AFRICAN DEVELOPMENT BANK

PROJECT APPRAISAL REPORT
"DEVELOPMENT OF SKILLS FOR EMPLOYMENT IN PRIORITY SECTORS – PHASE I" (PDCESP-I) PROJECT

BENIN

November 2023

Translated Document

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CURRENCY EQUIVALENTS

Exchange rate effective [Insert date]

UA 1	=	**1,32994**	USD
UA 1	=	**1,22372**	EUR
UA 1	=	**802,708**	CFAF

FISCAL YEAR

1 January –31 December

WEIGHTS AND MEASURES

1 Metric ton	2,204.62 Pounds (lbs)
1 Kilogramme (kg)	2.20462 lb
1 Meter (m)	3.28 Feet (ft)
1 Millimetre (mm)	0.03937 Inch (“)
1 kilometre (km)	0.62 mile
1 Hectare (ha)	2.471 Acres

ABBREVIATIONS AND ACRONYMS

ACISE	Educational Sector Infrastructure Construction Agency
ADET	Technical Education Development Agency
ADB	African Development Bank
AFD	French Development Agency
AGTF	Africa Growing Together Fund
ANPE	National Employment Agency
APA	Advance Procurement Actions
BOAD	West African Development Bank
CCIB	Benin Chamber of Commerce and Industry
CNCP	National Private Sector Consultation Framework
CPIA	Country Policy and Institutional Assessment (CPIA)
CRC	Credit Risk Committee
CSP	Country Strategy Paper
CTS	Sector Technical Commissions

EIB	European Investment Bank
EMICOV	Benin Integrated Modular Survey on Household Living Conditions (2015)
ESIA	Environmental and Social Impact Assessments
GBV/SEA/SH	Gender-based violence/Sexual exploitation and abuse/Sexual harassment
GIZ	German Agency for International Cooperation
GMS	The Bank's Gender Marker System (GMS)
ISTS	Integrated Safeguards Tracking System
KFW	German Development Bank
LTA	Agricultural Technical High School
LTP	Technical Vocational High School
MOD	Delegated project owner
STDs	Sexually Transmissible Diseases
MESFTP	Ministry of Secondary and Technical Education and Vocational Training
NDC	Nationally Determined Contribution
NFT	Nutrition and Food Technology
NPV	Net Present Value
NSBDs	National Standard Bidding Documents
OPEC	Organisation of the Petroleum Exporting Countries
PAG	Government Action Programme (PAG, 2021 – 2026)
PCN	Project Concept Note
PCT	Project Coordination Team
PDA	Agricultural Development Pole
PDD	Preliminary Detailed Design
PDS	Preliminary Design Studies
PDCESP	Project to Develop Skills for Employment in Priority Sectors
PEPP	Stakeholder Engagement Plan
PND	National Development Plan (PND 2018-2025)
PNGCC	National Climate Change Management Policy
RAP	Resettlement Action Plan
SBDs	Bidding Documents
SDG	United Nations Sustainable Development Goals (2030)
SN-EFTP	National Strategy for Technical and Vocational Education and Training

TFP	Technical and Financial Partners
TNA-Adaptation	Adaptation Technology Action Plan
TNA-Mitigation	Mitigation Technology Action Plan
TRI	Internal Rate of Return
TVET	Technical and Vocational Education and Training
UA	Unit of Account
UAM	Millions of Units of Account
UEVP	Educational Economic Unit
WB	World Bank

PROJECT INFORMATION SHEET

CLIENT INFORMATION

Project Name:	Development of Skills for Employment In Priority Sectors – PHASE I (PDCESP-I) Project
Sector (s):	Human Capital Development
Borrower:	Republic of Benin
Project Instrument:	ADB Loan (Investment Project) and AGTF Loan
Executing Agency:	Technical Education Development Agency (ADET)

COUNTRY AND STRATEGIC CONTEXT

Country Strategy Paper Period:	Country Strategy Paper (CSP) 2022-2026
Country Strategy Paper Priorities supported by Project:	The project supports the two priority areas of the CSP, namely: (i) supporting agricultural transformation and industrial development; and (ii) strengthening infrastructure to support production and economic competitiveness. The Bank's operational assistance in Benin focuses mainly on agriculture, transport, water and energy. The project is aligned with two of these three sectors, that is the agricultural and energy sectors. Skills development and youth employment are also among the CSP's cross-cutting themes.
Government Programme (PRSP, NDP or equivalent):	• National Development Plan (PND 2018-2025), • Government Action Programme (PAG, 2021 - 2026) and • National Strategy for Technical and Vocational Education and Training (SN-EFTP 2019-2025). • National Climate Change Management Policy (PNGCC): (i) Technological Action Plan for Adaptation (TNA-Adaptation), and (ii) Technological Action Plan for Mitigation (TNA-Mitigation).
Project classification:	High priority areas and relevant sub-themes: High 5 number 5: Improve the quality of life for the people of Africa: • Sub-theme 5.5: Strengthening and reforming the education sector • Sub-theme 5.6: Investment for job creation • Sub-theme 5.7: Innovation programmes to develop promising employment solutions. High 5 Number 2: Feed Africa • Sub-theme 1.1: Agricultural productivity.

	Above all, the project is aligned with the United Nations Sustainable Development Goals (SDGs) 4 and 8 and will contribute to three other SDGs: • SDG 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all; • SDG 8: Promote inclusive and sustainable economic growth, employment and decent work for all; • SDG 5: Achieve gender equality and empower all women and girls; • SDG 13: Take urgent action to combat climate change and its impacts; • SDG 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.
	The project is aligned to the following strategic priorities of the Bank's Selectivity Framework: • Strategic Priority 5.2: Develop skills for decent jobs and expand economic opportunities for young people. • Strategic Priority 2.1: Strengthen agricultural value chains.
Country Performance and Institutional Assessment:	Most recent CPIA score: 4.0 for 2020 on a scale of 6.

Heading	2015	2016	2018	2020
A) Economic management	4.8	4.8	4.7	4.8
B) Structural policies	3.5	3.5	3.6	3.7
C) Social inclusion policies / Equity	3.8	3.8	3.8	3.8
D) Governance	4.0	4.1	4.0	4.0
E) Infrastructure and regional integration	3.2	3.4	3.5	3.7
Overall	3.9	3.9	3.9	4.0

Projects at Risk in the country portfolio:	The portfolio does not include any projects at risk (problematic projects - PP or potentially problematic projects - PPP). However, 25% of transactions flagged as of 14 September 2023.

PROJECT CATEGORISATION

Environmental and Social Risk Categorisation	The project is classified as category 1. The project categorisation memorandum was approved on 11 July 2023.
Does the project involve involuntary resettlement?	Yes, and there are four resettlement action plans, the final versions of which were published on 10 August 2023[1]
Climate Safeguards Categorization:	The project is classified as category 1.

[1] All nine environmental and social safeguards instruments (i.e. 5 environmental and social impact assessments and 4 resettlement action plans) were published at the national level and were also published on the Bank's website on 10 August 2023. These full documents can be accessed via the link below: https://www.afdb.org/en/documents/benin-projet-de-developpement-des-competences-pour-lemploi-dans-les-secteurs-prioritaires-pdcesp-phase-1-p-bj-iae-004.

Fragility Lens Assessment:	Yes, the fragility and resilience lens is applied to the operation.
Gender Marker System Categorisation:	The project is classified under category GEN II.

ADB AND AGTF KEY FINANCING INFORMATION

Loan Currency	Euro
Loan Type	Fully flexible loan
Tenor	25 years inclusive of Grace Period
Grace period	8 years
Average Loan Maturity** (years) **	Function of the maturity, grace period and amortization profile Up to 17 years
Repayments	Consecutive half-yearly equal payments at the end of the grace period
Payment Date	1st and 15th of any month (excluding 1st January)
Interest rates	Base Rate + Funding Cost Margin + Lending Margin+ Maturity Premium (This interest rate must be floored to zero)
Base rate	Floating base rate (6-month EURIBOR, reset each 1st February and 1st August) A free option to exchange EURIBOR for a fixed base rate is available
Funding cost margin	The Bank's funding cost margin reset each1st January and 1st July and applied to the base rate each 1st February and 1st August.
Line of credit	80 basis points (0.8%)
Maturity premium	-0% if Average Loan Maturity ≤ 12.75 years -0.10% if 12.75 < Average Loan Maturity ≤ 15 -0.20% if 15 < Average Loan Maturity ≤ 17 years
Front-end fee	0.25% of the loan amount.
Commitment fee	0.25% per annum of the undisbursed amount, commencing 60 days following the date of signature of the loan agreement and payable on the due dates including during the grace period and before disbursement. The Commission fee ceases to accrue upon full disbursement or full cancellation of the loan. .
Base rate conversion option *	In addition to the free option to convert the floating rate into a fixed base rate, the Borrower may reconvert the fixed base rate to floating rate or reset it for all or part of the disbursed loan amount. Transaction fees apply.
Option to cap or collar the rate*	The Borrower may cap or collar the base rate for all or part of the disbursed loan amount. Transaction fees apply.
Option to convert the lending currency (AGTF)* *.	The Borrower may change the currency of all or part of the undisbursed or disbursed loan amounts to another approved lending currency of the Bank. Transaction fees apply.
Hedge unwinding or adjustment costs.	Any costs incurred by the Bank in adjusting or terminating conversions are passed onto the Borrower.

Source	Amount (in million)		Financing Instrument
	UA	EUR	
African Development Bank	52.990	64.845	AfDB loan
Africa Growing Together Fund[2]	13.810	16,900	AGTF loan
Government counterpart funding3	5.139	6.288	Counterpart Funding
Total Project Cost:	**71.939**	**88.033**	

DEVELOPMENT OBJECTIVE AND COMPONENTS

Project development objective:	The project's overall objective is to enhance the skills and qualifications of young women and men, to create a more innovative, enterprising and competitive workforce in the agricultural and energy (particularly renewable) sectors.
Project components	Component 1: Renovation and extension of technical and vocational training capacity [EUR 77.435 million].
	Component 2: Strengthening the employability and professional integration of graduates [EUR 6.664 million].
	Component 3: Project Management [EUR 3.934 million]

PROJECT PROCESSING SCHEDULE TO BOARD APPROVAL

PCN Approval:	13 July 2023
Appraisal Mission:	4-15 September 2023
Planned Board Presentation	15 December 2023
Effectiveness:	30 January 2024
Project Implementation Period:	30 January 2024 – 30 January 2029
Planned Mid-term Review:	June 2026 – July 2026
Project Closing Date:	30 July 2029

[2] The letter confirming AGTF funding can be found in Annex 5.5.

[3] The amount of the Government's "direct counterpart funding" for the project appears to be less than 50%. However, as presented in paragraphs 8 and 14 of this report, the project supports two sector skills development programmes in the agricultural and energy sectors, the total cost of which is estimated at EUR 604.1 million. This effectively implies that the Bank's financial contribution, through an ADB loan of EUR 64.845 million, is less than 50% of the total cost of these programmes (see Paragraph 34). This is in line with the rules applicable to the ADB Window. The report provides information on the parallel co-financiers of these programmes and their financial contributions (see Paragraph 35, as well as the Government letter in Technical Annex 5.4).

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1 STRATEGIC CONTEXT

A. Country Context, Strategy and Objective

1. **There is a significant job potential for which young Beninese need to be trained and qualified**. Based on the national employment policy and planned investments, the Government Action Programme (PAG, 2021-2026) aims to generate 1.38 million jobs, including 422,000 direct jobs, by 2026. In addition, the Glo-Djiblé special economic zone, currently being developed, alone has the potential of creating 300,000 direct skilled or semi-skilled jobs by 2030, especially in the textile industry, agri-food processing (cashew nuts in particular) and the technology and digital industry (assembly of electric vehicles, computers, and telephones, etc.).

2. **However, the shortage of skilled human resources is jeopardising the development of the economy's growth sectors where demand for skills labour is estimated at more than 800,000 people in the agricultural sector alone.** The feasibility studies[4] on which this project was based put the number of active producers at 2.7 million (including 1.3 million cereal producers, 200,000 cattle and small ruminant breeders, 500,000 cassava producers and 206,000 cotton producers) whose technical skills need to be upgraded. In addition to this number of workers, there is also the number of young people to be trained to guarantee the next generation of workers in the agricultural value chains, taking into consideration the core sectors within each Agricultural Development Pole (PDA). At the national level, this number of workers is estimated at 480,000 workers who will have to be trained in production, 123,000 in agro-industry, and 197,000 in activities downstream of the agricultural value chain. The agro-sylvo-pastoral sectors will, indeed, need this abundant and skilled labour to develop in a context of climatic and ecological urgency. With climatic conditions becoming increasingly uncertain, Benin's agricultural and energy sectors need to improve in order to adapt to climate and energy transition needs.

3. **The consultations carried out during the project's appraisal also confirmed Benin's significant job creation potential in the energy sector**. These opportunities will make it possible to respond to major constraints in terms of energy production and use, namely: (i) the urgency of the energy transition required for the PAG's greening and low-carbon development; (ii) the lack adequate energy for irrigation; (iii) the need for energy in the processing and conservation of agricultural products to limit post-harvest losses; and (iv) the low development level of renewable energies (bio-mass energy, solar, wind and hydro-electric energy). The quality of training related to agriculture and energy needs to be improved. The poor labour quality is an obstacle to competitiveness for 27% of companies (results of 2016 World Bank surveys). Benin's private sector is very interested in playing its role in the training and professional integration of young people, but it requires technical support to achieve this goal.

4. **In this respect, Benin has made skills development for increased human capital productivity one of its strategic priorities at the national and sector levels**. The project is aligned with these national priorities. These include: (a) the National Development Plan (PND 2018-2025), whose first strategic thrust concerns the development of a healthy, competent and competitive human capital; (b) the PAG

[4] These studies, conducted by the Government in 2021, aimed to refine the strategic options for operationalising the National TVET Strategy (SN-EFTP 2019-2025) in the agriculture and energy sectors.

(2021-2026), through thrust 3 (Promotion of quality education and technical and vocational education and training - TVET) of Pillar 2, entitled "Pursuing the structural transformation of the economy"; and (c) the National Climate Change Management Policy (PNGCC) and, in particular, the Technological Action Plans for Adaptation (TNA-Adaptation) and Mitigation (TNA-Mitigation) which emphasise on the development of curricula and training programmes on climate issues in the formal and non-formal educational system. The project supports several measures outlined in Benin's Nationally Determined Contribution (NDC).

5. **The project will contribute to the achievement of Sustainable Development Goals (SDGs)**. The project mainly contributes to SDG 4 (Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all) and SDG 8 (Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all). The project also contributes to SDGs 5, 13 and 15[5], as well as to the African Union's Agenda 2063 through its Aspiration No. 1: "A prosperous Africa based on inclusive growth and sustainable development".

B. Sector and Institutional Context

6. **At the sector level, the project is in line with the National TVET Strategy (SN-EFTP 2019-2025)**, in particular its three pillars, namely, (a) restructuring TVET provision; (b) improving TVET management systems in relation to employment; and (c) promoting partnership-based governance of TVET. The focus of the SN-EFTP is to develop skills in support of economic development priorities by opting for training geared to the needs of the labour market, especially those of the productive private sector. The project is also in line with the 2020-2025 National Employment Policy. Through the development and rehabilitation of infrastructure, the project will help to increase access to high-quality vocational training, especially on agriculture and energy. The intangible support planned will help to improve the quality of teaching, its relevance to the labour market and the private sector's increased involvement in the governance of the national TVET system, especially business incubators, as well as support the transition from training to employment**.**

7. **The national TVET system faces at least six major challenges[6]**: (i) the high shortage of training infrastructure, which results in a limited number of learners and, therefore, of skilled workers to raise labour productivity in the long term; (ii) the inadequate technology base which is out of touch with the labour market and its innovations; (iii) the relatively old curricula which also pose the challenge of training trainers; (iv) the limited openness of training centres to partnerships with the private sector, coupled with lack of entrepreneurship promotion, which are obstacles to employability and productive self-employment; (v) the challenge of gender equality, innovation for climate action and inclusion of the most vulnerable in TVET; and (vi) the weakness of the information system on the professional integration of graduates. The country had 4 TVET learners for every 100 learners in general secondary education in 2021[7], which is low compared to an average ratio of 9 per 100 in Africa[8]. Yet the potential demand for vocational training is high. It

[5] SDG 5: Achieve gender equality and empower all women and girls; SDG 13: Take urgent action to combat climate change and its impacts; SDG 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.
[6] Annex 1-7 (Sector and institutional analysis) mentions other challenges, including the public's poor perception of TVET, and the deployment of an appropriate and efficient financing system.
[7] Bank staff calculations, using the MESTFP statistical yearbooks .
[8] This continental average is taken from UNESCO databases (www.uis.unesco.org).

is estimated that 35.1% of young people are not in Employment, Education or Training [9]. This figure is 29.0% for boys and 40.7% for girls. The training currently provided is often disconnected from the labour market. On average, curricula are 20 years old for industrial courses and 13 years old for agricultural courses. This double mismatch and skills deficit contribute, in part, to the difficulties graduates have in entering the labour market. In Benin, the informal sector is still predominant (employing over 90%[10] of the workforce). Above all, it is characterised by low labour productivity, reflected in a high rate of under-utilisation of the work-force - which reaches 24.2% among young people aged between 15 and 34. Lastly, there are still major gender inequalities regarding access to TVET: girls are particularly under-represented in industrial courses (with 13.6% of learners in 2021) and agricultural courses (20.5% of learners).

8. **In response to these challenges, the government has embarked on far-reaching reforms**. In quantitative terms, the aim is to get 70% of learners in the educational system into TVET by 2030. Qualitatively, the aim is to reconfigure the skills-based training to maximise the employability of young people. There are plans to reorganise the curricula of the Technical Vocational High Schools *(Lycées Techniques Professionnels - LTPs)*, based on a logic of specialisation in three domains/blocks[11], including the "Energy-digital" domain/block. The Agricultural Technical High Schools (LTAs) will be geared towards training farmers or specialised workers for standard jobs, and short, modular, skills training courses to enable young people and adults to be quickly integrated into value-added chains. For the agricultural and energy sectors, the sector skills development programmes aim, by 2025, to rehabilitate 10 LTAs, build 20 LTAs, create a vocational training school for energy trades, and rehabilitate 8 LTPs providing training on energy and digital skills. The project will contribute directly to the implementation of these two sector programmes.

C. Rationale for the Bank's Involvement

9. **The project is consistent with Bank policies and strategies**. It forms part of the two pillars of the Country Strategy Paper (CSP 2022-2026) for Benin. First, improving skills in the agricultural sector is key to supporting the development of agricultural value chains and the agro-industry. Second, developing skills in the energy sector will help to support agro-industrialisation and promote access to energy (conventional or renewable), as well as improving the quality of energy services, including in rural areas. The project is aligned with the High 5 on "Improve the quality of life for the people of Africa", the Skills for Employability and Productivity in Africa (SEPA 2022-2025) Action Plan and the Jobs for Youth in Africa Strategy (2016-2025). The project is also aligned with the Gender Strategy (2021-2025), especially its Pillar 2 "Accelerating women's employability and job creation through skills development", as well as the Bank's Strategic Framework on Climate Change and Green Growth (2021-2030), which prioritises the creation of green jobs for young people and the development of curricula and knowledge in sectors related to the green transition among the strategic implementation actions. The project is also aligned with the second priority area, "Building resilient societies", of the Bank's Strategy to Address Fragility and Enhance Resilience in

[9] These statistics are taken from the World Development Indicators online database (World Bank 2023). However, they refer to 2018 (the most recent year available for Benin).
[10] National Institute of Statistics and Economic Analysis (2019): Summary report of the 2018 Integrated Regional Employment and Informal Sector Survey (ERI-ESI) in Benin.
[11] The other two are "Construction and Public Works", and "Maintenance of vehicles and industrial equipment".

Africa (2022-2026). In line with SEPA, the project will focus on infrastructure development in TVET, complemented by intangible support to improve the quality and relevance, entrepreneurship and sustainability of services.

10. **The Bank's financing is justified by the need to support the country in its efforts to reduce the shortage of skilled labour in key sectors for the structural transformation of its economy and job creation**. This financing is also, and above all, justified by its transformative measures which make it possible to make investments in human resources profitable with the contribution of the private sector at various levels (see Box 1 below), and to make the gains sustainable. Following the roundtable on the financing of the SN-EFTP in February 2020, the government initially requested support in four sectors (agriculture, energy, digital economy, and infrastructure). The Bank expressed its desire to support Benin with a USD 150 million contribution in several phases. In the first phase, the project would target the agricultural and energy sectors, a choice based on an alignment with the CSP and the availability of feasibility studies. The project also offers significant potential for boosting green transition and climate resilience in Benin. Its implementation will foster the emergence of a pool of talent equipped to develop innovative solutions which meet the challenges of climate change and low-carbon development in the agricultural and energy sectors.

11. **The project complements the Bank's other operations in Benin, especially in the agricultural and energy sectors**. Current projects (communal forest management, cashew nut industry development, development of the milk and meat industries and livestock businesses, and rural electrification) are creating opportunities for the future integration of graduates from training centres financed under the PDCESP. In addition, these projects operate in at least one of the areas selected for the PDCESP (Atlantique, Borgou, Mono). The project complements the Economic Governance and Private Sector Development Support Programme (PAGE-DSP I) currently being prepared. This programme targets the development of the agro-industrial private sector and the strengthening of climate resilience.

12. **The project complies with the Bank's Selectivity Framework:** This is the case with 2 strategic priorities of the Bank's Selectivity Framework. These are: (1) Strategic Priority 5.2 "Developing skills for decent jobs and broadening economic opportunities for young people", and; (2) Strategic Priority 2.1 "Strengthening agricultural value chains" through the educational economic units (UEVP) which will be created in the agricultural technical colleges (LTA). With reference to the project classification system, the project contributes to the following four sub-themes: (i) Strengthening and reforming the educational sector; (ii) Investments for job creation; (iii) Innovation programmes to develop promising employment solutions; and (iv) Agricultural productivity.

11. **Human capital development is one of the areas in which the Bank focuses its support to its Regional Member Countries**. The Bank has experience and a comparative advantage in designing and monitoring the implementation of similar operations. By financing the PDCESP-1, the Bank will enable the country to respond to the challenges identified in its national TVET system, while at the same time seizing and creating employment opportunities for young people in the priority sectors identified by the Government. The challenges of mass training are significant, which justifies the government's proactive approach in terms of modernising its TVET system, which is perfectly in line with the orientations of the Bank's Skills for Employability and Productivity in Africa (SEPA) Action Plan, 2022–2025.

D. Development Partners Coordination

12. **The project was designed in consultation with key partners with TVET investments in Benin, including those with ongoing or planned investments on vocational training in the agricultural and/or energy sectors.**[12]. These are the World Bank (WB), the French Development Agency (AFD), Swiss Cooperation, GIZ, KfW and Canadian Cooperation. The European Investment Bank (EIB), the West African Development Bank (BOAD), the European Union in Benin, the Luxembourg Cooperation (Lux-Dev) and the Japanese Cooperation are in the design phase. These partners are mainly involved in infrastructure development investment. However, some of them, including the World Bank, AFD and KFW, provide significant institutional support, as illustrated below. The Bank will develop synergies with the partners making material investments in support of skills development in the agricultural and energy sectors, whose indicative commitments are estimated at EUR 409.4 million in parallel financing[13]. The partners involved are the World Bank (an Energy Trade School to be built and equipped), the EIB (two Technical Vocational Schools or LTPs to be built and equipped), BOAD (4 LTPs) and the OPEC Funds (one LTP) in the energy sector. For the agricultural sector, these are the WB (10 Agricultural Technical High Schools or LTAs to be built and equipped), the AFD (12 LTAs) and the KFW (2 LTAs). The Bank will join the sector consultation sub-group of TVET partners, led by AFD.

13. **The selectivity of the activities planned under PDCESP, in terms of intangible (soft) investments, is the result of a proactive approach to take advantage of complementarity with the interventions of other partners**. Synergies will be developed especially with (i) the AFD which will finance the development of an infrastructure and equipment maintenance programme for training centres, and;support for the structuring of private players in the agricultural sector within a "professional branch" to strengthen dialogue on the match between training and jobs; (ii) the World Bank, which will finance a series of institutional support measures to raise awareness and promote TVET occupations, as well as the governance of training centres, in particular, their openness to partnerships with the productive private sector; and (iii) KFW, which will provide support for the development of a sustainable financial mechanism for TVET in Benin.

2 PROJECT DESCRIPTION

A. Project Development Objective

14. **The project's overall objective is to strengthen the skills and qualifications of young women and men, to create a more innovative, enterprising and competitive workforce in the agricultural and energy (particularly renewable) sectors.** Specifically, the aim is to help improve the quantity and quality of technical and vocational training, in line with economic demand in sectors with high employment and green growth potential, such as agriculture and energy, and to help improve the integration of young project beneficiaries into the labour market. The project provides direct support for sector skills development programmes in the agricultural and energy sectors. It will provide support for infrastructure development, accompanied by selective institutional support to guarantee the

[12] Technical Annexes 1-3 and 1-8 provide more details, respectively, on similar projects financed by partners, and on the support matrix of development partners in Benin in general.
[13] The Government plans to forward to the Bank, prior to the ADB loan negotiations, a letter confirming the commitment of these partners to finance the sector programmes on skills in the agricultural and energy sectors.

sustainability of investments and the professional integration of those trained. Improving inclusion, gender equity, the green transition and climate resilience are cross-cutting aspects of the project.

B. Theory of Change

15. The low level of qualification of the workforce and the mismatch between TVET and the labour market in Benin are contributing to an increase in the rate of under-employment[14], as well as the rate of self-employment which was 90% in 2021, including 95.5% for women[15]. In addition, entering the labour market is generally long, with an average of up to 5.2 years[16] spent being unemployed. The project adopts the solution which holds that increasing the quantity and quality of training on offer in line with the needs of the labour market and the private sector in sectors with high employment potential, such as agriculture and energy, will help to provide the country with a critical mass of skilled, innovative, enterprising and productive workers who can enter the labour market more quickly.[17] Under the assumption that the productive private sector will continue to develop in such a way as to create more opportunities for decent jobs, and that the business environment will be conducive to opportunity-driven entrepreneurship development, this critical mass of skilled workers or entrepreneurs will be able to enter the employment and self-employment market effectively in the agricultural and energy sectors, and make the most of opportunities along the value chain. Labour productivity will be improved, and the level of unemployment and under-employment will be reduced, leading to improved incomes.

16. The other assumptions underlying this theory of change are that (i) households provide reasonable tuition fees for learners; (ii) the productive private sector contributes to the ongoing curricula review which meet the needs of the labour market; (iii) the economic model for training centres, particularly at the level of pedagogical economic units (UEVP) and incubators, is geared towards efficient resources management, targeted interventions and financial sustainability; (iv) the underlying hydro-climatic risks in the areas where the LTAs and UEVPs are located are fully under control; (v) the maintenance of the infrastructure developed and equipment procured under the project is assured; and (vi) there is a strong mentality change among young people in favour of entrepreneurial initiative, especially in the agricultural sector.

C. Project Components

17. The project has three main components:

18. **Component 1: Renovation and extension of technical and vocational training facilities (EUR 77.435 million)**. It aims primarily to increase the supply of vocational technical trainingand comprises two sub-components.

Sub-component 1.1: Construction/rehabilitation of training and production facilities, and expansion of inclusive access to TVET. This sub-component covers the construction of five training facilities (2 LTAs, 1 LTP) and production unit (2 UEVPs). These five facilities have been selected based on the following criteria: (i)

[14] The under-employment rate was estimated at 79.3% for young people and 85.1% for women in 2015 (EMICOV, 2015).
[15] World Bank (2023), World Development Indicator.
[16] National Institute of Statistics and Economic Analysis (2019): Summary report of the 2018 Integrated Regional Survey on Employment and the Informal Sector (ERI-ESI) in Benin. Recent data is not available, but based on the experience of other sub-Saharan African countries, it is reasonable to assume that this indicator varies slowly from one year to the next.
[17] Technical Annex 2-1 - presents a more complete analysis of the detailed Theory of Change

strategic priority: they are on the Government's list of 30 LTAs and 9 LTPs to be built/rehabilitated as a priority (see paragraph 8); (ii) maturity: availability of technical studies; and (iii) complementarity: other development partners are involved in providing support to other training centres (see paragraph 12).

19. Each LTA will have pedagogical/teaching facilities covering an area of 50 ha, and a production/economic unit (UEVP) (covering 1,002 ha at Kpomassè and 847 ha at Athiémé). The UEVP, conceived as a real agricultural business operation unit, will be adjacent to the LTA without being dependent on it or under its supervision. Its primary objective is to produce wealth. The Tchaourou LTP will be renovated and equipped with new administrative and teaching facilities, as well as a business incubator. For each of the schools, the teaching blocks will include classrooms, application workshops (training blocks), specialised rooms, technology rooms and laboratories, a library, computer and multimedia rooms, an administrative block, a medical centre, a refectory with about 100 seats, separate dormitories and latrines for girls and boys with a total of 100 spots, accommodation for supervisory staff, a tool storage warehouse (for LTP) and an animal production area with a warehouse (for LTA). The UEVP will comprise specific units depending on the special features of each site and the agro-climatic conditions of the area in which they are located.

20. The Bank and AGTF will finance the building and equipment of the five selected facilities. The loan resources will finance the implementation of all applicable environmental and social safeguards, including the four Resettlement Action Plans (RAPs) presented in Chapter 3-B below.

<u>Sub-component 1.2: Equipment and staff for the three schools and support for digital transformation. This sub-component</u> aims to provide the training centres with proper teaching and administrative equipment, including for online training, and to build staff capacity in the use of this equipment.

21. The five training-production facilities will be equipped with equipment designed for the agricultural and energy professions. Based on the feasibility studies already conducted[18] which included consultations with the private sector, the agricultural specialties selected[19] are aquaculture, market gardening, poultry farming, cereal and pulse production (maize, cowpeas and rice), fruit growing (bananas) and sheep farming.

22. In the field of energy, these include the following trades: renewable energy, electrical installation, refrigeration, air conditioning installation, household appliances installation-repair, electrical trades (including energy efficiency and control), electronic maintenance, home automation and connected buildings, lift maintenance, etc. The training curricula will include modules on climate change issues and the energy transition, such as, the Paris Agreement and Nationally Determined Contributions (NDCs), energy audits/assessments, and carbon footprints in the energy sector, MRV systems (monitoring, reporting, verification), etc. The schools will also be provided with equipment and furniture for the administrative blocks, all financed from AfDB loan resources.

23. The project will also build digital skills and build capacity of trainers in the use of e-learning tools. This will be done by (i) conducting a benchmarking study on model digital transformation centres adapted to the Benin context; (ii) providing

[18] These are recalled in paragraphs 7 and 8 above.

[19] The Bank was able to reconfirm the relevance of these specialists during consultations with private sector stakeholders during the project preparation (April 2023) and appraisal (September 2023) missions

technical assistance for digital upgrading (digital equipment, internet connectivity), especially at the Tchaourou LTP; and (iii) building the capacity of a group of selected trainers.

24. **Component 2: Enhancing the employability and professional integration of male and female graduates (EUR 6.664 million).** The objective is to finance catalytic intangible (soft) investments to guarantee the sustainability of infrastructure investments and teaching equipment as well as the sustainable integration of trainees into the labour market. This component also includes two sub-components.

Sub-component 2.1: Improving the quality and attractiveness of schools and partnerships, including public-private partnerships. This sub-component aims to ensure that training content is aligned with the changing needs of the private sector and the labour market, and that the centres have an impact at the local, national and regional levels.

25. The project will finance the development of curricula geared to the needs of the labour market, for 15 specialised subjects (8 in agriculture, 7 in energy) from the State's counterpart funding; and the ADB and AGTF loan resources will finance capacity-building programmes for 200 teachers of general education subjects (maths, physics, English) on the links between their disciplines and the various vocational specialties. Educational inspectors will also be beneficiaries of the capacity building programmes. These curricula will also incorporate the intrinsic skills needed by entrepreneurs (psycho-social and behavioural skills, etc.).

26. In collaboration with the National Institute for Women (INF), the project will also provide support for the mainstreaming of gender-sensitive life skills into the new curricula for specialist occupations. The INF will develop three modules, namely, (i) a module on self-discovery, gifts and talents; (ii) a module on life planning; and (iii) a module on developing and maintaining self-esteem. The capacities of a group of teachers and inspectors will also be built by organising workshops on the use of the new modules and their use in actual teaching.

27. In addition, working with the National Consultation Framework for the Promotion of TVET (CNCP), the project will finance actions to enhance the TVET public-private partnership. This will be done through the gradual organisation of the Sectoral Technical Commissions (CTS) into operational professional branches, particularly in the energy sector, so that the private energy sector can play its full role[20]in the training and integration of young people. A similar exercise will be financed by another partner (AFD) for the agricultural sector.

28. Lastly, the project will finance the development and implementation of a gender-sensitive communication plan to promote agricultural and industrial related trades in general, with priority given to the project's three target schools. This communication plan will help to make the agricultural and industrial TVET streams more attractive to parents, young people in general and girls in particular.

Sub-component 2.2: Support for entrepreneurship and professional integration of young boys and girls. This sub-component aims to (i) strengthen the abilities of the centres to combine training and production/entrepreneurship, especially through their UEVPs or incubators; (ii) support young people in their professional transition

[20] Roles such as regular identification of skills needs, participation in curriculum development, sandwich training, school management and support for integration.

to the labour market; and (iii) strengthen the tools for enhancing the training-employment nexus.

Box 1: The private sector is a key player in project design and sustainability. Its involvement is multi-faceted:
(i) **Definition of training curricula for specialised trades.** The private sector has confirmed the relevance of the 15 specialties selected as a priority for the LTA and LTP. The private sector will participate in workshops on the working conditions which will help to draw up the curricula.
(ii) **The governance of training and production centres and incubators.** According to the government's feasibility studies, the UEVPs will be managed like companies (public limited companies). The project plans to finance technical assistance using the economic model for incubators and UEVPs. The UEVPs and the LTP incubator will be run by private-sector professionals.
(iii) **Participation in the project's technical monitoring committee.** The National Employers' Council (CNCP), the Benin Chamber of Commerce and Industry (CCIB), the Chamber of Agriculture and the professional organisations platform will be represented on the project's technical monitoring committee, the interface between the steering committee and the Project Coordination Team (PCT).
(iv) **Direct support for young people in finding employment.** The project will call on private sector companies to roll out a pilot vocational retraining programme for 800 long-term unemployed graduates, and intra-company training for 600 young people with few or no qualifications.
(v) **The private sector will also benefit from capacity-building support.** The project will provide support for the organisation of the professional sector to the energy sector, to enable it to contribute more effectively to the strategic and operational management of TVET for employability, work-force productivity and the integration of young people. The private sector will also be able to solicit the new centres for ongoing training of its staff based on the modular curricula developed.

29. The project will finance technical assistance to better define an economic/business model to ensure the economic and financial viability of the incubation system (i.e., the two UEVPs in the LTAs and the incubator in the LTP). This technical assistance will help to refine the business plans for the UEVPs, taking into consideration the projected growth in student numbers in the LTAs. This technical assistance will also help the management team of each of the UEVPs in the progressive deployment of new techniques and technologies. The operation of the UEVPs and the incubator at the Tchaourou LTP will call on private sector professionals, as will the management of the schools.

30. The project will provide direct support for the professional integration of 1,400 male and female graduates through qualification courses, "assisted" jobs and a retraining scheme for the long-term unemployed. Accordingly, an agreement will be signed between the Executing Agency and the National Employment Agency (ANPE) with a view to implementing active labour market programmes (See Annex 5.2 for more details).

31. Two categories of young people are being targeted, at least 30% of whom will be women: (i) 600 young people with little or no education will receive direct apprenticeship support from companies with a strong need for labour in the agricultural and energy sectors. There is already a pool of companies which can take on these young people, especially in the Glo-Djiblé special economic zone, as well as outside the zone[21]. The ANPE, which has already developed similar experience under the FP2E project financed by the World Bank, will be consulting widely to develop partnership agreements with an even greater number of

[21] The experiment conducted under the FP2E project, which began in January 2022, has enabled 6,305 young people (44.8% of whom are women) to be placed in internships, apprenticeships or in-company training by 30 September 2023, through a total of 165 companies with which the ANPE has signed partnership agreements (source: ANPE).

businesses (model agreement in Annex 5.3). For example, at least 125 businesses operating nationally in the fields of renewable energy, energy efficiency and domestic electricity. There is, therefore, a reasonable pool of host companies for the 600 young people undergoing apprenticeship training[22]; (ii) 800 young higher education graduates and long-term unemployed people will receive modular training leading to qualifications in the agricultural and energy value chains. This training will be based on the modular curricula developed in sub-component 2.1. For this last category, a study will be carried out at the beginning of the project on the transformation of holders of general higher education qualifications into holders of vocational qualifications geared to the needs of the labour market.

32. Lastly, it will finance two tracer surveys to monitor the professional integration of graduates (one at the beginning and the other at project completion). As well as filling a significant information gap[23], these surveys will serve as tools for steering and continuously regulating the training available according to market demand, beyond the three PDCESP centres alone.

33. **Component 3: Project Management** (EUR 3.934 million). The PDCESP will finance (i) the fees and operations of the Project Coordination Team (PCT); (ii) the procurement of equipment and materials (office equipment and vehicles); (iii) the premises hosting the PCT; (iv) accounting and procurement audits, environmental and social performance audits; and project monitoring and evaluation; (v) project monitoring committee activities; and (vi) consultancy services for institutional support to the executing agency and the TVET ecosystem.

D. Project Cost and Financing Arrangements

34. **The cost of skills development programmes in the agricultural and energy sectors is estimated at EUR 604.1 million for the construction and equipment of 30 LTAs and 9 LTPs in the energy sector:** The Bank will contribute through an AfDB loan of EUR 64.84 million or 10.7% of the total cost (see Annex 5.4). The Bank will therefore finance well under 50% of the cost of the sector programmes, which is in line with the rules applicable to the ADB Window. The EUR 16.9 million AGTF loan (Annex 5.5) will account for 2.8% of the total project cost.

35. **The financing plan for the two sector programmes includes EUR 409.4 million in parallel financing from other partners, of which EUR 233.3 million has already been confirmed.** Funding has already been approved from the World Bank (EUR 148.7 million), AFD (EUR 52.8 million), KFW (EUR 20 million) and OPEC Funds (EUR 11.8 million). The other partners are in the appraisal phase for their financial assistance, with approvals scheduled by March 2024 (BOAD) or June 2024 (EIB, EU). The AFD has also begun appraising new financial assistance in the form of sector budget support for 2024. The Government has undertaken to provide the Bank, in accordance with a schedule to be established during negotiations for the AfDB loan, with proof of confirmation by each of the parallel co-financiers of its contribution to the sector programmes.

36. **The State is also contributing EUR 112.9 million to the financing of the two sector programmes, including EUR 76.2 million** budgeted for the construction of five LTAs, and EUR 34.8 million committed to cover the cost of technical studies,

[22] These young people have a high probability of finding employment. According to data from the FP2E project, it is estimated that out of a total of 3,403 young people who had completed their work placements by 30 September 2023, 1,589 (46.7%) were directly recruited by the host companies. Girls accounted for 42% of the young people recruited (source: ANPE).
[23] The most recent data on employment at national level dates from 2018 at best – (ERI ESI, 2018).

environmental and social impact assessments (ESIAs), specialised curricula, and the initial training of 662 trainers (teachers already in training). Lastly, the State's contribution includes the specific counterpart funding for operating expenses (rent) and equipment (air conditioning, etc.) within the PCT, amounting to EUR 1.89 million.

37. **The PDCESP is estimated at EUR 88.03 million excluding taxes and customs duties.** This amount includes the ADB loan (EUR 64.84 million), the AGTF loan (EUR 16.9 million) and the government counterpart funding (EUR 6.29 million). The latter includes: (i) an allocation of the cost incurred for technical, environmental, and social studies, and the training of trainers for the two LTAs and the LTP (EUR 4.40 million); (ii) the contribution to certain expenses at the PCT (EUR 1.89 million) over the entire PDCESP implementation period. This includes rent for the building hosting the PCT from the third year of implementation of the PDCESP.

Table 1: Estimated project cost by component (AfDB, AGTF and Government)

Components	Million (EUR)			Share of total project cost
	Foreign Exchange	Local Currency (L.C.)	Total	
Component 1	49.64	23.50	73.14	83.1%
Component 2	4.14	2.15	6.29	7.2%
Component 3	0.49	3.23	3.72	4.2%
Total Base Costs	**54.27**	**28.88**	**83.15**	**94.4%**
Physical contingencies	1.96	1.04	3.00	3.4%
Price escalation	1.23	0.65	1.88	2.2%
Total Project Costs	**57.94**	**30.57**	**88.03**	**100.0%**

Table 2: Sources of project financing (EUR Million)

Sources of financing	Costs	Expenditure (L.C)	Share of total project cost
AfDB	64.845	25.94	73.7%
AGTF	16.900	2.98	19.2%
Government of Benin	6.288	1.65	7.1%
Total Project Costs	**88.033**	**30.57**	**100.0%**

Table 3: Project cost by expenditure category (AfDB, AGTF and Government)

Category	*Million (EUR)*			*% of total base cost*	*Share of total project cost*
	Foreign Exchange	*Local Currency*	*Total*		
Goods	10.83	0.00	10.90	13.1%	12.4%
Services	9.37	7.70	15.55	18.7%	17.6%
Works	33.61	7.93	41.54	50.0%	47.2%
Operation	0.46	14.68	15.15	18.2%	17.2%
Total Base Costs	**54.27**	**28.88**	**83.15**	**100.0%**	**94.4%**
Physical contingencies	1.96	1.04	3.009	3.6%	3.4%
Price escalation	1.23	0.65	1.88	2.3%	2.2%
Total Project Cost	**57.94**	**30.57**	**88.03**	**105.9%**	**100.0%**

Table 4: Project cost by category of expenditure (AfDB & AGTF)

Category	*Million (EUR)*			*% of total base cost*	*Share of total project cost*
	Foreign Exchange	*Local Currency*	*Total*		
Goods	10.80	0.00	10.807	14.1%	13.2%
Services	4.96	4.90	9.86	12.8%	12.1%
Works	33.60	7.93	41.53	54.0%	50.8%
Operation	0.28	14.39	14.67	19.1%	17.9%
Total Base Costs	**49.64**	**27.22**	**76.86**	**100.0%**	**94.0%**
Physical contingencies	1.96	1.04	3.00	3.9%	3.7%
Price escalation	1.23	0.65	1.88	2.5%	2.3%
Total Project Cost	**52.83**	**28.91**	**81.74**	**106.4%**	**100.0%**

Table 5: Project expenditure schedule (AfDB, AGTF and Government)

Components	*Million (EUR)*					
	PY1	**PY2**	**PY3**	**PY4**	**PY5**	**Total**
Component 1	26.62	30.67	14.21	0.82	0.82	73.14
Component 2	2.84	1.14	1.09	0.67	0.55	6.29
Component 3	0.90	0.73	0.77	0.62	0.69	3.72
Total Base Costs	**30.36**	**32.55**	**16.07**	**2.11**	**2.06**	**83.15**
Physical contingencies	0.15	0.45	0.90	0,90	0.60	3.00
Price escalation	0.09	0.57	0.66	0.38	0.19	1.88
Total Project Cost	**30.60**	**33.57**	**17.63**	**3.39**	**2.85**	**88.03**
%	34.8%	38.1%	20.0%	3.9%	3.2%	100.0%

38. **The PDCESP cost estimate is based on the most recent data available (September 2023), in particular the Preliminary Detailed Design (PDD) studies for the works**. Lump-sum allocations were set aside for teaching equipment, taking into consideration the Bank's experience. Curricula development, under way with counterpart resources, will provide the necessary basis, by June 2024, for the drawing up of the list of teaching equipment required for the 15 specialised trades, thus promoting efficient allocation of resources, and targeting of priority sectors. The cost estimate also includes a provision for physical contingencies (amounting to 3.4% of the project's base cost) and for price increases[24] (2.3% of the base cost). Regarding the AfDB and AGTF resources, the provision for contingencies is even more prudent, at 3.9%for physical contingencies and 2.5% for price escalations. This cumulative margin of 6.4% is deemed reasonable given that (a) the baseline data is very recent (dating from September 2023); and (b) action is envisaged for a rapid start of works from April or May 2024 through early procurement (see section 4-B below).

E. Beneficiaries of the Target Area and Project Population and Other Stakeholders

39. **The project will mainly involve five sites in three departments:** These are the LTA and UEVP sites in Athiémé (Mono Department), the LTA and UEVP sites in Kpomassè (Atlantic Department) and the LTP site in Tchaourou (Borgou Department). The direct beneficiaries are the communities where these facilities are located, which will be built or rehabilitated and provided with equipment and qualified human resources. The two UEVPs, which will be developed, will have an

[24] The inflation rate is estimated at 1.5% for 2022, compared with 1.7% for 2021. But the average rate over the ten-year period 2012-2022 is only 0.7%, according to: www.imf.org.

average net income of about XOF 3.1 billion[25] per year net of taxes, which could theoretically make it possible to support the LTA to which they are attached. The production of these UEVPs will thus increase agricultural production at the communal and national levels, and consequently Benin's agricultural added value. At least 280 people involved in vocational training will also be trained or retrained (trainers, centre managers, educational inspectors), at least 20%[26] of whom will be women.

40. **The final beneficiaries of the planned investments are young men and women who will receive relevant technical and vocational training enabling them to enter the labour market on a long-term basis as employees or entrepreneurs**[27]. Their estimated number is **5,900** young people by the end of the project in 2028. This is an aggregation of three statistics: (a) the **1,500** "anticipated" learners in the three training centres by 2028, at least 20% of whom will be women (compared with 15.8% in 2021). This number of learners will increase over time, beyond the project's closing date, if the new centres are operational; (b) in addition, with the support of the ANPE, **1,400** young unemployed or under-employed people, at least 30% of whom will be women, will receive direct support for their professional integration. These young people are divided into two categories: (i) 800 young higher education graduates who will receive modular training leading to qualifications; and (ii) 600 young people with little or no education who will receive support in the form of apprenticeship in companies; and (c) lastly, the project will also have a number of indirect beneficiaries, including the **3,000** young people who will benefit from temporary jobs created during the infrastructure development phase, and private sector companies which will ultimately benefit from an abundant and better-quality work-force.

41. **Beneficiaries, the private sector, development partners and the Beninese civil society were consulted** for their opinions and experiences on the challenges faced both by young people with or without qualifications and in and outside employment. They were also consulted on issues related to skills gaps and vocational training needs. Regarding beneficiaries and the civil society, four major recommendations have been taken into consideration in the project. These are: (i) social inclusion: taking into consideration the special needs of people with disabilities and implementing measures to encourage young women to enrol in vocational training; (ii) reducing the mismatch between training content and the skills in demand on the labour market; (iii) advocacy, promotion and enhancement of technical-vocational training in the same way as general training, especially among learners' parents; and (iv) improving post-training follow-up as a guarantee of better professional integration for young people. In addition, the ecosystem's key players, such as the CNCP, the Chamber of Agriculture, the Chamber of Trades, the National Women's Institute, youth and women's organisations, technical and financial partners working in the sector, and certain private companies were consulted, and their feedback was also taken into consideration. Specific measures are being considered to build the CNCP's capacity in vocational branches, especially in the agricultural and energy sectors, to improve the effectiveness of the TVET institutional support system.

[25] This assessment is based on the "Detailed Preliminary Studies" (DPS) for the two UEVP.
[26] It should be noted that women accounted for only 12.6% of teaching staff in agriculture and science and technology in TVET as a whole in 2021 (the most recent year for which statistics are available).
[27] Details are given in chapter 2-C and in technical Annex 5.2 on support for the integration of young people.

F. Bank Group Experience and Lessons Reflected in the Design

42. **In the past, the Bank has been involved in the country's educational/training sector, financing 6 operations since 1979, with a commitment of UA 63 million**. The Bank has contributed to the building of primary schools, secondary schools and vocational training centres or institutes at secondary or higher levels. About ten TVET schools have been built and equipped in the country (in the towns of Bohicon, Pobè, Natitingou, Lokossa, Djougou, Savalou, Akodèha/Comè, Niki, Pahou and Ouidah). In the past, the Bank has also provided various types of institutional support for TVET (studies, training of trainers, and support for the employment and training observatory).

43. **The project draws on the following lessons from past operations[28]**: i) implementation delays due to long delays in the ratification and entry into force of loan agreements, delays in the preparation of bidding documents (BDs), delays in the disbursement of counterpart funding; (ii) poor coordination between several ministries involved in the same project; (iii) problems relating to the upkeep, maintenance and security of buildings and equipment; and (iv) poor links between training courses and the private sector. The project takes these lessons into consideration by: (a) using the preliminary technical studies during project appraisal and exploiting opportunities for co-financing by financial partners, and including in the financing agreement as a measure committing the State to provide proof of the mobilisation of the State's counterpart funding to at least cover expenditure cost for the first twelve (12) months of the counterpart funds; (b) targeting the recruitment of key project staff on a competitive basis, including performance appraisals, and including capacity building on fiduciary issues, gender, planning, resilience and monitoring and evaluation issues; (c) limiting infrastructure investment to a small number of departments; (d) selecting a single entity, ADET, as the executing agency for the beneficiary ministry; and (e) including, in the project, a dialogue with the government on the economic model for incubators and UEVPs to diversify the institutions' own resources and develop partnerships with the local private sector.

3 PROJECT FEASIBILITY

A. Financial and Economic Analysis

44. **The project is transformative, economically viable and will, on its own, contribute to the training of at least 2,000[29] new graduates per year (at least 20% of whom will be women) on agriculture and energy sectors.** The building of the three new centres will increase the total theoretical capacity by 2,670 places for initial training (for a weighted average duration of 2.8 years of training for each learner) and by at least 1,300 trainees per year on short, modular, or qualifying courses. It follows that, in absolute terms, the training centres will, at optimum capacity, be able to train an average of 2,000 new graduates per year, in the long term. However, by aiming for (a) a gradual average occupancy rate of 50%[30] when the centres open in 2025 (September) and gradually increasing to at least 75% by 2030, and; (b) a target sustainable integration rate for graduates of 90%, it can be estimated that the project would have contributed to the training of at least 42,000 graduates or the creation of 38,000 sustainable jobs by 2050 - a significant contribution to the increase in skilled and productive human capital. The operation

[28] Annex 2-4 sets out in more detail the lessons learned from previous operations.
[29] The assumptions used to calculate this statistic are given in the following paragraph.
[30] This scenario is deemed "cautious"; the authorities are counting on a rate of 60% when the centres open.

of the two UEVP will generate an average net income of at least XOF 4.4 billion per year. Apparently, these resources could potentially cover the recurring annual expenditure of the LTAs concerned, estimated at an average of XOF 3.28 billion. The project is economically viable, with a Net Present Value (NPV) estimated at XOF 41.0 billion (EUR 62.5 million), and an Internal Rate of Return (IRR) of 14.5%. These estimates are based on the following main assumptions: (i) training centre capacity optimised to at least 75% from the fifth year of their opening; (ii) unemployment rate among young graduates maintained at the baseline level of 3.5%; (iii) quality of training at least at the ex-ante 2021 level; and (iv) UEVP development rate of at most 25%[31] in the first phase of the PDCESP.

45. **The sensitivity analyses carried out suggest that the IRR would vary within a range of 13.1% to 14.5%** depending on the reasonable assumptions adopted, namely; (a) a greater or lesser enthusiasm for training (variation in the occupancy rate of training centres); (b) an increase in the quality of training; (c) a fall in the incomes of graduates - also equivalent to an increase in the general level of unemployment in the event of a macro-economic shock; and (d) a halving of the projected cash flow within UEVP.

Table 6: Key Economic and Financial Figures (for cost-benefit analysis)

FIRR (baseline scenario)	14.5%
EIRR (baseline scenario)	16.9%
NPV (Discount rate)	XOF 41.0 billion (12%)

46. **Additional Positive Impacts:** The project will generate the following benefits: (i) the creation of at least 3,000 full-time equivalent jobs during the infrastructure development phase; (ii) the creation of businesses by young men and women who will emerge from the incubators and UEVPs; (iii) additional tax revenue for the State generated through MSMEs and business creation by the youth; and (iv) indirect and induced employment by the businesses created and the consumer spending of the 42,000 graduates who will be employed by the year 2050. Technical Annex 3-1 provides a more detailed economic and financial analysis of the project.

B. Environmental and Social Safeguards

47. **Project Category:** The project was confirmed in **Category A** in accordance with Decree 2022-390 of 13 July 2022 on the organisation of environmental and social assessment procedures in Benin. This corresponds to **Category 1** in the Bank's (AfDB) Integrated Safeguards System (ISS). This E&S categorisation was validated in ISTS on 11 July 2023.

48. **Environmental and Social Safeguards Documents:** The Borrower has prepared five Environmental and Social Impact Assessments (ESIAs) and four Resettlement Action Plans (RAPs), all of which have been reviewed and approved by the Bank and published by the Borrower on 6 August 2023 and by the Bank on 10 August 2023 on the Bank's web site in accordance with ISS requirements.

Key Environmental and Social (E&S) Risks and Impacts

[31] The cost of building the two UEVPs at Kpomassè and Athiémé is estimated at XOF 26.94 billion. However, the resources earmarked for the works under the PDCESP-I (i.e. XOF 6 billion excluding taxes and customs duties) do not cover the total investment costs. This implies a gradual development of the sites designated for the UEVP up to a maximum of 25% in the first phase of PDCESP.

49. **The key E&S impacts are:** (i) the destruction of 224,129 trees; (ii) contamination of water resources due to oil spills and leaks; (iii) 243 Project Affected Persons (PAPs), including 44 women and 52 vulnerable people, and (iv) the loss of 2,407.61 ha of agricultural land. The main E&S risks include: (i) contamination of water sources; (ii) accidents/incidents on construction sites; (iii) flooding of secondary schools and the perimetres which will be developed; (iv) land disputes; (v) GBV/SEA/SH; and (vi) the spread of diseases (HIV/AIDS and STDs), etc.

50. **Environmental and Social Risks and Impact Mitigation Measures:** All the above E&S risk and impact management measures are set out in the 9 E&S instruments. The total cost of implementing the E&S safeguards amounted to ten billion seven hundred and twenty-three million fifty-four thousand and seventeen (**XOF10,723,054,017**). These costs include the cost of implementing Environmental and Social Management Plans (ESMPs) (**XOF1,569,318,775**), compensating PAPs (**XOF9,153,735,242**), implementing the Complaints Handling Mechanism (CHM), conducting annual E&S performance audits and RAP completion audits.

51. **Public Consultations:** The Bank ensured that all stakeholders were properly involved and consulted during the project preparation process. Nine (9) formal public consultation meetings were held, bringing together two hundred and sixty-five (265) participants, including 45 women. Public consultations were held in Tchaourou, Kpomassè and Athiémé between 6 March 2023 and 14 May 2023.

52. **Involuntary Resettlement:** The development of different types of infrastructure will result in the loss of: (i) 2,407.61 ha of farmland, including 64.32 ha of cultivated areas; (ii) 224,364 cash crops; (iii) homes (36 homes will be destroyed) belonging to 34 PAPs; and (iv) 21 deities (including 13 family deities and 8 private deities). 243 people, including 44 women and 52 vulnerable people, will be affected by the project.

53. **The Borrower's Capacity to Implement E&S Measures.** The project will be managed by a Project Coordination Team hosted by the Technical Education Development Agency (ADET). This agency has the capacity to manage this project given that it has E&S safeguards staff. The project's environmental and social management activities will be implemented by the two environmental and social safeguards experts who will be recruited and deployed exclusively to the project.

54. **Environmental and Social Compliance:** The borrower undertakes to implement in a diligent and efficient manner all published documents and any other measures necessary for the management of project risks and impacts. No later than the 5th of the following month, the borrower will produce a consolidated monthly report on the implementation of E&S measures. In addition, the borrower will produce a completion audit report on the implementation of the four (4) RAPs, prepared by an independent expert as soon as the offsets have been completed. At the end of the first year of implementation, the Borrower will have an annual environmental and social performance audit report prepared by an independent E&S auditor and submitted to the Bank no later than the end of the first quarter of the year following the year in question, until the project is closed. In the event of an environmental, health and safety (EHS) incident at work, the borrower shall notify the Bank within 48 hours of the event, share the investigation report from the competent authorities and, if deemed necessary by the Bank, prepare, and submit a root cause analysis (RCA) report for approval and implementation. These obligations are reflected, among others, in the financing agreement. On this basis, the project is ready for

approval by the Board of Directors, as evidenced by the Environmental and Social Compliance Note (ESCON) in annex.

Climate Change and Green Growth

55. **Contribution to Climate Action**: Benin's National Adaptation Plan specifically provides for the introduction of an academic training curriculum in the energy sector aligned with climate change issues. The project is therefore helping in the Plan’s implementation. The new constructed institutions will serve as laboratories for the promotion of technological innovation and the development of know-how in the field of climate change adaptation and mitigation, in line with the PNGCC, and the TNA-Adaptation and TNA-Mitigation.

56. **Climate Vulnerability Analysis: The project is classified as Category 1 under the Bank's climate protection system**. The last few decades in Benin have been marked by an intensification of climate variability, characterised especially by a recurrence of extreme events such as long dry spells, floods and excessive flooding. The number of communities at high risk of flooding in Benin has risen from 22 in 2010 to 35 communities in 2022, demonstrating the scale of the flooding and its rapid rate of expansion. The communes of Athiémé and Kpomassè are among those at high risk of flooding in Benin. Climate vulnerability assessments demonstrate that the intervention sites are highly exposed to hydro-climatic risks. The sites which will host the UEVP, and the Athiémé LTA are almost entirely flooded and inaccessible during periods of high water, an event which, according to local communities, is intensifying and spreading to new localities every year. Climate forecasts predict very high rainfall variability, with a resurgence of rainfall, raising fears of more hydro-climatic disasters in the future. These climate risks could make the LTAs and their UEVPs unviable and less attractive to the target population, which could develop a certain reluctance or lack of interest in the facilities.

57. **Greenhouse Gas Emissions:** The areas where the secondary schools and UEVP will be located are mainly agricultural land or areas used for agriculture, with dense vegetation and scattered trees. The project will therefore not affect forest reserves, mangroves or other sensitive ecosystems which constitute the country's carbon sinks. However, the development of teaching facilities and the UEVP could result in significant carbon emissions through energy consumption in the administrative buildings, dormitories, administrative vehicles, etc. The UEVP operation will also generate the carbon emissions inherent in any agricultural activity through intensive farming practices, the cultivation of rice fields, tree felling and, above all, the use of energy in agro-industrial processes and the operation of agricultural machinery and equipment.

58. **Climate Resilience and Low Carbon Measures:** The project design takes into consideration the vulnerabilities of the ecosystems in the intervention zones in terms of climate risks, as well as the implications of these risks for the infrastructure developed. To ensure diligent monitoring of climate issues, additional studies will be conducted to bring the engineering and architectural studies of the LTAs and UEVPs into line with climatic conditions, followed by a technical review of the SBDs and the layout plans for the teaching and production/business units, in order to ensure that the facilities are in line with the hydro-climatic conditions in the areas of intervention, and that climate change impacts are incorporated into the design, implementation, and maintenance phases of the teaching and economic complexes. The Bank and the Government have agreed that these studies should be conducted by the Government by 30 May 2024 at the latest before the works’ commencement. The results of these studies will inform the resilience and carbon mitigation plan.

PDCESP's implementation will foster the emergence of a pool of talent that can come up with innovative solutions in line with climate change issues and low-carbon development in the agricultural and energy sectors. The project broadly supports several measures of the country's NDC and aligns well with the Bank's Strategic Framework on Climate Change and Green Growth, as well as with the criteria for alignment with the Paris Agreement adopted by Multilateral Development Banks, with the objective of limiting global warming to below 2°C and increasing the capacity of countries to cope with climate change impacts.

C. Other Cross-cutting Priorities

Poverty Reduction, Inclusion and Job Creation

59. **Poverty Reduction:** The country's poverty rate was estimated at 38.5%[32] in 2019, according to Benin's National Institute of Statistics and Demography (INStaD). By strengthening the skills and qualifications of young people and women, the project will contribute to the population's employability. This will help to reduce unemployment and under-employment, especially among young people, who are often more vulnerable to poverty.

60. **Social Inclusion:** The project lays emphasis on inclusion by seeking to improve access to education and training for all, including disadvantaged young people, women and people with disabilities. By establishing socio-economic, spatial and gender equity criteria for access to training and employment opportunities, it aims to reduce economic and social disparities. The inclusion of young people from disadvantaged backgrounds and women in the agricultural and energy sectors can also promote greater diversity and equality in these areas.

61. **Job Creation:** In the short term, the project will create at least 3,000 full-time equivalent jobs during the infrastructure development phase. In addition, the project is expected to create at least 40,000 direct jobs between now and 2050[33], either through salaried employment and/or self-employment. This will help to reduce unemployment and, above all, under-employment.

Opportunities to Strengthen Resilience

62. **The country's educational sector, especially vocational and agricultural training, suffers from under-funding, inadequate equipment and a lack of qualified instructors.** Training programmes are not always aligned with labour market needs, leading to high unemployment among graduates. In addition, access to quality education is limited for many young people, especially those in rural areas, due to geographical and financial constraints as well as cultural prejudices. To strengthen this sector, targeted policies and investment are needed to improve infrastructure, update training programmes, and widen the access to job-relevant skills, thereby contributing to economic empowerment.

63. **The project will help to address fragility and build resilience in Benin**. It is in line with the three priority areas of the Bank's strategy to address fragility and build resilience in Africa (2022-2026): 1. Building institutional capacity; 2. Creating resilient societies; and 3. Catalysing private investment. The project will improve the population's skills and employability, strengthen the national TVET system and help attract private investment in two sectors crucial to sustainable economic

[32] It is 29.7% in the Littoral Department (where Kpomassè is located), 43% in the Mono Department (where Athiémé is located), and 53.3% in the Borgou Department (where Tchaourou is located).
[33] This is based on the assumption that the centres will remain operational upon project completion from 2029 to 2050 at least.

growth. These efforts are part of the wider objectives of reducing dependence on volatile sectors, promoting economic diversification and creating opportunities for marginalised groups, all of which are essential to building resilience in a fragile context[34].

64. **By focusing on skills development, especially for young people and women, the project aims to create a more innovative and competitive work-force**. This may, in turn, contribute to economic growth and stability by reducing the fragility which often results from high unemployment rates and a lack of economic opportunities. Second, the project aims to build institutional capacity by investing in the construction, rehabilitation and equipment of TVET institutions. This will not only improve the country's educational facilities, but also build the capacity of these institutions to offer relevant, high-quality training programmes. Stronger educational institutions, with a relevant business model, can better adapt to changing labour market needs and ensure a steady supply of skilled workers, which is crucial for long-term resilience.

65. **The project will catalyse private investment, especially in the agricultural and energy sectors, by equipping institutions with the necessary technology and expertise, including in the Production/Economic Units (UEVP).** By aligning curricula to the needs of the private sector and supporting entrepreneurship and job placement, the project can create a more favourable environment for private sector growth and investment. Private sector development is a key driver of economic resilience, as it can generate income, create jobs and stimulate economic diversification.

Promoting Gender Equality and Empowering Women

66. **The project is classified as category 2 under the Bank's Gender Marker System (GMS)**. It will reduce gender disparities relating to access to training and employment in the agricultural and energy sectors. It will maximise the acquisition and development of skills for women, young women and girls, with a view to giving them access to resilient employment.

67. **Women are a force in Benin's economy:** Women's participation rate in the labour market was estimated at 69.3% in 2019 (73.3% for men)[35]. However, the jobs they hold are not very resilient, mainly because of limited access to technical, professional and social skills. Girls are under-represented in agricultural and industrial training. They are more present in the hotel/restaurant (81% of enrolments) as well as the medical/social (62% of enrolments) sectors than in the agricultural (25% of enrolments) and industrial (only 10% of enrolments) sectors[36]. In the priority sectors (agriculture and energy), women are relegated to the less profitable segments. Women's professionalisation in the agricultural sector is limited due to their poor access to strategic production factors, including training/advice and equipment. Similarly, it is difficult for women to gain access to training and jobs in the energy sector, where men dominate due to the gendered division of labour: 59.4% of women have no education at all, compared to 46.3% of men.

68. **To develop potential and overcome the challenges of access to TVET and professional inclusion, the project provides for a package of integrated**

[34] Technical Annex 3-2 - Fragility and Resilience Assessment provides more details.
[35] Source: World Bank, World Development Indicators.

[36] Benin country gender profile.

interventions. This involves (i) building gender-sensitive training facilities including separate girls and boys' dormitories and separate toilets; (ii) supporting young women's access to and participation in TVET by raising awareness among communities and community leaders and using various other incentives; (iii) the development of life-skills training curricula with a gender-sensitive approach; and (iv) the inclusion of illiterate people, mainly women, as beneficiaries of modular training as a means of overcoming the constraints associated with the social status of "mother of the family". In addition, a national tool to address gender differences in the educational/training sector will be developed under the leadership of the Ministry of Social Affairs and Micro-finance. This tool will harmonise and unify the gender equality methodology in the educational sector. The Project Management Team (PCT) will include a Gender, Inclusion and Social Safeguards specialist to ensure that gender equality is mainstreamed throughout the project[37].

4 IMPLEMENTATION

A. Institutional and Implementation Arrangements

69. **The project implementation agency will be the Technical Education Development Agency (ADET)**. A Project Coordination Team (PCT) will be set up within ADET. The ADET Director General is the project coordinator. The PCT will comprise the following 12 posts: (i) project manager; (ii) accountant; (iii) assistant accountant; (iv) procurement specialist; (v) monitoring and evaluation specialist; (vi) environmental and climate protection specialist; (vii) gender, inclusion and social safeguards specialist; (viii) civil engineering specialist; (ix) employment and entrepreneurship specialist; (x) executive assistant; and (xi) two driver-couriers. The PCT staff is not yet set up but will be recruited in advance (see § 74) on a competitive basis using project funds and subject to the Bank's no-objection. The request for a no-objection notice was sent to the Bank on 26 October 2023.

70. **ADET's Board of Directors will act as the project's steering committee (COPIL)**. COPIL will meet twice a year. A technical project Monitoring Committee will be set up for specific discussions on the project. It will meet twice a year under the chairmanship of the MESFTP, and the vice-chair of the DGFD of the MEF. This committee will examine the project's annual workplans and implementation budget, study reports and periodic implementation reports to ensure that implementation remains in line with the strategic guidelines. The Monitoring Committee's recommendations will be included on the COPIL agenda. The Monitoring Committee is composed as follows: MESTFP[38] (Chair), DGFD (Vice-Chair); PDCESP Project Manager (Rapporteur); DG ADET; CAA (MEF); Ministry of Energy; Ministry of Gender; Ministry of Employment; ACISE; TVET Directorate (MESTFP); Directorate of Pedagogical Inspection, Innovation and Quality (MESTFP); National Institute of Training Engineering and Capacity Building of Trainers (MESTFP); three departmental directors of the MESTFP who are project beneficiaries; Territorial Agency for Agricultural Development of PDA 7; CNCP; elected representative of the CCIB in the energy sector; consular chamber of agriculture; professional organisations platform; a business leader who is a CNP member.

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[37] Annex 3-3 provides details on the Promotion of Gender Equality and Women's Empowerment.
[38] The acronyms used in this paragraph are defined on the fourth page of this report.

B. Procurement Procedures

71. **Procurement System:** The procurement of goods, services other than consultancy services and Bank-financed consultancy services under this project will be carried out in accordance with the Procurement Policy of Bank Group Financed Operations, October 2015 Edition, which allows, when certain conditions are met, the use of country procurement systems. In this regard and in order to determine the most appropriate procurement system (Country or Bank) to be used for each process, a series of analyses and assessments (the substance of which is in Annex 4-5) have been conducted in order to assess the risks involved. These include procurement risk assessments at country, sector, project and executing agency capacity levels. Based on their findings and in light of the mitigation measures proposed in the attached action plan, it has been agreed that procurement under the project will be as follows:

72. **National Procurement System (NPS):** The procurement of goods, routine services and consultancy services listed in paragraph 4.5.2.1 (a) of Technical Annex 4-5, estimated at UA 899,000, will be procured in accordance with the national procurement system ("National System") based on Law No. 2020-26 of 29 September 2020, the decrees and various implementing texts currently being prepared, using the National Standard Bidding Documents (NSBDs).

73. **The Bank's procurement system characterised by the Procurement Methods and Procedures (PMP), described by the Bank Group Procurement Framework**. The goods, works and consultancy services listed in paragraph 4.5.2.1 (b) of Technical Annex 4-5, estimated at UA 32,253,000, will be procured in accordance with the Bank's procurement methods and procedures ("Bank System") using its Standard Bidding Documents (SBDs).

74. **The use of the Country Procurement System (CPS) will improve efficiency through, inter alia, the following results: (**i) better ownership of the procurement system to be used by the executing agency; (ii) time savings with the absence of a second control (after that of the national entities) represented by the Bank's ex-ante review. However, the Bank reserves the right to ask the Borrower to revert to the use of its system if: (a) the legal framework was to change towards a system not deemed satisfactory by the Bank; (b) the provisions in force were not complied with by the executing agency or (c) the appropriate risk mitigation measures included in the risk assessment action plan were not complied with.

75. **Procurement Risk and Capacity Assessment (PRCA)**: The Bank assessed: (i) the risks at the national, sector and project levels; and (ii) the executing agency's capacity. The assessment resulted in a "Substantial" level of risk for procurement and determined, subject to the application of mitigation measures proposed in Paragraph 4.5.9 of Technical Annex 4-5, the set of procurements to be concluded using the Bank's system and those which could be implemented, without major risk, using the national system. Details of the implementation of these procurements and of the associated control mechanisms are set out in Annex 4-5.

76. **Use of Advance Procurement Actions (APA):** To create the conditions for the project's effective implementation, certain critical contracts have been identified whose rapid execution will have a positive impact on the project. In this regard, the country will send a formal request to the Bank, including justification for the use of the APA procedure provided for in paragraph 11. 2 of the Bank's procurement policy document for the following contracts: (i) the signing of the agreement with ACISE; (ii) the recruitment by ACISE of the monitoring offices; (iii) the

recruitment of the Project Coordination Team (PCT); (iv) the procurement of IT equipment and office furniture for the project team; and (v) the recruitment by ACISE of the contractors for the building of the facilities.

C. Financial Management, Disbursement and Audit

77. **Financial Management: Financial management of the PDCESP will be the responsibility of the Technical Education Development Agency (ADET)**. ADET has implemented several donor-financed projects, especially the World Bank, AFD and Swiss Cooperation. ADET manages projects financed by external resources through Project Management Units comprising experts and staff seconded to the projects concerned. Therefore, it has been recommended that a Project Coordination Team (PCT) be set up within ADET. The PCT will be responsible for the project's overall coordination and financial management. Its financial management staff will, among others, include an Accountant and an Assistant Accountant, all recruited on a competitive basis, with terms of reference acceptable to the Bank. These financial management staff will be placed under the functional supervision of ADET's Director of Administration and Finance (DAF) who has experience and expertise in TFP financial management procedures. In addition, a Steering Committee (COPIL) will be set up to manage the project. This Steering Committee will be made up of ADET's Board of Directors. Before the start of each year, the PCT will prepare an Annual Work Plan and Budget (AWPB) which will be submitted to COPIL for prior approval before submission to the Bank for a no-objection notice. This draft budget must show separately the financing provided by the Bank and the national counterpart funding. The PCT will adopt the ADET expenditure execution procedure for the mobilisation of national counterpart funding. The implementation and monitoring of the budget execution of the national counterpart funding will be carried out in the PCT's integrated management system and consolidated with those resulting from the implementation of the PDCESP budget (AfDB financing) held in the same system, with a view to the quarterly production of Financial Monitoring Reports (FMR). Based on a service organisation chart and a set of instructions for the implementation of the expenditure budget, ADET's internal control system will be enhanced by amending the World Bank's existing administrative, financial and accounting procedures manual to take account of the specific features of the PDCESP.

78. **The internal audit function will be ensured by a firm of chartered accountants appointed by the Analysis and Investigations Bureau (BAI)** of the Office of the President of the Republic with a mandate to provide reasonable assurance that the internal control system in place within the PDCESP is operational and effective and enables objectives to be achieved. In line with ADET-managed projects, especially the FP2E (a World-Bank-financed project), the accounts will be kept based on the private-sector commitment accounting. The accounting plan will be drawn up based on the accounting law standards of the revised Uniform Act of the Organisation for the Harmonisation of Business Law in Africa (OHADA) in force in Benin. In addition, each quarter, the project will use the software to produce quarterly activity reports which will be sent to the Bank no later than 45 days after the end of the quarter concerned. The report's content will be discussed at the project launch. Under the project, the Educational Sector Infrastructure Construction Agency (ACISE) will be recruited as Delegated Contracting Authority (MOD) and will be responsible for works implementation and equipment of the five facilities.

79. **Disbursement:** Bank resources will be disbursed in accordance with its rules and procedures, in particular the disbursement manual. Disbursements will be made

using the following two methods: (i) the direct payment method; and (ii) the special account method. The disbursements planned for the Beninese counterpart funding will be made in accordance with the relevant national rules and procedures; the transactions will be entered in the software and the supporting documents will be archived and kept at the PDCESP.

80. **External Audit:** The project's external audit will be conducted by an independent audit firm, recruited based on terms of reference agreed in advance with the Bank and in accordance with Bank rules and procedures. The auditor is required to submit his report no later than six (6) months after the end of the financial year to which the assignment relates. The detailed analysis of financial management, disbursements and audit is provided in Annexes 4-6 and 4-7.

D. Monitoring and Evaluation

81. **To ensure integrated monitoring of the project's indicators and results, a detailed monitoring and evaluation manual or plan (gender-sensitive) will be drawn up for the project**. This integrating and comprehensive tool will be used to monitor performance at the various results levels (outputs and outcomes) as mentioned in the Results Framework. A monitoring and evaluation specialist will be recruited within the PCT. The PCT members will also receive training on the Remote Evaluation, Monitoring and Supervision Mechanism (RASME[39]). For its part, the Bank will monitor project implementation through its Country Office. The Bank will carry out supervision missions (at least twice a year); reviews of financial management, procurement, and environmental and social issues have also been planned. The Bank will carry out a launch mission, a mid-term review and a final project appraisal (at the end of which a completion report will be produced)[40].

E. Governance

82. **The associated governance risk relates to the process of procuring goods and services and the management of financial resources**. These risks will be mitigated by the rigorous application of procurement rules and the implementation of the recommended financial management system, as well as regular capacity-building activities for members of the project coordination team. In addition, support from the Bank's Country Office in Benin, and financial audits as well as environmental and social performance audits, will make it possible to ensure alignment between the resources committed, the services actually provided and the expected results.

F. Sustainability

83. **The Government of Benin has demonstrated its commitment by providing substantial financial resources (XOF 22.8 billion) for the preparation and maturation of sector programmes,** and by providing advance funding for the training of 662 teachers (20% of whom are women) for the 39 future training centres. The training curricula are already being developed, which is a guarantee that the quality of services will be improved in the future centres to equip young people with relevant skills. The initial and ongoing training of teachers will help to ensure the sustainability of project activities by building the capacity to deliver appropriate and relevant theoretical and practical teaching.

[39] Remote Appraisal, Supervision, Monitoring and Evaluation.
[40] Technical Annex 4-1 presents the Monitoring Plan in greater detail.

84. **The Bank will maintain dialogue with the Government on the implementation of the programme for the sustainable maintenance of infrastructure and equipment** which is currently being developed with AFD financing. In addition, through the new business model which will structure their operating methods, the three target schools will have strong potential to generate their own resources which will be strengthened by the modern equipment which will be financed. In addition, the project will provide technical assistance for the structuring of incubators and UEVPs, together with a manual of management procedures, to promote the diversification of financing sources with a view to sustainability and improving quality.

85. **The project's support for the formalisation of the CNCP's professional** energy branch will also facilitate the inclusion of the productive private sector on the institutions' management boards, which will lead to improved management practices and infrastructure maintenance. Lastly, the interaction of the three schools with their external environment (associations of entrepreneurs, farmers, craftsmen, businesses, decentralised public structures), as well as support for the development of partnerships both locally and abroad, will give them a solid partner base for their development.

G. Risk Management

86. **The project's implementation could face risks whose overall assessment is deemed "moderate".** The specific risks identified are: (i) delays in the implementation of infrastructure development works. This risk is mitigated by the availability of the main procurement files under APA, and the use of ACISE under a delegated project management agreement to implement the works; (ii) fiduciary risk and value for money (misuse of project resources), which will be mitigated by the training of PCT managers and by bi-monthly monitoring by the Bank and annual financial audits; (iii) long-term non-compliance with commitments between the State and the private sector in the management of training centres and the incubators business model. This risk has been mitigated by building CNCP's capacity as well as that of the "energy" and "agriculture" professional branches. Other environmental and social risks are detailed in Annex 4.2.

H. Knowledge Building

87. **The project provides a source of additional knowledge on the preparation of a project to support the implementation of a National TVET Strategy whose objective is to provide decent jobs to all graduates**. The selection of training schools and project activities is based on national development objectives and regional potential for agricultural and industrial development. The process is carried out in close coordination with the private sector, professional organisations and the government. In addition, a number of sector studies (on the digital transformation of TVET, the incubators business model, on the professional retraining of the long-term unemployed, and on the professional integration of graduates, etc.) will be carried out, providing a broad knowledge base on various aspects of training, employability, TVET effectiveness and the regulation of the supply of vocational training in line with labour market dynamics. The lessons learned from this experience will strengthen the government's knowledge base and that of the Bank in this area and can be used to improve future operations in the country and in other contexts. Information on this experience will be made available to the public using the Bank's communication channels.

5 LEGAL INSTRUMENTS AND AUTHORITY

A. Legal Instrument

88. The African Development Bank (the "Bank") and the Republic of Benin (the "Borrower") will sign two AfDB and AGTF loan agreements on the financing of the Project.

B. Conditions Associated with the Bank's Intervention

89. **Condition Precedent to Entry into Force of the AfDB and AGTF Loan Agreements** The entry into force of the loan agreements is subject to the Borrower fulfilling the conditions set out in Section 12.01 ("Entry into force") of the General Terms and Conditions.

90. **Conditions Precedent to the First ADB and AGTF Loan Disbursement:** In addition to the effectiveness of the Agreements, the Bank's obligation to make the first disbursement of the loans shall be subject to the Borrower fulfilling, to the satisfaction of the Bank, the following conditions: (a) the submission to the Bank of proof of the execution of a Subsidiary Agreement between the Borrower and the Executing Agency, satisfactory in form and substance to the Bank; (b) the submission to the Bank of proof of the formation of the Project Coordination Team ("PCT"); and (c) the submission of satisfactory proof of: (i) the appointment of the ADET Director General as project coordinator; (ii) the appointment of the ADET Board of Directors as project steering committee; and (iii) the formation and appointment of the members of the project's technical monitoring committee.

91. **Commitments:** The Borrower undertakes to: (a) Keep the PCT operational during the project implementation period , and not modify its structure, composition, roles and responsibilities and the qualifications and experience required of its key members, except with the prior approval of the Bank; (b) set up, no later than 31 March 2024 and maintain an operational Project Monitoring Technical Committee on the project implementation period, and to modify its structure and composition only with the prior agreement of the Bank; (c) implement the Project in accordance with the Environmental and Social Management Plans (ESMPs), the Bank's Safeguards Policies and applicable national law in a form and substance satisfactory to the Bank. Commitments relating to environmental and social safeguards are set out in the loan agreement; (d) Provide a signed copy of the delegated project management agreement between the Educational Sector Infrastructure Construction Agency (ACISE) and ADET no later than 30 June 2024; (e) Finalise, no later than three (3) months after the loans become effective, the setting up of the PCT; and (f) Provide the Bank, no later than 30 October 2024, with proof of confirmation by BOAD and the EIB of their respective contributions to the financing of the sector programmes on skills in the agricultural and energy sectors.

C. Compliance with Bank Policies

☒ This project complies with all applicable Bank policies.

The African Development Bank Group's Independent Recourse Mechanism

92. Communities and individuals who believe that they are adversely affected by a project supported by the African Development Bank Group may submit complaints to existing project-level grievance redress mechanisms or to AfDB's Independent

Recourse Mechanism (IRM). The IRM ensures that project-affected communities and individuals may submit their complaints to the Bank's Independent Review Mechanism which determines whether harm occurred or may occur because of AfDB non-compliance with its policies and procedures. To submit a complaint or request further information, contact: IRM@afdb.org or visit the IRM website (www.irm.afdb.org). Complaints may be submitted at any time after concerns have been brought directly to the AfDB's attention, and Bank Management has been given an opportunity to respond before reaching out to the IRM.

6 RECOMMENDATION

93. Management recommends that the Board of Directors approve the request for an AfDB loan of EUR 64.845 million and an AGTF loan of EUR 16.900 million to the Republic of Benin for the purposes and subject to the conditions set out in this report.

7 RESULTS FRAMEWORK

PROJECT INFORMATION SHEET					
A — **PROJECT INFORMATION SHEET**					
PROJECT NAME AND SAP CODE: DEVELOPMENT OF SKILLS FOR EMPLOYMENT IN PRIORITY SECTORS – (PHASE I) PROJECT: P-BJ-IAE-004	**COUNTRY/REGION: BENIN, West Africa Region (RDGW)**				
PROJECT DEVELOPMENT OBJECTIVE: Enhancing the skills and qualifications of young men and women to create a more innovative, entrepreneurial and competitive work-force in the agricultural and energy (particularly renewable) sectors.					
ALIGNMENT INDICATOR(S): (i) TVET access rates; and (ii) Youth under-employment rate.					
B — **RESULTS MATRIX**					
RESULTS CHAIN AND DESCRIPTION OF INDICATORS	**CMR INDICATOR**	**UNIT OF MEASUREMENT**	**BASELINE (date)**	**TARGET AT COMPLETION (date)**	**MEANS OF VERIFICATION**
OUTCOME STATEMENT 1: Young people benefiting from the project are better integrated into the job market					
OUTCOME INDICATOR 1.1: Direct jobs created, disaggregated by gender	☒	Number	0	3,600 (2028)	Project activity reports. Graduate follow-up surveys
OUTCOME STATEMENT 2: The quantity and quality of vocational training provision in the agriculture and energy sectors is improved					
OUTCOME INDICATOR 2.1: Graduates of the three agricultural and energy training centres benefiting from the project (% girls).	☒	Number	377 (22.5%)	1,500 (2028) (At least 25%)	Project activity reports
OUTCOME INDICATOR 2.2: Trained teachers recruited in the new specialties for the three schools (of which % are women)	☐	Number	NA	40 (2028) (At least 20%)	ADET annual reports, project activity reports
COMPONENT 1: Renovation and extension of technical and vocational training capacity					
OUTPUT STATEMENT 1.1: Technical and vocational training infrastructure in agriculture and energy are expanded and improved					
OUTPUT INDICATOR 1.1.1: Technical and vocational training schools in agriculture and energy built under the project	☐	Number	0	3 (2026)	Project activity reports
OUTPUT INDICATOR 1.1.2: Schools with teaching and technological facilities linked to priority trades, under the project	☐	Number	0	3 (2027)	Project activity reports

RESULTS CHAIN AND DESCRIPTION OF INDICATORS	CMR INDICATOR	UNIT OF MEASUREMENT	BASELINE (date)	TARGET AT COMPLETION (date)	MEANS OF VERIFICATION
OUTPUT INDICATOR 1.1.3: Teachers trained in digital skills under the project (% women)	☐	Number	0	50 (2028) (At least 30%)	Project activity reports
RESULTS CHAIN AND DESCRIPTION OF INDICATORS	**CMR INDICATOR**	**UNIT OF MEASUREMENT**	**BASELINE (date)**	**TARGET AT COMPLETION (date)**	**MEANS OF VERIFICATION**
COMPONENT 2: Enhancing the employability and professional integration of male and female graduates					
OUTPUT STATEMENT 2.1: The training offered by the beneficiary schools meets the needs of the agricultural and energy markets					
OUTPUT INDICATOR 2.1.1: Highly employable specialties and trades in the three new training centres	☐	Number	0	15 (7 in agriculture and 8 in energy)	Project activity reports
OUTPUT INDICATOR 2.1.2: Teachers of general education subjects (maths, physics, English) benefiting from capacity building on the links to be established between their teaching subjects and the various vocational specialties (of which % are women).	☐	Number	0	200 (2028) (At least 20%)	Project activity reports
OUTPUT STATEMENT 2.2: The attractiveness, influence and governance of the TVET system are strengthened					
OUTPUT INDICATOR 2.2.1: A gender-sensitive communication plan to promote the agricultural and industrial sectors in the three target schools is being implemented.	☒	Number	0	1 (2028)	Project activity reports
OUTPUT INDICATOR 2.2.2: Staff trained in the management of TVET schools and educational incubators or economic units (of which % are women).	☐	Number	0	30 (2028) (At least 20%)	Project activity reports
OUTPUT STATEMENT 2.3: Young boys and girls are supported in their efforts to enter the work-force through entrepreneurship or employment					
OUTPUT INDICATOR 2.3.1: Incubators and educational business units operational in TVET following the project.	☐	Number	0	3 (2028)	Project activity reports
OUTPUT INDICATOR 2.3.2: Young graduates or long-term unemployed people who have benefited from modular training courses leading to qualifications in agriculture and energy value chain trades under the project (of which % are women).	☐	Number	0	800 (2028) (30%)	Project activity reports
OUTPUT INDICATOR 2.3.3: Young people who have benefited from apprenticeship support in companies with labour needs in the agricultural and energy sector, under the project (of which % are women).	☐	Number	0	600 (2028) (30%)	Project activity reports

8 ENVIRONMENTAL AND SOCIAL COMPLIANCE (ESCON)

A. Basic Information[41]

Project Title: Development of Skills for Employment in Priority Sectors (SEPPS)			**Project ''SAP code''**: P-BJ-IAE-004
Country: BENIN	**Lending Instrument**[42]: DI ☒ FI ☐ CL☐ BS☐ GU☐ RPA☐ EF☐ RBF☐		
Project Sector: Education		**Task Team Leader**: FOKO TAGNE, BOREL ANICET	
Appraisal date: 04/09/2023 to 15/09/2023		**Estimated Approval Date**: 15 /12 / 2023	
Environmental Safeguards Officer: SAWADOGO T. Romuald/BONI Gratien			
Social Safeguards Officer: IDIETI M'Po Edouard / CHEUMANI NOUDJIEU Charlotte			
Environmental and Social Category: 1	**Date of categorization**: 11/07/2023	**Operation type**: SO ☒ NSO ☐ PBO ☐	
Is this project processed under rapid responses to crises and emergencies?			Yes ☐ No ☒
Is this project processed under a waiver to the Integrated Safeguards System?			Yes ☐ No ☒

B. Disclosure and Compliance Monitoring

B.1 Mandatory disclosure

Environmental Assessment/Audit/System/Others (specify: 05 ESIA	
Was/Were the document (s) disclosed ***prior to appraisal?***	Yes ☒ No ☐ NA ☐
Date of "in-country" disclosure by the borrower/client	06/08/2023
Date of receipt, by the Bank, of the authorization to disclose	06/08/2023
Date of disclosure by the Bank	10/08/2023
Resettlement Action Plan/Framework/Others (specify: 04 RAP	
Was/Were the document (s) disclosed ***prior to appraisal?***	Yes ☒ No ☐ NA ☐
Date of "in-country" disclosure by the borrower/client	06/08/2023
Date of receipt, by the Bank, of the authorization to disclose	06/08/2023
Date of disclosure by the Bank	10/08/2023
Vulnerable Peoples Plan/Framework/Others (specify: NA	
Was the document disclosed ***prior to appraisal?***	Yes ☐ No ☐ NA ☒
Date of "in-country" disclosure by the borrower/client	[Date]
Date of receipt, by the Bank, of the authorization to disclose	[Date]
Date of disclosure by the Bank	[Date]
If in-country disclosure of any of the above documents is not expected, as per the country's legislation, please explain why: NA.	

B.2. Compliance monitoring indicators

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes ☒ No ☐ NA ☐
Have costs related to environmental and social measures, including for the running of the grievance redress mechanism, been included in the project cost?	Yes ☒ No ☐ NA ☐
Is the total amount for the full implementation for the Resettlement of affected people, **as integrated in the project costs**, ***effectively mobilized and secured***?	Yes ☒ No ☐ NA ☐
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes ☒ No ☐ NA ☐
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes ☒ No ☐ NA ☐

C. Clearance

Is the project compliant to the Bank's environmental and social safeguards requirements, and to be submitted to the Board?
Yes ☒ No ☐

[41] **Note**: *This ESCON shall be appended to project appraisal reports/documents before Senior Management and/or Board approvals.*

[42] **DI**=Direct Investment; **FI**=Financial Intermediary; **CL**=Corporate Loan; **BS**=Budget Support; **GU**=Guarantee; **RPA**=Risk Purchase Agreement; **EF**=Equity Financing; **RBF**=Results Based Financing.

Prepared by:	*Name*	*Signature*	*Date*
Environmental Safeguards Officer:	SAWADOGO T. Romuald / BONI Gratien		27/10/2023
Social Safeguards Officer:	IDIETI M. Edouard / CHEUMANI NOUDJIEU Charlotte		27/10/2023
Task Team Leader:	FOKO TAGNE, BOREL ANICET		02/11/2023
Submitted by:			
Sector Director:	Martha T. M. PHIRI		02/11/2023
Cleared by:			
Director SNSC:	Maman-Sani ISSA		24/11/2023