

**PROJECT INFORMATION DOCUMENT (PID)
APPRAISAL STAGE**

Report No.: AB4195

Project Name	Madagascar - Emergency Food Security and Reconstruction Project
Region	AFRICA
Sector	Other social services (35%); Primary education (20%); Sub-national government administration (20%); General water, sanitation and flood protection sector (15%); Roads and highways (10%)
Project ID	P113134
Borrower(s)	GOVERNMENT OF MADAGASCAR
Implementing Agency	Fonds d'Intervention pour le Développement Lot III M 39 - Andrefan' Ambohijanahary BP 8231 – 101 Antananarivo Tel : (261) 20 22 361 50
Environment Category	<input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI <input type="checkbox"/> TBD (to be determined)
Date PID Prepared	November 4, 2008
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I. Country and Sector Background

1. With stable political and macro-economic environments, Madagascar's economy has grown about 6 percent annually over the period 2003-08. This economic performance has led to improved social indicators, particularly in education. However, Madagascar remains one of the poorest countries in the world, with an average income per capita of US\$330. Two-third of its households are living in poverty. Chronic malnutrition (stunting) remains high, at about 44 percent, while one third of children are underweight. Consequently, Madagascar's population is particularly vulnerable to shocks as any additional hardship can have devastating effects on an already impoverished population.

2. A recent study by the IMF has identified Madagascar as one of the sub-Saharan countries most affected by the combined impact of the fuel and food price increases. Despite an appreciation of the local currency and, in July 2008, the application of macroeconomic measures intended to lessen the impact of food prices on the population (rice imports at subsidized prices, decrease in VAT on rice), the domestic price of rice -- which represents one third of the consumption basket among Madagascar's poorest households -- has been steadily increasing. In Antananarivo, the price of rice increased by 15 percent from August 2007 to August 2008. The poorest segments of the population, especially those who are net consumers of rice in rural areas (which is particularly the case in the South and South East regions) and those who live in urban areas, have been most affected by this food price increase. This situation is expected to worsen during the last quarter of 2008, as the country relies on rice imports to fill the gap between

domestic consumption and production between harvest seasons and the domestic price of rice aligns with international prices.

3. The impact of the food and oil crisis is compounded by the fact that three consecutive cyclones have struck Madagascar in early 2008 affecting 17 of 22 regions. These cyclones have caused extensive physical destruction to the country's infrastructure, and eroded the livelihoods of an already struggling population. A comprehensive damage and loss and needs assessment estimated the total damages to be US\$174 million while losses were estimated to be another US\$158 million. The poorest segments of the population have been particularly affected by the cyclones, through the loss of family members, houses, or assets and tools. The recent cyclones have also damaged a large number of schools, which need to be reconstructed or rehabilitated. There is also an urgent need to rehabilitate or reconstruct essential infrastructure, including feeder roads, bridges, and small irrigations schemes, which are essential to food production and distribution.

II. Objectives

4. The Development Objectives of the Project are to (i) increase access to short-term employment in targeted food-insecure areas; and (ii) restore access to social and economic services following natural disasters in targeted communities.

III. Rationale for Bank Involvement

5. Faced with these crises, the Government of Madagascar has been working with development partners to prepare a coordinated response. The Government adopted a supplemental Budget [*Loi des Finances rectificative*] in early July 2008, which includes some selected fiscal measures to alleviate the impacts of the food and oil crises and the cyclones on the population, including a temporary reduction on the VAT on rice and an allocation of additional fiscal resources to social safety nets. Simultaneously, Madagascar's development partners announced a number of accompanying measures including supplemental support to the Budget support, and additional resources to increase domestic food production in the medium-term and strengthen the existing social protection programs to protect the most vulnerable groups in the short-term (cash-for-work and school nutrition programs). The Government has also created a supervisory body, the Office for Emergency Prevention and Management [*Cellule de Prevention et de Gestion des Urgences*, or CPGU] chaired by the Prime Minister, to monitor closely the implementation of these measures.

6. In line with the overall response of Madagascar's development partners, the Bank has worked with the Government to propose this Project as the third component of its three-pronged response. In August 2008, a budget support operation (US\$10 million) contributed to alleviate the immediate macroeconomic impacts of the crises. In October 2008, the Bank provided additional financing (US\$30 million) to the existing IDA's rural project to increase agricultural production and productivity in the medium-term. The proposed Project seeks to provide a safety net in targeted food-insecure areas and to rehabilitate and reconstruct the damages created by cyclones in targeted communities.

IV. Description

7. The Project will comprise four components, as follows:

- Component 1: Social safety net (cash-for-work) (US\$12.3 million). This component would finance a cash-for-work program to increase access to short-term employment in targeted food-insecure areas, as identified by the National Bureau for Risk and Catastrophe Management [*Bureau National de Gestion des Risques et des Catastrophes*, or BNGRC] – the national office responsible for officially defining the catastrophe-affected areas. By providing employment, this component would raise disposable income, and thus improve food consumption of vulnerable groups, including women. This component would also provide training to the agencies involved in its implementation.
- Component 2: Community-driven basic infrastructure (US\$8.0 million). This component would finance community-based infrastructure sub-projects in order to increase access to social and economic services among participating communities. Based on the recent Commune Census and input from regional and local representatives, the Project – which would finance anti-erosion sub-projects, water points, feeder roads, small irrigation schemes, etc. -- would target the poorest communities. Selection of sub-projects would result from a participatory process. This component would also provide training to the agencies involved in its implementation.
- Component 3: Rehabilitation and reconstruction in response to natural disasters (US\$12.8 million). This component would restore access to social and economic services (schools, health centers, small roads, water systems, etc.) in the aftermath of catastrophic events, including cyclones. This component would be available to communities in areas identified as catastrophe-affected areas by the National Bureau for Risk and Catastrophe Management. Representatives of the region, commune and communities would prioritize sub-projects most in need of rehabilitation or reconstruction. As these works would be implemented over three years, they would encompass both immediate needs (post 2008 cyclonic season) as well as expected needs in the next two years. This component would also provide training to the agencies involved in its implementation.
- Component 4: Project management, monitoring and evaluation, and audit (US\$6.9 million). This component would provide support in the form of technical advisory services and other material assistance for the benefit of the FID to facilitate efficient Project management, monitoring and evaluation and audit.

V. Financing

Source:	(\$m.)
BORROWER/RECIPIENT	0.4
International Development Association (IDA)	40.0
	Total 40.4

VI. Implementation

8. The *Fonds d'Intervention pour le Développement* (FID) has been selected to implement this Project. The FID is an effective mechanism for responding to emergencies through the prompt implementation of a cash-for-work program for vulnerable groups, and for rehabilitating and reconstructing basic infrastructures in the aftermath of catastrophic events, including cyclones.

9. Policy guidance and overall project oversight would be the responsibility of the Board of Directors of the FID under the chairmanship of the Prime Minister. The Board of Directors would be comprised of nine members, including one representative nominated by the Prime Minister, and representatives from the Ministry of Finance, mayors of rural communes, civil society, and socio-professional organizations. The Government indicated that the composition of FID's Board of Directors would be revised for the proposed Project so that it includes the Executive Secretary [*Secrétaire Exécutif*] of the Office for Emergency Prevention and Management [*Cellule de Prévention et de Gestion des Urgences*, or CPGU] which depends on the Prime Minister's Office, and of the BNGRC.

10. Overall Project coordination would be undertaken by the FID General Directorate [*Direction Générale du FID*] headed by a General Manager [*Directeur Général*] and assisted by three directors respectively in charge of administration and financial management, operations, and monitoring and evaluation. The General Manager is also assisted by six Inter-Regional Directors [*Directeurs Inter-Régionaux*] each responsible for Project implementation in several regions of the country (there are 22 regions in Madagascar). Each Inter-Regional Director is assisted by three officers [*Chef de Services*] respectively in charge of financial management, operations, and monitoring and evaluation.

VII. Sustainability

11. The Government of Madagascar considers the FID to be a critical mechanism in responding to catastrophic events and remains committed to continue financing the FID from domestic resources.

12. The sustainability of sub-projects implemented under the Program is achieved by ensuring maximum community involvement at implementation and post-completion stages. Special information and communication activities will be carried out by NGOs on operations and maintenance including through user-fees when applicable (e.g. water schemes). In addition beneficiary communities under Component 2 contribute in cash or in kind (materials and labor), or a combination thereof, which further ensures ownership and sustainability of projects. Finally, the FID will systematically use post-completion visits to heighten awareness of the importance of operation and maintenance among beneficiaries.

VIII. Lessons Learned from Past Operations in the Country/Sector

13. The Project would be implemented by the *Fonds d'Intervention pour le Développement* (FID) which has accumulated years of experience in implementing cash-for-work programs for

vulnerable groups (including women), supporting community development and building small-scale community-driven social and economic infrastructures on a large scale, and implementing rehabilitation and reconstruction in the aftermath of cyclones. In doing so, the FID has continuously revised its procedure manuals in order to incorporate lessons derived from experiences. The manuals would be further revised for the proposed Project, in close collaboration with FID management so that the proposed Project incorporates the latest lessons from the US\$178 million IDA-financed Community Development Fund Project which the FID has been implementing since 2001. For example, the labor intensity of sub-projects in the cash-for-work program was decreased to 75 percent (down from 80 percent under the Community Development Fund Project), as it was deemed too stringent by practitioners. The revised manual of procedures would also incorporate recommendations from the June 2008 review of labor intensive public works in Madagascar which were discussed in detail with the FID during project preparation. The revised manual would also incorporate recommendations from the June 2008 post-cyclone damage assessment report, including the mainstreaming of the targeting mechanism (through a close collaboration with the National Bureau for Risk and Catastrophe Management), and the incorporation of cyclone-proof norms and standards in the design of sub-projects.

IX. Safeguard Policies (including public consultation)

14. The environmental classification of the Project is Category B. The FID adopted an Environmental Manual as an outcome of an environmental study conducted in February 1999. This manual has been further refined to incorporate the lessons learned from on years of accumulated experience with the implementation of the Community Development Project. More recently, the manual was revised to incorporate the lessons from an ex-post environmental impact assessment of sub-projects recommended by the September 2007 Quality at Entry Assessment (QEA) for the second additional financing to the Community Development Project. The manual has been further updated in preparation for the proposed Project.

15. The Environmental Manual includes an assessment of environmental impacts and mitigation measures of sub-projects. More specifically, this manual describes: (i) the screening procedures and classification process of sub-projects; (ii) the required mitigation measures; (iii) the monitoring and evaluation system to follow up on the environmental impact of sub-projects and on the implementation of mitigation measures. It also defines the roles and responsibilities of the entities involved in sub-project preparation and implementation, including community associations, local consulting firms, construction firms, etc.

16. The FID has environmental specialists located in the General Directorate and in each Inter-Regional Directorate. This capacity would be maintained under the proposed Project.

17. Activities under the proposed Project would be of the same scale and scope as those implemented under the Community Development Project also implemented by FID. Therefore, since there would be no new or unanticipated impacts, existing environmental safeguards are adequate. The FID has sufficient resources and capacities to manage the safeguard aspects of the Project.

18. The proposed Project would not lead to any resettlement or land acquisition so that OP/BO 4.12 would not be triggered.

Table 1: Safeguard Policies triggered by the Project

Safeguard Policies Triggered	Yes	No
Environmental Assessment (OP/BP 4.01)	X	
Sub-projects to be financed under the Project would include rehabilitation and reconstruction of basic social infrastructure. The environmental and social impacts of the Project activities are expected to be minimal, site-specific, and manageable to an acceptable level. Consequently their potential adverse impacts would be limited.		
Natural Habitats (OP/BP 4.04)		X
Forests (OP/BP 4.36)		X
Pest Management (OP 4.09)		X
Physical Cultural Resources (OP/BP 4.11)		X
Indigenous Peoples (OP/BP 4.10)		X
Involuntary Resettlement (OP/BP 4.12)		X
Safety of Dams (OP/BP 4.37)		X
Projects on International Waterways (OP/BP 7.50)		X
Projects in Disputed Areas (OP/BP 7.60)		X

X. List of Factual Technical Documents

(i) Manuals of Procedures of the FID

(ii) Organizational Chart of the FID

XI. Contact point

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