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**IFAD**

**INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT**

**Executive Board – Eighty-seventh Session**

Rome, 19-20 April 2006

**REPORT AND RECOMMENDATION OF THE PRESIDENT**

TO THE EXECUTIVE BOARD ON PROPOSED FINANCIAL ASSISTANCE TO THE

**REPUBLIC OF MADAGASCAR**

FOR THE

**PROJECT TO SUPPORT DEVELOPMENT IN THE MENABE AND MELAKY  
REGIONS**



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**CURRENCY EQUIVALENTS**

Currency unit	=	Ariary (MGA)
USD 1.00	=	2 100 Ariary
MGA 1 000	=	USD 0.47

**WEIGHTS AND MEASURES**

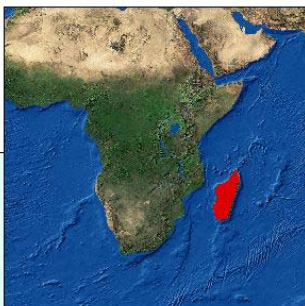
1 kilogram (kg)	=	2.204 pounds (lb)
1 000 kg	=	1 metric tonne (t)
1 kilometre (km)	=	0.62 miles (mi)
1 metre (m)	=	1.09 yards (yd)
1 square metre (m <sup>2</sup> )	=	10.76 square feet (ft <sup>2</sup> )
1 acre (ac)	=	0.405 hectares (ha)
1 ha	=	2.47 acres

**ABBREVIATIONS AND ACRONYMS**

DDSF	Land and Property Rights Directorate
FKT	<i>fokontany</i> (village community, the smallest administrative unit)
PMU	project management unit
PNF	National Land Policy Programme

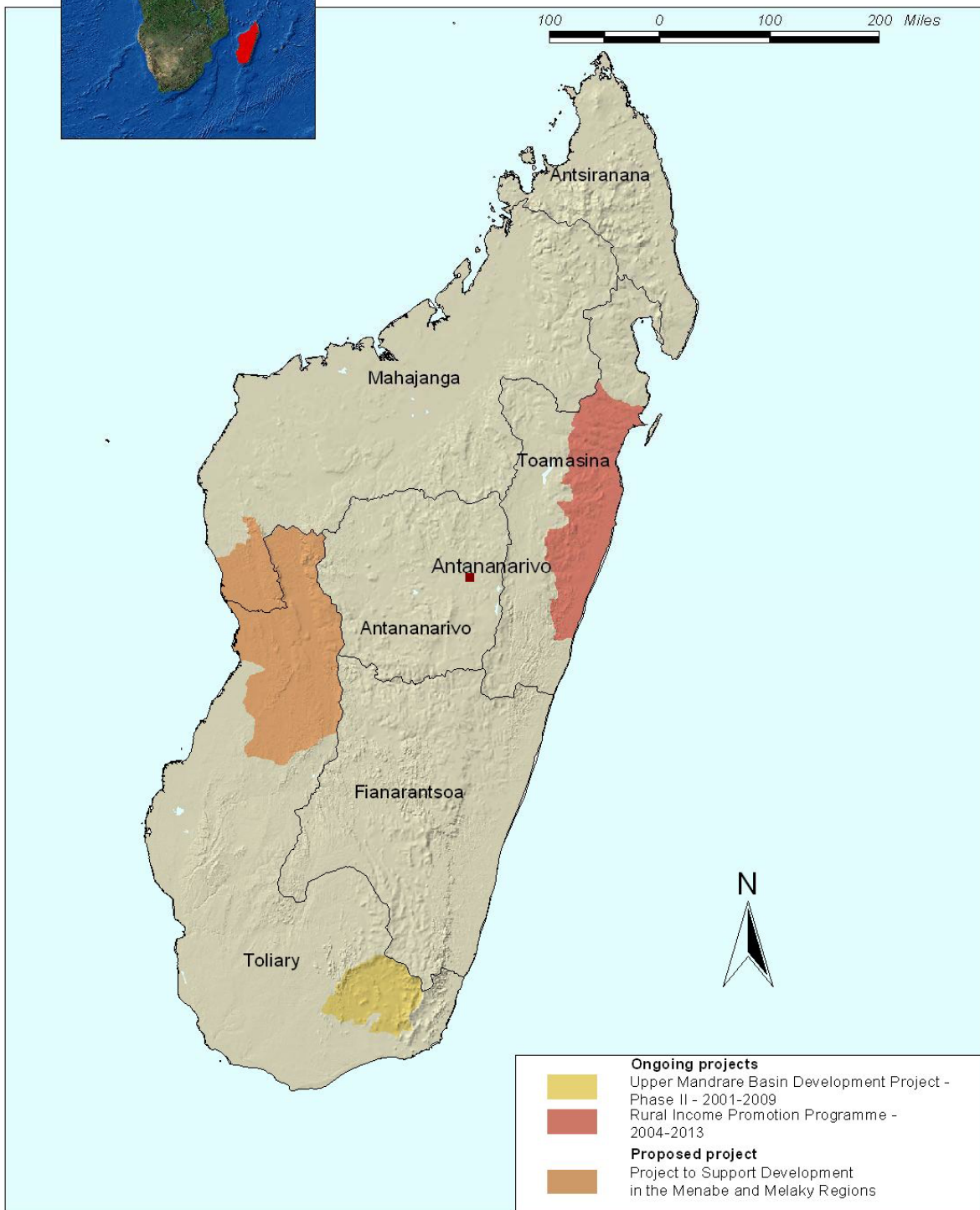
**GOVERNMENT OF THE REPUBLIC OF MADAGASCAR****Fiscal Year**

1 January – 31 December



### Madagascar

IFAD-financed ongoing and proposed projects



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**

**PROJECT TO SUPPORT DEVELOPMENT IN THE MENABE AND MELAKY REGIONS**

**FINANCING SUMMARY**

<b>INITIATING INSTITUTION:</b>	IFAD
<b>RECIPIENT:</b>	Republic of Madagascar
<b>EXECUTING AGENCY:</b>	Ministry of Agriculture, Livestock and Fisheries
<b>TOTAL PROJECT COST:</b>	USD 23.43 million
<b>AMOUNT OF IFAD FINANCING:</b>	Loan: SDR 9.1 million (equivalent to approximately USD 13.12 million) Grant: SDR 255 000 (equivalent to approximately USD 365 000)
<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>COFINANCIERS:</b>	Millennium Challenge Account: USD 4.67 million  European Union: USD 1.62 million  NGOs (including the Swiss foundation Intercooperation): USD 442 000
<b>AMOUNT OF COFINANCING:</b>	Approximately USD 6.69 million
<b>CONTRIBUTION OF RECIPIENT:</b>	USD 2.68 million
<b>CONTRIBUTION OF BENEFICIARIES:</b>	USD 527 000
<b>APPRAISING INSTITUTION:</b>	IFAD
<b>COOPERATING INSTITUTION:</b>	United Nations Office for Project Services

## PROJECT BRIEF

**Who are the beneficiaries?** The project is expected to reach about 200 000 rural poor people (40 000 households), including landless wage earners and farmers with little land, who experience acute food insecurity for four months of the year and suffer from severe malnutrition, particularly women and children. Households in the project area can be differentiated by their socio-economic characteristics, based on their assets, means of livelihood and geographical locations. They include: (i) landless agricultural wage earners with few productive assets; (ii) rural households dependent on hillside agriculture production; (iii) households in remote and isolated areas with little access to public services; (iv) households dependent primarily on cattle-raising; and (v) households dependent on forest resources.

**Why are they poor?** Apart from the general causes of poverty in the project area, such as geographical remoteness, poor infrastructure and vulnerability to external shocks, poverty is mainly attributable to the lack of governance, land tenure security, market access and integration of agriculture with livestock enterprises. It also has its roots in limited access to improved production technology, inputs, irrigation water and services. Consequently, both agricultural production and productivity in the project area are extremely low, providing the target group little opportunity to improve their production environment and living conditions.

**What will the proposed project do for them?** By participating in the recently launched national land reform and strengthening the land administration system and securing land rights, the project will contribute to poverty reduction, promote social stability and stimulate economic growth. Its major contributions will be in the area of: (i) land tenure policy and a regulatory and governance system being developed under the auspices of the National Land Policy Programme; (ii) decentralization of land administration through the establishment of ten offices to facilitate the preparation of land use plans, maps and quicker registration and recording of land rights; (iii) facilitated access by the target group to improve technology, inputs, markets and services through pluralistic service providers and the development of household income-generating activities; and (iv) development of social, environmental and physical infrastructure. The project will ensure sound environmental practices and promote marketing opportunities for agricultural inputs and outputs.

**How will they participate in the project?** The empowerment of the poor and the decentralization of administration and services are the hallmark of government policy, which will be institutionalized and operationalized to ensure that the target group actively participates in designing, planning, implementing and monitoring project-financed activities. Communities will be empowered on technical, organizational and operational matters through training, technical assistance and other support services so that they can play both leadership and catalytic roles during implementation, and assume full responsibility for activities upon closure of the project.



**REPORT AND RECOMMENDATION OF THE PRESIDENT OF IFAD  
TO THE EXECUTIVE BOARD ON PROPOSED FINANCIAL ASSISTANCE TO THE  
REPUBLIC OF MADAGASCAR  
FOR THE  
PROJECT TO SUPPORT DEVELOPMENT IN THE MENABE AND MELAKY REGIONS**

I submit the following Report and Recommendation on proposed financial assistance to the Republic of Madagascar, comprising a loan for SDR 9.1 million (equivalent to approximately USD 13.12 million) on highly concessional terms and a grant for SDR 255 000 (equivalent to approximately USD 365 000) to help finance the Project to Support Development in the Menabe and Melaky Regions. 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. Both the loan and the grant 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. Madagascar is the fourth-largest island in the world, covering a total area of 587 041 km<sup>2</sup>. It has a unique biodiversity and a rich social and cultural heritage. Its population, currently estimated at 17.3 million, is growing at the rate of 3.0% per annum, but it is unevenly distributed throughout the national territory, with 50% concentrated in the highlands and the eastern coast. The Menabe and Melaky regions together cover 87 712 km<sup>2</sup> and have a total population of 500 000, with population density ranging from 4 to 50 person/km.

2. Madagascar is one of the poorest countries in the world. It ranked 146 out of 177 countries in the 2005 Human Development Index and has an estimated gross national income per capita of USD 290. The economy is mainly rural, with 85% of the total population living in the countryside. Agriculture is the primary occupation and the major driving force for economic growth and transformation. The economy suffered periodic stagnation and reversals after 1975 due to the implementation of inward-looking policies such as the nationalization of industries and restrictions on foreign investments. These policies were reversed in the 1990s, and as a result, the economy grew at an average of 4.6% up to 2001, outpacing population growth. The economy received further boosts with the establishment of a new democratic government following the 2002 political crisis. However, it started to slow down in 2004, mainly due to exogenous factors (such as high oil prices, natural disasters and volatile prices for rice and vanilla). Despite these setbacks, an annual growth rate of 5.3% was achieved in 2004, and was expected to remain around 5% in 2005 benefiting mainly from a comprehensive package of measures undertaken in consultation with the International Monetary Fund and the World Bank (and known as the integrated growth poles strategy). This strategy is expected to serve as a major instrument for improving the performance of the rural sectors and to realize its stipulated objective of an annual economic growth rate of 6%.

3. The agriculture sector (including forestry, fishery and agro-processing) is the backbone of the economy, contributing about 43% of GDP. It is the life and livelihood system of the rural population, who mainly farm on small average 1.2 ha plots. The main staple crops are irrigated rice (40% of the cultivated area) and, to a lesser extent, cassava, maize and rainfed rice. Other crops grown (principally

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

coffee, cloves and vanilla and cotton, sisal and sugar cane) are mainly for export or for use as raw materials for agro-industries. Aside from crops, livestock operations constitute a significant economic activity in the drylands. Despite the sector's high potential – given the country's abundant natural resources, fertile soils and good rainfall conditions – agricultural productivity has remained stagnant (particularly as regards rice). One reason for this is that the production strategy is based on the expansion of the cultivated area in marginal lands rather than on intensive cultivation relying on improved technology, inputs and knowledge. Other contributing factors are the isolation of farmers and the lack of tenurial security, markets, finance, improved technology and extension services.

4. **Rural poverty profile.** According to the United Nations Development Programme's *Human Development Report 2005*, about 71.3% of Madagascar's total population and 80.5% of the rural population are living below the national poverty line. Some 61% of the total population subsist on less than USD 1 a day. Poverty in the rural areas is strongly correlated with low agricultural productivity, lack of transport infrastructure and insecure land rights. Moreover, access to basic social services is highly insufficient: 93% of rural households lack access to running water and 70% lack access to adequate sanitation facilities. Severe malnutrition resulting from widespread food insecurity in some regions of the country has had devastating consequences, with high levels of stunting (up to 48%) and weakened immune systems among children. The overall health system is extremely poor (one basic health centre per commune). The prevalence of malaria is acute (40%) and the infant mortality rate high at 126 per 1 000 births. The HIV/AIDS prevalence rate, however, is low with the disease affecting about 1.7% of the population. The most vulnerable groups in rural areas are small farmers, households with numerous members, old people and, above all, women (55% of the total population) and children under five. Reversal of these negative trends would require strategic measures for ensuring food security and social protection of the poor.

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

5. Since 1979, IFAD has financed ten agricultural and rural development projects in Madagascar for a total loan amount of USD 106.2 million. Two of these projects are currently under implementation: the Upper Mandrare Basin Development Project – Phase II in the south and the recently launched Rural Income Promotion Programme on the east coast. The latter aims to enhance small farmers' access to markets by establishing partnerships with private commercial operators. Both the Government and IFAD have gained considerable knowledge and experience from these operations, which have helped improve programme design, streamline procurement and disbursement procedures and strengthen the capacity of all stakeholders, particularly the beneficiaries.

6. Many lessons can be drawn from IFAD's experience in Madagascar: (i) beneficiary participation in project programming, implementation and monitoring and evaluation is crucial for the prioritization of project activities and successful project implementation; (ii) within the framework of this participatory approach, special attention must be paid to targeting mechanisms to ensure that all future investments benefit the most vulnerable groups (landless peasants, women, young people and migrants); (iii) all new projects should focus on a limited number of activities in which IFAD has a relative comparative advantage vis-à-vis other donors, seeking in particular to address issues relating to gender mainstreaming and access to productive resources by the poorest segments of the population; (iv) it is important to build capacity within project management units so that they can articulate the needs and priorities of different stakeholder groups; and (v) all innovative investment projects involving development actions and institutional support should be supervised and monitored closely from the outset, with attention given to promoting effective coordination and participatory monitoring and evaluation.

7. **Poverty eradication activities of other major donors.** All external donors in Madagascar have expressed their commitment to the basic principles of the Poverty Reduction Strategy Paper, which the Government finalized in 2003 and updated in 2005, and have indicated their full support

and cooperation. Recently donors agreed to harmonize their development activities as per the Paris Declaration on Aid Effectiveness. Donor support, amounting to approximately USD 500 million annually, includes assistance from multilateral institutions such as the World Bank, the African Development Bank and IFAD, as well as support from the European Union, France, Norway, Switzerland and the United States of America.

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

8. IFAD's approach in Madagascar was initially responsive to the Government's immediate policy priority of achieving food security for the rural population by intensifying rice production using irrigation water. While this partial and fragmented approach produced some commendable short-term production benefits, it failed to provide a sustainable long-term solution for eradicating poverty, particularly due to the unfavourable macroeconomic environment. Given the acute poverty situation in rural areas and the predominance of the agricultural sector within the economy, it was felt that a comprehensive and holistic approach was needed to eradicate poverty, one that would integrate livelihood systems, the natural resource base and the environment of the poor within a common development framework. The success of such an approach would be contingent upon designing and operationalizing appropriate policies and regulations empowering the poor to participate fully in the decision-making process.

9. Recognizing that such a framework was crucial for poverty eradication, IFAD, in its country strategic opportunities paper for Madagascar, details specific areas in which it will assist the Government. These include: (i) enhancing the rural poor's access to improved technologies and extension services; (ii) recapitalizing farms to ensure optimal and sustainable use of land, water and the production system; (iii) strengthening the organizational and physical conditions of markets to enable the poor to have better access to, and bargaining power in, price negotiations; (iv) developing grass-roots financial organizations able to provide a variety of financial services including savings, credit and insurance; and (v) empowering women through specific policies and instruments improving their lives and living conditions. In addition, IFAD will also support the current decentralization process and the application of a participatory approach in the design, implementation and follow-up of all rural development initiatives in Madagascar.

### **Project Rationale**

10. Madagascar has abundant land, water and natural resources; a suitable climate (both tropical and temperate) for growing crops; and a strong labour force. To harness these resources sustainably for the growth and transformation of the agriculture sector and the reduction of poverty in rural areas, policies and investment programmes need to address such major constraints as soil erosion, insecurity of land tenure, and the lack of market integration and financial and agricultural support services. Over the last decades, the prevalence of poverty in rural areas has increased (from 40% in 1970 to 85% in 2003), and agricultural export earnings have declined (from 38% in 1990 to 14% in 2003), warranting urgent and immediate measures to reverse these negative trends based on the prioritized demands and needs of the poor. In 2004, the Government embarked on a challenging reform of the land titling administration. IFAD has been supporting policy dialogue on the land rights of the rural poor and is urging that greater attention be given to this matter. The Menabe and Melaky project will support the Government in implementing the new land administration system, delivering land certificates in the two regions as well as increasing the livelihoods of the target group through productive investments.

11. The project was designed in an intensive participatory and consultative process, during which various options were investigated to address some of the above issues and to assist the Government in: (i) increasing its impact on rural poverty by intensifying and diversifying agriculture to enhance on-farm productivity and increase the income and employment of the rural poor; (ii) reducing the risks of agriculture-sector work by ensuring year-round irrigation facilities, providing technical

agricultural inputs and services and enforcing land use rights; (iii) enhancing the rural poor's access to markets, agricultural services and information by improving roads and the communication system; (iv) offering appropriate incentives to facilitate improved natural resource management practices in order to reduce soil erosion; and (v) developing and strengthening human and institutional capacity at every level to enable the poor to play an effective role in agricultural production, business transactions and the management of development activities. The project will also focus on improving the social and economic conditions of women, who are often deprived of basic rights such as the right to own land, by making appropriate legal and financial instruments available.

## PART II – THE PROJECT

### A. Project Area and Target Group

12. **Project area.** The project area comprises four districts and 21 communes in the Menabe and Melaky regions, located in central and western Madagascar. Selection criteria included high poverty and malnutrition levels, high illiteracy rates (about 80%), and high vulnerability and insecurity of the people in terms of food availability, natural calamities and land rights. They also included good potential for agricultural growth and the presence of local institutions and NGOs. The project area has a unimodal tropical climate with valleys, forests and pasture lands for both crop and livestock production. The rural communes of the project area are grouped into five clusters of 177 small village communities (FKTs).<sup>2</sup> About 200 000 people (40 000 households) will benefit directly from the project.

13. **Target group.** The target group will include the landless and small farmers with little land, most of whom suffer from food insecurity for four months of the year, resulting in severe malnutrition, particularly among women and children. About 19% of the households in the project area are headed by women. Five main groups have been identified: (i) landless agricultural wage earners with few productive assets; (ii) rural households dependent on hillside agricultural production; (iii) households in remote and isolated areas with little access to public services; (iv) households dependent primarily on cattle-raising; and (v) households dependent on forest resources. Apart from minor off-farm income-generating activities, most groups targeted derive their income from livestock operations and agriculture (rice production), traditional mixed crops (beans, maize and sweet potatoes) and industrial crops (tobacco, groundnuts and sugar cane). Most also raise cattle (zebu) and poultry as an additional source of income. The project will pay particular attention to addressing critical production constraints by providing the necessary support services and strengthening both public and private-sector institutions.

14. A number of conditions have been set down to ensure that the target group benefits substantially from the project: (i) to be eligible for IFAD financing, microprojects should ensure that tenants and leasehold farmers resolve all existing land disputes and obtain legal land tenure certificates to enable them to continue farming operations; (ii) microprojects will not be considered for financing unless 90% of the beneficiaries are small farmers and 100% of the woman-headed households, owning not more than 1 ha of cultivable land, are included within the design framework; (iii) farmer groups/associations must include all woman-headed households in the community; (iv) all project-related training, technical assistance, subventions and support services must be shared equally between men and women on a 50-50 basis; and (v) all microprojects must be designed, formulated and implemented through a participatory process so that the beneficiaries can assume the full ownership, implementation and management of their respective microproject.

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<sup>2</sup> Acronym for *fokontany*, Madagascar's smallest administrative unit.

## B. Objectives and Scope

15. The primary goal of the project is to establish a sound legal, regulatory and market-responsive environment within the agricultural sector, particularly with respect to land tenure and agricultural services, which will help the country in its efforts to reduce poverty. Within this overall goal, the major objectives of the project are to improve access by the rural poor to land and water resources in order to optimize agricultural production and ensure a sustainable increase in their incomes, while limiting the rural exodus towards urban centres.

### Specific Objectives

16. The specific objectives of the project are to:

- support policy, processes and actions ensuring good local governance, land security and land use rights by establishing an appropriate legal and regulatory framework, both nationally (under the National Land Policy Programme – PNF) and regionally (to be implemented by the Land and Property Rights Directorate – DDSF – and communal land use offices), within the structure of decentralized land use management responsible for both direct farming (primary land rights) and indirect farming (non-owner, secondary land rights);
- promote the sustainable development of the rural poor's agricultural productive base through: conservation and management of inland valleys and small watersheds; application of erosion control measures; sustainable management of soil fertility using a farming system approach; organic fertilizers and production inputs, including building beneficiary capacity through the provision of training and technical and financial services adapted to the needs of the rural population concerned.

17. The above goals and objectives will be realized by: (i) operationalizing the project design framework (including targeting measures and a participatory process), policies and regulations to promote land tenure security and land use rights; (ii) establishing regional pilots (complemented by institution-building) to be implemented nationally under the PNF; (iii) organizing interventions based on the decentralized administrative system and encouraging demand for intercommunal action; (iv) implementing agreed activities using a participatory approach based on the needs and aspirations of rural poor people, thus providing an opportunity for sustainable agricultural development; (v) taking into account during project implementation both the national guidelines set out in the PNF and the reorganization of an agricultural services plan (around the new government policy establishing district agricultural services centres); and (vi) demonstrating the necessary flexibility to enable project activities to respond to grass-roots demand and phased implementation in the two regions.

## C. Components

18. The project will be implemented over a period of eight years with two distinct phases of four years each. During the first phase, development activities will be undertaken in 12 communes. The experience, knowledge and understanding gained in the first phase will underpin expansion to nine additional communes, including those in the Melaky region, during the second phase. The second phase will serve to consolidate the results of the first phase, to support and extend long-term activities, and to prepare a phasing-out strategy for the project. The project will finance three closely interrelated components.

19. **Support to local governance and land tenure security.** This component will further strengthen the land policy, regulatory and governance systems being developed under the auspices of PNF and implemented through the DDSF and the decentralized land administration to provide land

tenure security to small farmers, migrants, women and other vulnerable groups. It is expected that the policies and regulatory measures will set out the necessary procedures, guidelines and incentives for efficient land allocation and management of inland valleys and watersheds (hillside slopes) for agricultural production. The major subcomponents to be financed under this component are:

- (i) **Local governance and capacity-building of farmers' organizations.** Four activities will be supported under this subcomponent: (a) capacity-building for 40 000 farm households living in 21 communes through training and technical assistance to enable them to implement the various communal development activities to be financed under the project; (b) empowerment of all stakeholders (farmers' associations, local organizations, commune committees, regional committees and other related institutions) through awareness-building, workshops and group meetings; (c) functional literacy programmes at commune and village levels enabling beneficiaries to understand the agricultural development and land tenure processes and to exercise their rights and assume related responsibilities; (d) dissemination and communication of information on various policies and regulations at the commune, village and hamlet levels.
- (ii) **Regional and local support to land tenure security.** The project will support the ongoing reform, restructuring and decentralization of the land administration system in order to provide increased tenurial security. This will be achieved by: (a) undertaking land tenure diagnosis and planning, and preparing, with the active involvement of all stakeholders, participatory community land use maps and development plans in 21 rural communes; (b) supporting conflict resolution of land use disputes (arising from inheritance, ownership, allocation of titles and lack of consent of customary leadership) through consultations, negotiations and agreements; (c) establishing ten decentralized communal and/or intercommunal land administration offices and providing them with the necessary technical support, services and equipment for three years to facilitate the adjudication of land claims, and speed up land registration and the issuance of legal certificates to landholders and occupants; and (d) providing training and capacity-building for regional and commune-level staff and communities on land use and natural resource management, use of satellite imaging and development of a computer-based decentralized land administration system, including the development of appropriate curricula for new land administrators.
- (iii) **National-level institution strengthening (PNF and DDSF).** This subcomponent will provide national institutions with basic infrastructure, facilities and services during the first project phase to facilitate the smooth operation of the project. Specifically, it will provide funds for: (a) operational support for PNF and DDSF, in the form of training and technical assistance, to help these institutions conduct national land forums, create a land use database and undertake thematic studies to develop land tenure security procedures, tools and implementation mechanisms; (b) setting up of land tenure observation offices with permanent national consultants to support upgrading of databases, records maintenance and monitoring of implementation activities; (c) updating of land tenure regulations and the design of a national policy of decentralized land use management; and (d) capacity-building and training of staff on land policies and regulatory issues.

20. **Sustainable development of the productive base.** This component has been designed to help small and marginal farmers increase agricultural production in inland valleys and small watersheds using appropriate farm management and soil conservation practices and providing basic physical infrastructure to facilitate marketing. The following subcomponents will be supported:

- (i) **Strengthening of farming systems.** The project will provide support to: (a) intensify crop and livestock production through the use of improved technologies, seeds (including

setting up nurseries and demonstration plots) and organic inputs, and the supply of small farm equipment; (b) diversify the production system and income-earning opportunities (800 microprojects) through an integrated farming system (using both fruit and livestock) and promoting small-scale village-level agro-processing facilities (e.g. for husking and producing fruit juice, jam, dried fruits and animal feed); (c) strengthen the capacities of farmers' organizations and service providers through training and technical assistance; and (d) enhance the capacity of rural microcredit organizations such as the savings and agricultural credit cooperative societies (CECAM) to enable them to extend microfinance to the rural population for production and income-generating activities.

- (ii) **Support to production infrastructure development and natural resource management.** The project will provide financing for: (a) constructing low-cost small-scale irrigation schemes (3 800 ha) using a participatory approach and beneficiary cost recovery mechanisms; (b) developing small watersheds and hillside slopes for farming (12 000 ha), in order to protect the environment from further degradation, and using direct sowing and suitable soil erosion control and conservation measures (such as contour cropping, hedges and reforestation); and (c) purchasing small well construction and water supply equipment for expanding irrigation facilities.
- (iii) **Development of rural roads and communications.** To remove transportation and marketing constraints in rural areas, the project will provide for: (a) construction of about 650 km of rural access and feeder roads at the village level; (b) establishment of an appropriate sustainable road maintenance mechanism through beneficiary contributions; and (c) the provision of incentives to introduce an alternative low-cost transportation system to facilitate marketing of agricultural produce and inputs.

21. **Project management, communication and monitoring and evaluation.** Activities financed under this component will relate to the establishment of: (i) a project management unit (PMU) with necessary technical and administrative staff (a coordinator, finance officer, monitoring officer and two technicians for five districts); and (ii) a monitoring and evaluation unit including its operational costs.

#### **D. Costs and Financing**

22. The total project cost is estimated at USD 23.43 million. IFAD will provide financing of USD 13.48 million, of which USD 13.12 million is a loan and USD 365 000 is a country grant. The remaining USD 9.92 million will be contributed by the Government (USD 2.68 million mainly in the form of forgone taxes and duties and some incidental expenses), donors such as the Millennium Challenge Account (USD 4.67 million), the European Union (USD 1.62 million), NGOs (USD 442 000, including the Swiss foundation Intercooperation) and beneficiaries (USD 527 000).

23. The IFAD country grant will mainly support some critical work needed during project implementation, such as improving monitoring guidelines, developing benchmark surveys and a knowledge management system, and disseminating project experience. Farmers will also contribute labour to maintain agricultural tracks and small-scale construction works. Finally, local organizations (rural communes and FKTs) should gradually be able to finance part of the maintenance costs for the ten land administration offices (beginning in project year three).

**TABLE 1: SUMMARY OF PROJECT COSTS<sup>a</sup>**  
(USD '000)

Components	Local	Foreign	Total	% of Foreign Exchange	% of Base Costs
<b>A. Support to local governance and land tenure security</b>					
1. Local governance and capacity-building of farmers' organizations	1 669.7	1 673.8	3 343.4	50	16
2. Regional and local support to land tenure security	2 393.8	385.8	2 779.5	14	14
3. National-level institution strengthening (PNF and DDSF)	744.0	381.0	1 125.0	34	6
<b>Subtotal</b>	<b>4 807.4</b>	<b>2 440.5</b>	<b>7 247.9</b>	<b>34</b>	<b>36</b>
<b>B. Sustainable development of the productive base</b>					
1. Strengthening of farming systems	3 152.7		3 252.7		15
2. Support to production infrastructure development and natural resource management	4 250.2	457.5	5 017.7	66	23
3. Development of rural roads and communications	1 208.7	2 309.2	3 617.8	-	17
<b>Subtotal</b>	<b>8 611.5</b>	<b>2 766.7</b>	<b>11 888.2</b>	<b>24</b>	<b>56</b>
<b>C. Project management, communication and monitoring and evaluation</b>					
	<b>1 465.8</b>	<b>319.8</b>	<b>1 785.6</b>	<b>18</b>	<b>9</b>
<b>Total</b>	<b>14 884.7</b>	<b>5 527.0</b>	<b>20 921.7</b>	<b>27</b>	<b>100</b>
Physical contingencies	362.3	120.3	482.6	25	2
Price contingencies	1 725.0	298.6	2 023.7	15	10
<b>Total project cost</b>	<b>16 972.1</b>	<b>5 945.9</b>	<b>23 428.0</b>	<b>26</b>	<b>112</b>

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



**TABLE 2: SUMMARY OF PROGRAMME FINANCING PLAN<sup>a</sup>**  
**(USD' 000)**

Components	Government		IFAD (loan)		IFAD (Grant)		Millennium Challenge Account (Grant)		NGOs (Grant)		European Union		Beneficiaries		Total		Foreign Exchange	Local (Excl. Taxes)	Duties and Taxes	
	Amt.	%	Amt.	%	Amt.	%	Amt.	%	Amt.	%	Amt.	%	Amt.	%	Amt.	%				
<b>A. Support to local governance and land tenure security</b>																				
1. Local governance and capacity-building of farmers' organizations	8.7	0.2	3 099.9	85.4	-	-	477.0	13.1	442.2	1.2	-	-	110.0	3.0	3 627.9	15.8	2 167.23	1 961.92	8.74	
2. Regional and local support to land tenure security	223.6	7.3	1 835.7	59.69	160.9	5.2	845.0	27.6	-	-	-	-	-	-	3 065.2	13.4	400.45	2 441.23	223.55	
3. National-level institution strengthening (PNF and DDSF)	4.2	0.4	823.6	70.3	204.4	17.4	139.7	11.9	-	-	-	-	-	-	1 171.5	5.1	391.68	775.59	4.21	
<b>Subtotal</b>	<b>236.5</b>	<b>3.0</b>	<b>5 759.2</b>	<b>73.2</b>	<b>364.9</b>	<b>4.6</b>	<b>1 461.7</b>	<b>18.6</b>	<b>442.2</b>	<b>0.5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7 864.6</b>	<b>34.3</b>	<b>2 959.36</b>	<b>5 178.74</b>	<b>236.50</b>	
<b>B. Sustainable development of the productive base</b>																				
1. Strengthening of farming systems	727.8	20.0	1 503.5	41.3	-	-	1 128.3	31.0	-	-	182.5	5.0	96.8	2.7	3 638.9	15.9	0.00	2 911.10	727.78	
2. Support to production infrastructure development and natural resource management	673.5	12.2	2 796.4	50.7	-	-	1 149.9	20.9	-	-	713.2	12.9	178.3	3.2	5 511.2	24.0	492.91	4 344.75	673.55	
3. Development of rural roads and communications	827.1	21.1	1 290.7	32.9	-	-	931.2	23.8	-	-	726.5	18.5	141.6	3.6	3 917.1	17.1	2 548.86	541.17	827.09	
<b>Subtotal</b>	<b>2 228.4</b>	<b>17.1</b>	<b>5 590.5</b>	<b>42.8</b>	<b>-</b>	<b>-</b>	<b>3 209.4</b>	<b>24.6</b>	<b>-</b>	<b>-</b>	<b>1 622.1</b>	<b>12.4</b>	<b>416.7</b>	<b>3.2</b>	<b>13 067.2</b>	<b>57.0</b>	<b>3 041.78</b>	<b>7 797.03</b>	<b>2 228.41</b>	
<b>C. Project management, communication and monitoring and evaluation</b>																				
	215.9	10.9	1 770.2	89.1	-	-	-	-	-	-	-	-	-	-	1 986.2	8.7	344.81	1 425.44	215.95	
<b>Total</b>	<b>2 680.9</b>	<b>11.4</b>	<b>13 120.0</b>	<b>56.0</b>	<b>364.9</b>	<b>1.6</b>	<b>4 671.2</b>	<b>2.0</b>	<b>442.2</b>	<b>1.9</b>	<b>1 622.1</b>	<b>6.9</b>	<b>526.7</b>	<b>2.2</b>	<b>23 428.0</b>	<b>100.0</b>	<b>6 345.94</b>	<b>14 401.21</b>	<b>2 680.85</b>	

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

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

24. **Procurement.** Procurement will be carried out in accordance with IFAD guidelines and 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 costing between USD 10 000 and USD 50 000 will be procured through local competitive bidding, and goods costing less than USD 10 000 through local shopping. 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.

25. **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. The Fund will deposit USD 800 000 into this account, which will be periodically replenished upon presentation of the appropriate documentation.

26. **Accounts and audit.** A project 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 PMU. 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.

### **F. Organization and Management**

27. The Ministry of Agriculture, Livestock and Fisheries will have the overall responsibility for coordinating project implementation within the framework of the ongoing decentralized administration in Madagascar. All technical support and implementation functions will be outsourced to private-sector service providers, NGOs and institutional partners to encourage competition and to ensure implementation effectiveness. The relevant project stakeholders will be closely involved in project implementation at three levels of operation: (i) at the grass-roots level, farmer groups/organizations, village communities, rural communes and service providers will play a major role in planning, designing and implementing activities; (ii) at the regional level, all concerned officials of relevant departments and the Swiss foundation Intercooperation will contribute to the project's general direction, coordination and implementation; and (iii) at the national level, a national steering committee, to be set up at project start as a condition of project effectiveness, will be responsible for policy coordination, implementation review and oversight. Day-to-day implementation will be the task of the PMU. Two regional steering committees will also be set up, one in each region, to coordinate, oversee and monitor the activities at their respective levels. During implementation, the project will carry out two in-depth reviews and one mid-term evaluation to assess project performance, identify critical constraints and provide advice on any remedial actions needed.

### **G. Economic Justification**

28. An estimated 200 000 rural poor (40 000 households) will benefit directly from project activities aimed at: (i) bringing about sustainable improvements in land tenure security; (ii) expanding agricultural development in inland valleys and small watersheds in a way that is consistent with sound environmental management practices; and (iii) raising productivity and diversifying income-generating activities. By project end, half the total target population will have improved their land tenure security. The production of food crops is expected to increase from 68 000 t to 165 000 t due to both expansion and intensification of production. The economic rate of return of the project is estimated at 26.6%.

### **H. Risks**

29. Risks faced by the project include: (i) DDSF technicians' difficulties in accepting the PNF approach; (ii) insufficient donor commitment to ensure complementary interventions; (iii) failure of producers and farmers' organizations to take ownership of watershed development activities; and (iv) insufficient capacity on the part of project partners to carry out their assigned responsibilities.

30. While the necessary safeguards have been put in place to minimize the above risks, project sustainability and viability are contingent on the long-term political will and commitment of the Government and donors to support land reform and secure land rights, particularly in poor, marginalized rural areas. The problems specific to the Melaky region (isolation, illiteracy and inadequate public safety) must be taken into account to ensure the project's success and, as indicated, should be addressed through a firm development action by national and regional authorities, particularly during the first project phase before the mid-term review.

### **I. Environmental Impact**

31. Measures to protect natural resources, including specific treatment for hillside slopes, will have a positive impact. The adverse effects of agricultural intensification that could result from the incremental use of inputs such as fertilizers and pesticides will be extremely limited since the project will encourage the use of organic fertilizers and natural pesticides based on local plant extracts, which have positive impacts on the environment.

### **J. Innovative Features**

32. Further to initial support in land policy dialogue and support to PNF through small grant activities in 2004, IFAD is well positioned in Madagascar to innovate in the area of land reform, land rights and security of tenure, thereby contributing to an in-depth understanding of land tenure systems needed by small producers in the rural areas, and on the design of an appropriate community land use management system and sustainable mechanisms for resolving land conflicts.

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

33. A financing agreement between the Republic of Madagascar and IFAD will constitute the legal instrument for extending the proposed financial assistance to the recipient. A summary of the important supplementary assurances included in the negotiated financing agreement is attached as an annex.

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

35. I am satisfied that the proposed financial assistance will comply with the Agreement Establishing IFAD.

**PART IV – RECOMMENDATION**

36. I recommend that the Executive Board approve the proposed financial assistance 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 nine million one hundred thousand special drawing rights (SDR 9 100 000) (equivalent to approximately USD 13.12 million) to mature on or prior to 15 February 2046 and to bear 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.

RESOLVED FURTHER: that the Fund shall provide a grant to the Republic of Madagascar in various currencies in an amount equivalent to two hundred fifty-five thousand special drawing rights (SDR 255 000) (equivalent to approximately USD 365 000), 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 FINANCING AGREEMENT**

(Negotiations concluded on 2 March 2006)

1. The Government of the Republic of Madagascar (the Government) will make the loan and grant proceeds available to the Ministry of Agriculture, Livestock and Fisheries (the lead project agency), in order to implement the project, in accordance with the annual work programmes and budgets (AWP/Bs) and customary national procedures for development assistance.
2. In addition to the loan proceeds, and whenever necessary, the Government will make funds, facilities, services and other resources available to the lead project agency and to each of the project parties in order to implement the project. The Government will also make available to the lead project agency, during the project implementation period, counterpart funds drawn on its own resources in an aggregate amount of USD 2.6 million equivalent in accordance with its customary national procedures for development assistance. This amount will be used to cover the Government's assumption of import duties and levies and value added tax according to the procedures in force in Madagascar. To this end, the Government will make an initial deposit of counterpart funds into the project account in the amount of USD 25 000 to cover the first year of project implementation. The Government will replenish the project account each year and in advance by depositing counterpart funds therein in accordance with the respective AWP/B. The project will be included in the government investment programme.
3. As part of maintaining sound environmental practices, the Government will ensure that appropriate pest management practices are observed under the project. To that end, it will ensure that pesticides procured under the project do not include any pesticide either proscribed by the International Code of Conduct on the Distribution and Use of Pesticides of the Food and Agriculture Organization of the United Nations, as amended from time to time, or listed in Tables 1 (Extremely Hazardous) and 2 (Highly Hazardous) of the World Health Organization's Recommended Classification of Pesticides by Hazard and Guidelines to Classification 1996-1997, as amended from time to time.
4. A monitoring and evaluation system will be set up in respect of the recommended participatory approach and the execution of activities under service delivery agreements. The system is to meet the criteria of IFAD's Practical Guide to Monitoring and Evaluation of Rural Development Projects and of the Results and Impact Management System (RIMS) of IFAD. In this regard, several tools and indicators will be developed and monitored throughout the project, such as:
  - (a) A computerized database will be set up at the level of the support/monitoring NGO and the PMU. It will be managed by the NGO's monitoring and evaluation (M&E) officer and the firm responsible for external M&E. This database will capitalize on all statistical data already in existence but will be built up gradually, keeping pace with project expansion and the adhesion of FKTs. The baseline, against which results and impacts will be measured, will be prepared using data gathered during the participatory diagnostic and planning work, during the six months following effectiveness.
  - (b) Preparation of an AWP/B accompanied by a simplified logical framework (including RIMS indicators, among others) for each of the components on the basis of the objectives to be attained in the respective year.
  - (c) Internal monitoring of activities on the basis of monthly/quarterly management dashboards prepared by the respective PMU and NGO staff.
  - (d) Project self-evaluation workshops and participatory M&E workshops.

- (e) Annual organization of impact studies, consensus-building workshops, gathering of useful data needed for M&E of project activities.
  - (f) A system for external evaluation of service-provider performance.
  - (g) A system for reporting to the next higher level that is monthly for NGO field agents, quarterly for NGO extension staff and PMU staff, and semi-annual/annual for the management of the support/monitoring NGO and the PMU.
5. The PMU will submit a draft of the manuals to the lead project agency and to IFAD for comment and approval. The lead project agency will reflect IFAD's comments in the final version of the manuals. If IFAD does not provide any comments within the 60 days following receipt of the manuals, they will be deemed approved.
6. Project personnel will be insured against health and accident risks in accordance with usual practice in the country.
7. Project staff will be recruited through local calls for bids published in the national press, through the intermediary of a specialized firm and on the basis of renewable fixed-term contracts. The recruitment of the main project officers – i.e. the PMU coordinator, the administrative and financial officer, the M&E officer, the communications officer, the assistant to the rural infrastructure officer, the procurement and logistics officer, the accountant, and the officer responsible for liaison with the Office to Support IFAD Projects – as well as any decision to terminate their contract will be decided in agreement with IFAD. The assistant to the M&E officer and the rural infrastructure officer will be drawn from the national civil service. Project staff will be subject to annual performance evaluations, and their contracts may be terminated on the basis of the findings of these evaluations. The recruitment and management of support personnel will observe applicable procedures in force in Madagascar.
8. No form of discrimination based on gender, age, ethnic background or religious belief will be permitted during recruitment of project staff, in accordance with applicable legislation of the Republic of Madagascar. However, all other things being equal, the Government agrees to give preference to women candidates, especially for technical posts to be filled under the project.
9. The following are specified as conditions for disbursement:
- (a) No withdrawal may be made until such time as:
    - (i) the AWP/B for the first year has been duly approved by the lead project agency and by IFAD;
    - (ii) the draft manual of administrative and financial procedures has been prepared and submitted to IFAD; and
    - (iii) the draft M&E manual has been prepared and submitted to IFAD.
  - (b) No withdrawal may be made under the heading “investments for land tenure security” for national-level activities until such time as the national land-tenure programme has been equipped with a steering committee and functional monitoring and its operation as a programme has been confirmed to the various partners (single workplan and annual report for all lenders).
  - (c) No withdrawal may be made under the headings “rural infrastructure”, “productive agricultural investments”, “training” and “delivery of services and technical assistance”

## ANNEX

for regional-level activities until such time as the Government has concluded an agreement with the support/monitoring NGO.

10. The following are specified as conditions precedent to effectiveness:
- (a) The PMU coordinator, the administrative and financial officer, the M&E officer and the procurement officer have been recruited.
  - (b) The national steering committee and the regional steering and monitoring committee have been created by ministerial decree of the lead project agency.
  - (c) The project account has been opened and the counterpart funds have been deposited therein.
  - (d) A favourable legal opinion, issued by the competent authority of Madagascar and acceptable in form and content, has been forwarded by the Government to IFAD.





APPENDIX I

COUNTRY DATA

MADAGASCAR

<b>Land area (km<sup>2</sup> thousand) 2003 1/</b>	581	<b>GNI per capita (USD) 2003 1/</b>	290
<b>Total population (million) 2003 1/</b>	16.9	<b>GDP per capita growth (annual %) 2000 1/</b>	7
<b>Population density (people per km<sup>2</sup>) 2003 1/</b>	29	<b>Inflation, consumer prices (annual %) 2003 1/</b>	-1
<b>Local currency</b>	Ariary (MGA)	<b>Exchange rate: USD 1.00 =</b>	MGA 2 100
<b>Social Indicators</b>		<b>Economic Indicators</b>	
Population (average annual population growth rate) 1997-2003 1/	3.0	GDP (USD million) 2003 1/	5 474
Crude birth rate (per thousand people) 2003 1/	38	Average annual rate of growth of GDP 1/ 1983-1993	1.4
Crude death rate (per thousand people) 2000 1/	12	1993-2003	2.5
Infant mortality rate (per thousand live births) 2003 1/	78	Sectoral distribution of GDP 2003 1/	
Life expectancy at birth (years) 2003 1/1	56	% agriculture	29
Number of rural poor (million) (approximate) 1/	n/a	% industry	16
Poor as % of total rural population 1/	n/a	% manufacturing	14
Total labour force (million) 2003 1/	8.1	% services	55
Female labour force as % of total 2003 1/	45	Consumption 2003 1/	
<b>Education</b>		General government final consumption expenditure (as % of GDP)	9
School enrolment, primary (% gross) 2003 1/	120 a/	Household final consumption expenditure, etc. (as % of GDP)	83
Adult illiteracy rate (% age 15 and above) 2003 2/	n/a	Gross domestic savings (as % of GDP)	8
<b>Nutrition</b>		<b>Balance of Payments (USD million)</b>	
Daily calorie supply per capita	n/a	Merchandise exports 2003 1/	655
Malnutrition prevalence, height for age (% of children under 5) 2003 2/	49 a/	Merchandise imports 2003 1/	1 190
Malnutrition prevalence, weight for age (% of children under 5) 2003 2/	33 a/	Balance of merchandise trade	-535
<b>Health</b>		Current account balances (USD million)	
Health expenditure, total (as % of GDP) 2003 1/	2 a/	before official transfers 2003 1/	-788
Physicians (per thousand people) 2003 2/	0 a/	after official transfers 2003 1/	-309
Population using improved water sources (%) 2002 2/	45	Foreign direct investment, net 2003 1/	13
Population with access to essential drugs (%) 2/	n/a	<b>Government Finance</b>	
Population using adequate sanitation facilities (%) 2002 2/	33	Cash surplus/deficit (as % of GDP) 2003 1/	-4.4 a/
<b>Agriculture and Food</b>		Total expenditure (% of GDP) 2003 1/	n/a
Food imports (% of merchandise imports) 2003 1/	16	Total external debt (USD million) 2003 1/	4 958
Fertilizer consumption (hundreds of grams per ha of arable land) 2000 1/	31 a/	Present value of debt (as % of GNI) 2000 1/	31
Food production index (1999-01=100) 2003 1/	103	Total debt service (% of exports of goods and services) 2000 1/	6
Cereal yield (kg per ha) 2003 1/	2 106	Lending interest rate (%) 2003 1/	24
<b>Land Use</b>		Deposit interest rate (%) 2003 1/	12
Arable land as % of land area 2003 1/	5 a/		
Forest area as % of total land area 2003 1/	20 a/		
Irrigated land as % of cropland 2003 1/	31 a/		

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

1/ World Bank, *World Development Indicators* CD ROM 2005

2/ UNDP, *Human Development Report*, 2005

**PREVIOUS IFAD FINANCING IN MADAGASCAR**

Loan/Grant Number	Project/Programme Name	Approved Amount (USD)	Board Approval	Loan/Grant Effectiveness	Current Closing Date	Cooperating Institution	Project Status	Disbursed of Approved
11	Mangoky Agricultural Development Project	5 000 000	26-Mar-79	06-Mar-80	31-Aug-86	WB-IDA	Closed	100%
91	Second Village Livestock and Rural Development Project	7 000 000	30-Mar-82	08-Mar-83	31-Dec-88	WB-IDA	Closed	49%
119	Highlands Rice Project	12 850 000	21-Apr-83	21-Oct-83	31-Dec-89	WB-IDA	Closed	54%
231	Agricultural Development Programme in the Highlands	9 900 000	29-Nov-83	08-Dec-89	31-Dec-96	UNOPS	Closed	72%
286	Midwest Development Support Project	8 250 000	04-Sep-91	02-Dec-92	31-Dec-99	UNOPS	Closed	98%
376	Upper Mandrare Basin Development Project	3 550 000	12-Apr-95	29-Dec-95	31-Dec-01	UNOPS	Closed	100%
410	North-East Agricultural Improvement and Development Project	8 050 000	17- Apr-96	25-Nov-97	30-Jun-03	UNOPS	Ongoing	89%
441	Second Environment Programme Support Project	5 650 000	29-Apr-97	20-mar-98	30-Jun-06	WB-IDA	Closed	100%
548	Upper Mandrare Basin Development Project Phase II	9 850 000	07-Dec-00	07-Aug-01	31-Mar-09	UNOPS	Ongoing	64%
621	Rural Income Promotion Programme	10 150 000	18-Dec-03	07-Dec-04	30-Jun-13	UNOPS	Ongoing	6%

UNOPS = United Nations Office for Project Services

WB-IDA = International Development Association (World Bank Group)

## LOGICAL FRAMEWORK

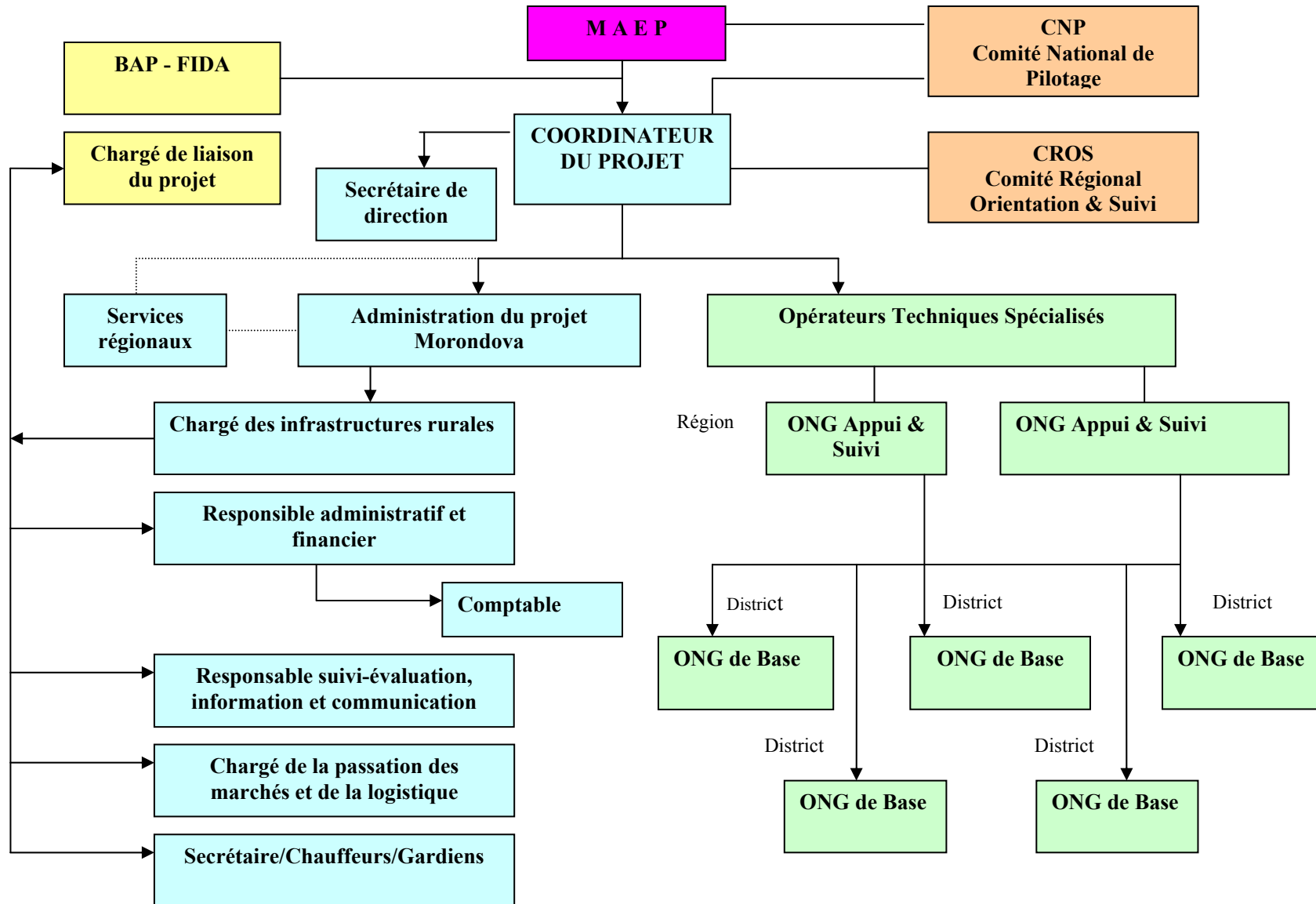
Ranking of Objectives	Performance Indicators	Means of Verification	Critical Assumptions and Risks
<p><b>Overall project objective:</b>            Improve good governance and land security for the rural poor living in the western part of the country, to promote the sustainable development of their agricultural productive base</p> <p><b>Specific objectives:</b>            1- Support implementation of the decentralized land use management policy (under the framework of National Land Use Management Plan (PNF) and the Land and Property Rights Directorate (DDSF) nationally, and carry out community land use planning actions regionally (Menabe and Melaky) to ensure sustainable land tenure security and rights to the rural poor</p> <p>2- Improve the productive base of the target sustainably, through:            - support for optimization of production and improved management of inland valleys, small watersheds and hillside slopes;            - application of erosion control and agroecological techniques for environmental conservation;            - intensification of farming operations and diversification of income earning opportunities through financing micro-projects            - capacity-building for farmers' organizations, users and beneficiaries</p>	<p>- Rate of reduction in prevalence of extreme poverty            - Rate of reduction in malnutrition (among children under five)            -Progress achieved on various policies and regulations relating to land tenure and agricultural development.</p> <p><b>National level</b>            - Annual budgetary commitments made and actual use of public expenditure incurred for implementation of this project;            - Changes in socio-economic impact indicators (Results and Impact Management System [RIMS])</p> <p><b>National level</b>            - Funds mobilized to support the National Land Use Plan (PNF) and Land and Property Rights Directorate (DDSF) approach</p> <p><b>Project areas</b>            - Number of households benefiting from project activities ( target 40,000 households)            - Literacy rate among women and men</p> <p>- Number of training sessions in PNF and DDSF services            - Number of diagnostic studies of communal land use conducted            - Number of communal land kiosks set up and operational            - Number of households and women having gained access to land titles (RIMS)            - Number of awareness-raising meetings held at the <i>fokontany</i> (FKT) and commune level</p>	<p>-Poverty surveys and reports;            -RIMS data collected by the project            - Govt. statistical reports.</p> <p>-Project Regional poverty surveys            - Project impact surveys (start-up, midterm, completion)</p> <p>- Monitoring and evaluation surveys            - Food Security and Nutrition Programme (SEECALINE) statistics</p> <p>- Annual impact assessment reports            - DDSF studies and consultations            - Land inventory records            - Monitoring and evaluation reports of land services</p>	<p>-Govt's and donor commitments;            -Rapid approval, legislation and enactment of proposed policies and regulations            -- Political stability            - Debt management and donor support            - National policy favouring agricultural development</p> <p>- Absence of natural catastrophes or exceptional climatic events            - Producers' capacity to adopt a medium-term strategy</p> <p>- Government support for operational implementation of the PNF            - Capacity of national and regional land offices to evolve            - Effectiveness of decentralization and coordination among donors (Millennium Challenge Account [MCA], European Union [EU])            - Motivation of populations to develop</p> <p>- Mobilization of populations to organize themselves            - Degree of acceptance of new techniques            - Availability of quality service providers</p>

Ranking of Objectives	Performance Indicators	Means of Verification	Critical Assumptions and Risks
<p><b>Targets:</b></p> <ul style="list-style-type: none"> <li>- 5 600 new producers with access to irrigated plots</li> <li>- 10 000 hectares of additional cultivated area</li> <li>- 90 000 tonnes of additional produce</li> <li>- 580 diversification microprojects carried out (2 000 beneficiaries)</li> </ul>	<p><b>Targets: 21 communes titled; 10 communal offices set up; and 2 100 more families with access to land.</b></p> <ul style="list-style-type: none"> <li>- Number of households benefiting from project activities (RIMS)</li> <li>- Number of households having improved their food security (RIMS)</li> <li>- Number of operators reporting increased yields and production (RIMS)</li> <li>- Number of farmers by gender having adopted the technologies recommended (RIMS)</li> <li>- Increase in the number of hectares under rice, soybeans, maize, grain legumes, cassava and vegetables (RIMS)</li> <li>- Number of households having increased their holdings of zebu cattle</li> <li>- Number of cases and areas where erosion control and agroecological techniques have been adopted (small watersheds and hillside slopes)</li> <li>- Rate of improvement in soil upgrading and protection</li> <li>- Number of farmers' organizations and unions operational, and number of members who are producers</li> <li>- Number of farmers' organizations chaired by women</li> </ul>	<ul style="list-style-type: none"> <li>- Regional and/or local surveys and studies</li> <li>- Agricultural surveys</li> <li>- Nutritional surveys</li> <li>- Commercial statistics</li> <li>- Technical activity reports</li> <li>- Monitoring and evaluation reports</li> </ul>	
<p><b><u>Outputs/Components</u></b></p> <p><b><u>Component 1 – Support to local governance and land tenure security</u></b></p> <p><u>-Subcomponent 1.1:</u> Local governance, capacity building and empowerment of farmers organisations.</p> <p><u>- Subcomponent 1.2:</u> Regional and local support (for land titling in</p>	<ul style="list-style-type: none"> <li>-Capacity building of 40,000 poor farm households,</li> <li>-Empowerment of Farmer Associations (FAs), Local organisations (Los) and Commune and Regional Committees ( CCs and RCs);</li> <li>- Functional literacy for beneficiaries</li> <li>- Effective implementation of the PNF</li> </ul>	<ul style="list-style-type: none"> <li>- Technical activity reports</li> <li>- Monitoring and evaluation reports</li> <li>- Land security status report prepared by</li> </ul>	<ul style="list-style-type: none"> <li>- Consideration of specific needs of rural poor populations</li> <li>- Cohesion of farmers' organizations and unions and desire to organize on the part of producers</li> <li>- Consultation and coordination between the Government and the donor community</li> <li>- Complementarity among donor projects</li> </ul>

Ranking of Objectives	Performance Indicators	Means of Verification	Critical Assumptions and Risks
<p>the project areas - 21 rural communes in the regions of Menabe and Melaky)</p> <p>Sub-component 1.3: Strengthening of national plan, institutions and services ( PNF, DDSF and NGO's)</p> <p><b>Result 1:</b> Establishment of farmers' organizations and capacity-building within the project areas</p> <p><b>Result 2:</b> PNF is prepared at the national level and implemented in the rural communes within the project intervention area</p> <p><b>Result 3:</b> Access to land and titling of property rights are assured for poor populations in small watersheds and on hillside slopes in the communes within the project area</p> <p><b>Result 4:</b> The policy and regulatory framework for watershed management is defined nationally and implemented for poor populations inhabiting small watersheds and hillside slopes in the project area</p>	<ul style="list-style-type: none"> <li>- Establishment of the Steering Committee</li> <li>- National land tenure workshops and regional land forums</li> <li>- Decentralized land titling measures and mechanisms in place</li> <li>- Number of communal land offices set up</li> <li>- Number of communal development plans and local land use management plans prepared, and the areas involved</li> <li>- Number of farm households having sustainable access to land</li> <li>- Updating of management procedures for watersheds and irrigated perimeters</li> </ul>	<p>DDSF</p> <ul style="list-style-type: none"> <li>-Reports by regional land offices</li> <li>- Reports on meetings and participatory diagnostic studies</li> <li>- Preparatory studies and reports for programmes for watersheds and irrigated perimeters</li> </ul> <ul style="list-style-type: none"> <li>- National and local surveys</li> <li>- Donor studies</li> <li>- Activity reports and monitoring and evaluation reports for projects under way</li> </ul>	<ul style="list-style-type: none"> <li>-Efficiency of DDSF and regional land offices</li> </ul>
<p><b>Component 2 – Sustainable development of the productive base</b></p> <ul style="list-style-type: none"> <li>- <b>Subcomponent 2.1:</b> Strengthening farming systems of agricultural production (diversification, intensification and research and development);</li> <li>- <b>Subcomponent 2.2:</b> Development of productive infrastructures ( development and protection of natural resources)</li> <li>-<b>Subcomponent 2.3:</b> Development of physical infrastructures ( rural roads and communication)</li> </ul> <p><b>Result 1:</b> Inland valleys, small watersheds and hillside slopes in the project areas are optimized, taking into account environmental protection issues</p> <p><b>Result 2:</b> Intensification of farming operations and diversification (microprojects) in the project areas</p> <p><b>Result 3:</b> Construction of 650 km of rural access and feeder roads</p>	<ul style="list-style-type: none"> <li>-Changes in production, yields and diversity of ventures in watersheds and on hillside slopes</li> <li>- Number of hectares of watersheds optimized and production levels achieved</li> <li>- Number of watersheds and farmers involved</li> <li>- Number of hectares covered</li> <li>- Number of farmers implementing erosion control and agroecological techniques and area covered</li> <li>- Number of farmers' organizations set up and trained and number of women involved</li> <li>- Number of training sessions and number of beneficiaries involved</li> <li>- Number of microcredit unions supported through start-up</li> </ul>	<ul style="list-style-type: none"> <li>- Activity reports</li> <li>- Monitoring and evaluation reports</li> <li>- Monitoring and evaluation surveys and environmental impact assessments</li> <li>- Participatory diagnostic reports</li> </ul>	<ul style="list-style-type: none"> <li>- Organization and motivation of beneficiaries/users</li> <li>- Control and reduction of land insecurity</li> <li>- Capacity for dissemination of techniques</li> <li>- Level of participation by farmers' organizations and beneficiary populations</li> </ul>

Ranking of Objectives	Performance Indicators	Means of Verification	Critical Assumptions and Risks
<p><b>Component 3- Project management (PMU) and monitoring and evaluation</b></p> <p><i>Result 1:</i> The project is implemented using a participatory, decentralized approach in 21 rural communes in the regions of Menabe and Melaky</p>	<ul style="list-style-type: none"> <li>- Establishment of the project management unit (PMU)</li> <li>- Establishment of district technical units (ATDs)</li> <li>- % of IFAD loan disbursed</li> <li>- Regular monitoring of project activities</li> <li>- Staff recruited and operational</li> <li>-Service providers selected and participatory monitoring</li> <li>- Monitoring and evaluation system in place, providing information to knowledge management system</li> </ul>	<ul style="list-style-type: none"> <li>- Activity reports and monitoring and evaluation reports</li> <li>- Preparation of annual work programmes and budgets (by PMU and ATDs)</li> </ul>	<ul style="list-style-type: none"> <li>- Competence of staff of PMU and ATDs</li> <li>- Liaison with the IFAD Project Support Office of the Ministry of Agriculture, Livestock and Fisheries (MAEP) in Antananarivo</li> </ul>

# ORGANIGRAMME



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## APPENDIX V

DISBURSEMENT ACCOUNTS BY IFAD  
(USD '000)

	IFAD		IFAD (Grant)	
	Amount	%	Amount	%
1. Rural infrastructure	1 891.4	29.7	-	-
2. Agricultural production investments	2 206.6	47.3	-	-
3. Land security investments	1 838.2	83.0	86.5	3.9
4. Training	3 829.6	85.9	-	-
5. Service providers and technical assistance	1 504.6	64.4	278.4	11.9
6. Vehicles and equipment	589.8	38.5	-	-
7. Salaries and incentives	942.3	100.0	-	-
8. Operating costs	317.5	80.0	-	-
<b>Total Project Costs</b>	<b>13 120.0</b>	<b>52.0</b>	<b>364.9</b>	<b>1.6</b>



