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Report No: PAD3647

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT  
ON A  
PROPOSED GRANT

IN THE AMOUNT OF SDR 70.9 MILLION  
(US\$100.0 MILLION EQUIVALENT)

TO THE

REPUBLIC OF MADAGASCAR

FOR A

SUPPORT FOR RESILIENT LIVELIHOODS IN THE SOUTH OF MADAGASCAR PROJECT  
(MIONJO)

NOVEMBER 16, 2020

Social Sustainability and Inclusion Global Practice  
Eastern and Southern Africa Region

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## CURRENCY EQUIVALENTS

Exchange Rate Effective October 31, 2020

Currency Unit = Malagasy Ariary

MGA 3,865.03 = US\$1

US\$1 = SDR 0.708

## FISCAL YEAR

January 1 - December 31

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## ABBREVIATIONS AND ACRONYMS

BNGRC	National Bureau for Management of Risks and Catastrophes ( <i>Bureau National de Gestion des Risques et des Catastrophes</i> )
CERC	Contingent Emergency Response Component
CO	Country Office
COVID 19	Coronavirus Disease 2019
CROC	Regional Center for Observation and Communication ( <i>Centre Régional d'Observation et de Communication</i> )
CTD	Decentralized local government ( <i>Collectivités Territoriales Décentralisées</i> )
DPF	Development Policy Financing
EEWMP	Electric and Electronic Waste Management Plan
ESA	Environmental and Social Assessment
ESCP	Environment and Social Commitment Plan
ESF	Environmental and Social Framework
ESMF	Environmental and Social Management Framework
ESRS	Environmental and Social Risk Classification
FDL	Local Development Fund ( <i>Fonds de Développement Local</i> )
FP	Facilitating Partner
GBV	Gender Based Violence
GR	Rural Genie ( <i>Génie Rural</i> )
HQ	Head Quarters
IEM	Madagascar Emergence Initiative-Initiative Emergence Madagascar
IFC	International Finance Corporation
IFR	Interim Financial Reports
IGL	Local Governance Index ( <i>Indice de Gouvernance Locale</i> )
INDDL	National Institute for decentralization and local development ( <i>Institut National de la Décentralisation et du Développement Local</i> )
IPF	Investment Project Financing
ISP	Implementation Support Plan
LG	Livelihood Group
MAEP	Ministry of Agriculture, animal husbandry and fisheries ( <i>Ministère de l'Agriculture, de l'Elevage et de la Pêche</i> )
MEAH	Ministry of water, sanitation, and hygiene ( <i>Ministère de l'Eau, de l'Assainissement et de l'Hygiène</i> )
MID	Ministry of Interior and Decentralization ( <i>Ministère de l'Intérieur et de la décentralisation</i> )
MTR	Mid-Term Review
NPF	New Procurement Framework
N-PIU	National Project Implementation Unit
PAD	Project Appraisal Document
PDLII	Integrated and Inclusive Local Development Plans ( <i>Plans de Développement Local, Inclusif, et Intégré, PDLII</i> )
PDO	Project Development Objective
PFM	Public Financial Management
PGE	General State Policy ( <i>Politique Générale de l'Etat-PGE</i> )

PO	Private Operator
PPA	Project Preparation Advance
PPSD	Project Procurement Strategy for Development
PRA	Prevention and Resilience Allocation
O&M	Operations and Maintenance
RF	Resettlement Framework
RRA	Risk and Resilience Assessment
SDSM	Small Dam Safety Manual
SEP	Stakeholder Engagement Plan
SHG	Self-Help Groups
SIGDS	Integrated Development Strategy of the Great South ( <i>Stratégie Intégrée Du Grand Sud</i> )
SLC	Local consultation structures ( <i>Structures Locales de concertation</i> )
SME	Small Medium Enterprise
SOP	Series of Projects
STD	Local decentralized services ( <i>Services Territoriaux Décentralisés</i> )
TTL	Task Team Leader
UNDP	United Nations Development Program
UNICEF	United Nations Children's Fund
WUA	Water Users' Associations

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## DATASHEET

BASIC INFORMATION				
Country(ies)	Project Name			
Madagascar	Support for resilient livelihoods in the South of Madagascar			
Project ID	Financing Instrument	Environmental and Social Risk Classification		
P171056	Investment Project Financing	Substantial		
Financing & Implementation Modalities				
<input type="checkbox"/> Multiphase Programmatic Approach (MPA)	<input checked="" type="checkbox"/> Contingent Emergency Response Component (CERC)			
<input checked="" type="checkbox"/> Series of Projects (SOP)	<input type="checkbox"/> Fragile State(s)			
<input type="checkbox"/> Performance-Based Conditions (PBCs)	<input type="checkbox"/> Small State(s)			
<input type="checkbox"/> Financial Intermediaries (FI)	<input checked="" type="checkbox"/> Fragile within a non-fragile Country			
<input type="checkbox"/> Project-Based Guarantee	<input type="checkbox"/> Conflict			
<input type="checkbox"/> Deferred Drawdown	<input type="checkbox"/> Responding to Natural or Man-made Disaster			
<input type="checkbox"/> Alternate Procurement Arrangements (APA)	<input type="checkbox"/> Hands-on Enhanced Implementation Support (HEIS)			
Expected Approval Date	Expected Closing Date			
10-Dec-2020	31-May-2025			
Bank/IFC Collaboration	No			
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

Component Name	Cost (US\$, millions)
Strengthening decentralized local governments, participatory planning and social resilience	10.00
Resiliency infrastructure	42.50
Supporting Resilient livelihoods	36.00
Implementation Support and knowledge learning	11.50
Contingent Emergency Response Component	0.00

## Organizations

Borrower: The Republic of Madagascar  
 Implementing Agency: Ministry of Interior and Decentralization

## 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 Grant	100.00

#### IDA Resources (in US\$, Millions)

	Credit Amount	Grant Amount	Guarantee Amount	Total Amount



<b>Madagascar</b>	0.00	100.00	0.00	100.00
National PBA	0.00	100.00	0.00	100.00
<b>Total</b>	<b>0.00</b>	<b>100.00</b>	<b>0.00</b>	<b>100.00</b>

**Expected Disbursements (in US\$, Millions)**

WB Fiscal Year	2021	2022	2023	2024	2025	2026
Annual	3.35	8.76	25.99	23.61	15.29	23.00
Cumulative	3.35	12.12	38.10	61.71	77.00	100.00

**INSTITUTIONAL DATA****Practice Area (Lead)**

Social Sustainability &amp; Inclusion

**Contributing Practice Areas**

Agriculture and Food, Fragile, Conflict &amp; Violence, Governance, Water

**Climate Change and Disaster Screening**

This operation has been screened for short and long-term climate change and disaster risks

**SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)**

Risk Category	Rating
1. Political and Governance	● Substantial
2. Macroeconomic	● Moderate
3. Sector Strategies and Policies	● Substantial
4. Technical Design of Project or Program	● Substantial
5. Institutional Capacity for Implementation and Sustainability	● High
6. Fiduciary	● Substantial
7. Environment and Social	● Substantial
8. Stakeholders	● Moderate



9. Other

10. Overall

● Substantial**COMPLIANCE****Policy**

Does the project depart from the CPF in content or in other significant respects?

[ ] Yes    [✓] No

Does the project require any waivers of Bank policies?

[ ] Yes    [✓] No

**Environmental and Social Standards Relevance Given its Context at the Time of Appraisal**

E & S Standards	Relevance
Assessment and Management of Environmental and Social Risks and Impacts	Relevant
Stakeholder Engagement and Information Disclosure	Relevant
Labor and Working Conditions	Relevant
Resource Efficiency and Pollution Prevention and Management	Relevant
Community Health and Safety	Relevant
Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	Relevant
Biodiversity Conservation and Sustainable Management of Living Natural Resources	Relevant
Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Not Currently Relevant
Cultural Heritage	Not Currently Relevant
Financial Intermediaries	Not Currently Relevant



**NOTE:** For further information regarding the World Bank's due diligence assessment of the Project's potential environmental and social risks and impacts, please refer to the Project's Appraisal Environmental and Social Review Summary (ESRS).

## Legal Covenants

### Sections and Description

The Recipient shall, no later than twelve (12) months after effectiveness, establish and maintain, throughout the course of the Project implementation, selected SLCs with mandate, composition and resources acceptable to the Association, all as further defined in the PIM.

## Conditions

Type	Description
Effectiveness	<p>The Project Implementation Manual (PIM) has been adopted in form and substance satisfactory to the Association in accordance with Section I (B) of Schedule 2 of the Financing Agreement</p>
Disbursement	<p>The Livelihood Grant Operating Manual, the Seeds Grant Agreement template, and the Livelihood Grant Agreement template have been submitted and found in form and substance satisfactory to the Association.</p>
Disbursement	<p>Disbursement of emergency expenditures under the CERC, will be effective unless and until the Association is satisfied, and notified the Recipient of its satisfaction, that all of the following conditions have been met in respect of said activities:</p> <ul style="list-style-type: none"><li>(i) the Recipient has determined that an Eligible Crisis or Emergency has occurred, has furnished to the Association a request to include said activities in the CERC Part in order to respond to said Eligible Crisis or Emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof;</li><li>(ii) the Recipient has prepared and disclosed all Safeguards Instruments required for said activities, and the Recipient has implemented any actions which are required to be taken under said instruments, all in accordance with the provisions of Section I.E of Schedule 2 to this Agreement; and</li><li>(iii) the Recipient's Coordinating Authority has adequate staff and resources, in accordance with the provisions of Section I.E of this Schedule 2 to this Agreement, for the purposes of said activities.</li></ul>



**The World Bank**

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

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## I. STRATEGIC CONTEXT

### A. 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 and 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 percent 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, where female-headed households and families with more children are associated with higher poverty levels.<sup>1</sup>

**2. The Coronavirus Disease 2019 (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 the Government's ambitious 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 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 the 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

<sup>1</sup> The Deep South, the World Bank Group, 2018.



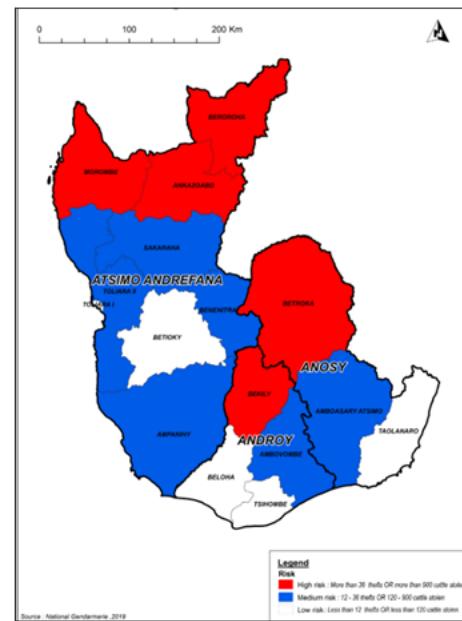
regions of the south, are highly vulnerable to the risks of cyclones, floods, and droughts due to their dependence on rain-fed agriculture, poor infrastructure, and the absence of affordable insurance mechanisms.

**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.<sup>2</sup> Chronic underinvestment by the central government 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. The rising insecurity in the south coupled with limited state presence are exposing women and young men to different types of violence that are 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 and violent activities as result of the socio-economic impacts of COVID-19.

**6. The current "Madagascar Emergence Initiative" (*Initiative Emergence Madagascar – IEM*) and the Integrated Development Strategy of the Great South 2018 (*Stratégie Intégrée Du Grand Sud – SIDGS*) provide an opportunity to support an enhanced approach to sustainable and inclusive local development in 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: (a) improvement of basic social services; (b) strengthening of governance and democracy; and (c) promoting economic growth. Furthermore, the SIGDS, which is a strategy developed by the Government of Madagascar with the support of the United Nations Development Program (UNDP), aims to transition southern Madagascar from humanitarian interventions

Map 1: Insecurity map in southern Madagascar by district and region for cattle theft in 2018



<sup>2</sup> The Deep South, the World Bank Group, 2018.



towards recovery and development. A new roads project focusing on the redevelopment of national roads 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.

## B. Sectoral and Institutional Context

**7. The vision of SIDGS is to build “inclusive and sustainable economic development respecting the environment in a context of peace and justice.”<sup>3</sup>** 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 southern 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 decentralization and de-concentration of services. Through collaboration between the state and its partners (donors, civil society organizations, private sector), 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).

**8. 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.<sup>4</sup> 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 the 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. This Project will focus on phase 1 of the SOP.

**9. 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 agencies (*Services Territoriaux Décentralisés –STD*) that are responsible for delivering the basic services. The establishment of local structures for concertation (*Structures 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,<sup>5</sup> leaving mayors without budgets to cover the expenses for development.

<sup>3</sup> SIDGS, DRAFT dated January 2020. Adoption is delayed due to closure and restrictions under COVID 19.

<sup>4</sup> Madagascar Country Partnership Framework (2017); The Role of Informal Networks in southern Madagascar, World Bank, 2020

<sup>5</sup> SIDGS 2020.



**10. Communes, with mayors as their elected leaders, 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 stripped 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.

**11. The new Government formed in 2019 has shown a committed effort to complete the decentralization process.** This renewed effort builds on the policy of decentralization 2006-2015 which was halted between the two political crises during 2008-2014. This policy helped create different institutions including: (a) the Local Development Fund (*Fonds de Développement Local – FDL*), established in 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, INDDL*), established in 2011, to provide training to local government officials and staff. However, these institutions were not able to carry out their mandates fully during the different political crises 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 Ministry of Interior and Decentralization (MID) in a policy dialogue on decentralization reforms, and the proposed SOP in southern Madagascar anchors several of its activities in the ongoing reforms.

**12. 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.** These include:

- **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),<sup>6</sup> 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, and the average monetary value of the losses was estimated at US\$40 per household. While recent data is unavailable, consultations and focus groups conducted as part of the COVID-19 monitoring 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. These losses have affected more than 50 percent of the population, as most people in the south are subsistence farmers. 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

<sup>6</sup> Madagascar Millennium Development Goals, National Monitoring Surveys (2014).



NGOs, that have intensified their efforts to address climate change impacts. However, efforts toward 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 the context of recovery from 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 communities' access 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 infrastructure has left the south without a way to counterbalance 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. Within this context, local development financing has often been short term and not clearly distinguished from humanitarian or famine assistance, and it is currently dwindling in the context of COVID-19.
- **Women, in particular, face multi-faceted disadvantages in accessing and retaining opportunities, which limit their social empowerment and economic productivity.** Anosy is one of the top two regions in the country with highest rates of violence against women and girls, particularly sexual violence (16 percent compared to the national average of 7 percent).<sup>7</sup> Based on studies by the United Nations Children's Fund, the World Bank Gender Based Violence (GBV) portfolio review, and consultations for this project, women's feelings of insecurity and experiences of violence have increased in the last few years due to *dahalo* raids, which limit their movement between communes in search of social and livelihood opportunities. Overall, social and economic opportunities targeted to women 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 to address both social and economic barriers to women's participation in income-generating activities; and the short term of donor programming, which is not sufficient to 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 found to be short term (six-nine months) and lacking 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, and above the already high national average of 41.2 percent: 64.6 percent of women are married before the age of 18, and 12 percent are married before the age of 15.<sup>8</sup> The early pregnancy rate is high as well: 56.7 percent of women aged 20-24 have 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 in 2018<sup>9</sup> 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

<sup>7</sup> Multiple Indicator Cluster Survey (MICS). 2012. UNICEF ; The World Bank Gender-Based Violence Portfolio Review, World Bank, 2020.

<sup>8</sup> INSTAT, *Ministry of Justice*, UNICEF. Evidence-Based Technical Study for Children Protection (*Rapport d'Etude Technique sur la Base de Données sur la Protection de l'Enfant.*) 2016.

<sup>9</sup> Qualitative Research to Inform KOICA-Health/Education Programme in Anosy, UNICEF, 2018.



with social stigma that prevent them from re-integrating in their communities if 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.

**13. To ensure 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.** The south of Madagascar continues to have strong informal networks, and presence of local civil society organizations that play a connecting role between communes for their development. Therefore, MIONJO will work at the commune level to build a long-term (eight-ten years) and integrated approach to addressing the multi-faceted vulnerabilities described above, and to help southern Madagascar transition from humanitarian to sustainable development. The approach of MIONJO diverges from the short-term, rapid support provided by humanitarian actors, and takes a regional approach to local economic development.

**14. MIONJO draws on lessons learned from World Bank-financed and donor projects, as well as the experiences of civil society organizations in southern Madagascar.** Some of these lessons include: (a) focusing on commune-based targeting to ensure that all households benefit from project interventions, to complement the household-targeting approach used by some social protection projects; (b) taking a regional approach to local economic development, as opposed to the short-term support provided by humanitarian actors and civil society organizations; (c) strengthening local governance and rebuilding the social contract between citizens and local governments, as was demonstrated in the IDA-financed Growth Pole projects,<sup>10</sup> and (d) investing in women and youth as agents of change and resilience, as demonstrated in the Social Safety Net Project (P167881).

### C. Relevance to Higher Level Objectives

**15. The project is aligned with the objectives of the World Bank Group (WBG) Country Partnership Framework FY17-21 (CPF, report number 114744-MG), and with the Government’s development plan, the *Initiative Emergence Madagascar (IEM)*.** Overall, the CPF seeks to increase the resilience of the most vulnerable people and to promote inclusive growth, while strengthening national and local institutions to reduce fragility. The CPF highlights the south as a priority region that epitomizes how the impacts of shocks and limited economic development have fueled fragility and insecurity.

### Adjustments to the country program in response to the COVID-19 crisis

**16. The significant impacts of the pandemic on Madagascar, as outlined above, have had a major impact on Madagascar’s development financing needs over the next two years, requiring adjustments to the WBG country program.** In line with the World Bank Group COVID-19 Crisis Response Approach Paper (April 2020), resources have been realigned to support priority actions aimed at saving lives threatened by the virus; protecting the poor and vulnerable; securing the foundations of the private sector; and strengthening policies and institutions for increased resilience based on transparent, sustainable debt and investments. Program adjustments include: (a) reallocation of portfolio resources through activation of Contingent Emergency Response Components (CERC) and restructuring and reallocation of existing programs; (b) developing new operations responding to the pandemic that were not envisioned in the original CPF program (e.g., Madagascar COVID-19 Response Project, P174388); and (c) reprioritization of the CPF pipeline to advance operations that were planned for later years (from FY22/23 to FY21) while delaying selected new operations in infrastructure.

<sup>10</sup> The Growth Pole Projects are a series of projects in Madagascar with selected operational activities in southern Madagascar (P113971; P164536)



**17. World Bank support under the Relief Phase will require an additional US\$210 million in IDA financing that was not anticipated under the CPF.** This phase of the response mobilizes resources from within the portfolio through activation of the CERC and restructuring and scaling up of existing programs. So far, the World Bank has allocated US\$46 million to support the Government's health, social, education, water and sanitation plans, and has leveraged an additional US\$123 million to finance the multisectoral emergency plan through other CERCs. Support to the agricultural sector, including the rice subsector, will be provided through an IPP which will finance measures to increase agricultural productivity and food security. In total, IDA support for the Relief Phase will total US\$226 million. Most project resources reallocated and mobilized for pandemic response through activation of CERC components will be replenished through additional financing operations during FY21. Hence, new IDA lending for the Relief Phase of pandemic response that was not planned in the CPF will amount to US\$210 million, including the Madagascar COVID 19 Response -P174388 a Development Policy Financing (DPF) granted in August 2020 amounting to US\$75 million.

**18. The Restructuring Phase is supported through US\$250 million in IDA financing, US\$32 million from the Global Partnership for Education (GPE), and US\$20 million from the Global Financing Facility (GFF).** GPE support will come through an additional financing to the Basic Education Project (P172051)and will assist the Government in implementing its strategic plan in an effort to curb the spread of the pandemic, ensure educational continuity at home during the pandemic-induced confinement period, prepare for reopening of post-containment classes, and strengthen the resilience of the system to the impacts of natural disasters, whether resulting from cyclones or the COVID-19 pandemic. A new Pandemic Preparedness Project of US\$120 million, including US\$20 million from the Global Financing Facility, will support the Government's efforts to implement the recommendations of a recent assessment of the country's global health security systems and further reinforce the country's capacity to respond to future pandemics of COVID-19 magnitude. Building on a strong track record in social protection, a planned US\$150 million social protection project has been brought forward from FY23 to help build resilience to future shocks. Altogether, the Restructuring Phase of the response adds US\$152 million in financing that was not anticipated in the CPF while reprioritizing and bringing forward US\$150 million from later years.

**19. The Resilient Recovery Stage is supported by US\$450 million in IDA Financing.** Of this amount, US\$350 million represents operations that will be delivered as planned in FY21 but with adjustments in design, as needed. These adjustments will aim to build COVID-19 resilience and take advantage of new opportunities to ensure a more sustainable, inclusive and resilient future in a world transformed by the pandemic. In addition, the additional financing for the Growth Poles Project (PP175172) has been brought forward, which builds on a proven and successful growth poles approach in Madagascar. This is part of a strongly complementary approach whereby the ongoing Growth Poles Project is being restructured to scale up immediate support to the private sector during the COVID-19 crisis, with additional funds from the portfolio-level CERC; while the new proposed Growth Poles Project will provide significant support for the subsequent economic recovery. That project will have expanded sector and geographical coverage, and a focus on economic transformation, including through digital entrepreneurship. Infrastructure-related projects, a key pillar of the economic recovery, have been postponed until FY22 to accommodate the program changes outlined above.

**20. The World Bank COVID-19 response is closely coordinated with the International Finance Corporation (IFC) response.** In line with the Approach Paper, IFC's strategy for the country will be delivered in three phases. Phase 1 – Rescue: IFC is supporting the Government's emergency response, with a focus on: (a) agriculture for livelihoods and jobs; (b) light manufacturing for health response; and (c) financial sector. Phase 2 - Restructuring: IFC will provide support through (a) restructuring assistance to the financial sector, corporations and key sectors; and (b) advisory to the Government on private sector support. Phase 3 - Recovery: IFC will help mobilize private investment to drive solutions for key development challenges by (a) supporting the expansion of access to power, and the development of sustainable railroad and port infrastructure; (b) helping to build competitive global value chains; and (c) leveraging digital platforms



to support smallholder farmers and MSMEs. IFC has continued disbursing in the agribusiness sector (US\$3.3 million) in support of smallholder farmers and has been deploying its available Small Medium Enterprise (SME) risk sharing facility (US\$6.0 million) through a systemic bank as a crisis response. It is also in negotiations with a systemic bank for a medium-term loan (US\$10.0 million). Furthermore, IFC is at different stages of discussing new financing and early disbursements for clients in the agriculture and financial sectors (for a total amount of US\$19.3 million).

**21. The overall WBG response is closely aligned with the Government's response plan as well as the activities of other development partners.** The World Bank is playing a critical coordination role in further strengthening donor response. These efforts have paid off, resulting in a coordinated response on budget support measures. Similar efforts have been carried out to rally donors around the response on health, social protection and private sector support, which are being financed through a coalition of donors, leveraging the donor coordination platforms. The multisectoral emergency plan, one of the reforms supported by the World Bank Emergency DPF, has served as a platform for identifying priority needs and for coordinating donor support.

**22. In line with the WBG crisis response approach to COVID-19 and the adjusted CPF, the proposed operation will build on ongoing World Bank Group activities in the country and the social protection programs in southern Madagascar.** The project builds on insights gained and outcomes achieved by the WBG through engagement in the governance sector (Public Sector Performance Project, P150116), social protection (FIAVOTA), and the Growth Poles projects. The project will draw on analytical work prepared by these practices and IFC, in addition to ongoing work by the agriculture and water teams within the World Bank.

**Table 1. Adjustments to the CPF to Support COVID-19 Response**

Response Phase	Portfolio Reallocations, incl. CERC	New/ unplanned Operations	CPF Operations Brought Forward	CPF operations adjusted but proceeding as planned	Total
Relief	136	90			226
Restructuring		152	150		302
Resilient Recovery			100	350	450

Source: World Bank Group.

**23. The proposed project is listed as a recovery project for southern Madagascar under the retroactive Finance Law of the country.** At the outset of the COVID-19 crisis, and as part of the budget restructuring by the Government to mitigate the impacts of the pandemic, the proposed project was enlisted as one of the recovery projects. The project is also closely aligned with the World Bank Group's COVID-19 Crisis Response Approach Paper, particularly pillar 2, which focuses on protecting the poor and vulnerable through building equity and inclusion.

**24. The project is aligned with the World Bank's Africa Strategy to support engagement in fragile and conflict affected context and ensure women's economic empowerment.** The Africa Regional Update Strategy of 2019 aims to accelerate poverty eradication and boost shared prosperity through building resilience to fragility and climate shocks, strengthening human capital through women's economic empowerment, and building partnerships with local development actors.



## II. PROJECT DESCRIPTION

### A. Project Development Objective

#### PDO Statement

**25.** The Project Development Objective (PDO) for the proposed Series of Projects (SOP) is to improve social and economic resilience in southern Madagascar.

**26.** The SOP will have the following key indicators to track progress toward the SOP PDO:

- Beneficiaries of economic development activities that report an increase in income (disaggregated by type of service, gender, age, and target group);
- Beneficiaries of project activities that report increased capacity to overcome shocks (disaggregated by type of service, gender, age, and target group).

**27.** The overall SOP indicators will be reviewed at the Medium-Term Review of the SOP Phase 1 to initiate the collection of data towards the PDO. It is expected that SOP phase 2 will include these indicators for assessing the development objective of that project.

**28.** The SOP Phase 1 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.

**29.** SOP Phase 1, whose activities are detailed below, will follow a community-led approach coupled with rehabilitation of selected regional infrastructure that supports strengthening of communities' resilience to climate shocks and drought.

#### PDO-level Indicators

**30.** The following key indicators will be used to track progress toward the SOP Phase 1 PDO:

- Number of beneficiaries that have access to socioeconomic services and infrastructures (built and/or rehabilitated by the project) in targeted communes (disaggregated by type of service and target group—disaggregated by women and youth—boys and girls);
- Number of beneficiaries reporting the improvement of their livelihoods promoted by the Project (disaggregated by type of service, women, and youth—boys and girls);
- Beneficiaries that report local development plans (PDLII) have reflected their needs (disaggregated by women and youth—boys and girls).

### B. Project Components

**31.** The project components of the SOP will cover all the three regions of southern Madagascar. By committing to a longer timeframe 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 on the commune as opposed to the household level, the proposed engagement complements the World Bank's prior household-based engagement in the south, and recognizes the strengths of resilience offered by communities and communes as the unit of engagement. Studies and consultations carried out during project preparation suggest that this shift in targeting can address recurring concerns about equity of distribution expressed by communities with regard to current aid and development efforts.



**32. 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 half in Phase 2.** Given that poverty rates are high in all three regions of the south (over 91 percent of the population lives below the poverty line), poverty cannot be a criterion for district selection. Hence, the project will follow a gradual approach where it will start in areas where there is higher population density, the presence of civil society organizations to support the implementation, and a greater potential for economic activities. The targeting criteria will be discussed at length below, in the beneficiaries' section. A communication strategy for this rollout will be key to ensuring that the sequencing is widely communicated, and to clarify that there will be no exclusion of communes from the project.

**33. Phase 1 will follow an adaptive approach to build the learning to scale up activities in Phase 2 of the SOP.** In Phase 1, the project 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. 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 be based on the following principles:

- **Phased approach to allow for adaptive learning in a COVID-19 pandemic context.** The project will 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 Project Implementation Manual (PIM) 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 and strengthening local governments.
- **Building on local lessons learned and harnessing synergy with development partners.** This project recognizes that lessons learned from other donors, NGOs, and World Bank-financed projects are essential to its design and implementation success. This will require close coordination with various stakeholders in the south and close collaboration within the World Bank.
- **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 water 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 the needs of women and youth.** For this project, in addition to safeguard instruments recommended by the Good Practice Note-2018<sup>11</sup> to mitigate risks of sexual exploitation and abuse and other forms of gender-based

<sup>11</sup> The Good Practice Note on Addressing Gender Based Violence in Investment Project Financing Involving Major Civil Works.

2018(<http://documents.worldbank.org/curated/en/399881538336159607/Addressing-Gender-Based-Violence-in-Investment-Project-Financing-Involving-Major-Civil-Works.pdf>)



violence, the project will include specific activities and analytics that address the 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's groups in target areas, and a literature review of donors' gender and youth assessments in the country. The activities target women and youth (girls and boys) to participate in the project's employment activities and support them in overcoming social barriers that exclude them from jobs. Therefore, all indicators of the project pertaining to social participation, economic productivity, and access to basic services will be disaggregated by women and youth in order to monitor their participation and ensure that project activities help them overcome the barriers outlined in the section above.

- **Activities to be grounded on strong citizen engagement.** The project has three citizen engagement indicators which include survey and beneficiaries' feedback to close the feedback loop: (i) PDO level indicator where beneficiaries report through surveys whether their needs for basic infrastructure and livelihood opportunities, that were solicited through a participatory approach, have been included in the commune local development plans; (ii) the number of SLC operationalized which will ensure that all groups, including historically marginalized groups, are engaged in the planning and decision-making to develop their commune-level development plans and (iii) a grievance redress mechanism where community members report through surveys whether their registered grievances are addressed. This last indicator will also be disaggregated by youth to ensure that there is a survey reporting mechanism with this target population given their potential to participate in violent activities that could be reported through the grievance redress mechanism.
- **Climate change as a cross-cutting priority.** Development in southern Madagascar will continue to be threatened by climate change, with the expectation of more prolonged and intense dry periods. Climate change risks will be mitigated through the project by: (a) a strong communication campaign to raise awareness on climate adaptation and mitigation; (b) dedicated training for stakeholders for prioritization of infrastructure that supports communes in overcoming climate shocks and helps 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 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.

**34.** Phase 1 is composed of five components as described below and is supported by a Project Preparation Advance (PPA) to ensure timely preparation of the activities including preparatory studies and environment and social assessment needed for the project. As such the project component and PPA financing is illustrated in the table below.

**Table 2: Project costing (US\$, millions)**

Project Component	Total Financing	IDA	PPA
<b>Component 1</b>	<b>10</b>	<b>10</b>	<b>0.6</b>
Subcomponent 1A	5	5	0.3
Subcomponent 1B	5	5	0.3
<b>Component 2</b>	<b>42.5</b>	<b>42.5</b>	<b>0.2</b>
Subcomponent 2A	28.5	28.5	0
Subcomponent 2B	14	14	0.2



<b>Component 3</b>	<b>36</b>	<b>36</b>	<b>0.1</b>
Subcomponent 3A	16	16	0
Subcomponent 3B	20	20	0.1
<b>Component 4</b>	<b>11.5</b>	<b>11.5</b>	<b>0.58</b>
Subcomponent 4A	9	9	0.58
Subcomponent 4B	2.5	2.5	0
<b>Component 5</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total PPA</b>			<b>1.48</b>
<b>Total Project Cost</b>	<b>100</b>	<b>100</b>	
<b>Total Financing Needed</b>	<b>100</b>	<b>100</b>	

**35. Component 1: Strengthening Decentralized Local Governments, Participatory Planning and Social Resilience (US\$10 million equivalent).** 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. Strengthening local governments and participatory planning will ensure transparency and accountability in the implementation of the subsequent components of the project, as well as ensuring sustainability of activities.

**36. Subcomponent 1A: Strengthening the decentralized territorial collectives (Collectivités territoriales décentralisées – CTD) on community-based planning and the delivery of services (US\$5 million).** 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. The SLCs and ADLs will receive a tailored set of complementary capacity-building activities in areas such as (a) socio-organizational capacity building, including techniques of facilitation and leadership; (b) inclusive planning and participatory budgeting to ensure that the needs of women and youth are prioritized; (c) project implementation, including aspects of procurement and financial management; (d) operating procedures on the integration of sensitive climate change planning into community development priorities; and (e) monitoring and evaluation, including techniques of data collection and knowledge management. These tailored sets of services are included in Decree 2015-957 on SLCs; however, the SLCs are not fully operationalized given the lack of resources or political will. The capacity building program will be developed with INDDL.

**37.** This subcomponent also seeks to improve local governance performance by strengthening the institutional capacity of local communes and rehabilitating key local government offices (e.g., mayors' 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 use FDL flow of funds systems and follow the national standards for climate screening and adaptation developed by the Government of Madagascar. Each commune will get a maximum of fifteen thousand dollars for the rehabilitation works. Areas of capacity building for the local communes will include: (a) financial management and procurement; (b) participatory planning and budgeting; (c) transparency and accountability; (d) revenue and tax management; (e) support for the preparation of documents for grants; (f) support for coordination with different platforms (such as Health Committees, Vigilance Committees) for the pooling of resources; (g) strengthening the capacity of municipal leaders as well as SLCs and ADLs to monitor the performance of the communes through annual exercises such as the self-assessment of the Local Governance Index (IGL); and (h) 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 subcomponent 1B). Finally, this subcomponent aims to promote and strengthen collaboration between CTD and the deconcentrated services (*Services Territoriaux Décentralisés – STD*) to support service delivery, implementation of local development plans, and operation 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.

**38. Subcomponent 1B: Strengthening social resilience, citizen engagement, and conflict prevention (US\$5 million).** 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 civil society organization to mobilize communities and have them participate in various activities which will cover: (a) developing a participatory mapping of vulnerabilities of inhabitants of the communes to support implementation components 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; (b) 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. Activities will include (i) community dialogue around individual expectations and roles; (ii) 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; and (iii) 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; (c) leadership programs targeting women and youth to strengthen their civic participation in local development processes; and (d) strengthening the local grievance redress mechanism (GRM), including ensuring survivor-centered processes for GBV survivors.

**39.** 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 Systems (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 in providing early warning to the communities or the police, and in certain communes there is a lack of facilitation and mediation skills to mediate conflicts. Therefore, this subcomponent will finance the following activities: (a) identification and training of monitors as early warners, selected based on a mapping of existing community structures (Fokontany level), with a focus on including youth to the extent possible; (b) development of an information-based system for ADLs, the SLC and the PIU to report incidents (early warning component) using SMS technology, to feed into the geoportal of the project and serve as a coordination mechanism with CROC (*Centre Régional d'Observation et de Communication*, Regional Center for Observation and Communication) at the regional level and BNGRC (*Bureau National de Gestion des Risques et des Catastrophes*-National Bureau for Management of Risks and Catastrophes) for risks related to natural disasters and food insecurity; (c) 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 (d) the promotion of medium- to long-term response for issues related to natural disasters and food insecurity. While the practice of early warning system is recognized among communities, greater attention will be paid by the SLC and the FP to avoid putting individuals, youth, and women at risk for engaging with these systems.

**40.** The local government, SLC and the FP will also implement a communications campaign under this subcomponent, with an overall objective of awareness generation (social issues, climate adaptation) and project information dissemination. The communication campaign will be designed at the regional level and implemented in each of the districts targeted in SOP Phase 1 to create an enabling environment to disseminate information about project activities,



including social issues that activities will address, such as social and gender norms, climate adaptation and mitigation, and reintegration of *dahalo* youth.

**Component 2: Resiliency Infrastructure (US\$42.5 million equivalent)**

**41.** ***Subcomponent 2A: Commune resiliency grants (US\$28.5 million).*** This component provides 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 intercommunal subprojects, 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 be screened by the SLCs for their support for adaptation or mitigation to climate shocks and drought, which 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 investments to ensure climate adaptation and mitigation, will also be financed under this subcomponent.

**42.** The transfer of funds for community resiliency grants will happen through the Local Development Fund (*Fonds de Développement Local – FDL*), an institutional structure established in 2008 within the Ministry of Interior and Decentralization, which has a well-established system for fiscal transfers from the central level to communes previously piloted successfully through the WBG and other donors' projects. Communes will receive funds by submitting a dossier following FDL's standards in transfers of investment subventions. These criteria include, *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.

**43.** Each commune will receive three tranches (one tranche of funds every year) based on a sliding scale between US\$150,000 and US\$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.

**44.** 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.

**45.** ***Subcomponent 2B: Regional water resiliency infrastructure (US\$14 million).*** The region of Androy particularly suffers from water scarcity, characterized by the absence of water sources of drinking quality at the local level and repetitive drought shocks. Therefore, this subcomponent 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.

**46.** Based on discussions with donors, field visits, and consultations with the Government, potentially there are two pipelines that could 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 Tsiombe, 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 from small financing from UNICEF for minimal works rehabilitation, although the pipeline of Sampona



did not. Given that these potential two pipelines have long existed with minimal maintenance and rehabilitation, and with no updated technical studies, this subcomponent will first finance the technical studies to assess the operational status of these pipelines and whether they could be candidates for rehabilitation. These studies have been launched as part of the PPA. Based on the results of the studies, this subcomponent will then finance necessary rehabilitation works including: replacement of water pipes, rehabilitation/constructions of water tanks, new pumping stations, and change of the power source from gasoil power generators to, e.g., solar power.

**47.** This subcomponent will finance a study to determine the availability of water resources in order to identify and design potential extension/ rehabilitation of the two pipeline systems. Based on the results of water availability, geographical areas will be identified where additional drinking water production can be provided to beneficiaries, the subcomponent will finance installation of connections, in consultation with the communes and the SLCs, along the pipelines to supply water to underserved 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.

**48.** Drinking water infrastructure that will be rehabilitated is expected to be operated and maintained by private operators (PO), as indicated in the national legislation and supported by MEAH. 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 intermediaries between the MEAH, its regional directorates, the POs and the beneficiaries. Local communes, with the support of their own SLC and ADL, are also the best placed to help MEAH define the development of water services at the 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 their contractual obligations. Therefore, this subcomponent will finance as well capacity building for SLCs and ADLs to increase their knowledge of water management, and a communication campaign to promote the use of safe water and its associated benefits which will include clear messaging on hygiene measures for prevention and protection against the a COVID-19 pandemic.

**49. Component 3: Supporting Resilient Livelihoods (US\$36 million equivalent)**

**50. Subcomponent 3A: Support for community-based organizations and local value chains (US\$16 million).** This subcomponent will use the principles of the graduation model<sup>12</sup> 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 into economic activities and will help ensure sustainable outcomes.

**51.** The participatory community mapping and socioeconomic/vulnerability assessments conducted under Component 1 will serve as an input for this subcomponent 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 Ultra Vulnerable, Vulnerable, and Moderate Vulnerable.

**52.** Based on a facilitated consultative process, participants will be encouraged to create and/or join Self-Help Groups

<sup>12</sup> 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.



(SHG)<sup>13</sup> or Livelihood Groups (LG),<sup>14</sup> 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 with the objective to support the members with learning how to engage in savings activities; build knowledge and skills; build confidence through group work; and engage in collective action to support the community. While those who are already engaged in more regular livelihood activities will be encouraged to join livelihood groups to pool resources, build and share livelihood knowledge and skills; improve livelihood performance; and develop collective marketing.

**53.** Multi-year packages will be delivered to households and group members through these community-based organizations to help meet their basic needs, increase their financial inclusion, build social empowerment, improve and adapt their livelihood opportunities to the climate change impacts, and ultimately graduate towards improved sources of livelihoods. It is also expected that some of these packages will finance agricultural intensification for about half of the irrigation rehabilitated area under subcomponent 3B. 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.

**54.** Prior to delivery of the multi- year packages, a three-stage gendered market analysis and assessment will be conducted to identify appropriate livelihood opportunities for the target populations: (a) 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; (b) 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 (c) 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 focus on empowering those traditionally disenfranchised, specifically women and youth, while ensuring that traditional power and gender dynamics are not uprooted.

**55.** 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 (a) setting up governance and savings mechanisms; (b) support for basic needs and food insecurity in case they are not supported by existing social protection mechanisms in line with World Bank policies (c) basic training on financial literacy, soft skills, and livelihoods support; (d) small seed grants to help participants commence livelihood activities; and (d) coaching and mentoring, with a focus on future integration in LGs. Grant amounts will be identified during the community mapping 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 breakout 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.

**56.** LGs will aim to mobilize vulnerable and moderately vulnerable individuals who are engaged in some livelihood

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

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



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 sectors of intervention are expected to be agriculture, fishery, handicraft production, local or community services (for example, transport), and even tourism-support activities could be envisaged. Participants will establish or join LHCs with other stakeholders engaged in one market system or product line. Packages to LGs will include (a) coaching and mentoring for group formation and strengthening, governance, and asset maintenance and ownership; (b) training on financial management of the LG; (c) matching grants to support productive economic investments; (d) business planning and technical skills training; and (d) market support for diversification and expansion of livelihood opportunities. Matching grants will vary between US\$3000-US\$10,000 based on the viability and sustainability of LGs, to be given once per year for a total of three 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 Grants Operational Manual. These LGs will be established through the help of local NGOs with the support of the SLC and the Project Implementation Unit.

**57.** 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.

**58.** 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 subcomponent will be complemented with an innovation challenge funded by the Trust Fund for Partnership for Economic Inclusion supported by the World Bank Group. 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 a panel of judges, including representatives from MAEP and other stakeholders, will be formed to select winners.

**59.** ***Subcomponent 3B: Irrigation schemes for resilient livelihoods (US\$20 million).*** Given the focus of the regions in the south on agriculture productivity, and given the repetitive climate shocks and drought periods, this subcomponent will focus on the rehabilitation of about 9,000 ha in selected small and medium irrigation schemes (ranging from 100 to 2,000 ha) to support livelihood opportunities in the targeted districts.

**60.** 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), is currently functioning at only about 45 percent capacity. It can be estimated that a comparable development area has been developed by the farmers themselves, which is 60 percent functional. 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 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 Operation and Maintenance (O&M) plan and discuss it with the communities after having shared it with Rural Genie (*Génie Rural*, 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 this case the SLC) can be much more important in terms of sustainability than a distant central irrigation agency or similar organization. The project is expected to start immediately with rehabilitation of a few schemes built by the GR but, after having inventoried the schemes built by the farmers in the three selected districts, will aim at also improving the design and upgrade/rehabilitate of some of the farmers' schemes. In substance, there are many production zones which could be rehabilitated while laying the basis for stronger water users' organizations (WUAs) or farmers'



associations to take care of future O&M of the systems.

**61.** The focus will most probably be 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 siltation could also be handled by farmers themselves. Currently, many of the GR schemes do not have sand traps and/or their sand traps are inadequate. A partnership between the MAEP (represented by GR 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 farmers working to clean 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.

**62.** The subcomponent includes: (a) an inventory of farmers' schemes in the three districts; (b) a study on availability of water in all schemes in the three districts; (c) a communication campaign on all eligible schemes; (d) design (where needed) and rehabilitation of selected schemes; (e) training activities for Water Users' Associations (WUAs); and (f) a pilot on low-cost irrigation technology. The rehabilitation/modernization investments should be identified by basic hydrological studies, which will be followed by a review of the scheme made together by GR, the PIU and involved SLC, with the aim of verifying the existence of any other potential constraint. A communication campaign, organized in phases, will be implemented to inform all eligible schemes about the program and guarantees about the transparency of the selection process. The received proposals will be evaluated on the basis at least of the following criteria: (a) presence of a WUA or any type of informal water group dealing with O&M of the infrastructure; (b) estimated expenses incurred by the farmers themselves in O&M of the scheme during the past five years; (c) willingness of the WUA to finance in-kind (manual work) for at least 10 percent of the estimated rehabilitation costs, as per preliminary estimates made by GR; and (d) backing of the investment by the local SLC (wherever this is functional). Additional selection criteria and weights could be added and/or modified in the OM with prior agreement with the World Bank. The selection committee for each round will involve qualified staff from GR and PIU and will invite SLCs' representative members as observers.

**63.** The rehabilitation program will be accompanied by a strengthening program for WUAs as a critical long-term investment to ensure infrastructure O&M. 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, in a first phase, some agricultural intensification measures will be implemented in synergy with subcomponent 3A, aimed at raising the yields of irrigated agriculture on about the half of the irrigated rehabilitated areas. Should the need arise, the project could in a second phase expand its support to other accompanying measures such as a potential fertilizer or fungicide support program or the establishment of new Community Seed Banks for rice or some financial or technical support for the establishment of a local/regional mill. Low-cost irrigation techniques will also be introduced/piloted, but only if the SLCs/facilitators have noticed that some communities are interested. To this end, GR will prepare an information package to be provided to the project's expert in irrigation at the PIU to allow the expert 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 (US\$11.5 million equivalent)**

**64. Subcomponent 4A. Project implementation and geospatial knowledge platform (US\$9 million).** This subcomponent 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 the project's



integrated and phased approach, this subcomponent 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 subcomponent will also finance the operational costs of fiscal transfers for FDL and the establishment of an inter-ministerial steering committee for the strategic guidance of the project.

**65. Subcomponent 4B. Studies and preparatory analysis for SOP 2(US\$2.5 million).** Given the dire need of large infrastructure in the regions of the greater south, including drinking water, roads and irrigation schemes, this subcomponent will finance studies, intensive participatory consultations, planning, feasibility and design of proposed large-scale infrastructure identified on the regional level to support improved livelihoods of communities and resilience to 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 resources in the coastal area in order to identify water supply opportunities for communities not benefiting from the pipelines.

**66. Component 5: Contingent Emergency Response Component (US\$0):** 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. This would be achieved by providing a set of activities following 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.

### C. Project Beneficiaries

**67. It is expected that the SOP will cover the rural communes in the three regions of southern Madagascar and Phase 1 will be initiated in 134 communes in a progressive approach.** Under Phase 1 of the SOP, the project will target 134 communes (1,400,000 beneficiaries) where there is potential for economic activities, higher density, the presence of civil society organizations to support 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.

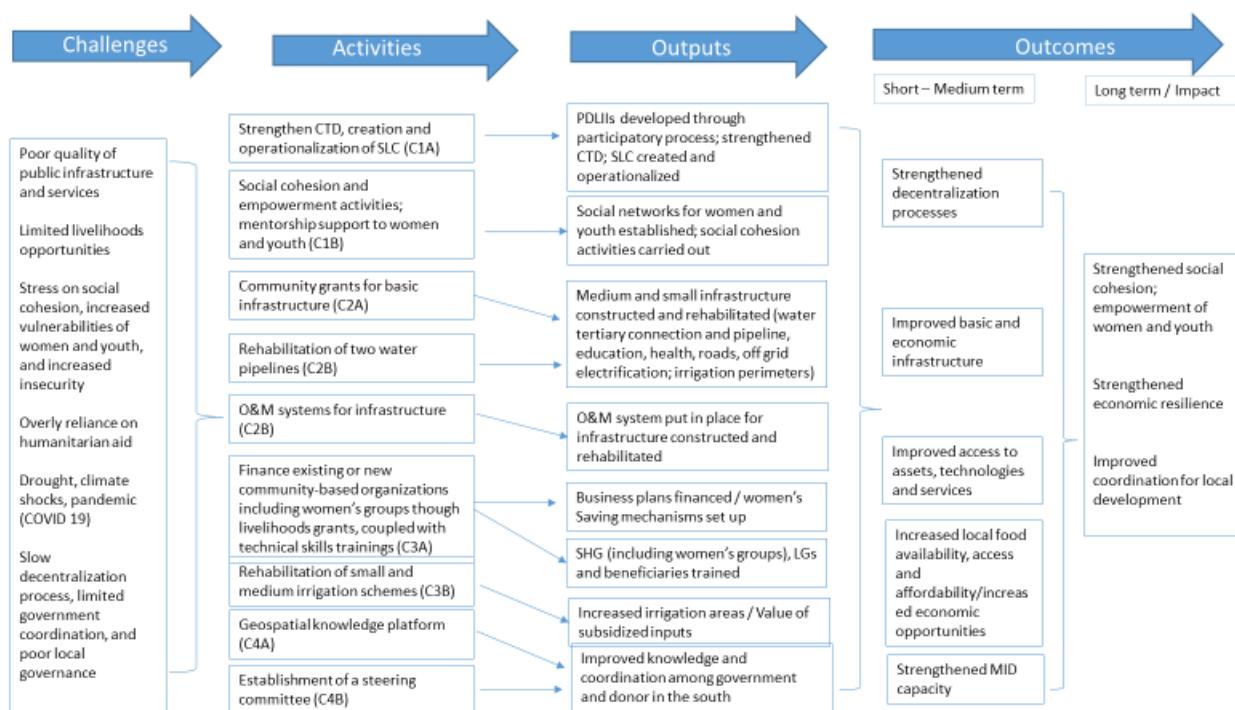
**68. Selection of target communes for Phase 1 was based on a spatial analysis conducted by the World Bank team in collaboration with other donors, and validated by MID.** Given the multitude of vulnerabilities in southern Madagascar, poverty alone cannot be a targeting criterion. Therefore, the World Bank 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, the potential for economic activities, and presence of basic infrastructure (though not necessarily operational) for rehabilitation. *Less emerging* areas are the opposite. The spatial analysis allowed for the development of a composite index, and districts were placed on a continuum from *less emergent* to *more emergent*. Given the limited capacity in southern Madagascar and to pilot the integrated approach of the design, the 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 Taolagnaro, Amboasary Sud, and Betroka in the Anosy region; Ambovombe, Tsihombe and Beloha in the Androy region, and Morombe, Beroroha and



Ankazoabo in the Atsimo Andrefana region. An additional criterion for the selection of these districts was the regional proximity to each other, which would allow for economies of scale and efficiencies in implementation. 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 Tsihombe 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.

**69. 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 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 for their constituents. These committees will also be beneficiaries whose arrangements will be harnessed and reinforced to encourage greater sustainability of the different project interventions. The project will also have institutional beneficiaries, including local governments, implementing agency staff, and ministry personnel.

### D. Results Chain



### E. Rationale for Bank Involvement and Role of Partners

**70. The project will support the Government to begin the transition from humanitarian to developmental approaches and address poverty and fragility in the south of Madagascar.** Within the framework of the SDGs, the proposed project will support the social and economic development of communes through a public sector-led approach, working in partnership with UN agencies, communities, NGOs and other development actors. The implementation



experience of the proposed project will also help to enhance existing policies and help improve reforms for local development, decentralization, and citizen engagement. The institutional capacity of the public sector is limited with respect to developmental approaches in the south, and as such the project is an opportunity to build the necessary skills and knowledge to position the Government to lead on development approaches into the future.

**71. In such a highly complex and extremely fragile environment, the World Bank is uniquely positioned to offer both technical expertise and financing to support the Government in improving service delivery and economic opportunities for rural communities while coordinating with other partners.** The World Bank's involvement is supported for several reasons. First, the scale of the challenge will require the level of resources that the World Bank is well placed to help mobilize (including through co-financing arrangements with other bilateral and multilateral partners). Second, the World Bank's approach to working with and through Government systems and procedures helps ensure that this is a Government-led process, which is essential to its long-term viability and sustainability. Furthermore, building on recent global work, including the UN-World Bank Pathways for Peace study (2018), as well as country-specific work led by the World Bank, the institution has a strong understanding of the interlinkages between inclusive service provision, economic opportunities, and conflict prevention. Lastly, given the risks associated with the operation, and the difficult logistical challenges in the intended project areas, the World Bank operation could pave the way to create an engagement with the private sector specifically in activities related to drinking water (subcomponent 2B) and livelihoods (subcomponent 3A).

**72. The World Bank is also uniquely positioned to provide resilient recovery support to mitigate impacts of COVID-19 with a focus on protecting the poor and the vulnerable.** While most donor financing in southern Madagascar has been diverted to address the health crisis of the COVID-19 pandemic, this has led to dwindling of financing to address the chronic poverty and under-investment in the region. Therefore, the World Bank is uniquely positioned under the COVID-19 Crisis Response Approach Paper to work with other partners to address the dual challenge that southern Madagascar confronts: "(a) addressing the health threat, and the social and economic impacts of the COVID-19 crisis, while (b) maintaining a line of sight to their long-term development vision."

#### F. Lessons Learned and Reflected in the Project Design

##### **73. WBG and other donors' experiences in Madagascar show positive results with commune-level interventions:**

- Working *on the commune level through an integrated package* of (a) strengthening participatory approaches, (b) strengthening municipal capacity, and (c) rehabilitation of communes' infrastructure to provide quality public services has improved the population's trust in local government and created a greater level of accountability and transparency. In WBG-financed Growth Poles projects, this integrated package had satisfactory results through improvement of the IGL index of the targeted communes. As a result, MID has developed, as a regulatory requirement, "standards of municipal services" to ensure quality service delivery. These standards include, among other things, infrastructure standards that satisfy the need for climate resilience.
- Experience *also has shown that capacity building provided through such integrated packages will enable communes to efficiently manage project activities and thereby allow them to manage increasing flow of funds.* In previous Bank-supported projects such as the Public Sector Performance Project, grant amounts were capped at US\$5000 per commune, in order to pilot the approach of working at the commune level. The grant per commune has been expanded under the Growth Poles projects to reach US\$150,000, given the communes' positive experience in managing funds and implementing works. Other donors provide grants ranging between US\$100,000 and US\$250,000 per commune based on density and needs.



**74. Global experiences with community-led approaches show that in poor, remote and insecure areas with a low level of government presence and/or institutional capacity:**

- *Impacted communities are best suited to identify their needs and priorities, to implement subprojects and to manage investments.*<sup>15</sup> Several meta analyses of community-driven development (CDD) programs have shown that communities are capable of effectively managing grants to provide small-scale infrastructure, and that these investments deliver positive effects on material welfare. By transferring decision-making powers and implementation responsibilities to communities, CDD programs are able to lighten the institutional load on governments and are often able to expand rapidly across large geographic areas. Studies across multiple CDD projects have shown that infrastructure and public works are built at comparatively lower cost without sacrificing technical quality. Studies from the Philippines, Indonesia, Nepal, Burkina Faso and Malawi, for example, demonstrate 15-40 percent lower costs, depending on the type of investment. These savings come primarily from the elimination of middlemen or contractor overhead, as well as community contributions of labor or materials.<sup>16</sup> However, the process of mobilization and planning must be inclusive and participatory to ensure that all social groups, including women and youth, are involved. A sensitive and tailored engagement process is crucial to ensure that the voices of disadvantaged groups are expressed and to prevent elite capture.
- *A package approach to support livelihoods and infrastructure can potentially deliver resilience at the community level that is necessary for addressing climate change adaptation and increasing disaster risk.*<sup>17</sup> The community-led approach adopted under the project has the potential to provide communities with a broad platform for empowerment and poverty reduction in addition to a diverse range of risk management mechanisms for climate change, making use of local knowledge and expertise to operate effectively in insecure environments. In post-conflict Aceh, villages participating in the BRA-KDP CDD program, Community-Based Assistance for Reintegration of Conflict Victims, experienced declines in poverty of 11 percent compared to villages outside the program, with almost 90 percent of funds in the BRA-KDP program being used for purchasing private goods. Operating during active conflict in Nepal, the Poverty Alleviation Fund helped raise average nominal income for extremely poor and marginalized households in project communities by 145 percent.<sup>18</sup>
- *A group-based approach has shown positive evidence in supporting women's economic empowerment compared to individual targeting approaches.*<sup>19</sup> Recent impact evaluations show that group-based interventions, including with livelihoods, health and financial groups, have had positive impact on women's decision-making, participation in the labor market and ultimately social and economic empowerment. This is attributed to the integrated packages that are often offered to these groups. The project's integrated packages would include financial assistance coupled with social and technical skills, and integration with a network of other women for economic and social support. Similar evaluations for groups of adolescent girls have also shown positive impacts.

<sup>15</sup> World Bank. 2013. "Designing Community-Driven Development Operations in Fragile and Conflict-Affected Situations. Lessons from a Stocktaking." World Bank, Washington, D.C.

<sup>16</sup> Myint, Nikolas and Corey Patterson. November 2018. "Operationalizing the Pathways for Peace Study in Community-Driven Development Operations: Guidance Note." World Bank, Washington, DC.

<sup>17</sup> Arnold, Margaret, Robin Mearns, Kaori Oshima, and Vivek Prasad. 2014. "Climate and Disaster Resilience: The Role for Community-Driven Development." Social Development Department. World Bank, Washington, D.C.

<sup>18</sup> Myint et al, p. 10.

<sup>19</sup> Lucía Díaz-Martin, Akshara Gopalan, Eleonora Guarnieri, Seema Jayachandran. June 2020



### III. IMPLEMENTATION ARRANGEMENTS

#### A. Institutional and Implementation Arrangements

75. The institutional and implementation arrangements will be developed at 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 of implementation entities at 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 multisector 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:

- A high-level Inter-Ministerial Steering Committee (*Comité de Pilotage*) to provide strategic guidance and ensure consistency and support for the multi-sectoral project activities. The Committee was established through 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 at least 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 that will be identified for construction (communes to be connected, number of fountains to be built, typology of fountains, etc.). This selection will be reviewed by the PIU 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 to be financed in the selected districts, which have the desired features from an agricultural, economic and water availability point of view. Through a facilitated process led by the SLC at 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 has been established through the same Decree above, 15.272/2020 dated August 13, 2020 and will have the responsibility for project management. The 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 PIU will work closely with (a) INDDL to provide the necessary support for the established SLC and strengthening of deconcentrated services subcomponent 1A; (b) FDL to support the technical, fiduciary, environmental and social reviews for all subprojects under subcomponent 2A; (c) decentralized technical staff as needed and elaborated in the PIM to support governors' offices in updating their different regional development plans and support coordination with regional governments, STD, and facilitating partners.
- Local Development Fund (*Fonds de Développement Local – FDL*): As stated above, 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 will be responsible for implementation of the following: (i) rehabilitation of local government



offices under subcomponent 1A, and (ii) the commune resiliency grants under subcomponent 2A.

- **National Institute for the Decentralization and Local Development:** INDDL is an established institutional structure within MID responsible for training and technical support. The INDDL's technical expertise will be contracted by the N-PIU for activities under subcomponent 1A.

On the regional level:

- **Facilitating Partners (FPs):** A FP will be contracted in each region to provide support to the N-PIU for the implementation of the Project. 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. Particularly, the FPs will work closely with the N-PIU under subcomponents 1A and 1B to support the SLCs in their operations and functions including 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. Also, the FPs will support the N-PIU in managing grants under subcomponent 3A for establishing the SHGs and the LGs and provide them with the necessary training. This would require the FP to have a strong local/regional presence over the long term to build trust with the communes.

On the commune level:

- **Local structures for concertation (*Structures Locales de Concertation* – SLCs):** SLCs are local government structures for participation and dialogue, headed by the mayor. Under subcomponent 1A, the project will provide technical capacity for their establishment 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 (a) preparing the PDLIs, through consultations with communities and ensuring women and youth representation; (b) consultations with line ministries for approval of the PDLIs and the communities' priorities for resiliency grants under subcomponent 2A; (c) supporting the preparation of documentation for resiliency grants under subcomponent 2A; (d) ensuring procurement of goods and services for subprojects under subcomponent 2A; (e) monitoring subproject implementation; and (f) selecting and validating the SHGs and LGs that will receive grants under subcomponent 3A. The SLCs will be supported by the N-PIU and the FP to fulfill these tasks. The SLCs will also play an important role in defining the selection of the distribution network elements of subcomponent 2B and of the irrigation schemes to be rehabilitated/improved under subcomponent 3B.

## B. Results Monitoring and Evaluation Arrangements

**76. Monitoring and Evaluation (M&E) System.** The M&E system will generate regular, real-time data directly from project beneficiaries to allow for flexibility and mid-course correction. The PIU will have primary responsibility for M&E through a dedicated team, which will include (a) a National Project M&E Specialist, who will oversee overall M&E implementation; and (b) decentralized M&E specialist(s) to monitor project-related activities in the target provinces. Project facilitators hired by the FPs and embedded at the commune level will also support commune councils to monitor project progress and will support the N-PIU in data collection. The overall M&E system is guided by the project's results framework. It will use smart-phone technology and a web-based Management Information System (MIS) to support efficient data collection, aggregation and analysis to enhance transparency and allow for real-time monitoring of project progress, and to facilitate rapid corrective actions to fit the fragile context in southern Madagascar. All results will be disaggregated by gender (women and youth), as shown in the results framework.

**77. Geo-Information System (GIS) to support the MIS:** The project's MIS will provide data on key project inputs, outputs and progress. This will include the tracking of financial and physical progress in project implementation. The PIU



will regularly review and analyze these data to report on progress, assess performance and identify issues for follow-up action. The M&E system will include a GIS system to map all expected infrastructure to be rehabilitated, the IGL for each commune for monitoring, and the mapping of the SGs and LGs. This GIS system is expected to provide real-time data regarding the progress of the work and will assist the World Bank in remote supervision in case of restrictions on travel due to the pandemic or security issues. The GIS system will also map out activities of other donors in the same communes to support coordination and collaboration. The ultimate objective of the GIS system is to provide one platform for all donors' activities to facilitate the implementation of the SIDGS and improve coordination to better address the drivers of fragility in the three targeted regions. The N-PIU will hire a GIS specialist for the management of this portal and each FP to be hired will also have a GIS specialist to support the N-PIU. The GIS system will have a publicly accessible portal and dashboard that will provide information on overall project progress and the status of key results indicators, as well as detailed subproject, commune and province-level data.

**78. Evaluations and assessments.** A baseline study will be conducted at the start of the implementation and at project closing, to evaluate qualitative and quantitative aspects of project results. Several special studies will be undertaken to enhance understanding of key aspects of the project, as follows: (a) economic analysis of selected completed subprojects, including an assessment of the impact on income from the investments made under subcomponent 3A; (b) technical and maintenance reviews of the quality of infrastructure works and maintenance. A sample of completed subprojects under 2A will be visited by teams of engineers to assess the quality of construction and ongoing functionality, and identify issues with maintenance; (c) beneficiary perception surveys of the project via third-party monitoring will also be conducted on an annual basis to ensure satisfaction of the communities with the works. These beneficiary surveys will need to be disaggregated by women and youth (boys and girls) and conducted in a manner that is gender sensitive; and (d) process evaluation: teams of qualitative researchers will spend extended periods of time in a small sample of communes to document the bottom-up planning process and project implementation to identify good practices that can be shared and potential bottlenecks that need to be dealt with by management. The studies will ensure a gendered analysis, documenting good practices for ensuring women's involvement in the activities. Work will commence on these studies in year two so results are available for the Mid-Term Review to inform mid-course corrections as needed.

### C. Sustainability

**79. The sustainability of the project is anchored in its long-term design (a series of two projects) and coverage of all three regions of the south, focusing on multi-sectoral engagement that seeks to build both the capacity of local government and the resilience and resource base of local communities.** One of the key lessons from other donors was that the short-term cycle of their programming in southern Madagascar, and their limited focus on few communes when all three regions are in dire need of development assistance, was not an approach that led to sustainable impacts. The long-term of engagement of this project will help create a sustainable presence compared with the ongoing fragmented approach in the region. The sustainability of the project can be divided into the following:

**80. Institutional sustainability.** MID, which has the mandate for local governance and development, will be the implementing agency for the project. Several departments will support its implementation, including the Department for Decentralization, FDL, and INDDL. All of these departments, through this project will gain new skills in project management, oversight and coordination to ensure sustainable and effective local governance and development. At the regional and commune levels, technical capacity for planning, budgeting and implementation, and collaboration between STD and CTD will pave the way for improved institutional coordination for development in southern Madagascar. Components 2 and 3 will strengthen associations (including water associations), cooperatives and micro-enterprises in the project areas through access to finance and technical assistance.



**81. Sustainability of infrastructure.** There are different types of infrastructure that the SOP1 will be rehabilitating. For small basic infrastructure under subcomponent 2A, as a pre-condition for approval of a subproject proposal, relevant sectoral agencies and/or communes will be required to commit budget for O&M, and each subproject will require an O&M plan coordinated between the CTD and STD. For the water pipelines under subcomponent 2B, the PO will be given the responsibility of sustainability, supported by local communes, whose capacity will be improved in order to coordinate with the POs. For the irrigation perimeters under subcomponent 3B, an O&M plan will be required from the MAEP as part of the selection process of the dams to be rehabilitated.

**82. Economic sustainability.** All investments under subcomponents 2A and 3B will be screened for return on investment, and all investments under subcomponent 3A will be screened for cash flow and economic potentiality; also, the economic sustainability of investments under subcomponent 3A will be monitored regularly as part of the project results framework.

**83. Social sustainability.** The project's strong emphasis on inclusive planning process, awareness campaigns and the various capacity building activities for social empowerment with a specific focus on women and youth are expected to build trust between different groups in society, support the integration of those who have been excluded or marginalized from decision-making, and build social resilience of people against future shocks (climate, pandemic, conflict). Also, the establishment of community-based EWRS will help to prevent and mediate future conflicts.

#### IV. PROJECT APPRAISAL SUMMARY

##### A. Technical, Economic and Financial Analysis (if applicable)

**84. The economic and financial analysis conducted as part of project preparation suggests that the proposed interventions are economically and financially feasible.** It is not possible to predetermine actual investments, as the project is designed to respond to beneficiary priorities and market demand. Benefits of the project would be to increase access to essential services and basic infrastructure at the community level, as well as to livelihood and income-generating activities, with a specific focus on the participation of women and youth. Similar projects that have implemented elements of this proposed approach globally—as presented below—have consistently shown strong evidence that an approach that transfers some decision-making powers and resources to communities can yield cost-effective, high quality infrastructure, including in remote and inaccessible areas. Furthermore, economic analysis of CDD-supported infrastructure shows that project investments in more remote communities result in higher returns on key public investments. A summary of the benefits of each type of infrastructure and facilities in similar projects globally shows:

- **Community water supply.** The quantifiable benefits of community water supply arise primarily from reduced time costs for households to collect water. Investments in community water points brings water closer to households, enabling them to save time collecting water. A recent community water scheme in Kenya generated an internal rate of return of 56 percent and benefit cost ratio of 2.9, using a discount rate of 5 percent in line with World Bank guidance.<sup>20</sup>
- **Solar pumping.** The quantifiable benefits of solar pumping arise primarily from reduced energy costs. In recent years, the cost of solar technology has dropped substantially, by up to 80 percent compared with 2010 prices. In addition, the panels used for pumping last around 25 years, requiring little maintenance throughout this time.<sup>21</sup> An economic

<sup>20</sup> World Bank. Kenya Water and Sanitation Services Improvement Project, Implementation Completion and Results Report, Number ICR00005192, Forthcoming.

<sup>21</sup> World Bank. "Solar Water Pumping for Sustainable Water Supply." Brief. May 30, 2017.



analysis of solar pumping stations in Lebanon found an internal rate of return of 23 percent and a cost benefit ratio of 1.8.<sup>22</sup> Solar pumping stations also provide means to provide off-grid electrification in southern Madagascar, and have significant environmental benefits, as they are estimated to avert significant carbon dioxide emissions.

- **Schools.** The quantifiable benefits of constructing schools arise from (a) impact of school proximity on enrollment and completion; and (b) increased lifetime earnings due from educational attainment. Living closer to a school increases enrollment and attendance, because this reduces the time and travel costs of attending school. Higher attendance leads to better learning outcomes and higher completion rates. People with higher levels of educational attainment, on average, achieve higher incomes throughout their lives. In Sub-Saharan Africa, the return to one additional year of education is 12.4 percent, higher than the global average of 9.7 percent.<sup>23</sup> A recent study showed that the construction of new schools in rural areas has the highest impact on enrollment and attendance of all interventions in the education sector.<sup>24</sup> Recent World Bank-financed projects that include construction of schools in Madagascar, Mozambique, Uganda and Zambia generated internal rates of return of 13.0–31.8 percent.
- **Health centers.** The quantifiable benefits of constructing primary care health centers arise from (a) reducing maternal and infant mortality due to use of a health facility to give birth, rather than giving birth at home; (b) efficiency gains from shifting care from hospitals to primary health care facilities; and (c) improved health of citizens from access to preventive care and better management of conditions within primary health care facility. Living closer to a primary health care facility increases the proportion of women who obtain prenatal care, give birth in a facility, and receive postnatal services. Access to these services reduces the likelihood of the mother and newborn dying. Having access to a primary care facility also allows people to get care closer to where they live, thus shifting cases from hospitals to less expensive facilities, and it will encourage people to seek care to prevent illness and thus increasing their productivity and well-being. Recent World Bank-financed projects that include construction of health centers in Haiti, Kenya, and the Kyrgyz Republic generated internal rates of return of 4.0–76.3 percent.<sup>25</sup>
- **Rural access roads.** Benefits associated with improved rural access roads are: (a) travel time savings; (b) travel cost savings; (c) reductions in vehicle operating costs; (d) enhanced access to jobs, markets, health facilities schools, and other services at lower cost than otherwise available (reflected in enhanced land values); and (e) promotion of economic growth in the region through enhanced trade, leading to higher productivity and better incomes. Recent Bank-financed projects that include construction of rural access roads in Nigeria, Nicaragua, and Bihar Province, India generated internal rates of return of 14–113 percent per road.<sup>26</sup>
- **Off-grid electrification.** Off-grid electricity systems are expected to bring modern energy to schools, health centers, community facilities, markets, businesses, and households. Assuming the off-grid electricity systems rely on solar or wind generation, the quantifiable benefits associated with off-grid electrification are the avoidable costs of alternative fuels used, such as diesel for generators used by community facilities and businesses, and candles, kerosene, batteries,

<sup>22</sup> World Bank. Lebanon Municipal Services Emergency Project, Implementation Completion and Results Report, Number ICR00004600, December 17, 2018.

<sup>23</sup> Montenegro, C. E., and H. A. Patrinos. 2014. "Comparable Estimates of Returns to Schooling around the World. Policy Research Working Paper. No. WPS 7020. Washington, DC: World Bank.

<sup>24</sup> Bashir, Sajitha, Marlaine Lockheed, Elizabeth Ninan, and Jee-Peng Tan. 2018. *Facing Forward: Schooling for Learning in Africa*. Africa Development Forum series. World Bank and *Agence Française de Développement* and the World Bank. Washington, DC

<sup>25</sup> World Bank. Haiti Strengthening Primary Health Care and Surveillance in Haiti Project (P167512), Report Number PAD2944, April 25, 2019

<sup>26</sup> World Bank. Nicaragua Rural Roads Infrastructure Improvement Project (P123447), Report Number ICR00004391, June 19, 2018.

World Bank. Nigeria Second Rural Access and Mobility Project (P095003), Report Number 65586-NG, August 29, 2012.

World Bank. India Bihar Rural Roads Project (P155522), Report Number PAD2150, November 29, 2016



and charcoal used by households. Solar or wind-powered off-grid electricity systems also provide significant environmental benefits through reduced carbon emissions. Recent World Bank-financed projects that include installation of off-grid electricity systems in Bangladesh, Kenya, Uganda and West Africa generated internal rates of return of 13–44 percent.<sup>27</sup>

- **Rehabilitating irrigation systems.** The quantifiable benefits of rehabilitating irrigation systems comprise increased farmer incomes from selling the incremental output made possible by access to irrigation. Recent World Bank-financed projects that include new or rehabilitated irrigation systems in Bosnia and Herzegovina, Ethiopia, Uganda, and Zambia generated internal rates of return of 8.4–19.6 percent.<sup>28</sup>
- **Institutional benefits.** Institutional benefits are likely to be substantial. The project will provide support to strengthen social resilience, citizen engagement, and conflict prevention. This support is expected to reduce cattle rustling and reintegrate perpetrators into the society and economy. The project will also strive to help the most marginal and vulnerable people in the communities to increase their incomes and strengthen their social networks, increasing their resilience. In addition, the project will provide technical assistance and capacity building support to strengthen communities' ability to operate and maintain their rehabilitated irrigation systems, off-grid electricity schemes, community water schemes, and other new and rehabilitated infrastructure and facilities.

## B. Fiduciary

### (i) Financial Management

85. **The overall financial management system of MID was assessed to be adequate, subject to the implementation of the defined mitigation measures.** The substantial Financial Management (FM) risk is mainly due to the fiduciary inherent risk at the country level, Public Financial Management (PFM) weaknesses, as well as the inherent risk related to the flow of funds to the commune level. The FM assessment was conducted<sup>29</sup> to evaluate whether the project meets the minimum FM requirements as per World Bank Policy and directives.

86. **It is considered that the project's FM arrangements meet the World Bank's minimum requirements under World Bank Policy and Directive for IPF, and will improve the residual FM risk to moderate, once agreed mitigating measures are implemented.** The specific mitigation measures, being funded mainly by the Project Preparation Advance,<sup>30</sup> include: (a) the establishment of the N-PIU and recruitment of qualified and experienced FM staff and internal auditor; (b) the development and adoption of a FM procedures manual as part of the PIM. The recruitment of N-PIU staff is currently underway. These measures shall be implemented before the project effectiveness. The following measures shall be implemented no later than 6 months after the effectiveness: (c) the development of manual of procedures governing the implementation of the component 3A; (d) reinforcement of the control over flow of funds and the implementation of activities related to subcomponent 1A and 2A managed by FDL; (e) robust contract management for infrastructure at the

<sup>27</sup> World Bank. Bangladesh Rural Electrification and Renewable Energy Development II Project (P131267), Report Number 71700-BD, August 16, 2012.

World Bank. Kenya Off-Grid Solar Access Project for Underserved Counties (P160009), Report Number PAD2008, July 5, 2017

<sup>28</sup> World Bank. Bosnia and Herzegovina Irrigation Development Project (P115954), Report Number 65984-BA, March 26, 2012.

World Bank. Ethiopia Irrigation and Drainage Project (P092353), Report Number ICR00004349, January 10, 2019.

World Bank. Uganda Irrigation for Climate Resilience Project (P163836), Report Number PAD3218, May 27, 2020.

World Bank. Zambia Irrigation Development and Support Project (P102459), Report Number 58264-ZM, February 23, 2011.

<sup>29</sup> The assessment was carried out in accordance with the Directives and Policy for IPFs issued on September 30, 2018 and the World Bank Guidance on FM in World Bank IPF Operations issued on February 10, 2017.

<sup>30</sup> PPA IDA V3060 of US\$1.48 million, approved in March 2020, is 20.26 percent disbursed.



commune level; and (f) FM capacity building for local authorities involved in grants management.

**(ii) Procurement**

**87. The procurement assessment revealed that the expected PIU has no experience in managing World Bank funds and therefore the risk rate is substantial.** The N-PIU has hired a procurement officer with experience with the New Procurement Framework (NPF) to mitigate the risk. Further risk mitigation measures include training the N-PIU team members, in general, and their procurement officer and procurement assistants, in particular, accompanied with continuous coaching and hands-on support to the N-PIU. Procurement under the proposed operation will be guided by two documents: (a) the World Bank's NPF, the procedures specified in the World Bank Procurement Regulations for IPF Borrowers' dated July 1, 2016 (Procurement Regulations), updated in August 2018; and (b) the World Bank's Guidelines on Preventing and Combating Fraud and Corruption (Anti-Corruption Guidelines), revised as of July 1, 2016; as well as by provisions stipulated in the Financing Agreement. The N-PIU will draft a procurement manual to be included in the PIM based on and in accordance with these above-mentioned references. All goods and non-consulting services will be procured in accordance with the requirements set forth or referred to in "Section VI. Approved Selection Methods: Goods, Works and Non-Consulting Services of the Procurement Regulations," above mentioned, and the consulting services will be procured in accordance with the requirements set forth or referred to in "Section VII. Approved Selection Methods: Consulting Services of the Procurement Regulations," as well as according to the Project Procurement Strategy for Development (PPSD) and the Procurement Plan approved by the World Bank.

**88. The Project Procurement Strategy for Development (PPSD) was prepared and submitted to the World Bank.** The PSD was developed by the N-PIU with support from the technical ministries and included an acceptable Procurement Plan covering the first 18 months of project implementation. The Procurement Plan specifies, for each contract: (a) a brief description of the activities/contracts; (b) the selection methods to be applied; (c) the estimated cost; (d) time schedules; (e) the World Bank's review requirements; and (f) any other relevant procurement information. Any further updates of the Procurement Plan and the PSD shall be submitted for the World Bank's approval. Continuous monitoring and mitigation of any potential risk will be made possible through regular reporting on the progress and implementation of fiduciary activities, regular supervision, and further capacity building, as necessary. All procurement activities financed by this fund will use the World Bank's online procurement planning and tracking tools, Systematic Tracking of Exchanges in Procurement (STEP), to prepare, clear, and update its Procurement Plan and to carry out all procurement transactions.

**89. Madagascar's national procurement procedures are widely used for local World Bank projects.** The Borrower Agreement will include the obligation of suppliers to respect the World Bank's Anti-Corruption Guidelines (Art. 4-III of the National Code) and the right for World Bank to conduct audits. Other elements of paragraph 5.4 of the Procurement Regulations for World Bank Borrowers are already under implementation by the Borrower.

**C. Legal Operational Policies**

	<b>Triggered?</b>
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

**D. Environmental and Social**



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. 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. The risk of Sexual Exploitation and Abuse (SEA)/Sexual Harassment (SH) is rated as substantial based on an initial assessment. Given the high levels of Gender Based Violence (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 Implementation Unit (PIU) has limited capacity and experience in managing environmental and social risks. The relevant staff and consultants working within the future project will be trained on the new ESF and other required E&S risk management tools prior to implementation and throughout the project implementation.

Eight 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.

In line with ESF requirements, the project has prepared: an Environmental and Social Commitment Plan (ESCP); 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 and SEP have been disclosed prior to project appraisal on 19 October 2020. The ESCP was negotiated on 4 November 2020. The draft ESMF, IPMP, RF, SDSM, LMP have been prepared and will be disclosed before project effectiveness both in country and on the World Bank website.

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 an 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 infrastructure at this 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/ESMP to be conducted in parallel to technical studies during the first year of project implementation.

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 and safety measures for workers.

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 has been included in the ESCP.

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 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.

The implementation of this project will be under the MID with the support of a dedicated Project Implementation Unit (PIU) 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 and one Social specialist will be recruited by the PIU 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 action items to build environmental and social capacity of the PIU and project stakeholders. Sufficient budget, as well as clear institutional responsibilities must be prepared for the implementation of E&S mitigation measures.

## V. GRIEVANCE REDRESS SERVICES

**90. Communities and individuals who believe that they are adversely affected by a World Bank (WB)-supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS).** The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit [www.inspectionpanel.org](http://www.inspectionpanel.org).

## VI. KEY RISKS

**92. The overall project implementation risk is rated as substantial given** (a) high levels of fragility and insecurity in southern Madagascar; (b) limitations of past decentralization reforms; (c) the risk of political interference and elite capture, (d) the elevated levels of insecurity and fragility, (e) the recurring humanitarian crises in the south compounded by the impacts of the COVID 19 pandemic, and (f) the technical challenges due to weak fiduciary and human resources capacity which are even more pronounced in the south.

**93. Political and Governance.** Between 2008 and 2014, Madagascar experienced the most recent of several political crises that severely weakened its institutions and governance. Despite the relative stability that followed the 2014 elections, Madagascar still suffers from poor governance. However, in 2019 Madagascar experienced its first democratic transition of power since its independence, which further reinforces an increasingly stable political environment conducive to continued development efforts. It is nonetheless expected that new reforms in decentralization may induce some delays in implementation. In order to mitigate this risk, the World Bank is closely monitoring updates to the decentralization policy and is currently in discussion with the government for technical assistance support. The risk rating is Substantial.

**94. Sector Strategies and Policies.** The project is closely aligned with the SIDGS, however the approval of the strategy has been delayed for several reasons, mainly due to the emergency of the COVID-19 pandemic. As the World Bank is preparing the Prevention and Resilience Allocation (PRA) with the Government of Madagascar, the World Bank has set the approval of SIDGS as a priority for disbursement of funds. Therefore, the risk rating is Substantial.

**95. Technical Design.** The technical design is complex given the multiple financing activities which include commune grants for basic infrastructure, community grants for economic activities, rehabilitation of key water infrastructure to support beneficiaries' resiliency against drought, and other related mobilization, capacity building, and sensitization



activities. Therefore, several risk mitigation measures were put in place: (i) the project will be an IPF to provide the needed technical assistance; (ii) the project will be anchored in MID which has the mandate to work on the commune level and support coordination with deconcentrated services; and (iii) decentralization of technical staff as required will be undertaken during implementation to support the various activities on the ground. The risk rating is substantial.

96. **Institutional Capacity for Implementation.** Having one PIU at the national level, supported by an inter-ministerial committee and three FPs (one FP in each region), will help address the complexity of the design through streamlining the activities of the project and ensuring implementation capacity on the regional level. This will require close and continuous coordination between MID, MAEP, and MEAH to ensure effective implementation, which has been achieved through the preparation of the project. However, this could be high risk for the project if this coordination diminishes. Several risk mitigation measures have been put in place: (a) a decree establishing the inter-ministerial committee, PIU, and nominating the Director General of Decentralization as the PIU coordinator has been approved on August 13, 2020; (b) key staff of the PIU have been hired including a procurement specialist, an FM specialist, an environmental safeguards specialist and a social safeguards specialist; and (c) missions, technical discussions, appraisal, and the work plan for the first 18 months of the Project have been conducted jointly with all three ministries. With all these mitigation measures, the potentiality of limited commitment or ownership of the institutional arrangements could delay the project activities, especially given the high levels of fragility and repetitive shocks in southern Madagascar. Therefore, the residual risk rating is maintained as high and it will be revisited at every Implementation Status and Results Report stage to assess the rating and success of the mitigation measures.

97. **The fiduciary risk is substantial.** The FM risk is rated substantial mainly due to the fiduciary risk at the country level, PFM weaknesses, and the inherent risk associated to the flow of funds to the commune level. It is expected that the measures illustrated in Annex 2 which includes recruitment of a financial management specialist in the N-PIU, internal auditor, and three accountants and the development of financial manual to be included in the PIM will help mitigate these risks. The procurement risk is also rated substantial because of the limited experience of the implementing agency working with World Bank-financed projects and several mitigations measures have been put in place including: the N-PIU hiring a procurement officer with experience with the (NPF); capacity building and training workshops for fiduciary staff at MID and continuous coaching and hands on support from the World Bank.

98. **The environmental and social risk classification (ESRC) is substantial in line with the World Bank ESF.** While the project is expected to have positive social impacts, the substantial rating is related to high prevalence of GBV and increased insecurity. The project is adopting several mitigation measures to address these risks including developing a GBV action plan, hiring a GBV specialist at the N-PIU in addition to an environment and social specialist, hiring FPs on the regional level who are familiar with social issues and have the local social networks to ensure no harm is done during implementation of activities, and building community early warning committees to support implementation of project activities in more insecure areas.

**VII. RESULTS FRAMEWORK AND MONITORING****Results Framework****COUNTRY:** Madagascar**Support for resilient livelihoods in the South of Madagascar****Project Development Objectives(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.

**Project Development Objective Indicators**

Indicator Name	PBC	Baseline	Intermediate Targets			End Target
			1	2	3	
<b>Improved access to economic and basic infrastructure</b>						
Beneficiaries that have access to socioeconomic services and infrastructures (built and/or rehabilitated by the project) in targeted communes dis-aggregated by types of service and infrastructure (Number)		0.00	0.00	400,000.00	933,333.00	1,400,000.00
Number of women that have access to socioeconomic services and infrastructures (built and/or rehabilitated by the project) in targeted communes dis-aggregated by types of service and infrastructure (Number)		0.00	0.00	100,000.00	533,333.00	800,000.00
Number youth with access to		0.00	0.00	50,000.00	333,333.00	500,000.00



Indicator Name	PBC	Baseline	Intermediate Targets			End Target
			1	2	3	
socioeconomic services and infrastructures (built and/or rehabilitated by the project) in targeted communes disaggregated by types of service and infrastructure (Number)						
<b>Improved economic opportunities</b>						
Beneficiaries reporting the improvement of their livelihoods, promoted by the project (Number)		0.00	0.00	100,000.00	545,000.00	1,000,000.00
Number of women reporting the improvement of their livelihoods, promoted by the project (Number)		0.00	0.00	50,000.00	272,500.00	500,000.00
Number of youth reporting improvement of their livelihoods, promoted by the project (Number)		0.00	0.00	25,000.00	109,000.00	200,000.00
<b>Improved local governance</b>						
Beneficiaries that feel local development plans (PDLII) reflected their needs (Number)		0.00	0.00	699,999.00	800,000.00	1,200,000.00
Number of women beneficiaries that feel local development plans (PDLII) reflected their needs (Number)		0.00	0.00	408,333.00	550,000.00	700,000.00
Number of youth beneficiaries that feel local development plans (PDLII) reflected their		0.00	0.00	145,833.00	200,000.00	250,000.00



Indicator Name	PBC	Baseline	Intermediate Targets			End Target
			1	2	3	
needs (Number)						

#### Intermediate Results Indicators by Components

Indicator Name	PBC	Baseline	Intermediate Targets			End Target
			1	2	3	
<b>Strengthening decentralized local governments, participatory planning and social resilience</b>						
Communes with IGL higher than 6-Local Governance Index (IGL) (Percentage)		0.00	40.00	50.00	55.00	60.00
Percentage of Structure Locale de Concertation (SLC) that are operational in targeted communes (Citizen engagement) (Percentage)		30.00	60.00	75.00	90.00	100.00
Percentage of women participating in the SLC (Percentage)		10.00	30.00	40.00	45.00	50.00
Percentage of youth participating in the SLC (Percentage)		0.00	5.00	8.00	9.00	10.00
Grievances registered related to delivery of project benefits that are actually addressed through the Grievance Redress Mechanism set up by the project in targeted communes (Citizen engagement) (Percentage)		0.00	50.00	75.00	85.00	90.00
Reported risks of conflicts addressed by the Early Warning		0.00	20.00	40.00	50.00	75.00



Indicator Name	PBC	Baseline	Intermediate Targets			End Target
			1	2	3	
and Response System (EWRS) (Percentage)						
Reported cases mediated and resolved that involve youth participation in illicit activities (Percentage)	0.00	20.00	40.00	50.00	75.00	
<b>Resiliency infrastructure</b>						
Percentage of communes that receive grants in less than 60 days after signature of the convention between commune and FDL (Percentage)	0.00	0.00	50.00	60.00	70.00	
Percentage of infrastructure identified through local participatory planning that have been built and/or rehabilitated (Percentage)	0.00	0.00	50.00	70.00	90.00	
Percentage of Infrastructure identified through local participatory planning that have been built and/or rehabilitated with climate and disaster-resilient standards (Percentage)	0.00	0.00	40.00	60.00	70.00	
People provided with access to safe water supplied by the water pipeline (Number)	40,000.00	0.00	75,000.00	100,000.00	145,000.00	
Number of women with access to safe water supplied by the water pipeline (Number)	10,000.00	0.00	50,000.00	70,000.00	80,000.00	
Number of youth with access to safe water supplied by the water pipeline (Number)	0.00	0.00	10,000.00	20,000.00	35,000.00	



Indicator Name	PBC	Baseline	Intermediate Targets			End Target
			1	2	3	
<b>Supporting Resilient livelihoods</b>						
Number of beneficiaries from grants for livelihoods in targeted communes (Number)		0.00	0.00	25,000.00	100,000.00	222,000.00
Number of women beneficiaries who have received grants for livelihoods in targeted communes (Number)		0.00	0.00	20,000.00	75,000.00	125,000.00
Number of youth beneficiaries who received grants for livelihoods in targeted communes (Number)		0.00	0.00	10,000.00	20,000.00	33,000.00
Percentage of community organizations/groups that are functional (Percentage)		0.00	0.00	40.00	60.00	80.00
Percentage of women led organization/community groups (Percentage)		0.00	0.00	40.00	50.00	60.00
Percentage of youth led community organizations/groups that are functional (Percentage)		0.00	0.00	5.00	15.00	20.00
Irrigated areas that have been rehabilitated/improved/developed by the project (Hectare(Ha))		0.00	0.00	2,000.00	5,000.00	9,000.00
<b>Implementation Support and knowledge learning</b>						
Geo-spatial platform for knowledge management and monitoring operational (Yes/No)		No	Yes	Yes	Yes	Yes
Number of evaluations studies for the project (Number)		0.00	0.00	1.00	2.00	3.00



## Monitoring &amp; Evaluation Plan: PDO Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Beneficiaries that have access to socioeconomic services and infrastructures (built and/or rehabilitated by the project) in targeted communes disaggregated by types of service and infrastructure	Beneficiaries in the project areas that have access to basic infrastructure (component 2) and socio-economic infrastructure (component 3) in targeted communes based on priorities developed in the local development plans. This will be dis-aggregated by types of service and infrastructure.	Annually (starting year 2)	Progress reports of the STD and communes by sector	Analysis of progress reports by STD	PIU
Number of women that have access to socioeconomic services and infrastructures (built and/or rehabilitated by the project) in targeted communes dis-aggregated by types of service and infrastructure	Women in the project areas that have access to basic infrastructure (component 2) and socio-economic infrastructure (component 3) in targeted communes based on priorities developed in the local development plans. This will be dis-aggregated by types of service and infrastructure. This indicator	Annual (starting year 2)	Progress report Progress reports of STD and communes; beneficiaries survey	Analysis of progress reports and beneficiaries survey	PIU



	will help monitor the gender gaps identified in the project and ensure the support of women to improve their access to opportunities for empowerment.				
Number youth with access to socioeconomic services and infrastructures (built and/or rehabilitated by the project) in targeted communes dis-aggregated by types of service and infrastructure	Youth (disaggregated by boys and girls) in the project areas that have access to basic infrastructure (component 2) and socio-economic infrastructure (component 3) in targeted communes based on priorities developed in the local development plans. This will be dis-aggregated by types of service and infrastructure. Youth will be defined as individuals under the aged of 18. This indicator will help monitor the gender gaps identified in the project and ensure the support of young girls and boys' inclusion and improving their access to opportunities for empowerment.	Annual (starting year 2)	Progress reports of STD and communes and beneficiaries survey	Analysis of progress reports and beneficiaries survey	PIU
Beneficiaries reporting the improvement of their livelihoods, promoted by the project	Beneficiaries reporting the improvement of their livelihoods, promoted by	Annually (starting year 2)	Beneficiaries survey,	survey using a sampling methodology	PIU



	the project				
Number of women reporting the improvement of their livelihoods, promoted by the project	Women reporting the improvement of their livelihoods, promoted by the project. This indicator will help monitor the gender gaps identified in the project and ensure the support of women to improve their access to opportunities for empowerment.	Annually (starting year 2)	Beneficiaries survey using sampling methodology	Survey	PIU
Number of youth reporting improvement of their livelihoods, promoted by the project	youth reporting improvement of their livelihoods, promoted by the project. this will be disaggregated by girls and boys. Youth will be defined as individuals under the aged of 18. This indicator will help monitor the gender gaps identified in the project and ensure the support of young girls and boys' inclusion and improving their access to opportunities for empowerment.	Annually (starting year 2)	Beneficiaries survey using a sampling methodology	survey	PIU
Beneficiaries that feel local development plans (PDLII) reflected their needs	This indicator measures the number of beneficiaries in targeted communes that feel that their needs are adequately reflected in the	bi-annual	Surveys	Surveys using a sampling methodology	PIU



	local development plans (PDLII) through a consultative and participatory process. Also, this indicator will help monitor closing the feedback loop with beneficiaries to support sustainable citizen engagement.				
Number of women beneficiaries that feel local development plans (PDLII) reflected their needs	This indicator measures the share of women beneficiaries in targeted communes that feel that their needs are adequately reflected in the local development plans (PDLII) through a consultative and participatory process. This indicator will help monitor the gender gaps identified in the project and ensure supporting women's voice and participation in local development processes.	bi-annual	Surveys	beneficiaries survey using a sampling methodology	PIU
Number of youth beneficiaries that feel local development plans (PDLII) reflected their needs	This indicator measures the share of youth beneficiaries in targeted communes that feel that their needs are adequately reflected in the local development plans (PDLII) through a	bi-annual	Survey	beneficiaries survey using a sampling methodology	PIU



	consultative and participatory process. It will be disaggregated by girls and boys. Youth are defined to be under the age of 18. This indicator will help monitor the gender gaps identified in the project and ensure the support of young girls and boys' voice and participation in local development planning.				
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**Monitoring & Evaluation Plan: Intermediate Results Indicators**

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Communes with IGL higher than 6-Local Governance Index (IGL)	With an adapted methodology for MID, this indicator assesses local governance in targeted communes and can be disaggregated by relevant aspects of governance (citizen participation and inclusion/equity; Transparency and accountability; rule of law; efficiency).	Annually	Administrative and financial reports of communes Executive body of communes, SLC, STD	Survey IGL	FDL Observatory of decentralization and local development (ODDL)
Percentage of Structure Locale de Concertation (SLC) that are operational in	SLC are the backbone of the project through which all	Biannual	MID to provide evidence	Analysis of reports	PIU



targeted communes (Citizen engagement)	participatory planning will take place. The criteria to assess the operationalization of SLC are as follows: (i) internal rules of procedure; (ii) annual action plans; (iii) register of recommendations; (iv) identified sub-projects that are in the local development plans (PDLII). This is a Citizen engagement Indicator which also ensures closing the feedback loop with communities.		nce of the following: (i) internal rules of procedure; (ii) annual action plans; (iii) register of recommendations; (iv) identified sub-projects that are in the local development plans (PDLII)			
Percentage of women participating in the SLC	SLC are the backbone of the project through which all participatory planning will take place and therefore women's participation and prioritization of their needs is essential to address issues of exclusion of women from development processes. This is a Citizen engagement Indicator which also ensures closing the feedback loop with women specifically. This indicator will help	Bi-annual	Communes, SLC reports	Reports	PIU	



	monitor the gender gaps identified in the project and ensure supporting women's voice and participation in local development processes.				
Percentage of youth participating in the SLC	SLC are the backbone of the project through which all participatory planning will take place and therefore youth participation is essential. youth is defined below the age of 18 and the percentage will be disaggregated by boys and girls. This is a Citizen engagement Indicator which also ensures closing the feedback loop with youth specifically. This indicator will help monitor the gender gaps identified in the project and ensure the support of young girls and boys' voice and inclusion in local development processes.	bi-annual	Communes, SLC reports	Reports	PIU
Grievances registered related to delivery of project benefits that are actually addressed through the Grievance Redress Mechanism set up by the project in targeted communes (Citizen engagement)	These are grievances received and addressed through the SLC and/or through the EWRS. This is a Citizen engagement Indicator which also ensures	Bi-annually	Communes reports of the GRM	Analysis of decisions taken by SLC regarding the GRM	PIU



	closing the feedback loop with communities.				
Reported risks of conflicts addressed by the Early Warning and Response System (EWRS)	This indicator serves to monitor the EWRS put in place in the targeted communes. It will monitor what types of conflicts are mediated by these structures and what are the outcomes. This monitoring will serve to strengthen these structures.	Bi-annually	SLC reports	Analysis of SLC reports for the EWRS	PIU
Reported cases mediated and resolved that involve youth participation in illicit activities	This indicator will monitor the role of the grievance redress mechanism to help mediate conflicts including youth, specifically boys and young men. This indicator will help better understand social and economic needs of young boys and therefore inform the social and economic activities of the Project to be better tailored for their specific needs in the communities.	bi-annual	SLC reports	Analysis of SLC reports for the EWRS	PIU
Percentage of communes that receive grants in less than 60 days after signature of the convention between commune and FDL	This indicator measures the share of communes that have received the sub-grants for basic infrastructure from the Local Development Fund (FDL) no	Annually	FDL and communes	Analysis of transfer orders issued	FDL and PIU



	later than 60 days after the submission of the request				
Percentage of infrastructure identified through local participatory planning that have been built and/or rehabilitated	Six types of infrastructure will be taken into account: (i) schools; (ii) health centers; (iii) tertiary roads; (iv) electrification; (v) tertiary water connection; (vi) markets. Local participatory planning will be provided by the SLC. This indicator will be disaggregated by types of infrastructure and service.	Annually	APD PV of infrastructures built/rehabilitated Pictures of infrastructures built/rehabilitated	Reports	FDL and PIU
Percentage of Infrastructure identified through local participatory planning that have been built and/or rehabilitated with climate and disaster-resilient standards	Six types of infrastructure will be taken into account: (i) schools; (ii) health centers; (iii) tertiary roads; (iv) electrification; (v) tertiary water connection; (vi) markets. Local participatory planning will be provided by the SLC. This indicator will be disaggregated by types of infrastructure and service and will help monitor integration of climate adaptation mitigation measures.	Annually starting year 2	APD PV of infrastructures built/rehabilitated Pictures of infrastructures built/rehabilitated	Reports	PIU and FDL
People provided with access to safe water supplied by the water pipeline	Access to water is consistent with the definition used in	Annually	Communes, SLC	Reports	STD (water), MEAH and



	the World Bank water supply sector. This indicator measures the actual cumulative number of people in urban areas who benefited from improved water supply services that have been constructed under the project.		MEAH		PIU
Number of women with access to safe water supplied by the water pipeline	the indicator measures the number of women who receive drinking water through rehabilitated pipelines. This indicator will help monitor the gender gaps identified in the project and ensure the support of women to improve their access to opportunities (economics and infrastructure) for empowerment.	Annual (starting year 2)	Communes and SLC MEAH	Surveys	STD (water), PIU, MEAH
Number of youth with access to safe water supplied by the water pipeline	this indicator measures the number of youth (disaggregated by boys and girls) who have access to drinking water through rehabilitated pipelines by the project. This indicator will help monitor the gender gaps identified in the project and ensure the support of	Annual (starting year 2)	Communes, SLC MEAH	Surveys	STD (water), PIU, MEAH



	young girls and boys' inclusion and improving their access to opportunities for empowerment.				
Number of beneficiaries from grants for livelihoods in targeted communes	This indicator measures the number of total beneficiaries that have received grants from the project, through community organizations.	Annually	Progress reports of the project	Analysis of progress reports	PIU
Number of women beneficiaries who have received grants for livelihoods in targeted communes	This indicator measures the number of women beneficiaries that have received grants from the project, through community organizations. Given that the grants will also include a package of soft skills to support women's empowerment and improve their skills to develop resilient livelihoods, this indicator will help monitor the gender gaps identified in the project and ensure the support of women to improve their access to opportunities for empowerment.	Annually	Progress reports of the project	Analysis of progress reports	PIU
Number of youth beneficiaries who received grants for livelihoods in targeted communes	This indicator measures the number of youth (disaggregated by boys and	Annual	Progress reports	Analysis of progress reports	PIU



	girls) beneficiaries that have received grants from the project, through community organizations. Given that these grants will also include a package of soft skills to address barriers of youth inclusion in economic activities, therefore this indicator will help monitor the gender gaps identified in the project and ensure the support of young girls and boys' inclusion and improving their access to opportunities for empowerment.				
Percentage of community organizations/groups that are functional	This indicator measures the share of community organizations that are function. The criteria to measure the functionality of community organizations are as follows: (i) rules of procedure that are implemented; (ii) minutes of meetings.	Bi-annual	Rules of procedure that are implemented and minutes of meetings.	Surveys (Community organizations)	PIU
Percentage of women led organization/community groups	This indicator measures the share of community organizations that are women led and focus on women economic	bi-annual	Rules of procedure that are implemented and minutes	Surveys (Community organizations)	PIU



	empowerment to respond to the gender gaps identified for the project. The criteria to measure the functionality of community organizations are as follows: (i) rules of procedure that are implemented; (ii) minutes of meetings.		of meetings		
Percentage of youth led community organizations/groups that are functional	This indicator measures the share of community organizations that are functional and support youth economic empowerment. The criteria to measure the functionality of community organizations are as follows: (i) rules of procedure that are implemented; (ii) minutes of meetings. This indicator will help monitor the gender gaps identified in the project and ensure the support of young girls and boys' inclusion and improving their access to opportunities for empowerment.	bi-annual	Rules of procedure that are implemented and minutes of meetings.	surveys (community organizations)	PIU
Irrigated areas that have been rehabilitated/improved/developed by the project	This indicator measures the irrigated areas that have been rehabilitated/improved/dev	Annual	Progress reports of the project and minutes	Analysis of minutes of SLC meetings and progress reports of the project	MAEP/DRAEP PIU



	eloped by the project.		of SLC meetings		
Geo-spatial platform for knowledge management and monitoring operational	The criteria to measure the operationalization of the geospatial platform will be as follows: (i) databases available and regularly updated; (ii) activities developed following the analysis of geospatial data thanks to the platform.	Annual	Reports of development actors in the targeted area of the project	Analysis of data from the platform	PIU
Number of evaluations studies for the project	These evaluations will include a mid-term evaluation, a final evaluation, and a cost benefit analysis including an economic analysis of infrastructure rehabilitated.	Every 2 years	Communes, SLC, regional PIU, FPs, donors, steering committee, and other stakeholders in the project	Independent evaluation	Firm to be hired for the evaluations

**ANNEX 1: Implementation Arrangements and Support**

**1. The institutional and implementation arrangements will be developed at 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 of implementation entities at 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 multisector approach of the project by engaging relevant government agencies in project implementation and supervision. Details of the institutional and implementation arrangements are summarized below.

**2. The institutional arrangements have been discussed at length in the main text of the Project Appraisal Document (PAD)** and they include: (i) on the national level a high-level Inter-Ministerial Steering Committee (*Comité de Pilotage*) and an N-PIU both established through the Decree 15.272/2020 dated August 13, 2020. The high-level Inter-Ministerial Steering Committee will provide strategic guidance and ensure consistency and support for the multi-sectoral project activities, and the N-PIU will have the responsibility for project management. The N-PIU will also be supported by the respective line ministries, FDL, and INDDL in order to deliver the activities of the project. The N-PIU will decentralize technical staff as needed to effectively support the project. (ii) on the regional level, FPs will be contracted in each region to provide support to the N-PIU for the implementation of the Project. The FPs will need to have strong technical capacity, local knowledge, and established social capital. The FPs will be responsible for developing the grants manual to be implemented under component 3A, and the terms of reference of the FPs will be annexed in the PIM. And (iii) on the commune level, SLCs will be responsible for ensuring participation, dialogue, and closing the feedback loop for the CE indicators. The organigram of the implementation arrangement is presented below.

Organigram 1: MIONJO Implementation Arrangement





### Implementation Support Plan

3. The strategy for the Implementation Support Plan (ISP) has been devised to undertake the necessary mitigation measures to address the major risks identified in the SORT that are within the control of the project, namely: (a) technical design related to ensuring a range of technical staff from the World Bank are engaged in the project and are providing the technical assistance needed to the implementing agency and the line ministries; (b) institutional capacities, particularly for MID, which would be leading implementation of a World Bank-financed project for the first time; (c) fiduciary issues; and (d) environmental and social risks. The project design cannot address all the risks, but measures are in place to mitigate most. The ISP is designed to review and ensure the mitigation measures are effective and to reinforce them where necessary. The ISP is also designed to enhance the capacity of implementing agencies in a range of technical areas.

4. The ISP will be undertaken by World Bank staff, based on three major principles: (a) frequent local level and field-based supervision of project activities, including consultations with beneficiaries, complemented by DC-based implementation support; (b) technical capacity-building for the implementing agency (N-PIU, FDL, and INDDL) and the FPs; and (c) maintain high-level dialogue with the Government of Madagascar on SIDGS and the decentralization policy. In the initial period of project implementation, the ISP will focus on supporting core management skills to help ensure compliance with World Bank fiduciary and safeguards requirements. The World Bank will also provide targeted technical assistance on M&E, including supporting the development of GIS system, which will be a key tool to address the inevitable coordination challenges that will flow from having multiple donors working in the same regions. Furthermore, the World Bank will use its convening power to bring in good practices of digital innovation for productive opportunities which will be an activity that is supported by the World Bank Partnership for Economic Inclusion Trust Fund (TF0B1990). Over time the World Bank will support government capacity in the following areas: (a) participatory and consultative planning processes at the local level; (b) improving coordination between local and regional government, (c) ability to supervise construction of infrastructure to a high technical standard and that is climate resilient; and (c) developing lessons learned to scale up the approach of the project in the most enclaved areas.

5. In order to support the procurement capacity of the implementing agency, the World Bank will provide a series of training to all staff of the N-PIU, coupled with targeted training for the procurement staff—including the procurement specialist at the N-PIU and the supporting accountants. The World Bank will continue to provide hands on coaching which started during the preparation of the project.

### ISP and Resource Requirements

6. The World Bank's task team will be led by a Task Team Leader (TTL) based in Washington D.C. and two TTLs in Country Office (CO). The team will include country-based FM, procurement, ESS staff and sector specialists. The ISP will make use of the following: (a) regular implementation support missions, at least three times a year given the fragile context and the adaptive approach of the project requiring continuous learning. It is expected that in-country staff will have more regular missions to project activity areas in the first two years; (b) an MTR, which will be an opportunity to make major adjustments to the project design if necessary, review the overall SOP indicators, and initiate the design of phase 2; (c) regular fiduciary compliance reviews, including review of Interim Financial Report (IFR) and external audits; (d) technical audits of the quality of infrastructure; (e) impact assessment; and; (f) implementation completion, where an assessment of the project will be undertaken and lessons drawn to inform SOP phase 2 design and future operations in southern Madagascar. The table below presents the focus of the implementation support and the skills required.

**Table 1.1: Implementation support and skills required**

Time	Focus	Main Skills Needed	Resource Estimate (Staff Week-SW)
First twelve months	<ul style="list-style-type: none"> <li>• Project implementation start up</li> <li>• Support N-PIU</li> <li>• Support to building blocks of project management (FM, procurement, M&amp;E, inter-agency governance structure) and participatory planning processes</li> <li>• Development of monitoring methodology, including baseline survey</li> <li>• Hiring of FPs</li> </ul>	Task management/social development (Head Quarters-HQ)	12
		Agriculture co-TTL (CO)	9
		Social Development (co-TTL)	9
		FM (CO-based)	4
		Procurement (CO-based)	4
		ESS (CO-based)	6
		M&E/MIS (HQ/CO-based)	6
		Water resource engineer (HQ/CO-based)	2
		Strategic Communications (CO-based)	1
		Livelihoods specialist (HQ/CO-based)	6
		Conflict and fragility specialist HQ/CO-based)	6
		GBV specialist (HQ based)	2
12-48 months	<ul style="list-style-type: none"> <li>• Joint implementation support missions with government and monitor implementation performance</li> <li>• Review of annual work/financial plans</li> <li>• Review of quarterly/annual reports</li> <li>• Review of audits/IFRs</li> <li>• Review subproject selection processes</li> <li>• Process review on participatory development planning process</li> <li>• Support revisions of operational manual</li> <li>• Undertake MTR</li> </ul>	Task management/social development (HQ)	8
		Agriculture co-TTL (CO-based)	2
		Social Development (co-TTL)	6
		FM	3
		Procurement	3
		ESS	4
		Health	1
		Education	1
		Rural infrastructure engineer	4
		M&E/MIS	4
		Water resource engineer (HQ/CO-based)	4
		Strategic Communications (CO-based)	2
		Livelihoods specialist (HQ/CO-based)	10
		Conflict and fragility specialist HQ/CO-based)	8
		GBV specialist (HQ based)	3
48-60 months	As above, plus: <ul style="list-style-type: none"> <li>• Impact assessment</li> <li>• Project completion</li> <li>• Design of SOP phase 2</li> </ul>	As above	As above



## ANNEX 2: Financial Management Assessment Report

1. **Budgeting and planning.** Budget arrangements will be described in the FM procedures manual to be developed as part of the PIM.
2. **Staffing.** The N-PIU will be staffed with qualified and experienced FM staff. Three Accountants and one Financial Assistant will be recruited to support the current Finance Manager in the FM activities of the project.
3. **Accounting and financial reporting.** The project accounting system will be maintained on a modified accruals cash basis with disclosure of commitments and will comply with the Malagasy General chart of accounts (*Plan Comptable Général 2005*) which is broadly in line with the International Accounting Standards IAS/IFRS.
4. **Internal controls / FM procedures manual.** As part of the PIM, the N-PIU will develop the FM procedures manual by the effectiveness date setting out the procedures governing the budgeting, accounting, reporting, auditing procedures, contract management as well as the flow of funds applicable to the project.
5. **Internal and external audit.** The N-PIU will recruit a qualified internal auditor who will continuously review the governance, risk management and control over the project's activities. As for external audit, the project accounts will be audited annually. The audit report, the audited financial statements and the management letter will be submitted to the World Bank no later than six months after the end of each fiscal year.
6. **The PAD identifies clear FM risks. The table provides a mitigation plan for these risks.**

Table 2. 1. FM risks Mitigation Plan

Remedial action recommended	Responsible Entity	Completion date	Effectiveness Conditions
Recruit qualified staff including three Accountants and one Financial Assistant. Provide appropriate training on World Bank procedures.	N-PIU Bank	Effectiveness Upon recruitment	Yes No
Develop FM procedures manual as part of the PIM	N-PIU	Effectiveness	Yes
Purchase adequate accounting software	N-PIU	No later than 3 months after effectiveness	No
Recruit qualified internal auditor	N-PIU	No later than 4 months after the effectiveness	No
Recruit an external auditor based on TOR agreed with the World Bank	N-PIU	No later than 4 months after the effectiveness	No
• Update the procedures manual used by FDL for communes' grants to consider control reinforcement over decentralized supervision • Prepare convention template between FDL and communes • Train the local authorities on grants' management	N-PIU MID FDL	Before disbursing on seed and matching grants related category	No (Disbursement condition)



**The World Bank**

Support for resilient livelihoods in the South (P171056)

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