



**WORLD BANK GROUP**

THE WORLD BANK  
IBRD • IDA

**IFC** International  
Finance Corporation

**MIGA** Multilateral Investment  
Guarantee Agency

MAXIMIZING FINANCE FOR DEVELOPMENT STORIES

# MADAGASCAR

## Improving Farmers' Incomes

### Highlights of World Bank Group Support

IDA provided a \$50 million loan in 2014 to support sustainable agribusiness development in southern Madagascar, and in 2017 a \$53 million loan to tackle constraints in agriculture value chain policy, governance, knowledge and technology transfer, land tenure, food safety, and road infrastructure.

IFC and the private sector window of the **Global Agriculture and Food Security Program (GAFSP)** are providing a four-year advisory program to help a local agribusiness, Bonne Viande de Madagascar (BoViMa), build a feedlot and an abattoir and strengthen its supply chain. IFC and GAFSP plan to follow up with a \$7 million investment in BoViMa.

The government of Madagascar, with World Bank support, is helping rural herders and farmers improve incomes by improving veterinary services and developing new road infrastructure. IFC is also supporting a local agribusiness firm, BoViMa, and the country's first modern feedlot and abattoir, which will increase meat productivity, improve the livelihoods of more than 20,000 farmers and herders, and directly employ 200 people. Smallholder farmers in BoViMa's supply chain will also receive technical assistance through an IFC-supported outgrower program.

### Development Challenge

Three-quarters of Madagascar's population lives in extreme poverty, and 80 percent of them are dependent on agriculture. Although Madagascar has excellent conditions for cattle and goat production—including the absence of major diseases, good climate, and cost competitiveness—inadequate veterinary services and infrastructure limit economic opportunities and exports. The country has the potential to earn significant foreign exchange receipts from cattle and goat exports. The government and the World Bank Group are jointly working to improve livestock management and create access to export markets.

### The MFD Approach

The government deemed it essential to involve the private sector in the livestock sector value chain. The World Bank is working with the public sector and private businesses to improve veterinary services and sanitary standards. The International Finance Corporation (IFC) will help transform the sector through advisory services funded by GAFSP to BoViMa. Government support for veterinary services and critical infrastructure, along with additional private sector investments, is expected to create a \$300 million meat exports market in the long term.

## Building effective services

The International Development Association (IDA) provided two loans to assist sector-wide binding constraints. The first technical assistance project in 2014 tapped into a \$50 million IDA credit that has helped the central and regional administrations promote sustainable agribusiness development, including potential support to procure fodder for an export-oriented abattoir in the Anosy and Androy region in southern Madagascar. The subsequent \$53 million project that started in 2017 is addressing agriculture value chain policy and governance issues, technical capacity building, land tenure, food safety, accessibility to veterinary services, and access to infrastructure such as roads for farmers. The project is helping provide quality assurance services through the training of veterinary staff and the funding of laboratory equipment for certification mechanisms, among other initiatives.

## Modernizing the agribusiness sector

To modernize standards of commercial meat producers and meet export requirements, IFC and GAFSP are providing advisory services to help BoViMa establish Madagascar's first modern integrated feedlot and abattoir. The four-year advisory program will help BoViMa improve animal husbandry in southern Madagascar. It will also strengthen the company's supply chain for animal feed (such as maize, cassava, grass, and sweet potato) to be sourced from local farmers. This will also create a reliable feed grain market for

thousands of local farmers, which in turn benefits the local community by increasing farmers' incomes and connecting them to regional and global meat markets. Besides the advisory program, IFC and GAFSP are planning a \$7 million investment in BoViMa.

Complementing IFC's initiative, the World Bank will support the training of veterinary staff and finance the acquisition of laboratory equipment by an internationally accredited private sector laboratory, while the German development agency, GIZ, is working with local communities on the goat and ruminants value chains.

## Meeting targets

It is expected that by 2021, the BoViMa abattoir and feedlot will establish the company as a world class meat export business that is able to drive the industry in Madagascar and demonstrate best practices in production efficiency, environmental sustainability, and animal welfare. BoViMa will directly employ 200 people in Fort Dauphin, a remote part of the country. It will also provide support to more than 20,000 local herders and farmers, improve small holder farmers' agricultural practices, and diversify their incomes. Through IFC's advisory support, smallholder farmers in BoViMa's supply chain will receive technical support through a new outgrower program. Ongoing World Bank technical assistance will seek ways to enable herders to access improved veterinary services and contribute to create new export markets for Madagascar's zebu and goat products.

"A project of this standing will totally change and improve the economic and social landscape of the Anosy and Androy regions. A real investment from the private sector, with the support of the authorities and donors, to leave a beautiful legacy for future generations".

—Danil Ismael, owner of BoViMa

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### WHAT IS MFD?

Achieving the Sustainable Development Goals to end extreme poverty by 2030 will require about \$4.5 trillion annually, far more than multilateral development banks or donors can provide by themselves. To face this challenge, the World Bank Group adopted the MFD approach, which entails working with governments to crowd in the private sector while optimizing the use of scarce public resources. This approach is guided by the [Hamburg Principles](#) adopted by the G20 in 2017 and builds on the substantial experience across the institution.