

MADAGASCAR
MINISTRY OF ECONOMY, FINANCE, AND BUDGET
ADJUSTMENT TECHNICAL SECRETARIAT (STA)
PRSP PREPARATION STATUS REPORT
(November 18, 2002)

INTRODUCTION

This document reviews the work done to develop Madagascar's poverty reduction strategy, as outlined in the Poverty Reduction Strategy Paper (PRSP). It provides an overview of the various stages in the preparation of the PRSP since the process began in September 2000: the institutional framework for coordination of the work, the participatory process, the progress made with poverty analysis, the major constraints affecting finalization of the paper, and the work program.

Finalization of the full PRSP was suspended from January to August 2002 owing to the crisis that faced the country during the first half of the year. The timetable for finalizing the full PRSP has been delayed as a result, as the new context and new government policy directions have required technical work to adjust and update the paper.

Madagascar will reach the completion point a year later than initially scheduled (December 2002). The completion point will now be reached around June 2004, after one year of implementation of the full PRSP.

I. INSTITUTIONAL FRAMEWORK

A Technical Unit attached to the Office of the Prime Minister was established at the beginning of the process to develop a poverty reduction strategy for Madagascar. This Technical Unit consists of high-ranking government officials, elected officials, academics, and representatives of the private sector and civil society.

The Adjustment Technical Secretariat (STA) and the National Secretariat for Self-Promotion and Development (SNAD) act as the secretariat for the Technical Unit to coordinate its activities, organize the participatory process, prepare analyses of all aspects of the poverty dynamic, and draft the PRSP.

Six technical commissions headed by high-ranking officials from the Technical Unit have been selected to lead and direct the work at the sectoral level:

- production – investment – private sector;
- rural development;

- infrastructure;
- health;
- education;
- institutional development.

During the initial stages in the preparation of the PRSP in 2001, when eight thematic workshops, six regional workshops, and one national workshop were organized, the six technical commissions could not work on a continuous basis owing to this busy schedule.

Since the work to finalize the PRSP resumed in September 2002, the Ministry of Economy, Finance, and Budget has coordinated the activities of the Technical Unit (pending selection of its members), and the STA has acted as secretariat.

II. INITIAL STAGES IN THE PREPARATION OF THE PRSP

1. Strengthening of the participatory process

- The Interim Poverty Reduction Strategy Paper (I-PRSP) for Madagascar was prepared in November 2000 and enabled Madagascar to reach the “decision point” and benefit from debt service of 50 percent, representing approximately US\$50 million per year.
- This phase of the process was followed by a series of eight thematic workshops:
 - rural poverty reduction, Mahajanga, February 27-28, 2001;
 - reduction of gender inequalities, Toamasina, March 5-6, 2001;
 - poverty reduction and AIDS, Antsiranana, March 26-27, 2001;
 - combating brush fires, reforestation, and the environment, Fianarantsoa, April 4-5, 2001;
 - improving governance, Toliary, April 12-13, 2001;
 - urban poverty reduction, Antsirabe, July 12-13, 2001;
 - health, Antananarivo, July 30-31, 2001;
 - education, Antananarivo, August 2-3, 2001
- Following these thematic workshops, a first draft of the full PRSP was prepared. This document was then discussed and debated in regional workshops in the six provincial capitals:
 - October 29-30, 2001, Antsirabe;
 - October 30-31, 2001, Fianarantsoa;
 - October 30-31, 2001, Toamasina;
 - November 5-6, 2001, Antsiranana;
 - November 7-8, 2001, Mahajanga;
 - November 8-9, 2001, Toliary.
- A national dialogue workshop was organized on November 15-16, 2001 with the participation of representatives from Madagascar’s provincial capitals, and following this the provisional version of the full PRSP was prepared (December 2001).

2. Objectives of the thematic, regional and national workshops

The primary objectives of these workshops are to improve the content of the I-PRSP, look at and develop topics that required further study (thematic workshops), and enhance the participatory process by holding broader discussions with the people (regional workshops) with a view to developing national ownership of the poverty reduction strategy (national workshop) and finalizing the full PRSP.

3. Analysis of the participatory process

Each thematic and regional workshop brought together around 100 participants on average, and 450 persons participated in the national workshop.

All groups concerned with the development of the poverty reduction strategy were represented at these thematic and regional workshops: government, elected officials, private sector, civil society, NGOs, and professional and religious groups and associations.

An analysis was made of the participatory process in September 2002 to measure the representativeness of the participants. The results are summarized in the following tables.

• Thematic workshops

The profile of the participants in the thematic workshops can be summarized as follows:

- public sector: government and elected officials: 35.7 percent;
- private sector: associations, civil society: 44.1 percent;
- donors: 11.8 percent;
- other: 6.1 percent.

Table 1: Average Representativeness of Participants in Thematic Workshops

Group	Profile (%)
Government	32.0
Elected officials	3.7
Journalists	2.2
Civil society	22.6
Private sector	9.4
Associations	12.1
International organizations	11.8
Organizers	6.1
Total	100

Regional and national workshops

The distribution profile for participation in the regional validation workshops and the national workshop was as follows:

- public sector: government and elected officials: 37 percent;
- private sector: associations, civil society: 45 percent;
- donors: 8.2 percent;
- other: 7.9 percent.

Table 2: Average Representativeness of Participants in Validation Workshops

Group	Profile (%)
Government	35.1
Elected officials	1.9
Journalists	1.6
Civil society	31.6
Private sector	8.0
Associations	5.7
International organizations	8.2
Organizers	7.9
Total	100

In short, looking at all the workshops conducted in 2001 to enhance the participatory process, the average profile of the participants can be summarized as follows:

- public sector: government and elected officials: 34.8 percent;
- private sector: associations, civil society: 45.8 percent;
- donors: 10 percent;
- other: 6.6 percent.

Table 3: Average Representativeness of Participants in the PRSP Workshops

Group	Profile (%)
Government	32.9
Elected officials	2.9
Journalists	1.5
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International organizations	10.0
Organizers	6.6
Total	100

III. RECENT DEVELOPMENTS

1. New poverty profile

The poverty profile included in the last version of the PRSP covers 1999. In 2001, INSTAT conducted a detailed survey of representative households at the national level, by province and by milieu. The data from this survey were used to define and provide a new poverty profile for Madagascar.

The survey was conducted during the last quarter of 2001. Despite the crisis, the data were processed quickly. INSTAT, with the help of the World Bank and Cornell University, issued the results for this new poverty profile in October 2002 and these results will be used as a benchmark for developing the new strategy, in line with the new government policy.

The economic and social difficulties resulting from the political crisis led to changes in the poverty profile, which need to be analyzed in detail. In June 2002, INSTAT also conducted a rapid study of the impact of the crisis on the standard of living.

Another survey of the population was conducted by INSTAT in cooperation with FOFIFA: the ILO, and Cornell University project. This survey identified Madagascar's development priorities in a participatory way.

The results of these studies and surveys will be taken into account in the final paper.

2. Poverty reduction actions already taken by the government

The crisis has seriously affected the most vulnerable segments of society and reduced their access to health care and education. To avoid this negative social impact, the government adopted a priority emergency economic and social recovery program, which forms part of an overall recovery program.

In this context, the government decided to suspend school fees for a limited period of time starting at the beginning of October. Teachers paid by the Associations [of Parents] of Students in Public Primary Schools (FRAM) will be paid by the government. Health care and essential drugs were made free at public health centers for a transitional period. The cost of these measures is estimated at FMG 63 billion (0.2 percent of GDP) and is covered by the HIPC Initiative budget. The arrears of cotton producers to HASYMA were also paid.

3. Government's new political vision

The objective of the government is to rapidly eradicate poverty while ensuring respect of democratic principles, introduction of the rule of law, good governance, and institutional development, and at the same time respecting Malagasy popular wisdom. [Sentence in Malagasy follows.]

IV. TECHNICAL WORK SINCE THE PROCESS WAS RESUMED IN SEPTEMBER 2002

1. Resumption of work

The resumption of the work to finalize the full PRSP began with a technical information meeting on September 16, 2002 on the status of the PRSP and the next steps to finalize the PRSP, followed by a meeting with the donors on September 19, 2002.

2. Cooperation with the technical and financial partners

The community of donors¹ is cooperating with Madagascar in the preparation of the full PRSP, as it did for the interim PRSP. During the most recent meeting on September 19, 2002, their comments and suggestions focused on:

- clarification of the actions, and timetable for their implementation, as well as the related budget estimates;
- selection of relevant impact indicators and establishment of a tracking system involving INSTAT and other institutions;
- development of an effective strategy to combat corruption and improve natural resource management with specific targets and tracking indicators;
- critical assessment of sectoral policies for better formulation of sectoral strategies;
- enhancement of the role of the private sector and redistribution of growth in the macroeconomic outlook;
- consideration of other dimensions of poverty such as security, geographic isolation, and social marginalization.

These comments will be taken into account in the full PRSP. Cooperation will continue during program implementation.

3. Technical work

Following the technical meeting on September 16, 2002, the work program for the six technical commissions was prepared. The technical commissions have met regularly, once a week, since October 2002 to perform the tasks required through to the finalization of the full PRSP.

¹ The community of donors consists of Madagascar's technical and financial partners, including the French Development Agency, the German Embassy, the U.S. Embassy, the French Embassy, the British Embassy, the Japanese Embassy, the Russian Embassy, the Swiss Embassy, the African Development Bank, the World Bank, the French Cooperation Agency, the International Monetary Fund, USAID, and the European Union.

- The commissions are chaired by high-ranking officials and are made up of representatives of the ministries, civil society, the private sector, and NGOs.
- The STA provides leadership and coordination for the technical commissions; this will be increased later.
- The main responsibility of the technical commissions for each sector is to review the current version of the PRSP, bearing in mind the new policy directions resulting from the new sociopolitical situation.
- The anticipated results of the work of each commission are:
 - *sectoral vision and policies with well-defined strategies and objectives*, bearing in mind the Program for the Implementation of the General Government Policy presented by the government to the National Assembly in March 2002, the Recovery Plan presented in July 2002, and the results of the World Summit on Sustainable Development in August 2002 and other international resolutions supported by Madagascar (Millennium Summit, NEPAD, etc.). Consideration will also be given to cross-sectoral analysis, such as the environment, AIDS, and gender;
 - *detailed action plans* with priorities and a measurement matrix;
 - *budget for each program*, identifying possible financing;
 - *performance and impact indicators*.
- The work of the technical commissions will be used to develop the macroeconomic framework for programs of the Ministry of Economy, Finance, and Budget. The cost and prioritization of activities will be coordinated with the commissions until realistic estimates of the program costs for 2003-06 are obtained, without losing sight of the primary objective, namely rapid, sustainable development.
- To make the full PRSP operational, estimates of the resources required for implementation will be provided, distinguishing between financing already identified or expected, and financing that still had to be sought.

The full PRSP will provide a medium-term outlook for the programs and will serve as a basis for developing the annual budget. The actions set out in the full PRSP will become part of the government's program, with clear prioritization.

Currently, the six commissions are in the process of finalizing their work: proposed drafting of the final PRSP and development of action plans with performance and impact indicators, program budgets, and the measurement matrix.

This work is expected to be completed during the first week of December 2002.

4. Resumption of the participatory process

When the process for drafting the full PRSP was resumed in September 2002, the participatory process was further strengthened. The technical commissions now include members from civil society, who will also be involved in tracking and assessing the programs implemented.

In this vein, and with a view to further exploring some important themes, two three-day thematic workshops were scheduled, with one day devoted to meetings with villages and visits to existing sites (tourism sites, infrastructure, etc.) in order to better understand actual conditions in the field:

- a three-day regional workshop on the “environment, rapid development, and poverty” was held in Mahajanga on November 5, 6, and 7, 2002 and involved approximately 120 representatives of various public and private entities;
- another workshop on “good governance” will be held in Toamasina on November 25, 26, and 27, 2002.

Following these two workshops, a second draft version of the full PRSP will be prepared by mid-January 2003 and will include the results of the work of the commissions.

A national dialogue workshop will take place in late January 2003.

The final version of the full PRSP should be ready by early February 2003 following government validation and presentation to the National Assembly.

The final document will be forwarded to the donors in March 2003.

V. CONSTRAINTS AFFECTING THE ONGOING FINALIZATION WORK

The suspension of the process for six months, as described above, has required a new approach in the PRSP, which will have to take into account the in-depth analysis of the change in the poverty profile following the crisis and the environmental dimension of poverty. This has led to a revision of the timetable for finalization of the paper and of the initial deadlines.

The new timetable, which has a lag of a few weeks over the initial timetable, has generated technical assistance needs, particularly the services of consultants to speed up the finalization of the technical work of the six commissions and to expand the team responsible for final drafting of the PRSP. The proposal is to hire five consultants: one to enhance coordination, one for the health and education commissions, and three to work with the other commissions until the document is finalized.

The African Development Bank (AfDB) has been providing financial assistance since 2000, and it will continue to do so until the end of the process. A request for new financing to support the activities to be carried out during the process is being formulated. The United Nations Development Programme (UNDP) may also contribute in the context of the public policy and good governance project, and the project to provide institutional support for public management (PAIGEP) in the context of the PPF.

VI. TRACKING AND ASSESSMENT

1. Coordination

INSTAT plays a central role in the coordination of the PRSP tracking system. It must work closely with the Tracking-Assessment Directorate in the General Directorate of Planning. INSTAT already designed the PRSP tracking system as part of the interim PRSP and the provisional version of the full PRSP. This system has almost been finalized.

Once the various indicators have been defined, INSTAT will be responsible for coordinating the data in cooperation with the Tracking-Assessment Directorate. In addition to its coordination mission, INSTAT will endeavor to put in place a system for studying the impact of implementation of the PRSP. This tracking system has a HIPC tracking component.

2. Participatory tracking method

The enhancement of the participatory process will continue during tracking of implementation of the PRSP action plans and assessment of the strategy's impact on poverty levels.

Participatory tracking workshops will be organized by the secretariat twice a year in each provincial capital, and sectoral impact analyses will be conducted. These workshops will involve all participants in the development of the strategy during the consultation phases and the results will be provided to the partners.

VII. TIMETABLE

November 2000	Interim PRSP
December 2000	HIPC decision point
February-August 2001	Thematic workshops
October 2001	Full PRSP (first provisional version)
October-November 2001	Regional workshops and national workshop
January-June 2002	Process suspended

September 2002	Resumption of work to finalize the full PRSP
October 2002	Resumption of sectoral work of the technical commissions <ul style="list-style-type: none">• review of objectives and strategies• action plans with priorities and budgets
November 5-7, 2002	Thematic workshop in Mahajanga on “poverty, the environment, and rapid, sustainable development”
November 25-27, 2002	Thematic workshop in Toamasina on “good governance”
December 6, 2002	Finalization of sectoral work of technical commissions
December 15-24, 2002	Macroeconomic framework
January 5-10, 2003	Final drafting of the full PRSP
January 13, 2003	Full PRSP (second provisional version)
January 29-30, 2004	National workshop
February 2003	Validation by the government (final version) Presentation to the National Assembly Delivery to the donors