Public Disclosure Authorized

Project Information Document (PID)

Concept Stage | Date Prepared/Updated: 18-Mar-2019 | Report No: PIDC26178

BASIC INFORMATION

A. Basic Project Data

Country	Project ID	Parent Project ID (if any)	Project Name
Madagascar	P169413		MG-Digital Governance and Identification Management System Project- PRODIGY (P169413)
Region	**Estimated Appraisal Date**	**Estimated Board Date**	**Practice Area (Lead)**
AFRICA	Sep 02, 2019	Dec 19, 2019	Governance
Financing Instrument	**Borrower(s)**	**Implementing Agency**	
Investment Project Financing	Ministry of Finances and Budget	Programme de Réforme pour l'Efficacité de l'Administration	

Proposed Development Objective(s)

The Project Development Objective to increase inclusive access to legal identity and to improve service delivery in selected sectors.

PROJECT FINANCING DATA (US$, Millions)

SUMMARY

Total Project Cost	150.00
Total Financing	150.00
of which IBRD/IDA	150.00
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Development Association (IDA)	150.00
IDA Credit	150.00

Environmental and Social Risk Classification	Concept Review Decision
Moderate	Track II-The review did authorize the preparation to continue

Other Decision (as needed)

B. Introduction and Context

Country Context

1. Madagascar has recently embarked on a positive trajectory. Economic growth has consistently improved during the last four years, with GDP growth accelerating from 2.3 percent in 2013 to an estimated 4.2 percent in 2017 and is expected to have reached 5 percent in 2018. In 2019, Madagascar accomplished its first democratic transfer of power since independence, despite a tense election pitting two antagonistic former Presidents against one another. This successful outcome has shored up hopes for long-term stability and continued growth. The President presented his overall program, "Madagascar's Emergence Initiative" during the electoral campaign1. The program's three main pillars are: i) improving basic social services; ii) strengthening governance and democracy; and iii) promoting economic growth.

2. These recent political events have generated enormous expectations, especially among the large share of the population that has been impoverished as a result of repeated political crises. It is estimated that close to 78 percent of the population lives below the $1.9 international poverty line in Madagascar2. Poverty also runs deep: the average Malagasy consumes 32 percent less than the average person living directly at the national poverty line. A key challenge for the new regime will be to ensure that positive macroeconomic developments benefit the poor, notably by improving the delivery and access to basic services such as health care, social protection services and education. This could also help the country reap its demographic dividend, given that close to two thirds of the population is less than 25 years of age. Conversely, a lack of perceptible progress in terms of inclusive growth is likely to heighten fragility and grievances, fueling risks of renewed instability.

3. The time is opportune to leverage the potential of digital technology to support an enhanced and more inclusive approach to identification and service delivery in Madagascar, while simultaneously promoting the digital economy. Since 2017, the Government has demonstrated its commitment to these objectives, further elaborating on the National Strategy for Digital Governance based on three strategic axes: interoperability of systems, digital identification, and government digital services. It began piloting its version of "X-Road", an interoperability system that allows different

[1] *Initiative Emergence Madagascar.*
[2] 2011 PPP, according to the latest data available (2012)

databases across multiple organizations and platforms to securely and freely exchange data.3 The newly elected President highlighted his support to innovation and new technologies, and improving efficiency through the digitalization of public services, as key elements of his strategy. In addition, private sector investments in fiber optics have resulted in Madagascar becoming the country with the fastest broadband internet on the African continent, internationally ranking ahead of countries such as France, Canada and the UK.4 Internet usage is rapidly progressing, reaching 10 percent of the population in 2017, up from 0.65 percent a decade ago.5 Thanks to increased mobile coverage (86 percent in 20186) and reduced communication costs, mobile phone usage has risen to 40 percent of the population

Sectoral and Institutional Context

4. Legal identity is a right and a prerequisite to building inclusive societies but in Madagascar, one out of four people are deprived of the fundamental right to legal identity. The lack of legal identity deepens exclusion and inequality throughout a citizen's lifetime. It can prevent access to schooling, health services, and later in life to banking, pensions, entitlement claims and property transactions. In Madagascar, individuals affected by these challenges systematically belong to vulnerable groups and communities. In 2012 (last available data), the rate of non-declared births was estimated at close to 30 percent in families within the poorest quintile, compared to 6 percent among the richest. Rural areas are also disproportionately affected, with rates of non-declared births estimated at 20 percent, compared to 3 percent in urban areas.

5. Barriers to registration are partly the result of the complexity and fragmentation of Madagascar's Identity-Management (Id-M) system.[7] Civil registration and civil identification fall under the auspices of the Ministry of Interior, and are carried out by relevant offices at the district and municipal levels.[8] The *civil register* is managed at the municipal level, where record of an individual's vital events (live births, deaths, fetal deaths, marriages, and divorces) are kept, and birth certificates are issued as proof of identity. The *civil identification register* is managed at the district level, where attributes that uniquely identify the individual are aggregated and stored, and identification credentials are issued in the form of national identity cards. Local trial courts[9] receive a copy of all registry records from within their jurisdiction. In both cases the registration procedures are cumbersome,[10] lengthy and mostly paper-based. Late registrations create

[3] X-Road was originally developed by the Estonian Government. The government of Madagascar deployed its own initial version of X-Road through a cooperation agreement with the Estonian *e-Governance Academy* and Madagascar's *National School of Informatics* (ENI).

[4] Madagascar was linked up to the East Africa, Submarin System (EASSy), a submarine Fibre Optic cable connecting Sudan to South Africa. At 24.9 megabits per second, Madagascar's broadband speed is now more than twice the global average. https://www.cable.co.uk/broadband/speed/worldwide-speed-league/

[5] World Bank data.

[6] According to the Communication Technology Regulation Authority (*Autorité de Régulation des Technologies de Communication,* ARTEC)

[7]The identity management system is understood as the technical and administrative framework for managing the attributes associated with a person's identity.

[8] There are 1695 communes and 119 districts.

[9] *Tribunaux de Premier Instance.*

[10] E.g. application for CIN requires 3 photos, 1 certificate of residence, 1 certified copy of the birth certificate, not to be older than one year, 1 declaration of family status from parents, 1 certified copy of the parents' CINs, 1 certificate of existence and conduct, to be supplied by the applicant's fokontany, 1 declaration, written and signed by the fokontany, that the applicant has been registered in the electoral roll.

additional lengthy steps through courts, which are largely discouraging and contribute to higher rates of population without identification. The Fokontany[11] plays a pivotal – and customary – role, in the registration process. It registers citizens in an informal, local population register, which eventually forms the basis for the residence certificates required at the time of registration with the civil identification system as well as the electoral roll.

6. An electronically based ID management system is more efficient and secure than a paper-based system. The creation of a central digitized database with all civil registration records digitized, with adequate protection of the data, will facilitate access for users. The establishment of a central digitized database strengthens the value of ID cards as secure identity authentication documents by facilitating cross-checking and preventing duplications and falsification. A digitized ID management system would also contribute to securing identity by reducing the possibly of human error. Finally, a central digitized database can also produce timely demographic information, that can help government make more informed policy decision and reduce costs of data collection.

7. Combining sound identity management and interoperability of digital government systems can generate significant efficiency gains, strengthen governance and increase transparency. Firstly, it can contribute to reducing administrative burdens by applying the "once-only" principle to service delivery. This principle ensures that citizens and businesses have to provide standard information and documentation to the government only once and eliminates duplicate functional registries. This would help improve the business environment by allowing companies to register through one portal, and data then being dispatched to relevant agencies.

8. Improving the performance of digital government systems can help lift the constraints on the execution of government's most fundamental functions, from planning and policy development to service delivery. Broad interoperability functions across electronic databases can support: i) revenue forecasting and enforcement; ii) budget planning and execution; iii) transfers to local government; iv) civil service payments; v) facilitate provision and oversight of social basic services; and vi) audits by oversight institutions.

Recent advances

9. The government of Madagascar has embarked on an ambitious civil registration and Id-Management systems reform. In 2017, the country adopted a National Strategy for Civil Registration reform.[12] Preliminary implementation steps were initiated, including drafting new legislation for civil registration. Significant changes include the increase of the legal limits for birth registration from 12 days to 30 days after birth (as recommended by international best practice), the

[11] The fokontany designates the neighborhood or local structure and is the lowest administrative unit level in Madagascar. It is closely aligned with more traditional ways of governance in Madagascar and holds great cultural significance, particularly in rural areas.

[12] Although these issues have figured high on the government's policy agenda since 2004, reforms had stalled as a result of political instability. Occasional campaigns have been launched for retroactive birth registrations across the country, and for enrollment and CINdistribution. The current strategy was informed by a Civil Registration & Vital Statistics assessment in collaboration with UNICEF and AfDB, and an Identity Management System Assessment (2015), in collaboration with the World Bank ID4D initiative.

formalization of the Fokontany's role in the birth notification process in rural remote areas, the issuance of a single identity number at birth, the creation of electronic records of vital events, and opening up for system interoperability.

10. Since 2017 the Government has made positive advances towards coordinated improvement of digital government services. With support from the WB-financed Public-Sector Performance Project (P150116), the Malagasy Government created an inter-ministerial group to work on digital government solutions, led by the President's Office (PREA) and the ANRE. Since then, several initiatives have been launched, including the piloting of "X-Road" as an interoperability platform. Building on the momentum of the ongoing reforms and coordination across government, the Presidency recently prepared a guidance note for the further elaboration of a *National Strategy for Digital Governance*, based upon three strategic axes: interoperability of systems, digital identification and government digital services.

11. Simultaneously, bolstered by an entrepreneurial private sector, Madagascar has made noticeable advances in the digital economy. Thanks to private sector investments in broadband Internet, the country is increasingly becoming a destination for technology intensive business process outsourcing (BPO) companies, providing telecom and data processing services to major international businesses such as Air France, Amazon and Deliveroo. With a current revenue estimated at US$ 115 million and employing a labor force of about 15,000 people, the BPO sector is expected to employ up to 100,000 people in 2030. Interoperability across mobile operators has also led to one of the most dynamic markets for mobile money in the globe (e.g. from 2.3 million subscribers in 2013 to over 4.6 million in 2016). The telecom industry has equally been playing an important role in the promotion of startups.

Relationship to CPF

12. The project is closely aligned with the objectives of the World Bank 2017-2021 CPF and the Government 2015-2019 National Development Plan (PND). Overall, the CPF seeks to increase the resilience of the most vulnerable people and to promote inclusive growth, while strengthening national and local institutions to reduce fragility. The PND also focuses on improving governance to support local service delivery. Case in point, there is a strong correlation between lack of access to the civil registry and poverty status. Legal identity is a prerequisite to access key public services such as primary education for children, proof of residency, land property title/certificate, pension fund, etc. Promoting inclusive growth requires legal identity for all to ensure no one is left behind in the country's development process.

13. The project will contribute to ongoing World Bank activities and engagement in Madagascar. By improving access to legal identity and identity verification processes, the project will inform operations in sectors working on social benefits, such as social protection or universal access to health care. It will also support revenue mobilization activities through enhanced identification of taxpayers and improved land management. The project will also help address shortcomings in other Bank and donor operations with IT components that face implementation difficulties, generate redundancies and interoperability issues.

14. The project is aligned with the Sustainable Development Goals (SDGs). It will directly contribute to the achievement of the SDG 16.9, which calls for the provision of legal identity, including universal birth registration for all by 2030. Provision of legal identity also contributes to the monitoring and achievement of other development goals such as

access to education and jobs, paving the way toward economic growth. Universal civil registration (creating a record with a person's biographical information) and civil identification (adding unique attributes to that person's record in the form of a unique number, photo, signature, biometrics) are required for almost 70 of the 241 indicators for the 17 SDGs.

C. Proposed Development Objective(s)

The Project Development Objective is to increase inclusive access to legal identity, and to improve service delivery in selected sectors.

Key Results (From PCN)

15. The main outcomes of the project will be: (i) improved access to civil registration and upgrade of the national identity card, with a focus on vulnerable individuals; (ii) improved government capacity to deliver services in sectors of primary interest, including land management, public procurement, social protection, health, education, and private sector development; (iii) growing digital economy, with a rising contribution to GDP and job creation.

16. The progress towards the PDO will be measured by the following indicators:

- Increased number of citizens with upgraded national identity card
- Number of digital government services accessible in a single window
- Share of public procurement through e-procurement[13]
- Number of public services integrated within a single grievance mechanism
- Number of digital services provided with private sector investment building on public sector infrastructure.

17. The key project outputs are:

- Streamlined procedures for birth notification and civil registration
- System architecture and security for the national civil registration and identification management systems
- Upgraded national identity cards suitable to a digital ecosystem
- Adopted framework for the establishment of government interoperability systems
- Implementation of an electronic platform for public procurement
- Establishment of a unique public platform for digital information and services
- Establishment and implementation of government services standards
- Strategies for public-private investment in technology
- Public-private plan for skills development.

D. Concept Description

18. The proposed project is structured around four mutually reinforcing components that support: (1) creation of a

[13] E-procurement system will be developed following open contracting standards to strengthen data analytics, transparency and accountability, thereby contributing to procuring good and services of greater quality.

unified identity management system through the modernization of civil registration and identification systems; (2) establishment of core digital government platforms and services for public service delivery, (3) development of selective aspects of the digital economy, and (4) project management. The establishment of an efficient and citizen-centric identity-management system (component 1) and the effective delivery of digital government services (component 2) are mutually dependent.

19. The rolling-out of ID cards compatible with digital authentication depends on robust electronic government systems. Conversely, effective digital government services are not only substantially enhanced by identity management systems, but also depend on them for the digital transformation of transactions between the government and citizens and businesses. The digital economy component (3) provides an ecosystem that favors cost-efficient procurement of digital goods and services, while promoting local SMEs and startups. Effective project management (component 4) ensures the necessary coordination and change-management processes are carried out in a timely and effective manner.

20. The project is expected to have 04 components:

Component 1 - Creation of a Consolidated Identity Management System: This component seeks to address the shortfalls and inefficiencies of the current identity management system. The objectives are to: (i) facilitate and secure access to civil registration services and legal identity for all citizens; and (ii) provide the institutional and technological underpinnings to support streamlined access to public services and benefits, as well as digital government efforts. The main beneficiaries of this component will be institutions in charge of civil registration and identity management across the country, including the Ministry of Interior, Local Government and Local Tribunals.

Component 2 - Digital and Mobile Government Services: This second component seeks to address and improve digital governance issues that lead to poor outcomes in governance and service delivery. The objectives are to: (i) mainstream a demand-driven and user-centric approach to service delivery, thereby improving efficiency and citizen satisfaction; and (ii) increase the coverage and quality of public services offered through multiple channels (web, phone and in-person).

Component 3 - Promoting the Domestic Digital Economy: The third component seeks to strengthen the connectivity, human capital and business environment required to promote Madagascar's digital economy. The objectives of this component are to: (i) increase local governments' connectivity, ii) lower the barriers for formalization of tech startups and SMEs, and (iii) incentivize participation of startups and SMEs in public contracts of digital goods and services.

Component 4 - Project management and implementation: The main objectives of this component are to reinforce project implementation capacity, support operating costs related to project management and provide equipment for project management. Effective project management ensures the necessary coordination and change-management processes are carried out in a timely and effective manner.

Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

Summary of Screening of Environmental and Social Risks and Impacts

The ESRC is considered to be Moderate. It is expected that the project activities will have essentially positive social impacts by guaranteeing the access of a large number of people to digital governance. The project activities potential adverse risks to and impacts on human populations and/or the environment are not likely to be significant. No adverses social risks or impacts related to land access, community health & safety or cultural heritage have been identified for the project. Main risks and impact of the project are related to (i) the management of waste electrical and electronic equipment (WEEE) , (ii) Mobilization of consultants, services servant and other contractor which could raise the importance of the respect of the right of the workers, (iii) the respect of the code of conduct, (iv) less commitment of stakeholder, (v) a greater misunderstanding by the public facing the proliferation of these new management tools, and to a larger digital divide between the different government units, rural and urban areas, and between citizens with access to the Internet and the others, especially the vulnerable groups, but these risks could be manageable (vi) a need for more social inclusion. Finally the current Project Management Unit (PMU) does not have any capacity in the new Environmental and Social Framework (ESF). To limit these risks, the project need to develop a (i) Environmental and Social Committment plan (ESCP), (ii) communication plan on the usefulness of digital governance, (iii) a stakeholder engagement plan (SEP), and also a (iv) Labor Management Procedures (LMP) (v) a Waste Electronic and Electrical Equipment Management Framework (WEEEMF) which will be developed in consultation with all stakeholders and an appropriate method for collecting, treating and disposing of e-waste, (vi) two accessibles grievances mechanisms (GM) will be implemented and started during the project preparation, one for the project and one for the workers; (vii) review of PREA HR policies and Development of code of conduct for workers, and (viii) the project will ensure non-discrimination and promote gender sensitivity in the recruitment process of consultant or specialized workers, (ix) and finally the project the PMU will recruit an environmental and social safeguard specialist.

Note To view the Environmental and Social Risks and Impacts, please refer to the Concept Stage ESRS Document**.**

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