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Evaluation of the European Union's Cooperation with the Republic of Madagascar 2002-2013

Executive Summary

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A Consortium composed of
ADE, Itad and COWI
Lead Company: ADE s.a
Contact person: Edwin Clerckx
Edwin.Clerckx@ade.eu

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Authors / Evaluation Team

Jérôme Coste (Chef d'équipe), Jaona Andrianantenaina (Expert sectoriel),
Patricia Birette-Bernard (Expert sectoriel), Max Hennion (Expert sectoriel),
Laurent Liagre (Expert sectoriel), Sylviance Ménard (Expert sectoriel),
Ritha Sukadi Mata (Expert en évaluation)

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Objectives

This report presents the results of the evaluation of the European Union (EU)'s cooperation strategy with the Republic of Madagascar during the period 2002-2013. The main objectives of the evaluation are to provide EU services and a wider audience with an overall independent assessment of past and present cooperation relations with Madagascar, and to identify key lessons learned in order to improve the current and future EU's strategies and programmes.

Methodology

The methodological approach, in line with the methodology defined by EU services, was meant to support the collection of reliable and useful information that would allow for analyses to reach judgments and informed answers to evaluation questions. Based on the reconstructed intervention logic, and showing the causality relations that tie the government's policies and commitments with planned activities as well as expected results and impacts, the evaluation team formulated nine evaluation questions and the associated judgment criteria, measured by objectively verifiable indicators.

A set of tools was used by the evaluation team to answer the evaluation questions. Thus 240 documents were consulted, 210 people were interviewed either individually or through focus groups, and 16 projects¹ were examined in more detail. Field visits took place in the case of ten of these.

Evaluation context

Located in the Western part of the Indian Ocean, Madagascar is the world's fourth largest island (578 000 km²). The population, which is growing at a rate of 2.8% per year, is estimated at 22 million inhabitants in 2012, with an average density of 36 inhabitants per km². The biodiversity of Madagascar is exceptional, and yet this heritage is increasingly threatened by illegal sampling of species, deforestation and the consequences of mining activity. The island is very vulnerable to natural disasters, including droughts in the South and cyclones on the Eastern and Northern coasts.

In 2002, at the beginning of the evaluation period, Madagascar undergoes a serious political crisis following the December 2001 presidential elections. The end of this crisis comes in July 2002, when the international community recognizes the election of Marc Ravalomanana, who will be re-elected in December 2006. At the beginning of the year 2009, and following important protests concerning the abuses of his regime, Ravalomanana is forced to hand over power to Andry Rajoelina. This unconstitutional changeover, which is not recognized by the international community, marks the beginning of a 5-year institutional and political crisis that ends in December 2013 with the election of Hery Rajaonarimampianina as President of the Republic. During this crisis, a large part of the EU's aid was suspended, following the decisions of the EU Council in accordance with article 96 of the Cotonou Agreement.

¹ These 16 projects account for 36% of the overall cooperation amount during the studied period.

On the economic and social fronts, the 2002-2008 period was marked by significant progress². After 2009, under the combined effect of the political crisis, the global economic downturn and the strong decrease in international aid, the economic and social situation considerably worsened. The decrease in per capita national income³ was coupled with an alarming deterioration of food, sanitary and educational indicators.

EU-Madagascar Cooperation

Between 2002 and 2011, official development assistance (ODA) received by Madagascar amounted to approximately US\$ 7 billion. EU Member States (29.5% of the total) and European institutions (17%) are amongst the main technical and financial partners of the country.

The EU-Madagascar cooperation strategy for the 9th EDF (2002-2007) focused on the promotion of market economy in areas of high agricultural potential, and on reducing food insecurity in the most disadvantaged regions. Priority was also given to the improvement of the road network, considered as a critical factor in increasing peasant income and improving the living conditions of rural populations. Lastly, the strategy considered that reaching the poverty reduction goal also depended on pursuing the consolidation of the macroeconomic framework. On this basis, the 9th EDF NIP had chosen three focal sectors: i) rural development and food security; ii) transportation and iii) enhancement of the macroeconomic framework.

The cooperation strategy for the 10th EDF (2008-2013), adopted in 2007, had selected two focal sectors: i) transportation, and ii) rural development and land use planning (including decentralisation).

² For instance, the GDP per capita went from US\$249 per capita in 2002 to \$302 in 2008 (in 2000 constant US\$).

³ The GDP per capita goes from US\$ 302 in 2008 to \$273 in 2012 (in 2000 constant US\$).

While benefiting from a significant volume of programmed funding, the improvement of the macroeconomic framework was not considered a focal sector as such. The 10th EDF strategy also placed considerable emphasis on the promotion of good governance, on the consolidation of democratisation and the rule of law as well as the strengthening of regional integration. Due to the 2009 political crisis, the cooperation portfolio that stemmed from this programming was substantially restructured. On the one hand, budget support was cancelled and on the other hand, the implementing arrangements of other interventions were redefined so as not to involve the authorities of the transitional period (support to local communities and devolved technical services via independent managing units, grants awarded to civil society organisations, contribution agreements with international agencies, delegation agreements with Member States agencies, etc.). Over the whole evaluation period, EU-Madagascar cooperation represents a total volume of commitment of €1080 million, of which €889 million (thus 82%) came from the EDF and €191 million from the annual budget of the European institutions.

Summary of findings per Evaluation Question

EQ 1 (Strategy): The relevance of cooperation strategies programmed at the start of the 9th EDF and in the beginning of the 10th EDF is high in regards to development issues of the country. The restructuring of the 10th EDF portfolio initiated in March 2009 was also found to be highly relevant in the sense that the objectives (maintained access to basic social services for vulnerable segments of the population, maintenance of the road network, enhancement of food security) matched key issues in the context of the economic, social and political crisis faced by the country from 2009 to 2013.

EQ 2 (Macroeconomic framework): Over 2002-2008, budget support provided by the EU contributed to the harmonisation of foreign aid and to the increase in government revenues. It also favoured the implementation of major reforms encouraging the improvement of

the macroeconomic framework and the efficiency of public financial management. These reforms, however, were partially interrupted by the 2009 crisis.

EQ 3 (Social sectors): Throughout the evaluation period, EU support to the education and health sectors contributed to improve access to basic social services. However, due to the depth of the 2009-2013 crisis, the sustainability of these achievements remains uncertain despite efforts made by the administrative staff in health and education to maintain their standard of performance in a context of clear decline in government authority.

EQ 4 (Transport): The mobility of goods and people was significantly improved on roads which benefited from rehabilitation work within the framework of 9th EDF projects. The EU's budget support also strongly contributed to a more efficient organisation of public works for road maintenance. However, the sustainability of these results is compromised by the accumulation of a dramatic road maintenance deficit, a consequence of the institutional and financial bottlenecks that began in 2009. These malfunctions have brought to light the fragility of the political, legislative, regulatory and institutional frameworks promoted by the EU and other TFPs prior to the crisis.

EQ 5 (Rural development and food security): EU interventions contributed to the enhancement of food security and the improvement of living conditions in the intervention areas. Important results were achieved in regards to nutrition, increase and diversification of agricultural production and farmer organisation, but not in the export sector. The success of the cooperation strategy in this sector— which combined support to public institution reforms, to the implementation of decentralisation and the promotion of actors in technical support and economic operators— depended on a long term vision and the infallible involvement of all stakeholders. These conditions no longer applied from 2009 onwards, calling into question the encouraging results achieved between 2002 and 2008.

EQ 6 (Regional integration and EPAs): EU's budget support improved the positioning of a few Malagasy products (shrimps, cloves, pepper) on the export markets due to improved quality. However, the capacity of Madagascar to defend its interests in regional fora (SADC, IOC, ESA) and in bi and multilateral trade negotiations remains limited.

EQ 7 (Rule of law, democracy, good governance, civil society): The impact of EU interventions in favour of a greater consideration of the principle of the rule of law and in strengthening democracy proved to be few and hardly sustainable. However, with regard to promoting local governance, the support provided by the EU has had sustainable impact, particularly in strengthening the capacity of municipalities to steer the development of their territories. Moreover, the EU's budget support allowed for capacity-building of civil society organisations in terms of citizen intervention and the implementation of actions for development, without achieving significant impacts on improving the country's political and legal governance.

EQ 8 (Aid modalities): Over the entire period under review, the EU was somewhat efficiently able to adapt its cooperating mechanisms to the changes that took place in the country's political and institutional contexts. From 2009 onwards, in line with the decisions taken pursuant to article 96 of the Cotonou Agreement, the EU wanted to make development assistance an incentive in the political crisis resolution process. This positioning proved hardly effective. Though the restructuring of the 10th EDF portfolio had given priority to the mitigation of the effects of the crisis on the most vulnerable groups, the quasi complete interruption of programmable assistance for over two years had heavy social and economic consequences. What is more, it weakened what had been achieved by previous interventions, thus increasing the normal cost of cooperation resumption.

EQ 9 (Coordination, complementarity and coherence): The coordination of the EU's cooperation strategies with Madagascar and their implementation with those of other donors varied from one sector of intervention to the other, particularly when article 96 started being enforced. The added value of EU interventions compared with those of Member States is not clearly identified, with the exception of the political level and support to regional intervention. Lastly, in terms of strategy, EU interventions were coherent with one another, and with the other EU policies in Madagascar.

Conclusions

Conclusions on the cooperation strategy

Over the 2002-2008 period, the cooperation strategy was aligned with the guidelines and priorities of the Malagasy government. It was able to adapt to these guidelines by integrating support to the decentralisation policy, which was not part of the initial strategy. In the South-eastern and North-eastern regions of the country, the strategy design allowed for the development of synergies between different interventions' areas (roads, agriculture, rural development planning, etc.). However, in each sector, the objectives being pursued were too many with regards to the absorption capacity of the country and the resources mobilised (human resources at the EUD, monitoring-evaluation mechanisms, technical assistance, etc.) to effectively promote, assist and evaluate sector reforms.

Over the 2009-2013 period, which matches that of the transitional government, the EU showed great capacity in adapting its cooperation strategy to the evolution of the political context. The restructuring of the 10th EDF portfolio was relevant with regards to the economic and social situation of the most vulnerable groups, who make up the majority of the population. However, the quasi halt of cooperation (mid 2009 to late 2011), in accordance to article 96 of the Cotonou Agreement, has strongly shifted in time the

attainment of pursued objectives. Moreover, it has had negative social and economic impacts and has hardly been effective on the political level.

Conclusions on the main areas of cooperation

Throughout the evaluation period, EU cooperation contributed to the improvement of the living conditions of vulnerable segments of the population, at least within the zones of intervention. These positive results concern access to health and education, food and nutritional security, access to water and sanitation, access to markets, and the situation of inmates in correctional facilities. However, regardless of the sector under scrutiny, the sustainability of achieved results is low.

EU budget support to the improvement of public action governance, significant over 2002-2008, achieved variable results depending on the field. Achievements were undermined (in the case of road maintenance or public finance management), or compromised entirely (justice, rural development) by the consequences of the 2009 crisis. The most sustainable impacts are at the local governance level.

Throughout the evaluated period, EU-Madagascar cooperation contributed to growth in economic activity through support to productive sectors (mainly agriculture and fisheries) and through the restoration of transport infrastructures. But the achieved results are jeopardised by an absence of national strategy with regards to trade, malfunctions in the application of sector policies (for instance: fishing, transportation) and the deterioration of the business climate, particularly related to the low credibility of trade justice.

Institutional strengthening and capacity-building have been a common thread crosscutting the different cooperation areas, and concern different categories of beneficiaries. Overall, the impacts achieved are low or generally unsustainable, except regarding the municipalities' role of project manager in the South of the country.

Conclusions on aid modalities

Until 2008, the EU's budget support significantly contributed to a strategic dialogue between the government and the Technical and Financial Partners (TFPs). However, the efficiency, effectiveness and sustainability of budget support have been limited by the combination of a few factors: i) failure to update analysis based on the context; ii) lack of coordination between TFPs in terms of technical assistance; iii) insufficient involvement of the officials of sector ministries and iv) the absence of a national public finance reform strategy.

Crosscutting issues (gender, environment, HIV-AIDS) were unevenly and often insufficiently taken into account in the design and implementation of the different interventions.

The coherence of EU interventions in Madagascar, be it in terms of development cooperation or common policies, is solid.

The EU has strongly invested in coordinating mechanisms between TFPs (and with the government until 2008); the results of this investment have been varied depending on the sector.

The added value of the EU is most significant with regard to political dialogue (the EU being perceived as a more neutral interlocutor than others) and in terms of regional integration (owing to the importance of EU cooperation on a regional scale).

Main recommendations

Recommendation concerning the strategy

- Define cooperation objectives (with respect to strategy and for each sector) that are ambitious in terms of the changes that must be promoted, but realistic in number with regard to identified risks (and the probability of their occurrence) as well as to available resources to steer and monitor interventions. This

implies, amongst other things, to i) make sure, within the coordination framework with other TFPs, that none of the country's regions are left "orphans" of external assistance; ii) start, from the moment of the programming, looking for possible synergies between sector interventions in order to optimise the impact of European aid on a given territory and iii) support data collection, knowledge production and the carrying out of analyses essential to the steering of public policies.

- Under cooperation with Fragile States: a) learn from the Malagasy case (2009-2013) in terms of implementation modalities for decisions borne out of article 96 of the Cotonou Agreement by identifying lessons learned in terms of political effectiveness and the social, economic and institutional impacts of the Council's decisions; b) build the capacity of the EC and the EEAS for the analysis and monitoring of these structural factors of fragility.

B. Recommendations concerning cooperation sectors:

- Support the return of public authority, the affirmation of the principle of the rule of law and the consolidation of democracy, through complementary interventions in four areas:
 - Organisation and functioning of the State: contribution to i) the improvement of the State's financial means (new budget support), ii) a civil service reform, iii) the reinforcement of the State's authority and iv) greater transparency in its action.
 - Local governance: support in updating the political and legal frameworks of decentralisation and local development.
 - Justice: support in the design and implementation of a sector strategy bringing the public service dimension of justice back to the forefront.
 - Civil society: enforce the "roadmap of the EU's engagement towards the civil society in Madagascar 2014-2017".

- Redefine a support strategy for rural development as well as for food and nutritional security, based on the clarification of the roles and responsibilities of the different stakeholders: central administrations, devolved technical service providers, local authorities, private firms, NGOs and socio-professional organisations.
- Define a cooperation sector in “environment”, pursuing two main goals: biodiversity conservation and adapting to climate change. Simultaneously, continue and improve the mention of the environment as a crosscutting issue in different intervention areas.
- Social sectors: prepare for the extension to national scale of the actions undertaken in the health and education components of the current project PASSOBA, in the light of concerned ministries resuming their activities at the end of the project.
- In the transportation sector, continue previous budget support whilst emphasising two main areas: a) support to the pursuit of institutional reform until the new structures have been improved, rationalised and sustained; b) contribute to the improvement of mobility in search for a better balance between improved access (maintaining the level of service on key arteries) and rural accessibility.

Recommendations concerning aid modalities

- Improve the effectiveness and efficiency of partnership structures with Malagasy stakeholders (services of the National Authorizing Officer, budget support partnership framework, steering committees of the different projects etc.).
- Emphasize the importance of taking crosscutting issues into account (environment, climate change, gender, HIV-AIDS, conflict prevention etc.) in the design, the implementation, and the monitoring-evaluation of the EU’s cooperation actions.

- Prepare an in-depth assessment of the results of the significant investment of the EU in the aid coordination mechanisms for Madagascar, in the light, amongst other things, of i) reinforcing the joint programming processes between the EU and the member States and ii) better coordinate between the EU and member States within the mechanisms for political dialogue with the government.

