

**PROJECT INFORMATION DOCUMENT (PID)  
APPRAISAL STAGE**

Report No.: PIDA464

<b>Project Name</b>	Madagascar-Irrigation and Watershed Management Project - PHRD (P128831)
<b>Region</b>	AFRICA
<b>Country</b>	Madagascar
<b>Sector(s)</b>	Agricultural extension and research (40%), Agro-industry, marketing, and trade (35%), Irrigation and drainage (15%), General agriculture, fishing and forestry sector (10%)
<b>Lending Instrument</b>	Specific Investment Loan
<b>Project ID</b>	P128831
<b>Borrower(s)</b>	Ministry of Finance and Budget (MFB)
<b>Implementing Agency</b>	Ministry of Agriculture
<b>Environmental Category</b>	B-Partial Assessment
<b>Date PID Prepared</b>	12-Jun-2012
<b>Estimated Date of Appraisal Completion</b>	08-Jun-2012
<b>Estimated Date of Board Approval</b>	29-Jun-2012
<b>Decision</b>	

**I. Project Context**

**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 found in most parts of the country. 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).

The development challenge facing Madagascar has increased since the outbreak in March 2009 of the political crisis and the subsequent freeze of aid flows, including by IDA through triggering of OP 7.30 (dealing with de facto Governments). More than three years into the crisis, growth has slowed, the human capital base has eroded, and governance systems have deteriorated markedly. Economic performance has lagged and social outcomes have worsened, as evidenced by a 9 percentage point increase in the incidence of poverty by 2010 compared to 2005, which has left an estimated 77 percent of households living below the poverty line, the highest rate in Africa (WDI 2011). Meanwhile, the condition of the country's infrastructure has reached alarming levels, as the suspension of foreign aid and a drop in tax revenues has forced severe cuts in new investments as well as in maintenance.

**II. 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).

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-PN-BVPI). PN-BVPI is supported by a number of donors including the International Development Association (IDA) through the Irrigation Development and Watershed Management Project (BVPI-IDA) (P074086; Cr. 4244-MAG), the first phase of a planned three-phase, twelve-year Adaptable Program Lending Operation (APL). BVPI-IDA 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). These interventions demonstrate the commitment of the Government and leading development partners to the national rice development agenda, but the investments being made are insufficient to achieve the national objectives concerning rice development and, more broadly, economic growth, food security and poverty reduction.

During the Fourth Tokyo International Conference an African Trade and Development Conference (TICAD IV) held in May 2008, the Government of Japan in association with the Alliance for a Green Revolution in Africa (AGRA) launched the Coalition for African Rice Development (CARD) to support to rice development activities in Africa. Funding for the CARD initiative includes US\$100 million being channeled through the World Bank-administered Policy and Human Resource Development (PHRD) Technical Assistance (TA) Program to support Africa Rice Research and Productivity. Of this amount US\$20 million has been provided to CGIAR for the development of rice seeds resistant to heat and drought By International Rice Research Institute (IRRI) and Africa Rice Research Center (ARC) and US\$80 million for the Africa Rice Research and Productivity Development Program. The availability of the PHRD TA funds creates an opportunity to leverage the World Bank's existing engagement in the rice sector of Madagascar during a critical period. 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

### III. Project Development Objectives

The Project Development Objective (PDO) is to increase rice productivity in selected irrigation sites and their surrounding watersheds.

### IV. Project Description

#### Component Name

Development of Commercial Agriculture

Irrigation Development

Watershed Development

Support for Rice Research and Development

Project Management and Monitoring and Evaluation

### V. Financing (in USD Million)

#### For Loans/Credits/Others

#### Amount

Borrower	0.10
Japan Policy and Human Resources Development Fund	12.66
LOCAL BENEFICIARIES	2.29
Total	15.05

### VI. Implementation

### VII. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01	X	
Natural Habitats OP/BP 4.04		X
Forests OP/BP 4.36		X
Pest Management OP 4.09	X	
Physical Cultural Resources OP/BP 4.11		X
Indigenous Peoples OP/BP 4.10		X
Involuntary Resettlement OP/BP 4.12	X	
Safety of Dams OP/BP 4.37	X	
Projects on International Waterways OP/BP 7.50		X
Projects in Disputed Areas OP/BP 7.60		X

### VIII. Contact point

#### World Bank

Contact: Achim Fock

Title: Senior Economist

Tel: 5358+6060 /

Email: afock@worldbank.org

#### Borrower/Client/Recipient

Name: Ministry of Finance and Budget (MFB)

Contact:  
Title:  
Tel: 261202238286  
Email:

**Implementing Agencies**

Name: Ministry of Agriculture  
Contact: Lantonirina Ramaroson  
Title: Coordinator  
Tel: 261-20-222-474-385  
Email: cpnbvpi@blueline.mg

**IX. For more information contact:**

The InfoShop  
The World Bank  
1818 H Street, NW  
Washington, D.C. 20433  
Telephone: (202) 458-4500  
Fax: (202) 522-1500  
Web: <http://www.worldbank.org/infoshop>