

**INTEGRATED SAFEGUARDS DATA SHEET
CONCEPT STAGE**

Report No.: AC884

Date ISDS Prepared/Updated: June 1, 2004

I. BASIC INFORMATION

A. Basic Project Data

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| Country: Malawi | Project ID: P084148 |
| Project Name: Irrigation, Rural Livelihoods and Agriculture | Task Team Leader: Tijan M. Sallah |
| Estimated Appraisal Date: October 30, 2004 | Estimated Board Date: April 28, 2005 |
| Managing Unit: AFTS1 | Lending Instrument: Specific Investment Loan |
| Sector: Irrigation and drainage (50%); General agriculture, fishing and forestry sector (25%); Agricultural extension and research (25%) | Theme: Other environment and natural resources management (P) |
| Safeguard Policies Specialists in the task team: Amadou Konare, (Environment) and Yvette L. Djachechi (Social) | |
| Loan/Credit amount (\$m.): IDA: 30 | |
| Other financing amounts by source: (\$m) | |

B. Project Objectives [from section 3 of PCN]

The overarching objective of the proposed project is to increase incomes and improve rural livelihoods in a sustainable manner by raising the productivity of smallholder farms in 11 districts in Malawi, covering some...hectares and linking them to markets through providing a package of interlocking services in water harvesting and irrigation, input supply, extension and marketing. More specifically, the development objectives of the proposed operation are to: (i) raise the agricultural productivity of smallholder farms and diversify their crop mix based on market demand; (ii) improve smallholder agricultural infrastructure, particularly irrigation infrastructure, in the target districts; (iii) improve extension delivery to smallholders through multiple service providers; and (iv) improve market access and marketing efficiency of smallholders.

C. Project Description [from section 4 of PCN]

The proposed project will support 11 (out of a total of 27) districts in Malawi (Blantyre, Phalombe, Thyolo, Chiradzulu, Chikwawa in the South; Dedza, Lilongwe, Kasungu in the Central; and Chitipa, Karonga and Rumphu in the North, and have three main components: (1) Irrigation Rehabilitation

and Development, (3) Agricultural Extension and Technology Transfer, and (ii) Market Development. The focus of project interventions would be the support of smallholder producer groups in the target 11 districts.

(1) **Irrigation Rehabilitation and Development (US\$15 million).** This component would support four activities:

- (a) Small Scale Farmer Demand-Driven Irrigation. This would consist of piloting water harvesting techniques for resource poor farmers on a catchment basis based on demand. Resources would be provided for construction and demonstration of small to medium civil work structures (e.g., cisterns, storage ponds, tanks) to capture rainwater or run-off in the field and utilize them for micro-irrigation. These would include those aimed at full irrigation in the dry season and those to provide supplementary irrigation during the rainy season when there are intermittent periods of dry spells. Farmers would also be trained to operate and maintain these structures.
- (b) Selective Rehabilitation of Existing Irrigation Schemes. This would consist of rehabilitation of a number of relatively small schemes (about 300 ha each) that are in a very poor state of repair, especially in the south of the country. Once these schemes are rehabilitated, the responsibility for scheme operation and maintenance from the level of the secondary canals and below would be transferred to farmer water users association (WUAs), following the systems developed under the IFAD Smallholder Floodplains Development Project. The proposed project would provide funds for the rehabilitation of a number of such schemes, together with resources to establish and train WUAs to operate and maintain the schemes after their rehabilitation is completed.
- (c) Support for the Piloting of an Irrigation Advisory Service at District Level. This would involve providing resources for technical assistance to produce extension manuals on irrigation operation and maintenance and on irrigation agronomy, and support the training of district level DOI staff to set up a rapid response, complaint redress system which helps to resolve irrigation problems faced by farmers/WUAs and which provides technical advice to farmers on good irrigation practices.
- (d) Technical Assistance and Training to Support Decentralization. TA and training would be provided for: (i) supporting the decentralization process in line with the new National Irrigation Policy and Development Strategy and (ii) greater involvement of the private sector in both scheme design and construction. This could be done through the provision of matching grants to local irrigation engineers and/or to private sector engineering companies to provide incentives for them to set up or grow their businesses.

(2) **Extension and Technology Transfer (US\$10 million).** This component recognizes the steps taken by the MOIFS to de-concentrate and improve extension services, including using alternative service providers, and its efforts to improve the technical learning of smallholders to build their capabilities to grow crops. For instance, the most important extension messages in the country concern the use of better varieties and seed of maize, and the use of fertilizer. Although farmers have generally become aware of these messages over time, the key constraint continues to be the lack of cash or credit to access these inputs. A priority under the project is to get this technology adopted by such resource poor farmers. The project would therefore support the following:

- (a) New Extension Policy. Provide funds to participating Districts to enable them to introduce the new extension approach to operationalize the Government's new extension policy. Initially, it is envisaged that some 11 Districts will participate, but this could increase to all Districts by the end of the project. Funds would be provided for staff awareness building and in service training in the new approach, incremental operational costs above regular operational costs, farmer training in the new approach and some pilot resources for farmer groups to hire service providers. Extension would not necessarily be limited to agriculture and animal husbandry but would also cover other aspects of livelihoods, such as income generating activities, and HIV/AIDS awareness
 - (b) Inputs for Assets. Provide resources for the expansion of the on-going "Inputs for Assets" program (or "Inputs for Work") to enable resource poor farmers to acquire fertilizer and quality maize seed in return for their labor in the construction of community assets (e.g., feeder roads).
 - (c) Better Land Husbandry. Extend the coverage of the EU supported Promotion of Soil Conservation and Rural Protection (PROSCARP) program, currently implemented in 11 districts of Malawi to about 5 of the 11 project districts which are not covered by the EU project. The project would support various biophysical soil conservation measures, such as organic matter recycling (e.g., mulching, manuring, composting); contour ridging; vetiver hedge row planting; vetiver nurseries; use of perennial legumes; etc. The technical packages developed under the EU supported soil conservation programs would be utilized for the promotion of the above measures.
 - (d) Contract Research. Provide funds to support contract research projects aimed at addressing specific problems articulated by resource poor farmers (e.g., labor saving techniques and use of improved implements) as well technical assistance to formulate a national research policy and legal framework.
- (3) **Market Development (US\$5 million)**. Facilitating smallholder growers' access to markets by linking them to domestic and regional supply chains is paramount to successful agricultural development. To this effect, the project would support two important aspects of market development: strengthening marketing infrastructure with village and regional facilities, and modernizing the information infrastructure and services related to local and regional markets, products and prices. Specifically, this component will have four subcomponents:
- (a) Support for Marketing Infrastructure. Investments would be made on low cost marketing infrastructure (e.g., collection centers for farm produce based on demand by farmer groups, access roads; ICT facilities) for farmer groups. Fragmented production resulting from small farm sizes is common in Malawi, and marketing costs could be reduced by pooling surplus produce by smallholders at the farmer group level and hiring freight and transporting produce in bulk to reduce freight costs.
 - (b) National Market Information Services. The project would strengthen the capacity of the MOAIFS to collect and process data on commodity prices and volumes traded at various points throughout the country. In addition, funds would be provided to enable the widespread dissemination of this information through the media. There is clear evidence that if farmers had better information about prices, it would strengthen their bargaining power in the market.

- (c) Regional Market Information Services. The project would support the establishment of a computerized regional and international agricultural market information center or facility with trainers to enable local producers, traders, extension staff, etc. to keep abreast of market information, products, volumes, prices and trends in neighboring countries. This information would be of particular interest to exporters of fresh and processed commodities.
- (d) Producer Group Formation and Training. This would involve expanding the activities currently being supported by NASFAM which presently serves the top 10% of smallholders who are eligible for NASFAM support. The project would extend similar support to other growers who would be encouraged to form groups as a precondition for support under the project and who demonstrate interest and capability to produce commercially. The project would also provide training in business development and marketing to extension agents at the district level to enable these agents to train farmer groups on how best to market their produce.

D. Project location (if known)

[Guideline: If the location is not yet identified, please indicate if there are alternative locations under consideration or how the location is to be determined during project preparation]

Project location would be in 11 districts: Blantyre, Phalombe, Thyolo, Chiradzulu, Chikwawa in the South; Dedza, Lilongwe, Kasungu in the Central; and Chitipa, Karonga and Rumphi in the North of Malawi. The identification of the irrigation structures to be rehabilitated will be done during project preparation. However, the exact locations and likely impacts of some of the project's activities will only be known during project implementation. These include water harvesting structures and construction or rehabilitation of supporting infrastructures for the Market Development component (access road, collection centers, etc.)

E. Borrower's Institutional Capacity for Safeguard Policies [from PCN]

[Guideline: Based on past experience and other available information]

The Borrower has limited safeguards policies capacity, but this will be supplemented during preparation with the hiring of local consultants to carry out the safeguards work as necessary. The project will further assess during project preparation the Borrower's current capacity and identify measures to strengthen it. It will also outline the institutional arrangements, including the roles and responsibilities of the various stakeholder groups, to implement and monitor environmental and social mitigation measures, and make appropriate recommendations.

II. SAFEGUARD POLICIES THAT MIGHT APPLY

| Applicable? | Safeguard Policy If Applicable, How Might It Apply? |
|--------------------|---|
| [x] | <u>Environmental Assessment (OP/BP 4.01)</u> It is likely that project-related activities will impact the natural environment. The requisite safeguards instrument (in this case an ESIA-cum-ESMF) which will be prepared by the Borrower will be reviewed and approved by ASPEN and disclosed in-country and at Bank's Infoshop, prior to Appraisal. |
| [] | <u>Natural Habitats (OP/BP 4.04)</u> |

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|--------|---|
| [x] | <u>Pest Management (OP 4.09)</u> It is expected that irrigation activities will result in agricultural intensification and diversification, in addition to possible waterlogging. This may cause changes in pest control practices and/ increases reliance on pesticides, in addition to increases in disease vector populations. |
| [x] | <u>Involuntary Resettlement (OP/BP 4.12)</u> The planned rehabilitation or construction of access roads, collection centers, and irrigation infrastructures might lead to loss of shelters, crops/assets, incomes, or other source of incomes. |
| [] | <u>Indigenous Peoples (OD 4.20)</u> |
| [] | <u>Forests (OP/BP 4.36)</u> |
| [] | <u>Safety of Dams (OP/BP 4.37)</u> |
| [] | <u>Cultural Property (draft OP 4.11 - OPN 11.03)</u> |
| [] | <u>Projects in Disputed Areas (OP/BP/GP 7.60)*</u> |
| [TBD] | <u>Projects on International Waterways (OP/BP/GP 7.50)</u> The Safeguard policy on Projects on International Waterways has been rated to-be-determined (TBD) because its relevance is not at present conclusive. The project team is currently consulting and seeking guidance with the LEGAF department on this issue. |

Environmental Assessment Category:

A B C FI TBD (to be determined)

If TBD, explain determinants of classification and give steps that will be taken to determine that EA category (mandatory):

The Safeguard policy on Projects on International Waterways has been rated to-be-determined (TBD) because its relevance is not at present conclusive. The project team is currently consulting and seeking guidance with the Legal department on this issue.

III. SAFEGUARD PREPARATION PLAN

- A. Target date for the Quality Enhancement Review (QER), at which time the PAD-stage ISDS would be prepared. September 30, 2004.
- B. For simple projects that will not require a QER, the target date for preparing the PAD-stage ISDS

* By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas

C. Time frame for launching and completing the safeguard-related studies that may be needed. TORs for an environmental and Social Management Framework (ESMF), a Resettlement Policy Framework (RPF) and a Pest/vector Management Plan (PMP) will be ready prior to preappraisal Mission, and these safeguards documents will be prepared and disclosed prior to project appraisal .

The specific studies and their timing¹ should be specified in the PAD-stage ISDS.

IV. APPROVALS

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| <i>Signed and submitted by:</i> | | |
| Task Team Leader: | Tijan M. Sallah | 06/10/04 |
| <i>Approved by:</i> | | |
| Regional Safeguards Coordinator: | Name Thomas Walton | 06/10/04 |
| Comments | | |
| Sector Manager: | Name Richard Scobey | 06/10/04 |
| Comments | | |

¹ Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in-country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.