



# Program Information Document (PID)

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Concept Stage | Date Prepared/Updated: 09-Jul-2019 | Report No: PIDC26023



**BASIC INFORMATION**

**A. Basic Project Data**

Country Madagascar	Project ID P168697	Project Name Investing in Human Capital DPO (P168697)	Parent Project ID (if any)
Region AFRICA	Estimated Board Date Dec 20, 2019	Practice Area (Lead) Health, Nutrition & Population	Financing Instrument Development Policy Financing
Borrower(s) Ministry of Economy and Finance	Implementing Agency Ministry of Public Health		

**Proposed Development Objective(s)**

The development objective is to support the Government of Madagascar's investment in human capital, through improving the human resources in health and education, the availability and execution of financial resources in the social sectors, and the legal protections for women and children.

**Financing (in US\$, Millions)**

**SUMMARY**

<b>Total Financing</b>	100.00
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**DETAILS**

<b>Total World Bank Group Financing</b>	100.00
World Bank Lending	100.00

**Decision**

The review did authorize the preparation to continue

**B. Introduction and Context**

Country Context

**1. This Program Document proposes a US\$100 million Programmatic Development Policy Operation (DPO) series.** Its objective is to support the Government of Madagascar's investment in human capital, through improving human resources in health and education, the availability and execution of financial resources in the social sectors, and better protections for women and children. This is the first DPO in a planned programmatic series of two operations (for Fiscal Years 2020 and 2021, with US\$100 million per operation).



**2. More impactful investment in people is critical to reverse alarming trends in poverty and human capital development.** Madagascar is one of the poorest countries in the world. From 2001 to 2012 (the last available survey), estimated extreme poverty increased from 69 to 78 percent of the population, while absolute poverty rose from 85 to 91 percent.<sup>1</sup> Two political crises since 2001, severe climatic shocks, disruptions in market access, and pronounced global food price fluctuations have taken a toll on the already limited capacity of the population to achieve its full potential. According to the Human Capital Index (HCI), a child born in Madagascar today will be 37 percent as productive when she grows up as she could be if she enjoyed complete education and full health. Between 2012 and 2017, Madagascar’s HCI decreased from 0.39 to 0.37, placing it below regional and income group averages.

**3. In response to the worrying state of its national human capital, the Government of Madagascar (GoM), led by President Rajoelina (elected in December 2018) has launched a series of actions to improve investments in its people.** These include the ongoing development of the Investment Case for Reproductive, Maternal, Newborn, Child and Adolescent Health and Nutrition (RMNCAH-N), the recently approved Education Strategic Plan (PSE) and its corresponding teacher policy framework, the approved Social Protection Strategy, the recently adopted a National Strategy on Child Marriage, and a National Strategy on Gender-Based Violence. These strategies fit into the Government’s national development plan’s 4<sup>th</sup> pillar focusing on human capital. The World Bank is injecting approximately US\$400 million to support these Programs on an operational level, but significant bottlenecks remain to unleash human capital investments on a policy level. In particular, reforms are required to address the poor quality, performance, and distribution of human resource, the relative underfinancing of frontline service providers, and the systemic public financial management (PFM) impediments to efficient and transparent budget execution in the social sectors.

Relationship to CPF

**4. This operation is at the heart of the WBG’s strategy for investing in human capital in Madagascar.** The dual focus on the civil service in the human development sectors as well as governance actions throughout the public sector emerges as a response to the systemic bottlenecks identified through the Systematic Country Diagnostic (SCD). The policy reform areas supported are direct contributions to four of the Country Partnership Framework’s 8 objectives: (i) investing in children’s human development; (ii) enhanced and effective decentralization; (iii) enhanced transparency and accountability; and (iv) increased fiscal capacity to finance priority social [and infrastructure] spending.

**C. Proposed Development Objective(s)**

**5.** The development objective is to support the Government of Madagascar's investment in human capital, through improving the human resources in health and education, and the availability and execution of financial resources in the social sectors.

Key Results

Indicator Name	Baseline	Target
<i>Pillar 1--- Better qualified, distributed, and performing human resources in education and health sectors</i>		
Indicator #1: Number of teachers evaluated against the newly endorsed national standards.	0 (2019)	6,000 (2021)

<sup>1</sup> Extreme poverty is defined as per capita daily consumption under US\$1.90 Purchasing Power Parity (PPP). Absolute poverty is defined as US\$3.1 PPP per capita per day.



Indicator #2: Number of teachers recruited under quality control measures.	800 (2018)	2,000 (2021)
Indicator #2.2: Percentage of districts using new recruitment procedures.	7 (2018)	40 (2021)
Indicator #3.1: Independent audit report of private training providers for the health sector.	0 (2019)	1 (2021)
Indicator #3.2: Proportion of graduates from health training institutions passing the competitions for public positions.	13 (2019)	30 (2021)
Indicator #4.1: Percentage of health/education staff whose position is described and ascribed to the front-line service providers.	0 (2019)	90 (2021)
<b><i>Pillar 2---More transparent and impactful investments in human capital</i></b>		
Indicator # 5.1: Number of households covered by the social safety nets from the NSPF.	0 (2019)	8,000/year (2021)
Indicator #6.1: Number of designated accounts opened and funded at the commune level for health.	0 (2019)	200 (2021)
Indicator #7.1: Publication of expenditures according to the formats in the Decree.	0 (2018)	1 (2019)
<b><i>Pillar 3--- Stronger legal frameworks for the protection of women and children</i></b>		
Indicator #8.1: Number of regions that have schools that have adopted a code of conduct against sexual harassment.	5 regions (2019)	15 regions (2021)
Indicator #8.2: Publication of a report analyzing gender gaps (pay, management positions, career progression, etc) in the civil service.	0 (2019)	1 (2021)

#### D. Concept Description

**6. Aligned to the Government Program, this DPO series seeks to introduce several policy levers that will help unblock investments in the country’s human capital.** The main bottlenecks currently impeding Malagasies from achieving their full potential are the extremely low quantity and quality of services they receive across the social sectors. The main drivers of low quality are poorly performing, underfinanced human resources delivering services (teachers and healthcare workers), and system-wide PFM inefficiencies in the sectors (particularly for budget execution). Another contributing factor lies in gender inequality and the failure to protect the basic rights of women and children, which reduces women’s economic empowerment and prevents the country from reaching its full potential.

**7. The policy levers are therefore grouped around three pillars:** (i) better qualified, distributed, and performing human resources in education and health sectors; and (ii) more transparent and impactful investments in human capital; and (iii) stronger legal frameworks for the protection of women and children. These policy areas are mutually reinforcing. For example, getting more financial resources to health centers will boost working conditions, helping the reforms that seek to deploy health care workers to those centers. Similarly, ensuring the financial sustainability of safety nets under pillar 2 will drive attendance to the health centers and schools, whose services will be strengthened through pillar 1. Finally, the implementation of the gender equality and child protection policies will create conditions for both girls and boys to be safe from gender based violence, early marriage and pregnancy, and reach their full potential. These policy



levers will also enhance climate resilience, through more effective climate-responsive safety nets and health care providers, and schools that contribute to improved environmental stewardship.

## E. Poverty and Social Impacts and Environmental Aspects

### Poverty and Social Impacts

**8. The aim of the PSIA is to assess the distributional impacts of the proposed DPO measures among the population by comparing different socio-economic groups, including women and children.** For health, education and social protection, the PSIA will seek to answer key questions relating to DPO support for improving resources in human capital, including: i) How different population groups will benefit? ii) To what extent will benefits go to vulnerable groups? and iii) Who is potentially excluded from benefits? By assessing the expected distribution of benefits, the DPO can reduce the risks that benefits bypass the individuals who need them most. The analysis can also help the DPO boost the positive impacts, by informing the design of policy measures to enhance human capital outcomes. To the extent that data is available and reliable, distributional impacts will be estimated for different population sub-groups. Calculations may include benefit incidence analysis, gap analysis, estimations of aggregated learning-adjusted years of schooling, nationwide and by region/zone, school impacts, and other methods. Depending on the administrative and survey data available, distributional impacts of expected benefits will be calculated by household income/expenditure quintiles, by other proxy indicators for welfare, by gender, and/or by urban-rural location.

**9. The PSIA will analyze DPO investments in terms of their progressivity (degree to which they are pro-poor and targeting disadvantaged groups); marginal impacts (degree to which they increase human capital from the baseline); and political economy implications (how different interest groups may influence or be influenced by the proposed measures).** To assess progressivity, the benefits of the reforms will be analyzed in terms of whether they are spread evenly, or disproportionately go to sub-groups at the bottom vs. the top of the socio-economic ladder. For example, the number and geographic distribution of health care centers (CSBs) will be analyzed, the share of the population in regions with and without access to them, and breakdown of those populations shares by socio-economic status. This assessment “winners and losers” can help answer the question of who will benefit most and least from proposed DPO measures which increase budgets and human resource allocations among CSBs. Aside from distribution of benefits, the size of benefits matters. Thus, there is a risk that even if benefits go to poorer populations, their marginal impact will be small. Thus, based on the analysis, mitigation measures for increasing marginal benefits will be proposed. The Bank does not assume that the DPO policy measures will be sufficient on their own or that they will be implemented as planned in the absence of a monitoring system. Recognizing that evidence is only one element of policy formulation, political economy analysis will be used to assess dynamics – how stakeholder interests and influence levels interact to affect the distribution of resources.

### Environmental Impacts

**10. The specific policies supported by this development policy operation are associated overall with positive environmental impacts, notably as there are several climate co-benefits that will be generated through the improved human resources in health and education.** The Project is not expected to contribute to increased carbon sequestration; however, there are positive climate co-benefits related to adaptation that will result through project implementation. Improved teacher standards will incorporate environmental stewardship into Malagasy values that teachers are expected to develop in students. Investments in the development of human resources in health will include better preparedness to respond to the new disease profiles likely to emerge as a result of climate change through the deployment of curricula that will be designed for the next new generation of health professionals. More specifically the curricula will include guidelines on treatment of climate related health issues in newly exposed areas due to climate change and climate variability (CC&CV); training and education of health personnel on treatment of CC&CV related health issues and



upgrading health systems to respond to changes in environmental health risks from CC&CV (e.g. malaria).

**11. The safety net expansion offers further opportunities for climate co-benefits, through both climate adaptation and by furthering the shock-responsive nature of the safety net.** Financing will be made available to expand climate-adaptation activities through the safety net systems. The existing cash-for-work program supports several climate-adaptive public works activities, selected by local communities, with technical support from relevant ministries, as well as the social protection system stewards. Examples of activities carried out to date are watershed management activities, terracing, and reforestation. Financing will also be made available to expand response capacity to climate shocks through the shock-responsive social protection system. The social protection system is becoming more shock-responsive, by having the modalities under the FIAVOTA<sup>2</sup> program become mainstreamed through the Human Development Cash Transfer program. This will increase the government of Madagascar's ability to deploy the social protection system in response to climate shocks, expected to be more frequent, due to climate change.

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<sup>2</sup> "Assistance" in a local dialect of Malagasy



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**APPROVAL**

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**Approved By**

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