

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

Report No.:

Project Name	MG-Emergency Support to Education For All Project (P132616)
Region	AFRICA
Country	Madagascar
Sector	Primary education (100%)
Lending instrument	Emergency Recovery Grant
Project ID	P132616
Borrower(s)	Republic of Madagascar
Implementing Agency	UAT-EPT Contact Person: Mrs. Josiane Rabetokotany Telephone No.: +261-202228295 Email: uat_ept@moov.mg
Environmental Category	B-Partial Assessment
Date PID Prepared	February 1, 2013
Estimated Date of Appraisal Completion	February 21, 2013
Estimated Date of Board Approval	October 4, 2013
Concept Review Decision	
Other Decision (as needed)	

I. Introduction and Context

Country Context

1. **Madagascar's economic potential has been hindered by periods of political fragility.** Over the past 15 years, the country has experienced 5 years of political crisis on two distinct occasions. This most recent crisis has persisted since the unconstitutional regime change in March 2009, with devastating effects on the economy, poverty, and social outcomes. Socio-economic development has suffered from growing insecurity, faltering progress on already weak governance,¹ a worsening ability to deal with exogenous shocks, and deteriorating infrastructure. Recent attempts to resolve the political stalemate through mediation by the Southern African Development Community (SADC) progressed notably when the independent electoral commission announced presidential and parliamentary elections. Initially set for May 2013, they are now planned for October 2013, with a potential second round scheduled for December 2013. Despite these positive developments, the political climate remains uncertain.

2. **The economic cost of the crisis has been substantial, and the fiscal policy response has resulted in drastic cuts in the national budget for education.** Overall economic growth has been flat over the 2009–12 period, and combined with high population growth (2.9 percent),

¹ Efforts to improve public sector governance have stalled since the crisis erupted in 2009. Anti-corruption legislation and institutions were created prior to the crisis, but the institutional and regulatory reforms required to support their operation have yet to take place.

income per capita in 2012 has returned to its 2003 level. The economic and social effects of the crisis have been intensified by the suspension of many donor activities, which, in a country where international aid represents at least 50 percent of the government budget, led to significant cuts in investments and a sharp decline in the delivery of services. Public expenditure in the social sectors, particularly in the education sector, have been cut sharply. Poverty in Madagascar, already pervasive prior to the crisis, has risen and is now among the highest in the world. Income per capita barely reached US\$400 in 2011² and, reverted to its 2003 level in 2012.

Sector and Institutional Context

3. **After a decade of sustained growth, access to and retention in primary school have deteriorated since 2009.** From 2002 to 2008, Madagascar made considerable progress on the EFA goals/education MDGs. Significant progress was achieved in expanding universal access to primary education and reaching gender parity. Enrolments in primary education almost doubled over the 2002-2009³ period, from 2.4 to 4.3 million, and the primary completion rate increased substantially, from only 37 percent in 2001 to 79 percent in 2008. However, various indicators point to a sharp deterioration in access and retention in primary education since 2009: (i) first, enrolment stagnated in 2010 and actually decreased, for the first time in decades, in 2011: (ii) a significant increase in dropout rates has occurred since the start of the crisis, from 19 to 25 percent in the first year of primary school. Overall, entering and completing primary school has become much more challenging since the onset of the crisis.

4. **Furthermore, the number of out-of-school children has dramatically increased since 2009.**⁴ According to the latest household survey, the number of out-of-school children in the primary school age population has risen from an estimated 590,000 in 2005 to over 800,000 children in 2010, a 35 percent increase. Although the number of out-of-school children in 2012 is not precisely known, the decrease in primary school enrolments in a country where population growth is estimated to average 2.9 percent annually is a clear indication of an increasing number of children who stay outside of the primary education system.

5. **Marked inequalities also exist in access to and retention in primary education, most importantly by income and geographic location; and to a lesser extent, gender.** While 98 percent of the richest 20 percent of the population had access to primary education in 2009 only 77 percent of the poorest 20 percent of children from the poorest households did. The gap was even more pronounced with respect to retention, with a 63-percentage point difference between the richest 20 percent and poorest 20 percent. Geographical inequalities are also pervasive, with access and retention rates between 6 and 19 percentage points lower in rural than in urban areas. Finally, though although gender inequalities are not as pronounced when compared with other developing countries, boys tend to lag in terms of access, but girls drop out more often, especially in rural areas and of poor families.

² Based on the World Bank Atlas methodology.

³ Throughout the document, data for the school year 2010/2011 is labeled 2011 data.

⁴ It is difficult to measure the number of and trends in the number of out-of-school children precisely due to the lack of a recent population census (the latest census was conducted in 1993).

6. **Access to primary education is severely affected by families' growing inability to pay increasing out-of-pocket costs resulting from sharp cuts in public spending.** Government per primary student spending has decreased substantially from 2008 to 2011 alone, by MGA 10,000 (about US\$5), i.e. 15 percent. Grants provided to school management committees for pedagogical materials declined by two-thirds from US\$1.50 per pupil per year before the crisis to US\$0.45 in 2011. Furthermore, as many as two-thirds of primary school teachers are hired by communities, and a share of their salaries comes from parental contributions. This situation therefore necessitates household contributions to meet this gap in public spending. As a consequence, education expenditures as a share of household consumption have risen from 2.2 percent in 2005 to 3.1 percent in 2010 on average. Evidence shows that financial problems are a key determinant of school drop-out or non-enrolment. National Household Survey data highlight for instance that lack of income is the main reason for dropout and non-enrolment.

7. **Learning outcomes have continuously decreased over the last decade due to a rapidly deteriorating learning environment.** National data on learning outcomes is still rare, with only three comparable student assessments carried out since 1998.⁵ PASEC data show that from 1998 to 2005 there was a sharp decline in grade 5 student learning achievement. French and Mathematics test scores decreased by 11 and 8 points respectively. This trend has worsened considerably over the last few years, and was particularly significant for mathematics, whose score dropped by another 11 points. An analysis of the key determinants of learning outcomes revealed that they are negatively affected by (i) having a non-civil servant community teacher (FRAM), (ii) teacher absenteeism, (iii) students' socio-economic status, with children engaging in livestock activities having lower performance; and (iv) distance to school and overall quality of school infrastructure. On the contrary, learning outcomes are positively impacted by (i) in-service teacher training; seems (ii) the availability of teaching guides materials, (iii) the availability of learning materials, in particular textbooks in French and Mathematics.

8. **Weak institutional capacity at the central and deconcentrated levels is a key constraint to any medium and long term improvement of learning outcomes.** The management of the primary education system follows a centralized model in which central MoE entities assume the responsibility for implementing the Education Strategy with support from deconcentrated entities.⁶ The ability of the MoE to efficiently manage and monitor the implementation of its strategy is currently constrained by: (i) the unstable political situation and the absence of a strategic framework for medium and long term planning that would guide its intervention over the long term, (ii) weak institutional capacity for planning, monitoring, human resources and financial management, in particular at the deconcentrated levels; (iii) the unclear division of roles and responsibilities between the various MoE entities, (iv) an acute lack of equipment and other resources, and (v) a very limited analytical basis to inform the formulation of policies and strategies.

⁵ PASEC assessments were carried out in 1997-98 and 2004-05. In addition, in preparation of the IESP, a nationally representative survey using the PASEC methodology was conducted by the MoE in June 2012.

⁶ The MoE is deconcentrated at the Regional level (22 DREN - Directions régionales de l'éducation nationale – DREN), District level (114 CISCO - Circonscriptions scolaires) and communal level (1,591 ZAP - Zone administrative et pédagogique) for a total of 35,747 schools.

9. **The relatively weak capacity of communities to fully participate in the management of their schools and to play an active role in the monitoring of the system's performance at the local level constitutes a significant missed opportunity.** While households' contribution to the financing of primary education has increased significantly over the past years, their involvement in the management of their children's schools remains low. In practice, the low capacity of communities and a lack of understanding of their potential role constrain their participation in school level decision-making and management. Given the existence of a well-functioning institutional framework for school-based management and almost a decade of experience in this area, strengthening the capacity of communities for actively and effectively participating in the managing of their schools would contribute to greater accountability and potentially better performance (see Annex 1 for more details).

10. **In summary, the primary education system faces three separate, but mutually reinforcing challenges: (i) preserving access and retention, (ii) improving the learning environment, and (iii) strengthening the capacity and participation of stakeholders.**

Government Emergency Response and Strategy for Recovery

11. **An Interim Sector Plan was endorsed in February 2013 that outlines key strategic priorities for the MoE and its partners over 2013-2016.** The IESP was developed by the MoE with support from the LEG and the GPE. In the context of a rapid deterioration of education outcomes and limited political and fiscal space, the IESP focuses on activities that were deemed essential to the survival of the system and achievable. The IESP prioritizes a limited number of activities aimed at protecting access to basic education services and halting the dramatic drop in learning achievement observed over the last decade. In addition, in a context of depleted capacity, the IESP prioritizes the strengthening of stakeholders' capacity to ensure that the system is in a position to rebound when the political situation improves. Given the restricted mandate of the current Transition Government,⁷ the IESP is not able to address questions fundamental for the development of the Malagasy education system but require far reaching reforms, e.g. curricula, language of instruction. Although this may reduce the impact of the IESP on improving learning outcomes over time, it has also helped maintain a degree of realism in the selection and scope of activities.

12. **The previous GPE Grant contributed to mitigating the impact of the crisis on education outcomes, but its closing in December 2012 is endangering the basic functioning of the system.** Madagascar benefited from two previous Grants from the GPEF (formerly EFA-FTI Catalytic Fund), in 2006 and 2009 (see Annex 12 for more details). The first Grant supported extensive changes in the sector, in terms of enrolment and completion but also in terms of systemic reforms. The second Grant was implemented between 2009 and 2012, during a time of political uncertainty and increasing vulnerability. In that context, the second GPEF Grant to Madagascar targeted key priority activities essential to the system and that the government was unable to assume after its resources dropped dramatically. In particular, the Second GPEF Grant funded subsidies to community teachers' salaries, school grants and school kits. Although

⁷ In conformity with the Roadmap, the High Transitional Authority, in power since 2009, focuses on day-to-day management of the country and has to date refrained from committing to long-term policy changes.

it is difficult to know precisely the counterfactual, this Grant most likely helped mitigate the impact of the crisis on primary education outcomes. With the closing of the Second GPEF Grant in December 2012, and limited projected amounts of resources to support the implementation period of the ISP, this Grant will be crucial to fill the funding gap, help maintain the basic functions of the primary education system and prepare the future.

II. Proposed objective(s)

13. **The Project Development Objectives (PDO) are to preserve access to primary education and improve the teaching and learning environment in targeted areas in the recipient's territory.**

III. Preliminary description

14. The project will finance a package of essential interventions for preserving critical effective education service delivery of acceptable quality in response to the negative effects of the persistent political and economic crisis. The project supports the implementation of the Interim Education Sector Plan (IESP) in fifteen regions of Madagascar, building on complementarity and synergies with domestic and external partners' activities in the sector. The project will support the following activities:

- **Component 1: Facilitating access and retention in primary education by reducing the costs of schooling born by families (US\$37.2 million).** This component, which complements interventions by other donors, addresses demand-side constraints in access to schooling by mitigating some of the negative effects of the crisis on the financial ability of households to access education services. This component will support the following two activities: (i) subsidies to community teacher salaries; and (ii) the provision of school kits to public primary schools and selected community primary schools. By reducing the out-of-pocket costs of schooling for households, who finance 19 percent of total primary education expenditures and have become increasingly unable to afford these financial contributions, this component is expected to mitigate the abrupt decline in enrolment observed since 2010.
- **Component 2: Supporting the learning process by improving the teaching and learning environment (US\$35.9 million).** This component contributes to the establishment of a more conducive schooling environment by supporting key supply side aspects which can be improved over the short term by financing the following four activities: (i) non-civil servant community teacher training in key basic competencies, (ii) top-up to the grants provided to public primary schools by the government (called *caisse école*) used to finance operational expenses and the acquisition of basic learning supplies and fund activities of the school annual expenditure program and annual school action plan, (iii) school feeding activities, which will include meals/rations for primary school students in targeted areas: and (iv) school infrastructure improvement in selected areas.
- **Component 3: Strengthening the foundations of the primary education system by rebuilding stakeholders' capacity and improving community participation and**

transparency (US\$8.3 million). This component contributes to strengthening the foundations of the primary education system by ensuring that the various stakeholders (both institutional and communities) are in a position to better respond to the medium and long term challenges of the sector once the political crisis is resolved. It will provide support to the following three activities: (i) strengthening institutional capacity, in particular the planning and monitoring functions of the MoE, to ensure that the system has the capacity to rebound once the political crisis is resolved, (ii) building capacity of local communities to manage their schools, monitor education performance, and promote enhanced accountability; (iii) providing the necessary support for the implementation and monitoring of the IESP and the project activities.

15. **Unallocated Category (US\$4 million).** Approximately ten percent of project financing is in the unallocated category. The amount can be used to cover cost overruns or as a contingency for unforeseen costs related to the project activities necessary to reach the PDO. In particular, the unallocated amount may be used to (i) facilitate a quick response to unforeseen events, requiring fast assistance to affected populations, (ii) adjust the design of the teachers' training component if needed after the feasibility analysis is completed.

IV. Safeguard policies that might apply

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01	X	
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

V. Tentative financing

	(\$m.)
Source:	
Borrower	0
Global Partnership for Education Fund (GPEF)	85.4
Total	85.4

VI. Contact point

World Bank

Contact: Fadila Caillaud
Title: Sr Education Econ.
Tel: (202) 473-7227
Email: fcaillaud@worldbank.org

Borrower/Client/Recipient

Name: Republic of Madagascar
Contact: Ministry of Finance
Title:
Tel:
Email:

Implementing Agencies

Contact: Mrs. Josiane Rabetokotany
Title: UAT-EPT
Tel: +261-202228295
Email: uat_ept@moov.mg

For more information contact:

The InfoShop
The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 458-4500
Fax: (202) 522-1500
Web: <http://www.worldbank.org/infoshop>