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Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: 21-May-2019 | Report No: PIDISDSA23666



BASIC INFORMATION

A. Basic Project Data

Country Benin	Project ID P162599	Project Name Benin Digital Rural Transformation Project	Parent Project ID (if any)
Region AFRICA	Estimated Appraisal Date 13-May-2019	Estimated Board Date 01-Jul-2019	Practice Area (Lead) Digital Development
Financing Instrument Investment Project Financing	Borrower(s) Republic of Benin	Implementing Agency Ministère de l'Economie Numérique et de la Communication	

Proposed Development Objective(s)

To improve access and use of broadband services in rural communities and leverage digital solutions to improve value-chain efficiency, financial inclusion and access to markets.

Components

- Extending connectivity in rural areas
- Digital financial inclusion and skills
- Digital solutions for rural development
- Access to markets
- Project implementation

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	100.00
Total Financing	100.00
of which IBRD/IDA	100.00
Financing Gap	0.00

DETAILS

World Bank Group Financing



International Development Association (IDA)	100.00
IDA Credit	100.00

Environmental Assessment Category

B-Partial Assessment

Decision

The review did authorize the team to appraise and negotiate

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Other Decision (as needed)

B. Introduction and Context

Country Context

- Benin is a low-income economy which has made significant progress economically and politically over the last 25 years.** With a population of 11.2m, the Gross National Income per capita (Atlas method) was US\$ 800 in 2017, well below the Sub-Saharan Africa (SSA) regional average (US\$ 1,454). 52% of its population lives in urban areas, and the population and the economy are mostly concentrated in the southern parts of the country, close to the sea and the biggest cities of Cotonou, the economic capital, and Porto-Novo, the political capital. The economy of Benin remains dependent on subsistence agriculture, cotton production, and regional trade. The country’s recent enhanced growth performance has been supported by the Port of Cotonou, a vital regional trade hub with access to the interior of West Africa.
- However, economic growth since 2011 has been too low to achieve meaningful poverty reduction.** According the National Statistical Agency (INSAE), the national poverty headcount (\$1.25/day) actually increased from 37.5% in 2006 to 40.1% in 2015. In addition, the significant demographic growth over the past years and the low and non-inclusive pattern of growth have hindered the country’s efforts to curb persistent poverty. Benin did not meet most of the Millennium Development Goals (MDGs) by 2015, including targets on universal primary education, gender equality, child mortality, maternal health and global partnership for development¹. Benin is considered a low human development country, ranking 163rd out of 188 countries on the Human Development Index².
- The widening differences between urban and rural development hinders the achievement of shared prosperity and poverty elimination.** Significant disparities in poverty rates exist between urban areas

¹ UNSD, MDG Indicators (indicator availability varies by year).

² UNDP, Human development index report, 2018.



(36%) and rural areas (44%)³. Approximately 65 percent of all poor reside in rural areas. Rural populations suffer from inadequate infrastructures: only 15% of the rural population has access to electricity compared to 68% of the urban population; 72% of the rural population has access to potable water compared to 85% for urban population. Rural communities are also more vulnerable to climate and environmental disasters. For example, the floods in 2010 affected the poverty rates in four departments (Couffo, Collines, Mono and Zou) where the poverty rates between 2009 and 2011 increased to alarming levels, at least 5% above the national average of 36%.

4. **Low and stagnant productivity in the agriculture sector explains limited poverty reduction in rural areas.** Most rural poor are smallholder farmers, cultivating maize and yam for own consumption and sale and cotton, and producing oil-palm and fruits and vegetables as cash crops. Farming typically happens under rain-fed conditions using traditional means of production, like the hoe or oxen. Only 20 percent of the country's arable land is currently in use, so agricultural GDP growth has been the result of acreage expansion and increased labor effort as opposed to increases in productivity due to the use of improved inputs and technologies.
5. **A priority of the current government is to address governance issues that have impeded development progress in the past.** Since the 1990's, Benin has made significant strides in consolidating its political transformation to a multi-party democracy. Political transfer of power has occurred without incident and the effective separation of powers has enabled both parliament and the judiciary to act as a check on executive powers. President Patrice Talon, the cotton tycoon, was elected for a five-year term beginning in April 2016.
6. **The Government of Benin (GoB) outlined its objectives for inclusive growth and poverty reduction in its Government Action Plan 2016-2021 (*Programme d'Actions du Gouvernement, or PAG*).** The PAG is premised on the 2030 Agenda and outlines a three-pronged approach: (i) consolidation of democracy, the rule of law and good governance; (ii) structural transformation of the economy; and (iii) improved social well-being. The government launched several new investment initiatives to boost growth.⁴ These aim to increase the efficiency of public investment and state-owned enterprises, improve production capacity in the agriculture sector, develop the tourism sector and ensure access to water and electricity. However, financial constraints, a fragmented legislature and weak underlying administration capacities mean that progress on reforms and controversial restructurings may continue to be sluggish.

B. Sectoral and Institutional Context

Rural economy and rural agriculture

7. **The rural economy of Benin is mainly based on agriculture, and regional trade supported by the Port of Cotonou, a vital regional trade hub.** Agriculture⁵, which is the most important sector in terms of contribution to national GDP (36% of GDP) provides 70% of the country's employment, and accounts for 75 to 90% of official exports⁶. Most of the farms are small to medium size family properties. Their number was estimated to about 550,000 in 2011, with an average area at 1.7ha⁷.

³ INSAE, *Evaluation de la pauvreté au Bénin*, 2014. Nb. Though official poverty lines in Benin are commune-specific and are divided between urban and rural areas, which limits the comparability of data

⁴ Economist Intelligence Unit, Benin Country Report, 2017.

⁵ "Agriculture" here includes agriculture, animal husbandry, fishing, forest, and agribusiness.

⁶ Republic of Benin, INSAE, 2014.

⁷ Republic of Benin, MAEP, [Plan Stratégique de Relance du Secteur Agricole \(PSRSA\)](#), 2011.



8. **Agricultural growth is typically around 3% annually, often offset by the relatively high population growth (3%).** Cotton is the primary export commodity with 44% of official exports in 2014⁸, followed by fruits (except nuts) which represent 19% of national export, or an equivalent of 43,705.80 million FCFA. Cotton production and transformation have faced many challenges which undermine its profitability and contribution to sectoral growth over the past years.
9. **The rural economy, and especially agriculture, suffers from low-productivity due to five main constraints: (i) Enabling environment; (ii) Access to finance; (iii) Skills and technology; (iv) Access to markets; and Access to land:**
 - **Gap #1: Lack of enabling environment and lack of accurate relevant data** – The agriculture sector suffers from the absence of coherent policies and related certification norms and processes. The environment of the sector is characterized by low productivity and high levels of informality which impacts workers in terms of lower wages, job insecurity, and economic uncertainty. This manifests in:
 - (i) **A gap in access to knowledge**, as most producers are not aware of techniques to master water, adapt to climate change effects, and produce good quality inputs. The high level of illiteracy and the decrease of the number of agricultural extension workers impact the ability of the farmer to learn and apply the best methods to increase production efficiently, in a safe and sustainable way. An example of this is the degradation of soil fertility because of the use of inadequate farming techniques.
 - (ii) **A gap in the access to information on goods**, as stakeholders report an insufficient and unreliable information flow on the availability of seeds, tools, crops, and other inputs and harvest, which leads to massive loss of time and money.
 - **Gap #2 – Access to financial services** – Findex estimates 61.5 percent of the population in Benin had no access to financial services in 2017. Financial sector studies conducted by the World Bank show that addressing gaps will require a strong focus on development of digital financial services and development of partnerships between banks, microfinance institutions and mobile money solution providers for the development of innovative services, and a creation enabling ecosystem for digital financial services.
 - **Gap #3 – Skills and technology** – There is also the problem of adoption of digital tools. Most of the smallholders lack access to digital tools and the skills needed to use them, which results in a very low adoption rate. This is in addition to low levels of formal education attainment which means basic numeracy and literacy skills are low, further hampering the adoption of new technology.
 - **Gap #4 – Access to Markets** – Farmers cannot easily sell their products due to a lack of adequate transport infrastructure and market facilities. The bad state of roads within a generally poor context of transport infrastructure, means farmers are unable to connect to potential markets. This becomes especially difficult during the rainy period. Additionally, the lack of appropriate storerooms and markets are other major obstacles to the sale of crops

⁸ Republic of Benin, INSAE, *Echanges extérieurs au Benin*, 2014.



which leaves farmers with low bargaining power with buyers when supply is high. In addition, due to the size of the country and of its population, the national market is relatively small.

- **Gap #5 – Access to land** – There are many problems related to tenure and land insecurity because of the coexistence of two land law regimes: the customary (traditionally more used) and statutory (mandated by law). This leads to problems including degradation of the environment, the partition of the lands, which prevents the development of larger agriculture companies, and the hoarding of big tracks of land that are not used. As a result, only a small proportion of available land is cultivated. A new land regime, the *Plan foncier rural (PFR)* was introduced in 2007 to address this problem. The PFR process offers great potential in securing tenure rights for women for the first time in history in Benin. The issue of access to land is in part influenced by legal and cultural factors that may be challenging to be addressed solely by digital solutions and is beyond the scope of this project.

10. **The agriculture sector in Benin is experiencing the adverse effects of climate change. Climate change has negative impacts on food security and livelihoods in Benin, where 70 percent of the population, especially in rural areas, depend only on agriculture⁹.** Climate projections (CMIP5¹⁰) show that maximum daily temperatures, number of hot and very hot days, as well as the likelihood of annual severe droughts are expected to increase throughout the coming century.¹¹ The expected impact of climate change in Benin, especially the projected rise in temperature and rainfall is likely to compound the challenges already faced by the agriculture and forestry sectors, while the coastal areas will experience a sharp rise in sea level. The latter will threaten the people living along the coast where both income and population density is higher (between 250 and 1000 p/km², half of the population) than in other parts of Benin (from 0 to 250 p/km²). The negative consequences of intense and successive periods of drought and floods could affect food security: they may reduce the production of food by 6% by 2025 if no adaptive measures are taken.¹²
11. **Since agriculture is of the greatest importance for the Beninese economy, the sector will need to adopt adaptive measures to respond to the consequences of climate change that threaten food security.** Since agriculture is especially vulnerable to the consequences of climate change, it will disproportionately affect the poor, who depend on agriculture for their livelihoods and who have less capacity to adapt. Without adaptive measures such as enhanced crops and improved irrigation, agricultural production is expected to decrease by 3 to 18% in 2025¹³. The establishment of an early warning system, improved seed varieties, improved irrigation systems, and diversification of the economy will increase the country's resiliency and decrease its vulnerability to droughts.
12. **The four value chains targeted by the project are rice, maize, shea butter and vegetables, selected by the Ministry of Agriculture as priorities for the Northern regions covered by the project.** The choice of these value chains is based on their potential impact on food security, income and poverty reduction in a region currently characterized by high levels of food insecurity, poverty and vulnerability to climate change. As a matter of fact, these crops and their by-products are the main sources of livelihoods for

⁹Supporting climate resilient agriculture in Benin: UNDP, March 2018.

¹⁰ The CMIP5 experimental protocol was endorsed by the 12th Session of the WCRP Working Group on Coupled Modelling (WGCM) and is presented in the following document: Taylor, K. E., R. J. Stouffer and G. A. Meehl, 2009: A Summary of the CMIP5 Experiment Design

¹¹ World Bank Group Climate Change Knowledge Portal, Consulted February, 2019.

¹² Climate Change Profile: Benin; Report from Government of Netherlands, Feb 2019.

¹³ Ibid.



most of the population engaged in agriculture in the region, and finally female farmers are highly involved in these value chains (40%) especially shea butter (near 100%) and vegetables (more than 60%). By helping unleash the potentials of these value chains, the project would make a significant contribution to food and nutrition security, mitigation of expected impact of climate change in Benin, as well as increased incomes for the rural population and lead to poverty reduction.

Digital economy

13. **In Benin, the overall sector strategy and development falls under the responsibility of Ministry of Digital Economy and Communication** (*Ministère de l'Économie Numérique et de la Communication* - MENC). As part of the restructuring of the sector, a new body of law on electronic Communications and Post (No. 2017-20) was adopted on 20 April 2017 (*Code du Numérique*) and four major public players were born or consolidated over the last ten years:
- *The Authority for Regulation of Electronic Communications and Post* (ARCEP), an autonomous regulatory body, which became permanent on 9 October 2014.
 - *The Beninese Agency of Universal Service of Electronic communications and Post* (ABSU-CEP), in charge of managing the universal service fund of electronic communication and post, fed by the operators, was established on 30 December 2013.
 - *The Beninese Digital Development Agency* (ADN), established on 13 December 2017. Previously called the *Unité d'Exécution du Conseil du Numérique*.
 - *The Beninese Information Services and Systems Agency* (ASSI), the national entity in charge of the governance of Benin's secure information systems, and the development and implementation of programs structuring secure infrastructure, applications, services and information systems.

The three agencies, ABSUCEP, ADN and ASSI are in charge of the implementation of the national digital strategy, including internet access and digital services.

14. **The Benin telecommunication market has shown a noticeable growth in the last years.** It generated 260 billion of CFA¹⁴ (US\$442 million), which is 4.7% of the country GDP in 2018 from 1.4% in 2005. The part of revenue invested also grew from 35% in 2005 to 40.5%¹⁵, which represents 60.6 billion of CFA¹⁶ (US\$ 10 million) in 2014. Based on international indicators the ICT sector in Benin remains one of the least performing compared to other countries in the world. Several organizations which rank the ICT situation with different criteria (ICT connectivity and affordability, digital literacy, e-Government, e-Commerce) highlight the relatively poor global ranking of Benin, which is also ranked in the second half among Sub-Saharan African (SSA) countries.

¹⁴ GSMA Intelligence, *Market Data*, 2019.

¹⁵ World bank, *Little data book of ICT*, 2015.

¹⁶ Republic of Benin, ARCEP, *Annuaire statistique*, 2014.



Table 1: ICT Ranking of Cote d'Ivoire, Benin and Guinea by international institutions

Institution	Index used for ranking (2017)	Cote d'Ivoire		Benin		Guinea	
		World rank	SSA rank	World rank	SSA rank	World rank	SSA rank
World Bank	Digital Adoption Index (value range 0.0-1.0)	0.37		0.20		0.22	
International Telecommunications Union (ITU)	ICT Development Index (167 countries, 38 for SSA)	131	9	161	25	166	29
World Economic Forum (WEF)	Network Readiness Index (143 countries, 32 for SSA)	115	13	N/A		142	31
World Wide Web Foundation (WWWF)	Web Index (86 countries, 21 for SSA)	N/A		77	16	N/A	
U.N. Department of Economic and Social Affairs (UNDESA)	e-Gov. Index ^a (193 countries, 54 for Africa)	171	36	180	42	190	51
	e-Participation Index ^b (193 countries, 54 for Africa)	143	26	143	26	186	51
U.N Conference on Trade and Development (UNCTAD)	e-Commerce Index (130 countries)	N/A		119		130	

(a) Reflects how a country is using information technologies to promote access and inclusion of its people: provision of online services, telecommunication connectivity and human capacity;

(b) Focuses on the use of online services to facilitate provision of information by governments to citizens (e-information sharing), interaction with stakeholders (e-consultation), and engagement in decision-making processes (e-decision making).

15. **The ICT sector in Benin has produced mixed outcomes** – Mobile voice performs well but prices remain high. While mobile broadband is growing steadily, the fixed broadband remains in its infancy:

- **Mobile standard service (voice and SMS) penetration** – There were more than 9.4 million active SIM in Benin on December 2018 (ARCEP, December 2018) for a population of around 11.18 million (INSAE, 2017), that is a mobile penetration rate of 83.27%, compared to 77% for Sub-Saharan Africa. This could be explained by a multi SIM ownership phenomenon (about 1.86 SIM per subscriber according to GSMA Intelligence, 2015). The number of unique subscribers is estimated to about 4.9 million, that is a unique subscribers’ penetration rate of 44.61% (GSMA, 2018). Moreover, the regulator changed the methodology of counting the subscribers in 2015, by considering only active SIM.
- **Fixed broadband penetration** – Contrarily to the mobile market, fixed broadband penetration is in its infancy with 27,000 subscribers and 0.24% of penetration rate¹⁷ (down from 48,000 and 0.45% penetration rate before the liquidation of Benin Telecom SA) because of the many barriers to access: first, as in most African countries, the fixed phone penetration is very low at 1.80. In addition, subscribers are mainly enterprises and public institutions, of which less than third are connected by copper wireline. The rest are connected through wireless technology (CDMA). Therefore, the broadband Internet remains a service used by industry, government, and a few privileged households, far below the regional average of 4.6%.

¹⁷ Republic of Benin, ARCEP, *Annuaire statistique*, 2018.



- **Mobile broadband service penetration** – Despite a prominent growth of more than 600% in five years, the mobile broadband penetration, which represent 97.88% of total internet (fixed and mobile) market, was only 19.8% at the fourth quarter of 2018.
 - **ICT Retail Prices** – ICT services are expensive in Benin. The mobile cellular sub-basket was 13.8 \$US/month against a sub-Saharan average of 11.7\$US/month¹⁸, while the broadband sub-basket was 50.6 \$US/month against 44.9\$US/month. Despite the installation of an IXP and the reduction of the cost of international capacity due to the landing of a second submarine cable and the restructuration of historical operators, the price of internet service to the end users remains high and unaffordable for most Beninese.
16. Almost 63% of the population and 75% of public education and health institutions are in areas covered by 3G services. Conversely, the “white zones” include approximately 1.5 million inhabitants situated in 663 villages and 30 arrondissements. Almost 1000km of main roads and 1400 public establishments are not covered.

Table 2: 2G and 3G coverage in Benin (2017)

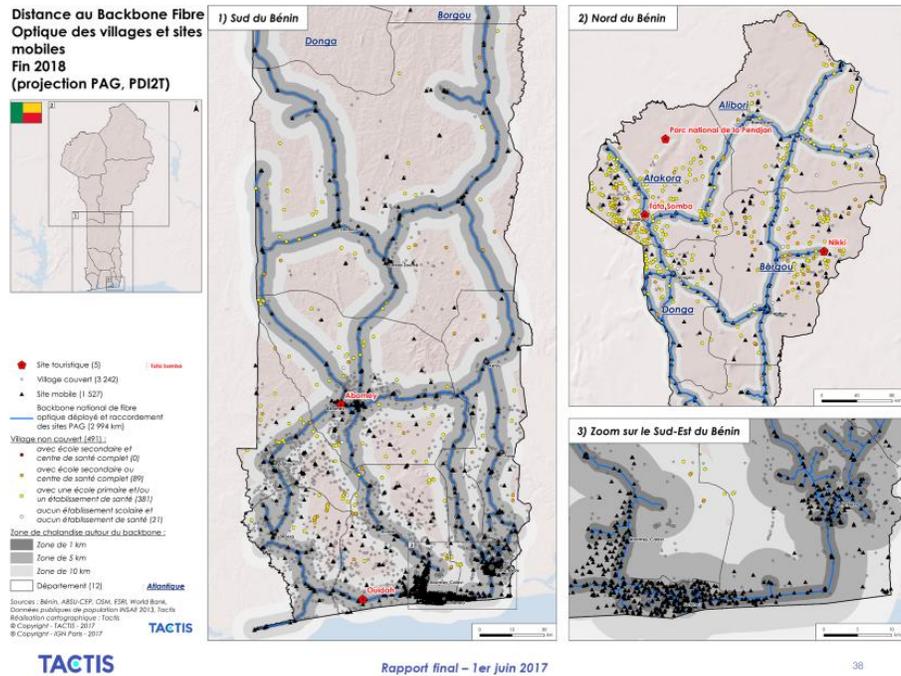
	3+ operators	2 operators	1 operator	None (white zone)	Total
Departments	12	0	0	0	12
Communes	71	6	0	0	77
Arrondissements	356	127	33	30	546
Villages	1,924	828	318	663	3,733
Population (million)	5.7	2.1	0.7	1.5	10
Main roads (km)	1,600	1,000	400	1,000	4,000
Primary schools	3,000	1,456	556	1,146	6,158
Secondary schools	417	158	59	54	688
Health sites	314	173	65	120	672
Partial health sites	100	63	19	68	250
Communes with >150,000	21	1	0	0	22

Source: TACTIS, 2017.

¹⁸ ITU; World bank, Little Data book of ICT, 2015.



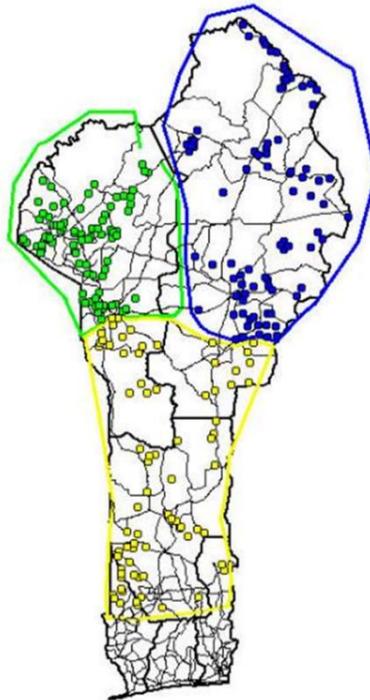
Map 1: Distance of villages from backbone and mobile sites in Benin (2018)



17. In 2015, 248 localities complained (formally expressed a desire to have their localities covered by broadband connectivity) to ABSU-CEP about the lack of coverage. The map below indicates the location of these. Some of these have populations in excess of 2000 people.



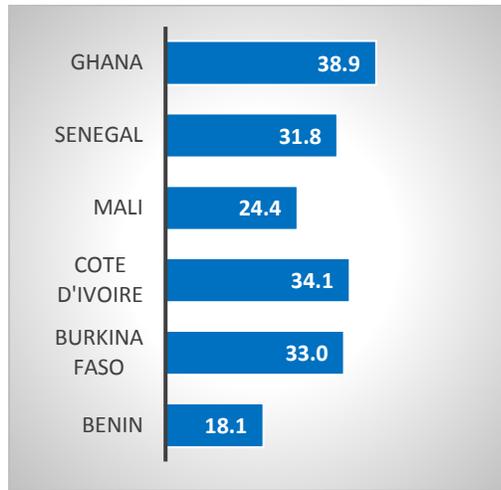
Map 2: Geo-referenced localities that have submitted a formal complaint to ABSU-CEP about lack of coverage (2015)



Digital finance and financial inclusion

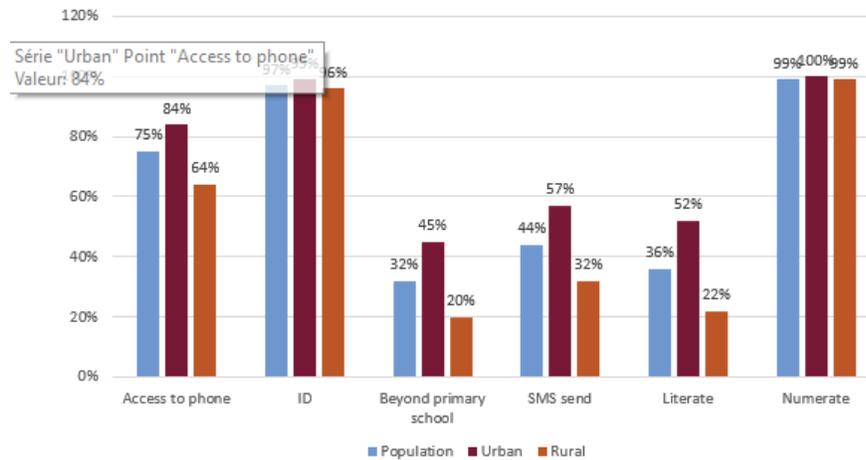
18. **Access to digital financial services remains low in Benin compared to peer countries in the WAEMU region.** Findex 2017 estimates 18 percent of the adult population holds a mobile money account. This is low compared to Burkina Faso and Cote d' Ivoire, for example, for which this percentage stands at 30.8 and 31 percent respectively. Key factors constraining the development of mobile finance in Benin include limited access to national identity documents which represents a problem with regard to know your customer (KYC) and accounts opening, heavy reliance on cash and low level of acceptance of mobile payment network which restrain the use of mobile finance; the low diversification of digital finance offerings (mainly first-generation services: cash-in, cash-out, money transfer, purchase of telephone call units); weak management system of many of the financial intermediaries which inhibits their abilities to partner with mobile operators and offer diversified and more adequate digital financial services ; limitations in the legal framework (around data protection and privacy); and limited level of literacy and limited awareness for digital finance among rural populations. The 2015-2016 UNCDF/Intermedia survey also confirmed that the readiness of the Beninese adults for digital financial services is most affected by literacy and in a certain extent by phone ownership.

Figure 1 –Mobile money penetration (Adults with an account (%))



Source: Global Findex 2017

Figure 2 – Key factors of rural vs urban adults’ readiness for DFS (% of adult)



19. Digital finance development in Benin, as underlined in a 2016 World Bank sectoral study¹⁹, will require also the development of stronger partnerships between traditional financial institutions banks and microfinance, and stronger involvement of the Government to create a favorable ecosystem especially in rural areas. As underlined in the study mentioned above, partnerships between mobile operators and microfinance institutions and existing informal saving groups offer favorable perspectives for expansion of digital financial inclusion. There are 52 microfinance institutions in Benin, with 618 points of service serving 2.139 million active customers²⁰ representing double the banking sector clientele. Development of stronger partnerships between banks /microfinance and mobile operators will also allow to offer broader range of financial services than payments services to the clientele of mobile money operators. Similarly, working with informal financial services such as “tontines”, like ROSCAS, which are very

¹⁹ Benin financial sector strategy , Finance Competitiveness and Innovation , 2016

²⁰ A customer may have an account in more than one MFI; this number includes double counting.



widespread in Benin (one in 10 adults use only informal financial services²¹) will also help advance financial inclusion.

20. **Several initiatives recently developed helped plant seeds of a more conducive environment for digital finance development.** Three MFIs established partnerships with mobile money operators serving as agents and offer cash transfer (person-to-person [P2P]) and payment services to their clients. In recent years, with the boost of the United Nations Capital Development Fund Mobile Money for Poor program (UNCDF), several innovations have been tested and introduced in the market and represent an opportunity for the project to build on. MTN also developed a merchant platform, named MoMo Shop, which manages mobile money payments as well as the business of the merchant (stocks, accounting, etc) with a friendly user interface (pictures representing the goods) and should greatly facilitate mobile money merchant payments expansion. The network of access points of mobile money is now 90 times larger than banks and microfinance institutions' network with about 54 000 mobile money agents compared to 612 access points for banks and microfinance institutions. The MCM (*Micro-crédit Mobile*) Program for instance, launched by the *Fonds National de la Microfinance* (FNM), is expected to have visible and sustainable impact. Parakou's local authorities envisage to fully digitize the payments of taxes.
21. **While there is a strong case to catalyze digital financial inclusion, it is important to note that some key constraints in the financial sector will continue to plague the development of access to credit.** These key constraints include issues related to the limited supervision of microfinance sector and high level of nonperforming loans in the banking sector which are creating financial stability issues, the weak credit infrastructure which restraining access to credit for rural populations, limited access to agriculture finance.

Gender gap

22. **In Benin, women make up 55% of the rural population and 35% of employment in agriculture. 14% of agricultural households are led by women.** Only 7% own land alone (compared with 35% of men). Women are involved in the production of notably soybean, maize and peanut crops as well as rice cultivation in the lowlands. They are also involved in agri-food processing for shear, néré, gari and rice, along with trade and commerce. However, these activities often make up a small share of women's incomes. The collection of shea nuts and néré are carried out primarily by women. In addition to working on their own plots of land, they perform a number of tasks in support of men. Men perform tasks like clearing, plowing and weeding, among others, for their wives; however, these are done after they have taken care of their own plots. Women often hire paid labor to support their agricultural activities, but male-owned plots are given priority first. These are cited as one of the main differences in agricultural productivity between men and women in Benin.
23. **Research from countries across Africa indicate that women smallholders tend to have limited access to other productive inputs** like information and knowledge, fertilizer, pesticides, farming tools, markets and extension services. Analysis in the SCD revealed that though labor force participation rates for women and men in Benin are similar, 70 and 73 percent respectively, the median income for women (20,000 CFA) is half of that for men (40,000 CFA). Additionally, only 35 % of women (age 15-49) are literate compared

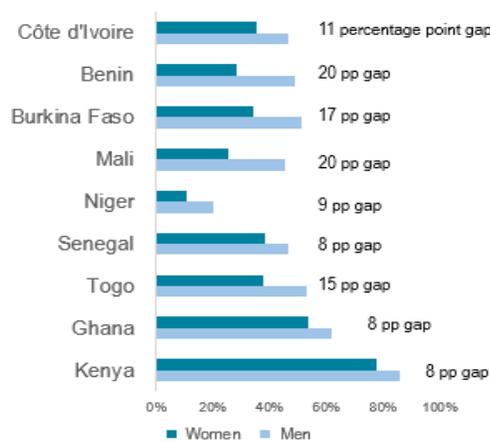
²¹ UNCDF/InterMedia Quantitative Survey conducted on a sample of 3,042 Beninese aged 15+ between December 2015-February 2016.



to 61 percent of men according to data from DHS 2011-12 with significant differences between lower wealth quantiles (24% of women in third quantile versus 70% of women in the fifth and highest quantile).

- 24. **Women are involved in the production of maize and peanut crops as well as rice cultivation in the lowlands. They are also involved in agri-food processing for shea (karité), néré, gari and rice.** The collection of shea nuts and néré are carried out primarily by women. However, these activities make up a small share of women’s incomes, and women are often required to undertake more than one economic activity at a time. In addition to working on their own plots of land and engaging in other economic activities, women perform a number of tasks in support of men. Men perform tasks like clearing, plowing and weeding, among others, for their wives; however, these are done after they have taken care of their own plots. Women often hire paid labor to support their agricultural activities, but male-owned plots are given priority first. This is cited as one of the main differences in agricultural productivity between men and women in Benin. Indeed, evidence from neighboring Niger finds that men use more household adult male labor on their plots than women do, and that additional male or female labor available in the household lifts men’s productivity more than it does women’s. Women also often see lower returns to their time spent on agricultural activities, highlighting the need for labor- and time-saving technologies like e-platforms and apps that take into account household responsibilities – or help women manage them.
- 25. **Women have little or no access to internet.** Available data for Benin indicates that 21% of women and 38% of men have access to mobile phones. Of those surveyed, women spent 13.3% of their incomes to access mobile phones. This figure was 10.9% for men. With respect to the Internet, 14.6% of women knew what the Internet was versus 27.8% of men. Furthermore, only 5.3% of women reported using the Internet versus 11.9% of men. While there is little data, the project assumes that, like other contexts, women smallholders and female-headed households in low-income rural communities may face additional challenges because of lower incomes and less control of resources than men,, as well as social norms that limit their access and use of mobile.
- 26. **There is a significant gender gap in access to financial services.** Benin is one of the countries with highest gender gap in access to digital financial services at almost 20 percentage points, with estimated only 18.9 percent of women making or receiving digital payments in 2017, compared to 38.2 percent of men (see figure 3 below).

Figure 3: Gender gap in digital financial inclusion





Source: Global Findex 2017

C. Proposed Development Objective(s)

Note to Task Teams: The PDO has been pre-populated from the datasheet for the first time for your convenience. Please keep it up to date whenever it is changed in the datasheet. *Please delete this note when finalizing the document.*

Development Objective(s) (From PAD)

27. **The project aims to improve access and use of broadband services in rural communities and leverage digital solutions to improve value-chain efficiency, financial inclusion and access to markets.** In the context of this project, value chain efficiency refers to the delivery of goods and services with most value at least possible cost along the various segments (production, processing and marketing)

Key Results

28. The PDO Level Results Indicators are:
- Broadband coverage and usage in targeted areas (of which, women and youth);
 - Farmers reached with assets or services (of which, women);
 - Use of digital financial services (including mobile money).

D. Project Description

29. To achieve the Project Development Objectives, the proposed project follows an integrated transformational solutions approach with five components:
- Component #1 Digital Infrastructure: extending digital connectivity in targeted rural areas** by increasing the number of individuals, public administration institutions, and businesses that will be able to access both mobile services and the internet in the most climate-vulnerable areas;
 - Component #2 Digital financial inclusion and skills: increasing availability and use of digital financial services in rural areas** by supporting the digital transformation of financial institutions, catalyzing digital payments, and the improvement of digital and financial literacy;
 - Component #3 Digital solutions for rural development: stimulating the local digital ecosystem** by supporting the development of local digital content, climate-smart agriculture applications and services for the agriculture sector;
 - Component #4 Access to markets: improving access to local markets and agricultural production zones, and resilience to climate change** by leveraging digital applications and



rehabilitating rural access roads that are all-weather/season practicable and flood resistant, in turn increasing the revenues of smallholder farmers; and

- **Component #5 Project implementation:** Project management, coordination, monitoring, and evaluation.

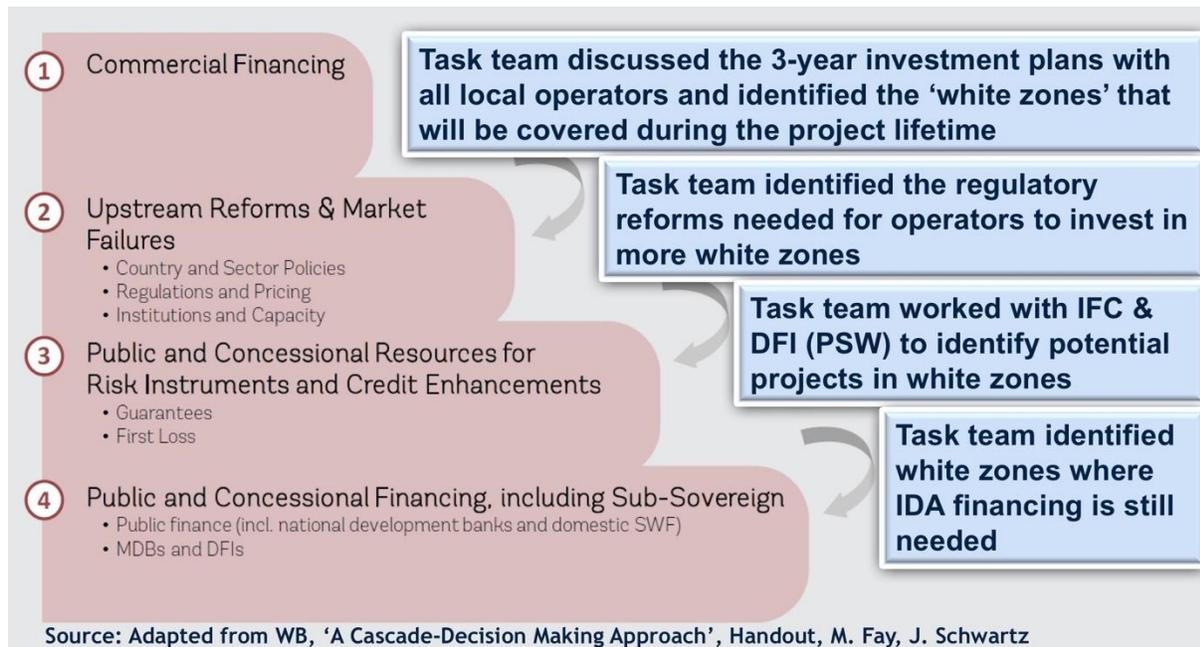
Component #1 Digital Infrastructure: extending digital connectivity in targeted rural areas

30. Component 1 will support the extension of digital infrastructure in rural areas that will be able to access both mobile services (voice and SMS) and the internet. It will support the review and improvement of the digital service environment through provision of technical assistance to strengthen capacity of key stakeholders in defining, enhancing and enforcing an enabling environment conducive to providing digital services in rural areas.

31. This component is designed around the Maximizing Financing for Development (MFD) approach (Figure 5) to leverage private investments and optimize the use of public funding. A set of criteria (see Annex 2 paragraph 173) was established for: (i) the identification of target areas; and (ii) infrastructure financing. The task team has initiated an MFD Approach (Figure 5) and established a set of criteria for the identification of target areas (where the infrastructure needs to be deployed) and project design (how can the project support the deployment). This includes climate vulnerability of the rural communities.

- For target areas, workshops with public stakeholders and private operators led to the identification of geographic unserved or underserved “white areas” in which the supply of ICT connectivity is nonexistent or insufficient *and* may not be reached under pure market terms because the inherent profitability of investment is too low (“market failure”). The regions identified are particularly affected by low connectivity and productivity issues, including those related to climate change impacts.
- For project design, Component 1 will first focus on improving the legal and regulatory framework (and support related capacity building initiatives for public agencies) to address the market failure and bring about positive incentives for additional infrastructure roll-out. Yet, this alone will not be sufficient to solve the lack of ICT connectivity in rural areas and reach an envisaged level of supply. Therefore, Component 1 will also provide financial support to overcome the lack of ICT connectivity if there is no alternative. Financial support will first come from private sector involvement, and second from Public-Private Partnership (PPP) model combining private investments and public funds. The proposed project will explore appropriate business models that will help to defray some of the Operators’ CAPEX investments in exchange for subsidized services to the rural subscribers. Depending on the targeted region and community, the PPP model will be adjusted.

Figure 5: MFD-Decision Making Approach used by the team to structure Component 1



32. Because this component implies the subsidy of an digital infrastructure, the identification of target areas (where the infrastructure will be deployed) and project design (how they will be deployed) will comply with a set of criteria in line with international best practices and the MFD approach: Criteria for market failure, general interest, synergy with World Bank and other donors' projects, and limitation of public funds to the minimum necessary (see Annex 2 for more detailed description).
33. **Sub-Component 1.1 – Improving the digital enabling environment.** This subcomponent will help improve the institutional and regulatory environment to address market failure wherever possible. It will fund legal review of the current environment and identify bottlenecks that hamper private investment in ICT infrastructure (stage 2 of the MFD Approach). This Sub-component will consist of technical assistance and capacity-building to strengthen key stakeholders (i.e. MENC, ARCEP, ABSU-CEP) in defining, enhancing, and enforcing an enabling environment conducive to providing ICT coverage in rural areas.
34. **Sub-Component 1.2 – Supporting the extension of ICT coverage in rural areas using Open Access PfPPP arrangements.** In areas where public subsidy is needed (stage 4 of the MFD Approach), the project will implement a People-first Public-Private Partnership (PfPPP) model combining private investments and public funds to subsidy a 'wholesale open access' broadband infrastructure. Public funds will be channeled – if relevant and possible – through existing mechanisms established by ABSU-CEP. When designing the PfPPP, the guiding principle will be that public intervention should limit as much as possible the risk of crowding out or replacing private investments, of altering commercial investment incentives, and ultimately of distorting competition. To encourage the private sector with incentives to invest and to avoid a "free-rider" problem whereby the incentives lie with the secondary investors rather than the primary investors, the project will explore an option to postpone the requirement for open access to give the primary investor a period of exclusivity to get settled in. In addition, the Requests for Proposal will include a clause on the provision of energy (either through



the grid or alternative sustainable options such as solar) to ensure the quality of services at the site and access to basic power services for the communities.

35. **Sub-Component 1.3 – Building the metropolitan network of Parakou.** This sub-component will finance the enhancement of the metropolitan fiber optic loop in the city of Parakou and the densification of the fiber optic infrastructure in downtown and suburban areas of Parakou. The city of Parakou is the second largest city in the country and is located within the northern half of the country, at the nexus of the zones targeted by the project. This infrastructure will be managed through a PfPPP. The project will finance this new infrastructure through a competitive “reversed auction” tender process to award “least-cost” capital subsidies to an operator (see Annex 2 for more details).

Component #2: Digital financial inclusion and skills: increasing use of digital financial services in rural areas.

36. Component 2 will catalyze the uptake of digital financial services in rural areas, with a focus on women in the agriculture sector. It will allow to build some foundations to improve access to basic financial services, but will not allow to address fundamental issues related to financial stability and access to credit. To ensure the sustainable growth of financial services in rural areas, the project will support (i) the digitization of services offered by financial institutions serving rural areas, (ii) the digitization of payments made in rural areas within the selected value chains, and the digitization of women’s informal saving groups, and (iii) the creation of a conducive environment for digital finance and a targeted approach to the services and improvement of digital skills, numeracy and financial literacy for rural populations.
37. The component was designed based on recommendations made on the financial sector strategy conducted in 2016 by the World Bank. It is built on similar project in the region, Niger Smart Villages (P167543), and successful experiences in East, West Africa, while taking into account the IMF-World Bank Bali Fintech Agenda.
38. **Subcomponent 2.1: Digitizing the offering of financial institutions.** Embracing opportunities offered by mobile technology to advance financial inclusion requires various efforts from financial institutions including partnering with mobile network operators (MNOs), adapting their own systems, products and processes in order to create new solutions. To support these efforts that are costly and sometimes unbearable for some financial institutions (FIs), especially microfinance institutions (MFIs) and small banks, the project will finance: (i) the evaluation and upgrade of the information systems of selected financial institutions to allow interface with MNOs and improve data security by covering up to 50% of the costs of the upgrade for banks and 75% of the costs for MFIs; (ii) interfacing of the information systems of the selected financial institutions with the mobile network operators systems; (iii) technical assistance to manage the following risks related to the new technology: operational risks, data security, consumer protection risks, and to improve their capacities; and (iv) building capacities to develop new digital financial products such as savings via mobile, digital credit and credit rating based on transaction histories.
39. Financial institutions will be selected based on a specific set of criteria. Criteria include current outreach in the rural areas targeted by the project, strategy, governance, compliance with the BCEAO prudential requirements and principles, financial stability and performance, capacities to manage operational risks among other things.



40. **Subcomponent 2.2: Digitizing value chain payments and women informal saving groups.** To promote digital payments in rural areas, the project will support two clusters of activities:

- **The digitalization of the value chains.** To address limited uptake of digital finance among farmers, the project will support the digitalization of agriculture value chains. To do so, the project will finance: (i) an evaluation of the digital flows in four value chains including rice, maize, shea, and vegetables; (ii) up to 50% of the total cost of acquisition and operationalization of digital payment infrastructure by the largest public or medium size private buyers, or agriculture input providers and agriculture cooperatives in the value chains offering the biggest opportunities for digitalization; and (iii) training of SME and agriculture cooperatives and their members to improve their capacities to use the new payment technology. Priority in the selection of the private or public buyers and agriculture cooperatives in these value chains will be given to those who have the largest number of members / clients registered and highest participation of women in region targeted by the project.
- **The digitalization of existing largest women’s traditional informal saving groups called “tontines” in regions targeted by the project.** Under this program the project will support: (i) an assessment of the opportunities to introduce a risk based KYC approach and tiered KYC with lower identification requirements for women affiliated to saving groups; (ii) the creation of apps or other technologies that could mirror the processes and features of saving groups and are intuitive to first-time users with low levels of formal education; and (iii) the creation of new financial products for women groups where digital payments could be bundled with commitment savings, and / or insurance products, together with financial education. This will be done with the selected financial institutions in sub-component 2.1, insurance companies and MNO.

41. **Subcomponent 2.3: Creating an enabling environment for digital financial services and skills.**

Ultimately, for rural populations to accept digital payments - and digital services more broadly - at scale, there is a huge need to create a conducive ecosystem and sensitize and train them. This subcomponent will support: (i) the creation of an enabling legal environment through the assessment of the law on consumer protection, interoperability, government payments and revision of recent laws and drafting decrees on data protection and privacy, and support the drafting of new laws if necessary; (ii) the preparation and adoption of consumer policies that could ensure protection of funds from risk of loss, customer services, transparency of terms and conditions for digital finance; (iii) acceptance of digital payments by providing merchants in the regions targeted by the project vouchers for the acquisition of digital payment devices²² that could offer bookkeeping services and cash flow tracking that could possibly be used for credit rating; (iv) improvement of digital skills through large campaigns to raise awareness, training of women associations, farmers, and development of apps on financial literacy with adequate content (e.g. using voice and image). The trainings will address the low levels of basic numeracy and literacy skills of target beneficiaries and develop local support mechanisms to ensure the ongoing use of digital services. These digital skills trainings will be provided through CSAs and Mobile Training Units that will move around the target areas.

²² Payment devices for merchants are currently available in Benin from MNOs. These devices allow not only digital payments, but also could produce basic financial statements, expenses



Component #3 Digital solutions for rural development

42. Component 3 will stimulate the development of digital solutions for the agricultural sector, enabled by the digital infrastructure, financial access and skills supported through the first two components. These solutions will be developed based on identified needs of target beneficiaries and will include climate-smart solutions. The component will be aligned with the implementation of a current Agricultural sector vision around the *Centres de Services Agricoles* (CSA - Agriculture Service Centers). It includes two subcomponents which aim to establish the basis for a sustainable digital ecosystem for rural development. This will enable the development of digital agriculture and other services (improvements in productivity, logistical support etc.) and benefit farmers as well as entrepreneurs in Benin.
43. The guiding principles underlying the design of this component are based on international best practices and have been considered as one of the main action lines of The World Summit on the Information Society (WSIS) implementation process focusing on e-agriculture. It also intends to benefit from synergy from the World Bank Agriculture competitiveness project under preparation in Benin.

Box 1. Coordination with *Agence Française de Développement* (AFD)

This component has been designed based on coordinated work with *Agence Française de Développement* (AFD). AFD is preparing a project that will finance complementary activities and will scale up some of the activities mentioned below. Both agencies have prepared their respective project in parallel and in close coordination, holding joint missions to the field, and sharing documentation.

As agreed between the two partners and the Government of Benin, AFD financing, which will come at a later stage, may fund, inter alia: (a) Platform for agricultural statistics; (b) Platform for managing public and private interventions in the 4 value chains supported by the project; (c) Agricultural Geographic Information System; (d) Market Information System (SIM); (e) Platform of exchanges between the actors of the project for the dynamization of the digital ecosystem; and (f) Updating, clearing databases and creating connectors.

AFD-funded project could also scale up some of the activities initiated under the proposed operation. For instance, the future AFD project could scale up, inter alia: (a) Capacity building and TA for MENC and MAEP; (b) Information services for rural communities; (c) Support for CSA + digital inclusion of farmers; (d) Capacity building of farmers organizations; and (e) Continue supporting the development of the local digital ecosystem.

44. **Sub-component 3.1 – Strengthening the data ecosystem.** The first sub-component includes (i) an ecosystem review of the “data to decision making” value chain for the agricultural sector, including environment and climate-related data; (ii) review of the data policy, legal and regulatory environment; (iii) support for capacity-building for the MAEP; and (iii) digital registration of the smallholder farmers in the four selected value chains. Activities include data mapping and creation of



a data inventory, as well as review of data collection, validation and publication processes. Special attention will be paid to the collection and analysis of gender-disaggregated data. The digital registry of smallholder farmers will be utilized throughout the project to enable needs assessments, communications, and for targeting training and services to smallholder farmers. The registration process will provide an effective means to collect benchmarking data, and will facilitate the formation or consolidation of farmer groups into more formal structures, if desired by group members.

45. **Sub-component 3.2 – Mobilization of the digital ecosystem.** The second sub-component aims to catalyze the development digital solutions to provide services to farmers, and to developing a competent and sustainable digital ecosystem. It will support the development of solutions that tackle the problems faced by small-scale farmers in the targeted project areas, including the lack of easily accessible, affordable and useful timely and reliable data, information and knowledge on agriculture to improve productivity and income generation. This subcomponent will support: (i) a thorough needs assessment of key stakeholders; (ii) a review of existing digital services that contribute to climate-resilient rural development; (iii) trainings for students and the local developer community to create a base of technical professionals who can design and maintain the various digital solutions; (iv) the design and organization of App Challenges to develop or enhance sustainable digital solutions for agriculture; and (v) support to technology hubs and incubators. Winners of App Challenges will be assigned to a technology hub or incubator to develop market solutions with viable business models and accompaniment from prototyping through piloting and launch of their digital product or service.
46. **Sub-component 3.3 – Climate-smart agriculture and producer organizations.** This sub-component supports the development of climate-smart digital solutions and increasing the capacity of producer organizations in the selected value chains in climate smart production management. The project will analyze and address possible obstacles for women to meaningfully participate in and benefit from these activities as well as identify locally relevant climate change impacts and focus capacity building to equip farmers with the knowledge and practical skills (for example, landscape management using digital solutions and use of mobile-based climate information systems) to become more resilient to these impacts.

Component #4 Access to markets

47. The objective of Component 4 is to improve farmer access to markets by (i) rehabilitating and maintaining the rural roads in the targeted areas of the project; (ii) implementing digital transport applications; (iii) implementing a pilot of Labor Intensive Method (LiM) in road maintenance; and (iv) and building capacities of stakeholders. This component will tackle physical and logistical problems expressed by smallholder farmers – especially women – of access to markets and agricultural production zones in project targeted areas. It also aims to reduce vulnerability of the serviced population during flooding and landslides season. The project will also implement a climate and natural hazards monitoring, early warning and incidence response system. The high level of service provided by the roads is expected to attract more means of transport, thus improving person and goods displacement and a decrease of transport cost on these roads. Activities in this component complement digital solutions for dissemination of market prices/information and advice to farmers on market dynamics, to enable an effective access to market in improve efficient movement of agriculture products. A large experience on this strategy was gathered through the Agricultural Productivity and Diversification Project (PADA-P115886) and other infrastructures projects funded by the World Bank



48. **Sub-component 4.1 –Rehabilitation and maintenance of rural roads.** This subcomponent will finance: (i) the technical feasibility studies, environmental and social assessments; and (ii) the works related with the rehabilitation of about 600km and the maintenance 2400km in a period of four years. The total maintained linear of rural road will be about 3,000 km (600 km rehabilitated and 600km maintained per year) targeted in the main production areas of Malanville-Karimama, Alibori Sud, Borgou Nord-2KP, Atacora Ouest, and northern parts of Borgou (Nikki, Perere), Sud Donga – Collines. To enhance resilience of the project impacts of climate change and natural disasters, the roads rehabilitation works will include improvements in the drainage structures to ensure all-weather/season practicability with a level of service. The materials and design standards for road rehabilitation have an emphasis on reducing risk of flooding and associated destruction of housing and facilities. These roads will be chosen in close consultation with targeted communities. The rehabilitation of and maintenance of the feeder roads targets the high agriculture production areas in project intervention areas, and complements the vast national road network rehabilitation program launched by the Government for the rehabilitation of 1362km to improve the mobility in a balanced way in the whole territory.
49. **Sub-component 4.2 – Digital transport applications, LiM pilot and capacity-building.** This sub-component consists of: (i) developing digital applications for Benin Road Asset Management team and rural communities (RC) to help maintain rural roads; (ii) implementing a rural roads maintenance pilot project through labor intensive methods; and (iii) strengthening the capacity of MAEP staff and rural communities in the use of digital transport application, general contracting and maintenance of rural roads, and assessment of climate vulnerabilities and mitigation measures. This sub-component will develop GIS-enabled applications for geo-mapping of rural networks, measurement and analysis of Road Roughness Index and Rural Accessibility Index, and management of public grievances through a smartphone-enabled Citizen Engagement System. These digital applications will be integrated into the Road Asset Management System to help the RC with the maintenance of rural roads. Selected RC will be involved in the planning and implementation of works at a level commensurate with their capacity. The project will promote a gradual participation of rural communities in road maintenance planning, management, and supervision, acknowledging capacity constraints. Experiences and lessons learned from the LiM pilot serve as a guide to be used by MAEP and the Ministry of Infrastructure and Transport (MIT) to sustainably implement routine rural road maintenance, improving the rural road level of service and enabling better access to markets and social services.

Component #5 Project implementation

50. This Component will support the setting up of a dedicated Project Implementation Unit (PIU) and will also cover training, office equipment, operating costs, audits and communications as well as Monitoring & Evaluation (M&E), environmental and social studies, their implementation and/or the monitoring of their implementation, and the creation of the grievance redress mechanism (GRM).

51. **Project Cost and Financing**



Project Components	Project cost	IDA Financing	Trust Funds
Component 1. Extending connectivity in rural and remote areas	45	45	N/A
1.1 Improving the digital enabling environment	2	2	
1.2 Supporting the extension of ICT coverage in rural areas using Open Access PPP arrangements	40	40	
1.3 Upgrading the metropolitan network of Parakou	3	3	
Component 2. Digital financial inclusion & skills	16	16	N/A
2.1 Digitizing the offering of financial institutions	4	4	
2.2 Digitizing value chain payments	6	6	
2.3 Enabling environment for digital financial services and skills	6	6	
Component 3. Digital solutions for rural development	10	10	N/A
3.1 Strengthening the data ecosystem	3	3	
3.2 Mobilization of the digital ecosystem	6	6	
3.3 Climate-smart agriculture and producer organizations	1	1	
Component 4. Access to markets	20	20	N/A
4.1 Rehabilitation and maintenance of rural roads	19.5	19.5	
4.2 Digital Transport Applications, LiM pilot and capacity-building	0.5	0.5	
Component 5. Project implementation	9	9	N/A
Total Costs			
Total Project Costs	100	100	
Total Financing Required	100	100	



E. Implementation

Institutional and Implementation Arrangements

52. **The project will be implemented by the Ministry of Digital Economy and Communication (MENC), in coordination with the Ministry of Agriculture, Livestock, and Fisheries (MAEP) and the Ministry of Finance.** The Project Implementation Unit (PIU) will be anchored at the MENC. A focal team will be established at the Ministry of Finance to oversee Component 2 of the project under the coordination of the PIU. Similarly, a focal technical team will be established at the MAEP to oversee the implementation of Component 3 under the coordination of the PIU. Component 4 will be coordinated by the *Direction du Genie Rural* (under the MAEP). See Annex 1 for additional details.
53. The Coordination team is familiar with project management and has extensive experience with other donors' funded programs. A full assessment of both ministries implementing units will be carried out to ensure they have the appropriate capacity strengthening for project execution and fiduciary management.
54. The focal point under the Ministry of Finance will help coordinate the implementation of component 2, ensure coherence with the Government's work on financial sector and financial inclusion and compliance with the central bank's regulation. It will ensure that at all times measures are in place to ensure safeguard of the financial system through monitoring, assessing, and mitigating the risks of criminal misuse of digital financial services, and anti-money laundering and financing of terrorism (AML/CFT). It will also allow to ensure a coherence with other donors' interventions in the digital and financial inclusion space.
55. **A Steering Committee will be established to oversee project implementation and provide strategic guidance to the PIU.** The Steering Committee includes representatives of all ministries involved in the project. The Chair of the Committee is the MENC, and the Vice-Chair is the MAEP. The Steering Committee will be supported at the regional level by Regional Advisory Groups (*Groupes Consultatifs Régionaux*) composed of representatives of the ATDA, the local Prefectures, and the regional umbrella organizations of the selected value chains as well as relevant departments within the MENC.

Note to Task Teams: The following sections are system generated and can only be edited online in the Portal.

Please delete this note when finalizing the document.

F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

Infrastructure financed by this project will be mainly targeting Northern regions of the country and exclusively rural areas: Vallée du Niger ; Alibori Sud -Borgou Nord-2KP ; Atacora Ouest ; Borgou Sud, Donga – Collines ; Zou-Couffo ; Plateau ; Ouémé-Atlantique, Mono



G. Environmental and Social Safeguards Specialists on the Team

Abdoul Wahabi Seini, Social Specialist
Fatoumata Diallo, Social Specialist
Abdoulaye Gadiere, Environmental Specialist

SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	The policy is triggered as some activities such as broadband infrastructures (component 1.2) and the fiberoptic loop enhancement in Parakou (component 1.3) may be associated with potential adverse impacts. In addition, under component 2 upgrade information systems in select financial institutions, rehabilitation of rural roads/feeder roads/LIM pilot under component 4 as well as e-waste may also have potential environmental impacts. However, as the exact locations of those activities are unknown to date, an Environmental and Social Management Framework (ESMF) was developed, reviewed, consulted upon and disclosed both within Benin on May 14th, 2019 and at the World Bank’s Website on May, 16th, 2019.
Performance Standards for Private Sector Activities OP/BP 4.03	No	The current operation does not trigger the policy.
Natural Habitats OP/BP 4.04	No	The project activities will not be implemented in areas hosting natural habitats.
Forests OP/BP 4.36	No	The project will not support activities related to forest exploitation or management or might have potential adverse impacts on forested areas.
Pest Management OP 4.09	No	The project does not involve pest management
Physical Cultural Resources OP/BP 4.11	Yes	Some activities related to civil works will unquestionably involve excavations with possibilities to discover Physical cultural resources. To make sure all precautions have been taken, a specific chapter laying out a proper handling of physical cultural properties, was prepared and included in the ESMF in case physical cultural resources would be discovered.



Indigenous Peoples OP/BP 4.10	No	There are no Indigenous Peoples as defined by OP 4.10 in Benin.
Involuntary Resettlement OP/BP 4.12	Yes	The implementation of the poles, towers, or antenna and access rural roads investment, enhancement of the fiberoptic loop expected in the project may lead to land acquisition. Therefore, a Resettlement Policy Framework (RPF) was prepared for the activities triggered by the OP 4.12 as a due diligence given that the specific sites or impacts of envisioned physical investments are not known. The Resettlement Policy Framework (RPF) consistent with OP 4.12 was prepared by the Borrower, reviewed, cleared by the Bank and disclosed in Benin on May 14th, 2019 and on the Bank's website on May 16th, 2019.
Safety of Dams OP/BP 4.37	No	The project will not finance dams, not rely on dams
Projects on International Waterways OP/BP 7.50	No	The project is not expected to affect international waterways
Projects in Disputed Areas OP/BP 7.60	No	The project will not be located in a disputed area.

KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

The PITN2R is expected to provide environmental and social benefits. Those positive impacts are inter alia: improvement of access to ICT services for farmers; improvement of the Agricultural Information System (AIS); improvement of conditions of access to information; improvement of mobility and movement of people and goods; improvement of the conditions of delivery of agricultural products; creation of temporary jobs (laborers, laborers and guards); etc.

The potential negative impacts associated with the project's activities could be: social conflicts between local populations and site staff following the non-recruitment of local populations; noise; generation of solid and liquid waste; risks of accidents; probable loss of vegetation cover; occupation of private land and pollution of natural resources (water, air, soil); etc. No potential significant and irreversible adverse impact, direct or indirect, is expected to occur from project activities either during the construction or operation phase. That is why the project was rated as EA category "B".

It is expected that only a limited number of temporary displacements may occur during project implementation which shall be managed through the RPF. No RAP or ESIA has been prepared at this stage, as the exact location of the civil works is unknown.

Based on the nature and scope of planned works under the project it is not anticipated significant influx of workers. In addition, a code of conduct will be prepared and signed by contractors, subcontractor and all communities workers



prior to works commencement.

The GRM will be in place by the project effectiveness.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area: No potential indirect or long term or cumulative adverse impacts are foreseen during project implementation and operational phase.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

The use of existing infrastructure, including the power lines and along roads will limit the physical footprint or impact of the construction activities and possible land acquisition.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

The project was rated as a category “B” and triggers three (03) safeguards policies. In order to prepare for addressing the potential negative impact, the Government has prepared two appropriate safeguards instruments: an Environmental and Social Management Framework (ESMF) and a Resettlement Policy Framework (RPF).

The ESMF outlines an environmental and social screening process for component's activities. It also includes: Guidelines for an Environmental and Social Impact Assessment (ESIA); Environmental Guidelines for Contractors as well as sub-contractors; and a summary of the World Bank's safeguard policies. It also contains provisions to take into account Physical Cultural Resources matters. That means guidance and guidelines have been included in the ESMF to this end.

The RPF has been prepared by the government and, as needed Resettlement Action Plans will be prepared during implementation to address any land acquisition or temporary displacement of livelihood activities. The RPF has been developed to address potential land acquisition or loss of economic activity on the part of individuals or groups of individuals in project intervention zones.

These two documents have been prepared, in full compliance with the Beninese legal and regulatory framework and World Bank safeguard policies, including a broad consultation framework involving all relevant stakeholder groups, both public and private, as well as civil society. After consultations, these two safeguard instruments have been disclosed within the country on May 16, 2019 and at the World Bank website on May 16, 2019.

Safeguards documents include guidelines on Occupational, Health and Safety (OHS), and clearly mentions that the company's Environmental and Social Management Plan (Works-ESMP) must be approved by the PIU and their partners prior to the works commencement. Moreover, the bidding documents and the contracts for main contractors as well as the sub-contractors must also include sections related to OHS.

With respect to potential labor influx, the project has established guidance and rules for (i) contractors to enhance the ESMPs and workers contracts will include measures for managing the potential impacts of such an outside workforce on the local community. Specific details will be prepared during the investment activities for contractors who will bring in workers and operators from outside the area, and these are likely to be housed in work camps during construction

To ensure that the safeguard instruments prepared in line with policies triggered by the project are implemented properly, the PIU will hire an environmental safeguard specialist and a social safeguards specialist. The environmental safeguards specialist must have additional experience in OHS, and the social safeguards specialist in GBV, Social inclusion and any labor related risk. Both specialists will be fully in charge of all aspects of environmental and social safeguards aspects and will regularly monitor all safeguard requirements. More specifically, the two specialists, the whole PIU, the implementing agencies as well as the other stakeholders will ensure that children are not employed in civil works as labor force.



World Bank implementing support missions will also include environmental and social safeguards specialists to ensure that all safeguard issues are addressed properly, in a timely manner.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

One of the key principles of this project from the outset was to foster participation of all relevant stakeholders composed of Ministry of Communication and Digital Economy, Ministry of Agriculture and Fisheries, Microfinance Institutions, private sector, NGOs, communities, etc. This approach will be sustained throughout the project implementation. The environmental and social assessment studies, namely the ESMF and RPF, were also carried out according to the same principle, using broad-based public consultation approach, involving the above stakeholder groups. The objective was to raise awareness of project activities and impacts and foster ownership on their part. All the relevant bodies have been adequately informed of the Project. Concerns of the communities and some details of consultations have been taken into account in the body of the report and other results provided as Annexes in the ESMF and RPF. The key concerns raised during the consultation process included: (i) permanent information and sensitization of the population, (ii) compensation process for those impacted by the project, (iii) participation of local population as employee on works they qualify for, (iv) development of access to homes, businesses and social infrastructure during the execution of works.

B. Disclosure Requirements

Environmental Assessment/Audit/Management Plan/Other

Date of receipt by the Bank 08-Feb-2019	Date of submission for disclosure 15-May-2019	For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors
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"In country" Disclosure

Benin
16-May-2019

Comments

Resettlement Action Plan/Framework/Policy Process

Date of receipt by the Bank 08-Feb-2019	Date of submission for disclosure 15-May-2019
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"In country" Disclosure

Benin
16-May-2019

Comments



C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)

OP/BP/GP 4.01 - Environment Assessment

Does the project require a stand-alone EA (including EMP) report?

Yes

If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?

Yes

Are the cost and the accountabilities for the EMP incorporated in the credit/loan?

Yes

OP/BP 4.11 - Physical Cultural Resources

Does the EA include adequate measures related to cultural property?

Yes

Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?

Yes

OP/BP 4.12 - Involuntary Resettlement

Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?

Yes

If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?

Yes

The World Bank Policy on Disclosure of Information

Have relevant safeguard policies documents been sent to the World Bank for disclosure?

Yes

Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?

Yes



All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?

Yes

Have costs related to safeguard policy measures been included in the project cost?

Yes

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?

Yes

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?

Yes

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Implementing Agencies

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Note to Task Teams: End of system generated content, document is editable from here. *Please delete this note when finalizing the document.*