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**IFAD**

**INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT**

**Executive Board – Eightieth Session**

Rome, 17-18 December 2003

**REPORT AND RECOMMENDATION OF THE PRESIDENT**

TO THE EXECUTIVE BOARD ON A PROPOSED LOAN TO THE

**REPUBLIC OF MADAGASCAR**

FOR THE

**RURAL INCOME PROMOTION PROGRAMME**



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**CURRENCY EQUIVALENTS**

Currency Unit	=	Malagasy franc (MGF)
USD 1.00	=	6 200 MGF
MGF 1.00	=	USD 0.000161

**WEIGHTS AND MEASURES**

1 kilogram (kg)	=	2.204 pounds (lb)
1 000 kg	=	1 metric tonne (t)
1 kilometre (km)	=	0.62 miles (mi)
1 metre (m)	=	1.09 yards (yd)
1 square metre (m <sup>2</sup> )	=	10.76 square feet (ft <sup>2</sup> )
1 acre (ac)	=	0.405 ha
1 hectare (ha)	=	2.47 acres

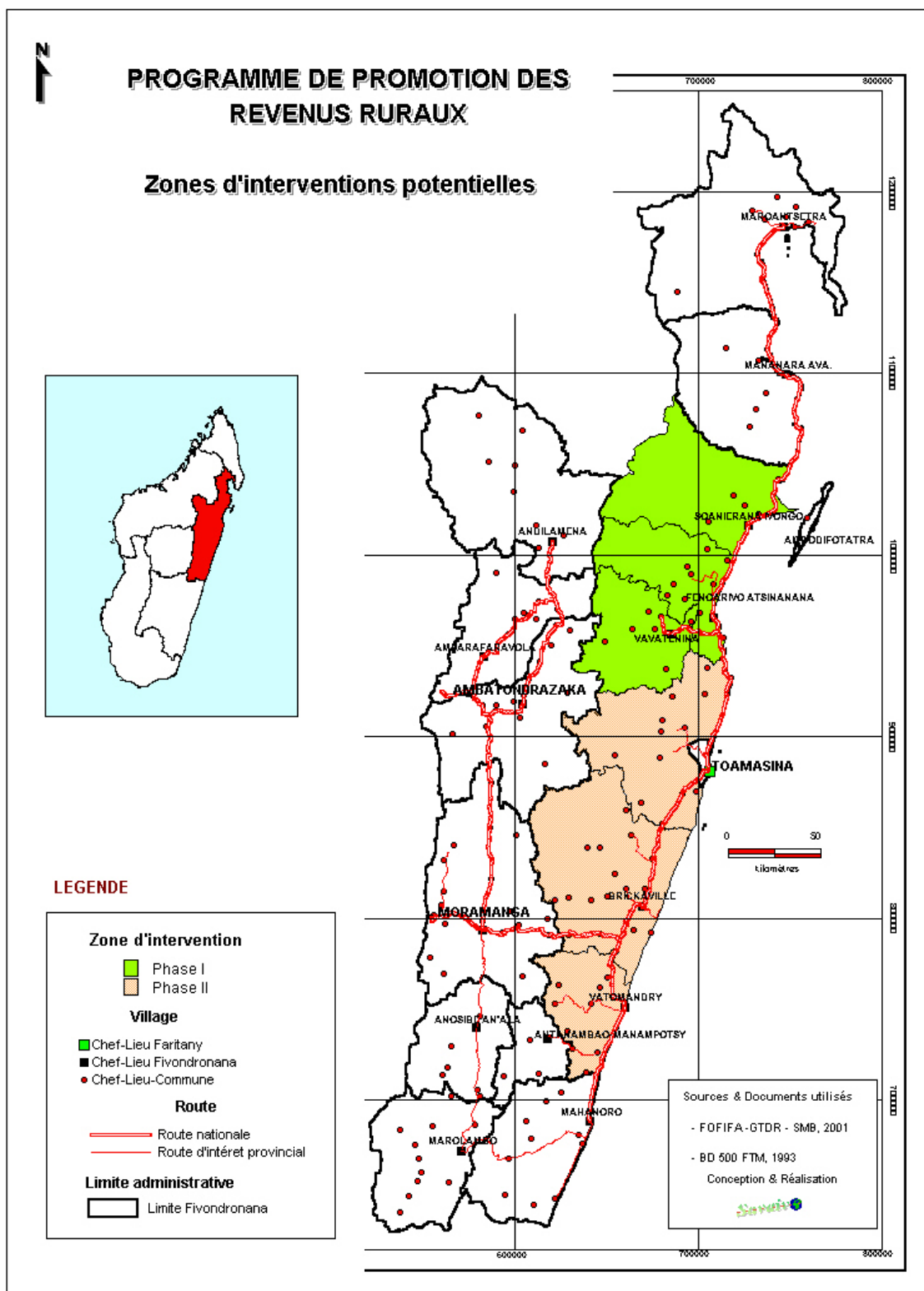
**ABBREVIATIONS AND ACRONYMS**

MAC	Market Access Centres
MFI	Microfinance Institution
NGO	Non-Governmental Organizations
PMU	Programme Management Unit

**GOVERNMENT OF THE REPUBLIC OF MADAGASCAR**  
**Fiscal Year**

1 January – 31 December

MAP OF THE PROGRAMME AREA



Source: IFAD

The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

**REPUBLIC OF MADAGASCAR**  
**RURAL INCOME PROMOTION PROGRAMME**

**LOAN SUMMARY**

<b>INITIATING INSTITUTION:</b>	IFAD
<b>BORROWER:</b>	Republic of Madagascar
<b>EXECUTING AGENCY:</b>	Ministry of Agriculture, Livestock and Fisheries
<b>TOTAL PROGRAMME COST:</b>	USD 28.25 million
<b>AMOUNT OF IFAD LOAN:</b>	SDR 10.15 million (equivalent to approximately USD 14.50 million)
<b>TERMS OF IFAD LOAN:</b>	40 years, including a grace period of ten years, with a service charge of three fourths of one per cent (0.75%) per annum
<b>COFINANCIER:</b>	Organization of the Petroleum Exporting Countries Fund for International Development
<b>AMOUNT OF COFINANCING:</b>	Approximately USD 7.66 million
<b>TERMS OF COFINANCING:</b>	20 years, including a grace period of five years, with an interest rate of 1% per annum and a service charge of 1% per annum on amounts withdrawn and outstanding
<b>CONTRIBUTION OF BORROWER:</b>	USD 5.22 million
<b>CONTRIBUTION OF BENEFICIARIES AND OTHER PROGRAMME PARTNERS:</b>	USD 0.85 million
<b>APPRAISING INSTITUTION:</b>	IFAD
<b>COOPERATING INSTITUTION:</b>	United Nations Office for Project Services

## PROGRAMME BRIEF

**Who are the beneficiaries?** The direct and indirect beneficiaries of the programme will be smallholder farmers living in 25 defined areas that comprise the programme area within the province of Toamasina. The target population will number about 30 000 households (some 200 000 people) that are expected to participate actively in programme-supported activities. Given the high prevalence of poverty in the region (87.9%), almost all beneficiaries will be below the poverty level.

**Why are they poor?** The causes of poverty in rural Madagascar are numerous, and mainly attributable to geographical isolation, poor infrastructure that precludes access to services and markets, and low farm productivity due to lack of productive assets. In the programme area, the worsening of rural poverty has deep structural roots: stagnating cash crop production volumes owing to lack of renewal and maintenance of smallholder plantations; decreasing product quality; falling international prices for some crops (notably coffee); and shrinking percentages of final market value that accrues to small producers, because of increasing inefficiency of crop collection and marketing chains. However, the area holds enormous potential and, with appropriate support, could significantly expand the production, marketing and sale of food and cash crops.

**What will the proposed programme do for them?** Smallholders will benefit from a combination of mechanisms to: restore linkages between producers and market intermediaries; re-establish the production base and promote diversification in the production and marketing of smallholder crops and other enterprises; and strengthen community structures (including vulnerable segments of the population) to enable them to take responsibility for their own development.

**How will the beneficiaries participate in the programme?** Beneficiaries will participate – through groups and associations established or strengthened under the programme – in planning and implementation to ensure that interventions respond to smallholder interests and priorities. With assistance from contracted service providers, producer organizations will articulate their needs for support under the programme. Producer organizations will benefit from advisory services and financial support to fund collective investments.

**Programme costs and financing plan.** The total programme cost over eight years will be about USD 28.25 million including contingencies. IFAD will provide approximately USD 14.50 million (51% of the programme cost); the Organization of the Petroleum Exporting Countries Fund for International Development will provide about USD 7.66 million (27%); the Government will provide the equivalent of USD 5.22 million (19%); and beneficiaries and other programme partners will provide approximately USD 0.85 million (3%).



**REPORT AND RECOMMENDATION OF THE PRESIDENT OF IFAD  
TO THE EXECUTIVE BOARD ON A PROPOSED LOAN TO THE  
REPUBLIC OF MADAGASCAR  
FOR THE  
RURAL INCOME PROMOTION PROGRAMME**

I submit the following Report and Recommendation on a proposed loan to the Republic of Madagascar for SDR 10.15 million (equivalent to approximately USD 14.50 million) on highly concessional terms to help finance the Rural Income Promotion Programme. The loan will have a term of 40 years, including a grace period of ten years, with a service charge of three fourths of one per cent (0.75%) per annum. It will be administered by the United Nations Office for Project Services as IFAD's cooperating institution.

**PART I – THE ECONOMY, SECTORAL CONTEXT AND IFAD STRATEGY<sup>1</sup>**

**A. The Economy and Agricultural Sector**

1. The island of Madagascar, with a total land area of 587 841 km<sup>2</sup>, is located in eastern Africa between latitudes 12°S and 25°S. The population, estimated at 16 million in 2001, has been growing at about 3% annually, which implies a doubling of the population every 25 years. Nearly 80% of the population lives in rural zones and derives most of its income from small farms, of less than 1.5 ha on average. The population is unevenly distributed: population density is more than 50 persons/km<sup>2</sup> in the central and eastern areas; between 10 and 50 persons/km<sup>2</sup> in the south and north; and less than 10 persons/km<sup>2</sup> in the remaining areas. Half of the population is concentrated in the central and eastern regions, which occupy less than one third of the country's total surface area. The province of Toamasina, where the programme will intervene, has a total area of 71 000 km<sup>2</sup> and a total population estimated at 3 million (of which about 80% is rural).

2. From the time of independence in 1960 until 1970, Madagascar enjoyed modest growth. In the following 25 years, it experienced a severe decline in real per capita income, which fell by more than 40% between 1970 and 1995. The return of political stability in 1994-95 allowed the Government to progressively establish conditions to relaunch economic growth through a comprehensive programme of economic reforms. Annual growth in gross domestic product (GDP), which was 3.9% in 1998, was estimated at 4.5% for 1999 and rose to 4.8% in 2000 and 5.9% in 2001, when gross national income (GNI) per capita was estimated at USD 260 (compared with USD 470 for sub-Saharan Africa). The public finance situation has improved markedly over the last six years: the budget deficit dropped from more than 8% of GDP in 1994 to less than 3% in recent years. This financial stability has also been reflected in the inflation rate, which plummeted from 61% in 1994 to less than 7% in 1997-2001. In 2001, Madagascar qualified for assistance within the framework of the Debt Initiative for Heavily Indebted Poor Countries and the completion point is expected to be declared by end-2003.

3. At the beginning of 2002, however, Madagascar plunged into a deep political crisis. Following a closely contended presidential election in December 2001, the two major candidates, the incumbent President and the mayor of the capital city, disagreed on the outcome of the vote and a bitter six-month struggle for power ensued. Large parts of the country were isolated through roadblocks and the destruction of bridges. Public services were virtually paralysed. Violent clashes caused the loss of

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<sup>1</sup> See Appendix I for additional information.

around 100 lives. The crisis ended following widespread international recognition of Mr Ravalomanana as the legitimate leader in late June. Roads were re-opened, ports resumed operations, destroyed bridges started being repaired, the integrity of the financial system started to be re-established and the public administration returned to normal.

4. The crisis had dire social and economic consequences. There was a massive contraction in economic activity, and tourism and export manufacturing ground to a near-total halt. As a result, GDP is estimated to have contracted by around 10% in 2002. The disruption to the rural sector and agriculture was somewhat limited because the main harvest season arrived when the crisis was over; however, rural households suffered heavily from higher prices for consumer goods and from a less competitive, cash-strapped trading sector that was offering lower prices for agricultural produce.

5. The new government has taken a firm stand on good governance and presented a recovery programme to the international community at a donor meeting in July 2002 that was strongly supported. The plan established three short-term priorities for the next 12-18 months: emergency social measures to alleviate resurgent poverty (including waiver of school fees, with nutritional aid for school children) and creation of temporary jobs for the poor in public works schemes; revival of private-sector business activity and manufactured exports; and solid monetary and fiscal management, to create a stable environment for economic development. It also placed emphasis on the need to fight corruption and improve the management of public money (a decree requiring public officials to regularly declare their assets is under preparation).

6. The government programme recognizes the key role of the agricultural sector in the country's development and in the improvement of rural living standards, and includes among its goals participation of the rural poor in economic development, increased producer incomes and promotion of agricultural exports. The Government's commitment to rural development is essential. The high GDP growth rates of the late 1990s masked the striking contrast among the manufacturing (especially textile) industry in urban export processing zones; the tourism and fisheries industries that have been the engine of economic growth; and the stagnant agrarian sector. In 1997-99, while urban spending power rose by 18%, rural consumer spending power fell by 5%.

## **B. Lessons Learned from Previous IFAD Experience**

7. Since 1979, IFAD has contributed to the financing of nine development projects in Madagascar, for a total amount of about USD 92 million. Seven of these projects have been completed and two are ongoing: the North-East Agricultural Improvement and Development Project and the Upper Mandrare Basin Development Project – Phase II. Until 1996, projects suffered serious implementation delays due to insufficient and untimely counterpart funding; cumbersome procurement procedures; overestimation of beneficiaries' capacity to contribute to rehabilitation and maintenance works; and insufficient capacity of government agencies to provide services required. From 1997 onwards, timely provision of counterpart funds and, especially, the adoption of more participative strategies and the outsourcing of services to the private sector and non-governmental organizations (NGOs) translated into significant improvements in the pace of project implementation. However, the limited access of smallholders to inputs and services – aggravated by the poor condition of roads, poor market organization, the lack of institutional credit and dependence on the weak public extension system for technology improvement and dissemination – have curtailed the benefits generated by project interventions.

8. Among the lessons to be drawn from the experience of IFAD's Madagascar portfolio are the following: (i) the participation of beneficiaries in planning and implementation is essential to ensure that project activities efficiently match beneficiary priorities and care should be taken to ensure that deprived groups (landless, women, very small-scale landholders, etc.) are included in decision-making processes; (ii) IFAD projects should concentrate on a limited number of activity areas and explore partnerships with other donors and ongoing projects dealing with other issues important to its target

group, notably primary road rehabilitation, health, nutrition, social infrastructure, etc; (iii) the traditional extension approach through the public sector has not produced the desired effects, and new technology transfer models adapted to local characteristics and demand that involve farmer organizations, NGOs and the private sector, together with government staff where available, should be promoted; (iv) the sustained adoption of technologies to increase agricultural productivity will not be achieved without tackling a combination of constraints that include a poor rural infrastructure base (rural roads, market infrastructure, storage facilities) and lack of access to input and output markets and to financial services; (v) considering the significant poverty level, farm capitalization should be supported; and (vi) the promotion and strengthening of groups and producer organizations is essential, but group viability depends on the existence of common interests identified by the members themselves, supported by adequate resources and pace of development in order to guarantee group cohesion and sustainability.

### C. IFAD's Strategy for Collaboration with Madagascar

9. Rice is the main crop in Madagascar and constitutes the main activity of most poor rural farmers; accordingly, IFAD and other donors have focused on irrigated rice production for many years. While these efforts have helped to maintain or expand the areas cultivated under irrigation, reduce the pace of environmental degradation and mitigate food insecurity, the effects on overall agricultural growth and smallholder incomes have been negligible. This can be partly explained by unfavourable macroeconomic and policy environments, but, above all, the financial returns from rice, especially when sold immediately after harvest, are too low to generate a surplus after meeting immediate household needs. In an increasingly market-led environment, the diversification into higher-value crops can both offset the necessity of selling valuable rice required to meet household food consumption needs, and provide income that could be used to purchase inputs necessary for improving farm productivity.

10. As stated in IFAD's Country Strategic Opportunities Paper (COSOP) for Madagascar, while future IFAD operations in Madagascar will continue to promote improvements in irrigated rice production, support will also be given for a broad range of other farm and non-farm activities in response to nutrition and food security requirements and to market opportunities. Economic diversification, market linkages and reduction of transaction costs will constitute important elements of future operations, with a view to increase the revenues that small farmers derive from productive activities. The main thrusts of IFAD's strategy in Madagascar lie in: (i) improving access of the rural poor to technologies to increase productivity and generate market surpluses; (ii) recapitalization of farms, to translate better access to technologies and inputs into production increases, including realization of the yet-unrealized potential for increased productivity in irrigated areas; (iii) improving conditions for access by the rural poor to markets, through operations aimed specifically at improving transport infrastructure to reduce transaction costs and promote outreach of the private sector into remoter areas, and at strengthening the negotiating capacity of smallholders vis-à-vis the private operators on whom they depend for market access; (iv) support for the development of rural finance systems; and (v) support for local governance by strengthening decentralized public administration bodies.

11. **Rationale and Strategy for the Proposed Programme.** Aside from the extraordinary factors (e.g. the 2002 political crisis and the unusually high frequency of cyclones affecting the province in recent years), the worsening of rural poverty in the province of Toamasina has deep structural roots: stagnating cash crop production volumes due to aging and lack of renewal and maintenance of smallholder plantations; decreasing product quality; falling international prices for some crops (notably coffee); and shrinking percentages of final market value that accrues to small producers, because of increasing inefficiency of crop collection and marketing chains.

12. Commercial export routes for the region's cash crops have become largely dysfunctional, involving long and costly market chains, lack of rewards for quality, lack of transmission of market

signals to producers, irregular and non-competitive crop collection systems, and low and volatile prices to the producers. These dysfunctions reflect the absence of an integrated market chain – an absence that penalizes both commercial operators and small producers, especially the most vulnerable, who are often found in the most isolated areas, face the most serious land and financial constraints to maintain and renew their plantations, are the least informed about market evolution and opportunities, and therefore are the last to be able to participate in them. Nonetheless, because of the land and other constraints they face, they cannot adopt a strategy of going back to food crop farming, and they are especially dependent on the sale of cash crops. They are in a particularly weak position in their relation to commercial collection operators and consequently have the weakest price negotiating position.

13. However, there are substantial opportunities for development in the province: the region is environmentally suited to a wide variety of export crops (coffee, cloves, lychee, pepper, cinnamon, vanilla, other spices, essential oils, etc.) that hold much greater potential for improvement than current performance would indicate, in terms of yield, production, quality, diversity and value added. With regard to food crops, performances can be improved greatly, especially in terms of yields, and through improved water management where favourable conditions exist. The potential for diversification is also significant (small livestock, vegetable gardening, etc.) and far from fully exploited.

14. Export crops appear to be the domain in which the quickest results could be obtained in terms of increasing income, provided that market access is improved and the link between producers and commercial operators is restored. Over the short term, this approach will allow producer income to be improved and secured, while better orienting production to export market demand. Over the long term, it will enable re-establishment of the production base, its diversification and the development of mutually beneficial partnerships between small producers and commercial operators.

15. Against this background, the programme will seek to:

- Restoring the links between producers and market intermediaries/exporters, through the creation of ‘poles-of-partnership’ that associate organized smallholders and larger commercial operators around programme-supported activities aimed at increasing in a mutually beneficial way the efficiency of selected farm-to-market chains in selected areas with comparative advantage for the production of marketable crops.
- In synergy with the dynamics generated by the ‘poles-of-partnership’, strengthening community structures and enabling them to take responsibility for their own development without leaving behind vulnerable groups by taking targeted action to offset the impact of major constraints identified by smallholders and thus improve and diversify the productive base, for both cash crops and food crops.

## PART II – THE PROGRAMME

### A. Programme Area and Target Group

16. **Programme area.** The programme will intervene in the province of Toamasina in certain locations or pole-of-partnership areas that have a comparative advantage for market-oriented agricultural production. During a three-year preliminary phase, these areas will be selected within the three districts (*sous-préfectures*) of Vavatenina, Fenerive-Est and Soanierana-Ivongo, where accessibility and the concentration of smallholders producing, or with potential to produce, market surpluses constitute positive factors for successful launching of the programme. The area of intervention will be extended to other districts during the second phase, on the basis of demand from smallholder organizations and agribusiness companies.

17. **Target group.** The primary target group for the programme will be smallholder farmers living in 25 pole-of-partnership areas that comprise the programme area within the province of Toamasina. The target population will number about 30 000 households (about 200 000 people), which are expected to participate actively in programme-supported activities. Given the high prevalence of poverty in the region (87.9%), almost all beneficiaries will be below the poverty level.

18. While the vast majority of the rural population in the area can be considered as poor, and over 50% come into the very-poor category, the socio-economic analysis undertaken during programme preparation identified the most vulnerable groups: (i) rural households with little or no land; (ii) women and rural households headed by women; (iii) rural households with traditionally monetized economies (these households lived as rentiers for decades and were greatly affected by decreasing yields due to the aging of the plantations within a context of declining market prices and the inability to renew the plantations; having abandoned food self-sufficiency as a strategy decades ago, they must sell assets to buy food); and (iv) households depending mainly on rainfed crops (little or no irrigated land). The programme will endeavour to ensure that these most-vulnerable groups are fully included in programme benefits by adopting a strategy that includes working sessions within the communities at the onset of implementation to identify vulnerable segments and the priorities of the different interest groups, a process that will be facilitated by the strong tradition of social solidarity at the *fokontany* (village community) level. Programme support for local governance will include literacy training, training for local elected authorities and self-evaluation workshops at all levels as tools to ensure that there are no barriers to participation in programme activities. The specific needs of vulnerable groups will be addressed through microprojects.

## B. Objectives and Scope

19. **Programme objectives.** The programme's development objective is the reduction of rural poverty in the province of Toamasina by increasing rural income and boosting the capacity of communities to take responsibility for their own development. The overall objective is to increase and sustainably secure the income of small-scale producers in the programme area and ensure their food and nutrition security. The programme has two specific objectives: (i) improved access for small-scale producers to markets and higher value for their products, through: (a) rationalization of crop collection systems; (b) reinforcement of their negotiating position; (c) improvement in the quality of products; (d) development of partnerships between groups of producers and commercial operators, namely to increase the added value at the producer level and introduce new products or labels; and (e) improvement of product transport conditions (increased physical accessibility); and (ii) environmentally sustainable intensification, growth and diversification of the productive base of the rural poor, including for the most vulnerable, through: (a) improvement in local governance, enabling effective participation of vulnerable groups in development process mechanisms; (b) strengthening of producer organizations; (c) improved access to rural financial services; (d) provision of quality agricultural advisory services; and (e) financial support for investment by small-scale producers.

## C. Components

20. The programme will consist of four components: (i) support for the development of poles and commercial partnerships; (ii) support for improving rural sector organization and the productive base; (iii) support for rural financial services; and (iv) programme management and contribution to policy improvement.

### Component 1: Support for the development of poles and commercial partnerships

21. This component will support the establishment of 25 market access centres (MACs) to improve market access for the rural population living in each of the pole-of-partnership areas. The MACs will take different forms, including collection centres for cash crops, agricultural product processing

centres (e.g. for essential oil distillation), grouping of village granaries, service centres for small-scale planters organized around a core commercial plantation, or a combination of several of these. Depending on the nature of the activity and the need for downstream integration, the MACs will be managed by producer unions that group associations of grass-roots producers from neighbouring villages, or in partnership between such unions and commercial operators. The programme will finance the construction of MAC infrastructure; technical support and training; studies and assistance to expand and diversify MAC activities, in particular to exploit domestic market opportunities; and annual operational audits.

22. Other defined priority activities include:

- **Support for commercial operators**, to help partner operators identify new markets, new technologies or new products that could generate increased or more diversified income, or both, for small-scale producers through contractual partnerships.
- **Capacity-building of service providers**, through training in quality assurance and export market requirements for providers of advisory services to MACs, and training in labour-intensive techniques for employers and small-scale contractors participating in infrastructure works.
- **Improved physical accessibility of the poles**, including works (using labour-intensive techniques) to connect MACs to the market; improvement of pedestrian tracks connecting the MACs with villages; road maintenance, through a decreasing contribution over four years; and the promotion of intermediate means of transport.
- **Post-cyclone emergency fund**, to be set up under the programme in order to rebuild any programme infrastructure damaged by cyclones, given the strong probability of such natural disasters during the life of the programme.

## Component 2: Support for improving rural sector organization and the productive base

23. This component will comprise five interlinked activities:

- **Support for local governance**, to build the capacity of local communities and ensure that vulnerable populations have access to programme benefits by providing advisory services and training to leaders and members of local communities, and technical and financial support for land tenure security activities.
- **Organizational support for producer organizations**, to strengthen the organizational basis of producer organizations in order to enable them to make the most of their productive base and of the opportunities available under the programme. This sub-component includes literacy training, in view of the high illiteracy rate in the programme area.
- **Technical and financial support for producers**, to allow them to increase and diversify their income (through light intensification actions, establishment or improvement of small plantations, small irrigation schemes), while reducing the risk of soil degradation by means of soil protection and restoration actions and *tavy* stabilization actions (shift cultivation by the slash-and-burn method practised on hillside areas cleared of forest cover).
- **Capacity-building of service providers**, through training of service providers in local governance, gender and participation approaches, and in selected technical matters; and of small-scale private input traders to enable them to play an advisory role for producers.
- **Applied research and development**. This sub-component will support applied research activities on topics to be identified with small-scale producers and market intermediaries, in order to improve current practices or develop new products for which a potential market has been identified.

### Component 3: Support for rural financial services

24. This component will finance activities that contribute to sustainable access of smallholders to financial services that are efficient and adapted to their needs. Activities fall in three groups:

- **Access to local financial services**, by helping an existing microfinance institution (MFI) to establish or improve financial service outlets in the 25 areas where poles-of-partnership will be established.
- **Removal of constraints on the supply of financial services**, by undertaking activities aimed at removing constraints that affect the risks, efficiency and pricing of financial service providers in rural areas, including workshops between producer organizations and MFIs, support for formulating credit requests and preparing model income statement and credit protocols for selected smallholder enterprises, training of credit agents and studies to develop new financial products and improve the efficiency of MFIs.
- **Institutional support for the microfinance industry**, by assisting the professional association of mutualist microfinance institutions to collect, process and disseminate industry information; and facilitate studies, analyses and debate on policy and regulatory matters.

### Component 4: Programme management and contribution to policy improvement

25. In addition to covering the costs for programme coordination and management, this component will provide policy and legislative support and technical and financial assistance to prepare and disseminate market and price information.

#### D. Costs and Financing

26. **Programme cost.** The total programme cost over eight years will be approximately USD 28.25 million, including contingencies. Support for the development of poles and commercial partnerships, which includes significant investment in road and track improvement, is the largest component, accounting for USD 11.40 million (44% of the base costs). Support for improving rural sector organization and the productive base is the second largest element, at USD 8.37 million (32%), while the component to support institutions, policy and programme management is estimated at USD 4.50 million (17%) and the rural financial services support component at USD 1.58 million (6%). The overall foreign exchange requirement is USD 10.01 million, or about 35% of programme costs. Programme costs by component are summarized in Table 1.

27. **Financing plan.** Of the total USD 28.25 million, IFAD would contribute USD 14.50 million (51% of the programme cost), the Organization of the Petroleum Exporting Countries Fund for International Development would provide cofinancing on the order of USD 7.66 million (27%); the Government would contribute the equivalent of USD 5.22 million (19%), representing exclusively the value of foregone taxes and duties; and the beneficiaries and other programme partners would contribute USD 0.85 million (3%). The financing plan is shown in Table 2.

**TABLE 1: SUMMARY OF PROGRAMME COSTS<sup>a</sup>**  
(USD million)

Component	Programme Costs			% Foreign Exchange	% of Base Costs
	Local	Foreign	Total		
A. Support for the development of poles and commercial partnerships	8.32	3.08	11.40	27	44
B. Support for improving rural sector organization and the productive base	4.78	3.59	8.37	43	32
C. Support for rural financial services	0.37	1.21	1.58	77	6
D. Programme management and contribution to policy improvement	3.17	1.32	4.50	29	17
<b>Total base costs</b>	<b>16.65</b>	<b>9.21</b>	<b>25.86</b>	<b>36</b>	<b>100</b>
Physical contingencies	0.48	0.19	0.67	29	3
Price contingencies	1.09	0.60	1.70	35	7
<b>Total programme costs</b>	<b>18.24</b>	<b>10.01</b>	<b>28.25</b>	<b>35</b>	<b>109</b>

<sup>a</sup> Discrepancies in totals are due to rounding.

**TABLE 2: SUMMARY FINANCING PLAN<sup>a</sup>**  
(USD million)

	Government		IFAD		Beneficiaries		Commercial operators		OPEC Fund		Local government		Total		Foreign Exchange	Local exc. Taxes	Duties and Taxes
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%			
A. Support for the development of poles and commercial partnerships	3.60	28.7	2.31	18.4	-	-	0.09	0.7	6.42	51.2	0.12	1.0	12.56	44.5	3.40	5.55	3.60
B. Support for improving rural sector organization and the productive base	1.07	11.6	6.23	67.9	0.64	7.0	-	-	1.24	13.5	-	-	9.19	32.5	3.92	4.19	1.07
C. Support for rural financial services	0.10	6.1	1.56	93.9	-	-	-	-	-	-	-	-	1.67	5.9	1.26	0.30	0.10
D. Programme management and contribution to policy improvement	0.45	9.3	4.38	90.7	-	-	-	-	-	-	-	-	4.83	17.1	1.42	2.97	0.45
<b>Total disbursement</b>	<b>5.22</b>	<b>18.5</b>	<b>14.50</b>	<b>51.3</b>	<b>0.64</b>	<b>2.3</b>	<b>0.09</b>	<b>0.3</b>	<b>7.66</b>	<b>27.1</b>	<b>0.12</b>	<b>0.4</b>	<b>28.25</b>	<b>100.0</b>	<b>10.01</b>	<b>13.01</b>	<b>5.22</b>

<sup>a</sup> Discrepancies in totals are due to rounding.



### E. Procurement, Disbursement, Accounts and Audit

28. **Procurement.** Procurement will be carried out in accordance with IFAD's guidelines and with government procedures to the extent that these are acceptable to IFAD. Goods and equipment costing USD 50 000 or more will be procured through international competitive bidding. Goods and equipment costing between USD 10 000 and USD 50 000 may be procured through local competitive bidding, while local shopping may be utilized for items costing less than USD 10 000. Vehicles will be procured through international shopping procedures. Local shopping will be used for the procurement of services from local consultants and service providers; and international shopping will be used for the recruitment of international consultants. Civil works costing USD 10 000 or more will be procured using local competitive bidding, while local shopping will be allowed for civil works with an estimated cost below USD 10 000.

29. **Disbursement.** The IFAD loan will be disbursed over eight years. The Government will open a special account in United States dollars at a commercial bank acceptable to IFAD. Upon the Government's request, IFAD will deposit USD 700 000 into the special account, which will be periodically replenished upon presentation of the appropriate documentation.

30. **Accounts and audit.** A programme account in local currency will be opened to receive funds from the special account and the Government's contribution. The programme account will be used for expenditure and managed by the programme management unit. Programme accounts and financial statements will be audited annually by a recognized audit firm acceptable to IFAD. Within the six months following the end of the fiscal year, the borrower will submit the auditor's report to IFAD.

### F. Organization and Management

31. The Ministry of Agriculture, Livestock and Fisheries will have overall responsibility for the programme and for ensuring complementarity between the programme and other programmes managed by the ministry or operating in the programme area. It will approve the annual work plans and budgets and will ensure their inclusion in the government budget. Community authorities will participate in the planning and implementation of public infrastructure and will play an active role in the maintenance of local roads by allocating budgetary resources for maintenance, among other measures.

32. **Programme oversight and coordination.** A national steering committee comprising government and donor representatives will be established to facilitate high-level coordination and oversight. A regional coordination committee, made up of representatives of the provincial and regional authorities and the major programme implementing partners, will be established at the regional level to ensure the programme's consistency with regional development objectives and to make recommendations, including on the choice of pole-of-partnership areas, road improvement works under the programme, and the use of the cyclone fund.

33. **Programme management.** Day-to-day programme coordination and management will be the responsibility of the programme management unit (PMU), which will comprise a programme coordinator, an administrative and financial manager, a monitoring and evaluation officer and an operations manager, who will coordinate a team of six specialists (farming systems, marketing, processing and microprojects, microfinance, farmer organizations and rural infrastructure). An internationally recruited agribusiness marketing specialist will support the PMU for the first 18 months of the programme.

34. **Monitoring and evaluation.** The definition and management of the monitoring and evaluation system for the programme will be the responsibility of the PMU. The basis for the monitoring system will be a monthly (for figures) and quarterly (narrative and analytical) reporting structure set against

the logical framework and the annual work plans and budgets. The programme specificities relating to the partnership approach, outsourcing and service providers' accountability call for a flexible and participatory approach to programme evaluation to assess impact and benefits against established objectives. The PMU will be responsible for collecting benchmark information and for establishing – together with beneficiaries and other stakeholders, including service providers – the indicators and methods for evaluating the programme. Two intermediate reviews will be carried out, in years 3 and 5, to assess progress against objectives and the performance of service providers. These reviews will identify key implementation issues and recommend solutions, including modifications to the programme design and scope and the necessary implementation arrangements to achieve the programme objectives.

### **G. Economic Justification**

35. The main beneficiaries of the programme will be the rural households participating in and directly benefiting from the poles-of-partnership. Assuming an average of 150 households per village community and 200 village communities associated with the poles-of-partnership established with programme support, the programme's immediate beneficiary population will be around 30 000 households (about 200 000 people). Given the high prevalence of poverty in the region (87.9%), almost all beneficiaries would be below the poverty level.

36. The likely impact of the various investment components on the target population is as follows:

- Commercial activities in the poles-of-partnership should translate into higher selling prices for producers as a result of better product quality, increased value added and lower transaction costs in bringing produce to the market.
- Improved physical accessibility should lead to lower crop collection costs and increased competition among traders and collectors, giving room for higher prices for producers, especially those currently in more isolated areas.
- Microfinance development will reduce dependence on informal credit and will help to reduce interest paid by producers.
- Microprojects will directly generate increased net revenue.

37. Besides the quantifiable benefits, the programme will have a favourable impact on the livelihoods of the rural population, inasmuch as:

- the commercial dynamics generated by the programme will open up new opportunities, in both the domestic and international markets, fostering an increase in the production of marketable commodities and diversification of production towards products of higher value or with greater value-added at the producer level;
- the improvement of local governance and literacy training will facilitate empowerment of the rural poor and enable them to take their development into their own hands;
- the strengthening of farmer organizations should lead to improved skills levels and better management of production and marketing, as well as enhanced negotiation capability vis-à-vis commercial operators;
- improved accessibility will lead to better access to social services; and
- environmentally sound advice and soil protection and restoration activities should help to alleviate pressure on the environment, which is particularly vulnerable in the areas where the poorer live.

38. The programme will also generate benefits for market intermediaries, especially exporters, and this should generate positive interest in them to support the programme and develop win-win partnerships with smallholders. Benefits would include:

- better quality control of export products as a result of the possibility of establishing direct contact with collection centres that will facilitate communication of international market requirements;
- the possibility of securing supplies through contractual arrangements with collection centres;
- the possibility of setting up, in partnership with farmer associations, processing centres with a lower capital investment, while securing raw material supplies for these centres;
- the possibility of developing outsourcing arrangements with smallholder groups, facilitating the development of new niche markets without the need for significant investment at the production level;
- the possibility of tracing products, which is an essential prerequisite for obtaining organic or fair-trade label certification; and
- in the long term, improved prospects for a sustainable increase in the supply of quality export products as a result of rekindled interest in export products generated by the programme at the smallholder level.

### **H. Risks**

39. The risk of insufficient interest from the commercial sector could affect the success of the programme. While the majority of agribusiness export companies have expressed support for the programme and enthusiasm for collaboration, this interest can only be demonstrated after programme start-up, when intentions should translate into concrete engagement. The Government is keen to promote public-private partnerships and has expressed strong support for the programme. The risk will be mitigated also by the direct participation of agribusiness companies in the programme planning and coordination structures.

40. Any export-crop-oriented activity faces the risk of international price volatility. The programme will contribute to mitigate this risk by assessing it as part of the pole-of-partnership selection process, avoiding crops that are subject to excessive speculation (as is currently the case for vanilla), and by giving strategic emphasis to support for diversification at the producer level in the major operational components. The fact that the programme will start up at a low point of the cycle for most export crops reduces the risk of further significant deterioration in export prices.

41. There is a risk that producers might see their involvement with MACs in an opportunistic way and fail to respect commitments to market their products regularly through the centres. This risk will be minimized through the broad-based support provided under the programme to generate a community-wide sense of ownership in programme activities and to ensure the relevance and quality of the physical investments and services provided by the MACs, MFIs, etc.

### **I. Environmental Impact**

42. The programme has minimal negative environmental implications and has accordingly been classified in category B. Particular attention will be given to offsetting the potential negative impact of road improvements. Environmental impact assessments will be carried out in accordance with Malagasy regulations, which have been updated under the country's Environmental Programme. Responsibility for ensuring that mitigation measures are integrated into the planning and contracting processes will rest with the PMU.

### **J. Innovative Features**

43. The proposed approach of improving market access for small producers through partnerships with commercial operators is to a large extent a new area of involvement in IFAD's collaboration with the Government of Madagascar. It reflects the recognition by both parties that it is an important area for intervention to improve smallholder incomes and food security and that the Government has

an important role to play in fostering these partnerships. With regard to infrastructure, the main innovation of the programme is its holistic approach to rural transport, which integrates infrastructure, means of transport, goods and services, and is not limited to the physical rehabilitation of roads or pedestrian tracks.

### **PART III – LEGAL INSTRUMENTS AND AUTHORITY**

44. A loan agreement between the Republic of Madagascar and IFAD constitutes the legal instrument for extending the proposed loan to the borrower. A summary of the important supplementary assurances included in the negotiated loan agreement is attached as an annex.

45. The Republic of Madagascar is empowered under its laws to borrow from IFAD.

46. I am satisfied that the proposed loan will comply with the Agreement Establishing IFAD.

### **PART IV – RECOMMENDATION**

47. I recommend that the Executive Board approve the proposed loan in terms of the following resolution:

RESOLVED: that the Fund shall make a loan to the Republic of Madagascar in various currencies in an amount equivalent to ten million one hundred and fifty thousand Special Drawing Rights (SDR 10 150 000) to mature on or prior to 15 August 2043, with a service charge of three fourths of one per cent (0.75%) per annum, and to be upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board in this Report and Recommendation of the President.

Lennart Båge  
President

**SUMMARY OF IMPORTANT SUPPLEMENTARY ASSURANCES  
INCLUDED IN THE NEGOTIATED LOAN AGREEMENT**

(Loan negotiations concluded on 28 November 2003)

1. The Government of the Republic of Madagascar (the Government) will make the loan proceeds available to the Ministry of Agriculture, Livestock and Fisheries (the Ministry) in accordance with the Annual Workplans and Budgets (AWP/Bs) and its customary national procedures for development assistance for purposes of programme implementation.

2. In addition to the loan proceeds, the Government will make available to the Ministry and to each of the programme parties, as and when necessary, funds, facilities, services and other resources to implement the programme as set forth in the loan agreement. During the programme implementation period, the Government will also make available to the Ministry counterpart funds drawn on its own resources in an aggregate amount equivalent to USD 5 225 600, in accordance with its customary national procedures for development assistance. This amount is to be used for covering the Government's assumption of import duties and levies and value added tax in accordance with the procedures in effect in the Republic of Madagascar. The Government will make an initial deposit of counterpart funds into the programme account in an amount in Malagasy francs equivalent to USD 25 000 to cover the first year of programme execution. Thereafter, the Government will replenish the programme account each year and in advance by depositing therein the counterpart funds as set forth in the respective AWP/B. The programme will be included in the public investment programme.

3. In order to maintain sound environmental practices, the Government will take the necessary pesticide management measures within the framework of the programme. To this end, it will ensure that the pesticides furnished under the programme do not include any pesticide proscribed by the International Code of Conduct on the Distribution and Use of Pesticides of the Food and Agriculture Organization of the United Nations and any amendments thereto, or listed in Tables 1 (very hazardous) or 2 (hazardous) of the 1996-1997 Recommended Classification of Pesticides by Hazard and Guidelines to Classification of the World Health Organization and any amendments thereto.

4. The monitoring and evaluation (M&E) system will be implemented by the M&E officer, who will work in close collaboration with all stakeholders and the other members of the PMU. The system should be such that it fully ensures: (i) monitoring of progress and performance of activities by the various actors, operators and service providers involved; (ii) evaluation of the relevance of the implementation strategy and specific coordination and monitoring arrangements of the various programme components; (iii) assessment of actual participation by beneficiaries in the various stages of implementation; and (iv) the impact of activities on the target groups. M&E data will be presented by partnership pole, by target group and in the aggregate.

- (a) Internal monitoring will be the responsibility of the PMU and will be provided on an ongoing basis; it will be aimed at tracking the implementation of activities, performance and the outcomes of the programme. Beneficiaries and participating service providers will provide quarterly reports. Monitoring of the day-to-day operation of the programme will be effected through weekly PMU meetings and monthly meetings open to staff and external service providers. The M&E officer will prepare monthly briefs, a more analytical quarterly report and an annual report as input for the annual activity report of the programme. These reports will identify any discrepancies between projected and actual outcomes, and are to contain the pertinent explanations and recommendations.
- (b) Evaluation activities will include internal evaluations conducted by PMU staff as well as external evaluations outsourced to qualified national consultants or consulting firms.

External evaluations will be conducted regularly, usually in the form of needs-driven thematic studies or sample-based surveys. All internal and external evaluation documentation will be submitted to the regional coordination committee and to IFAD.

5. The PMU will prepare a draft version of the administrative, financial and accounting manual and of the monitoring and evaluation manual within a reasonable time frame but not later than six months after the date of effectiveness. The PMU will submit this draft to the Ministry for approval. Upon approval, the Ministry will forward the approved version of the manuals to IFAD for comment and approval. The Ministry will adopt the final version of the manuals as approved by IFAD. If IFAD makes no comment within the 60 days following receipt, the manuals will be deemed approved.
6. Programme staff will be insured against health and accident risks in accordance with applicable mandatory practices in force in the Republic of Madagascar.
7. Programme staff will be recruited by means of a local call for proposals published in the national press, observing current practice of the Government and on the basis of renewable, fixed-term contracts; no discrimination of any kind will be allowed in the process. Recruitment of the main project officers – i.e. the PMU coordinator, the administrative and financial officer, the operations officer and the M&E officer – and, as applicable, any decision to cancel their contracts will be decided upon in agreement with IFAD. Programme staff will be subject to annual performance evaluations, and their contracts may be terminated on the basis of the findings of those evaluations. The recruitment and management of support staff will observe the applicable procedures in place in the Republic of Madagascar.
8. Social and economic relations between men and women and the participation of women in the decision-making process for development and rural finance activities will be reflected in all stages of programme management and decision-making. To ensure full inclusion of women, criteria will be established that guarantee their participation in the selection of priority microprojects at the local level and assure them systematic access to financing arrangements under the programme. Each of the parties to the programme will ensure that women are represented in programme activities and receive due benefits.
9. The following are specified as conditions precedent to disbursement:
  - (a) the AWP/B for year one of the programme has been duly approved by the Ministry and by IFAD; and
  - (b) the administrative and financial officer has been selected in accordance with the procedure outlined in paragraph 7 above.
10. The following are specified as conditions precedent to loan effectiveness:
  - (a) the programme coordinator has been appointed in accordance with the procedure outlined in paragraph 7 above;
  - (b) the national steering committee and the regional coordination committee have been created by ministerial decree of the Ministry;
  - (c) the programme account has been opened and the counterpart funds required for year one have been deposited therein; and
  - (d) a favourable legal opinion, issued by the competent authority of the Republic of Madagascar in form and content acceptable to IFAD, has been delivered by the Government to IFAD.

APPENDIX I

COUNTRY DATA

MADAGASCAR

<b>Land area (km<sup>2</sup> thousand) 2001 1/</b>	582	<b>GNI per capita (USD) 2001 1/</b>	260
<b>Total population (million) 2001 1/</b>	15.98	<b>GDP per capita growth (annual %) 2001 1/</b>	3
<b>Population density (people per km<sup>2</sup>) 2001 1/</b>	28	<b>Inflation, consumer prices (annual %) 2001 1/</b>	7
<b>Local currency</b>	Malagasy Franc (MGF)	<b>Exchange rate: USD 1 =</b>	MGF 6 200
<b>Social Indicators</b>		<b>Economic Indicators</b>	
Population (average annual population growth rate) 1995-2001 1/	3.1	GDP (USD million) 2001 1/	4 604
Crude birth rate (per thousand people) 2001 1/	39	Average annual rate of growth of GDP (%) 1/ 1981-1991	1.6
Crude death rate (per thousand people) 2001 1/	12	1991-2001	2.9
Infant mortality rate (per thousand live births) 2001 1/	84	Sectoral distribution of GDP 2001 1/	
Life expectancy at birth (years) 2001 1/	55	% agriculture	29
Number of rural poor (million) (approximate) 1/	12.3	% industry	15
Poor as % of total rural population 1/	77.0	% manufacturing	12
Total labour force (million) 2001 1/	7.56	% services	56
Female labour force as % of total 2001 1/	45	Consumption 2001 1/	
<b>Education</b>		General government final consumption expenditure (as % of GDP)	8
School enrolment, primary (% gross) 2001 1/	103 a/	Household final consumption expenditure, etc. (as % of GDP)	80
Adult illiteracy rate (% age 15 and above) 2001 1/	33	Gross domestic savings (as % of GDP)	12
<b>Nutrition</b>		<b>Balance of Payments (USD million)</b>	
Daily calorie supply per capita, 1997 2/	2 977	Merchandise exports 2001 1/	940
Malnutrition prevalence, height for age (% of children under 5) 2001 3/	49	Merchandise imports 2001 1/	1 164
Malnutrition prevalence, weight for age (% of children under 5) 2001 3/	33	Balance of merchandise trade	-224
<b>Health</b>		Current account balances (USD million)	
Health expenditure, total (as % of GDP) 2001 1/	4	before official transfers 2001 1/	-34
Physicians (per thousand people) 2001 1/	n/a	after official transfers 2001 1/	-17
Population using improved water sources (%) 2000 3/	47	Foreign direct investment, net 2001 1/	n/a
Population with access to essential drugs (%) 1999 3/	50-79	<b>Government Finance</b>	
Population using adequate sanitation facilities (%) 2000 3/	42	Overall budget deficit (including grants) (as % of GDP) 2001 1/	-2 a/
<b>Agriculture and Food</b>		Total expenditure (% of GDP) 2001 1/	17 a/
Food imports (% of merchandise imports) 2001 1/	14 a/	Total external debt (USD million) 2001 1/	4 160
Fertilizer consumption (hundreds of grams per ha of arable land) 2000 1/	31	Present value of debt (as % of GNI) 2001 1/	45
Food production index (1989-91=100) 2001 1/	107	Total debt service (% of exports of goods and services) 2001 1/	43
Cereal yield (kg per ha) 2001 1/	1 761	Lending interest rate (%) 2001 1/	25
<b>Land Use</b>		Deposit interest rate (%) 2001 1/	12
Arable land as % of land area 2000 1/	5		
Forest area as % of total land area 2000 1/	20		
Irrigated land as % of cropland 2000 1/	31		

a/ Data are for years or periods other than those specified.

1/ World Bank, *World Development Indicators* CD ROM 2003

2/ UNDP, *Human Development Report*, 2000

3/ UNDP, *Human Development Report*, 2003

**PREVIOUS IFAD FINANCING IN MADAGASCAR**

<b>Project/Programme Name</b>	<b>Initiating Institution</b>	<b>Cooperating Institution</b>	<b>Lending Terms</b>	<b>Board Approval</b>	<b>Loan Effectiveness</b>	<b>Current Closing Date</b>	<b>Loan Acronym</b>	<b>Approved Loan Amount in SDR</b>	<b>Disbursement (as % of approved amount)</b>
Mangoky Agricultural Development Project	World Bank: IDA <sup>1</sup>	World Bank: IDA	HC <sup>2</sup>	26 Mar 79	06 Mar 80	31 Aug 86	L-I-11-MG	5 000 000	100%
Second Village Livestock and Rural Development Project	World Bank: IDA	World Bank: IDA	HC	30 Mar 82	08 Mar 83	31 Dec 88	L-I-91-MG	7 000 000	49%
Highlands Rice Project	IFAD	World Bank: IDA	HC	21 Apr 83	21 Oct 83	31 Dec 89	L-I-119-MG	12 850 000	54%
Agricultural Development Programme in the Highlands	IFAD	UNOPS <sup>3</sup>	HC	29 Nov 88	08 Dec 89	31 Dec 96	L-I-231-MG	9 900 000	72%
Midwest Development Support Project	IFAD	UNOPS	HC	04 Sep 91	02 Dec 92	31 Dec 99	L-I-286-MG	8 250 000	98%
Upper Mandrare Basin Development Project	IFAD	UNOPS	HC	12 Apr 95	29 Dec 95	31 Dec 01	L-I-376-MG L-S-45-MG	3 550 000 1 100 000	100% 100%
North-East Agricultural Improvement and Development Project	IFAD	UNOPS	HC	17 Apr 96	25 Nov 97	30 Jun 05	L-I-410-MG	8 050 000	69%
Second Environment Programme Support Project	World Bank : IDA	World Bank : IDA	HC	29 Apr 97	20 Mar 98	30 Jun 03	L-I-441-MG	5 650 000	100%
Upper Mandrare Basin Development Project – Phase II	IFAD	UNOPS	HC	07 Dec 00	07 Aug 01	31 Mar 09	L-I-548-MG	9 850 000	21%

<sup>1</sup> International Development Association (World Bank Group).

<sup>2</sup> Highly concessional.

<sup>3</sup> United Nations Office for Project Services.



**CADRE LOGIQUE**

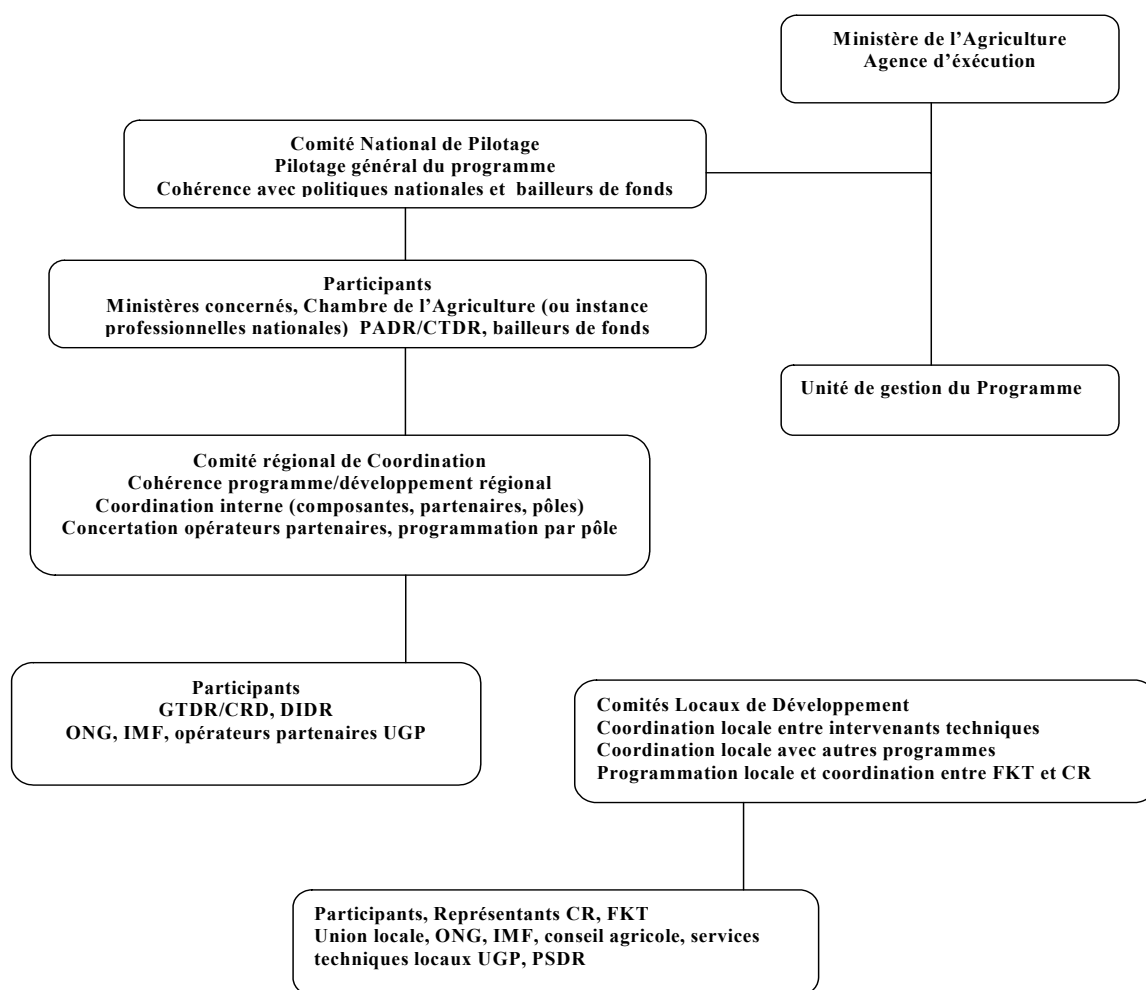
Objectifs/résultats/ activité	Indicateurs	source de vérification	conditions critiques
<p><b>Objectif de développement:</b> Réduction de la pauvreté rurale par l'accroissement des revenus et l'amélioration des communautés de base à prendre en charge leur développement dans la Province de Toamasina)</p> <p><b>Objectif général du programme:</b> Accroissement et sécurisation durable des revenus des petits producteurs (grâce à un meilleur accès aux marchés) et amélioration de la base productive (sécurisation alimentaire et nutritionnelle)</p> <p><b>Objectifs spécifiques</b> 1- Amélioration de l'accès des producteurs aux marchés et de la valorisation des produits (<i>composante 1</i>), à travers: (a) la rationalisation des systèmes de collecte (b) le renforcement de la position de négociation des petits producteurs (c) l'amélioration de la qualité des produits et de développement de la transformation (d) le développement de partenariats durable entre producteurs groupés et opérateurs commerciaux (e) l'amélioration des conditions de transport (f) l'émergence de nouveaux acteurs</p> <p>2- Intensification, accroissement et diversification, durables et positifs pour l'environnement, de la base productive, notamment des populations les plus vulnérables (<i>composante 2</i>), à travers: (a) l'amélioration de la gouvernance locale (b) le renforcement des organisations de producteurs (c) la fourniture d'un conseil agricole de qualité (d) un appui financier à l'investissement par les producteurs (e) la sécurisation foncière</p> <p><b>3- L'accessibilité pérenne à des services financiers à travers :</b> (a) Un accès aux services financiers</p>	<p>Indice de pauvreté rurale</p> <p>Enquêtes de revenus Enquêtes nutritionnelles Fréquentation des marchands ambulants dans la zone</p> <p>Evolution des quantités collectées et vendues Evolution de la valeur des produits commercialisés Evolution du rapport prix producteur/cours mondiaux (prix à la consommation Evolution des exportations de produits non traditionnels Evolution des quantités dans le cadre du partenariat Evolution du nombre de véhicules dans la zone</p> <p>Réduction du temps de parcours routier Evolution de la production, des rendements et de la diversité des Spéculations pour la population cible Nombre d'OP opérationnelles Nombre de micro projets satisfaisants après 3 ans d'activité</p> <p>La présence à proximité de 25 points de</p>	<p>Enquêtes régionales de pauvreté</p> <p>Enquêtes suivi évaluation Idem Idem</p> <p>Statistiques douanières et portuaires Rapports d'activités (mercuriales) SIM suivi évaluation</p> <p>Nombre d'accords de partenariat signés</p> <p>Suivi évaluation Rapports d'activité Rapports d'auto-évaluation</p> <p>Registre inventaire foncier</p>	<p>Stabilité politique et environnement des affaires favorable</p> <p>Evolution non défavorable des cours des principaux produits exportés Absence de catastrophe naturelle exceptionnelle</p> <p>Capacité des opérateurs commerciaux à adopter des stratégies à long terme</p> <p>Politique nationale favorable au développement du secteur privé</p> <p>Capacité des paysans à adopter des stratégies à long terme</p> <p>Disposition du GDM à procéder à des dotations foncières</p> <p>Potentialité des sites choisis pour la microfinance</p> <p>Solidarité dans le réseau des IMF</p>

Objectifs/résultats/ activité	Indicateurs	source de vérification	conditions critiques
(b) une gamme variée de services d'épargne et de crédit (c) le financement d'activité productives agricoles (d) l'élimination des contraintes à l'offre de services financiers.	services Volume d'épargne et de crédit pour des produits spécifiques Pérennité des IMF	Suivi évaluation Rapports financiers et statistiques des IMF	
<p><b>Composante 1: Appui au développement des pôles et aux partenariats commerciaux</b>  <b>Résultat 1:</b> Existence de pôles d'activité viables et améliorant l'accès des producteurs au marché</p> <ul style="list-style-type: none"> <li>• La part du prix FOB et de la valeur ajoutée revenant au producteur est augmentée</li> <li>• La qualité des produits est améliorée et la décote de l'origine Madagascar réduite</li> <li>• Les prix de vente du paddy à la récolte sont améliorés et le prix d'acquisition en soudure réduits</li> <li>• Les unions locales de producteurs fonctionnent en tant qu'agents économiques viables et compétitifs</li> <li>• le coût et la pénibilité des transports sont réduits (vers le pôle et entre le pôle et le marché)</li> <li>• les activités de première transformation en milieu rural sont développées</li> </ul> <p><b>Résultat 2:</b> Renforcement des capacités des opérateurs commerciaux et des prestataires de services</p> <ul style="list-style-type: none"> <li>• la qualité des produits est améliorée et la décote de l'origine Madagascar réduite</li> <li>• les producteurs sont mieux informés des cours et des opportunités du marché</li> <li>• des labels de qualité et des partenariats opérateurs commerciaux/producteurs sont développés</li> </ul>	Nombre de pôles de partenariat créés  Rapport prix producteur/prix FOB Rapport prix FOB/ cours mondiaux pour chaque pôle  Opinion des opérateurs Rapport prix FOB/cours mondiaux  Evolution des prix locaux et des coûts d'approvisionnement en paddy et riz des ménages  Evolution des quantités commercialisées Résultats d'exploitation et évolution de la gestion des pôles  Nombre de contrats signés avec les opérateurs commerciaux  Evolution du coût des transports  Nombre d'unités de transformation installées  Opinion des négociants Evolution du rapport prix FOB/cours mondiaux  Connaissance des prix FOB	Rapport d'activité des pôles  Enquête Enquête  Idem  Idem  Suivi évaluation Rapport d'activité du programme  suivi évaluation idem  idem  Opérateurs commerciaux	Volonté de développement des producteurs et opérateurs  Cohésion des OP et volonté de travailler ensemble  Intérêt des opérateurs commerciaux pour des partenariats  Système de contrôle de qualité performant  Suivi durable assuré du partenariat  Intérêt des opérateurs commerciaux

Objectifs/résultats/ activité	Indicateurs	source de vérification	conditions critiques
<ul style="list-style-type: none"> <li>de nouveaux créneaux/produits sont identifiés et exploités</li> <li>des activités non-agricoles sont développées</li> </ul> <p><b>Composante 2: Appui à la sécurisation, l'intensification et la diversification durables de la production</b>  <i>Résultat 1: Les capacités opérationnelles et la gouvernance des communes rurales, des fonkotony et des OP sont renforcées</i></p> <ul style="list-style-type: none"> <li>consensus et sécurisation du foncier au niveau des collectivités locales</li> <li>les capacités de contrôle social sont améliorés grâce notamment à l'alphabétisation</li> <li>les PDF sont élaborés et les PCD sont adaptés en conséquence</li> <li>les populations cibles sont organisées en OP opérationnelles</li> <li>les collectivités locales assurent l'entretien courant des infrastructures</li> </ul> <p><i>Résultat 2: les revenus des producteurs sont sécurisés et accrus</i></p> <ul style="list-style-type: none"> <li>les activités et les cultures sont diversifiées</li> <li>les contraintes, foncières et techniques limitant l'accès des petits producteurs aux cultures de rente sont réduites</li> <li>le capital productif est entretenu et renouvelé</li> </ul> <p><i>Résultat 3: la sécurité alimentaire et nutritionnelle est améliorée</i></p> <ul style="list-style-type: none"> <li>la productivité du paddy est accrue grâce au SRI/SRA et une meilleure maîtrise de l'eau</li> <li>les aliments disponibles sont plus variés</li> <li>les besoins alimentaires des ménages bénéficiaires sont mieux assurés</li> </ul>	<p>CA sous label de qualité CA des opérations en partenariat</p> <p>Evolution des exportations non traditionnelles des opérateurs partenaires</p> <p>Nombre d'inventaires fonciers élaborés et approuvés par les collectivités Nombre de ruraux alphabétisés</p> <p>Nombre de PDF élaborés et de PCD révisés</p> <p>Nombre d'OP niveau de participation des groupes cibles dans les OP</p> <p>Qualité de l'entretien montant du budget des CL affecté à l'entretien</p> <p>Composition du revenu moyen des populations cibles Sensibilité de ce revenu aux variations des cours mondiaux Superficies plantées par population cible Nombre de plants distribués</p> <p>Superficie recépée, ou réhabilitée</p> <p>Rendement moyen en riz</p> <p>Statistiques production agricole</p>	<p>Opérateurs commerciaux</p> <p>Rapport d'activité ONG partenaires</p> <p>Rapport d'activité ONG partenaires PDF/PCD</p> <p>Rapport d'activité ONG partenaires</p> <p>Plan d'action des OP</p> <p>Idem</p> <p>Suivi évaluation</p> <p>Enquête suivi évaluation Idem</p> <p>Rapport d'activité conseil agricole</p> <p>Idem</p> <p>Idem</p> <p>Statistiques agricoles</p>	<p>pour des partenariats at</p> <p>Durabilité de la sécurisation foncière</p> <p>Acceptation par le GDM de la dotation foncière aux FKT</p> <p>Capacité des IMF partenaires à satisfaire les besoins financiers des populations cible</p> <p>Contrôle de l'insécurité</p>

Objectifs/résultats/ activité	Indicateurs	source de vérification	conditions critiques
<p><b>Résultat 4:</b> Les pratiques de protection de l'environnement sont adoptées par les producteurs (diminution des tavy, feux de brousse, déforestation)</p> <p><b>COMPOSANTE 3 : FINANCEMENT RURAL</b></p> <ul style="list-style-type: none"> <li>▪ Résultat : L'accessibilité pérenne à des services financiers offrant une gamme variée de services d'épargne et de crédit permettant la mise en place d'activités productives agricoles et non agricoles</li> <li>▪ La mise en place ou la consolidation de 25 points de services financiers de proximité,</li> <li>▪ L'offre de produits variés d'épargne et de crédit répondant aux besoins des groupes cibles et de leurs organisations,</li> <li>▪ L'accès à des crédits pour les populations les plus vulnérables,</li> <li>▪ Le renforcement des capacités des groupes cibles à formuler des demandes et de gérer des crédits,</li> <li>▪ La diminution des risques de crédit pour les IMF,</li> <li>▪ Un renforcement des capacités des IMF à offrir des services en milieu rural,</li> <li>▪ L'amélioration de l'efficacité des IMF,</li> <li>▪ Le renforcement des mécanismes d'appuis nationaux aux IMF.</li> </ul>	<p>Enquêtes nutritionnelles</p> <p>Superficie DRS</p> <p>Fréquence feux de brousse</p> <p>Nombre de points de services</p> <p>Nb de crédit accordé</p> <p>Volume d'épargne</p> <p>Type de crédit accordé</p> <p>Volume de crédit aux plus vulnérables</p> <p>La qualité des demandes présentées</p> <p>Les résultats des activités entreprises avec le crédit</p> <p>Le niveau des impayés des IMF</p>	<p>Idem</p> <p>Suivi évaluation</p> <p>Rapport activité du programme enquête suivi évaluation</p> <p>Statistiques des IMF</p> <p>Le suivi par échantillon de crédits</p>	<p>Risque externe de crédit (climat, prix)</p> <p>Risque interne (comportement des bénéficiaires, maîtrise du crédit par les IMF)</p>

## ORGANIGRAMME



## FLUX FINANCIER

