



Integrated Growth Poles and Corridor Project 2 (P113971)

AFRICA | Madagascar | Finance, Competitiveness and Innovation Global Practice |
IBRD/IDA | Investment Project Financing | FY 2015 | Seq No: 7 | ARCHIVED on 25-Jun-2018 | ISR32728 |

Implementing Agencies: Ministry of Finance and Budget (MFB), National Project Secretariat

Key Dates

Key Project Dates

Bank Approval Date:18-Dec-2014

Effectiveness Date:09-Mar-2015

Planned Mid Term Review Date:14-Apr-2017

Actual Mid-Term Review Date:20-Mar-2017

Original Closing Date:30-Sep-2019

Revised Closing Date:30-Sep-2019

Project Development Objectives

Project Development Objective (from Project Appraisal Document)

The Project Development Objective is to contribute to increased economic opportunities and access to enabling infrastructure services, as measured by an increase in jobs and formal firms, in Targeted Regions. The Program objective of the Series of Projects (SOP) is the same as the PDO of this Project.

Has the Project Development Objective been changed since Board Approval of the Project Objective?

No

Components

Name

COMPONENT 1: STRENGTHENING THE ENABLING ENVIRONMENT FOR ENTREPRENEURSHIP AND INVESTMENT:(Cost \$6.00 M)

COMPONENT 2:SECTOR BASED GROWTH IN THE ATSIMO-ANDREFANA, ANOSY AND DIANA REGIONS:(Cost \$36.80 M)

COMPONENT 3:PROJECT IMPLEMENTATION, M&E, SAFEGUARDS, IMPACT EVALUATION:(Cost \$4.85 M)

Overall Ratings

Name	Previous Rating	Current Rating
Progress towards achievement of PDO	● Satisfactory	● Satisfactory
Overall Implementation Progress (IP)	● Satisfactory	● Satisfactory
Overall Risk Rating	● Moderate	● Moderate



Implementation Status and Key Decisions

Component 1: Strengthening the Enabling Environment for Entrepreneurship and Investment

Investment Climate and Investment Promotion. The recent supervision mission has confirmed EDBM's interest in developing a more structured strategy and action plan for reforms to be validated at a high political level. Recent political events however have limited opportunities to move forward on that strategic level but the recruitment of a senior technical assistant to follow up on reform agenda is progressing as planned.

Madagascar Business and Investment Facility (MBIF) and Entrepreneurship: The implementation of Window one investment under MBIF is progressing well. All 104 business plans approved for funding have been signed for an amount of US\$ 1.02 million, of which US\$ 411,362 have been disbursed as of June 1, 2018. Business support services linked to the support to implementation of grant activities has also progressed. The January 2018 mission confirmed the effectiveness of the newly rehabilitated Tulear regional business center (*Centre d'Affaires Régional* or CAR), and the close to completion of the CAR in Diego. The CAR in Fort Dauphin has identified strong additional demand, which has led to the addition of funding of 15 additional business plans.

Investment promotion: The support of PIC 2 to EDBM in terms of Hotel investment promotion has yielded very positive results with formal expression of interest from 19 international hotel groups, with site visits of 8 international Hotel Groups as of April 2018. Most international hotel operators have focused on development of properties in Antananarivo and Nosy Be. Branded Hotel investments are currently being negotiated for four properties in Nosy Be and Antananarivo.

Component 2 : Sector Based Growth in the Atsimo-Andrefana, Anosy and Diana Regions

Tourism and Air transport sector: In 2017 Madagascar received 255,460 visitors. The goal of the Ministry of Tourism 350 000 visitors for 2017 have not been reached, mainly because of the plague epidemic which has hit Madagascar in the fourth quarter of 2017. Crisis management diagnostic report and first training on crisis management was conducted by UN Tourism Organization (UNWTO) in February 2018 and the second training, targeting sectoral ministries and Presidency is underway. Crisis management strategy is expected in July 2018. The Strategic Partnership agreement between Air Austral and Air Madagascar has already showed marked improvement of the National Airline including: all 11 aircrafts functional for National and international routes, marked improved reliability and punctuality of flights, the launch of regional flights from La Reunion to Sainte Marie and scheduled launch of flights from Reunion to Fort Dauphin and Tulear by October 2018. Investments aimed at certification of Tulear and Fort Dauphin airports co-financed by ADEMA and PIC are on track.

Agribusiness: Pilot partnership with aquaculture operators supporting 1100 fishermen signed in late 2017, is under implementation. A seminar facilitated by the project on the cacao value chain (well attended by the private sector), led to the National Cocoa Council drafting of a strategy for growth and sustainability which if implemented should allow Madagascar to defend and retain its 100% fine cocoa status at the ICCO. In Cotton the mission pointed to the need for the platforms to focus their efforts on the most productive areas and strengthen their business plan for financial sustainability.

Infrastructure: Works linked to water supply in Diego and Tulear are being finalized and works will be delivered in July 2018. Construction of a new 900m3 reservoir for the city of Tulear will be finalized in November 2018.

Component 3: Project Implementation, M&E, Safeguards, Impact Evaluation

A thorough review of the fiduciary and safeguard aspects of the project was conducted in the February 2018 mission. A Procurement mission and Post Procurement Review was undertaken in March 2018.

Implementation and disbursement: Project overall Implementation is well advanced, with actual project disbursement at 71% and commitments of more than 80 % as of May 31, 2018. **Monitoring Evaluation:** A review of the main and intermediate indicators shows that the objectives of overall performance were achieved and often exceeded. The achievement of certain objectives has been hampered by factors external to the project: the plague epidemic has led to a decrease in the number of tourists in the poles, and the fall in cocoa prices also affected export values. A modification the project results framework has been finalized as part of the restructuring of the project.

Procurement: execution of project procurement activities presented no major problems, and there is constant improvement of the management of the process of procurement and management of contracts. The Procurement service is well organized and the archives well-structured and secured. STEP is used for the entire procurement procedure of the PIC since 1 July 2017 and currently processing 156 procurement activities, The standard documents as well as the methods and mode of acquisition are mastered by the PIU.

Financial Management: Interim Financial Reports are submitted timely and are deemed satisfactory as they comply with agreed template and provide relevant information to appreciate the financial status of the project. The transactions review was undertaken during the mission of February 2018 and did not reveal any major issue. The disbursement schedule as well as the budget are generally respected. The project however has faced substantial delays in mobilizing the funds available at the level of the Ministry of Finance and Budget, despite close follow-up by the PIU, exposing the project to delays in payments. The next FM supervision will be undertaken in July 2018.

Safeguards: The overall performance of the implementation of the environmental and social management of the project remains satisfactory as



adequate safeguards instruments have been developed and approved for the already completed and ongoing infrastructure works in Antsiranana and Toliary. For the Anosy and Atsimo-Andrefana regions (energy investments, financed by OPEC funds but subject to WB Safeguard guidelines), there has been temporary resettlement of some families and some land acquisition. After the recent delay in submission of final safeguards document for review and clearance for additional works planned for Diana (water supply), the project satisfactorily prepared those key safeguards instruments and they were declared to the satisfaction of the World Bank, which allowed works to proceed. The mission noted the proper documentation of environmental training plans in the context of MBIF, as per previous recommendations, and the establishment of a consolidated monitoring database of training results in integrated management of Pests and Pesticides for the cotton sector.

Risks

Systematic Operations Risk-rating Tool

Risk Category	Rating at Approval	Previous Rating	Current Rating
Political and Governance	--	● Substantial	● Substantial
Macroeconomic	--	● Moderate	● Moderate
Sector Strategies and Policies	--	● Moderate	● Moderate
Technical Design of Project or Program	--	● Moderate	● Moderate
Institutional Capacity for Implementation and Sustainability	--	● Low	● Moderate
Fiduciary	--	● Moderate	● Moderate
Environment and Social	--	● Substantial	● Substantial
Stakeholders	--	● Low	● Low
Other	--	--	--
Overall	--	● Moderate	● Moderate

Results

Project Development Objective Indicators

► Number of formal jobs created in the targeted poles (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	4,346.00	26,638.00	27,900.00	39,346.00
Date	31-Dec-2014	29-Dec-2017	31-Mar-2018	30-Sep-2019



▲ Of which in tourism (Number, Custom Breakdown)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	690.00	3,554.00	4,062.00	4,985.00
Date	31-Dec-2014	29-Dec-2017	31-Mar-2018	30-Sep-2019

▲ Of which in agribusiness (Number, Custom Breakdown)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	1,089.00	6,660.00	6,964.00	7,589.00
Date	31-Dec-2014	29-Dec-2017	31-Mar-2018	30-Sep-2019

▶ Number of formal businesses newly registered in the targeted poles (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	3,259.00	15,005.00	15,005.00	21,000.00
Date	31-Dec-2014	29-Dec-2017	30-May-2018	30-Sep-2019

▲ Of which in tourism (Number, Custom Breakdown)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	620.00	2,591.00	2,591.00	4,020.00
Date	31-Dec-2014	29-Dec-2017	30-May-2018	30-Sep-2019

▲ of which in agribusiness (Number, Custom Breakdown)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	420.00	986.00	986.00	1,460.00



Date	31-Dec-2014	29-Dec-2017	30-May-2018	30-Sep-2019
------	-------------	-------------	-------------	-------------

Overall Comments

Intermediate Results Indicators

▶ Number of recommended reforms or policies adopted (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	15.00	17.00	18.00
Date	31-Dec-2014	29-Dec-2017	31-May-2018	30-Sep-2019

▶ Increase in annual municipal revenues collected in the target poles (MGA billion) (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	2,672.00	5.72	7.30
Date	31-Dec-2014	31-May-2017	31-May-2018	31-Dec-2019

▲ Of which urban municipalities (Number, Custom Breakdown)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	3.75	3.75	4.88
Date	31-Dec-2014	29-Dec-2017	31-May-2018	31-Dec-2019



▲ Of which rural municipalities (Number, Custom Breakdown)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	1.97	1.97	2.42
Date	31-Dec-2015	29-Dec-2017	31-May-2018	31-Dec-2019

▶ Percentage of municipal budgets executed for investment by targeted municipalities (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	11.00	8.60	15.00
Date	31-Dec-2014	29-Dec-2017	31-May-2018	31-Dec-2019

▶ Roads Rehabilitated (Kilometers, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	9.85	12.00
Date	31-Dec-2014	13-Nov-2015	31-May-2018	31-Dec-2018

▶ Number of people provided with access to solid waste collection: (Number (Thousand), Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	150.80	150.80	162.00
Date	31-Dec-2014	29-Dec-2017	31-May-2018	30-Sep-2019



► Number of people provided with access to improved water sources (Number (Thousand), Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	250.00
Date	31-Dec-2014	29-Dec-2017	31-May-2018	30-Sep-2019

► Passengers traffic by air per annum (Number (Thousand), Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	1,144.00	1,270.00	1,270.00	1,576.00
Date	31-Dec-2014	29-Dec-2017	31-May-2018	31-Dec-2019

► Increase in export value for the selected crops in the targeted poles (Amount(USD), Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	-3,100,000.00	-3,100,000.00	4,400,000.00
Date	31-Dec-2013	29-Dec-2017	31-May-2018	30-Sep-2019

► Increase in revenues from target cash crop production for smallholders in the target corridors in the target poles (MGA billion) (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	10.10	16.00
Date	31-Dec-2013	--	31-May-2018	30-Sep-2019



► Hotel rooms for establishments in the target poles (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	4,694.00	--	5,566.00	5,150.00
Date	31-Dec-2013	--	31-May-2018	31-Dec-2018


Overall Comments

The achievement of certain objectives has been hampered by factors external to the project: the plague epidemic has led to a decrease in the number of tourists in the poles. The fall in cocoa prices has affected export values, which are shown as a negative value in comparison to baseline, but are in line with project restructuring adjusted targets.

Increase in annual municipal revenues collected in the target poles: Actual Previous value of 2,672 reflects the total municipal revenue collected in 2017. The revised indicator (following restructuring) tracks **cumulative increase** in annual municipal revenue. Actual May 31, 2018 data of 5.72 used in this ISR reflects the adjusted December 2017 Data. 2018 data will be available end June 2018 and reflected in next ISR. Based on initial (but still incomplete) data collection as of March 31, 2018, 4.21 MGA billion in municipal revenues were collected and the project is on track to achieve 10.80 MGA billion in revenues by the end of the year, amounting to the target cumulative increase of 5.87 MGA billion by December 31, 2018.

Data on Financial Performance

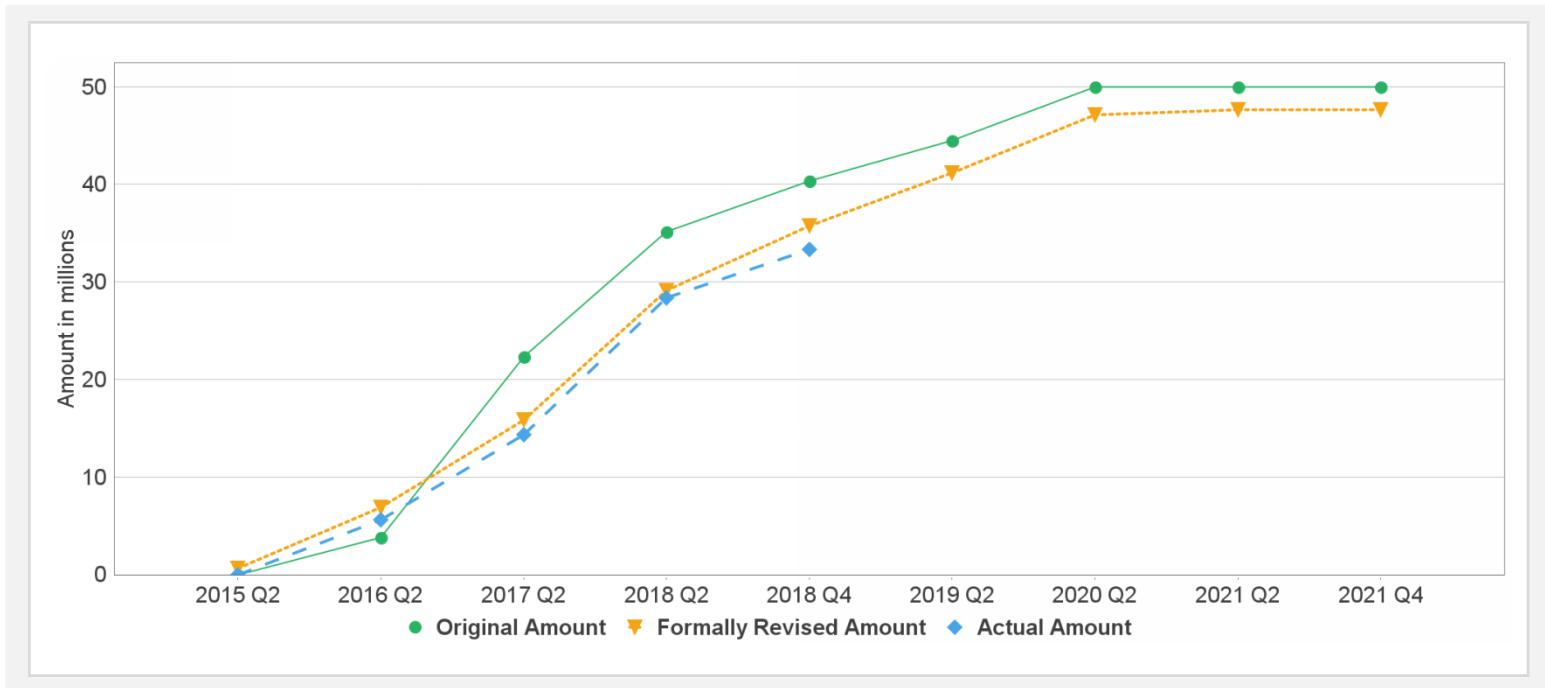
Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	Disbursed
P113971	IDA-55640	Effective	USD	50.00	50.00	0.00	33.33	13.91	 71%

Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P113971	IDA-55640	Effective	18-Dec-2014	18-Dec-2014	09-Mar-2015	30-Sep-2019	30-Sep-2019

Cumulative Disbursements



Restructuring History

Level 2 Approved on 17-May-2018

Related Project(s)

There are no related projects.