



## ACROPOLIS-BeFinD Dissemination Seminar

### Evaluating the Additionality of a Belgian Development Program: the Case of BTC Supports to Agricultural Entrepreneurs in Benin\*

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4 May 2017

2pm; room: Salle Magritte

Belgian Federal Public Service Foreign Affairs

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\* The complete team that worked on this research includes: Romain Houssa, Paul Reding, Dayé Modeste, Margherita Calderone, Albena Sotirova, and researchers in the fields.

## Extended Abstract

We have attempted to investigate the impacts on enterprise performance of two agricultural subsidy projects carried out by the BTC-Benin in 2008-2015. During the working process, we encountered several problems. First, the data on the activities of entrepreneurs is incomplete and of poor quality. Second, there are various methodological problems related to the design and implementation of the projects that do not allow to infer any observed difference in entrepreneurs' performance to the projects. As a result, we were not able to assess the welfare impact of these projects. Instead, we successfully established a collaboration with BTC-Benin to design a new approach, a randomized-impact evaluation, on a new project that started in January 2016. In order to facilitate the design of the evaluation on the new project we investigated two issues on past projects. First, we analyze the selection process of beneficiaries. Second, we took a first try to understand the determinants of land productivity.

The new-BTC project provides equipment and materials as well as training to small-scaled actors involved in the value chains of three crops in the South (Mono-Couffo) and North (Atacora Donga) parts of Benin: rice, cashews, and vegetable. Applications to the program have to be submitted by organizations of entrepreneurs who can later decide how to share the investment across group members. After an agreement with BTC-Benin the research team has been following up the development of the program step by step in each of the two regions. First, we analyze the selection process of beneficiaries. Second, we construct two groups of organizations that are comparable according to a number of criteria. Especially, we employ a phase-in evaluation approach where organizations are randomly assigned to either the treatment group or the control group. During phase 1, entrepreneurs in both groups should receive non-financial help (with priority given to the treatment group), while only the treatment group should receive the requested materials and equipment. During phase 2, the control group is expected to receive the requested materials and equipment as well. Third, we designed a comprehensive questionnaire covering several topics across different modules to identify a series of indicators across the treatment and control groups. The baseline survey was implemented with digital means in collaboration with BTC-Benin in December 2016-February 2017. Midline and endline information on the same indicators were planned to be collected in 2017-2019. This new framework provides one of the unique opportunity to answer a number of policy-related questions such as: What is the additionality of the support to agricultural entrepreneurs? Does the intervention get entrepreneurs to undertake investments and new technological activities that they would not otherwise do, or does it merely subsidize investments that would take place anyway? What is the impact of agricultural investments on farm incomes? And on other welfare indicators such as access to credit or input markets? What are the economic returns to well drilling and other types of irrigation improvements? What types of inputs and practices are required for agricultural productivity in a developing country? What determines the use of the subsidised equipment and material across cooperative members? Also, to which extent this BTC program improve the welfare of vulnerable people in Benin?

