



Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 16-Nov-2022 | Report No: PIDA34614



BASIC INFORMATION

A. Basic Project Data

Country Madagascar	Project ID P179466	Project Name Madagascar Safety Nets and Resilience Project	Parent Project ID (if any)
Region EASTERN AND SOUTHERN AFRICA	Estimated Appraisal Date 09-Nov-2022	Estimated Board Date 21-Dec-2022	Practice Area (Lead) Social Protection & Jobs
Financing Instrument Investment Project Financing	Borrower(s) The Republic of Madagascar	Implementing Agency Fonds d'Intervention pour le Développement (FID), Ministry of Population, Social Protection and Promotion of Women	

Proposed Development Objective(s)

To support the Government of Madagascar in increasing the access of extremely poor households to safety net services, developing the social protection system, and promoting resilience to shocks.

Components

- Component 1: Safety Nets and Resilience
- Component 2: Strengthening Safety Net Administration, Monitoring, and Social Accountability
- Component 3: Building the Institutional Capacity for the Coordination of the Social Protection System
- Component 4: Contingent Emergency Response Component (CERC)

The processing of this project is applying the policy requirements exceptions for situations of urgent need of assistance or capacity constraints that are outlined in OP 10.00, paragraph 12.

Yes

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	250.00
Total Financing	250.00
of which IBRD/IDA	250.00
Financing Gap	0.00



DETAILS

World Bank Group Financing

International Development Association (IDA)	250.00
IDA Credit	250.00

Environmental and Social Risk Classification

Substantial

Decision

The review did authorize the team to appraise and negotiate

B. Introduction and Context

Country Context

- Madagascar has one of the highest rates of poverty in the world, with living standards that are 45 percent lower today than they were in 1960.** The Systematic Country Diagnostic (SCD) Update explains this situation by noting that the country has been unable to scale up economic opportunities during periods of relative stability while remaining exposed to frequent, deep and persistent crises. According to the SCD, this has resulted in the poverty rate reaching an estimated 81 percent in 2020, up from 75 percent in 2019.
- Madagascar has faced an unrelenting series of economic, climate, and health shocks in recent years that have dealt severe setbacks to economic growth and poverty reduction.** The COVID-19 pandemic led to a sharp decline in economic activity. Income per capita contracted by 9.8 percent, reversing two decades of cumulative gains in living standards.¹ Recurring droughts in the South of Madagascar have caused up to 60 percent of the region’s population to suffer from food insecurity. A series of cyclones hit Madagascar in January and February 2022, cumulatively affecting at least 420,000 people according to the National Office for Risk and Disaster Management (BNGRC). The rise in food and fuel prices resulting from the war in Ukraine is the latest shock to hit Madagascar. Climate change and disasters disproportionately affect the poorest and most vulnerable in Madagascar and contribute to recurring humanitarian crises.
- Women and girls in Madagascar are limited in reaching their full potential, particularly in the areas of human capital, empowerment, and labor participation.** Illiteracy rates among women are high, at 38.4 percent, compared to 34.2 percent of men.² Access to quality maternal and reproductive healthcare, including birth in health facilities and pre- and post-natal care, is extremely limited. Women give birth on average to five children in rural areas compared to 3.4 children in urban areas, and large, female-headed households face higher rates of poverty as compared to smaller or male-headed households. These trends in poverty and poor human capital

¹ World Bank. 2022. Systematic Country Diagnostic Update for Madagascar

² ONEF. 2017. *Les Femmes dans la Vie Active et dans les sphères Décisionnelles (Women in active life and in Decision-Making Spheres)*



outcomes for women contribute to low levels of empowerment, constrained labor participation, and limited access and use of productive assets including land. Rates of early marriage among girls under 18 in Madagascar are among the highest in the world, and as of 2018, 40 percent of girls under 18 were found to be in marital unions.³ Gender-based violence (GBV) is high, particularly in urban areas. Labor outcomes are lower among women, reflecting greater difficulties in finding employment and lower wages, including in urban areas where women tend to work in less productive activities than their male counterparts. These effects are compounded by restricted access to and use of productive and informational resources, as men are more likely to own cellular phones and have greater exposure to media and the internet. Women are slightly more likely to be excluded from financial services altogether, but in general rely more on informal financial services as compared to men.⁴

Sectoral and Institutional Context

4. **The Government of Madagascar (GoM) has made progress to establish the policy, legal and institutional foundations of a strong social safety net (SSN) as part of its overall social protection system.** The World Bank has been the key partner for financing social protection since 2015, when the Social Safety Net Project (SSNP, P149323) was approved. With World Bank support, the coverage of safety nets has been growing steadily in recent years, but coverage still remains low relative to the Sub-Saharan Africa average. Still, only eleven percent of the extreme poor are covered at present by the social safety net, which increases during periods of crisis (including droughts, cyclone, and the COVID-19 lockdown). Public financing dedicated to social safety net programs in Madagascar is among the lowest in the world⁵ at only 0.3 percent of GDP as of 2018.

5. **Core safety net programs.** In recent years, Madagascar's social safety net system has evolved with the support of the World Bank through the SSNP to comprise two core programs: (i) the Human Development Cash Transfer (HDCT) program (currently 110,000 households) which provides income support to the poorest families to boost household consumption, food security, nutrition and human capital, including in areas most vulnerable to climate risks. The program requires primary school attendance for children between the ages of six and fourteen years and links beneficiary households to health, nutrition, livelihoods, and early childhood development services; and (ii) the Productive Safety Net Program (PSNP) (currently 86,000 households) which provides cash-for-work activities in targeted poor communities in areas which face high levels of environmental degradation as well as potential to increase local agricultural production. Participants contribute to community-based natural resource management through reforestation, agroforestry, watershed management, and other soil and water conservation activities, and receive technical training on improved agricultural practices including climate-smart agriculture. The cash-for-work boosts household consumption and food security as well as productive inclusion, by enabling households to diversify livelihoods through new crops or agricultural practices and thereby increasing resilience to climatic shocks.

6. **Crisis Response Programs.** Madagascar's safety net has also grown in its ability to scale up in periods of crisis, particularly through the SSNP which has a dedicated crisis response window. Coordination between the social protection sector and the National Office for Risk and Disaster Management (*Bureau National de Gestion des Risques et des Catastrophes*, BNGRC) has been strengthened. Still, the rapid succession of recent crises stemming from the COVID-19 pandemic, cyclones, recurrent and severe droughts, and the war in Ukraine has

³ INSTAT-UNICEF, *Madagascar Enquête par grappes à indicateurs multiples (MICS)*, 2018 (Madagascar Multiple Indicator Cluster Survey)

⁴ <http://documents1.worldbank.org/curated/en/789051532448517077/pdf/128782-REPLACeMENT-Digital-MEU-Fostering-Financial-Inclusion.pdf>

⁵ Compared to 1.5 percent in Sub-Saharan Africa on average. Source: ASPIRE database (The Atlas of Social Protection Indicators of Resilience and Equity).



stretched resources and required almost constant mobilization of financing to provide a response to each new shock.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

To support the Government of Madagascar in increasing the access of extremely poor households to safety net services, developing the social protection system, and promoting resilience to shocks.

Key Results

7. Key outcome indicators are expected to include:

- Beneficiaries of SSN programs
 - Number of Beneficiaries of SSN programs Beneficiaries - female
 - Number of beneficiaries of SSN programs - Human Development cash transfers
 - Number of beneficiaries of SSN programs - Cash-for-work, food-for-work and public works
 - Number of beneficiaries of SSN programs - Unconditional cash transfers
- Percentage of primary school aged children of HDCT beneficiary families who attend school at least 80% of the time
- Percentage of infants less than 9 months old having received 5 fundamental vaccinations⁶
- Percentage of households launching or expanding an income generating activity to build resilience
- Social registry established and functional at MPSPWP

D. Project Description

8. The project will have four components:

Component 1: Safety Nets and Resilience (US\$ 213.4 million)

9. This component will ensure continuity of the core and crisis response safety net programs that reach poor and vulnerable households and provide resources for a modest scale-up in the programs' coverage.

- a. **Sub-component 1.1: Human Development Cash Transfer (HDCT) (US\$70.9 million).** This sub-component will finance cash transfers and accompanying measures for beneficiary households in selected geographic areas. Households will participate in monthly accompanying measures sensitization sessions on parental education, early child development, health and nutrition of young children, school attendance (particularly for girls), support for women to access reproductive and healthcare services, activities to enhance literacy, and women's empowerment. Activities to support economic inclusion for HDCT beneficiaries are supported under sub-component 1.4. A combination of community-based pre-selection and a Proxy Means

⁶ Bacillus Calmette-Guerin (BCG); Rotavirus; Diphtheria, Pertussis, and Tetanus (DPT); Pneumococcal conjugate vaccine (PCV); and Measles



Test (PMT) survey will be used to select the beneficiary households, and the resulting list will be validated by the communities themselves.

- b. **Sub-component 1.2: Productive Safety Net Program (PSNP) (US\$69.0 million).** The PSNP provides cash-for-work activities in targeted poor communities. The cash-for-work activities will contribute not only to improved agriculture-based livelihoods, increased food production, and adoption of improved agricultural techniques, but also to climate change adaptation including: agroforestry and tree nurseries for locally-adapted nutritional crops and trees; landscape management (including anti-erosion measures, soil and water conservation, terracing, and use of 'demi-lune' or half-moon water-catchment technique); construction and rehabilitation of canals for irrigation; reforestation; and small-scale hydro-agricultural practices. These activities bring mitigation benefits through the encouragement of climate-smart agriculture and livestock practices; terracing and gully rehabilitation; afforestation; soil health and rehabilitation of degraded land; and soil and water conservation. PSNP beneficiaries receive training to promote adoption of climate-smart agriculture practices.
- c. **Sub-component 1.3: Crisis response safety nets (US\$28.6 million).** Resources under this sub-component will be held in reserve to finance responses to natural, pandemic, or economic shocks and crises based on declarations of need from BNGRC and will allow for rapid, flexible responses providing: (a) unconditional cash transfers for vulnerable populations, horizontal expansion to new beneficiaries or vertical expansion for existing beneficiaries through top-ups on cash transfer amounts in areas where the cash transfer programs are operational; (b) cash-for-work activities for vulnerable populations in areas where manual labor is required to rehabilitate damaged physical infrastructure or assets, or to temporarily boost food production through agricultural-based activities; and (c) infrastructure rehabilitation/reconstruction in areas affected by natural disasters. If financial need for crisis response falls short of subcomponent allocation, funds not utilized under this sub-component will be reallocated to other sub-components if not used within a sufficient period of time before project closing. Depending on the crisis, activities to support economic inclusion for beneficiaries of this sub-component can be supported under sub-component 1.4.
- d. **Sub-component 1.4: Resilience and productive inclusion (US\$44.9 million).** This sub-component will aim to provide training and microentrepreneurial support to produce lasting improvements in the livelihoods of beneficiaries of the core and crisis response safety nets programs above. It will cover beneficiaries of HDCT and PSNP, and the package of intervention is in addition to the cash transfers and accompanying measures provided to households. Depending on the type of crisis and response needed, crisis response beneficiaries could also receive support from the sub-component. Activities under the sub-component will be timed to begin after the beneficiary household has received support under safety net programs for a sufficient amount of time to stabilize consumption. The sub-component will include support for financial inclusion (Village Savings and Loan Associations (VSLA)), budgeting, access to micro-finance), productive inclusion (micro-entrepreneurial training, launching or expanding an income generating activity, market access, and provision of subgrants as start-up capital), as well as soft skills and life skills (self-confidence, decision-making, problem-solving, etc.). Overall, this support is expected both to not only improve resilience of beneficiary households by building assets and savings and diversifying incomes, but also to help a certain number of beneficiary households to "exit" from the need for



social assistance entirely.

Component 2: Strengthening Safety Net Administration, Monitoring, and Social Accountability (US\$29.6 million)

10. This component will provide financing to strengthen the administration of safety net programs. It will finance: (i) the strengthening of the safety net administration through the provision of support for the coordination, implementation and monitoring of Project activities; (ii) the implementation of safeguard requirements; (iii) the implementation of a communications strategy covering operational aspects of the project, (iv) transitioning increasingly to mobile payments in partnership with mobile operators; (v) training for implementing partners and FID staff, (vi) continued strengthening of FID information systems, including interoperability with the social registry and identification systems; and (vii) the implementation and strengthening of FID's social accountability mechanisms and the project Grievance Redress Mechanism (GRM). The component will be implemented by FID.

Component 3: Building the Institutional Capacity for the Coordination of the Social Protection System (US\$7.0 million)

11. This component will support the Ministry of Population, Social Protection and Promotion of Women (MPPSPW) in: (a) the monitoring and evaluation of selected social protection programs; (b) the strengthening of national coordination mechanisms to support vertical and horizontal expansion of cash transfers in response to crisis; (c) the maintenance of the beneficiary registry; (d) the leveraging of the existing beneficiary registry to establish a broader social registry covering potential beneficiary households in selected areas; (e) the coordination between the social registry and the ongoing effort under the PRODIGY project to establish a national identification system that can provide assurance of a unique identity for each household in the registry; (f) the strengthening of the MPSPPW's financial management and procurement capacity; (g) the coordination of Thematic Social Protection Groups (h) the implementation of the communication strategy covering strategic aspects of the project; (i) the financing of operational, technical and financial audits; (j) training and capacity building; and (k) the upkeep and maintenance of MPSPPW premises. The social registry is expected to become a multi-sectoral platform open to other ministries, agencies, and development partners. It will enable the government to coordinate social programs across sectors, implementation actors, and funding sources, while providing programs with high quality targeting.

Component 4: Contingent Emergency Response Component (CERC) (US\$0.0 million)

12. If the resources allocated under sub-component 1.3 prove to be insufficient, this Component will facilitate access to rapid financing by allowing for the reallocation of uncommitted project funds in the event of natural or man-made crises or disasters that threaten to cause economic and social harm, either by a formal declaration of a national emergency or upon a formal request from the government. Following an eligible crisis or emergency, the government may request that the World Bank reallocate project funds to support emergency response and reconstruction. This component would draw upon uncommitted resources from other project components to cover emergency response. An Emergency Action Plan, acceptable to the World Bank, will be prepared and constitute a disbursement condition for this component, together with the Country CERC Manual which has already been prepared in the context of other projects.



Legal Operational Policies

	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

Summary of Assessment of Environmental and Social Risks and Impacts

13. The Environmental and Social Risk Classification (ESRC) is Substantial. Seven Environmental and Social Standards (ESS) have been assessed as relevant such as: 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; and ESS10: Stakeholder Engagement and Information Disclosure.

14. **Environmental risks and impact.** As per the Environmental and Social Directive, the environmental risk for this project is classified as Substantial. The overall adverse risks and potential adverse impacts to be generated on the environment are site-specific, reversible and will be mitigated by specific mitigation measures in notice, standalone ESIA or ESMP to be elaborated before the project implementation. Overall, the project is expected to have positive results, as having been drafted to contribute positively to preservation of the environment and the activities aiming to bring mitigation benefits through the encouragement of climate-smart agriculture and livestock practices, terracing and gully rehabilitation, afforestation, soil health and rehabilitation of degraded land and soil and water conservation.

15. The main environmental risks are associated with activities under component 1.2 where the cash-for-work activities will be conducted agriculture, agroforestry and tree nurseries for locally-adapted nutritional crops and trees, construction and rehabilitation of canals for irrigation, reforestation and small-scale hydro-agricultural practices. These activities may have adverse environmental impacts if they are not compliant with the environmental regulation and law in force or good practices in ESHS requirements, may raise occupational health and Safety (OHS) as well as labor management issues, risks associated with waste management, pest management, erosion, dust and noise generation. The project will benefit from lessons learned from Safety nets projects to adjust environmental management risk. An audit of the ongoing Safety Nets Project is on preparation and the results of this audit will be taken into account.

16. **Social risks and impact.** As per the Environmental and Social Directive, the social risk for this project is classified as Substantial. In line with the World Bank ESF guidelines, the project’s social risks are assessed as Substantial. The Project will largely have long term positive social impacts insofar as it will increase the access of extremely poor households to safety net services and improve their livelihoods. Project activities consist mainly of cash transfers and accompanying measures, cash for work related to small civil work activities and TA activities to enhance institutional capacities. The project’s activities are not expected to produce any large-scale, significant and/or irreversible adverse impacts. Given that the civil works are expected to be minor (rehabilitation of irrigation canal and small-scale hydro-agricultural practices under component 1.2) and rely exclusively on cash for work at local level, the Project is not expected to lead to induce significant labor influx. However, there are



potential adverse social risks and impacts attributable to project activities such as (i) exclusion of disadvantaged groups, particularly in remote areas, during the selection of targeted beneficiaries under components 1; (ii) social tensions due to lack of communication and misunderstanding of selection process; (iii) potential sexual exploitation and abuse (SEA) and sexual harassment (SH); (iv) occupational health and safety hazards from handling of equipment by workers under the cash for work activities; (v) security issues related to cash payment; and (vi) risk related to stakeholder consultations and data protection, (vii) and disturbance of community health and safety mainly risk of transmission of diseases such as Sexually Transmitted Diseases and propagation of COVID-19. While no large-scale land acquisition is expected under this project, activities of component 1 might result in temporary physical and/or economic displacement as it might involve constructions of agriculture and agroforestry infrastructures. There will be also risks associated with working conditions and management of worker relationships, which includes terms and conditions of employment, non-discrimination and workers organizations and the protection of the work force, and impact of migrant workers, possibility of child labor and sexual harassment.

17. **GBV risk and mitigation.** The SEA/SH risk screening is assessed as substantial. SEA and SH may increase as a result of potential abuse of authority especially during selection of beneficiaries, or during the cash payment in remote area for sexual purposes. Furthermore, female project workers including the beneficiaries for cash for work may also be exposed to risks of sexual harassment by colleagues or supervisors either in their place of work while performing their duties related to project implementation. In line with the recommendation of the GBV Good Practice Note, the project will update and implement existing GBV action plan already functional, to avoid sexual harassment and exploitation and GBV. Existing GBV action plan already include (i) a requirement that the project includes clauses on workers' conditions and management, child protection, and GBV prevention in all contracts (code of conduct); and (ii) specific grievance mechanism (GRM) related to GBV. The PIU has also currently GBV/SEA-SH specialist.

18. **Strengthening citizen engagement, Public Consultation and Information Disclosure.** The project will benefit from strong PIU experiences from the existing program on citizen engagement aspect mainly on GM in which more than 130.000 complaints have been successfully treated, with a participatory approach conducted and pursued for the selection of beneficiary, and participatory monitoring (using community score card) tools to support the implementation of some cash for work activities. Therefore, the project will maintain two CE indicators, one related to the GM performance and the second related to beneficiaries feedback through the implementation of a participatory monitoring mechanism. entities where the Project will be implemented.

19. Several consultations have been conducted both at central level and at region level (11 regions covered) during the preparation of the project to ensure awareness and ownership of the project. The project has also developed a comprehensive Stakeholder Engagement plan (SEP) to reinforce sharing information related to the Project such as objectives, activity, impact/results. The SEP has developed strategy and tools tailored to the relevant project stakeholders (project beneficiaries, civil society organizations, private sector, academia, authorities and government institutions), and will be implemented during project lifecycle.

20. **Mitigation and Risk management.** To limit these risks, the project will develop and to disclose by appraisal (i) the Environmental and Social Commitment Plan (ESCP) which could be adjusted during the project life keeping with the evolution of environmental and social risk and impact; (ii) a stakeholder engagement plan (SEP), including GM; (iii) the Labor Management Procedures (LMP); and will prepare (vi) a draft Environmental and Social Management Framework (ESMF) including an updated GBV/SEAH action plan; and (v) a draft Resettlement



Framework (RF). Finally, the borrower will monitor and report on the environmental and social performance of the project against the ESSs. The PIUs will be adequately staffed with environmental and social specialist, and other key relevant specialists.

21. **E&S monitoring.** The M&E systems of the project will include monitoring of Environmental and Social risks impacts and measures. The PIU as the implementing agency for the project, with the guidance of its environmental and social specialists and with support of World bank environmental and social team, will be responsible for the preparation, of the relevant Environmental and Social Assessment documents, or other appropriate E&S tools. Monitoring checklists will be prepared based on the mitigation plan.

E. Implementation

Institutional and Implementation Arrangements

30. **The implementation arrangements will remain the same as in the ongoing SSNP, based on its demonstrated ability to implement efficiently and successfully.** Components 1, 2, and 4 will be implemented by FID, whereas Component 3 will be implemented by MPSPPW.

31. **FID will be responsible for fiduciary aspects as well as for management and implementation of components 1, 2, and 4.** FID will be responsible for the day-to-day operation of these components, ensuring that program implementation is in accordance with operational manuals, and the production of implementation progress report including financial reports related to these components. FID will continue to work closely with a wide group of stakeholders from the Government, communities, the private sector (for example, microfinance and telecommunication companies), and NGOs for the implementation. FID's Operational Manuals of Procedures will be updated for the proposed project, ensuring that FID continues to apply policies, standards, and norms acceptable to the project.

33. **The MPSPPW will be responsible for fiduciary aspects as well as for management and implementation of component 3.** With World Bank support under SSNP, a Social Protection Coordination Unit with capacity in safety nets, information technology for the beneficiary registry and social registry, monitoring and evaluation, communications, safeguards, financial management, and procurement has been put in place within the Ministry and will continue to function under this project. The MPSPPW will play an essential role in fostering cross-sectoral collaboration with other government ministries and agencies in social sectors (education, health, and nutrition), productive sectors (such as agriculture and economic development), and cross-cutting sectors (finance, digitalization).

CONTACT POINT

World Bank

John Van Dyck
Senior Social Protection Specialist

Julia Rachel Ravelosoa
Senior Social Protection Economist



Borrower/Client/Recipient

The Republic of Madagascar

Implementing Agencies

Fonds d'Intervention pour le Développement (FID)

Jaona Andrianantenaina

Directeur General

dirgen@fid.mg

Ministry of Population, Social Protection and Promotion of Women

Miarisoa Patricia RAKOTONIRINA

Secrtaire General

commnication@population.gov.mg

FOR MORE INFORMATION CONTACT

The World Bank

1818 H Street, NW

Washington, D.C. 20433

Telephone: (202) 473-1000

Web: <http://www.worldbank.org/projects>

APPROVAL

Task Team Leader(s):	John Van Dyck Julia Rachel Ravelosoa
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Approved By

Practice Manager/Manager:		
Country Director:	Marie-Chantal Uwanyiligira	21-Nov-2022

