

Case study



Mobilizing domestic capital to feed one million school children daily in Benin



Background

In Benin, over 36% of children under the age of five suffer from malnutrition. To address this, the Government of Benin launched in 2017 the Programme Nationale d'Alimentation Scolaire Intégré (PNASI), in partnership with the World Food Programme (WFP) and the United Nations Capital Development Fund (UNCDF). The initiative aims to provide one million schoolchildren daily in secondary and primary schools, including some preschools, with a nutritious lunch and take-home rations.

Agriculture accounts for 30% of Benin's GDP and generates 70% of national employment. However, the sector is dominated by smallholder farmers reliant on rain-fed production, with limited access to modern technologies, markets or financing. As a result, much of the country's food is imported, and in 2022 only 34% of school meals were sourced from local producers.

Boosting smallholder capacity to supply PNASI requires longer-term financing. Yet, many local farmers and suppliers were excluded from the programme due to short loan tenors, high collateral requirements, and limited access to working capital.





Development finance solution

In 2024, UNCDF joined forces with the World Food Programme (WFP) and the United Nations Population Fund (UNFPA) to overcome these barriers.

Through the UNCDF-led Last Mile Finance Trust Fund, a \$450,000 portfolio guarantee was extended to the Association de Lutte pour la promotion des Initiatives de Développement (ALIDé).

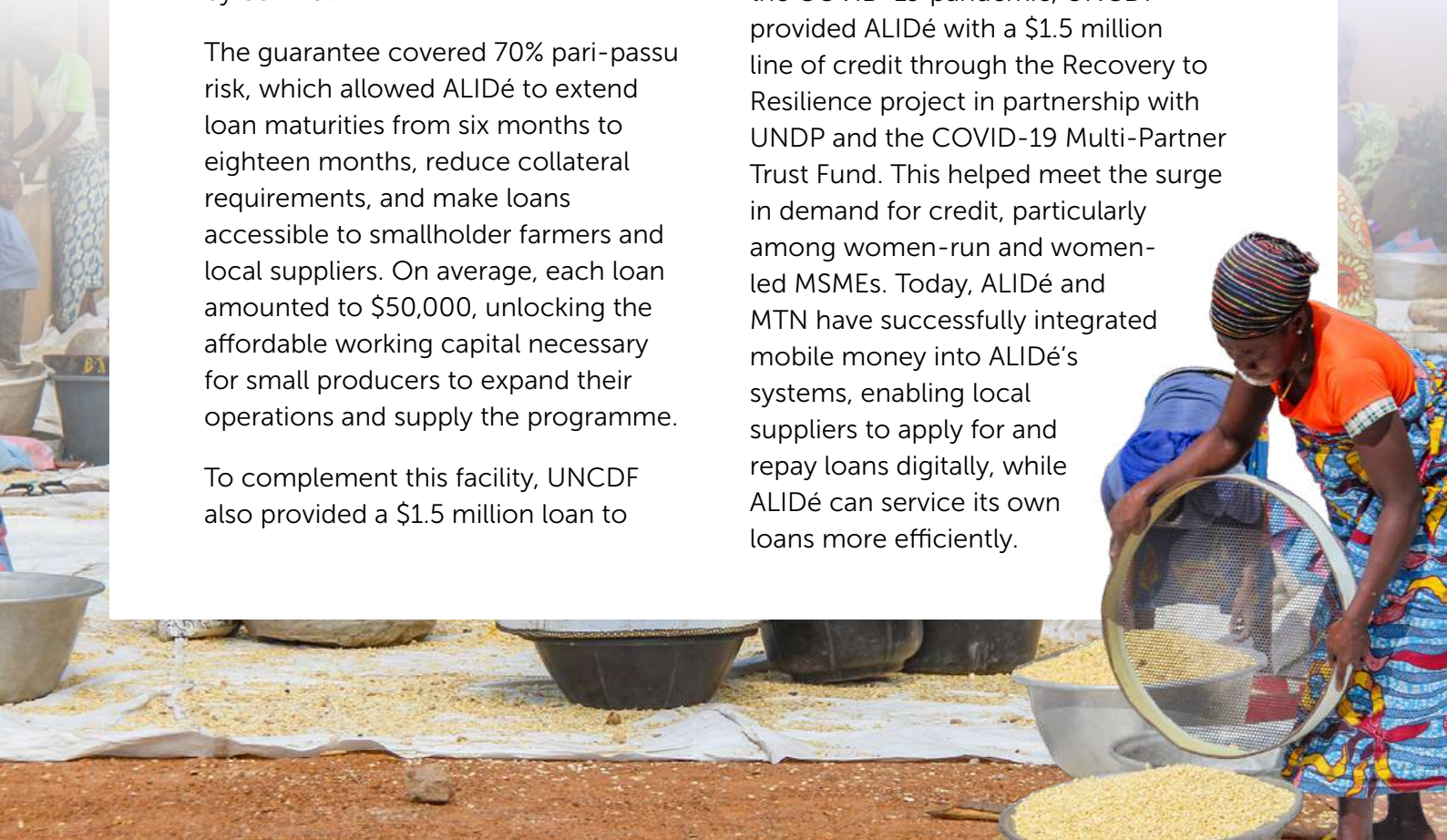
Of this amount, \$300,000 was dedicated to entrepreneurship and financial education programmes implemented by UNFPA, while \$150,000 specifically supported local suppliers engaged in the national school feeding programme. This blended approach enabled small businesses, many of them women- and youth-led, to access affordable credit, expand production, comply with quality standards, and generate jobs in their communities, including those affected by conflict.

The guarantee covered 70% pari-passu risk, which allowed ALIDé to extend loan maturities from six months to eighteen months, reduce collateral requirements, and make loans accessible to smallholder farmers and local suppliers. On average, each loan amounted to \$50,000, unlocking the affordable working capital necessary for small producers to expand their operations and supply the programme.

To complement this facility, UNCDF also provided a \$1.5 million loan to

ALIDé to expand its overall lending portfolio for small agricultural businesses, further strengthening the participation of local suppliers in PNASI. By aligning loan terms with programme payment cycles and by absorbing part of the financial risk, this blended finance solution de-risked investment for financial institutions and mobilized capital for underserved enterprises.

The initiative also builds on UNCDF's long-standing partnership with ALIDé. In 2016, UNCDF supported the development of a digital bank-to-wallet service in collaboration with MTN (Africa's largest mobile network operator), enabling ALIDé to reach rural clients more effectively, build savings, and facilitate loan repayments. During the COVID-19 pandemic, UNCDF provided ALIDé with a \$1.5 million line of credit through the Recovery to Resilience project in partnership with UNDP and the COVID-19 Multi-Partner Trust Fund. This helped meet the surge in demand for credit, particularly among women-run and women-led MSMEs. Today, ALIDé and MTN have successfully integrated mobile money into ALIDé's systems, enabling local suppliers to apply for and repay loans digitally, while ALIDé can service its own loans more efficiently.





Outcome

The results are already tangible.

Nine agricultural MSMEs in Benin employing **56** women have received over **\$500,000** in loans from ALIDé, backed by the UNCDF guarantee.

These businesses are increasing sales, creating new jobs and playing an active role in supplying nutritious meals to schoolchildren. More producers are already in the pipeline, and ALIDé has indicated that the programme could grow substantially with a larger guarantee. With an expanded facility of \$5 million, an estimated 200 local producers could be supported, significantly raising the share of local products in Benin's school feeding programme. UNCDF is currently inviting donors to join us in supporting Benin School Feeding Program.

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*Eloi Djodjo, executive director of the Djidja Communal Maize Producers' Cooperative, in his warehouse filled with sacks of grain.
Photo: UNDP/Hugues Ahounou*

At a glance

Mobilizing domestic capital to feed one million school children daily in Benin

Portfolio guarantee

\$450,00

Risk coverage

70% with a dedicated tranche for MSMEs supplying the National School Feeding Programme, through WFP

Initial legacy support

\$1.8 million (grants, loans, and guarantees between 2016-2024)

Implementing partner

ALIDé Microfinance

Development partners

WFP, UNFPA, National Agency for Food and Nutrition (Benin)

Target sectors

Sustainable agricultural, youth and women empowerment

Geographic focus

Benin

Timeline

2016-2026

About

UN Capital Development Fund

United Nations Capital Development Fund (UNCDF) mobilizes and catalyses an increase in capital flows for impactful investments in high-risk markets, especially in Least Developed Countries, Small Island Developing States and countries in special situations. By crowding in capital through the deployment of risk-absorbing financial instruments, mechanisms and structuring advisory, UNCDF contributes to job creation, sustained economic growth and equitable prosperity in more than 70 countries.

In partnership with UN entities and development partners, UNCDF operates with speed and agility to deliver scalable, blended finance solutions to drive systemic change and pave the way for commercial finance and scale up by development finance institutions and multilateral development banks.

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