



RESTRUCTURING PAPER  
ON A  
PROPOSED PROJECT RESTRUCTURING  
OF  
MADAGASCAR AGRICULTURE RURAL GROWTH AND LAND MANAGEMENT PROJECT  
APPROVED ON MARCH 22, 2016  
TO  
REPUBLIC OF MADAGASCAR

AGRICULTURE AND FOOD

AFRICA EAST

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## ABBREVIATIONS AND ACRONYMS

AF	Additional Financing
CASEF	<i>Projet de Croissance Agricole et de Sécurisation Foncière</i> (Madagascar Agriculture Rural Growth and Land Management Project)
CPF	Country Partnership Framework
COVID-19	Coronavirus-19
EA	Environmental Assessment
IDA	International Development Association
IP	Implementation Progress
IPF	Investment Project Financing
IR	Intermediate result
ISR	Implementation Status and Results Report
PDO	Project Development Objective
PIU	Project Implementation Unit



**BASIC DATA**

**Product Information**

Project ID P151469	Financing Instrument Investment Project Financing
Original EA Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
Approval Date 22-Mar-2016	Current Closing Date 30-Jun-2022

**Organizations**

Borrower Republic of Madagascar	Responsible Agency MINISTERE DE L'AGRICULTURE
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**Project Development Objective (PDO)**

Original PDO

The proposed development objective is to improve rural land tenure security and access to markets of targeted farming households in selected agricultural value chains in the Project Areas, and to provide immediate and effective response to an Eligible Crisis or Emergency.

**Summary Status of Financing (US\$, Millions)**

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net Commitment	Disbursed	Undisbursed
IDA-D4320	01-Mar-2019	26-Mar-2019	24-Jun-2019	30-Jun-2022	52.00	7.46	45.58
IDA-57750	22-Mar-2016	08-Apr-2016	05-Sep-2016	30-Jun-2021	53.00	32.06	21.67

**Policy Waiver(s)**

Does this restructuring trigger the need for any policy waiver(s)?

No



## I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

1. The Restructuring Paper seeks the approval of the Country Director for a Level 2 Restructuring of the Madagascar Agriculture Growth and Land Management Project (P151469, CASEF, or Project). The purpose of the restructuring is to: 1) extend project closing dates; 2) revise the Results Framework to accommodate the addition of Red Meat to the list of Value Chains supported by the project; and 3) respond to a Government request for a fund reallocation in favor of land administration related investments. These changes were proposed, discussed and agreed to by the client and the World Bank during the Mid-term Review in May 2020. The restructuring will enable alignment with the newly defined set of targeted agriculture Value Chains supported under Component 1 and the budget reallocations in favor of newly identified by the Government priority land-related investments under Component 2.

### A. Project status

1. The budget for the CASEF project amounts to US\$105 million, of which US\$53 million is associated with the parent project and US\$52 million with the Additional Financing (AF). The parent project and the AF became effective on September 5, 2016 and on June 25, 2019, respectively. The Project Development Objective (PDO) is to improve rural land tenure security and access to markets among targeted farming households in selected agricultural value chains in the Project Areas, and to provide immediate and effective response to an Eligible Crisis or Emergency.

2. The CASEF project has disbursed 38 percent as of October 21, 2020. Progress towards achievement of the PDO was rated Moderately Satisfactory (MS) within the last two Implementation Status and Results Report (ISRs) periods, whereas the overall implementation progress (IP) was downgraded to Moderately Unsatisfactory (MU) during the last ISR (June 2020). The downgraded IP rating was due to project FM issues observed during the last supervision mission, including declaration of an ineligible expenditure (US\$34,254) and observed deficiencies in financial auditing processes. An action plan to address these issues was agreed during June supervision mission. These included the recruitment of a new FM specialist at national PIU level, the reimbursement of the ineligible expenditure, the payment of the value added and income taxes and replacement of misplaced equipment. Notable progress has been made on all outstanding issues and are expected to be fully resolved before the end of November, which will enable a return to a Moderately Satisfactory (MS) rating during the next ISR.

3. The project remains relevant and aligns with the World Bank's Country Partnership Framework (CPF FY17-FY21). The project is a key contributor to Focus Area 1, including Objective 1: increasing resilience and reduce fragility and Objective 2: enhancing resilience of livelihoods of vulnerable household in rural and urban area; and Focus Area 2, Objective 7: promoting inclusive growth and strengthening rural productivity. The project also aligns with the Government's strategy, *Initiative Emergence Madagascar (IEM)* and the *Plan Emergence Madagascar (PEM)* by contributing to its vision of modernizing the agriculture sector.

### B. Rational for restructuring

4. As proposed, discussed and agreed by the borrower and the Bank during the Project Mid-term Review in May 2020, the restructuring aims to facilitate: (i) the extension of the closing dates of the parent project and the AF from June 30, 2021 and June 30, 2022, respectively, to December 31, 2022; and (ii) the revision of the project's Results Framework.

5. The rationale for the proposed extension of the project's closing date is to provide additional time for the project to achieve its targets and achieve the PDO. The six-month extension is needed to accommodate some delays in the initial roll out and delivery of activities. During the project ramp up, lack of clarity on responsibilities between the Project Coordinator and the Deputy Coordinator effectively delayed the contracting and mobilization of the Technical Assistance (TAs) service providers responsible for overseeing implementation of field activities. The issue was addressed in January 2019 by a note from the Ministry revising the TOR of the deputy Coordinator and removing the position of Project Coordinator that eliminated one layer of management in the PIU. The TAs were subsequently contracted but only became fully operational in December 2018, more than 2 years after project effectiveness. Additional delays in project implementation accrued during 2020 due the COVID-19 crisis, which inhibited service delivery and the



implementation of field activities and reduced market demand for agriculture products. These restrictions were substantially lifted in September 2020.

6. The proposed extension is also needed to provide a sufficient amount of time for the implementation of the largest land operation ever in Madagascar. At the beginning of the project, land activities got off to a fast start in a conducive institutional context. The 117,000 certificates registered in the first year (2017) followed by the recognition of 198,000 plots in 2018 led the government to request additional funding to move from a target of 500,000 to 2,500,000 certificates. Institutional changes in 2019 then led to: (i) a slowdown in the certification process, in particular, due to new standards imposed to ensure systematic quality-control, and to a temporary suspension of field surveys at the request of the government ; and (ii) a request for a reallocation of the additional financing in December 2019, in particular for a National Land Information System, the acquisition of High Resolution satellite images, and additional resources for systematic quality control by the land administration units. The pandemic then resulted in the suspension of land tenure security field operations for several months and the inability to organize awareness-raising and training sessions. The Mid-term Review and a continuous dialogue with the MATP helped to relaunch the massive certification process and to reach consensus on the budget reallocation prior to restructuring.

7. The purpose of the proposed modifications to the Results Framework is to align it to the newly defined list of targeted Value Chains and to integrate specific indicators to enable monitoring and progress of support activities to the Red Meat Value Chain under Component 1. Proposed modifications to the Results Framework also reduce targets with regard to the number of land certificates, the number of communal land offices supported, and the number of project direct beneficiaries. These reductions were necessary and agreed to during the MTR in light of the Government's request to reallocate resource to support the acquisition of satellite imagery and the systematic quality control of land administration units.

## II. DESCRIPTION OF PROPOSED CHANGES

8. The proposed changes are aligned with the findings of the Project Mid-Term Review conducted in May 2020, and the agreements reached with Government counterparts. The official written request from the Government outlining these changes was received by the World Bank on August 11, 2020.

### A. Change in Component 1

9. The main revision to Component 1 is a reduction in the number of targeted value chains. This change was agreed during the supervision mission in October 2019. The number of targeted value chains was revised down from 14<sup>1</sup> to 9. The revised list of Value Chains are: cinnamon, curcuma, litchi and granadilla for the East coast region; milk, green bean, maize and soya for the Highland region, and red meat for the South region. A Value Chain analysis conducted by the TAs at the beginning of their mission enabled a prioritization. The prioritization criteria agreed during the mission included Value Chains: i) with strong market demand; ii) degree of commitment by agribusiness companies to purchase the products; iii) potential to deliver measurable results by the end of the project; and iv) with strong potential to reach a high number of beneficiaries.

10. The other change to Component 1, as agreed in May 2020 (and as outlined in the mission Aide-Memoire) is the reallocation of the last tranche of the Partial Guarantee Funds of US\$1.5 million to the two restructured windows that were created with aim to support agribusiness Small and Micro Enterprises in managing the adverse impacts of the COVID-19 pandemic crisis. The restructured windows will target the same beneficiaries.

### B. Change in Component 2

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<sup>1</sup> The initial targeted value chains were: Highland: milk, onion, potatoes, apple, green bean, maize and soya; East Coast: cinnamon, curcuma, litchi, granadilla, cloves and pepper, and for the South, red meat.



11. The need to revise down the targets (from 2.5 to 2 million) related to the land certificates, and consequently, the number of beneficiaries, is due to Component 2 budget constraints resulting from a re-prioritization of budget allocations by the Government and underestimation of the costs of issuing land certificates. The Government requested a budget reallocation within component 2 on December 13, 2019. It included a reduction of the budget allocated to the land certification activities to allow for an increase in the budget allocated to the procurement of satellite imagery, land information systems and equipment for some State land administration units. The field operations conducted during the parent project enabled a more detailed assessment of the average cost of issuing certificates, which was higher (US\$12) than initially estimated (US\$6.5 – AF PAD, February 2019). A budget provision of 24 million was initially considered to cover the 2 million land certificates. However, the Government decided to prioritize investments to expand coverage via satellite images, in land information systems (LIS) and in administration equipment. Complementary satellite imagery will provide the Government with a more comprehensive geospatial basis information rather than portions of images limited to project areas. The implementation of an improved LIS aims to capture millions of additional data points that the current information system cannot accommodate. The additional equipment for the administration units will allow better monitoring of field operations in the regions newly covered by the project. This budget reallocation does not entail any change in the disbursement categories as they are already accounted for under Category 1.

### C. Changes in results indicators

12. The PDO will remain unchanged and no components or sub-components are being dropped or substantially revised. However, there is a need to update the current project Results Framework. This restructuring proposes to revise, drop or add PDO and intermediate indicators (IRs), per the following:

13. **PDO1.** Direct project beneficiaries will be revised from 874,000 to 708,000. The reduction in the number of land certificates issued from 2.5 million to 2 million reduces the number of project beneficiaries (-166 000), for a new total of 708,000 targeted beneficiaries. For the red meat Value Chain, 840 new beneficiaries are added.

14. **PDO3.** As proposed, volumes of local agricultural products sourced from the targeted areas by agribusiness companies in selected value chains is to be revised per the following:

- a) The target for horticulture is to be revised from 5,337 to 840 tons because only the green bean Value Chain was retained; onion, potatoes, and apples were dropped. Unlike green bean, onions, potatoes and apples do not meet the criteria listed in paragraph 9, in particular, that related to the need for strong market demand by the private sector.
- b) Targets for each of the cereals for food and animal feed are to be revised as follows: 4,000 tons for maize and 100 tons for soya. The original indicator was aggregated across the value chain: “2 793 tons of cereal for food and animal feed”. The revision brings clarification and precision for each of the targeted cereals based on the value chain analysis conducted.
- c) Targets for each of the East Coast value chains are to be revised as follows: 54 tons for cinnamon, 150 tons for curcuma, 2,100 tons for litchi and 1,000 tons for granadilla. The original target was incomplete and not precise: “3,269 tons of spices: vanilla, cloves and pepper”. The project was designed to support not only spices but also fruits. Based on the value chain analysis and the prioritization criteria mentioned in paragraph 9, some spices have been dropped while other fruits have been added, with defined quantities per each value chain.
- d) Targets for red meat are added: 1,900 tons for animal feed and 25,000 for cattle and small ruminants. Support to this subsector was agreed to during the original project design phase but the scope of support was left undefined. The project has supported the meat value chain for about \$US 2 million but there has been no indicator within the Results Framework to capture the results. The restructuring will address this gap.

**PDO5.** The number of land certificates delivered is revised from 2.5 million to 2 million land certificates; this following the reduction of the land certificate budget to allocate more resources to source satellite imagery and the buildout of land information systems. Given the funding reallocation requested by the Government and the remaining amount for the field operations (US\$18 million), the objective had to be lowered to 1,500,000 in addition to the objective of 500,000 certificates from the parent project, i.e. 2,000 .000



certificates. This change was validated with the Government during the MTR. The following details agreed changes to the results indicators:

15. **IR 1.2.** Client days of training provided is revised from 50,000 to 81,000 to add trainings related to the red meat value chain support activities.

16. **IR 2.1.** Communal land offices that have land certification capacity operational is revised from 500 to 438 following the reduction of the land certificate budget and targets. In order to limit the field operation costs, it has been agreed during the mid-term review to focus the land certification in a smaller number of municipalities where the potential for certificate requests will be the highest. In addition, to accommodate new activities (as outlined above in Section B), the restructuring will append two additional intermediate indicators to the Results Framework: i) delivery of high resolution satellite images covering 400,000 sq km; and ii) implementation at the central level (MATP) of a Land Information System integrating land certificates and land titles.

17. **IR 2.2.** The programmed activity around land tenure deals with the private sector following the principles for responsible agriculture investments has been dropped because it became clear during implementation that the acquisition of state properties was impossible given widespread incidences of unofficial land occupancies. Both the PIU and the service providers in charge of the field activities seek to identify State properties which could be allocated to private investors. It appears during the first half of the project implementation that State properties areas of agricultural interest are fully or partially occupied. The first negotiations with the occupants turned out to be extremely difficult. Evictions are inconceivable, even with compensation, given the high reputational risk of promoting land grabbing to the detriment of vulnerable populations.

18. The end target dates for all the indicators is to be revised to align with the new closing date of December 31, 2022. This will accommodate initial delays associated with project ramp up and those related to COVID-19, and thus better enable the achievement of PDOs.

### III. SUMMARY OF CHANGES

	Changed	Not Changed
Results Framework	✓	
Loan Closing Date(s)	✓	
Disbursement Estimates	✓	
Implementation Schedule	✓	
Economic and Financial Analysis	✓	
Implementing Agency		✓
DDO Status		✓
Project's Development Objectives		✓
PBCs		✓
Components and Cost		✓
Cancellations Proposed		✓



Reallocation between Disbursement Categories		✓
Disbursements Arrangements		✓
Overall Risk Rating		✓
Safeguard Policies Triggered		✓
EA category		✓
Legal Covenants		✓
Institutional Arrangements		✓
Financial Management		✓
Procurement		✓
Other Change(s)		✓
Technical Analysis		✓
Social Analysis		✓
Environmental Analysis		✓

**IV. DETAILED CHANGE(S)**

**LOAN CLOSING DATE(S)**

Ln/Cr/Tf	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
IDA-57750	Effective	30-Jun-2021		31-Dec-2022	30-Apr-2023
IDA-D4320	Effective	30-Jun-2022		31-Dec-2022	30-Apr-2023

**DISBURSEMENT ESTIMATES**

Change in Disbursement Estimates

Yes

Year	Current	Proposed
2016	201,978.00	201,978.00
2017	3,553,788.00	3,553,788.00





## The World Bank

Madagascar Agriculture Rural Growth and Land Management Project (P151469)

2018	6,549,270.00	6,549,270.00
2019	8,266,440.00	8,266,440.00
2020	8,711,220.00	28,778,524.00
2021	9,307,158.00	34,300,000.00
2022	5,410,146.00	23,350,000.00



**Results framework**

**COUNTRY: Madagascar**

**Madagascar Agriculture Rural Growth and Land Management Project**

**Project Development Objectives(s)**

The proposed development objective is to improve rural land tenure security and access to markets of targeted farming households in selected agricultural value chains in the Project Areas, and to provide immediate and effective response to an Eligible Crisis or Emergency.

**Project Development Objective Indicators by Objectives/ Outcomes**

Indicator Name	PBC	Baseline	End Target
<b>Direct project beneficiaries (Action: This Objective has been Revised)</b>			
Direct project beneficiaries (Number)		0.00	708,000.00
<b>Action: This indicator has been Revised</b>	<b>Rationale: The number of direct project beneficiaries is reduced to align with the new land certificate target (reduced from 2.5 million to 2 million) and add beneficiaries from livestock value support activities.</b>		
Female beneficiaries (Percentage)		0.00	40.00
Targeted farmers' with perception of improved access to markets (disaggregated by value chain) (Percentage)		0.00	60.00
<b>Action: This indicator has been Revised</b>			
Targeted farmers' with perception of improved access to markets (disaggregated by value chain) of which female (Percentage)		0.00	60.00
<b>Action: This indicator has been Revised</b>			
<b>Volume of local agricultural products sourced from the targeted areas by agribusiness companies in s</b>			



Indicator Name	PBC	Baseline	End Target
Diary value chain (milk) (Liters (Million))		0.00	4.56
<i>Action: This indicator has been Revised</i>			
Horticulture value chains (green beans) (Metric ton)		0.00	840.00
<i>Action: This indicator has been Revised</i>			
<i>Rationale: Reduction of target because the project will only support green bean (the onion and potatoes supports were dropped)</i>			
Cereals for and animal feed (maize and soya) (Metric ton)		0.00	2,793.00
<i>Action: This indicator has been Revised</i>			
<i>Rationale: The value chain supported are maize (2700t) and soya (93t)</i>			
Spices and fruits (Grenadilla, litchi, cinamum and curcuma) (Metric ton)		0.00	3,269.30
<i>Action: This indicator has been Revised</i>			
<i>Rationale: Same target but precision for the target of each of the selected value chain: 1000 tons granadilla, 2069 litchi, 150 tons curcuma and 50 tons cinnamon</i>			
Red meat value chain in the South: animal feed (Metric ton)		0.00	1,900.00
<i>Action: This indicator is New</i>			
Red meat value chain in the South: number of animal (Number)		0.00	25,600.00
<i>Action: This indicator is New</i>			
<b>Improve rural land tenure</b>			
Targeted farmers' with improved perception of land tenure rights being recognized by a public authority (civic engagement)		0.00	80.00



Indicator Name	PBC	Baseline	End Target
indicator, gender indicator) (disaggregated by gender) (Percentage)			
<b>Action: This indicator has been Revised</b>			
Targeted farmers' with improved perception of land tenure rights being recognized of which female (Percentage)		0.00	40.00
<b>Action: This indicator has been Revised</b>			
Land parcels with use or ownership rights recorded as a result of the project (Number)		0.00	2,000,000.00
<b>Action: This indicator has been Revised</b>	<b>Rationale:</b> <i>The change followed the budget reallocation within the component 2: reduction of the budget for the land certificate to increase land imagery and land information system budget</i>		

**Intermediate Results Indicators by Components**

Indicator Name	PBC	Baseline	End Target
<b>Component 1. Agribusiness Value Chain Development</b>			
Targeted farming households reporting larger volumes of agricultural products brought by buyers (Percentage)		0.00	50.00
<b>Action: This indicator has been Revised</b>			
Client days of training provided (number) (Number)		0.00	81,000.00
<b>Action: This indicator has been Revised</b>			



Indicator Name	PBC	Baseline	End Target
Targeted farming households reporting hiring additional paid non-family labour (Percentage)		0.00	60.00
<i>Action: This indicator has been Revised</i>			
<b>Component 2. Support to Land Policy and Land Rights Registration</b>			
Communal land offices that have land certification capacity operational (Number)		72.00	438.00
<i>Action: This indicator has been Revised</i>			
Land tenure deals with the private sector following the principles for responsible agriculture investments. (Number)		0.00	10.00
<i>Action: This indicator has been Marked for Deletion</i>			
High resolution satellite images coverage (Square kilometer(km2))		0.00	400,000.00
<i>Action: This indicator is New</i>	<b>Rationale:</b> <i>Large scale satellite imagery coverage will provide the Government with a more comprehensive geospatial basis information rather than portions of images limited to project areas.</i>		
Implementation of a new Land Information System (Yes/No)		No	Yes
<i>Action: This indicator is New</i>	<b>Rationale:</b> <i>The implementation of an improved Land Information System (LIS) aims to record millions of land data that the current information system cannot afford.</i>		
<b>Component 3. Support to Marketing Infrastructure Development and Maintenance</b>			
Roads constructed or rehabilitated (Kilometers)		0.00	75.00
<i>Action: This indicator has been Revised</i>			



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Madagascar Agriculture Rural Growth and Land Management Project (P151469)

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