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The World Bank

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IMPLEMENTATION COMPLETION AND RESULTS REPORT
ON
THREE PROGRAMMATIC POVERTY REDUCTION SUPPORT OPERATIONS
(PRSCs 1-3)

(IDA-39600, IDA-H1160, IDA 41000, IDA-42210)

IN THE AMOUNT OF SDR 166.3 MILLION
(US\$ 245 MILLION EQUIVALENT)

TO
THE REPUBLIC OF MADAGASCAR

January 28, 2008

Human Development 3
AFTH3
Africa Region

CURRENCY EQUIVALENTS

(Exchange Rate Effective as of June 10, 2007)

Currency Unit	=	Ariary
US\$1.00	=	1842 Ariary

FISCAL YEAR

January 1 – December 31

ABBREVIATIONS AND ACRONYMS

AGOA	-	African Growth and Opportunity Act
ARMP	-	Agence de Régulation des Marchés Publics
BIANCO	-	Bureau Independent Anti Corruption
CAS	-	Country Assistance Strategy
CFAA	-	Country Financial Accountability Assessment
CHD1	-	Hospital at District Level
CPAR	-	Country Procurement Assessment Review
CSB	-	Centre de Santé de Base
CSLCC	-	Conseil Supérieur de Lutte Contre la Corruption
DEA	-	Directorate of Water and Sanitation
DHS	-	Demographic and Health Survey
DTP	-	Diphtheria, Tetanus and Polio
EFA	-	Education for All
EPM	-	Enquête Prioritaire auprès des Ménages
EU	-	European Union
FLD	-	Local Development Fund
FY	-	Fiscal Year
GDP	-	Gross Domestic Product
GOM	-	Government of Madagascar
HIPC	-	Highly-Indebted Poor Countries
HIV/AIDS	-	Human Immunodeficiency Virus/ Acquired Immune Deficiency Syndrome
ICRR	-	Implementation Completion and Results Report
IDA	-	International Development Association
IGF	-	Inspection Générale des Finances
IMF	-	International Monetary Fund
INSTAT	-	National Institute for Statistics
JIRAMA	-	Electricity and Water Company
M&E	-	Monitoring and Evaluation
MAP	-	Madagascar Action Plan
MDG	-	Millennium Development Goal
MEFB	-	Ministry of Economy, Finance and Budget
MEM	-	Ministry of Energy and Mining
ONN	-	Office National de Nutrition
PAD	-	Project Appraisal Document
PAP	-	Priority Action Plan
PEFA	-	Public Expenditure and Financial Accountability
PRSCs	-	Poverty Reduction Support Credits
PRSP	-	Poverty Reduction Support Paper
SEECALINE	-	Nutrition Project
STA	-	Secrétariat Technique à l'Ajustement

	PRSC-1	PRSC-2	PRSC-3	ICRR
Vice President	Callisto Madavo	Gobind Nankani	Gobind Nankani	Obiageli Ezekwesili
Country Director	Hafez Ghanem	James Bond	James Bond	Ritva Reinikka
Country Manager				Robert Blake
Sector Director	Paula Donovan	Paula Donovan	Yaw Ansu	Yaw Ansu
Sector Manager	Emmanuel Akpa	Emmanuel Akpa	Laura Frigenti	Laura Frigenti
Task Team Leader	Benu Bidani	Benu Bidani	Stefano Paternostro	Philippe Auffret

THE REPUBLIC OF MADAGASCAR
THREE PROGRAMMATIC POVERTY REDUCTION SUPPORT OPERATIONS
(PRSCs 1-3)
IMPLEMENTATION COMPLETION AND RESULTS REPORT (ICRR)

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A. Basic Information			
Program 1			
Country	Madagascar	Program Name	Poverty Reduction Support Credit I
Program ID	P070999	L/C/TF Number(s)	IDA-39600,IDA-H1160
ICR Date	02/04/2008	ICR Type	Core ICR
Lending Instrument	PRC	Borrower	MINISTRY OF FINANCE
Original Total Commitment	XDR 85.5M	Disbursed Amount	XDR 85.5M
Implementing Agencies			
Ministry of Economy, Finance and Budget			
Cofinanciers and Other External Partners			
Program 2			
Country	Madagascar	Program Name	MG-Poverty Reduction Support Credit II
Program ID	P083326	L/C/TF Number(s)	IDA-41000,MULT-55472
ICR Date	02/04/2008	ICR Type	Core ICR
Lending Instrument	DPL	Borrower	GOVERNMENT OF MADAGASCAR
Original Total Commitment	USD 80.0M	Disbursed Amount	USD 79.2M
Implementing Agencies			
Ministry of Economy, Finance and Budget			
Cofinanciers and Other External Partners			
Program 3			
Country	Madagascar	Program Name	Third Poverty Reduction Strategy Credit
Program ID	P096102	L/C/TF Number(s)	IDA-42210
ICR Date	02/04/2008	ICR Type	Core ICR
Lending Instrument	DPL	Borrower	REPUBLIC OF MADAGASCAR
Original Total Commitment	XDR 26.9M	Disbursed Amount	XDR 26.9M
Implementing Agencies			
Ministry of Economy, Finance and Budget			

Cofinanciers and Other External Partners

B. Key Dates

Poverty Reduction Support Credit I - P070999				
Process	Date	Process	Original Date	Revised / Actual Date(s)
Concept Review:	05/17/2004	Effectiveness:	08/12/2004	08/12/2004
Appraisal:	06/14/2004	Restructuring(s):		
Approval:	07/20/2004	Mid-term Review:		
		Closing:	06/30/2005	06/30/2005

MG-Poverty Reduction Support Credit II - P083326				
Process	Date	Process	Original Date	Revised / Actual Date(s)
Concept Review:	04/13/2005	Effectiveness:	08/22/2005	08/22/2005
Appraisal:	05/30/2005	Restructuring(s):		
Approval:	07/12/2005	Mid-term Review:		
		Closing:	07/31/2006	07/31/2006

Third Poverty Reduction Strategy Credit - P096102				
Process	Date	Process	Original Date	Revised / Actual Date(s)
Concept Review:	03/30/2006	Effectiveness:	08/08/2006	08/08/2006
Appraisal:	05/15/2006	Restructuring(s):		
Approval:	07/13/2006	Mid-term Review:		
		Closing:	07/31/2007	07/31/2007

C. Ratings Summary

C.1 Performance Rating by ICR

Poverty Reduction Support Credit I - P070999	
Outcomes	Moderately Satisfactory
Risk to Development Outcome	Moderate
Bank Performance	Moderately Satisfactory
Borrower Performance	Moderately Satisfactory

MG-Poverty Reduction Support Credit II - P083326	
Outcomes	Moderately Satisfactory
Risk to Development Outcome	Moderate

Bank Performance	Moderately Satisfactory
Borrower Performance	Satisfactory

Third Poverty Reduction Strategy Credit - P096102	
Outcomes	Moderately Satisfactory
Risk to Development Outcome	Moderate
Bank Performance	Satisfactory
Borrower Performance	Satisfactory

C.2 Detailed Ratings of Bank and Borrower Performance (by ICR)			
Poverty Reduction Support Credit I - P070999			
Bank	Ratings	Borrower	Ratings
Quality at Entry	Moderately Satisfactory	Government:	Not Applicable
Quality of Supervision:	Highly Satisfactory	Implementing Agency/Agencies:	Not Applicable
Overall Bank Performance	Moderately Satisfactory	Overall Borrower Performance	Moderately Satisfactory

MG-Poverty Reduction Support Credit II - P083326			
Bank	Ratings	Borrower	Ratings
Quality at Entry	Moderately Satisfactory	Government:	Not Applicable
Quality of Supervision:	Highly Satisfactory	Implementing Agency/Agencies:	Not Applicable
Overall Bank Performance	Moderately Satisfactory	Overall Borrower Performance	Satisfactory

Third Poverty Reduction Strategy Credit - P096102			
Bank	Ratings	Borrower	Ratings
Quality at Entry	Satisfactory	Government:	Not Applicable
Quality of Supervision:	Highly Satisfactory	Implementing Agency/Agencies:	Not Applicable
Overall Bank Performance	Satisfactory	Overall Borrower Performance	Satisfactory

C.3 Quality at Entry and Implementation Performance Indicators			
Poverty Reduction Support Credit I - P070999			
Implementation Performance	Indicators	QAG Assessments (if any)	Rating:
Potential Problem Program at any time (Yes/No):	No	Quality at Entry (QEA)	None
Problem Program at any time (Yes/No):	No	Quality of Supervision (QSA)	None
DO rating before Closing/Inactive status			

MG-Poverty Reduction Support Credit II - P083326			
Implementation Performance	Indicators	QAG Assessments (if any)	Rating:
Potential Problem Program at any time (Yes/No):	No	Quality at Entry (QEA)	None
Problem Program at any time (Yes/No):	No	Quality of Supervision (QSA)	None
DO rating before Closing/Inactive status	Moderately Satisfactory		

Third Poverty Reduction Strategy Credit - P096102			
Implementation Performance	Indicators	QAG Assessments (if any)	Rating:
Potential Problem Program at any time (Yes/No):	No	Quality at Entry (QEA)	None
Problem Program at any time (Yes/No):	No	Quality of Supervision (QSA)	None
DO rating before Closing/Inactive status			

D. Sector and Theme Codes		
Poverty Reduction Support Credit I - P070999		
	Original	Actual
Sector Code (as % of total Bank financing)		
General agriculture, fishing and forestry sector	13	13
General education sector	28	28
General industry and trade sector	8	8
General public administration sector	43	43

Health	8	8
Theme Code (Primary/Secondary)		
Education for all	Primary	Primary
Environmental policies and institutions	Secondary	Secondary
Health system performance	Secondary	Secondary
Public expenditure, financial management and procurement	Primary	Primary
Rural services and infrastructure	Secondary	Secondary

MG-Poverty Reduction Support Credit II - P083326		
	Original	Actual
Sector Code (as % of total Bank financing)		
Central government administration	45	45
Compulsory health finance	15	15
General education sector	20	20
General water, sanitation and flood protection sector	10	10
Health	10	10
Theme Code (Primary/Secondary)		
Administrative and civil service reform	Secondary	Secondary
Education for all	Primary	Primary
Health system performance	Secondary	Secondary
Public expenditure, financial management and procurement	Primary	Primary

Third Poverty Reduction Strategy Credit - P096102		
	Original	Actual
Sector Code (as % of total Bank financing)		
General education sector	25	25
General energy sector	25	25
General water, sanitation and flood protection sector	25	25
Health	25	25
Theme Code (Primary/Secondary)		
Poverty strategy, analysis and monitoring	Primary	Primary

E. Bank Staff		
Poverty Reduction Support Credit I - P070999		
Positions	At ICR	At Approval
Vice President:	Obiageli Katryn Ezekwesili	Callisto E. Madavo
Country Director:	Ritva S. Reinikka	Hafez M. H. Ghanem
Sector Manager:	John A. Elder	Emmanuel Akpa
Task Team Leader:	Benu Bidani	Benu Bidani
ICR Team Leader:	Philippe Auffret	
ICR Primary Author:	Philippe Auffret	

MG-Poverty Reduction Support Credit II - P083326		
Positions	At ICR	At Approval
Vice President:	Obiageli Katryn Ezekwesili	Gobind T. Nankani
Country Director:	Ritva S. Reinikka	James P. Bond
Sector Manager:	John A. Elder	Emmanuel Akpa
Task Team Leader:	Benu Bidani	Benu Bidani
ICR Team Leader:	Philippe Auffret	
ICR Primary Author:	Philippe Auffret	

Third Poverty Reduction Strategy Credit - P096102		
Positions	At ICR	At Approval
Vice President:	Obiageli Katryn Ezekwesili	Gobind T. Nankani
Country Director:	Ritva S. Reinikka	James P. Bond
Sector Manager:	John A. Elder	Laura Frigenti
Task Team Leader:	Benu Bidani	Stefano Paternostro
ICR Team Leader:	Philippe Auffret	
ICR Primary Author:	Philippe Auffret	

F. Results Framework Analysis

Program Development Objectives (from Program Document)

The PRSC series support the implementation of two of the three pillars of the PRSP to improve governance and provide human and material security. It also supports a cross-cutting monitoring and evaluation pillar.

Revised Program Development Objectives (as approved by original approving authority)

(a) PDO Indicator(s)

Poverty Reduction Support Credit I - P070999				
Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years
Indicator 1 :	Poverty reduction			
Value (quantitative or Qualitative)	73%	68%		67.5%
Date achieved	12/31/2003	06/30/2006		06/30/2006
Comments (incl. % achievement)				
Indicator 2 :	Budget management benchmarks met as defined in the HIPC AAP			
Value (quantitative or Qualitative)	3 out of 15 benchmarks	>10 out of 16 benchmarks		Budgete allocates adequatre resources to PRSP priority sectors
Date achieved	12/31/2003	06/30/2006		06/30/2006
Comments (incl. % achievement)				
Indicator 3 :	Budget (2004-06) includes proper planning and monitoring for public spending in high priority relevant areas			
Value (quantitative or Qualitative)	Budget planning process for 2004 led to increased allocation for key PRSP sectors	Increased allocation of public resources in line with strategic objectives of the PRSP		2006 Budget allocates adeqaute resources to PRSP priority sectors
Date achieved	12/31/2003	06/30/2006		06/30/2006
Comments (incl. % achievement)				
Indicator 4 :	Primary net enrollment rate			
Value (quantitative or Qualitative)	93%	97%		97%
Date achieved	12/31/2003	06/30/2006		06/30/2006
Comments (incl. % achievement)				
Indicator 5 :	Increase in primary completion rate			
Value (quantitative or Qualitative)	45%	60%		60%
Date achieved	12/31/2003	06/30/2006		06/30/2006
Comments				

(incl. % achievement)				
Indicator 6 :	Number of textbooks per primary school student			
Value (quantitative or Qualitative)				
Date achieved				
Comments (incl. % achievement)				
Indicator 7 :	HIV/AIDS prevalence rate in sex workers			
Value (quantitative or Qualitative)	non available	non available		non available
Date achieved	12/31/2003	06/30/2006		06/30/2006
Comments (incl. % achievement)				
Indicator 8 :	DTP 3 vaccination rate of children below 1 year			
Value (quantitative or Qualitative)	85.8%	80%		93%
Date achieved	12/31/2003	06/30/2006		06/30/2006
Comments (incl. % achievement)				
Indicator 9 :	Skilled attendance at birth in Centre Sante Base (CSB) and Centre Hospitalier de District (CHD1)			
Value (quantitative or Qualitative)	28%	28.5%		22%
Date achieved	12/31/2003	06/30/2006		06/30/2006
Comments (incl. % achievement)				
Indicator 10 :	Utilization rate in CSB			
Value (quantitative or Qualitative)	0.57	0.61		0.32
Date achieved	12/31/2003	06/30/2006		06/30/2006
Comments (incl. % achievement)				

Indicator 11 :	Reduction in child underweight rate			
Value (quantitative or Qualitative)	43% (1997)	30%		35% (2004)
Date achieved	06/30/1997	06/30/2006		06/30/2006
Comments (incl. % achievement)				
Indicator 12 :	Percentage of people with access to safe drinking water			
Value (quantitative or Qualitative)	27.2%	20.8%		30%
Date achieved	12/31/2003	06/30/2006		06/30/2006
Comments (incl. % achievement)				

MG-Poverty Reduction Support Credit II - P083326				
Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years
Indicator 1 :	Not applicable			
Value (quantitative or Qualitative)				
Date achieved				
Comments (incl. % achievement)				

Third Poverty Reduction Strategy Credit - P096102				
Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years
Indicator 1 :	Not applicable			
Value (quantitative or Qualitative)				
Date achieved				
Comments (incl. % achievement)				

(b) Intermediate Outcome Indicator(s)

Poverty Reduction Support Credit I - P070999				
Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years
Indicator 1 :	Poverty reduction			
Value (quantitative or Qualitative)				
Date achieved				
Comments (incl. % achievement)				

MG-Poverty Reduction Support Credit II - P083326				
Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years
Indicator 1 :	Not applicable			
Value (quantitative or Qualitative)				
Date achieved				
Comments (incl. % achievement)				

Third Poverty Reduction Strategy Credit - P096102				
Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years
Indicator 1 :	Not applicable			
Value (quantitative or Qualitative)				
Date achieved				
Comments (incl. % achievement)				

G. Ratings of Program Performance in ISRs

Poverty Reduction Support Credit I - P070999				
No.	Date ISR	DO	IP	Actual

	Archived			Disbursements (USD millions)
1	07/01/2005	Satisfactory	Satisfactory	125.15

MG-Poverty Reduction Support Credit II - P083326

No.	Date ISR Archived	DO	IP	Actual Disbursements (USD millions)
1	12/30/2005	Moderately Satisfactory	Moderately Satisfactory	79.23
2	10/13/2006	Moderately Satisfactory	Moderately Satisfactory	79.23

Third Poverty Reduction Strategy Credit - P096102

No.	Date ISR Archived	DO	IP	Actual Disbursements (USD millions)
1	06/15/2007	Moderately Satisfactory	Satisfactory	40.14

H. Restructuring (if any)

Introduction

1. This document evaluates the first three Poverty Reduction Support Credits (PRSCs) provided to the Government of Madagascar to support key elements of its poverty reduction strategy. The three annual PRSCs helped finance Madagascar's budgets in 2004, 2005 and 2006.

This introduction summarizes what a PRSC series is and what it seeks to achieve. Table 1 illustrates the design of a PRSC series.

2. **Development Objectives and Development Outcome Indicators:** A PRSC series is typically designed as follows. The first PRSC sets the development objectives for the entire series. Typically, these are medium-term objectives, expected to be reached by the time of completion of the last PRSC in the series. These objectives are usually selected among the development objectives defined by the Government as part of its development strategy. The PRSC series also defines a set of development outcome indicators, which help monitor progress towards the objectives. For each indicator, the first PRSC in the series defines the baseline and sets the targets expected to be reached after program completion.¹

3. One key objective of this report is to compare the 2006 targets set at the beginning of 2004 during PRSC-1 preparation to the realized values in 2006 after PRSC-3 was completed. The report also seeks to explain the differences between targets and realized values when they arise.

4. **Prior Actions, Triggers and Benchmarks:** In order to reach development objectives and related development outcome targets, the Government is expected to adopt a number of policy actions during program implementation. Following a programmatic approach,² each PRSC of the series supports a subset of policy actions which include:

- *prior actions*, which have been completed prior to Board presentation of each PRSC,³
- *triggers*, whose completion during the following year represents sufficient condition for IDA to move to the next operation, and
- *benchmarks*, whose completion during the following year may also be taken into account by IDA in order to move to the next operation.

5. **Results:** The PRSC series also defines a number of result indicators to monitor the implementation of triggers and benchmarks. These indicators are such that there is a direct causal relationship between triggers and benchmarks on one side, and the corresponding results on the

¹ For instance, one development objective of Madagascar's PRSC series was to improve primary education. The primary school net enrollment rate was selected as a development outcome indicator, and the PRSC target was to increase primary school net enrollment rate from 82 percent in 2003 (the baseline year when PRSC-1 was designed) to 88 percent in 2006 (after implementation of PRSC-3).

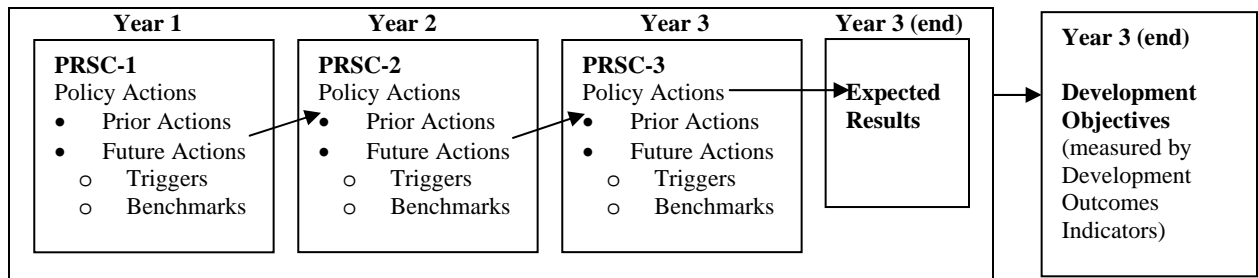
² A programmatic approach is an approach where one operation defines the rules to move to the next.

³ To be precise, "prior actions" are those which are completed "prior" to credit effectiveness. For example, a PRSC can be presented to the Board but become effective only after some "prior conditions" are met.

other side. For each result indicator, the first PRSC in the series defines the baseline, a target expected to be reached after program completion and annual intermediary targets.⁴

6. **Policy matrix:** Each PRSC includes a policy matrix which, in each policy area, summarizes the prior actions supported by the PRSC, the triggers and benchmarks which will be evaluated in order to move to the next PRSC, and the expected results.

Table 1: Design of a PRSC Series



7. The rest of this document is structured as follows. Section 1 summarizes program context, development objectives and design. Section 2 analyzes the implementation of the policy actions and achievement of expected results. Section 3 is an assessment of development outcomes. Section 4 assesses the risk of a reversal in the development outcomes and rates it. Section 5 assesses the Bank’s and the borrower’s performances. Based on the previous sections, Section 6 reports on some lessons learned.

1. Program Context, Development Objectives and Design

8. Section 1.1 describes the country’s context at the time of appraisal of the PRSC-1 and provides the rationale for Bank assistance. Section 1.2 describes the program’s development objectives and the key development outcome indicators. Section 1.3 describes any change made to development objectives and key development outcome indicators during PRSC implementation, and explains the rationale for the change. Section 1.4 describes the original policy areas supported by the PRSCs. Section 1.5 describes other significant changes to the PRSC series including change in design, schedule or funding.

1.1 Context at Appraisal

9. In the past decades, Madagascar’s economic performance has not been consistent over time: periods of reforms and growth have alternated with economic and political crises.

10. The year 1997 marked the beginning of private sector-led growth and efforts to integrate Madagascar in the world economy. The government undertook several reforms, although rather hesitantly. These reforms, coupled with the preferential trade agreement of Africa Growth Opportunity Act (AGO), resulted in an increase in Foreign Direct Investment (FDI), a surge in exports, and sustained growth rate.

⁴ For example, if a trigger consists in hiring 10,000 new teachers at primary level, the number of teachers at primary level could be used as a result indicator to monitor the implementation of the trigger.

11. At the beginning of 2002, Madagascar's progress was halted by a deep political crisis as presidential elections were contested. As mediation efforts failed, there were practically two different governments in place. Although the crisis was short lived, its impact was considerable: per capita GDP declined by over 15 percent, and the incidence of poverty increased. The political crisis ended six months later when President Ravalomanana's government was recognized internationally. The new government embarked on many reforms, including those aiming at restoring private sector confidence.

12. In 2003, the economy rebounded. Real GDP growth reached 9.8 percent while inflation remained low. The Government also formulated a Poverty Reduction Strategy Paper (PRSP) which was endorsed by the Boards of the Bank and the IMF in November 2003. The overall objective of the PRSP was to generate rapid and sustainable growth to reduce poverty by half in ten years or to 34.2 percent by 2013. At the beginning of 2004 when PRSC-1 was under preparation, the Government had already prepared the First Progress Report for the first six months of implementation of the PRSP (July-December 2003). This report concluded that the implementation of the PRSP was proceeding well.

13. It became soon clear that the new government was engaged and decisive. The Bank and other donors decided to strengthen their support to the new authorities, as the restored optimism about the future of the economy created a window of opportunity which had not been observed since Madagascar's independence in 1960. Responding to Government's demand for an increase in IDA's support channeled through the Budget, the Bank decided to move to programmatic budget support and initiated a series of three annual single tranche PRSCs. The objective of these credits was to support the implementation of the PRSP over the period 2004-06. This report will show that this move may have been too ambitious as the initial amounts channeled under the form of budget support may have been too high to absorb.

1.2 Original Program Development Objectives (PDO) and Key Indicators

14. The PRSP formulated by the Government of Madagascar in 2003 included three strategic pillars to improve governance, promote broad-based growth and provide human and material security. It also included a cross-cutting monitoring and evaluation pillar.

15. The original program development objectives supported by the program were as follows:⁵

- Overall objectives:
 - maintain a stable macroeconomic environment, and
 - reduce poverty through strong, sustainable and equitable economic growth.

⁵ PRSC-1 included baselines, targets and policy actions related to the broad-based growth pillar. However, the broad-based growth was left to be supported by investment operations and advisory activities. PRSC-2 and PRSC-3 were streamlined to only include the areas supported by the PRSCs, which did not include the growth pillar.

- Governance:
 - improve public expenditure management,
 - fight corruption,
 - decentralize,
 - reform customs, and
 - support the justice system.
- Human and material security:
 - Education: improve service delivery and particularly increase completion of primary education,
 - Health: improve service delivery,
 - Nutrition: reduce malnutrition, and
 - Water supply and sanitation: improve service delivery.
- Monitoring and evaluation:
 - Improve the PRSP monitoring and evaluation system.

16. Corresponding to these development objectives, PRSC-1 defines the following development outcome indicators:

- Overall objectives:
 - poverty rate.
- Governance:
 - Budget management benchmarks as defined in the HIPC AAP,
 - Budget (2004-06) includes proper planning and monitoring for public spending in high poverty relevant areas, and
 - Government has introduced and published service delivery standards in key services with a large public-private interface (especially customs, land titling, primary education, courts, etc.).
- Human and material security:
 - Primary net enrollment rate
 - Primary school completion rate,
 - Number of textbooks per primary school student,
 - HIV prevalence rate in sex workers,
 - DPT3 vaccination rate of children below one year,
 - Skilled attendance at birth in *Centre de Santé de Base* (CSB) and *Centre Hospitalier de District* (CHD1),
 - Consultation rate for treatment in CSB,
 - Child underweight rate (MDG indicator),
 - Chronic malnutrition rate (stunting), and
 - Percentage of people with access to safe drinking water.

17. PRSC-1 shows the status of the indicators in 2003 (baseline), expected targets in 2006, source of data and collection frequency. The indicators were monitored during the implementation of the program (see Annex 1).⁶

1.3 Revised PDO and Key Indicators, and Reasons/Justification

18. The original program development objectives remained unchanged with the exception of the chronic malnutrition indicator which was dropped from PRSC-2 and PRSC-3. This decision was not documented.

1.4 Original Policy Areas Supported by the Program:

19. In order to reach the original program development objectives described in Section 1.2, the PRSC series supported the following policy areas:

- **Governance:**
 - **improve public expenditure management** by: (i) elaborating and implementing an action plan to improve public finance management, (ii) enhancing budget formulation, (iii) improving budget execution, (iv) improving the quality of public procurement, (v) strengthening controls on public finance management, and (vi) enhancing accountability and transparency of budget execution,
 - **fight corruption** by putting in place adequate regulatory and institutional anti-mechanisms,
 - **decentralize** by: (i) improving budgetary allocation to the communes, (ii) improving commune's own revenue base, (iii) strengthening capacity of the communes to deliver public services, and (iv) strengthening inter-communal planning and coordination mechanisms,
 - **reform customs** by: (i) developing a prioritized reform program, and (ii) increasing human resources and technical capacity in customs services, and
 - **support the justice system** by developing a prioritized reform program.

- **Human and material security:**
 - **Education:** improve service delivery and particularly increase completion of primary education by: (i) improving management and accountability at the level of the Ministry of Education, (ii) improving capacity and quality of education and training services delivered to communities, (iii) strengthening private-public partnership, and (iv) improving and linking to economic and social priorities the quality and relevance of post-primary education and training services.
 - **Health:** improve service delivery by: (i) updating the health strategy, (ii) improving cost recovery, (iii) enhancing management of human resources, (iv) improving planning and budgeting at national and sub-national levels, (v) improving financial management, procurement and audit, (vi) improving maintenance of building and equipment, and (vii) strengthening the sector M&E system.
 - **Nutrition:** reduce malnutrition by: (i) strengthening institutions, and (ii) modifying cost recovery policies to allow free access to micronutrients.

⁶ See Table 6 in the Project Appraisal Document of PRSC-1 and Table 8 in the Project Appraisal Documents of PRSC-2 and in that of PRSC-3.

- **Water supply and sanitation:** improve service delivery by: (i) developing a sector-wide approach through institutional strengthening, improved sector coordination, execution and review of the sector “Medium-Term Expenditure Framework 2005-07”, (ii) formulating, adopting and implementing a national strategy to deliver water and sanitation in rural areas, and (iii) strengthening the sector M&E system.
- **Monitoring and evaluation:**
 - **Improve the PRSP monitoring and evaluation** system by: (i) developing a plan to strengthen the monitoring and evaluation system, (ii) elaborating a data collection system, (iii) strengthening coordination among donors.

1.5 Other Significant Changes

20. Funding allocations for the PRSCs were revised downward substantially. PRSC-1 approved in July 2004 amounted to US\$125 million. The amount corresponded to the high-case lending scenario outlined in the FY04-06 Country Assistance Strategy (CAS) dated October 2003 (World Bank, 2003).⁷ This high-case scenario programmed US\$115 million for PRSC-2. However, the amounts under PRSC-2 and PRSC-3 were revised downward: PRSC-2 amounted to US\$80 million while PRSC-3 amounted to US\$40 million (Section 3.1 provides explanation).⁸

2. Program Implementation: Policy Actions and Results

21. Section 2.1 describes the prior actions included in each PRSC and compares the triggers defined in each operation to the prior actions adopted in the next operation. It also compares the results expected for 2006 at the time of preparation of PRSC-1 to the results actually reached in 2006. Section 2.2 outlines the major factors which affected implementation. Section 2.3 describes the design, implementation and utilization of the Monitoring and Evaluation (M&E) system. Section 2.4 describes the expected next phase and follow-up operations.

2.1 Program Performance

22. PRSCs are designed so that the triggers described in one operation are expected to become the prior actions in the next operation. Consequently, the fact that the prior actions in one operation do not match the triggers outlined in the previous operation may indicate issues related to the implementation of the reform program. Annex 2 compares the triggers for PRSC-2 (as included in PRSC-1) to the prior actions in PRSC-2. Similarly, Annex 3 compares the triggers for

⁷ Triggers to move to the high-case scenario are (i) progressive implementation of the expenditure management reform program, (ii) implementation of the recommendations of the CPAR and CFAA, (iii) higher level of road and irrigation maintenance, (iv) higher delivery of health and education services, (v) implementation of the Education for All (EFA) program, and (vi) reduced leakages of public funds for social sectors. See Annex VI of PRSC-1 Project Appraisal Document (World Bank, 2004, p.96).

⁸ Starting in 2007, Madagascar also benefited from about US\$30 million of debt relief under the HIPC initiative.

PRSC-3 (as included in PRSC-2) to the prior actions in PRSC-3. Finally, Table 1 describes the prior actions included in each PRSC.⁹

23. Based on Table 1 and Annexes 2 and 3, the program performance in the policy areas supported by the program has been as follows:

- **Governance:** *Program performance was satisfactory: the program achieved good progress toward all major expected results and no major shortcoming was identified.*
 - **Overall framework:** A Priority Action Plan (PAP) for 2004 for public financial management reforms was approved by Cabinet and its implementation had started when PRSC-1 was approved (Prior action in PRSC-1). A Priority Action Plan for 2005 was also adopted and satisfactorily implemented in 2005 (Prior action in PRSC-3). These action-plans included actions in the areas of budget formulation, execution, procurement and accountability (see below). The *Cellule de Suivi et de Coordination des Réformes des Finances Publiques* was established in the Ministry of Finance to coordinate, monitor and evaluate public financial management reforms.
 - **Budget formulation:** *Budget formulation improved during program implementation (2004-06), albeit at a slower pace than originally planned.*
 - During the time of implementation of the PRSCs, the Budget has become more in line with strategic priorities of the PRSP, with increased allocations to program that are effective in reducing poverty (an expected result). Allocations in the 2004 Budget were better aligned to the PRSP strategic priorities, with increased allocation to the Ministries of Education, Health and Transport (Prior action in PRSC-1). The 2005 Budget allocated a greater share of resources to the PRSP priority sectors and adequate funding was allocated to priority sectors like education, health and nutrition (Prior action in PRSC-2). The 2006 Budget continued allocating adequate resources to PRSP priority sectors (Prior action in PRSC-3).
 - The budget preparation process has been adjusted to allow sector ministries to increase their participation in the budget process (an expected result).¹⁰ However, the elaboration and application of a new calendar for budget preparation took longer than expected: the new calendar was developed in 2006 and is now being applied for the first time during preparation of the 2008 Budget.
 - The budget has been linked to the political priorities through the introduction and implementation of a *budget de programmes* within a very ambitious agenda. The *Loi Organique sur les Lois de Finances* (LOLF) which

⁹ Note that, by design of the PRSC series, all “prior actions” are “completed,” so that the last column of Table 1 is somewhat redundant.

¹⁰ Typically, one week separated the Ministry of Finance’s initial communication of the proposed Budget allocations to the sectoral ministries and the finalization of these allocations – leaving little time for sectoral inputs and budget arbitrage.

introduced the *budget de programmes* was adopted in 2004. Its implementation was ambitious and started in 2005.

- All expenditures funded from external sources have been integrated into the Budget. As a result, the budget has become comprehensive and now includes all donor-funding (an expected result).
- **Budget execution:** *Budget execution improved during program implementation (2004-06). The Budget execution rate increased from 80 percent in 2003 to about 95 percent in 2006, exceeding the expected result of 90 percent.*¹¹
 - Measures have been adopted to shorten the administrative circuit for expenditures. The functions of *gestionnaire de crédit* and *sous-ordonnateurs des dépenses publiques* have been merged into the newly created function of *ordonnateurs secondaires des dépenses publiques* (Prior action in PRSC-1). Simultaneously, the new function of *gestionnaire d'activités* has also been created. The recent Public Expenditure Review (PER) and Public Expenditure and Financial Accountability (PEFA) assessment confirm that the expenditure processes have been successfully streamlined.¹²
 - Measures have also been taken to modernize the Treasury. An independent audit of the Treasury was conducted in 2003 and an action plan was prepared. Recommendations of the audit were validated (Prior action in PRSC-1) and adopted by Cabinet before being progressively implemented. The Treasury prepared the final accounts for 2003 (Prior action in PRSC-2). An integrated financial management system was progressively introduced, albeit at a slower pace than originally anticipated. Based on this system, monthly accounts were produced by the 15th of the following month by mid-2005 in Tamatave (Prior action in PRSC-2). Delays in the implementation of the system resulted in dropping the timely production of monthly accounts from PRSC-2 and including it in PRSC-3. The new financial management system has led to the completion of all expected results: cash flow management has become more transparent and predictable, the operational efficiency of the Treasury has improved and the Treasury has been able to provide more timely and accurate information.
- **Accountability:** *Actions have been taken to strengthen both internal and external controls.*
 - The *Brigade du Trésor* responsible for controlling the *postes comptables* was converted into a *Direction* (Prior action in PRSC-1) which gave it more clout and authority to act.¹³ Both the PER and the PEFA assessment confirm that internal controls have been significantly strengthened.

¹¹ Note that this Budget execution rate refers to the ratio of actual expenditures to revised budget allocations. The budgets are typically revised at the beginning of the fourth quarter of the fiscal year which reduced the likelihood of large deviations.

¹² See World Bank, 2007c.

¹³ Note that the *Brigade du Trésor* does not control the work done by the *ordonnateurs*. As such, the *Brigade du Trésor* is not responsible for controlling whether expenditures are adequate or not. In the

- An *Inspection Générale des Finances* was established in 2004 (Prior action in PRSC-1) whose main objective was to empower the Minister of Finance to audit public finance.¹⁴
 - The Auditor General (*Chambre des Comptes*) has progressively cleared the backlog of audited Government accounts, although at a slower rate than PRSC-1 had anticipated. The examination by the Auditor General of the draft budget execution laws (*Loi de Règlement*) for 2002 and 2003, a trigger for PRSC-2, was not met. The trigger was initially weakened to “submission to” instead of “examination by” and was eventually dropped due to additional delays. However, the backlog has progressively been cleared.¹⁵
- **Procurement:** *There has been considerable progress on procurement.* A new public procurement code was submitted to Parliament (Prior action in PRSC-1) and further adopted in July 2004. An oversight institution (*Autorité de Régulation des Marchés Publics – ARMP*) was created in mid-2005 (Prior action in PRSC-2) and became operational with some delays (see Annex 3). The “issuance by Cabinet of implementing rules and regulations for the new procurement code”, which was initially expected to be a prior action in PRSC-2, became a prior action in PRSC-3. The regulatory framework has been fully operational since end-2006 with the enactment of the procurement code and the validation of the standard bidding documents and the application decrees. There has been progress to operationalize procurement management units in key ministries (Prior action in PRSC-3).
 - **Anti-Corruption:** *There has also been considerable progress in the fight against corruption.* The decree creating the *Conseil Supérieur de Lutte Contre la Corruption* (CSLCC) was adopted in September 2002. The CSLCC became functional in July 2003. An anti-corruption law was adopted in September 2004 which created the Independent Anti-Corruption Agency (BIANCO) in charge of investigation, prevention and education. The BIANCO was fully operational by 2005 and started to open branch offices in 2006. It has initiated a large number of investigations leading to several indictments. Audits of targeted public services and large investment projects have been conducted. A standard “*Probité*” -- certifying the probity of participating agencies -- has been introduced. A survey on perception of corruption was conducted in 2006. Finally, an anti-money laundering law and corresponding decrees were adopted in 2004 and 2005, respectively.
 - **Decentralization:** *Progress toward decentralization has not taken place as originally anticipated.* The review of the transfer system and formula used to allocate fiscal resources to the communes (supported by the PRSCs and expected to be completed

absence of a functioning *Inspection Générale des Finances*, the adequacy of public expenditure (*opportunité de la dépense publique*) is under the control of the *Inspection Générale de l'Etat*.

¹⁴ Public expenditures are currently audited by the *Inspection Générale de l'Etat* which depends on the Presidency and acts upon request from the President.

¹⁵ La *Loi de Règlement* in year n is supposed to be presented to Parliament during the first session of year (n+2). The 2004 draft budget execution law was submitted to Parliament in 2006 (although it still has not been adopted as of mid-2007). The 2005 draft budget execution law is under preparation while the 2006 draft budget execution law is expected to be submitted to Parliament within the legal timeframe.

by mid-2004) initially expected to be completed by end-2004 has not been completed as of mid-2007. The development and dissemination of regulations and tools for autonomous tax collection (supported by the PRSC series and expected to be completed by mid-2005) had not been completed as of mid-2007. The establishment of the *Fonds Local de Development* (FLD) to finance investments at commune level (supported by the PRSC series and expected to be completed by mid-2005) is expected to be operational in 2008. The corresponding expected results have not been met: the budgetary allocations to the communes have not increased in real terms,¹⁶ the revenue base of the communes has not improved, while there is little evidence that the capacity of the communes to deliver services has improved.

- **Customs:** *There has been progress to reform customs.* An action plan for custom reform was adopted (Prior action in PRSC-2) and was satisfactorily implemented (Prior action in PRSC-3). The quality of customs service has considerably improved (an expected result).
- **Justice:** *Progress to reform the judiciary system has been satisfactory.* An action plan to reduce corruption and increase confidence that the legal and regulatory reforms are enforced was adopted (Prior action in PRSC-1). Over the PSRC period, the backlog of pending court cases has been significantly reduced with support under the Governance and Institutional Development Project.
- **Human and material security**
 - **Education:** *The implementation of the national Education For All (EFA) initiative has been impressive.* Satisfactory implementation of EFA was a prior action in each PRSC. PRSC-1 lists a range of quantifiable indicators for the sector, which were all monitored during the joint EFA missions to assess the implementation of the EFA program.¹⁷
 - **Health:** *Progress in health was mixed.* PRSC-1 did not include any prior action in health. However, PRSC-1 included “updating the health sector strategy” and “introducing a Medium-Term Expenditure Framework for the sector” as two triggers for PRSC-2. Both triggers were fully implemented and, consequently, became prior actions in PRSC-2. PRSC-3 did not include any prior action related to health. PRSC-1 included six expected results in health, but only one (District Development Plan available in all districts) was quantified. However, PRSC-2 and PRSC-3 did develop a set of results which were duly monitored.
 - **Nutrition:** *There has been good progress regarding nutrition.* The Government validated the National Nutrition Policy (Prior action in PRSC-1) and created a National Council for Nutrition and its supporting secretariat (*Office National de Nutrition*) in November 2004 (Prior actions in PRSC-2). PRSC-3 did not include any prior action related to nutrition. The expected result that 80 percent of children under five receive vitamin A twice-a-year by the end of the program was achieved. A

¹⁶ The program asked for an increase in the allocations to communes but did not specify whether this increase was in nominal or real terms. In fact, during the period under review, allocations to communes slightly increased in nominal terms but decreased in real terms.

¹⁷ See World Bank, 2004, Table 8 p. 34.

number of quantifiable indicators were monitored. Data frequency depend upon Demographic and Health Surveys (DHS) which are typically conducted every five years.¹⁸

- **Water and sanitation:** *There has been some progress in water and sanitation.* PRSC-1 did not include any prior action related to water. However, PRSC-1 included “staffing and equipping the Directorate of Water and Sanitation in Antananarivo and the six decentralized departments in the provinces to implement the “Water and Sanitation for All” program as a trigger for PRSC-2. There were delays in the implementation of the program and the corresponding prior actions were watered down in PRSC-2. The Ministry and its main partners started the implementation of the recommendations of the 2005 sector review in the 2006-08 program budget (Prior action in PRSC-3). PRSC-1 included nine expected results in water and sanitation, of which three were quantified and one (“percentage of rural population with access to safe” water) was reported, along with other indicators, in annexes to PRSC-2 and PRSC-3.

24. As a summary, program performance in governance has been satisfactory: the program achieved good progress toward all major expected results and no major shortcoming was identified. Budget formulation improved during program implementation, albeit at a slower pace than originally planned. Budget execution also improved. Actions were taken to strengthen both internal and external controls. There has been considerable progress regarding procurement and in the fight against corruption while progress under customs and regarding the judiciary went well. However, progress toward decentralization has not taken place as initially anticipated.

25. Regarding human and material security, program performance has also been satisfactory. The implementation of the National Education for All (EFA) initiative remained on track during program implementation, nutrition improved and there was some progress regarding water and sanitation. Progress regarding the health sector has been mixed.

¹⁸ See World Bank, 2004, Table 9 p. 35.

Table 1: PRSC 1-3 Prior Actions

PRSC-1	
<i>Prior actions from Legal Agreement/ Program Document</i>	Status
Governance	
Public Financial Management: Priority Action Plan for 2004 for public financial management reforms developed and validated by Cabinet and implementation commence.	Completed.
Budget formulation: <ul style="list-style-type: none"> • Submit the organic public finance law to Parliament. • Budget allocations are better aligned to strategic priorities of PRSP, with increases in the budget allocation in 2004 for the Ministry of Education, health and transport. 	Completed. Completed.
Budget execution: <ul style="list-style-type: none"> • Validate the recommendations of the independent audit of the Treasury. • Adopt regulation for merging the <i>sous-ordonnateurs</i> and credit line managers. 	Completed. Completed.
Procurement: Submit the new Procurement code to Parliament.	Completed.
Accountability: <ul style="list-style-type: none"> • Establish the General Finance Inspection (“<i>Inspection Générale des Finances</i>”). • Transform the <i>Brigade du Trésor</i> into a <i>Direction du Trésor</i>. 	Completed. Completed.
Justice: Adopted action plan to reform judiciary validated by Government, including the introduction of service standards and strategy to reduce high level of corruption in the judicial system.	Completed.
Human and Material Security	
Education: Implementation of the National Education for All (EFA) on track.	Completed.
Nutrition: Validation of the National Nutrition Policy by Cabinet.	Completed.
PRSC-2	
<i>Prior actions from Legal Agreement/ Program Document</i>	Status
Governance	
Public Financial Management: Satisfactory implementation of the 2004 Priority Action Plan for public financial management reforms.	Completed.
Budget formulation: Budget for 2005 allocates greater share of resources to PRSP priority sectors relative to 2004, with adequate funding allocated to key priorities (such as education, health, nutrition).	Completed.
Budget execution: <ul style="list-style-type: none"> • Monthly accounts produced by the 15th of the following month in Tanatave, where the transitional financial management system is fully operational. • Final accounts for 2003 prepared by the Treasury. 	Completed. Completed.
Procurement: Establish the new procurement oversight institution (<i>Autorité de Régulation des Marchés Publics</i>).	Completed.
Accountability: <i>Projet de loi de Règlement</i> for 2002 and 2003 sent to the Auditor General.	Completed.
Customs: Adopt a time-bound action plan for 2005 for customs and start implementation.	Completed.
Human and Material Security	
Education: Implementation of the National Education for All (EFA) on track.	Completed.
Health: <ul style="list-style-type: none"> • Update national policy for health. • Introduction of Medium-Term Expenditure framework for the health sector commencing in CY 2005. 	Completed. Completed.
Nutrition: Creation of <i>National Council for Nutrition</i> and establishment of the secretariat (Office national de Nutrition) and appointment of its coordinator.	Completed.

Water Supply: The Directorate of Water and Sanitation in Antananarivo and the six decentralized departments in the provinces have started to adequately staff and equip themselves to implement successfully the 'Water for All' program.	Completed.
PRSC-3	
<i>Prior actions from Legal Agreement/ Program Document</i>	Status
Governance	
Public Financial Management: Satisfactory implementation of Priority Action Plan for 2005.	Completed.
Budget formulation: Budget for 2006 allocates adequate resources to PRSP priority sectors.	Completed.
Budget execution: Monthly accounts produced by the 15 th of the following month in the five regional treasuries and central treasury where the transitional financial management system is fully operational.	Completed.
Procurement: <ul style="list-style-type: none"> • Implementation rules and regulations submitted by MEFB for Cabinet approval and Standard Bidding Documents (SBD) ready for MEFB adoption. • Key personnel (General Director and directors) for the procurement Oversight Institution nominated by MEFB on an interim basis until final approval by Cabinet. • Procurement entities in key ministries (education, health, agriculture and transport) operational. 	Completed. Completed. Completed.
Decentralization: Increase resource allocation for the communes.	Completed.
Customs: Satisfactory implementation of customs action plan.	Completed.
Human and Material Security	
Education: Implementation of the National Education for All (EFA) on track.	Completed.
Water Supply: The Ministry and its main partners begin implementation of the recommendations of the sector review in the program budget 2006-08.	Completed.

2.2 Major Factors Affecting Implementation

26. Major factors which positively affected the implementation of the program may have been as follows:

- **Government ownership:** There is strong government ownership of the PRSP program, which the PRSC series seeks to support, and the government is strongly committed to follow through with related actions. The current President was elected on a platform for better governance, and the PRSCs aim at improving key elements in this area. In 2005, the Government introduced a performance management system for all ministries, which may have contributed to PRSCs implementation.
- **Country dialogue:** There is an active and open policy dialogue between Government, the Bank and other donors in the areas supported by the PRSCs.
- **Donor harmonization:** Donor cooperation around the PRSP is generally strong and productive. A partnership agreement (*Cadre de Partenariat*) between the Government and key budget support donors (European Union, France, African Development Bank and the World Bank) has been created and provides a framework for a multi-sector approach to budgetary support. Starting in 2004, the budget support donors have organized joint supervisions missions to be held twice a year with the objective of harmonizing donors' assistance and reducing transactions costs for the Government. A donor-group on education has been created to lead the dialogue with Government for the implementation of the EFA program. A similar approach is being considered in the health sector. The fact

that there are relatively few donors in Madagascar may also facilitate better cooperation and harmonization.

- **Analytical activities:** The Country Financial Accountability Assessment (CFAA, FY03), the Country Procurement Assessment Review (CPAR, FY03) and the Public Expenditure Review (PER, FY05) conducted by the Bank have provided the analytical underpinnings for the public reform agenda of the Government and Bank's support. During program implementation, the Government monitored progress in the implementation of its public expenditure reform program as requested under the HIPC Public Expenditure Assessment and Action Plan. In addition, Madagascar was a pilot country for the Public Expenditure and Financial Accountability (PEFA) program, which aimed at strengthening public sector management, including the implementation of a performance measurement framework. Strategy and costing of the EFA initiative were updated to take into account higher than expected enrollment rate and a plan was submitted by Madagascar to the Fast Track Initiative in May 2005. A Health Sector Note finalized in 2005 provided important inputs to design the health component of the PRSCs.
- **Advisory activities:** According to many people interviewed in the field, the US\$30 million IDA-financed Governance and Institutional Development Project (PGDI) approved in November 2003 has been a critical element in the implementation of the PRSCs. This project, which has been extended to end-2006, provides flexible resources including technical assistance and capacity building to the Government in the implementation of the PRSCs. A follow-up operation is under preparation.

27. Major factors which negatively affected the implementation of the program may have been as follows:

- **Timing of PRSC series:** The shift to budget support may have been premature. The Bank may have decided to move to programmatic lending at a time when Madagascar's own financial management systems -- including budget formulation, execution, controls, monitoring, audit and procurement -- may not have been ready for this shift. In addition, budget support was implemented at the time when the country decided to switch to program budgeting -- which may have compounded implementation difficulties.
- **Timing of each PRSC:** The preparation of each PRSC could have been better aligned with the Government's own budget cycle, which runs from January 1 to December 31. The three PRSCs were approved in July. Funds were available shortly afterwards except for PRSC-3 whose proceeds were released during the fourth quarter of 2006, due to delays related to the IMF program. This timing makes it difficult to align the disbursements to the budget cycle of government.
- **Amount:** The FY04-06 CAS dated October 2003 foresaw a transition to programmatic lending under both the base-case and high-case scenarios.¹⁹ The PAD of PRSC-1 justified the move to the high-case scenario.²⁰ This led to a large and rapid shift from project lending toward budget support: PRSC-1 represented half of the total IDA lending in

¹⁹ World Bank, 2003, pp. 22-23.

²⁰ World Bank, 2004, Annex VI, pp. 96-97.

FY05 (US\$125 million out of total allocation of US\$250 million). Many people interviewed in the field mentioned that the country may have been ill-prepared to such a rapid shift. Although PRSCs permit more resources to be transferred rapidly, they do not provide assurance that incremental budget resources are allocated to “substitute” for a decline in project financing, nor that public resources are allocated as planned or reach intended beneficiaries. In the end, thin capacities in ministries coupled with overall revenue shortfalls, external shocks, and a weak cash management system may have made it challenging to get resources to “front-line” activities.

- **Expectations:** The new leadership that came to power at the end of Madagascar’s political crisis led to a strong optimism about the future of the country. While earlier governments were often ambiguous and hesitant in their commitment to reform, the present government is much more engaged and decisive. Nonetheless, the country’s capacity remains fragile and delays in the implementation of some reforms may have been due in part to overly optimistic expectations at design stage. For example, the introduction of an integrated financial management system and procurement reforms take typically more time than what was originally envisaged in the program.
- **Management of change:** Challenges in the implementation of the public sector reform program are related to change management problems, in particular confusing and sometimes contradictory rules and regulations which make it difficult for the ministries to adequately comprehend and thus implement reforms. The breadth of the reform program and changes in the administrative machinery may have also exacerbated the overall absorptive capacity of the government to implement reforms.
- **External factors:** The external environment has been relatively unfavorable to Madagascar during the 2004-06 PRSCs implementation period. Natural disasters (two back-to-back cyclones hit Madagascar in 2004 causing severe damage) and increasing cost of imported petroleum, on which the economy is wholly dependent, led the Government to curtail public expenditures in order to maintain macroeconomic stability. Although the Government attempted to limit cuts in priority sectors, unpredictability of revenues and stop-and-go cycles affected public good delivery in all sectors. In 2005, a structural and financial crisis in the energy parastatal JIRAMA also led to un-programmed budgetary outlays. In 2006, the macroeconomic environment was more favorable.

2.3 Monitoring and Evaluation (M&E) Design, Implementation and Utilization

28. **Background:** With the exception of household surveys data which are of reasonable quality, the M&E system remained weak at the beginning of program implementation. The PRSCs benefited from household surveys which provided data to prepare poverty estimates and poverty reports. However, as noted in the PAD of PRSC-1, the Government’s M&E system remained weak in 2004.²¹ Institutional responsibilities were not clearly defined. The *Secrétariat Technique à l’Ajustement* (STA) did not have adequate capacity to coordinate the technical aspects of PRSP preparation and monitoring. Capacity to monitor the implementation of the PRSP also needed to be strengthened at the sector ministry level. The Institute of Statistics (INSTAT), which is the central agency in charge of the national statistics system, lacked financial

²¹ World Bank, 2004, p.37.

resources, technical expertise and analytical capacity. The Center for Economic Research and Studies (CREAM), a research center recently created in MEFB, was also weak.

29. **Design:** Improving the M&E system was a development objective for the PRSCs (Section 1.2). In order to reach this objective, the PRSCs supported the following actions:

- development of a plan to strengthen the M&E system including (i) strengthening the PRSP framework in order to link policies, programs and projects to outputs and development outcomes, (ii) defining the legal and institutional framework for M&E, (iii) elaborating and implementing a capacity building plan for SAT, INSTAT, and key sector ministries, (iv) further elaborating the Statistical Master Plan for INSTAT, and (v) adopting policies to ensure public access to information,
- elaboration of a data collection system which includes: (i) a new census of the population (the last available census was conducted in 1993), (ii) better planning of surveys (surveys were ad-hoc), (iii) needs assessment to strengthen administrative data systems in line ministries followed by the elaboration of action plans and their implementation, (iv) technical assistance to the 2004 Household Survey including a module on vulnerability (*Enquête Prioritaire auprès des Ménages - EPM*), and (v) improvement in collecting price information in provinces,
- strengthening coordination among donors including: (i) establishment of a working group to support the Government in the preparation of the M&E action plan including the Statistical Master Plan, (ii) harmonization of donor approach, and (iii) development of a financing plan to support the implementation of the M&E action plan.

30. **Implementation:** With the notable exception of household surveys which are held and analyzed regularly, progress toward the implementation of the M&E system has been slow. There is progress in areas like education where donors have been active (see Section 2.2). However, the Government is still in the process of developing the PRSP framework and designing the legal and institutional framework for M&E. With the exception of a few ministries and programs, monitoring indicator systems remain weak. The INSTAT also remains weak. Delays in M&E implementation are due to a combination of overly optimistic expectations, implementation costs, capacity constraints and, possibly, a low level of political priority.

31. **Utilization:** Household surveys are available and capacity exists to process and prepare poverty estimates and poverty report. Also, the EFA program has developed a fully functioning M&E system in education. However, available indicators need to be used with caution. First, there are too many indicators with questionable data quality. For example, the PRSP has about one thousand indicators and actions. Second, the indicators are often inconsistent through time and across agencies, while there are constant shifts in their choice.²² Third, the last population census took place in 1993 making the quality of population-based indicators questionable.²³

²² The 2006 Country Assistance Evaluation provides examples (CAE, pp. 6-7).

²³ For example, official statistics claim a net primary enrollment rate of 98 percent -- which does not correspond to outcomes from household surveys or to observations in the field that hint to lower attendance

Fourth, the introduction and use of quantitative targets by the new administration may have produced an incentive to inflate results.

2.4 Expected Next Phase/Follow-up Operation

32. The next phase consists of a new series of three PRSCs. Each PRSC is expected to amount to US\$40 million to be disbursed in a single tranche based on prior actions. This new series is consistent with the recent CAS discussed at the Board on April 3, 2007. The new series is expected to support the implementation of the Government's poverty reduction strategy as laid out in the Madagascar Action Plan (MAP). The objective of the MAP is to promote rapid and sustainable development over the next five years in line with the Government's national vision document (*Madagascar Naturally*) and the U.N. Millennium Development Goals. The new PRSC series seeks to strengthen and deepen the reforms initiated under PRSC 1-3 in the areas of governance, budget management and service delivery.

3. Assessment of Development Outcomes

33. This Section assesses the program's development outcomes. Section 3.1 assesses the relevance of the development objectives and the design and implementation of the operation in light of current country and global priorities, and Bank's assistance strategy. Section 3.2 assesses the achievement of the program development objectives (as measured by the achievement of the development outcomes) and includes brief discussions of causality between the policy actions supported by the operations and the development outcomes. Section 3.3 rates the achievement of the development outcomes and justifies the rating.

3.1 Relevance of Objectives, Design and Implementation

34. **Objectives:** The program development objectives described in Section 1.2 portray high overall relevance. The objectives were consistent with Madagascar's development priorities as formulated in the Government's poverty reduction strategy. The objectives were also consistent with the Bank's assistance strategy. The FY04-06 CAS dated October 2003 envisaged a move towards PRSCs. The series of PRSCs reflected proper diagnosis that improvement in public financial management -- an area that had been relatively neglected in previous Bank's assistance - - and human development were critical elements in the country's development strategy. The first operation of the series (PRSC-1), approved in July 2004 for a total amount of US\$125 million (US\$37 million credit and US\$88 million grant), supported the implementation of policy actions in the areas of governance and human development. Both the second operation (PRSC-2, US\$80 million credit approved in July 2005) and the third operation (PRSC-3, US\$40 million credit approved in July 2006) consolidated and deepened support for policy and institutional reforms in the same areas of governance and human development commenced under PRSC-1.

35. **Design:** The selection of key development outcome indicators was appropriate. PRSC-1 rightly selected the HIPC indicators to monitor progress related to budget management. The

rates. However, data from both the household surveys and administrative data show the same trend of significant increase in enrollments.

HIPC indicators were later changed to the PEFA indicators. The other two indicators under governance were not quantified.²⁴

36. **Implementation:** Implementation of the development outcome indicators was appropriate although changes related to the indicators were not systematically documented. Although the shift from the HIPC to the PEFA indicators was appropriate, it could have been better documented in PRSC documents.²⁵ Some indicators under the “governance” pillar were not quantified but were closely monitored in the 2007 PER and the 2006 PEFA assessment. This could also have been documented in the PRSCs files. It could also have been useful to document the reason why chronic malnutrition was dropped from the set of indicators in PRSC-2 and PRSC-3.

3.2 Achievement of Program Development Objectives

37. The objective of this section is to compare targets and realized development outcomes and to explain differences when they occur. Targets and realized outcomes may differ for the following reasons: (i) the authorities did not take the required policy actions, (ii) the authorities did take the required policy actions but the linkage between policy actions and targets was not correctly established, or (iii) the authorities did take the required policy actions and the linkage between policy actions and targets was correctly established but targets were not reached because of the occurrence of some exogenous factors, like a cyclone for example.

38. Based on Table 2 -- which summarizes the 2003 status of the development indicators and their expected and realized outcomes in 2006 -- achievement of the program development objectives has been as follows:

- **Overall objectives:**
 - **Poverty rate:** *The poverty target of 68 percent in 2006 has been reached.* Under the program, poverty was expected to decline from 73 percent in 2003 to 68 percent in 2006. The poverty rate was 69 percent in 2005 while the INSTAT has projected a poverty rate of 68 percent in 2006.
- **Governance:**
 - **Budget management benchmarks:** *Progress toward the target has been limited.* In 2003, Madagascar met only 3 out of 15 HIPC budget management benchmarks. The country was expected to meet at least 10 benchmarks by 2006. In 2005, the country had met 6 out of 16 HIPC benchmarks. The 2006 PEFA assessment and the 2007 PER do show an improvement of performance in budget management between 2005 and 2006.

²⁴ These indicators are “Budget (2004-06) includes proper planning and monitoring for public spending in high poverty relevant area” and “Government has introduced and published service delivery standards in key services with a large- public-private interface (especially customs, land titling, primary education, courts, etc.).” (see Table 2).

²⁵ The 2006 PEFA assessment has an unofficial table comparing HIPC and PEFA indicators.

- **Budget (2004-06) includes proper planning and monitoring for public spending in high poverty relevant areas:** *The objective has been fully met.* The target was to “increase allocation of public resources in line with strategic objectives of the PRSC.” Both the 2004 and 2005 Budgets allocated greater share of resources to the PRSP priority sectors and the 2006 Budget allocated adequate resources to these sectors. It could have been useful to quantify both the baseline in 2003 and the target for 2006.
- **Government has introduced and published service delivery standards in key services with a large public-private interface (especially customs, land titling, primary education, courts, etc.).** *It is difficult to assess whether this objective has been reached.* Indeed, while the PRSC-3 PAD (p. 23) mentions that “implementation of service delivery standards in justice and education commences,” baseline and target were not quantified which makes it difficult to assess whether this objective has been reached.
- **Human and material security:**
 - **Primary net enrollment rate.** *The target has almost been met.* The objective was for primary net enrollment rate to increase by 6 percentage points from 82 percent in 2003 (baseline) to 88 percent in 2006. In the end, primary net enrollment rate increased by 4 percentage points from 93 percent in 2003 (revised baseline) to 97 percent in 2006.
 - **Primary school completion rate.** *The target has almost been met.* The objective was for primary school completion rate to increase by 20 percentage points from 38 percent in 2003 (baseline) to 58 percent in 2006. In the end, the completion rate increased by 15 percentage points during program implementation from 45 percent in 2003 (revised baseline) to 60 percent in 2006.
 - **Number of textbooks per primary school student.** *The target has almost been met.* The objective was for each primary school student to have one textbook in 2006 while there was only one book for three students in 2003 (baseline). The number of textbooks per primary school student increased to 0.9 in 2006.
 - **HIV/AIDS prevalence rate in sex workers.** PRSC-1 mentioned that annual surveys were expected to be conducted starting in 2005. However, it did not provide data on baseline or target. Surveys conducted by USAID in 2005 did report a prevalence rate of 1.3 percent among sex workers.
 - **DPT3 vaccination rate of children below one year.** *The target has almost been met.* The objective was for the DPT3 vaccination rate for children below one year of age to increase by 10 percentage points from 55 percent in 2003 (baseline) to 65 percent in 2006. In the end, the vaccination rate increased by 7 percentage points from 86 percent in 2003 (revised baseline) to 93 percent in 2006.
 - **Skilled attendance at birth in Centres de Santé de Base (CSBs) and Centres Hospitaliers de District (CHD1s).** *The target has not been met.* The objective was to increase skilled attendance at birth in CSBs and CHD1s by 7 percentage points from 33 percent in 2003 (baseline) to 40 percent in 2006. In fact, skilled attendance decreased from 28 percent (revised baseline) to 22 percent in 2006.

The available PRSC documents did not explain the relationship between policy actions and target which makes it difficult to explain why the target has not been met.

- **Consultation rate for treatment in CSBs.** *The target has not been met.* The objective was to increase the consultation rate for treatment in CSBs by 6 percentage points from 38 percent in 2003 (baseline) to 44 percent in 2006. In fact, the consultation rate dropped dramatically from 57 percent (revised baseline) to 32 percent in 2006. For this indicator also, the relationship between policy actions and target was not clearly established, which makes it difficult to explain the deterioration.
- **Child underweight rate.** *The objective for 2006 has been met in 2004.* The objective was for the child underweight rate to decrease by 5 percentage points from 40 percent in 1997 (baseline year) to 35 percent in 2006. In fact, the child underweight rate decreased by 8 percentage points from 43 percent in 1997 (revised baseline) to 35 percent in 2004.²⁶
- **Chronic malnutrition rate (stunting).** *The indicator has been dropped.* The objective was for chronic malnutrition to decrease by 8 percentage points from 48 percent in 1997 (baseline year) to 40 percent in 2006. In fact, chronic malnutrition declined from 48 percent in 1997 to 44 percent in 2004.
- **Percentage of people with access to safe drinking water.** *The target has not been met.* The objective was for the percentage of people with access to safe drinking water to increase by 7 percentage points from 14 percent in 2003 (baseline) to 21 percent in 2006. During program implementation, access to safe water increased by 3 percentage points from 27 percent in 2003 (revised baseline) to 30 percent in 2006. Since the relationship between policy actions and target was not clearly established, the difference between targeted and realized outcome cannot be readily explained.

²⁶ This indicator is typically computed every ten years as the outcome of a Demographic and Health Surveys (DHS), while no reliable and comparable indicators are available during intermediate years. In Madagascar the last two DHSs were conducted in 1997 and 2004. It is, thus, surprising that the program set a target for 2006. Also, it is not clear whether the implementation of PRSC-1 in 2004 has been responsible for the set-back observed over the seven-year period 1997-2004. No indicator is available for later years.

Table 2: Key Development Outcome Indicators: Status in 2003 and Expected and Realized Outcomes in 2006

Key Monitoring Indicators	Status in 2003	Expected outcomes in 2006	Status in 2006
Poverty reduction	73%	68%	68.7% (2005) 67.5% (2006 Projection)
Good Governance			
Budget management benchmarks met as defined in the HIPC AAP	3 out of 15 benchmarks	> 10 out of 16 benchmarks met (including reforms in the Treasury, Auditor General, budget execution, and procurement)	2005: 6 out of 16 benchmarks
Budget (2004-2006) includes proper planning and monitoring for public spending in high poverty relevant areas	Budget planning process for 2004 led to increased allocation for key PRSP sectors (education, health, infrastructure)	Increased allocation of public resources in line with strategic objectives of the PRSP	2006: Budget allocates adequate resources to PRSP priority sectors
Government has introduced and published service delivery standards in key services with a large public-private interface (especially customs, land titling, primary education, courts, etc)	No standards	Transparency and service delivery significantly improved as evidenced by independent audits	n.a..
Human and Material security			
Primary net enrolment rate	93%	97%	97%
Increase in primary school completion rate	45%	60%	60%
Number of textbooks per primary school student	1 book per 3 students	> 1 book per child	0.9
HIV/AIDS prevalence rate in sex workers	n.a.	n.a.	n.a.
DTP3 vaccination rate of children below 1 year	85.8%	80%	93%
Skilled attendance at birth in <i>Centre de Santé de Base (CSB)</i> and <i>Centre Hospitalier de District (CHD1)</i>	28%	28.5%	22%
Utilization rate in <i>Centre de Santé de Base (CSB)</i>	0.57	0.61	0.32
Reduction in child underweight rate (MDG indicator)	43% (1997)	30%	35% (2004)
Percentage of people with access to safe drinking water	27.2%	20.8%	30%

Note: n.a. stands for non available.

3.3 Justification of Overall Outcome Rating

39. **Definition:** The extent to which the operation's major relevant objectives were achieved, or are expected to be achieved, efficiently.²⁷

40. **Rating:** Overall, the outcome of the series is rated as moderately satisfactory.

Operation	Rating
PRSC-1	Moderately Satisfactory (rating from the Simplified Implementation Completion Report)
PRSC-2	Moderately Satisfactory
PRSC-3	Moderately Satisfactory
PRSC 1-3 Series	Moderately Satisfactory

²⁷ World Bank, 2006c, p. 31.

41. **Justification:** The program development objective had high overall relevance and the development outcome indicators were selected appropriately. However, there were moderate shortcomings in the operation’s achievement of its objectives particularly those related to the health sector. The fact that the same government has remained in place during the 2004-06 implementation period and that progress on policy actions has remained steady during the period leads us to give each operation the same rating as the series as a whole.

4. Assessment of Risk to Development Outcome

42. **Definition:** The risk, at the time of evaluation, that development outcomes (or expected outcomes) will not be maintained (or realized).²⁸

43. **Rating:** The overall risk to development outcome is rated moderate for the series and each individual operation.

Operation	Rating
PRSC-1	Moderate
PRSC-2	Moderate
PRSC-3	Moderate
PRSC 1-3 Series	Moderate

44. **Justification:** The rating is based on the following considerations. First, following the deep political crisis of 2002, the political situation has stabilized. International recognition of the new Government of President Ravalomanana in July 2002 ended the political crisis while his power was significantly consolidated by Parliamentary elections in December 2002, which bodes well for future political stability. Second, Government ownership and commitment to reform has improved significantly since 2002. There is strong ownership of the PRSP program and strong determination to follow through with related actions. Third, the public financial management system is becoming more robust so that there is better capacity to follow through the implementation of the PRSP program with associated budgetary provisions. Fourth, the legal framework has been strengthened. Fifth, macroeconomic management has been satisfactory despite a relatively unfavorable external environment.²⁹ Political risk and exposure to natural disasters increasing in number and intensity – possibly caused by global warming – led us to rate the overall risk as “moderate.” Had the political risk be absent, we may have considered rating the overall risk as “negligible to low.”

²⁸ Ibid.

²⁹ Madagascar is exposed to natural disasters which bring occasional setbacks to living conditions in terms of food insecurity and damaged infrastructure. Exposure to natural disasters represents an important risk to development outcomes, although strong coordination among donors helps increase donors’ responsiveness to external shocks and helps mitigate this risk.

5. Assessment of Bank and Borrower Performance

45. Section 5 assesses Bank and borrower performances. Section 5.1 assesses Bank performance in ensuring quality at entry and quality of supervision and rates it. Section 5.2 assesses Government performance and rates it.

5.1 Bank Performance

46. **Definition:** The extent to which services provided by the Bank ensured quality at entry of the operation and supported effective implementation through appropriate supervision toward the achievement of development outcome.³⁰ Bank performance is rated by assessing two dimensions: (i) Bank performance in ensuring quality at entry; and (ii) quality of Bank supervision.

(a) Bank Performance in Ensuring Quality at Entry

47. **Definition:** Quality at entry refers to the extent to which the Bank identified, facilitated preparation of, and appraised the operation such as it was most likely to achieve planned development outcomes and was consistent with the Bank's fiduciary role.³¹

48. **Rating:** The first two operations are rated moderately satisfactory while the third operation is rated satisfactory. As a consequence, Bank performance in ensuring quality at entry for the series is rated moderately satisfactory.

Operation	Rating
PRSC-1	Moderately Satisfactory
PRSC-2	Moderately Satisfactory (rating from QAG)
PRSC-3	Satisfactory
PRSC 1-3 Series	Moderately Satisfactory

49. **Justification:** Qualities at entry of PRSC-1 and PRSC-2 are rated moderately satisfactory because there were moderate shortcomings in identification, preparation, or appraisal³² These shortcomings were identified and broadly incorporated into PRSC-3 whose quality at entry is rated satisfactory. Justification for this rating is as follows. First, although the Bank seized a window of opportunity and responded positively to Government's demand for an increase in Budget support, the decision to move to programmatic lending may have been premature while the amount of budget support transferred under PRSC-1 may have been too large (US\$125 million). Although this was a calculated risk, it may have led to too rapid and large a shift from project lending to budget support for which the country was ill-prepared. Follow-up operations were scaled down: PRSC-2 was revised downward to US\$80 million while PRSC-3 represented US\$40 million. The next phase is expected to consist of a new series of three operations, each for

³⁰ Ibid. p. 34.

³¹ Ibid.

³² Note that the rating for PRSC-2 is consistent with that of the May 2007 Quality at Entry Assessment.

an amount of US\$40 million. Second, the policy dialogue around the PRSCs led to an appreciation of the government position -- which was increasingly incorporated into the program. For example, although the Bank insisted for the creation of the *Inspection Générale des Finances* (IGF) in PRSC-1, it soon realized that its creation may have been problematic and was appropriately adjusted the policies supported by the PRSCs. In the end, the IGF was not staffed but internal controls were still strengthened through other means. Third, the preparation of PRSC-1 may have been too hasty. The team indicated that it was given little time to prepare PRSC-1. Finally, preparation of the three PRSCs could have been better aligned with the Budget cycle of government.

(b) Quality of Supervision

50. **Definition:** Quality of supervision refers to the extent to which the Bank proactively identified and resolved threats to the achievements of relevant development outcomes and the Bank’s fiduciary role.³³

51. **Rating:** Quality of supervision is rated highly satisfactory for the series and each individual operation.

Operation	Rating
PRSC-1	Highly satisfactory
PRSC-2	Highly satisfactory
PRSC-3	Highly satisfactory
PRSC 1-3 Series	Highly Satisfactory

52. **Justification:** The quality of supervision of each operation is rated highly satisfactory because there was no shortcoming in the proactive identification of opportunities and resolution of threats. The Bank had a strong presence in the field who did supervision on a day-to-day basis, along with a HQ-based team which undertook diligent follow-up and supervision. For the governance agenda, education, nutrition, health and rural water, the field presence was particularly strong. In addition, the PGDI provided effective technical assistance to support the implementation of the PRSP. Supervision of the EFA was formally done twice a year through joint-donor missions. The nutrition project (SEECALINE), health project, rural water, and the PGDI supervision missions, in addition to the joint-donor budget support missions all contributed to the supervision of the PRSC reform program. During PRSC implementation, there has been a transparent and open dialogue with government and constant adjustments were made to a complex change process.

(c) Justification of Rating for Overall Bank Performance

53. **Definition:** The rating of overall Bank performance is based on the ratings of each of the two dimensions: (i) Bank performance in ensuring quality at entry; and (ii) quality of supervision.

³⁴

³³ Ibid.

54. **Rating:** Overall Bank performance is rated moderately satisfactory for PRSC-1 and PRSC-2 and satisfactory for PRSC-3. The rating of overall Bank performance for the series is moderately satisfactory.

Operation	Rating
PRSC-1	Moderately Satisfactory
PRSC-2	Moderately Satisfactory
PRSC-3	Satisfactory
PRSC 1-3 Series	Moderately Satisfactory

55. **Justification:** The rating directly results from the ratings of quality at entry and supervision (see World Bank, 2006, p.37).

5.2 Borrower Performance: Rating and Justification

56. **Definition:** The extent to which the borrower ensured quality of preparation and implementation, and complied with covenants and agreements, toward the achievement of development outcomes.³⁵

57. **Rating:** Borrower performance for PRSC-1 is rated moderately satisfactory while it is rated satisfactory for PRSC-2 and PRSC-3, so that the overall rating is satisfactory.

Operation	Rating
PRSC-1	Moderately Satisfactory
PRSC-2	Satisfactory
PRSC-3	Satisfactory
PRSC 1-3 Series	Satisfactory

58. **Justification:** There were moderate shortcomings in government performance during PRSC-1 implementation. These shortcomings were progressively addressed in PRSC-2 and PRSC-3. The rating is based on the following considerations. First, there is strong Government ownership of reforms and commitment to achieving development objectives. Second, the Government maintained a stable macroeconomic framework and implemented reforms in all areas supported by the program, while decentralization lacked a clear framework. Third, the Government worked together with the Bank to identify and resolve implementation issues as they arose. Fourth, the Government did create an enabling environment to strengthen relationship and coordination with donors, including through the creation of a partnership agreement. Nonetheless, a possible disconnect between the political appetite for reforms and the technical capacity to implement and absorb these reforms may have led to some difficulties in the implementation of the PRSCs, particularly PRSC-1.

³⁴ World Bank, 2006c, p. 36.

³⁵ World Bank, 2006c, p. 37.

6. Lessons Learned

59. The lessons learned are as follows:

- **Development objectives:** PRSCs1-3 rightly focused on the critical areas of public finance management and human development. Future PRSCs may want to deepen support in these areas and focus on critical bottlenecks rather than broadening the areas of support to new areas. It may also be important to identify the institutional and absorptive capacities of each sector, to provide budget support to those sectors with highest capacities and to use PRSCs in combination with sectoral projects to those areas where capacities are lowest. Projects designed to address specific sectoral issues, bottlenecks and capacity constraints, are critical for increasing Madagascar's absorptive capacity, which, in turn, is expected to increase the effectiveness of budget support instruments.
- **Size:** The amount provided under the form of budget support has been revised downward for a better balance of overall Bank support between budget support and projects. The next series of PRSCs which would consist of three annual operations for US\$40 million each (out of a total annual IDA allocation of about US\$120 million) seems to strike an adequate balance. Increase in budget support could be linked to credible and sustained improvement in revenue collection, civil service and public sector management systems.
- **Design:** As the Bank and other donors jointly adopt results-oriented programs, follow-up operations may want to better establish the relationship between policy actions on one side and development outcomes on the other side. This would help assess the effectiveness of budget support operations.
- **M&E:** Although support to the M&E system has already taken place through various instruments including the PGDI, the PEFA assessment, the EFA initiative and sectoral activities, the M&E system still needs to be strengthened. The policy matrix could focus on a few triggers and benchmarks whose completion is monitored through a small number of reliable results indicators.
- **Supervision:** The supervision of the PRSCs rightly monitors progress toward triggers and benchmarks as their completion is key in order to move to the next operation. The supervision may want to focus more on assessing progress towards the development outcomes, particularly in a context where the relationships between policy actions and development outcomes could be more clearly established.
- **Timing:** It seems important to better align the preparation of the PRSCs with the Budget cycle. PRSCs could be presented to the Board early in the calendar year, ideally following Budget approval. Better alignment would be all the most critical as the amount of budget support is increased.
- **Expectations:** Both Bank and Government need to have realistic expectations about the breadth and pace of reform implementation. In particular, the political appetite for reforms must be aligned with the country's technical capacity to implement and absorb these reforms.

Annex 1: Key Development Outcome Indicators under PRSC 1-3

Key Monitoring Indicators	Status in 2003 from PRSC-1 PAD	Expected outcomes in 2006 from PRSC-1 PAD	Status in 2004 from PRSC-2 PAD	Expected outcomes in 2006 from PRSC-2 PAD	Status in 2005 from PRSC-3 PAD	Expected outcomes in 2006 from PRSC-3 PAD	Status in 2006
Poverty reduction	73%	68%	TBC	68%	68.7%	68%	67.5% (projected by INSTAT)
Good Governance							
Budget management benchmarks met as defined in the HIPC AAP	3 out of 15 benchmarks.	> 10 out of 16 benchmarks met (including reforms in the Treasury, Auditor General, budget execution, and procurement).	4 out of 15 benchmarks.	10 out of 16 benchmarks met (including reforms in the Treasury, Auditor General, budget execution, and procurement).	6 out of 16 benchmarks.	10 out of 16 benchmarks met (including reforms in the Treasury, Auditor General, budget execution, and procurement).	n.a. HIPC benchmarks replaced by PEFA indicators. Preliminary PEFA report assesses good progress between 2005 and 2006.
Budget (2004-2006) includes proper planning and monitoring for public spending in high poverty relevant areas	Budget planning process for 2004 led to increased allocation for key PRSP sectors (education, health, infrastructure).	Increased allocation of public resources in line with strategic objectives of the PRSP.	Budget planning process for 2004 led to increased resources for key PRSP sectors (education, health, infrastructure, drinking water and nutrition).	Increased allocation of public resources in line with strategic objectives of the PRSP.	Budget for 2005 led to increased resources for key PRSP sectors (education, health, infrastructure, drinking water and nutrition).	Increased allocation of public resources in line with strategic objectives of the PRSP.	The 2006 Budget continued allocating adequate resources to PRSP priority sectors.
Government has introduced and published service delivery standards in key services with a large public-private interface (especially customs, land titling, primary education, courts, etc)	No standards.	Transparency and service delivery significantly improved as evidenced by independent audits.	TBD.	Transparency and service delivery significantly improved as evidenced by independent audits.	Implementation of service delivery standards in justice and education commences.	Transparency and service delivery significantly improved as evidenced by independent audits.	n.a.
Broad-based growth							
Percentage of the (main) road network in good and fair condition	59% PRSC-2 PAD: 49% PRSC-3 PAD: 47%	80%	61% PRSC-3 PAD: 53%	80%	59%	80%	
Percentage of rural population with reliable access to transport	45% PRSC-2 PAD:46%	65%	52% PRSC-3 PAD: 48%	65%	57%	65%	
Increasing rice productivity	Average rice yield = 1.8 tons/ha PRSC3 PAD:2.33	Average rice yield = 2.4 tons/ha	Average rice yield = 2.4 tons/ha	Average rice yield = 2.4 tons/ha	2.57 tons/ha	2.4 tons/ha	
Decrease the average annual deforestation rate	Deforestation rate in 2003 = 1.2%	Average 2004-2006 deforestation rate reduced to 0.6%	n.a.	Average 2004-2006 deforestation rate reduced to 0.6%			
Nationally protected areas % of land area	1.9%	4%	n.a.	4%			
Human and Material security							
Primary net enrolment rate	82% PRSC-4PAD:93%	88%	97%	97%	98% PRSC-4 PAD:96%	97%	97%

Key Monitoring Indicators	Status in 2003 from PRSC-1 PAD	Expected outcomes in 2006 from PRSC-1 PAD	Status in 2004 from PRSC-2 PAD	Expected outcomes in 2006 from PRSC-2 PAD	Status in 2005 from PRSC-3 PAD	Expected outcomes in 2006 from PRSC-3 PAD	Status in 2006
Increase in primary school completion rate	38% PRSC-2 PAD: 39.5% PRSC-4 PAD: 45%	58%	47% PRSC-4 PAD:57%	60%	60% PRSC-4 PAD:57%	60%	60%
Number of textbooks per primary school student	1 book per 3 students	1 book per child at least	0.9	1 book per child at least	n.a. PRSC-4 PAD: 0.9	1 book per child at least	0.9
HIV prevalence rate in sex workers*	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
DTP3 vaccination rate of children below 1 year	55 % PRSC-2 PAD: 85.8%	65%	75.1 %	80%	86.6%	80%	93%
Skilled attendance at birth in <i>Centre de Santé de Base</i> (CSB) and <i>Centre Hospitalier de District</i> (CHD1)	33% PRSC-2:28%	40%	26.1%	28.5%	19.7%	28.5%	22%
Utilization rate in <i>Centre de Santé de Base</i> (CSB)	0.38 PRSC-2 PAD:0.57	0.44	0.44 PRSC-3 PAD:0.49	0.61	0.45	0.61	0.32
Reduction in child underweight rate (MDG indicator)	40% (1997) PRSC-2 PAD:43% (1997)	35%	35%	30%	n.a.	30%	n.a.
Chronic malnutrition (stunting)	48 % (1997)	40 %	PRSC-4 PAD: 44%				
Percentage of people with access to safe drinking water	13.8 % PRSC-2 PAD:12.7% PRSC-4 PAD:27.2%	20.8%	13.6 % PRSC-4 PAD:29.5%	20.8% PRSC-4 PAD:30%	16 %	20.8%	PRSC-4 PAD:30%

Note: n.a. stands for non available.

Annex 2: Comparison of Triggers for PRSC-2 and Prior Actions in PRSC 2

	Triggers for PRSC-2 in PRSC-1 Board Document	Prior Actions in PRSC-2	Comments
Governance			
Public Financial Management	Satisfactory implementation of Priority Action Plan for 2004, in particular:		
<i>Budget Formulation</i>	<ul style="list-style-type: none"> Budget for 2005 allocates greater share of resources to PRSP priority sectors relative to 2004, with adequate funding allocated to key priorities (such as education, health, nutrition). 	Unchanged.	Trigger fulfilled.
<i>Budget Execution</i>	<ul style="list-style-type: none"> Progressive implementation of the recommendations of the audit of the treasury in particular: <ol style="list-style-type: none"> monthly accounts produced until the 15th of the following month in the treasuries that installed the transitional financial management system. final accounts for 2003 prepared by the Treasury. Transitional financial management system (Transitional SIGFP) installed in 4 sites (Antsiranana, Fiatnarantsoa, Mahajanga, Toliara). 	<p>Adjusted: monthly accounts produced until the 15th of the following month <u>in Toamasina</u>, where the transitional financial management system is operational.</p> <p>Unchanged.</p> <p>Dropped.</p>	<p>Adjusted trigger fulfilled: there are delays in the effective functioning of the system in Antananarivo and four additional provincial treasuries. Original trigger proposed as prior action for PRSC-3.</p> <p>Trigger fulfilled</p> <p>See above.</p>
<i>Procurement</i>	<ul style="list-style-type: none"> Implementing rules and regulations for the new Procurement code issued by Government. Establish the new procurement oversight institution (“<i>Autorité de Régulation des Marchés Publics</i>”). 	<p>Dropped.</p> <p>Unchanged.</p>	<p>The draft implementing rules and regulations were produced in June 2005, and have to be validated after consultations with stakeholders. Original trigger proposed as prior action for PRSC-3.</p> <p>Trigger fulfilled.</p>
<i>Accountability</i>	<ul style="list-style-type: none"> <i>Projet de loi de règlement</i> for 2002 and 2003 examined by the Auditor General. 	Changed: <i>Projet de loi de Règlement</i> for 2002 and 2003 sent to the Auditor General.	Adjusted trigger not met, though expected by December 2005.
Customs	Adopt a time-bound action plan for 2005 for customs reform and start implementation.	Unchanged.	Trigger fulfilled.
Human and Material Security			
Education	Implementation of national Education for All (EFA) Plan on track.	Unchanged.	Trigger fulfilled.

	Triggers for PRSC-2 in PRSC-1 Board Document	Prior Actions in PRSC-2	Comments
Nutrition	Creation of <i>National Council for Nutrition</i> and establishment of the secretariat (Office National de Nutrition) and appointment of its coordinator.	Unchanged.	Trigger fulfilled.
Health	Update health sector strategy. Introduction of Medium Term Expenditure Framework for the health sector commencing in CY 2005.	Unchanged. Unchanged.	Trigger fulfilled. Trigger fulfilled.
Water Supply	The Directorate of Water and Sanitation in Antananarivo and the six Faritany RWSS units are adequately staffed and equipped to implement successfully the proposed RWSS national program "Water and Sanitation for All" endorsed by GOM and donors in October 2004.	Changed: The Directorate of Water and Sanitation in Antananarivo and the six decentralized departments in the provinces <u>have started to adequately staff and equip</u> themselves to implement successfully the "Water and Sanitation for All" program.	Adjusted trigger fulfilled.

Annex 3: Comparison of Triggers for PRSC-3 and Prior Actions in PRSC 3

	Triggers for PRSC-3 in PRSC-2 Board Document	Prior Actions in PRSC-3	Comments
Governance			
Public Financial Management	Satisfactory implementation of Priority Action Plan for 2005, as evidenced by:		
<i>Budget Formulation</i>	Budget for 2006 allocates adequate resources to PRSP priority sectors.	Unchanged.	Trigger fulfilled. The 2006 Budget allocates 20 percent to education, 18 percent to infrastructure, 7.1 percent to health, 5 percent to agriculture, and 1.3 percent to justice.
<i>Budget Execution</i>	Monthly accounts produced by the 15 th of the following month in the five regional treasuries and central treasury where the transitional financial management system is fully operational.	Unchanged.	Trigger fulfilled.
<i>Procurement</i>	New Procurement Code applied.	Changed: Implementing rules and regulations together with Standard Bidding Documents (SBD) submitted by MEFB for Cabinet approval.	Adjusted trigger fulfilled. Implementing rules and regulations have been submitted and approved by Cabinet in May 2006. The SDB will be automatically adopted by MEFB following cabinet approval of the implementing rules and regulations.
	Procurement Oversight Institution operational	Changed: Key personnel (head and directors) for the Procurement Oversight Institution nominated by MEFB on an interim basis until final approval by Cabinet.	Adjusted trigger fulfilled. Based on the decree establishing the ARMP which was passed in May 2005, Government has begun the staffing process. The General Director and the board have already been nominated. For the other director positions, nominations have been made on an interim basis by the Minister of Finance.
	Procurement entities in the sector ministries operational.	Changed: Procurement entities in key ministries (education, health, agriculture and transport) operational.	Adjusted trigger fulfilled. Every ministry has identified staff to whom all procurement matters have been delegated in accordance with the provisions of the new procurement Code. Key ministries (education, health, agriculture and transport) have put in place procurement management units. These units are operational and their performance will be assessed after a period of one year. Additional units will be established in other ministries in 2006.
	Appeal system operational	Dropped.	No explanation provided.
Decentralization	Increase resource allocation for the communes	Unchanged.	Trigger fulfilled. Albeit increase of allocations to the commune in the budget 2006 is modest (the allocation increased by 3.6%).
Customs	Satisfactory implementation of customs action plan.	Unchanged.	Trigger fulfilled.

	Triggers for PRSC-3 in PRSC-2 Board Document	Prior Actions in PRSC-3	Comments
Human and Material Security			
Education	Implementation of National EFA Plan on track.	Unchanged.	Trigger fulfilled. The joint donor assessment of April 2006 endorsed the revised EFA prepared by Government in March 2006, following the EFA FTI secretariat guidelines.
Water Supply	The Ministry and its main partners begin implementation of the recommendations of the sector review in the program budget 2006-2008.	Unchanged.	Trigger fulfilled. The MEM/DEA and its main partners have implemented all the recommendations of the 2005 sector review. Key actions include: (i) creation of a new department in the DEA dedicated to the preparation and monitoring of the program budget; (ii) definition of criteria to select communities to be included in the program; (iii) advertisement of bidding documents for works, goods and services at the provincial and regional levels, (iv) dissemination to all stakeholders of the national manual of procedures for implementing and managing water systems and sanitation facilities.

Annex 4: Bank Lending and Implementation Support/Supervision Processes

(a) Task Team members

P070999 - MG-Poverty Reduction Support Credit I			
Names	Title	Unit	Responsibility/ Specialty
Lending			
Slaheddine Ben-Halima	Sr. Procurement Spec.	AFTPC	Procurement
Benu Bidani	Lead Economist	AFTP1	Task Team Leader/ Economics
Jacob Bregman	Lead Education Spec	AFTH3	Education
Guenter Heidenhof	Lead Public Sector Spec.	AFTPR	Public Sector
Sarah Keener	Sr. Social Devel. Spec.	AFTCS	Social Development
Jean-Pierre Manshande	Sr. Health Spec.	AFTH3	Health
Nadine T. Poupert	Sr. Economist	AFTH3	Social Protection
Christophe Prevost	Sr. Water & Sanitation Spec.	AFTU2	Rural Water Supply
Gervais Rakotoarimanana	Sr. Financial Mgt. Spec.	AFTFM	Financial Management
Patrice Joachim Nirina Rakotoniaina	Municipal Engineer	AFTU1	Rural Water Supply
Patrick Philippe Ramanantoanina	Sr. Education Spec.	AFTH3	Education
Dieudonne Randriamanampisoa	Sr. Economist	AFTPR	Public Sector
Luc Razafimandimby	Economist	AFTP3	PREM
Claudia Rokx	Lead Health Spec.	EASHD	Health
Dotilda Sidibe	Program Assistant	AFTP1	Assistant
Renganaden Soopramanien	Sr. Counsel	LEGES	Law
Cecile Wodon	Program Assistant	PRMPR	Assistant
Lending			
Supervision			
Noroso Andrianaivo	Program Assistant	AFTH3	Assistant
Anwar Bach-Baouab	Lead Operations Officer	AFTH3	Health
Sajitha Bashir	Sr. Education Econ.	AFTH3	Education
Slaheddine Ben-Halima	Sr. Procurement Spec.	AFTPC	Procurement
Benu Bidani	Lead Economist	AFTP1	Task Team Leader/ Economics
Jacob Bregman	Lead Education Spec	AFTH3	Education
Guenter Heidenhof	Lead Public Sector Spec.	AFTPR	Public Sector
Patrick Philippe Ramanantoanina	Sr. Education Spec.	AFTH3	Education
Claudia Rokx	Lead Health Spec.	EASHD	Health

P083326 - MG-Poverty Reduction Support Credit II			
Names	Title	Unit	Responsibility/ Specialty
Lending			
Supervision			
Anwar Bach-Baouab	Lead Operations Officer	AFTH3	Health
Sajitha Bashir	Sr. Education Econ.	AFTH3	Education
Sofia U. Bettencourt	Lead Operations Officer	AFTS1	Environment
Anne M. J. Bossuyt	Consultant	AFTH3	Nutrition
Emile Louis Rene Finateu	Sr. Financial Management Specialist	AFTFM	Financial Management
Risserne Gabdibe	E T Consultant	AFTP1	Consultant
Guenter Heidenhof	Lead Public Sector Specialist	AFTPR	Public Sector
Susanne Holste	Sr. Transport. Spec.	SASEI	Transport
Stefano Paternostro	Lead Economist	AFTH3	Economics
Nadine T. Poupert	Sr. Economist	AFTH3	Social Protection
Christophe Prevost	Sr. Water & Sanitation Spec.	AFTU2	Rural Water Supply
Noroarisoa Rabefaniraka	Sr. Transport. Spec.	AFTTR	Transport
Emma Fabienne Raharinjanahary	Program Assistant	AFMMG	Assistant
Gervais Rakotoarimanana	Sr. Financial Management Specia	AFTFM	Financial Management
Patrice Joachim Nirina Rakotoniaina	Municipal Engineer	AFTU1	Rural Water Supply
Lanto Ramanankasina	Program Assistant	AFMMG	Assistant
Patrick Philippe Ramanantoanina	Sr. Education Spec.	AFTH3	Education
Sylvain Auguste Rambelason	Sr. Procurement Spec.	AFTPC	Procurement
Dieudonne Randriamanampisoa	Sr. Economist	AFTPR	Public Sector
Ziva Razafintsalama	Sr. Rural Development Speci	AFTS1	Rural Development
Claudia Rokx	Lead Health Specialist	EASHD	Health

P083326 - MG-Poverty Reduction Support Credit II			
Names	Title	Unit	Responsibility/ Specialty
Lending			
Noro Aina Andriamihaja	Economist	AFTP1	Economics
Norosoa Andrianaivo	Language Program Assistant	AFTH3	Assistant
Anwar Bach-Baouab	Lead Operations Officer	AFTH3	Health
Sajitha Bashir	Sr. Education Econ.	AFTH3	Education
Slaheddine Ben-Halima	Sr. Procurement Spec.	AFTPC	Procurement
Sofia U. Bettencourt	Lead Operations Officer	AFTS1	Environment
Benu Bidani	Lead Economist	AFTP1	Task Team Leader/ Economics
Anne M. J. Bossuyt	Consultant	AFTH3	Nutrition

Aline Coudouel	Sr. Economist	LCSHS	Economics
Emile Louis Rene Finateu	Sr. Financial Management Specia	AFTFM	Financial Management
Guenter Heidenhof	Lead Public Sector Specialist	AFTPR	Public Sector
Susanne Holste	Sr. Transport. Spec.	SASEI	Transport
Elisabeth Huybens	Lead Country Officer	ECCU4	
Sarah Keener	Senior Social Development Spec	AFTS2	Social Development
Montserrat Meiro-Lorenzo	Sr. Public Health Spec.	AFTH3	Health
Stefano Paternostro	Lead Economist	AFTH3	Economics
Nadine T. Poupart	Sr. Economist	AFTH3	Social Protection
Sanjay Pradhan	Sector Director	PRMPS	Peer Reviewer
Christophe Prevost	Sr. Water & Sanitation Spec.	AFTU2	Rural Water Supply
Noroarisoa Rabefaniraka	Sr. Transport. Spec.	AFTTR	Transport
Andrianina Noro Rafamantanantsoa	Program Assistant	HDNHE	Assistant
Jenny Rahamefy	E T Temporary	AFC08	Assistant
Bienvenu Rajaonson	Sr. Environmental Spec.	AFTS1	Environment
Gervais Rakotoarimanana	Sr. Financial Management Specia	AFTFM	Financial Management
Patrice Joachim Nirina Rakotoniaina	Municipal Engineer	AFTU1	Rural Water Supply
Patrick Philippe Ramanantoanina	Sr. Education Spec.	AFTH3	Education
Sylvain Auguste Rambelison	Sr. Procurement Spec.	AFTPC	Procurement
Dieudonne Randriamanampisoa	Sr. Economist	AFTPR	Public Sector
Ganesh Rasagam	Sr. Private Sector Development	AFTPS	PSD
Josiane V. Raveloarison	Sr. Private Sector Development	AFTPS	PSD
Ziva Razafintsalama	Sr. Rural Development Speci	AFTS1	Rural Development
Claudia Rokx	Lead Health Specialist	EASHD	Health
Gilles Marie Veuillot	Sr. Counsel	LEGAF	Law
Jan Walliser	Economic Adviser	OPCCE	Advisor
Lending			
Supervision			
Noro Aina Andriamihaja	Economist	AFTP1	Economics
Sajitha Bashir	Sr. Education Econ.	AFTH3	Education
Slaheddine Ben-Halima	Sr. Procurement Spec.	AFTPC	Procurement
Sofia U. Bettencourt	Lead Operations Officer	AFTS1	Environment
Benu Bidani	Lead Economist	AFTP1	Task Team Leader/ Economics
Anne M. J. Bossuyt	Consultant	AFTH3	Nutrition
Mukesh Chawla	Lead Economist	AFTH3	Economics
Emile Louis Rene Finateu	Sr. Financial Management Specia	AFTFM	Financial Management
Guenter Heidenhof	Lead Public Sector Specialist	AFTPR	Public Sector
Montserrat Meiro-Lorenzo	Sr. Public Health Spec.	AFTH3	Health
Nadine T. Poupart	Sr. Economist	AFTH3	Social Protection

Christophe Prevost	Sr. Water & Sanitation Spec.	AFTU2	Rural Water Supply
Noroarisoa Rabefaniraka	Sr. Transport. Spec.	AFTTR	Transport
Gervais Rakotoarimanana	Sr. Financial Management Specia	AFTFM	Financial Management
Patrice Joachim Nirina Rakotoniaina	Municipal Engineer	AFTU1	Rural Water Supply
Patrick Philippe Ramanantoanina	Sr. Education Spec.	AFTH3	Education
Sylvain Auguste Rambelason	Sr. Procurement Spec.	AFTPC	Procurement
Dieudonne Randriamanampisoa	Sr. Economist	AFTPR	Public Sector
Herinjara Maria Ranohatra	E T Temporary	AFMMG	Assistant
Ganesh Rasagam	Sr. Private Sector Development	AFTPS	PSD
Gilles Marie Veuillot	Sr. Counsel	LEGA	Law

P096102 - MG-Poverty Reduction Support Credit III

Names	Title	Unit	Responsibility/ Specialty
Lending			
-	-	-	-
Lending			
Supervision			
Norosoa Andrianaivo	Program Assistant	AFTH3	Assistant
Sajitha Bashir	Sr. Education Econ.	AFTH3	Education
Benu Bidani	Lead Economist	AFTP1	Economics
Aline Coudouel	Sr. Economist	LCSHS	Social Protection
Deon Filmer	Sr. Economist	DECRG	Education
Emile Louis Rene Finateu	Sr. Financial Management Specialist	AFTFM	Financial Management
Stefano Paternostro	Lead Economist	AFTH3	Task Team Leader/ Economics
Christophe Prevost	Sr. Water & Sanitation Spec.	AFTU2	Rural Water Supply
Gervais Rakotoarimanana	Sr. Financial Mgt. Spec.	AFTFM	Financial Management
Patrice Joachim Nirina Rakotoniaina	Municipal Engineer	AFTU1	Rural Water Supply
Dieudonne Randriamanampisoa	Sr. Economist	AFTPR	Public Sector

(b) Staff Time and Cost

P070999 – Poverty Reduction Support Credit I

Stage	Staff Time and Cost (Bank Budget Only)	
	No. of staff weeks	USD Thousands (including travel and consultant costs)
Lending		
FY01	7.9	46.94
FY02	6.32	29.47

FY03	4.43	23.75
FY04	58.64	305.44
FY05	48.77	143.00
FY06	0.00	0.00
Total:	126.06	548.60
Supervision		
FY01	0.00	0.00
FY02	0.00	0.00
FY03	0.00	0.00
FY04	0.00	0.00
FY05	28.17	166.11
FY06	8.36	15.03
Total:	36.53	181.14

P083326 - MG-Poverty Reduction Support Credit II		
Stage	Staff Time and Cost (Bank Budget Only)	
	No. of staff weeks	USD Thousands (including travel and consultant costs)
Lending		
FY04	0.35	2.27
FY05	20	152.37
FY06	47	128.55
FY07	0.00	0.00
Total:	67.35	283.19
Supervision		
FY04	0.00	0.00
FY05	0.00	0.00
FY06	23.00	103.00
FY07	0.47	3.932
Total:	23.47	106.93

P096102 - Third Poverty Reduction Strategy Credit		
Stage	Staff Time and Cost (Bank Budget Only)	
	No. of staff weeks	USD Thousands (including travel and consultant costs)
Lending		
FY06	74	316.07
FY07	0.00	0.00
Total:	74	316.07
Supervision		
FY06	0.00	0.00
FY07	66.42	214.87
Total:	66.42	214.87

Annex 5. Summary of Borrower's ICRR and/or Comments on Draft ICRR

A draft of the ICRR was sent to the Government for comments on January 9, 2008. No comments have been received as of January 28, 2008

Annex 6. List of Supporting Documents

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19. World Bank. 2007b. "Implementation Status Results and Report – Madagascar – MG-PRSC 3 DPL". June.
20. World Bank. 2007c. "*Madagascar: Revue de Dépenses Publiques*". Report No. 38687-MG. June.

Annex 7. List of Persons Met

Government of Madagascar

ANDRIAMANANSOA, Josué	Directeur des Etudes et de la Planification, MSPF
ANDRIAMBAHINY, Ratovo	Directeur de la Comptabilité Publique, MEFB
ANDRIATSIRIHASINA, Tovohery	Chef d'Unité de la Brigade du Trésor
LANTO, M.	Directeur Général de l'Economie, MEFB
LEJAMBRE, Brice	Directeur de la Communication et des Relations Extérieures, Comité pour la Sauvegarde de l'Intégrité,
ORLANDO, M.	Brigade du Trésor, MEFB
PORTEOUS, Paul	Senior Adviser, Présidence de la République
RABEARINOSY, Gilles	Inspecteur d'Etat
RABETAKIKA, Andrianarisoa	Inspecteur d'Etat
RALCOTOVAO, François	ONN
RAFOLISY, Patrick	Secrétaire Exécutif, Comité pour la Sauvegarde de l'Intégrité,
RANAIVO, Henri	Directeur Général du Contrôle Financier, Bureau de la Contribution
RANARIVELO, Valencia	Directeur National, PNNC-SEECALINE
RANDRIAMANANJARA, Aristide	Directeur de l'Eau Potable et de l'Assainissement, Ministère de l'Energie
RANDRIANIAINA, Johnson	Conseiller Technique chargé des Affaires Financières, MEFB
RANDRIANOELISON, Jean Jacques	Coordinateur Général du Programme pour l'Efficacité de l'Administration, Présidence de la République
RANDRIANTOETRA, Maxence	Directeur Général du Trésor, MEFB
RAOELIJAONA, Bien-aimé	Directeur Général, Direction Générale de l'Autorité de Régulation des Marchés Publics, MEFB
RAVELOARIJAONA, Boanary	Président de la Chambre des Comptes, Cour Suprême
RAVELOHARISON, Ambinintsoa	Coordonnateur National, ONN
RAVELOJAONA, Joséphine	Ingénieur Hydrogéologue, Direction de l'Eau et de l'Assainissement, Ministère de l'Energie
RAZAKARIASA, Henri Bernard	Secrétaire Général des Finances, MEFB

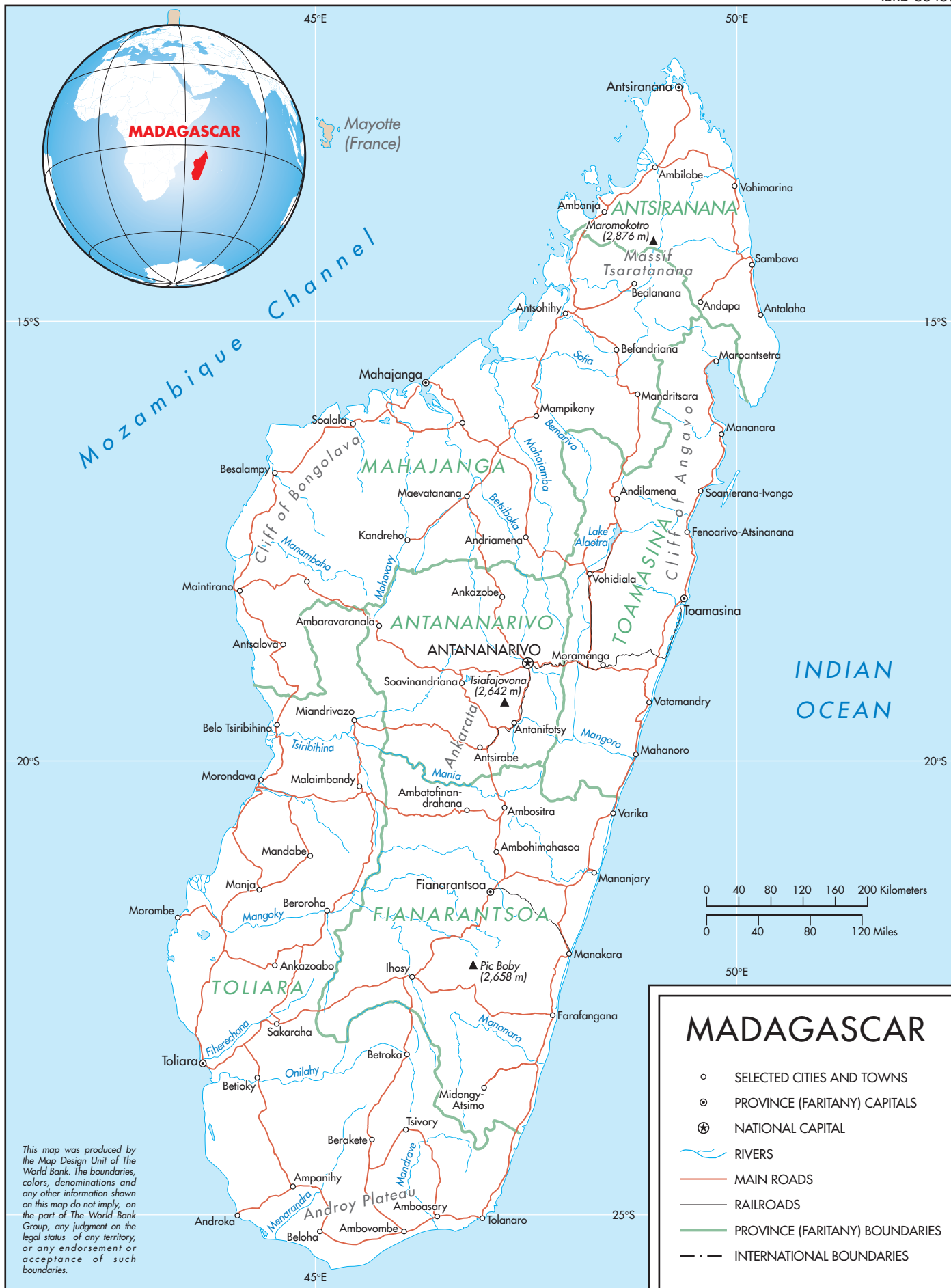
RAZAFIMAHATRATRA, Pascal	Directeur Financement des Collectivités, Ministère de la Décentralisation et de l'Aménagement du Territoire
RAZAFINDRAMARY, Tahinaharinoro	Directeur Général de l'Education Fondamentale et de l'Alphabétisation, MENRS
SOLZBACHER, Wolfgang	Conseiller Technique Principal, MEFB
VOLA-RAZAFINDRAMIANDRA, Ramiandrasoa	Directeur Général des Douanes

Donor Organizations

MIHAILOV, Serge	Economiste Attaché, Union Européenne
MEDORI, Patrick	Economiste, Ambassade de France
PAMBIANCO, Monica	Premier Secrétaire, Union Européenne
VAN DEN BOOGAERDE, Pierre	Resident Representative, IMF

World Bank Staff and Consultants

BIDANI, Benu	Lead Economist
BLAKE, Robert	Country Manager
PATERNOSTRO, Stefano	Lead Economist
RAKOTONIAINA, Patrice	Ingénieur Municipal
RANDRIAMANAMPISOA, Dieudonné	Senior Economist
RAMANANTOANINA, Patrick	Senior Education Specialist



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MADAGASCAR

- SELECTED CITIES AND TOWNS
- ⊙ PROVINCE (FARITANY) CAPITALS
- ⊛ NATIONAL CAPITAL
- RIVERS
- MAIN ROADS
- RAILROADS
- PROVINCE (FARITANY) BOUNDARIES
- INTERNATIONAL BOUNDARIES