



The World Bank

Support for resilient livelihoods in the South of Madagascar (P171056)

Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 19-Oct-2020 | Report No: PIDA28338

**BASIC INFORMATION****A. Basic Project Data**

Country Madagascar	Project ID P171056	Project Name Support for resilient livelihoods in the South of Madagascar	Parent Project ID (if any)
Region AFRICA EAST	Estimated Appraisal Date 21-Oct-2020	Estimated Board Date 17-Dec-2020	Practice Area (Lead) Social Sustainability & Inclusion
Financing Instrument Investment Project Financing	Borrower(s) Ministry of the Economy and Finances	Implementing Agency Ministry of Interior and Decentralization	

Proposed Development Objective(s)

The PDO is to improve access to basic infrastructure and livelihood opportunities, and strengthen local governance in southern Madagascar with a primary focus on youth and women.

Components

Strengthening decentralized local governments, participatory planning and social resilience
 Resiliency infrastructure
 Supporting Resilient livelihoods
 Implementation Support and knowledge learning
 Contingent Emergency Response Component

PROJECT FINANCING DATA (US\$, Millions)**SUMMARY**

Total Project Cost	100.00
Total Financing	100.00
of which IBRD/IDA	100.00
Financing Gap	0.00

DETAILS**World Bank Group Financing**



International Development Association (IDA)	100.00
IDA Credit	100.00

Environmental and Social Risk Classification

Substantial

Decision

The review did authorize the team to appraise and negotiate

B. Introduction and Context

Country Context

1. Madagascar is one of the poorest countries in the world, with poverty concentrated particularly in the country's rural regions. The percentage of the population living below the international poverty line of US\$1.90 (2011 purchasing power parity) per day is estimated to be 74.5 percent in 2019 but remains significantly higher than the regional average of 41 percent. This is particularly the case in rural areas, where the population is mostly engaged in low-productivity subsistence agriculture. The economic revival of the last five years was supported by a return to constitutional order and peaceful political transitions around elections, which contributed to restore investor confidence, reopen access to key export markets, reinstate flows of concessional financing, and encourage trade and technology sectors. However, the benefits of this growth have not trickled down to rural areas where almost 80% of the population (out of the 24.8 million people) lives, and poverty rates are nearly twice as high as in urban areas. Extreme poverty and higher levels of inequality are especially pronounced in the south of the country.¹ Female-headed households and families with more children are associated with higher poverty levels.

2. The Covid-19 pandemic will further exacerbate poverty and vulnerabilities in Madagascar; the adverse economic and fiscal impact of the COVID-19 crisis will be substantial in 2020 and 2021. Global trade and travel disruptions as well as domestic containment measures are expected to result in the first recession in Madagascar since the 2009 crisis, with gross domestic product (GDP) predicted to contract by 1.2 percent in 2020, compared to an estimated growth rate of 5.2 percent just prior to the coronavirus outbreak. Assuming successful containment measures, economic conditions should stabilize by the end of the year, with export sectors recovering in 2021 against the backdrop of a modest pickup in global demand and domestic activity benefiting from the end of strict confinement measures and from an ambitious government infrastructure program. Under baseline assumptions, growth would recover to a subdued rate of 2.8 percent in 2021, about half the pre-COVID estimate. Overall, the effect of the coronavirus outbreak is expected to shave off about 9 percentage points to predicted GDP per capita levels over a two-year period. Tax revenues will be severely curtailed by the impact of the crisis, contributing to fiscal deficits widening to more than 5 percent of GDP in 2020-21. Public debt will

¹ Sulla, Victor. Face of Poverty in Madagascar. Poverty, Gender and Inequality Assessment. World Bank, 2014

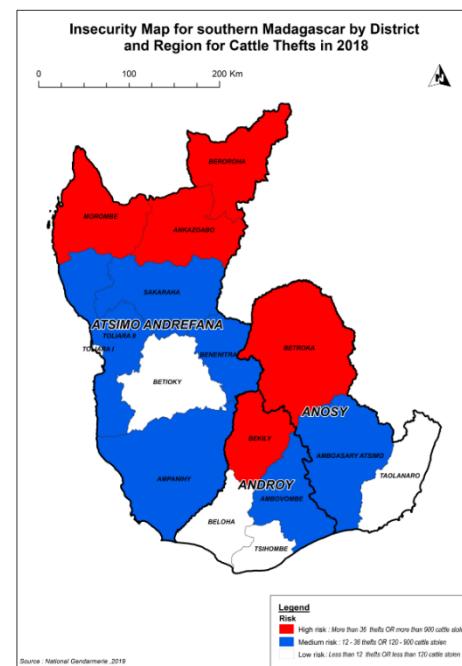


increase from 38.4 percent of GDP in 2019 to an estimated 46.9 percent of GDP in 2021 but is expected to remain in coming years well below the risk threshold for a medium debt-carrying-capacity country like Madagascar.

3. The impacts of the crisis could reverse progress in poverty reduction and deepen fragility. Formal employment has been significantly impacted by the contraction in tourism and manufacturing sectors, notably textiles and apparel, while revenues from informal jobs in large urban areas affected by lockdowns will be significantly reduced. In this context, extreme poverty (US\$1.90/day) is predicted to increase in 2020 to 76.8 percent, up from 74.5 percent in 2019, undoing three years of consecutive declines. Vulnerable populations in urban areas, notably women and youth, are particularly exposed to economic hardship and poverty traps, reflecting strict confinement measures. The economic and social impacts of the crisis remain highly uncertain in a rapidly evolving situation, with risks remaining largely tilted to the downside, including the possibility of a renewed escalation of the pandemic. Declining income per capita and rising inequality could sharpen the risk of social unrest, while the fiscal shock would also be heightened. Madagascar has historically experienced cycles of political instability and has only recently completed a peaceful democratic transition. Although it has made progress over the past years, the country is still vulnerable from lackluster performance of weak state institutions, as well as challenges related to elite capture. Impacts of the current crisis on both poverty and stability could be compounded by further shocks, particularly from natural disasters. Rural communities, particularly in the regions of the south, are highly vulnerable to the risks of cyclones, floods, and droughts due to their dependence on rain-fed agriculture, poor infrastructure, and the absence of affordable insurance mechanisms.

4. The interlinked challenges of fragility and poverty are particularly pronounced in southern Madagascar. Comprised of the three administrative regions Anosy, Androy, and Atsimo-Andrefana, Madagascar's south has long remained at the margins of state development initiatives and faces risks of further exclusion due to the pandemic. Southern Madagascar 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 in the South has led the region to lag behind the rest of the country on many human and socio-economic indicators. Livelihoods are limited primarily to subsistence farming and fishing and vulnerable to repeated natural shocks, including famine and drought. The COVID-19 pandemic has put additional stress on subsistence livelihoods and human development, and increased reliance on humanitarian aid. While humanitarian programs have been present for many years, their focus on short-term emergencies has had limited impact on addressing structural causes of poverty, fragility, and vulnerability to a range of external shocks.

5. Persistent fragility in southern Madagascar stems from a strained relationship between citizens and the state. The distrust of the state in many parts of southern Madagascar today is rooted in a complex history of resistance to colonialism, semi-nomadic lifestyles and sedentary agricultural patterns with power structures aligned to communities, clans, lineages and specific families which often posed constraints to the relationship between citizens and state. Underinvestment in this region and a limited presence of the state (both for administrative and security functions) has led to a lack of infrastructure and services (including road and water networks), leading





to limited opportunities for livelihood diversification and widespread food insecurity.²

6. The rising insecurity in the South coupled with limited state presence are exposing women and young men to different types of violence expected to rise. Insecurity in the south has increased significantly in recent years with gangs of dahalo (cattle robbers), composed mainly of young men, clashing with local communities and police forces. Dahalo has its roots in traditional practices of livestock raiding (to mark the passage of youth from boy to man). Given the persistent poverty and fragility, the traditional practice has shifted to the monetary value of the cattle and became a culture of organized gangs, theft, and violence. Dahalo are heavily armed and the wide community perception is that they are operated by powerful and well-connected leaders. The state has launched multiple raids but has not been successful in controlling the ever-increasing syndication of dahalo and the strengthening link between the illicit and violent activity of rustling to the profitable and growing market for beef. Dahalo terrorize communities, especially women and children and as of late, with increasing reports of gender-based violence and human trafficking. Recent years have also seen the emergence of a trafficking economy centered around gemstones, gold, and cattle, accompanied by a rise in criminality and insecurity (see above-insecurity map is based on police data for cattle theft as of 2018). Ongoing social monitoring in southern Madagascar show that there is a broadly held perception to see a rise in insecurity to mitigate the concomitant impacts of COVID-19.

7. The current "Madagascar Emergence Initiative" (Initiative Emergence Madagascar-IEM) and the Integrated Development Strategy of the Great South (Stratégie Intégrée Du Grand Sud-SIDGS) provide an opportunity to support an enhanced approach to sustainable and inclusive local development southern Madagascar. The south of the country epitomizes how existing social and economic tensions can be accentuated by climate change, combining with a lack of infrastructure and livelihoods to fuel fragility. The new government has demonstrated its support for long-term stability and sustained growth, through the IEM and the current General State Policy (Politique Générale de l' Etat-PGE) which has three main pillars: (i) improvement of basic social services; (ii) strengthening of governance and democracy; and (iii) promoting economic growth. Furthermore, the SIGDS which is a strategy developed by the government of Madagascar with the support of other donors, namely United Nations Development Program (UNDP), aims to transition southern Madagascar from humanitarian interventions towards recovery and development. A new roads project focusing on the redevelopment of Route Nationale (RN) 10 and RN 13, and proposed 225 km of road construction benefitting communes in Anosy and Androy, serves as one of the first commitments by the new government and SIGDS. Complementing these larger investments with community-based programming holds the potential to address drivers of insecurity and foster sustainable and inclusive growth by effectively addressing last mile delivery challenges.

Sectoral and Institutional Context

8. The vision of SIDGS is to build an "inclusive and sustainable economic development respecting the environment in a context of peace and justice."³ It seeks to significantly improve living conditions of the population in southern Madagascar (*Grand Sud*), focusing on vulnerable groups through a synergistic development approach in the three regions. The approach will primarily focus on improving access to basic social services; improving livelihoods through increased incomes, diversifying economic opportunities and creating jobs; reducing vulnerability and poverty; and sustaining investments in water, roads and energy. SIDGS' approach focuses on implementation in a manner that respects the environment and supports the administrative

² The Deep South, World Bank (2017)

³ SIDGS, DRAFT dated January 2020



decentralization and de-concentration of services. Through collaboration between the state and its partners (donors, NGOs, private sector, etc.), SIDGS will complement this approach with the identification of key structural programs to reduce isolation, increase access to water and energy, and develop promising sectors (e.g. fisheries, agriculture, tourism, etc..).

9. The proposed Series Of Projects (SOP) will support core elements of the SIDGS, while building on and reinforcing the strength and resilience of communities. People in the south have been able to overcome shocks (climate, political, insecurity) due to their robust informal networks and strong social cohesion and practices of mutual support at the community level.⁴ A recent study conducted by the World Bank showed that cultural identities are strong and power structures are aligned to communities, clans, lineages and specific families rather than to the state. Results of the research conducted across the three regions of southern Madagascar show a great reliance on community and traditional networks to face shocks. At the same time, the research showed that there is a continued schism between these networks and government bodies at local and national levels and high levels of mistrust, which limit the ability of communities to fully engage as partners in development. The SOP will build on these strengths by supporting government programs that are designed to align with and foster productive interactions between communities and local government.

10. Supporting community resilience will need to be accompanied by a support for the decentralization process and improving coordination with deconcentrated services; however, both processes have had several setbacks in the last few decades. Since the decentralization reforms of the mid-1990s, Madagascar's administrative setup has been characterized by a strong parallelism between deconcentrated and decentralized functions across many levels. This parallelism has been particularly extreme in Madagascar as a result of the incomplete decentralization policies over recent years. For instance, mayors who are elected officially by the communes and are de facto responsible to ensure local development are not accountable to deconcentrated services (*Services Territoriales Décentralisées-STD*) that are responsible for delivering the basic services. The establishment of local structures for concertation (Structure Locales de Concertation- SLCs) is intended to bridge this divide and create a consultative forum for collaboration and participation. Furthermore, the state budget is highly centralized, with 86 percent implemented at the central level and 14 percent at regional levels,⁵ leaving mayors without budgets to cover the expenses for development.

11. Communes, with mayors as their elected leader, remain a critical but underexploited component of development in Madagascar. They are a central feature of decentralized infrastructure, as reflected in a series of cardinal laws and decrees, but they have consistently been outstripped of financial and technical capacity. Communes hold the constitutional responsibility to participate in the economic, social, cultural, and environmental development of their territory (Article 149), they have the right to constitute themselves in groups for the realization of development projects (Article 150), and they are necessarily decentralized entities with direct universal suffrage (Article 151). In contrast to deconcentrated services of line ministries, the communes are the space where the planning for local development takes place. International partners have continuously sought to build capacity and engage with communes to address most areas of development funding, an issue that is also prioritized in the Country Partnership Framework of the World Bank (2017-2021) and in the SIDGS in the context of southern Madagascar.

⁴ Madagascar CPF (2017) and results of a recent study led by the World Bank on informal networks in the South of Madagascar led by IRD

⁵ SIDGS 2020



12. The new government formed in 2019 has shown a committed effort to complete the decentralization process, and the roundtable dialogue on this topic among the various ministries in December 2019 was a renewed positive step. This renewed efforts builds on the policy of decentralization 2006-2015—which was halted between 2008-2011 during the political crisis—that helped create different institutions including: (a) The Local Development Fund (Fonds de Développement Local, FDL) (2008), to channel additional resources to local governments for local public investment projects; in 2012, the Local Governance Index (Indice de Gouvernance Locale, IGL) was developed as part of FDL's monitoring and evaluation (M&E) strategy to monitor its impacts, while measuring local governments' performance through six dimensions; and (b) the National Institute for Decentralization and Local Development (Institut National de la Décentralisation et du Développement Local) (2011), to provide training to local government officials and staff; However, these institutions were not able to carry out their mandates fully during the political crisis period (2009–2014), when financial resources remained particularly tight. The World Bank Group—particularly the Governance Global Practice with the Country Management Unit—is currently engaged with the MID in a policy dialogue on decentralization reforms, and the proposed SOP in southern Madagascar anchors several of its activities in the ongoing reforms.

Box 1: Brief overview on decentralization vs. deconcentration in Madagascar

The democratic transition of the early 1990s newly invigorated the effort to decentralize some powers to lower levels of the Malagasy government. Communes became the focal point of Madagascar's decentralization strategy and central line ministries were expected to increase their local presence through administrative deconcentration. This ultimately led to a structure of (i) local communes with elected mayors that are accountable to their constituents but lack financial and human resources, and (ii) regional entities that are accountable upwards to central line ministries with limited engagement with communities. Given the limited synergy, the decentralization process has been subject to contention over division of resources. This uncertainty has created gaps between resource allocation and responsibilities between various layers of government, obfuscated tools for accountability, and stagnated the decentralization process. Also, the devolution of authority and responsibility to lower levels of government was never fully implemented. Given the large fiscal imbalances between central and provincial governments, the frequent legal shifts to territorial design, and the lack of fiscal decentralization (for example, subnational borrowing, tax sharing, and sophisticated performance-based transfer system), decentralized services have not been able to execute many of their executive functions. There are currently renewed efforts by the government of Madagascar to restart and complete the decentralization policy.



13. Furthermore, to help support local accountability, MID enacted the decree 2015-957 to create local consultation structures (*Structures Locales de Concertation-SLC*). The SLCs are intended to be a space for dialogue and consultation to build horizontal linkages between the different actors responsible for local development. On the commune level, SLCs are headed by the mayor and include representatives from all groups (women, youth, elderly, cooperatives, etc.) and taking into consideration ethnic and clan representations. Deconcentrated services and local donors and NGOs are also invited to participate in SLC meetings. Through a consultative process the SLCs are responsible with the mayor to develop Integrated and Inclusive Local Development Plans (*Plans de Développement Local, Inclusif, et Intégrer, PDLII*) in coordination with the regional priorities. To date, about 50 percent of SLCs are established in the southern region of Madagascar with PDLIIs that are developed but not financed.

14. In addition to the institutional dimensions, supporting sustainable and inclusive development in southern Madagascar will require attention to specific vulnerabilities that have been further exacerbated under COVID-19. This includes:

- A quick social impact assessment conducted in April 2020, during the early measures of the COVID 19 lockdown show a unanimous broad perception that the southern region will continue to see a rise in insecurity, civil crimes and *dahalo*.** According to national surveys conducted in 2014 (latest data available),⁶ communities in Androy, Anosy and Atsimo Andrefana are the most vulnerable to security issues. These regions make up the danger “hot spots” due to the *dahalo* phenomenon. The survey shows that around 13 percent of households declared having lost goods or livestock due to crime and violence. The average monetary value of the losses was

Box 2: COVID-19: social monitoring in southern Madagascar

At the outset of the COVID-19 crisis, the social development team conduct a social impact assessment in southern Madagascar. The assessment highlighted key aspects that require to be monitored especially with the increase of COVID-19 cases and continuation of lock down measures in southern Madagascar which include:

- Impact of dwindling donor financing for non COVID-19 in lagging, impoverished and fragile sub-region
- Emergence of new poor in urban areas that didn't previously receive donor financing and what are the impacts of this on a fragile region?
- Causes and impacts of abnormal increase of food prices (rice and vegetables)
- Types, drivers, frequency of crime activities which have been on the rise for the past five years
- Perceptions of local and regional governments vis-à-vis COVID-19 measures

The social monitoring methodology will rely upon constructing a monthly survey to be conducted in the three southern regions. The small team will include a local research organizer, six surveyors (2 per region), and an international expert. This will allow for coverage of nine carefully selected communes (3 per region) and an approximate sample size of n=600. The goal will be to create a panel comprised of commune leadership, community and association leaders (including women and youth), and other key influential leaders on the community level. While panel research does not allow for the broad claims of representation found in random sample of the population, it has the advantage of providing consistent data over time that eases comparison from one wave to the next. A panel will give information about trends and changes in the characteristics of the population over time and thus can measure change in the characteristics with greater accuracy than independent samples. The panel has been established in early August.

⁶ Madagascar Millennium Development Goals, National Monitoring Surveys (2014)



estimated at about Ar. 150,000 per household (around USD\$40). The households that had not yet recovered from the damages were asked about the amount of time it would take to recover from these losses; around eight in ten household's stated that it would take them at least a year (or that recovery was impossible). While recent data is unavailable, consultations and focus groups conducted as part of the study on "mapping of informal networks in southern Madagascar" suggest that *dahalo* raids have increased in recent years, with the cost of this violence and insecurity falling on communities that lack the resilience to recover from such shocks.

- **Poverty in southern Madagascar is severely aggravated by climate change notably drought, late rains and locusts.** The impacts are loss of belongings, which are sold to buy food, and loss of revenue principally from lost agricultural production have affected over 50% of the population, as most people are subsistence farmers in the south. Furthermore, the average annual rainfall in the three regions has been declining over the last century and has much lower rainfall than other parts of the country, forcing communities to transition toward more climate resilient crops. There are a number of UN bodies and partners working in the Deep South, including various NGOs, that have intensified their efforts to address climate change impacts, however efforts for climate resilience continue to be minimal.
- **Persistent water scarcity, lack of access to water and basic infrastructure, and limited adaptability of agriculture to climate shocks are constraints to resilient livelihoods which will require specific attention in a context of recovery for the COVID-19 crisis.** The low density and dispersed nature of communities in the south, together with the absence of a road network and other connective infrastructure contribute to its continuing isolation, and limit access by communities to basic services and infrastructure (including access to water, healthcare, education and markets) to support their day-to-day lives. The lack of water management infrastructures did not provided counterbalance to the historical water scarcity, which is getting worse with the changing rainfall pattern. This is becoming more pertinent during the COVID-19 crisis. In addition, drought is chronic and investments in the maintenance of infrastructure to support water points for drinking and agricultural purposes have been insufficient to meet needs. The increasingly shorter rainy season and longer dry season have implications for all sectors particularly livestock and agriculture. Many of the farmers accept that they will have to switch from maize, which requires significant amounts of rainfall, to more climate-appropriate crops such as sorghum, millet and beans. However, there has not been sustained support to farmers for livelihood diversification.
- **Local development financing has often been short-term and not clearly distinguished from humanitarian or famine assistance and is currently dwindling in the context of COVID-19.** In the past, assistance strategies sometimes appear to contradict each other in southern Madagascar, as when food aid is provided at the same time that exports of crops from the same locality are encouraged. A plethora of donors, UN agencies and non-governmental organizations in the south have supported communities during humanitarian crises, but contributed to a culture of reliance and dependency on aid.⁷ Furthermore, decades of humanitarian aid and a top down approach to providing services and inputs created a context where people are less empowered and less engaged to seek or create new opportunities for economic productivity. Early findings from the monitoring of COVID-19 is showing a change in the assistance strategies in the southern region where financing is shifting toward COVID 19 response with limited or minimal support to development.

⁷ Deep South (2018), World Bank; SIGDS (2019)



- **Implementation of community approaches in southern Madagascar has been limited mainly due to short project cycles.** Results of the recent study on “mapping of informal networks in southern Madagascar” show that supporting saving groups, community-based organizations, local cooperatives feature prominently in the design of donors projects and are essential for re-engaging local communities in their development. These type of groups have showed positive results with women and youth inclusion and have had successful results during project implementation. However, these programs are often very short term (e.g. 6-9 months of emergency assistance as opposed to multi-year development programs), and often not linked to broader development initiatives or regional strategies limiting the sustainability of these groups. Experiences from different projects show that community approaches implemented focus more on mobilization to create awareness about the respective programs coupled with trainings/accompanying measures on literacy, WASH, gender-based violence, disability etc., but offer fewer opportunities for communities to take a leading role in prioritization or management of funds, and equipping them with a sense of ownership over their community infrastructure and livelihood opportunities.

- **Particularly women in southern Madagascar face multi-faceted disadvantages in accessing and retaining opportunities which limit their social empowerment and economic productivity.** Anosy is in the top two regions in the country with highest rates of violence against women and girls, particularly concerning sexual violence (16 percent compared to the national average of 7 percent).⁸ Based on studies by UNICEF, the World Bank Gender Based Violence (GBV) portfolio review, and consultations for this Project, women’s feelings of insecurity and experience of violence have increased in the last few years due to *dahalo* raids which has limited their movement between communes in search of social and livelihood opportunities. Overall, women targeted social and economic opportunities are scarce in southern Madagascar. This is related mainly to women’s marginal participation in local development processes, and other factors including mismatch of skills training with local economic opportunities, limited integrated economic programming that can address both social and economic

Box 3: Results of the study on mapping of informal networks in southern Madagascar

A study conducted by the World Bank between 2019 and 2010 examined the role of informal networks in southern Madagascar. The study selected a sample of seven communes (37 local organizations, 754 households and 1134 individuals across the seven sites) representing regional differences in terms of accessibility, climate, culture, insecurity and language etc. Results showed:

- High levels of reliance of individuals on informal networks (social ties and local organizations including cooperatives and associations) to help them build resilience after different types of shocks (death, conflict, stolen cattle, drought, loss of income).
- Capacity and strengths of the informal networks vary, and they consequently impact the support they can provide to individuals to build resilience. Mainly, the capacity and strength of local organizations including cooperatives and associations vary greatly as they rely heavily on donor’s support.
- For majority of local organizations, donor support is short-term (3-6months) limiting their sustainability. Thriving local organizations showed a donor support for over 12month period.
- Women surveyed in the study have linked their social empowerment to their participation in local organizations. And local organizations with women leadership were identified to be more successful than others.

⁸ Enquête par Grappes à Indicateurs Multiples (MICS). 2012. UNICEF



barriers for women's participation in income generating activities, and the short term donor programming that does not provide long-term mentoring and capacity building for women's empowerment programs. In a mapping of donor financing projects in southern Madagascar conducted for the preparation of this project, economic activities focused on engaging women were short term (6-9months) and lack an integrated approach to respond to women's needs. This project will address both the social and economic empowerment of women through a tailored set of activities to be discussed below.

- **Young boys and girls face other disadvantages.** Child marriage is extremely prevalent as well, and above the already high national average of 41.2 percent: 64.6 percent of women were married before the age of 18, and 12 percent were married before the age of 15 years old.⁹ The early pregnancy rate is high as well: 56.7 percentage of women aged 20-24 had a live birth before the age of 18. During consultations conducted for the GBV portfolio review, young women attributed early marriage and pregnancy to several reasons including a cultural signal of girls' passage to womanhood, as well as lack of educational and productive opportunities. On the other hand, boys' participation in *dahalo* raids have increased in recent years. Recent analysis by UNICEF shows that limited social and economic opportunities for boys, including access to education and mentorship, have pushed boys to participate in *dahalo* activities. Furthermore, these boys are faced with social stigma that prevent them from re-integrating in their communities in the case they leave these gangs. A community wide approach addressing social norms and taboos is necessary to ensure an enabling environment for the social and economic inclusion of boys and girls in southern Madagascar.

15. Despite these vulnerabilities, sources of resilience continue to persist as evidenced in the upcoming Risk and Resilience Assessment (RRA) conducted by the World Bank. Strong informal networks, continuous presence of local civil society organizations that continue to play the connecting role between communes, and the role of the churches in building social cohesion have been key drivers for resilience in southern Madagascar. They have allowed communities to survive recurring climatic shocks, absence of basic needs including water and food, weak state presence and rising insecurity. Also, it is important to note that in southern Madagascar, individuals have a strong connection by communities to their land and where they come from: lineages have a strong sense of solidarity and include matrilineal bonds and patrilineal links often attached to land. Local conflict resolution mechanisms, created and enforced by *dinabe*, have allowed situations of insecurity to be mitigated.

16. COVID-19 pandemic impacts could erode the sources of resilience in southern Madagascar; however, the government is taking quick measures to mitigate the crisis. The regions were tasked with creating their own COVID-19 plans and infrastructure and have responded rapidly under the leadership of the Ministry of Interior and Decentralization (MID). Direction has taken a number of forms, but in Androy the Centre Opérationnel Covid-19 Région Androy has been productive at creating synergies between NGOs (GRET, GRAD, ETAS, CHRR, etc), international partners (WHO, UNICEF, PIC/World Bank), and region leadership. In Anosy the Centre de Commandement Opérationnel Covid-19 has played a similar role. The regions have created selective lockdowns for families perceived to be at risk or suspected of having the virus. They have also created strong public information campaigns, contracted with UNICEF for "psychosocial" care for families or people who have been in home lockdown, created a rapid intervention group, enforced social distancing at markets, and created contracts with small local associations for immediate need items such as masks. Anosy and Androy both have daily operational debrief and planning meetings. All of Androy and parts of Anosy and Atsimo-Andrefana were already facing famine conditions prior to the pandemic.

¹⁰ The Good Practice Note on addressing Gender Based Violence in Investment Project Financing involving Major Civil works (<http://documents.worldbank.org/curated/en/399881538336159607/Addressing-Gender-Based-Violence-in-Investment-Project-Financing-Involving-Major-Civil-Works.pdf>)



17. To ensure a sustainable, locally driven and inclusive development in southern Madagascar, this SOP proposes a long-term program entitled MIONJO; MIONJO translates as rise-up in the dialect of southern Madagascar. MIONJO will work on the communes' level to build a long-term (8-10 years) and integrated approach to address the multi-faceted vulnerabilities described above, and to help southern Madagascar transition from humanitarian to sustained development. The approach of MIONJO diverge from the short-term punctual support that is provided by the humanitarian actors and takes a regional approach for local economic development.

18. MIONJO draws on lessons learned from Bank and donors project and experience of civil society organizations in southern Madagascar. Some of these lessons include: (i) focusing on the commune based targeting to ensure that all households benefit from the Project interventions, vis-à-vis other social protection projects that have a household targeting approach and which have created local grievances in such a context with high levels of poverty; (ii) taking a regional approach for local economic development, vis-à-vis the short-term punctual support that is provided by the humanitarian actors and the civil society organizations; (iii) strengthening local governance and re-build the social contract between citizens and local governments as it was demonstrated in the Growth Pole projects of the World Bank; and (iv) investing in women and youth as agents of change for resilience as it was demonstrated in the Social Safety Net Project (FIAVOTA).

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

The PDO is to improve access to basic infrastructure and livelihood opportunities, and strengthen local governance in southern Madagascar with a primary focus on youth and women.

The following key indicators will be used to track progress toward the PDO:

- Beneficiaries with access to social and economic services and infrastructure (disaggregated by type of service and target group-disaggregated by women and youth-boys and girls).
- Number of beneficiaries that have improved livelihoods with project support (disaggregated by type of service, women, and youth-boys and girls).
- Beneficiaries that report local development plans (PDLII) reflected their needs (disaggregated by women, and youth-boys and girls).

D. Project Description

20. The project components of the SOP will cover all the three regions of southern Madagascar. By committing to a longer time frame of engagement through the SOP mechanism and coverage across the three regions that comprise Madagascar's South, this engagement addresses key concerns of fragmentation and short-term engagements that mark the current humanitarian approach in the South. By focusing targeting at the commune as opposed to household level, the proposed engagement complements the Bank's prior household



based engagement in the South, in recognition of the strengths of resilience offered by communities and communes as the unit of engagement. Studies and consultations carried out during project preparation suggests that this shift in targeting can address recurring concerns about equity of distribution expressed by communities in regard to current aid and development efforts.

21. Given capacity constraints and the operational complexities of working in the remote and insecure regions of Madagascar's South, the SOP will use a gradual approach, working in half of the communes in southern Madagascar beginning in Phase 1, and the other in Phase 2. Given that poverty rates are high in all three regions of the south (over 91 percent of the population living below the poverty line), therefore poverty cannot be a criteria for district selection. Hence, the project will follow a gradual approach where it will start in areas where there is higher density, presence of civil society organizations to support the implementation, and higher economic activities potential. The targeting criteria will be discussed at length below the beneficiaries' section. A communication strategy for this rollout to support the gradual approach will be key to ensure this sequencing is widely communicated, and to clarify that there will be no exclusion of communes from the project (e.g. communication strategy should clarify who are the communes that go first what is the expected sequencing, as opposed to which communes are in the project and those that are out)

22. Phase 1 will follow an adaptive approach to build the learning to scale up activities in Phase 2 of the SOP. In Phase 1 of the project, the components will focus on (a) community development and participatory governance; (b) livelihoods and economic resilience support, and (c) addressing structural infrastructure deficits in water and irrigation to build climate resilience against drought. In order for this multi-layered design be implemented in such a complex and lagging context, SOP Phase 1 will follow an adaptive learning approach to build capacity, ensure synergy with other donors, and offer lessons learned for scaling up. As such, SOP Phase 1 will have the following principles:

- **Phased approach to allow for adaptive learning in a COVID-19 pandemic context.** The project would take a phased approach to implementation, beginning in smaller geographic areas to initiate operations and build implementing capacity before gradually expanding. This will be coupled with annual reviews of the Operations Manual to allow adaptation and optimization of project processes.
- **Integrated design.** The nature of humanitarian aid in the south has often focused on a one sector and short-term approach implemented by NGOs outside of government systems. In contrast, this project combines a sustained multi-year presence at the community level with a focus on both basic infrastructure and livelihoods while working through government systems, including strengthening local government.
- **Building on local lessons learned and harnessing synergy with development partners.** This project recognizes that lessons learned of experiences in the south from other donors, NGOs, and Bank projects are essential to its design and implementation success. This will require close coordination with various stakeholders in the south and close collaboration with World Bank teams including agriculture, water, governance, social protection, and FCI.
- **Identifying select interventions that could support COVID-19 recovery in the three regions of the south.** The project is well positioned to support the national Covid-19 response, both because of its focus on highly vulnerable regions (e.g. populations with underlying vulnerabilities, limited access to services including healthcare and sanitation, and limited knowledge and means of prevention) and because of the range of interventions it supports. Through its engagement at the community level, the project will be able to increase awareness of Covid-19 prevention measures and support community level efforts, including increased handwashing stations, social distancing, and quarantining of suspected cases. At the same time, the medium



infrastructure envisioned under the project will contribute to the provision of water (for both drinking and agricultural purposes), aligned with regional development plans and/or sectoral ministries programming.

- **Targeting women's and youth's needs.** For this project, in addition to safeguard instruments recommended by the Good Practice Note¹⁰ to mitigate risks of sexual exploitation and abuse and other forms of gender-based violence, the project will include specific activities and analytics that support gender gaps presented above. The activities build on a series of analytics the team conducted for this Project—including a GBV portfolio review, consultations with women groups in target areas, and literature review of donors' gender and youth assessment in the country—and include a focus on targeting women and youth (girls and boys) to participate in employment activities of the Project and supporting them to overcome social barriers that exclude them from these jobs. Similarly, the prioritization of investments that would support women and youth economic empowerment will seek to avert negative impacts on the rural communities (during consultations, the team has heard of several stories where women were beaten by their husbands simply because they have received more earnings).
- **Activities to be grounded on strong citizen engagement.** Grants under component 2A and 3A for basic infrastructure and livelihood opportunities respectively will be identified through demand-driven processes. Facilitation through SLCs will ensure that all groups including those that are historically marginalized groups are engaged in the planning and decision-making steps in order to develop their commune level development plans. In return, local governments will present final plans and advise which subproject proposals will be financed under the project in order to close the feedback loop. As such the Project will have three indicators on citizen engagement as elaborated in the results framework which also ensure closing the feedback loop.
- **Climate change as a cross-cutting priority.** Development in southern Madagascar will continue to be threatened by climate change, with the expectation to have more prolonged and intense dry periods. Climate change risks will be mitigated through the project by: (a) strong communication campaign to raise awareness on climate adaptation and mitigation, (b) dedicated training for stakeholders for prioritization of infrastructure that support climate communes to overcome climate shocks, and help them build more resilient livelihoods, (c) ensuring infrastructure is constructed in an energy-efficient manner; (d) providing access to water using climate-friendly technology, e.g., solar panels for water pumping; (e) considering landslide risks in the location of infrastructure; (d) supporting climate-smart agricultural practices; and (f) promoting climate resilient livelihood options (e.g. climate resistant grains and non-farm options) that reduce dependence on natural resources. Measures will be undertaken to reduce the energy consumption of education and health infrastructure financed by the project, through for instance: (a) thermal insulation of walls/ceilings; (b) efficiently-designed openings (windows and access doors), which allow better natural ventilation and reduce the need for artificial lighting; (c) energy-efficient lighting (e.g., use of LED bulbs); and (d) energy-efficient appliances and equipment.

23. Component 1: Strengthening decentralized local governments, participatory planning and social resilience (\$10m).

This component is the backbone of the Project and is built on the decentralization reforms that are currently being implemented. This component will focus on strengthening the role of local decentralized governments, ensuring effective mobilization of local communities for their buy-in and participation specifically targeting women and youth, and supporting activities for social resilience which will allow to ensure transparency

¹⁰ The Good Practice Note on addressing Gender Based Violence in Investment Project Financing involving Major Civil works (<http://documents.worldbank.org/curated/en/399881538336159607/Addressing-Gender-Based-Violence-in-Investment-Project-Financing-Involving-Major-Civil-Works.pdf>)



and accountability for the implementation of the subsequent components of the Project as well as ensuring sustainability of activities.

24. Sub-Component 1A: Strengthening the Decentralized Territorial Collectivities (*Collectivités Territoriales Décentralisées-CTD*) on Community-based Planning, and the Delivery of Services (\$5M). This subcomponent seeks to improve the organizational capacity of SLCs and Local Development Agents (ADLs) to serve as platforms of participatory planning, as dictated by the decentralization policy, and support the prioritization process and implementation of activities of the Project. They will receive a tailored set of complementary capacity building activities in areas such as (i) socio-organizational capacity building including techniques of facilitation and leadership; (ii) inclusive planning and participatory budgeting to ensure that women and youth's needs are prioritized, (iii) project implementation, including aspects of procurement and financial management, (iv) operating procedures on the integration of sensitive climate change planning into community development priorities, (v) monitoring and evaluation including techniques of data collection and knowledge management. These tailored set of services are included in the decree 2015-957 of SLCs, however not fully operationalized given lack of resources or political will. The capacity building program will be developed with INDDL.

25. This subcomponent also seeks to improve local governance performance by strengthening the institutional capacity of local communes and rehabilitating of key local government offices (e.g. Mayor's offices) to improve service delivery. MID will conduct a mapping of local government offices in the targeted communes and identify those that need to be rehabilitated. The proposed works for rehabilitation will follow the national standards for climate screening and adaptation developed by the Government of Madagascar. Areas of capacity building for the local communes will include: (i) financial management and procurement, (ii) participatory planning and budgeting, (iii) transparency and accountability, (iv) revenue and tax management, (v) support for the preparation of documents for grants, (vi) support for coordination with different platforms (such as Health Committees, Vigilance Committees) for the pooling of resources, (vii) strengthening the capacity of municipal leaders as well as SLCs and ADLs to monitor the performance of the Communes through the annual exercises the self-assessment of the Local Governance Index (IGL), , and (viii) training of local government on prevention of GBV and improving monitoring systems to capture potential abuse of power as well as linking these to improved grievance mechanisms (see sub-component 1B). Finally, this subcomponent aims to promote and strengthen collaboration between CTD and the deconcentrated services (*Services Territoriales Décentralisées-STD*) to support service delivery, implementation of local development plans, and operations and maintenance of small infrastructure rehabilitated under component 2. This coordination approach has been tested with positive results by MID in other regions of Madagascar (e.g. Diana) and will be scaled up in southern Madagascar.

26. Sub-Component 1B: Strengthening social resilience, citizen engagement, and conflict prevention (\$5M). As presented in the upcoming RRA for Madagascar, impacts of climate change, severe periods of drought, lack of sustained development, increased youth participation in violent activities, and social norms that enforce inequitable gender outcomes, have created differentiated types of vulnerabilities in the communes which need to be addressed to promote social resilience. Therefore, under this sub-component, the SLCs will work with a Facilitating Partner (FP), a local or international non-governmental organization to mobilize communities and have them participate in various activities which will cover: (i) developing a participatory mapping of vulnerabilities of inhabitants of the communes to support implementation component 2 and 3 of the project-this mapping will also include a mapping of donor financing in the communes and the household recipients of social protection schemes; (ii) identifying a series of social activities that target entire communes or community based groups (CBG) formed around similar traits (youth, women, men, etc.), which will provide mentorship and social empowerment, particularly for those traditionally disenfranchised (e.g. community dialogue around individual expectations and roles; engagement with religious and/or traditional leaders for brainstorming sessions to



change social norms which maintain inequitable beliefs and practices on gender, GBV and child marriage; capacity building of influential/ trusted women in each community who work for the promotion of women's concerns, and especially to provide psychological support for victims of GBV), (iii) leadership programs targeted for women and youth to strengthen their civic participation in local development processes, and (iv) strengthening the local grievance redress mechanism (GRM), including ensuring survivor-centered processes for GBV survivors.

27. Furthermore, given the high levels of insecurity in southern Madagascar, the SLCs will also work with the FP to support the establishment of community-based Early Warning and Response System (EWRS). As mentioned above, there is a history of local conflict resolution in southern Madagascar (Dina or Dinabe); however, it has not always been efficient to provide early warning to the communities or the police, and in certain communes it lacks the facilitation and mediation skills to mediate conflicts. Therefore, activities of this sub-component will finance the following activities: (i) identification and training of monitors as early warners selected based on a mapping of existing community structures (Fokontany levels), with a focus on including youths to the extent possible; (ii) development of an information based system ADLs, the SLC and the PIU for reporting of incidents (early warning component) using SMS based technology, to feed into the geoportal of the project and serve as a coordination mechanism with CROC (*Centre Régional d'Observation et de Communication*) at the regional level and BNGRC (*Bureau national de Gestion des Risques et des Catastrophes*) for risks related to natural disasters and food insecurity; (iii) early response activities to address traditional conflicts (community related) with an early response mechanism (mediation, fact-finding, sensitization), where collaboration with local gendarmerie for response will be key and promote medium- to long-term response for issues related to natural disasters and food insecurity to be taken into account in local development processes. While the practice of early warning system is recognized among communities, greater attention will be put by the SLC and the FP to avoid putting individuals, youth, and women at risk for engaging in these systems.

28. The local government, SLC and the FP will also implement a communications campaign under this sub-component with an overall objective of awareness generation (social issues, climate adaptation, etc..), and project information dissemination. The communication campaign will be designed on the regional level and implemented in each of the districts targeted in SOP Phase 1 to create an enabling environment to disseminate information about the activities of the Project, but also to address social issues that activities will address including focusing on social norms especially (e.g. gendered roles, awareness on climate adaptation and mitigation, reintegration of dahalo youth in communities, etc.)

Component 2: Resiliency infrastructure (\$42.5M)

29. Sub-Component 2A: Commune Resiliency Grants (\$28.5). This component provides grants ('Commune Resiliency Grants') to improve access to basic services and infrastructure in the communes of the selected districts (with the exception of the urban center of Fort Dauphin). Grants can support communal and/or-inter-communal sub-projects, with communes selecting activities from a menu of options. Investments will be identified, prioritized, implemented, and monitored by the SLCs. The identification and the prioritization of the investments will need to be screened through the SLCs for their support for adaptation or mitigation to climate shocks and drought that continue to impact southern Madagascar. Furthermore, rehabilitation and construction of the resiliency infrastructure will follow the national standards for climate screening adopted by the Government of Madagascar. A dedicated training for SLCs and communes on climate screening standards, and prioritization of investment to ensure climate adaptation and mitigation will also be financed under this component.



30. The transfer of funds for the community resiliency grants will happen through the Local Development Fund (Fonds de Développement Local, FDL) an established institutional structure within the Ministry of Interior and Decentralization, and which has a well-established system for fiscal transfers from the central level to communes previously piloted successfully through WBG and other donors projects¹¹. Communes will receive funds by submitting a dossier following FDL's standards in transfers of investment subventions. These criteria which includes inter alia having decree for the creation of a Local Consultation Structure (SLC) and an order appointing its members; a communal treasurer appointed by MEF; and a primitive budget subject to legality checks. The details of these criteria will be further elaborated in the operations manual.

31. Each commune will receive three tranches (one tranche of funds every year) based on a sliding scale between \$150,000 and \$275,000 depending on population density. This sliding scale is in line with other donor programs that support fiscal transfers via FDL (e.g KFW, and GIZ). Potential investments (subprojects) include the construction, upgrading or rehabilitation of small-scale community infrastructure, including water supplies (boreholes, solar pumps, pipeline connections), school buildings, health centers, off-grid electrification, access roads or similar infrastructure based on a positive list. Details of the sliding scale and the positive list will be further elaborated in the operations manual.

32. All construction and rehabilitation activities will prioritize the use of local labor and material. A great emphasis will be put to provide equal opportunities for men, women, and youth, including equal pay for equal work, and ensuring opportunities for all who want to participate in subproject construction.

33. ***Sub-Component 2B: Regional water resiliency infrastructure (\$14M).*** The region of Androy particularly suffers from water scarcity, characterized by the absence of water sources of drinking quality at local level and repetitive drought shocks. Therefore, this sub-component will finance technical studies to identify potential pipelines for rehabilitation, and consequently the necessary extension to communities for these pipelines, including necessary feasibility studies, supervision of works activities, and operation and maintenance.

34. Based on discussions with donors, field visits, and consultations with the government, potentially there are two pipelines that could benefit alleviate drought and water scarcity in the region of Androy. These two pipelines were built in the 1990s, to enable the transfer of fresh water from the rivers Mandrare (pipeline of Sampona) and Menarandra (pipeline of Ampotaka) to supply water to the Districts of Tsionbe, Beloha, and Ambovombe. The two pipelines were initially financed by the Japanese cooperation however they suffered from poor maintenance. The pipeline of Ampotaka recently benefited of small financing from UNICEF for minimal works rehabilitation, though the pipeline of Sampona did not. Given that these potential two pipelines have been long been constructed, with minimal maintenance and rehabilitation, and with no updated technical studies, this sub-component will finance first the technical studies to assess the operational status of these pipelines and whether they could be candidates for rehabilitation. This study has been launched under the Project Preparation Facility (PPF) of the Project. Based on the results of the studies, this sub-component will finance necessary rehabilitation works including: replacement of water pipes, rehabilitation/constructions of water tanks, new pumping stations, and change of the power source - to move from gasoil power generators to solar power, etc.).

35. Also, this sub-component will finance a study to determine the availability of water resources in order to identify and design potential extension construction of the two systems. Based on the results of water availability,

¹¹ Several decrees give the FDL the role for manager of funds for commune level grants and they are: Decree No. 2007-530 dated June 11, 2007, revised by Decree 2009-814 dated June 9, 2009, and Decree 2010-746 dated July 27, 2010; and decree 2017-014



geographical areas will be identified where additional drinking water production can be provided to beneficiaries, and this sub-component will finance installation of connections, in consultations with the communes and the SLCs, along the pipelines to supply water to undeserved communities via small water networks.. It is envisaged that banks reinforcement works will also be conducted in order to ensure climate resilience and durability of the water intake (a well-field located few tens of meters from the bank). Detailed feasibility studies and supervision activities will also be supported for these two water systems. Given that pipelines are not selected yet and the extension is unclear, it is expected at the Mid-Term Review (MTR) of the Project to conduct a complete economic analysis to identify the return rate of these investments.

36. Drinking water infrastructure that will be rehabilitated are expected to be operated and maintained by Private Operators (PO) as indicated in the national legislation and supported by MEAH. This sub-component will rely on existing POs who can integrate in their scope of activities new water systems progressively constructed. Learning from the experience in southern Madagascar, even when the operation and maintenance of major water infrastructures is delegated to POs, local communes continue to play a key role in the water sector, as they act as an intermediate between the MEAH, its regional Directorates, the POs and the beneficiaries. Local communes with the support of SLC and ADL are also the best placed to help MEAH to define the development of water services at local level and interact with the POs to see how they can contribute to this. In the absence of adequate tools to monitor the performance of POs in water delivery, local communes with the support of SLC and ADL can address any problem related to water services, or issues raised by the beneficiaries, so that POs respect its contractual obligations.

37. Nevertheless, local communes including SLC and ADL usually lack the technical capacity in the water and sanitation sector, therefore, this sub-component will finance building their capacity to increase their knowledge in the water development, reinforce the WASH technical services (Services Techniques Eau, Assainissement et Hygiène - STEAH) of the communes supplied with water through the pipelines, and implementing a communication campaign to promote the use of safe water and its associated benefits, to explain the roles and obligations and the different parties (MEAH, local authorities, POs, households) in the water sector. The latter will include clear messaging on hygiene measures for prevention and protection against the a COVID-19 pandemic.

Component 3: Supporting Resilient livelihoods (\$36M)

38. Sub-Component 3A: Support for community-based organizations and local value chains (\$16M). This subcomponent will use the principles

Box 4: Cross-Cutting Principles of the Graduation Approach:

1. Integrate all four core Graduation pillars: Basic needs, Financial inclusion, Social empowerment, and Livelihoods promotion
2. Regular (weekly or bi-weekly) one-on-one mentoring to all households
3. Sequenced and time-bound (usually 18-36 months)
4. Transparent and rigorous participatory targeting to focus on extreme poverty
5. Individual-targeted, household-level intervention, with linkages to appropriate group activities and services
6. Sustainable livelihoods at the core
7. Leverage linkages and referrals to existing initiatives, groups, and programs, including social protection schemes and livelihoods programs
8. Clearly defined Graduation Criteria and monitoring framework to mark a participant's movement out of poverty
9. Clear exist strategy to ensure that participants have the attitudes, skills, and knowledge to overcome future obstacles



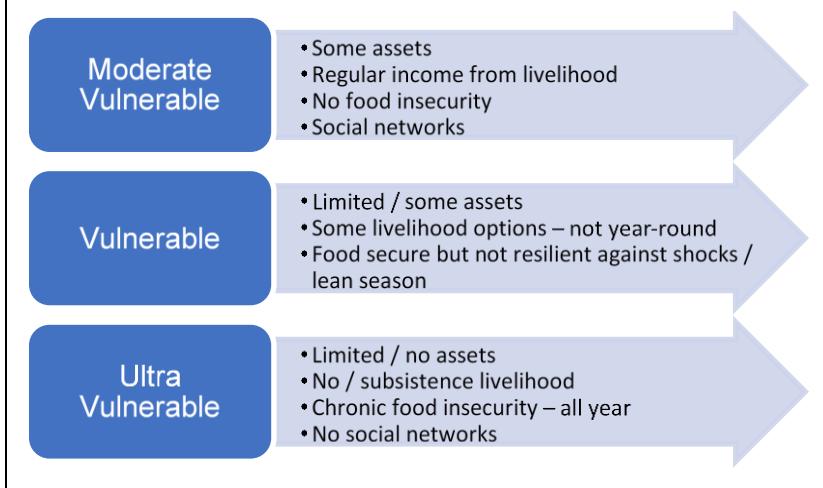
of the graduation model¹² to finance existing or new community-based organizations through livelihoods grants, coupled with holistic and targeted technical skills trainings, financial inclusion, and social empowerment. The use of the graduation approach helps address the multitude of barriers that women and youth face for integration in economic activities and will help them ensure sustainability outcomes.

39. The participatory community mapping and socioeconomic/vulnerability assessments conducted under component 1 will serve as an input for this sub-component to help define the multiplicity of vulnerabilities faced by people in southern Madagascar specifically women and youth, and what community-based organizations and support packages would be most appropriate for each population segment. Anticipated segments are outlined to fall within three categories: Ultra Vulnerable, Vulnerable, and Moderate Vulnerable as defined in figure 1.

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41. Based on a facilitated consultative process, participants will be encouraged to create and/or join Self-Help Groups (SHG)¹³ or Livelihood Groups (LG),¹⁴ depending on their level of vulnerability. Those who are ultra-vulnerable and vulnerable and not already engaged in livelihood activities will be encouraged to join self-help groups, while those who are already engaged in more regular livelihood activities will be encouraged to join livelihood groups comprised of others engaged in similar activities. Table 1 below clarifies the objectives and target groups for each of the SHG and the LGs. The Agha Khan foundation had tested a similar approach with SHGs and LGs in certain communes in southern Madagascar targeting mainly women which had positive results for sustained economic activities after the end of project activities.

Figure 1: Defining Ultra Vulnerable, Vulnerable, and Moderate Vulnerable



¹² The Graduation Approach is a sequenced and time-bound series of livelihood and social protection interventions designed to push households to move out of food insecurity and extreme poverty into sustainable livelihoods.

¹³ Voluntary group of 15-25 people who meet weekly to save, start small business activities, and create change for themselves and their communities.

¹⁴ Voluntary group of people engaged in similar livelihood activities, strengthened through collective action.

**Table 1: Objectives and target groups for each of the SHG and LGs**

	Self Help Group	Livelihood Group
Objective	<ul style="list-style-type: none"> - Group formation - Savings & loan activities - Build knowledge and skills - Build confidence through group work - Engage in collective action to support community 	<ul style="list-style-type: none"> - Group formation - Build / share livelihood knowledge and skills - Improve livelihood performance - Collective marketing, access to inputs, services - Pool resources
Target Participants	<ul style="list-style-type: none"> - Ultra-vulnerable - Vulnerable (irregular livelihood activities) 	<ul style="list-style-type: none"> - Vulnerable (more regular livelihood activities) - Moderate vulnerable

42. Multi-year packages will be delivered to households and group members through these community-based organizations to help community members meet basic needs, increase their financial inclusion, build social empowerment, improve and adapt their livelihoods opportunities to the climate change impacts, and ultimately graduate towards improved sources of livelihoods. Package specifics, such as the amount and duration of interventions, will be determined after socioeconomic/vulnerability assessments, community mapping, and gendered market analyses are conducted. Appropriate market opportunities will be identified as well through gendered local market assessments that also take into consideration appropriate entry points for individuals and groups with diverse vulnerabilities, needs, and opportunities.

43. A three-stage gendered market analysis and assessment should be conducted to identify appropriate livelihood opportunities for the target populations: (i) a market analysis will identify the most promising markets in Southern Madagascar, given current and forecast market size and growth, existing and planned investment into the market system, and specific entry conditions; (ii) livelihood assessments will define how individual households (ultra-vulnerable, vulnerable, and moderately vulnerable) can best engage and trade with the markets identified above and identify suitable livelihood activities. This stage will specifically identify opportunities for women's economic engagement; and (iii) local market assessments will be conducted in each locality on a regular basis to help participants understand current features of the market such as prices, volumes of product/services, competition, and linkages. Packages will be determined to focus on empowering those traditionally disenfranchised, specifically women and youth, while ensuring that traditional power and gender dynamics are not uprooted.

44. SHGs will aim to mobilize ultra-vulnerable and vulnerable individuals who have no or very limited assets, suffer from chronic food insecurity, and who are socially and economically marginalized, around internal thrift and credit activities and build vibrant and self-managed community institutions. It is anticipated that many SHG members will be women and youth, though other household members should be invited to participate in group activities to ensure that there are not negative repercussions related to targeting only specific community members. Packages to SHGs will include (i) setting up governance and savings mechanisms (ii) support for basic needs and food insecurity in case they are not supported by existing social protection mechanisms (iii) basic



training on financial literacy, soft skills, and livelihoods support; (iv) small seed grants to help participants commence livelihood activities; and (iv) coaching and mentoring, with a focus on future integration in LGs. Amount of grants will be identified during the community mapping as to ensure synergy with activities with other donors. These SHGs will also be part of the social empowerment and collective action activities identified and delivered under component 1, with particular attention to addressing gender-based issues either in the SHG or through break-out groups which may be gender specific. These SHGs will be established through the help of local NGOs with the support of the SLC and the Project Implementation Unit.

45. LGs will aim to mobilize vulnerable and moderately vulnerable individuals who are engaged in some livelihood activities and have access to some assets, through the provision of matching grants and livelihood support activities to build and strengthen vibrant livelihood economic institutions in the community. The predominant sector of intervention is expected to be agriculture but fishery, handicraft production, local or community services (for example transport), and even tourism support activities could be envisaged. Participants will establish or join LHGs with other stakeholders engaged in one market system or product line. Packages to LGs will include (i) coaching and mentoring for group formation and strengthening, governance, and asset maintenance and ownership; (ii) training on financial management of the LG; (iii) matching grants to support productive economic investments; (iv) business planning and technical skills training; and (iv) market support for diversification and expansions of livelihoods opportunities. Matching grants will vary between \$3000-\$10,000 based on the viability and sustainability of LGs, to be given once per year for a total of 3 years. For smaller grants, matching contributions from the LG may be time dedicated to work, while for the larger grants, matching contributions will be in the form of a financial contribution by the LGs, to be identified in the operational manual. These LGs will be established through the help of local NGOs with the support of the SLC and the Project Implementation Unit.

46. As participants begin to see increased resilience and self-reliance through engagement in SHGs, and begin to establish more prominent livelihood activities, they will be prepared to progress into LGs. The program will help facilitate entry into the appropriate LG through introduction to existing LGs and/or financial support of initial membership dues.

47. This subcomponent will be closely coordinated with the Ministry of Agriculture, Animal Husbandry, and Fisheries-MAEP (Ministère de l'Agriculture, de l'Elevage et de la Pêche), to ensure that economic activities proposed under the different packages fit within the sector strategy and also include the most advanced technologies on climate resilience crops and agricultural activities. Also, this sub-component will be complemented with an innovation challenge funded by the Trust Fund for Partnership for Economic Inclusion. This will be international innovation challenge/competition to be organized to crowdsource ideas of technology practices for livelihoods fit for challenges similar to southern Madagascar. The innovation challenge will be organized as a collaboration between the World Bank and the MID, and panel of judges including representatives from MAEP and other stakeholders will be formed to select winners.

48. ***Sub-Component 3B: Irrigation schemes for resilient livelihoods (\$20M).*** Given the focus of the regions in the south on agriculture productivity, and given the repetitive climate shocks and drought periods, this sub-component will focus on the rehabilitation of selected small and medium irrigation schemes to support livelihoods opportunities in the targeted districts (from 100 to 2,000 ha).

49. The irrigated area in the three regions is relatively scarce. The Génie Rural (GR) built in the three regions over 135,000 ha of management area (mostly in Atsimo Andrefana and in Anosy) which is currently functional at about 45 percent. It can be estimated that a comparable development area has been developed by the farmers themselves which is instead functional at about 60 percent. The GR developed area is mostly made of medium



size schemes between 250 and 2,500 ha (according to GR classification) while the areas labored by farmers have never been examined in detail but are expected to be mainly small, under 250 ha. In substance there is sufficient command area (built either by GR or the farmers) which could be rehabilitated while laying the basis for stronger users' organizations (WUAs or water groups or farmers' associations) to care for future Operations and Maintenance (O&M) of the systems. In the case of schemes built by farmers it is not envisaged that they should be transferred to the state, their status can remain as is although SLCs will need to prepare a longer term O&M plan and discuss it with the communities after having shared it with GR to verify its quality. The experience in other countries, such as in Albania, has shown that in case of small schemes, the local authorities (in our case the SLC) can be much more important in terms of sustainability than a distant central irrigation agency or similar organizations. The project is expected to start immediately with rehabilitation of a few schemes built by the GR but, after having inventoried the schemes build by the farmers in the three selected districts, aims at improving the design and upgrade/rehabilitate also some of the farmers' schemes. In substance there many production zones which could be rehabilitated while laying the basis for stronger users' organizations (WUAs or farmers' associations) to care for future Operations and Maintenance of the systems.

50. The irrigated area in the three regions is relatively scarce. The Génie Rural (GR) built in the three regions over 135.000 ha of management area (mostly in Atsimo Andrefana and in Anosy) which is currently functional at about 45 percent. It can be estimated that a comparable development area has been developed by the farmers themselves which is instead functional at about 60 percent. The GR developed area is mostly made of medium size schemes between 250 and 2,500 ha (according to GR classification) while the areas labored by farmers have never been examined in detail but are expected to be mainly small, under 250 ha. In substance there is sufficient command area (built either by GR or the farmers) which could be rehabilitated while laying the basis for stronger users' organizations (WUAs or water groups or farmers' associations) to care for future Operations and Maintenance (O&M) of the systems. In the case of schemes built by farmers it is not envisaged that they should be transferred to the state, their status can remain as is although SLCs will need to prepare a longer term O&M plan and discuss it with the communities after having shared it with GR to verify its quality. The experience in other countries, such as in Albania, has shown that in case of small schemes, the local authorities (in our case the SLC) can be much more important in terms of sustainability than a distant central irrigation agency or similar organizations. The project is expected to start immediately with rehabilitation of a few schemes built by the GR but, after having inventoried the schemes build by the farmers in the three selected districts, aims at improving the design and upgrade/rehabilitate also some of the farmers' schemes. In substance there many production zones which could be rehabilitated while laying the basis for stronger users' organizations (WUAs or farmers' associations) to care for future Operations and Maintenance of the systems.

51. The focus will be most probably on headworks damaged or destroyed by floods caused by cyclones, and on solving the problem of siltation of intakes and canals. Most headwork schemes designed by farmers are often rudimentary (built with boulders and branches). These are of course easily washed away by heavy floods, which cut off most irrigation systems. Given the intensity of floods, these headworks need to be constructed of concrete, perhaps strengthened by masonry. All rehabilitations should include silt traps but much of the second problem (siltation) should be also handled by farmers themselves. Currently many even of Génie Rural schemes do not have sand-traps and many that did are now inadequate. A partnership between the MAEP (represented by the Génie Rural or the regional directorate), the SLCs and the communities of users, where each plays its role, could be very productive. Indeed, the program can begin with publicity in the region that a program of headworks renewal would be mounted in selected districts, with priority based largely on farmer work on cleaning their systems. This new emphasis will make the canal systems more resilient to weather extremes, more reliable in terms of water distribution and easier for the farmers themselves to maintain.



52. In any case the rehabilitation/modernization investments should be anticipated by basic hydrological studies and improved designs. It should also be accompanied by investment in the establishment and revitalization the Water Users' Associations (WUA as a critical long-term investment for ensuring infrastructure operation and maintenance. Given the poor performance of WUAs with respect to system O&M at present, it is evident that entrusting new or newly rehabilitated infrastructure without providing institutional support (mainly training) and capacity building, is unlikely to improve performance outcomes. Additionally, several accompanying measures could be implemented in synergy with component 3A, aimed at raising the yields of irrigated agriculture. For example, a potential fertilizer or fungicide support program or the establishment of a new Community Seeds Banks for rice or some financial or technical support for the establishment of a local/regional mill are all potential activities which could be supported. Low-cost irrigation techniques will also be introduced/piloted but only if the SLCs/facilitators have noticed that some communities are interested. To this aim GR will prepare an information package to be provided to R-PIUs expert in irrigation to allow such consultant to meet with communities to explain the subject and verify their interest in being part of the pilot.

Component 4: Implementation Support and knowledge learning (\$11.5m)

53. Subcomponent 4A. Project implementation and geospatial knowledge platform (\$9M). This component will finance environmental and social impact assessments, project management reporting, administration and logistical support for project implementation including knowledge and learning. Given the novelty of this integrated and phased approach, this component will also support evaluations studies for the project, knowledge and learning for government staff, communes, and civil society representatives to learn from community-based approaches implemented regionally and globally, and a geo-spatial platform for monitoring the activities of the projects (number, type, and geo-location of infrastructure built, type/presence/size of livelihoods activities, etc.). This component will also finance the operational costs of fiscal transfers for FDL and the establishment of an inter-ministerial committee for the strategic guidance of the Project.

54. Subcomponent 4B. Studies and preparatory analysis for SOP 2(\$2.5M). Given the dire need of large infrastructure in the regions of the big south, including drinking water, roads, irrigation schemes, etc. The sub-component will finance studies, intensive participatory consultations, planning, feasibility and design of proposed large-scale infrastructure identified on the regional level that will support resilience and improved livelihoods of communities to face future shocks. The studies could include support to the various regional development plans to be developed by governors including coordination with donor partners, sectoral agriculture studies to support economic opportunities developed by the project, and the exploration of deep freshwater resource in the coastal area in order to identify water supply opportunities for communities not benefitting from the pipelines.

55. Component 5: Contingent Emergency Response Component-CERC (\$0M): Under the CERC, in the event of an eligible crisis or emergency, funds may be reallocated from other components of the project. This component, if activated, would finance rapid response measures and early recovery activities to address disaster, emergency and/or catastrophic events at the community level. This would be achieved by providing community grants implemented following a set of simplified procedures set out in a special project Contingent Emergency Response (CER) Manual. Applicable national and World Bank emergency response procedures for procurement and disbursements would be applied. The acceptance by the World Bank of the CER Manual would be a condition of disbursement under this component.

Beneficiaries.

56. It is expected that the SOP will cover the rural communes in the three regions of southern Madagascar.

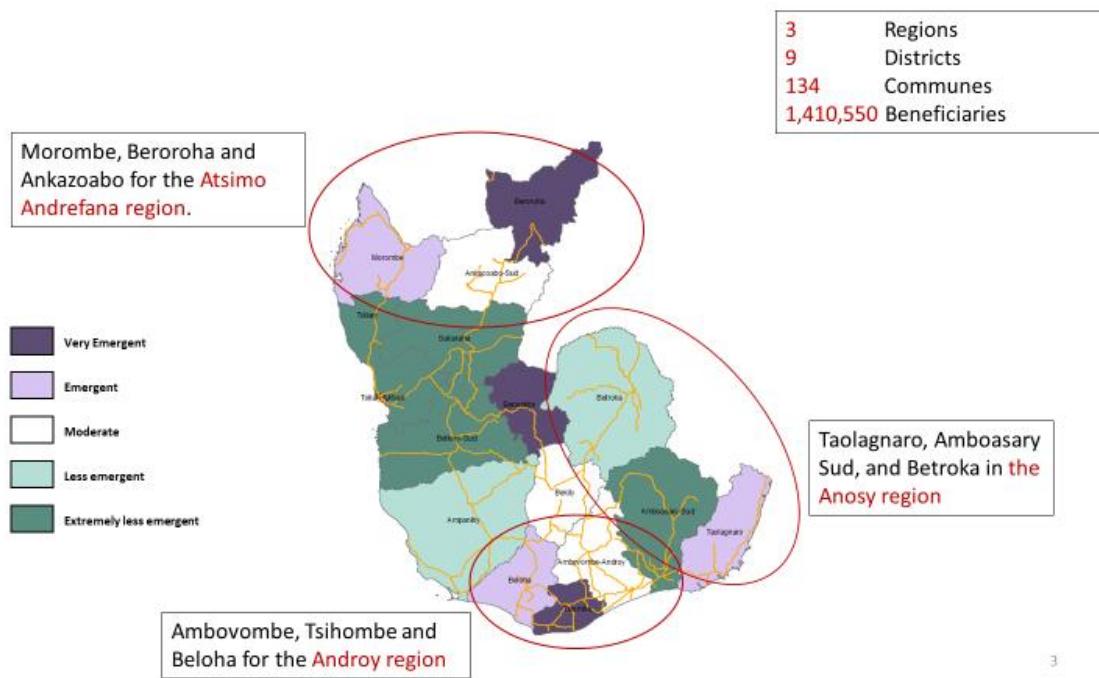


Under phase 1 of the SOP, the Project will target 134 the communes (1,410,550 beneficiaries) where there is potential for economic activities, higher density, presence of civil society organizations to support during implementation, and accessibility to these communes to test the proposed design, which will allow for learning and adaptability in order to gradually expand the activities to the most enclaved areas of southern Madagascar under phase 2.

57. Selection of target communes for phase 1 was based on a spatial analysis conducted by the World Bank team and validated by MID. Given the multitude of vulnerabilities in southern Madagascar, poverty alone cannot be a targeting criteria. Therefore, the World Bank team (with technical support from the poverty global practice) developed a spatial analysis to rank districts in southern Madagascar on a spectrum from most *emergent* to least *emergent* to develop a targeting strategy for phase 1, which will fit the gradual and adaptive approach of the Project. Most *emergent* refers to districts that have higher density, less conflict, presence of civil society organizations, potentiality of economic activities, and presence of basic infrastructure (though not necessarily operational) for rehabilitation. Less emerging areas are the opposite. The spatial analysis allowed to develop a composite index, and districts were placed on a continuum from less emerging to more emerging. Given the limited capacity in southern Madagascar and to ensure greater support for the implementation of the project, for SOP Phase 1 will have a greater focus on more *emergent* districts, and targeting all communes within the same district in order to minimize inter-communal conflicts—an issue that was raised repeatedly during the Project consultations and preparation. Therefore, the districts that will be focus of Phase 1 of the Project are: ensure the following districts: Taolagnaro, Amboasary Sud, and Betroka in the Anosy region; Ambovombe, Tsihombe and Beloha for the Androy region, and Morombe, Beroroha and Ankazoabo for the Atsimo Andrefana region as outlined in the map below. An additional criteria for the selection of these districts was the regional proximity to each other which would allow for economies of scale and efficiencies in implementation.

58. According to preliminary results from the 2018 census,¹⁵ the total target beneficiaries in the 9 districts will be 1,410,550 covering 134 communes. It is important to note that even the most *emergent* areas still suffer from high levels of poverty and vulnerabilities. For example in the districts of Tsihome and Belohda in the region of Androy, poverty levels reach 91 percent with communities facing recurrent drought, however, the two districts are considered more *emergent* by the composite index due to increased presence of donor activities (which reflect humanitarian need) and relatively lower levels of insecurity.

¹⁵ These are unofficial number by INSTAT following up the census conducted in 2018. Official numbers are expected to be final by end of 2020



59. The project will identify and prioritize investments with a specific focus on women, female-headed households, youth, and groups that are disproportionately affected by increased security and climate shocks. The project will have a holistic approach to ensure that all communities in the geographical targeted areas will benefit from its package investments in basic infrastructure, and livelihood opportunities. Also, consultations conducted for this project and ongoing research show that local committees and community-based organizations exist in these communities, and that they regularly meet, discuss outstanding issues, resolve problems, and jointly devise solutions to their constituents. These committees will also be beneficiaries whose arrangements will be harnessed and reinforced to encourage greater sustainability of the different interventions of the project. The project will also have institutional beneficiaries, including local governments, implementing agency staff, and ministry's personnel.

Legal Operational Policies

Triggered?

Projects on International Waterways OP 7.50 No

Projects in Disputed Areas OP 7.60 No

Summary of Assessment of Environmental and Social Risks and Impacts



In line with the World Bank Environmental and Social Framework (ESF), the environmental and social risk classification (ESRC) is substantial. It is expected that project activities will have essentially positive social impacts by financing rural infrastructure investments identified and prioritized by the communities. Based on the planned project activities, mainly infrastructure grants under component 2 and livelihood opportunities and support to community-based organizations under component 3, the potential environmental and social risks and impacts are expected to be site specific, local, reversible and temporary and can be mitigated through appropriate management measures. These activities may result in both direct and indirect environmental and social impacts and risks such as: generation of noise, dust and vibration; disruption / decrease in water resources due to increased consumption; erosion at quarry sites, traffic disturbance and traffic accident risks and community and workers health and safety risks including risks of increased transmission of HIV/AIDS; risks related to the influx of workers and local recruitment during civil works. Some activities of component 3: Livelihood opportunities and support to community-based organizations, could lead to the use of pesticides and fertilizers to boost agricultural productivity with potential adverse impacts related to contamination and pollution of water and soil; health impact and human toxicity risks with the use, storage/disposal and application of agrochemicals, risks related to bad management of waste electrical and electronic equipment (WEEE), ? etc. Furthermore, no irreversible social risks related to community health and safety or cultural heritage will be expected. However, there is a potential risk of land acquisition and temporary displacement or restrictions to access in relation to infrastructure and livelihood opportunities activities. These risks are predictable and expected to be temporary and/or reversible. However, SEA/SH risk is rated as substantial based on an initial assessment. Given the high levels of GBV prevalence in the country and in the South region in particular, the project activities may worsen its occurrence and generate interactions that can alter existing gender and power dynamics as well as defined financial relationships. The project should also consider security risks associated with zebu thieves prevalent in the South. It must also be noted that the Project Management Unit (PMU) has limited capacity and experience in managing environmental and social risks. This capacity will be further assessed during the due diligence mission and appropriate capacity enhancement measures will be included in the project design.

Therefore eight (08)relevant standards have been identified through the environmental and social risk screening: ESS1: Assessment and Management of Environmental and Social Risks and Impacts; ESS2: Labor and Working Conditions; ESS3: Resource Efficiency and Pollution Prevention and Management; ESS4: Community Health and Safety; ESS5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement; ESS6 : Biodiversity Conservation and Sustainable Management of Living Natural Resources; ESS8 : Cultural Heritage; ESS10: Stakeholder Engagement and Information Disclosure.

Environmental and Social safeguard tools expected prior to Appraisal are available. In line with ESF requirements, the project prepared : the first Environmental and Social commitment plan (ESCP) which could be adjusted during the project life keeping with the evolution of environmental and social risks and impacts; a draft Stakeholder Engagement Plan (SEP); a draft Environmental and Social Management Framework (ESMF) including an Integrated Pest Management Plan (IPMP) and an Electric and Electronic Waste Management Plan (EEWMP); a draft Resettlement Framework (RF); a draft Small Dam Safety Manual (SDSM) ; a draft Labor Management Procedures (LMP) and a draft GBV/SEA action plan. A Grievance Mechanism for workers is embedded in the LMP and a Grievance Mechanism for other affected parties in the SEP. The draft ESCP, SEP, ESMF, IPMP, RF, SDSM, LMP will be disclosed before appraisal both in country and in the website of World bank.

The ESMF provides the overarching environmental and social management guidelines, this will include the identification of potential risks and impacts of proposed activities in the identified components, proposed mitigation measures as well as the development of environmental and social screening tools and protocol to be adopted by the Borrower and applied to each sub-project and subsequent preparation of appropriate sub-project Environmental and Social Assessment (ESA) instruments, such as Environmental and Social Management Plans (ESMPs), if applicable. The ESMF also includes a Integrated Pest Management Plan (IPMP) to ensure safe pest management procedures are



applied to the selected projects and a Small Dam Safety Manual (SDSM) that will serve as a guide and tool for the management and maintenance for maximum safety of these small dams and hydro-agricultural infrastructures. With the lack of technical study on water component and available information on the old pipeline infrastructures at this earlier stage of the project preparation, the ESMF has conducted a scoping of potential Environmental and social risks and impacts by outlining the draft ToR for preparing a standalone ESIA/ESMPs to be conducted in parallel to technical studies during the first year of project implementation.

Project Workers and Workers mobilization. The project will require the mobilization of around 70 direct workers (PIU worker, and technical assistant at national, regional and common level), contracted worker (facilitating partners, number not yet well defined at this stage), community workers (number not yet well defined) and civil servants. The civil works related to rehabilitation/construction/maintenance community infrastructures, pipelines (component 2 and 3) could be subject to the mobilization of external contractors. Based on the relatively small scale of the planned interventions, it is not expected that a large mobilization of workers will be necessary. Nevertheless, the both ESMF and LMP of the project was developed to cover worker mobilization issues and health security and safety measures for workers.

SEA/SH. Based on the initial GBV risk screening rated as Substantial, measures to prevent and address possible SEA/SH risks are included in the GBV action plan and consist mainly on: (a) a requirement that the project includes clauses on workers? conditions and management, child protection, and GBV prevention in all contracts; (b) provision of assistance and training to the project and awareness raising on GBV among all contractors, workers and communities; (c) Identification of GBV Services Providers and Response Protocol and (d) the setup of an accessible and accountable Grievance Mechanism (GM) to ensure that any incident related to workers and GBV will be addressed in an effective manner with sufficient social sensibility. Given the level of GBV risk, the recruitment of a GBV specialist is recommended. The Project implementation manual will be developed to cover worker GBV issues. **Social inclusion, Gender equality and Citizen Engagement:** During implementation, in line with the SEP, the project will use a participatory approach, involving stakeholders in design and planning for implementation. Gender and vulnerability issues have been factored into design, and the project is meant to bring more value to women and youth. The Project is also expected to reinforce citizen engagement and will ensure that related mechanisms in place are inclusive. The project has XX citizen engagement indicator, which will track user satisfaction and feedback on activities supported by the project the project will reinforce and implement the GRM to strengthen Project governance.

Public Consultation and Information Disclosure. The project will develop a communication strategy in line with the SEP of the project to share project related information by informing the stakeholders about the Project?s objectives, activity, expected impact and results. The strategy and tools will be tailored according to the targeted audiences (communities, civil society organizations, local authorities and government institutions involved), with special consideration to youth, women and vulnerable groups.

Environmental and Social Capacity for ESF instruments implementation. The implementation of this project will be under the MID with the support of a dedicated project implementation unit (PMU) that will be responsible for following up on all E&S concerns and would also ensure that all safeguard screening and mitigation requirements to each subproject will be applied. One Environmental Specialist, one Social specialist, and one GBV specialist will be recruited by the PMU before board date to help oversee and ensure that the environmental and social mitigation measures are implemented, and due diligence are conducted. The environmental and social specialists are responsible for the procurement of consultants to prepare the safeguards instruments, supervision of the consultants and monitoring of the implementation of the E&S tools (ESCP, SEP, LME, ESM, RF, IPMP, SDSM) in the project areas. Each activity requiring an E&S instrument shall be subject to the Bank prior written approval and shall only be made eligible for Financing if and to the extent approved by the Bank and publicly disclosed.

The ESCP provides for the implementation of actions to build environmental and social capacity of the PIU and project stakeholders.



Resource implementation. Sufficient budget, as well as clear institutional responsibilities must be prepared for the implementation of measures related to implementation of E&S measures

E. Implementation

Institutional and Implementation Arrangements

60. The institutional and implementation arrangements will be developed on the national, regional, and commune levels using the following principles: (a) build institutional capacity by supporting existing government systems and mechanisms that have proven to be effective for approaches of similar projects; (b) ensure presence on the regional and commune levels, in line with the decentralization policy, which aims to enhance citizen engagement and strengthen trust in the state; and (c) support national coordination for the multi-sector approach of the Project by engaging relevant government agencies in project implementation and supervision. Details of the institutional and implementation arrangements are summarized below. An organigram of the implementation arrangements is included in Annex 1.

On the national level:

- **An Inter-Ministerial Committee:** this is a high-level inter-ministerial committee (*Comité de Pilotage*) to provide strategic and ensure consistency and support for the multi-sectoral project activities. The Committee has been established through the decree 15.272/2020 dated August 13, 2020. The Committee will be chaired by MID and includes representatives from the Ministry of Water, Sanitation, and Hygiene (Ministère de l'Eau, de l'Assainissement et de l'Hygiène-MEAH), the Ministry of Agriculture, Animal Husbandry, and Fisheries (Ministère de l'Agriculture, de l'Elevage et de la Pêche-MAEP), the Ministry of Finance, the Ministry of Land Management, and the three governors of the three regions that are targeted under this Project. The Committee will meet three times per year.
- **Line ministries – MID will be the implementing agency of the project supported by technical expertise from MEAH and MAEP.** MEAH will be responsible for coordinating technical design of the pipelines for drinking water to be financed. Through a facilitated process led by the SLC on the commune level, there will be a selection of distribution networks ought to be constructed (communes to be connected, number of fountains to be built, typology of fountains etc.). This selection will be reviewed by the project implementation unit and validated by the inter-Ministerial committee, and MEAH will provide technical support for the implementation phase. Similarly, MAEP will propose a list of irrigation schemes in the selected district which have the desired features from an agricultural, economic and water availability point of view to be financed. Through a facilitated process led by the SLC on the commune level, there will be a selection process for irrigation schemes to be reviewed by the project implementation unit and validated by the inter-Ministerial committee. At implementation, MAEP/GR will provide technical support.
- **A National Project Implementation Unit (N-PIU):** The N-PIU of the Project has been established through the decree 15.272/2020 dated August 13, 2020 and will have the responsibility for project management. The N-PIU will be housed within MID, and will lead project implementation, coordinating activities on the ground and progress reporting. This will include drafting annual Work and Financial Plans for the review of the inter-ministerial committee and the World Bank. The N-PIU will work closely with (i) INDDL to provide the necessary support for the established SLC and strengthening the services deconcentrated services component 1 A, (ii)



FDL to support the technical, fiduciary, environmental and social reviews for all sub-projects under component 2A; and (iii) will decentralize technical staff as needed and elaborated in the operational manual to support governors' office in updating their different regional development plans and to be close to project activities to support coordination with regional governments, STD, and facilitating partners.

- **Local Development Fund (Fonds de Développement Local-FDL):** FDL is an established institutional structure within MID responsible for fiscal transfers from the central level to communes to build and rehabilitate basic infrastructure. FDL was created by the government of Madagascar with support from several donors, including the World Bank and GIZ in the early 2000 to support the decentralization policy in Madagascar and to streamline fiscal transfers to communes. This role of FDL has been confirmed through the various decrees, the latest one is decree 2017-014. The FDL's role for fiscal transfers will be contracted the N-PIU for the implementation of the activities of Component 2A.
- **National Institute for the Decentraliation and Local Development (Institut National de la Décentralisation et du Développement INDDL):** INDDL is an established institutional structure within MID responsible for training and providing technical support. The INDDL technical expertise will be contracted by the N-PIU for activities under component 1 A.

On the regional level:

- **Facilitating Partners:** Given the limited technical expertise in southern Madagascar, and the potentiality of not being able to find the necessary technical talent for the R-PIUs, a Facilitating Partner (FP) for each of the R-PIUs will be contracted to provide targeted support for activities under component 1 (1A and 1B) component 2B and component 3A and 3B. Given a recent mapping of non-governmental organizations in southern Madagascar, it shows a host of local and international organizations that could fulfill these tasks. The FPs will work closely with the R-PIU under component 1 to support the SLC in prioritizing community needs, develop a mapping of community vulnerabilities, conduct activities of social empowerment for women and youth under, and support developing an early warning system. This would require the FP to have a strong local/regional presence with a trust that is built in the communes. Also, the FP will support the R-PIU under component 3A to establish the SHGs and the LGs, provide them with the necessary training. The FPs will also have the role to build the capacity of the R-PIUs which will be assessed at the Mid-Term Review (MTR) of the project and will inform the institutional and implementation arrangements of SOP2.

On the commune level:

- **Local structures for concertation (Structures Locales de Concertation-SLCs):** SLCs are local government structure for participation and dialogue and headed by the mayor. Under component 1A, the Project will provide technical capacity for their establishment in order to support local and inclusive development. SLCs will play a major part in mobilization and facilitation during project implementation, consistent with the decentralization policy. The SLCs will be responsible for (i) preparing the PDLIs, through consultations with communities and ensuring women and youth representation; (ii) consultations with line ministries for approval of the PDLIs and the communities' priorities for resiliency grants under component 2A, (iii) support the preparation of documentation for resiliency grants under component 2A; (iv) ensure procurement of goods and services for sub-projects for component 2A; (v) monitoring subproject implementation; (vi) select and validate the SHGs and LG that will receive grants under component 3A. the SLCs will be support by the R-PIU and the FP to fulfill these tasks. The SLCs will also play a big role in defining the selection of the distribution network elements of sub-component 2B and of the irrigation schemes to be rehabilitated/improved under sub-component 3B. Supported by an NGO which would act as facilitator, the SLCs will be the ultimate responsible for collecting all information regarding the single proposed investments and to define the potential beneficiary contribution (expected to be mainly in kind) that



communities are willing to offer. The competitive mechanism coupled with consideration on the need of the investment aims at reinforcing ownership of communities and sustainability of the investment.

CONTACT POINT

World Bank

Jana El-Horr
Senior Social Development Specialist

Andrianjaka Rado Razafimandimby
Senior Social Development Specialist

Giuseppe Fantozzi
Senior Agriculture Specialist

Borrower/Client/Recipient

Ministry of the Economy and Finances

Implementing Agencies

Ministry of Interior and Decentralization
Jean Yves Ravo RAKOTONAHARY
Directeur des etudes, de la legislation, de la Documentation
jeanyvesravo@gmail.com

Sahondra RAKOTOMALALA
Directeur de la Communication aupres de l'ONCD
dci.oncd@gmail.com

**FOR MORE INFORMATION CONTACT**

The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 473-1000
Web: <http://www.worldbank.org/projects>

APPROVAL

Task Team Leader(s):	Jana El-Horr Andrianjaka Rado Razafimandimby Giuseppe Fantozzi
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Approved By

Practice Manager/Manager:		
Country Director:	Idah Z. Pswarayi-Riddihough	21-Oct-2020