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Investing in rural people in Madagascar

Madagascar's economy is primarily based on agriculture as 64.9 per cent of the population live in rural areas. Following a series of political crises that weakened its institutions, discouraged investment and seriously eroded living conditions and infrastructure, poverty has worsened, particularly in rural areas, where the poverty rate stands at 82.2 per cent. It is estimated that 76 per cent of the population fall below the minimum food energy availability threshold and the prevalence of chronic malnutrition among children under five years of age is among the highest in the world. The underperformance of the agriculture sector is one of the main causes of poverty in Madagascar.

Since 1979, IFAD has funded 17 rural development projects in Madagascar for a total of US\$434.285 million. Four projects are currently ongoing. The goal of the IFAD country programme strategy 2022-2026 is to contribute to the transformation of rural areas, food systems and nutrition security through sustainable improvement of incomes for vulnerable rural people, while building their resilience to climate shocks.

Two complementary strategic objectives support the overall approach:

- Improving climate-resilient production systems for increased productivity of family farms and rural microenterprises
- Strengthening agricultural value chains and improved access to inclusive financing for targeted rural producers and organizations.



Projects: 17
 Total cost: US\$880.64 million
 IFAD financing: US\$434.285 million
 Directly benefiting: 1,014,600 households

Ongoing operations

Project to Support Development in the Menabe and Melaky Regions – Phase II (AD2M-II)

Total cost: US\$56.7 million
Total IFAD financing: US\$40.4 million
IFAD loan: US\$34.4 million
IFAD ASAP: US\$6.0 million
Duration: 2016-2024
Directly benefiting: 57,000 households
Cofinancing: OPEC Fund for International Development, US\$7.5 million

Phase II of the Project to Support Development in the Menabe and Melaky Regions (AD2M-II) builds on the achievements of the first phase. AD2M-II aims to sustainably improve the incomes and food security of smallholders. Through IFAD's Adaptation for Smallholder Agriculture Programme (ASAP), the project helps strengthen and build smallholder resilience to the effects of climate change through the development of irrigated agriculture, including spate irrigation and natural resource management approaches.

AD2M-II expands implementation of the project from 19 to 44 communes in seven districts. It helps smallholder family farmers to improve their production and marketing. It also addresses land tenure security and safeguards the land rights of smallholders so that they can invest more in their land and thus increase their incomes.

The project helps smallholder producers organize themselves into groups so they can negotiate better and get better prices for their products. Eight new credit unions are being established to provide financial services and particularly credit to producers. The project is expected to reach 35,000 new rural households and continue to work with 22,000 households benefiting from phase I.

Inclusive Agricultural Value Chains Development Programme (DEFIS)

Total cost: US\$250 million
Total IFAD financing: US\$136.5 million
Duration: 2017-2028
Directly benefiting: 320,000 households
Cofinancing: OPEC Fund for International Development, US\$20 million; Green Climate Fund, US\$53.8 million; National Government, US\$25.32 million; Beneficiaries, US\$14.28 million

The Inclusive Agricultural Value Chains Development Programme (DEFIS) applies solutions that have been tried and tested by IFAD's Madagascar country programme and scales them up in the southern half of the Big Island. With the normalization of political and social conditions, the programme's investments are expected to help strengthen and secure the production base of family farms in a context of climate change. The programme connects the farms to production and marketing support services in order to sustainably transform the agriculture sector and the country's rural economy.

DEFIS operates in eight regions in southern and centre-eastern Madagascar. The direct beneficiaries of DEFIS investments and services are estimated at 320,000 family farms, with at least 30 per cent of them headed by women or young people. Eight value chains – rice, maize, cassava, groundnut, coffee, onion, small ruminants and honey – have been selected, three in each region. In addition, support is provided for value chains of special interest, such as sorghum and millet, that can build the resilience of production systems for family farms in semi-arid zones to cope with the impacts of climate change.

Vocational Training and Agricultural Productivity Improvement Programme (FORMAPROD)

The goal of FORMAPROD is to contribute to an increase in the income of smallholder farmers through professional and vocational training, leading to higher productivity and improved marketing of agricultural products.

The target group consists of 2.7 million households in 13 regions – a total of 7 million people, or 20 per cent of Madagascar's rural population. FORMAPROD specifically supports vulnerable groups, with special attention to uneducated youth and young women who are heads of household.

The programme has three primary components:

- Supporting the development and implementation of the National Strategy for Agricultural and Rural Training
- Operationalizing the regional system of rural and agricultural training, and ongoing vocational training, including the National Council for Agricultural and Rural Training
- Increasing agricultural productivity.

FORMAPROD works to identify and train young farmers, agricultural technicians and extension agents, and support continuous vocational training in all 13 regions. The programme also invests in providing support to integrate trained youth into selected value chains. This includes investments to improve agricultural infrastructure in "production poles" where young people are concentrated. These production basins are defined by agroclimatic and socioeconomic criteria, such as population density and rural poverty.

Support Programme for the Rural Microenterprise Poles and Regional Economies (PROSPERER)

The programme focuses on increasing the incomes of poor rural people in nine of the country's poorest and most densely populated regions. It works to create efficient business development services that respond to the needs of small and micro rural enterprises, and builds the capacity of these enterprises to identify their individual requirements. PROSPERER also assists in structuring traditional clusters into modern value chains, in terms of their line of business in partnership with larger private-sector operators (processing and export).

The programme provides young adults who are entering the job market with training and apprenticeships to assist them in eventually creating their own enterprises. It is also developing a network of professional apex organizations to offer financial and non-financial services to small entrepreneurs.

The impact of PROSPERER has been rigorously monitored. The strategic focus of the additional financing is: (i) scaling up, scaling out and deepening of programme activities in the nine programme regions; (ii) consolidating achievements in sustainable business development services, thus helping ensure that households that have successfully graduated from poverty remain so for years to come.

Total cost: US\$86.1 million

Total IFAD financing: US\$35.0 million

IFAD loan: US\$33.0 million

IFAD grant: US\$2.0 million

IFAD top-up loan: US\$5.645 million

IFAD top-up grant: US\$5.645 million

Duration: 2012-2023

Directly benefiting: 100,000 rural youth

Cofinancing: Spanish Trust Fund, US\$18.8 million; National Government, US\$7.9 million; Beneficiaries, US\$3.8 million

Total cost: US\$58.3 million

Total IFAD financing: US\$46.1 million

IFAD loan: US\$17.7 million

IFAD 1st top-up: US\$11.2 million

IFAD 2nd top-up: US\$16.9 million

IFAD grant: US\$0.3 million

Duration: 2007-2022

Directly benefiting: 51,000 households

Cofinancing: OPEC Fund for International Development, US\$5.0 million; United Nations Capital Development Fund, US\$0.6 million

Recently approved

Recovery and Resilience Project in Three Southern Regions (PA2R)

In terms of climate change impact, Madagascar is one of the world's most vulnerable countries. The semi-arid Grand Sud, comprising the three most southern regions of Anosy, Androy and Atsimo Andrefana, is the country's most vulnerable area, where the frequency and intensity of extreme climate events are also increasing. Severe ongoing drought led to a loss of up to 60 per cent of agricultural production here during the main harvest in 2021.

In Grand Sud, periods of *kéré* (or famine) often result in the most vulnerable households having to sell productive assets (such as seeds, animals and tools) so that they can eat. After several such periods, households can eventually find themselves facing destitution, without any means of production or recovery options. In response, IFAD has increased its support for the post-crisis recovery of agricultural production capacities and strengthening of the resilience of rural populations with an additional allocation of US\$10 million to Madagascar. The project will support the restoration of the productive capacities of these households by improving access to water and providing recovery kits so that they can rebuild their assets and restart their productive activities.

The goal of PA2R is to contribute to restoring normal living conditions for family farms affected by *kéré*. It aims to improve the food security and nutrition of family farms in a context of climate change. The expected outcomes are: (i) restored productive capacities for rural households most affected by *kéré* in production systems that are resilient to climate change; (ii) improved diets and nutritional practices in rural households most affected by *kéré*.

Total project cost: US\$11.02 million

IFAD loan: US\$7.3 million

IFAD grant: US\$2.7 million

Duration: 2022-2025

Directly benefiting: 28,000 households

Cofinancing: National Government, US\$0.8 million; Beneficiaries, US\$0.3 million



IFAD is an international financial institution and a specialized United Nations agency. Based in Rome – the United Nations food and agriculture hub – IFAD invests in rural people, empowering them to reduce poverty, increase food security, improve nutrition and strengthen resilience. Since 1978, we have provided more than US\$23.2 billion in grants and low-interest loans to fund projects in developing countries. Last year, IFAD-supported projects reached an estimated 130 million people.

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