



Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 30-Jun-2020 | Report No: PIDA28886



BASIC INFORMATION

A. Basic Project Data

Country Madagascar	Project ID P169413	Project Name MG-Digital Governance and Identification Management System Project- PRODIGY	Parent Project ID (if any)
Region AFRICA EAST	Estimated Appraisal Date 03-Aug-2020	Estimated Board Date 29-Sep-2020	Practice Area (Lead) Governance
Financing Instrument Investment Project Financing	Borrower(s) Ministry of Finances and Budget	Implementing Agency PRODIGY PIU	

Proposed Development Objective(s)

The Project Development Objective is to strengthen the identity management system and government capacity to deliver services in selected sectors.

Components

Creation of a consolidated and interoperable identity management system
Digital and Mobile Government Services
Project management and implementation

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	143.00
Total Financing	143.00
of which IBRD/IDA	140.00
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Development Association (IDA)	140.00
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IDA Credit	140.00
Non-World Bank Group Financing	
Trust Funds	3.00
Global Financing Facility	3.00

Environmental and Social Risk Classification

Moderate

Decision

The review did authorize the team to appraise and negotiate

Other Decision (as needed)

B. Introduction and Context

Country Context

1. Madagascar has embarked on a positive trajectory: the country’s first peaceful and democratic transfer of power took place during the 2019 presidential elections, and had shored up hope for long term stability. Economic growth has consistently improved during the last six years, with GDP growth accelerating from 2.3 percent in 2013 to an estimated 5.2 percent in 2019. These achievements were underpinned by an ambitious economic reform program, aiming to attract private sector investments. They resulted in Madagascar gaining five spots on the 2018 Doing Business report within the space of a year, to reach the 161th rank out of 190 economies (ranking unchanged in 2019). Improvements were registered in particular with regards to starting a business, obtaining credit and enforcing contracts. The newly elected President, Andry Rajoelina, presented his overall program, “Madagascar’s Emergence Initiative” (IEM), which is framed around three main pillars: i) improving basic social services; ii) strengthening governance and democracy; and iii) promoting economic growth.

2. These gains have been upended by the COVID-19 outbreak, which was first detected in Madagascar in March 2020, and has already taken a heavy toll on human lives and economic activities worldwide. The pandemic has resulted in over 3,5 million cases globally since end-2019, of which 771 confirmed cases in Madagascar and 6 reported deaths by the end of May 2020. With the exception of essential services, government began working remotely, and focusing on leveraging digital service provision where possible. A \$ 826 million multi-sector crisis response plan has been elaborated by the government, including a health program, support to the private sector, and social protection measures,



notably cash transfers and food distributions¹. Short-term assistance includes the deferred payments of utility costs for citizens, the suspension of tax credits, and the deferral of declaration and payment of synthetic taxes and social security contributions, to address the problem of liquidity for households and businesses and curb economic fallout

3. This crisis of an unprecedented scale will have dramatic long-term socioeconomic effects, and will require an effective and vigorous response from Government. GDP growth is expected to contract 3.6 percent in 2020, to reach 1.2 percent, with a financing gap estimated at 1.1 percent of GDP. According to initial estimates in the scenario of a protracted crisis with borders remaining closed, welfare losses could amount on average to 14 percent across Sub-Saharan Africa relative to no-Covid scenario². Given the loss of expected revenues resulting from declining economic activity, the Government of Madagascar will need to become even more efficient in the years to come to provide effective services to citizens and businesses alike.

Sectoral and Institutional Context

Overall Sectoral Context

4. Accessing public services in Madagascar is arduous and time-consuming, and often subject to corruption. Almost all tasks, even the most menial such as consulting opening hours of a public service, or requesting a simple government form, need to be carried out in-person. A two-tiered service delivery system has developed, with the wealthiest using social connections, bribes or employing intermediaries to speed up service delivery or gain access to the best quality services. The remainder of the population must travel long distances and/or queue for hours, receives substandard services even for the most basic procedure, and are often subjected to petty corruption. According to a 2019 survey, close to 40 percent of respondents indicated having paid bribes to receive adequate, or quicker health services³.

5. The inefficient identity management system further entrenches exclusionary service delivery. Close to a quarter of the population lacks documents to prove their legal identity, preventing them from accessing schooling, health services, and later in life banking, pensions, entitlement claims and property transactions. It also deprives citizens of basic rights such as voting and standing for election, contributing to lower levels of government accountability and weakening the social contract between the state and its citizens. Madagascar's Identity-Management (Id-M) system is complex, fragmented, and prone to security risks and human errors. The time and money involved in traveling medium to long distances, and providing

¹ As of end-April 2020, cash-transfers and food distributions have targeted 177,000 of the most vulnerable households impacted by the crisis in urban areas, to compensate for the loss of income and allow them to meet their daily consumption needs.

² Africa's Pulse, April 2020

³ https://www.transparency.mg/assets/uploads/download_manager/diagnostic.pdf



various declarations and statements to register a child's birth and obtaining a National Identity Card (*Carte d'Identité Nationale*, CIN), constitute a significant opportunity cost, especially for rural populations. This creates a real barrier to unique, timely, and secure identification.

6. There are significant opportunities for digital transformation in Madagascar. The country has a strong supply of software development talent, with around 500-600 skilled software engineers graduating per year, and a dynamic ICT private sector. Thanks to increased mobile phone coverage and decreasing communication costs, mobile phone usage has risen to 40 percent of the population, and about two-thirds of the population have access to a mobile phone. This provides significant opportunities for multimodal service delivery (sms, ussd, ...), which can target people with limited literacy and/or the most basic phones. Such opportunities are confirmed by the sharp uptake of the 3-2-1 toll-free automated hotline, which delivers information on a wide range of development topics. Service usage reached 7,6 million calls in 2018. Similarly, the use of the 910 and 913 hotlines providing information on Covid-19 peaked at 150.000 calls per day following the border closures.

7. The Government of Madagascar has announced high level commitment to civil registration and Id-Management systems reform, as well as digital transformation. On February 12, 2020, the council of Ministers confirmed the adoption of a high-level strategy to ensure universal access to civil registration, and the creation of an ID management database which will feed into the digital governance strategy. The reforms will build on the 2017 National Strategy for Civil Registration reform, and the adoption of new legislation in 2019⁴, which calls for the creation of a National Civil Registration and Identification Center (NCRIC) to manage the central civil registry and national identification databases, which will be the foundation for the issuance of identity credentials. Following the onset of the COVID crisis, the President of the Republic announced the creation of a population registry for all areas affected by the lockdown, to facilitate the implementation of cash transfers.

8. The Presidency has created a digital governance unit to develop and coordinate the implementation of the national digital governance strategy⁵, which is fully aligned with the PRODIGY project. The strategy is based on international best practice, including an agile and user-centric design approach. A Chief Digital Officer (CDO), with longstanding private sector expertise, was recruited in December 2019 to lead the digital governance unit. The government is currently setting up the remaining team within the DGU, and the CDO has begun reviewing and supporting the development of various digital services⁶.

⁴ Law #2018-027 on civil registry

⁵ The digital governance strategy was presented by the Secretary General of the Presidency in October 2019.

⁶ These digital services are aligned with the PDO of the PAPSP. Additional services that are not related to this project will supported once the PRODIGY funds are available.



The Development Problem

9. **In Madagascar, one out of four people cannot access basic services due to the lack of legal identity⁷**, which deepens exclusion and inequality throughout their lifetime. These self-reinforcing constraints lift a sizeable barrier for unregistered populations to climb out of poverty. It also deprives citizens of basic rights such as voting and standing for election, contributing to lower levels of government accountability and weakening the social contract between the state and its citizens. These citizens are effectively invisible to the State, which in turn is unable to identify and respond to their needs. Madagascar's Identity-Management (Id-M) system is complex, fragmented, and prone to security risks and human errors (see annex 4 for a full description of the Id-M system). The key barriers to timely and universal birth registration are physical, economical, and sometimes cultural, particularly outside of Madagascar's urban centers⁸. The time and money involved in traveling medium to long distances, and providing various declarations and statements to register a child's birth, constitute a significant opportunity cost, especially for subsistence farmers and other rural dwellers. Applying for and obtaining a National Identity Card (*Carte d'Identité Nationale*, CIN) also involves extensive procedures, providing a real barrier to unique, timely, and secure identification. Given the unreliable nature of the Id-M system, functional registers each use their own identification number to track individuals and businesses, leading to duplications, inefficiencies, and fraudulent enrolments to various benefits.
10. **Government has yet to make full use of the potential of digital technology to transform service delivery** - including for the improvement of the Id-M system. Accessing public services in Madagascar is complex and time-consuming. Almost all tasks, even the most menial such as consulting opening hours of a public service, or requesting a simple government form, need to be carried out in-person. Government websites offer limited actionable information, and there is no payment gateway which would allow the government to receive online application forms together with the payment for government service fees. Only 4 services are partially or fully offered online⁹, and multimodal (voice, SMS, USSD) public services are only just being piloted on a very small scale (see annex 6 for a more detailed assessment of digital governance in Madagascar). A two-tiered service delivery system has developed, with the most fortunate employing intermediaries to interact with the administration and speed up service delivery, while the remainder incur significant direct and indirect costs, travelling long distances, waiting long hours in queues and experiencing heavy delays. Yet government and donors have so far largely focused on developing technological solutions aimed at addressing the internal needs of the administration and reducing transaction costs, with often unclear linkage to improved service provision for the population and businesses.

⁷ Without legal identity, individuals can be prevented from accessing schooling, health services, and later in life banking, pensions, entitlement claims and property transactions.

⁸ They include: lack of familiarity with the civil registration process and its benefits, fear of authorities, cumbersome procedures requiring evidence that is sometimes difficult to obtain, difficulties accessing the registration agencies (distance to registration point), and indirect costs of registration.

⁹ With support from the World Bank, the Tax Directorate (DGI) set up a website for online tax payments, which is the most visited and used government website. The CNaPS social security fund also offers two online services, although paperwork still has to be provided in person. The other two services are provided under PPPs.



11. In addition, the lack of data security and privacy enforcement is not conducive to developing trust in public and private digital services and creates risks for the administration, population and consumers. Madagascar has seen the emergence of various forms of cybercrime, and digital government systems are amongst the most vulnerable in the world¹⁰, exposing government systems and data to both domestic and external threats. Institutional and regulatory frailty, strong information asymmetry between infrastructure and service providers on the one hand, and the State on the other, as well as lack of training of public servants also increase the risks of massive data sweeps¹¹. Madagascar has adopted comprehensive laws on cybersecurity and personal data protection, but regulatory, operational and institutional frameworks are still missing: the Computer Emergency Response Team (CERT-MG) and data privacy agency (DPA) have not yet been created for example. There is no government-wide policy on data ownership and usage, no oversight authority guaranteeing data privacy, and the technical and organizational measures on securing personal data in the recent law of Civil Registration are not comprehensively implemented.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

The Project Development Objective is to improve government capacity to deliver services in selected sectors, by strengthening the identity management system, and streamlining and digitalizing key services.

Key Results

- 12. The main outcomes of the project will be:** (i) improved access to civil registration and upgraded national identity card; (ii) improved government capacity to deliver services in selected sectors.
- 13. The progress towards the PDO will be measured by the following indicators:**
- **PDO 1:** Share of population with new identity credentials comprising their Unique Identity Number
 - **PDO 2:** Number of users benefiting from streamlined and/or digitalized services compliant with new quality standards

¹⁰ Madagascar ranks 98 out of 100 on the 2018 Cybersecurity Index 2018 (NCSI 2018)

¹¹ There have been several reported cases of data sweeps by service providers in Africa, and most notably the insertion of a backdoor in the African Union computer network that allowed for data transfers.

https://www.lemonde.fr/afrique/article/2018/01/26/a-addis-abeba-le-siege-de-l-union-africaine-espionne-par-les-chinois_5247521_3212.html



D. Project Description

14. The project proposes to adopt a results-based financing (RBF) approach through the use of Performance Based Conditions (PBCs), to support efforts to strengthen sectoral governance, as well as adopt institutional and policy reforms.

15. The project's components 1 and 2 are strongly interdependent. Component 1 focuses on creating an effective and secure identity management (ID-M) system, notably through interoperable civil registration (CR) and national identity (ID) databases. The second component will support government capacity to streamline and digitalize key services for citizens and businesses, including those that rely on CR and ID databases.

Component 1: Creation of a consolidated and interoperable identity management system (US\$ 90 million+ US\$ 3 million GFF)

16. This component seeks to address the shortfalls and inefficiencies of the current identity management system. The objectives are to: (i) facilitate and secure access to civil registration services and legal identity for all citizens; and (ii) provide the institutional and technological underpinnings to support streamlined access to public services and benefits, as well as digital transformation efforts.

Subcomponent 1.1: Institutional and administrative framework for inclusive access to legal identity

17. This subcomponent seeks to implement the administrative, institutional and organizational framework supporting the modernization of civil registration and Id Management. The main objectives are to: (i) Implement the National Civil Registration and Identification Center (NCRIC), responsible for managing the two National Civil Registration and Identification databases, (ii) define and implement streamlined, standardized and simplified civil registration and Id management procedures for service delivery across the country, including remote areas and for all stakeholders (health centers, communes and civil registration centers, and central level) (iii) adopt and implement a unique identifier number from birth and improved security of identity credentials, (iv) strengthen regulatory and legal framework for data security and protection of personal data; and (v) improve registration of population.

18. Reforms will be informed by studies of behavioral change and civil registration user experience in order to remove barriers to timely registration of vital events. Additional funding from the GFF will support the specific activities for the health sector to strengthen the capacity of community health workers to provide timely and accurate notification of vital events that take place in health facilities (births and deaths). This will contribute in improving the registration of these events, as well as improve the vital statistics system in Madagascar through a digital notification system.



Subcomponent 1.2: Technological foundations for identity management interoperability

19. This sub-component will support the modernization of civil registration and Id management through the implementation of the systems and platforms required for the secure digitalization of civil registration and Id management processes and records. ¹² The main objectives are: (i) to provide the foundations for improved a digital Id verification and authentication for citizens to access services and benefits, (ii) digitalize the civil registration processes and records toward a consolidated national secured database of Id and (iii) to implement the foundational registers (Id and civil registration), basis upon which government digital platforms will be built and linked through the interoperability system.

20. The architecture connecting civil registration offices and local tribunals nationwide will be funded through a special appropriation account established within the Ministry of Finance. This will allow the channeling of funds to support operating and investment costs associated with civil registration at communal level, including for the purchase and maintenance of IT equipment. This account will also allow other donors to contribute funding towards civil registration.

Component 2: Digital and Mobile Government Services (US\$ 44 million)

21. This second component seeks to increase the coverage and the quality of public services, by building the Government's infrastructure and capacity to streamline public services and deliver them through digital or multimodal means. The first subcomponent will focus on the analog complements and technological infrastructure required for effective digital transformation (back-end). The second subcomponent will focus on the delivery of digital services to citizens and businesses (front-end), using various channels, including web, phone and in-person, depending on the target population.

Subcomponent 2.1: Improved digital governance framework, skills and infrastructure (back-end)

22. This sub-component will strengthen the institutional and organizational foundations, policies, mandate and skills for digital government, in articulation with component 1. While re-engineering internal organization and procedures, this component will also promote the environment and capabilities for implementing and sustaining the digital government reforms.

23. This component will also provide the technological foundation for digital authentication across government services through an interoperability system. This system consists of a secured data exchange layer, allowing information systems across government to communicate and exchange data with one another. Such a system, combined with the appropriate regulatory framework, allows for the verification and authentication of identities across services and the implementation of the "once-only"

¹² Digitization refers to the transformation of data into electronic format (e.g. digitization of records), while digitalization refers to automating a process through digital means (e.g. digitalization of payments).



principle. Concurrently, the interoperability platform also lowers the barriers for government institutions to extend their physical services to the electronic environment.

Subcomponent 2.2: Improve delivery of, and access to, user-centric digital government services

24. This sub-component will support the design and implementation of efficient digital and in-person services, taking a demand-driven and user-centric approach. A first dimension of the solutions developed under this component refers to the provision of actionable information needed by internal and external-users.¹³ This could include, for instance, the use of unique identifiers to better monitor vaccination campaigns (*internal users*), or the provision of information about public services (e.g. documents required for a procedure) through a single-portal in an accessible and user-friendly manner. A second dimension will increase the coverage and quality of public services offered through multiple channels¹⁴. Sectors and services eligible for support have been pre-identified, including in particular the health and education sectors. The selection of the final set of services will be informed by the results of an inventory of government service usage and user research. Integrating flexibility in the selection of services to be supported will allow the project to adapt to the evolving “readiness” of different ministries and public organizations, and to respond to the Government and the user’s evolving needs (for example during the Covid-19 crisis). Where solutions are partially supported by already existing Bank project (e.g. register of social program beneficiaries), the project will provide specific assistance with regards to user-centricity techniques and technological requirements for optimal results.

Component 3: Project management and implementation (US\$ 5 million)

25. The main objectives of this component are to reinforce project implementation capacity. The project will be managed by a dedicated Project Implementation Unit (PIU), within the Presidency. This subcomponent will support the operating costs and necessary investments related to project management including consultant recruitment for technical support, fiduciary and M&E management, provision of IT materials, office equipment and office rehabilitation work for the project implementation unit. The PIU will be responsible for creating the necessary coordination for the timely and effective implementation of the project.

26. The PIU will also be responsible under this component for implementing a change management program to support the implementation of the project activities, working closely with the DGU and other

¹³ In the context of this project, *internal* end-users refer to government individuals who may use technology for their routine activities (e.g. vital data for health planning); and *external* end-users refers to citizens, service providers and businesses.

¹⁴ The coverage and quality of in-person services can be improved, for instance, by allowing users to get services at multiple locations (e.g. duplicates of documents), and through integrated systems that reduce the number of steps and documents required to obtain a service.



Ministries or public organizations receiving support from the project. This includes providing leadership training, study tours, and twinning arrangement with countries that are leaders in digital transformation, creating incentives within the administration to motivate and engage civil servants and obtain their buy-in into the digital transformation agenda.

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

27. In line with the WB Environmental and Social Framework (ESF), the environmental and social risk classification for the project is moderate. It is expected that the project activities will have strong positive social impacts by guaranteeing the access of many people to digital governance. 05 Environmental and social standard (ESSs) are relevant for the project: 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; ESS10 Stakeholder Engagement and Information Disclosure. The potential adverse social risks and impacts are not likely to be significant. Indeed, no adverse social risks or impacts related to land access, community health & safety or cultural heritage have been identified for the project. The project may, however, deal with potential labor conditions and sexual harassment and intimidation risks amongst employees mainly related to the mobilization of consultants, civil servants and other contractors by the project, as well as the increased training for women in digital skills. The introduction of digital governance could potentially lead to a greater risk in the security and confidentiality of personal data collected, possible case of elite capture, greater misunderstanding by the public facing the proliferation of these new management tools, and larger digital divide among various segments of society (different government units, regions, rural and urban areas, and between populations with access to the Internet and those without, especially the vulnerable groups and people in remote areas). The project as currently presented does not yet provide enough information on the type of targeted vulnerable group, in accordance with the PDO. Therefore, this highlights the need to ensure that the maximum of, if not all, vulnerable groups (such as persons with disabilities, gender/sexual minorities, ethnic minorities, people living in remote or isolated areas, etc..) will be involved and will benefit from the project in order to ensure the principle of inclusion and non-discrimination.



28. Citizen Engagement. The Project is expected to reinforce citizen engagement and will ensure that related mechanisms in place are inclusive: (i) the project will have two citizen engagement indicators, one related to GRM performance, and one related to beneficiaries satisfaction (beneficiaries feedback); and (iii) the project will reinforce and implement the GRM to strengthen Project governance.

E. Implementation

Institutional and Implementation Arrangements

29. The Project will be anchored within the Presidency and implemented by a dedicated PIU. It will work closely with the Program for Reform of the Efficiency of the Administration (PREA¹⁵), which has until recently hosted the Madagascar Public-Sector Performance Project (PAPSP, P150116). The PREA has managed several donor-financed governance projects (EU, AfDB), and can therefore also support donor harmonization.

30. The Digital Governance Unit (DGU), created within the Presidency with support from the project, is the entity in charge of the daily digital transformation activities – within and outside the scope of PRODIGY. The DGU will be responsible for diffusing a cultural change in the implementation of digital transformation in Madagascar, based on a result-driven performance, agile methodology and user-centered design. The Digital Governance Unit will work closely with the PIU, and will provide technical inputs regarding digital transformation, the choice of infrastructure and technology to ensure harmonization across all digital services (including beyond the scope of PRODIGY and WB financed projects), validation and quality assurance of digital services, and develop selected digital services.

31. Strategic direction will be given through a dedicated Project Steering Committee, composed of high-level decision-makers representing each of the project stakeholders and beneficiaries, including the Ministry of Interior and Decentralization; the Ministry of Telecommunication and Digital Governance; and other relevant stakeholders. The PIU coordinator will report directly and regularly to the Project Steering Committee, including on key performance indicators, and the Chief Digital Officer will also regularly provide progress reports on the implementation of the digital transformation strategy. The Steering Committee will help resolve issues that may require high-level coordination.

¹⁵ *Programme de Réforme pour l'Efficacité de l'Administration*



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