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An IDEV **Country Strategy Evaluation**

Madagascar:

Evaluation of the Bank's Assistance to Madagascar (2002–2012)

Summary Report

AFRICAN DEVELOPMENT BANK GROUP

September 2014

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Acknowledgements

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The Operations and Evaluations Department (IDEV) thanks all individuals and institutions who contributed to the preparation of the report and takes full responsibility for its contents.

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Madagascar: Country Strategy Evaluation (2002–2012) – Summary Report
IDEV Country Strategy Evaluation, September 2014

About the AfDB

The overarching objective of the African Development Bank Group is to spur sustainable economic development and social progress in its regional member countries (RMCs), thus contributing to poverty reduction. The Bank Group achieves this objective by mobilizing and allocating resources for investment in RMCs and providing policy advice and technical assistance to support development efforts.

About Independent Development Evaluation (IDEV)

The mission of Independent Development Evaluation at the AfDB is to enhance the development effectiveness of the institution in its regional member countries through independent and instrumental evaluations and partnerships for sharing knowledge.

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Contents

Contents

List of figures

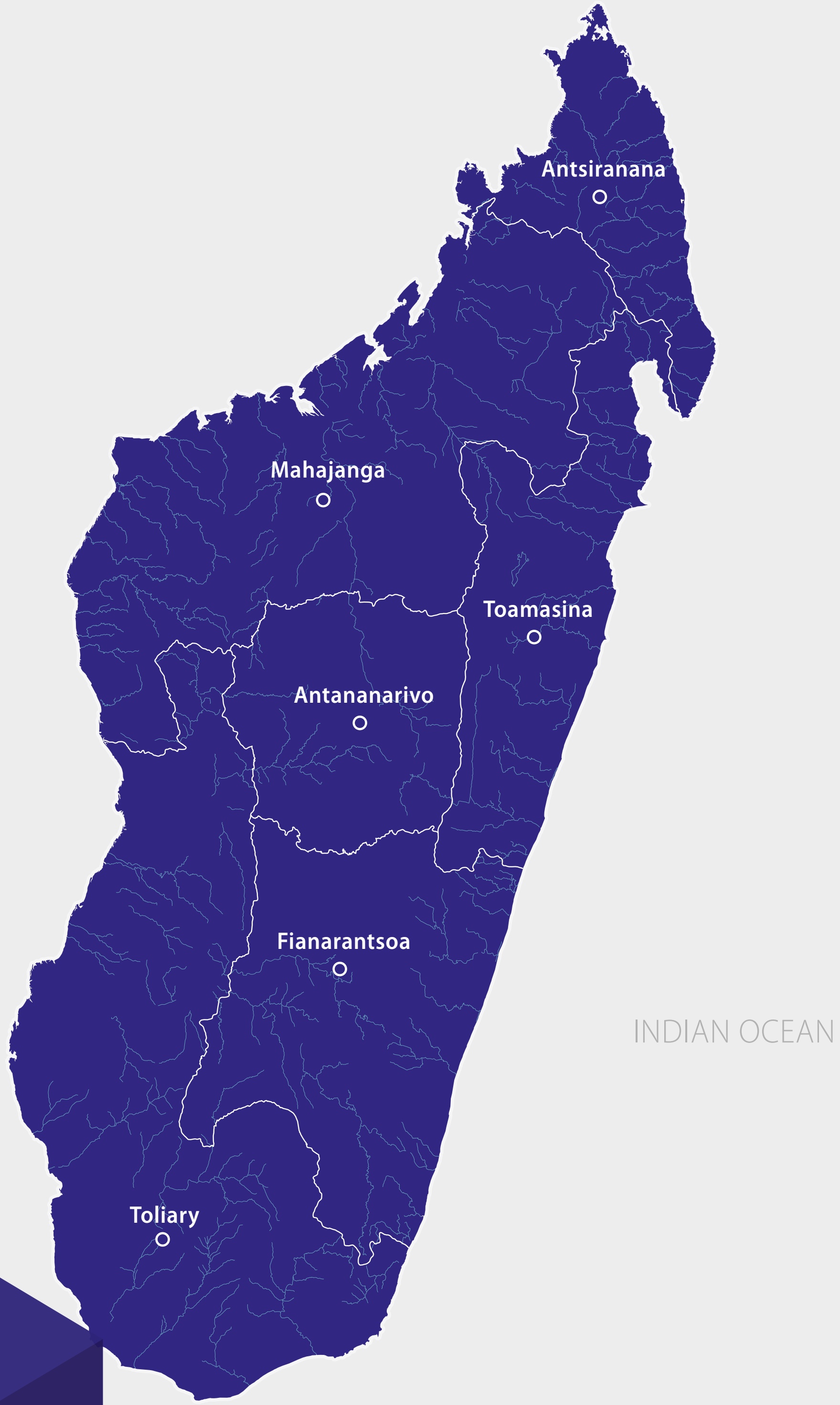
List of tables

List of boxes

Abbreviations and Acronyms

ADB	African Development Bank
ADF	African Development Fund
ADOA	Additionality and Development Outcomes Assessment
AIDS	Acquired Immuno-Deficiency Syndrome
AIRIS	Support for Regional Initiative on Sexually Transmitted Infections
ANDEA	National Water and Sanitation Authority
ARM	Madagascar Road Authority
ASYCUDA	UNCTADD-designed Customs Management Software
AU	African Union
BC	Building and Construction
BIANCO	Independent Anti-Corruption Office
CAE	Country Assistance Evaluation
CFAA	Country Financial Accountability Assessment
CHD	District Hospital Centre
CPIA	Country Policy and Institutional Assessment
CODE	Committee on Operations and Development Effectiveness
COMESA	Common Market of East and Southern Africa
CRTS	Regional Blood Transfusion Centre
CSB	Health Data Centre
CSP	Country Strategy Paper
DAC	Development Aid Committee
DGB	General Directorate of the Budget
DGE	General Directorate of the Economy
DGI	General Directorate of Taxes
DPE	Provincial Directorate of Education
DTCP	Diphtheria, Tetanus, Whooping Cough, Poliomyelitis
DWS	Drinking Water Supply
DWSS	Drinking Water Supply and Sanitation
ECG	Evaluation Cooperation Group
EFA	Education for All
NGO	Non-Governmental Organization
NR	National Road
OECD	Organization for Economic Cooperation and Development
ONE	National Environment Authority
OPEC	Organization of Petroleum Exporting Countries
ORCE	Regional Department Centre
PABRP	Tulear Fishing Communities Support Project
PACPT	Operations Evaluation Department
PAGI	Institutional Governance Support Programme
PAIR	Road Infrastructure Development Project in Atsimo Andrefana Region
PALMT	Communicable Disease Control Support Project
PANAGED	National Gender and Development Action Plan
PIU	Project Implementation Unit
PRSP	Poverty Reduction Strategy Paper
PCIU	Project Coordination and Implementation Unit
PDS	Health Master Plan
PEFA	Public Expenditure and Financial Accountability
PHAGDIS	General District Pharmacy
PLPA	Preventive Locust Control Project
PLWH	Person Living with Human Immunodeficiency Virus
PN2D	National Programme on Decentralization and Devolution
PNM	National Maize Programme
PNS	National Health Policy
PPF	Project Preparation Facility
PPP	Public-Private Partnership
PPP	Purchasing Power Parity

PRER	Road Rehabilitation and Maintenance Project
PRIASO	Agriculture Infrastructure Rehabilitation Project in the South West
EITI	Extractive Industries Transparency Initiative
ENSOMD	Economic and Sector Work
ESW	World Health Organization
ESIA	Environmental and Social Impact Assessment
ESMP	Environmental and Social Management Plan
ESTA	ADB Statistics Department
EVN	PCR Evaluation Score
FAO	Food and Agriculture Organization
FDI	Foreign Direct Investment
FER	Road Maintenance Fund
FSF	Fragile States Facility
GAVI	Global Alliance for Vaccination
GDP	Gross Domestic Product
GWh	Gigawatthour
HDI	Human Development Index
HDT	Heavy-Duty Truck
HIV	Human Immunodeficiency Virus
IDEV	Independent Development Evaluation
IEC	Information, Education and Communication
IMF	International Monetary Fund
INSTAT	National Institute of Statistics
ILO	International Labour Office
IOC	Indian Ocean Commission
KW	Kilowatt
LNTPB	National Building and Construction Laboratory
LV	Light Vehicle
MAP	Madagascar Action Plan
MDG	Millennium Development Goal
MFB	Ministry of Finance and Budget
MGFO	Madagascar Field Office
MIC	Middle Income Country
MTEF	Medium-Term Expenditure Framework
MW	Megawatt
PROJER	Young Rural Entrepreneurs Project
PRBM	Bas-Mangoky Scheme Rehabilitation Project
PRIBG	Institutional Strengthening Project for Good Governance
PRPIM	Manombo Scheme Rehabilitation Project
PRPT	Tuléar Province Road Project
PS	Permanent Secretariat
QAE	Quality-at-Entry
QMM	Qit Madagascar Minerals
RISP	Regional Integration Strategy Paper
RI-Tana	Antananarivo Interconnected Network
RDWSSP	Rural Drinking Water Supply and Sanitation Programme
SADC	Southern African Development Community
SAP	Structural Adjustment Programme
SIGTAS	Standard Integrated Government Tax Administration System
SME	Small and Medium-Size Enterprise
SNISE	National Integrated Monitoring-Evaluation System
STI	Sexually Transmitted Infection
TFP	Technical and Financial Partner
UA	Unit of Account
UNFPA	United Nations Fund for Population Activities
UNICEF	United Nations International Children's Education Fund
UNS	United Nations System
US	United States
USD	United States Dollar
WHO	World Health Organization


Antsiranana
Mahajanga
Toamasina
Antananarivo
Fianarantsoa
Toliary
INDIAN OCEAN

Executive Summary

Evaluation Objective

This evaluation assesses the Bank Group's assistance in Madagascar during the 2002–2012 period and its contribution to the country's development. The aim is to draw useful lessons to be used in preparing the Bank's next Country Strategy Paper (CSP) for Madagascar and improve future operations. The underlying issues of the evaluation are relevance, effectiveness, efficiency, impact, sustainability and the performance of key stakeholders. In addition to literature reviews, the evaluation is backed by sector reviews and field visits to projects. It also takes into account the completion report of the CSP 2005–2009. Its provisional outcomes were presented and discussed during a participatory consultative workshop of all stakeholders held in Madagascar in November 2013.

Country Context and Development Challenges

Madagascar is the fourth largest island in the world, with a surface area of 587,041 km^2 and a population estimated at 22 million people in 2012. Its economic and social development falls short of potentials mainly because of poor governance-related **political crises (2002 and 2009). The country's key development challenges are exiting the political crisis, reducing poverty, bridging the infrastructure gap, improving governance and managing natural disasters.**

After reaching a peak of 9.8% in 2003 (retrofitting after the 2002 crisis), the growth rate was 5.7% on average from 2005 to 2008. It plunged to -4.1% in 2009 but averaged 1.3% from 2010 to 2012, the annual population growth rate being 2.9%. Irrespective of the threshold considered, the poverty trend was as follows: significant drop between 2002 and 2005 (falling from 80.7% to 68.7%, according to the National Institute of Statistics); rise between 2005 and 2010 (76.5%) and slight decline between 2010 and 2012 (71.5%). International thresholds show the scope and endemic nature of poverty in Madagascar. In 2012, poverty affected 91% of people living below the poverty line with USD 2 PPP per day, while extreme poverty affected 77.1% of the population.

The decline in external aid following the 2009 political crisis and the State's restrictive fiscal policy had a negative impact on the country, particularly, the social sector. The amount disbursed as aid to the country fell from USD 758.5 million in 2007 to USD 383.5 million in 2011 (almost by half), but rose slightly to USD 405.9 million in 2012. Madagascar is ranked as an "aid-orphaned" country by OECD, with a per capita aid ratio of about USD 20 in 2011 as against an average of USD 54 for Africa.

Key Evaluation Outcomes

The Bank's strategies in Madagascar were generally deemed moderately relevant inasmuch they were aligned on the country's development priorities but were lacking selectivity.

Two CSPs (2002–2004 and 2005–2009) have guided the Bank's interventions. The second was extended twice (2010–2011 and 2012–2013) due to the political crisis. Both CSPs were aligned with Government strategies and programmes as delineated in the Poverty Reduction Strategy Paper (PRSP, 2002–2006), Vision 2020 or "Madagascar, naturally" and the Madagascar Action Plan (MAP) for 2007–2012. The PRSP has three strategic thrusts: (i) restore the rule of law and introduce good governance; (ii) stimulate and promote broad-based growth, and (iii) enlist and promote human security and social protection. The MAP seeks to stimulate economic growth mainly through rural development and private investments.

Rural infrastructure (agriculture, transport, water and sanitation) and governance are the two pillars of the Bank's assistance strategy. Bank operations are concentrated in the South – the poorest and most inaccessible region of the country. The underlying issue of the private sector was not directly treated in the Bank's CSPs in terms of analysis and intervention strategy. The CSP 2005–2009 mid-term review conducted in 2008 comprised a sub-component on "Promotion of the private sector and public-private partnership (PPP)" under the "Infrastructure" Pillar to consider activities linked to microcredit and PPP development. Private sector projects still do not feature in the CSP, but the Bank participates in two operations (the Sahanivotry Hydro-electricity Project and the Ambatovy Cobalt and Nickel Mining Project). Furthermore, the Bank supported Government's efforts during **natural disasters**, a sign of responsiveness that was welcomed by the authorities. However, **the Bank should go beyond occasional emergency aid, and more systematically help the country to strengthen resilience to the recurrent climate shocks which have impacted infrastructure sustainability.**

In conclusion, the Bank's strategic positioning was relevant since it demonstrated good capacity to adapt to the political crisis and to respond in time to natural disasters. Nevertheless, improvements still need to be made to: (i) better factor into CSPs the private sector and projects financed by the Bank's private sector window; (ii) strengthen selectiveness since the Bank has been involved in far too many sectors; (iii) further forge ahead with upstream CSP analytical work, which was inadequate, so as to clarify and target their areas of concentration; and (iv) improve the CSP outcomes framework which did not allow for efficient measurement of the outcomes.

The effectiveness of the assistance was deemed overall satisfactory, with better results however in rural infrastructure and private sector than in governance.

Effectiveness is satisfactory in rural infrastructure and private sector operations (mines and energy). Private sector financing of mining sector operations had an appreciable impact on the country's economy, the additional effect being estimated at 1 – 1.2% of Gross Domestic Product (GDP). Governance sector outputs are moderately unsatisfactory, the Bank having contributed to institutional strengthening which averted a collapse due to the effects of the political crisis. However, these outputs were limited by resource fragmentation and the slippage of some budget support operations.

The 2009 crisis affected both country and Bank portfolio performances, leading to a drop in country resource allocation. Madagascar's Country Policy and Institutional Assessment (CPIA) score, calculated by the ADB Group, rose from 3.41 in 2004 to 3.96 in 2007 thanks to reforms undertaken within the framework of the PRSP and MAP. However, a decline set in as from 2009 when the CPIA score of 3.61 dipped to 3.42 in 2012. This drop was due mainly to the deteriorating portfolio performance and lower governance score. Since Madagascar presents all the indicators of fragility, the ADB and World Bank classified it as a Fragile States in 2013, its harmonized CPIA score having dropped below 3.2. This notwithstanding, Madagascar had still not benefited (in 2013) from resources as a fragile State.

Through the Field Office's active role, non-financial activities picked up, but remained limited by the relative weakness of analytical work even though studies conducted focused on governance (governance profile and public finance study) and project preparation. Difficulties in mobilizing trust fund resources made it impossible to implement a number of study ideas. The Bank's participation in policy dialogue and aid coordination was strengthened by MGFO's active presence as from 2005. Nonetheless, its contribution should be sustained and improved by quality analytical work.

Although moderately satisfactory, the sustainability of Bank assistance outcomes remains a challenge.

Institutional mechanisms have been put in place with the support of the Bank and other partners. However, the State and recipient associations lack financial resources to ensure maintenance. Overall, the outputs in terms of rural infrastructure are of good quality, but post-project monitoring is problematic. Budget support and structural adjustment programmes under the Governance Pillar are accompanied by institutional support and training. However, outputs have been weakened by the political crisis and the withdrawal of some Technical and Financial Partners.

The performance in cross-cutting sectors (environment, gender and regional integration) is moderately satisfactory.

Madagascar's current inclusion (since 2013) in the Regional Country Department Centre masks strategic and economic aspects that militate in favour of its attachment to Indian Ocean islands. The Bank has financed a single multinational project in the Indian Ocean, a weakness that will be corrected by recent initiatives undertaken by the Bank – a study and a regional strategy – provided its interventions are more substantial. The CSPs describe the country's challenges and plans in the environment and gender sectors, but do not indicate any Bank action.

Efficiency is deemed unsatisfactory because most operations fell behind schedule.

The main reasons for delays are: (i) the effects of recurrent political crises (2002 and 2009), (ii) weaknesses in the design of some projects, (iii) their weak institutional and human capacities, and (iv) delays in the issuance of the Bank's no-objection opinion.

Bank performance is deemed moderately satisfactory overall

The Bank's strategic positioning in key pillars (rural infrastructure and governance) and in zones that are inaccessible or where most poor people live, is relevant. Bank interventions in hard-to-access regions or with anti-cyclonic standards served as an example to the other partners. By continuing its cooperation at the height of the 2009 crisis, the Bank asserted itself as a privileged partner of Madagascar since it continued to dialogue with the authorities while maintaining ties with the other partners. Its operations had appreciable tangible outcomes. Although of small amounts, emergency aid packages enhanced the visibility of the Bank which was able to provide quick answers thanks to MGFO's active presence on the ground. However, operations were delayed due in part to late issuance of no-objection opinions and weaknesses in the design of some projects. Portfolio performance varied depending on the context and, here, responsibility is shared between the Bank and the Government.

Government performance varied, depending on the context

Aid was coordinated by the Government, but this leadership was weakened by the 2009 crisis. Furthermore, disbursement of counterpart contributions was not always timely, which led Government to request for a waiver of Bank policy due to budgetary constraints worsened by the decrease in external aid after the political crisis. Despite shrinking aid, key macroeconomic balances were safeguarded through a restrictive fiscal policy that however negatively affected the social sector. Reforms and institutional strengthening measures were implemented but, with the crisis, achievements remain fragile.

Lessons and Recommendations

The evaluation concludes that the Bank's assistance in Madagascar for the 2002–2012 period was moderately satisfactory overall. The main lessons from the evaluation are the following:

- Strategic selectivity and integration: the fragmentation of Bank assistance over various sectors, combined with a lack of overall integration -without emphasis on governance aspects related to the improvement of the business environment for example- do not allow reaching optimal effectiveness in achieving development results.

- Emphasis of country specificities: sustainability, in infrastructure for example, is a key issue that requires relevant responses taking into account the specific characteristics of Madagascar such as its fragility aspects in particular linked to climatic events and its geographic location among the Indian Ocean islands. These aspects need to be factored in the strategic thinking as they may be used as a "filter" for selectivity in operations.

- Bank's presence in Madagascar: The Bank's position as privileged partner, demonstrated by its active and uninterrupted presence in the country, though it did not mitigate the impact of the political crisis on the performance of the portfolio in the short run, constitutes in the longer term an asset with both opportunities and challenges to which the future strategy should respond.

- The evaluation proposes the following recommendations as improvement pathways for the Bank's future strategies in Madagascar, on the basis of strengthened selectivity:

- Better integrate support to the private sector in the CSP, putting emphasis on the synergies of its different dimensions as part of the strategic thinking (e.g. business environment, governance, financing).

- Reduce fragmentation of good governance support by: (i) using the CSP to selectively define priorities based on country needs analysis and complementarity with other partners and other Bank interventions, and (ii) designing targeted institutional strengthening projects and reform programmes.

- Strengthen support for infrastructure improvement, especially for sustainability, given the significant shortage in this area. Together with other active sector partners, the Bank should support the country in resolving the sector's underlying institutional issues (for example, road maintenance, the Madagascar Road Authority's viability and compliance with regulations governing axle overloading).

- Put emphasis at strategic level on mitigating the risks related to the main sources of fragility for the country so as to strengthen its resilience to political crisis and climatic shocks through analytical work, policy dialogue and focus on reducing the country fragility risk.Put more emphasis on the strategic economic links between Madagascar and the other Indian Ocean islands, by envisaging in the pipeline multinational projects as part of the regional strategy for Indian Ocean islands, and possibly by reviewing the institutional anchoring of the Madagascar Field Office. ■

Management Response

Management welcomes the outcomes of the evaluation of the Independent Development Evaluation Department (IDEV) on Bank Group assistance to Madagascar for the 2002-2012 period and its contribution to the country's development. This evaluation aims to draw relevant lessons to inform the preparation of the next Madagascar Country Strategy Paper (CSP) and improve future operations. Overall, Management agrees with the evaluation outcomes. The evaluation highlights the need to be more selective in the focus areas, conduct more analytical work, better include support to the private sector in the CSP and focus at the strategic level on reducing risk relating to the country's major fragility factors.

Introduction

The evaluation was conducted based on the relevance, effectiveness, efficiency, impact and sustainability criteria. It drew on sector evaluations conducted on: (i) improving rural infrastructure; (ii) improving governance; and (iii) Bank interventions in the social and humanitarian domains, private sector and cross-cutting aspects. It also took into consideration Madagascar's political crisis in recent years and its impact on the implementation of Bank projects. Management welcomes the evaluation's recommendations that will inform future Bank operations in Madagascar, including the 2014–2016 Interim Strategy which is being prepared and whose submission to the Boards for consideration is scheduled for October 2014. Due to the lack of a medium-term development strategy for the country, the Bank, in agreement with Malagasy authorities, opted for the development of an interim strategy paper to address the country's fragility factors. A complete CSP over five years will be prepared as soon as conditions in the country permit.

Relevance

Management notes with satisfaction that the evaluation highlighted: (i) a good alignment of the two Bank strategies implemented during the evaluation period, the country's development priorities, particularly in the 2002–2006 Poverty Reduction Strategy Paper (PRSP), Vision 2020 "Madagascar, Naturally" and the 2007–2012 Madagascar Action Plan (MAP); and (ii) the Bank's generally relevant strategic positioning. The concentration of its operations in the South, the country's poorest region and most inaccessible, was particularly well appreciated by the evaluation. Management is pleased that the report underscored the Bank's adaptive capacity during the political crisis and its responsiveness to recurrent natural disasters affecting the country. Therefore, the 2005–2009 CSP was extended twice due to the political crisis: first up to 2011 and later up to 2013, with permission to approve new emergency operations that respond to the crisis context.

However, Management recognizes that efforts should be made with regard to selectivity of intervention sectors, integration of private sector operations, conducting analytical work and improving the strategy's results framework. In this regard, Madagascar's 2014–2016 Interim CSP which is being prepared retained only two focal sectors: rural and access-improvement infrastructure, and governance, both of which are priority areas of the Bank's Ten Years 2013–2022 Strategy.

In accordance with the Bank's 2013–2017 private sector development strategy guidelines, private sector operations will be better incorporated in the new interim strategy, with enhanced OPSM participation. In addition, an evaluation of Madagascar's fragility was conducted prior to the preparation of the Interim CSP. Thus, in line with the Bank's new intervention strategy to address fragility and enhance resilience in Africa, the Interim CSP's strategic choices are based on the challenges and opportunities arising from the country's fragility factor analysis and enabling the acceleration of the country's transition towards resilience. In line with the Bank's Ten Year strategy, a study on green growth opportunities in Madagascar will be conducted in 2015 to help the country to better manage this issue in its future medium-term strategy and inform the Bank's future strategy. Lastly, the interim strategy's results framework will be significantly improved and will further take into consideration the outcomes of on-going operations.

Effectiveness

Management is pleased that the evaluation deemed the effectiveness of Bank assistance to Madagascar satisfactory overall. Management is particularly encouraged by the improved results registered in the area of rural infrastructure, private sector operations and the social sector. With regard to agriculture, the evaluation noted that Bank interventions have helped to reduce poverty in target areas.

With regard to access to rural drinking water and sanitation, Management is satisfied with the evaluation that showed an improved drinking water and sanitation infrastructure service rate, thanks to the Bank's achievements in this sector. Thus, in late 2012, the Rural Water Supply and Sanitation Project (PAEAR) helped to raise the drinking water supply rate by 7.04% in the area concerned and 1.72% in rural areas nationwide. Access rate to sanitation infrastructure rate increased by 6.72% in the project area and 1.64% nationwide. Lastly, Management agreed with IDEV that the transport infrastructure it has funded has had significant impact in the regions covered. Thus, due to the Toliara Province Road Project (PRPT), the proportion of the population living on less than one dollar a day fell from 70.5% to 60.3% between 2007 and 2012 in the project area.

Management is pleased that the evaluation highlighted the significant impact of "Private Sector" window operations on economic activities, employment and resource mobilization. Thus on average, the Sahanivotry Hydropower Project contributed 9% to the country's overall energy production and USD 4.27 million to taxes as of end-2012. The Ambatovya Nickel and Cobalt Mining Project helped to create 18,500 jobs during the construction phase and 9,000 jobs in the operational phase. It also contributed USD 49.7 million in taxes, duties and royalties between 2011 and 2012.

Management also welcomes the positive impact of Bank projects in Madagascar's social sector, in general, and humanitarian aid, in particular (including assistance granted following hurricanes, droughts, floods or endemic diseases). However, Management recognizes that it must go beyond ad hoc emergency aid to further help the country strengthen its resilience to recurrent climatic shocks that affect the sustainability of infrastructure. In this regard, in addition to building new cyclone-resistant standard infrastructure, the Bank has supported the organization of a workshop on national strategic dialogue on green growth in Madagascar on 3 June 2014. Placed under the patronage of Madagascar's President, the workshop helped to draw a roadmap for integrating green growth in the country's future medium-term strategy. The study which the Bank plans to conduct on green growth opportunities in Madagascar also falls within this purview. Furthermore, the South West Agriculture Infrastructure Rehabilitation Project (PRIASO) approved in June 2013 has already incorporated concrete steps to enhance the population's resilience to climate and environmental shocks, especially through: (i) support to research on drought-resistant seeds; (ii) adoption of climate change resilient farming practices; and (iii) locust bio-control. These actions will be reinforced in the Bank's future agricultural projects in Madagascar

Management recognizes that the effectiveness of its interventions in the area of governance in Madagascar should be strengthened. It takes good note of concerns raised by the evaluation, especially with regard to the fragmentation of financing and lack of a coordinated country-level framework. These concerns have been taken into consideration in the Institutional Governance Support Project (PAGI) approved

in September 2013 and whose areas of intervention have been more targeted. This approach is also promoted in the ongoing design of the Emergency Programme for Economic Recovery (PURE) that targets a small number of key reforms. Furthermore, complementarity is also ensured between PURE and the institutional support and capacity building projects.

Lastly, in agreement with the Government of Madagascar and key development partners active in the governance sector, the Steering and Monitoring Committee in charge of the Administration Efficiency Reform Programme (COS/PREA) was set up to ensure the coordination of all governance sector projects in Madagascar. In this regard, the Bank played a major role in making the implementation of this coordination mechanism a precondition for PAGI disbursement.

Sustainability

Management is reassured by the IDEV evaluation which notes that the Bank's achievements in the rural and social infrastructure sector are generally of good quality. Management recognizes that the sustainability of the outcomes of its assistance to Madagascar, in particular the maintenance of the infrastructure developed, is a challenge due mainly to the lack of financial resources on the part of the State and beneficiary associations. Regarding road transport infrastructure sustainability and maintenance, the Bank has already taken a series of measures within the framework of the Road Infrastructure Development Project (PAIR) approved in October 2013, including: (i) the planned procurement of the mobile axle weighing system to control axle load, thus prevent an early deterioration of the roads; (ii) instalmental repayment of arrears owed to the Road Maintenance Fund (FER); and (iii) conducting a study to enhance FER's administrative and financial autonomy and defining an efficient road maintenance planning and implementation strategy. In particular, the study should propose additional and relevant sources for financing road maintenance.

Concerning agricultural infrastructure, the Bank is aware that water-user fees are not enough to ensure long-term financing to maintain the infrastructure developed. In this regard, there are plans under the South West Region Agricultural Infrastructure Rehabilitation Project (PRIASO), approved in June 2013, to finance a pilot study on setting up an Irrigation Network Maintenance Fund (FERHA) in the South-West Region. Lastly, the Bank agrees with IDEV and believes that post-project monitoring is a major concern in view of the weak monitoring and evaluation systems of the ministries. In this context, the Bank supported the Malagasy Ministry of Finance in 2013 with technical assistance to enable it set up a monitoring and evaluation system for its programmes. This pilot scheme will be evaluated and gradually extended to other ministries.

Cross-cutting Areas: Environment, Gender and Regional Integration

Environment and Genre: Management notes with satisfaction that the evaluation indicates that environmental and gender issues have been adequately addressed both at the strategy and project levels. Thus, the evaluation observes that all the projects have been the subject of an Environmental and Social Impact Assessment (ESIA). Management is also reassured by the significant outcomes of some gender-related projects. For instance, 83.7% of micro-credit beneficiaries within the framework of the Tulear Fishing Communities Support Project (PACPT) are women; they also constitute 56% of those receiving land titles under the Manombo Irrigation Scheme Rehabilitation Project (PRPIM). Lastly, over 50% of water point committee members (CPE) are women. In light of these achievements, the Bank will continue to ensure that concrete actions in these two areas are identified in the 2014–2016 interim strategy. The monitoring of environmental and gender issues will be enhanced in future Bank-financed projects in Madagascar. Specifically, the Bank will ensure that these projects meet climate safeguard requirements in force since 1 July 2014. In terms of gender and in line with the Bank's commitment to promote gender equality, special attention will be given to include women's training, their access to land tenure security in rural areas and micro-credit in future agricultural projects. Furthermore, rural businesses created by women will be promoted through the Mid-West Young Rural Enterprises Project that the Bank plans to finance in 2015.

Regional integration: Management shares the evaluation's view that Madagascar does not sufficiently take advantage of Bank-financed regional projects due to its island status. The mid-term review of the Regional Integration Strategy Paper (RISP) for Southern Africa (2011–2015) approved by the Boards in April 2014 indicates that Madagascar has not benefited from any regional infrastructure development operation. Management agrees with IDEV that regional integration, which represents an area of operational focus of the Bank's Ten-Year Strategy, is an effective way of pulling the country out of its geographic isolation. Therefore, Management recognizes the need for the Bank to develop integration projects within the Indian Ocean region, given the common challenges facing these countries (insularity, weaknesses in links with the mainland, small domestic markets and exposure to natural disasters). Madagascar could be the big beneficiary, given its central position in the sub-region. In this context, the Interim CSP will be an opportunity to identify regional projects, especially those related to regional infrastructure development (maritime transport, Information and Communication Technology, and renewable energy) to be considered in the Bank's next Medium-Term Strategy in Madagascar. Generally, Management plans to address issues related to these countries' insularity, including Madagascar, within the framework of current regional integration strategies, and not through a specific regional integration strategy for the Indian Ocean region.

Effectiveness of Bank Assistance

The evaluation notes that overall, the Bank's effectiveness is inadequate, given that most operations have experienced implementation delays. In this regard, Management would like to stress the particularly challenging environment in which the Bank has operated in Madagascar during the evaluation period, marked by two political crises that have had a negative impact on portfolio performance. The 2009 crisis which lasted more than five years, led the Bank to classify the Government of Madagascar as a "de facto government" in March 2012, in line with Presidential Directive 03/2010 on "business continuity and relations with Regional Member Countries led by de facto Governments" In particular, these crises led to the: (i) suspension/cancellation of certain transactions (e.g. the Third Structural Adjustment Programme, the second tranche of the Poverty Reduction Budget Support – Phase 2); (ii) late fulfilment of effectiveness conditions and/or conditions precedent to first loan disbursement; for example, the implementation of the supplementary loan for Lower Mangoky Irrigation Rehabilitation Project lasted almost two years, due to the dissolution of parliament during the crisis, undermining the ratification of the loan; and (iii) significant delays in the provision of national counterpart resources and payment of taxes due to the suspension of foreign aid.

Management would also like to underscore that the creation of the Madagascar Field Office (MGFO) and improved staffing, especially regarding procurement and sector expertise, have contributed to gradually raise the Bank's effectiveness despite the country's difficult environment. The Bank was able to organize a number of capacity building operations for Project Implementation Units and the government in the specific areas of procurement and financial management. Thus, a fiduciary clinic organized in October 2011 helped in identifying training needs and developing a programme. This enabled the organization of seven (7) training programmes for Project Implementation Units between 2012 and 2014. Furthermore, the presence of experts at MGFO has helped in strengthening the close monitoring of projects. The average procurement dossier processing time dropped from 11 days in 2012 to 4 days in 2013. On the whole, portfolio performance has improved, thanks to these efforts combined. Thus, the overall portfolio rating which fell from 2.14 out of 3 in 2009 to 1.80 in 2012 due to the political crisis, rose to 2.09 in 2013 and 2.38 at the end of the portfolio review in June 2014.

Lastly, to improve infrastructure project design, special efforts have been made on the quality of feasibility studies. Hence, all infrastructure projects provided for in the 2014–2016 lending programme are currently the subject of preparatory studies, two of which are financed with Project Preparation Facility (PPF) funds.

Aid Coordination and Harmonization:

IDEV’s evaluation stresses that co-financing focused on budget support until 2008 and that the withdrawal of several donors following the 2009 crisis affected more these joint initiatives. Management wishes to note that efforts have already been made by the Bank to increase the level of co-financing in Madagascar. Thus, under the 2011–2013 lending program, the co-financing mobilized amounted to UA 22.5 million, representing nearly 36% of the revised ADF 12 final country allocation. Efforts will continue in the future to promote co-financing to increase the leverage of the Bank Group resources.

List of Management Actions

Management agrees with the main outcomes and recommendations of the evaluation. They were fully taken into consideration in the preparation of the 2014–2016 Interim Country Strategy Paper which will be presented to the Boards in October 2014. The lessons and recommendations of the evaluation will also inform the design of the Bank's future strategies and operations in Madagascar. ■

<table>
<tr><th>Recommendation</th><th>Management Respons</th></tr>
<tr><td colspan="2">Recommendation 1: Better Inclusion of Support to the Private Sector in the Country Strategy Paper (CSP).</td></tr>
<tr><td>Better inclusion of support to the private sector in the CSP, focusing on the synergy of its different dimensions within the strategic thinking framework (business climate, governance, financing).</td><td>Agreement – In line with IDEV recommendations, the 2014–2016 Interim CSP currently being prepared provides for a profile study of Madagascar's private sector in 2016, whose findings will inform comprehensive strategic reflection on future Bank interventions in this area.

Pending the outcome of this study, the Interim CSP includes several activities relating to private sector development. The Bank will ensure the consistency of all these interventions in the implementation phase. This includes, in particular.

1. Improving the business climate through support to the clearance of arrears owed to the private sector, promoting private investment and fighting corruption and fraud.
2. Developing rural entrepreneurship by financing the Mid-West Young Rural Enterprises Project in 2015.</td></tr>
<tr><td colspan="2">Recommendation 2: Reduce Fragmentation of Support to Good Governance</td></tr>
<tr><td>Reducing the fragmentation of support to good governance: (i) by using the CSP to selectively define priorities; and (ii) designing institution building projects and targeted reform programmes.</td><td>Agreement – The 2014–2016 Interim CSP selectively identified reform and institution building priorities based on: (1) country needs; and (2) complementarity with other development partners. Institutional support projects and the budget support programme will be more targeted and articulated.

Thus, in terms of reforms, these priorities focus on three key areas which will be supported by the Emergency Programme for Economic Recovery (PURE). This includes:

1. Intensifying domestic resource mobilization;
2. Better allocation of resources to priority sectors such as health, basic education and social protection, as well as increased capital expenditure in favour of productive sectors; and
3. Stimulating the private sector, particularly through the public sector's domestic arrears clearance

Institution building, whose objective is to sustainably support the smooth implementation of reforms supported by the budget support programme, targets four priority areas:

4. Improving governance in the extractive industries sector and enhancing anti-corruption efforts;
5. Improving budget management;
6. Enhancing sector statistics in key ministries for economic recovery; and
7. Promoting private investment to improve the country's attractiveness for foreign direct investments.

The Institutional Governance Support Project is already supporting the first two priority areas, while the last two will be the focus of a new institutional support project planned for 2015.</td></tr>
</table>

Recommendation	Management Respons
Recommendation 3: *Strengthen Infrastructure Improvement Support*	
Strengthening support for infrastructure improvement, particularly their sustainability due to the large deficit in this area. The Bank, in collaboration with other partners active in the sector, should support countries to address institutional issues facing the sector.	**Agreement** – Several measures have already been taken by the Bank to guarantee infrastructure maintenance to ensure its sustainability. These will be consolidated within the framework of the 2014–2016 Interim CSP. For road infrastructure maintenance, measures already taken include: 1. Establishing regular dialogue between the Bank, European Union, World Bank and Government of Madagascar on institutional issues in the road sector such as: (i) replenishing the Road Maintenance Fund resources; (ii) financial viability of the Madagascar Highway Authority; and (iii) compliance with axle load regulations. 2. Procurement of two mobile axle weighing systems is planned for 2015 within the framework of the Road Infrastructure Development Project (PAIR) to ensure axle load control; measures have also been taken under the same project to ensure arrears repayment owed the Road Maintenance Fund (FER) by 30 June 2015; 3. A study has been planned for 2015 within the framework of PAIR to identify measures to enhance the Road Maintenance Fund's administrative and financial autonomy and to define an efficient and comprehensive strategy for road maintenance works planning and implementation. **Regarding agriculture infrastructure maintenance**, in addition to Water Users' Association fees, the South-West Region Agricultural Infrastructure Rehabilitation Project (PRIASO) approved in June 2013 provides for the financing of a pilot study on the establishment of an Irrigation Network Maintenance Fund (FERHA) in the South-West Region. This study is planned for 2015.
Recommendation 4: *Focus on Reducing Risk Related to the Country's Major Fragility Factors at the Strategic Level*	
Focus on reducing risk related the country's major fragility factors at the strategic level to strengthen its resilience to political crises and natural disasters through analytical work, policy dialogue; lay emphasis on reducing the country's fragility risks.	**Agreement** – The Bank conducted **a study on Madagascar's fragility** in June 2014, which is the basis for the preparation of the 2014–2016 Interim CSP, especially with regard to factoring in the fragility factors. During the Interim CSP period, the Bank will maintain regular dialogue with the country to ensure ownership of the study outcomes, to avoid the risks of a new socio-political crisis. In line with the Bank's new intervention strategy to address fragility and build resilience in Africa, future operations will be prepared using the "fragility prism" method. The 2014–2016 Interim CSP also provides for the conduct of a study in 2015 on **the current situation and opportunities for green growth** in Madagascar. The study outcomes will help to contribute to strategic dialogue with the country, integrate this issue in the medium-term strategy and inform the preparation of Bank's future CSP.
Recommendation 5: *Stress Strategic Economic Ties between Madagascar and other Indian Ocean Countries*	
Underscore the strategic economic ties between Madagascar and other Indian Ocean countries through substantial multinational projects within the framework of the regional strategy for Indian Ocean Islands, and possibly review the Madagascar Field Office's institutional anchoring.	**Agreement** – IOC regional strategy and regional projects: Management intends to address the specific problems of island countries like Madagascar within the framework of current regional integration strategies. Thus, the Regional Integration Strategy Paper (RISP) for Southern Africa (2011–2015) and the 2014–2016 Interim CSP will be an opportunity to identify regional projects, especially regional infrastructure development (maritime transport, information and communication technology, and renewable energy) to be considered in the Bank's next Medium-Term Strategy for Madagascar. Madagascar Field Office institutional anchoring: Management will review this issue within the context of the mid-term review of the Bank's decentralization.

Introduction

Evaluation Objectives

This evaluation considers the Bank Group's assistance to Madagascar during the 2002–2012 period and its contribution to the country's development. The aim is to draw useful lessons to guide the preparation of the Bank's next Country Strategy Paper for Madagascar and improve future operations.

Methodological Approach

The approach adopted for this evaluation draws on the MDB good practice standards for country assistance evaluation (CAE) advocated by the ECG (Evaluation Cooperation Group) and DAC (Development Aid Committee)1, and uses the CAE methodology of the Independent Development Evaluation (IDEV). The key evaluation criteria used are: relevance, effectiveness (achievement of objectives), efficiency, impact and sustainability[2].

The evaluation is based on a review of available documentation at the Bank, the country and other partners. In addition to literature reviews, the sector-based evaluations conducted centred on: (i) improvement of rural infrastructure; (ii) improvement of governance; and (iii) Bank interventions in the social and humanitarian sectors, the private sector and cross-cutting aspects. The evaluation is also based on the results of field visits and discussions with all stakeholders (Government, project implementation units, donors at Antananarivo, etc.) during the Bank assistance evaluation mission undertaken to Madagascar from 3 to 28 June 2013. It also took into account the completion report of the CSP 2005–2009. Discussions with the Bank Field Office (MGFO) enlightened the mission on the situation of the country as well as on the performance of Bank operations. The choice of sites visited in the interior of the country logically fell on the South-West region where projects financed by the Bank Group are concentrated. The interim report of this evaluation was presented and discussed during a stakeholders' participatory consultative workshop held on 18 November 2013.

Report Limitations and Structure

This evaluation – the first of its kind in the country – suffered from shortcomings in the information and monitoring-evaluation system of the country and Bank. Another limitation inherent in this kind of evaluation is the problem of attribution. The Bank's specific contribution is hard to pinpoint in view of the numerous factors that affect impacts and the difficulty of distinguishing the Bank's inputs from those of other stakeholders such as the Government and other donors. Nevertheless, the methodological approach adopted made it possible to capture key lessons to be learned from Bank interventions in Madagascar.

In addition to the introduction, the report develops the following points: (i) Country context; (ii) Bank strategy and intervention programme; (iii) Evaluation of outcomes and the Bank's contribution to the country's development; (iv) Development partners' performance; (v) Conclusions and recommendations.

Country Context

Economic and Social Context and Trend

Madagascar is the 4th largest island in the world, with a surface area of 587,041 km^2. In 2012, the country's population was estimated at 22 million inhabitants, with a density of 30.73 people per Km^2. Most of the population (80%) lives in rural areas3. Madagascar's resources are relatively huge and varied. It is reputed for being "nature's sanctuary" with a variety and significant number of animal and plant species, and an endemicity ratio of close to 90%. The forest covers 22% of the country's total area and is home to rare species such as rosewood and ebony. Export products include vanilla, prawns, precious stones and textiles. The country also has a rich sub-soil: graphite, chromium, bauxite, carbon, iron, quartz, nickel, cobalt, ilmenite, sapphire, tourmaline, rubies, emeralds, gold and convincing indications of oil. Lastly, it should be noted that Madagascar, Bangladesh and India are the most exposed countries to natural disasters (cyclones, drought, flooding, etc.).

The political context of this evaluation is dominated by two major political crises: those of 2002 and 2009 which had a negative impact on the country's situation and the Bank's interventions. If the crisis is exited and institutions become stable, opportunities for robust and sustainable growth will be created in the country, by capitalizing on its assets (abundant natural resources and a high population). However, the signing of the roadmap in September 2011 with SADC support, leading to the setting up of Transition Institutions and the holding of elections at end-2013, gave fresh impetus to efforts to exit the crisis and stabilize the country.

Weakened by recurrent political crises and an economy vulnerable to exogenous shocks (natural disasters and, to a lesser extent, the international financial crisis), Madagascar experienced a period of strong growth (2003–2008) over the last decade, as well as periods of recession in the aftermath of political crises. Its Gross Domestic Product (GDP), which had shrunk by 12.7% after the 2002 crisis, peaked at 9.8% in 2003 (retrofitting effect after the 2002 crisis) before dropping to an average of 5.7% in the 2005-2008 period. It then declined to -4.1% in 2009 before rising to an average of 1.3% from 2010 to 2012, which is below the annual population growth rate of 2.9%. Since 2008, growth has been driven by the mining sector, which grew at a rate of 25.9% in 2011, and the tourism sector, which welcomed 225,055 tourists in 2011 as against 196,052 in 2010, indicating a 14.8% increase.

Table 1 shows the trend of the poverty rate. Irrespective of the threshold considered, the poverty trend during the period under review is as follows: a rise between 2001 and 2002; a significant drop between 2002 and 2005; another increase between 2005 and 2010, and finally, a slight decrease between 2010 and 2012. This trend highlights the negative impact of the political crises of 2002 and 2009 on the living conditions of households. The decline in external aid after the 2009 political crisis and the State's restrictive fiscal policy negatively affected the social sector. Based on the national poverty threshold, (INSTAT/ENSOMD 2012–2013 with the Bank's support through ESTA), 71.5% of nationals were poor and 52.7% extremely poor in 2012 as against 76.3% and 68.7% respectively in 2005. According to ENSOMD Survey, after the brutal shock in 2009, the situation of households between 2010 and 2012 was stabilized through adjustment and adaptation. International thresholds show how widespread and endemic poverty is in Madagascar. In 2012, 91% of the population lived below the poverty line of USD 2 PPP/day while 77.1% of the population suffered from extreme poverty. It is unlikely that the Millennium Development Goals (MDG) will be achieved in these conditions, even for targets where the country seems to have a good start (infant mortality, net rate of primary enrolment and completion, poverty reduction). Only the target on the fight against HIV/AIDS seems achievable. Ranked 151st out of 187 countries on the 2011 Human Development Index[4], Madagascar receded by 3 points between 2007 and 2012.

Key Development Challenges

Madagascar needs to address several development challenges: exit the political crisis, reduce poverty, bridge the infrastructure gap, improve governance and deal with natural disasters.

Exit the political crisis. The first challenge lies in the political class' ability to rid the country of crisis and ensure institutional stability. Recurrent political crises are both the cause and consequences of poverty and poor governance, which shows the linkage between the development challenges and the need to break the vicious circle.

Reduce poverty. The second challenge is to reduce poverty – an objective that is impossible to achieve without strong and sustainable growth and equitable distribution of public resources, while avoiding poor governance. Poverty is mainly a rural phenomenon since 85% of the poor live in rural areas.

Bridge the infrastructure gap in general (agriculture, transport, energy, water and sanitation…). As demonstrated by a study conducted by INSTAT, FOFIFA and the Cornell University (October 2002) and cited in CSP 2002–2004, a close correlation exists between poverty and agricultural output on the one hand, and the distance from a main road, on the other hand.

Improve governance. This is a major development challenge for the country considering that the political crisis led to the decline of key governance indicators. The Government of Madagascar became increasingly fragile with the crisis, as evidenced by

Table 1: Poverty Trend in Figures between 2001 and 2012

Year	2001	2002	2005	2010	2012
Madagascar					
National threshold	69.6	80.7	68.7	76.5	71.5
USD1.25PPP	75.6	88.1	76.3	82.0	77.1
USD2PPP	87.8	93.9	91.1	93.2	91.0
Urban					
National threshold	44.1	61.6	52.0	54.2	48.5
USD1.25PPP	51.8	73.6	60.0	60.7	55.8
USD2PPP	73.5	87.1	80.9	81.9	80.0
Rural					
National threshold	77.1	86.4	73.5	82.2	77.3
USD1.25PPP	82.6	92.3	80.8	87.4	82.5
USD2PPP	92.1	95.5	94.0	96.0	93.7

INSTAT/EPM2001, 2002, 2005, 2010, 2012 - ENSOMD, 2012 the following indicators: (a) political legitimacy is lacking ever since the unconstitutional devolution of power took place in February 2009 and a transitional regime was established; (b) human and physical security is not sufficiently guaranteed with the growing insecurity; (c) the justice system lacks credibility on account of corruption and institutional and fiscal weaknesses; (d) the foundations of the economy have been weakened by the crisis, leading to poor mobilization of resources to carry out indispensable investments. In addition, there is poor governance in natural resource exploitation (rosewood, gold and precious stones).

Efficiently manage risk of natural disasters. Another challenge is the efficient management of natural disasters and chronic food crises that hit the country through firm commitment by Government to take technical and social measures to prevent the risks (cyclones, drought, and locust invasions). Decentralized organs lack sufficient means to initiate safeguards during natural disasters. However, opportunities are now open for the country to consider avenues of green growth which involves putting in place sustainable infrastructures and strategies to strengthen the people's resilience to these disasters.

Country Development Policies and Strategies

The Poverty Reduction Strategy Paper (PRSP), finalized in July 2003 with support from the Bank in consultation with the main donors and civil society representatives, is the first reference document produced during the period under review. It has three thrusts: (i) good governance; (ii) socially broad-based economic growth; and (iii) human and material security and social protection.

The PRSP drew on the 2020 Vision, or "Madagascar, naturally", which lays emphasis on the promotion of the rural sector. With the expiry of the PRSP at end-2006, the Madagascar Action Plan (MAP) then became Government's new reference document for the 2007–2012 period. Its central thrust was to develop economic growth principally through rural development and private investments. This objective was to be accompanied by stronger governance, decentralization efforts and reform of public finance and Government departments. Compared to the PRSP, the MAP approach was more results-oriented and priority-based. A series of indicators were selected with reference values (year 2005) and targets for 2012 to measure MAP progress. ■

Bank Intervention Strategies and Programmes

Bank Strategies

During the 2002–2012 period, Bank interventions were guided by two Country Strategy Papers (CSP) – 2002–2004 and 2005-2009 (the latter was extended twice: 2010–2011 and 2012–2013). The objective of CSP 2002–2004 was to contribute to the implementation of the poverty reduction strategy defined in the PRSP, with the transport sector being the main area of focus. Furthermore, the Bank supported reforms as well as efforts made to build institutional capacity and fight HIV/AIDS, malaria, tuberculosis and STIs. Since the CSP 2002–2004 also sought to consolidate ongoing projects, all social sector projects approved before 2002 were also brought on board.

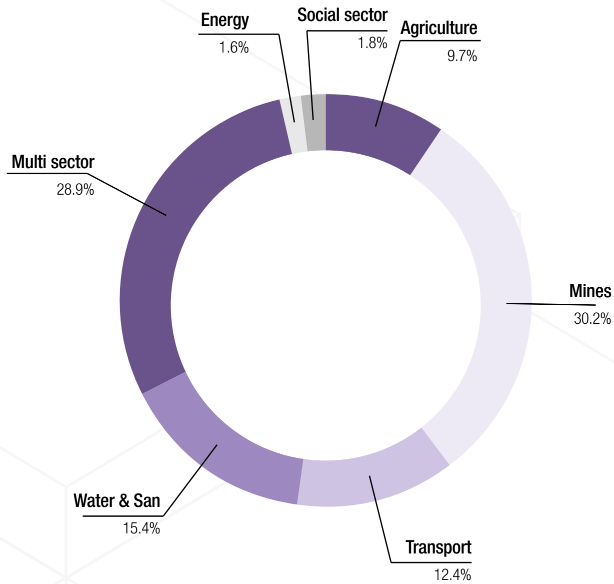
CSP 2005–2009 focused on two pillars: Improvement of the quality of rural infrastructures and Improvement of governance. The mid-term review of CSP 2005–2009 conducted in April 2008 had aligned the Bank's strategy with the key MAP strategic thrusts. The intervention sectors were maintained: (i) Agricultural and fishery infrastructure; (ii) Drinking water and sanitation infrastructure; (iii) Strategic transport infrastructures for rural development; and (iv) Governance. However, operations were redirected to the following sectors for better alignment with MAP: (i) revision of the strategy's monitoring indicators to better match those of the National Integrated Monitoring-Evaluation System (SNISE); (ii) redefinition of the activities of Pillar 2: Governance; (iii) mainstreaming of cyclones in the design and implementation of future projects; and (iv) strengthening of the Field Office's material and human capacities.

The two CSP extensions were justified by: (i) the absence of a clear national strategy paper on which a new CSP could be aligned; (ii) political uncertainty due to the crisis; and (iii) the concern to contribute to preventing the country from slipping further into fragility. The two CSP extensions maintained the same pillars, namely: Improvement of rural infrastructures (Pillar I) and; Improvement of governance (Pillar II). Pillar I sought to rehabilitate degraded roads and agriculture infrastructures so as to open up production zones, strengthen food security and create jobs. For its part, Pillar II sought to provide institutional support to strengthen economic governance, especially the management of public finance and the fight against corruption.

Although absent from the CSPs, the mining and energy sectors received significant support under the Private Sector Window. The reason given for not including private sector operations in the CSPs is that the Private Sector Department works on business opportunities as and when they arise, which makes it difficult to consider them at the time of preparing the CSP. Nevertheless, the opportunity was not seized during the CSP mid-term review in 2008 to incorporate these sectors. It emerges that the "one bank approach" should prevail since this is consistent with the Bank's private sector development policies and tools: Private Sector Development Policy or Additionality and Development Outcomes Assessment (ADOA).

The energy shortfall and the promising nature of the mining sector account for the Bank's intervention in these sectors and its flexibility in that regard. Emergency aid, for its part, cannot be included in the CSP considering its nature.

Figure 1: Sector Breakdown of Projects



Bank Strategy Implementation: Financial Operations

During the period under review, the Bank Group financed 16 new operations for a total of UA 330.6 million (see Annex 3) whose sector breakdown is given in the graph below. No exact correspondence is found between the portfolio and the CSP strategic thrusts since two sectors not listed in the CSP (mining, energy) benefited from two substantial ADB loans under the private sector window. The Bank Group also awarded emergency grants totalling about UA 4.2 million, being seven humanitarian aids after natural disasters that repeatedly hit Madagascar. No new operation was recorded from 2009 to end-2012 (except for humanitarian ones) since, after the 2009 crisis, the Bank had decided to no longer approve any new operations and to cancel half the amount of the second budget support (UA 30 million). It was in 2013 that new projects were approved.

ADF country allocation changed with the Country Policy and Institutional Assessment (CPIA) score. It should be noted that the resources effectively allocated under ADF XI were small due to the Bank's decision after the 2009 crisis to no longer approve any new operations. Madagascar's CPIA score, calculated by the ADB Group, rose from 3.41 in 2004 to 3.96 in 2007, thanks to reforms implemented under the PRSP and MAP. After the crisis, it fell from 3.61 in 2009 to 3.42 in 2012. This drop was mainly due to weaker portfolio performance and lower governance score. Madagascar displays the indicators of fragility, which led the ADB and the World Bank in 2013 to classify the country as a fragile State since its harmonized CPIA score fell below 3.2.

Nevertheless, Madagascar has not yet benefited (in 2013) from resources as a fragile State.

Bank Strategy Implementation: Non-Financial Activities

Economic and Sector Work (ESW). The work done lays emphasis on public finance and project preparation. With regard to governance, a country governance profile was designed in 2005 and the country's procurement procedures for national competitive bidding were assessed in 2011. A study to set up a monitoring-evaluation system for programmes of the Ministry of Finance and the Budget (MFB) was conducted in 2013 under a Bank technical assistance to MFB. Another study to assess the impact of transport on poverty was conducted under the PRPT Project. The Bank also laid emphasis on project preparation studies (Bas Mangoky Extension and the Young Rural Entrepreneurs Project in the Middle-West). Although efforts were made, shortcomings regarding the Bank's specific analytical works were largely due to problems of mobilization of the required financial resources and MDFO's relative understaffing in experts.

Policy Dialogue. The opening of the Field Office (MGFO) in 2005 gave fresh impetus to the dialogue that was consolidated as years went by. Policy dialogue was conducted through the Budget Support Partnership Framework's discussions on Government priorities (including joint missions with the World Bank) and sector meetings. It centred on how to adapt to the developments in the persistent political crisis of 2009, as well as on issues linked to the improvement of portfolio performance and Government's contribution to project financing. However, shortcomings relating to specific analytical work hampered in-depth dialogue.

Aid Coordination and Harmonization. In general, external resource mobilization dropped significantly after the 2009 crisis. The priority intervention areas also changed after the political crisis with health, infrastructure, education and the environment receiving greater attention. The aid amount disbursed for the country fell from USD 758.5 million in 2007 to USD 383.5 million in 2011, or nearly half the 2007 figure, but rose slightly to USD 405.9 million in 2012. Madagascar is classified as an "aid-orphaned" country by OECD, with a per capita aid ratio of USD 20 in 2011 as against the African average of USD 54 per inhabitant.

Aid was satisfactorily coordinated by the Government, but was weakened by the 2009 crisis. Nevertheless, TFPs maintained their mutual consultations mostly through the Aid Permanent Secretariat (PS). Inter-donor dialogue rested on a Strategic Dialogue Group which, before the 2009 crisis, was convened every six months and chaired by the Prime Minister and Agency heads. Meetings of the TFP-specific Thematic Group allowed for good quality coordination. MGFO played an observer role in meetings of the International Local Contact Group organized by UNS. As lead donor in the Water and Sanitation sector, the Bank is the Lead Agency for Water and Sanitation and as from July 2013, for Rural Development. With the revolving chairing system, it managed the secretariat of the Budget Support Partnership Framework from October 2008 to October 2009. It participates in the Transport Group, alongside the World Bank and the European Union. The Bank also participates in Social Sector Working Groups with TFPs and the Government (Health, Education, HIV/AIDS, Social Protection, Risk and Disaster Management, and Statistical Capacity Building). Furthermore, the Bank is a decision-making member of management committees of sector-based catalytic funds (Global Fund for HIV/AIDS, tuberculosis and malaria control; Global Alliance for Vaccination (GAVI); Global Partnership for Education, and MDG Tracking Survey).

Until 2008, co-financing mainly concerned budget support operations. However, the withdrawal of several donors after the 2009 crisis limited co-financing. Performances varied. The Bank's collaboration with co-financiers (OPEC Fund and KoEximBank) during PRPT implementation was satisfactory. Although OPEC co-financed the Communicable Diseases Control Project, its participation in the project was unsatisfactory due to delays in the disbursement procedures which impacted negatively on project effectiveness. Also noteworthy is the co-financing of PRBM with OPEC where, despite OPEC's slow disbursement procedures, the outcomes were satisfactory.

TFPs adopted different positions and approaches after the 2009 crisis; the World Bank and European Union (EU) suspended, then progressively resumed their ongoing projects, but resorted mostly to non-governmental structures. Due to the high cost of inaction that risked plunging the country deeper into crisis, the ADB and World Bank were the first partners to approve new financings whereas most other TFPs, including the EU, maintained their freeze. Nevertheless, efforts were made to coordinate and harmonize TFP approaches and intervention strategies. The ADB, World Bank and European Union made significant efforts to ensure that the Madagascar Road Authority (ARM) undertook road maintenance. Cooperation with the World Bank and European Union was more strategic than operational. For example, the petroleum bills for 2011 were settled thanks to the joint efforts of these three institutions. They also made efforts for road maintenance to be undertaken by ARM instead of the Ministry of Transport.

Cooperation in the field of humanitarian aid is good between the Bank and institutions such as UNICEF, WHO and FAO since it uses their services to manage these supports. The intervention of these United Nations Agencies goes beyond emergency aid, and covers projects as well. For example: UNFPA in RDWSSP; UNICEF in Education 3; ILO in PALMT and; UNAIDS in PALMT. ■

Evaluation of Outcomes and of the Bank's Contribution to the Country's Development

Relevance of Strategies

The Bank's strategies were consistent with the country development priorities and Government's strategies and programmes during the period under review: PRSP, 2020 Vision, "Madagascar, naturally", General State Policy for 2005 and MAP 2007–2012. The relevance of the Bank Group's strategy is also reflected in the choice of focus areas, namely, the Southern part of Madagascar where 39.7% of the country's 12 million poor live. As this inaccessible zone is highly prone to cyclones, it is the appropriate region for effective and visible Bank intervention and for maximizing its impact on development. The table below summarizes the relevance of various pillars and intervention sectors.

The Bank's strategic positioning in the rural infrastructure sector to help boost agricultural and fishery production in inaccessible zones is relevant and consistent with national and sector-based strategic priorities. **As a concentration area, infrastructures (agriculture, water and sanitation, transports) has been a constant in Bank strategies for Madagascar** over the last decade due to their impact on poverty reduction and the country's economic and social development. **Furthermore, the Bank is the country's main partner in the water and sanitation sector.** The Bank aligned itself with the objectives of national strategies which define poverty reduction as the main development challenge and the improvement of rural infrastructure as a critical means for stimulating and promoting growth. The objectives of the CSPs, especially poverty reduction, and the priority given to infrastructure and governance, are also in line with the Bank Group's strategic priorities (Bank Group's Strategic Plan for the 2003–2007 and 2008–2012 periods).

Interventions in reform and governance support (Pillar 2 of strategy) were consistent with Madagascar's strategy papers. The definition of reforms was also in line with the country's reform priorities and those

Table 2: Relevance Rating

Sector	Rating
Infrastructure	satisfactory
Health, Education	Moderately satisfactory
Private sector (mining, energy)	Moderately satisfactory
Governance	Moderately satisfactory
Humanitarian aid	Highly satisfactory
Overall rating	**Moderately satisfactory**

the Bank mastered best. The purpose of this pillar was to support macroeconomic stability, help prepare programme-budgets especially in rural sector, support the effective implementation of decentralization, promote land security and public-private partnership. However, during the mid-term review, Bank interventions in the governance sector were readjusted through: (i) improvement of public finance management; (ii) support for the decentralization/devolution process; (iii) support for implementation of the Extractive Industries Transparency Initiative (EITI); and (iv) institution building of key Ministries.

The relevance of Bank interventions was deemed moderately satisfactory inasmuch they were aligned on Madagascar's development priorities but were lacking selectivity. The two CSP 2005–2009 extensions are justified considering the context of political crisis. However, the private sector and projects financed by the private sector window were not well integrated into the CSPs and the results framework is inadequate. The Bank also took on far too many sectors.

The Bank showed good capacity to adapt to political crisis and respond to natural disasters. This led it to continue the concentration pillars of CSP 2005–2009 during its two extensions (2010–2011 and 2012–2013) and to approve three new operations in 2013: Agriculture Infrastructure Rehabilitation Project in the South West (PRIASO); Road Infrastructure Development Project (PAIR) and the Institutional Governance Support Project (PAGI). The Bank also responded quickly to urgent needs linked to cyclone damage.

Although strategic positioning was satisfactory overall, weaknesses were noted on several aspects. Little preliminary analytical work was done to clarify the CSP intervention areas. The results framework has shortcomings that make it impossible to effectively measure outcomes. Furthermore, the private sector and projects financed by the Bank's private sector window were not taken into account in the CSPs; nevertheless, the mid-term review of CSP 2005–2009 in 2008 featured a sub-component: "Promotion of the Private Sector and Public-Private Partnership (PPP)" under the "Infrastructure" Pillar. Besides, there is some dispersal of efforts and lack of selectiveness with a high number of intervention sectors: agriculture and rural development, transport, water and sanitation, governance, mining, energy and social sector.

Effectiveness of Bank Strategies

The table below summarizes the sector rating based on the effectiveness criterion. The sections analyse the extent to which objectives were achieved in the various intervention sectors and areas.

Table 3: Effectiveness Rating

Sector	Rating
Infrastructure	Satisfactory
Health, Education	Satisfactory
Private sector (mining, energy)	Satisfactory
Governance	Moderately unsatisfactory
Humanitarian aid	Highly satisfactory
Overall Rating	**Satisfactory**

Rural Infrastructure

The objectives of this pillar were to help the Government in its efforts to improve the quality of the following rural infrastructures: irrigation and fishery infrastructures, access infrastructure for drinking water and sanitation, and road infrastructure.

In agriculture, the expected outcomes were satisfactory. Cereal surplus was noted in the Bank's intervention zones thanks to increased agricultural yields (1.8 to 6 tonnes/ha for paddy for PRBM). Bank-funded projects allowed for cultivation of 36,732 ha of maize under the PNM and development of 32,922 ha of rice fields for 76,372 maize farmers and 114,400 rice farmers respectively, through several completed irrigation projects (Lower Betsiboka Project and PRBM). Through the PROJER Project, 266 young rural entrepreneurs were settled and benefitted from: (i) support in research and development; (ii) credit allocations; and (iii) land security and capacity building measures. Hence the significant increase in production as a result of over 800,000 additional tonnes of grain produced yearly, which contributed to solving the problem of food self-sufficiency for the beneficiaries. In the production zones covered, the higher incomes obtained from the higher production helped to reduce poverty. In the absence of statistical indicators, the field visit revealed that some farmers bought walk-behind tractors with their own money, evidence of their higher incomes.

With regard to access to drinking water and sanitation in rural areas, the Bank helped to increase national access rates, which stood at 46% for water and 52% for access to toilets at end-2013. The Rural Drinking Water Supply and Sanitation Project (RDWSSP) helped to improve these rates by 2.4% for drinking water access and 2% for sanitation. Thanks to RDWSSP and based on results at end-2012, the coverage rate in rural areas rose by 7.04% in the project area and 1.72% at national level for water. Sanitation figures were 6.72% in the project area and 1.64% at national level. RDWSSP is still ongoing and has not yet produced all expected outcomes due to delays in implementation. The suspension of disbursements for over one year due to a problem of sector governance hampered the project. The objectives of RDWSSP turned out to be too ambitious for the existing institutional implementation capacity and had to be revised downward. Before the RDWSSP and the period under review, the Bank had financed the Greater South Drinking Water and Sanitation Project whose appreciable results exceeded the expected objectives: 64% of people in the project areas had access to drinking water (50% planned); the prevalence rates of water-borne diseases dropped by 61% against 30% expected in 2006.

Generally, Bank interventions in Madagascar were deemed satisfactory, with variable degrees of success from sector to sector. Expected outputs are tangible realities on the whole, especially in the infrastructure sector. However, progress in governance was limited by the crisis and fragmentation of resources in many areas.

Transport infrastructures had a significant impact and helped to open up the regions covered. For example, the box below clearly shows the very positive impact of the Toliara Province Road Project.

Another example on the Toliara Province Road Project is the percentage of people living with less than one dollar per day, which fell from 70.5% to 60.3% between 2007 and 2013 in the project area. Outcomes in terms of road infrastructure are tangible. Between 2002 and 2012, the Bank contributed to the construction of 44.6 km of paved roads which benefited 3,500,000 people. However, feeder roads were abandoned as the priority was to develop paved national roads. The Road Rehabilitation and Maintenance Project (PRER) and the Project to Rehabilitate the NR1 bis and its related roads were designed with earth-road components to optimize the impact of the rehabilitation of national roads. As a result, access to markets in the areas concerned remains inadequate despite the reconstruction of national roads.

Governance and Macroeconomic Aspects

The objectives of Pillar II of the Bank's strategy are mainly: (i) macroeconomic, fiscal and monetary performance; (ii) support for public governance and private sector development; (iii) poverty reduction (with support for strategy design); (iv) revised policies and strategies; (v) contribution to introduce good governance and fight corruption with more expenditure control; and (vi) management of public resources and improvement of access to basic services in the water and sanitation sectors. The outcomes achieved under the second pillar are difficult to assess because PEFA, scheduled for 2010, was not conducted (due to the political crisis) to assess progress achieved and weaknesses in the public expenditure management system. However, other diagnoses5 conducted recently have highlighted the persistence of several inadequacies in the system, particularly controls. Suspension of the disbursement of the second budget support limited the outcomes of capacity building of sector Ministries and devolution-decentralization.

Contribution to preserving macroeconomic stability. Madagascar's macroeconomic performance has been quite appreciable in view of the difficult context. However, they remain fragile, characterized by double-digit inflation until 2006 and a low taxation rate averaging 10.9% in 2009–2012, which is one of the lowest in Sub-Saharan Africa. With the economic crisis, compounded by the political crisis of 2009, the macroeconomic and financial variables could only be stabilized through severe adjustment of public spending after the suspension of donor support (essential contribution to public investment financing). Thus, since 2009, the public finance deficit has remained under control thanks mainly to the adjustment of public expenditure in view of the drop in external resources and financings. With the suspension of partners' budget support and decline of internal revenue, a fiscal austerity policy was implemented which impacted negatively on spending, especially in the social sector.

The main outcomes achieved in the area of reforms with the support of the Bank and other partners are as follows: (i) under tax reform, preparation of a new Tax Code and installation of ASYCUDA++

Box 1: Some socio-economic impacts of the Toliara Province Road Project (PRPT)

- Average access time to urban centres reduced by 68% for light vehicles (LV) and 75% for heavy-duty trucks (HDT) between 2007 and 2013 on NR34. On NR35, this reduction was on average 50% and 58% for LV and HDV respectively over the same period.
- Average costs on both road sections reduced by 39% for passenger transport and 33% for goods transport;
- The proportion of people living with less than one dollar a day fell from 70.5% to 60.3% between 2007 and 2013 in the project area;
- In 2011, 63.7% of women in the project area lived off their activities as against 50.5% in pilot villages outside the area;
- The proportion of enrolled children rose by 7.3% from 59.8% to 67.1%, and the percentage of births in a health centre rose from 35.9% in 2007 to 40.7% in 2011 in the project area.

Source: PRPT Impact Assessment and Completion Report system for customs services; (ii) establishment of programme budgeting and strengthening of budget implementation control with the setting up of monitoring-evaluation systems; and (iii) adoption of the Public Procurement Code (2004), its revision in 2007 and operationalizing of planned institutions (Public Procurement Regulatory Agency, Public Procurement Management Unit); and preparation and adoption of implementing instruments and standard documents.

Management of public finance and mobilization of national resources. From 2006 to 2008, fiscal revenue mobilization increased significantly from 10.7% of GDP in 2006 to 13% of GDP in 2008 within a context of strong growth. This result was achieved thanks especially to reforms undertaken in the revenue sector (reorganization of DGI, strengthening of DGE (SIGTAS software) and customs (installation of ASYCUDA++)). The quality of revenue forecasts also improved since the rate of revenue collection increased. Support for strengthening Directorates in charge of financial revenue services, taxes and customs, particularly by computerization, had an undeniably structuring effect. Especially, the use of SIGTAS software allowed for modernizing the management of tax returns within DFGE. This software was later deployed in other services, although it needs to be updated today. Nevertheless, from 2009 to 2012, tax revenue fell below its previous level of about 11% of GDP.

Public expenditure. With the support of the Bank and other partners, the establishment of programme budgeting will lend greater legibility to the budget. An improved distribution of fiscal allocations and expenditure by strategic objectives was already visible during the pre-crisis period. The budgeting level and composition of public expenditures evolved to capture the priorities outlined in PRSP then in MAP: the share of the State budget allocated to the Ministry of Justice rose from 1.7% in 2007 to 1.84% in 2008, even though the target of 2% was not met and budgetary allocations for the social sectors fell slightly short of the target of 30%. On the other hand, the rural development sector benefited from 10% financing. The expenditure execution rate improved by nearly 90% on average and the execution rates in the Ministries of Health and Education were above 90%, but short of the target of nearly 95%. Mention should also be made of capacity building for the Ministry of Water Management and support for its reorganization.

Although the reform process in the sectors concerned was reinforced, coordination between the relevant Ministries and between the various reforms implemented was inadequate. Prioritization was also not adequate. A series of guides was prepared with Bank support, and training sessions were held in a number of key Ministries under DGB coordination. However, problems of staff rotation, the number of authorizing officers (1900) and institutional reorganization worked against the programme budgeting being put in place. This **reform continues to be fragile in an environment that hampers innovation, with poor comprehension of the reform, weak capacities and frequent changes in Ministerial structures. Achievements in public finance management remain fragile with the 2009 crisis.**

With support from the Bank and other partners, the role of audit bodies and the legislative authority in budget preparation, monitoring and control of the execution was broadened and became more effective. Control was strengthened thanks to recruitments and the training of various audit corps. The Court of Auditors was strengthened even though its missions remain limited. However, the objective of defining a new streamlined audit structure to avoid duplication targeted by the reform was not achieved.

Support for the decentralization process. The Bank supported the decentralization policy initiated in 2004 aimed at decentralizing and devolving power in Government departments. The main outcomes obtained are: (i) adoption of the Decentralization and

Devolution Policy (PN2D); and (ii) implementation of the Local Development Fund, which supports the development of local councils. Despite these milestones, the National Decentralization Programme (PN2D) was not implemented, the reform was not carried through and difficulties persist, especially because of lack of budgetary transfers and monitoring.

Support for governance (in the narrow sense of project component). The main outcomes are as follows: (i) operationalization of the Independent Anti-Corruption Bureau (Bianco) in 2004; (ii) improvement of the justice chain, allowing for reduction of case processing time from 240 to 180 days, thanks to computerization in 2009; (ii) establishment of administrative and financial courts in the six provinces; (iii) strengthening of the capacities of financial courts created in the six provinces and tasked mainly with auditing public finance use by the local authorities, through training in accounts and financial matters and provision of IT equipment; (iv) adoption of the code of ethics for magistracy; (v) putting in place of private sector development support structures (guides and Investment Promotion Agency).

In conclusion, the effectiveness of Bank assistance under the Governance Pillar is deemed moderately unsatisfactory. Through it, the country forged ahead with its reform and institutional strengthening agenda, which enabled it to avoid collapse with the crisis. However, two major concerns remained: the fragmentation of the Bank's limited funds and the lack of a coordinated framework at country level. Greater selectiveness of intervention sectors and a coordinated framework with established national priorities are needed to better build on the outcomes.

Support for Growth: ADB Private Sector Window Interventions

Within a crisis context, Bank interventions in the form of private sector loans co-financed with other donors had appreciable effects on economic activities, employment and internal resource mobilization.

The Sahanivotry hydroelectricity project helped to mitigate the energy shortfall in a large part of the country. With an installed power of 16.5MW, the power plant contributed an average 9% of the total power generation of the Antananarivo interconnected grid from 2009 to 2011. Since the cost of electricity produced by the Sahanivotry plant was cheaper than that of the Jirama thermal plants (180 Aviary against 600 per kWh), the project also helped to reduce the kWh cost of electricity and the Jirama plant's oil and gas imports. However, payment arrears at Jirama constitute a constraint. Sahanivotry created 200 full-time and part-time jobs during the construction phase, and paid EUR 3.17 million in taxes and duties.

The sector goal of the Ambatovy Nickel and Cobalt Mining Project is to make the mining sector an important sector for the promotion of economic growth, industrial development, job creation, transfer of technical skills and poverty reduction in the project area in Madagascar. Project outcomes were satisfactory in the construction phase; but the project's full impacts will only be achieved in its full output phase. However, it will be hard for Ambatovy to obtain a mining permit from the Government and face the criticisms of NGOs.

At this stage, the main outcomes concern direct impacts and additional effects. A USD 25 million fund was established to finance social infrastructure projects defined with the Government, and an environmental deposit of USD 50 million is intended to cover any risks. In 2011 and 2012, Ambatovy paid USD 30.7 million and USD 19 million as taxes and duties respectively. Job creation reached a peak of 18,500 during the construction phase and 9,000 during the operational phase. Ambatovy is the biggest client of public sector enterprises in Madagascar; it honoured supply contracts with about 500 local enterprises for USD 1.5 billion from 2007 to 2011. Furthermore, it established a training centre to upgrade local SMEs. The additional effect of the gradual start-up of this project on total GDP is estimated at 1 to 1.2%. So, the Bank contributed to the mining sector which is growth-oriented.

Social: Health, Education and Humanitarian Aid

The overall effectiveness of the social sector effectiveness is deemed satisfactory on account of the impact of project outputs. In the health sector: (i) the contraceptive prevalence rate rose to 40% in 2008 (baseline data: 19% in 1997); (ii) the immunization coverage rate increased among children aged 0 to 11 months (for DTCP3 from 57% in 2000 to 82% in 2007, and for the measles vaccine from 56% in 2000 to 81% in 2007); and (iii) the average rate of visits to basic health centres (CSB) rose to 48% as against 42% before the project. These results were obtained thanks to constructions, equipment and training programmes financed by the Bank within the framework of the project; for example, for health centres, 28 CSB1 out of 52 planned and 7 CSB2 out of 10.

Since the support for the fight against communicable diseases (PALMT) was still ongoing at the time of evaluation, its effectiveness is difficult to assess. The objective was to make blood transfusion safe and improve people's access to and use of quality preventive and curative treatment of transmissible diseases (HIV/AIDS/STI, tuberculosis and hepatitis). The set objectives were not achieved due to delays in construction and equipment caused mainly by: a poor evaluation of construction costs since Bank resources did not match the scale of activities, as well as by project co-financing with OPEC whose disbursement procedures were deemed too slow.

In the education sector, the gross enrolment rate rose from 93% in 1999 at project start-up to 124% in 2009. For its part, the net enrolment rate increased from 61% in 2000 to 97% in 2006; the retention rate stood at 19% in 2009 as against 31% in 1999, while the primary completion rate doubled from 30% in 1999 to 60% in 2009, albeit with significant disparities from one zone to another. Lastly, according to the "Education For All" (EFA) Plan Review, the teacher/student ratio improved from 1/60 in 1999 at project start-up to 1/49 in 2009. This result also carries significant disparities from one zone to another in the country. The Bank also helped to increase intake capacity in primary education and vocational training for disabled persons by providing infrastructure and equipment, improving technical and administrative capacities of management bodies, and providing support to the Ministries of Basic Education and Vocational Training. Effectiveness is deemed satisfactory despite the incomplete achievement of outputs and effects, especially in constructions (404 primary school classrooms out of a target of 1,200), since these met crucial needs.

Humanitarian Aid. Though of small amounts, humanitarian aid in the aftermath of cyclones, drought, floods or the outbreak of endemic diseases has produced highly appreciated results because it helped save human lives, remove people from sometimes desperate situations, and build classrooms and health centres matching anti-cyclone standards. Furthermore, the rapid injection of quality seeds and crop diversification contributed to improving the general level of production. While sustainable school and health infrastructure benefits students and people in council areas served, the Bank should go beyond ad hoc humanitarian assistance, and more systematically help the country to strengthen its resilience to recurrent climatic shocks that impact on the sustainability of infrastructures.

Sustainability and Impact on Institutional Development

Considering the scale of this ongoing challenge, an analysis of sustainability dimensions is proposed below. The following table summarizes sector ratings based on the sustainability criterion.

Table 4: Sustainability Rating

Sector	Rating
Infrastructure	Moderately satisfactory
Health, Education	Moderately satisfactory
Private sector	Satisfactory
Humanitarian aid	Satisfactory
Governance	Moderately unsatisfactory
Overall rating	**Moderately satisfactory**

Financial sustainability. Sustainability remains an ongoing challenge despite the institutional mechanisms in place. With the lack of State resources, mostly during the period of political crisis, the issue of financial sustainability is acute. The financial situation of beneficiary associations is also uncertain: for example, levies in the case of irrigation projects are not always paid and complaints of no-show are not decided by the courts in favour of the associations.

Technical sustainability. Sustainability depends a lot on the quality of outputs and their maintenance. On the whole, outputs in terms of rural (paved roads, irrigation schemes, buildings, drinking water supply), school and health infrastructure and within the context of emergency aid (schools and health centres built to anti-cyclone standards) are of good quality, according to technical reports and field visits.

Institutional sustainability and capacity building. The Bank provided support for capacity building comprising three aspects: training, supply of equipment and software, and transfer of technology. In agriculture and fisheries, the Bank reinforced research and development and the dissemination of improved technological packets. The capacities of beneficiary associations to manage and maintain facilities and infrastructures were strengthened; for example, the Ambatovy Project which contributed to capacity building through training programmes designed to prepare nationals to take over from foreign executives and technicians, and technology transfer accompanying the refining of nickel and cobalt locally, a process that requires very advanced specialties. It should also be noted that both structural adjustment and budget support programmes were accompanied by institutional support operations. PRIBG had a capacity building component with many training activities as well as the training of trainers.

In general, there are legal frameworks for the Bank's intervention sectors (DWSS, roads, irrigation areas, fisheries), but problems differ from sector to sector. Post-project comments mention the problem of monitoring; for some TFPs, the solution was to carry out post-project monitoring for 2 or 3 years. For the ADB, the South West irrigation schemes could be cited as examples. The new PRIASO Project (2013) seeks to remedy the problem of supervision of PRPIM beneficiaries. In terms of governance, although the crisis affected the gains of reforms, PRIBG support helped to avoid the collapse of the system.

Sustainability and impact on institutional development are deemed moderately satisfactory. Institutional mechanisms were put in place by the State, but beneficiary associations lack financial resources to carry out maintenance. The achievements of institutional support have been weakened by the crisis.

Cross-Cutting Areas: Environment, Gender and Regional Integration

The table below summarizes performance in each area.

Environment

The environmental dimension was taken into account by the Bank. The CSP 2005-2009 adequately describes the priority challenges in this area, but without mentioning the Bank's action. Environmental and social impact assessments (ESIA) were conducted for projects. A case in point is the Ambatovy Nickel and Cobalt Mining Project where the threat of air, water and ground pollution linked to its activities and the management of industrial pollution was a major challenge. Potential and real damage on the mining site, pipeline, processing plant, tailings site and the port extension had been assessed and mitigation measures implemented. ONE very closely monitored Ambatovy twice yearly during the construction phase using the environmental management plans. As regards the agricultural projects, a number of activities (use of pesticides for PLPA and construction of the Bevoay intake for PRBM) can produce negative environmental and social impacts. The ESIAs and environmental and social management plans (ESMP) were therefore implemented.

Gender

Gender is adequately mainstreamed in the CSP in terms of situational analysis and constraints. However, although the CSP describes the National Gender and Development Action Plan (PANAGED), it does not indicate the Bank's support. Some projects include specific objectives, for example the Fishing Project, which plans a 30% increase in wholesale fishmongers' incomes. According to the World Bank's World Economic Forum's Gender Gap Report 2013, Madagascar was ranked 56th out of 136 countries in terms of gender disparities. The implementation of some Bank projects produced appreciable gender-related results. Under the Fishery Project (PACPT), 83.7% of 3,573 recipients of microcredit are women. The proportion of women is also large under the PRPIM, with 56% of 366 recipients of land titles. Over 50% water point committee (CPE) members in the DWSS sector are women. Since women and children belong to vulnerable groups, they are privileged targets of humanitarian aid.

The mainstreaming of cross-cutting areas is deemed moderately satisfactory. The CSP adequately describes the country's challenges and plans in environment and gender, but does not indicate the Bank's action. Only one multinational project was financed by the Bank; recent good initiatives, studies and regional strategy should be concretized by more substantial interventions.

Regional Integration

Being an island State, Madagascar places a high premium on regional integration since this enables it to break its geographic isolation. The

Table 5: Rating of Cross-cutting Areas

Area	Rating
Environment	Moderately satisfactory
Gender	Moderately satisfactory
Regional integration	Moderately satisfactory
Overall rating	**Moderately satisfactory**

Bank conducted a recent study[6] which suggests that it should concentrate its future cooperation with IOC member States in three specific areas: (i) Strengthening of the institutional capacities of the IOC, its member States and the private sector; (ii) Development of regional infrastructure, particularly ICTs; and (iii) Management of natural disaster response and regional pandemic diseases7. An ADB regional strategy for Indian Ocean islands is being prepared. Since this zone is not homogeneous (some countries like Mauritius and Seychelles are middle-income countries, while others like Madagascar and Comoros are low-income countries), Madagascar could, when its stability is restored, become the bread basket of the Indian Ocean. These countries have a number of common characteristics: island status, weak links with the continent, narrow domestic markets, and exposure to natural disasters.

The effects of repeated political crises (2002 and 2009), shortcomings in the design of some projects, their weak institutional and human capacities, and delays in the issue of Bank's no-objection opinion are the key factors that led to efficiency being deemed unsatisfactory.

In the 2002–2012 period, only one multinational project (in the Indian Ocean) was financed by the Bank. If implemented, the regional strategy for Indian Ocean countries will remedy this shortcoming. In conclusion, Bank performance in regional integration is moderately satisfactory, and will improve thanks to the implementation of recent good initiatives (study and strategy) in organization and more substantial interventions.

Efficiency of Bank Assistance

The table below summarizes the sector ratings based on the efficiency criterion.

The 2012 portfolio review8 revealed that the overall performance rating of the Bank portfolio receded compared to 2009, falling from 2.14 in 2009 to 1.80 in 2012 due to implementation difficulties, especially in the mobilization of national counterpart contributions, poor mastery of Bank Rules of Procedure by PIUs, ineligible expenditures as well as delays in the issuing of no-objection opinions by the Bank. The Bank's rules and procedures are perceived by stakeholders as cumbersome and slow; the delegation of authority in the Field Office (MGFO) is positive, but its impact is still limited. Projects at risk rose from 50% in 2009 to 67% in 2012. At end-March 2012, the cumulative disbursement rate of the entire public sector portfolio stood at 44.1% with an average age of 6.3 years. The average age of Bank projects in Madagascar is high, especially during the 2009–2012 period.

Table 6: Efficiency Rating

Sector	Rating
Infrastructure	Unsatisfactory
Health, Education	Very unsatisfactory
Private sector	Satisfactory
Humanitarian aid	Satisfactory
Governance	Unsatisfactory
Overall rating	**Unsatisfactory**

However, with the arrival of new projects in 2013, the average age of projects fell. Despite close monitoring by MGFO, some bottlenecks mentioned earlier and presented in Table 7 persist.

Most Bank operations more or less fell behind schedule and so took time to produce their effects. Effectiveness is particularly unsatisfactory in cases such as the social sector. The political crises of 2002 and 2009 led to delays of 5 or more years (Education III, Health II and PALMT), as well as suspensions or cancellations (case of PAS III, 2nd and 3rd tranches of the second budget support). Other constraints include the delays in fulfilment of conditions precedent to effectiveness (e.g. 24 months for NR1 bis and related roads, the case of implementation of the supplementary loan to PRBM which took almost two years due to the dissolution of Parliament during the crisis, making it impossible to ratify the loan) and/or conditions precedent to first disbursement, as well as slow procedures for the procurement of goods and services.

Weak local capacity is another source of inefficiency: mobility and inadequate skills of project staff in both the supervisory agency and PIU (case of Health II and Education III), and sometimes inadequate ownership. Weaknesses in the design of some projects also contributed to lateness, as shown in the box below. ■

Table 7: Trend of Bank Portfolio Performance in Madagascar

Year	2003	2008	2009	2012	2013
Portfolio amount (in UA Million)	100.26	258.51	297.1	120.9	108.4
Number of projects	12	13	14	6	11
Overall rating	..	2	2.14	1.8	2.04
Average age	4.5	3.9	5.8	6.3	3.7
Problematic projects (%)	40	25.9	36	16.7	22.2
Projects at risk (%)	60	60.6	50	67	47

Source: Data culled from CSP 2002-04, CSP2005-09 Mid-term Review, the Combined Portfolio Review and CSP 2012-13 Extension Report and the Completion Report of CSP 2005-09 extended until 2013.

Box 2: Delay factors due to the design of certain projects

Several factors could be mentioned:

i. **The design of some projects was too complicated for the existing institutional capacities.** This was the case of PLPA whose activities were many and too technical due to their specificities. In its implementation, the PIU had difficulties in achieving the assigned results on time; the main activities fell far behind schedule and the project had to be extended twice. RDWSSP, for which the disbursement of UA 60 million was scheduled for three years, or UA 20 million per year, on a very vast zone covering eight (8) regions in the North and South of the island, can also be classified in this category. As for the PRPBM, the rehabilitation of strategic structures on which depended the scheme's sustainability, was not programmed, whereas efforts are already underway to rehabilitate networks within the scheme.

ii. **There is also the poor technical design of some structures,** such as the foundations of PRPIM dam or works No. 3 of RN35 of PRPT whose studies were based on probes undertaken with inadequate bore equipment. The studies, as an item of total project costs, are not expensive. So close attention should be paid to them, since inappropriate studies affect implementation. Cost is certainly not the only issue. The quality of studies depends mainly on the quality of consultancy firms and the supervision of the studies. The Bank should be more closely involved at these two (2) levels.

iii. **The costs of civil engineering works were sometimes under-estimated.** This is the case of road projects - RN1 bis and related roads and PRPT. In the case of RN1 bis and related roads, the project was resized and the earth-road component abandoned while for PRPT, there was need for supplementary financing.

iv. **The dispersal of governance sector projects and programmes is a cause for concern.** It leads to a multitude of beneficiary structures or reform stakeholders, a significant number of measures matrices covering several different areas, and a thin spreading of resources. There was also no national public finance reform programme. **This fragmentation of limited funds is not specific to Madagascar, since it could be seen in all countries during the evaluation of governance-sector institutional support undertaken by the Independent Development Evaluation (IDEV).**

Performance of Development Partners

Bank Performance

Bank performance was evaluated on the basis of the quality of strategies, the performance of the projects and non-financial activities portfolio and its contribution to the county's development. Bank performance is deemed moderately satisfactory overall. The Bank was involved in the preparation of the country's development strategies, and this involvement has increased with the opening of the Field Office (MGFO) in 2005. The Bank's intervention strategy has been overall moderately relevant with a good positioning on rural infrastructure and governance but a lack of selectivity leading to fragmentation. Weaknesses in the design of some projects contributed to delays. Concrete results have however been achieved in rural infrastructure and private sector and, to a lesser degree, in governance. After the 2009 crisis, the Bank pursued its ongoing operations (unlike some TFPs) and acquired a privileged position because it continued to dialogue with the authorities without cutting off other TFPs. Bank interventions in hard-to-access regions or those with anti-cyclonic standards served as an example to the other partners. In the transport sector, there is consultation between the key donors, namely the World Bank, European Union and ADB, in defending the institutional progress made in the sector, such as the establishment of the Road Maintenance Fund (FER) and the ARM. With respect to governance, the Bank regularly participated in joint monitoring-evaluation missions within the Partnership Framework (Budget Support Group) in which the Bank played an active role.

The portfolio performance improved from 2006 to 2008, thanks to the opening of the Bank's country office (MGFO), then deteriorated from 2009 to 2012 due to the political crisis and despite the active presence. The Bank regularly supervised projects at an average rate of 1.5 every year. However, no-objection opinions were issued late and shortcomings were noted in the design of some projects.

The Bank contributed towards achieving the country's development objectives in its intervention sectors (see Chapter IV). Dialogue between the Government and the Bank is actively fostered by MGFO during portfolio performance monitoring, CSP cycles and new operations. However, more economic and sector works could have improved dialogue with the country's authorities and sector frameworks in which the Bank has projects.

Madagascar's current attachment (since 2013) to the Country Regional Department Centre (ORCE) conceals important strategic and economic aspects militating in favour of its attachment to the Indian Ocean island countries. The implementation of the Regional Integration Strategy Paper 2014–2018 for Indian Ocean Commission member countries requires proximity and the mobilization of monitoring experts. Given its strategic position, MGFO could play a key role in that regard.

Government Performance

The performance of the Government and project implementation units is evaluated on the basis of four criteria: (a) Contribution to strategy design and ownership of programmes; (b) Capacity to carry through projects, hence the performance of projects portfolio; (c) Aid coordination; and (d) Consistency and efficiency of the relevant national institutions.

The national development and poverty reduction strategies were based on the Bank's intervention strategies. Portfolio performance improved with Government monitoring until 2008, then deteriorated from 2009 to 2012 due to the political crisis. National counterpart funds for projects were not always disbursed on time, which prompted the Government to request for waiver of Bank policy on account of its budgetary constraints.

Aid was coordination coordinated by the Government. However, with the 2009 crisis, this leadership of the authorities was weakened. Government's performance in reforms and governance support was satisfactory because of fulfilment of the conditions and implementation of most the programme measures. Nevertheless, the last budget support was suspended because of poor governance. Furthermore, the reform monitoring mechanism in Government departments was not adequate in terms of inter-Ministerial coordination. On the whole, **the performance of the Government and project implementation units was affected by the political crisis; it varied with the context.** ■

Lessons and Recommendations

The evaluation of the Bank's assistance in Madagascar for the 2002–2012 period concludes that it has been moderately satisfactory overall. The main lessons from the evaluation are the following:

- Strategic selectivity and integration: the fragmentation of Bank assistance over various sectors, combined with a lack of overall integration -without emphasis on governance aspects related to the improvement of the business environment for example- do not allow reaching an optimal effectiveness in achieving development results.
- Emphasis of country specificities: sustainability, in infrastructure for example, is a key issue that requires relevant responses taking into account the specific characteristics of Madagascar such as its fragility aspects in particular linked to climatic events and its geographic location among the Indian Ocean islands. These aspects need to be factored in the strategic thinking as they may be used as a "filter" for selectivity in operations.
- Bank's presence in Madagascar: The Bank's position as privileged partner, demonstrated by its active and uninterrupted presence in the country, though it did not mitigate the impact of the political crisis on the performance of the portfolio in the short run, constitutes in the longer term an asset with both opportunities and challenges to which the future strategy should respond.

The evaluation proposes the following recommendations as improvement pathways for the Bank's future strategies in Madagascar, on the basis of a **strengthened selectivity:**

- Better integrate the support to the private sector in the CSP, putting emphasis on the synergies of its different dimensions as part of the strategic thinking (e.g. business environment, governance, financing).
- Reduce fragmentation of good governance support by: (i) using the CSP to selectively define priorities based on country needs analysis and complementarity with other partners and other Bank interventions, and (ii) designing targeted institutional strengthening projects and reform programmes.
- Strengthen support for infrastructure improvement, especially for sustainability, given the significant shortage in this area. Together with other active sector partners, the Bank should support the country in resolving the sector's underlying institutional issues (for example, road maintenance, the Madagascar Road Authority's viability and compliance with regulations governing axle overloading).
- Put emphasis at strategic level on mitigating the risks related to the main sources of fragility for the country so as to strengthen its resilience to political crisis and climatic shocks through analytical work, policy dialogue and focus on reducing the country fragility risk.
- Put more emphasis on the strategic economic links between Madagascar and the other Indian Ocean islands, by envisaging in the pipeline multinational projects as part of the regional strategy for Indian Ocean islands, and possibly by reviewing the institutional anchoring of the Madagascar Field Office. ■

Annexes

Annex 1: Objectives, Interventions and Outcomes

Objectives, Actions and Intermediate Outcomes	Interventions	Outcome Indicators		
		Expected	Actual	Remarks
I. Improvement of Strategic Transport Infrastructure for Rural Development				
Rehabilitate the road network to allow for free movement of goods between production areas and consumption centres and ports. Help to safeguard the main network and rehabilitate feeder roads so as to facilitate internal trade, exports and food self-sufficiency, strengthen the capacities of the Ministry of Transport and Works for the gradual transfer of some maintenance operations conducted under State supervision to private contractors, and development of the road construction industry by promoting small and medium-size enterprises.	PRER	- Increase in traffic on the roads - Reduction of vehicle operating expenses on RN1 and RN 6; - Reduction of vehicle operating expenses on RN 43; - Reduction of vehicle operating expenses on feeder roads; - Improvement of accessibility to social services;	Rehabilitate the road network to allow for free movement of goods between production zones and consumer centres and ports. Help to safeguard the main network and rehabilitate feeder roads so as to facilitate internal trade, exports and food self-sufficiency, strengthen the capacities of the Ministry of Transport and Works for the gradual transfer of some maintenance operations carried out under State control to private contractors and development of the road construction industry by promoting small and medium-size enterprises.	Quantified elements are not available Due to delays, the project was modified several times and ended up being confined to the rehabilitation of paved roads (RN1 and RN6)
Improve transport sector effectiveness so as to support economic recovery in Madagascar Improve accessibility and mobility of the rural population in the former Antananarivo Province	Project to rehabilitate the RN1 bis and related roads	- Increase in traffic by over 15% as from 2005 - 25% reduction of vehicle operating expenses on the RN1 bis as from 2005 - Improvement of accessibility to social services for about 2.5 million people	Improve transport sector effectiveness so as to support economic recovery in Madagascar Improve accessibility and mobility of the rural population in the former Antananarivo province	The related roads component was taken out from the project's scope.
Improve transport sector effectiveness so as to support economic recovery and reduce poverty Prepare total accessibility of Toliara province, define the impact of transport on poverty in the context of PRSP, and improve project management.			- Increased traffic on the roads - Reduction of vehicle operating expenses on RN 1 and RN 6 - Improvement of accessibility to social services.	Quantified elements are available

Objectives, Actions and Intermediate Outcomes	Interventions	Outcome Indicators		
		Expected	Actual	Remarks
II. Improvement of Drinking Water Supply and Sanitation Infrastructure				
Significantly increase in coverage of water and sanitation needs in order to reduce poverty. Ensure sustainable drinking water supply and better hygiene and sanitation in Ihosy, Iakora, Ivohibe and Betroka districts	DWSSP Greater South	▪ 50% of people in the project area have access to drinking water in 2006; ▪ About 40% of beneficiaries have an improved sanitation infrastructure in 2006; ▪ The prevalence rate of water-borne diseases drops by 30% in 2006	▪ 64% of people in project areas have access to drinking water ▪ 10% of the population benefit from sanitation services ▪ Prevalence rate of water-borne diseases declines by 61%: Diarrhea: 77%;- Bilharzias: 62%;- Skin diseases: 45%	The Project exceeds the initial objectives for drinking water infrastructure and prevalence rate of water-borne diseases
Reduce the proportion of people without sustainable access to drinking water and sanitation in line with the Millennium Development Goals. Ensure sustainable supply of drinking water and sanitation services to the rural population	RDWSSP	▪ The access rate to drinking water in rural areas rises from 17% in 2005 to 26% in 2008; ▪ The access rate to sanitation in rural areas rises from 9% in 2005 to 15% in 2008; ▪ Average water consumption per person in rural areas rises from 15 litres/day in 2005 to 25 litres/day in 2008; ▪ 10% of senior staff of DEPA, ANDEA and relevant CTDs are trained in 2006, 20% in 2008 and 50% in 2015; ▪ The percentage of CTDs in programme areas having signed operational farm-outs rises from 20% in 2006 to 50% in 2008, and is expected to reach 90% in 2015; ▪ The rate of cost recovery for maintenance and operation of DWS systems in programme areas rises from 30% in 2006 to 100% in 2008	End-2012 results: For drinking water, 312,000 people with sustainable drinking water supply currently in the project area; ▪ 7.04% increase in the service rate in rural areas of the project area (or a 1.72% increase of service rate in rural areas at the nation al level) For sanitation, ▪ 298 500 people currently have access to sanitation service ▪ 6.72% increase of the access rate to sanitation service in rural areas in the project area (or a 1.64% increase in access rate to rural sanitation service at national level)	Project implementation is still ongoing. Because of inherent problems, the initial objectives were revised downward. So, the expected objectives will not be fully achieved. Some quantified elements are not available.

Objectives, Actions and Intermediate Outcomes	Interventions	Outcome Indicators		
		Expected	Actual	Remarks
III. Improve the Quality of Rural Infrastructures to Contribute to a Growth of Agricultural and Fishery Production in Rural Areas				
Help to strengthen food security by protecting crops and harvests. Prevent future locust invasions while sustainably keeping the locust population below the herd threshold	PLPA	- Reduction of losses by about 30,000 tonnes of paddy and 60,000 tonnes of cassava is obtained as from the fourth year of the project - A functional national locust control structure is in place - Decisions taken are based on a functional early warning system for pest control - The infested area does not exceed 50,000 ha/year and the treatment rate is at least 85% - The critical herd threshold does not exceed 5,000 individuals/ha for Nomadacris and 2,000 for Locusta, on a sustainable basis.	No invasion took place during project implementation (2003-2009). Production losses were only about 5 to 10% - CNA is in place, but lacks technical skills and adequate organizational level - Though procured, decision-making tools (SIG-LMC, BLU and TSAPIC) are only partially supplied and are not all functional - Average infested area is about 100,000 ha/year and average treatment rate is 75%, but sometimes not done at the right time - Herds controlled and no invasion from 2003-2009, but this is not sustainable (situation of advanced recrudescence in 2010)	The project was an opportunity to provide the country with sustainable infrastructures and equipment so as to sustainably maintain the locust population below the herd threshold.
Contribute to food self-sufficiency, improve the balance of payments and substantially increase farmers' incomes. Promote maize cultivation and foster access to rural credit	PNM	- Cultivation of 30,339 ha - Number of beneficiary plantation heads: 19,500; Over 1.46% increase in output of cassava farms; Development of improved seeds; Design of technological platforms; Construction of 2 training centres and 50 community granaries; ERR / 20%	- Cultivation of 36 732 ha - Number of beneficiary plantation heads: 76 372 - Over 0.68% increase in the output of maize farms; Development of 6 improved seeds; Design of technological platforms; Construction of 2 training centres and 48 granaries; ERR: 18%	The project achieved and even exceeded its set objectives.
Strengthen food security and reduce rice imports. Increase production by re-instituting sustainable conditions in the operation of infrastructures and development of the scheme	PRBM	Rice imports worth MDF 2240 million are substituted as from the fifth year of the project. - Additional production of paddy reaches 35,580 tonnes in the fifth year of the project. - Yields increased by at least 1.0 tonnes/ha rising from 2.5 to 3.5-4t/ha at project completion	- Significant increase in outputs which in 2007 reached an average of 6 tonnes/ha during the season and 4.5 tonnes/ ha during the off-season; - Average rice production of the last three years stands at 35 000 tonnes, with a surplus estimated at 25 000 tonnes	*Project outcomes are commensurate with the challenge of poverty reduction. But, these achievements might be jeopardized at any moment (rupture of protection dyke, collapse of polder). The project's sustainability will depend on the repair of these strategic structures and the performances of users' associations, AUE and FAMA.*

Objectives, Actions and Intermediate Outcomes	Interventions	Outcome Indicators		
		Expected	Actual	Remarks
Strengthen food security *Increase rice production and improve productivity*	*PRBM* *Supplementary loan*	▮ The average revenue of farmers in the scheme rose from MGA 1 million in 1999 to MGA 3 million in 2011 ▮ Paddy production rises from 17,000 tonnes in 1999 to 60,000 tonnes in 2012 ▮ Average paddy yields rose from 2.5 tonnes in 1999 to 6 tonnes /ha in 2008		*The supplementary loan was approved on 03/12/2008. In May 2013, the disbursement rate was 0.91%*
Contribute to poverty reduction in rural areas in the South-West region of Madagascar Increase agricultural production in the irrigation area	PRPIM	▮ Average income per farmer increases from Ariary 350,000 to 1,800,000 between 2007-2012 ▮ The production of rice, butter beans, maize and cassava rises from 600, 400, 800 and 700 tonnes respectively in 2007 to 12,400, 1,200, 4,100 and 5,700 tonnes in 2012	*No indicator, data is not available*	
Contribute to poverty reduction in rural areas Promote sustainable development of traditional fisheries by strengthening beneficiaries' organizations and State services, ensure concerted and responsible management of fishery resources and adequate equipment for fishermen	PACPT	▮ The poverty rate in the project area falls from 76% to 70% in 2012 ▮ The production of motorized dug-outs rises from 3 to 12 tonnes/year at project completion ▮ Wholesale fishmongers' incomes increase by 30% at project completion ▮ The average size of octopuses caught in reserves rises from 400 to 1,000 grams	*Data on indicators are not available; the project is not yet complete. These are indicators and not outputs*	Delays at project start-up were remedied in the last years of implementation
Strengthen food security and reduce rice imports. Increase production by re-instituting sustainable conditions in the operation of infrastructures and development of the scheme	PRBM	Rice imports worth MDF 2,240 million are substituted as from the fifth year of the project. ▮ Additional production of paddy reaches 35,580 tonnes in the fifth year of the project. ▮ Yields increased by at least 1.0 tonnes/ha rising from 2.5 to 3.5-4t/ha at project completion	▮ Significant increase in outputs which in 2007 reached an average of 6 tonnes/ha during the season and 4.5 tonnes/ha during the off-season; ▮ Average rice production of the last three years stands at 35,000 tonnes, with a surplus estimated at 25,000 tonnes	*Project outcomes are commensurate with the challenge of poverty reduction. But, these achievements might be jeopardized at any moment (rupture of protection dyke, collapse of polder). The project's sustainability will depend on the repair of these strategic structures and the performances of users' associations, AUE and FAMA.*

Objectives, Actions and Intermediate Outcomes	Interventions	Outcome Indicators		
		Expected	Actual	Remarks
Strengthen food security *Increase rice production and improve productivity*	*PRBM* *Supplementary loan*	▪ The average revenue of farmers in the scheme rose from MGA 1 million in 1999 to MGA 3 million in 2011 ▪ Paddy production rises from 17,000 tonnes in 1999 to 60,000 tonnes in 2012 ▪ Average paddy yields rose from 2.5 tonnes in 1999 to 6 tonnes /ha in 2008		*The supplementary loan was approved on 03/12/2008. In May 2013, the disbursement rate was 0.91%*

Objectives, Actions and Intermediate Outcomes	Interventions	Outcome Indicators		
		Expected	Actual	Remarks
IV. Improve Governance to Contribute to the Growth of Agricultural and Fisheries Production in Rural Areas in the South				
Support for public finance rehabilitation	PAS III and institutional support	Strengthening of the Major Enterprises Service (SGE) and customs	The Customs and Tax Administrations are reorganized (creation of the Major Enterprises Service, the Suspensive Regimes Domiciliation Bureau, and introduction of the Tax Identification Number, etc.). Services, including customs, were computerized, customs posts decentralized and customs regulations improved.	The difficult socio-political context of early 2002 did not allow for the conduct of the programme. The support will be pursued with PAS IV and budget support operations. Besides, the tax services will benefit from PRIBG institutional support
Support for public finance management the operation of justice and the promotion of the private sector	PAS III	▪ Improve public expenditure audit and an institutional support to the Ministry of Private Sector Development and Privatization	▪ Reforms related to private sector development were only partially implemented, since the privatizations programme was not implemented as planned and the land reform fell far behind schedule.	

Objectives, Actions and Intermediate Outcomes	Interventions	Outcome Indicators		
		Expected	Actual	Remarks
Support for macroeconomic stability, help prepare the budgets of programmes that clearly earmark rural development in the budget as a State mission, as well as programmes, actions and their corresponding performance indicators	Institutional Strengthening for Good Governance Project (PRIBG PABRP I PABRP II PAS IV	45 expected outcomes and activities 82 measures to be implemented over a period of 18 months 23 measures to be completed in 2008; 30 in 2009 and 29 in 2010 concerning reforms in the governance, public finance, decentralization / devolution and the water and sanitation sectors. 19 measures with four components: (i) Revenue; (ii) Expenditure audit (11 measures); (iii) Project monitoring; and (iv) Public enterprises	Many activities in favour of MFB, sector structures and audit bodies with training sessions, facilities and IT equipment (particularly for public procurements). Support in terms of experts, materials and equipment for TAFs and TPIs; training of magistrates and judicial personnel, studies trip, procedures manuals/guide of the Mediator and court registry designed. Many instruments on business law. 76% of measures have been completed; implementation rate of sector budgets improved as well as budgetary allocations for the social sectors and justice; IGF not put in place; 2004 Appropriations Bill passed in 2006. Study on the PPP legal and regulatory framework but instrument not adopted. National Justice Council instituted. 79% of measures have been completed. DFGE reorganized, SIGSTAT and ASYCUDA installed; instruments on control signed (CDE, IGF, CDBF; etc.), instruments on BP and public procurements. Delays in the production of accounts and difficulties linked to the institutional weaknesses of Government departments.	PRIBG took longer to implement than anticipated PABRP II was suspended in December 2008, a few months after disbursement of the first tranche (August 2008) due to the IMF's suspension of the country due to bad governance.
Help in the effective implementation of the decentralization process, in order to give local councils and regions the means of promoting rural development; Promote land security in rural areas	PABRP I & II	Promotion of land security under the Manombo Integrated Rural Development Project	The Letter on Decentralization and Devolution Policy and the related National Programme were adopted; the Local Development Fund was established, but resources allocated to the regions remain low.	

Objectives, Actions and Intermediate Outcomes	Interventions	Outcome Indicators		
		Expected	Actual	Remarks
V. Support Growth: Private Sector Window Interventions				
Promote public-private partnership Promote public-private partnership	Sahanivotry Hydroelectricity Power Project Ambatovy Nickel and Cobalt Mining Project	Boost power generation equipment by 16.5 MW; Country's additional foreign exchange earnings; creation of jobs; development of infrastructures (port, roads, railways); impact on local enterprises, local authorities; socio-economic spinoffs for the country.	Intermittent invoicing of 80 GWh at Jirama; creation of 140 jobs during the construction phase and 30 part-time jobs in the operation phase; opening up of the localities of Sahanivotry and Manandona with the construction of a 7 km feeder road; installation of a water supply system for the people of Sahanivotry; rehabilitation and equipment of a Base 2 health centre; project's contribution to the improved mobilization of tax resources through various forms of levies. Ambatovy paid the State a total of USD 30,704,892 and USD 19 million as taxes, duties and royalties in 2011 and 2012, respectively; Job creation reached a peak of 18,500 during the construction phase and 9,000 in the operational phase, 91% of them Malagasy nationals; For infrastructure projects, USD 250 million were spent, most of it to the extension of the Tamatave Port for ore exportation; Ambatovy is the biggest client of private sector enterprises in Madagascar. From 2007 to 2011, the company honoured supplies contracts worth USD 1.5 billion with about 500 local enterprises;	The project achieved its objective although the supply of 80 GWh was not constant throughout the year. This is due to the very nature of the power plant whose dam was awash. So, during periods of low water level, production can be 6 MW or even drop as low as 2 MW (September-October-November) The project's contribution to GDP will be around 7.8% yearly at full development. The production of refined nickel and cobalt only began in June and November 2012 respectively

Objectives, Actions and Intermediate Outcomes	Interventions	Outcome Indicators		
		Expected	Actual	Remarks
V. Support Growth: Private Sector Window Interventions				
			Ambatovy obtains its supplies from farmers from surrounding council areas. About 8000 farmers, (5000 of them from the Antsinanana and Alaotra Mangoro regions and 3000 from the other regions of Madagascar) sell about 125 tonnes of fruits and vegetables monthly to the company's central procurement unit; With regard to social actions and Gender, 50 wells with pumps were dug in hamlets by a local sub- contractor. Further, WASH (water, sanitation and hygiene) installations were constructed in neighbouring schools. Out of 9000 jobs created by Ambatovy, 15% are held by women. Moreover, 12 women were trained to drive 100-ton construction machines.	

Annex 2: Key Partner Intervention Sectors

Intervention Sector	ADB	WB	EU	BADEA	UNS	IMF	AFD	IFAD	JAPAN	Germany	Norway	USAID	Switzerl-land
Agriculture	X	X	X		X		X	X	X	X			X
Drinking water and sanitation	X	X	X		X				X				
Energy	X	X	X										
Environment		X			X		X						
Mining	X												
Public finance	X	X				X	X						
Governance	X	X			X						X		
Budget support	X	X	X										
Education	X	X	X		X		X		X		X		
Health	X	X	X		X		X		X			X	
Transport	X	X	X	X			X		X				

Note: The table is given as a guide, since variations over the period (especially after the 2009 crisis) prompted the withdrawal then the partial return of some TFPs.

Annex 3: List of Bank-Approved Operations in Madagascar 2002–2012

No.	Sector / Project	Division	Status	Approval Date	Approval Year	Signature Date	Effectiveness Date	Date of 1st Disbursement	Total Amount Approved (UA)	Disburse-ment Rate
Agriculture										
1	Tulear Fishing Communities Support Project	OSAN3	Ongoing	16/11/05	2005	02/03/06	21/04/06	26/10/06	**6,325,000.00**	**59.56%**
2	PPF - Manombo Rural Integrated Development Project	OSAN3	Complete	02/03/06	2006	02/03/06	02/03/06	02/03/06	**203,453.65**	**100%**
3	Manombo Irrigation Area Rehabilitation Project	OSAN3	Ongoing	21/11/07	2007	25/03/08	06/05/08	23/06/08	**9,497,276.85**	**76.39**
4	Bas-Mangoky Irrigation Area Rehabilitation Project, Supplementary Loan	OSAN3	Ongoing	03/12/08	2008	22/01/09	22/12/11	22/12/11	**15,000,000.00**	**0.91**
5	PPF - Bas-Mangoky Irrigation Area Rehabilitation Project II	OSAN3	Ongoing	10/07/12	2012	14/09/12	14/09/12	500,000.00	500,000.00	**0.00**
6	PPF – Young Rural Entrepreneurs Project in Middle West	OSAN3	Approved	24/09/12	2012	08/11/12			**450,500.00**	**0.00**
	Sub-Total 1 Agriculture								31,976,230.50	
Water And Sanitation										
1	Rural Drinking Water Supply and Sanitation Programme	OSAN4	Ongoing	21/12/05	2005	02/03/06	08/06/06	08/06/06	51,000,000.00	26,88
	Sub-Total 2 Water And Sanitation								51,000,000.00	

No.	Sector / Project	Division	Status	Approval Date	Approval Year	Signature Date	Effectiveness Date	Date of 1st Disbursement	Total Amount Approved (UA)	Disburse-ment Rate
Energy										
1	Sahanivotry Hydro Power Project	OPSM5	Complete	05/07/07	2007	25/09/07	28/09/07	04/10/07	5,174,019.52	100%
	SUB TOTAL 3 ENERGY								**5,174,019.52**	
	Industry/Mining/Quarries									
1	Ambatovy Mining Project (Nickel/ Cobalt)	OPSM2	Complete	02/05/07	2007	22/08/07	26/03/08	26/03/08	99,707,524.59	100%
	Sub Total 4 Industry/Mines/ Quarries								**99,707,524.59**	
	Multi Sector									
1	Fourth Structural Adjustment Programme	OSGE2	Complete	17/09/03	2003	07/11/03	26/03/04	26/03/04	24,982,382.05	100%
2	Good Governance Institutional Strengthening Project	OSGE2	Complete	08/12/04	2004	13/01/05	13/01/05	17/10/05	5,860,000.00	100%
3	First Budget Support Programme	OSGE2	Complete	24/07/06	2006	31/07/06	04/08/06	04/08/06	34,957,839.23	100%
4	Budget Support Programme targeting Poverty Reduction	OSGE2	Complete	02/07/08	2008	14/07/08	13/08/08	27/08/08	30,000,000.00	100%
	Sub Total 5 Multi-Sector								**95,800,221.28**	
	Social									
1	HIV/AIDS Project	OSHD3	Ongoing	08/12/04	2004	13/01/05	27/09/05	27/09/05	6,000,000.00	72.40
	Sub Total 6 Social								**6,000,000.00**	
	Transport									
1	RN1 bis Road Rehabilitation Project	OINF2	Complete	09/01/02	2002	13/12/02	20/01/04	07/05/04	7,937,662.39	100%
2	Toliary Province Road Project	OITC2	Ongoing	07/07/04	2004	30/11/04	14/03/05	12/04/05	33,040,000.00	
	Sub Total 7 Transport								**40,977,662.39**	
	Grand Total									**330,635,658.28**

Annex 4: List of Bank Emergency Aid in Madagascar over the 2002–2012 Period

No.	Sector / Project	Status	Division	Approval Date	Signature Date	Effective-ness Date	Sector	Amount Approved (UA)
1	Emergency humanitarian aid to the South	Complete	OSAN3	23/07/07	03/09/07		Agriculture	331 589.17
2	Humanitarian aid to flood victims	Complete	MGFO	02/06/09	17/06/09			663 178.35
Asub Total 1 Agriculture								**994 767.52**
3	Emergency humanitarian aid, Gafilo cyclone	Complete	OSHD2	26/04/04	30/11/04		Social	331 589.17
4	Emergency aid, Giovanna irina cyclone	Ongoing	OSHD3	12/07/12	23/08/12	23/08/12		663,178.35
5	Humanitarian aid, Fame and Ivan cyclones	Complete	MGFO				Social	950 000
6	Humanitarian aid, polio, plague and rabies	Complete	MGFO				Social	620 000
Sub Total 2 Social								**2 564 768**
7	Humanitarian aid to Bingiza cyclone victims	Complete	OITC2	23/08/11	08/09/11	08/09/11	Transport	663 178.35
Sub Total 3 Transport								**663 178.35**
Total								**4 222 714**

Annex 5: Rating Scale

Relevance

Criteria	Definition
Highly satisfactory	Bank interventions are fully aligned on the country's development priorities and selective.
Satisfactory	Bank interventions are aligned on the country's development priorities with a certain degree of selectivity.
Moderately satisfactory	Bank interventions are aligned on the country's development priorities but lack selectivity.
Moderately unsatisfactory	Bank interventions are partially aligned on the country's development priorities.
Unsatisfactory	Bank interventions meet a limited number of the country's development needs/priorities
Highly unsatisfactory	Bank interventions does not meet the country's development needs/priorities.

Effectiveness

Criteria	Definition
Highly satisfactory	Bank interventions in this sector have strongly contributed to all targeted development objectives.
Satisfactory	Bank interventions in this sector have contributed to most of the targeted development objectives.
Moderately satisfactory	Bank interventions in this sector have contributed to some of the targeted development objectives.
Moderately unsatisfactory	Bank interventions in this sector have contributed to a limited extent to some of the targeted development objectives.
Unsatisfactory	Bank interventions in this sector have had very low contribution to development objectives.
Highly unsatisfactory	Bank interventions in this sector did not contribute to any development objective.

Sustainability

Critères	Definition
Highly satisfactory	Outcomes and benefits will very likely be preserved after completion of Bank interventions
Satisfactory	Outcomes and benefits will likely be preserved after completion of Bank interventions
Moderately satisfactory	Outcomes and benefits may likely be preserved after completion of Bank interventions
Moderately unsatisfactory	Some outcomes and benefits may likely be preserved after completion of Bank interventions
Unsatisfactory	Outcomes and benefits will not likely be preserved after completion of Bank interventions.
Highly unsatisfactory	Outcomes and benefits will very likely not be preserved after completion of Bank interventions.

Cross-cutting Sectors

Criteria	Definition
Highly satisfactory	CSP make a very good analysis of the country's cross-cutting sector, challenges and strategy and the strategic guidelines of Bank interventions whose effects are tangible.
Satisfactory	CSP makes a good analysis of the country's cross-cutting sector, challenges and strategy, and presents indications of Bank interventions with a few effects.
Moderately satisfactory	CSP makes a good analysis of the country's cross-cutting sector, challenges and strategy, without mentioning any Bank intervention.
Moderately unsatisfactory	CSP makes some analysis of the country's cross-cutting sector, challenges and strategy, without mentioning any Bank intervention.
Unsatisfactory	CSP makes an unsatisfactory analysis of the country's challenges and strategy, and the outcomes of the Bank's interventions are unsatisfactory.
Highly unsatisfactory	CSP analyzes neither the country's challenges and strategy nor the Bank's interventions; no effects of Bank actions are observed.

Annex 6: Programme of Field Visits to Projects in the South-West Region

Day	Date	Time	Purpose	Concerned
1	17/06/14	8:20 – 10:50	Flight, Antananarivo -Tuléar	
		11:30 – 12:30	Meeting with Project Managers	3 Project Managers: PACPT-PRPIM-PRBM
		15:00 – 16:00	Visit to Regional Head	3 Project Managers
		16:00 – 18:00	Working visits to Regional Directors	Accompanied by Project Managers
2	18/06	7:00 – 15:00	Tuléar / Bas-Mangoky (PRBM) by National Road RN9 financed by ADB	PRBM Project Manager
		16:00 – 17:30	Working meeting with the full PRBM Project Team	PRBM Project Team
3	19/06	7:00 – 12:00	Visit to PRBM project sites, discussions with beneficiaries in situ	PRBM Bas-Mangoky Project Team
		15:00 – 17:00	Meeting with beneficiaries	
4	20/06	7:00 – 18:00	Bas-Mangoky / Tuléar with visit of the PRPIM Project (Manombo) and meeting with beneficiaries	PRPIM Project Manager
5	21/06	7:00 – 13:00	Visit to PACPT Saint-Augustin Project sites: passenger landings, algae, sea cucumbers; meeting with beneficiaries	PACPT Project Manager
		15:00 – 17:00	Working visit to CNA (National Anti-Locust Committee)	CNA Director and his aides
6	21/06	7:00 – 12:00	RDWSSP Project: working meeting with the Regional Director for Water	Regional Director Water
		15:30 – 17:30	Flight, Tuléar-Antananarivo	

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Endnotes

1. The key document is the document published in 2008 by the Asian Development Bank and ECG entitled “Good Practice Standards for Country Strategy and Program Evaluations”.
2. Relevance assesses the extent to which the design and objectives of the assistance strategy and programs were consistent with the country’s needs and Government’s development plans and priorities. The criterion of optional positioning helps to specify the concentration trend of the strategy. Effectiveness assesses the extent to which the assistance instruments achieved the set objectives. Efficiency is a measure of how well the project uses resources (funds, know-how, time, etc.) in economic terms in achieving its outcomes. Sustainability assesses the extent to which actual and expected outcomes resist risks beyond project completion. Institutional development has to do with how well assistance improves country capacity to make more efficient, equitable and sustainable use of its human, financial and natural resources. Impact refers to how the assistance contributes to long-term changes in development conditions.
3. Cf. INSTAT, Periodic Households Survey 2010.
4. Cf. Madagascar, HDI values and rank changes in the 2013 Human Development Report, UNDP, Human Development Report 2013Projects at risk are made up of problematic projects and potentially problematic projects (PPPs) that are those that have recorded implementation progress, but have a high probability of experiencing implementation problems in future.
5. Especially the Public Expenditure Review conducted by the World Bank in September 2011.
6. This is the study titled: “Indian Ocean countries-Flagship report on Regional Integration”, abridged Final Report, December 2012, African Development Bank.
7. Cf. Indian Ocean Commission countries / Flagship report on Regional Integration, abridged Final Report, African Development Bank Group, December 2012
8. Cf. Combined Portfolio Review Report and Extension of Country Strategy Paper 2012-2013, prepared by ORSB, 1 June 2012

IDEV

Independent Development Evaluation

African Development Bank

An IDEV **Country Strategy Evaluation**

About this Evaluation

This evaluation assesses the African Development Bank's assistance in Madagascar during the 2002–2012 period and its contribution to the country's development. The aim was to draw useful lessons to inform the Bank's next Country Strategy Paper (CSP) for Madagascar and improve future operations. The evaluation focuses on the relevance, effectiveness, efficiency, impact, sustainability and performance of key stakeholders.

IDEV
Independent Development Evaluation
African Development Bank

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