rehabilitated ageing plantations A1.2 Area of new cashew orchards (30% to women) A1.3. Number of managed/irrigated woodlots (graft production) A2.1. Number of management staff (training advisors) trained, 30% of whom are women A2.2. Number of farmers supervised (30% women) per year A3.1. Linear of rehabilitated service roads A3.2. Number of storage warehouses built and equipped (1000 tonnes) A3.3. Number of MV/LV transformers installed on MV lines B1. Number of rural land plans (RLPs) issued (to at least 30% to women) B.2.1 Percentage of stakeholders affiliated with cooperatives (30% women) B2.2. Number of farmers supervised per year, 30% of whom are women B.3.1. Number of incubators supported in cashew nut trades B.3.2. Number of young graduates and non-graduates trained (30% women) in sector activities B.3.3. Number of people sensitised per year on nutrition, including 30% of men B.3.4. An Investment Guarantee Fund for the sector's stakeholders is operational from the second year of the project B4.1. Number of RCN satellite shelling units (100% women) B4.2. Number of functional clusters around processing plants B4.3. Number of certified and labelled cashew products and by-products C1. Compliance with the project implementation schedule C2. Periodic quarterly activity reports C3 Annual audit reports prepared and approved C3.1 Disbursement percentage C3.2 Project procurements are in compliance with procedural rules	A1.1. 0 A1.2. 0 A1.3. 1 A2.1. 0 A2.2. NA A3.1. 0 A3.2. 0 A3.3. 0 B1. NA B2.1. <10% B2.2. NA B3.1. 0 B3.2. 0 B3.3. 0 B3.4. 0 B4.1. 0 B4.2. 0 B4.3 0 0 0 0 0 0	A1.1. 15 000 ha A1.2. 3 000 ha (900 ha for women) A1.3. 5 A2.1. 50 (15) A2.2. 45 000 (15000) A3.1. 145 km A3.2. 5 A3.3 10 (2 per year) B1. 1000 (300 women) B2.1. 80% B2.3. 5 000 (1500 women) B.3.1 2 B.3.2. 5 000 (1 500 women) B3.3. 1500 (300) B3.4. 1 B4.2. 20 (20 for women) B4.2. 10 B4.3. 5 C1. 4 quarterly reports C.2 Audit reports before 30 June of each year C3.1. 20% per year; C3.2 Strict application of Bank rules and procedures.	Half-yearly project activity reports Bank supervision reports	Risk 3: Delays in project execution due to poor mastery of the Bank's procedures Mitigation 3: Regular capacity building workshops will be organised for the structure charged with implementing the project (procurement, financial management, disbursements, etc.).
	<u>Components :</u> <u>Component 1: Resilience of cashew nut farmers and increase in carbon sequestration potential</u> <u>Component 2: Development of value chains</u> <u>Component 3: Project coordination and management</u>		<u>Resources by Component:</u> Component A: UA 7.791 million Component B: UA 3.427 million Component C: UA 1.812 million		<u>Sources of Financing:</u> Loan and Grant (ADF): UA 13.03 million Government: UA 1.30 million Beneficiaries: UA 0.26 million	

PROJECT IMPLEMENTATION SCHEDULE

Activities	2019				2020				2021				2022				2023				2024	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Negotiations																						
ADF Board approval																						
Signature of loan agreements																						
Effectiveness																						
Authorisation of first disbursement																						
Publication of the general procurement notice																						
Recruitment of PMU staff																						
Signature of agreements with partner structures																						
Procurement of priority infrastructure																						
Studies and detailed design of additional infrastructure																						
Storage, marketing and access infrastructure																						
Development support																						
Capacity building of sector stakeholders																						
Support for RCN processing and marketing																						
Youth entrepreneurship development support																						
Midterm review																						
Annual audits of accounts																						
Project closure																						

MANAGEMENT REPORT AND RECOMMENDATIONS TO THE BOARD OF DIRECTORS CONCERNING A LOAN AND GRANT PROPOSAL TO THE REPUBLIC OF BENIN TO FINANCE THE CASHEW NUTS SECTOR AND AGRICULTURAL ENTREPRENEURSHIP DEVELOPMENT SUPPORT PROJECT (PADEFA-ENA)

Management hereby submits this report and recommendations concerning a proposal to extend an ADF loan of UA 7.12 million and award an ADF grant of UA 5.91 million to the Republic of Benin to finance PADEFA-ENA.

I. STRATEGIC THRUST AND RATIONALE

1.1. Project Linkages with Country Strategy and Objectives

1.1.1 The Government launched its Action Programme in December 2016 (PAG, 2016-2021), entitled "Benin Revealed"¹ (PEA 2017), as the sole reference framework for Government action. The agricultural strategy, as outlined in the PAG, aims to make agriculture the main driver of wealth and job creation. The strategy comprises 7 agricultural development clusters (PDAs) and the promotion of 6 key agro-food sectors, including cashew nuts. The agricultural component of the PAG is based on the National Plan for Agricultural Investment and Food and Nutritional Security (PNIASAN, 2017-2021), which operationalises the Strategic Plan for the Development of the Agricultural Sector (PSDSA, 2017-2025). The key outcomes targeted through the Investment Plan include: (i) an annual increase in agricultural production of at least 6% between 2017 and 2021; (ii) increased yields and reduced post-production loss rates in the agricultural, livestock and fisheries sectors; (iii) improved local processing rates for agricultural products; and (iv) increased employment created in priority value chains (for at least 30% of women).

1.1.2. Youth employment remains a major and priority concern for the government (PAG, 2016-2021). Innovations in cashew value chains offer important employment opportunities for young people, including women. The project offers agricultural SMEs the opportunity to: (i) optimise access to finance and markets; (ii) promote best practice and innovative business models; and (iii) create employment opportunities. PADEFA-ENA will support young innovators to create effective business strategies and improve the productivity of the cashew nut value chain in Benin.

1.1.3. The proposed project is fully in line with the main thrusts of Benin's national cashew nut sector strategy (SNFAB, 2016 - 2020), the implementation of which it aims to facilitate. The national cashew nut sector strategy is based on the following strategic thrusts: (i) improved orchard productivity; (ii) improved local capacity to process cashew nut products; (iii) organisation of the cashew nut marketing chain; (iv) cashew nut sector research; (v) cashew nut sector stakeholder organisation; (vi) cashew nut sector financing; (vii) regulation and legal framework for cashew nut sector development; and (viii) cross-cutting issues (gender, environment, climate change, public private partnerships, etc.).

1.2. Rationale for the Bank's Involvement

1.2.1 Aimed at contributing more to the reduction of poverty and regional inequalities in the country, the Bank's interventions (CSP, 2017-2021) focus primarily on economically and socially disadvantaged areas with significant agricultural potential, including the support measures targeting the cashew nut and livestock sectors, and the development of infrastructure to bolster production, processing and access to basic services. The proposed project is of particular interest in the cashew tree-prolific area. Cashew nut is the second most important export product after cotton; it provides 3% of the country's GNP and 7% of its agricultural GNP; 8% of the export revenue and 25% of export agricultural receipts. The project impact area (Alibori, Atacora, South Borgou, Donga and Collines) alone represents more than 87% of the national production provided by nearly 200,000 small-scale farmers. These regions are among the areas with the highest poverty rates, with the income poverty rate increasing from 36.2% in 2011 to 40.1% in 2015, above the national average of 30.2%. Furthermore, the cashew tree has the dual advantage of generating income in rural areas and sequestering carbon in increasingly soil degraded areas, such as the project region. The potential of the cashew nut sector includes the high carbon capture capacity, the existence of a local but also a sub-regional market for the sale

¹ The choice of this name reflects the ambition of the highest authorities to further reveal the country's economic potential to the world, thus strengthening Benin's attraction.

of white and roasted almonds, the potential of the rapidly expanding organic fair trade market in Europe, and job creation opportunities for youths and women. The major constraints for the sustainable development of the cashew nut sector include the absence of coherent and specific policies and actions to promote the sector, the low quality of the main final products, such as cashew nuts and kernels, the low productivity of the varieties used, inappropriate post-harvest processing of nuts by farmers and wholesale traders, lack of mastery of efficient RCN processing techniques by processors, difficulties in accessing bank financing, difficult access to efficient inputs and equipment, low level of stakeholder organisation and poor stakeholder management capacity.

The Bank's strategy for the period 2017-2021 aims to support the Government in implementing GAP (2016-2021) for the structural transformation of the economy and poverty reduction. As a reminder, the CSP (2017-2021) is structured along two main thrusts: Pillar 1 - develop agricultural and agro-industrial value chains; and Pillar 2 - strengthen infrastructure to support competitiveness and regional integration. The Bank's interventions under the first pillar support the development of agricultural value chains and agribusiness, including assistance for transformative investments; improving the agricultural sector's business environment to foster greater private sector involvement; skills development and entrepreneurship, particularly for youths and women; access to financing through risk-sharing mechanisms; and rural economic development through increased income and improved access to basic social services. Moreover, the proposed project is in line with the Bank's Ten-Year Strategy (2013-2022), particularly three of the "High 5s" to transform Africa socially and economically: "Feed Africa", "Industrialise Africa" and "Improve the quality of life for the people of Africa." The project is fully consistent with the Bank's objectives to contribute to the creation of 25 million jobs for the youths by 2025 as outlined in its Jobs for Youth in Africa Strategy.

1.3. Aid Coordination

1.3.1 The annual net flows of aid from development partners to the country represent nearly 30% of the state expenditure budget. Technical and financial partners (TFPs) are organised into joint thematic cooperation groups chaired by the Government, with a TFP as facilitator. The sector distribution of the Bank's active portfolio reflects the predominance of transport infrastructure (50%), followed by agriculture (33%) and energy (13%). This situation illustrates the portfolio's alignment with the Country Strategy (CSP, 2012-2016). The Bank is among the main stakeholders in the transport and agricultural sectors. The recent opening of its Country Office in Benin, with the effective presence of a Country Manager since January 2018, will contribute to strengthening the Bank's role and leadership in the thematic groups and TFP coordination.

1.3.2 Table 1.3.1: Aid Coordination

1.3.2 Table 1.3.1: Aid Coordination			
Sector or Subsector*	Scope (in 2017)		
	GDP	Exports	Workforce
Agriculture and rural development	23%	75%	70%
Stakeholders - Annual Public Expenditure (APE) (CFAF) **			
Government (2012-2017 average)	Donors	(2012-2017 average)	
The total amount of CFAF 742.31 billion was actually invested in the sector between 2011 and 2015 (6.5% of total government expenditure in the agricultural sector).	GIZ	12 000 000 000	
	IsDB	16 795 000 000	
	IDA	77 388 611 400	
	FIDA	29 725 000 000	
	ADF	54 190 500 000	
	BOAD	23 000 000 000	
	AFD	7 871 484 000	
	KFW	15 009 931 300	
	CTB	14 431 054 000	
	OPEC	6 720 000 000	
	Total	257 131 580 700	
Level of Aid Coordination			
Existence of thematic working groups (TWG)	Yes		
Existence of a comprehensive sector programme	No		
Bank's role in aid coordination	TWG Member		
(*) Sources: INSAE, 2015(**) Source: Detailed portfolio of active projects, Caisse Autonome d'Amortissement (Autonomous Amortisation Fund) (CAA), Ministry of Economy and Finance			

II. PROJECT DESCRIPTION

The sector objective of the project is to contribute to poverty reduction and improvement of food and nutritional security in Benin. The specific objective is to contribute sustainably to raise the income of stakeholders and the productivity of the cashew nut chain in Agricultural Growth Pole No. 4 (AGP 4).

2.1. Project Components

2.1.1 The project will be grounded on a sector value chain and integration approach to create an enabling environment for developing small- and medium-sized enterprises (SMEs) in the cashew nut sector, for the employment of youths and women, and the creation of a sustainable impact on local development.

2.1.2 **Summary of Components:** The project will be implemented over five years (2019-2024) through three components, the main achievements of which are described in detail in Annex C3 and summarised in the table below:

Components and Costs, including Contingencies	Description
Component A: Resilience of cashew nut farmers and increase in carbon sequestration potential: UA 7,791 million (59.9%)	A1: Support for adaptation and carbon sequestration through sustainable management of old and new cashew tree plantations. Support for producing improved plant varieties to meet the rehabilitation needs of old plantations on 15,000 ha and creating a new 3,000 ha nursery by: (i) supporting agricultural research to increase existing mother trees (600 per 120,000 grafts per year), germs (5 per 200 higher tree clones); 4 polyclonal nurseries of 5 hectares each and 30 irrigated woodlands of 5 hectares each; (ii) establishing 20 demonstration plots and school grounds for disseminating innovations and new technologies: adapting farming and production system resilience to climate change and impact mitigation. A2: Supervising producers and creating pools of private service providers, supporting the training of 50 agricultural advisers to train 25,000 farmers. Supervising 5,000 youths and women private service providers in 6 new trades identified for sustainable employment. A3: Socio-economic infrastructure rehabilitation/re-profiling of 145 km of feeder roads and building of 5 cashew nut storage warehouses (1,000 tonnes each); drilling of 15 boreholes with manual power pumps and 15 improved drinking water supply systems. Equipping 10 villages with a 10 KWp photovoltaic electricity system to supply villages and processing units. B1: Assistance for resilient land tenure security: (i) support for preparing the 20 Rural Land Plans (RLPs); (ii) support to Rural Municipalities for disseminating land transaction tools. B2: Organising, structuring and strengthening of stakeholders. The activities will be structured around the following thrusts: (i) support for structuring within the sector, in particular POs at village level; municipal and divisional associations; (ii) support for national professional federations in the various sector links; and (iii) institutional support at the grassroots level (IFA).
Component B: Development of value chains UA 3,427 million (26.2%)	B.3. Support for youths and women's entrepreneurship: Support for job creation for 10,000 youths (30% of whom are women) in the sector; Support for access to finance for stakeholders in the sector (30% of whom are women). Nutritional awareness of 1,500 people, 30% of whom are men. Identifying and strengthening existing incubator capacity to support young people in the sector. B.4. Promoting the processing and marketing industry. Support for: (i) popularising the features of good quality cashew nuts (certification and labelling); (ii) support for the operationalisation of a central purchasing and stock management system for cashew nuts; (iii) promoting and developing cashew clusters; (iv) support for modernising 10 cashew apple processing units and 10 cashew nut processing units (30% of women); Support for the installation and equipment of 20 satellite RCN shelling units, mainly for women. B.5 Institutional support to technical partner structures, including the new MAEP structures set up under the PAG, including ATDA4 and the DDAEPs in the project area as well as the OPAs to enable them play their respective roles under the project.
Component C Project management and coordination UA 1,812 million (13.9%)	(i) Coordinating project activities; (ii) administrative, accounting and financial management; (iii) procurement of goods, works and services; (iv) implementation of a communication plan; and (v) project monitoring/evaluation and ESMP implementation.

2.2. Technical Solutions Adopted and Alternatives Explored

PADEFA-ENA aims to support the entire cashew nut sector. Improving the quantity of RCNs produced and the quality of nut processing are the two key challenges for strengthening the competitiveness of the cashew nut sector in Benin, which faces stiff competition from its regional neighbours. It was decided to support the entire sector, including the thematic (Component A is intended to support the upstream part of the sector, and Component B the downstream) or geographical aspect (central and northern regions covered by the ATDA4, with 87% of the national cashew tree nurseries covered by the programme alone). PADEFA-ENA will contribute to improving the quality and quantity of cashew nuts and almonds produced, increasing employment and income in rural areas (farmers, stakeholders in new trades/private service providers (PSP), labourers employed by farmers or women workers in processing units, cashew nut collection and marketing agents). It will also help to raise the level of carbon sequestration in cashew plantations, while securing rural land rights (through support for the existing rural land plan) and enhancing food and nutritional security (through the promotion of appropriate food crop systems together with cashew plantations).

Table II-2: Alternative Solutions Explored and Reasons for their Rejection

Alternative Solutions	Brief Description	Reason for Rejection
Building the project exclusively with the cashew nut industry inter-professional group (IFA))	Supporting only members of the cashew nut sector inter-professional group (IFA) in Benin.	The impact of the project on many stakeholders in the sector will be limited and can be equally frustrating for major stakeholders who are not members of the inter-professional group.
Financing activities through grants	The project will finance the various stakeholders through grants.	Financing processing and marketing activities will create disparities on the local market, and will penalise non-beneficiary private operators. The only activities to be subsidised are the rehabilitation of old cashew plantations and building the capacity of stakeholders.
Establish new monoculture plantations.	Plants grown on new plantations subsidised under the project are spaced in such a way that no other crops can be grown.	Monoculture plantations will compete with food crops in the project area, implying the failure to achieve the project's objective of food and nutritional security.

2.3. Project Type

The PADEFA-ENA is an investment project financed by the ADF (loan and grant), the Government and project beneficiaries.

2.4. Project Cost and Financing Arrangements

2.4.1. The project's total cost, excluding taxes and customs duties, is estimated at CFAF 11.624 billion, or UA 14.594 billion (UA 1 equivalent to CFAF 796.489 in January 2019), of which UA 4.889 million in foreign exchange (33.50% of total project cost). The cost includes a 5% provision for physical contingencies and 3% for price escalation yearly. It should be noted that while contingencies for price escalation cover all capitalised activities during the five years of project implementation, the situation is different for physical contingencies, which do not cover items such as vehicles, operating costs (including staffing), etc. Thanks to this approach, project resources are better optimised. The project cost estimates are based on prevailing market prices in the country and in relation to the most recent achievements in the various areas of relevance to the project.

Table 2.4.1 Summary of Estimated Costs per Component

PROJECT COMPONENTS	CFAF Thousand			UA Thousand			% F.E.
	L.C.	F.E.	TOTAL	L.C.	F.E.	TOTAL	
Component A : Resilience of cashew nut farmers and increase in carbon sequestration capacity	4041990	2163260	6205250	5074.76	2715.99	7790.75	34.86
Component B : Development of value chains	1644000	1086000	2730000	2064.06	1363.48	3427.54	39.78
Component C : Project coordination and management	1265080	243500	1508580	1588.32	305.72	1812.01	16.14
Base cost	6951070	3492760	10443830	8727.14	4385.2	13112.33	33.44
Physical contingences	212595	127730	340325	266.91	160.37	427.28	37.53
Price escalation	562474	276988	839462	706.19	347.76	1053.95	33.00
Total cost	7726139	3897478	11623617	9700.25	4893.32	14593.57	33.53

Table 2.4.2 Summary of Estimated Costs by Expenditure Category**a. LOAN**

CATEGORIES	ADF Loan, in CFAF Thousand			ADF Loan, in UA Thousand		
	Local Currency	Foreign Exchange	TOTAL	Local Currency	Foreign Exchange	TOTAL
Works	1175340	592905	1768245	1476	744	2220
Services	683618	344853	1028471	858	433	1291
Miscellaneous (Facilitation Fund, FNDA)	1910518	963768	2874286	2399	1210	3609
Total ADF loan cost	3 769 476	1 901 526	5 671 002	4 732.62	2 387.39	7120

b. GRANT

CATEGORIES	ADF Grant, in CFAF Thousand			ADF Grant, in UA Thousand		
	Local Currency	Foreign Exchange	TOTAL	Local Currency	Foreign Exchange	TOTAL
Goods	889557	448740	1338297	1116,85	563,40	1680,25
Services	1768467	892109	2660576	2220,33	1120,05	3340,38
Operation	470854	237524	708378	591,16	298,21	889,38
Total ADF grant cost	3 128 877	1 578 373	4 707 250	3928.34	1981.66	5910

Table 2.4.3 Summary of Costs by Source of Financing

SOURCES OF FINANCING	CFAF Thousand			UA Thousand			%
	Local Currency	Foreign Exchange	Total	Local Currency	Foreign Exchange	Total	
ADF	6 898 353	3 479 899	10378252	8660.95	4369.05	13030	89.29
including:							
Loan	3 769 476	1 901 526	5 671 002	4732.62	2387.68	7120.00	48.79
Grant	3 128 877	1 578 373	4 707 250	3928.34	1981.91	5910.00	40.50
Government	689 835	347 990	1037825	866.1	436.9	1303.00	8.93
Beneficiaries	137951	69590	207541	173.2	87.37	260.57	1.78
Total Cost	7 726 139	3 897 478	11623617	9700.25	4893.32	14593.57	100.0

2.4.4. The project will be financed by a total ADF allocation of UA 13.03 million (CFAF 10.378 billion), comprising a loan and a grant of UA 7.12 million and UA 5.91 million, respectively. Therefore, the ADF is contributing 89.28% to the overall project funding, the Government CFAF 1.038 billion (10% of the ADF contribution and 8.93% of the total project cost) and the beneficiaries CFAF 207.565 million or 1.78% of the project cost. The following tables show the project's sources of financing by component and expenditure category (in CFAF thousand and UA thousand).

Table 2.4.4. Expenditure Schedule by Categories

CATEGORIES/YEARS	(in CFAF Thousand)						(in UA Thousand)					
	2019/20	2021	2022	2023	2024	TOTAL	2019/20	2021	2022	2023	2024	TOTAL
Works	1080901	2071452	974400	614372	549155	5290280	1357.08	2600.73	1223.37	771.35	689.47	6642.00
Goods	245685	470833	221477	139645	124821	1202461	308.46	591.14	278.07	175.33	156.71	1509.70
Services	677236	1297863	610508	384933	344071	3314612	850.28	1629.48	766.50	483.29	431.99	4161.53
Operation	130044	249218	117231	73916	66069	636478	163.27	312.90	147.18	92.80	82.95	799.10
Base cost	2133866	4089366	1923616	1212866	1084116	10443830	2679.09	5134.24	2415.12	1522.77	1361.12	13112.33
Non-allocated	148052	423507	236191	179660	192379	1179787	185.88	531.72	296.54	225.6	241.53	1481.23
Total project cost	2281917	4512873	2159806	1392526	1276495	11623617	2864.97	5665.96	2711.66	1748.33	1602.65	14593.57

2.5. Project Target Area and Beneficiaries

The project zone is the area which comprises the agricultural growth pole N ° 4 (AGP 4) managed and administered by ATDA4, a public autonomous establishment. AGP 4 spans the entire Donga and Collines Divisions (“Départements”), and partly Borgou (South) and Zou Divisions (Djidja Municipal Council), with an estimated population of 2,150,000 of whom slightly over 50% are women. The project will cover the following fifteen municipal councils: Tchaourou, Parakou, N'Dali, Nikki, Pèrèrè located in the south of Borgou Division, Savalou, Bantè, Dassa-Zoumè, Glazoué, Savè, Ouessè municipal councils in Collines Division, Djougou, Ouaké, Bassila and Copargo municipal councils in Donga Division, and lastly Djidja municipal council in Zou Division. The direct beneficiaries are: (i) cashew nut farmers; (ii) cashew nut traders; (iii) raw cashew nut processors; (iv) exporters; and (v) the inter-professional cashew nut sector (IFA) and its regional and divisional constituents. The project will indirectly benefit the end consumers, as well as stakeholders involved or associated with the project at various levels, namely the Benin Cashew Development Authority, ATDA4, the DDAEPs of Borgou, Donga, Collines, Atacora, Zou, and Plateau Divisions, the Cashew Research Centre (CRA-Centre)/INRAB; the standardisation and quality support structures (ABSSA and ANM); DPV, DLROPEA, ANDF and DQIFE; the Faculties of Agricultural Sciences in Abomey Calavi (FSA/UAC), Ketou and Parakou, the National Fund for Agricultural Development (FNDA), and the Professional Association of Banks and Financial Institutions of Benin (APBEF).

2.6. Participatory Approach to Project Identification, Design and Implementation

Extensive consultations were held on the project at all stages of its preparation. The contacts established during the April 2017 identification mission were pursued during the preparation phase in January 2018, both in AGP 4 and Cotonou. Meetings were held with administrative and local authorities, technical structures, professional agricultural organisations (OPAs), women's groups, private partners, as well as ongoing projects and TFPs involved in the cashew nut sector. This process will continue and will be relayed in the field by AGP 4 DDAEPs, who are to serve as facilitators for all stakeholders. Moreover, implementing the project will require the establishment of mechanisms that will closely involve and empower the respective stakeholders, especially farmers and the private sector (agricultural SMEs). This approach will be pursued during project implementation and Bank supervision missions. The sustainability of interventions undertaken, particularly with regard to productive capital (ageing plantations and new cashew nurseries), requires full ownership by the stakeholders concerned, hence the option to prioritise the targeting of the most committed communities that must meet selection criteria (requests, land security, organisation method, contributions, commitments,

etc.). A presentation was made on project components and activities during the PADEFA-ENA appraisal mission, at a participatory workshop attended by all stakeholders.

2.7. Consideration of Bank Group Experience and Lessons Learned in Project Design

2.7.1 The 2017 portfolio review of Bank-financed projects in Benin identified project implementation weaknesses, including inadequate reporting or failure to address issues highlighted in audit reports, limited availability of quality staff for projects, and irregular physical and financial monitoring of projects. The institutional set-up envisaged under the project, namely delegated project management (MOD) and boosting of public-private partnership, addresses the underperformance of previous or ongoing projects. Project activities as concerns works, services and access to bank credit that fall within the ambit of the private sector will be pooled and entrusted, on a competitive basis, to specialise implementing agencies that will play the delegated project management role. The same review highlighted the need to: (i) facilitate access to bank financing for stakeholders in the sector by using reliable microfinance institutions; (ii) set up an effective monitoring and evaluation system; (iii) finance research and development activities; and (iv) provide priority support to beneficiaries through sustainable technical structures charged with exercising oversight functions on behalf of the State. All these issues were considered and incorporated in the project design during the formulation stages to avoid repeating the same mistakes.

2.7.2. The project design took into account the exposure of the project impact area (PIA) to climate change. A study correlated the decrease in cashew nut yields with the increase in temperature and decrease in rainfall, predicting a reduction in rainfall amounts by up to 12% by 2050 in the area (Bello et al., 2016). The project will help to reduce carbon emissions and strengthen the adaptive capacity and resilience of the rural communities and endogenous agricultural production systems in the project area.

2.8. Key Performance Indicators

2.8.1 The key performance indicators are provided in the logical framework. Using the project's baseline situation, monitoring will mostly cover: (i) the rural poverty index within the project area; (ii) additional CO₂ sequestration; (iii) cashew tree productivity; (iv) average cashew tree and associated food crop production; (v) quantity of cashew nuts processed and certified; (vi) number of jobs created in the sector, of which 30% for women; (vii) the surface area of rehabilitated or newly created plantations; (viii) number of grafted plants produced; (ix) number of infrastructure built or rehabilitated (RCN storage warehouses, number of RCN satellite units for cashew shelling/processing, and production of cashew apple juice, etc.); (x) number of cooperatives created or structured with at least 30% of women on management committees; (xi) number of professional farmers' organisations (OPAs), youths and women trained in various segments of the value chain; (xii) number of managers and technical staff trained to supervise stakeholders (30% women); (xiii) additional production sold; (xiv) number of women and youths who received support from the project, including nutrition awareness; (xv) number of farmers and processors trained on best production or processing practice (30% women); (xvi) number of cooperatives and economic interest groups (EIGs) aligned on OHADA, including women's cooperatives; (xvii) number of organised and contracted supply networks, number of RCN satellite shelling units (100% women) created; and (xviii) number of stakeholders (30% women) trained in environmental management.

2.8.2 Further gender-disaggregated indicators will be added when finalising the monitoring and evaluation system, and establishing the baseline situation, using the results-based management approach. These will include: (i) the proportion of women in each beneficiary group; (ii) the involvement of women and youths in producer and infrastructure management groups; and (iii) the area of cashew tree plantations operated by women and youths. Particular emphasis will be placed on monitoring socio-economic impacts (disaggregated data for women and youths, monitoring the performance of POs).

2.8.3 As regards impact indicators, particular emphasis will be placed on targeting the parameters that can be monitored and collected internally, and on defining those that relate specifically to women and youths. The main indicators are: (i) the percentage of the rural population living on an annual income below the poverty

line; (ii) the percentage of the rural population living in food and nutrition insecurity; (iii) the production of additional cashew nuts; (iv) the volume and percentage of locally processed cashew nuts; (v) the degree of organisation of POs, including the performance of socio-professional organisations; (vi) the number of additional jobs created (including 30% for women's groups) in the sector (private service providers, PSP); and (vii) the number of additional agricultural businesses/SMEs created in the sector.

2.8.4. The project's internal monitoring and evaluation will be conducted by the monitoring and evaluation specialist of the Project Management Unit (PMU), in close liaison with all partners. Particular emphasis will be placed on targeting the relevant women-specific parameters (systematic disaggregation of data). Using the baseline situation, the monitoring will specifically cover: (i) the level of additional production (tonnes) and crop yields (t/ha); (ii) the increase in farmers' income, with particular reference to youths and women; (iii) the number of jobs created (support for the installation of young PSPs; development of new modern plantations, etc.); (iv) rate of infrastructure development (number of storage warehouses built, kilometres of feeder roads rehabilitated, etc.); (v) effective organisation of supervision and training (number of professional agricultural organisations and persons trained, including gender mainstreaming), (vi) women's involvement in decision-making bodies and the rate of their access to land (at least 30% in new plantations); and (vii) the project's nutritional impact. All selected indicators under the project will be reconciled with those under the PNIASAN. MAEP's DPP will conduct external monitoring jointly with CAA and DGFD. The various supervision missions and periodic activity reports will systematically report on progress towards achieving the indicators.

III. PROJECT FEASIBILITY

3.1. Economic and Financial Performance

Table 3.1: Key Economic and Financial Data

ERR = 29.84%	20% NPV = CFAF 9.319 billion
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The economic analysis was based on direct project costs and benefits. The project is based on the development of the cashew nut sector and includes several stages leading to the attainment of its set objectives. Thus, the economic analysis is based on the notion of operating cost centres and operating income net of taxes. Therefore, the following process steps were considered and analysed:

- i. Cashew nuts production and sales phase (field edge sale), both in terms of old plantations (15,000 ha), to be developed by farmers on bank credit financing through the Facilitation Fund with the FNDA, and new plantations (3,000 ha) that the project will support;
- ii. The raw material processing stage into cashew kernel and cashew apple juice, requiring both semi-industrial and industrial processing;
- iii. The export sales stage of part of the raw walnut;
- iv. The sales stage of the finished products that constitute the almonds and juice from industrial processing, and involves two types of sales (local and export sales);
- v. Only agricultural production and production from semi-industrial and industrial processing from the "project" situation were considered.

The economic analysis was conducted over the project's 25-year lifespan, taking into account the "project" situation and the current level of cashew nut production yields under the project, which will increase from 350 kg per hectare to 700 kg in the coming years for the plantations developed. These yields per hectare will increase from 1,000 kg to 1,200 kg in the year of full production (full operation) for the new plantations established under the project, i.e. around 2027. It is also assumed that the project will start production one year after completion, in 2024/25. Furthermore, through the Facilitation Fund to be made available to farmers,

the project will only support investments during the implementation phase, in other words over the period 2020-2024. The table below outlines the activities eligible for the Facilitation Fund hosted by FNDA. The Fund amounts to UA 3,608,700 (CFAF 2,874,286,000).

Activities to be Financed	In UA Thousand					
	Year 1	Year 2	Year 3	Year 4	Year 5	TOTAL
A1.3.1 Production of grafted plants in irrigated nurseries (15 ha)	0	1.66	1.72	1.77	0	5.15
A1.3.2 Rehabilitation of old plantations, including by grafting (15,000 ha)	0	266.39	342.98	423.93	363.87	1397.17
A1.3.3 Establishment of new plantations of 3,000 ha in 2024 with agricultural insurance.	0	466.19	480.17	247.29	254.71	1448.36
B4.1.3 Strengthening and modernisation of 10 existing cashew apple juice production units	0	169.73	174.82	0	0	344.55
B4.1.4 Reinforcement and modernisation of 12 existing cashew nut production units	0	203.68	209.79	0	0	413.46
Total	0	1107.65	1209.48	672.98	618.58	3608.70

Finally, the unit prices and costs used are those applicable in the country and recorded during the field mission, at the level of producers, processors and authorised institutions in the sector. Details of the project economic analysis tables and other assumptions used to conduct the economic analysis are given in Appendix B7.

- At the economic level. The project is economically viable and is relatively responsive to a 10% increase in economic expenditure, since the economic rate of return of 29.84%, although interesting, drops to 27.41% with an NPV of 6.562 billion, i.e. a decrease of CFAF 2.7 billion compared to a decrease of 2.43 points in profitability. Moreover, a 10% drop in income reduces economic profitability by nearly 4.30 points or approximately CFAF 4.910 billion. The combination of both has a significant impact on the project's economic profitability: a simultaneous increase in operating costs of 10% and a 10% increase in income gives an ERR of 22.76% and an NPV of 20% (CFAF 2.126 billion), which indicates that the project remains relatively sensitive to these two factors occurring concurrently. Even under this scenario, the return on investment would be achieved after 2 to 3 years of project implementation (2027), i.e. three years after the project becomes operational – another proof that the project is economically viable. The project will also create thousands of jobs for both youths and women wishing to participate in the sector (see jobs under project Components A and B).
- At the financial level. The financial analysis focused mainly on income generated along the supply chain by the various stakeholders: nursery growers, cashew nut farmers on old and new plantations, processors and raw nut exporters.
 - Nursery growers. The project will give them greater control over grafted plant production systems through the series of training sessions that they will undergo, improve their farming methods and increase the area under cultivation. Three pricing assumptions for the transfer of grafted plants studied on three types of farms will also boost nursery growers' additional income per hectare compared to a no-project situation (see Annex B.7 for more details).

Regarding the income derived by the other stakeholders, the financial gains for all stakeholders amount to CFAF 263.287 billion, i.e. an annual income of around CFAF 13.364 billion (see further details in Technical Annex B7).

Situation with Project	Farm P1		Farm P2		Farm P3	
<u>Assumption 1:</u> CFAF 300/plant	Additional income per hectare (CFAF)	14 482 094	Additional income per hectare (CFAF)	6 960 000	Additional income per hectare (CFAF)	13 571 429
<u>Assumption 2:</u> CFAF 500/plant	Additional income per hectare (CFAF)	64 482 094	Additional income per hectare (CFAF)	56 960 000	Additional income per hectare (CFAF)	63 571 429
<u>Assumption 3:</u> CFAF 400/plant	Additional income per hectare (CFAF)	39 482 094	Additional income per hectare (CFAF)	31 960 000	Additional income per hectare (CFAF)	38 571 429

3.2. Environmental, Social and Climate Impact

3.2.1 Environmental and Social

The Project has been classified under Category 1 according to the Bank's Environmental and Social Safeguards Instruments and in compliance with Benin's relevant regulations. Given the project's specificity, an Environmental and Social Management Framework (ESMF) was defined and validated at the national level. Overall, project activities will have major positive environmental impacts but will also entail some significant risks. Activities likely to have negative impacts include rehabilitating and extending cashew plantations, setting up socio-economic/community infrastructure, etc.

Potential negative impacts. The project's negative environmental and socio-economic impacts include pressure on land resources and the risk of encroaching on the forest cover. There are very strong pressures on land due to the extension of the cultivated area following easy access to inputs and credit. Vegetation is destroyed and used to satisfy agricultural, livestock and people's needs for forest products and derivatives. Declining soil fertility and low use of fertilisers for food crops cause the expansion of clearing and burning of savannahs and forests, at the expense of crops.

Potential positive impacts. Therefore, project activities will have considerable positive impacts, among which development of production systems that would guarantee farmers significant and sustainable income, in addition to helping them to master innovative, value added-generating practices. Other positive outcomes include diversification of activities, improvement of the quality of life for youths and women, better access to social infrastructure and facilities, expansion of trade and income-generating activities, opening up of production areas, improvement of access to basic social services (health agencies, maternities, etc.), development of the production and distribution subsectors, etc. It is also worth mentioning the regeneration of degraded land, the improvement of the forest cover and the increased carbon sequestration capacity. Consultations with various project stakeholders showed high enthusiasm and total support for the project. According to them, the project will reduce emigration and foster local development. The project will also contribute to strengthening the resilience of people and ecosystems to climate change.

Mitigation measures. The project provides for the construction of a number of socio-economic facilities and infrastructure to improve the population's access to them and open up certain production zones. Various other measures are also planned to improve the project's positive impacts, to which must be added the recommendations made during consultations. The risk of increasing pressure on land resources and encroaching on the forest cover figures among the major project environmental and socio-economic impacts. The following measures and recommendations were proposed: information and awareness-raising campaigns among all stakeholders; involvement of local authorities and communities, establishment of a consultation forum, building the capacity of the various stakeholders in the sector and setting up a programme to support the preservation and restoration of natural resources. The Environmental and Social Management Plan

(ESMP) has identified various measures, some of which particularly concern the construction of feeder roads and support infrastructure. These will be included in the bidding documents and service providers will be required to implement them during works. Moreover, in addition to the project, which incorporates the cost of certain activities, the ESMP provides for an additional CFAF 430,000,000 to cover environmental and social measures, among others.

3.2.2 Climate Change: Spatial and temporal variations in rainfall are a real concern in undertaking agricultural activities in the project area as well as in all of the country's central and northern regions. The project would ensure the application of good agricultural practice by promoting the deployment of appropriate technical procedures. Where they exist, tools for establishing warning systems, such as collecting, processing and communicating climate data to stakeholders, are insufficient and/or obsolete. The project will contribute to improving these procedures by building capacity in terms of equipment, data collection and processing in the DDAEP areas, as well as ways of communicating with stakeholders. Training DDAEP officers in proper data collection is essential, as is the facilitation of a monthly meteorological sheet with trends observed. The project will support all activities already carried out in the region by INRAB to disseminate drought-resistant varieties of food crops produced on the sites.

3.2.3 Gender mainstreaming and women's empowerment: the project will promote the inclusive approach with the strong involvement of youths, women, disadvantaged groups, local authorities and the private sector.

3.2.3.1 Gender analysis of the cashew nut supply chain. Cashew nut cultivation involves men and women throughout the value chain, but with different roles and responsibilities. Given the perennial nature of cashew nuts, cultivation is mainly dominated by men because of women's limited access to land, which is a major constraint to their access to production. It is estimated that 90% of the plantations are owned by men. The presence of women in the sector as regards the production function is 10%, mostly comprising smallholders (less than 5 ha). Overall, women process, market and distribute the processed products since they have more expertise in conquering the market and the consumer. To overcome the gender inequalities observed, the project plans to carry out the following activities:

3.2.3.2 Strengthen women's productive capacity. The project will provide training for all women directly involved in the project and traditional leaders on land security and women's rights to acquire land. An awareness-raising campaign on community user rights, conflict prevention and management mechanisms will be organised to facilitate support to women cashew nut cooperatives in acquiring land and land title in the new plantations. Out of a planned area of 3,000 ha of new cashew plantations, at least 30% will be allocated to women. To achieve this, the project will organise women producers into structured and operational groups to facilitate access to and use of the allocated plots. Farmers will be sensitised to cultivate some crops in association with cashew nut farming (maize, soya and groundnuts) to combat malnutrition and promote balanced nutrition. The project also includes a set of integrated services for women to improve their access to socio-economic infrastructure and innovative production technologies. The rehabilitation of rural roads, construction of storage warehouses, consolidation centres and installation of improved village water supply (HVA) will help to overcome the difficulties associated with the evacuation and preservation of cashew apples and nuts, and will facilitate access to drinking water in the villages around the sites to be developed. To take better account of women's needs in terms of access to factors of production, the project will help women to access processing materials and equipment through the Access Facilitation Fund under the FNDA. Women, individually or in cooperatives, will be able to benefit from the financing upon presentation of a bankable business plan.

3.2.3.3 Building management, transformation and social life skills. As part of the plan to build technical capacity, all women directly involved in the project will receive literacy education, to reduce or eliminate the high rate of female illiteracy in the region. To build on the past record of women's leadership and strengthen their presence in governance structures in this very weak sector, the capacity of women in cashew apple and nut processing cooperatives and that of women farmers will be strengthened, particularly in simplified accounting, cooperative management, procurement and inventory management, leadership and

entrepreneurship, business plan development, capital mobilization, marketing and networking, to facilitate their access to finance. They will also benefit from capacity building in cashew nut and apple processing, as well as in equipment maintenance. The project's support for life skills development will focus on reproductive health, family planning, nutrition, social cohesion, culture of peace and conflict management. From a reproductive health perspective, modules on reproductive health, social cohesion and nutrition will be provided during the various training sessions envisaged under the project and dedicated to women.

3.2.3.4. Improving gender knowledge. PADEFA-ENA will also contribute to strengthening the low level of gender responsiveness among stakeholders. To achieve this, a monitoring/evaluation system will be set up as part of project monitoring. The system will incorporate gender-disaggregated measurement indicators for knowledge enhancement on the different categories of beneficiaries, and for monitoring the impact of interventions by gender. Furthermore, a gender organisational audit of stakeholders will be conducted with the support of a consultant or a gender consulting firm. This audit will propose a gender-based technical capacity-building programme to address identified weaknesses. Support will also be provided for the introduction of gender training modules for agronomists and agricultural specialists at the Calavi, Ketou and Parakou Agronomic Science Faculties (ASFs) to ensure that gender equity is sufficiently reflected in agricultural operations. The feasibility of this curriculum consolidation will be discussed with the heads of the universities of Abomey-Calavi, Ketou and Parakou, and will depend on the medium-term training objectives of these institutions.

3.2.3.5 Improvement of women's representation on decision-making bodies. The project will promote women's integration and leadership in management committees and executive boards of professional organisations with the objective of attaining a 30% quota of women in decision-making positions. The project will also structure at least 50% of women's organisations active in the cashew nut sector. A gender specialist will be recruited into the project management unit to carry out and coordinate the proposed activities.

3.2.3.6. Gender Marker System Categorization. The project is classified under Category 2 of the Gender Marker System. Details of comprehensive gender analysis and action plan are given in Technical Annex B.7. A CFAF 830 million budget (i.e. UA 1 million) has been set aside for gender promotion and women's empowerment activities.

3.2.4 Youth and Women's Employment and Inclusion: the project area has a high youth population (over 40% of the population). Relatively, more young men are employed (54%) than young women (59%). Moreover, young people aged 14-24 represent a significant share of the labour force in the informal sector compared to the overall population (91.1%), more so for young men (94.1%). The project will improve youth and women's employment indicators. It will contribute to developing, structuring and financing new trades (private service providers, PSP) with a view to creating new jobs in rural areas, increasing cashew nut production (nurseries, maintenance specialists, grafters, plant health specialists, storage warehouse managers, input distribution kiosk managers, maintenance and care technicians, etc.) and processing (raw cashew nut shelling, cashew apple juice manufacturing, cashew shell processing). In this context, the project will finance training and contribute to the installation of 300 young PSP volunteers (30% of whom women). This material capacity building, combined with technical capacity building, will improve the productivity of young agricultural entrepreneurs and subsequently their income. Moreover, during the rehabilitation of old plantations and the establishment of new cashew orchards, youths trained by the project will be invited by SME promoters to provide remunerated service. The project will support ongoing initiatives in some municipal councils in the project area to train and set up young nursery operators. Therefore, an innovative financing mechanism will be carefully studied and put in place to facilitate the installation of the young people targeted. The technical expertise of the Faculty of Agricultural Sciences (FSA) of the National University of Abomey-Calavi will be leveraged in this regard. A consulting firm will also be hired to assist young entrepreneurs to prepare their feasibility studies and business plans. Girls must account for at least 30% of the young entrepreneurs supported by the project. Furthermore, the project's support for the establishment of private agro-industrial units will promote the employment of youths and women in particular. This will be the case with the planned establishment of 20 satellite cashew nut shelling units, mainly for women's cooperatives, and the creation and/or modernisation/strengthening of 10 cashew apple juice production units

through the Facilitation Fund. The project will facilitate access to financing for these ongoing initiatives and encourage new operators to set up business in the various links of the sector. Overall, the project will help to generate 10,000 jobs for young people and women in the cashew nut value chain. The group of women involved in processing activities will be among the major target groups for nutrition awareness activities, linking them to processed products that provide nutritional benefits.

3.2.5 Forced Resettlement: PADEFA-ENA's activities will not lead to any people displacement or resettlement.

IV. PROJECT IMPLEMENTATION

4.1. Implementation Arrangements

4.1.1 Procurement Arrangements. Procurement of goods (including services other than those of consultants), works and consultancy services financed by the Bank under the project will be in accordance with the **Procurement Framework for Bank Group-financed Operations, October 2015 edition, and the provisions set forth in the Financing Agreement**. More specifically, procurement will be carried out as follows:

- **The Borrower Procurement System (BPS):** procurement methods and procedures (PMP) under Benin's procurement system, including its implementing legislation and decrees (Law No. 2017-04 of 19 October 2017 on the Public Procurement Code and its subsequent decrees and implementing regulations), using national standard bidding documents or other bidding documents as approved during project negotiations for low-complexity works and goods contracts provided for under the project and generally available in Benin, for which the fiduciary risk is considered relatively low.
- **The Bank's Procurement Methods and Procedures (BPM):** the Bank's standard procurement methods and procedures, based on relevant standard bidding documents for larger and more complex works and goods contracts, as well as consultancy services, deemed most appropriate.

4.1.2 Procurement Risk and Capacity Assessment (PRCA): country, sector and project risk assessment as well as assessment of the executing agency's procurement capacity were conducted and the results used to guide the decision on the choice of the procurement system (Borrower or Bank) for specific activities or set of similar activities under the project. The project executing agency is the Territorial Agricultural Development Agency of Pole 4 (ATDA4) supervised by the Ministry of Agriculture, Livestock and Fisheries (MAEP). ATDA4 is a financially autonomous social, cultural and scientific public institution/legal entity. ATDA4 is not fully operational because only members of the Board of Directors and some managers have been appointed. Consequently, the procurement risk is deemed high. The ATDA4 procurement bodies (Procurement Officer, Public Procurement Commission and Public Procurement Control Unit) do not exist, and staff of the Project Coordination Unit have not yet been appointed or recruited, including the procurement specialist to be dedicated to the project and who would have the necessary qualifications and experience. To reduce the risk to "moderate" or even "low", the Government has decided that ATDA4 will use the procurement organs of its parent ministry (MAEP) for procurement purposes. An assessment of MAEP's capacity, expertise and experience have revealed that it is competent in this regard, given its experience in managing several projects financed by various donors, including the Bank. Moreover, ATDA4 shall recruit a procurement specialist dedicated to the project, whose profile and qualifications shall be approved beforehand by the Bank. Furthermore, it shall set up its own procurement organs. The Borrower and the Bank shall agree on a procurement plan for the first 18 months of the project, which shall be updated annually or as required, to take into account actual project implementation needs. Any amendment to the plan shall be subject to the Bank's prior approval. Appropriate risk mitigation measures have been included in the PERCA action plan indicated in Paragraph B.5.9 of Annex B5.

4.1.3 Financial Management and Disbursement. ATDA4 was established on 27 February 2017. Appointed by the Council of Ministers on 13 June 2018, its Board of Directors comprises a Director General (DG), a Director of Administration and Finance (DAF) and technical staff. The PADEFA-ENA steering committee is presided by the Chairperson of the ATDA4 Board of Directors. However, it should be noted that ATDA4 still has no financial management system in place to guarantee transparency, traceability and accountability regarding the use of project funds. To get to that level, the Beninese Government shall first establish and operationalise ATDA4 by taking the following measures: (i) finalise the organisational chart in accordance with the principles of internal control, in particular the separation of incompatible functions, with the appointment/recruitment of managers, especially those in the Directorate of Administration and Finance (Heads of Administration and Maintenance, Accounting and Finance, Procurement) and staff assigned to them (Accountant, Cashier). It is worth mentioning that on 17 April 2018, the Government appointed an accountant to manage funds for ATDA4 operations. The accountant is under the supervision of the Inspectorate General of Finance and the Bureau in charge of analysis and investigation; (ii) prepare the Administrative, Financial and Accounting Procedures Manual covering expenditure management cycles (procedures for the procurement of goods and services), assets management (fixed assets, stocks), cash flow management (orders, disbursement, cash flow monitoring and control) and resource mobilization (capital call, direct payments), the accounting, financial and budgetary information cycle, the staff management cycle and the control and internal audit cycle; (iii) implement an integrated multi-project and multi-station management system for maintaining the project's budgetary, analytical and general accounts; the general accounting should be compatible with private commitment-type accounting, in line with SYSOHADA principles and norms; (iv) set up internal audit mechanisms within the General Directorate, by recruiting an internal auditor to ensure that the project's internal control system is operational and effective; and (v) establish external audit mechanisms, including the recruitment of independent external auditors in accordance with the terms of reference agreed with the Bank and in line with the Bank's requirement to submit audit reports by 30 June of the year following the year audited. Pending the establishment of project management and operationalisation structures, the overall fiduciary risk, including the inherent risk and the risk of non-control, and resulting from the assessment of the ATDA4's financial management capacity, will remain high. Details are provided in the Technical Annexes of the Appraisal Report. With regard to the line of credit component and/or a guarantee fund to partner banks to finance targeted and/or dedicated investments in the cashew nut production, processing and marketing sector, an agreement will be signed with the National Agricultural Development Fund (FNDA). An assessment of the FNDA has shown that it is relatively new given its date of establishment; its structure is gradually being set up. Although not all key positions have yet been filled, there is a recruitment plan in place to address this weakness in the very short term. The Fund is supported by the Government of Benin and certain technical and financial partners, including the Swiss Agency for Development and Cooperation, the Belgian Cooperation Agency and the European Union Delegation. Through various multifaceted support measures, the structure obtained all the management tools required for its operation as of end-2018, particularly the administrative, accounting and financial procedures manual, including an organisation chart and job descriptions, an operational procedures manual for various windows, and a monitoring/evaluation manual. Furthermore, the Fund also set up a computerised accounting and financial management system. However, these tools have not yet been put to the test since they were installed quite recently. Therefore, it is imperative that prior to allocating resources to FNDA: (i) the recruitment process for key staff must be finalised; (ii) staff must be trained on using the management tools and a copy of each manual must be given to every staff; (iii) the integrated accounting and financial management system must be configured to record expenditure by activity and resources by source of financing, since the FNDA is meant to receive funding from various sources.

Disbursements: Fund resources will be disbursed in accordance with Bank rules and procedures, particularly as contained in the Disbursement Manual. The following three payment methods will be used: (i) direct payment for the procurement of works, goods and services; (ii) the special account method for operating expenses to be charged to the ADF grant. A special account will also be opened under the ADF loan to receive facilitation funds meant for the FNDA; and (iii) reimbursement for expenditures pre-financed by the Borrower/Donor, in agreement with the Bank. The FNDA will open a dedicated account only for facilitation funds transferred periodically from the dedicated loan account. Two agreements will be signed in this regard: (i) an agreement between the Donor and FNDA specifying the terms and conditions for providing the funds,

including FNDA management fees and any interest during reimbursement to the *Caisse Autonome d'Amortissement* (CAA); (ii) an agreement between FNDA and the *Caisse Autonome d'Amortissement* (CAA) specifying the terms and conditions for reimbursing the funds to CAA upon project completion and where applicable, after a grace period. FNDA will be required to check the loan applications to be financed, in addition to closely monitoring the funds disbursed to financial service providers. Regular reports will be prepared and forwarded to both the project and the Bank. Facilitation funds will be disbursed based on a six-monthly budget through approved applications. Regular periodic reports will be produced and forwarded to the project and the Bank. A counterpart account will be opened to receive counterpart funds. The fiduciary risk of cash management will remain high if the above provisions, which guarantee the permanent availability of counterpart funds, are not adopted.

4.1.4 External Audit. Project audit shall be carried out by an audit firm acceptable to the Bank, recruited for a period of one year renewable, depending on the quality of services delivered and over a period not exceeding three financial years. The terms of reference shall require the Bank's approval and include yearly audit of funds made available to FNDA, at the same time as the project itself. The auditor shall give an opinion on the performance of the special account, its compliance with contractual clauses, the performance of agreements and dossiers submitted and financed. Upon project completion, this mission will be entrusted to FNDA's external auditor and a copy of the auditor's reports shall be sent to the Bank. The ATDA4 shall forward the PADEFA-ENA audit reports to the Bank latest 30 June of the year following the end of the audited financial year. Audit fees will be paid from project resources, using the direct payment method.

4.2. Monitoring

4.2.1 The project will be implemented over five years, from the first quarter of 2019. The Bank will organise the launch mission when the team is in place and all necessary conditions have been met for a quick and efficient start of the project.

4.4.2 Internal monitoring/evaluation will be provided by the project's Internal Monitoring and Evaluation Department (SSEI), and will cover physical and financial monitoring, by component and expenditure category, in addition to assessing the project's impact on beneficiaries and the environment using relevant indicators established in a concerted manner. The SSEI will be supported in the beginning by a consultant to establish/confirm the baseline situation, and implement a monitoring and evaluation system incorporating verifiable indicators. The baseline study will include the gender profile in agriculture, to deepen the knowledge of beneficiary groups, especially on socio-economic aspects. This system must be operational latest six months after project take-off. In this regard, the project will produce quarterly and annual activity reports highlighting implementation status and outcomes of various components, in line with the performance indicators set out in the logical framework.

4.2.3 The MAEP Directorate of Planning and Forecasts (PPD/MAEP) will be charged with external monitoring and evaluation, jointly with CAA and DGFD. The project will make resources required for this purpose available to the DPP, CAA and DGFD. Provision has been made for a mid-term review to ensure that the project is running smoothly and to propose any necessary adjustments. A joint final assessment is also scheduled towards the end of the project to draw lessons and build on project achievements. The AfDB Country Office in Benin will play an important role and participate in Bank supervision missions and monitoring meetings organised by the Government. In addition, the Bank will monitor the implementation of project activities through quarterly progress reports submitted by the PMU. Below is a summary of the project implementation schedule.

Table 4.2.3: Implementation and Supervision Schedule

Appraisal	June 2018	ADF
Preparation of priority RFPs and BDs	June 2019-June 2020	ATDA 4/MAEP
ADF loan and grant negotiations	End-February 2019	GVT/ADF
ADF loan and grant approval	27 March 2019	ADF
Signature	April 2019	ADF/GVT

PMU recruitment	January-April 2019	Consulting Firm/GVT/ADF
ADF loan ratification	2 nd quarter 2019	GVT
Authorisation of first disbursement	2 nd quarter 2019	ADF
Project launch	July 2019	ADF/GVT/PMU
Signing of agreements	August-October 2019	PMU/Technical Departments
Preparation of remaining DPs and BDs	2 nd semester 2019	PMU/ATDA 4
Execution of works and services	2019 – 2020	Contractors/Firms/PMU
Midterm review	December 2021	ADF/GVT/PMU
Project closing date	30 June 2024	PMU/GVT/ADF
Completion report	1 st semester 2024	ADF/GVT

4.3. Governance. Progress has been made in economic and financial governance. Reforms have been implemented to strengthen public finance management and mitigate fiduciary risks. However, there is still need for improvements with regard to domestic resource mobilization, public resource programming and allocation. Although progress has been made in aligning the public procurement system with WAEMU guidelines, sluggish procurement persists as one of the main weaknesses that hamper the implementation of development programmes.

4.4. Sustainability. The project aims to initiate real sustainable development, by placing sector stakeholders at the heart of decision-making while building their capacity to assume new responsibilities. An intervention process governed by eligibility criteria will be adopted to ensure the effective involvement of beneficiaries and avoid potential conflicts. The project will support communities to enhance their technical and organisational capacity, thereby fostering better expertise and ownership. Specifically, committees will be set up or revitalised at site for the proper management and regular maintenance of collective socio-economic infrastructure. Private sector involvement in cashew nut processing and marketing activities is also a guarantee for sustaining the dynamics of the value chain. The sustainability issue, including the maintenance and management of infrastructure set up, was a central concern during project design. Therefore, measures will be taken for each type of infrastructure to ensure proper management and maintenance: maintenance of rehabilitated rural roads (comprehensive agreement signed with municipal councils); private sector involvement (through a PPP mechanism) in the management of storage warehouses; and the establishment of committees to manage improved village water supply systems.

4.5. Risk Management. The foreseeable inherent project risks include: (i) risk related to land conflict. This could be mitigated by supporting the social assessment process for cashew plantations to be rehabilitated and new farms to be established. In this regard, the project provides support for land tenure security at the sites; (ii) transhumance risk, which could be mitigated by supporting municipal councils in developing endogenous conflict management mechanisms; and (iii) risk related to the low level of support from stakeholders in the sector, which will be mitigated through information/awareness campaigns and support for strengthening cooperatives and trading platforms at all levels of the value chain; (iv) as regards the risk of work execution delays, the mitigation measures would include having recourse to suitable procurement and parcelling methods, bidding documents for service roads and construction of storage warehouses prepared with the assistance of the delegated contracting authority.

4.6. Knowledge Building. PADEFA-ENA will contribute to the training and knowledge consolidation of the various stakeholders, especially producers, through Component B "Develop value chains", especially thanks to the support and training provided by technical departments in terms of outreach, structuring and organisation. Using inclusive methods, it will also enable young people and women to develop technical and entrepreneurial skills, and to set themselves up on lands with infrastructure and modern farming equipment. Finally, the project will establish an integrated knowledge management and sharing system for project

activities through the regular dissemination of knowledge and experience on its website and that of ATDA4.

V. LEGAL FRAMEWORK

5.1. Legal Instrument

An ADF Loan Agreement and an ADF Grant Protocol Agreement between the Republic of Benin and the Bank Group will be the legal framework for the project.

5.2. Conditions for ADF Involvement

5.2.1. Conditions precedent to grant and loan effectiveness: "The effectiveness of the Loan Agreement is subject to the Borrower fulfilling the conditions set forth in Section 12.01 of the General Conditions Applicable to Loan Agreements and Fund Guarantee Agreements. The effectiveness of the Grant Protocol Agreement is subject to its signature by the Fund and the Donee as provided for in Section 10.01 of the General Conditions Applicable to Grant Agreements of the Fund".

5.2.2 Conditions precedent to first disbursement of the grant and loan: The Fund's obligation to make the first disbursement of the grant and loan shall be subject to the respective effectiveness of the Grant Protocol Agreement and the Loan Agreement, as stated in paragraph 5.2.1 above, and evidence of fulfilling the following conditions to the Fund's satisfaction, both in form and in substance: (a) evidence of finalisation of the organization chart of the Executing Agency and of the appointment by Ministerial Order or of the recruitment of the following to the Directorate of Administration and Finance of the Executing Agency: (i) Director of Administration and Maintenance; (ii) Director of Accounting and Finance; and (iii) Director of Procurement; (b) evidence of appointing the following key members of the Project Steering Committee by Ministerial Order: (i) a Chairperson, from the Ministry of Agriculture, Livestock and Fisheries (MAEP); (ii) a Vice-Chairperson, from the Directorate General for Development Finance (DGFD/MPD); and (iii) a Technical Secretary, from the Executing Agency; (c) evidence that the following key project management unit members, whose qualifications and experience would have been deemed satisfactory by the Fund, have been recruited on a competitive basis: (i) a procurement specialist; and (ii) an administrative and financial officer; (d) evidence of the preparation and deployment of a project administrative, financial and accounting procedures manual, including procurement procedures, the terms of which would have been deemed satisfactory by the Fund; (e) evidence of the appointment or recruitment of an internal auditor and a management controller within FNDA, whose qualifications and experience would have been deemed satisfactory by the Fund; and (f) evidence of the signature between the Borrower, the *Caisse Autonome d'Amortissement* (CAA) and FNDA, of the agreement to on-lend a portion of the loan resources, the terms and conditions of which would have been deemed acceptable by the Fund.

5.2.3 Other Conditions: Benin shall also provide the Fund, latest three (3) months following the first disbursement of the loan and the grant, with evidence of recruiting: (i) a monitoring and evaluation manager; (ii) a specialist in promoting producer organisations and gender; (iii) an environmental and social safeguards specialist; and (iv) a chief accountant, whose qualifications and experience will be submitted to the Fund for prior approval; (ii) evidence of procuring an integrated and computerised system for the financial management of PADEFA-ENA activities, as well as evidence that an administrative, financial and accounting procedures manual has been prepared; (iii) evidence of signature of a delegated contracting authority (MOD) agreement concluded between a delegated contracting authority, recruited on a competitive basis, and PADEFA-ENA to build part of the agricultural infrastructure; and (iv) evidence of finalising the recruitment process and filling all key positions within FNDA.

5.3. Compliance with Fund Policies

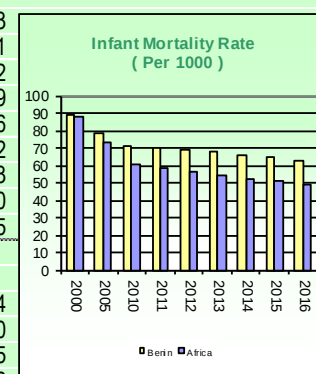
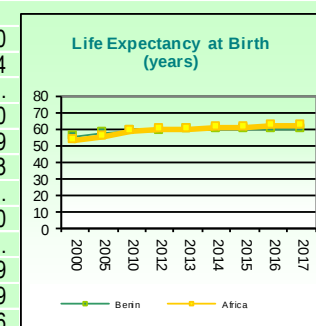
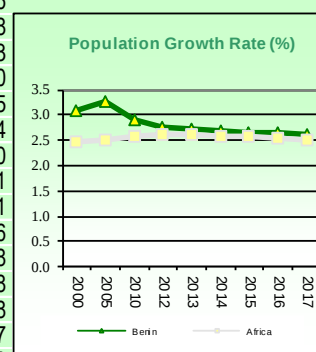
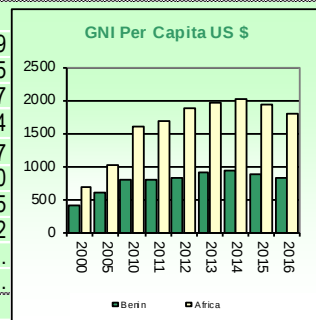
The project complies with all applicable Fund policies. It will be implemented as part of the Bank's intervention strategy in Benin as outlined in CSP 2017-2021.

VI. RECOMMENDATION

Management hereby recommends that the Board of Directors of the Fund approve the proposal to award an ADF loan of UA 7.12 million and an ADF grant of UA 5.91 million to the Republic of Benin to finance the Cashew Nuts Sector and Agricultural Entrepreneurship Development Support Project (PADEFA-ENA) in Benin, and under the conditions set out in this report

APPENDIX I. COMPARATIVE SOCIO-ECONOMIC INDICATORS OF THE REPUBLIC OF BENIN

	Year	Benin	Africa	Developing Countries	Developed Countries
Basic Indicators					
Area ('000 Km²)	2017	115	30,067	80,386	53,939
Total Population (millions)	2017	11.5	1,184.5	5,945.0	1,401.5
Urban Population (% of Total)	2017	44.8	39.7	47.0	80.7
Population Density (per Km²)	2017	101.6	40.3	78.5	25.4
GNI per Capita (US \$)	2016	820	2 045	4 226	38 317
Labor Force Participation * - Total (%)	2017	71.3	66.3	67.7	72.0
Labor Force Participation ** - Female (%)	2017	69.8	56.5	53.0	64.5
Sex Ratio (per 100 female)	2017	99.6	0.801	0.506	0.792
Human Develop. Index (Rank among 187 countries)	2015	167	...	...	...
Popul. Living Below \$ 1.90 a Day (% of Population)	2015	49.5	39.6	17.0	...
Demographic Indicators					
Population Growth Rate - Total (%)	2017	2.6	2.6	1.3	0.6
Population Growth Rate - Urban (%)	2017	3.6	3.6	2.6	0.8
Population < 15 years (%)	2017	41.6	41.0	28.3	17.3
Population 15-24 years (%)	2017	20.1	3.5	6.2	16.0
Population >= 65 years (%)	2017	2.9	80.1	54.6	50.5
Dependency Ratio (%)	2017	80.3	100.1	102.8	97.4
Female Population 15-49 years (% of total population)	2017	24.2	24.0	25.8	23.0
Life Expectancy at Birth - Total (years)	2017	60.2	61.2	68.9	79.1
Life Expectancy at Birth - Female (years)	2017	61.7	62.6	70.8	82.1
Crude Birth Rate (per 1,000)	2017	34.8	34.8	21.0	11.6
Crude Death Rate (per 1,000)	2017	9.0	9.3	7.7	8.8
Infant Mortality Rate (per 1,000)	2016	63.1	52.2	35.2	5.8
Child Mortality Rate (per 1,000)	2016	97.6	75.5	47.3	6.8
Total Fertility Rate (per woman)	2017	4.5	4.6	2.6	1.7
Maternal Mortality Rate (per 100,000)	2015	405.0	411.3	230.0	22.0
Women Using Contraception (%)	2017	18.8	35.3	62.1	...
Health & Nutrition Indicators					
Physicians (per 100,000 people)	2016	15.3	46.9	118.1	308.0
Nurses and midwives (per 100,000 people)	2016	59.8	133.4	202.9	857.4
Births attended by Trained Health Personnel (%)	2014	77.2	50.6	67.7	...
Access to Safe Water (% of Population)	2015	77.9	71.6	89.1	99.0
Access to Sanitation (% of Population)	2015	19.7	51.3	57	69
Percent. of Adults (aged 15-49) Living with HIV/AIDS	2016	1.0	39.4	60.8	96.3
Incidence of Tuberculosis (per 100,000)	2016	59.0	3.8	1.2	...
Child Immunization Against Tuberculosis (%)	2016	96.0	245.9	149.0	22.0
Child Immunization Against Measles (%)	2016	74.0	84.1	90.0	...
Underweight Children (% of children under 5 years)	2014	18.0	76.0	82.7	93.9
Prevalence of stunting	2014	34.0	20.8	17.0	0.9
Prevalence of undernourishment (% of pop.)	2015	10.3	2 621	2 335	3 416
Public Expenditure on Health (as % of GDP)	2014	2.3	2.7	3.1	7.3
Education Indicators					
Gross Enrolment Ratio (%)					
Primary School - Total	2015	132.5	106.4	109.4	101.3
Primary School - Female	2015	127.6	102.6	107.6	101.1
Secondary School - Total	2015	58.8	54.6	69.0	100.2
Secondary School - Female	2015	48.9	51.4	67.7	99.9
Primary School Female Teaching Staff (% of Total)	2015	23.9	45.1	58.1	81.6
Adult literacy Rate - Total (%)	2012	32.9	61.8	80.4	99.2
Adult literacy Rate - Male (%)	2012	45.0	70.7	85.9	99.3
Adult literacy Rate - Female (%)	2012	22.1	53.4	75.2	99.0
Percentage of GDP Spent on Education	2015	4.4	5.3	4.3	5.5
Environmental Indicators					
Land Use (Arable Land as % of Total Land Area)	2015	23.9	8.6	11.9	9.4
Agricultural Land (as % of land area)	2015	33.3	43.2	43.4	30.0
Forest (As % of Land Area)	2015	38.2	23.3	28.0	34.5
Per Capita CO2 Emissions (metric tons)	2014	0.6	1.1	3.0	11.6



Sources : AfDB Statistics Department Databases; World Bank: World Development Indicators;

last update :

May 2018

UNAIDS; UNSD; WHO, UNICEF, UNDP; Country Reports.

Note : n.a. : Not Applicable ; ... : Data Not Available. * Labor force participation rate, total (% of total population ages 15+)

** Labor force participation rate, female (% of female population ages 15+)

**APPENDIX II: BANK PORTFOLIO IN BENIN
AS OF 31 DECEMBER 2018**

NATIONAL PROJECTS		Project	Approval	Signature	Closing Date	Approved Amount (UA)	Disbursed Amount (UA)	Disb. Ratio
1	Ouémé Valley Rural Infrastructure Support Project		30/09/2013	25/11/2013	30/06/2016	275 695.83	275 695.83	100.00
	Ouémé Valley Rural Infrastructure Support Project		30/09/2013	25/11/2013	30/06/2016	275 695.83	275 695.83	100.00
	Ouémé Valley Rural Infrastructure Support Project		23/10/2013	09/01/2014	31/12/2020	39 500 000.00	11 562 437.88	29.27
	Ouémé Valley Rural Infrastructure Support Project		23/10/2013	09/01/2014	31/12/2020	530 000.00	152 255.93	28.73
	Ouémé Valley Rural Infrastructure Support Project		23/10/2013	17/10/2014	31/12/2020	5 189 675.43	1 424 223.86	27.44
2	Support for food production and strengthening resilience		07/10/2015	16/11/2015	31/12/2021	17 298 918.10	3 045 845.54	17.61
3	PIDACC/BENIN		07/11/2018			3 000 000.00	0.00	0.00
4	PAGEFCOM II - Communal Forests Management		30/03/2017	10/04/2017	31/12/2021	5 000 000.00	337 273.36	6.75
	PAGEFCOM II - Communal Forests Management		30/03/2017	10/04/2017	31/12/2020	631 927.43	83 234.87	13.17
	PAGEFCOM II - Communal Forests Management		30/03/2017	10/04/2017	31/12/2021	1 893 673.64	26 045.37	1.38
5	Parakou Urban Transport Project		19/09/2014	17/10/2014	31/12/2020	23 800 000.00	11 409 524.50	47.94
	Parakou Urban Transport Project		19/09/2014	17/10/2014	31/12/2020	1 341 800.67	328 103.60	24.45
	Parakou Urban Transport Project – Supplementary Loan		03/06/2015	15/09/2015	31/12/2020	11 530 000.00	4 427 361.68	38.40
6	Cotton Route Development Programme		13/12/2018			98 096 632.50	0.00	0.00
	Cotton Route Development Programme		13/12/2018			35 327 220.53	0.00	0.00
7	Programme to support Benin's Economic Competitiveness		31/10/2018	12/11/2018	30/06/2020	4 830 000.00	0.00	100.00
	Programme to support Benin's Economic Competitiveness		31/10/2018	12/11/2018	30/06/2020	2 170 000.00	2 170 000.00	100.00
8	Reduction of SONEB Water Losses		12/10/2015	16/11/2015	30/06/2020	6 000 000.00	2 530 280.45	42.17
9	RICC - PNE Project BENIN		10/10/2017	12/03/2017	28/02/2020	466 596.15	59 800.00	12.82
10	Migrant Remittances OITFM-BENIN		30/11/2015	08/12/2015	30/06/2019	258 620.69		
11	Restructuring and Strengthening of the Distribution System		12/12/2017	06/03/2018	31/12/2020	6 440 000.00	0.00	0.00
	Restructuring and Strengthening of the Distribution System		12/12/2017	06/03/2018	31/12/2020	5 170 000.00	0.00	0.00

TOTAL A 268 750 760.97 37 832 082.87 14.08%

REGIONAL PROJECTS								
12	Benin /Togo: Lomé-Cotonou Road Rehabilitation Project and Transport Facilitation		05/10/2011	02/12/2011	30/09/2018	38 870 000.00	34 837 231.60	89.62
	Benin /Togo: Lomé-Cotonou Road Rehabilitation Project and Transport Facilitation		05/10/2011	02/12/2011	30/09/2018	34 270 000.00	25 785 315.93	75.24
13	Benin/Togo: Lomé-Cotonou Road Rehabilitation Project and protection against coastal erosion Phase 2		16/12/2016	07/03/2017	31/12/2021	1 000 000.00	0.00	0.00
14	Abidjan-Lagos Corridor Development Study		21/09/2016	07/03/2017	31/12/2022	1 000 000.00	0.00	0.00

TOTAL B 75 140 000.00 60 622 547.53 80.68%

**TOTAL
A+B 343 890 760.97 98 454 630.40 28.63%**

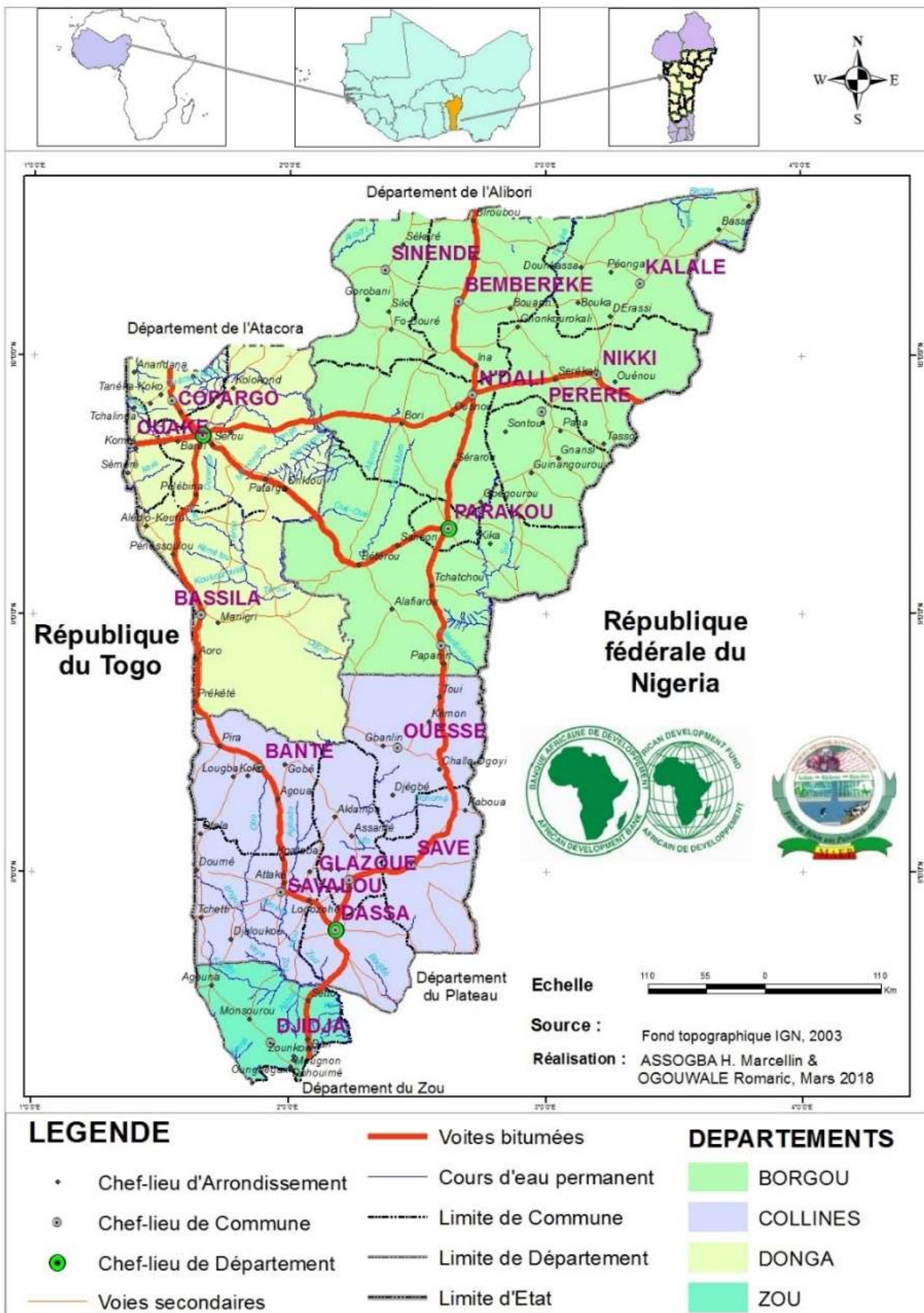
Appendix III. Key Related Projects Financed by Other Development Partners

N°	Project Name	Period of Activity	Financing Amount (CFAF million)	Project Area	Source of Financing
1	Project to support food production and strengthen resilience in Alibori, Borgou and Collines Divisions (PAPVIRE-ABC).	2015-2021	11664	Alibori, Borgou, Collines	AfDB
2					
3	Project for the Extension of Inland Aquaculture Extension in Benin - Phase 2 (ProVAC-2)	2017-2022	3 813	Nationwide	JICA
4	Agricultural Diversification Support Project (PADA) - Supplementary Financing	2012-2017	30 600	Nationwide	WB
5	West African Agricultural Productivity Project (WAPP)	2012-2016	7 799,3	Nationwide	WB (IDA)
6	Adapted Rural Financial Services Promotion Project (PAPSFRA)	2014-2022	16 881,38	59 municipal councils, 22 of which are densely populated	IFAD
7	Marshland Development Support Project (PADMAR)	2017-2023	29 000	27 municipal councils in the Atlantique, Couffo, Littoral, Mono, Ouémé, Plateau, Zou divisions	IFAD
8	Milk and Meat Sector Support Project (PAFILAV)	2010-2017	21 700	Banikoara, Kandi, Gogounou, Nikki, Kalalé, Pèrèrè, Bembèrèkè, Tchaourou, Parakou, Péhunco, Bassila, Adjara, Sèmè-Podji, Dangbo, Kétou, Pobè, Comé, Djakotomey, Zagnanado, Djidja, Savè, Savalou, Abomey-Calavi, Toffo et Tori-Bossito Municipalities	AfDB
9	Integration Rural Irrigation Development Project (PDPIM)	2016-2019	12 600	Atacora/Donga, Borgou/Alibori and Zou/Collines	IsDB
10	Support to research programmes to generate technologies for Adaptation and Resilience of Agricultural Sectors to Climate Change	2016-2020	5 463	Nationwide	CORAF/ WECARD/ WEF
11	Smallholder Agricultural Productivity Improvement Programme (PAPAPE)	2014-2018	7 350	Banikoara, Kandi, Gogounou, Bembèrèkè, Kalalé, N'Dali, Nikki, Boukoumbé, Péhunco, Kérou, Kouandé, Matéri, Ouaké, Djougou, Bantè, Dassa-Zoumé, Glazoué, Ouèssè, Djidja, Agbangnizoun, Za-Kpota, Zogbodomè, Allada, Toffo, Avrankou, Kétou, Comè, Djakotomey et Klouékanmè	IsDB
12	Food Security Project through Lowland Development and Building of Storage Capacity in Benin (PSAAB)	2012-2017 2020	12 491	Abomey-Calavi, Adja-Ouèrè, Adjohoun, Agbangnizoun, Athiémié, Bassila, Bantè, Bopa, Bonou, Boukoumbé, Cobly, Copargo, Dogbo, Covè,	BOAD

				Gogounou, Karimama, Kétou, Klouékanmè, N'Dali, Savalou, Sinendé, Tanguiéta, Zè and Zogbodomey	
13	PROAGRI PHASE 3	2017-2020	14 230	ATACORA-DONGA; BORGOU-ALIBORI ; ZOU-COLLINES	BMZ
14	Lower Mono River Valley Irrigation Development Project (PAH-Mono)	2012-	1 295	Athiémé	BN
15	Programme to Develop Agriculture in Benin's Municipal Councils (PDAC)	2012-2016-2019	4 955	Gogounou, Kandi, Malanville, Karimama, Ségbana, Kérou, Natitingou, Matéri, Allada, Tori-Bossito, Toffo, Kpomassè, Tchaourou, N'Dali, Pèrèrè, Kalalé, Bembéréké, Glazoué, Savè, Ouèssè, Dogbo, Djakotomey, Klouékanmey, Djougou, Copargo, Athiémé, Kétou, Sakété, Pobè, Grand Popo, Sèmè-Podji, Za-Kpota, Djidja, Abomey-Calavi, Ouidah, Savalou, Parakou, Cotonou, Bantè, Covè, Zagnanado, Ouinhi, Zogbodomey, Coby, Tanguiéta	Kuwait Fund
16	Food Security through Intensive Agricultural Development Project (PSAIA)	2007-2012-2018	4 041	Kandi, Péhunco, Djougou, Tchaourou, Glazoué, Lalo, Tori-Bossito and Dangbo	BOAD
17	CARDER Capacity Building Intervention Support Project (PARCI-CARDER)	2015-2019	16 010	Nationwide	BN
18	Ouémé Valley Agricultural Infrastructure Support Project (PAIA-VO)	2014-2020	37 742	15 municipal councils distributed in three divisions: Ouémé- Zou-Atlantique	ADF WEF
19	Rural Economic Growth Support Project (PACER)	2010-2016	15 749,879	307 villages in densely populated areas throughout the country	FIDA SDF
20	Rural Economic Growth Support Project (PACER) "RURAL ROADS" COMPONENT	2017-2018	6 366	18 municipalities	BOAD
21	National Agricultural Census (RNA)	2018	13 093 000	Nationwide	BN
22	Food Security and Resilience Building Project (ProSAR)	2015-2021		Natitingou, Toucountouna and Tanguiéta Municipalities.	GIZ
23	Green Innovation Centres Project for the Agri-Food Sector (ProCIVA)	2015-2017-2021	7.205	Sinendé, Bembéréké, Kalalé ; Gogonou, Ségbana, Kandi ; Zogbodomey, Abomey, Zakpota, Zagnanado, Bohicon, Djidja, Agbangnizoun, Covè, Ouinhi ; Bantè and Savalou	GIZ

24	Project to Protect and Rehabilitate Soils for Improved Food Security (ProSOL)	2015-2017-2018/2020	4 198	Abomey, Bohicon, Zogbodomey, Agbangnizou, Djidja, Covè, Zagnanado, Ouinhi, Zakpota, Savalou, Bantè, Borgou, Bembéréké, Kalalé, Sinendé, Alibori Kandi, Gogounou, Ségbana, Banikoara	BMZ/GIZ
25	Agricultural Sector Development Support Programme (PROFI): institutional and operational support component to improve the productivity and profitability of the rice, market gardening and cashew nut sectors	Finished in 2018		Nationwide	CTB
26	Municipalities Development Support Fund, Agriculture Component (FADeC-Agriculture)	2015-	10 000	Nationwide	
27	Multi-Sector Food, Health and Nutrition Project (PMASN)	2014-2019	14 000	Ouesse, Ounhi, Zagnanado, Toffo, Zè, Boukombé, Cobly, Copargo, Ouaké, Banikoara, Karimama, Nikki, Tchaourou, Adja-Ouèrè, Aguégoués, Bonou, Sakété, Dogbo, Lalo, Athiémé, Bopa	WB
28	Project to Support Agricultural Development in the Collines (PADAC)	2016-2021		Bantè, Savalou, Glazoué, Dassa-zoumè, Ouèssè and Savè	AFD

Appendix IV. Map of the Project Area



AFRICAN DEVELOPMENT FUND

BOARD OF DIRECTORS

Resolution N° F/BJ/2019/09

Adopted by the Board of Directors, on a lapse-of-time basis, on 3 April 2019

Loan to the Republic of Benin to finance part of the costs of the Cashew Nuts Sector and Agricultural Entrepreneurship Development Support Project (PADEFA-ENA)

THE BOARD OF DIRECTORS,

HAVING REGARD to: (i) Articles 1, 2, 11, 12, 14, 15, 16, 26 and 30 of the Agreement Establishing the African Development Fund (the “Fund” or “ADF”); (ii) the Report on the Fourteenth General Replenishment of the Resources of the Fund (“ADF-14”); (iii) the applicable ADF-14 Country Resource Allocation; and (iv) the appraisal report contained in document ADF/BD/WP/2019/39/Approval (the “Appraisal Report”);

NOTING the availability of sufficient resources to enable the Fund to commit the amount of the loan;

DECIDES as follows:

1. To award to the Republic of Benin (the “Borrower”), from the resources of the Fund, a loan of an amount not exceeding the equivalent of Seven Million, One Hundred and Twenty Thousand Units of Account (UA 7,120,000) (the “Loan”) to finance part of the costs of the Cashew Nuts Sector and Agricultural Entrepreneurship Development Support Project (PADEFA-ENA);
2. To authorize the President to conclude a loan agreement between the Fund and the Borrower (the “Loan Agreement”), on the terms and conditions specified in the General Conditions Applicable to the African Development Fund Loan Agreements and Guarantee Agreements (Sovereign Entities), the Appraisal Report and in particular, the terms and conditions specified herein below:
 - (i) The duration of the Loan shall be forty (40) years including a grace period of five (5) years (the “Grace Period”) commencing on the date of signature of the Loan Agreement. During the Grace Period, service charge and commitment charge shall be payable;
 - (ii) The Loan shall be amortized over a period of thirty-five (35) years after the expiration of the Grace Period, at the rate of two point eight six per cent (2.86%) per annum, in equal and consecutive semi-annual instalments payable on 1 April and 1 October of each year (each a “Payment Date”), and the first of such instalments shall be payable on the Payment Date immediately following the expiration of the Grace Period;
 - (iii) A service charge at the rate of zero point seventy-five per cent (0.75%) per annum on the disbursed and outstanding balance of the Loan shall be payable semi-annually on a Payment Date; and
 - (iv) A commitment charge at the rate of zero point five per cent (0.5%) per annum on the undisbursed portion of the Loan shall begin to accrue one hundred and twenty (120) days after the date of signature of the Loan Agreement and shall be payable on a Payment Date;
3. The President may cancel the Loan if the Loan Agreement is not signed within ninety (90) days from the date of approval of the Loan by this Board; and
4. This Resolution shall become effective on the date above-mentioned.

AFRICAN DEVELOPMENT FUND

BOARD OF DIRECTORS

Resolution N° F/BJ/2019/10

Adopted by the Board of Directors, on a lapse-of-time basis, on 3 April 2019

Grant to the Republic of Benin to finance part of the costs of the Cashew Nuts Sector and Agricultural Entrepreneurship Development Support Project (PADEFA-ENA)

THE BOARD OF DIRECTORS,

HAVING REGARD to: (i) Articles 1, 2, 11, 12, 14, 15, 16, 26 and 30 of the Agreement Establishing the African Development Fund (the “Fund” or “ADF”); (ii) the Report on the Fourteenth General Replenishment of the Resources of the Fund (“ADF-14”); (iii) the applicable ADF-14 Country Resource Allocation; and (iv) the appraisal report contained in document ADF/BD/WP/2019/39/Approval (the “Appraisal Report”);

NOTING the availability of sufficient resources to enable the Fund to commit the amount of the grant;

DECIDES as follows:

1. To award to the Republic of Benin (the “Recipient”), from the resources of the Fund, a grant of an amount not exceeding the equivalent of Five Million, Nine Hundred and Ten Thousand Units of Account (UA 5,910,000) (the “Grant”) to finance part of the costs of the Cashew Nuts Sector and Agricultural Entrepreneurship Development Support Project (PADEFA-ENA);
2. To authorize the President to conclude a protocol of agreement between the Fund and the Recipient (the “Protocol of Agreement”) on the terms and conditions specified in the General Conditions Applicable to Protocols of Agreement for Grants of the African Development Fund and the Appraisal Report;
3. The President may cancel the Grant if the Protocol of Agreement is not signed within ninety (90) days from the date of approval of the Grant by this Board; and
4. This Resolution shall become effective on the date above-mentioned.