

Third Party Evaluation FY 2006
The Ministry of Foreign Affairs of Japan

Country Assistance Evaluation of Madagascar

Summary

March 2007

Preface

This report is a summary of the Country Assistance Evaluation of Madagascar undertaken by the External Advisory Meeting on ODA Evaluation, which is an informal advisory body of the Director-General of the International Cooperation Bureau of the Ministry of Foreign Affairs of Japan.

Japan has been one of the top donor countries of ODA (Official Development Assistance) and there have been domestic and international calls for more effective and efficient implementation of assistance. The Ministry of Foreign Affairs, as the ministry coordinating ODA, has been conducting ODA evaluations mainly at the policy level with two main objectives: to support the implementation and management of ODA and to ensure its accountability. This evaluation study was conducted to evaluate Japan's assistance to Madagascar in terms of its purpose, process of planning and implementation, and results, to obtain lessons and make suggestions for conducting more effective and efficient assistance in the future, and to fulfill the government's accountability by disclosing the evaluation results.

The External Advisory Meeting on ODA Evaluation was formed to improve objectivity in evaluation. The Meeting is commissioned to conduct an evaluation of ODA and to report results and recommendations to the International Cooperation Bureau of the Ministry of Foreign Affairs. Dr. Tatsufumi Yamagata, a member of the Meeting and Professor of the Institute of Developing Economies Advanced School (IDEAS), was in charge of this evaluation.

Dr. Takumi Moriyama, Associate Professor, Graduate School of Arts and Sciences, University of Tokyo, and Mr. Katsumi Hirano, Executive Director, Japan External Trade Organization (JETRO) Johannesburg, being advisors to the study, made enormous contribution to this report. Likewise, the Ministry of Foreign Affairs, the Japan International Cooperation Agency (JICA), and the ODA Task Force in Madagascar, also gave their cooperation. We would like to take this opportunity to express our sincere gratitude to all those who were involved in this study. The ODA Evaluation Division of the International Cooperation Bureau of the Ministry of Foreign Affairs was in charge of coordination. All other supportive works, including information collection and analysis, was provided by the KRI International Corp., under commission of the Ministry of Foreign Affairs.

Finally, we wish to add that the opinions expressed in this report do not necessarily reflect the views or positions of the Government of Japan or any other institution.

March 2007

The External Advisory Meeting on ODA Evaluation:

Hiromitsu MUTA (Dean, Graduate School of Decision Science and Technology, Tokyo Institute of Technology)
Kiyoko IKEGAMI (Director, UNFPA Tokyo Office)
Yoshikazu IMAZATO (Editorial Writer, The Tokyo Shimbun)
Izumi OHNO (Professor, National Graduate Institute for Policy Studies)
Yayoi TANAKA (Associate Professor, National Institution for Academic Degrees and University Evaluation)

Hiroko HASHIMOTO (Professor, Jumonji University)

Masato NODA (Trustee, Nagoya NGO Center/ Associate Professor, Chubu University)

Katsuya MOCHIZUKI (Director in Charge, Inter-disciplinary Studies Center, Institute of Developing Economies)

Tatsufumi YAMAGATA (Professor, Institute of Developing Economies Advanced School)

TABLE OF CONTENTS

CHAPTER 1	PURPOSE AND METHODOLOGIES OF THE STUDY.....	1
CHAPTER 2	POLITICAL, ECONOMIC AND SOCIAL CONDITIONS IN MADAGASCAR AND ISSUES CONCERNING ITS DEVELOPMENT.....	2
2.1	RECENT POLITICS IN MADAGASCAR.....	2
2.2	RECENT ECONOMIC AND SOCIAL SITUATIONS IN MADAGASCAR.....	2
2.3	DEVELOPMENT TRENDS IN MADAGASCAR.....	3
2.4	JAPANESE COOPERATION.....	4
CHAPTER 3	RELEVANCE OF OBJECTIVES OF JAPANESE ASSISTANCE.....	6
3.1	OBJECTIVES OF JAPANESE ASSISTANCE AND PRIORITY AREAS.....	6
3.2	CONSISTENCY WITH MADAGASCAR'S NATIONAL DEVELOPMENT PROGRAMS.....	6
3.3	CONSISTENCY WITH INTERNATIONAL PRIORITY ISSUES.....	7
3.4	CONSISTENCY WITH JAPAN'S HIGHER ODA POLICIES.....	7
3.5	VALIDITY OF ROLE SHARING WITH OTHER DONORS AND ADVANTAGES OF JAPANESE ASSISTANCE.....	7
CHAPTER 4	APPROPRIATENESS OF JAPANESE ASSISTANCE PROCESS.....	8
4.1	APPROPRIATENESS OF FORMULATION PROCESSES FOR JAPANESE ASSISTANCE POLICY TOWARD MADAGASCAR.....	8
4.2	APPROPRIATENESS OF IMPLEMENTATION PROCESS FOR JAPANESE ASSISTANCE FOR MADAGASCAR.....	8
4.2.1	<i>Consistency between Japanese Assistance Implementation Plan and Its Aid Policy.....</i>	8
4.2.2	<i>Coordination between Policy Making Organizations and Implementing Organizations.....</i>	9
4.2.3	<i>Organization, Staffing and Evaluation System of the ODA Task Force.....</i>	9
4.2.4	<i>Communications and Coordination with Related Government Ministries/Agencies in Madagascar.....</i>	9
4.2.5	<i>Communications and Coordination with Other Donors.....</i>	10
CHAPTER 5	EFFECTIVENESS OF JAPANESE ASSISTANCE.....	11
5.1	PROPORTION OF JAPANESE AID TO NATIONAL BUDGET OF RECIPIENT COUNTRY.....	11
5.2	EFFECTIVENESS OF ACTIVITIES IN PRIORITY AREAS OF ASSISTANCE.....	11
5.2.1	<i>Agriculture, Forests, and Natural Environmental Conservation.....</i>	12
5.2.2	<i>Fisheries.....</i>	12
5.2.3	<i>Health and Medical Care.....</i>	13

5.2.4	<i>Water Supply</i>	13
5.2.5	<i>Education and Human Resources Development</i>	13
5.2.6	<i>Infrastructure for Transportation</i>	14
5.2.7	<i>Trade, Investment, and Mining</i>	14
5.3	ACTIVITIES IN OTHER ASSISTANCE AREAS	15
5.4	CONCLUSIONS OF CHAPTER 5.....	15
CHAPTER 6	OVERALL EVALUATION AND RECOMMENDATIONS.....	17
6.1	OVERALL EVALUATION	17
6.2	RECOMMENDATIONS	18
6.2.1	<i>Timing of PRSP Formulation and Revision and Timely Formulation of Country Assistance Program</i>	18
6.2.2	<i>Extensive Dissemination of Information in the Recipient Country</i>	19
6.2.3	<i>Transmission of the Experience from Assistance to Madagascar: Promotion of Asia-African Cooperation (South-South Cooperation)</i>	20

Third Party Evaluation FY2006 Ministry of Foreign Affairs of Japan

Country Assistance Evaluation of Madagascar

Summary

CHAPTER 1 PURPOSE AND METHODOLOGIES OF THE STUDY

Japan's ODA to Madagascar is highly meaningful not only for its contribution to the development of Madagascar, but also for other multiple reasons. Firstly, the assistance to Madagascar helps the country protect its rich biodiversity which is extremely precious to the world as a whole. Secondly, needless to say, there is an urgent need for poverty alleviation in Madagascar, which may be facilitated by Japan's ODA. Thirdly, as detailed later, the country stands as a model of 'Asia-African Cooperation' by introducing Asian economic dynamism into the African Continent, starting from the southern Africa. Therefore, assistance to Madagascar can bring stability and prosperity to the surrounding region.

Japan will formulate a Country Assistance Program for Madagascar in the fiscal year 2007. This evaluation aims to draw lessons and recommendations on the Japanese assistance system and procedures applied to Madagascar, by reviewing the objectives, process, and results of its assistance in comparison to assistances provided by other donors.

In particular, this evaluation targeted Japan's assistance policies formulated in 1997 and revised in 2005. It focuses on three aspects: the relevance of the objectives of the policies with those set by the Government of Madagascar and other stakeholders; the appropriateness of processes of policy formulation and implementation; and the effectiveness of the results.

The evaluation team conducted investigations in both Japan and Madagascar. In Japan the team studied diplomatic documents and interviewed relevant officers of the MOFA and JICA. In Madagascar, the team interviewed key persons in relevant ministries, donors and other relevant agencies, and visited some projects which were fully or partially financed through Japan's ODA.

CHAPTER 2 POLITICAL, ECONOMIC AND SOCIAL CONDITIONS IN MADAGASCAR AND ISSUES CONCERNING ITS DEVELOPMENT

2.1 Recent Politics in Madagascar

After its independence from France in 1960, Madagascar adopted pro-France policies as a republic within the French Community until 1972. Political unrest in 1972 caused by economic decline shifted the country from its pro-France stance to socialism with an emergence of a military government. With the decline in socialism in the 1990s, the country experienced a period of socio-political upheaval with internal and external pressures calling for democratization and constitutional reform. A new constitution was enacted in 1992, followed by a transition from socialism to economic liberalism.

Political turmoil broke out due to the conflict between the former President Didier Ratsiraka and the current President Marc Ravalomanana over the result of the presidential election, which was held in December 2001. In February 2002, Ravalomanana proclaimed himself the president and the conflict was finally resolved when Ratsiraka fled to France in July. Ravalomanana's party won a landslide victory in a legislative election for the National Assembly in December. The country's internal affairs have become stable since the latter half of 2003.

The presidential election was held in December 2006, and the incumbent President Ravalomanana was re-elected against the background of social and economic stability.

2.2 Recent Economic and Social Situations in Madagascar

Economic and social situations

During the past 40 years after its independence in 1960, Madagascar's economy deteriorated and its per-capita GDP has halved. The country's political upheavals occurring almost every 10 years since its independence seem to have been one of the major constraints to economic development in Madagascar.

The current Ravalomanana administration, which was formed in 2002, has mobilized various resources within the country under the slogan, "from dependent economy to market economy," so as to improve the country's economic conditions through development of agriculture, trade and investment, and the private sector in Madagascar. The government has also implemented new economic policies aiming at alleviation of poverty through accelerated economic growth. Moreover, they have endeavored to deal with administrative reforms and to stabilize internal affairs and maintain security. Subsequently, Madagascar has achieved economic growth of 9.8% in 2003, 5.3% in 2004, and 4.6% in 2005.

Meanwhile, the government has faced a number of economic problems, both internally and externally. There have been slumps for international market prices of shrimps, vanilla, and other commodities (which are important sources for foreign exchange), high inflation associated with the hike in crude oil prices, and stagnation of textile exports. Economic problems have been exacerbated by various domestic factors: low level of capital investment, lack of capacities in the private sector, sluggish production of agricultural commodities (e.g., rice, vanilla and coffee), inadequate economic infrastructures, struggling government and public sectors, and underdeveloped business sector.

Poverty

According to the household expenditure survey (which was conducted in 2005), the nationwide poverty rate was improved from 69.7% in 2001 to 68.9% in 2005 (Food Poverty Line is utilized for a differentiation between the poor and the non-poor in this chapter. FPL is the level of income which could enable a purchase of the food, that can provide an adult with 2,133 kcal per day.)

Looking at social development indices, there have been improvements in the fields of health and primary education. For example, the mortality rate of infants under 5 years of age has significantly improved from 130 per 1,000 (2001) to 94 per 1000 (2004). The school enrollment rate for children aged 6 to 10 jumped from 64.9% (2001) to 98.0% (2005). Similarly, the completion rate of elementary education has increased from 35.0% in 2001 to 60% in 2005. However, access to safe drinking water has shown little progress from 29.5% (2002) to 31.3% (2005).

2.3 Development Trends in Madagascar

Development strategies of the Malagasy government

In July 2003, the Malagasy government formulated and issued its first **Poverty Reduction Strategy Paper (PRSP)** to achieve Millennium Development Goals (MDGs). It was followed by declaration of the president's vision, "**Madagascar Naturellement**," as the government's highest development policy (November 2004). This long-term vision aimed at transforming the country's economy from its tendency toward depending on external support to an independent market economy. It sketches economic and social targets which Madagascar should attain by the year 2015, involving maximum utilization of Madagascar's potential while paying attention to protection of its environment.

On November 10th 2006, the Malagasy government issued the **Madagascar Action Plan (MAP)** as a mid- to long-term development strategy for the period 2007-2012 in accordance with MDGs and the long-term vision envisaged in the Madagascar Naturellement. The fundamental vision of the MAP was inherited from the Madagascar Naturellement. This vision is to create an internationally competitive economic structure by realizing sustainable and high economic growth in order to contribute to poverty reduction and improvement of the life of the Malagasy people.

The MAP has eight priorities, each of which presents the current status, goals, strategies, implementation plans, government ministries/agencies responsible for implementation of development programs, and numerical targets. The eight priorities in MAP are:

(1) Responsible Governance, (2) Connected Infrastructure, (3) Educational Transformation, (4) Rural Development and a Green Revolution, (5) Health, Family Planning, and the Fight against HIV/AIDS, (6) High Growth Economy, (7) Cherish the Environment, and (8) National Solidarity

Major donors and aid coordination in Madagascar

France plays a major role as a bilateral donor, followed by a limited number of countries, including the US, Japan, Germany and Switzerland. Major multilateral donors are the World Bank (IDA), IMF, EC, African Development Bank, UNDP, and UNICEF.

Given the limited number of donors, there is no official framework for aid coordination, yet there have been close exchanges of information and coordination among donors participating in General Budget Support (GBS) (the World Bank, France, African Development Bank and EC) and observers (IMF and the USA). In major sectors such as health and education, the related Malagasy government agencies and donors exchange information on a regular basis.

2.4 Japanese Cooperation

Basic policies adopted in ODA for Madagascar

At a policy discussion held in 1997, it was confirmed that assistance should be provided for the priority areas of: (1) basic human needs (education, health, and water supply), (2) infrastructure development which is conducive for regional development, (3) agriculture/fisheries/environment and (4) human resource development.

In response to the President Ravalomanana's request for cooperation to the then Prime Minister Koizumi in April 2005, the "Japan-Madagascar Partnership Working Group", a task force consisting of officials from the Embassy of Japan and JICA office in Madagascar, was formed in May 2005. Currently, the "Rolling Plan for Madagascar" (an assistance implementation plan for FY2006-2010) is under preparation, but final adjustments will be made following completion of the MAP, which has just been launched. Although a country assistance program has not been laid out yet for Madagascar, its formulation by MOFA is in the pipeline.

Overview of aid activities in priority areas

For the last 10 years, assistance projects/programs have been implemented in priority areas evenly and objectively. It is particularly worth noting that a series of assistance projects for Mahajanga

University Hospital Center has been provided with coordination between Japan and France in a way that utilized advantages of each country. Also, under the development study on rural development and watershed management in the southwest region of Alaotra, which is now being conducted, the transfer of appropriate agricultural technology, as a pilot programme, has been provided by Indonesian experts under an Asia-African Cooperation (South-South Cooperation). Under the development program for improving an access to safe drinking water in the southwest region, new type of efforts has been adopted, such as an engagement with local NGOs in order to provide assistance to residents for maintenance and management of drinking water facilities.

In addition, the number of Japan Overseas Cooperation Volunteers (JOCV) has increased, dramatically, to be as many as 26 volunteers. Moreover other grant aid projects, such as the construction of elementary schools, rehabilitation and construction of trunk roads, groundwater development, and construction of hospitals and upgrading of its equipment, have been implemented. Food aid, grant assistance for grass-roots human security projects, and emergency aid for cyclone disasters have also been provided.

CHAPTER 3 RELEVANCE OF OBJECTIVES OF JAPANESE ASSISTANCE

3.1 Objectives of Japanese Assistance and Priority Areas

While Japanese assistance policy to Madagascar has been developed through various dialogues between both governments since the 1997 policy discussion, a comprehensive policy such as a Country Assistance Program has yet to be formulated.

As has previously been mentioned, objectives and priority sectors for Japanese assistance policy for Madagascar have not yet been compiled into a Country Assistance Program. However, rounds of policy dialogue have been held since 1997, through which the priority areas have been spelled out. First, four priority areas were defined in the 1997 policy dialogue between the Japanese Government and Malagasy Government. Second, six priority areas were newly defined through the consultation process under the Partnership Working Group of both governments (according to the ODA website of the Ministry of Foreign Affairs of Japan). Third, during the field survey of this evaluation, the evaluation team was briefed by the Japanese Embassy on its current views of objectives and priority sectors for Japanese ODA to Madagascar.

Since the objectives and priority sectors for Japanese ODA to Madagascar have not yet been articulated in the form of Country Assistance Program, there is a certain limitation in evaluating validity of the objectives of Japanese assistance policies. Therefore, the evaluation team will evaluate validity of the Japanese assistance policy based upon the above-mentioned priority sectors.

3.2 Consistency with Madagascar's National Development Programs

Starting from 2003 (when the first PRSP was formulated as a comprehensive national development strategy for achieving MDGs), Madagascar's national development programmes have been gradually integrated to become the most current development strategy, MAP, which has incorporated the country's own development views and visions obtained from the previous development programs. Based on the MDGs and long term visions envisaged in the Madagascar Naturellement, the MAP is considered the most comprehensive national development strategy at this moment.

In the meantime, under the Japan-Madagascar Partnership Working Group and the local ODA Task Force, there have been continuous policy dialogues on Japanese assistance policy toward Madagascar, taking into account Madagascar's most recent development views and visions spelled out in the MAP. It can be said that the priority areas for Japanese assistance are consistent with Madagascar's national development programme.

3.3 Consistency with International Priority Issues

After the PRSP was formulated in 2003, a series of national development programmes have been developed in Madagascar in accordance with the MDGs. Basically, the Japanese assistance policy encompasses the eighteen targets of the MDGs, and thus can be considered consistent with them. Also, the Japanese assistance policy for Madagascar has incorporated development visions and strategies, which were articulated through the TICAD process, particularly in terms of the Tokyo Agenda for Action, with an exception of peace building for post-conflict countries/regions (which doesn't apply to Madagascar). Therefore, Japanese assistance policies toward Madagascar are considered consistent with the international priority issues.

3.4 Consistency with Japan's Higher ODA Policies

Japan's overarching ODA policies comprise the new and old ODA Charters and their respective Medium-Term ODA Policies. These policies include some areas which are not applicable to Madagascar, such as peace building and measures against the Asian financial crisis. With an exception of these two areas, the other major priority areas under the Charters and Mid-term Policies generally correspond to and are consistent with the priority areas for the Japanese assistance to Madagascar.

3.5 Validity of Role Sharing with Other Donors and Advantages of Japanese Assistance

With the limited number of donors, there is still no official framework for aid coordination in Madagascar. The donors participating in general budget support (World Bank, France, African Development Bank and EC) and observers (IMF and the USA) engage in information exchange and coordination with one another. Within some major sectors, such as health and education, there is a regular information exchange between the Malagasy ministries/agencies and donors. As a result, a division of labor among donors is well defined based on comparative advantages of each donor. Japan and France cooperated in the project for improving the capacities of the Mahajanga University Hospital. Japan provided assistance to upgrade medical equipment while France provided technical assistance for hospital administration. In this project, it can be said that comparative advantages of each country can be effectively utilized for managing the project.

CHAPTER 4 APPROPRIATENESS OF JAPANESE ASSISTANCE PROCESS

4.1 Appropriateness of Formulation Processes for Japanese Assistance Policy toward Madagascar

Although the Japanese government has not yet formulated a country assistance program for Madagascar, its assistance policy includes four priority areas, which were confirmed during the policy dialogue between the Japanese and Malagasy Governments in 1997. Afterwards, the six priority areas were confirmed through the Japan-Madagascar Partnership Working Group (WG), which was organized at the initiative of the President's Office in May 2005. The WG is comprised of officials from the Japanese Embassy, JICA office, and Malagasy Government. As regards the policy-formulation processes in 1997 and 2005, the evaluation team evaluates, there were close communications and coordination between the Malagasy Government and Japanese Government.

In the meantime, some major donors (EU, World Bank, African Development Bank and France) began to revise their Country Assistance Strategies (CASs) in 2005 in an anticipation of the transition from the PRSP to the MAP. It appears that these donors and the government of Madagascar were engaged in mutual consultation and information exchange. Coordination with other donors is an issue that Japan needs to address.

4.2 Appropriateness of Implementation Process for Japanese Assistance for Madagascar

4.2.1 Consistency between Japanese Assistance Implementation Plan and Its Aid Policy

JICA had formerly provided its assistance in a relatively broad range of areas upon the request of the Malagasy government, in accordance with the priority areas agreed upon during the policy dialogues in 1997. Afterwards, JICA re-organized its priority areas when the country started to stabilize after the political turmoil in 2002. Such priority areas were consisted of: (1) health, (2) water supply, (3) agricultural/rural development, and (4) forests and natural environmental protection. After an establishment of its local office in February 2003, JICA formulated its Country Implementation Program in FY2005. JICA has taken part in the Partnership Working Group (WG) meetings since 2005, and its Country Implementation Program now reflects the priority areas agreed upon during the WG meetings. The following three areas are defined as priorities: (1) rural development (including sustainable agricultural development, environmental protection, and fishery development) (2) basic human needs (including improvement of maternal and child's healthcare, the fight against infectious diseases, improvement of access to safe water, and universal access to primary schools) and (3) economic development (including development of infrastructures, private sector, and trade and investment).

It is considered that Japan's priority areas for assistance to Madagascar have been reflected in the

implementation program of JICA (as an implementation agency).

4.2.2 Coordination between Policy Making Organizations and Implementing Organizations

In Madagascar, the ODA task force, which consists of the Japanese embassy, JICA office, and JICA experts, seems to have a good communication with each other. The evaluation team has confirmed that it has met, on average, more than once a month since 2005. Meetings on individual sectors (e.g., health and education) have not been held frequently, however, it can be considered that the Task Force general meeting concurrently assumes the role of sector meetings, given the size of the Task Force. Looking at the frequency of its meetings and organization of the Task Force, it can be evaluated that communications and policy dialogues between the MOFA and JICA were effectively conducted.

4.2.3 Organization, Staffing and Evaluation System of the ODA Task Force

Five Japanese Embassy officials are in charge of economic cooperation: the ambassador, the counselor, one secretary, one attaché (assigned from other ministries), and one specially contracted staff member. As of October 2006, 21 staff members at the JICA Madagascar office are engaged in economic cooperation. Composition of staff members is as follows: six Japanese staff members (including one volunteer coordinator, project formulation advisors, and one accounting staff), five local staff members, and 10 temporary staff members.

The Ministry of Foreign Affairs is planning to formulate a Country Assistance Program for Madagascar. And JICA has designated Madagascar as one of the priority countries under its assistance strategy for Africa. The JICA Office and Japanese Embassy in Madagascar are also in charge of Mauritius and the Union of Comoros. If cooperation/partnership between the Malagasy government and other donors has been more intensified, the current manpower at both the Embassy and JICA office might be insufficient and its reinforcement needs to be considered as one of the options to deal with the new development context in Madagascar.

As regards technical cooperation projects, evaluations are being conducted at four stages over the project cycle: ex-ante, mid-term, terminal, and ex-post (3 years after completion) evaluations for each project. In the case of grant aid assistance projects, whose amount exceeds one billion yen, third-party evaluations by external experts are being conducted.

4.2.4 Communications and Coordination with Related Government Ministries/Agencies in Madagascar

Although there are no documents available that explain the exact frequency of communications and coordination with related government ministries/agencies in Madagascar, the evaluation team has obtained comments from various sources, which indicated that the Embassy/JICA Office and

Malagasy government ministries/agencies had close communication with one another. In addition, the JICA has assigned Japanese experts to the government ministries/agencies as advisors for development of major sectors, which seems to have contributed to the enhancement of communications and coordination among the Malagasy government ministries/agencies, the Japanese Embassy, and the JICA office.

4.2.5 Communications and Coordination with Other Donors

With respect to communications and coordination with other donors, since the number of donors actively engaged in aid activities in Madagascar is relatively limited, it is possible, a few donors have indicated, for them to coordinate closely with each other even if there is no official framework for aid coordination.

However, close communications are taking place among participating donors in general budget support (GBS) (World Bank, African Development Bank, EC, France) and observers (IMF and the USA). Experts from their respective headquarters are being sent to Madagascar in order to undertake semi-annual joint monitoring missions. As for the health and education sectors, donor meetings are being organized on a regular basis, where the Japanese Embassy and JICA Office actively exchange information with the Malagasy Government. In the healthcare sector, while Japan and France worked together since 1998 to improve the capacity of a university hospital, Japan has cooperated with UNICEF for prevention against infectious diseases. Regarding the collaboration between Japan and France, whereas Japan provided grant aid assistance for purchase of medical equipment, France undertook technical cooperation to improve medical treatment and management skills for administration of hospitals. This type of division of labor seems to have produced significant development results.

Since 2000, an Asia-African Cooperation (South-South Cooperation) has been implemented in Madagascar, involving experts from such developing countries as Indonesia and Thailand. For the agricultural sector, Indonesian experts are being dispatched to Madagascar to provide small-scale farmers with skills on agricultural equipment, so that the farmers themselves can manufacture and repair it. The Malagasy Government ministries/agencies highly appreciated this scheme. Also, the Indonesian Embassy in Madagascar expressed a willingness to broaden its partnership with Japan in Madagascar through this scheme. Given an appropriate selection and dispatch of Indonesian experts, an expansion of this scheme should be further considered to accelerate transfer of appropriate technologies, which fulfills Madagascar's development needs, by the experts from developing countries.

CHAPTER 5 EFFECTIVENESS OF JAPANESE ASSISTANCE

It is difficult to make an accurate quantitative evaluation of Japanese contribution to the socio-economic development of Madagascar due to the following reasons: (1) only a small number of projects were implemented during the limited period of time covered by this study, (2) other donors' assistance can be considered as significant as that of Japan in terms of development impact, and (3) some recent projects have not reached a stage where any development impact can be measurable. Therefore, this study will estimate impact of Japan's assistance as a whole by using the following methodology. First, in order to assess the significance of Japanese assistance at the macro-level, the proportion of the aggregate annual amount of Japan's assistance to the annual budget of Madagascar is calculated. Second, in order to examine the impact for each sector, analysis will be made for each priority sector based on 1) a static and dynamic analysis of movement of sector development indices, 2) evaluation of Japanese relative contribution to Madagascar's development needs, and 3) interviews on subjective assessments by the Malagasy government and other donors.

5.1 Proportion of Japanese Aid to National Budget of Recipient Country

While Japanese grant aid assistance from 1997 to 2005 amounted to US\$337.9 million, technical assistance amounted to US\$58.64 million. ODA loans as much as US\$18.23 million were provided to the Malagasy government from 1997 to 2004. Subsequently, debt cancellation was conducted as much as US\$147.51 million, and hence the aggregate amount of Japanese loans during the aforementioned period has now amounted to negative US\$129,28 million.

While the proportion of Japanese aid to the total government expenditure in Madagascar from 2001 to 2005 (setting an expenditure in 2001 to be 100 as an index) ranges from 100:0.91 to 100:7.53, that of Japanese aid to the development expenditure of the Malagasy government ranges from 100:2.26 to 100:30.19.

5.2 Effectiveness of Activities in Priority Areas of Assistance

During the period between 1997 and 2005, there were, mainly, two policy discussions between the Japanese and Malagasy Governments in order to define priority sectors for development assistance. The first policy discussion was conducted in 1997 between representatives from the Malagasy and Japanese Governments, and four priority sectors were defined. Subsequently, the second policy discussion was conducted in 2005 under the framework of the Japan-Madagascar Partnership Working Group to newly come up with six priority sectors. Additionally, within the local ODA Task Force (consisting of the Embassy and the JICA office), there have been policy dialogues on a monthly basis, and they have come up with new priority sectors for development assistance.

Taking the outcome of above-mentioned policy discussions altogether, the evaluation team regards the following seven areas as priority sectors for this evaluation purpose: (1) agriculture, forests and natural environmental conservation, (2) fisheries, (3) health and medical care, (4) water supply (5) education and human resources development, (6) infrastructure for transportation, (7) trade, investment and mining.

Regarding the above seven areas, the analysis in this section is focused on 1) static and dynamic analysis of sector development indices, 2) evaluation of Japanese relative contribution to Madagascar's development needs, and 3) interviews on subjective assessments by the Malagasy Government and other donors.

5.2.1 Agriculture, Forests, and Natural Environmental Conservation

The agriculture sector receives the largest proportion of Japanese assistance to Madagascar. While development indices of the agricultural sector suggest that there have been recent improvements in production and productivity, a boosting of food self-sufficiency ratio is the remaining development challenge. While Japan has been continuously providing food aid and grant aid for increased food production, it is conducting a development study on the fertile region in the area of the Lake Alaotra. This development study is being conducted in order to develop a master plan and implement pilot projects with a view to an enhancement of agricultural production and infrastructures, improvement of watershed and forestry management. Stakeholders in Madagascar (including the government officials) are expecting that pilot projects under this development study will be replicated nationwide to cover the broader agricultural area facing similar development challenges.

Antsirabe is another target area of Japanese aid for rural and agricultural development. Japan has been dispatching agricultural experts to train farmers now to appropriately use agricultural machines provided by grant aid assistance. Antsirabe is the center of the Agropolis, which is a development model to realize an agriculture-driven economy. Support for the widespread use of appropriate agricultural technology in this region is expected to have spill-over effects to other regions. Japanese aid for the agricultural sector has been implemented effectively, by combining food aid and other forms of grant aid assistance with technical assistance to boost agricultural production and enhance rural development, focusing on major fertile areas. Contributions by Japanese assistance to agricultural development is considered substantial.

5.2.2 Fisheries

The fishing industry in Madagascar has been contributing to foreign exchange earnings, with an increase in fish catches. Export items, which used to be relatively limited to prawns (shrimps), have been gradually diversified. While domestic consumption of fish has been increasing, the number of fishermen has been on the rise. With this there is a pressing need for resource management. Japanese

aid for fishery development covers a broad range of areas: (1) construction of prawn nurseries and distribution facilities in Mahajanga Province, (2) technical assistance to promote small-scale prawn cultivation in conjunction with these facilities, (3) capacity development for distribution and export of fish, (4) enhancement of fishery resource management. In addition, an expert has been sent to the Ministry of Agriculture, Livestock and Fisheries as an advisor for fishing administration.

5.2.3 Health and Medical Care

In the area of health and medical care, there have been improvements, for the past several years, in terms of major development indices. Japan has provided grant aid assistance and technical assistance for reinforcement of major regional hospitals, improvement of maternal and child's healthcare, and prevention of infectious disease (e.g., malaria). Japan and France jointly provided assistance to the Mahajanga University Hospital Center, where Japan provided equipment through grant aid assistance and France conducted technical assistance to improve hospital management and medical skills. This is the case, in which Japan and France utilized their respective comparative advantages, and the efficacy of this type of collaboration has been confirmed through their joint post-evaluation. The Ministry of Health and Family Planning appraised that the decision-making process for Japanese aid in the area of health and medical care has reflected well the actual needs and priorities of Madagascar, taking into consideration views of all administrative levels from the central government to local governments.

5.2.4 Water Supply

The proportion of the Malagasy people with an access to safe water has been slightly increasing during the recent years. However, although the percentage of inhabitants with an access to safe water is 66% in urban areas, it is still as low as 15% in rural areas. In addition to grant aid assistance for water supply, Japan is conducting a development study aiming at development of a master plan for self-sufficient and sustainable supply of potable water in the southern region. The projects of Japanese grant aid assistance for water supply in the southern region were started in the early 1980s. Although there have been, supposedly, a positive impact brought about by Japanese assistance at the regional-level in terms of access to safe potable water, the evaluation team could not obtain the regional data to confirm such impact. Water supply is an area for which Japan has been providing assistance for a long time. An implementation of post-evaluation of the projects should be considered to verify an effectiveness of Japanese interventions in this sector.

5.2.5 Education and Human Resources Development

Although the literacy rate among adults still remains at only 57%, the primary school enrolment rate has improved to 97-98% during the period of 2004-05, partly because the present administration decided to provide free education and free learning material. However, the primary school

completion rate remains at 60% in 2005, although there has been some improvement during the recent years. Japan has contributed to the education sector through grant aid assistance for construction of primary schools and provision of equipment/material to help Madagascar to achieve its development goal of guaranteeing universal access to primary education. A number of donors have been supporting construction of schools with their assistance. Such donors' assistance used to be concentrated on the accessible areas, however, this situation has started to improve with the initiative by the Ministry of Education and Research to coordinate donors operating in Madagascar. The Ministry of Education and Research appreciates that construction of schools through Japanese grant aid assistance is effectively implemented and the quality of school buildings is high.

In the meantime, there was a comment by the Ministry that some of the schools constructed by Japanese grant aid assistance turned out to be overly robust for the regions, which are not cyclone-prone. There could be some room, the officials from the Ministry of Education and Research said, for lowering specifications of school constructions in these regions, and construct more schools at lower cost. In this regard, Japan has already started to take a necessary measure. The third elementary school construction project in Antsiranana and Toliara aims to construct schools, by employing local contractors and local specifications for school construction. This project utilizes the new assistance scheme called "community development grant aid assistance" (started in FY2006).

5.2.6 Infrastructure for Transportation

Since the present regime came to power in 2002, development indices for transport infrastructure sector, such as kilometers of constructed roads and kilometers of roads serviced or rehabilitated, have been improved. The lack of development of the road network in Madagascar has been hindering a wide range of economic activities, from the daily procurement of staple food to the importation and exportation of goods. Development of transport infrastructures is identified as one of the priority areas under the MAP. Through implementation of grant aid assistance projects, Japan has constructed a bypass road, connecting the National Road No. 7, which runs from the south to the capital, and National Road No. 2, which links Toamasina Port in the east with the capital. The potential development impact of this bypass road could be very high because it provides a connection between National Road No. 7 and National Road No. 2 avoiding the traffic congestion in the capital, which has been aggravated due to the recent growth in traffic volume and number of large-size vehicles. The effectiveness of this bypass road, which has just been finished in 2006, is yet to be seen. Nevertheless, this type of development assistance for transportation infrastructure is expected to have a diverse range of effects, including improved efficiency of distribution of goods from farm belts, industrial areas, and mining areas to domestic markets and export ports.

5.2.7 Trade, Investment, and Mining

The area of trade, investment, and mining was not included in the priority areas identified through

the 1997 policy discussion. Neither was it included in the priority areas agreed upon during the Japan-Madagascar Partnership Working Group meetings in 2005. The Japanese Embassy mentioned, during the evaluation team's visit to Madagascar, that this sector should be placed as one of the components under the objective of "private sector development."

This is because promotion of trade, investment, and mining is indispensable for "accelerated economic growth" as one of the priority areas under the MAP. Although Japan has not implemented projects in this sector, an expert from JICA has been sent to Madagascar to work as an economic development advisor to the President's Office since April 2004.

5.3 Activities in Other Assistance Areas

During the period from 1997 to 2005, Japan has conducted six projects for emergency relief (about 72 million yen in total) in response to an outbreak of cholera, cyclones, floods, and other disasters. The expenditure for non-project grant aid assistance during the same period has amounted to 2.5 billion yen. With respect to loan assistance, a series of donors' meetings were held in Paris between 2002 and 2004 to support restoration of the country following the end of the period of political turmoil. During these meetings, the major donors agreed upon rescheduling of loans for Madagascar. For its part, Japan decided in 2005 to cancel all of the yen loan debts (equivalent to 17.4 billion yen in total), which Madagascar owes to JBIC. In addition, Japan is considering a provision of assistance for governance and other sectors, through group training courses, identified as priority areas under the PRSP-MAP, upon Madagascar's request.

5.4 Conclusions of Chapter 5

Although it is difficult to attribute relative contribution by Japanese assistance to specific development impact quantitatively, we have identified some of the projects which have proven to be highly effective. Moreover, it is noteworthy that the Malagasy government ministries/agencies have frequently mentioned an effectiveness of Japanese assistance.

With respect to the extent to which the development needs of Malagasy are reflected into Japanese assistance, all of the assistance areas are consistent with the priority areas under the PRSP-MAP, and Japanese assistance has been concentrated on the regions with high incidence of poverty. Therefore, the evaluation team considers that project formulation and implementation have generally reflected the needs of Madagascar. Assistance in governance and other sectors, which are priority areas under the MAP but not covered by Japanese assistance, is provided by other donors such as USAID and UNDP. Therefore, all priority areas for Malagasy development are basically covered by Japan and other donors.

Several critical comments and questions regarding Japanese aid projects were raised during the

interviews with the Malagasy government agencies and other donors. Each of these should be carefully examined and classified into (1) the issues which are to be addressed through an improvement of project implementation and (2) those which would require further explanations by the Japanese side to the Malagasy people and donors. In this regard, Japan should be engaged in active public relations (e.g., holding workshops to inform the Malagasy people and donors about Japanese assistance.)

CHAPTER 6 OVERALL EVALUATION AND RECOMMENDATIONS

6.1 Overall Evaluation

As described in the previous chapters, the Malagasy government agencies generally value Japanese aid to Madagascar highly, and other donors are expecting us to work in deeper cooperation and broader collaboration. It is highly probable that Japanese aid to Madagascar is contributing to the improvement of the Malagasy people's welfare, and Japan is expected to provide continued support in the future. On the other hand, there are many development issues to be addressed in Madagascar, and the need for poverty reduction is strongly felt by the government, citizens, and other donors. Japan is expected to contribute to sustainable development and poverty reduction in Madagascar, further deepening the friendly relationship with Madagascar.

This overall evaluation is based on an analysis according to three evaluation criteria explained below. As stated at the beginning of this report, the evaluation was conducted along the three standards of "the validity of purposes," "the appropriateness of processes," and "the effectiveness of results." The "processes" here include the policymaking process and the implementation process. The following is a description of the overall evaluation.

First, the evaluation regarding the validity of purposes is generally high. There are three types of super ordinate goals for assistance to Madagascar: (1) goals set by the Malagasy government, which are the Poverty Reduction Strategy and the Madagascar Action Plan (MAP) to materialize this strategy for the period 2007-2012; (2) goals set by the international community, which are the Millennium Development Goals and the TICAD Tokyo Action Plan; and (3) goals set by Japan, which include the ODA Charters and Medium-Term ODA Policies. As described in the main text of this report, Japanese aid to Madagascar in the past 5 years has been conducted consistently within the goals set by these three entities.

Second, the appropriateness of processes was largely satisfactory. More specifically, there were no serious problems regarding the implementation process, as discussed in the main text of this report. On the other hand, the policymaking process was found to have an important problem regarding the timing of the formulation of the Country Assistance Program and the communication/coordination with other donors. Policymaking should be conducted based on the policymaking process of Japan, maintaining communication/coordination with the Malagasy government and other donors. The communication/coordination with Malagasy government officials was sufficient, and this point should be evaluated highly.

The problem is the need for closer communication/coordination with other donors. As described in Chapter 4 (4.1.3), some of the major donors were aware of the expiration of Madagascar's PRSP by the end of 2006. They were preparing for new Country Assistance Program to be formulated

concomitantly with the formulation of the MAP, which was to replace the PRSP, and started mutual information exchange and consultation aimed at this timing. In contrast, formulation of the Japanese Country Assistance Program for Madagascar is planned to commence after completion of the present study, and Japan was not directly involved in the mutual consultation for the formulation of the CAS of the other donors. As a result, although the "vertical communication/coordination" between the Malagasy government and Japan was sufficient, the "horizontal communication/coordination" between Japan and other donors was treated as being of only secondary importance. Although communication/coordination with other donors is not a prerequisite for official developmental assistance, the process should not be treated lightly because a lack of it may lead to the risk of isolating Japanese ODA.

Lastly, this study evaluates the effectiveness of results as high. The evaluation of result effectiveness was based on visits to project sites and interviews with Malagasy government officials, personnel of the Japanese Embassy and assistance organizations, and personnel of other donors, as well as published data.

During this study, we could visit the sites of only two major projects: "The Study on Rural Development and Watershed Management in the South-West Region of Lake Alaotra" and "National Road No. 7 Bypass Construction Project." The evaluation team in this study did not include experts in agriculture or road construction, expertise that is central to these projects. In addition, the period of field study was limited to two weeks. Because of these limitations, detailed study of the "effectiveness of results" must be left to the evaluation of each project. If we consider the effectiveness of these two projects accepting this restriction, we observed that these projects are being implemented effectively with the high technical abilities and professionalism of the Japanese experts concerned. It is noteworthy that an important factor contributing to the effectiveness of the former project is the Asia-African cooperation employing Indonesian experts.

Other aspects of this evaluation were conducted based on a combination of interviews and data analysis. Some Malagasy government agencies and a non-Japanese donor raised some critical comments and questions. These should be addressed either through improvement or through the increased dissemination of information

6.2 Recommendations

Based on the above evaluation, we make the following recommendations:

6.2.1 Timing of PRSP Formulation and Revision and Timely Formulation of Country Assistance Program

This recommendation is related to the timing of the formulation of the Country Assistance Program

and its effect on the coordination of assistance. The Japanese Country Assistance Program for Madagascar is expected to be formulated in fiscal 2007 at the soonest. This timing was scheduled without considering the revision of the PRSP. As mentioned above, major donors (the World Bank, EC, France, and African Development Bank) were working toward the formulation of CAS anticipating the expiration of PRSP in Madagascar. In this process, in-depth policy talks were conducted not only between donors and the Malagasy government, but also between the various donors. Although the development of a joint CAS was not attempted, it seems that many donors share the practice of formulating CAS to match the schedule of recipient countries formulating new development plans such as the PRSP, ensuring coordination among donors. Therefore, in future, when Japan is to formulate a Country Assistance Program for a recipient country, sufficient attention should be paid to the timing of the formulation and revision of the PRSP of the recipient country. If and when Japan has the prospect of actively participating in donor coordination regarding the recipient country and such participation is considered desirable, the Country Assistance Program should be formulated in accordance with this timing. Such a practice will naturally promote coordination of assistance.

6.2.2 Extensive Dissemination of Information in the Recipient Country

This recommendation is related to future assistance to Madagascar. During the interview survey conducted as a part of the field study for this evaluation in Antananarivo, some of the local representatives of a non-Japanese donor and officials in similar positions expressed critical comments and questions regarding the details of Japanese aid projects (tender procedures, project implementation methods, etc.). Some of these issues actually require improvement, and we should make such improvement with an open mind. On the other hand, other issues are the result of misunderstanding. It is not advisable to leave misunderstanding uncorrected. The problem is the fact that the local representative of the relevant donor actually has such questions about the implementation method of Japanese aid projects and perpetuates the perception that Japanese projects have problems, because such misunderstanding is left uncorrected. The cause of this problem partly lies on the side of the donor that lacks the correct understanding. Donors should make appropriate efforts to obtain accurate knowledge and information regarding the aid provided by Japan, which is a country of considerable importance in the overall system of international support to Madagascar. However, placing responsibility for this problem totally on the relevant donor is not right and does not benefit Japan; this donor is promoting the coordination of aid in Madagascar and the opinions and views of this particular donor can be propagated to become the common understanding of several donors toward Madagascar and international society.

The conclusion is that we should not treat this problem lightly as a simple insufficient understanding of the relevant donor, but should use it as a springboard to actively enhance information

dissemination toward the Malagasy government and local communities. Specifically, we could wage a substantial local PR campaign highlighting notable Japanese assistance projects to Madagascar. For example, when the ongoing "Study on Rural Development and Watershed Management in the South-West Region of Lake Alaotra" begins to be implemented at a larger scale, we could hold a seminar in cooperation with France, which is conducting assistance in the Lake Alaotra region toward similar goals. Needless to say, we should widely invite the participation of not only Malagasy government officials and personnel of the French assistance organization, but also those of other donors, citizens, media, academic figures, etc. to this seminar. This will lead to a substantial deepening of Japan-France cooperation and will also demonstrate the attitude of Japan toward cooperation with other donors in the assistance to Madagascar. Through the promotion of such information dissemination, we should create a situation in which it is impossible to stay uninformed. Using occasions like this seminar, we should also seriously and open-mindedly hear the voices of other donors and civil communities.

6.2.3 Transmission of the Experience from Assistance to Madagascar: Promotion of Asia-African Cooperation (South-South Cooperation)

Finally, we describe the lessons we have learned from the ongoing Japanese aid to Madagascar as a result of this evaluation of Japanese assistance to Madagascar. We offer these lessons to other countries that are also providing assistance.

As mentioned in the main text of this report, the development of appropriate technologies has already started being employed by Indonesian experts in "the Study on Rural Development and Watershed Management in the South-West Region of Lake Alaotra." This example clearly demonstrates that Asia-African cooperation can be very effective in some areas.

The main point of Asia-African cooperation is the fact that Japan can provide assistance even in areas where Japan lacks superiority, provided that assistance is needed in the recipient country and that there is another developing country, further advanced than the recipient country, which has sufficient technical superiority to provide assistance. In such cases, experts of the more advanced developing country can be invited to the recipient country under Japan's Asia-African cooperation project. A criterion frequently used for evaluating assistance is "whether or not Japan has superiority regarding the implementation of the project to be evaluated." The success of Asia-African cooperation lessens the necessity of this criterion and expands the opportunities for Japanese official developmental assistance.

It has been many years since Japan evolved from the position of a developing country to that of an advanced country. It is therefore natural that experts working in Japan at the present are sometimes unable to respond to the needs of the least developed countries of today. Specifically speaking, several developing countries (such as Thailand) may be in a better position than Japan regarding

expertise in such fields as the control of HIV/AIDS and malaria. As Japan is now endeavoring to strengthen its connection with East and Southeast Asian countries, it is important to deepen the relationship with these regions and provide assistance to Africa jointly with these countries. The success of the Asia-Africa cooperation in Madagascar provides a testimony supporting the further promotion of Asia-Africa cooperation in other developing countries.