I. Project Context

Country Context

1. Madagascar’s economic potential has been hindered by periods of political fragility. Over the past 15 years, the country has experienced 5 years of political crisis on two distinct occasions. This most recent crisis has persisted since the unconstitutional regime change in March 2009, with devastating effects on the economy, poverty, and social outcomes. Socio-economic development has suffered from growing insecurity, stalled progress on already weak governance, a reduced ability to deal with exogenous shocks, and deteriorating infrastructure. Recent progress has been made in resolving the political stalemate, mediated by the Southern African Development Community, most notably the first round of elections held on October 25, 2013. This important step forward has garnered the support of the international community. Despite these positive developments, the political climate remains fragile with the second round of elections scheduled for...
December 20, 2013.

2. Following the political events in January 2009, preparation and approval of new lending was put on hold under the Madagascar portfolio in March 2009 in accordance with OP/BP 7.30, Dealing with De Facto Governments. At the end of 2009, disbursements for the existing portfolio resumed progressively to preserve human, physical and institutional assets. The full resumption of disbursements in April 2011 allowed for a major portfolio restructuring completed in 2012 as well as the preparation of two emergency operations that became effective in April 2013.

3. Poverty has continued to rise and is now among the highest in the world. The country ranks 151 in the world according to the 2011 United Nations’ Human Development Index. Income per capita barely reached US$400 in 2011 and in 2012, returned to its 2003 level. Preliminary estimates suggest that from 2008 to 2013, the proportion of the population living under the poverty line, already high before the crisis, may have increased by 10 percentage points, with the larger effects over 2011-13, as the crisis has continued to deepen. About 80 percent of the population is living under US$1.25 a day, the highest rate in Africa. Factoring in population growth, it is estimated that some 4 million more Malagasy are in poverty than there were in 2008.

Sectoral and institutional Context

4. In response, a US$65 million multi-sector IDA operation was approved to deliver the most critical health, nutrition and education services directly to mothers and children. The Emergency Support to Education, Health and Nutrition Services Project targets five of the poorest regions in the country with some of the worst HD outcomes. The operation prioritizes activities that facilitate access to basic social services through a reduction of private (out-of-pocket) costs and the easing of supply-side constraints. The activities aim to maintain the resilience of service delivery systems through a focus on providers at the community and primary care level and on targeted activities to strengthen governance and accountability in the delivery of social services.

5. But, as the on-going political crisis enters its fifth year, the devastating effects of recurrent natural disasters, including cyclones, floods, droughts have recently exacerbated the impacts on the population. Market prices for staple foods in urban consumption centers have significantly increased over the past weeks. Reduced access to food and insecure land rights are causing intense hardship among the Malagasy population in urban and rural areas alike. The agriculture sector is in crisis. A severe food insecurity threat is developing that will affect the country’s most densely populated rural and urban areas if not mitigated.

6. Given the above context, in areas at risk of food insecurity are seeing rises in acute malnutrition as a faster rate than the rest of the country. Acute child malnutrition has increased by more than 50 percent in some areas and chronic malnutrition remains a serious challenge, with Madagascar having one of the highest stunting rates in the world. The proposed AF will finance the costs associated with the geographic scale-up of the Nutrition component of the original project.

7. Given the potential humanitarian consequences of a deteriorating food security situation that is unfolding, affecting densely populated areas where no emergency support is currently
provided, a dedicated food security and nutrition intervention is essential. Ongoing emergency efforts focus on addressing poverty, health, and infrastructure in areas affected by previous natural disasters, mostly in the South. Regions which used to produce surplus food for densely populated areas in the central and northern parts of the country are receiving minimal donor support and government resources.

8. The proposed Project focus and approach is consistent with Interim Strategy Note (ISN) for Madagascar, the recommendations of the 2011 World Development Report (WDR) on Conflict and Security, and the World Bank’s Africa Strategy. Following the political events in January 2009, preparation and approval of new lending was put on hold under the Madagascar portfolio in March 2009 in accordance with OP/BP 7.30, Dealing with De Facto Governments. Given the continued application of OP/BP 7.30 to Madagascar, a two-year Interim Strategy Note (ISN), (2012-2014) was discussed at the Board in February 2012, which proposes a cautious, strategic and selective approach to new operations to mitigate the heavy impact of the crisis on the most vulnerable populations and identifies the health, nutrition and education sectors as the priority areas. The proposed Project is thus well aligned with the ISN. It also integrates lessons from the 2011 WDR which highlights the critical role of strengthening community-based social services in a fragile environment by producing tangible benefits for communities relatively quickly and thus promoting social cohesion. The project also reflects a core area of the World Bank Africa Strategy, addressing vulnerability and strengthening resilience.

II. Proposed Development Objectives

A. Current Project Development Objectives – Parent
The Project Development Objective (PDO) is to preserve critical education, health and nutrition service delivery in targeted vulnerable areas in the recipient’s territory.

B. Proposed Project Development Objectives – Additional Financing (AF)

III. Project Description

Component Name

Comments (optional)

IV. Financing (in USD Million)

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V. Implementation
VI. Safeguard Policies (including public consultation)

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Comments (optional)

VII. Contact point

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