

COUNTRY PARTNERSHIP FRAMEWORK FOR REPUBLIC OF MADAGASCAR

IDA . IFC . MIGA / REPORT NO. 179576-MG / MARCH 2023



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COUNTRY

PARTNERSHIP

FRAMEWORK

FOR

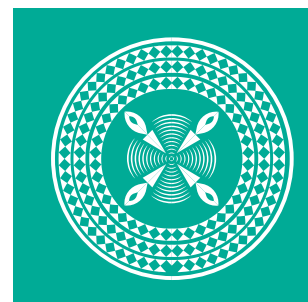
REPUBLIC

OF MADAGASCAR

FOR THE PERIOD FY2023–FY27

March 28, 2023

MADAGASCAR COUNTRY MANAGEMENT UNIT
EASTERN AND SOUTHERN AFRICA REGION
INTERNATIONAL FINANCE CORPORATION
SOUTHERN AFRICA DEPARTMENT
MULTILATERAL INVESTMENT GUARANTEE AGENCY



| ABBREVIATIONS & ACRONYMS |

AF	Additional Financing
AFE	Africa East
ASA	Advisory Services and Analytics
Cat DDO	Catastrophe Deferred Drawdown Option
CDDR	Climate Change and Development Report
CERC	Contingent emergency response component
CLR	Completion and learning review
COVID	Corona Virus Disease
CPF	Country partnership framework
CPIA	Country Policy and Institutional Assessment
CPSD	Country Private Sector Diagnostic
DPF	Development Policy Financing
DPO	Development Policy Operation
DRM	Disaster Risk Management
FY	Fiscal Year
GBV	Gender-based violence
GDP	Gross domestic product
GWh	Gigawatt hour
HLO	High-level outcome
ICT	Information and communications technology
ICT	Information and Communications Technology
IDA	International Development Association
IEG	Independent Evaluation Group
IFC	International Finance Corporation
ILO	International Labor Organization
IMF	International Monetary Fund
IPF	Investment Project Financing
JIRAMA	Jiro sy Rano Malagasy (national electricity and water company)
kWh	Kilowatt hour
MGA	Malagasy Ariary
MIGA	Multilateral Investment Guarantee Agency
MPA	Multiphase Programmatic Approach
P4R	Program for Result
PADAP	Projet d'Appui à une Agriculture Durable par une Approche Paysage (Sustainable Landscape Management Project)
PAEB	Projet d'Appui à l'Éducation de Base (Basic Education Project)

PARN 1	Projet d'Amélioration des Résultats Nutritionnels Phase 1 (Improving Nutrition Outcomes through a Multiphase Programmatic Approach)
PFM	Public Financial Management
PIC	Pôle Intégré de Croissance (Integrated Growth Pole)
PIM	Public Investment Management
PLR	Performance and Learning Review
PPSB	Projet de Préparation aux Pandémies et Service de Santé de Base (Pandemic Preparedness and Basic Health Services Delivery)
PRODIGY	Projet de Gouvernance Digitale et Gestion de l'Identité (Digital Governance and Identification Management System Project)
SCD	Systematic Country Diagnostic
SDG	Sustainable Development Goal
SPI	Supplementary Progress Indicators
TA	Technical Assistance
TDB	Trade and Development Bank
US\$	United States Dollar
WASH	Water, Sanitation and Hygiene
WB	World Bank
WBG	World Bank Group

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1. INTRODUCTION	1
2. COUNTRY CONTEXT & DEVELOPMENT AGENDA	7
2.1. SOCIAL AND POLITICAL CONTEXT	8
2.2. RECENT ECONOMIC DEVELOPMENTS	9
2.3. POVERTY PROFILE	11
2.4. MAIN DEVELOPMENT CHALLENGES	12
2.4.1 WEAK GOVERNANCE	12
2.4.2 DIMINISHED PHYSICAL, HUMAN, AND NATURAL CAPITAL	13
2.4.3 LACK OF STRUCTURAL TRANSFORMATION	13
2.4.4 VULNERABILITY TO SHOCKS	13
2.4.5 LIMITED INFRASTRUCTURE CONNECTIVITY	13
3. WBG PARTNERSHIP FRAMEWORK	15
3.1. GOVERNMENT PROGRAM AND MEDIUM-TERM STRATEGY	16
3.2. PROPOSED WBG CPF	16
3.2.1 MAIN FINDINGS OF SCD UPDATE	16
3.2.2 SCD-CPF ALIGNMENT	16
3.2.3 LESSONS LEARNED	16
3.2.4 SELECTIVITY	17
3.2.5 DATA AND KNOWLEDGE GAPS	18
3.3. OBJECTIVES SUPPORTED BY WBG PROGRAM	19
3.4. CORPORATE COMMITMENTS	26
3.5. IMPLEMENTING THE CPF	27
3.5.1 FINANCIAL ENVELOPE AND INSTRUMENTS	27
3.5.2 FINANCIAL MANAGEMENT, PROCUREMENT, AND OTHER GOVERNMENT SYSTEMS	29
3.5.3 PROGRAM MANAGEMENT AND IMPLEMENTATION ARRANGEMENTS	30
3.5.4 PARTNERSHIPS AND DONOR COORDINATION	30
3.5.5 MONITORING AND EVALUATION	31
4. MANAGING RISKS TO THE CPF PROGRAM	33
ANNEX I. RESULTS FRAMEWORK	38
ANNEX II. COMPLETION AND LEARNING REVIEW REPORT	59
01. INTRODUCTION	62
02. PROGRESS TOWARDS CPF DEVELOPMENT OUTCOMES	64
03. WORLD BANK GROUP PERFORMANCE	72
04. ALIGNMENT WITH CORPORATE GOALS	76
05. LESSONS LEARNED	77
06. ANNEXES	80
ANNEX III. SELECTED INDICATORS OF BANK PORTFOLIO PERFORMANCE AND MANAGEMENT	120
ANNEX IV. OPERATIONS PORTFOLIO (IBRD/IDA AND GRANTS)	122
ANNEX V. IFC OPERATIONS IN MADAGASCAR	125
ANNEX VI. MIGA MADAGASCAR PORTFOLIO	129
ANNEX VII. DRIVERS OF FRAGILITY AND SOURCES OF RESILIENCE IN MADAGASCAR	131
ANNEX VIII. ACTIVE PORTFOLIO AND INDICATIVE PIPELINE (ONLY IDA FINANCING)	133
ANNEX IX. MADAGASCAR COUNTRY PARTNERSHIP FRAMEWORK STAKEHOLDER CONSULTATIONS	137
ANNEX X. MAP	140

01/

INTRODUCTION

FY2023-27

COUNTRY PARTNERSHIP FRAMEWORK
FOR REPUBLIC OF MADAGASCAR



- 1. In recent years, Madagascar has repeated patterns that have hampered its long-term development and substantially increased the poverty level.** Madagascar is unable to exploit economic opportunities even during periods of relative stability and remains exposed to frequent, deep, persistent crises. The COVID-19-induced recession was the latest in a series of misfortunes to plague the country. Extreme poverty decreased by 3 percentage points to 57 percent thanks to increased social protection coverage. The poverty rate remained at 75.2 percent (using the national poverty line of 1,477,566 MGA/person/year) in 2022. Uneven investment in physical and human capital, decreasing productivity coupled with stalled structural change in the economy, and vulnerability to shocks are the most salient constraints on Madagascar's development. Pervasive governance challenges have prevented significant reform progress. Moreover, through higher international oil prices, the impact of Russia's invasion of Ukraine has increased fiscal and inflationary pressures and threatens human capital accumulation. Madagascar stands at the crossroad to convert its development challenges into an opportunity to find a path out of its predicament.
- 2. Before the COVID-19 pandemic, Madagascar was on a modest growth trajectory.** After a prolonged period of political instability and economic stagnation, gross domestic product (GDP) growth accelerated to 4.8 percent in 2019, the fastest pace in more than a decade. The presidential elections that year also marked the first democratic transition in Madagascar. The peaceful return to constitutional order supported this modest economic revival and helped restore investor confidence, reopen access to key export markets, reinstate flows of concessional financing, and encourage structural reforms. Labor market conditions improved, and poverty declined, although about 79 percent of the population lived below the international poverty line of US\$2.15 in 2019, significantly higher than the Sub-Saharan regional average of 35.1 percent.
- 3. The pandemic-induced recession reversed previous gains.** The shock associated with the pandemic triggered a recession that was about 3 times as deep as in the rest of Sub-Saharan Africa. A collapse in export revenues and private investment prompted a contraction in GDP by 7.2 percent and in income per capita of 9.8 percent in 2020. An estimated 2.4 million people fell below the international poverty line in 2020. On a more positive note, macroeconomic stability was maintained during the crisis, thanks to past fiscal consolidation efforts, a strengthened operational framework for the central bank, and large concessional financing flows (equivalent to -4 percent of GDP).
- 4. The impact of Russia's invasion of Ukraine was noticeable in 2022.** Decelerating economic activity among trading partners is likely to have reduced growth substantially in Madagascar in 2022, mainly reflecting a deteriorating outlook for the European Union (which absorbs 32 percent of the country's exports). Higher international oil prices will widen the trade deficit (refined petroleum products account for 5.1 percent of GDP.) The recent adjustment to pump prices will reduce fiscal pressures, but the government's liabilities vis-à-vis fuel distributors remain high, and Jiro sy Rano Malagasy (JIRAMA), the national electricity and water company, faces growing losses. High international food prices are expected to have a milder effect in Madagascar than in many other countries because the share of food imports in household spending is low. Rising revenues from higher nickel (nickel exports account for 4.5 percent of GDP), cobalt, and gold prices will largely offset the impact of rising oil and food prices on the trade balance.
- 5. Longstanding constraints on broad-based development,** organized into four categories (weak governance; low investment in physical, human, and natural capital; low productivity coupled with the stalled structural change in the economy and society; high and rising vulnerability to shocks), remain in place. The country's weak human capital, plagued by food and nutrition insecurity and poor education access and learning outcomes, is thus highly vulnerable to shocks. In this context, climate change is poised to make life, especially for the rural poor, much more difficult.
- 6. Madagascar's overall Country Policy and Institutional Assessment (CPIA) score has remained steady at 3.3 (out of 6) over the past 3 years (2019 to 2021),** slightly exceeding the average for East Africa and Southern Africa region and IDA borrowing countries, and

mostly reflecting a good performance on the economic management. However, poor performance on the governance/public sector management and institutions cluster (including property rights and rule-based governance, quality of budgetary and financial management and public sector, quality of public administration, and transparency, accountability, and corruption in the public sector) has consistently prevented Madagascar to reach high score of high performers such as Rwanda. Madagascar's poor governance, a constraint to both investment (domestic and foreign) and effective government spending, is also the result of the lack of consistency and continuity in the implementation of reforms compounded by higher turnover in the administration. In this context, the CPF closely aligns with the WBG's Global Crisis Response Framework, in particular, its focus on food security, climate and other natural disasters, jobs, and resilient communities is reflected in the CPF's HLOs.

- 7. The proposed World Bank Group (WBG) Country Partnership Framework (CPF) recommends a shift in the WBG's interventions contributing to three interconnected high-level outcomes (HLOs):** (i) Improved job opportunities; (ii) Improved human capital outcomes, and (iii) Enhanced resilience against shocks. The first HLO focuses on creating jobs and increasing incomes. The second seeks to make that growth more inclusive and remove constraints on future growth. The third focuses on strengthening resilience, which is necessary given Madagascar's history of crises. Progress will be possible only if political ownership of this reform agenda is reinforced and the fate of poor and vulnerable populations is put at the center of the policy debate. In this context, the CPF closely aligns with the World Bank Africa Strategy for 2019 to 2023 as well as the Africa East (AFE) priorities, i.e., Creating Jobs and Transforming Economies, Building Up the Digital Economy, Making Institutions More Efficient and Accountable, Investing in People for a healthy, educated, and well-equipped population that can capitalize on new technologies, compete for jobs, and nurture thriving communities, Supporting Climate Change Mitigation and Adaptation and Addressing the Drivers of Fragility, Conflict, and Violence is integral to the CPF.
- 8.** Informed by the World Bank Systematic Country Diagnostic (SCD) Update¹ the Country Private Sector Diagnostic (CPSD)², and lessons learned through the Completion and Learning Review (CLR) of the previous CPF (FY17-21) and the country program evaluation of the Independent Evaluation Group (IEG³), the CPF will make the following shifts:
- (a) The CPF proposes to expand programs and financing in the few areas that have worked well in the past (nutrition, social protection, Growth Poles series).
 - (b) In inclusive growth, such as reforms in the energy and transport sectors, the WBG will adopt an innovative three-level approach to reforms (whole-sector reform, partial reform, and no reform). Box 1 illustrates such an approach for the energy sector. In the transport sector, the WBG will shift from multimodal intervention to focus on roads, which serve most of the population, while adopting a gradual approach centered on technical assistance for the other areas given the difficulties in reforming the rail and aviation sectors.
 - (c) The CPF—building on past success in leveraging the WBG approach (e.g., financial inclusion)—will focus on two major sectors (energy and telecommunications), adoption of a maximizing-finance-for-development approach, and joint implementation teams of the International Finance Corporation (IFC) and the World Bank. The proposed joint digital and energy project (US\$400 million), combined with the proposed series of inclusive-growth development policy operations, is an example of the “one WBG approach” to unlocking private sector investments in the digital and rural electrification sectors. Similarly, this CPF will leverage a WBG approach in sectors such as tourism and agribusiness.

1 Systematic Country Diagnostic Update for Madagascar, April 2022.

2 Madagascar – Country Private Sector Diagnostic, December 2021.

3 The World Bank Group in Madagascar, Country Program Evaluation, Fiscal Years, 2007-21, 2022.

BOX 1. COUNTRY PARTNERSHIP FRAMEWORK THREE-LEVEL APPROACH TO REFORMS: THE ENERGY SECTOR

Given that governance challenges are such a significant constraint on Madagascar's development prospects, it is critical to address them in a clear, calibrated manner. The energy sector is arguably the best example of a sector that is simultaneously crucial for Madagascar, yet it is also beset with elite capture that has prevented reform of the sector and of JIRAMA. To illustrate the spirit in which this CPF will address governance challenges, a three-level approach to reforms in the energy sector is presented below.

CONTEXT

Limited access to electricity: Total access rate 30 percent: 15 percent access to the grid, 15 percent access off the grid.

High electricity generation costs: JIRAMA's dependency on costly fossil fuels for electricity production (about 50 percent) is symptomatic of its inability to develop least-cost domestic resources such as hydro and solar power. Independent power producers supply more than 55 percent of generation under directly negotiated power purchase agreements with conditions unfavorable to JIRAMA.

Risk to financial sustainability of JIRAMA: From a breakeven company in 2009, JIRAMA faced a sales deficit of US\$0.11/kWh in 2022, with an average production cost of US\$0.24/kWh. With an annual electricity production of 1,900 GWh, with 28 percent of technical losses and an 89 percent recovery rate, JIRAMA lost approximately US\$150 million (-MGA604 billion), compared with an annual budget of US\$185 million (MGA738 billion) for the health care sector. Government transfers of approximately US\$100 million a year to JIRAMA no longer allow the utility to maintain financial sustainability.

REFORMS

SCENARIO 1: WHOLE-SECTOR REFORM

Accelerate access to electricity in rural areas by expanding activities on densification and grid expansion, mini-grids, and off-grid solutions. The new Digital and Energy Connectivity for Inclusion in Madagascar Project will capitalize on Electricity Sector Operations and Governance Improvement Project (P151785) and Least-Cost Electricity Access Development Project (P163870) results and exploit synergies in deployment of energy and information and communications technology in small towns and rural areas of Madagascar.

Steer the energy transition away from expensive imported fossil fuels. Focus on developing new options in accordance with the least-cost power sector development plan, adopted in March 2022, and advocate for development of several hydro and solar projects on a competitive basis.

Approve key reforms needed to address governance challenges and JIRAMA's interface with the private sector. Finalization of JIRAMA's business plan is critical to establishing a trajectory for its restructuring (production assets, energy mix, planned tariff increases). The business plan is designed to allow JIRAMA to move forward on improvement and protection of revenues, reduction of losses (automatic indexation of tariffs) with implementation of reforms on the utility's operational and financial recovery to restore trust, corporate governance reform, rationalization of power purchases and rental agreements, tariff optimization, and improvement in JIRAMA's operational performance.

Capacity building of key institutions, including the Ministry of Energy, the regulator, and the Agency for the Development of Rural Electrification, and raising awareness of rural electrification operators.

SCENARIO 2: PARTIAL-SECTOR REFORM

Implement partial reforms focused on developing access to electricity in rural areas through off-grid products and mini-grids, including outsourcing of JIRAMA services in isolated grids while reducing direct investments in JIRAMA or its assets. This could include reforms on regulations and capacity building in the sector (e.g., Power Purchase Agreement Law, tariff decrees, regulator), development with the Agency for the Development of Rural Electrification and the private sector of mini-grids in rural areas, and expansion of the solar off-grid market in remote and isolated areas.

SCENARIO 3: NO SECTOR REFORM

In a business-as-usual scenario without substantial reform, there is considerable risk to JIRAMA's financial sustainability and asset base. Access expansion is likely to continue to be slow and unable to keep up with population growth. Focus would be on continued sector dialogue, technical assistance, and analytics to prepare for reform opportunities in the medium term. In parallel, the off-grid program should be continued and if performance allows, accelerated.

9. The SCD Update confirms that governance weaknesses in public financial management, decentralization, and public service delivery have limited development impact.

Recognizing the overarching constraints resulting from weak governance, the CPF will adopt a “governance filter” approach to emphasize the criticality of governance concerns across the portfolio. Consisting of a set of crosscutting questions on political economy, public financial and human resource management, technological advancements in the public sector, decentralization, participation, transparency, and performance management, among other topics, the filter will help explore major governance constraints in their sectors during preparation and implementation to improve project design and impact. The CPF will also address perennial service delivery problems with a dedicated project to improve decentralized service delivery in selected social sectors. There will be a special focus on enhancing the equity and adequacy of resources while strengthening public financial management. Increased, coordinated focus on governance constraints is likely to introduce and institutionalize more service delivery innovations, and thus have a greater net impact across the portfolio.

10. The CPSD highlights the impact of the COVID-19 pandemic on Madagascar’s private sector, and the need to address critical structural constraints to unlock new opportunities for growth and job creation.

Infrastructure bottlenecks remain formidable, and basic services like education and health care have not kept up with demand. This puts a ceiling on productivity and pushes the vast majority of Madagascar’s workers and firms into informality. With the pandemic, public investment is under pressure, and it is even more important to crowd-in private investment to critical enabling-sectors, such as transport, energy and ICT projects, as well as into other sectors of the economy in which Madagascar can build a competitive advantage, such as in agriculture, apparel and tourism.

11. The WBG also experiments with innovative approaches to geographically target regions with the greatest potential to achieve poverty reduction.

First, the World Bank will move from nationwide projects to geographically targeted projects using the Project Targeting Index methodology to focus the program in areas with high level of poverty and along growth corridors. In addition, the World Bank will use ecosystem service-based assessments to prioritize project intervention areas. Second, the World Bank will support more-integrated, multisector operations—fewer, bigger, more effective. Third, the CPF will help Madagascar benefit from regional programs, notably in the areas of food security, climate resilience, women’s empowerment, statistical capacity building, and data management. Fourth, there will be further efforts to increase the integrity of the citizen-state interface at the service delivery level, including information and communications technology (ICT)-based, proactive, targeted citizen engagement and measures that strengthen the effectiveness of accountability bodies such as the Court of Accounts to enhance technical capacity, institutional functions, and public engagement.



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COUNTRY CONTEXT & DEVELOPMENT AGENDA



2.1. SOCIAL AND POLITICAL CONTEXT

- 12. Madagascar is one of the poorest countries in the world.** An island nation off the coast of Southern Africa, Madagascar is the fourth largest island in the world, with a land mass of 587,000 km², and 28.4 million inhabitants. Despite considerable natural resources, poverty is widespread, particularly in the country's rural regions. Extreme poverty and inequality are especially pronounced in the south, especially in female-headed households and families with many children.
- 13. Madagascar's Human Capital Index (0.39) is among the lowest worldwide.** Between 2012 and 2017, it decreased from 0.39 to 0.37, before recovering to 0.39 in 2020 (before the pandemic), meaning that, as an adult, a child born in Madagascar in 2020 will be only 39 percent as productive as if they received a complete education and had good health. Madagascar has the world's fourth-highest rate of chronic malnutrition, with almost half of children under 5 years of age suffering from stunting. Fertility has declined from 5.5 births per women in 2000 to 3.9 in 2020⁴ but remains high and unevenly distributed across the country and income groups, driven by high child marriage (36 percent nationally; 65 percent in the south) and adolescent pregnancies (40 percent nationally, 57 percent in the south). Living conditions are difficult, with limited access to electricity (13 percent) in particular.
- 14. Although Madagascar has avoided large-scale violent conflict and civil war in its post-independence period, it has experienced recurrent political instability, manifesting in coups and election-related violence.** These have fueled insecurity in the form of widespread banditry in rural areas, weakened the rule of law, and undermined checks and balances. Historical and geographic factors led to emergence and persistence of institutions that are centralized and unaccountable to the population. Madagascar's fragility stems from concentration of power and resources, weak state presence and control, and deep social and spatial inequalities that exclude much of the population from basic services and livelihoods and result in a fractured social contract. The center-periphery divide has perpetuated marginalization and exclusion of parts of the country, notably the south and along coastal-highland and rural-urban divides. Infrastructure and service provision in rural areas is extremely limited in reach, quality, and upkeep, contributing to creation of territorial enclaves across the island. Citizens expect little from the state, and the state delivers only the minimum to most of the population. Annex 7 includes a summary of the drivers of fragility and potential sources of resilience in Madagascar.
- 15. The south of Madagascar has been historically marginalized and has particularly experienced banditry, widespread lawlessness, absence of governance, and a proliferation of militias as it wrestles with high exposure to climate change and natural hazards.** Comprising the three administrative regions Anosy, Androy, and Atsimo-Andrefana, Madagascar's south has long remained at the margins of state development initiatives. It has the highest concentration of poverty, with an estimated 91 percent of the population living below the poverty line. Chronic underinvestment by the central government has led the region to lag behind the rest of the country. Livelihoods are limited primarily to subsistence farming and fishing and are vulnerable to repeated natural shocks, including drought. With a multiyear drought amplifying impacts, the COVID-19 pandemic has put additional stress on subsistence livelihoods and human development and increased reliance on humanitarian aid.
- 16. Insecurity in the south, coupled with limited state presence, is exposing women and young men to increasing violence.** Absence of governance in the "red zone," an area of approximately 200,000 sq km² that largely lacks road connectivity and infrastructure, has helped create conditions for armed violence and activity by cattle robbers and bandits, who often collude with security forces⁵. Gangs of cattle robbers, composed mainly of young men, frequently clash with local communities and police forces. Although stealing cattle (Dahalo) is rooted in traditional rites of passage from childhood to manhood, it has evolved into a modern variant conducted for commercial motives, sponsored by powerful, well-connected individuals. Cattle robbers terrorize communities, especially women and children, and more recently have become involved with gender-based violence (GBV) and human trafficking. Recent years have also seen the emergence of a trafficking economy centered on gemstones, gold, and cattle, accompanied by a rise in criminality and insecurity.

⁴ United Nations Population Division. World Population Prospects: 2022 Revision.

⁵ Madagascar Country Report 2022. Bertelsmann Stiftung's Transformation Index (BTI). <https://bti-project.org/en/reports/country-report/MDG>

2.2. RECENT ECONOMIC DEVELOPMENTS

- 17. After a succession of weak growth episodes and deep crises, income per capita fell to historical lows in 2020 and is currently about 45 percent below its 1960 level.** Madagascar is one of only six countries in the world where real per capita incomes declined over such a long period of time, and the only country within that group that did not face prolonged civil war or armed conflict. This long-term decline in living standards, high fertility, and the recent experience with stop-and-go growth episodes explain why an estimated 81.6 percent of the population in 2022 still lived under the international poverty line of US\$2.15 per day (in 2017 purchasing power parity), up from 80.7 percent in 2012 and 74.2 percent in 2005.
- 18. The return to constitutional order in 2013 facilitated a modest economic recovery characterized by low investment rates and absence of significant structural transformation.** Renewed political stability, reopening of export markets, and reengagement of donors helped the upturn, which extended until 2019, although GDP growth averaged only 3.5 percent over that period, which barely surpassed population growth and was mostly supported by four sectors: mining, construction, telecommunication, and financial services. Sectors in which Madagascar is considered to have a strong comparative advantage, such as textiles, agribusiness, and tourism, which have seen few large-scale investments, contributed only marginally to the recovery. Output was stagnant in agriculture, the largest source of employment, and productivity declined, reflecting repeated climate shocks, deteriorating infrastructure, and slow adoption of higher-yielding techniques.
- 19. The COVID-19 pandemic triggered a deep recession in 2020, from which the country is struggling to recover.** A collapse in export revenues and private investment resulted in a 7.1 percent contraction in GDP by and a 9.8 percent contraction in income per capita, about 3 times as deep as in the rest of Sub-Saharan Africa. Growth rebounded in 2021 to 5.7 percent as export-oriented sectors benefited from robust global demand, but private investment was subdued, and rising domestic food price inflation limited consumption.
- 20. Russia's invasion of Ukraine is taking a toll on the growth prospects of Madagascar's major trading partners, limiting demand for Madagascar's exports.** The European Union is the destination for more than 32 percent of Madagascar's exports, well ahead of the United States (20 percent) and China (5 percent), so the deepening energy crisis in Europe will have a significant knock-on effect on economic prospects in Madagascar. Overall, the impact of slowing demand from major trading partners is expected to shave about 0.5 percentage points off Madagascar's 2022 growth projections. Rising international energy and food prices are likely to fuel inflation and external sector pressures. The combined impact of new waves of COVID-19, severe climate shocks, and Russia's invasion of Ukraine slowed activity at the start of 2022 and is expected to considerably delay economic recovery.
- 21. Public debt has remained sustainable during the crisis, but risks have increased.** The central government fiscal deficit averaged 1.5 percent of GDP from 2016 to 2019, and overall public debt levels had dropped to 39 percent of GDP by 2019, which helped create some fiscal space (Table 1). The COVID-19 crisis depleted that space as declining revenues and rising spending maintained the primary fiscal deficit in 2021 significantly above its pre-pandemic level and thus pushed public debt up to 53.5 percent of GDP, its highest level since 2005. The latest Debt Sustainability Assessment (February 2023) concluded that Madagascar was still at moderate risk of debt distress. It also indicated that a number of areas should be closely monitored, including revenue mobilization efforts, quality of public investment management, financial pressures facing key state-owned enterprises, and the Government of Madagascar's plan to rely increasingly on non-concessional financing.
- 22. Exchange rate and price stability have been maintained.** The pandemic exacerbated the current account deficit, which increased to 5 percent of GDP in 2021 from 2.1 percent in 2019, although emergency support operations from international partners, which helped limit currency pressures and maintain foreign reserves at comfortable levels (5.1 months of imports in December 2022), essentially covered external financing needs. Despite food supply disruptions and a rebound in energy prices during 2021/22, the credible commitment of the central bank to price stability and an improved operational framework helped anchor inflation and exchange rate expectations during the crisis. Banks generally remain well capitalized.

23. Little progress has been made in environmental sustainability. Low productivity of the country's natural asset base in large part drove the decline in total wealth per capita, contributing to the lack of economic growth and poverty reduction.⁶ Unregulated expansion of extractive industries, illegal trafficking of natural resources, and open access to common resources such as forests and fisheries have depleted natural resources. In addition, social factors such as the high dependence on traditional biomass lead to heavy health costs. Pollution, overexploitation, and anthropogenic pressures have also started to degrade marine resources. The pandemic has placed additional pressure on natural resources by reducing public funding available to manage protected areas.

Table 1. Baseline Macroeconomic Framework, 2018-25

	2018	2019	2020	2021	2022 ^a	2023 ^b	2024 ^b	2025 ^b
REAL ECONOMY (Annual percentage change, unless otherwise indicated)								
Real GDP	3.2	4.4	-7.1	5.7	3.8	4.2	4.8	5.1
GDP per capita (US\$, constant 2015)	470.4	478.9	433.8	447.8	453.9	461.9	472.5	485.3
GDP deflator	8.3	6.5	4.3	6.6	5.9	8.6	9.0	9.9
Consumer Price Index annual average	8.6	5.6	4.2	6.2	8.2	8.5	8.0	7.7
Export volume	2.4	10.9	-36.6	55.0	27.5	3.6	5.0	5.0
Import volume	11.1	4.6	-16.6	12.7	19.8	2.0	2.7	3.0
FISCAL ACCOUNT (Percentage of GDP, unless otherwise indicated)								
Total revenues and grants	13.8	14.4	12.8	11.4	12.1	13.5	12.1	12.3
Tax revenues	10.8	11.0	9.9	10.6	10.9	12.4	11.0	11.2
Nontax revenues and grants	3.0	3.4	2.9	0.8	1.2	1.1	1.1	1.1
Total expenditures	15.3	15.5	16.7	14.2	15.2	15.1	14.9	15.2
Current expenditures	10.0	9.9	10.0	9.1	10.0	9.7	9.3	9.4
Goods and Services and Wages	8.1	8.6	10.1	9.0	7.8	8.5	8.7	8.9
Interest payments	0.8	0.7	0.7	0.6	0.8	0.9	0.6	0.5
Other	1.1	0.6	-0.9	-0.6	1.4	0.3	0.0	0.0
Capital expenditures	5.3	5.6	6.8	5.1	5.2	5.5	5.6	5.9
General government balance (commitment basis)	-1.5	-1.1	-4.0	-2.8	-3.1	-1.6	-2.8	-2.9
Primary balance	-0.7	-0.4	-3.2	-2.2	-2.4	-0.7	-2.1	-2.4
Public debt	39.1	38.7	49.6	53.5	57.1	53.1	51.9	52.2
BALANCE OF PAYMENTS (Percentage of GDP, unless otherwise indicated)								
Current account balance (including grants)	-5.0	-5.6	-6.2	-5.7	-5.6	-6.2	-5.7	-5.5
Imports: goods and services	35.0	33.2	28.5	32.8	41.5	43.0	44.4	45.6
Exports: good and services	32.0	28.9	19.8	23.0	31.3	32.3	33.9	35.1
Terms of trade (percentage change)	5.0	-9.7	10.4	-25.1	1.3	-2.0	-0.8	-0.9
MEMORANDUM ITEMS								
Nominal GDP (MGA, billions)	45,886	51,035	49,436	55,744	61,257	69,316	79,180	91,516

a. Estimated; b. Forecast. Source: Malagasy authorities and World Bank, December 2022.

2.3. POVERTY PROFILE

24. A modest decline in monetary poverty accompanied the economic recovery that preceded the pandemic.

With resumption of growth from 2013 to 2019, the share of the population living in poverty (below the international poverty line of US\$2.15 per day in 2017 purchasing power parity) is estimated to have fallen slightly—from 80.7 percent in 2012 (the last year for which household survey data are available) to 79.4 percent in 2019, just before the 2020 crisis. The persistence of high monetary poverty during this recovery period reflected primarily the slow pace of income growth and the associated lack of job opportunities. Prevalence of poverty was significantly higher in rural areas because of low and generally declining labor productivity in agriculture, lack of accumulation of productive and human capital, and exposure to frequent climatic shocks.

25. Some indicators of nonmonetary poverty improved before the pandemic, with gains largely concentrated in the better-off northern regions.

There were noticeable improvements in access to electricity, housing, sanitation, and cooking fuel; limited improvements in child mortality and access to water; and stagnation at low levels in school attendance.⁷ On average, the total deprivation rate at the national level is estimated to have decreased by 9 percentage point between 2008 and 2018, reaching 67 percent, which is more than 20 percentage points above the average of peer countries. Improvement in nonmonetary poverty indicators remained modest and was largely concentrated in wealthier regions in the north, reflecting in part the benefit of development programs in those regions but also the impact of high-value agribusiness products such as vanilla, lychee, spices, and cacao.

26. Nonmonetary poverty indicators deteriorated in urban areas and mostly stagnated in the poorest regions in the south.

Although deprivation rates in urban areas are still about half those in rural areas, they deteriorated from 2008 to 2018 against a backdrop of rapid urbanization. Madagascar is urbanizing at one of the fastest rates in Sub-Saharan Africa (4.7 percent per year), and urbanization is increasingly concentrated in Antananarivo, putting a severe strain on infrastructure and public services, as reflected in deteriorating access to water, electricity, sanitation, and housing. Toliara and Fianarantsoa, which had the highest level of deprivation in 2008, remain the worst off. They still have the highest levels of child mortality in the country, with only marginal improvements in the past decade. School attendance stagnated nationally and dropped considerably in the southern region of Atsimo-Andrefana. Higher costs of education, driven by low state and partner investments, have been a key driver of school dropouts, leading to lower levels of learning. The newly drafted education law—largely inspired by the 2018 to 2023 education sector plan supported by all donors—makes pre-school to secondary education mandatory, reduces the cost burden on parents, and focuses on the quality of teachers. This represents a new window of opportunity for this CPF to reverse past failures and improve learning outcomes for students.

27. It is likely that the pandemic has reversed more than a decade of gains in poverty reduction, but extreme poverty has gone down thanks to social protection expansion.

The National Statistical Office, with support from the World Bank, administered a household budget survey in 2022, the first one since 2012. This new survey enabled poverty rates to be disaggregated according to location and provided a clearer picture of changes in poverty, unlike the international poverty line quoted earlier. The preliminary results suggest that national poverty increased slightly—from 72.9 percent to 75.2 percent—using the national poverty line; but extreme poverty decreased from 60 percent to 57 percent. The higher poverty seems to be because of COVID-19 and the restrictive measures the government put in place to stop its spread. The initial impact of the crisis that COVID-19 induced has been severe, with the collapse of export revenues and private investment resulting in a GDP contraction of 7.2 percent in 2020, the sharpest recession in over two decades and a significantly larger drop than observed in peer countries and across Sub-Saharan Africa. A second wave of the pandemic in 2021 and continued closure of international borders in a country that depends heavily on tourism have further delayed recovery. Extreme poverty, on the other hand slightly decreased, supported by the government's expansion of social protection coverage, especially in rural areas. Social protection coverage increased from 16,000 people in 2016 to more than 1 million people in February 2023.

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Multidimensional poverty is based on several indicators, including educational attainment; child mortality; and access to water, sanitation, housing, and electricity. The indicator is derived from harmonized surveys in the World Bank's Global Monitoring Database, which include the most recent Census (2018).

- 28. Access to health care and education declined during the pandemic.** Initially, health care facilities were underused because people were reluctant to seek care out of fear of contracting the virus and because of lockdowns and high transport costs, leading to a steep drop in basic health care coverage. A surge in hospitalizations and high infection rates among health staff, leading to staff shortages, followed. Estimates suggest that child and maternal mortality increased in 2021 by 18 and 12 percent, respectively. School closures increased already-high drop-out rates among poorer children, and household surveys indicate that the proportion of school-aged children engaged in home schooling and using learning materials that teachers provided dropped during the pandemic, which probably worsened learning outcomes that were already in crisis before the pandemic. GBV increased during the pandemic. Girls in poor households are more likely to be subject to child marriage and early pregnancy.
- 29. Droughts in the south have worsened long-standing vulnerabilities.** Decades of underinvestment compounded by three consecutive years of severe drought—with impacts amplified by COVID-19 and other covariate shocks—reduced food production, stocks, and access across Madagascar’s Grand South region during 2020 and 2021. Exceptionally low rainfall debilitated agricultural production during the main 2020/21 growing season, with losses of up to 60 percent in three of the most populated districts (Amboasary, Ambovombe, Ampanihy). Moreover, seed stocks were severely depleted, with an estimated 70 percent of households in the Androy and Anosy regions reporting having no seeds and other inputs critical to reviving agricultural production. Households in many areas ran out of food reserves much earlier than usual and resorted to desperate feeding practices such as eating clay mixed with tamarind, termites, and grasshoppers. Many households resorted to stress-sales of assets (e.g., livestock, farming equipment), assumed debt, or migrated in search of food.
- 30. Recent cyclones and the ongoing Russia’s invasion of Ukraine have heightened the vulnerability of poor households.** In early 2022, five successive storms and tropical cyclones (Ana, Batsirai, Dumako, Emnati, Gombe) hit Madagascar, damaging food crops, livestock, and infrastructure. The cyclones affected more than two-thirds of the country, leaving a trail of destruction across 17 regions, including Antananarivo, with direct damage estimated to be more than US\$658 million, equivalent to 4.8 percent of GDP (2020). In addition, cyclones are more likely to hit poor households more than once than non-poor households. Analysis that combined geo-referencing of households according to income and cyclone trajectories revealed that cyclones hit 80 percent of households in the bottom 10 percent of the consumption distribution at least twice, versus 46.5 percent of households in the top 10 percent. Russia’s invasion of Ukraine compounded these shocks by reducing supplies and increasing prices of necessities such as fuel, edible oils, and grains. Although the cyclones mainly affected vulnerable households in the parts of the country where they made landfall, the inflationary pressures are affecting everybody, with poor households being most affected because they allocate a larger share of their income to food.

2.4. MAIN DEVELOPMENT CHALLENGES

- 31. In reviewing progress toward the policy objectives of the fiscal 2016 SCD and the evolution of development outcomes since its completion, the SCD Update finds that constraints on broad-based development remain largely the same.** These (interlinked) constraints are analyzed in the update in a framework organized around five categories: weak governance; low investment in physical, human, and natural capital; low productivity coupled with stalled structural change in the economy and society; high and rising vulnerability to shocks; and limited infrastructure connectivity. Each of these constraints continued to limit prospects for broad-based development, with the ongoing COVID-induced crisis and famine in the south only increasing their relevance.

2.4.1 Weak Governance

- 32. The SCD Update confirms that weak governance is an overarching constraint and that progress on reforms is limited.** Elite capture and exclusion of important groups from policy decision-making processes are key factors underlying governance weaknesses in public finance, decentralization, management of state-owned enterprises, natural resource management, and public service delivery. A small group of elites dominates Madagascar’s economic and political systems. A high degree of centralization, absence of strong accountability mechanisms, and limited institutional capacity contribute to adverse development impacts. Even in areas where reforms have been undertaken, legislative and regulatory changes are often poorly implemented and, in some cases, subsequently reversed. Finally, state action is less effective because of insufficient transparency and limited accountability. Civil society participation is limited, media independence is under increasing pressure, and campaign financing is poorly regulated. As indicated above, the CPF, through a governance filter, will mainstream governance interventions in each of the projects that the World Bank supports (see Section 3.3).

2.4.2 Diminished Physical, Human, and Natural Capital

33. Low levels of investment in physical and human capital and rapid depletion of natural resources constrain development prospects. Low investment rates in the private sector, which reflect an unfavorable business climate; deteriorating infrastructure quality; poor public sector governance; and constrained access to finance, land, skills, and markets, have stifled growth over the last decade. Public investment has increased gradually since 2012 but remains too low and ineffective to ensure broad-based improvements in infrastructure and public services. Low national investment in social sectors, particularly health and social protection, has left systems weak and the population vulnerable. The quality of human capital has stagnated at low levels, with a worrisome decline in learning outcomes due to a lack of qualified teachers and high drop-out rates among poor children. Degradation and overexploitation threaten renewable natural resources. A population growing at 2.8 percent per year is creating additional pressures on already-fragile food systems. The CPF will address these concerns through various programs, including nutrition, social safety nets, road connectivity, and livelihood programs, that affect Madagascar's human, physical, and natural capital (see Section 3.3).

2.4.3 Lack of Structural Transformation

34. A third set of constraints is related to low and generally declining productivity amid stalled structural transformation. Low productivity arises from a variety of factors, but deteriorating supply-side conditions in the agricultural sector, unrealized potential for manufacturing and services growth, and barriers to growth-inducing urbanization play a prominent role. Most of the population remains engaged in subsistence agriculture, where productivity and real incomes have been decreasing, encouraging more people to migrate to urban areas. With limited job opportunities in industry and high-value-added services, this inflow of labor is absorbed in low-productivity, largely informal services. The recent crisis has worsened this constraint as well, with informality likely having increased further in urban areas and more productive export-oriented sectors having been adversely affected. The CPF will help scale up critical value chains and support infrastructure development, including by promoting the digital economy and governance (see Section 3.3).

2.4.4 Vulnerability to Shocks

35. Lack of resilience to frequent shocks hinders development. Madagascar has the highest risk of cyclones in Africa, experiencing three or four per year between November and April, affecting the eastern, northwestern, and western regions the most. On average, cyclones cost the economy an estimated 1 percent of GDP per year and up to 8 percent of GDP for once-in-a-century events, devastating rural communities and agriculture along the eastern coast. Total losses from cyclones in 2021 alone were equivalent to 4.8 percent of GDP, according to the World Bank's Global Rapid Damage Estimation. Extreme weather events, including cyclones, floods, and droughts, are perennial threats, particularly to dispersed rural populations that depend on agriculture. The experience of the pandemic and recent extreme weather events illustrates how factors such as poverty, weak infrastructure, lack of access to public services, and insecurity can amplify the impact of these shocks, leading to lasting damage in the absence of strong mitigation measures. To address these challenges, the CPF will help improve the fiscal space, work on resilience and climate adaptation, strengthen social safety nets, and improve natural resource management (see Section 3.3).

2.4.5 Limited Infrastructure Connectivity

36. Madagascar urgently needs better infrastructure connectivity to increase people's access to basic public services and markets and to spur economic growth and create equitable opportunities. Digital technologies hold great promise for Madagascar's economic growth, but the level of Internet use remains low, and broadband devices and services remain unaffordable for most. Similarly, access to electricity is low, reaching only 15 percent of the population, and service is unreliable. The services that the state-owned-enterprise JIRAMA provides are poor and reliant on fossil fuels, and the tariff does not cover the high costs. The tariff deficit accounts for an annual subsidy from the treasury of US\$71 million (0.6 percent of GDP, 2020). Madagascar remains highly fragmented because of lack of physical connectivity (infrastructure and services) despite having almost all transport modes. Roads are the main mode of transport, but road access and density are among the lowest in the region. Lack of connectivity isolates rural communities and limits market access and incentives to produce a surplus by investing in productivity-enhancing technologies and practices. It also limits the efficiency, performance, and resilience of food systems and markets while amplifying food security risks. Overall, the efficiency of public investment management is low, with only 30 percent of funds committed to public infrastructure investments actually spent—often on poorly selected and executed projects⁸. Under the previous CPF, the World Bank expanded its road sector program, including strengthening road sector maintenance institutions. Given the importance of transport connectivity for maximizing access to human capital services, this CPF will expand support to the transport sector.



03/

WBG PARTNERSHIP FRAMEWORK



3.1. GOVERNMENT PROGRAM AND MEDIUM-TERM STRATEGY

- 37. The government's goal of accelerating the country's development is described in its General State Policy, which is under preparation.** The government developed a Plan Emergence Madagascar, which was meant to constitute a strategic program for development of the country from 2019 to 2038, but it has not been finalized despite several rounds of consultations. The vision of the Plan Emergence Madagascar emanated from the Initiative Emergence Madagascar, which presented the president's electoral program in 2019. Given the initial delay in its preparation, combined with the COVID-19 crisis, it may not become effective until mid-2023 and will likely be revised in 2024, after the presidential elections scheduled for the end of 2023.
- 38. The General State Policy is built around three complementary pillars: the social pillar (human capital), the economic base (accelerated, inclusive, sustainable growth), and the environmental base (Madagascar green island).** It emphasizes governance as a crosscutting priority and as the foundation for emergence. Peace and security, the rule of law, and the fight against corruption are key elements, alongside autonomy and accountability of local authorities. Although the General State Policy is yet to be finalized, the proposed CPF aligns with its three pillars.

3.2 PROPOSED WBG CPF

3.2.1 Main Findings of SCD Update

- 39. The SCD Update presents the main constraints that have caused living standards in Madagascar to fall to all-time lows in 2020.** It highlights that, if pre-pandemic growth trends continue, it will take the country a decade to reverse the loss in income per capita that occurred during the 2020 crisis and more than 70 years to reach current living standards in Rwanda or Uganda. The diagnostic suggests that low investment in physical and human capital, lack of structural transformation, and vulnerability to shocks are the greatest constraints on development. Pervasive and, for the most part, intensifying governance challenges, which have prevented significant reform on many fronts and generally limit service delivery to the most disenfranchised groups. Reducing poverty will require a multipronged approach. Priority interventions were regrouped around three objectives: mobilize productive investments to accelerate economic and spatial transformation; enhance human capital and resilience of the poor to improve their livelihoods; and strengthen oversight mechanisms and citizen engagement, including civil society, to deliver better policy outcomes and limit state capture. Although interventions are well identified, sustained progress will be possible only if there is strong political ownership of the necessary reforms and greater focus on the welfare of the poorest.

3.2.2 SCD-CPF Alignment

- 40. The CPF closely aligns with the main findings of the SCD Update and addresses the constraints that it identifies.** The CPF's three HLOs almost mirror the groups of objectives established in the SCD Update. HLO-1 focuses on improving job opportunities through transformative action. HLO-2 focuses on making that growth more inclusive by addressing weaknesses and inequities in public service delivery, especially in health care and education; reducing spatial and gender inequalities; and addressing challenges specific to women. HLO-3 is about creating resilience to shocks that can reverse improvements in growth or worsen socioeconomic inequalities. Finally, including governance and institutions as a crosscutting theme and focusing on corporate commitments of climate change, citizen engagement, and gender can help address the major challenges identified in the SCD Update. The CPF is also closely aligned with AFE priorities.

3.2.3 Lessons Learned

- 41. The CPF draws lessons from the CLR (Annex 2), which concluded that the overall development outcome of the previous CPF was moderately satisfactory.** Building on the successes and weaknesses identified in the previous CPF, this CPF will continue to rely on political economy analysis to identify entry points for reforms and inform a more-sequenced approach to sectors in which responses to governance challenges have led to limited progress, such as the energy sector. The CLR and IEG evaluation recognize that programs for social protection, nutrition, and growth poles have worked well, and this CPF will expand them. IEG's evaluation noted that the bottom-up approach to service delivery that the World Bank adopted was adequate to mitigate risks related to state capture. The use of the spatial development approach under the ongoing Growth Poles Series of projects has been successful in promoting a bottom-up approach and building on lessons learned; the CPF will expand the geographic development approach to its program, leveraging the Project Targeting Index methodology. The CLR and IEG evaluation highlighted that the World Bank demonstrated flexibility in adapting its program in the

face of multiple crises, including in response to the COVID-19 pandemic. This flexibility will be maintained under this CPF, including contingent emergency response components (CERCs) in all projects, portfolio restructurings, coordinated interventions between WBG institutions, and synergies between WBG Instruments. In addition, this CPF—through HLO-3—will focus on strengthening state institutions and community resilience to shocks. The CLR and IEG noted the need for the World Bank to adjust its support for reforms to political and governance risks.

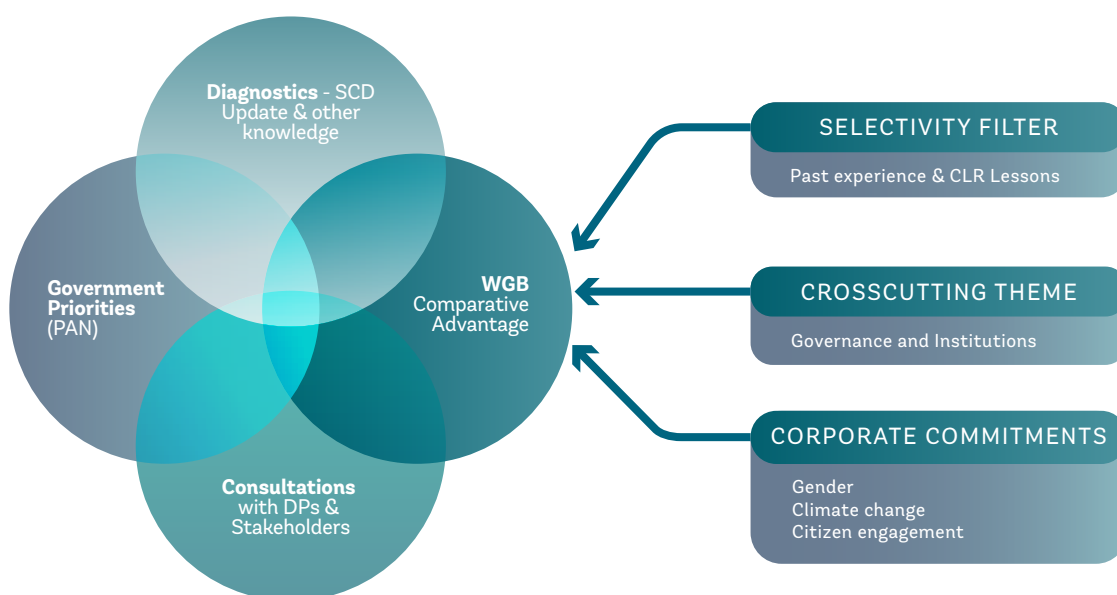
42. Cognizant of the institutional fragility and elite capture that hamper reforms, as noted in the IEG evaluation, the World Bank will adopt a three-level approach to reforms (whole-sector reform, partial reform, no reform), as illustrated in the case of the energy sector (Box 1). The CLR and IEG note that the one-World Bank Group approach has worked, including in the financial and livestock sectors. Under this CPF, the World Bank will focus on reforms that will unlock IFC investments and opportunities for the Multilateral Investment Guarantee Agency (MIGA) to de-risk foreign direct investments, including in the energy and telecommunications sectors. As IEG recommended, the World Bank will conduct a systematic political economy analysis to better inform the reforms to be supported under this CPF, including those that development policy operations support.

3.2.4 Selectivity

43. The CPF program is based on multiple selectivity criteria (Figure 1). The government's priorities, expressed through the Plan Emergence Madagascar, form the basis of the WBG program. The findings and recommendations of the SCD Update were reviewed against government priorities, lessons learned, and the comparative advantages of the WBG. The priorities identified in the SCD Update have informed the design of the CPF. Pathways to more rapid and inclusive growth in the SCD Update integrated into the CPF are:

- Increasing economic opportunities: To reduce poverty, Madagascar must increase its growth potential substantially and attract new investments in sectors that will help drive structural transformation.
- Improving service delivery: Better access to social services and infrastructure, especially for underserved communities, will be critical the post-crisis recovery and accelerating structural transformation.
- Building resilience: Efforts to protect vulnerable populations from the impacts of adverse shocks by increasing capacity to respond to pandemics, upgrading social protection systems, reinforcing disaster risk management, and adopting climate-smart investment strategies and green financing mechanisms.
- Improving natural resource management.

Figure 1. Ensuring Selectivity in Madagascar CPF



44. Extensive consultations with government and nongovernmental stakeholders and development partners helped refine the program. The WBG's internal assessment of its comparative advantage in Madagascar provided one more element for selectivity. Lessons learned from past experience, provided in the CLR and IEG country program evaluation, helped sharpen the focus of the proposed program. Finally, the criticality of governance to the success of the WBG and adherence to key corporate priorities find a place in helping finalize the CPF program.

3.2.5 Data and Knowledge Gaps

45. A large amount of evidence on priority policy intervention areas was gathered and synthesized for the SCD Update and the Country Private Sector Diagnostic, and data gaps were addressed, including in private sector development constraints and opportunities. Even so, several important data and knowledge gaps remain relevant for the current CPF to consider. For example, Madagascar needs an updated enterprise survey (the most-recent data are from 2013). The World Bank is preparing a new survey, but similar to the household survey, planning for a follow-up enterprise survey is recommended for 2025. The last labor survey was in 2015, and the last informal sector survey was in 2012. The most recent General Census of Agriculture and Livestock is from 2004/05. A new one is under preparation. There is also a critical need to adapt national accounts to the latest international methodological standards; the current national account system uses 2007 as the base year, with 1993 System of National Accounts. This CPF addresses some of these data and knowledge gaps in the proposed program.

3.3. OBJECTIVES SUPPORTED BY WBG PROGRAM



Government Priorities

1. **Peace and security**
2. **Energy and Water** for All
3. **The fight against corruption** with Zero Tolerance.
4. **Education** for All
5. **Health** is an inalienable right for every citizen
6. **Decent Work** for All
7. **Large-scale industrialization** will drive the development of the 119 districts
8. **The tourism industry** will receive special attention
9. **Food self-sufficiency** through a substantial increase in rice production.
10. The sustainable management and conservation of **natural resources** is essential.
11. **Housing** promotion and modernization
12. Autonomy and empowerment of decentralized **local authorities**
13. **Sport** should be a springboard for raising national pride



Key Development Constraints

LACK OF STRUCTURAL TRANSFORMATION

The dominance of subsistence agriculture and informal services, the lack of job opportunities in industry and higher value-added services, and uncontrolled urbanization are stifling economic opportunities

INSUFFICIENT INVESTMENT IN PHYSICAL, HUMAN AND NATURAL CAPITAL

The inability to accumulate productive capital and prevent the depletion of natural resources are increasingly constraining development prospects

VULNERABILITY TO SHOCKS

The prospects for broad-based development are hindered by Madagascar's high degree of exposure to shocks from a range of sources

WEAK GOVERNANCE

This is the overarching constraint to broad-based development in Madagascar.



CPF Objectives

OBJECTIVES-1

- 1.1 Scale up selected value chains
- 1.2 Strengthen foundations for the digital economy
- 1.3 Improve access to basic infrastructure services

OBJECTIVES-2

- 2.1 Increase access to quality education and health services
- 2.2 Promote women's and girls' empowerment
- 2.3 Improve food security systems and reduce stunting

OBJECTIVES-3

- 3.1 Increase fiscal for economic resilience
- 3.2 Strengthen Disaster Risk Management
- 3.3 Improve social protection and livelihoods
- 3.4 Improve natural resource management



High-Level Outcomes



Improved job opportunities



Improved human capital outcomes



Enhanced resilience against shocks

CROSS CUTTING THEME

Governance and institutions

HLO-1. IMPROVED JOB OPPORTUNITIES

46. Madagascar must increase economic opportunities to create jobs and increase incomes. Low investment rates in the private sector in recent years reflect persistent policy uncertainty; lack of competition in major sectors of the economy; barriers to domestic and international trade; insufficient investor protection; and constrained access to land, capital, labor, and digital connectivity. Reversing these trends will require economy-wide (e.g., improvements to the investment framework) and sector-specific reforms, particularly in agriculture and agribusiness, apparel, tourism, mining, and financial and digital services, as well as continued efforts to strengthen connectivity infrastructure (e.g., energy, transport, ICT), which are key to economic transformation and effective agglomeration. The activities of the proposed CPF will contribute to this HLO through three intermediate objectives: 1.1. scale up selected value chains, 1.2. strength foundations for the digital economy, and 1.3. improve access to basic infrastructure services.

CPF OBJECTIVE 1.1. SCALE UP SELECTED VALUE CHAINS

47. Attracting investment in sectors where Madagascar has a strong comparative advantage will require a new drive for reforms. More competition is needed, including through prohibition of cartels and implementation of credible rules to address dominant market positions. Measures to streamline procedures for business registration, construction permits, utility connections, procurement, and customs clearance, including by using ICT and the unique identity infrastructure, could help boost entrepreneurship and job creation, including through growth of micro, small, and medium-sized enterprises. Eliminating market distortions associated with poorly targeted subsidies and tax exemptions is also important to level the playing field and create new market opportunities, particularly in the food and agribusiness sector. Finally, greater consistency and clarity of rules that apply to private investment across sectors, special investment regimes, and legal status is needed to increase investor confidence. Easing land acquisition and transfer; developing an integrated framework to manage agricultural, grazing, and forest lands; improving commercial and industrial zoning in urban areas; and supporting development of industrial poles will also be critical to economic and spatial transformation.

48. Sector-specific interventions are key to unlocking the large, untapped potential of agriculture, tourism, apparel, and mining, where new investments could help support recovery and accelerate structural transformation. In agriculture, improving rural roads to increase last-mile connectivity, scaling up the production of high-value products, improving research and extension services, and encouraging a more-enabling business environment to attract much-needed private sector investment are critical needs. In tourism, priorities include enforcing the Tourism Code, encouraging private sector involvement, refining the legal and regulatory framework, and increasing competition in air transportation. In apparel and textiles, priorities include extending market preferential access, in particular renewing the African Growth and Opportunity Act after 2025, and ensuring that textile exporters can comply with the requirements of free trade agreements. In mining, priorities include removing the suspension on new mining permits, which has prevented new developments for the past decade, and adopting a new mining code that balances revenue mobilization and incentives for new investments.

49. To achieve these objectives, the proposed CPF will adopt the one-WBG approach and leverage WBG instruments and expertise. Continued implementation of the Pôle Intégré de Croissance (PIC; Integrated Growth Pole) series of projects will provide direct support to sectors (tourism, agribusiness, digital) targeted for potential for growth and employment generation while providing a platform to support policy dialogue and improvements in the investment climate. The proposed series of budget support operations would support other policy reforms. Those reforms and sector focus, in turn, would enable IFC investments and further leverage the private sector. Continued support of financial stability and inclusion will be pursued. An enterprise survey will provide additional inputs for policy dialogue. The new Rural Livelihoods Productivity and Resilience Project and the Regional Food Systems Multiphase Programmatic Approach will support efforts to increase agriculture productivity and the resilience of the country's food systems. The CPF will facilitate critical investments in agricultural research and innovation, building information and data systems to support evidence-based decision making and policy programming, strengthening water management capacity and the performance and upkeep of irrigation infrastructure, and enhancing access to agricultural finance and markets. Investments will also help restore watersheds, promote regional cooperation, and increase intraregional food trade. IFC will support the post-COVID recovery and scale up selected value chains, with a focus on agriculture and agribusiness (e.g., vanilla, livestock), light manufacturing (e.g., textiles), and complementary efforts to enable financial services and credit infrastructure, as well as support investment opportunities that promote greater intra-regional integration and South-South trade. This includes IFC support to expanding financial products such as leasing, index insurance, and digital financial services. MIGA will seek to leverage its political risk guarantees to mobilize foreign private investment in support of a green, resilient, inclusive post-pandemic recovery, focusing on sectors with high potential development impact (e.g., tourism, agribusiness) and projects with climate benefits.

CPF OBJECTIVE 1.2. STRENGTHEN FOUNDATIONS FOR THE DIGITAL ECONOMY

- 50. Significant gaps in the policy, legal, and regulatory requirements of the telecommunications sector constrain development of the digital economy.** The WBG will continue to support the government in implementing deep, accelerated sector reforms toward liberalization of the digital infrastructure, independent and effective sector regulation, and private sector participation, based on the regulatory gap analysis under the *Projet de Gouvernance Digitale et Gestion de l'Identité (PRODIGY; Digital Governance and Identification Management System Project)*. The proposed *Digital and Energy Connectivity for Inclusion in Madagascar Project*, complemented by a series of development policy operations, will further support reforms to unlock private sector investments that IFC will support. The WBG will also encourage development of an emerging digital start-up ecosystem by supporting incubation of new digital enterprises and building capacity of supporting stakeholders (incubators, accelerators, universities) through the PIC series of projects. The digital identity infrastructure, which the ongoing PRODIGY will support, will enhance transparency, accountability, efficiency, and targeting and address petty corruption in a wide range of health care, education, social protection, taxation, agricultural, land, and business facilitation services.
- 51. The WBG will continue to help the government implement deep, accelerated sector reforms toward liberalization of the digital infrastructure.** It will promote independent, effective sector regulation and private sector participation based on the regulatory gap analysis under PRODIGY, with additional support under the pipeline *Digital and Energy Connectivity for Inclusion in Madagascar Project*. This will include technical assistance to remove remaining constraints on the construction and commercialization of fiber. This will need to be combined with better wholesale regulation and promotion of a universal licensing framework and technology neutrality to ensure a level playing field for operators. Further support will be provided on strengthening and ensuring the independence of the telecommunications regulator, spectrum management, infrastructure sharing, and development of a more balanced taxation system to lower the cost of services and increase demand. In remote areas, where provision of services is not financially viable, the World Bank will provide incentives to operators to expand services and continue to help the government increase the transparency and efficiency of the ICT fund to bridge digital divides.
- 52. IFC and MIGA will aim to support greater private sector participation in other segments of the telecommunication's sector** (e.g., facility-based Internet service providers). IFC is also exploring opportunities to support enhanced market competition of broadband Internet access to make those services more affordable for a larger share of the population. MIGA will work closely with IFC to identify opportunities to de-risk foreign investments in the digital economy using its political risk guarantees. IFC and the World Bank are collaborating to improve the quality and availability of digital skills in the local market to meet private and public sector demand through PRODIGY, IFC Digital Skills Advisory Services, and pipeline investments. This work will rely on education technology-anchored solutions for efficient, sustainable delivery of digital skills-building programs. The WBG will also support development of a digital start-up ecosystem by promoting incubation of new digital enterprises and building capacity of supporting stakeholders (incubators, accelerators, universities) through the PIC project. IFC and MIGA will explore opportunities to promote digital services in agriculture, increasing traceability and reducing security challenges for farmers.

CPF OBJECTIVE 1.3. IMPROVE ACCESS TO BASIC INFRASTRUCTURE SERVICES

- 53. Enhancing domestic and regional connectivity is crucial for economic growth and poverty reduction.** Madagascar has developed its infrastructure focusing on the center of the country because of its challenging topography and cumbersome business and land tenure regulations. This suggests special economic zones as a potential instrument for the government's strategy of regional economic development. Targeted, well-designed geographic solutions such as special economic zones can help attract priority investments to generate much-needed employment (e.g., in textiles and light manufacturing). Current efforts to reform the legal framework, including the Investment Law and regulations regarding free trade zones, should provide a more conducive environment for these initiatives. MIGA's ongoing support to the Ravalina Airport project supports Madagascar's connectivity agenda while enhancing prospects for trade and tourism.
- 54. In the short-term, given the large investments needs, the CPF proposes to undertake spatial prioritization.** This can be done based on promising value chains and domestic regional competitive advantage that can improve and stabilize rural livelihoods, boost the competitiveness of the country, and create new opportunities in services while enhancing food security and resilience to climate change. Realizing this vision calls for more strategic planning and appraisal of infrastructure investments, with closer linkages to development goals, and harnessing additional sources of finance from the private sector. The World Bank will provide technical assistance to support the integrated strategy to deploy infrastructure in selected areas to maximize impact

while providing financing for investments to increase affordable access to services. MIGA will also explore opportunities to mobilize foreign private investment in key infrastructure sectors.

55. Road connectivity is critical in a country where roads serve most of the population. Transport connectivity is a common challenge for key sectors in Madagascar. Although the country has infrastructure, including roads, railways, and ports, their condition is generally poor because of past underinvestment and undermaintenance, which increases transport costs and thus hinders commercial transactions and private sector competitiveness, as well as making infrastructure more vulnerable to the impacts of natural disasters and climate change. The Madagascar Spatial Analysis of Transport Connectivity and Growth Potential, which the World Bank conducted in 2019, found a strong association between poverty rates, rural connectivity, crop and fishery production, and agribusiness development. Rural farmers, who are mostly poor, do not have good access to markets and other services, limiting productivity in the agricultural sector. Several agribusinesses are emerging in a few areas where access to markets is good. Fishery landing sites, especially in the southern and northern coastal areas, are not well connected to local towns or major cities because of poor road conditions. Such an approach is working well under the ongoing CPF, whereby major investments in the road sector are complementing programs that the ongoing Support for Resilient Livelihoods Project, PIC, and IFC investments in the south support. Using a multiphase programmatic approach, the World Bank will provide technical assistance to engage in the policy dialogue for reforms of the railway and aviation sectors, and if reforms materialize, IFC will help mobilize private investment in development of sustainable transport infrastructure (ports, airports, railroads). This could include support for developing a multimodal transport platform to decongest Toamasina port, modernizing and building free ports in other places, and creating intermodal transport links (through roads and railways) to the hinterlands to optimize port capacity and reduce costs.

56. Access to electricity and digital services will be further enhanced to support economic opportunities and human development. The WBG will adopt a three-level approach to energy sector reforms (Box 1). Such an approach might be applied to the telecommunications sector as well. Key regulatory bottlenecks remain in place and must be overcome to make progress. This includes completion of legal and regulatory reforms regarding the scaling solar project and signing of the concession and power purchase agreement for the Volobe hydropower project. If reforms materialize, IFC will help mobilize private investment in the energy sector. Through the proposed digital and energy connectivity project, the WBG will leverage digital and energy infrastructure to increase access to energy and digital services for those not connected to the grid. This approach has been effective in other countries. The WBG will also continue to support the reform of JIRAMA, and IFC is exploring the feasibility of mini grids in rural areas in collaboration with the World Bank.

HLO-2. IMPROVED HUMAN CAPITAL OUTCOMES

- 57. Lack of human capital is a key structural constraint on rapid, inclusive, sustainable growth, and investing in human capital is central to Madagascar's future.** Structural transformation and moving people out of low-productivity activities in subsistence agriculture and the informal sector and, even more so, into a digital, connected global economy, requires that people be healthy enough to learn and work and have basic skills to adjust to a new economy. The demographic dividend presents an urgent, untapped opportunity for future growth. Fertility, at 4.1 children per woman in 2019, remains high and unevenly distributed across the territory and income groups, driven by high rates of child marriage (40.3 percent nationally; 65 percent in the south). A rapid reduction in fertility, together with improvements in education and access to jobs, is crucial to increase investments in children and decrease the dependency ratio.
- 58. There are persistent gender gaps across several dimensions, especially for women and girls from rural areas and poor households.** Inadequate access to sexual, reproductive, and maternal health services affects the health outcomes of Malagasy women. Maternal mortality remains high, at 335 per 100,000 live births, and skilled medical professionals attend only 46 percent of births. In 2018, only 40.6 percent of women aged 15 to 49 used a modern contraceptive method. Moreover, Madagascar's pregnancy rate was 108 births per 1,000 women aged 15 to 19 in 2018 (versus 101 in Sub-Saharan Africa on average). An estimated 28 percent of women aged 15 to 49 have experienced physical or sexual violence, and 13 percent of women aged 20 to 24 were married by age 15 and 40.3 percent by age 18; child marriage is particularly high in the south. Women's labor force participation is high (83 percent), but the quality of jobs is poorer than for men, and women are overrepresented in self-employment (90 percent of all working women versus 86 percent of men) and vulnerable work (87 percent versus 80 percent). Only 10 percent of women are waged and salaried workers, in contrast to 14 percent of men, indicating that most of the economy is informal. In addition to ongoing Human Development capital investments, this CPF will include the proposed regional women's empowerment program to address these gender gaps, especially for the target group of girls aged 10 to 14.

CPF OBJECTIVE 2.1. INCREASE ACCESS TO QUALITY EDUCATION AND HEALTH SERVICES

- 59. The CPF proposes to build systems that are resilient and shock responsive and can deliver.** Significant gains have been achieved, including an increase in sustainable, decentralized financing of health care facilities and schools and national standards and testing for teachers and health care workers, with potential to affect service quality and accessibility for all. In this CPF cycle, engagement will be expanded, with a focus on hard-to-reach populations and adaptable systems such as pandemic preparedness, early childhood development, and quality of (and access to) education, including access to improved services such as water, sanitation, and hygiene and electricity. Public financial management will be a key focus because allocation of more financing to underfunded sectors is challenging, with low budget execution rates in health care; high rates in education, but with multiple budget reallocations reducing credibility; and both sectors with highly centralized execution, despite well-established decentralized management frameworks. In education, where outcomes are regressing, World Bank reengagement in the sector provides an opportunity to help the government reverse these trends. The approach includes interventions started under the current engagement, including focus on early childhood and learning outcomes; the critical role of teacher quality; and greater use of evidence-based approaches, including greater use of digital approaches to help teachers improve quality and reach a wider audience.

CPF OBJECTIVE 2.2. PROMOTE WOMEN'S AND GIRLS' EMPOWERMENT

- 60. This objective will focus on reducing fertility; promoting access to education, skills development, economic empowerment; and strengthening GBV prevention and response.** Shifting social norms that prevent girls' and women's socioeconomic empowerment is important to achieve sustained impact. Current WBG investment support to empower girls and women in eastern and southern Africa target only a fraction of needs. There is a need to expand the reach from thousands to millions of beneficiaries, in more countries, for greater equity and growth. Women's social and economic empowerment are best addressed through integrated, multisectoral programs. To decrease fertility, child marriage, and adolescent fertility and ultimately increase women's participation in productive employment, the CPF will focus on increasing access to GBV services; the number of girls who transition to secondary school, especially in rural areas; and access to contraception. GBV prevention will be strengthened by increasing access to safe spaces; training, awareness raising, and implementation of good practice interventions focusing on adolescent girls; and supporting implementation of legislation against child marriage. High-level, sustained political commitment and accountability are key. In this context, support is expected to be provided under the proposed women's empowerment project, which has a regional, multisectoral vision to support girls and women along the life cycle with key sector and project links, including

health and nutrition; education; water, sanitation, and hygiene; intrafamilial and economic empowerment, skills, and jobs; and an opportunity for multigenerational impacts on human capital and economic growth. Benefiting from lessons learned through the Sahel Women's Empowerment and Demographic Dividend Project and other effective international experiences, the proposed Regional Women and Girls Empowerment Project will aim to engage religious leaders, empower civil society, and support Malagasy girls and women and organizations.

CPF OBJECTIVE 2.3. IMPROVE FOOD SECURITY SYSTEMS AND REDUCE STUNTING

61. This objective will focus on reducing stunting based on multisectoral approaches with behavior change support. These constitute among the most cost-effective interventions in all of development and accelerating recent reductions in stunting has potential for multigenerational impacts on Madagascar's economic growth. This will be done mostly through the next phases of the nutrition multiphase programmatic approach, which has already shown remarkable success in reducing stunting in Madagascar. It will also be done by ensuring that all future agricultural sector projects are nutrition sensitive, and that water, sanitation, and hygiene projects take prevalence of stunting and diarrheal diseases into account for targeting and through links to social protection schemes promoting nutrition. Results to be achieved are sustained reductions in rates of stunting across intervention areas. Complementing these investments, the Food Systems Resilience multiphase programmatic approach and the Rural Productivity and Development Project will promote development of more-diversified, nutrient-rich food systems and better dietary outcomes at household and community levels. IFC's focus will be on increasing agricultural productivity by improving the enabling environment for leasing services in Madagascar, which will allow for greater access of farmers to agricultural machinery leasing options, thereby increasing their productivity. IFC is also supporting lending activities by local microfinance institutions to allow for greater access to finance of farmers, including for agricultural inputs such as improved seeds, fertilizers, and other related products.

HLO-3. ENHANCED RESILIENCE AGAINST SHOCKS

62. Madagascar risks falling further behind as peers continue to grow faster and develop greater resilience to shocks. The country must sustain significantly higher, more-inclusive growth to reduce poverty. This can happen only if the government enacts far-reaching reforms supporting private investment and job creation, greater access to basic services and infrastructure, and greater resilience to shocks. Madagascar faces the full spectrum of shocks and requires systems that can mitigate risks and develop resilience to limit losses to socioeconomic well-being. In building resilience against financial and natural shocks, the government must focus on multiple objectives—greater fiscal space, adaptation to climate risks, stronger social safety nets, and better natural resource management.

CPF OBJECTIVE 3.1. INCREASE FISCAL SPACE FOR ECONOMIC RESILIENCE

63. Restoring fiscal space will require significant improvements in spending efficiency, resource mobilization, and transparency. The CPF will focus on targeted public financial management reforms and use a range of instruments to achieve better results. Key policy priorities during the next CPF will be to increase budget credibility and spending efficiency by broadening the tax base, reinforcing public investment management systems (including for climate adaptation), improving the controls framework, boosting transparency and oversight, enhancing decentralization, improving equity of spatial allocation, and better managing fiscal risks. Interventions will use a mix of investment project financing and development policy financing operations, as well as targeted technical assistance to support digitization and modernization of key functions and processes, such as financial management and public procurement. It will support appropriate policy and institutional groundwork for these investments to yield better results in tax policy and administration reforms, cash management, financial reporting, a control framework for budget execution, and decentralized management. Engagement will build on the conclusions and recommendations of the 2022 Public Expenditure and Institutional Review, and interventions will account for past reform challenges and political economy constraints. The proposed series of development policy operations for inclusive growth will mitigate the adverse impacts of shocks on the Malagasy economy and facilitate a robust growth recovery by strengthening macro-fiscal resilience, including through fiscal management reforms, and deepening structural reforms in critical areas, including energy, digital connectivity, and climate-smart infrastructure. A new governance operation will seek to build institutional capacity for service delivery at the local level while strengthening core public financial management capacities for efficient, equitable budget planning and quality spending. Subject to implementation of mining code reforms, IFC will seek opportunities to support sustainable development of the mining sector, in close coordination with the World Bank and International Monetary Fund (IMF) and in line with the objective of increasing Madagascar's fiscal space. This would include eventual IFC financing and advisory services to selected projects in this sector.

CPF OBJECTIVE 3.2. STRENGTHEN DISASTER RISK MANAGEMENT

- 64. The WBG program is designed to reduce the high exposure and vulnerability of Madagascar to climate and other shocks.** This will be done through the proposed regional resilience program by prioritizing water resource management and strong disaster preparedness and building resilience of poor populations via assets and urban and community infrastructure to disasters and impacts of climate change. Safeguarding development gains and livelihoods and reducing poverty requires an urgent shift in water resource management; risk-informed, resilient planning and development; public infrastructure investment for resilience to droughts, floods, and cyclones; protecting household incomes through adequate adaptive safety net programs; and providing ex-ante financing to ensure rapid liquidity for relief response. The regional integrated approach to resilience will also strengthen Madagascar's hydrometeorological and early-warning systems and risk data and analytics capabilities and help decentralize its disaster risk management system. Policy reforms will be supported to create a more risk-informed public investment management system integrated with a resilience rating system and strengthened enforcement mechanisms. Finally, significant technical assistance, policy reforms, and investments will be targeted toward strengthening fiscal resilience and ex-ante risk financing capacity.
- 65. The CPF program will adopt a regional, multisectoral, subnational and spatially integrated approach.** Some high-risk areas have some of the highest poverty rates, so the Project Targeting Index will be used for further spatial targeting and prioritization. Activities related to critical resilient infrastructure and urban and community-based resilience interventions will be spatially and technically coordinated with sectors such as water, energy, transport, social protection, governance, and ICT for resilient service delivery and growth preservation.

CPF OBJECTIVE 3.3. IMPROVED SOCIAL PROTECTION AND LIVELIHOODS SUPPORT

- 66. The World Bank will continue to support development of a national, unified, inclusive, gender-sensitive social protection strategy with a focus on resilience, creating a productive pathway out of poverty, shock responsiveness, and linkages to the jobs and economic transformation agenda, with increasing domestic ownership and (potentially countercyclical) financing.** To protect the most vulnerable, support demand-side investment in health and education, and increase productivity, adaptive social protection systems will focus on better targeting, entry and graduation criteria, national ownership, sustainability, economic inclusion, and jobs. Including urban and rural areas and dovetailing with the economic transformation and jobs and economic transformation agenda, the current and next generations of programs will be designed to address poverty, inequality, climate change, and gender, including women's empowerment⁹. Establishment of a national social registry, supported by the digital identity infrastructure, with a goal of at least 1.5 million registered households (roughly 7.5 million individuals) by 2027, will support targeting, coordination, and shock responsiveness. The new Safety Nets and the Regional Resilience Project under preparation and the ongoing PRODIGY that is supporting the unique digital identity will support this. After completion of a feasibility study, IFC will support introduction of a pilot program on index insurance, which would provide livelihood protection to smallholder farmers in vulnerable situations, including those affected by extreme weather events.

CPF OBJECTIVE 3.4. IMPROVED NATURAL RESOURCE MANAGEMENT

- 67. This objective will increase the productivity and resilience of select landscapes and seascapes in Madagascar.** Landscape and seascape degradation imposes economic costs on the economy, whereas healthy landscapes sustain fertile soils and are the basis of agricultural and livestock production and forest and rangeland ecosystems. They ensure water flow regulation and quality, prevent erosion and downstream flooding, and are a key element of climate change resilience and carbon sequestration. They contribute to local livelihoods, human health and well-being, protection of biodiversity, and cultural values. Similarly, healthy seascapes will enable Madagascar to harness the potential of the blue economy.
- 68. The objective will be achieved by scaling up and mainstreaming integrated and participatory landscape and seascape management investments.** Standalone landscape operations would build on lessons learned from the portfolio, use a simplified landscape approach, increase the use of existing planning instruments, enhance synergy between planning and investments, and invest in capacity building and knowledge. Shifting from an input-based to a long-term performance-based approach to financing landscape projects could provide additional incentive for sustainable management of landscapes. Large-scale international payments for environmental services (including reducing emissions from deforestation and forest degradation and the role of conservation, sustainable management of forests, and enhancement of forest carbon stocks) could also

provide longer-term financing than shorter investment projects. Mainstreaming the landscape approach into other rural development projects would help instill principles of integrated landscape management with a view to increasing their productivity. An ecosystem index will be developed to highlight opportunities for scaling up and mainstreaming, identify priority areas for intervention, and track progress. Starting with landscapes, this effort would shift toward better seascape management. IFC and MIGA will continue to drive the application of environmental and social performance standards in the investments they support in Madagascar, building on the recent analytical work being done under the Country Climate and Development Report (CCDR). This includes exploring support to climate-smart agricultural production and decarbonization efforts in the energy sector, among others. IFC is also exploring support for expansion of clean cooking solutions, in line with its efforts to reduce deforestation and environmental degradation as a result of widespread use of firewood and charcoal. Underpinning this effort, IFC will also explore opportunities to leverage green financing instruments to support the realization of Madagascar's climate commitments, in collaboration with the private sector.

3.4 CORPORATE COMMITMENTS

69. Climate Change: Despite its small carbon footprint, Madagascar is highly vulnerable to the impacts of climate change. According to the Notre Dame Global Adaptation Initiative Index (2020), which ranks countries according to vulnerability to climate change, Madagascar ranks 167 out of 182 countries, being highly vulnerable and least ready to adapt to climate impacts. The expected impacts of climate change will put urban and rural communities at risk, particularly poor and vulnerable groups. Climate change will also put the country's asset base and drivers of growth at risk, including by reducing agricultural productivity and diminishing hydropower generation potential from repetitive drought shocks, degrading water quality, reducing access to water, damaging tourism destinations and infrastructure assets from extreme weather events such as typhoons, and increasing health risks from infectious and vector-borne diseases and heat-related mortality. To meet development goals, it is essential that Madagascar adopt climate-smart policies and investments, strengthen climate governance, protect those most vulnerable to the impact of climate change, and promote green financing. At the same time, to avoid costly rehabilitation and reconstruction from the impacts of climate change, Madagascar has an opportunity to build infrastructure differently as it begins to invest in infrastructure to support development goals. The proposed CCDR will inform WBG interventions and government actions to mitigate damage from climate change; further adjustment to the pipeline will be made at the CPF mid-term review.¹⁰

70. Gender: Women and girls in Madagascar face numerous challenges that affect their well-being. Malagasy women are less likely to be literate than men, less likely to own land, and more likely to work in informal and vulnerable jobs where they earn less than men. Twenty-eight percent of women have experienced domestic violence in their lifetime, and 46 percent of women aged 20 to 24 were married by the time they were 18 years old. The CPF recognizes the challenges that women face and recognizes gender as a crosscutting area in all the HLOs, with specific attention to closing gender gaps in HLO-2. To ensure that gender is appropriately integrated into operations, a gender platform that will provide technical assistance on gender and strengthen partnerships with civil society, government, and the private sector to improve women and girl's voice and participation will support the CPF. The gender platform will apply a filter aligned with the corporate commitment on gender.

71. Citizen Engagement: Citizen trust in the state is low according to the Afrobarometer Survey (World Bank 2019); 56 percent of citizens think that the state routinely treats people unequally and that errant officials go unpunished. Approximately one-third think that senior officials in the government and legislature are corrupt. Approximately 40 percent report having bribed the police. Eighty-seven percent worry about repercussions if asked to report corruption. While recognizing that enhancing trust in the state is a long-term goal, the CPF is designed to take a two-pronged approach to increase transparency, citizen participation, and state-citizen interaction. At the policy level, measures to strengthen effectiveness of oversight and control bodies and increase transparency of public financial management systems, including with the participation of media, academia, and civil society, will improve accountability. At the service delivery level, targeted, proactive, government-led ICT-based activities to promote production and disclosure of information and seek feedback from identified beneficiaries on a range of services that the World Bank supported project provides, with a special focus on women and geographically excluded populations, for enhanced performance management will help increase trust, mobilize community actions, and enhance services. These interventions will help build bottom-up demand for policy reforms and create a stronger enabling environment for reform implementation.

3.5 IMPLEMENTING THE CPF

3.5.1 Financial Envelope and Instruments ¹¹

72. In fiscal 2020, Madagascar returned to the regular performance-based International Development Association (IDA) allocation after 4 years of access to IDA's turn-around facility. The CPF will cover the full IDA20 (fiscal 2023-25) cycle and the first 2 years of IDA21. The indicative IDA20 allocation for Madagascar is Special Drawing Rights 649 million (US\$927 million equivalent).¹² Table 2 presents indicative pipeline and advisory services and analytics (ASAs), and Annex 8 presents the active and indicative pipeline for the CPF. As of January 30, 2023, World Bank commitment was US\$3.41 billion, including 22 national projects and two regional projects. Undisbursed balances on national projects were US\$2.3 billion. The active World Bank portfolio is diverse, with the largest investments in sustainable development (33 percent), followed by infrastructure (30 percent); human development (24 percent); and equitable growth, finance, and institutions (13 percent).

Table 2: Indicative Pipeline (Only IDA financing)

FISCAL YEAR	HLO1: IMPROVED JOB OPPORTUNITIES	HLO2: IMPROVED HUMAN CAPITAL OUTCOMES	HLO3: ENHANCED RESILIENCE AGAINST SHOCKS
FY23 (IDA20)	Operations <ul style="list-style-type: none"> Rural Livelihoods Productivity & Resilience (P175269; US\$200m) Digital and Energy Connectivity for Inclusion in Madagascar (P178701, US\$400m) 	Operations <ul style="list-style-type: none"> East Africa Girls' Empowerment and Resilience (P176393; regional project, of which US\$180m is allocated to Madagascar) 	Operations <ul style="list-style-type: none"> Madagascar First Inclusive and Resilient Growth Development Policy Operation Series I (P180288; US\$100m)
	ASA <ul style="list-style-type: none"> Madagascar Poverty Assessment Madagascar Firm Surveys - Analytical Inputs for Policy Dialogue (P174896) coupled with Country Engagement -Support for Investment Climate Reforms in Madagascar Madagascar Mining TA 		ASA <ul style="list-style-type: none"> Madagascar Country Environmental Analysis Madagascar Urbanization Review- Madagascar Climate Change and Development Report
	Cross cutting issues- Governance and Institution <ul style="list-style-type: none"> Madagascar Public Expenditure Review – programmatic Madagascar Second Inclusive and Resilient Growth Development Policy Operation Series I (P180288; US\$100m) 		

¹¹ In addition to IDA country allocations, Madagascar has benefitted from various trust funds (~US\$172 million, including US\$20 million from the Global Fund Financing Facility) and Crisis Response Window funds of US\$50 million after an initial CERC activation for US\$12.12 million under Support for Resilient Livelihoods in the South of Madagascar (P171056) to support the response to the food security crisis in southern Madagascar.

¹² Referenced IDA volumes are indicative. Actual performance-based allocations will be determined annually and will depend on total IDA resources available; number of IDA-eligible countries; Madagascar's performance rating, per capita gross national income, and population; implementation of IDA's sustainable development finance policy; and performance and other allocation parameters for other IDA borrowers.

FY24 (IDA20)	<p>Operations</p> <ul style="list-style-type: none"> ▪ Madagascar National Connectivity MPA (P179176; US\$300m) ▪ SADC Regional Statistical Capacity Building (P175731; regional project, of which US\$45m is allocated to Madagascar) ▪ Madagascar Enhancing Governance Capacity for Decentralized Service Delivery (P180018; US\$100m) 	<p>Operation</p> <ul style="list-style-type: none"> ▪ Madagascar Second Inclusive and Resilient Growth Development Policy Operation Series II (P180288; US\$100m) ▪ Regional Climate Resilience Program for Eastern and Southern Africa (P180171; regional project, of which US\$100m allocated to Madagascar)
	<p>ASA</p> <ul style="list-style-type: none"> ▪ Madagascar Economic Monitoring ▪ Madagascar Poverty Monitoring 	
	<p>Cross cutting issues - Governance and Institutions</p> <ul style="list-style-type: none"> ▪ Madagascar-Strengthening Public Finance Management and Service Delivery Project (2106637) ▪ Madagascar Public Expenditure Review – programmatic ▪ Agriculture Public Expenditure Review ▪ Integrated Multisector Capacity Project (US\$100 m) – Place holder ▪ Madagascar Second Inclusive and Resilient Growth Development Policy Operation Series II (P180288; US\$100m) 	
FY25 (IDA20)	<p>Operations</p> <ul style="list-style-type: none"> ▪ Regional Digital Accelerator (East Africa Focus, including Mozambique, Comoros and Madagascar) (US\$150m) – (Place holder(TBD)) ▪ Infrastructure Transport/Energy (Place holder(TBD); US\$150m) 	<p>Operations</p> <ul style="list-style-type: none"> ▪ Madagascar Third Inclusive and Resilient Growth Development Policy Operation Series III (P180288; US\$100m) ▪ Equitable, Growth, Finance, and Institutions (EFI)/ Finance, Competitiveness and Innovation (FCI) lending placer holder (TBD)
	<p>ASA</p> <ul style="list-style-type: none"> ▪ MG Economic Monitoring ▪ Madagascar Poverty Monitoring 	
	<p>Cross cutting issues - Governance and Institutions</p> <ul style="list-style-type: none"> ▪ Madagascar Public Expenditure Review – programmatic ▪ Madagascar Second Inclusive and Resilient Growth Development Policy Operation Series III (P180288; US\$100m) 	

73. Madagascar's response to the COVID-19 pandemic involved reprogramming future operations and restructuring the active portfolio, in line with the WBG approach to COVID-19 response around three phases.¹⁹ The relief phase was delivered in fiscal 2020 through activation of CERCs, restructuring of existing projects, and preparation of emergency operations. The restructuring phase was delivered in fiscal 2021, and the resilient phase was scheduled to be delivered in fiscal 2021 to fiscal 2023. As customary, every project in the portfolio includes a CERC, which has been an effective response to crises given Madagascar's high exposure and vulnerability to multidimensional shocks, including the COVID-19 pandemic, cyclones, and other natural disasters, as evidenced in lessons learned in the last CLR. Over the proposed CPF cycle, the IDA program is expected to stay at about two new projects per year, with a significantly higher project volume per fiscal year. Subject to meeting eligibility criteria, Madagascar may receive additional resources through the Scale-Up Facility and the Crisis Response Window Early Response Financing that would help address food insecurity, particularly in the south. Given the upcoming elections, and the likely need to make changes after a new government comes into power, flexibility will be maintained in the programming, and the performance and learning review (PLR) presents an opportunity to make required adjustments.

74. IFC will continue to coordinate with the World Bank and its global practices, leveraging complementarities around its policy dialogue with the government in key reform areas: energy, transportation, and mining. In terms of electricity reform, IFC will continue its efforts to help the Ministry of Energy draft new electricity

decrees, with the aim of overcoming key regulatory constraints to promote independent power producers. In the transport sector, IFC is involved in discussions about supporting the new private container terminal at the Toamasina Port and rehabilitation of the Madarail project. In the mining sector, the World Bank and IMF are supporting the government on mining policy and fiscal modeling, respectively, and IFC is engaged with a private sector operator in the mining sector on its eligibility under the Law on Major Mining Investments.

75. During the CPF period, MIGA's engagement in Madagascar will be aligned with the Agency's strategic focus on projects in IDA countries and countries with climate benefits. As of January 31, 2023, MIGA had US\$43.3 million in active guarantees in Madagascar relating to two projects in the transport infrastructure and digital finance sectors. MIGA also had guarantees outstanding which would enable Trade and Development Bank (TDB) to expand trade finance lending in Madagascar. MIGA, in close collaboration with IDA and IFC, is exploring opportunities to de-risk foreign investment in strategic sectors such as finance and energy and enhance the role of the foreign private sector in Madagascar's economy.

76. The CPF will increase the size of individual projects in the Madagascar portfolio from the current project volume of US\$130 million to an average of US\$149 million between fiscal 2022 and fiscal 2024. To maximize impact, operations will be aligned with the spatial approach. The CPF will take a holistic approach, drawing on lessons learned from the last CPF and other World Bank supported projects by improving the regulatory framework for environmental and social risk management in projects, providing cross-institutional coordination and collaboration on environmental and social risk management, increasing the capacity of key institutions and individuals tasked with mandates relevant to environmental and social risk management, and assessing projects in all risk sectors at the portfolio level. The pipeline will also incorporate flexibility in programing until the performance and learning review is completed to allow for any adjustments to the program, bearing in mind elections in 2023, the ongoing CCDR, and anything needed to adjust to the impact of Russia's invasion of Ukraine.

Table 3: Madagascar Portfolio Trends, Fiscal 2016 to 2025

	PORTFOLIO							PIPELINE		
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Continued projects (number)	7	10	13	14	16	16	20	22	20	15
New projects (number)	5	5	5	5	3	6	4	3	1	1
Total projects (number)	12	15	18	19	19	22	24	25	21	16
Closed projects (number)	2	2	4	3	2	2	2	5	7	4
Portfolio volume (US\$ million)	658	797	842	1,209	1,409	1,880	3,110	3,330	3,136	2,491
Average project size (US\$ million)	55	53	47	64	74	108	130	133	149	156

Note: These figures represent only national projects.

77. Knowledge and peer learning are likely to increase during this CPF period. ASA activities will include policy dialogue; technical assistance; programmatic engagements; and just-in-time assistance to support proposed ICT and energy sector innovation and integration, women's economic empowerment, better governance, climate change, and human capital. Core and crosscutting analytics will include work on climate change through the Madagascar Country Environmental Analysis and the Madagascar CCDR and Sustainable Secondary Cities through the Madagascar Urbanization Review. The World Bank will maintain high-level policy dialogue on macroeconomic and fiscal challenges with the government and other development partners through the economic and poverty-monitoring ASAs.

3.5.2 Financial Management, Procurement, and Other Government Systems

78. Recognizing the risk exposure resulting from use of designated accounts at the Central Bank, the World Bank will closely monitor those accounts to ensure that their ceilings are consistent with project needs. Fund flows will also be designed to ensure that significant resources go directly to beneficiaries or independent entities (e.g., United Nations agencies, nongovernmental organizations) to reduce the risk that funds are diverted. Recent external auditors and WBG supervision missions have identified a few ineligible expenditures that have been resolved. The WBG will maintain an intensive presence from CPF design to conclusion to ensure that strong fiduciary management and hands-on support for financial management and procurement are embedded in all operations.

79. As the WBG's New Procurement Framework requires, WBG-financed projects will use country regulations and bidding documents for all procurements up to US\$1.5 million for goods and US\$5 million for services.

Most WBG-financed contracts will be reviewed using national competitive bidding with no prior WBG review. The higher prior-review thresholds will help improve the national procurement system. To address problems such as ineffective procedures and inadequate procurement institutions, it is essential to introduce initiatives to increase system transparency by publishing public procurement data. A well-functioning system would allow the WBG to use national institutions more extensively in prior review and procurement audits.

3.5.3 Program Management and Implementation Arrangements

80. Complementarity between WBG instruments creates a virtuous implementation cycle. In some cases, development policy financing helps advance reforms needed to sustain investment project financing interventions. Similarly, investment project financing, technical assistance, and trust funds help operationalize and sustain development policy financing-supported reforms. In the past, the World Bank portfolio in Madagascar was not well targeted to areas that were most in need. This CPF will encourage a spatial approach using the Project Targeting Index methodology. Given limited fiscal space and implementation capacity, it is critical that resources be targeted to intervention areas and geographic locations with the greatest potential to alleviate poverty and achieve inclusive growth along growth corridors around key secondary cities.

81. CPF program implementation will be closely monitored through regular engagement with clients. Regular portfolio monitoring through country portfolio performance reviews and sector deep dives will continue between the World Bank and government representatives to address implementation challenges and build capacity. The CPF will maintain flexibility to adjust the portfolio in response to shocks and ensure coordinated interventions, including closer World Bank-IFC collaboration. Over the years, disbursements have been sustained as the portfolio increases, with average disbursement of approximately 20 percent. The World Bank will continue with regular reviews and meetings with the client and project implementation units through the country portfolio performance reviews and targeted deep dives, measures designed to maintain appropriate disbursement levels. A package of remote supervision tools will be provided to project teams to facilitate in-country supervision during the CPF period.¹⁴

3.5.4 Partnerships and Donor Coordination

82. The WBG will work closely with development partners to ensure effective, efficient support for Madagascar.

The dialogue on macro-fiscal policies will continue to be coordinated with the IMF with a series of development policy financing planned to start in fiscal 2023 to complement and reinforce reforms that the 3-year IMF Extended Credit Facility arrangement, which ended in January 2020, and its successor program agreed to in April 2021 supported. The WBG will also coordinate closely with the IMF to assess the impact of climate change on key macro-fiscal variables and, where feasible, draw out long-term implications for the debt, leveraging relevant analysis from IMF Climate Macroeconomic Assessment Program documents and the World Bank CCDR. The WBG will also coordinate with the IMF Resilience and Sustainability Trust to help Madagascar build resilience to external shocks and ensure sustainable growth, contributing to long-term balance-of-payments stability. Cognizant of institutional fragility, the WBG will closely work with the United Nations, the European Union, the United States Agency for International Development, and other development partners to leverage its support of lagging regions, especially the south.

83. The World Bank will continue to lead three of the 14 thematic donor-government coordination groups (energy, ICT, tourism, private sector investment) and play a leading role in health care, education, and social protection because of its convening power and role in preparing a coordinated response to the COVID-19 crisis. The World Bank and IFC will have joint implementation teams in energy, transport, and ICT.

84. The WBG will support donor coordination in sectors critical to the success of this CPF, including human development and infrastructure. In 2019, Madagascar received net official development aid of US\$28 per capita, about half the average for Sub-Saharan Africa. In this context, the WBG will leverage its assistance to crowd in financing of other development partners. For example, the human development portfolio in Madagascar already leverages more than US\$115 million in co-financing, with an additional US\$134 million in the pipeline to support key national priorities. The WBG's analytical work supports partnerships and will inform the new CPF. Recent analytical work, which includes the SCD Update, the IFC Country Private Sector Diagnostic, a comprehensive risk and resilience assessment, the ongoing poverty assessment, and the upcoming Madagascar CCDR, provides a solid analytical basis for the CPF. Lessons from the CLR of the previous CPF have helped develop this CPF.

The Madagascar Economic Update and staff assessments fed into the macroeconomic framework discussion that is crucial for maintaining stability.¹⁵ Finally, consultations with partners and a wide range of stakeholders, including the government, private sector, civil society organizations, and think tanks, have informed and greatly enhanced the analytical and strategic underpinnings of this CPF (Annex 9).

85. Partnerships with civil society will be strengthened to enhance transparency and address state capture based on the following principles: focusing on highly in-demand services and programs linked to CPF themes; ensuring that the right information flows from government to citizens and civil society and back using adequate ICT-based channels; promoting state capacity and bureaucratic incentives to encourage proactive government action; and supporting efforts to increase the integrity of the citizen–state interface at the service delivery level, including ICT-based, proactive, targeted citizen engagement and measures that strengthen the effectiveness of accountability bodies such as the Court of Accounts to enhance technical capacity, institutional functions, and public engagement.

3.5.5: Monitoring and Evaluation

86. Plans for learning throughout the CPF cycle will include leveraging implementation completion and results reports and evaluative work through the envisaged ASAs. The results framework will be the principal tool for monitoring the CPF's progress (Annex 1). It also disaggregates indicators to monitor equity for vulnerable and marginalized groups, including women and youth. The WBG will track macroeconomic and fiscal developments and closely monitor poverty and key thematic areas that may have implications for WBG operations. The World Bank will help the government collect and analyze key economic and social data, including spatial data for economic monitoring and evidence-based policy making through the proposed Regional Statistical Capacity Building Project (US\$105 million). A performance and learning review will be conducted after 2 years to take stock of progress made against the CPF objectives and adjust the strategy and results framework as needed to reflect the evolving country context and changes in client demand.



04/

MANAGING RISKS TO THE CPF PROGRAM



- 87. The overall risk to achievement of the CFP objectives is assessed as Substantial.** The risks associated with the CPF are multifaceted and interconnected (Table 4). The most significant are that the government does not implement the reforms in the two sectors of WBG focus and political instability around the electoral period in 2023 to which Madagascar has been vulnerable in the past. Even if elections go smoothly, it takes about a year to settle down, which will slow the pace of reform. Both risks, if they materialize, could slow or halt reforms needed to achieve the CPF's HLOs. To mitigate these risks, this CPF proposes a three-level reform approach whereby, if these risks materialize, it will lead to a no-reform scenario that will substantially reduce the impact of the CPF. Notwithstanding mitigation measures, residual governance and political risks are assessed as Substantial. The residual risks of the other categories are rated as Moderate or Low.
- 88. Political and Governance risk is rated Substantial.** The risk of a political crisis as Madagascar prepares for the 2023 general elections is eminent. Past political crises had severe repercussions for the economy, society, and Madagascar's engagement with the international community. The United Nations and other bilateral agencies are taking the lead in engaging on the political front. Where appropriate, the WBG will support local institutions so that they can deliver better services and continue to engage in policy dialogue with the government and collaborate with the IMF and development partners to mitigate the risks and continue implementing reforms that are critical for Madagascar. Safety net programs will continue to help protect some of the most vulnerable communities. There is a sense that the government is doing little to address the governance and transparency challenges, and state-owned enterprises are seen as being particularly vulnerable to governance challenges, although public sector agencies are not immune. The delay in releasing audits for COVID-19 expenditures was a major concern in terms of transparency. To its credit, the government has since released all the audits in question and discussed an action plan with all partners in response to the audit. The World Bank, in collaboration with the IMF and other development partners, has committed to helping address weaknesses identified and will continue this work through proposed project for Strengthening Public Finance Management Capabilities and service delivery and the Regional Statistical Capacity Building Project, which is designed to improve the Country Policy and Institutional Assessment score to support larger performance-based allocations.
- 89. Institutional capacity for implementation and sustainability risk is rated Substantial: There is limited institutional capacity.** The World Bank will maintain ring-fenced project implementation units while continuing strengthening the capacity of government's own institutions - at the central and local level - in terms of project management and implementation. Capacities building activities are embedded in each project in addition to the support under the proposed project for strengthening public finance management and service delivery.
- 90. Fiduciary risk is rated Substantial: This is given the limited capacity and transparency coupled with elite capture in Madagascar.** To mitigate this risk, the CPF program will continue to support improvements in local fiduciary systems with a focus on strengthening the control framework (internal and external audit), support to the Court of Accounts, deepening transparency, including at the beneficiary and service delivery levels and hands-on support provided by World Bank noting the Country Office staffing has been strengthening in the fiduciary areas.
- 91. Stakeholders risk is rated Substantial: To date, there has been no GBV cases in the portfolio.** However, given the growing infrastructure related portfolio which may entail temporary relocation of large groups of (mostly male) workers away from their families and home communities, the CPF recognizes the risk of GBV during its activities. The CPF will ensure that all projects incorporate gender and citizen engagement into the portfolio. It includes support for GBV prevention and responses to sexual exploitation and abuse and will have a grievance redress mechanism for community members and codes of conduct for project contractors. The World Bank will step up its partnership with the civil societies, building on the partnerships built under the previous CPF, including in the social sectors.
- 92. Lack of resilience to shocks risk is rated Substantial:** The COVID-19 pandemic, drought in the south, and the recent cyclones, which all highlight how factors such as poverty, weak infrastructure, lack of access to public services, and insecurity can amplify the impact of these shocks and exacerbate this risk. The inclusion of a dedicated HLO to strengthening resilience and related programs, including the Support for Resilient Livelihoods Project in the south of Madagascar and other programs are mitigating these risks. Climate shocks and environmental stresses that reduce agricultural output will be mitigated through the Sustainable Landscape Management Project, the Catastrophe Deferred Drawdown Option, the Atiala-Atsinanana Emission Reductions Program, and the Regional Disaster Risk Management and Resilience Project. The CERC built into all projects will respond quickly and flexibly to any shocks that arise.

Table 4. Systematic Operations Risk-Rating Tool

RISK CATEGORY	RATING
Political and governance	Substantial
Macroeconomics	Moderate
Sector strategies and policies	Moderate
Technical design of project	Low
Institutional capacity for implementation and sustainability	Substantial
Fiduciary	Substantial
Environment and social	Moderate
Stakeholders	Substantial
Conflict and violence	Moderate
Other—lack of resilience to shocks	Substantial
OVERALL	SUBSTANTIAL





ANNEXES/



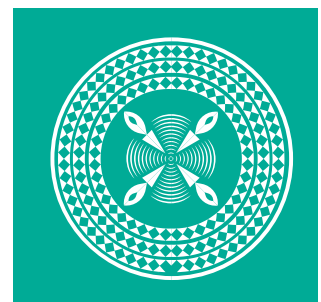
ANNEX I

RESULTS

FRAMEWORK



MADAGASCAR COUNTRY MANAGEMENT UNIT
EASTERN AND SOUTHERN AFRICA REGION
INTERNATIONAL FINANCE CORPORATION
SOUTHERN AFRICA DEPARTMENT
MULTILATERAL INVESTMENT GUARANTEE AGENCY



CPF OBJECTIVE 3.1: INCREASE FISCAL SPACE FOR ECONOMIC RESILIENCE

CURRENT VALUE

DATA SOURCE

HIGH-LEVEL OUTCOME INDICATORS

<p>1. Wage and salaried workers, total (% of total employment) (modeled ILO estimate)</p> <p>2. Wage and salaried workers, female (% of female employment) (modeled ILO estimate)</p>	<p>World Development Indicators Government of Madagascar Employment Survey</p>	<p>12.2% (2019)</p> <p>10.4% (2019)</p>
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High-Level Outcome Description: The need to accelerate growth and economic transformation in Madagascar is urgent. Even if the country reverts to pre-pandemic growth rates, it will continue to fall behind its peers and won't be able to reduce poverty significantly over the medium term.

Rationale: The first HLO will focus on growing the pie in an inclusive and green manner and taking a chance on a few sectors to push for transformation. Concentrated interventions could target key sectors supported by selected reforms (e.g., energy, telecom) with potential for creating jobs and driving growth but doing so in a manner that limits elite capture.

WBG engagement: The WBG will continue to implement the Integrated Growth Pole series of projects to provide support to key growth sectors. Budget support operations would support necessary policy reforms, which would enable and effective sector regulation, and private sector participation. IFC and MIGA will help explore ways to support the greater participation of the private sector in Madagascar's telecommunication sector. IFC and the World Bank are collaborating to improve the quality and availability of digital skills in the local market to meet private and public sector demand. WBG support will continue in key infrastructure sectors such as roads and electricity, which are crucial for improving connectivity in Madagascar. This includes technical assistance for policy dialogue on reforms, mobilizing private investment in key sectors, and developing intermodal transport links. MIGA will seek to mobilize foreign investment in support of a green, resilient, inclusive post-pandemic recovery, focusing on sectors with high development impact and targeting climate finance projects. The WBG will continue promoting reforms toward liberalization of the digital infrastructure, independent Ravinala airport to facilitate tourism. To improve electricity access, the WBG will also continue to support the reform of JIRAMA, and IFC is exploring the feasibility of mini grids in rural areas in collaboration with the World Bank.

SDG Associated: SDG1, SDG7, SDG8, SDG11

CPF OBJECTIVE 1.1: SCALE UP SELECTED VALUE CHAINS

Intervention Logic: Madagascar needs to improve job opportunities through structural transformation in order to raise incomes. Low investment rates in the private sector in recent years reflect persistent policy uncertainty, the lack of a level playing field in major sectors of the economy, barriers to domestic and international trade, insufficient investor protection, and constrained access to land, capital, labor, and digital connectivity. Reversing these trends will require both economy-wide (e.g., improvements to the investment framework) and sector-specific reforms, particularly in agriculture and agribusiness, apparel, tourism, mining, financial and digital services, as well as continued efforts to strengthen connectivity infrastructures (e.g., energy, transport, ICT), which are key to support economic transformation and effective agglomeration. With the crisis, fiscal space has been significantly reduced, making it even more important to crowd-in private investment to transport, energy and ICT projects and into sectors of the economy in which Madagascar can build a competitive advantage. To measure progress, specific sectors will be identified by the PLR stage and formal sector job creation will be measured and gender disaggregated data will be collected.

Rationale for the CPF Objective and WBG Engagement: Sector-specific interventions will be key to unlock the large untapped potential from agriculture, tourism, apparel, and mining, where new investments could help support the recovery and accelerate structural transformation. For instance, in agriculture, scaling up the production and value add processing of high-value niche products such as vanilla, cocoa, spices, horticulture, red meat, poultry, milk, and sea food requires improving rural roads, develop competencies to meet quality standards required by regulations, remove limits to competition and market access in some value chains, among others. In tourism, adopting and enforcing the new tourism public policy and Tourism Code, better integrating the private sector into the setting of strategic sectoral priorities (including ensuring environmental and social sustainability of growth in the sector), refining/clarifying the legal and regulatory framework for development and investments in high-potential market segments, and increasing competition in air transportation by reviewing the current jet fuel policy and effectively implementing an Open Skies policy, would enhance sector competitiveness and facilitate increased investment. In apparel and garments, advocating for the extension of market preferential access, particularly renewal of the African Growth and Opportunity Act (AGOA) after 2025; and ensuring that textile exporters comply with the requirements of current and future free trade agreements, including the new African Continental Free Trade Agreement would be important. In mining, removing the suspension on new mining permits, which has prevented new developments for the past decade, and adopting a new mining code that balances revenue mobilization and incentives for new investments, should help revitalize the sector and generate immediate revenues.

Lessons Learned and New Knowledge: There are significant challenges in implementing across the board reforms or even sector specific reforms at more politically sensitive sectors (e.g., energy). Incremental approaches have had relative success. On the knowledge, side, the SCD provides the analytical basis for emphasizing private investments while the selected sectors follow the findings of the Country Private Sector Diagnostic (CPSD). The CPSD, in turn, supported the priorities for IFC investments and private capital mobilization in Madagascar.

WBG Ongoing and Planned Support: To achieve these objectives, the proposed CPF will leverage different WBG instruments and expertise. Continued implementation of the PIC series of projects will provide direct support to sectors (tourism, agribusiness and digital) targeted for their potential for growth and employment generation, while also providing a platform to support policy dialogue and improvements to the investment climate in the country. Other policy reforms, would be supported by a potential series of budget support operations, as indicated by the renewed interest of the government in selected reforms. Those reforms and sector focus, in turn, would enable IFC investments and further leverage of the private sector. Continued support to financial stability and inclusion will be pursued. Implementation of an Enterprise Survey will provide additional inputs for policy dialogue. IFC will focus its efforts under this CPF on supporting the post-COVID recovery and scaling up of selected value chains, with a focus on the agriculture and agribusiness sector (e.g., vanilla, horticulture, livestock) and light manufacturing (e.g., textile), as well complementary efforts around enabling financial services and credit infrastructure.

Key Risks and Mitigation: The strategy to target efforts to feasible reforms in sectors that can credibly attract private investments, specially focusing on activities where IFC can take the lead and mobilize further resources, will help to balance the risk-reward returns to the proposed approach.

CPF Objective Indicators (Years expressed in FY)	Supplementary Progress Indicators (SPI) (Years expressed in FY)	WBG Program
<p>CPF Objective Indicator 1.1.1: Job creation as measured by the number of formal jobs created in targeted sectors and regions (Number) Baseline (2022): 7,727 Target (2027): 12,135 <i>Source: CNaPS</i></p> <p>CPF Objective 1.1.2: Improved private sector investment leveraged (US\$ million) Baseline (2022): 0 Target (2027): 21 <i>Source: Municipalities/ EDBM / Monitoring and Evaluation system (P164536, P174684)</i></p> <p>CPF Objective 1.1.3: Agriculture productivity (as measured by the value added per worker – constant 2015 US\$) increased by at least 15%. Baseline (2019): US\$369 (Source: World Bank Open Data) Target (2026): at least US\$425</p>	<p>SPI 1.1.1: Formal businesses newly registered in the target regions (Number) Baseline (2022): 9,692 PLR-stage Target (2025): 14,700 <i>Source: INSTAT/EDBM/DRI (from P174684)</i></p> <p>SPI 1.1.2: Women-led or women-owned formal businesses created in the target regions of WBG operations (Percentage) Baseline (2019): 40.5 PLR-stage Target (2025): 45 <i>Source: INSTAT/EDBM/DRI (contributing project P174684)</i></p> <p>SPI 1.1.3: Farmers with new commercial relationships in targeted value chains Baseline (2022): 24,000 PLR-stage Target (2025): 35,500 (with 25,500 from PIC and 10,000 from IFC) <i>Source: Agribusiness firms and cooperatives supported by PIC projects. IFC projects : Bonne Viande de Madagascar IS & AS (#38036 and #602130); SMTP (#36704); Madagascar Agribusiness Project (#604447).</i></p> <p>SPI 1.1.4: Value of exported agricultural commodities sold through IFC clients and sector reform (Exports value in US\$ million) Baseline (2022): 0 PLR-stage Target (2025): US\$25 <i>Source: IFC projects – Bonne Viande de Madagascar IS & AS (#38036 and #602130); SMTP (#36704); Madagascar Agribusiness Project (#604447).</i></p>	<p>Ongoing Financing</p> <ul style="list-style-type: none"> Madagascar Integrated Growth Poles and Corridor SOP-2 (P164536) Connectivity for Rural Livelihood Improvement Project (P166526) Connecting Madagascar for Inclusive Growth (P173711) Madagascar National Water Project (P174477) Madagascar Economic Transformation for Inclusive Growth Project (P174684) Madagascar Road Sector Sustainability Project (P176811) <p>Financing Pipeline:</p> <ul style="list-style-type: none"> Rural Livelihoods Productivity and Resilience Project (P175269) <p>ASA</p> <ul style="list-style-type: none"> Madagascar Firm Surveys - Analytical Inputs for Policy Dialogue coupled with Country Engagement Support for Investment Climate Reforms in Madagascar (P177204) Madagascar Poverty Assessment (P177968) MG Economic Monitoring (pipeline) Madagascar Poverty Monitoring (pipeline) <p>IFC Advisory Services Portfolio</p> <ul style="list-style-type: none"> 604447, Ministry of Agriculture – Livestock sector 602130, Bovima – Livestock sector IFC Investment Services Portfolio 41633, Ramex - Vanilla sector (ending July 2022) 38036, Bovima – Livestock sector 36704, SMTP - Poultry sector 45245, Orange Madagascar 27106, GTFP BOA Madagascar 46265, BOP Madagascar <p>IFC Advisory Services Pipeline</p> <ul style="list-style-type: none"> 605741, National strategy for Textile 603769, DFS PAMF Agribusiness Advisory IFC Investment Services Pipeline Agribusiness Textile

CPF OBJECTIVE 1.2: STRENGTHEN FOUNDATIONS FOR THE DIGITAL ECONOMY

Intervention Logic: The first step to unlocking digital transformation and the associated digital dividends is to ensure universal, affordable and reliable access to internet and its services and applications, by supporting the expansion of connectivity, reducing the cost of mobile and fixed broadband, and boosting digital skills. Such an intervention will stimulate the burgeoning digital economy and contribute to more inclusive job creation. This will require a multi-pronged approach that addresses affordability and quality of services by enhancing the enabling environment in the telecom sector, lowering the digital skills barriers, and promoting the perceived value of digital technologies to stimulate demand and encourage adoption by the general population. Lowering the cost of internet and boosting digital skills will also stimulate investments in the IT industry and the broader digital economy, leveraging public sector digital transformation to boost the domestic economy. The various interventions planned under the CPF will invest in the basic foundations of «digital», combining supply and demand side interventions, based on a coordinated holistic approach, in order to harness the power of digital technologies and build an inclusive digital economy.

Rationale for the CPF Objective and WBG Engagement: Increased broadband penetration is associated with a high impact on economic growth, especially in low- and middle-income countries. The estimates for Africa are at the higher end, with 2.5 percent of additional GDP growth for every 10 percent increase in broadband penetration (International Telecommunications Union (ITU), Economic contribution of broadband, digitization, and ICT regulation - Econometric modelling for Africa, 2019). More broadly, the growth of the digital economy would open many much-needed opportunities for Madagascar. It can create jobs for the country's young population, reducing high youth unemployment, and provide opportunities to expand service coverage. Digital financial services are an opportunity to expand digital inclusion and address the financial needs of the rural poor, given the challenges of traditional brick-and-mortar approaches. Similarly, harnessing digital channels for service delivery offers government the opportunity to expand access to services through innovative and more inclusive solutions, and can help improve the efficiency, transparency and accountability of public service delivery in key sectors, such as health and education, for example through telemedicine and e-learning. Social protection systems can be made more responsive to shocks (climatic and otherwise), thereby building resilience.

Lessons Learned and New Knowledge: The various interventions implementing the Digital Economy for Africa Initiative have revealed that, in order to harness digital sources of growth and unlock digital dividends, countries need a combination of supply-side policies and investments to support affordable and reliable broadband and digital public services, but also demand-side interventions, incentives and skills-building programs to stimulate digital adoption and productive use by individuals and businesses. Similarly, isolated investments in individual pillars of the digital economy may not have the desired impact. For example, improved digital connectivity can only have a transformational impact on job opportunities and inclusive growth if it is combined with improvements in digital skills and literacy, access to digital payments and other financial services, and support for digital entrepreneurs. The ability of governments to develop platforms such as digital identity systems and to leverage technology to improve efficiency and service delivery is critical in many of these areas. The combined effect of these improvements is greater than their sum.

WBG Ongoing and Planned Support: The WBG will continue to support the GOM in undertaking and implementing deep and accelerated sector reforms towards liberalization of the digital infrastructure, independent and effective sector regulation, and private sector participation, based on the regulatory gap analysis conducted under PRODIGY, and with additional support under the pipeline Digital and Energy Connectivity for Inclusion (DECIM) project. In remote areas, where provision of services is not financially viable, the World Bank will provide incentives to operators to expand telecommunication services, and interventions will also provide support to increase device affordability and literacy for the general population. Additionally, PRODIGY will continue supporting the public sector's digital transformation and identity management reforms, while leveraging the domestic digital economy. Improving access to legal identity, creating a centralized birth registry, and supporting service interoperability will help unlock more inclusive growth, enabling economic value creation and greater access to goods and services for previously marginalized groups. The project is also piloting agile procurement methods to increase outsourcing of digital solutions to local IT firms, as well as strengthening data protection and cybersecurity legislation and institutions. In partnership with the IFC, the project is piloting a public-private collaboration to enhance digital skills in Madagascar leveraging ed-tech solutions for both the administration and private operators, while focusing in particular on access to training for women. This includes IFC support to expanding financial products such as leasing, index insurance and digital financial services.

CPF Objective Indicators	Supplementary Progress Indicators (SPI)	WBG Program
<p>CPF Objective 1.2.1: Improved access to information and communication technology as measured by "Unique" mobile-broadband subscriptions per 100 inhabitants (percentage)</p> <p>Baseline (2022): 25 Target (2027): 40</p> <p>Source: <i>WB calculations: Mobile Broadband Capable Connections (Source: GSMA) / SIMs Per Unique Subscriber (Source: GSMA) / Population (Source: United Nations)</i></p> <p>CPF Objective 1.2.2: Adults with an account at a formal financial institution (by gender) (percentage)</p> <p>Baseline (2018): 17.9 percent of adults (male: 19.6 percent; female: 16.31 percent) Target (2027): 25 percent of adults (male: 26.5 percent; female: 23.5 percent)</p> <p>Source: <i>Global Findex database</i></p> <p>CPF Objective 1.2.3. Share of population with new digital identity credential</p> <p>Baseline (2022): 0 Target (2027): 50% (50% are women)</p> <p>Source: <i>Prodigy</i></p>	<p>SPI 1.2.1: Percent of population covered by a broadband cellular signal (3G+) (percentage)</p> <p>Baseline (2022): 78 PLR-stage Target (2025): 90</p> <p>Source: <i>Telecom operators</i></p> <p>SPI 1.2.2: Number of people certified on DGU compliant digital training (number)</p> <p>Baseline (2022): 0 PLR-stage Target (2025): 5,000</p> <p>Source: <i>DGU (PRODIGY and IFC)</i></p> <p>SPI 1.2.3: ATMs per 100,000 inhabitants (number)</p> <p>Baseline (2020): 3.13 PLR-stage Target (2025): 7</p> <p>Source: <i>IMF</i></p> <p>SPI 1.2.4: Registered mobile money agents outlets per 1000 km2 (number)</p> <p>Baseline (2020): 107 PLR-stage Target (2025): 214</p> <p>Source: <i>IMF financial access survey</i></p>	<p>Ongoing Financing</p> <ul style="list-style-type: none"> Madagascar Integrated Growth Poles and Corridor SOP-2(P164536) Madagascar Economic Transformation for Inclusive Growth Project (P1746884) Digital Governance and Identification Management System Project- PRODIGY (P169413) Connectivity for Rural Livelihood Improvement Project (P166526) <p>Financing Pipeline</p> <ul style="list-style-type: none"> Digital and Energy Connectivity for Inclusion in Madagascar-DECIM) (P178701) <p>ASA</p> <ul style="list-style-type: none"> Madagascar Poverty Assessment (P177968) Madagascar Firm Surveys - Analytical Inputs for Policy Dialogue (P174896) coupled with Country Engagement Support for Investment Climate Reforms in Madagascar (P177204) Madagascar Mining TA MG Economic Monitoring (pipeline) Madagascar Poverty Monitoring (pipeline) <p>IFC Portfolio Advisory Services</p> <ul style="list-style-type: none"> 603769, PAMF – Digital Financial Services 604409, Orange Money – Digital Financial Services 602067, Secured Transaction and Collateral Registry – Credit infrastructure 606428, Leasing Advisory – Financial Services innovation 606712, Orange Madagascar 605974, Madagascar Credit Reporting Project Phase II 606873, Madagascar Digital Skills 2 606788 : Madagascar CMDP - Treasury Advisory Services : DS – Capital Markets Development <p>IFC Portfolio Investment Services</p> <ul style="list-style-type: none"> 41389, BOA MSME Risk sharing– Banking sector 27106, BOA Trade Finance – Banking sector 23825, BP – Small business equity fund <p>IFC Investment Pipeline Services</p> <ul style="list-style-type: none"> 46265, Base of the Pyramid (BOP) Madagascar SME Linkages – Mining sector Digital Skills Vanilla sector MSME finance ICT sector

CPF OBJECTIVE 1.3: IMPROVE ACCESS TO BASIC INFRASTRUCTURE SERVICES

Intervention Logic: The lack of basic infrastructure services is a serious break to economic development and sustainable growth, particularly for Southern Madagascar. Enhancing domestic and regional connectivity will allow to better link supply and demand, increase mobility, allow access to basic services, and support the economic and social integration of the isolated southern regions. Better water and electricity access in rural areas is a key lever to improve access to healthcare services and education, which are the main pillars of human capital development. Improving access to basic infrastructure services like transport, electricity and water is essential to support Madagascar's spatial transformation, which could spur investment and job creation. These improvements are likely to help close the gender gap in key areas. For example, with better access to water, women will spend less time fetching water from distant sources and with better transport services, women may find it easier to access markets that may be typically more accessible to men.

Rationale for the CPF Objective and WBG Engagement: Economic growth and investment in the private sector are limited by persistent policy uncertainty, barriers to domestic and international trade but also by constrained access to land, capital, labor, water, energy and digital connectivity. This CPF objective falls within the support to strengthen connectivity infrastructures (e.g., water, energy, transport, ICT), which are identified as key to support economic transformation and are part of the Government's high priorities.

Lessons Learned and New Knowledge:

- The inclusion of Contingent Emergency Response Component (CERC) in infrastructure operations is critical as Madagascar is highly exposed to shocks and infrastructure has proved to suffer significantly from the weather events, natural disasters, and other external causes due to obsolescence of existing facilities and high maintenance needs.
- A realistic assessment of the government's capacity and willingness to implement reforms must be thoroughly conducted to avoid blocking situations in projects and more generally in sectoral engagement. Alternative means of intervention shall be identified at early stage to ensure the ultimate objective and final beneficiaries will be reached.
- A geospatial planning and prioritization are fundamental to focus interventions and obtain results on the ground.
- Targeted multisectoral interventions (water, agriculture, environment, energy, roads, etc.) maximize benefits and World Bank impacts.
- Considering location of Madagascar being prone to cyclones and other extreme events, it is fundamental to work with institutions for ensuring maintenance funds for large public infrastructure.
- Geospatial least-cost plans have become best practice in electrification planning.
- Consumer awareness campaigns are important not just for off-grid access expansion but also for new grid-based connections.
- Off-grid solutions should be fully and strategically integrated into a country's electrification program and planning process.
- Empowering the private sector is the best approach to deliver quality off-grid access.
- The design of the projects needs to be flexible to quickly respond to any changes and developments on the ground, especially in untested, developing off-grid markets.
- The strategy and plan to reform the utility/JIRAMA must be strongly owned by the Government to maximize chances of success and avoid repetition of failed earlier reform attempts. (Commitment, continuous dialogue, involvement of all responsible/decision maker)
- Improving sector technical and financial planning requires ownership/continuity by competent public agencies and resources for systematic development of the planning process and implementation of its outcomes.
- Weak implementation capacity within the sector can delay projects execution.
- Resettlement action plan (RAP) implementation is a critical path for every project.
- Monitoring of fixed asset management within JIRAMA is essential.

WBG Ongoing and Planned Support:

- MG-Electricity Sec Operations & Governance Improvement Project (ESOGIP) - PAGOSE (P151785) is under implementation and supports the operational performance of the national electricity utility JIRAMA as well as the reliability of electricity supply in the project area
- Madagascar - Least-Cost Electricity Access Development Project - LEAD (P163870) is under implementation and supports (i) cost-effective, priority investments in grid extension and densification, (ii) the Off-Grid Market Development Fund (OMDF) providing working capital and results-based financing (RBF) to eligible off-grid solar providers and financial institutions (iii) off-grid electrification of health facilities.
- Digital and Energy Connectivity for Inclusion in Madagascar (DECIM) (P178701) is under preparation and aims at expanding access to renewable energy and digital services by supporting both supply and demand and capitalizing on synergies between both sectors.
- Given that water is a key challenge in Southern Madagascar, a large multisectoral investment in the South is being explored. A transformational investment in the upper parts of the Mandrare river would have benefits for agriculture, water supply, environment, and energy, among others.
- The Connectivity for Rural Livelihood Project (P166526) is under implementation and is focused on the rehabilitation of parts of the RN44 and RN12A, as well as associated feeder roads, and digital connectivity. 40 km of the RN44 have already been completed while works are ongoing phase 2 of the RN44 and on the RN12A.
- The Road Sector Sustainability Project (P176811) is under implementation and is focused on supporting the government efforts to enhance the maintenance of the primary road network as well as to support the implementation of a national plan on road safety. Following damages from cyclone in 2022, the CERC of the RSSP has been activated for US\$100 million aimed at restoring road, rail, and electricity access following the cyclones. An additional financing is being prepared in early FY23 to replenish the original project to continue meeting its objectives.
- The Connecting Madagascar for Inclusive Growth Project (P173711) under implementation is aimed at rehabilitating the RN10 (400km) which is the main road in the famine affected south, as well as 100km of the RN31. It will also improve 500km of feeder roads in the vicinity of the RN10 and RN31.
- The Madagascar National Connectivity Program under preparation is aimed at continuing the rehabilitation of key national roads while also enhancing the performance of other transport modes should adequate reforms are implemented.
- A Regional Connectivity and Maritime of the sea is being prepared which will look at maritime connectivity East Africa, with a particular focus on the islands of the Indian oceans including Madagascar.
- The World Bank is also in engaged in support, through ongoing projects and/or policy dialogue, in support to reforms in all transport modes (road, rail, maritime, aviation, and urban transport)

Key Risks and Mitigation: Main risks identified remain the political and governance risks, especially as the elections are near (end of 2023). Reforms are expected to slow down around election time and uncertainty around the political and social stability might deter investors and contractors to engage in infrastructure-related projects.

CPF Objective Indicators	Supplementary Progress Indicators (SPI)	WBG Program
<p>CPF Objective 1.3.1: Rural population with access to an all-season road (of which women) in target regions Baseline (2022): 710,000 (of which 358,000 women)¹ Target (2027): 2,200,000 (of which 1,116,000 women)² Source: Road agency</p> <p>CPF Objective 1.3.2: Improved access to electricity services as measured by the share of population with access to electricity services through grid and off-grid solutions (percentage) Baseline (2021): 30 Target (2027): 43 Source: Ministry in charge of energy-MEH (geospatial analysis)</p> <p>CPF Objective 1.3.3: Improved access to water as measured by the number of people provided with access to water services (number) Baseline (2022): 94,600 Target (2027): 1,013,000 Source: JIRAMA and supervising engineer's reports. Ministry in charge of water, Communes, SLC.</p>	<p>SPI 1.3.1: National roads rehabilitated (kilometers) Baseline (2022): 40 kms PLR-stage target (2025): 300 kms rehabilitated Source: <i>Contributing project reports (P166526; P173711)</i></p> <p>SPI 1.3.2: Feeder roads rehabilitated following the climate resilient national technical design standards (kilometers) Baseline (2022): 0 PLR-stage Target (2025): 200 Source: <i>P173711, P174684 reports</i></p> <p>SPI 1.3.3: Number of new connections per year to the grid (number) Baseline (2021): 16,985 PLR-stage Target (2025): 30,000 Source: <i>JIRAMA</i></p> <p>SPI 1.3.4: Total number of new accesses to electricity through off-grid connections (number) Baseline (2022): 55,645 PLR-stage Target (2025): 300,000 Source: <i>OMDF</i></p> <p>SPI 1.3.5: New water connections per year (number) Baseline (2021): 8,635 PLR-stage Target (2025): 15,000 Source: <i>JIRAMA</i></p> <p>SPI 1.3.6: Water production capacity developed by the National Water Project (Cubic Meter) Baseline (2022): 0 PLR-stage Target (2025): 40,000 Source: <i>JIRAMA and supervising engineer's reports</i></p>	<p>Ongoing Financing</p> <ul style="list-style-type: none"> - MG-Electricity Sec Operations & Governance Improvement Project (ESOGIP) - PAGOSE (P151785) - Madagascar - Least-Cost Electricity Access Development Project - LEAD (P163870) - Madagascar Integrated Growth Poles and Corridor SOP-2(P164536) - Connectivity for Rural Livelihood Improvement Project (P166526) - Connecting Madagascar for Inclusive Growth (P173711) - Madagascar National Water Project (P174477) - Madagascar Economic Transformation for Inclusive Growth Project (P174684) - Madagascar Road Sector Sustainability Project (P176811) - Support For Resilient Livelihoods in the South of Madagascar (P171056) - Food Systems Resilience Program for Eastern and Southern Africa (P1785666) <p>Financing Pipeline</p> <ul style="list-style-type: none"> - Digital and Energy Connectivity for Inclusion in Madagascar (DECIM) (P178701) - Road Sector Sustainability Project Additional Financing (P178924) - Madagascar National Connectivity Program (P179176) <p>ASA</p> <ul style="list-style-type: none"> - Madagascar Poverty Assessment (P177968) - Madagascar Mining TA - MG Economic Monitoring (pipeline) <p>TF</p> <ul style="list-style-type: none"> - Madagascar Poverty Monitoring (pipeline) - Green and Resilient Infrastructure for Southern Madagascar <p>IFC Portfolio Advisory Services</p> <ul style="list-style-type: none"> - 601276, Scaling Solar – Energy sector - 606192, Toliara Upstream <p>IFC Advisory Services Pipeline</p> <ul style="list-style-type: none"> - 601276, Madagascar Solar <p>IFC Portfolio Investment Services</p> <ul style="list-style-type: none"> - 36882, FCS RE – Ravinala – Transport sector <p>IFC Pipeline Investment Services</p> <ul style="list-style-type: none"> - 601276, Madagascar Solar - 1042205, Compagnie Générale d'Hydroélectricité de Volobe – Energy sector - 779764, Madarail SA– Transport sector - 46140, Airtel <p>MIGA Program Ongoing guarantee coverage</p> <ul style="list-style-type: none"> - Ravinala Airport (13482)
1	400,000 (of which 200,000 women) from P173711; 310,000 (of which 158,000 women) from PACT.	
2	620,000 (of which 316,000 women) from PACT; 1,600,000 (of which 800,000 women) from P173711.	

HIGH-LEVEL OUTCOME 2 (HLO2): IMPROVED HUMAN CAPITAL OUTCOMES

HIGH-LEVEL OUTCOME INDICATORS

DATA SOURCE

CURRENT VALUE

1. Human capital index	World Development Indicators	0.4 (2020)
2. Child stunting rate	World Development Indicators	39.8% (2021)

High-Level Outcome Description: Investing in Human Capital is central to Madagascar's future economic development. Structural transformation and getting people out of low productivity activities in subsistence agriculture and the informal sector, and even more so into a digital and connected global economy, requires that people be healthy enough to learn and have basic and adequate skills to adjust to a new economy. A direct estimate of productivity gains by immediately closing the health and education gap in Madagascar results in a near doubling of the GDP per capita by 2050.

Rationale : Investing in human capital is central to reducing poverty and inequality and boosting shared prosperity. Recent simulations show that the poverty rate in Madagascar would be 70 percent lower in 2050, relative to the baseline scenario. Protecting and building human capital are a critical component of preparedness and resilience to shocks, including to epidemics and climate change. Fertility at 4.3 children per woman in 2021, remains very high and unevenly distributed across the territory and income groups, driven by high child marriage and adolescent pregnancy (31.1 percent nationally 2021). Female-headed households are usually more likely to be poor and vulnerable. A rapid reduction of fertility, together with improvements in education and access to jobs, is crucial to increase investments in children and attain future favorable dependency ratios. GBV is also high, an estimated 28 percent of women aged 15-49 have experienced physical or sexual violence and 13 and 40.3 percent of women aged 20-24 were married by the age 15 and 18, respectively. There is a need to scale up engagements with focus on hard-to-reach populations and adaptable systems including early childhood development and quality of (and access to) education and health services, as well as improving the learning environment through access to basic services in schools, especially water and sanitation which directly impact nutrition outcomes. This will result in improved coverage of services for the poorest, reversing the learning losses, and increased engagement in Early Childhood Development. It will also lead to improved educational attainment, reproductive health and economic inclusion of disadvantaged girls and young women in Madagascar. Accelerated job creation, especially in the formal sector, together with actions aimed at increasing productivity of most of the population engaged in informal low-quality productive activities, will be key to put the country on a different growth trajectory.

WBG engagement : Projects and ASAs supporting objective 2 include the Social Safety Net Project (P149323; US\$315m), Basic Education Support Project (P160442; US\$125m), Support to COVID-19 Vaccine Purchase and Health System Strengthening (P17684; US\$41m), GPSA Madagascar: Strengthening Community and Municipality Co-Engagement for Better Basic Health Services Project (P172393), Improving Nutrition Outcomes through a Multiphase Programmatic Approach (P160848; US\$100m); Madagascar National Water Project (P174477; US\$220m), and the Pandemic Preparedness and Support to Basic Health Services Delivery (P174903; US\$100m). The ASAs include the Madagascar Service Delivery Indicators - Round 2 - Education sector MG - Strengthening PFM Capabilities (2106637) and the Madagascar Public Expenditure Review - programmatic. During the CPF period its envisaged that the Phase 2 of the Multiphase Programmatic Approach (MPA) for Improving Nutrition Outcomes (P175110; US\$85m), the Regional East Africa Girls' Empowerment and Resilience project (P176393; regional project, of which US\$180m allocated to Madagascar), and the Human Capital Development project (P176393; US\$300m) will be included in this Human Capital program.

SDG Associated: SDG1, SDG2, SDG3, SDG4, SDG5

CPF OBJECTIVE 2.1: INCREASE ACCESS TO QUALITY EDUCATION AND HEALTH SERVICES

Intervention Logic: To ensure improvement of human capital, access to quality education and health services is essential. Significant gains have been achieved including increased, sustainable decentralized financing of health facilities and schools and national standards and testing for teachers and health care workers, with potential to impact service quality and accessibility for all the Malagasy. Engagements to improve service delivery will focus on hard-to-reach populations and adaptable systems including improving service quality and resilience and early childhood development. Priorities in education include qualification of teachers (SDI, PASEC), recruitment and affectation to remote areas (SDI, GEPD), infrastructure, language of instruction (PASEC2019). Community and primary levels of the health system should ensure the delivery of a basic package of preventive and curative services as the basis for a resilient and well-performing health system; pre-schooling as well as transition to secondary. Strengthening accountability, improving availability of financial and qualified human resources at the local level will support increased access to quality health and education services.

Rationale for the CPF Objective and WBG Engagement: According to 2020 Human Capital Index estimates ³, a child born today in Madagascar will be only 39 percent as productive as they could have been as an adult had they enjoyed complete education and full health. ⁴ In Madagascar, more than 90 percent of students arrive in school without the essential early skills needed to progress effectively through the early years. This leads to low learning achievement of students in Grade 1 with only 5.4 percent of students achieving 80 percent or more on the assessment of the four core areas. This is coupled with low teacher content knowledge and pedagogic skills. In the water and sanitation sector, the “Ami de WASH” certification applied in schools and supported by World Bank engagement includes packages on behavior change and hygiene that directly supports girls’ learning environment, as does the provision of safely managed Water, Sanitation and Hygiene (WASH) services on the premises at school. Stunting (chronic malnutrition) affects four out of every ten children under five years of age in Madagascar (an estimated 1.7 million children), which is one of the highest rates in the world. ⁵ Similarly, while the under-5 child mortality and adult survival rates have improved since 2010, these remain among the worst worldwide. The main drivers of poor service delivery relate to staffing (doctors and nurses; teachers) and frontline workers, who are chronically underfinanced. The primary healthcare system has neither the skilled human resources nor the financial resources to carry out basic functions. Multiple crises linked to the COVID-19 pandemic, Russia’s invasion of Ukraine, and climate change-induced weather changes, are compromising food security and threatening to derail the progress that has been made towards the country’s goals in economic and human capital development.

Lessons Learned and New Knowledge:

- Decentralization of health financing for primary health care facilities supports improvement of quality of services
- Targeted multisectoral interventions (social protection, nutrition, health, education, etc.) maximize benefits and human development impacts.
- Early childhood development services, as a key foundation for building human capital, can be enhanced efficiently through social safety net interventions, particularly through enhanced accompanying measures and behavior change interventions.
- The impact evaluations have shown that the ongoing poverty-targeted flagship safety net programs (human development cash transfer, productive safety net) can reduce poverty, improve welfare, and promote development outcomes.
- An integrated social protection system will boost community development by raising labor force participation, creating employment opportunities, and developing productive skills of the poor.
- Better social safety net interventions will help to increase women’s empowerment by providing more resources to women, by strengthening women’s decision making and technical skills.
- To protect human capital and build resilience, incorporating pro-poor and safety net interventions in urban area is as important as expanding safety net interventions in rural area.

WBG Ongoing and Planned Support: The WB has a large portfolio that seeks to increase quality of social services including the Basic Education Support Project (P160442) (US\$125 million) that aims to improve learning and promotion within the first two sub-cycles of basic education, with an emphasis on literacy and numeracy in the early grades in light of the critical importance of these foundational skills in reducing learning poverty. The Strengthening Community and Municipality Co-Engagement for Better Basic Health Services Project (P172393) seeks to improve the quality and utilization of health care services through collaborative social accountability mechanisms in target basic health centers and across the health delivery chain in Madagascar. Nutrition remains a huge challenge for the country, and this is being addressed through the Improving Nutrition Outcomes through a MPA (P160848; US\$100 million) and the 2nd MPA (P175110; US\$85 million) that seeks to increase utilization of a package of reproductive, maternal and child health and nutrition interventions and improve key nutrition behaviors known to reduce stunting in targeted regions and to provide immediate and effective response to an eligible crisis or emergency. Recurrent crises including droughts, cyclones and other disasters that threaten social services is being tackled by the Madagascar National Water Project (P174477) seeks to increase access to water services in the Greater Antananarivo area and select secondary towns and to improve the capacity of the water sector as well as the Pandemic Preparedness and Basic Health Services Delivery (P174903, US\$134.9m) whose goal is to strengthen cross-sectoral capacity for pandemic preparedness and response and improve the provision of basic health services and quality of care and is designed to dovetail with a regional Pandemic Preparedness project currently under conceptualization. In the Pipeline the country cognizant of the burdens that women and girls have to bear and seeks to improve the educational attainment, reproductive health and economic inclusion of disadvantaged girls and young women in Madagascar through a regional Women’s Empowerment Project that is currently under preparation.

³ https://worldbankgroup.sharepoint.com/sites/wbsites/HumanCapital/Documents/HCIIndex2020byregionandcountry/Sub-SaharanAfrica-East/HCI_2pager_MDG.pdf - HCI 2020: Country briefs by region - Africa East - Madagascar
⁴ <http://mics.unicef.org/> - Madagascar MICS 2018, except stunting rate from Demographic and Health Survey 2021.

⁵ UNICEF, WHO and the World Bank Group, Levels and trends in child malnutrition (2019). Madagascar was ranked eighth globally in 2019.

CPF Objective Indicators	Supplementary Progress Indicators (SPI)	WBG Program
<p>Objective Indicator 2.1.1: Improved pre-school enrolment rate Baseline (2021): 42.2% (2021/22 school year) Target (2027): 45.0% <i>Source: Ministry of Education Statistical Yearbook</i></p>	<p>SPI 2.1.1: Number of teachers trained in teaching reading, writing and math in Grades 1 & 2 Baseline writing (2021): 28,953 trained in reading, writing, and math for early years PLR-stage Target (2025): Approx. 37,000 Source: PAEB <i>Monitoring and Evaluation</i></p>	<p>Ongoing Financing</p> <ul style="list-style-type: none"> Basic Education Support Project (PAEB - P160442) (US\$125m) Social Safety Net Project (P149323; US\$315m) Support to COVID-19 Vaccine Purchase and Health System Strengthening (P17684; US\$141m) GPSA Madagascar: Strengthening Community and Municipality Co-Engagement for Better Basic Health Services Project (P172393) Madagascar National Water Project (P174477)
<p>Objective Indicator 2.1.2: Increased share of pupils completing primary school Baseline (2021): 53.1% (2021/22 school year) Target (2027): 65.0% <i>Source: Ministry of Education Statistical Yearbook</i></p>	<p>SPI 2.1.2: Number of selected and trained pre-school educators Baseline writing (2021): 780 PLR-stage Target (2025): 4,200 Source: PAEB <i>Monitoring and Evaluation</i></p>	<ul style="list-style-type: none"> Improving Nutrition Outcomes through a Multiphase Programmatic Approach (PARN 1 - P160848; US\$100m) Pandemic Preparedness and Basic Health Services Delivery (PPSB- P174903; US\$134.9m) Phase 2 of the MPA for Improving Nutrition Outcomes (P175110; US\$85m) Support to COVID-19 Vaccine Purchase and Health System Strengthening (P17684; US\$141m) Social Safety Net Project (P149323; US\$315m)
<p>Objective Indicator 2.1.3: Percentage of CSBs (Basic Health Centers) meeting revised national standards (Percentage) Baseline (2022): 0 (PPSB) Target: 50 (2026)</p>	<p>SPI 2.1.3: Share of CSBs in priority areas that have filled medical and paramedical posts in compliance with HR norms (Percentage) Baseline: (2022): 0 (PPSB) PLR-stage Target (2025): 65</p>	<ul style="list-style-type: none"> Improving Nutrition Outcomes through a Multiphase Programmatic Approach (P160848; US\$100m) Madagascar National Water Project (P174477) <p>Financing Pipeline</p> <ul style="list-style-type: none"> Regional East Africa Girls' Empowerment and Resilience (P176393; regional project, of which US\$180m allocated to Madagascar) New social protection project
		<p>Ongoing ASA</p> <ul style="list-style-type: none"> Education Service Delivery Indicators MG-Strengthening PFM Capabilities (2106637) Madagascar Public Expenditure Review – programmatic

CPF OBJECTIVE 2.2: PROMOTE WOMEN'S AND GIRLS' EMPOWERMENT

Intervention Logic: Investing in women's and girls' empowerment is fundamental to realizing Madagascar's human capital potential and to spurring sustainable economic growth. Low education, particularly among women, has a perpetuating impact on the weak education and health of children. Reducing fertility is critical as population growth is outstripping economic growth perpetuating the cycle of poverty, disproportionately affecting the poorest families and least educated women. Early pregnancy and poor spacing is associated with higher maternal and neonatal mortality; without adequate nutrition, young children are more likely to be stunted, their brains fail to develop properly, and they are ill-equipped to thrive and succeed. The government wants to achieve the full benefits of the demographic dividend by improving its human capital and women's empowerment. GBV, in particular intimate partner violence and child marriage, is high in Madagascar. An estimated 28 percent of women aged 15-49 have experienced physical or sexual violence and 13 and 40.3 percent of women aged 20-24 were married by the age 15 and 18, respectively; child marriage is particularly high in the South. This objective will focus on rapidly reducing fertility; strengthening GBV prevention and services, including abuse in schools and child marriage; promoting further access to education and skills' development, and economic empowerment, as well as access to reproductive health services. To support this important objective, a major program in the form of the Regional Women and Girls Empowerment in Eastern and Southern Africa will be implemented in Madagascar. Its objective will be to holistically address constraints to women's and girls' empowerment.

Rationale for the CPF Objective and WBG Engagement: Only 5 percent of women have completed secondary education with one in every four girls dropping out of lower secondary. Significant disparities are noted in rural and urban areas in access, learning outcomes and completion at secondary level. For example, fewer than 1 percent of girls have completed their lower secondary education in rural areas compared to 40 percent of girls in urban areas. One of the main reasons that hinders learning is poor access to quality early childhood education. High rates of GBV impact women and girls' access to education, health and economic opportunities.

Lessons Learned and New Knowledge:

- Female teachers are 10 percentage points more likely to be present in the classroom than male teachers
- Increasing years of schooling for girls help decrease fertility rates
- Having access to good quality water, sanitation and menstrual hygiene management infrastructure and services in schools, along with educational packages, contributes to decreasing absenteeism for girls
- Harmful gender norms are among the key drivers of child marriage

WBG Ongoing and Planned Support: The active portfolio consists of the Madagascar Basic Education Support Project-Additional Financing (P172051), the 1st and 2nd phase of Improving Nutrition Outcomes MPA (P160848 and P175110) as well as the Pandemic Preparedness and Support to Basic Health Services Delivery (P174903). In the pipeline under preparation is the Women and Girls Empowerment in Eastern and Southern Africa project (P179293).

CPF Objective Indicators	Supplementary Progress Indicators (SPI)	WBG Program
<p>Indicator 2.2.1: Number of women and girls receiving GBV services</p> <p>Baseline (2022): 0</p> <p>Target (2027): 500,000</p> <p>Objective Indicator 2.2.2: Increased share of students completing lower secondary school (girls)</p> <p>Baseline (2021): 34.5% (2021/22 school year)</p> <p>Target (2027): 30.0%</p> <p>Source: <i>Ministry of Education Statistical Yearbook</i></p> <p>Objective Indicator 2.2.3: Percentage of adolescent girls who are unmarried before age 18 as a result of child marriage prevention activities</p> <p>Baseline (2022): 0</p> <p>Target (2027): 40% of girls participating in child marriage prevention activities</p>	<p>SPI 2.2.1: Number of adolescents using modern contraceptive methods (Number)</p> <p>Baseline (2022): 374,053 (PPSB)</p> <p>PLR-stage Target (2025): 409,929 (Pandemic Preparedness PPSB – for regions targeted by the Project).</p>	<p>Ongoing Financing</p> <ul style="list-style-type: none"> Basic Education Support Project (P160442) (US\$125m) Pandemic Preparedness and Basic Health Services Delivery (P174903, US\$134.9m) Improving Nutrition Outcomes through a Multiphase Programmatic Approach (P160848; US\$100m) Phase 2 of the MPA for Improving Nutrition Outcomes (P175110; US\$85m) <p>Financing Pipeline</p> <ul style="list-style-type: none"> Regional Women and Girls Empowerment in Eastern and Southern Africa (P179293) <p>Ongoing ASA</p> <ul style="list-style-type: none"> Education Service Delivery Indicators

CPF OBJECTIVE 2.3: IMPROVE FOOD SECURITY SYSTEMS AND REDUCE STUNTING

Intervention Logic: The aim is to meet immediate food needs, tackle both the underlying structural challenges of food insecurity and reduce beneficiaries' sensitivity to unpredictable climate, crisis and conflict events. There will be a focus on stunting reduction, based on multisectoral approaches with behavior change supports. Access to improved water supply, sanitation and hygiene services has been shown to reduce the incidence of diarrheal diseases, which in turn contributes to improving nutritional outcomes and decreasing rates of stunting among children. The WBG's support for recent success in reducing stunting has proven critical.

Rationale for the CPF Objective and WBG Engagement: In 2021, Madagascar for the first time joined Haiti, Nigeria, South Sudan, Yemen, and 23 other food security "hot-spot" countries around the globe that are struggling to feed themselves. Madagascar's acute and increasing vulnerability to climate change and extreme weather events—especially cyclones, flooding, and drought, amplified by accelerating loss of ecosystems and natural resource depletion—is undermining the country's agriculture and food systems and threatening the lives and livelihoods of millions. In Madagascar, rates of chronic malnutrition and stunting are among the world's highest (70 percent of children under five years old are malnourished),⁶ severely handicapping human capital and constraining economic development.⁷ Improving nutritional outcomes and reducing stunting are essential to improving learning and developmental outcomes for children and to safeguarding and building Human Capital. Strengthening and diversifying food systems improves food security and household access to more varied and nutrient rich diets. The WBG supports this objective by enhancing farmer access to climate-smart technologies (including improved seeds) and practices, agriculture finance, land tenure security, quality irrigation services and marketing infrastructure (roads, storage), decision support tools (such as weather information and agro-advisory services) and promoting increased regional cooperation and intra-regional food trade. These interventions will be complemented by investments in WASH services that decrease the incidence of diarrheal diseases and improve nutritional outcomes over time.

6 Demographic and Health Survey 2021.

7 World Food Program, Madagascar. <https://www.wfp.org/countries/madagascar>.

CPF Objective Indicators	Supplementary Progress Indicators (SPI)	WBG Program
<p>Objective Indicator 2.3.1: People who have received essential health, nutrition, and population services</p> <p>Baseline (2022): 1,875,461 (current PARN 1 support in 9 regions)</p> <p>Target (2026): 3,461,100</p> <p>Source: PARN2</p> <p>Objective Indicator 2.3.2: Reduction in food insecure people in project-targeted areas (percentage)</p> <p>Baseline (2022): 0</p> <p>Target (2027): 5</p> <p>Source: FSRP</p> <p>Objective Indicator 2.3.3: Reduction in under 5 children stunted (national):</p> <p>Baseline (2021): 39.8%</p> <p>Target (2027): 35%</p>	<p>SPI 2.3.1: People who have received essential health, nutrition, and population services</p> <p>Baseline (2022): 1,875,461 (current PARN 1 support in 9 regions)</p> <p>Target (2026): 3,461,100</p> <p>Source: PARN2</p> <p>SPI 2.3.2: Percentage of infants 0-5 months of age exclusively breastfed (For regions supported by PARN 2)</p> <p>Baseline (2022): 54.4</p> <p>PLR-stage Target (2025): 58.4</p> <p>SPI 2.3.3: Percentage of children 6-23 months of age receiving 5 of the 8 recommended food groups</p> <p>Baseline (2022): 20</p> <p>PLR-stage Target (2025): 30</p> <p>SPI 2.3.4: Additional number of students with access to improved school sanitation</p> <p>Baseline (2022): 0</p> <p>PLR-stage Target (2025): 115,000</p> <p>SPI 2.3.5: Change in the household's dietary diversity score among targeted beneficiary households.</p> <p>Baseline (2022): 0</p> <p>PLR-stage Target (2025): 25</p> <p>Source: Food Security and Resilience Project</p>	<p>Ongoing Financing</p> <ul style="list-style-type: none"> Improving Nutrition Outcomes through a Multiphase Programmatic Approach (P160848; US\$100m) GPSA Madagascar: Strengthening Community and Municipality Co- Engagement for Better Basic Health Services Project (P172393) Madagascar National Water Project (P174477) Pandemic Preparedness and Basic Health Services Delivery (P174903, US\$134.9m) Phase 2 of the MPA for Improving Nutrition Outcomes (P175110; US\$85m) Support for Resilient Livelihoods in the South of Madagascar (MIONJO) - P171056. Food Systems Resilience Program for Eastern and Southern Africa (P178566) <p>Financing Pipeline</p> <ul style="list-style-type: none"> Regional East Africa Girls' Empowerment and Resilience (P179293; regional project, of which US\$180m allocated to Madagascar) Rural Productivity and Livelihoods Resilience Project <p>Ongoing ASA</p> <ul style="list-style-type: none"> Madagascar Service Delivery Indicators - Round 2 - Education sector

HIGH-LEVEL OUTCOME 3 (HLO3): ENHANCED RESILIENCE AGAINST SHOCKS

CURRENT VALUE

DATA SOURCE

HIGH-LEVEL OUTCOME INDICATORS	DATA SOURCE	CURRENT VALUE
<ol style="list-style-type: none"> 1. Tax Revenue/GDP ratio 2. Global Climate Risk Index ranking 3. Coverage of social protection system (% of population) 	World Development Indicators	10.5% (2019)

High-Level Outcome Description: Madagascar's history is one of crises reversing any gains in poverty reduction. Even if economic growth takes off and even if that growth is more inclusive, Madagascar's vulnerability to shocks – macro-fiscal, climate, health etc., requires constant attention. Specifically, the resilience of people to such crises

Rationale: The third HLO will focus on this aspect – Strengthening the resilience of vulnerable communities to a variety of shocks will help preserve any gains that may obtain through inclusive growth. Resilience is both about people, institutions and systems.

WBG engagement: Ongoing financing includes PRODIGY, Disaster Risk Management Development Policy Financing with a Catastrophe Deferred Drawdown Option (Cat DDO) - P167941, Support for resilient livelihoods in the South of Madagascar (P171056), Pandemic Preparedness and Basic Health Services Delivery Project (P174903), MG ethanol clean cooking climate finance program (P154698), GEF Sustainable Landscape Management Project (P154698), Atiala-Atsinanana Emission Reductions Program (P167725). Pipeline projects include multisector Development Policy Financing (DPF) series or Program for Result (P4R) Public Financial Management (PFM) reforms. ASA support includes Public Expenditure and Institutional Review, Madagascar Urbanization Review- dissemination (P174676), Madagascar Climate Change and Development Report (CCDR), Preparedness and Health Service Delivery (P174903), Madagascar Country Environmental Analysis – dissemination (P177018), Madagascar Urbanization Review- dissemination (P174676)

SDG Associated: SDG11, SDG12, SDG13, SDG14, SDG15

CPF OBJECTIVE 3.1: INCREASE FISCAL SPACE FOR ECONOMIC RESILIENCE

Intervention Logic: CPF interventions will focus on addressing key weaknesses and vulnerabilities in public financial management to restore the necessary fiscal space for priority spending and the capacity to respond to macroeconomic shocks. Policy priorities will include reinforcing public investment management systems (including for climate adaptation and resilience), strengthening budget execution, broadening the tax base, boosting transparency and accountability, and containing fiscal risks.

Rationale for the CPF Objective and WBG Engagement: Fiscal space for priority spending and shock absorption has been structurally constrained by a small revenue base, spending inefficiencies, capacity constraints and institutional weaknesses. While some progress was achieved during the FY17-21 CPF in revenue mobilization, debt management, and budget transparency, challenges have intensified in recent years as investment decisions have become increasingly centralized and opaque, poorly targeted transfers, subsidies and tax exemptions have become more prominent, and budget execution procedures have become more cumbersome. Major weaknesses in the expenditure chain and in public procurement contracts in emergency situations have also been highlighted by the 2021 Court of Account report. Interventions will use a mix of Investment Project Financing (IPF) and budget support (DPF-s) operations as well as targeted technical assistance adapted to low-capacity environments to address these challenges. In particular, projects and ASAs will support digital governance, better investment management, stronger financial information systems, better oversight of public spending and public establishments, and improved fiscal risk management systems.

Lessons Learned and New Knowledge: Given a mixed track record with past budget support operations, greater focus on policy implementation and exit strategies when reform commitments cannot be secured should be considered in DPFs, for instance by refocusing interventions through more targeted IPFs. Engagement will build on the conclusions and recommendations of the 2022 Public Expenditure and Institutional Review regarding fiscal and debt sustainability, public investment management systems, decentralization and human resource management in social sectors, and budget execution. Interventions will take stock of past reform challenges and political economy constraints.

WBG Ongoing and Planned Support: Projects and ASAs supporting objective 3.1 include the Digital Governance and Identification Management System Project (PRODIGY), the 2022 Public Expenditure and Institutional Review, a potential multi-year technical assistance on Public Investment Management, Just in Time technical assistance on key PFM and budget transparency reforms, a new Debt Management Performance Assessment (DeMPA) and technical assistance on establishing a new fiscal risk management system.

Key Risks and Mitigation: Vested interests within the administration, State-Owned Enterprises, and private operators may lead them to stonewall reforms. Collusion may enable them to bypass new regulations with impunity. This risk will likely increase as the country nears elections.

CPF Objective Indicators	Supplementary Progress Indicators (SPI)	WBG Program
<p>CPF Objective Indicator 3.1.1: Open Budget index (OBI) Baseline (2021): 27/100 Target (2027): 45/100 Source: <i>Open Budget Survey</i></p> <p>CPF Objective Indicator 3.1.2: Number of taxpayers who file returns and make payments through the Taxpayer Portal Baseline (2022): 0 Target (2027): 17,500 Source: <i>Managing Public Services for Service Delivery Project (P173178)</i></p> <p>CPF Objective Indicator 3.1.3: Percentage of contracts awarded through competitive methods Baseline (2022): 36.9 Target (2027): 55 Source: <i>Managing Public Services for Service Delivery Project (P173178)</i></p>	<p>SPI 3.1.1: The law on access to information adopted and promulgated in 2021 and system of accompanying measures adopted Baseline (2022): No PLR-stage Target (2025): Yes Source: <i>National Gazette</i></p> <p>SPI 3.1.2: Tax base broadened through integrated taxpayer registries and online filing and payment of tax Baseline (2022): Tax systems and databases are not integrated, Limited functionality of online taxpayer portal PLR-stage Target (2025): Tax systems and databases are fully integrated Source: <i>Managing Public Services for Service Delivery Project (P173178)</i></p> <p>CPF Objective Indicator 3.1.3: New Public Investment Management Framework adopted Baseline (2022): No Public Investment Management (PIM) Framework Target (2027): PIM Framework adopted</p>	<p>Ongoing Financing PRODIGY</p> <p>Financing Pipeline Multisector DPF series or P4R PFM reforms</p> <p>Ongoing ASA Public Expenditure and Institutional Review</p> <p>IFC Advisory Services Pipeline 1048463, Base Toliara Sarl – Mining sector</p>

CPF OBJECTIVE 3.2: STRENGTHEN DISASTER RISK MANAGEMENT

Intervention Logic: Madagascar is one of the countries in the world most exposed to disaster risk, with disaster shocks negatively affecting growth and development on a regular basis. Due to its location, topography, and socioeconomic conditions, Madagascar is one of the most exposed and vulnerable countries in the world to climate change and extreme weather events, with cyclones, flooding, and drought posing the greatest risks. Damages and losses from disasters have a high economic and fiscal impact. A catastrophe risk modeling study estimates that Madagascar faces average annual losses of US\$100 million for cyclone and flood combined hazards (and earthquake) and that every year, there is a 10 percent probability that damages will exceed US\$240 million and a 5 percent probability that they will exceed US\$600 million. In addition, as the COVID-19 pandemic has shown, countries have to be prepared for a broader array of risks and Madagascar has to build on the work done under the Pandemic Preparedness and Basic Health Services Delivery project. Given Madagascar's risk profile and its propensity to fall into crisis, preparing for and mitigating disaster risk is critical.

Rationale for the CPF Objective and WBG Engagement: Madagascar's history is one of regular backsliding as far as development is concerned. This backsliding is routinely a result of crises, usually political in nature. However, there is an inherent link between various types of crises, which ultimately manifest themselves through political upheaval and losses in economic well-being, especially for the weakest sections of an already impoverished country. With COVID-19 and regular cyclones exacting a heavy cost, Madagascar needs even more focus on building risk reduction and resilience mechanisms to limit further losses to well-being. With climate change impacts already visible, disaster risk management (DRM) takes on more urgency and it is for this reason that this CPF proposes to address DRM and preparedness for pandemics and other hazards.

Lessons Learned and New Knowledge: Interventions in DRM are informed by World Bank operations in countries around the world, including Guatemala, Colombia, Costa Rica, El Salvador, Peru, the Philippines, and Sri Lanka. Key lessons learned suggest that a successful intervention must align actions with government priorities and match the dialogue with technical assistance and that multisectoral reforms are required for institutionalizing a comprehensive approach to DRM.

WBG Ongoing and Planned Support: Madagascar Disaster Risk Management Development Policy Financing with a Catastrophe Deferred Drawdown Option (Cat DDO); Madagascar Urbanization Review - dissemination; Madagascar Climate Change and Development Report (CCDR); Preparedness & Health Service Delivery (P174903)

Key Risks and Mitigation: There are substantial risks to achieving objectives in this area. Special concern includes (a) political/governance; (b) low institutional capacity; (c) fiduciary; and (d) environmental and social. To mitigate risks associated with low technical capacity, the World Bank mobilizes TA throughout implementation to ensure targeted results are achieved. Fiduciary risks are mitigated by encouraging transparency measures and are complemented by coordinated advisory support with other partners and targeted TA in PFM and public administration reforms, including the World Bank Public Sector Performance Project. Environmental and social risks are mitigated by the existing legislative framework, institutional arrangements, and presence of institutions such as the National Office for Environment, the Bureau National de Gestion des Risques et des Catastrophes, Cellule de Prévention et de Gestion des Urgences as well as private firms that conduct environmental and social assessments with adequate capacity to assess risks.

CPF Objective Indicators	Supplementary Progress Indicators (SPI)	WBG Program
<p>CPF Objective Indicator 3.2.1: Number of people covered by Regional DRM Offices in most-at-risk areas (Number)</p> <p>Baseline (2019): 900,000 Target (2027): 7,000,000</p> <p>CPF Objective Indicator 3.2.2: The Government has contracted sovereign catastrophe insurance against tropical cyclone risk in accordance with its disaster risk finance strategy</p> <p>Baseline (2019): No Target (2027): Yes</p> <p>CPF Objective Indicator 3.2.3: Percentage of new primary school buildings constructed according to the new codes/regulations</p> <p>Baseline (2019): 0 Target (2027): 100%</p>	<p>SPI 3.2.1: Number of humanitarian agencies that use the Government's Social Protection System for disaster response</p> <p>Baseline (2019): 1 PLR-stage Target (2025): 3</p> <p>SPI 3.2.2: National Disaster Fund is operational as shown by the adoption of an operations manual, an annual budget allocation to the fund, and the publication of audited financial statements of the fund</p> <p>Baseline (2019): Not operational PLR-stage Target (2025): Operational</p> <p>SPI 3.2.3: Percentage of the national territory covered by regional planning documents that follow the new risk management and resilience approach</p> <p>Baseline (2019): 0% PLR-stage Target (Apr 2025): 30%</p>	<p>Ongoing Financing</p> <ul style="list-style-type: none"> Madagascar Disaster Risk Management Development Policy Financing with a Catastrophe Deferred Drawdown Option (Cat DDO) - P167941 <p>Financing Pipeline</p> <p>Ongoing ASA</p> <ul style="list-style-type: none"> Madagascar Urbanization Review- dissemination (P174676) Madagascar Climate Change and Development Report (CCDR) Pandemic Preparedness and Support to Basic Health Services Delivery (P174903)
<p>CPF OBJECTIVE 3.3: IMPROVED SOCIAL PROTECTION AND LIVELIHOODS SUPPORT</p>		

Intervention Logic and Rationale for the CPF Objective and WBG Engagement: Global evidence has shown increasing over recent years how increasing the coverage of social protection programs, especially cash transfers, can boost the equity and resilience of the poorest. The combination of these programs with productive inclusion programs to support livelihoods can boost living standards and ultimately provide a pathway out of poverty. In addition to social protection programs, the most isolated and vulnerable communities require additional targeted support to ensure that their residents have access to the quality basic services that are necessary to build human capital, improve livelihoods, and reduce poverty. This is particularly the case in Madagascar's rural areas and lagging regions, which deserve more support and attention.

WBG Ongoing and Planned Support: Social Safety Net Project (P14-9323; US\$315m), Support for resilient livelihoods in the South of Madagascar (P171056), Rural Livelihoods Productivity and Resilience Project (P175269); Safety Nets and Resilience Project (pipeline)

Lessons Learned, Key Risks and Mitigation: Recurrent shocks bring the risk that livelihood gains can be wiped out through either slow-onset (drought) or rapid-onset (cyclone, pandemic, global conflict) shocks. For this reason, the World Bank will support safety nets to become more responsive to shocks through financing arrangements, disaster preparedness, and building disaster responsiveness into the forthcoming national social registry.

CPF Objective Indicators	Supplementary Progress Indicators (SPI)	WBG Program
<p>CPF Objective Indicator 3.3.1: Number of beneficiaries of social safety nets programs.</p> <p>Baseline (2022): 777,482</p> <p>Target (2027): 1,100,000 (of which 70% women)</p> <p>Source: <i>Ministère de la Population, de la Protection Sociale et de la Promotion de la Femme (MPPSPF)</i></p> <p>CPF Objective Indicator 3.3.2: Number of beneficiaries of social safety nets programs benefitting from productive inclusion programs aimed at improving their poverty status.</p> <p>Baseline (2022): 51,484</p> <p>Target (2027): 100,000 (of which 70% women)</p> <p>Source: MPPSPF</p>	<p>SPI 3.3.1: Number of households registered in the national social registry</p> <p>Baseline (2022): 0</p> <p>PLR-stage Target (2025): 1,500,000</p> <p>SPI 3.3.2: Beneficiaries that have access to socioeconomic services and infrastructures (built and/or rehabilitated with World Bank financing) in targeted communes disaggregated by types of service and infrastructure (Number)</p> <p>Baseline (2021): 0</p> <p>Target (2025): 1,400,000</p> <p>Of which, number of women that have access to socioeconomic services and infrastructures (built and/or rehabilitated with World Bank financing)</p> <p>Baseline (2021): 0</p> <p>Target (2025): 800,000</p>	<p>Ongoing Financing</p> <ul style="list-style-type: none"> • Social Safety Net Project (P149323; US\$315m) • Support for resilient livelihoods in the South of Madagascar - (P171056) • Rural Livelihoods Productivity and Resilience Project - (P175269) <p>Financing Pipeline</p> <ul style="list-style-type: none"> • Madagascar Safety Nets and Resilience Project (P179466) <p>Ongoing ASA</p> <ul style="list-style-type: none"> • MG-Strengthening PFM Capabilities (2106637) • Madagascar Public Expenditure Review – programmatic
<p>CPF OBJECTIVE 3.4: IMPROVED NATURAL RESOURCE MANAGEMENT</p> <p>Intervention Logic: Madagascar is one of only 22 countries out of a total of 146 countries for whom wealth per capita decreased between 1995 and 2018, driven in large part by the low productivity of country's natural asset base, contributing to the lack of economic growth and poverty reduction. Agriculture, forestry and fisheries are the country's dominant economic sectors but there has been little productivity growth in these sectors between 2013 to 2019. Much agricultural production still takes place at a semi-subsistence level with limited access to inputs and improved technologies and a prevalence of extensive "slash and burn" practices that contribute to deforestation and soil erosion. It is estimated that roughly 35 percent of the country's land area has been degrading over the last 30 years with a cost of land degradation over the same period estimated at over US\$6.7 billion, which amounts annually to a cost equivalent to 1.78 percent of GDP per year¹. Losses in crop production due to land degradation are estimated at 5 percent of agricultural GDP annually. Though water abundant, Madagascar has experienced a decline in national annual water yield from 1990 in part because land degradation has reduced landscapes' ability to capture and store rainfall. Erosion upstream from dams has also reduced their usable storage and capacity to generate electricity or deliver water for irrigated agriculture. Andekaleka dam, that produced 71 percent of the power generation for the Antananarivo Interconnected Network, has seen an increase in sedimentation of 61 percent and decline in water yield by 43 percent. Loss of carbon stocks due to forest and protected area degradation are estimated to be in the order of US\$1.3 million annually. Furthermore, one of the main drivers of deforestation—dependence on biomass for cooking—imposes a heavy health cost on households.</p> <p>Rationale for the CPF Objective and WBG Engagement: Three key rural sectors – agriculture, water, and forests – have traditionally approached challenges of agricultural production, irrigation and water provision, and forestry/biodiversity conservation independently. Such approaches often did not achieve their objectives of rural development, improved livelihoods, or protection of the environment because they failed to account for the multi-functionality and diversity of demands on landscapes. There has been increasing recognition of the need to adopt an integrated landscape management approach to rural development. Promotion of integrated landscape management will make agriculture and livestock sectors more productive, improve the seasonal availability of water resources, make hydropower more resilient, and increase habitat for wildlife and carbon sequestration. Promoting sustainable productive forest management and alternative clean cooking options are part of the integrated approach to reducing pressures on natural forests and maintaining healthy ecosystems.</p>		

1 Quantifying land degradation using a composite index based on four key indicators: vegetation health (normalized difference vegetation index), land productivity (measured according to net primary productivity), soil retention capacity, and dry season water flow.

Lessons Learned and New Knowledge: The Madagascar Country Environmental Assessment (2021) provides an analysis of recent experience in the country with implementation of integrated landscape management projects and programs and highlighted recommendations building on the learning. The Sustainable Landscape Management Project (Projet d'Appui à une Agriculture Durable par une Approche Paysage, PADAP) was designed as a prototype for integrated landscape management in Madagascar. In part due to the PADAP project, there is now a shift in the conceptualization of rural development in the country with the government and its technical and financial partners referring increasingly to the need for integrated landscape management. Challenges in the implementation of PADAP however highlight the need to devise a pragmatic approach to integrated landscape management in the country which include: simplify the landscape approach, increase the use of existing planning instruments, enhance synergy between planning and investments, invest in capacity building and knowledge, commit to the long term (through mainstreaming landscape approach in other development projects and continuing to invest in standalone landscape management projects), and collaborate to improve the landscape approach.

WBG Ongoing and Planned Support: PADAP continues to implement the integrated approach across five landscapes in Madagascar and is demonstrating how the integrated approach can lead to productive results. A mainstreaming of the integrated landscape management approach in the Support for Resilient Livelihoods in the South of Madagascar Project (Mionjo) and Food Systems Resilience Program will demonstrate the important role of healthy ecosystems as integral parts of building more resilient livelihoods and food systems. Further, the Rural Livelihoods Productivity and Resilience Project will build up on the lessons from PADAP to apply the practice of integrated land management in a more effective way in agriculture landscapes. In seeking to continue increasing knowledge and understanding of the how the integrated approach can be further mainstreamed in an Ecosystem Index and a Biodiversity Threat Measurement Tool will be developed through support from the PROGREEN Multi-donor Trust Fund. In seeking to apply measures of resilience and deepen understanding of degradation in coastal zones and cities, support from PROBLUE will be used to develop more specific measures for these vulnerable zones.

Key Risks and Mitigation: Though the CPF objective tackles the broader issue of improved natural resource management, in the first few years of implementation of the CPF the activities are focused on landscape management. Other persistent natural resource management issues, marine and coastal resource management, promotion of nature-based tourism, emerging issues of air pollution, and solid waste management, also need to be addressed in due time. This consideration should be made at the time of the mid-term review of the CPF. Findings from the PROBLUE supported Programmatic ASA can inform this mid-term review.

CPF Objective Indicators	Supplementary Progress Indicators (SPI)	WBG Program
<p>CPF Objective Indicator 3.4.1: Land area where sustainable land mgt. practices were adopted as a result of project (CRI, Hectare (Ha))</p> <p>Baseline (2020): 0</p> <p>Target (Aug 2027): 1,000,000</p>	<p>SPI 3.4.1: Land area where sustainable land mgt. practices were adopted as a result of project (CRI, Hectare (Ha))</p> <p>Baseline (2020): 0</p> <p>PLR-stage Target (2025): 550,000</p>	<p>Ongoing Financing</p> <ul style="list-style-type: none"> MG ethanol clean cooking climate finance program (P1544440) GEF Sustainable Landscape Management Project (P154698, P157909) Atiala-Atsinanana Emission Reductions Program (P167725) Support for Resilient Livelihoods in the South of Madagascar Project (P171056) Food Systems Resilience Program (P1785566) <p>Financing Pipeline</p> <ul style="list-style-type: none"> Rural Livelihoods Productivity and Resilience Project (P1752669) <p>Ongoing ASA</p> <ul style="list-style-type: none"> Madagascar Country Environmental Assessment (P177018) Madagascar Urbanization Review- dissemination (P174676) PROGREEN-funded - Adding Biodiversity and Water Assets to Madagascar's Landscapes and Ecosystem Index Development PROBLUE-funded -- Blue Economy Development Opportunities: Integrated Seascape Management Madagascar Climate Change and Development Report Pandemic Preparedness and Support to Basic Health Services Delivery (P174903) <p>IFC Portfolio Advisory services</p> <ul style="list-style-type: none"> 602999, Biovanilla – Corporate Governance 606192, Toliara – Environmental study, mining sector
<p>Objective Indicator 3.4.2: Volume of ER (in tons) that have been measured and reported by the Program Entity, verified by a Third Party, and transferred to the Forest Carbon Partnership Facility Carbon Fund (tCO2e)</p> <p>Baseline (2020): 0</p> <p>Target (2027): 10,000,000</p>	<p>SPI 3.4.2: Financial mechanism to channel carbon revenues functional and distributing payments to beneficiaries.</p> <p>Baseline (2019): Not operational</p> <p>PLR-stage Target (2025): Operational</p>	
<p>Objective Indicator 3.4.3: Daily household ethanol consumption of participating households (annual average) (Liter)</p> <p>Baseline (2017): 0</p> <p>Target (2027): 0.60</p>	<p>SPI 3.4.3: Ethanol stoves distributed and remaining operational (Number)</p> <p>Baseline (2017): 500</p> <p>PLR-stage Target (2025): 35000</p>	

ANNEX II COMPLETION AND LEARNING REVIEW REPORT

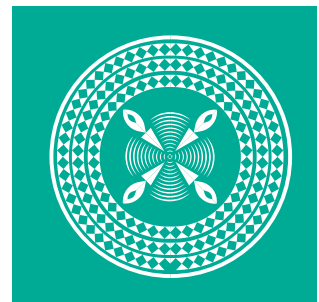
FOR REPUBLIC OF MADAGASCAR

FOR THE PERIOD FY17-FY22

MAY 20, 2022



INTERNATIONAL DEVELOPMENT ASSOCIATION
INTERNATIONAL FINANCE CORPORATION
SOUTHERN AFRICA DEPARTMENT
MULTILATERAL INVESTMENT GUARANTEE AGENCY



ASA	Advisory Services and Analytics
Bonne Viande de Madagascar	Bonne Viande de Madagascar
CASEF	Croissance Agricole et Sécurité Foncière (Agriculture Rural Growth and Land Management Project)
CAT DDO	Catastrophe Deferred Drawdown Option
CERC	Contingent Emergency Response Component
CLR	Completion and Learning Review
COVID	Corona Virus Disease
COMESA	Common Market for Eastern and Southern Africa
CPF	Country Partnership Framework
CPSD	Country Private Sector Development
CSO	Civil Society Organization
DPF	Development Policy Financing
DPO	Development Policy Operation
EDBM	Economic Development Board of Madagascar
ESP	Education Sector Plan
FY	Fiscal Year
GDP	Gross Domestic Product
GoM	Government of Madagascar
HC	Human Capital
HCI	Human Capital Index
HDCT	Human Development Cash Transfer
IDA	International Development Association
IEG	Independent Evaluation Group
IFC	International Finance Corporation
IMF	International Monetary Fund
IPF	Investment Project Financing
IRG DPO	Inclusive and Resilient Growth Development Policy Operation
JIRAMA	Jiro sy Rano Malagasy (national electricity and water company)
MIGA	Multilateral Investment Guarantee Agency
MSME	Micro, Small and Medium Enterprises
MPA	Multiphase Programmatic Approach
NDP	National Development Plan
OBI	Open Budget Index
PADAP	Projet Agriculture Durable par une Approche Paysage (Sustainable Landscape Management Project)

PAEB	Projet d'Appui à l'Education de Base (Basic Education Project)
PAPSP	Projet d'Appui à la Performance du Secteur Public (Public Sector Performance Project)
PBA	Performance Based Allocations
PBC	Performance Based Conditions
PFM	Public Financial Management
PFSI	Public Finance Sustainability and Investment
PIC	Pôle Intégré de Croissance (Integrated Growth Pole)
PLR	Performance and Learning Review
PPP	Public Private Partnership
PRODUIR	Projet de Développement Urbain Intégré et de Résilience (Integrated Urban Development and Resilience Project)
SCI	Statistical Capacity Index
SME	Small to Medium Enterprise
SSN	Social Safety Net
TA	Technical Assistance
WBG	World Bank Group
WB	World Bank
WBG	World Bank Group



THE DATE OF THE LAST COUNTRY PARTNERSHIP FRAMEWORK
was May 30, 2017



CURRENCY EQUIVALENTS
Exchange rate as of April 30, 2022
1US \$ = 0.743 DTS



FISCAL YEAR
January 1 to December 31

WORLD BANK

Vice President	Hafez M. H. Ghanem
Director	Idah Z. Pswarayi-Riddihough
Task Team Leaders	Faniry Razafimanantsoa Lalaina Randrianarison

IFC

Vice President	Sergio Pimenta
Director	Kevin Njiraini
Task Team Leaders	Marcelle Ayo

MIGA

Vice President	Ethiopsis Tafara
Director	Merli Margaret Baroudi
Task Team Leaders	Olanrewaju Malik Kassim

01. INTRODUCTION

1. **This Completion and Learning Review (CLR) draws out lessons learned from the implementation of the World Bank Group (WBG) Country Partnership Framework (CPF) for the Republic of Madagascar for FY17-22.** The CLR also assesses the achievement of the CPF objectives and WBG performance during the implementation of the CPF. The CPF was presented to the Board of Executive Directors on May 30, 2017 (Report No. 114744-MG) and covered the period from FY17 to FY21. A Performance Learning Review¹ (PLR; Report No. 162157-MG), presented to the Board of Executive Directors on August 26, 2021, extended the CPF until end of FY22. An adjustment to the portfolio and pipeline has been endorsed within the PLR to respond effectively to crisis the changing context and to incorporate lessons learned during the initial years of implementation of the CPF. The CLR uses the results framework updated during the PLR as reference for assessing the CPF². The CPF outcome is assessed as 'Moderately Satisfactory' and the 12 operations that closed during the CPF period were rated as Moderately Satisfactory or higher by the IEG.
2. **The CPF has been implemented in a relatively stable political context.** The latest political crisis to hit Madagascar ended with the presidential election in 2013. Since then, Madagascar has not experienced any major political or social unrest. The 2019 presidential election marks the first time in Madagascar's history that a presidential term started and ended with a peaceful transfer of power. The new Government benefited from a more solid political base as well as a majority in the National Assembly.
3. **The Coronavirus Disease 2019 (COVID-19) outbreak wiped out the benefits of political stability and modest gains in poverty reduction.** The return to constitutional order since 2013 contributed to a modest economic recovery. Several factors helped the recovery. Key export markets reopened, concessional financing flows resumed, including increasing WBG engagement, and fiscal and monetary policy reforms provided stability. However, growth was moderate, averaging only 3.5 percent over 2013-19, barely above population growth. The share of the population living in extreme poverty (below the international poverty line of US\$1.90 per day in 2011 Purchasing Power Parity [PPP]) fell only slightly from 78.8 percent in 2012 (the last year for which household survey data is available) to an estimated 76.5 percent in 2019. The COVID-19 pandemic, and the associated collapse of export revenues and private investment resulted in a contraction of the Gross Domestic Product (GDP) by 7.1 percent in 2020, followed by a modest recovery of 2.6 percent growth in 2021. Extreme poverty rose to an estimated 79.8 percent in 2021.
4. **Pervasive governance challenges exacerbate Madagascar's vulnerability to shocks and adversely impact WBG engagement.** In periods of stability, low investment in physical and human capital and lack of structural transformation limit growth. But shocks have repeatedly interrupted periods of growth. In addition to past recurrent political crises and the ongoing health crisis, Madagascar is also highly vulnerable to climate shocks. For instance, over the CPF period, Madagascar has been hit by multiple severe cyclones. The combined shock from the pandemic and three-consecutive years of drought has worsened the humanitarian situation in the South, the poorest region of the country. In such a difficult context, weak governance has remained an overarching constraint. It limits reform progress on many fronts, also negatively affecting the implementation of the CPF.
5. **Building on the experiences on the implementation of the CPF, several lessons have been distilled to inform the design of the forthcoming CPF,** including being more selective on WBG interventions based on political economy analysis; exploring options with the authorities to simplify national procedures; building local capacities for designing and implementing the technical aspects of projects; pursuing the inclusion of Contingent Emergency Response Component (CERC) in operations and allowing more flexibility in adjusting the pipeline; designing the upcoming CPF using spatial targeting approach; and sustaining coordination between WBG institutions and synergies between instruments.

1 Due to the COVID-19 pandemic, the PLR was delayed by a year and completed in August 2021.

2 The result indicators are extracted from the most recent Implementation Status & Results Report of the projects composing Madagascar's portfolio and the Implementation Completion Reports of closed projects, as of April 15, 2022; otherwise indicated. Hence, the actual data covers period prior to the CPF end-date of June 2022 on which the targets have been set. Some of the results refer to 2021 (or earlier).



02. PROGRESS TOWARDS CPF DEVELOPMENT OUTCOMES

6. The CFP outcome is assessed as ‘Moderately Satisfactory’. The CPF aimed to build on the recent political stability to address the structural fragilities that hamper Madagascar’s development. The CPF program had two focus areas: (i) increase resilience and reduce fragility and (ii) promote inclusive growth. Out of the eight objectives of the CPF, six are rated as ‘Mostly Achieved’ and two are rated as ‘Partially Achieved’. Table 1 summarizes the assessment of the CFP objectives.

Table 1: Summary of CPF Objectives Rating

FOCUS AREA I: INCREASE RESILIENCE AND REDUCE FRAGILITY	Moderately Satisfactory
Objective 1: Strengthened children’s human development	Mostly Achieved
Objective 2: Enhanced resilience of livelihoods of vulnerable households in rural and urban areas	Mostly Achieved
Objective 3: Enhanced and effective decentralization	Mostly Achieved
Objective 4: Enhanced transparency and accountability	Mostly Achieved
FOCUS AREA II: PROMOTE INCLUSIVE GROWTH	Moderately Satisfactory
Objective 5: Increased Fiscal Space to Finance Priority Social and Infrastructure Spending	Partially Achieved
Objective 6: Improved business environment and access to finance	Mostly Achieved
Objective 7: Strengthened rural productivity	Mostly Achieved
Objective 8: Improved access to energy and transport	Partially Achieved

FOCUS AREA I: INCREASE RESILIENCE AND REDUCE FRAGILITY

OBJECTIVE 1: RENGTHENING CHILDREN’S HUMAN DEVELOPMENT

7. The focus of the CPF Objective 1 was to reverse the negative trends in learning and stunting of children.

The CPF indicators for monitoring Objective 1 track basic reading proficiency and promotion rates in the first two sub-cycles of basic education in public schools. The selected indicators could not be verified at the time of preparation of the CLR.³ However, alternative results from the assessment of pupils at Grade 4 in public school points to an improvement in learning outcome between 2016 to 2021.⁴ In addition, the CPF supplementary indicators related to children development exceeded targets. Notably, the national rate of stunting of children has decreased from 42 percent in 2018 to 40 percent in 2021, with regional rate also decreasing in five out of the eight regions where the first phase of the Improving Nutrition Outcomes through a Multiphase Programmatic Approach (MPA - P160848) was implemented.⁵ The coverage of safety nets under Social Safety Net (SSN – P149323) project has substantially increased during the implementation of the CPF benefiting up to 2.5 million direct beneficiaries in 2022, most of whom were extremely poor.⁶ A Human Development Cash Transfer (HDCT) embedded in the SSN promoted investment in children’s education and nutrition through conditional cash transfer and benefited to more than 163,000 school-aged children.⁷

8. In addition to IPFs, DPFs have been instrumental in advancing needed reforms to strengthen children’s human development. The Inclusive and Resilient Growth programmatic Development Policy Operation (IRG DPO – P162279 and P166425) supported reforms to facilitate the access of citizen, including children, to birth certificate and to establish the legal framework for a better and coordinated system of social protection in Madagascar.⁸ The programmatic Investing in Human Capital DPO (HC DPO -P168697) promotes reforms to

³ Due to delay associated with the COVID-19, the assessment of reading proficiency has been conducted for pupils in Grade 3 instead of Grade 2 that is used to track the indicator. Regarding the promotion rate, more than 80 percent of the schools have applied automatic passage in the COVID-19 context, calling into question the reliability of the existing data (Madagascar Basic Education Support Project (P160442) - Implementation Status and Results Reports – December 2021).

⁴ Upcoming Service Delivery Indicator on Education – 2022.

⁵ The rate declined by 14.4 percentage points in Bongolava and by 8.1 percentage points in Vakinankaratra.

⁶ The first SSN project was approved in 2014 and reached 23 691 beneficiaries at the beginning of the CPF period.

⁷ In 2019, 4 648 600 were enrolled in primary school (World Development Indicator data)

⁸ The first series was approved in 2017 and the second in 2018.

develop human development over the long-term.⁹ It does so by improving human resources management and the availability and predictability of financial resources in the health and education sectors, which provide essential services for children's development, and by strengthening the legal protections for women and children.

9. The WBG's Human Development portfolio enabled a rapid and critical response to the COVID-19 pandemic.

CERC mobilization within the portfolio allowed to finance emergency interventions to protect lives through the provision of medical supplies for testing and treatment and support to the Government of Madagascar (GoM) for the acquisition and deployment of COVID-19 vaccines.¹⁰ The institutional framework, established with World Bank support, enabled a rapid expansion of safety net coverage during the COVID-19 pandemic and allowed the provision of urgent social safety nets to more than one million beneficiaries, including in urban areas. Additional financing to the Basic Education Support Project (PAEB - P160442) supported continuity of education of children during the pandemic.

10. The implementation of the education project has been more challenging. The Government' strategic plan for improving learning outcomes is anchored in the Education Sector Plan (ESP – 2018-2022). The Emergency Support to Education for All Project (P132616) contributed into the preparation of the ESP and the PAEB - P160442 contributes to its implementation. However, the implementation of PAEB is delayed. This is partly due to the Government reconsidering the reforms supported by the ESP. Particularly, progress in the implementation of teachers' training, a major input to improving learning outcome, has been significantly delayed. The impacts of the COVID-19 pandemic also affected the learning outcomes due to the negative impact of school disruptions.

11. The CLR rates Objective 1 as 'Mostly Achieved'. While data to track the CPF indicator for Objective 1 could not be verified due to the COVID-19 context, notable progress has been observed in the social protection, and health and nutrition sectors, benefiting mainly women and children. These achievements are reflected in the supplementary indicators of Objective 1 (Annex 2).¹¹ The restructuring of PAEB aims to rectify the shortcomings in education outcomes.

OBJECTIVE 2: ENHANCED RESILIENCE OF LIVELIHOODS OF VULNERABLE HOUSEHOLDS IN RURAL AND URBAN AREAS

12. The CPF's Objective 2 focused on the preservation of livelihoods against climate and economic shocks.

The CPF introduced the sustainable landscape approach to ensure the integration of improved agricultural productivity with the management and preservation of water and forest resources. The operations contributing to this objective also supported sustainable management of fisheries activities and alternative fishing practices and livelihood activities in the intervention zones. In addition, the WBG supported income generation in the form of cash for work activities and the enhancement of the resilience of the poorest people in urban Antananarivo against floods and in the South. Additional operations supported environment and forests protection and management.¹² Institutional reforms supported through the Disaster Risk Management DPO with a Catastrophe Drawdown Option (Cat DDO -P167941) complemented IPF financing. Out of the three CPF indicators tracking Objective 2, one is Achieved, one is Mostly Achieved, and one is Partially Achieved.

13. There was good progress in the activities for more resilient agriculture practice and policy.

The CPF indicator target on the number of farmers directly benefitting from improved irrigation services, agricultural inputs and strengthened integrated management of natural resources was achieved. For instance, the activities under the CPF provided access to improved seeds and more sustainable seed supply to farmers, improved agriculture technology, and climate-resilient irrigation infrastructures. The activities contributed to increasing agriculture productivity and preserving livelihoods against cyclone and drought shocks at the zone of interventions. Besides, the Sustainable Landscape Management Project (PADAP – Projet Agriculture Durable par une Approche Paysage - P154698) supported the development of the plans and the implementation of a landscape approach to support better agriculture productivity while preserving natural resources from depletion. Up to 660,000 ha of lands were managed using the landscape management approach over the CPF period, exceeding

9 The first series of the HC DPO was approved in 2020. However, the second series of the HC DPO was dropped in March 2022 due to lack of progress on the triggers.

10 The World Bank has mobilized US\$105million through CERC for health and social protection response and US\$317.51 million through project restructuring and new financing for the three social sectors. The Support to COVID-19 Vaccine Purchase and Health System Strengthening (P176841) was approved on June 21, 2021.

11 The rating should have been "Not verified" based on the Objective indicators but as the results are caused by the COVID-19, the rating is based on the supplementary indicators with "mostly achieved" status leading to the overall rating "Mostly Achieved".

12 Including the Reducing Emissions from Deforestation and Degradation readiness preparation fund, the MG Ethanol clean cooking climate finance program (P154440), and several trust funds.

the targets. The area provided with new/improved climate-resilient irrigation system also exceeded the CPF target of 62,000 ha.¹³ Cash for work under the SSN project provided alternative source of income to more than 800,000 rural farmers -with large share of women - while building community infrastructures, including for crisis response, and contributing to livelihood resilience.

14. The Support for Resilient Livelihoods in the South (P171056 – MIONJO) is providing transformative and integrated approach to improving livelihood opportunities in the South of Madagascar, with primary focus on youth and women. Approved in December 2020, the project has responded to the emergency associated with the drought crisis through seed distribution, safety net programs, and emergency water supply. These activities allowed more than 49,000 vulnerable households to re-start their household agricultural production. The Connecting Madagascar for Inclusive Growth project (P173711) will connect the South to the rest of the country and will contribute to attenuate the risk of food insecurity in the region.

15. The activities targeting the resilience of livelihood in urban areas consisted of the provision of basic sanitary infrastructure and improvements in the drainage system. In this regard, the CPF indicator on the number of people in urban areas provided with access to improved urban services has been mostly achieved with 556,000 beneficiaries against a target of 656,000. The results were achieved through the Integrated Growth Pole (PIC – Pôle Intégré de Croissance P113911 and P164536) which supported the provision of solid waste management collection services and improved water sources. The Integrated Urban Development and Resilience Project for Greater Antananarivo (PRODUIR - P159756) has provided sanitation equipment to the Municipality of Antananarivo to, among other things, support waste management and reduce flooding risks. However, the main activities targeting drainage improvement have not yet started.

16. Implementation progress has been slower in creating sustainable fisheries practices, in enhancing the resilience to floods in urban Antananarivo, and in the establishment of the institutional, technical, and financial capacity of the Government to manage disaster and climate-related risks. The Southwest Indian Ocean Fishery project (SWIOFish2 - P153370), the PRODUIR, and the Cat DDO support these activities. After four years of implementation, disbursements under the SWIOFish2 and PRODUIR are very low, at 24 percent and 11 percent respectively and progress toward the Program Development Objectives (PDO) is 'Moderately Unsatisfactory'. The CPF indicator target on the number of fishers participating in alternative fishing practices and livelihoods activities in the priority areas is only 'Partially Achieved'. The works consisting of canal drainage and the construction of sludge disposal sites, the main activities of the PRODUIR, have not yet started. This is due to procedural delays and lack of capacity of the national institution in charge of delivering environmental permits and processing the compensation of the Project Affected People. The Cat DDO supported the revision of the Disaster Risk Management regulatory frameworks for the management of disaster and climate-related risks in Madagascar. However, there has been limited progress on the enhancement of these frameworks, including the effectiveness of the National Disaster Fund and the coordination between the Emergency Management and Prevention Unit (Cellule de Prévention et d'Appui à la Gestion des Urgences) and National Disaster Risk Management Agency (BNGRC - Bureau National de Gestion des Risques et des Catastrophes).

17. The CLR rates Objective 2 as 'Mostly Achieved'.

OBJECTIVE 3: ENHANCED AND EFFECTIVE DECENTRALIZATION

18. The CPF Objective 3 focused on reducing the sources of fragility by re-balancing power between the center and the periphery. To support this objective, the CPF sought to increase the transfer of resources managed at decentralized level, and to strengthen the technical capacity of decentralized governments for improved service delivery and accountability mechanisms through increased citizen involvement in budget management. Two CPF result indicators measured progress towards achievement of this objective. It was not possible to verify one indicator while the other is assessed as 'Achieved'. The first indicator on the share of budget allocated to Territorial and Decentralized Collectivities reached 1.75 percent of the total budget per the 2022 budget. This represents a positive trend toward the target. However, the assessment of the progress under the CPF cannot be established due to a flaw in the results framework where the baseline (<5 percent) and the target value (2 percent) cannot be dissociated.¹⁴ The second CPF indicator meets the target. The capacity of local government to mobilize local revenues have increased reaching 42.1 percent of potential against 30 percent at the beginning of the CPF period.

¹³ In addition, the current portfolio includes ongoing work to improve irrigation on 1000 ha while activities are procurement stage for 12 000 ha.

¹⁴ The target has been updated at PLR from >10 percent to 2 percent to be more realistic given limited progress. However, the baseline could have been better defined to capture the estimated financial needs for Communes to deliver on their program as set in their initial budgets.

19. Main achievements include improved timeliness and predictability of transfers to local governments, and increased involvement of local communities. The incentive introduced through the Performance Based Conditions (PBC) under the Public Sector Performance Project (PAPSP – Projet d'Appui à la Performance du Secteur Public - P150116) led to significant improvement in the timeliness of funds transferred from the central to local governments. There has been improvement from a delay of 24 months in 2015 to effective transfer within the first seven months of the year in 2021. Additionally, the projected transfers per commune are now published with the budget document at the beginning of the year, allowing for better planning. While WBG support contributed to improving the predictability of the transfers and increasing transfers to local governments, budget management continues to be concentrated at the central level. In addition to the PAPSP, the MIONJO project targets the strengthening of local governance, focusing on southern Madagascar. The two projects support the establishment and capacity building of local governance structures across the country, enabling increased participation of local communities in decision making and monitoring of local budget.

20. Objective 3 of the CPF is assessed as 'Mostly Achieved'. There has been a positive trend toward the targets of the two CPF indicators. The issue on the first indicator relates mainly to the design of the result framework.

OBJECTIVE 4: ENHANCED TRANSPARENCY AND ACCOUNTABILITY

21. Objective 4 of the CPF supported evidence-based decision making and fostering transparency and accountability, including at the local level. The objective also involves advancing the fight against corruption, trafficking of natural resources, and associated financial flows. The achievement of this objective is tracked through four indicators, of which two are assessed as 'Achieved', one as 'Partially Achieved', and one as 'Not Achieved'. Targets associated with two indicators were achieved: (i) the Open Budget Index score which reached the target set at 40 and (ii) the timeliness of the publication of the Court of Account audit report, which has been consistently published in less than 12 months within the end of the government's fiscal year since 2018. The third indicator on the budget covered by audit has been partially achieved. The target was that the Cour des Comptes audit covers 70 percent of Government budget and includes selected public establishments. The 2021 audit report of the Cour des Comptes covers 80 percent of central and local government budgets¹⁵ but only one public establishment out of over 200 existing ones¹⁶. The target on the Statistical Capacity Index (SCI) has not been achieved.

22. Interventions under the CPF supported GoM's efforts towards transparency and citizens' request for accountability. In terms of the regulatory framework for budget transparency, important measures were taken including the 2019 decree on open budget data and the 2020 decree related to the creation of a dedicated COVID-19 fund and its monitoring.¹⁷ The GoM also took measures to increase debt transparency through the publication of the financial statements and the liabilities of selected SOEs. These measures were supported under the HC DPO and the COVID-19 Response DPO (P P174388). Progress was noted in the timely publication of budget execution reports, although effort has not been sustained throughout CPF implementation. On the demand side, the PAPSP promoted public debates on the budget through support to Civil Society Organizations (CSOs). Additionally, CSOs piloted a survey on measuring local citizens satisfaction on local public service delivery with a focus on municipality management and education.

23. Several areas of weakness and concern remain. These include recent government policies that could undermine positive efforts on transparency. Data on public spending is still of limited quality, published in closed formats, and sometimes even withdrawn after publication. Since 2019, the publication of the draft budget documents has suffered of significant delays compared to established standards, hampering any opportunities for citizens to influence government policies. While the quality of the Court of Account's audit reports on the General Budget has significantly improved over the years, limited resources jeopardize the Court's independence further impeding its ability to widen the scope of audits. This increases vulnerability to political pressure and elite capture. Furthermore, an enforcement and monitoring mechanism is still lacking. The publication of data on COVID-19 related spending and the audit of COVID-19 spending by the Cour des Comptes have significantly been delayed and materialized only amid pressure from the international community and CSOs. The delay in the effective reporting on contingent liabilities, particularly those associated with Public Private Partnerships (PPP), and the creation of a «State Procurement Agency» in 2019 could reduce the efficiency of past achievements on debt transparency.

15 Done through the "Tribunaux Financiers"

16 There were 222 EP in 2018

17 While the dedicated fund has never been operational, the decree triggered the audit of donor financial flows during the COVID-19 expenses

24. The availability of statistical information to support decision-making has improved significantly. The Statistical Capacity Building Project (P160071) helped fill important gaps in data availability through the completion of the Household Census in 2018 and the dissemination of results in 2021.¹⁸ The project also worked in close collaboration with the International Monetary Fund on the rebasing of the national accounts, supporting the move from 1984 to 2007 as base year and from the 1964 to the 1993 Statistical National Accounting methodology. The exercise provided a more accurate picture of the GDP and its components. Since the COVID-19 outbreak, four rounds of phone surveys (two on households and two on firms) have been conducted to provide timely assessments of the impact of COVID-19 on households and businesses. However, as the planned Poverty Survey is not yet completed, the Statistical Capacity Index has not moved from its initial value and the target is not achieved. However, the important achievements regarding the availability of statistical information are not captured well by this indicator.

25. Objective 4 of the CPF is assessed as ‘Mostly Achieved’.

FOCUS AREA II: PROMOTE INCLUSIVE GROWTH

OBJECTIVE 5 : INCREASED FISCAL SPACE AND IMPROVED PUBLIC FINANCIAL MANAGEMENT (PFM)

26. The objective to increase the fiscal space focused on increasing domestic revenue mobilization through administrative as well as policy reforms. The objective also targeted improving the efficiency of spending by reducing regressive non-targeted expenditures. The main activities targeted for improving PFM included the strengthening of the management and selection process of public investments, the digitalization of public payment processes, and the establishment of the regulatory framework for PPPs. Of the two CPF indicators selected for tracking progress toward this objective, the tax to GDP target has been achieved. The target has been revised downward during the PLR to account for the GDP rebasing and the impact of the COVID-19. The target for the share of public expenditures allocated to priority spending in the social sectors has not been achieved.

27. Efforts to mobilize revenues bore results but the level of revenues mobilized remains far from potential. Customs reforms in the early years of CPF implementation yielded impressive results. Revenues from international trade increased by 1.5 percent of GDP between 2016 and 2019. Domestic tax reforms consisted mainly in the digitalization of tax procedures through the introduction of online submission of tax declaration and payments. The PAPSP has provided support in this area. However, major issues that erode tax collections remain to be addressed, including generous tax exemptions and widespread tax evasion. The transparency on tax exemptions has improved with the publication of tax expenditure reports since 2017, supported by the Public Finance Sustainability and Investment (PFSI – P160866 and P166752) DPO series and the HC DPO. However, the management of tax exemptions remains lax and policies to reduce inefficient tax expenditures are absent. The target related to the ratio of tax to GDP set at 10 percent has been achieved. Still, this ratio remains one of the lowest in the world and below the estimated potential of 19 percent.

28. The results regarding the efficiency of public spending are weaker. Regarding non-priority spending, the expected reduction in the fiscal transfer to JIRAMA (Jiro sy RAno Malagasy; the national electricity and water company) has not materialized. This is due to the lack of progress in the implementation of the financial recovery plan of the company. Besides, the elimination of the fiscal transfer to Air Madagascar and the subsidies on the pump price of oil products have yet to be sustained. The GoM was on track to improve the prioritization of public investment in 2018 but this reform has been reversed.¹⁹ As regards PPPs, substantial efforts have been made with the preparation of the implementing decrees for the law on PPP adopted in 2015 and in building the technical capacities of government officials to evaluate project proposals. However, these measures have not been sufficient to attract PPP investments. The digitalization of public payments is still a work on progress.

29. The achievement of CPF Objective 5 is assessed as ‘Partially Achieved’

OBJECTIVE 6 : IMPROVED BUSINESS ENVIRONMENT AND ACCESS TO FINANCE

¹⁸ The previous Census was conducted in 1993. International standard requires that Household Censuses are conducted every 10 years.

¹⁹ A revised and updated prioritization framework is still under development but will not be effective before the end of the CPF.

- 30. The CPF Objective 6 was to be achieved through support to improve the regulatory and policy frameworks for businesses.** Three indicators tracked progress toward this objective.²⁰ The first indicator on the time required to register businesses at Economic Development Board of Madagascar (EDBM) one-stop shop has been achieved. The second indicator measures the reduction in the number of days to resolve commercial conflicts and has been mostly achieved where the delay declined from 871 at the beginning of the CPF period to 538 at end 2021, nearing the target of 500 days. At 17.9, the percentage of adults with an account at a financial institution and/or mobile account has almost reached the target of 20 percent. However, the gender disparity regarding the ownership a financial account remains and disadvantages women.
- 31. The regulatory framework has been developed to support financial inclusion.** Several laws and regulations have been adopted and enhanced. This includes the update to the law on microfinance, the law on the credit bureaus and the establishment of the first credit bureau in Madagascar, and the law on minimum capital for electronic money institutions. These reforms, supported through the Financial Inclusion Project (PIFM – *Projet d’Inclusion Financière à Madagascar* -P161491), the series of PFSI and IRG DPOs, the Microfinance Supervision TA Project (P153761), the Payment Systems TA Project (P160684) both funded by the Financial Sector Reform and Strengthening Initiative, and the International Finance Corporation (IFC) – Financial Institution Group Advisory Project on Credit Infrastructure, led to a significant increase in financial inclusion. More than 10 million Malagasy now have access to mobile banking. The guarantee scheme offered through SOLIDIS, with financial support from the PIFM enabled a rapid scaling up of financial support to firms during the COVID-19 pandemic.²¹ This brought total beneficiaries to more than 5,000 between 2018 and 2021. Yet, major gaps remain in the regulatory framework, including Fintech regulations and the law on collateral registry, and in the implementation of the banking law. Furthermore, the lack of complementary reforms such as on competition results in high cost of borrowing.
- 32. The overhaul of the investment regulatory framework has gotten limited traction.** With regards to the investment and business climate in the country, Madagascar improved the most in: (i) starting a business, through a reduction in the time and number of procedures to open a business, (ii) getting credit, through stronger legislative framework, and (iii) enforcing contracts, through reforms to accelerate case treatment at the commercial justice. These reforms were monitored and supported through the PIC SOP and Support to investment climate TA. However, an effective and needed harmonization of the investment framework to strengthen investors’ confidence and improve coordination among public agencies has yet to materialize. To this end, an important update to the national investment law was completed in early 2020. However, it has not been adopted yet despite the completion of all required consultations and technical validations with relevant stakeholders.

33. The CPF Objective 6 is assessed as ‘Mostly Achieved’

OBJECTIVE 7: STRENGTHENED RURAL PRODUCTIVITY

- 34. The CPF Objective 7 relied on the promotion of on-farm and off-farm opportunities for rural population.** Several operations contribute directly to the achievement of this objective, including PADAP, PIC, SWIOFish2, Madagascar Agriculture Rural Growth and Land Management Project (CASEF – Croissance Agricole et Sécurisation Foncière - P151469), PIFM, and IFC investment and advisory services (such as the SMTP Poultry Farming [36704], Bonne Viande de Madagascar [38036], FCS Biovanilla [41632]). These operations focused on the development of value chains in the agriculture, livestock, and fisheries. with activities consisting of interventions in agribusiness value chains, the development of access to credit for Small and Medium Enterprises (SMEs), and the support to the reform on land management decentralization. Other operations also indirectly contribute to the achievement of Objective 7, namely those in the infrastructure sectors such as road and energy that helped linking producers to markets and accessing off-farm opportunities. Of the two CPF indicators selected to monitor progresses, (i) the one on the value of exports in supported agricultural value chains has been achieved (US\$47.5 million against a target of US\$40.0 million) but (ii) the number of land parcels with use or ownership rights recorded fell short of the target and was only partially achieved (291,106 against a target of 750,000).²²
- 35. Several successes have been recorded regarding the development of value chains.** Support to value chains targeted export-oriented products including cocoa, vanilla, sea cucumber, honey, pink pepper, essential oils, etc.,

20 Two new indicators are used in the CLR to replace the Doing Business indicator discontinued in September 2021.

21 SOLIDIS is a financial institution specialized in guarantee.

22 As of April 2022, additional 308,000 certificates are under review by the land administration. Hence, the CPF indicator on the number of land parcels with use or ownership right might increase by the end of the CPF period (June 2022).

as well as products dedicated for the local market such as milk and cereals for animal feeds. This contributes to increasing export revenues and diversifying the source of income of smallholders at the projects' area of intervention. Notably, support from the World Bank-financed PIC to the cocoa value chain helped improve quality, traceability, and sustainability in the sector. Between 2015 and 2018, export volume increased by almost 60 percent to reach nearly 12,000MT, with more than 90 percent of the production meeting international standards (from 14 percent in 2014). The support benefited around 5,000 producers and 200 cocoa preparators. Support provided by CASEF to local market-oriented value chains through the provision of improved input contributed to an increase in productivity in the dairy and selected spices and fruits sectors.

36. The policy dialogue related to the decentralization of land management and red meat value chain fell short of expectations. The WBG has supported the policy reform on land decentralization management with the objective of improving rural land tenure security. Activities include institutional strengthening at the central level and assistance at the operational level for the delivery of land certificates by Communal Land Offices. World Bank-financed activities helped significantly increase the delivery of land certificates, where 235,000 new certificates have been delivered since 2016. An additional 308,000 certificates are under review, and if delivered will be a considerable achievement compared to the 600,000 land titles managed and delivered at the central level in 120 years. However, operational challenges and the modification of the legal framework, which reflects a lack of political commitment to the land policy reform has prevented the achievement of the objective of delivering 750,000 certificates by the end of the CPF period and 1,390,000 by the closing date of the project in December 2022.²³ Ultimately, secure land tenure is estimated to improve agricultural productivity and hence structural transformation.²⁴ The objectives of the World Bank and IFC support to the red meat value chain, which are to support the capacity of local breeders and farmers to supply the cattle industry and revive the zebu meat export, are hindered by the introduction of the ban on meat export effective since 2019.²⁵

37. The CLR assesses Objective 7 as 'Mostly Achieved'.

OBJECTIVE 8: IMPROVED ACCESS TO ENERGY AND TRANSPORT

38. The WBG interventions regarding CPF Objective 8 focused on governance reforms and investments in the sectors of energy, road, and air transport. Interventions in the Information and Communication Technologies sector were limited to analytical and advisory services. Progress toward achievement of Objective 8 were measured through 3 indicators of which one is 'Mostly Achieved' and two are 'Partially Achieved'.

39. Road access has improved with about 600 km of roads rehabilitated, yet the approach was initially fragmented. Various World Bank-financed projects, including the Emergency Infrastructure Preservation and Vulnerability Reduction Project (P132101), PIC, CASEF, and PADAP supported the rehabilitation of primary, secondary/rural, and urban roads. The spatial connectivity analysis ASA completed in FY20 helped better identify priority interventions considering the interlinkages of road investments with existing local infrastructure, service provision, and local poverty levels. The World Bank's approach toward investments in the road sector has shifted toward the end of the CPF period. In addition to rehabilitation, road projects approved in FY20 and beyond also supported sector reforms for the sustainability of infrastructure, including through the piloting of performance-based contracting and by emphasizing the financing of infrastructure maintenance. World Bank investments in the road sector have been significantly scaled-up and consolidated, with three projects reaching up to US\$740 million as of April 2022.

40. Interventions in the air transport were more coordinated within the WBG institutions but the objective of improving the performance of the national airline company has been unsuccessful. A Multilateral Investment Guarantee Agency (MIGA) guarantee and IFC investment helped leverage private investment for the rehabilitation/expansion, operation, and maintenance of the Ravalala Airports in Antananarivo and Nosy Be, the two main points of entry into the country. The PIC project provided advisory services for the gradual implementation of the open skies policy and the restructuring and conclusion of the Commercial Strategic Partnership of the national airline with a private operator. However, the commercial Strategic Partnership has been revoked in 2020 and the GoM is preparing a new business plan for the national airline – without WBG support.

23 The project target for December 2022 was set initially at 2,501,000 but revised to 2,000,000 during project restructuring in December 2020, and further revised downward to 1,390,000 in November 2021. The Government is considering the option to reverse the modification of the legal framework that challenges the issuance of land certificates under CASEF

24 World Bank (2016). Systematic Country Diagnostic.

25 As of April 2022, two of the main conditions for lifting the ban (traceability system as well the strategy for bovine renewal) are being completed.

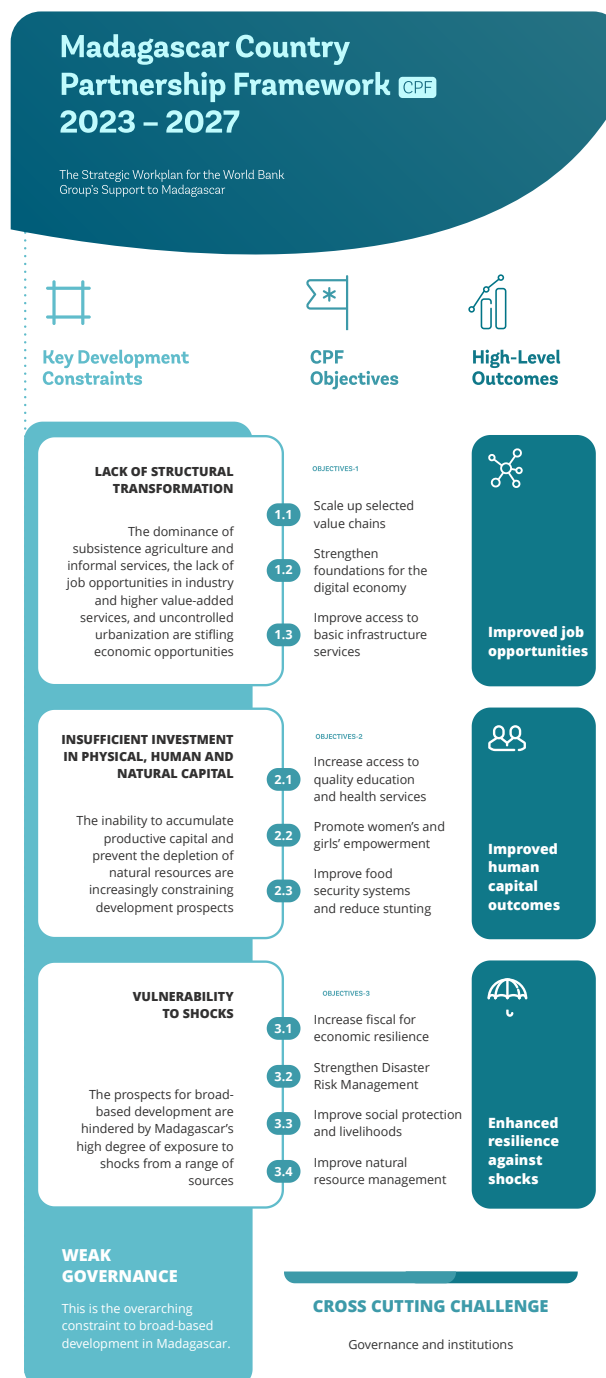
41. The targets regarding improved access to electricity has been challenged by the lack of commitment to reform and the weak governance of the electricity sector. Significant support has been focused on the national utility company JIRAMA, including infrastructure investments and technical assistance to define the strategic orientations for the operational and financial recovery of the company. Progress has been slow and uneven within the four main axes of reforms identified: electricity sector governance improvement, tariff reforms, shift from dominant thermal energy production to renewable, and renegotiation of thermal contracts. Alternatively, the development of off-grid solutions has been successfully deployed as a complementary solution to expand access to electricity particularly in rural area. Scaling Solar Project to set a benchmark for solar in Madagascar is still waiting the adoption of the needed ministerial decree (Decree related to the Electricity Code and Concessions Procedures - “Décret d’Application relatif au Code de l’Electricité et aux Procédures des Concessions”), necessary to solve the most critical issues (including the restoration of JIRAMA’s legal ability to sign Power Purchase Agreements).

42. CPF Objective 8 is assessed as ‘Partially Achieved’.



03. WORLD BANK GROUP PERFORMANCE

43. WBG performance during the CPF was assessed as ‘Good’. The CPF addresses issues that are relevant to the country’s development challenges and the objectives are well aligned with the GoM’s priorities. The CPF has been flexible enough to respond to the changes in the national context considering the high vulnerability of the country to shocks. This includes proactively responding to the COVID-19 outbreak and natural disasters such as the flooding that hit the country in 2020 or the drought crisis in the South. In addition to the regular Performance-Based Allocation (PBA), the WBG also mobilized additional resources to support the country’s financing needs, including the access to the Turnaround Facility in FY16 to FY19 and to the Crisis Response Window (CRW). The 12 operations that have closed during the CPF period have been rated as Moderately Satisfactory or higher by the IEG.



- 44. The objectives of the CPF were aligned with the development priorities of the country.** At the design of the CPF, the GoM's development objectives were laid out in the National Development Plan (NDP; 2015-2019). The NDP included five axes of which three could be associated with the Focus Area I of the CPF (human capital, governance, and resilience to natural disasters and valorization of natural resources), and the remaining two axes, with the Focus Area 2 (preserving macroeconomic stability, and inclusive growth and local roots of development). The CPF remained relevant to most of the 13 commitments of the new government that came into power in 2019 as laid out in the General Policy of the State.²⁶ These include reinforcing human capital, ensuring higher and more sustainable growth, and improving the management of the country's natural resources. In addition, the adjustment in the PLR to respond to the COVID-19 pandemic aimed to support the GoM's response as highlighted in the 2020 Emergency Multisectoral Plan (Plan Multisectoriel d'Urgence).
- 45. The CPF integrated well the lessons learned from the implementation of the World Bank Group Country Assistance Strategy FY07-FY11 (Report No. 38135-MG)²⁷ and the World Bank Interim Strategy Note for Madagascar FY12-13 (Report No. 63863-MG)²⁸.** Efforts have been increased to better understand the political economy dynamics and to consider the results in the design of projects. The CPF results framework has been designed with a limited and more focused number of objectives (from 29 in the previous CPF to 8). The CPF has increasingly integrated the concept of community-driven initiatives to ensure delivery at the local level. Particularly, the CPF has scaled up integrated and decentralized intervention with focus on the South with the MIONJO and the Connecting Madagascar for Inclusive Growth projects. However, these projects were only approved toward the end of the CPF period and other regions would also benefit from the same approaches.
- 46. The portfolio has been designed with strong synergies between operations.** Up to 41 Advisory Services and Analytics (ASA) have been completed during the implementation of the CPF which has provided strategic guidance to the design of the operations comprising the CPF portfolio and pipeline. These include the geographical identification of roads and energy generation sites that are supported under the WBG projects. Besides, the achievement of each objective of the CPF relies on a combination of different instruments and multisectoral operations. Finally, the complementarity between IPFs and DPOs has been demonstrated. In some cases, DPOs have helped advancing reforms needed to ensure the efficiency of IPF interventions while IPFs and TAs supported the operationalization and sustainability of the reforms supported by DPOs.
- 47. The CPF adequately identified risks to achieving the objectives but mitigating measures were insufficient.** The overall risk of the CPF, after consideration of the mitigating measures, has been rated as moderate. The CPF rightly acknowledged the impacts that the political and governance risks could have on the implementation of reforms and activities that are critical for achieving the CPF objectives. This is particularly reflected in the slowing down of reforms execution around the time of the elections in 2019. Governance challenges were encountered in fully implementing energy sector reforms, decentralization, PFM reforms aiming to increase the efficiency of public spending, the 2018-2022 ESP, the air transport reforms, and the reforms for enhancing rural productivity.
- 48. The CPF would have benefitted from being more selective.** The CPF attempted to address in parallel most of the structural constraints faced by the country and as identified by the 2016 Systematic Country Diagnostic. The number of operations rapidly increased, almost doubling over the CPF period and reached a level exceeding the CPF projection.²⁹ Such increase led to a dispersion of efforts and contributed to exhausting the GoM's capacity to oversee project implementation and to focus on selected reforms.
- 49. Notwithstanding the adjustment in the PLR, the results framework suffered from some flaws: (i) The link between WBG intervention and the CPF result indicators was generally sound.** The few exceptions relate to the CPF indicators under Objective 5 for which the portfolio intervention could not completely influence the trajectory of the indicator. (ii) Some CPF results indicators could have better captured the achievements. Specifically, the selected CPF indicators for Objective 1 focused mainly on learning outcomes while health and nutrition and social safety net projects were major contributors to the objective of strengthening children's human capital, and the Statistical Capacity Index for Objective 4 does not capture the significant provision of statistical information that has been supported by World Bank supported operations. (iii) For the case of Objective 7, the selected result indicators do not directly measure strengthened rural productivity. Regarding the achievement of the targets, the PLR could have been an opportunity to set achievable targets. Yet, three

26 The 13 axes of the general policy of the State are elaborated here: <https://www.presidence.gov.mg/19-a-la-une/66-la-ligne-directrice-de-la-pge.html>. The Plan Emergence Madagascar, the strategic development plan of the Government is under finalization.

27 Approved on March 7, 2007

28 Approved on December 28, 2011

29 The CPF projected that project number would remain at 16.

major factors can explain the gap between the achievement and the target: (a) the preparation of the PLR was delayed by the COVID-19 and the period between the PLR and the CLR is very short, hence the time for implementing adjustments was limited; (b) the gap testifies to the prevalence of government challenges in the sector covered by the CPF and the prevailing impact of COVID-19 on CPF implementation; c) related to design, most of the targets are set at the end of the CPF period (June 2022) while the CLR relies on most recent verifiable information.

PROGRAM IMPLEMENTATION:

50. The CPF implementation benefited from significant resource mobilization. The portfolio increased from a total commitment of US\$796.8 million in FY17 to US\$2.98 billion in FY22.³⁰ In addition to the regular IDA Performance-Based Allocation, the WBG also leveraged trust funds and exceptional IDA support under the Turn Around Regime (FY17-FY19) as well as IDA financing windows, including the Crisis Response Window, the Regional Window, and the Scale-Up Facility.³¹ The IDA19 allocation has been fully committed.

51. The implementation of the CPF was characterized by a close collaboration between WBG institutions and other development partners. Many of IFC's operations were jointly managed with the World Bank or complemented World Bank interventions. The World Bank and the IFC both supported the development of meat supply and export through the PADAP and Bonne Viande de Madagascar projects. Both institutions supported agribusiness value chains with the World Bank focusing on cocoa, selected fruits, and spices, and the IFC supporting the vanilla value chain. The IFC and World Bank jointly worked on developing access to finance through support to the collateral registry and credit reporting projects. Through IPF and TA. The World Bank focused on supporting the governance and operational reform of JIRAMA to develop on-grid access to electricity and collaborated with IFC on the development of off-grid electricity supplies. The Country Private Sector Diagnostic (CPSD- 2021) was jointly produced by IFC and World Bank. The interventions of the three WBG institutions in the air transport sector was fully complementary: World Bank supported the policy reform, IFC provided financial support, and MIGA guaranteed the private investment. The WBG also worked in close collaboration with development partners to harmonize the policy dialogue with the government. Project implementation leveraged the presence of United Nations agencies at decentralized levels (World Health Organization, World Food Program, Food and Agriculture Organization and United Nations Children's Funds).

52. The CPF was adjusted to respond effectively to crisis. The World Bank's response to the COVID-19 crisis included (i) the reallocation of portfolio resources through activation of CERC and restructuring and reallocations of existing programs; (ii) the addition of new operations responding to the pandemic and (iii) a reprioritization of the CPF pipeline to advance operations that were planned for later years while delaying selected new operations. The IFC supported the GoM's crisis response, with a focus on agriculture, light manufacturing, and the financial sector. As a member of the Common Market for Eastern and Southern Africa (COMESA)³², Madagascar is eligible for support by the regional Trade and Development Bank (TDB). MIGA is supporting a commercial loan facility for TDB of about EUR359million to support the growth and diversification of TDB's trade finance portfolio. This facility also includes EUR50 million specifically earmarked for on-lending toward COVID-19 response activities. Both the portfolio and pipeline were refocused towards the most vulnerable areas/regions where the World Bank has been less present in the past, including in the South in response to the climate and humanitarian crisis, and to address urban poverty in the context of the COVID-19 crisis

53. Project implementation monitoring is adequate. The overall implementation progress of the projects composing the portfolio is assessed as either satisfactory or moderately satisfactory, except for one project (PRODUIR). Regarding financial management, the projects composing the portfolio are in majority rated satisfactory or moderately satisfactory, except two projects rated as moderately unsatisfactory (ESOGIP and PADAP). Furthermore, all closed projects during the CPF cycle are rated by the Independent Evaluation Group (IEG) as moderately satisfactory or higher. Recurrent issues in implementation faced during the CPF cycle include occurrences of ineligible expenses, frequent changes to the structure of ministries usually followed by civil servants' replacement and hence project managers, mid-year revision of the budget, and cumbersome national procedures for declaring project effectiveness and processing compensation payment in cases of resettlement. Measures to ensure smooth portfolio implementation include joint regular review of the portfolio performance with the government to identify major hurdles and agree on a remedial action plan. In addition,

30 Data as of March 31, 2022.

31 As of end-February 2022, total IDA commitments since the beginning of the CPF cycle amount to US\$3,156 million, of which US\$2,894 million are from the Performance-Based Allocation.

32 The COMESA is the largest regional economic organization in Africa, with 19 member states and a population of about 390 million.

a diagnostic of the national procedures affecting portfolio implementation has been conducted and standard deadlines defined for each step. Notwithstanding these issues, disbursement rates have been steady, averaging 27.9 percent annually between FY17 and FY21.³³



04. ALIGNMENT WITH CORPORATE GOALS

- 54. The CPF program contributed to achieving the WBG Twin Goals of eradicating extreme poverty and promoting shared prosperity.** The program has been more successful in strengthening inclusion while growth during the CPF cycle has been moderate and insufficient to tackle pervasive poverty. Progress in alleviating extreme poverty was modest in the period leading up to the COVID-19 pandemic, and poverty has further increased following the COVID-19 outbreak. From 2012, the last year for which official poverty data are available, to 2019, the percentage of the population living below the international poverty line of US\$1.90 (2011 purchasing power parity) per day is estimated to have fallen only slowly, from 78.8 percent to 76.5 percent. Extreme poverty increased sharply with the COVID-19 in 2020, with vulnerable populations in urban areas being particularly affected. The poverty rate (at US\$1.90/day) is estimated to have reached over 80 percent in 2021. The CPF endeavored to include the poorest to benefit from the growth, though moderate. Focus was oriented toward rural areas where poverty level is higher, with the objectives of increasing resilience (Objective 2), strengthening rural productivity (Objective 7) and the expansion of access to infrastructure (Objective 8). The adjustment of the portfolio in the PLR also increased the focus to the southern part of the country, where poverty is highest. However, the 2022 SCD Update identified the limited capacity of Madagascar to grow and high vulnerability to shocks as the main explanations of persistent poverty. While the CPF aimed to promote inclusive growth and support resilience to shocks, the growth trend cannot be fully influenced by the CPF program and in a single CPF cycle. As a result, the CLR proposes a spatially targeted approach for the future CPF.
- 55. The Madagascar portfolio is contributing significantly to delivering the IDA19 policy commitments.** The portfolio includes 18 delivered or ongoing activities contributing to IDA19 policy commitment, especially under the Special Themes of Jobs and Economic Transformation, Climate Change, and Governance and Institutions. In addition, 10 activities contribute to the four cross-cutting issue on Disability Inclusion, Technology, Debt, and Human Capital.³⁴ Namely, out of the 33 projects approved since FY17 to February 2022, 18 have been validated with gender tag. To further reduce gender gaps, project design incorporates activities that specifically target women and children, including support the access of women to jobs and a gender assessment has been conducted in FY22.³⁵ Regarding climate resilience, the country's capacity has been significantly enhanced during the CPF cycle to better preparedness and rapid response. Climate co-benefit averaged 28 percent over total International Development Association (IDA) commitment per FY during the CPF period. The CPF also increasingly involved local communities in the execution of operations. The portfolio performance positively contributes to the IDA19 commitment as tracked through the IDA19 Result Measurement System and particularly under Tiers 2 and 3.³⁶

³⁴ Data according to the IDA19 Policy Commitment dashboard as of April 2022.

³⁵ Including the SSN, MIONJO, Connecting Madagascar for Inclusive Growth, and the National Water projects.

³⁶ <https://ida.worldbank.org/en/rms>. The results include for instance, under Tier 2: the number of people having access to social safety nets programs, who received essential health, nutrition, & population services, provided with access to improved sanitation services; and under Tier 3: proactivity index of the portfolio and the outcomes rated as satisfactory by IEG.

05. LESSONS LEARNED

56. The assessment of the CPF implementation and the WBG performance allows the identification of the following lessons:

- **Interventions must include a more realistic assessment of the country's capacity to implement complex reforms.** Political economy analysis has helped the WBG design operations and build coalitions around transformational reforms. For instance, the results have shaped the introduction of risk-based management in the design of customs reforms supported by the PAPSP and helped unlock the delay associated with the implementation of the ESP. The upcoming CPF needs to sustain the practice of political economy analysis to support project design and implementation. Beyond analysis, timely acknowledgement of the signs of reforms pushback should trigger the identification of alternative means of intervention while maintaining the focus on the ultimate objective and final beneficiaries. In this perspective, the WBG has explored the use of different instruments in the energy sector during the CPF implementation, including IPF, DPF, P4R and Partial Guarantee with the objective of improving the performance of JIRAMA and access to on-grid electricity. Yet, deep-rooted governance challenges in the company and the energy sector have slowed down progresses toward the targets. More selective WBG intervention is also essential in order not to exhaust the already limited capacity of the Government. These experiences suggest that the upcoming CPF need to adopt a more sequenced approach, and particularly in the energy sector, including a better identification of the entry points for reforms.
- **Cumbersome national procedures can create serious hurdles to project implementation.** Examples include the processes for project effectiveness, the opening of designated accounts for projects and executing compensation in the framework of resettlement. National procedures have caused important delays in the implementation of some of operations in the portfolio with a more pronounced impact on the delays in attaining Objective 2 of the CPF. The forthcoming CPF will align project processing with parliamentary sessions for ratification and factor in the likely delay associated with national procedures are key inputs for programming of operations activities. Options will also be explored with the authorities to simplify the procedures. Particularly on safeguards and since the number of projects involving resettlement in the portfolio has increased, lessons learned from the ongoing implementation of resettlement plan will help identifying the main bottlenecks and smoothing future activities.
- **Building local capacity on new operational design or complex project is important for sustainability.** The CPF has introduced innovative features to enhance the effectiveness and sustainability of interventions. Examples of new operational design include the introduction of least-cost planning for the energy sector and the sustainable landscape approach in the efforts to increase agricultural productivity on the longer-term. The implementation of the single identification under Digital Governance Project and critical digital infrastructure to support financial inclusion requires specific competencies that still need to be developed locally, while important for the implementation of the projects and their sustainability. The forthcoming CPF will explore including a multi sector capacity building program to strengthen local capacity and institutions.
- **Spatial targeting and integrated intervention approaches have proven their efficiency.** Multiple development challenges at the national level, specific needs at the region level, and the positive experience with regional and multisectoral projects during the CPF implementation call for tailored interventions at the local level. For instance, results from the value chain approach and the integrated growth pole approach have matched or exceeded targets. As a result, the coverage of the PIC SOP has been expanded to increase the number of beneficiary regions and several of the operations in the portfolio are already designed to provide complementary interventions within selected value chains. The early years of the implementation of the MIONJO project in the South has also demonstrated promising results. The upcoming CPF will build on these experiences and continues adopting the spatial targeting approach, using the Poverty Targeting Index.
- **Ensure flexibility of Bank instruments, including systematic inclusion of CERC in operations is critical.** Madagascar is highly exposed to shocks. Under this CPF, the Bank was flexible and adjusted its portfolio, including restructuring operations, preparing emergency DPOs, readjusting the pipeline and activating CERCs. The availability of CERC in the portfolio has proven to enable rapid and large-scale responses in the case of COVID-19, where CERC components under the PADAP, PRODUIR, and PIC were mobilized and allocated to the acquisition of medical supplies and medications, support to private sector through the provision of additional financing lines, and support to households through social safety net programs. The CERC component of the MIONJO project has been mobilized to provide emergency response to the drought and humanitarian crisis in the South of Madagascar. More recently, part of the response to the cyclones that hit Madagascar in 2022

will be financed by CERC available in the portfolio. The new CPF will maintain similar flexibility, including CERC component in each project to continue enabling such flexibilities in the case of shocks.

- **Benefits of coordinated intervention between WBG institutions are clear.** The CPF period has been marked by a close collaboration between the World Bank, IFC, and MIGA, as well as in financing instruments as in advisory services. Such modality of intervention has enabled the concentration of efforts around selected areas, including in air transport, inclusive finances, and agribusiness and mobilized resources for shared priorities. The three institutions of the WBG have collaborated on the construction of the two main international airports through advisory support by the PIC project of the World Bank, investment, and advisory supports by the IFC, and the guarantee from MIGA on the Ravinala projects. The World Bank and IFC are jointly managing operations in the financial sector and agribusinesses. Joint works on analytical and advisory services such as the Country Private Sector Diagnostic and the Systematic Country Diagnostic helped facilitating harmonized policy orientation for the three institutions. Such close collaboration would be essential in the implementation of the upcoming CPF.
- **Complementarity between WBG instruments creates a virtuous cycle of implementation.** ASAs have played a critical role in the design of the CPF portfolio. In some cases, DPOs have helped jumpstarting and advancing reforms needed to ensure the efficiency of IPF interventions. Similarly, IPFs and TA are essential to support the operationalization and sustainability of the reforms supported by DPOs. Such complementarity is evident, for instance, regarding the social protection sector where the programmatic IRG DPOs have supported reforms establishing the institutional frameworks and coordination mechanism in the sector, while the SSN IPF built on these institutional frameworks and provides the financial resources to expand social safety nets coverage. In the transport sector, the ASA on connectivity has informed the identification of the main priorities in road rehabilitation and supported the scaling-up of the road sector portfolio. In the design of the upcoming CPF, it is critical that the design of the upcoming CPF maintains the synergies between the WBG instruments.





06. ANNEXES

ANNEX 1. STATUS OF MADAGASCAR FY17-FY22 CPF RESULTS MATRIX (SUMMARY TABLE)

		DESCRIPTION	STATUS AT CLR	OVERALL RATING
FOCUS AREA I: INCREASE RESILIENCE AND REDUCE FRAGILITY	OBJECTIVE 1: Strengthened children's human development	Pupils in public schools completing Grade 2 able to correctly read at the basic proficiency level	Not Verified	Mostly Achieved
		Average promotion rate in the first two sub-cycles of basic education in public schools	Not Verified	
	OBJECTIVE 2: Enhanced resilience of livelihoods of vulnerable households in rural and urban areas	Fishers participating in alternative fishing practices and livelihoods activities in the priority areas	Partially Achieved	Mostly Achieved
		Farmers directly benefitting from improved irrigation services, agricultural inputs and strengthened integrated management of natural resources	Achieved	
		People in urban areas provided with access to improved urban services	Mostly Achieved	
	OBJECTIVE 3: Enhanced and effective decentralization	Percentage of budget allocated to Territorial and Decentralized Collectivities (CTD)	Not verified	Mostly Achieved
		Recovery of revenue (not including grants) by local governments	Achieved	
	OBJECTIVE 4: Enhanced transparency and accountability	Open Budget index (OBI)	Achieved	Mostly Achieved
		Increase in the SCI Score	Not achieved	
		Total budget covered by audit	Partially achieved	
		Timely availability of Court of Account public budget report	Achieved	
			DESCRIPTION	STATUS AT CLR
FOCUS AREA II: PROMOTE INCLUSIVE GROWTH	OBJECTIVE 5: Increased Fiscal Space to Finance Priority Social and Infrastructure Spending	Tax revenue collection	Achieved	Partially Achieved
		Share of priority spending	Not achieved	
	OBJECTIVE 6: Improved business environment and access to finance	Time required to register businesses at EDBM one-stop shop	Achieved	Mostly Achieved
		Time for resolving a commercial dispute	Mostly Achieved	
		Adults with an account at a financial institution and/or mobile account	Mostly achieved	
	OBJECTIVE 7: Strengthened rural productivity	Value of exports in supported agricultural value chains	Achieved	Mostly Achieved
		Land parcels with use or ownership rights recorded	Partially achieved	
	OBJECTIVE 8: Improved access to energy and transport	Total electricity losses per year (percent)	Mostly achieved	Partially Achieved
		Share of population with access to electricity services through grid and off-grid solutions	Partially achieved	
		Roads constructed or rehabilitated	Partially achieved	

OBJECTIVE	OVERALL RATING	INDICATORS	BASELINE/TARGET Data sources from project monitoring reports, otherwise indicated	STATUS AT CLR	LESSONS LEARNED AND SUGGESTIONS FOR THE NEW CPF	WBG PROGRAM INSTRUMENTS
FOCUS AREA I: INCREASE RESILIENCE AND REDUCE FRAGILITY						
OBJECTIVE 1: Strengthened children's human development	Mostly Achieved	Pupils in public schools completing Grade 2 able to correctly read at the basic proficiency level (percent)	Baseline (2016): 24 percent Target (2022): 30 percent Actual: 30 percent of pupils in public schools completing Grade 2 can correctly read at the basic proficiency level. ²	Not Verified	With respect to Education: - COVID 19 context called for dramatic and accelerated remedial actions in education access and quality; to improve teaching practice and examination system. Support to remote learning strategies and continued learning, and support for re-enrollment and preventing drop out were crucial during COVID-19 crisis To improve learning, it is also important to implement a literacy policy package, prepare -learners, make teachers effective, learning resources available, ensure safe schools and effective school management.	Financing - Emergency Support Critical Education, Health and Nutrition Services Project (P148749) - closed - Emergency Support to Education for All project – GPE (P132616) - closed - Investing in Human Capital DPF (P168697) - closed - Social Safety Net Project (P149323) and Additional Financing (P167881, P174886)
		Average promotion rate in the first two sub-cycles of basic education in public schools (percent)	Baseline (2015/2016): 45 percent Target (2022): 50 percent Actual: 59.3 percent for 2020-21 school year ³	Not Verified		

1 The result indicators are deducted from the projects' most recent Implementation Status & Results Report or Implementation Completion Report at the preparation of the CLR, otherwise indicated. Hence, some of the results refer to 2021 (or earlier). When available, the projected result at end-June 2022 is provided.

2 Change in methodology during the CPF: due to COVID-19 context, MEN tasked regional technical staff to carry out data collection, instead of usual process with the Independent Learning Achievement assessment unit

3 There is a risk of upward bias since promotion has been quasi-systematic in the COVID-19 context.

OBJECTIVE	OVERALL RATING	INDICATORS	BASELINE/TARGET Data sources from project monitoring reports, otherwise indicated	STATUS AT CLR	LESSONS LEARNED AND SUGGESTIONS FOR THE NEW CPF	WBG PROGRAM INSTRUMENTS
		<p>Supplementary indicators</p> <p>Facility-based deliveries in project areas (Number)</p> <p>Children under six months who are exclusively breastfed (in project areas) (percent)</p> <p>Children between the age of 6 and 59 months old who receive Vitamin A supplements as per national guidelines (as a share of total target population, in project areas) (percent)</p> <p>Women and children who have received basic nutrition services (number)</p> <p>Teachers recruited or trained (number)</p>	<p>Baseline (2017): 0 Target (2022): 386,000 Actual: 286,709 facility-based deliveries in project areas as of Nov 2021</p> <p>Baseline (2017): 61.3 percent Target (2022): 65 percent Actual: 64.6 percent (as of Nov. 2021)</p> <p>Baseline (2017): 0 percent Target (2022): 67 percent Actual: 63.2 percent (as of Nov 2021)</p> <p>Baseline (2017): 0 Target (2022): 2,270,000 Actual: 845,270 women and children who have received basic nutrition services (data available for five targeted regions of P160848)</p> <p>Baseline (2016): 0 Target (2022): 62,200 Actual: 5,909 teachers recruited or trained, including 1,815 teachers trained in teaching reading, writing and math in the first year of primary school; 1,815 preschool educators, trained and certified and 2,279 trained teachers deployed and redeployed in rural schools as of December 2021</p>	<p>Mostly Achieved</p> <p>Mostly Achieved</p> <p>Mostly Achieved</p> <p>Partially Achieved</p> <p>Not Achieved</p>	<p>- Redesign an innovative education process by bringing learning to students and using evidence-based technology solutions, deploy solutions at the pilot level and at scale and diffuse related knowledge across policy makers.</p> <p>- Promote cross- sectoral knowledge on effective design and implementation of education intervention, such as support girls who face increased risk of early pregnancy and early marriage, just after COVID-19 pandemic.</p> <p>With respect to health:</p> <p>- Scaling up of the following innovations has reduced barriers and increase utilization of health and nutrition services:</p> <ul style="list-style-type: none"> • fee exemption scheme for key Reproductive, Maternal, Neonatal, Child Health and Nutrition (RMNCH-N) interventions and financing delivery kits. 	<ul style="list-style-type: none"> • Public Sector Performance project – PAPSP (P150116) - closed • Basic Education Support Project – PAEB (P160442) and Additional Financing (P172051) • Improving Nutrition Outcomes through a Multiphase Programmatic Approach (P160848) • GPSA Madagascar: Strengthening Community and Municipality Co-Engagement for Better Basic Health Services Project (P172393) – closed • Support to COVID-19 Vaccine Purchase and Health System Strengthening Project (P176841) and additional financing

OBJECTIVE	OVERALL RATING	INDICATORS	BASELINE/TARGET Data sources from project monitoring reports, otherwise indicated	STATUS AT CLR	LESSONS LEARNED AND SUGGESTIONS FOR THE NEW CPF	WBG PROGRAM INSTRUMENTS
		<p>Children (aged 6-10) of cash transfers beneficiary families attending primary school (number)</p> <p>Number of households participating in parenting counseling (number)</p>	<p>Baseline (2017): 35,000 Target (2022): 170,000 Actual: 170 980 children (aged 6-10) of cash transfers beneficiary families attending primary school, as of December 20</p> <p>Baseline (2017): 16,000 Target (2022): 100 000 Actual: 19,510 households participating in parenting counseling as of December 2021</p>	<p>Achieved</p> <p>Achieved</p>	<ul style="list-style-type: none"> vaccination outreach and delivery of Integrated Management of Childhood Illness (IMCI) and nutrition services through community sites. to address the significant constraint of available human resources for health, contract health workers to increase alignment with Government norms, with an agreement that the new staff will be absorbed into the Government budget. use of global best practices in communication and social mobilization strategy to create demand for nutrition and health services 	<ul style="list-style-type: none"> Madagascar COVID-19 Response DPF (P174388) - closed Investing in Human Capital DPF II (P171460) - pipeline Pandemic preparedness and basic health services delivery (P174903) - pipeline Phase 2 for Improving Nutrition Outcomes Using the Multiphase Programmatic Approach (P175110) - pipeline East Africa Girls' Empowerment and Resilience IPF <p>Non lending:</p> <ul style="list-style-type: none"> Addressing malnutrition in Madagascar (P143293) A multi-sectoral analysis of stunting in Madagascar (P164705)

OBJECTIVE	OVERALL RATING	INDICATORS	BASELINE/TARGET Data sources from project monitoring reports, otherwise indicated	STATUS AT CLR	LESSONS LEARNED AND SUGGESTIONS FOR THE NEW CPF	WBG PROGRAM INSTRUMENTS
						<ul style="list-style-type: none"> ▪ Raising Education Outcomes (P156330) ▪ Taking students to schools: expansion of the lower secondary education in Mozambique and Madagascar (P168944) ▪ Madagascar Service Delivery Indicators (P160535 - P172336) ▪ Social Safety Net Project: Impact Evaluation of a Behavioral Approach to Improve Outcomes in Early Childhood (P162747) ▪ Madagascar Universal Health Coverage/Health Financing Support (P164662) ▪ Poverty Survey/analysis and HCI regional mapping (P172248) ▪ Country Economic Memorandum (P168227)

OBJECTIVE	OVERALL RATING	INDICATORS	BASELINE/TARGET Data sources from project monitoring reports, otherwise indicated	STATUS AT CLR	LESSONS LEARNED AND SUGGESTIONS FOR THE NEW CPF	WBG PROGRAM INSTRUMENTS
<p>OBJECTIVE 2. Enhanced resilience of livelihoods of vulnerable households in rural and urban areas</p>	<p>Mostly Achieved</p>	<p>Fishers participating in alternative fishing practices and livelihoods activities in the priority areas (number) Farmers directly benefitting from improved irrigation services, agricultural inputs and strengthened integrated management of natural resources (number) People in urban areas provided with access to improved urban services (number)</p>	<p>CPF Indicators Baseline (2017): 0 Target (2022): 2,250 Actual: 1,616 fishers as of May 2021</p> <p>Baseline (2017): 32,000 Target (2022): 76,741 Actual: 85,542 farmers including 22,020 from PURSAPS (P147514), 23,257 from BVPI-PHRD (P128831) and 40,265 from PADAP (P154698) as of November 2021</p> <p>Baseline (2017): 150,800 Target 2022: 656,000 Actual: 556,400 people including 500,000 beneficiaries of solid waste collection or improved water sources from PIC2.1 (P113971); 56,400 people provided with improved water sources from PIC2.2 (P164536). No beneficiaries recorded for PRODUIR (P159756) as of November 2021</p>	<p>Partially Achieved Achieved</p> <p>Mostly Achieved</p>	<p>- Sustained adoption by farmers of improved technologies and practices for both higher productivity and increased resilience depends in large part on whether markets can provide a reasonable and sustained return on their investment via remunerative farmgate prices. Productivity and risk mitigation -investments at farm-level need to be complemented by policy actions and investments to strengthen the functioning of markets and the overall enabling environment via upgrades of feeder roads, storage infrastructure, weather and market information systems, input supply services, and the like. - Re: PADAP, the experience suggests that the viability and resilience of livelihood systems in highland areas are increasingly dependent on proactive</p>	<p>Financing</p> <ul style="list-style-type: none"> - Emergency Infrastructure Preservation & Vulnerability Reduction Project – PUPJRV (P132101) - closed - Emergency Food Security and Social Protection project – PURSAPS (P147514) - closed - Inclusive and Resilient Growth DPO (P162279 and P166425) - closed - Integrated Growth Poles and Corridor Project SOP-1 – PIC2.1. (P113971) - closed - Madagascar COVID-19 Response DPF (P174388) - closed

OBJECTIVE	OVERALL RATING	INDICATORS	BASELINE/TARGET Data sources from project monitoring reports, otherwise indicated	STATUS AT CLR	LESSONS LEARNED AND SUGGESTIONS FOR THE NEW CPF	WBG PROGRAM INSTRUMENTS
		<p>Supplementary indicators</p> <p>Small-scale fishing units in the priority areas using prohibited gear observed during onshore inspections (percent)</p> <p>Area provided with new/improved irrigation or drainage services (ha)</p>	<p>Baseline (2016): 80 percent Target (June 2022): 52.5 percent <i>Actual: 50 percent as of December 2021</i></p> <p>Baseline (2017): 22,303.90 hectares Target (2022): : 62,240 hectares (achieved) Actual: 66,349 ha of area provided with improved irrigation and/or drainage services which includes 51,199 ha from PURSAPS (P147514), 6,326 ha from BVPI-PHRD (P128831), and 8,824 ha from PADAP (P154698) as of November 2021</p>	<p>Achieved</p> <p>Achieved</p>	<p>and sustained management of the upstream watershed and the underlying natural resource base that underpins agricultural and food production systems. While payment for environmental service (PES) models show promise to galvanize good practices with positive spillover -benefits for both practitioners and downstream beneficiaries, evidence suggests that PES programs are challenging to introduce and maintain over the long-term due moral hazard and other pressures. An assessment of successful PES models could help to distill the fundamentals and prerequisites for viability.</p>	<ul style="list-style-type: none"> ▪ Social Safety Net Project (P149323) and AF (P167881) <ul style="list-style-type: none"> - FSS ▪ AF Social Safety Net Drought Response (P160554) <ul style="list-style-type: none"> ▪ Sustainable Landscape Management Project – PADAP (P154698) ▪ SWIO Fisheries Governance and Shared Growth project – SWIOFish (P153370) ▪ Agriculture Rural Growth and Land Management Project – CASEF (P151469) and AF (P166133) ▪ Integrated Urban Development and Resilience project for Greater Antananarivo – PRODUIR (P159756) ▪ Integrated Growth Poles & Corridor Project SOP-2 – PIC2.2. (P164536)

OBJECTIVE	OVERALL RATING	INDICATORS	BASELINE/TARGET Data sources from project monitoring reports, otherwise indicated	STATUS AT CLR	LESSONS LEARNED AND SUGGESTIONS FOR THE NEW CPF	WBG PROGRAM INSTRUMENTS
		Farmers adopting improved agricultural technology (number)	<p>Baseline (2017): 6,662 Target (2022): 38,030 Actual: 38,823 farmers including 6,810 farmers from BVPI-PHRD (P128831), 15,575 beneficiaries of technological package for agricultural intensification from PURSAPS (P147514); 10,373 farmers that benefitted from training and quality inputs from PIC2.1 (P113971) and 6,065 farmers adopting improved agricultural technology from PADAP (P154698) as of November 2021</p>	Achieved		
		Land area under sustainable landscape management practices (ha)	<p>Baseline (2016): 0 hectare Target (2022): 556,480 hectares Actual: 670,678 ha including 4,604 ha (of reforested watersheds) from PURSAPS (P147514); 3,403 ha (treated with SWC) and 2,355 ha (re-afforested) from SSNP (P149323) and 660,316 ha from PADAP (P154698)</p>	Achieved		
		Area benefitting from improved drainage coverage and flood protection measures in Greater Antananarivo (ha)	<p>Baseline (2017): 0 hectare Target (2022): 1,500 hectares Actual: 0 hectares as of November 2021</p>	Not Achieved ⁴		

4 Target to be achieved through the PRODUIR. The contracts for the major works under the project have already been signed and works were planned to start in April 2022.

OBJECTIVE	OVERALL RATING	INDICATORS	BASELINE/TARGET Data sources from project monitoring reports, otherwise indicated	STATUS AT CLR	LESSONS LEARNED AND SUGGESTIONS FOR THE NEW CPF	WBG PROGRAM INSTRUMENTS
		National Disaster Fund established and operational (yes/no)	Baseline (2017): No Target (2022): Yes Actual: No. Fund not yet established.	Not Achieved	<p>- For land area under sustainable land management—protected areas remain one of the most significant bastions of habitat for biodiversity as well as core areas of securing and ensuring functional ecosystems and ecosystemic functions. Protected Area (PA) management however can be somewhat conflictual as many communities surrounding PA have not received the tangible benefits that have been anticipated in setting up the PA as tourism revenue also requires investments in infrastructure and promotion.</p>	<ul style="list-style-type: none"> ▪ Social Safety Net II Project (P167881) ▪ Madagascar Disaster Risk Management DPF with a Catastrophe Deferred Drawdown Option (Cat DDO) (P167941) ▪ Support for resilient livelihoods in the South of Madagascar – MIONJO (P171056) ▪ Madagascar Emission Reductions Program in Atiala-Atsinanana (P167725) <p>Non lending</p> <ul style="list-style-type: none"> ▪ Agriculture and Rural Development NLTA (P153329) ▪ Smallholder Inclusion in Value Chains (P160761 – P164567) ▪ Unlocking the Potential of Irrigation Schemes in Madagascar (P168000) ▪ El Niño impacts in Madagascar on food security, agriculture, and livestock and on the population of the Southern region (P160145)

OBJECTIVE	OVERALL RATING	INDICATORS	BASELINE/TARGET Data sources from project monitoring reports, otherwise indicated	STATUS AT CLR	LESSONS LEARNED AND SUGGESTIONS FOR THE NEW CPF	WBG PROGRAM INSTRUMENTS
					<p>As such many PA are under pressure, as they are a recourse for meeting basic livelihood needs in times of difficulty, and when land becomes unfertile or is limited in space. Contracts with PA managers is on track to increasing and meeting the objectives by the end of the PADAP project.</p> <p>These contracts and the different activities and responsibilities that fall under the mandate and remit of the PA manager, what falls to GOM and what falls to other service providers has caused confusion and delays in finalizing. Having had these discussions much earlier on would make expectations clearer.</p>	<ul style="list-style-type: none"> ▪ Southwest Indian Ocean Risk Assessment & Financing Initiative (P149096) ▪ Collaborative Leadership for Development - Water (P158774) ▪ Urban Poverty and Resilience Study in Antananarivo (P156547) ▪ Fostering integrated urban water management of Greater Antananarivo (P157539) ▪ Water Security in the South of Madagascar (P164282) ▪ Country Economic Memorandum (P168227)

OBJECTIVE	OVERALL RATING	INDICATORS	BASELINE/TARGET Data sources from project monitoring reports, otherwise indicated	STATUS AT CLR	LESSONS LEARNED AND SUGGESTIONS FOR THE NEW CPF	WBG PROGRAM INSTRUMENTS
						<p>Ongoing non-lending</p> <ul style="list-style-type: none"> ▪ Support to Madagascar Urban Land Policy (P168026) ▪ Strengthening Social Resilience in Southern Madagascar (P164034) ▪ Enhancing the role of social protection (P172037) ▪ Poverty Survey/analysis and HCL regional mapping (P172248) ▪ Leveraging the Private Sector through activities and engagement in specific supply chains to drive reductions in deforestation (P170274)

OBJECTIVE	OVERALL RATING	INDICATORS	BASELINE/TARGET Data sources from project monitoring reports, otherwise indicated	STATUS AT CLR	LESSONS LEARNED AND SUGGESTIONS FOR THE NEW CPF	WBG PROGRAM INSTRUMENTS
OBJECTIVE 3. Enhanced and effective decentralization	Mostly Achieved	<p>CPF indicators</p> <p>Percentage of budget allocated to Territorial and Decentralized Collectivities (CTDs) (percentage of total budget)</p>	<p>Source: Budget Law (Ministry in charge of Finance)</p> <p>Baseline (2017): < 5 percent [Baseline is estimated to be lower than 1 percent.]</p> <p>Target (2022): 2 percent</p> <p>Actual: in the Loi des Finances 2022, it is estimated that 1.75 percent of total budget is allocated to CTD.</p>	Not Verified	<p>Continued engagement with main counterparts, including Ministry of Interior and Decentralization (MID) and MEF has been key to secure budget allocations in successive budgets</p> <ul style="list-style-type: none"> Continued dialogue with the Government is also important to encourage the Government preserve the amount of the subventions in the short term and gradually increase resource allocation to communes and regions in the medium and longer term. Transfers have proven to be critical resources to allow Communes deliver much needed services especially in difficult times The introduction of a result-based financing feature in the PAPSP (first with Disbursement Linked Indicators then followed by Performance Based Conditions) has slightly improved subvention transfer reliability and timeliness 	<p>Financing</p> <ul style="list-style-type: none"> Inclusive and Resilient Growth DPO (P162279 and P166425) - closed Integrated Growth Poles and Corridor Project SOP-1 – PIC2.1 (P113971) - closed Madagascar COVID-19 Response DPF (P174388) - closed Public Sector Performance Project – PAPSP (P150116) Support for resilient livelihoods in the South of Madagascar – MIONJO (P171056)
		<p>Recovery of revenue (not including grants) by local governments (percent)</p>	<p>Baseline (2016): 30 percent</p> <p>Target (2022): 40 percent</p> <p>Actual: 42.1 percent of revenue recovered by local governments (in 2020). Based on the Etats Financiers transmitted by the Communes and officially registered at the central level by December 2021.⁵</p>	Achieved		
		<p>Supplementary indicators</p> <p>Communes undertaking an IGL self-assessment published on government public service delivery performance website (number)</p>	<p>Baseline (2016): 0</p> <p>Target (2022): 400</p> <p>Actual: 406 Pilot communes are undertaking an IGL self-assessment (as of end of Dec 2021)</p>	Achieved		

5 The latest consolidated data cover 2020. Municipalities have 9 months following the end of the fiscal year to submit their Etats Financiers.

OBJECTIVE	OVERALL RATING	INDICATORS	BASELINE/TARGET Data sources from project monitoring reports, otherwise indicated	STATUS AT CLR	LESSONS LEARNED AND SUGGESTIONS FOR THE NEW CPF	WBG PROGRAM INSTRUMENTS
		Execution of service-delivery fiscal transfers to local governments (text)	<p>Baseline (2017): No standard available to measure acceptable delays for transfer execution</p> <p>Target (December 2021): operating and investment transfers of concerned communes effective by end of July 2021</p> <p>Actual: Operating grants were effectively transferred at 91 percent by end of July – Investment grants were 99 percent effective as of end of October 2021.</p> <p>Operating and investment grants were fully transferred to beneficiary communes by the end of December 2021</p>	Mostly Achieved	<p>The setup of a steering committee including the MEF has proven critical to resolve challenges along the payment lines and secure budget lines inscription</p> <p>A reliable validation process is key to ensure smooth and reliable implementation: throughout the 5 years implementation of PAPSP, various validation steps and layers have been introduced (including at the Primature and Presidency level), further lengthening and delaying the process</p> <p>Digitalizing and streamlining the transfer process is critical to ensure timely and predictable transfers and up to now, the process is still handled manually leaving room for errors and causing delays</p> <p>While the elaboration of an updated guide to the Local Governance Index (LGI) self-evaluation is a laudable endeavor to ensure uniformity and comparability of performance among communes, strong capacity building and support from state representatives is warranted given communes weak capacity.</p>	<p>Non lending</p> <ul style="list-style-type: none"> Collaborative Leadership for Development in support to Governance Project (P158775)

OBJECTIVE	OVERALL RATING	INDICATORS	BASELINE/TARGET Data sources from project monitoring reports, otherwise indicated	STATUS AT CLR	LESSONS LEARNED AND SUGGESTIONS FOR THE NEW CPF	WBG PROGRAM INSTRUMENTS	
					<p>Diagnosics from the LGI self-evaluation offer an indication on areas to be strengthened and design tailored capacity building programs to communes</p> <p>Support from newly established decentralized fiscal units to Communes regarding fiscal decentralization is welcomed and appreciated by communes but needs to be strengthened as only few communes are well connected and accessible</p> <p>Initiatives to automatize and uniformize Communes' financial report should be coordinated and gradually rolled out</p> <p>Early evidence from the resource mobilization experience during COVID-19 indicate that close collaboration between communes and decentralized fiscal centers combined with a selective approach on tax to be collected (in this case "ristournes" or commercial taxes) have yielded positive results</p> <p>In terms of resource mobilization, further efforts should be deployed to streamline local taxes, tackle disincentives to land and property registration, improve taxpayers' registries, improve the knowledge of tax base</p>		

OBJECTIVE	OVERALL RATING	INDICATORS	BASELINE/TARGET Data sources from project monitoring reports, otherwise indicated	STATUS AT CLR	LESSONS LEARNED AND SUGGESTIONS FOR THE NEW CPF	WBG PROGRAM INSTRUMENTS
OBJECTIVE 4: Enhanced transparency and accountability	Mostly Achieved	<p>CPF indicators</p> <p>Open Budget index (OBI) (score)</p> <p>Increase in the Statistical Capacity Index (SCI) Score*(number) * With a focus on the variables influenced by the World Bank interventions, and keeping constant variables that cannot be influenced</p> <p>Total budget covered by audit (percent)</p>	<p>Source: Open Budget Survey report Baseline (2017): 34/100 Target (2022): 40/100 Actual: 40/100 (as of 31 Dec 2020)*</p> <p>Source: World Bank staff calculations based on data for Statistical Capacity Indicator Baseline (2016): 57.2 Target (2022): 60.2 Actual: 57.2 (2021)</p> <p>Baseline (2017): 50 percent, excluding public agencies (EPIC-EPA) Target (2022): 70 percent, including EPIC-EPA Actual: From the Public Report of the Court of Account presented Dec 2021, 80 percent of total budget is covered by audit, excluding EPIC-EPA. The report indicates that one EPIC (ARTEC) was audited.</p>	<p>Achieved</p> <p>Not Achieved</p> <p>Partially Achieved</p>	<p><u>With respect to governance</u></p> <ul style="list-style-type: none"> Attributing the Court of Account the mandate to be the independent of PAPSP's PBC not only helped the institution to build its capacity but also helped build back its reputation Continued capacity building – including international certification and coaching boosted the Court's performance to timely publish its annual public budget report Publicly presenting the budget report and debating about it at the national and decentralized levels strengthen accountability and increase transparency The FEFFI experience indicate that gaming high level political support (Minister level) is critical to convey messages and mobilize deconcentrated levels in a record time – However, setting up a regular monitoring and evaluation follow-up system is key to regular feedback loop and sustainability 	<p>Lending</p> <ul style="list-style-type: none"> Public Finance Sustainability and Investment DPO-1 and 2 (P160866 and P164137) - closed Madagascar COVID-19 Response DPF (P174388) - closed Investing in Human Capital DPF (P168697) - closed Public Sector Performance Project – PAPSP (P150116) Statistical Capacity Building Project – STATCAP (P160071) Global Partnership for Social Accountability (GPSA) for Municipal Services

OBJECTIVE	OVERALL RATING	INDICATORS	BASELINE/TARGET Data sources from project monitoring reports, otherwise indicated	STATUS AT CLR	LESSONS LEARNED AND SUGGESTIONS FOR THE NEW CPF	WBG PROGRAM INSTRUMENTS
		Timely availability of Court of Account public budget report (text)	Baseline (2016): > 24 months after the end of the fiscal year Target (2022): < 12 months after the end of the fiscal year (achieved) Actual: < 12 months after the end of the fiscal year 2020. Public report presented on 10 December 2021 ⁷ https://ccomptes.mg/fr/rapports/publics	Achieved	<ul style="list-style-type: none"> Messages and call campaigns combined with the mobilization of decentralized authorities has proven to be cost effective to collect information on FEFPI and PEC in very remoted areas, even in a COVID context <p>With respect to Statistics</p> <ul style="list-style-type: none"> Next projects need focus on : human resource restructuring, microdata dissemination, matching demand and supply of statistics data 	<ul style="list-style-type: none"> Digital Governance and Identification Management System Project - PRODIGY (P169413) Investing in Human Capital DPF II (P171460) - pipeline <p>Non lending</p> <ul style="list-style-type: none"> Media & Public Service Improvement (P161374) Donor Coordination for Results (P164136) Collaborative Leadership for Development in support to Governance Project (P158775) AML/CFT Assessment of Madagascar (P158786) Madagascar Extractive Industries Technical Assistance (P153564)
		Supplementary indicators				
		Share of schools (targeted in the program) with an operational FEFPI, planning and implementing PECs (percent, in the targeted areas)	Baseline (2017): N/A Target (2022): 65 percent Actual: 76.4 percent (as of Oct. 2021)	Achieved		
		Census undertaken, and data published (yes/no)	Baseline (2017): No Target (2022): Yes Actual: Yes. Population census (RGPH-3) undertaken and published on https://www.instat.mg/p/resultats-definitifs-du-rgph-3-2018-troisieme-recensement-general-de-la-population-et-de-l'habitation	Achieved		
		Financial flow from Central to local collectivities published (yes/no)	Source: Ministry of Finance website Baseline (2017): No Target (2022): Yes Actual: yes (2021). Published on https://sysinfo.mef.gov.mg:9801/portal/	Achieved		

7 The latest audit covers 2020. The central government has 9 months following the end of the fiscal year to submit its financial reports to the Court of Account.

OBJECTIVE	OVERALL RATING	INDICATORS	BASELINE/TARGET Data sources from project monitoring reports, otherwise indicated	STATUS AT CLR	LESSONS LEARNED AND SUGGESTIONS FOR THE NEW CPF	WBG PROGRAM INSTRUMENTS
						<ul style="list-style-type: none"> Madagascar Mining TA (P173440) Poverty Survey/analysis and HCI regional mapping (P172248) Madagascar Digital Economy Assessment (P170724) Country Economic Memorandum (P168227)
FOCUS AREA II: PROMOTE INCLUSIVE GROWTH						
OBJECTIVE 5: Increased Fiscal Space to Finance Priority Social and Infrastructure Spending	Partially Achieved	CPF indicators				
		Tax revenue collection (percent of GDP)	Source: International Monetary Fund (IMF) Baseline (2016): 10.4 percent Target (2022): 10 percent Actual: 10.4 percent of GDP for 2021	Achieved	With respect to governance-related activities <ul style="list-style-type: none"> Combining efforts on Commune and national taxpayers' registration is a cost-effective strategy to improve taxpayers registration With support from IMF, a pool of civil servants from the General Direction of Taxes was trained and certified as TADAT evaluator. In the meantime, the training exercise can be used as an opportunity to conduct a self-evaluation which in turns allows the Government to identify weaknesses and devise an action plan for corrective measures prior to the actual external evaluation 	Financing <ul style="list-style-type: none"> Integrated Growth Poles and Corridor Project 2 – SOP1 – PIC2.1. (P113971) – closed Public Finance Sustainability and Investment DPO-1 and 2 (P160866 and P164137) – closed Madagascar COVID-19 Response DPF (P174388) – closed Investing in Human Capital DPF (P168697) – closed
		Share of priority spending^a (percent of GDP)	Source: IMF Report No. 22/79: First Review under the ECF arrangement Baseline (2015): 0.7 percent of GDP Target (2022): 1.2 percent of GDP Actual: 0.6 percent of GDP (2021) Source: IMF (<i>idem</i>)	Not Achieved		

8 Share of priority spending on social sectors: "social priority spending is defined as the sum on budget allocations to the Ministries of Health, Education, Population and Water excluding salaries and externally financed investment. This is consistent with the IMF's Extended Credit Facility program

OBJECTIVE	OVERALL RATING	INDICATORS	BASELINE/TARGET Data sources from project monitoring reports, otherwise indicated	STATUS AT CLR	LESSONS LEARNED AND SUGGESTIONS FOR THE NEW CPF	WBG PROGRAM INSTRUMENTS
		<p>Supplementary indicators</p> <p>Taxpayers registered (number)</p> <p>TADAT indicator PO-8 “Efficiency of Revenue Management” – sub-indicators rated B (number)</p> <p>PPPs that follow appraisal and selection processes under the PPP Act (number)</p>	<p>Baseline (2016): 200,000 Target (2022): 600,000 Actual: 515 272 taxpayers registered as of Oct. 2021</p> <p>Baseline (2015): 0 Target (2022): 1 Actual: 1 sub-indicator rated B – P22 as of end 2020⁹</p> <p>Source: PPP Unit - Ministry in Charge of Land Use Planning and of Public Works</p> <p>Baseline (2015): 0 Target (2022): 6 Actual: 3 PPPs (hydropower plant of Sahofika signed in 2021; Ravinala airports of Nosy Be and Antananarivo airports concession signed in 2015 before PPP Act and reintegrated/considered as PPP by the PPP Unit).</p> <p>Baseline 2015: 0 percent Target (2022): 100 percent Actual: 0 percent</p>	<p>Mostly Achieved</p> <p>Achieved</p> <p>Partially Achieved</p>		<ul style="list-style-type: none"> Public Sector Performance Project – PAPSP (P150116) Investing in Human Capital DPF II (P171460) – pipeline IFC FCS RE -Ravinala (36882) <p>Non lending</p> <ul style="list-style-type: none"> Collaborative Leadership for Development in support to Governance Project (P158775) IFC Advisory: Madagascar Solar (601276)
OBJECTIVE 6: Improved business environment and access to finance	Mostly achieved	<p>CPF indicators</p> <p>Time required to register businesses at EDBM one-stop shop (number of days)</p>	<p>Source: EDBM Baseline (2017): 9 days Target (2022): 5 days Actual: 3 days</p>	Achieved	<p><u>With respect to the DB indicator</u></p> <ul style="list-style-type: none"> Historical overreliance in Madagascar (as in other low-capacity countries) on DB for M&E regulatory reform tracking. 	

⁹ The latest TADAT Government's self-evaluation has been conducted by the end of 2021 and is applied to the information available as of end 2020.

OBJECTIVE	OVERALL RATING	INDICATORS	BASELINE/TARGET Data sources from project monitoring reports, otherwise indicated	STATUS AT CLR	LESSONS LEARNED AND SUGGESTIONS FOR THE NEW CPF	WBG PROGRAM INSTRUMENTS
		<p>Time for resolving a commercial dispute (number of days)</p> <p>Adults with an account at a financial institution and/or mobile account (percent)</p>	<p>Source: Ministry of Justice Baseline (2015): 871 days Target (2022): 500 days Actual: 538.8 days for resolving a commercial dispute</p> <p>Source: Findex Baseline (2014¹⁰): 8.6 percent Target (2022)¹¹: 20 percent (with equal access among men and women) Actual: 17.9 percent of adults have an account at a financial institution and/or mobile account (male: 19.6 percent; female: 16.31 percent) as per Global Findex 2017.</p>	<p>Mostly Achieved</p> <p>Mostly Achieved</p>	<p>As a result – and given the latest developments on DB – the WB is working with EDBM to develop an alternative set of indicators to track reforms.</p> <p>With respect to Governance</p> <ul style="list-style-type: none"> Performance contracts should be well designed to properly incentivize positive behaviors and sanction negatives ones Risk units capacity should be strengthened and good performance within that unit rewarded 	<p>Financing</p> <ul style="list-style-type: none"> Integrated Growth Poles and Corridor Project 2 SOP1 – PIC2.1. (P113971) – closed ACGF Madagascar Financial Services Project (P109607) – closed Madagascar COVID-19 Response DPF (P174388) – closed Public Sector Performance Project – PAPSP (P150116) Financial Inclusion Project (P161491) Integrated Growth Poles & Corridor Project SOP-2 – PIC2.2. (P164536) Madagascar Economic Transformation for Inclusive Growth – PIC3 (P174684)
		<p>Supplementary indicators</p> <p>Implementation of case allocation randomization in commercial courts (Antananarivo, Antsirananana) (yes/no)</p>	<p>Baseline (2016): No Target (2021): Yes Actual: Yes, since 2018 with the introduction of the LTA-JCOM software (Logiciel de Traitement des Affaires de la Justice COMMerciale-)</p>	<p>Achieved</p>		

¹⁰ Findex 2014

¹¹ Findex 2020

OBJECTIVE	OVERALL RATING	INDICATORS	BASELINE/TARGET Data sources from project monitoring reports, otherwise indicated	STATUS AT CLR	LESSONS LEARNED AND SUGGESTIONS FOR THE NEW CPF	WBG PROGRAM INSTRUMENTS
		Rate of confirmed suspicious customs transactions (percent)	Baseline (2016): 0 to 5 percent Target (June 2022): 20 percent in combined ports of Toamasina, Ivato, Fort-Dauphin, Mahajanga, Toliara Actual: 20.81 percent	Achieved		IFC Investment: - ABM-RI 2011 (31840) – closed - BOA Mada SME RSF (41389) - Bonne Viande de Madagascar (38036) - FCS Biovanilla (41632) - Ramex (41633) - Ravinala (809244)
		Establishment of the collateral registry (text)	Source: Collateral registry management unit report Baseline (2017): no registry Target (June 2022): registry implemented Actual: No collateral registry established.	Not Achieved.		Non lending ▪ TA Microfinance Supervision (P153761) ▪ TA Payment Systems (P156390) – P160684 ▪ AML/CFT Assessment of Madagascar (P158786) ▪ Madagascar FSAP Update (P156390) ▪ Madagascar Insurance Sector Supervision (P164875) ▪ Projet d'Appui aux Services Financiers (PASEF 2) Impact Evaluation (P165803)
		Direct Investment Flows (Vol) directly leveraged by either IDA loans/grants or IFC investment (breakdown by main sectors that drive jobs/Tech/Forex income) (US\$)	Baseline (2017): US\$0 million Target (2022): US\$ 310 million (Agribusiness: US\$66.2 million; Transport: US\$ 25 million; Financial sector: US\$46 million; Manufacturing: US\$ 20 million; Infrastructure: US\$ 152.8 million) Actual: US\$ 195 million (Agribusiness sector: US\$36.2 million; Financial sector: US\$6.0 million; Infrastructure: US\$ 152.8 million)	Partially Achieved		
		Financing to Microfinance Institutions, Commercial banks and Private Equity Funds to support MSME (US\$)	Baseline (2017): US\$0 million Target (2022): US\$46 million Actual: US\$51.7 million (value of outstanding micro and SME loans by IFC client financial institutions)	Achieved		
		MSME borrowers that banks and MFIs have registered under the partial portfolio credit guarantee (number)	Source: Guarantee fund manager database Baseline (2018): 0 Target (2022): 5,000 Actual: 8,238 MSME borrowers as of April 2022	Achieved		

OBJECTIVE	OVERALL RATING	INDICATORS	BASELINE/TARGET Data sources from project monitoring reports, otherwise indicated	STATUS AT CLR	LESSONS LEARNED AND SUGGESTIONS FOR THE NEW CPF	WBG PROGRAM INSTRUMENTS
						<ul style="list-style-type: none"> ▪ Madagascar Digital Economy Assessment (P170724) ▪ Country Economic Memorandum (P168227) ▪ IFC Advisory: <ul style="list-style-type: none"> • MicroCred Madagascar MCF TA (599848) - closed • Investment Climate Reform Program (600607) - closed • AB Madagascar MCF (600657) - closed • Credit Reporting Project (601866) - closed • Madagascar Secured Transactions and Collateral Registry project (602067) • DFS PAMF Madagascar (603769) • Orange Money Madagascar (604409) • Country Private Sector Diagnostic

OBJECTIVE	OVERALL RATING	INDICATORS	BASELINE/TARGET Data sources from project monitoring reports, otherwise indicated	STATUS AT CLR	LESSONS LEARNED AND SUGGESTIONS FOR THE NEW CPF	WBG PROGRAM INSTRUMENTS
<p>OBJECTIVE 7: Strengthened rural productivity</p>	<p>Mostly Achieved</p>	<p>CPF indicators Value of exports in supported agricultural value chains (US\$)</p> <p>Land parcels with use or ownership rights recorded (number)</p> <p>Supplementary indicators Farmers reached with agricultural assets and services (number)</p>	<p>Source: Customs statistics (DIANA, Atsimo Andrefana and Anosy regions) Baseline (2016): US\$28.5 million Target (2022): US\$ 40 million Actual: US\$ 47.5 million of annual exports in 2021, at current prices. Supported value chains include cocoa, vanilla, pink pepper, ylang-ylang essential oils, and seaweed from target regions of PIC2.2 (P164-536) Baseline (2016): 0 Target (2022): 750,000 Actual: 291,106 parcels with use and ownership rights recorded including 55,759 land certificates issued from PURSAPS (P147514) and 235,347 land certificates from CASEF (P151469) as of 31 December 2021</p> <p>Baseline (2016): 20,000 Target (2022): 120,230 Actual: 128,446 farmers reached with agricultural assets and services including 22,020 farmers from PURSAPS (P14,7514), 66,790 from CASEF (P151469), 9,316 from PADAP (after removal of double counting between PLR and CLR period for P154698), 23,970 from PIC2.1 (P113971) and PIC2.2 (P164-536), and 6,350 from IFC</p>	<p>Achieved</p> <p>Partially Achieved</p> <p>Achieved</p>	<p>- Coordination of actions and dialogue in the agribusiness sector to facilitate private investments, including for smallholder producers, are often long-term efforts. Initiatives are even more challenging for value chains with larger geographical coverage and/or key commodities for the national economy, such as spices, essential oils, zebu and rice. Nevertheless, better coordinated activities and active public-private dialogue platform have proven to be important for policies implementation and institutional reforms that are conducive of private activities. Major progress has been made during the CPF period for value chains with limited stakeholders and geographical coverage (such as cocoa and cotton). - For agribusiness value chain development, supports need to constantly adapt to market evolution and requirements - Need to push for more gender sensitive activities and to monitor progress with gender-disaggregated indicators.</p>	<p>Financing</p> <ul style="list-style-type: none"> Emergency Food Security and Social Protection Project - PURSAPS (P147514) - closed Integrated Growth Poles and Corridor Project SOP-1 - PIC2.1 (P113971) - closed Agriculture Rural Growth and Land Management Project - CASEF (P151469) + AF (P166133) Sustainable Landscape Management Project - PADAP (P154698) SWIO Fisheries Governance and Shared Growth project - SWIOFish Integrated Growth Poles & Corridor Project SOP-2 - PIC2.2. (P164-536) Connectivity for Rural Livelihood Improvement project - PACT (P166526)

OBJECTIVE	OVERALL RATING	INDICATORS	BASELINE/TARGET Data sources from project monitoring reports, otherwise indicated	STATUS AT CLR	LESSONS LEARNED AND SUGGESTIONS FOR THE NEW CPF	WBG PROGRAM INSTRUMENTS
		<p>Beneficiaries of job-focused interventions in rural areas</p> <p>Loans introduced for agribusiness MSMEs in the PPCG fund by partner financial institutions (number)</p> <p>Financing to agribusinesses (US\$)</p>	<p>Source: PIC2-SOP Projects activity reports and M&E database Baseline (2016): 7,900 Target (2022): 25,000 Actual: 23,970 farmers benefitting from best practices and additional economic opportunities / commercial relationships in PIC2-SOP targeted agribusiness value chains, including about 16,900 farmers in cocoa, cotton, dry beans, pink peeper and honey, and marine aquaculture for PIC2.1 (P113971) and 7,070 additional farmers in cocoa, vanilla, ylang-ylang essential oil, and pink pepper from PIC2.2 (P164536)</p> <p>Baseline (2017): 20 Target (2022): 950 Actual: 1,461 loans have been introduced for agribusiness MSMEs in the Partial Portfolio Credit Guarantee Fund by the partner financial institutions of CASEF (P151469). An additional 846 loans have been introduced through the COVID-19 window (Crédit Restructuré et Crédit Assistance Urgente aux MPME)</p> <p>Baseline (2017): US\$ 0 million Target (2022): US\$ 66.2 million Actual: US\$ 36.2 million</p>	<p>Mostly Achieved</p> <p>Achieved</p> <p>Partially Achieved</p>	<p>- Close monitoring and collaboration/discussion with the local authorities, particularly with customs services, in charge of statistics reporting need to be established given weak institutional capacity there</p>	<ul style="list-style-type: none"> ▪ Madagascar Economic Transformation for Inclusive Growth – (P174684) ▪ IFC Investment • SMTP Poultry Farming (36704) • SMTP SWAP (39144) • Bonne Viande de Madagascar (38036) • FCS Biovanilla (41632) • Ramex (41633) Non lending ▪ Agriculture and Rural Development NLTA (P153329) ▪ El Niño impacts in Madagascar on food security, agriculture, and livestock and on the population of the Southern region (P160145) ▪ Smallholder Inclusion in Value Chains (P160761 and P164567) ▪ Unlocking the Potential of Irrigation Schemes in Madagascar (P168000) ▪ Country Economic Memorandum (P168227)

OBJECTIVE	OVERALL RATING	INDICATORS	BASELINE/TARGET Data sources from project monitoring reports, otherwise indicated	STATUS AT CLR	LESSONS LEARNED AND SUGGESTIONS FOR THE NEW CPF	WBG PROGRAM INSTRUMENTS
<p>OBJECTIVE 8: Improved access to energy and transport</p>	<p>Partially Achieved</p>	<p>CPF indicators</p> <p>Total electricity losses per year (percent)</p> <p>Share of population with access to electricity services through grid and off-grid solutions² (percent)</p>	<p>Baseline (2016): 33 percent Target (2022): 24 percent Actual: 25 percent as of February 2022</p> <p>Baseline (2016): 13 percent (grid access rate only) Target (2022): 40 percent Source: Ministry in charge of Energy / Geospatial study Actual: 30 percent of households with grid and off-grid access, including 15 percent of households with grid access and about 15 percent equipped with solar kits as of September 2021</p>	<p>Mostly Achieved</p> <p>Partially Achieved</p>	<p><u>With respect to transport:</u> Weather cycles and construction in multiple sites need to be well planned to avoid delays.</p> <p>Compliance with the agreed deadlines for procurement process requires very close monitoring by both the Bank and the PIU teams, since delays in each stage of the procurement combined could have a major impact on the achievement of the objectives</p>	<ul style="list-style-type: none"> ▪ Leveraging the Private Sector through activities and engagement in specific supply chains to drive reductions in deforestation (P170274) ▪ IFC Advisory <ul style="list-style-type: none"> • Bonne Viande de Madagascar Export Development (602130) • Madagascar Agribusiness Project (604447) • Country Private Sector Diagnostic <p>Financing</p> <ul style="list-style-type: none"> ▪ Emergency Infrastructure Preservation & Vulnerability Reduction Project (P132101) - closed ▪ Public Finance Sustainability and Investment DPO (P160866 and P164137) - closed ▪ Integrated Poles & Corridor Project SOP-1 (P113971) - closed

OBJECTIVE	OVERALL RATING	INDICATORS	BASELINE/TARGET Data sources from project monitoring reports, otherwise indicated	STATUS AT CLR	LESSONS LEARNED AND SUGGESTIONS FOR THE NEW CPF	WBG PROGRAM INSTRUMENTS
		Roads constructed or rehabilitated (km, disaggregated by rural and non-rural)	Baseline (2017): 0km Target (2022): 1,500 km of which 750 km rural and 750km non-rural Actual: 601 km of which 105 km rural and 496 km non-rural roads as of October 2021 [For rural roads: 105 from PUPIRV (P132101); For non-rural roads: 13 km from PIC2.1 (P113971); 20 km from PIC2.2 (P164536); 463 from PUPIRV (P132101)]	Partially Achieved	With respect to electricity: Geospatial least-cost plans have become best practice in electrification planning. Spatial modelling delivers a least-cost plan identifying the optimal grid or off-grid technology tailored to local circumstances and appropriate in its technical feasibility and economic viability, while integrating social and economic planning objectives.	<ul style="list-style-type: none"> Electricity Sector Operations and Governance Improvement Project (P151785) Agriculture Rural Growth and Land Management project (P151469) SWIO Fisheries Governance and Growth project (P153370) Sustainable Landscape Management Project (P154698) Public Finance Sustainability and Investment DPO Least-Cost Electricity Access Development (Lead) Project (P163870) Integrated Growth Poles & Corridor Project SOP-2 (P164536)
		Supplementary indicators				
		Total electricity sales (kWh) covered by the Revenue Protection Program (percent)	Baseline (2016): 0 percent Target (2022): 47 percent Actual: 50 percent as of February 2022 Source: Ministry in charge of Energy	Achieved	Consumer awareness campaigns are important not just for off-grid access expansion but also for new grid-based connections. New consumers in unelectrified areas often do not understand the grid connection process well enough to make an informed decision on whether or not to connect.	
		Average Cost of service (US\$ cents per kWh)¹³	Baseline (2016): 27 cents per kWh Target (2022): 25 cents per kWh Actual: 24 US\$ cents per kWh as per JIRAMA's Financial model (interim version)	Achieved	Grid densification (also referred to as last-mile electrification) programs need sufficient autonomy to disburse rapidly and reliably. Internal wiring should be included in grid densification.	
		GHG emissions expected to be reduced (metric tons CO2e)	Baseline (2017): 0 ton Target (2022): 186,000 tons Actual: 26,270 metric tons CO2e, corresponding to 15,420 kits distributed	Partially Achieved		

OBJECTIVE	OVERALL RATING	INDICATORS	BASELINE/TARGET Data sources from project monitoring reports, otherwise indicated	STATUS AT CLR	LESSONS LEARNED AND SUGGESTIONS FOR THE NEW CPF	WBG PROGRAM INSTRUMENTS
					<p>Connection costs should also cover internal wiring of households not only to improve connection affordability but also to ensure both the quality and safety of electrical wiring.</p> <p>Off-grid solutions should be fully and strategically integrated into a country's electrification program and planning process. New technologies, falling costs, and innovative business models mean that off-grid solutions provide an opportunity to reach a much wider spectrum of the population, including the poor, in a much shorter time. Geospatial planning, such as that conducted under LEAD, can help optimize the deployment of off-grid intervention as a complement and/or interim solution to grid electrification.</p> <p>Empowering the private sector is the best approach to deliver quality off-grid access. Projects that allowed the private sector to distribute solar PV technologies in a commercially oriented market achieved results faster and in a sustainable manner. When financial intermediaries are part of the design, systems should be put in place to ensure necessary sectoral and operational knowledge is acquired.</p>	<ul style="list-style-type: none"> ▪ Inclusive and Resilient Growth DPO (PI62279) - closed ▪ Energy PforR ▪ IFC Pipeline Investment: FCS RE -Ravinala (36882) <p>Non lending: IFC Advisory: Madagascar Solar (601276)</p>

OBJECTIVE	OVERALL RATING	INDICATORS	BASELINE/TARGET Data sources from project monitoring reports, otherwise indicated	STATUS AT CLR	LESSONS LEARNED AND SUGGESTIONS FOR THE NEW CPF	WBG PROGRAM INSTRUMENTS
					<p>If necessary, technical assistance should be provided to the private sector to facilitate their cooperation with financial intermediaries. A platform should be put in place allowing for ongoing knowledge and experience sharing between participating entities in the project (OMDF Fund Manager under LEAD).</p> <p>The design of the projects needs to be flexible to quickly respond to any changes and developments on the ground, especially in untested, developing off-grid markets.</p> <p>Government ownership in quality control matters. It is crucial to establish quality assurance of product performance at the beginning of a project to establish credibility and consumer confidence.</p> <p>Cost recovery is an essential prerequisite to achieving the financial sustainability of the Utility/JIRAMA; and a company's management under incentive-based regulation calls for efficiency in operations in all business areas, with the support of information systems to provide reliable corporate information in their execution, which is critical to enhance transparency, accountability, and corporate governance, both internally and externally (regulators, government, civil society).</p>	

OBJECTIVE	OVERALL RATING	INDICATORS	BASELINE/TARGET Data sources from project monitoring reports, otherwise indicated	STATUS AT CLR	LESSONS LEARNED AND SUGGESTIONS FOR THE NEW CPF	WBG PROGRAM INSTRUMENTS
					<p>The strategy and plan to reform the utility/JIRAMA must be strongly owned by the Government to maximize chances of success and avoid repetition of failed earlier reform attempts.</p> <p>Improving sector technical and financial planning requires ownership by competent public agencies and resources for systematic development of the planning process and implementation of its outcomes.</p> <p>Weak implementation capacity within the sector can delay projects execution.</p> <p>Resettlement action plan implementation is a critical path for every project. It is therefore recommended to start it as soon as possible, and if necessary, to assist the government through the recruitment of a specialized firm/NGO for its implementation.</p> <p>Monitoring of fixed asset management within JIRAMA is essential. Capacity building of technicians/agents as well as improvement of the current system must be a continuing activity.</p>	

ANNEX 3. IDA LENDING PROGRAM FY 17-22 PLANNED VS ACTUAL (IN MILLION US\$)

P-Number	PROJECT	Board approval - FY	Planned US\$ million	Actual US\$ million	COMMENT
P160071	Madagascar-Statistical Capacity Building	2017	65	30	IDA contribution has been complemented by other donors
P160554	Social Safety Net Drought Response (AF)	2017	35	35	
P154698	Sustainable Landscape Management Project	2017	65	105	Initial financing US\$65 million, replenishment following CERC mobilization 40
P153370	Southwest Indian Ocean Fisheries Governance and Shared Growth	2017	83	74	US\$74 million IDA and US\$9 million co-financing
P160866	Public Finance Sustainability and Investment DPO-1	2017	65	65	
P160442	Basic Education Support	2018	55	55	
P160848	Improving Nutrition Outcomes using the Multiphase Programmatic Approach	2018	80	100	Initially planned as a SOP, Initial financing US\$80 million; additional financing US\$20 million for replenishment of CERC activation
P166425	Inclusive and Resilient Growth DPO-1	2018	40	45	Amount increased
P159756	Integrated Urban Development and Resilience for Greater Antananarivo	2018	70	125	Initially planned as a SOP; Initial financing US\$70 million; additional financing US\$55 million following CERC activation
P161491	Madagascar Financial Inclusion Project	2018	45	45	Initially planned as a SOP
P164137	Public Finance Sustainability and Investment DPO II	2018	40	45	
P164318	Madagascar Electricity Sector Operations and Governance Improvement Project - AF to ESOGIP	2018		40	
P166425	MG - Second Inclusive and Resilient Growth DPO	2019	40	60	Initially planned to include the Catastrophe Deferred Drawdown Option
P163870	Least-cost Electricity Development (LEAD) project	2019	80	150	
P164536	Integrated Poles and Corridors of Growth (SOP-2)	2019	60	103	Initial financing US\$70 million; additional financing US\$33 million following CERC activation
P166133	Madagascar Agriculture Rural Growth and Land Management - Additional Financing	2019		52	
P167881	Madagascar Social Safety Net Project Additional Financing	2019		90	

P-Number	PROJECT	Board approval - FY	Planned US\$ million	Actual US\$ million	COMMENT
P166526	Connectivity for Rural Livelihood Improvement Project	2020	60	140	
P167941	Madagascar Disaster Risk Management Development Policy Financing with a Catastrophe Deferred Drawdown Option (Cat DDO)	2020		50	
P168697	Investing in Human Capital Development Policy Financing	2020		100	
P171056	Support for resilient livelihoods in the South of Madagascar	2021	50	200	Initial financing US\$100 million, additional financing (FY22: 100)
P169413	Digital Governance and Identification Management System Project- PRODIGY	2021		140	
P174388	Madagascar COVID-19 Response DPO	2021		75	
P174684	Economic Transformation for Inclusive Growth Project	2021		150	
P174886	Additional Financing for COVID-19 response under the Madagascar Social Safety Net Project (AF3)	2021		150	
P176811	Madagascar Road Sector Sustainability Project	2021		200	
P176841	Support to COVID-19 Vaccine Purchase and Health System Strengthening	2021		141	Initial financing US\$100 million; additional financing US\$41 million
P173711	Connecting Madagascar for Inclusive Growth	2022		400	
P174477	Madagascar National Water Project	2022 - pipeline		200	
P174903	Pandemic preparedness and basic health services delivery	2022		100	
	Renewable Energy Development (possible Partial Risk Guarantee)	Dropped	70		
TOTAL			1,003	3,265	

ANNEX 4. WORLD BANK MADAGASCAR PORTFOLIO, AS OF MARCH 31, 2022

Project ID	Project Name	Bank Approval Date	Closing Date	Net Comm. Amt. - IDA (\$M)	Net Comm. Amt. - Others (\$M)	Undisb. Bal. (\$M)	Project Ratings - DO	Project Ratings - IP
P149323	Social Safety Net Project	16-Sep-2015	31-Oct-2024	315.00	0.00	119.27	S	S
P151469	Madagascar Agriculture Rural Growth and Land Management Project	22-Mar-2016	31-Dec-2022	105.00	0.00	53.94	MS	MS
P151785	MG-Electricity Sec Operations & Governance Improvement Project (ESOGIP)	22-Mar-2016	30-Jun-2023	105.00	0.00	35.40	S	MS
P154440	MG ethanol clean cooking climate finance program	6-May-2016	31-Oct-2025	0.00	10.45	8.67	MS	MS
P154698	GEF Sustainable Landscape Management Project	23-Mar-2017	1-Aug-2023	105.00	0.00	50.37	S	MS
P157909	GEF Sustainable Landscape Management Project	23-Mar-2017	1-Aug-2022	0.00	13.70	11.29		MS
P159756	Integrated Urban Development and Resilience Project for Greater Antananarivo	17-May-2018	28-Feb-2023	125.00	0.00	63.77	MU	MU
P160071	Madagascar-Statistical Capacity Building	29-Mar-2017	31-Mar-2022	30.00	0.00	0.37	S	S
P160442	Madagascar Basic Education Support Project	29-Mar-2018	31-Dec-2023	55.00	0.00	29.87	MS	MS
P160848	Improving Nutrition Outcomes using the Multiphase Programmatic Approach	12-Dec-2017	31-Jul-2023	100.00	0.00	24.64	MS	MS
P161491	Madagascar Financial Inclusion Project	28-Feb-2018	31-Jul-2022	45.00	0.00	21.67	MS	MS
P163870	Madagascar - Least-Cost Electricity Access Development Project - LEAD	1-Mar-2019	30-Jun-2024	150.00	0.00	132.15	MS	MS
P164536	Madagascar Integrated Growth Poles and Corridor SOP-2	18-Sep-2018	18-Dec-2023	103.00	0.00	44.32	S	S
P166526	Connectivity for Rural Livelihood Improvement Project	15-Nov-2019	31-Mar-2025	140.00	0.00	108.42	S	S
P167725	Atiala-Atsinanana Emission Reductions Program	4-Feb-2021	31-Dec-2025	0.00	50.00	50.00	MS	MS
P167941	Madagascar Disaster Risk Management Development Policy Financing with a Catastrophe Deferred Drawdown Option (Cat DDO)	12-Dec-2019	30-Apr-2023	50.00	0.00	34.96	S	S

Project ID	Project Name	Bank Approval Date	Closing Date	Net Comm. Amt. - IDA (\$M)	Net Comm. Amt. - Others (\$M)	Undisb. Bal. (\$M)	Project Ratings - DO	Project Ratings - IP
P169413	Digital Governance and Identification Management System Project- PRODIGY	29-Sep-2020	31-Dec-2024	140.00	0.00	132.74	S	MS
P171056	Support for resilient livelihoods in the South of Madagascar	10-Dec-2020	31-May-2025	200.00	0.00	186.79	MS	S
P174684	Economic Transformation for Inclusive Growth Project	18-Jun-2021	31-Jan-2027	150.00	0.00	146.05	S	S
P176811	Madagascar Road Sector Sustainability Project	29-Jun-2021	30-Sep-2026	200.00	0.00	195.19	S	S
P176841	Support to COVID-19 Vaccine Purchase and Health System Strengthening	24-Jun-2021	30-Jun-2024	141.00	0.00	111.61	S	S
P173711	Connecting Madagascar for Inclusive Growth	25-Mar-2022	25-Mar-2022	400.00	0.00	400.00		
P174903	Pandemic Preparedness and Basic Health Services Delivery Project	29-Mar-2022	29-Mar-2022	100.00	34.9	134.9		

ANNEX 5. IFC COMMITTED AND OUTSTANDING PORTFOLIO FY17-22 AS OF MARCH 31, 2022

CLIENT	PRODUCT	DESCRIPTION	COMMITMENT YEAR	COMMITTED AMOUNT (US\$ MILLION)
Financial sector (FIG)				
BOA-M SME RSF	Guarantee/RM	Risk Sharing facilities, Other Non-Banking Financial Institution (NBFI)	2018	5.6
BOA-M GTFP	Trade Finance	Global Trade Finance Platform	2009	11.7
Manufacturing, Agribusiness and Services (MAS)				
Bonne Viande de Madagascar	Debt	Greenfield Cattle, Farming feedlot and slaughterhouse project	2018	3.5
Ramex	Debt	Vanilla export financing backed by off-take contracts	2021	10.5
SMTP Madagascar	Debt and Guarantee/RM	Poultry Farming	2016, 2017	0.4
Infrastructure and Natural Resources (INR)				
Ravinala Airports	Debt	Rehabilitation and expansion of the country's two largest airports: (i) Ivato airport (capital city); and (ii) Fascene Airport (Nosy Be, main tourism area).	2017	34.8
Ravinala Airports	Guarantee/RM		2017	10.6
Disruptive Technologies and Funds (CDF)				
BP Madagascar	Equity	Small Business Fund	2006	2.3
TOTAL				79.3

IFC INVESTMENT PIPELINE AS OF MARCH 31, 2022

Project (name and short description)	LT Debt (own account)	Equity (own account)	Mobilization	Total	Status
Financial Sector (FIG)					
Base of Pyramid: medium term loan for MSME Portfolio	28.0	-	-	28.0	Pre-IRM stage
Total FIG	28.0			28.0	
Manufacturing, Agribusiness and Services (MAS)					
Quest: CAPEX for clean cooking	5.0	-	-	5.0	PDS Concept stage
Total MAS	5.0			5.0	

Project (name and short description)	LT Debt (own account)	Equity (own account)	Mobilization	Total	Status
Infrastructure and Natural Resources (INR)					
Volobe Hydro Company: 120 MW hydroelectricity project	100	-	338	438	Post-CRM
Scaling Solar: full implementation of 25MW and storage	10	-	35	45	Early Stage
Madarali: LTF for rolling stock for railroad operator	25	-	-	25	Early Stage
Toamasina Port: LTF for CAPEX for port operator	25	-	-	25	Early Stage
Base Resources Tolara: LTF for CAPEX in mining sector	75	-	-	75	Mandate Letter Phase I
Total INR	235	-	373	608	
Grand Total	268	-	373	641	

IFC ADVISORY SERVICES PORTFOLIO AS OF MARCH 31, 2022

Project name (IFC team)	Sector	Description	Amount (US\$ million)
Bovima (MAS Advisory)	Livestock	Support for Bovima to establish the first export slaughterhouse in Madagascar and intensify meat production using modern feedlot systems.	3.6
Ministry of Agriculture – Agribusiness (CMA)	Livestock	Overall objective is to provide technical advice and support to the GoM to pilot a functional livestock identification & traceability system.	0.9
Ministry of Agriculture- Insurance Index (FIG Advisory)	Insurance	Support of pilot project on Insurance Index for smallholder farmers	FIG CAF SME umbrella
PAMF (FIG Advisory)	Digital financial services	Support to MFI Première Agence de Microfinance (PAMF) to develop its overall digital strategy, risk management, market research, credit scoring and product development.	0.3
Orange Money (FIG Advisory)	Digital Financial Services	Support to Orange Money for the digitization of its activities in Madagascar	1.5
Secured Transactions and Collateral Registry (FIG Advisory)	Credit Infrastructure	Support to the GoM for the enactment of secured transactions and collateral registry legislation	1.2
Leasing (FIG Advisory)	Credit Infrastructure	Support to the GoM for establishing a regulatory, legal, fiscal, and accounting environment conducive to leasing	FIG CAF SME umbrella
Scaling Solar (CTA)	Energy	Act as PPP Transaction Advisor to the GoM to support the implementation of grid-connected solar PV as IPP for ~25MW.	2.7

Project name (IFC team)	Sector	Description	Amount (US\$ million)
Sandrandano (INR Upstream)	Water	Improve access to water and sanitation	0.1
Digital Skills (CDF)	Digital	Launch of a Digital Skills pilot with the potential to create 6,000 jobs in 2 years	WB Prodigy umbrella
Vanilla Sector Client (ESG)	Governance	Complete ESG – Corporate Governance support to outgoing client Biovanilla.	0.9
PIDD Mada Clients	Business Risk	Pre-emptive IDD (PIDD), on key pre-identified local players (companies and conglomerates) in Madagascar active in sectors of interest.	0.2
Madagascar UP	TMT Infrastructure	Upstream Seed to measure potential impact of IFC investment on Malagasy TMT market and overall economic development.	0.1
TOTAL			11.4

IFC ADVISORY SERVICES PIPELINE AS OF MARCH 31, 2022

Project Name	AS Activity	Primary Business Area	Total Funds Managed by IFC (US\$ million)
Generating Investments in the Apparel and Textiles Sector	Sector Development/Market Creation	Manufacturing	1.3
Madagascar Credit Reporting Project Phase II	Sector Development/Market Creation	Financial Markets	0.3
Sandrandano - Water Distribution	Client/Sponsor Preparation	Infrastructure	0.4
Toliara Upstream	Client/Sponsor Preparation	Infrastructure	0.1
Madagascar Leasing TA	Client/Sponsor Preparation	Financial Markets	0.2
Orange Madagascar	Client/Sponsor Preparation	Infrastructure	0.1
Madagascar Capital Markets Development Plan	Diagnostic and Scoping	Treasury	0.3
Madagascar Digital Skills 2	Sector Development/Market Creation	Disruptive Technologies & Funds	1.3
TOTAL			3.9

ANNEX 6. MIGA'S GUARANTEE PORTFOLIO – AS OF MAY 15, 2022

Project name	Effective date	Expiration date	Investor	Sector	Gross Exposure (million)
Ravinala Airports	05/31/2017	05/30/2032	Meridiam Infrastructure Africa Fund FIPS and Meridiam Infrastructure Africa Parallel Fund FIPS	Infrastructure	US\$28.1
Total					US\$28.1

ANNEX 7. WORLD BANK – LIST OF ASA FY17-22

Project ID	Project Name	Practice Area (Lead)	Approval FY
P158774	Collaborative Leadership for Development - Madagascar, Water	Governance	2017
P157539	Fostering integrated urban water management of Greater Antananarivo	Water	2017
P156330	Madagascar - Raising Education Outcomes	Education	2017
P153220	Support for the development of hydro IPP	Energy & Extractives	2017
P145350	Renewable Energy Resource Mapping and Geospatial Planning: Madagascar	Energy & Extractives	2017
P144389	Wealth Accounting and Valuation of Ecosystem Services (WAVES) Global Partnership Natural Capital Accounting in Madagascar	Environment, Natural Resources & the Blue Economy	2017
P164136	MG - Donor Coordination for Results	Macroeconomics, Trade, and Investment	2018
P164567	Scaling up Smallholder Inclusion in Value Chains (Phase 2)	Agriculture and Food	2018
P153564	Madagascar Extractive Industries Technical Assistance	Energy & Extractives	2018
P164705	A multi-sectoral analysis of stunting in Madagascar	Poverty and Equity	2018
P158786	AML/CFT Assessment of Madagascar	Finance, Competitiveness, and Innovation	2018
P163751	MG-Spatial Analysis of Transport Connectivity and Growth Potential	Transport	2018
P158775	Collaborative Leadership for Development in support to Governance Project in Madagascar	Governance	2018
P143293	Addressing Malnutrition in Madagascar - PNNC/Seecaline	Health, Nutrition & Population	2018
P156547	Urban Poverty and Resilience Study in Antananarivo	Urban, Resilience and Land	2018
P158839	Building Nutrition Sensitive Safety Nets	Social Protection & Jobs	2019
P167768	Evidence for Building Madagascar's Social Safety Net	Social Protection & Jobs	2019
P168205	Madagascar Performance Pay: Customs Performance and Tariff Evasion	Governance	2019
P164282	Water Security in the South of Madagascar	Water	2019
P167707	Madagascar Spatial Analysis of Antananarivo – Transport Access, Poverty and Jobs	Transport	2019
P160684	Madagascar D026 Payment Systems	Finance, Competitiveness, and Innovation	2019
P153761	Madagascar#B054 Microfinance Supervision	Finance, Competitiveness, and Innovation	2019
P168944	Taking students to schools: expansion of the lower secondary education in Mozambique and Madagascar	Education	2020
P164034	Strengthening Social Resilience in Southern Madagascar	Social Sustainability and Inclusion	2020
P168026	Support to Madagascar Urban Land Policy ASA	Urban, Resilience and Land	2020
P168000	Unlocking the Potential of Irrigation Schemes in Madagascar	Agriculture and Food	2020
P168776	MG Power Sector Financial Sustainability ASA	Energy & Extractives	2020

Project ID	Project Name	Practice Area (Lead)	Approval FY
P170724	Madagascar Digital Economy Assessment	Governance	2020
P164875	Madagascar #E015 Insurance Sector Supervision	Finance, Competitiveness, and Innovation	2020
P168227	MG-Country Economic Memorandum	Macroeconomics, Trade, and Investment	2020
P174878	Madagascar Transparency for Accountability Assessment	Governance	2021
P162747	Madagascar Social Safety Net Project: Impact Evaluation of a Behavioral Approach to Improve Outcomes in Early Childhood	Social Protection & Jobs	2021
P164662	Madagascar Universal Health Coverage/Health Financing Support	Health, Nutrition & Population	2021
P172248	Poverty Survey/analysis and HCI regional mapping	Poverty and Equity	2021
P172037	Enhancing the role of social protection	Social Protection & Jobs	2022
P173440	Madagascar Mining TA	Energy & Extractives	2022
P177018	Madagascar Country Environmental Analysis	Environment, Natural Resources & the Blue Economy	2022
P172336	Madagascar Service Delivery Indicators - Round 2 - Education sector	Education	2022
P175174	Madagascar Public Expenditure Review	Macroeconomics, Trade, and Investment	2022
P174896	Madagascar Firm Surveys - Analytical Inputs for Policy Dialogue	Finance, Competitiveness, and Innovation	2022

ANNEX 8. WORLD BANK PORTFOLIO CLOSED PROJECT EVALUATION RATINGS

Project ID	Project Name	Closing FY	Net Comm. Amt. - IDA (\$M)	ICR Outcome Rating	IEG Outcome Rating	IEG Overall Bank Performance Rating	IEG M&E Rating
P109607	ACGF - Madagascar Financial Services Project	2017	0.00		MS	MS	Modest
P153084	MG - Resilience DPO	2017	55.00	MS	MS	MS	Modest
P128831	Madagascar-Irrigation and Watershed Management Project - PHRD	2018	0.00	MS	MS	MS	Modest
P131945	Madagascar Emergency Support to Critical Education, Health and Nutrition Services Project	2018	72.90	S	HS		Modest
P132101	Emergency Infrastructure Preservation & Vulnerability Reduction Project	2018	102.00	MS	MS	MS	Modest
P132616	Emergency Support to Education For all Project	2018	0.00	S	S	S	Substantial
P147514	Madagascar Emergency Food Security and Social Protection Project	2018	65.00	S	S	MS	Modest
P160866	MG - Public Finance Sustainability and Investment DPF	2019	65.00	MS	MS	MS	Substantial
P162279	MG - Inclusive and Resilient Growth DPO	2019	45.00	MS	MS	S	
P164137	Public Finance Sustainability and Investment DPF II	2019	45.00	MS	MS	MS	Substantial
P113971	Integrated Growth Poles and Corridor Project 2	2020	50.00	S	S	S	Substantial
P166425	MG - Second Inclusive and Resilient Growth DPO	2020	60.00	MS	MS	S	

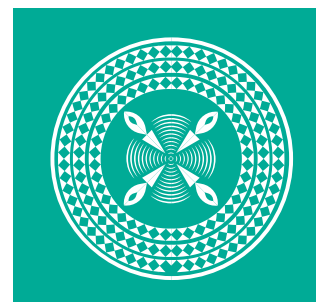
ANNEX III

SELECTED INDICATORS OF BANK PORTFOLIO PERFORMANCE AND MANAGEMENT

AS OF DATE 02/24/2023



MADAGASCAR COUNTRY MANAGEMENT UNIT
EASTERN AND SOUTHERN AFRICA REGION
INTERNATIONAL FINANCE CORPORATION
SOUTHERN AFRICA DEPARTMENT
MULTILATERAL INVESTMENT GUARANTEE AGENCY



Indicator	FY20	FY21	FY22	FY23
Portfolio Assessment				
Number of Projects Under Implementation ^a	17.0	19.0	22.0	22.0
Average Implementation Period (years) ^b	2.5	3.0	3.0	3.5
Percent of Problem Projects by Number ^{a,c}	11.8	5.3	4.5	9.1
Percent of Problem Projects by Amount ^{a,c}	5.6	5.8	4.6	8.4
Percent of Projects at Risk by Number ^{a,c}	11.8	10.5	13.6	13.6
Percent of Projects at Risk by Amount ^{a,d}	5.6	10.6	11.5	11.5
Disbursement Ratio (%) ^e	18.6	31.8	23.0	6.3
Portfolio Management				
CPPR during the year (yes/no)				
Supervision Resources (total US\$)				
Average Supervision (US\$/project)				
Memorandum Item		Since FY80	Last Five FYs	
Proj Eval by IEG by Number		112	6	
Proj Eval by IEG by Amt (US\$ million)		4,049.1	357.0	
% of IEG Projects Rated U or HU by Number		39.3	16.7	
% of IEG Projects Rated U or HU by Amt		33.9	27.7	

a. As shown in the Annual Report on Portfolio Performance (except for current FY).

b. Average age of projects in the Bank's country portfolio.

c. Percent of projects rated U or HU on development objectives (DO) and/or implementation progress (IP).

d. As defined under the Portfolio Improvement Program.

e. Ratio of disbursements during the year to the undisbursed balance of the Bank's portfolio at the beginning of the year: Investment projects only.

* All indicators are for projects active in the Portfolio, with the exception of Disbursement Ratio, which includes all active projects as well as projects which exited during the fiscal year.

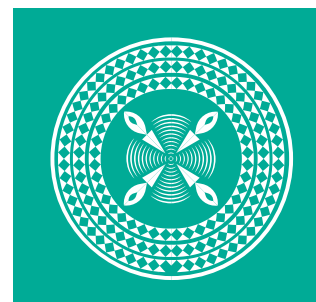
ANNEX IV

OPERATIONS PORTFOLIO (IBRD/IDA AND GRANTS)

AS OF 01/31/2023



MADAGASCAR COUNTRY MANAGEMENT UNIT
EASTERN AND SOUTHERN AFRICA REGION
INTERNATIONAL FINANCE CORPORATION
SOUTHERN AFRICA DEPARTMENT
MULTILATERAL INVESTMENT GUARANTEE AGENCY



CLOSED PROJECTS

134

IBRD/IDA*

Total Disbursed (Active)	1,024.48
of which has been repaid (1)	4.74
Total Disbursed (Closed)	4,421.86
of which has been repaid	512.37
Total Disbursed (Active + Closed)	5,446.34
of which has been repaid	517.11
Total Undisbursed (Active)	2,244.97
Total Undisbursed (Closed)	6.81
Total Undisbursed (Active + Closed)	2251.78781

Active Projects

**Difference Between
Expected and Actual**

Project ID	Project Name	Development Objectives	Implementation Progress	Fiscal Year	Original Amount in US\$ Million					Disbursements*		
					IBRD	IDA	Grants	Cancel.	Undisb.	Orig.	Frm Rev'd	
P160442	Basic Education Support	MS	MS	2018	0.0	55.0		0.0	21.5	21.4	56.3	
P173711	Connecting Madagascar	S	S	2022	0.0	400.0		0.0	361.7	4.0	0.0	
P166526	Connectivity for Rural Livelihood	S	S	2020	0.0	14.0		0.0	83.4	16.5	0.0	
P176841	COVID-19 vaccine	MU	MS	2021	0.0	141.0		0.0	79.0	14.7	24.7	
P154698	GEF Sustainable Landscape Management	S	S	2017	0.0	105.0		0.0	42.1	45.6	58.1	
P157909	GEF Sustainable Landscape Management	#	S	2017	0.0	0.0	13.7	0.0	9.4	104.2	9.4	
P164536	Integrated Growth Poles and Corridor 2.2	S	S	2019	0.0	103.0		0.0	21.6	-73.1	-4.3	
P167941	Madagascar Cat DDO	S	MS	2020	0.0	50.0		0.0	35.0	0.0	0.0	
P174684	Madagascar Economic Transformation	S	S	2021	0.0	150.0		0.0	135.7	20.1	0.0	
P163870	Madagascar - LEAD	MS	MS	2019	0.0	150.0		0.0	117.6	53.4	0.0	
P174477	Madagascar National Water Project	S	S	2022	0.0	220.0		0.0	195.6	-5.9	0.0	
P160848	Madagascar: Nutrition & Health Project	MS	MS	2018	0.0	100.0		0.0	7.3	-17.0	15.3	

Project ID	Project Name	Development Objectives	Implementation Progress	Fiscal Year	IBRD	IDA	Grants	Cancel.	Undisb.	Orig.	Frm Rev'd
P151469	MG-Agriculture Growth & Land Management	MS	MS	2016	0.0	105.0		0.0	35.1	-15.4	36.6
P151785	MG-ESOGIP	S	MS	2016	0.0	105.0		0.0	29.1	-9.1	30.9
P179466	MG Safety Nets and Resilience Project	#	#	2023	0.0	250.0		0.0	263.0	5.6	0.0
P149323	MG-Social Safety Net Project	S	S	2016	0.0	315.0		0.1	57.2	-209.5	15.4
P175110	Phase 2 of Improving Nutrition Outcomes	S	S	2022	0.0	85.0		0.0	79.4	0.0	0.0
P174903	Preparedness & HSS	S	MS	2022	0.0	100.0		0.0	87.6	16.8	0.0
P169413	PRODIGY	MU	MU	2021	0.0	140.0		0.0	127.0	60.9	0.0
P171056	Resilient livelihoods in the South	S	S	2021	0.0	200.0		0.0	154.5	-14.5	33.0
P176811	Road Sector Sustainability Project	S	S	2021	0.0	300.0		0.0	244.9	-23.3	20.7
P159756	Tana Urban Development and Resilience	MS	MS	2018	0.0	125.0		0.0	57.3	8.4	8.4
Overall Result					0.0	3,339.0	13.7	0.1	2,245.0	3.8	304.7

* Disbursement data is updated at the end of the first week of the month.

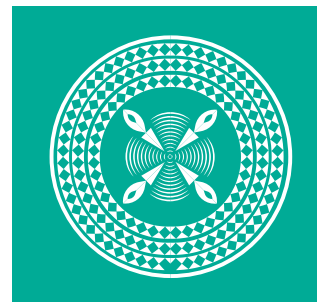
a. Intended disbursements to date minus actual disbursements to date as projected at appraisal.

ANNEX V

IFC OPERATIONS IN MADAGASCAR



MADAGASCAR COUNTRY MANAGEMENT UNIT
EASTERN AND SOUTHERN AFRICA REGION
INTERNATIONAL FINANCE CORPORATION
SOUTHERN AFRICA DEPARTMENT
MULTILATERAL INVESTMENT GUARANTEE AGENCY



Program as of January 31, 2023 (US\$ million)

	FY18	FY19	FY20	FY21	FY22	FY23	FY18-FY23
Total LTF Commitments	7.5	2.0	15.8	16.8	10.5	45.8	98.4
Vol: Own Account LTF	7.5	2.0	15.8	16.8	10.5	45.8	98.4
Vol: Mobilization	0.0	0.0	0.0	0.0	0	0	0
Total Short-Term Finance	0.2	12.0	0.0	3.5	27.7	21	64.4
Total IFC own Acc. LTF Commitments since 2005				200.8			
Total IFC own Acc. STF Commitments since 2005				230.0			
Total Core Mobilization Commitments since 2005				135.6			

Portfolio as of January 31st, 2023 (US\$ million)

	CDF	FIG	INR	MAS	Total
Committed Exposure	2.3	41.1	44.2	3.9	91.5
Portfolio Outstanding	2.3	41.1	27.2	3.8	74.4
of which Loan Outstanding	0	41.1	27.2	3.8	72.1
of which Equity Outstanding	2.3	0	0	0	2.3

	Client	Industry	Committed Exposure (US\$ M)	Portfolio Outstanding (US\$ M)
Top 5 Portfolio Clients by Committed Exposure	Ravinala Airports	INFRA	27.2	34.2
	GTFP BOA-MADAGAS	FIG	10	10
	Celtel Madagascar	INR	10	10
	GTFP IDA-PSW BOA	FIG	10	10
	Soc Gen Madagascar	FIG	9.7	9.7

Advisory Portfolio as of January 31, 2023

Sector	Sum of Portfolio (US\$ M)
BRK	0.2
CDF	1.5
CTA-PPP	2.7
ESG-ESS	1.3
FIG	2.9
MAS	3.6
REG	1.2
Total	13.2

Project	Sum of Portfolio
BOVIMA Export Development	3.6
Madagascar Solar	2.7
Orange Money Madagascar	1.5
Madagascar Digital Skills 2	1.3
SSA ESG Client Support (Madagascar Agribusiness Project, PIDDA Mada Clients)	1.3

Top 5 Advisory Portfolio Projects

MADAGASCAR INVESTMENT PIPELINE BY PROJECT (AS OF FEBRUARY 24, 2023) (US\$ MILLION)

Probability	Project Short Name	Industry Sector 2	Industry Sector 3	IFC Own Account	Total LTF
FY23 Pipeline					
FIG Pipeline					
LP	BOP ACEP	Microfinance	NBFI - Microfinance	2.5	2.5
HP	BOP PAMF	Microfinance	NBFI - Microfinance	2.0	2.0
LP	BOP Boabab	Microfinance	NBFI - Microfinance	5.0	5.0
HP	BOP Societe Generale Madagascar	Financial Markets	Financial Markets	10.0	10.0
LP	BNI Madagascar	Financial Markets	Financial Markets	20.0	20.0
HP	BOA SME RSF	Financial Markets	Financial Markets	7.5	7.5
Total FIG Pipeline				39.5	39.5
Total FIG Pipeline				39.5	39.5

MAS Pipeline					
LP	Madagascar LPSA	Chemicals & Fertilizers	Chemicals	19.8	39.7
HP	Sahanala	Primary Agriculture	Agriculture	20.0	20.0
HP	Basan	Primary Agriculture	Agriculture	12.0	12.0
Total MAS Pipeline				51.8	71.7
INR Pipeline					
LP	Volobe Hydro	Electric Power	Hydro Power	97.5	173.4
LP	Base Toliara	Mining	Mining	75.0	75.0
Total INR Pipeline				97.5	173.4
Total Pipeline				149.4	245.1
Total Pipeline				188.9	284.6

MADAGASCAR ADVISORY PIPELINE BY PROJECT (AS OF FEB 24, 2023) (US\$ MILLION)

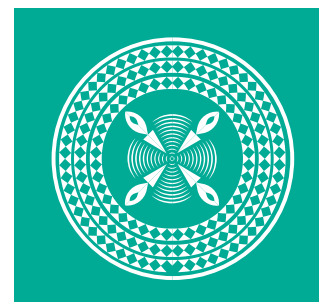
Index	Project	Primary Business Area	Total Funds Managed by IFC
Index Insurance		Insurance	0.03
Market Program: DFS + Agri/fintech/lending		Agribusiness Finance	0.01
Climate insurance market program Phase 2		Insurance	0.02
Baobab Madagascar (agri VC)		Microfinance	0.02
PAMF (Bank/Digital Transformation)		Microfinance	0.01
CECAM Phase II risk management and saving implementation		Microfinance	0.03
Orange Money		Retail Payments & Mobile Banking	0.06
Toliara Sands mining project benefit sharing support		Benefit Sharing	0.04
Advisory support Graphite mining project in Molo (Next Source)		Benefit Sharing	0.02
Axian's carbon neutral project		Energy	0.01
Agribusiness-Crop Production		Crop Production	0.03
Textiles and apparel sectors strategy		Sector Enabling & Market Scans	0.08
Swine policy reforms to unlock investments		Legal / Regulatory Reform	0.05
Madagascar Green Hotel I Local Champion Program		BD support and deal creation	0.55
Generating Investments in the Apparel and Textiles Sector		Sector Enabling & Market Scans	0.20
Totals			1.155

ANNEX VI

MIGA MADAGASCAR PORTFOLIO



MADAGASCAR COUNTRY MANAGEMENT UNIT
EASTERN AND SOUTHERN AFRICA REGION
INTERNATIONAL FINANCE CORPORATION
SOUTHERN AFRICA DEPARTMENT
MULTILATERAL INVESTMENT GUARANTEE AGENCY



FY	Project	Effective Date	Expiry Date	Outstanding Gross Exposure (USD)	Description
FY17	Ravinala Airports	May-17	Jun-32	37,223,785	The project consists of the financing, rehabilitation, expansion, operation and maintenance of the Ivato airport in Antananarivo and the Fascene airport in Nosy Be.
FY22	Airtel Mobile Money Madagascar	Jun-22	Jun-27	5,130,000	The project is part of a USD 200 million investment in mobile money and digital financial services companies operating under the Airtel Money brand across 12 countries in Sub-Saharan Africa, including a USD 5.7 million investment in Madagascar.
Total Portfolio				42,353,785	

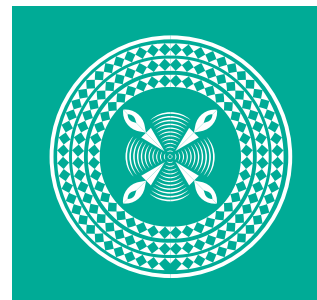
ANNEX VII

DRIVERS OF FRAGILITY AND SOURCES OF RESILIENCE IN MADAGASCAR ¹

1 Based on the forthcoming Risk and Resilience Assessment for Madagascar and Mozambique.



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1. Madagascar faces challenges related to deep-rooted institutional fragility that hamper the country's development prospects. Since its independence in 1960, Madagascar has weathered four major political crises, each of which has put an abrupt end to a period of promising economic growth. These episodes of violence have never been of a revolutionary nature aimed at overthrowing the state; rather, they have occurred as intermittent uprisings, sometimes mobilized by elites to destabilize and reset power relations. The most recent of these crises took place in 2009, when the overthrow of constitutional rule triggered cuts to external aid and resulted in a period of prolonged isolation from donor partners. This has meant that income per capita has been declining over time and has deepened disparities of income and wealth. Fragility is driven by the following key factors.
2. First, the lack of broad-based inclusion in access to power and resources has marginalized large parts of the population. Historical and geographical factors have resulted in the emergence and persistence of institutions that are elite-oriented and centralized. Madagascar's formal institutions are clientelist, with resource allocation and conflict resolution determined by agreements between leaders rather than through the enforcement of laws and regulations. Political power has remained centralized in the capital and decentralization is incomplete, which contributes to uneven and thin state presence across the territory and undermines the social contract. Access to the state and political system is determined by networks of a few powerful political and business leaders who form and shift alliances periodically. The weakness of oversight and transparency mechanisms has highlighted the challenge of corruption, with implications for public trust, human development, and social cohesion.
3. Second, spatial inequalities across the territory are exacerbated through patchy service delivery, amidst unequal access and the uneven presence of the state, lack of transparency in delivery of services, and perceptions of corruption. These imbalances are perpetuated by policy decisions, including of public expenditure and investment, and has the effect of weakening state-society relations. Mechanisms to protect the most vulnerable from the impacts of shocks, such as social assistance and social insurance schemes, are relatively under-developed. Basic services are also delivered unevenly across the country and often in ways that reinforce rather than reduce inequalities.
4. Third, challenges related to transparent and inclusive access to natural resources and extractives, including land, forests, water bodies, and minerals are a major source of contestation, despite the importance of these resources as a source of livelihood for much of the population. Access and ownership rights, even when they exist, are poorly enforced and highly contested. In practice, the rents from the extraction of these resources tend to be captured by a few politically connected actors who benefit from preferential market access and limited contestability. Contestations over land and insecurity of tenure has been a key factor in stoking tensions historically. Environmental degradation, poor management of resources, unsustainable practices, and overexploitation risk eroding the resource base, while illicit trafficking, linked to weak enforcement capacities and corruption, place further pressure on the resource base.
5. Fourth, diminished trust in the institutions charged with protecting citizens and delivering justice contributes to a generalized feeling of impunity. Perceptions of partiality and unfairness in the provision of justice, along with high costs and time lags, inhibits access to the formal justice system and triggers reliance on informal mechanisms and vigilante justice. The politicization of the military and poor oversight of the security and police forces has undermined trust in these institutions, as have allegations of human rights abuses. Finally, challenges related to insecurity and criminality remain prevalent in the South.
6. Nevertheless, Madagascar has some important sources of resilience to draw on. These include a strong sense of collective identity and tolerance for difference, which helps to protect against escalation of conflict to violence; the institutional set-up of communes and fokontany support local level organization and technical capacity; the role of custom and societal norms, including local laws (dina) in maintaining stability; the role of communities in reinforcing a sense of cohesion and belonging; and the role of churches in mediating conflicts and in national reconciliation, especially in the political arena; and the role of CSOs and NGOs in providing basic services to the population and helping to bridge the gaps left by the state.

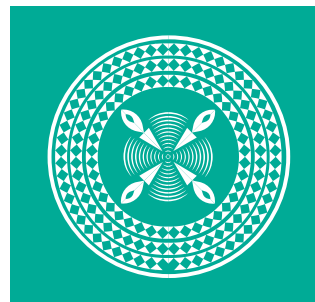
ANNEX VIII

ACTIVE PORTFOLIO AND INDICATIVE PIPELINE (ONLY IDA FINANCING)¹

¹ In addition to IDA financing, Madagascar has also benefitted from (i) various Trust Funds approximately US\$172 million including US\$20million from the Global Fund financing facility and (ii) CRW funds of US\$50 million following an initial CERC activation for US\$12.12million under the Support for Resilient Livelihoods in the South of Madagascar (P171056) to support the response to the food security crisis in Southern Madagascar.



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SOUTHERN AFRICA DEPARTMENT
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Fiscal Year	HLO 1: Improved job opportunities	HLO 2. Improved human capital outcomes	HLO 3. Enhanced resilience against shocks
<p>Active Portfolio (IDA 19 & 20)</p>	<ul style="list-style-type: none"> ▪ Agriculture Rural Growth and Land Management Project – CASEF + AF (P151469; US\$105m) ▪ SWIO Fisheries Governance and Shared Growth project - SWIOFish (P153370; US\$74m) ▪ Integrated Growth Poles & Corridor Project SOP-2 – PIC2.2 (P164536; US\$103m) ▪ Madagascar Economic Transformation for Inclusive Growth – PIC3 (P173711; US\$150m) ▪ Digital Governance and Identification Management System Project -PRODIGY (P169413; US\$140m) ▪ Madagascar Road Sector Sustainability Project (P176811; US\$300m) ▪ PACT – Road Sector Sustainability Project (P176811, US\$300m) ▪ MG-Electricity Sec Operations & Governance Improvement Project (ESOGIP) (US\$105m; P151785) -Least cost Energy Sector Development Project (LEAD)(P163870; US\$150M) ▪ Electricity Sec Operations and Governance Improvement Project (ESOGIP) (P151785; US\$105m) ▪ Connectivity for Rural Livelihood Improvement Project (P166526; US\$140m) ▪ Madagascar National Water Project (P174477; US\$220m) ▪ CERC Replenishment – Additional Financing Madagascar Road Sector Sustainability Project (P178924; US\$100m) 	<ul style="list-style-type: none"> ▪ Basic Education Support Project – PAEB (P160442) and Additional Financing (P172051) (US\$55m) ▪ Support to COVID-19 Vaccine Purchase and Health System Strengthening (P176841; US\$141m) ▪ Improving Nutrition Outcomes through a Multiphase Programmatic Approach - Phase 1 (P160848; US\$100m) ▪ Improving Nutrition Outcomes through a Multiphase Programmatic Approach - Phase 2 (P175110; US\$850m) ▪ Madagascar National Water Project (P174477; US\$220m) ▪ Food Systems Resilience for Eastern and Southern Africa MPA (P178566; US\$158.1m) ▪ Rural Productivity and Livelihoods Resilience (P166526; US\$140m) ▪ Pandemic Preparedness and Basic Health Services Delivery Project (P174903; US\$174903) ▪ Madagascar Safety Nets and Resilience Project (P179466; US\$250m) ▪ Phase 2 of the MPA for Improving Nutrition Outcomes (P175110; US\$85m) 	<ul style="list-style-type: none"> ▪ Social Safety Net Project and Additional Financing (P149323; US\$384.87m) ▪ Support for resilient livelihoods in the South of Madagascar – MIONJO (P171056; US\$200m) ▪ GEF Sustainable Landscape Management Project – PADAP (P154698, P157909; US\$118.70m) ▪ Catastrophe Deferred Drawdown Option (P167941; US\$50m) ▪ Atiala-Atsinanana Emission Reductions Program (P167725; US\$50m) ▪ Integrated Urban Development and Resilience Project for Greater Antananarivo (P159756; US\$75m) ▪ Ethanol clean cooking climate finance program (P154440; US\$10.25m) ▪ Food Systems Resilience MPA (P178566; US\$158.1m) ▪ Rural Livelihoods Productivity and Resilience Project (P175269; US\$200m)

Fiscal Year	HLO 1: Improved job opportunities	HLO 2. Improved human capital outcomes	HLO 3. Enhanced resilience against shocks
FY 23 Pipeline	<p>Operations</p> <ul style="list-style-type: none"> Rural Livelihoods Productivity and Resilience Project (P175269; US\$200m) Digital and Energy Connectivity for Inclusion in Madagascar (P178701, US\$400m) <p>ASA</p> <ul style="list-style-type: none"> Madagascar Poverty Assessment Madagascar Firm Surveys - Analytical Inputs for Policy Dialogue coupled with Country Engagement -Support for Investment Climate Reforms in Madagascar Madagascar Mining TA (P173440) 	<p>Operations</p> <ul style="list-style-type: none"> East Africa Girls' Empowerment and Resilience Project (P176393; of which US\$180m is allocated to Madagascar) 	<p>Operations</p> <ul style="list-style-type: none"> Madagascar First Inclusive and Resilient Growth Development Policy Operation Series 1 (P180288; US\$100m) Regional Climate Resilience Program for Eastern and Southern Africa (P180171; regional project, of which US\$100m allocated to Madagascar) <p>ASA</p> <ul style="list-style-type: none"> Madagascar Country Environmental Analysis – Madagascar Urbanization Review Madagascar Climate Change and Development Report
<p>Cross cutting issues- Governance and Institutions</p> <ul style="list-style-type: none"> Madagascar Public Expenditure Review – programmatic Madagascar First Inclusive and Resilient Growth Development Policy Operation Series I (P180288; US\$100m) 			
FY25 (IDA21)	<p>Operations</p> <ul style="list-style-type: none"> Madagascar National Connectivity MPA (P179176; US\$300,m) SADC Regional Statistical Capacity Building (P175731; regional project, of which US\$45m allocated to Madagascar) Madagascar Enhancing Governance Capacity for Decentralized Service Delivery (P180018; US\$100m) <p>ASA</p> <ul style="list-style-type: none"> Madagascar Economic Monitoring Madagascar Poverty Monitoring 		<p>Operations</p> <ul style="list-style-type: none"> Madagascar First Inclusive and Resilient Growth Development Policy Operation Series II (P180288; US\$100m)
<p>Cross cutting issues- Governance and Institutions</p> <ul style="list-style-type: none"> Madagascar-Strengthening PFM Capabilities (2106637) Madagascar Public Expenditure Review – programmatic Madagascar First Inclusive and Resilient Growth Development Policy Operation Series II (P180288; US\$100m) Integrated Multisector Capacity Project (US\$100m) 			

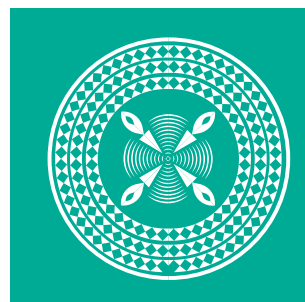
Fiscal Year	HLO 1: Improved job opportunities	HLO 2. Improved human capital outcomes	HLO 3. Enhanced resilience against shocks
FY25 (IDA21)	Operations <ul style="list-style-type: none"> ▪ Regional Digital accelerator (East Africa Focus, including Mozambique, Comoros and Madagascar) (US\$150m) ▪ INFRA Transport/Energy (Place holder; US\$150m) 		Operations <ul style="list-style-type: none"> ▪ Madagascar First Inclusive and Resilient Growth Development Policy Operation Series III (P180288; US\$100m) ▪ EFI/FCI lending placer holder
	ASA <ul style="list-style-type: none"> ▪ Madagascar Economic Monitoring ▪ Madagascar Poverty Monitoring 		
Cross cutting issues - Governance and Institutions <ul style="list-style-type: none"> ▪ Madagascar Public Expenditure Review – programmatic ▪ Madagascar Second Inclusive and Resilient Growth Development Policy Operation Series III (P180288; US\$100m) 			

ANNEX IX

MADAGASCAR COUNTRY PARTNERSHIP FRAMEWORK STAKEHOLDER CONSULTATIONS



MADAGASCAR COUNTRY MANAGEMENT UNIT
EASTERN AND SOUTHERN AFRICA REGION
INTERNATIONAL FINANCE CORPORATION
SOUTHERN AFRICA DEPARTMENT
MULTILATERAL INVESTMENT GUARANTEE AGENCY

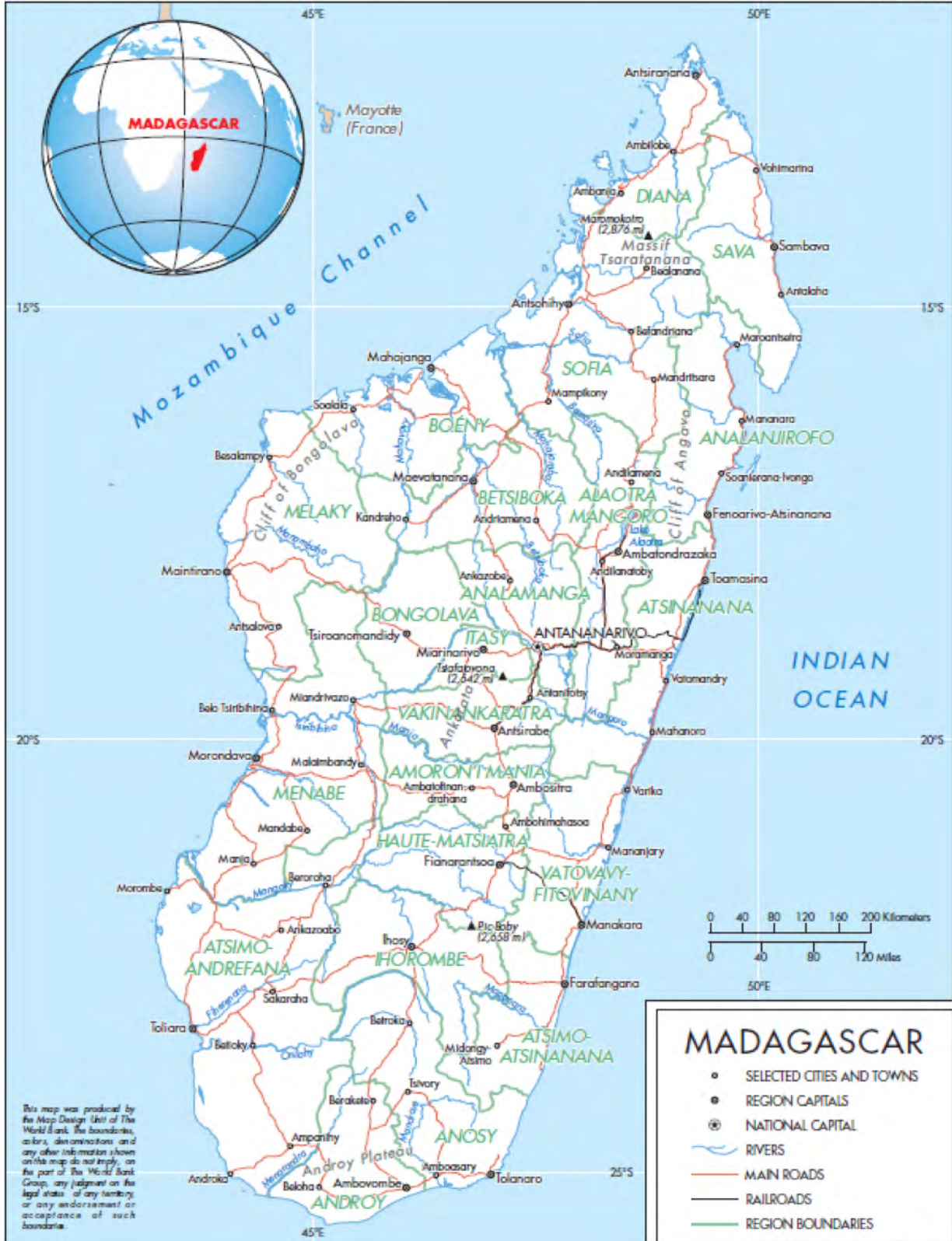


- 1. Consultations for the new CPF were carried out from May through July 2022.** The consultations were an opportunity to first introduce the diagnosis of the SCD before describing the objectives of the next CPF. The main questions that led the sessions were if the SCD and the CPF concepts adequately reflected Madagascar's development context and constraints, if their recommendations, the proposed outcomes, targets and high-level indicators were appropriate, if the CPF program represented a substantive change with a focus on inclusive growth and the main risks to the CPF.
- 2. Six physical consultations were conducted and involved focused discussions** with GoM with high-level representation from the majority of Ministers, CSO leaders, private sector members and heads of groups of companies as well as the President of the National Assembly and the six vice-presidents representing the six provinces of Madagascar. A group of academia and donors was also consulted. An online public consultation was also carried out and an online media interview where a journalist asked questions on the next CPF and collected questions from the public.
- 3. The proposed CPF for FY23-FY27 recommends a shift in the WBG's interventions** contributing to three interconnected high-level outcomes (HLOs): (i) Improved job opportunities; (ii) Improved human capital outcomes, and (iii) Enhanced resilience against shocks. The first HLO focuses on creating jobs and increasing incomes. The second seeks to make that growth more inclusive and remove constraints on future growth. The third focuses on strengthening resilience, which is necessary given Madagascar's history of crises. Progress will be possible only if political ownership of this reform agenda is reinforced and the fate of poor and vulnerable populations is put at the center of the policy debate.
- 4. Governance:** Participants in all the consultations, especially the CSO, private sector, donors and academia were adamant about the need to address governance challenges in all aspects of development. Governance issues dominated the discussions. All acknowledged that there were many sectors that could and should promote growth but were controlled by a handful of people. Related to governance was the issue of rampant corruption, impunity, elite capture, public procurement, role of justice which many suggested to be more boldly and decisively addressed by promoting citizen engagement, strengthening the institutions of checks and balances, the judiciary system and the anti-corruption institutions, and institutions that ensure transparency (namely la Cour des Comptes). Another issue related to institutional governance that was raised was the absence/insufficiency of State continuity in the country, especially for policy reforms, resulting in always returning to square one and annihilating all the progress made. While DPOs are seen as an important instrument for policy dialogue and reforms, CSOs expressed reservations about budget support and questioned their appropriateness in the current context. In giving budget support, CSOs asked the World Bank to be uncompromising on prior actions.
- 5. Human Capital:** An obvious area that handicaps the development of Madagascar and that was highlighted by all participants was human capital, with a strong emphasis on education. The private sector pointed out the inadequacy between the training and the educational offer in Madagascar, failing to respond to the demands and needs for an economic growth. Not addressing this critical issue is not an option. Some suggestions have been offered: through the development of vocational training and through greater support for private initiatives, including SMEs with training programs.
- 6. Energy:** Energy was pointed out by private sector and other citizens during the online consultation as a very big obstacle to private sector growth and development in Madagascar. They believe an investment in energy would have a tremendous transformational impact on the economy and social development of the country. Recognizing the challenges, the country is facing in terms of energy, private sector offered to be a solution-provider by proposing to self-produce energy in areas of concentration of economic activities. Off-grid solutions were also proposed, and private companies have shown their willingness to invest but all of this would need a strong regulatory framework. Suggestion was also made to create a structure that would facilitate private sector investment in energy.
- 7. Connectivity.** Connectivity issue was second raised after energy to be a sine-qua-non condition towards growth by participants in the consultations. Roads are essential to help farmers to get their products out, to have a better price and to improve their welfare. More than two thirds of the Malagasy population is farmers, investing in roads will be a big leap to development in Madagascar. Participants suggested to not lose sight either of the rural roads that serve rural farmers. Related to connectivity issue is the digital transformation that has the great potential to connect more people and transform the economy. Private sector participants were confident in the country's digital potential and assured that Madagascar could really take advantage of the digital economy especially as 300,000 young people arrive each year on the job market and digital could be a solution to many of those young Malagasy.

- 8. Rural development and agriculture:** Agriculture employs the majority of households in Madagascar but only receive 5 percent of the national budget, CSOs pointed out. Participants acknowledged the need to facilitate the access of large operators to the market but suggest to not lose sight of the small farmers who make up the bulk of the rural population. In this regard, improving rural farmers' access to financing was suggested to allow them to invest in mechanization. Adding to the lack of investment in agriculture is the increasing risk of climate change that affects the sector. Concerns about the impact of climate change on small farmers were raised.
- 9. Feedback mechanisms and policy dialogue.** Civil society representatives consulted were unanimous in their request for the WBG to factor robust feedback mechanisms into its funded operations. They also asked to be more consulted upstream in the design of projects. Regarding the implementation of projects financed by the World Bank Group, CSOs alerted to the Government's tendency to delay the involvement of CSOs and expressed the need to be consulted by Government on public investment projects selection. Finally, to materialize more engagement with them, CSOs proposed to set up a civil society advisory council with the World Bank Group in order to exchange and deal together with issues where the CSOs have expertise on the ground. This council could meet and exchange information on a regular basis to better influence national policies.
- 10. The private sector:** Energy, connectivity, human resources challenges dominated the discussions with private sector participants and were pointed out as barriers that hinder their ability to develop and expand. They wish to replicate examples in some African countries where entrepreneurs receive direct support from governments. They also pointed out that statistics on entrepreneurship in Madagascar are severely lacking. In this regard, they suggested to urgently transform the Economic Development Board of Madagascar (EDBM) that has no clear investment strategy. While they show their willingness to invest in essential factors that will enable them to grow (energy, human capital, etc.), they complained about the control of a few over the main sectors of the economy. They insisted on the need to improve the business climate to enable them to operate freely and to promote the emergence of other entrepreneurs, a new generation of champions, that could draw several million people out of unemployment. Finally, they viewed the WBG as a key ally that could act as a convener of policy dialogue with the Government about improving the business environment more broadly.
- 11. A country opinion survey,** tailored to further gauge people's opinion on some of the emerging themes of the CPF, was also conducted, completed in February 2022. This surveyed over 300 people country wide. The overall context in which the Bank Group operates in Madagascar suggests grave concern about governance and corruption in the country, as well as education, jobs, and energy. Agriculture is seen by nearly half of respondents as the key contributor to poverty reduction. Within this context, respondents would like to see further WBG emphasis on the areas that concern them most including education, governance, and connectivity.

ANNEX X MAP

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COUNTRY PARTNERSHIP FRAMEWORK FOR
REPUBLIC OF MADAGASCAR FOR THE PERIOD
FY2023–FY27 . March 28, 2023
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