I. Introduction and Context

A. Country Context

With a per capita income of about US$421, Madagascar ranks among the poorest countries in the world. The economy is to a large extent rural and agricultural, shaped by the traditional rice production systems that dominate the landscape. Agriculture remains the foundation of the economy, contributing about 29 percent of total GDP and about the same percent of total exports. Approximately 38 percent of Madagascar’s land is used for agricultural purposes, but little more than 5 percent is cultivated; the rest is used for grazing. Of the cultivated area, a significant portion is under irrigation (about 40 percent).

B. Sectoral and Institutional Context

Rice is the main staple crop and is grown by about 85 percent of agricultural households. It represents nearly 70 percent of agricultural production and accounts for 48 percent of total calorie consumption. Rice production is increasing, but paddy yields remain low by global standards, averaging about 3.0 t/ha. A recent study carried out to assess the performance of the value chains for leading commodities in Madagascar concluded that even though “processing does not pose a major constraint [for rice]” and “distribution networks for rice are well developed”, “the competitiveness of rice produced in Madagascar is constrained by high unit production costs attributable to low productivity at the farm level” (World Bank 2012 “Strengthening Agricultural Markets in Madagascar: Constraints and Opportunities”).

In line with the economic and political importance of rice, the Government of Madagascar is highly committed to the further development of the rice sector. Within the framework of the Comprehensive Africa Agriculture Development Program (CAADP) being promoted under the African Union’s New Economic Partnership for Africa’s Development (NEPAD), and with support of the Coalition for African Rice Development (CARD), it recently developed a National Strategy for the Development of Rice (Stratégie Nationale du Développement Rizicole–SNDR). The objectives of the SNDR are consistent with those spelled out in the framework National Policy for Rice Development (Politique Nationale de Développement Rizicole–PNDR): (i) to contribute to food security of all regions of the country; (ii) to contribute to the improvement of economic growth; and (iii) to improve the income and the welfare of the actors along the value chain. The proposed interventions prioritized by the SNDR, designed to address the principal constraints affecting rice productivity, focus on building capacity in research and technology development, strengthening agricultural extension services, and improving rural infrastructure.

The centerpiece of the Government’s national rice development strategy is the National Program for Irrigation Development and Watershed Management (Programme Nationale des Bassins Versants et Périmètres Irrigués–PNBVPI). PNBVPI is supported by a number of donors including the International Development Association (IDA) through the Irrigation Development and Watershed Management Project (BVPI) (cofinanced by GEF). BVPI aims to increase rice productivity in four irrigation schemes and their associated watersheds in the central and northern regions of Madagascar. Another important program designed to increase rice productivity and production is the Projet d’Amélioration de la Productivité Rizicole sur les Hautes Terres Centrales (PAPRiz), financed by the Japanese International Cooperation Agency (JICA).

Relationship to CAS
The development challenge facing Madagascar has increased since the outbreak in March 2009 of the political crisis and the subsequent suspension of aid flows, including by IDA through triggering of OP 7.30 (dealing with de facto Governments). While Madagascar remains under OP/BP 7.30, the Bank’s recent Interim Strategy Note (ISN) allows for a cautious approach to selective new investment, if and when it can be shown that a lack of activity on the part of the Government and the development partners is exacting a high price on the poor and heightening the risk that the country might slide further into a state of fragility. Accelerated development of the country’s rice sector is expected to have widespread and significant impacts on the well-being of millions of Malagasy, particularly those in the poorest and most vulnerable households, who spend the largest share of their income on food. The Government of Japan earmarked USD 100 million to be used for development of rice production capacity in Africa and commitment, but funds earmarked for Madagascar are still available and can fund the proposed Project.

II. Proposed Development Objective(s)

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The Project Development Objective (PDO) of the proposed Project is “to sustainably increase rice productivity in selected irrigation sites and their surrounding watersheds.” This PDO is well aligned with the program-level objective of the ongoing BVPI-IDA, which is “to sustainably increase rice productivity in selected irrigation schemes and their associated watersheds.” It is also in line with the objectives of the World Bank ISN, the objectives of the PNDR and SNDR, and the objectives of the PHRD TA program.

Key Results

The proposed PDO indicators include:

(i) Average yield increase in irrigated rice produced in Project-rehabilitated irrigation sites (t/ha).
(ii) Average yield increase in rainfed rice produced in Project-rehabilitated watershed sites (t/ha).
(iii) Average value of additional rice production in Project-rehabilitated BVPI sites (Ariary/beneficiary/cycle) (annual total: rainy season, dry season).
(iv) Area under sustainable land management practices in the targeted project intervention areas (ha).
(v) Direct beneficiaries (numbers), of which female (percentage) (Core Indicator).

These indicators, as well as the draft Results Framework including intermediate outcome indicators for the proposed Project, are derived from the indicators used for the ongoing BVPI-IDA, with some modifications, such as the inclusion of indicators for a newly identified rice research and development component. Use of similar indicators will help to ensure consistency between the two operations and will facilitate monitoring and evaluation.

III. Preliminary Description

Concept Description

The proposed Project will have five components: four technical components and one administrative component.

Component 1: Development of Commercial Agriculture, including: (i) support to agricultural services; and (ii) support to private investments. The objective for this component is to lay the foundations for sustainable intensification and diversification of both irrigated and rainfed rice production systems in the targeted watersheds, and to improve market access.

Component 2: Irrigation Development, including: (i) support to irrigation development; and (ii) irrigation investments. The objective of this component is to lay the foundations for improved management, maintenance and sustainability of irrigation services provision in four large-scale irrigation schemes through rehabilitation of irrigation infrastructure, capacity strengthening of stakeholders and clarification of roles and responsibilities, and establishment of an appropriate incentive framework.

Component 3: Watershed Development, including: (i) planning and capacity building for sustainable watershed development; and (ii) sustainable investments in watersheds including biological (e.g., tree planting) and physical (e.g., check dams) measures. The objective of the component is to lay the foundations for sustainable management of watersheds including irrigated and rainfed agriculture, and improved productivity of existing natural resources.

Component 4: Support for Rice Research and Development, including: (i) support to basic rice seed production; (ii) improvement of chemical soil analysis capability of the research system; and (iii) development of rice research and extension linkages.

Component 5: Project Management, including: (i) Project management; and (ii) Project monitoring and evaluation. The objective of this component is to manage and use resources in accordance with the Project’s objectives and procedures and to evaluate the Project’s results.

The Project will be implemented in selected irrigation sub-schemes and in the related watersheds. These sub-schemes are part of the overall irrigation schemes that are already being targeted by the national BVPI program, but the specific sites are geographically separate from the already ongoing interventions. Components 1, 2, and 3, as well as some activities of Component 4, will be implemented mainly in specific sectors of the Marovoay and Itasy irrigation schemes. The targeted area includes about 5,700 ha of potentially irrigated land plus the associated watersheds. The Project will also support irrigation design studies in the...
Anony and Imamba-Ivakaka irrigation schemes. Finally, it will contribute to strengthening the national rice research and development system.

Direct Project beneficiaries will include smallholder households producing irrigated and rainfed crops. Indirect Project beneficiaries will include farmer groups; private operators providing services, selling products and performing various functions in the value chain; and consumers of rice. Other stakeholders will include the central and decentralized government, Region, communes, water user associations and their federations, local communities, and private firms. Based on the experience of BVPI, the proposed interventions to be supported under this Project are expected to have strong buy-in from all stakeholders. Their views about the design details and implementation arrangements will be solicited during preparation and incorporated into the Project design.

IV. Safeguard Policies that might apply

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