

## 1. Project overview

<b>Project title</b>	Irrigation Development and Support Project (IDSP)
<b>Localization</b>	Zambia
<b>Date of operation</b>	Group I sites now in implementation phase Group II sites now in planning phase
<b>Public partner</b>	Ministry of Agriculture and Livestock (MAL), Government of Zambia
<b>Approx. project sizes</b>	<ul style="list-style-type: none"> <li>Musakashi – 1,030 ha</li> <li>Lusitu – 270 ha</li> <li>Mwomboshi – 4,770 ha (includes existing local commercial farm off-takers)</li> </ul>
<b>Approx. investment costs (3x Group I sites)</b>	<ul style="list-style-type: none"> <li>Public investment of c. US\$75m</li> <li>Private investment of c. US\$40m</li> </ul>
<b>Farmer beneficiaries targeted</b>	<ul style="list-style-type: none"> <li>Musakashi – 370 smallholders and up to 19 emergent farmers</li> <li>Lusitu – 240 smallholders and up to 7 emergent farmers</li> <li>Mwomboshi – 800 smallholders and up to 60 emergent farmers</li> </ul>
<b>Production systems</b>	<ul style="list-style-type: none"> <li>Wheat and soya under centre pivots</li> <li>Grains and veg under micro-irrigation</li> <li>Bananas or mangoes under microjets</li> </ul>

## 2. Scheme design

Three 'tiers' of farmers will access the bulk water system:

- Tier 1 – local smallholder farmers on 0.5 ha plots
- Tier 2 – local emergent farmers on 5 ha plots
- Tier 3 – a commercial farm investor and irrigation operator

Tier 3 will operate, manage and maintain the bulk water irrigation system on behalf of all farmers. It will also provide support to smallholder and emergent farmers. In return, it will receive a long-term (25 year) concession on the commercial farming opportunity and land lease from the local community.

Figure 1: Overview of IDSP scheme design

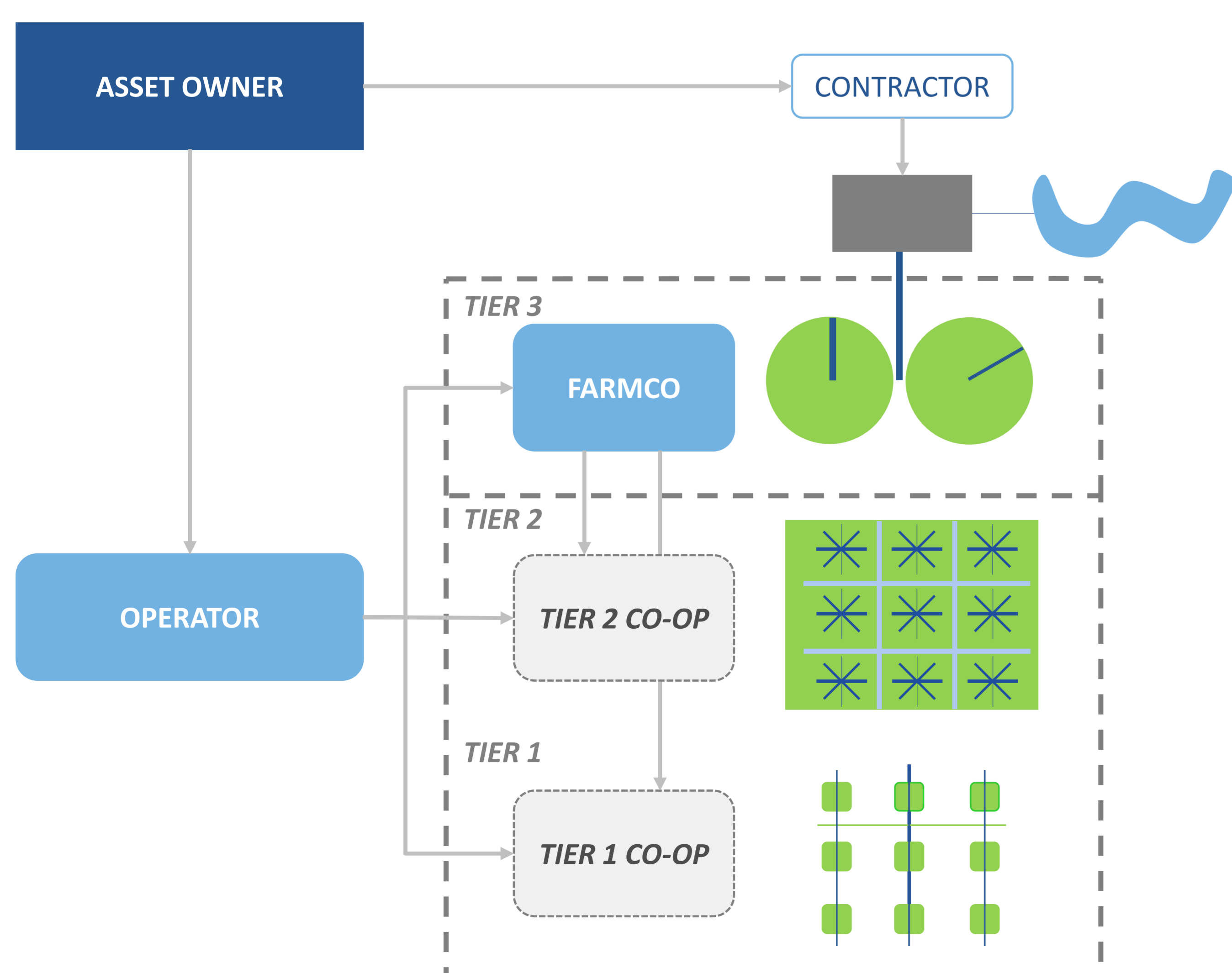
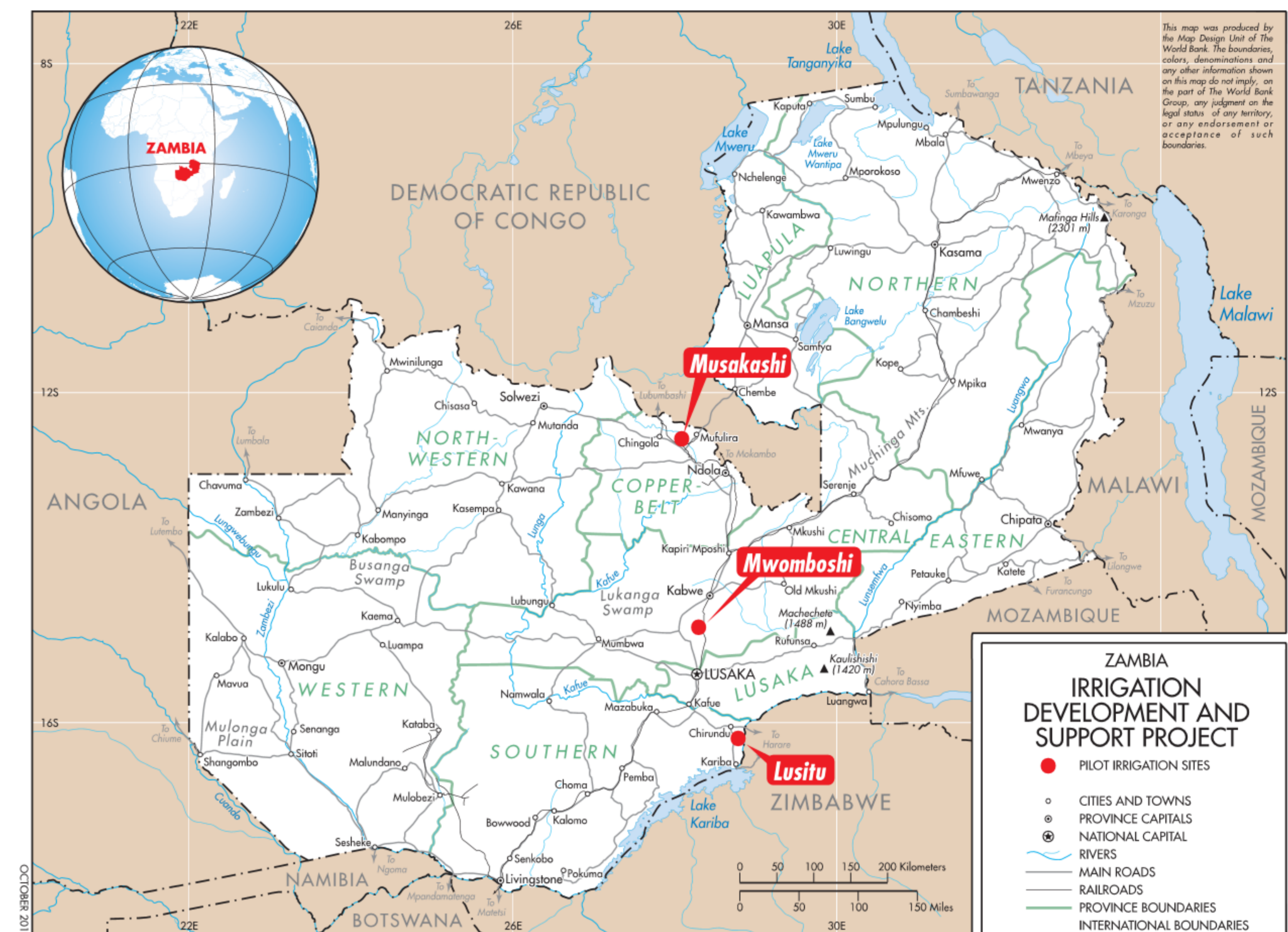


Figure 2: IDSP Group I sites (Musakashi, Mwomboshi and Lusitu)



## 3. Sources of finance

Public investment in the bulk water system (and dam at Mwomboshi) will be financed by a World Bank IDA credit.

Private investors are sought for the commercial farm – including buildings, equipment and working capital – but are not expected to finance the bulk water system or any land purchase costs. Further public finance may be available for on-farm investment if required based on a competitive procurement process.

## 4. Scheme funding and payments

- Tier 1 will pay concessional water user charges
- Tier 2 will pay cost-reflective water user charges
- Tier 3 will pay no water user charges – they will use income from Tier 1, Tier 2 and their own operations to fund irrigation operation, management and maintenance
- Tier 3 will pay a concession fee to MAL based on the outcome of a competitive procurement process
- Tier 3 will establish a local community support fund through a land lease fee – this will fund provision of support services to local farmers, including training and input purchase

## 5. Risk management

- World Bank safeguards in place to ensure all community members benefit – including through a formal Resettlement Action Plan (RAP)
- Scheme design and construction risk (including dam safety) managed by MAL with World Bank support
- Maintenance and operation risk to be transferred to Tier 3 through applying irrigation system performance standards

## Key lessons

- Local community buy-in is essential
- Establishing land tenure and formalising land titles takes time – but is perceived as essential by investors
- Transferring risk to private investors requires a commercial farming opportunity of an appropriate scale