Towards a universal and inclusive social protection for the children of Madagascar

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An analysis to increase the inclusiveness of the national safety nets programme

MPPSPF
MINISTERE DE LA POPULATION
DE LA PROTECTION SOCIALE
ET DE LA PROMOTION DE LA FEMME

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Towards a universal and inclusive social protection for the children of Madagascar.

An analysis to increase the inclusiveness of the national safety nets programme

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Preface

Madagascar ranks 162 out of 189 countries on the Human Development Index (HDI), placing it in the lowest human development category[1]. In terms of income poverty, 74.3 per cent of the population lives on less than US$ 1.90 per day and it is estimated that the economic crisis linked to COVID-19 could push an additional 475,000 to 2.3 million Malagasy below the income poverty line, depending on the intensity of the crisis[2]. The recent Multiple Overlapping Deprivation Analysis (MODA)[3] reveals that more than two-thirds (67.6 per cent) of Malagasy children are deprived in at least two dimensions of well-being, and almost a quarter (23.7 per cent) suffer deprivation in four or more of the seven dimensions.

In the face of these serious challenges, Madagascar's investment in social protection remains among the lowest in the world, at around 0.7 per cent of Gross Domestic Product (GDP), including significant spending on social insurance[4], and 0.11 per cent of GDP if only social assistance spending is considered[5]. The National Social Safety Net programme (NSSN) - currently targets a very small part of the population: only 5 per cent of extremely poor households are included, which is 3 per cent of all Malagasy children.

However, support for children should be a priority for any government, as these children represent the future of the country. Expanding social protection coverage is a priority of various national strategic plans, such as the National Social Protection Strategy (SNPS) 2019-2023 and the Plan Emergence Madagascar 2019-2023. Progressively extending social protection coverage to all children is first and foremost a moral obligation for the country to provide its children with the best chances to succeed in life. But it is also, above all, an excellent investment. Indeed, a sub-optimal level of child development generates significant costs for the economy of the country as a whole in the long term.

Social support for children should also recognize the specific vulnerability of some children, particularly those with disabilities, who face additional costs in participating in the social and economic life of the country. A special 'equal opportunities' allowance should be provided to make a significant contribution to the costs associated with having a disability.

The social protection model presented in this report implies an investment of around 2.5 per cent of GDP by 2030. This is a significant investment for Madagascar and requires strong political will to introduce major reforms in public finances in the coming years to invest in the well-being and human capital of Madagascar's children. The universal child allowance model, as demonstrated by the simulations presented in the report, would have significant impacts on reducing poverty and inequality, as well as on a range of education, health, nutrition and child protection indicators that fully justify this investment. This report provides a basis for reflection and concrete avenues for establishing a universal and inclusive social protection system for children in Madagascar in the years to come.

Minister of Population, Social Protection and Promotion of Women

MICHELLE Bavy Angelica

UNICEF Representative

Michel Saint-Lot

[1] UNDP (2018). Human development indices and indicators: statistical update 2018. Madagascar Briefing Note. http://hdr.undp.org/sites/all/themes/hdr_theme/country-notes/MDG.pdf

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[3] UNICEF, INSTAT & Oxford Policy Management (2020a)

[4] ILO (2017). World Social Protection Report. IMF data

[5] Social Protection Budget Analysis of the 2020 Budget Bill, UNICEF

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Acronyms

[NB French acronyms are used throughout, except where the French tend to use the English acronym]

ACN	Community Nutrition Agents
ACP	Principal Component Analysis
ACTP	Cash for Productive Work
AIDS	Acquired Immunodeficiency Syndrome
AVEC	Village Savings and Loans Association
CARE	Cooperative for Assistance and Relief Everywhere
CCT	Conditional Cash Transfer
CNPS	National Social Security Fund
CNSS	National Health Solidarity Fund
CPS	Social Protection Committee
CRPD	Convention on the Rights of Persons with Disabilities
CSB	Primary Health Centre
CSU	Universal Health Coverage
CDF	Cumulative Distribution Function
DEPA	Direction of Preschool Education and Alphabetization
ENSOMD	National Survey on the Achievement of Millennium Development Goals
FID	National Development Agency
GDP	Gross Domestic Product
GTPS	Thematic Group on Social Protection
GTR	Technical Focus Group
HDI	Human Development Index
HIMO	Labour-Intensive Public Works
HIV	Human Immunodeficiency Virus
ILO	International Labor Organization
IMF	Micro-Finance Institutions
IMF	International Monetary Fund
INSTAT	National Statistics Institute
LUL	Let Us Learn
MAEP	Ministry of Agriculture, Livestocks and Fisheries
MEF	Ministry of Economy and Finance
MGA	Madagascar Ariary
MICS	Multiple Indicator Cluster Survey
MIS	Management Information System
MODA	Multiple Overlapping Deprivation Analysis
MPPSPF	Ministry of Population, of Social Protection and Promotion of Women
NSSN	National Social Safety Nets

ONG	Non-Governmental Organization
ONN	National Nutrition Office
PFPH	Platform of Disabled Persons' Organizations
PMT	Proxy Means Test
PNPS	National Social Protection Policy
PPP	Purchasing Power Parity
PSE	Social Policy and Evaluation
PTF	Technical and Financial Partners
RCJ	Youth Community Support
RPGH	National Population Census
SDG	Sustainable Development Goals
SECNLS	Executive Secretariat of the National AIDS control committee
SEECALINE	Monitoring and Education of Schools and Communities in Extended Food and Nutrition
SNPS	National Social Protection Strategy
TMDH	Cash Transfer for Human Development
ToR	Terms of Reference
UCB	Universal Child Benefit
UCT	Unconditional Cash Transfer
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Fund
UNPRPD	United Nations Partnership on the Rights of Persons with Disabilities
WFP	World Food Programme
WEO	World Economic Outlook

Glossary

Commune	Officially the lowest administrative unit of Madagascar
Fagnavotse	"aider" or "help" (Joint SDG Fund programme)
Fiavota	"s'en sortir" or "pull through" (emergency food and nutrition programme)
Fokontany	Traditional administrative unit of Madagascar (below a commune)
Kéré	Famine

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Acknowledgements

The review team would like to convey their sincere thanks to all of those who assisted during the programmatic review.

First, to the UNICEF staff (in particular Erica Mattellone, Elena Celada and Solofonirina Claudia Rakotoarison) who arranged the contracting and logistics with great efficiency and dealt with the barrage of technical questions and demands both with great knowledge and expertise, and with exemplary patience and forbearance.

Very special thanks also go to all those in the Ministry of Population, Social Protection and Promotion of Women (MPPSPF), from the Secretaire-Générale and Directeur-Général down to the field, and to the Fonds d'Intervention pour le Développement (FID). Their respective staff at all levels provided information with admirable enthusiasm, tact, knowledge and good humour.

Next, to all of those – from Government, cooperating partners, UN agencies and the World Bank, and other institutions – who gave up their valuable time so willingly to share their insightful impressions, thoughts, ideas, suggestions and feedback on the inclusivity of the social protection sector, even during a challenging time.

Finally, the review team acknowledges with great gratitude the debt it owes to Alexandre Cote and Daniel Mont from the Center for Inclusive Policy and Ilene Zeitzer from Disability Policy Solutions, for the valuable help and guidance they have provided through the UNPRPD-funded project on inclusive social protection for the empowerment of persons with disabilities implemented by ILO and UNICEF.

The outcome of this programmatic review is much richer as a result of everyone's excellent contributions, and of the detailed feedback provided on earlier drafts of this report. Any deficiencies that remain are the review team's own.

It has been a pleasure and a privilege to have been involved in the assignment at a crucial time for the future of inclusive social protection in Madagascar.


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Executive summary

Purpose of the review

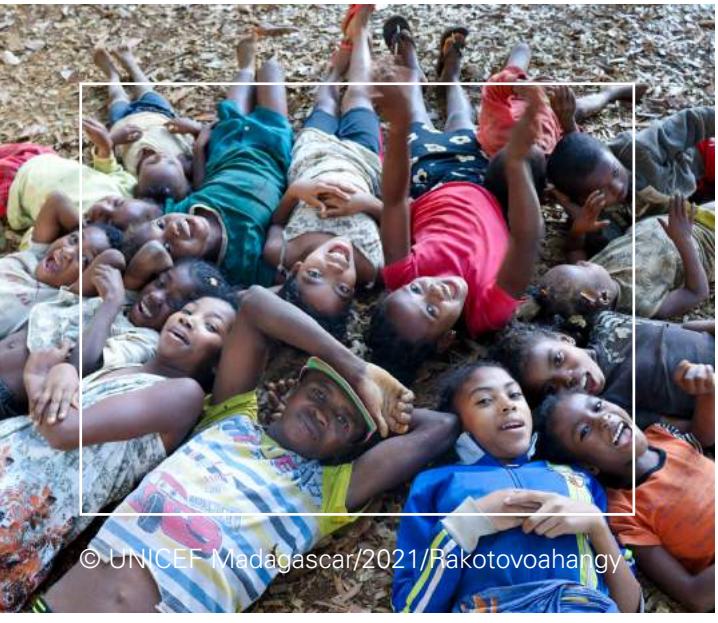
This study analysis, referred to as "programmatic review", has been commissioned by UNICEF, on behalf of MPPSPF, in preparation for the Joint SDG Fund Project "Integrated and inclusive social protection system", called *Fagnavotse* and conducted in collaboration with ILO, WFP and UNFPA. The Terms of Reference (ToR) define the purpose of the review as being "to provide technical assistance to the Government of Madagascar to increase the inclusiveness of the national safety nets programme, with a focus on the most vulnerable children".

The review considers what needs to be done to include vulnerable children more in the existing suite of Government social protection programmes. It has three main areas of focus (as set out in the ToR), in order to make concrete recommendations for design modifications, including:

- Coverage gaps: Based on the results of data analysis and discussions with the main stakeholders, the Review identifies coverage gaps for specific categories of people in the existing programmes and provides suggestions to make the system more inclusive.
- Level of benefits: Adequacy of benefit level is also analysed to understand if the transfer is aligned with the objective of the safety net (poverty reduction and promotion of human capital investment, particularly for children). It also considers the transfer value in the context of the additional costs associated with having to function with a disability or a chronic illness.

– Linkages with additional social services: The report analyses the existence or lack of appropriate linkages with other social services and makes suggestions on the type of social programme that should be put in place to complement the safety net for specific groups of people (including people with disability).

The review was intended to include a sequence of missions to Madagascar by the international consultants, to work alongside the national consultants. In the end, however, the disruption caused by the COVID-19 pandemic meant that only the first inception mission was possible. All the remainder of the work had to be conducted remotely, with only the national consultants able to travel to the field. This inevitably restricted the amount of interaction, exchange and field experience that was possible. It also delayed the process, meaning that the review took place over the entire year from January to December 2020, during which the circumstances in Madagascar (as elsewhere around the globe) evolved rapidly.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Country context

reduction of average income per capita by 13%

90% living below the international poverty line of USD 3.20 a day

97% living on less than USD 5.50 a day

- 5 years
50 % chance of being stunted

1.38 million people in 2020 living on USD 1.90

Madagascar had previously been enjoying a period of sustained growth, with the IMF suggesting that it might even be starting to enjoy a "sustained growth spell". But these projections have been overturned by the impact of COVID-19, and projections are now for negative growth in 2020. Economic growth is expected to pick up only slowly during 2021, and the cumulative effect over the two years is that the crisis would have reduced average income per capita by about 13 per cent when compared with pre-crisis expectations. Even pre-COVID, Madagascar's human development indicators were concerning. More than 90 per cent of Malagasy were living below the international poverty line of USD 3.20 Purchasing Power Parity (PPP) a day, and nearly everyone (97 per cent) — all but a tiny minority — was living on less than USD 5.50 (PPP) a day. Latest estimations are that the poverty rate at USD 1.90 (PPP) a day in Madagascar will have increased by 1.38 million people in 2020 alone.

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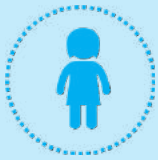
The high rates of poverty in Madagascar translate into extremely high rates of chronic malnutrition: a Malagasy child under 5 years of age currently faces a 50 per cent chance of being stunted, and around 1 in 5 children is severely stunted. The recent 2018 Multiple Indicator Cluster Survey (MICS) reported that only around 76 per cent of primary school age children are enrolled in school, only 27 per cent of lower secondary school age children and a mere 13 per cent of upper secondary. Similarly, MICS found that only 41 per cent of children aged 12-23 months had received the basic set of essential vaccinations, fewer than 25 per cent had had the full recommended set, and 20 per cent had not been vaccinated at all. In addition to the strict financial barriers, poverty also impacts access to education and healthcare in terms of the infrastructure available to gain access. In 2015, it was reported that 40 per cent of the population in Madagascar lived in areas far from health centres, often necessitating a 2 hour walk to reach a health centre.



1 in 5 children is severely stunted

76 % of primary school age children are enrolled in school,

only 27 % of lower secondary school

13 % of upper secondary

These challenges will inevitably be worse for persons with disabilities, who face greater barriers of access, and for whom the costs of participation are necessarily higher. There are no reliable estimates of the number of persons with disabilities in Madagascar. The Ministry of Health estimates 7.5 per cent of the population, the WHO 15 per cent (presumably based on their global assessment which includes moderate limitations). The recent MICS sample survey found that 13 per cent of children aged between 2 and 17 suffered from some functional limitations in at least one domain; and that 9.0 per cent of women and 3.9 per cent of men aged between 18 and 49 suffered from at least one functional limitation in basic activities. A UNICEF report stressed that the number of enrolled children with disabilities represents just 0.62 per cent of overall enrolment in primary education, and only just over one tenth of children with disabilities are enrolled.

3-4 cyclones a years

$800 millions loses

Madagascar is also among the most vulnerable countries to climate change in the world, averaging around three-four cyclones a year, as it is an island territory in the direct path of storms blowing west from the Indian Ocean. World Bank estimates that cyclones and floods cause average economic losses of up to USD 100 million per year, and losses from severe cyclones can cause losses of up to USD 800 million. Drought is also common in the South of the country and is associated with high levels of seasonal and cyclical food insecurity: just in 2016, the drought brought upon by El Nino caused harvest losses of up to 95 per cent.

Existing social assistance

In the face of these serious challenges, Madagascar's investment in social protection remains among the lowest in the world. Even using a very broad definition of social protection, the Government of Madagascar only spent around 0.7 per cent of GDP on social protection in 2014 (which includes significant spending on social insurance) and indeed ranks last in the UNDP's Social Protection Index for Africa. Adopting a narrower definition of social protection, focussing on universal health insurance and on the social safety net programmes delivered through the Government and the *Fonds d'Intervention pour le Développement* (FID), suggests that only 0.11 per cent of GDP had been allocated to social assistance in 2020, representing a dramatic reduction, by more than half, of the equivalent amount of 0.26 per cent of GDP allocated to such social assistance in 2019. This is well below the 1.3 per cent of GDP that the ILO estimates is the average of such expenditure in low-income countries.

National Social Protection Policy (PNPS) approved in 2015

and the National Social Protection Strategy (SNPS) 2019-2023

Increase this to 15% by 2023 (0.5% of GDP), and to 50% by 2030 (1.5% of GDP)

To begin to address this challenge of limited investment in social protection, the Government of Madagascar approved its National Social Protection Policy (PNPS) in 2015 and the National Social Protection Strategy (SNPS) 2019-2023, to be led by the Ministry of Population, Social Protection and Promotion of Women (MPPSPF). Despite widespread vulnerability, the Government's flagship programme under the NSPS – the national social safety nets (NSSN) programme – currently targets a very small population: just 5 per cent of extremely poor households are included, although the Government plans to increase this to 15 per cent by 2023 (0.5 per cent of GDP), and to 50 per cent by 2030 (1.5 per cent of GDP). With the current NSSN programmes funded almost exclusively by external donors, the Government's expressed intent to grow investment in tax-financed social protection to at least 0.5 per cent by 2023 and to at least 1.5 per cent by 2030 would appear to offer only limited fiscal space for expansion, especially in the context of recovery from COVID-19.

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The NSSN comprises two programmes:

- A conditional cash transfer (CCT) focusing on improving primary school attendance called *Transfert Monétaire pour le Développement Humain* (TMDH), with a UNICEF-funded top up for children transitioning to secondary school called Let-us-Learn (LUL). TMDH has also recently absorbed the beneficiaries from *Fiavota*, an emergency cash transfer and nutrition support programme originally set up in response to the 2016 drought in the South of the country, but now assuming more developmental objectives in line with those of TMDH.
- A cash-for-work productive safety net (ACTP) component aimed at providing income support over limited periods, through paid work, for workers assessed as poor in select districts. In addition, unconditional cash transfers are provided for vulnerable persons who are unable to work (up to a maximum of 20 per cent of the total number of beneficiaries).

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Coverage and exclusion

Coverage of Madagascar's NSSN programmes is limited, and because rates of poverty and vulnerability are so high, this means there are inevitably high levels of exclusion, which have significant impacts on the inclusivity of vulnerable children, especially those living with disabilities.

The two NSSN programmes operate in 20 districts out of 119. 7 different regions out of 22

First, the two NSSN programmes operate in only selected communes in just 20 districts (out of 119 in the whole of Madagascar) in parts of 7 different regions (out of 22). This inevitably means that all those who live in any of the remaining communes, districts and regions are systematically excluded from the NSSN programmes. And even in these selected areas, coverage is further rationed through Proxy Means Testing and community verification, to include only some 30 per cent of households, in areas where as many as 95 per cent of children are living in poverty. Yet all children are vulnerable and all those with disabilities require additional support, in whichever fokontany, commune, district or region they live, so the targeting that is used for ACTP and TMDH inevitably excludes a substantial proportion of vulnerable children, even in the few communes and districts where the programmes exist. This represents a failure to invest adequately in the human capital of the country's future, leading to the inter-generational transmission of poverty and thus creating an enduring barrier to achieving Madagascar's full potential.

Furthermore, both the imposition of conditions (on TMDH and ACTP) and the requirement for on-demand registration (on *Fiavota*) may militate against the inclusion of the most vulnerable: there is global evidence that attaching conditions to social transfers may exclude or penalise the most deprived and vulnerable households. Payment of TMDH is conditional on school attendance, which will tend to exclude the most remote and the more vulnerable. Payment of ACTP is conditional for the most part on the provision of labour, and even though the workfare is organised during inactive periods of the agricultural calendar, this nonetheless has a tendency to exclude households who lack spare labour capacity, particularly those without a working age adult, or with a high ratio of dependents (such as infants, the elderly or those with disabilities). In addition, the process of registration for *Fiavota* required physical presence at the nutrition centre, a challenge to the most vulnerable, since they might be deterred by the actual and opportunity costs of travel, because they might not even be aware that the programme exists, or because – as anecdotal evidence during the fieldwork revealed – children with disabilities are often kept concealed out of a sense of shame, and do not attend nutrition centres.


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Adequacy of the transfer

Transfer values on TMDH vary considerably based on the composition of the household, while those on ACTP are fixed. The review's analysis finds that ACTP's transfer represents about 8.4 per cent of the national poverty line and 12 per cent of the extreme poverty line, while TMDH represents about 6 per cent of the national poverty line and 8 per cent of the extreme poverty line. Among the bottom two income groups, the estimated value of the transfer per beneficiary household member is equivalent to approximately 24 per cent of total household expenditure per capita under ACTP and 17 per cent under TMDH. The average transfer amounts to most beneficiaries are broadly in line with international comparators for public works and child benefit programmes respectively. And the early impact evaluations suggest that for TMDH the level of transfer, while low, is sufficient to generate positive impacts. For ACTP this is less evident: perhaps because when the small incremental increase offered by the transfer requires a small but significant time commitment, thus incurring opportunity costs, and when it necessitates the expenditure of physical energy, as in the case of public works, the small incremental gain becomes a net loss. As a result, the very poor households on ACTP may see a marginal net worsening of their status, which is confirmed by the negative impacts on some indicators of child well-being that emerge from the mid-term evaluation.


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For children with disabilities, the value of a transfer should compensate them for the additional costs to participate equally in society, even before beginning to provide positive incremental incentives to improving their lives. These costs are significant and require a higher level of transfer. The comparison of the value of transfers that TMDH and ACTP make to their beneficiaries with disabilities, with transfers made under international disability programmes, indicate that they are inadequate: none provides even 5 per cent of GDP per capita, whereas in the majority of countries, the value of a disability transfer is 10 per cent and above, and in many cases above 20 per cent, of GDP per capita.


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Links to services

TMDH and ACTP have both been successful in delivering other services to beneficiaries, with the introduction of "Mother Leaders" having proved to be a positive and cost-effective innovation that has amplified impact. The challenge remains to strengthen links to Government service providers, which currently face significant supply-side constraints. Ideally, rather than the NSSN programmes having to spend up to 20 per cent of their budget on providing services, they should move towards a situation where the social assistance programme delivers the cash, but where accompanying services are provided through linkages and referrals to other Government service providers.

This is also because the Mother Leaders are stretched: that they contribute 5 to 6 hours of their time per week voluntarily is already laudable. But it seems likely that an alternative approach will be needed to strengthen linkages to other support services and referrals (including for the multiple and varied requirements of persons with disabilities), to avoid over-burdening the Mother Leaders and potentially jeopardising the quality of the work they already do on the NSSN programmes. This could take the form of a single window or "one-stop shop" for Government services, either at commune level or using a mobile facility, an approach which it is recommended should be piloted on *Fagnavotse*.

Exploration of options

The review developed a web-based micro-simulation tool to help with its own analysis and to offer a tool to Government to continue to explore different options. It modelled a number of different scenarios, not in order to propose any one of these as the way forward, but to inform discussion on possible solutions to the current levels of exclusion of vulnerable children (including those with disabilities) from the existing NSSN programmes. Three scenarios are presented in detail:

- TMDH: A gradual geographical rollout of the TMDH scheme, targeting the poorest 30 per cent of households with age-eligible children, combined with an additional transfer for families caring for children with severe disabilities.
- UCB: A gradual geographical rollout of a universal child benefit (UCB) – to replace the TMDH – for all pregnant women, children up to 15 years of age, and all children under 18 with a severe disability.
- Hybrid: A gradual geographical rollout of a child benefit scheme for pregnant women and children that is universal in rural areas and targeted at the poorest 30 per cent in urban areas.

Conclusions

Provision of support to children should be a priority of any government, because those children represent the future of the country. And support to children with disabilities should be absolutely guaranteed, and a primary obligation of any Government that is a signatory to the CRPD.

This review has shown that a very substantial majority of children in Madagascar receive no support. Currently the NSSN programmes reach only 3 per cent of all children, in a country where 83 per cent of children are living in monetary poverty, and a similar number (82 per cent according to the recent cross-country Multiple Overlapping Deprivation Analysis) are suffering from some form of multi-dimensional poverty. They are excluded because of a range of factors: the Region, district, commune or fokontany where they reside, the characteristics of the composition of the household in which they live, and the ability of their caregivers to meet the necessary conditions and registration requirements…all of which will tend to militate against the inclusion of the most vulnerable among them.

There is currently no automatic inclusion of persons with disabilities in the existing NSSN programmes. Such people are eligible, and indeed in some cases special arrangements are put in place to prioritise them for inclusion, which is very positive. But there remain a number of factors that may compromise such inclusion (barriers of distance and inaccessibility, household-based targeting, complexity of registration procedures, conditions for eligibility, and so on).

This review recommends that the first step to improve inclusivity of the NSSN is to scale up coverage of children to become truly national. But this on its own would be insufficient, since the implementation of a poverty-targeted household grant, even nationally, will still leave substantial numbers of vulne-

rable children uncovered. So the review recommends strongly that the current TMDH should be reformed to become a child benefit, based on the individual child, rather than on the household to which he or she belongs. This is more consistent with the rights of the individual child, and it reflects the first recommendation of the recent MODA study which "emphasizes the importance of developing social policies targeting the hidden deprivations of children suffering from discrimination or inequality within the household, such as relinquished children or orphans. This has implications, for example, for social transfers which often target entire households". And there is a strong case, especially in a country with poverty as widespread, as pervasive and as persistent as Madagascar, that this should be provided universally, to get every child off to the best possible start in life. The review does recognise, however, that this can probably only be achieved progressively, and over a period of time, especially given the fiscal constraints during the period of recovery from COVID-19. It would also entail a higher investment, by 2030, than that envisaged in the SNPS, at nearly 2.5 per cent of GDP, compared with 1.5 per cent of GDP in the SNPS.

Clearly, such a substantial investment would need to be analysed in greater detail. The modelling undertaken as part of this review ignores a number of contextual factors that should be taken into account within the overall macroeconomic framework, to better explore the budgetary, fiscal and monetary implications. It would also be necessary to explore the potential options for funding the expansion: either from traditional mechanisms such as quantitative easing, seeking debt relief, reallocation of Government expenditure and budget efficiencies, making taxation more progressive, improving tax collection, reducing illicit financial flows; or through more innovative approaches such as taxes on the digital economy, inheritance, transaction and tourist taxes, a surcharge on natural resource extraction and expanding so-called 'sin taxes' on luxury items, tobacco and alcohol. Both the IMF (2020) and OECD (2020) have argued in favour of taxes for redistribution as important "solidarity surcharges" in post-COVID-19 recovery. Finally, the possible risks of inflation of such a substantial programme would need to be assessed and monitored. Global experience suggests that social transfers do not lead to inflation, since they tend to be spent locally, on basic goods and services, and are more usually found to generate positive multipliers in local markets, but this would need to be confirmed in Madagascar, especially in more remote areas where supply might not necessarily follow demand.

One option, to reduce initial costs, would be to differentiate between rural and urban areas. Rural areas are significantly poorer, on average, than urban ones, and it would be possible, as in our hybrid option, Scenario 3, to envisage a child benefit that was universal in rural areas but targeted in the wealthier urban areas, either using PMT as now, or adopting other approaches to rationing. But the savings would not be huge, since only about one-fifth of all children live in urban areas, the impacts would be lower (as shown in the comparison between Scenarios 2 and 3), and a decision would therefore need to be taken about whether the cost savings really outweigh the added complexity, reduced coherence and likely loss of political support as a result of excluding some children.

A stunted child faces a higher risk of dying from infectious disease - 1.9 to 6.5 times more likely to die

The child is likely to perform less well in school


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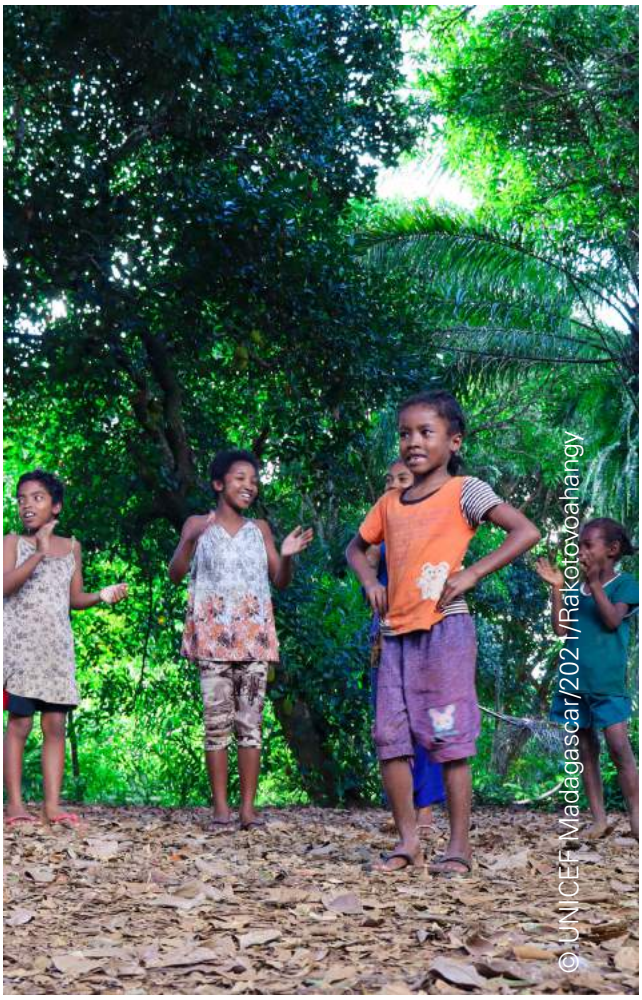
Perhaps a better approach would be to advocate for the universal child benefit as the excellent investment that it would undoubtedly be. It should be a moral obligation for any country to give its next generation of citizens the best possible start in life; but there are also strong economic arguments since malnutrition and sub-optimal child development have significant costs. A stunted child faces a higher risk of dying from infectious disease (1.9 to 6.5 times more likely to die, with this risk rising significantly in cases where there is a concurrence of both stunting and wasting) and the child is likely to perform less well in school (equivalent to two to three years' loss of education). Stunting is associated with impaired brain development, meaning lasting, diminished mental functioning. This, in turn, leads to significantly reduced learning. Adults stunted as children earn a lower income in life (on average, 22 per cent less), which further exacerbates deprivation. So investing in all children could be expected to generate a substantial return through a range of channels: reduction in maternal mortality due to anaemia, a reduction in low birth weight and infant mortality by eliminating maternal anaemia, savings from foregone treatment of chronic diseases of low birth weight children, and reduction of stunting by removing micronutrient deficiency. A universal child benefit can be shown to represent a better return on investment than most large infrastructure projects.

The child poverty headcount rate would fall by around 7% with a universal child benefit

using a lower poverty line set at 50% of median per capita income, the child poverty headcount rate would fall by fully 53%

Overall, an expansion of the social protection system as proposed in this review would have significant impacts on a range of indicators related to poverty, inequality and child well-being. As a result of the additional income from transfers, child poverty would decrease. When measured against the national extreme poverty line, the child poverty headcount rate would fall by around 7 per cent with a universal child benefit. Using a lower poverty line set at 50 per cent of median per capita income, the child poverty headcount rate would fall by fully 53 per cent in this scenario. Income inequality, as measured by the Gini coefficient, would decrease too, by 8 per cent.

The simulations also indicate that social transfers can help boost education indicators, with significant increases in the share of young children attending early childhood education and attendance rates for primary and secondary schooling, especially under the universal child benefit scenario. Moreover, the increased coverage of social transfers would have an impact on family's ability to obtain access to improved drinking water sources; and, for adolescent girls, it could decrease the likelihood of teenage pregnancy and early childbearing by over 4 per cent in the UCB scenario. This confirms international evidence (e.g. from South Africa) that – in direct contradiction to common misperceptions – a universal child benefit could also be expected to reduce the fertility rate.



The high coverage of households through a universal child benefit would also profit the demand side of the economy, another important consideration in the context of recovery from COVID-19, where domestic markets may need to be stimulated to support the economy. This rationale, of increasing domestic money supply through an expansion of cash transfers, is being followed by countries across the globe as they seek to stimulate their economies, minimise the severity and duration of the recessions they face as a result of COVID-19, and enable their economies to rebound more quickly.

Alongside this, social support to children through the NSSN should recognise the additional vulnerability of children with disabilities. The review recommends the incorporation of an additional "equal opportunities benefit" for such children with disabilities, into the broader child benefit programme as it is progressively expanded across the country.

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1. Objectives of the Review

The programmatic review has been commissioned by UNICEF on behalf of MPPSPF, in preparation for the Joint SDG Fund Project "Integrated and inclusive social protection system", called Fagnavotse and conducted in collaboration with ILO, WFP and UNFPA. The Terms of Reference (ToR) define the purpose of the review as being "to provide technical assistance to the Government of Madagascar to increase the inclusiveness of the national safety nets programme, with a focus on the most vulnerable children".

The need for such a review was first posited in the SNPS, which argued in a box on page 36:

Adaptation des programmes de protection sociale aux différentes catégories/ types de vulnérabilité

Afin d'évoluer vers un système de protection sociale qui prend en considération les besoins des différentes catégories et groupes vulnérables, le Gouvernement propose de conduire des analyses approfondies sur leurs besoins spécifiques et leurs contraintes à l'accès aux service sociaux de base (par exemple personnes âgés, enfants orphelins, personnes handicapées, etc.) en se basant sur les données du recensement et l'enquête MICS conduits en 2018. Cette action stratégique rentre dans l'axe 2 de la SNPS (action 2.4).

Sur la base de ces analyses il sera par la suite possible d'adapter les principaux programmes de protection sociale (y inclus les transferts sociaux) aux besoins spécifiques de certaines catégories. Cette démarche permettra de minimiser l'exclusion de certains groupes vulnérables et de mieux répondre à leurs besoins spécifiques à travers une adaptation des principaux programmes. A l'heure actuelle en effet les principaux programmes de transferts sociaux sont très focalisés sur les ménages avec enfants, tout particulièrement en âge scolaire, et ne sont pas forcément adaptés à répondre aux besoins d'autres groupes vulnérables.

The focus of the review is therefore on specific vulnerable groups, and on how to include them more in the existing suite of social protection programmes, with a focus, as agreed during the inception phase, on the Government's national social safety net (NSSN) programmes. The outcome of the review will help the Government to formulate recommendations for modifications to these programmes which would be implemented during the next five years, as set out in Strategic Action 2.4 of the SNPS:

D'ici 2023, sur la base des études menées, au moins trois adaptations spécifiques auront été faites aux programmes de protection sociale afin de mieux intégrer les besoins des groupes vulnérables spécifiques, y compris les personnes handicapées.

As set out in the terms of reference, the review will support UNICEF under its Social Policy section in formulating recommendations to the Government on:

- The most appropriate type and level of social protection services for each category analysed (categories could be based on the life cycle approach, with a particular focus on the most vulnerable children, and additionally include people with disabilities);
- How to modify the parameters of the safety nets programme (i.e., targeting, transfer amount) to make it more inclusive and more child sensitive; and
- What type social assistance/social protection programmes should be put in place to complement the safety nets programme for specific groups of people, including those with disabilities.

- These themes correspond to the ToR's proposed structure for the report, which suggests three main areas of focus, in order to make concrete recommendations for design modifications:
- Coverage gaps: Based on the results of data analysis and discussions with the main stakeholders, the review identifies coverage gaps for specific categories of people in the existing programmes and provides suggestions to make the system more inclusive.
- Level of benefits: Adequacy of benefit level is also analysed to understand if the transfer is aligned with the objective of the safety net (poverty reduction and promotion of human capital investment, particularly for children). It also considers the transfer value in the context of the additional costs associated with having to function with a disability or a chronic illness.
- Linkages with additional social services: The report analyses the existence or lack of appropriate linkages with other social services and makes suggestions on the type of social programme that should be put in place to complement the safety net for specific groups of people (including people with disability).

The programmatic review report will provide concrete suggestions and expected impacts on how to improve the NSSN Programme in Madagascar, potentially laying the foundation for a more inclusive national social protection system in the future. The review and its recommendations will take into account the Government's policy objectives of promoting human capital (particularly for children) and reducing extreme poverty. Its findings are intended to help the Government, in particular the MPPSPF and its partners, with reviewing and improving the implementation of the PNPS and SNPS, across a number of dimensions – these are discussed in Chapter 4 – and in particular with making them more inclusive – see chapter 5. It is in no way intended as a general evaluation of the existing NSSN programmes: its focus is on whether, and how, these programmes might be made more inclusive, and what additional support to children and specific vulnerable groups (in particular persons with disabilities) might be required.

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2. Methodology

2.1 Inception mission

The purpose of the inception mission – undertaken by the Team Leader, Nicholas Freeland, and the National Consultant, Bali Andriantseheno, from 26 January to 1 February 2020 – was to scope and plan the assignment. Preceded by a period of desk review of available documentation, the inception mission included meetings with:

- UNICEF: its Social Policy and Evaluation (PSE) Section and other relevant programmatic sections
- Government: MPPSPF, the Ministry of Health, the Ministry of Economy and Finance (MEF), *Fonds d'Intervention pour le Développement (FID)*
- Partners: World Bank, UNFPA, ILO, WFP, and Humanity & Inclusion.

The mission also presented the assignment to two key coordination groups representing different stakeholders in the social protection sector: the broader Thematic Group on Social Protection (GTPS), and the Technical Focus Group (GTR) that will monitor and review the assignment.

The Inception Report set out the conclusions of the scoping and planning process conducted during the mission. It also established the proposed methodology for the data analysis, modelling and micro-simulation to be undertaken by the Statistician on the team.

2.2 Second mission

The intention had been to have a second mission in March 2020, during which the preliminary recommendations would have been presented, the analysis deepened, and a draft simulation tool presented to Government. However, the advent of COVID-19 meant that this was impossible, and required substantial reorganisation of the workplan. Instead of an in-country mission, the consultants worked remotely to develop two main outputs:

1. A draft report, setting out the analysis that it had been possible to undertake remotely; and

2. The online simulation tool of the coverage, impact and cost of social protection programmes.

With the continuing restrictions on international travel making a further mission impossible, it was agreed to terminate the assignment remotely, with provision for a field trip by the two national consultants to validate some of the recommendations where possible. This and further desk research were used to inform the final report, submitted in December 2020.

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2.3 Simulation tool

A microsimulation tool was developed to support the analysis and decision-making process, by permitting the modelling of the coverage, cost and potential impacts of modifications and alternatives to the social protection schemes in Madagascar. This was done using household survey data from the 2018 Multiple Indicator Cluster Survey (MICS) and the 2012 *Enquête Nationale sur le Suivi des indicateurs des Objectifs du Millénaire pour le Développement* (ENSOMD). Simulations take into account revised population figures from Madagascar's 2018 Census and population growth, and also projections from the United Nations' 2019 Revision of World Population Prospects. In line with the latest projections from the IMF (WEO, April 2020), it is assumed that real GDP growth will be 0.4 per cent in 2020 and 5.0 per cent in 2021. For subsequent years, it is assumed that real GDP growth will revert to the IMF's pre-COVID-19 projections (WEO, October 2019) and hover around 4.8 per cent annually. Further technical details are available in Annex 2.

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3. Poverty and vulnerability overview

3.1 Economic development

Like many countries in Africa, Madagascar has seen sustained economic growth in recent years, hovering between 4 and 5 per cent since 2013, a trend that had been expected to continue until the arrival of COVID-19[6]. However, this growth has been far from inclusive, with every indication suggesting that the Gini coefficient is on an upward trajectory: 3.86 in 1999, 39.9 in 2005, 42.4 in 2010 and 42.6 in 2012, the last year for which reliable information is available[7]. The vast majority of Malagasy find even basic survival is a challenge.

Prior to the advent of COVID-19, which reached Madagascar in April 2020, the economic outlook had been relatively positive. The latest IMF Article IV review had postulated that the country might even be starting to enjoy a "sustained growth spell". And the World Bank was able to report in 2019, that "The economy remains dynamic". "After having achieved growth of 5.1 per cent in

[6] *World Bank (2018). Madagascar Economic Update: Fostering financial inclusion.* http://documents.worldbank.org/curated/en/789051532448517077/pdf/128782-REPLACEmENT-Digital-MEU-Fostering-Financial-Inclusion.pdf.

[7] *World Bank,* https://data.worldbank.org/indicator/SI.POV.GINI?locations=MG

2018, driven by the export, transportation, finance, and construction sectors, economic activity slowed in the first half of 2019 under the combined impact of weakening external demand and a slowdown in public expenditure when the new government took office. Nevertheless, growth [had been] projected to reach approximately 4.7 per cent in 2019, which should result in a 2 per cent increase in per capita income this year, far surpassing the Sub-Saharan average of 0.3 per cent". Ambitious public investment plans and a resurgence of confidence following the elections were projected to trigger robust growth of up to 5.3 per cent in 2020, before stabilising at around 5 per cent in 2021.

Unfortunately, COVID-19 has seriously upended such optimistic projections. According to World Bank's latest (December 2020) Madagascar Economic Update, the local effects of the pandemic, combined with global trade and travel disruptions, are expected to result in a sharp slowdown in Madagascar this year. Negative growth is predicted to be -4.2 per cent in 2020, compared with the earlier positive estimate of 5.3 per cent, meaning that that income per capita will be 9.4 per cent lower than expected at the start of the year, erasing all the gains achieved since the return to constitutional order in 2013[8].

The same Economic Update reported that in the first semester of 2020, global goods trade volumes were down 15 per cent from a year earlier, and passenger air travel down 98 per cent. This was reflected in a sharp contraction in export revenues in Madagascar, particularly from textiles, mining, and tourism, which were key sources of growth and job creation prior to the crisis. Overall, in the first half of 2020, goods export values fell at an annual rate of 15 per cent, reflecting a drop in both volume and prices amid weakening external demand. In Madagascar, an abrupt slowdown in almost all sectors of the economy led to a 20 per cent contraction in GDP in the second quarter (from a year earlier), by far the sharpest decline since the start of quarterly national accounts data in 2007. On average, 97 per cent of surveyed companies reported a decline in demand for their products and services in the first semester. In response, businesses in Madagascar have cut wages, reduced working hours and laid-off workers or in some cases have been forced to exit the market altogether. Around 32 per cent of formal companies surveyed are estimated to have closed their doors (46 per cent in the tourism sector), 7 per cent permanently. Household surveys illustrate the impact on the labour market, with an estimated contraction in total employment of 7.7 per cent in the first semester. Hardest hit sectors were in restaurants, hotels and transportation[9].

Growth in Madagascar is expected to recover in 2021-23, but at a gradual pace and it will continue to face underlying constraints. It is expected to remain subdued in 2021, at around 2 per cent, which is insufficient to increase average income per capita: indeed the cumulative effect over two years is that the crisis would have reduced average income per capita by about 13 per cent when compared with pre-crisis expectations[10]. The budget deficit would increase to 5.4 per cent of GDP in 2021, about 2.5 percentage points above pre-outbreak projections, while the current account deficit would increase to -4.4 per cent of GDP but would remain below previous projections[11].

[8] *World Bank (2020)*

[9] *Ibid*

[10] *Ibid*

[11] *Ibid*

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3.2 Monetary poverty

Madagascar ranks 162 of 189 countries on the Human Development Index, positioning it within the lowest human development category[12]. It also has one of the world's lowest human capital index rankings[13]. Poverty levels have barely budged in recent years and are among the highest in the region. According to official figures, the poverty headcount was around 71 per cent in 2012, and had declined by only around 4 percentage points by 2019. (The regional average official poverty rate is 41 per cent.)[14] Using the national poverty lines from the 2012 *Enquête Nationale sur le Suivi des Objectifs du Millénaire pour le Développement* (ENSOMD), the poverty rate (individuals with inadequate resources to meet their basic needs – i.e. living on less than MGA 535,603 per year) was over 71 per cent; and the extreme poverty rate (individuals unable to meet even their minimum food requirement – i.e. living on less than MGA 374,941 per year) was almost 53 per cent. ENSOMD also found that only 57 per cent of female-headed households were poor, compared with 63 per cent of male-headed. In general households headed by women are smaller than those headed by men (3.5 members compared with 4.8 members); so in terms of overall population the gap in poverty incidence diminishes, but still favours women by 70 per cent to 72 per cent.

Using international measures of poverty, the situation appears equally challenging. According to the World Bank, 74.3 per cent of the population lives on less than USD 1.90 Purchasing Power Parity (PPP) a day[15]. Using data from 2012, reveals that more than 90 per cent of Malagasy were living below the international poverty line of USD 3.20 (PPP) a day, and nearly everyone (97 per cent) —all but a tiny minority — was living on less than USD 5.50 (PPP) a day (see Figure 3-1).

The World Bank Economic Update of December 2020[16] estimates that COVID-19 will have significantly worsened poverty. Extreme poverty is predicted to increase significantly in 2020, with vulnerable populations in urban areas particularly affected. Under its baseline assumptions, the poverty rate (at USD 1.9/day) is estimated to rise to 77.4 per cent in 2020, up from 74.3 per cent in 2019, corresponding to an increase of 1.38 million people in a single year. Given the outsize impact of the pandemic on urban populations as well as the projection of an expected increase in extreme poverty in 2020, the Update suggests "there is a significant risk that the COVID-19 crisis could widen existing inequalities and societal divides, contributing to heightened fragility"[17].

[12] *UNDP (2018). Human Development Indices and Indicators: 2018 Statistical Update. Briefing note on Madagascar.*

http://hdr.undp.org/sites/all/themes/hdr_theme/country-notes/MDG.pdf

[13] *World Bank (2019a). https://www.worldbank.org/en/publication/human-capital*

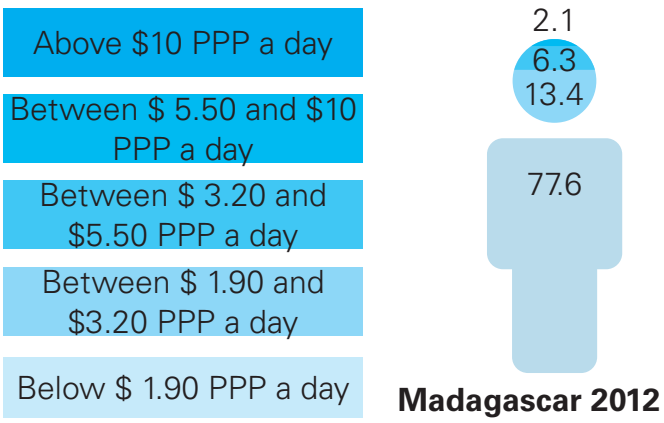
[14] *World Bank (2019b). https://www.worldbank.org/en/country/madagascar/overview*

[15] *Ibid*

[16] *World Bank, 2020.*

[17] *Ibid*

Figure 3-1: International poverty lines in Madagascar

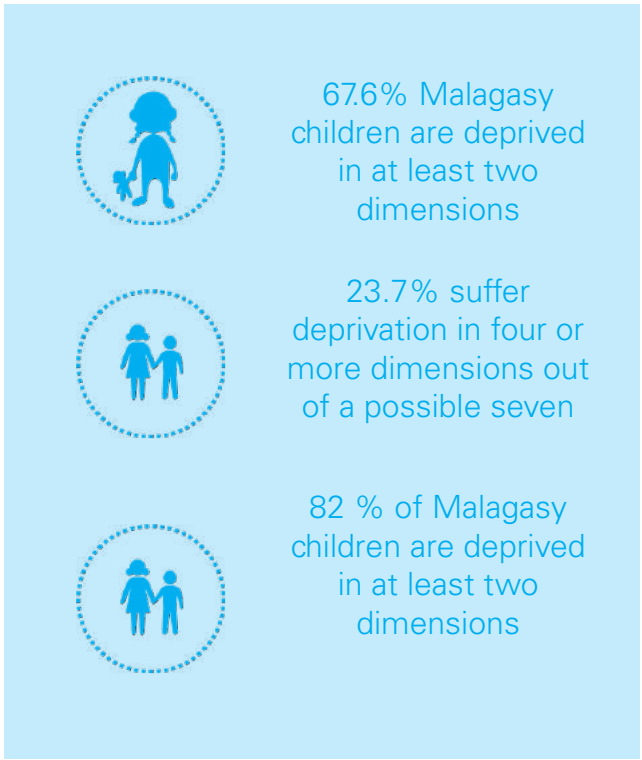


Source: World Bank, PovcalNet: http://iresearch.worldbank.org/PovcalNet/povOnDemand.aspx

3.3 Child poverty

Madagascar ratified the Convention on the Elimination of All Forms of Discrimination against Women in 1989 and the Convention on the Rights of the Child in 1991. Yet women and children remain highly vulnerable, and poverty rates are higher among children. The recent national Multidimensional Overlapping Deprivation Analysis (MODA)[18], commissioned by the Ministry of Economy and Finance and UNICEF, finds that more than two-thirds (67.6 per cent) of Malagasy children are deprived in at least two dimensions, and nearly a quarter (23.7 per cent) suffer deprivation in four or more dimensions out of a possible seven[19]. In terms of the MODA indicators used for the purposes of cross-country comparison[20], 82 per cent of Malagasy children are deprived in at least two dimensions, and 88 percent of those in rural areas (compared with 61 per cent in urban areas).

The proportion of poor children is highest in the South-West: in the regions of Atsimo Andrefana and Ihorombe, nearly half of all children (49.3 per cent and 49.1 per cent respectively) suffer from material deprivations in four or more dimensions, compared with fewer than 5 per cent in Analamanga. About 40 per cent of children in households headed by someone with no formal education are extremely poor, compared with 10 per cent in households headed by someone with secondary level education or better (with the level of education of the mother having more impact than that of the father); other decisive factors include religion, age and sex of the household head, geographic location and household size. The national MODA further highlights the importance of considering individual children: it "emphasizes the importance of developing social policies targeting the hidden deprivations of children suffering from discrimination or inequality within the household, such as relinquished children or orphans. This has implications, for example, for social transfers which often target entire households".



[18] *UNICEF, INSTAT & Oxford Policy Management (2020a).*

[19] *The seven possible dimensions analysed were nutrition, health, education, water, sanitation, housing and communication.*

[20] *UNICEF, INSTAT & Oxford Policy Management (2020b).*

The national MODA also shows clearly the need to look beyond monetary poverty to understand the factors that influence the well-being of children: almost half of all children who are deprived in four or more dimensions are not in the poorest quintile of the wealth distribution. Multiple regression analysis shows that children in rural areas suffer 14 per cent more deprivations than in urban areas, which cannot be explained by wealth, education or demographic differences. Furthermore, the analysis confirms significant comparative disadvantage among non-Christians, orphans, those with disabilities and the elderly, which again can only be explained by cultural differences or intra-household discrimination.

The high rates of poverty in Madagascar translate into extremely high rates of chronic malnutrition. A Malagasy child under 5 years of age currently faces a 50 per cent chance of being stunted, and around 1 in 5 children is severely stunted[21]. The MODA found that more than 90 per cent of children aged between 6 and 23 months are not achieving acceptable levels of minimum dietary diversity. Stunting is likely to set them back over their lifetimes. Indeed, a lack of investment into health and nutrition in early childhood leads to a significant loss to any economy by reducing children's future productivity in the labour force: children experiencing stunting are likely to earn 26 per cent less as adults than if they had reached their full development potential[22].

[21] *UNICEF (2018), La protection sociale à Madagascar,* *https://www.unicef.org/madagascar/media/431/file/Rapport%20Cash%20transfer,%202018.pdf.*

[22] *Richter et al (2017).*

3.4 Access to education

As Malagasy children enter school age, they face other challenges. The 2018 MICS reported that around 76 per cent of primary school age children are enrolled in school, but only 27 per cent of lower secondary school age children and a mere 13 per cent of upper secondary[23]. Furthermore, according to UNICEF, less than 40 per cent of Malagasy children will complete primary school, and nearly one in three (around 28 per cent) primary aged children are engaged in child labour[24]. The MODA found that nearly two-thirds of children aged between 15 and 17 years are three years or more behind in their schooling. While school enrolment rates had been improving before the political crisis in 2009, enrolment and attendance among primary and secondary school children dropped (e.g. to an alarming 40 per cent in the region of Androy). This coincides with a fall in public investment in education: the share of teachers employed as civil servants dropped from around 47 per cent in 2006/07 to only 15 per cent in 2013/14[25].

76% of primary school age children are enrolled in school

27% of lower secondary

13% of upper secondary

[23] *UNICEF (2018), MICS*

[24] *Morey and Seidenfeld (2019). "Impact Evaluation of UNICEF's Let Us Learn Cash Transfer Supplement Programme in Madagascar"*

Midline report (January 209). UNICEF, Antananarivo. https://www.unicef.org/madagascar/rapports/let-us-learn-cash-transfer-rapportintermediaire. Ibid.

[25] *World Bank (2015). The crisis particularly impacted negatively on children in rural and southern regions, and especially boys, likely due to child labour.*

3.5 Access to health care

Poverty and access to healthcare are intrinsically linked in more than just the obvious financial barrier of being able to afford healthcare. The 2018 MICS found that only 41 per cent of children aged 12-23 months had received the basic set of essential vaccinations, fewer than 25 per cent had had the full recommended set, and 20 per cent had not been vaccinated at all. Only half of pregnant women have the recommended minimum of four pre-natal check-ups, only 27 per cent make the first check-up within the first three months of pregnancy, six out of ten births are at home, and only one in two births is supervised by a qualified birth attendant.

Indeed, as the first obstacle to access to healthcare, there is strong evidence and consensus in the global health community that even small user fees can reduce access to essential health services for the poor. In fact[26], in 2014, two pilot programmes were implemented in two rural districts of Madagascar, in order to remove access barriers by providing primary health care services free of charge and thereby test the applicability of the global consensus in the Madagascar context[27]. The study showed that when fee exemptions were introduced for targeted medicines and services, the use of health care increased by 65 per cent for all patients, 52 per cent for children under age five, and over 25 per cent for maternity consultations. In addition to a strict financial barrier, poverty also impacts access to healthcare in terms of the infrastructure available to gain access. In 2015, it was reported that 40 per cent of the population in Madagascar lived in areas far from health centres, often necessitating a 2 hour walk to reach a health centre[28].

[26] *Garchitorena A. et al. (2017). In Madagascar, Use of Health Care Services Increased When Fees were Removed: Lessons for Universal Health Coverage. HEALTH AFFAIRS, Vol 36, NO. 8, p1443–1451*

[27] *Ibid*

[28] *Barmania S. (2015) Madagascar's health challenges. The Lancet. World Report. Vol 386, Issue 9995, p729-730.*

Box 3-1: Disability in Madagascar

For those living with disabilities, the challenges are even greater: Madagascar ratified the Convention on the Rights of Persons with Disabilities (CRPD) in 2015, which guarantees as one of its eight principles "equality of opportunity"; but very little has so far been done to include them in reaping the benefits of economic growth.

There are no reliable estimates of the number of persons with disabilities in Madagascar, leading the President of the Madagascan Network of the Handicapped (RMH) to bemoan the Government's failure to obtain "serious statistics". The Ministry of Health estimates 7.5 per cent of the population, the WHO 15 per cent. The recent MICS sample survey, the first to use the short set of Washington Group questions, found that 13 per cent of children aged between 2 and 17 suffered from some functional limitations in at least one domain. It also found that 9.0 per cent of women and 3.9 per cent of men aged between 18 and 49 suffered from a functional limitation in at least one of the domains.

A UNICEF (2012) report stressed that the number of enrolled children with disabilities represents just 0.62 per cent of overall enrolment in primary education, and only just over one tenth of children with disabilities are enrolled, representing nearly 20 per cent of all children excluded from primary education[29]. A 2016 report by the Education Development Trust estimated that 11.3 per cent of children with disabilities were enrolled in primary school, including all types of provision, which would indicate that 207,159 children remain excluded from school because of their disability[30]. The recent MODA report suggests that there are relatively few extre-

[29] *UNICEF in collaboration with Focus Development Association (2012). Primary school exclusion and ways to improve inclusion in Madagascar.*

[30] *Education Development Trust (2016). "A Study on Children with Disabilities and their Right to Education: Madagascar"*

mely poor children among children with disabilities, but that, where they do exist, they are much more deprived than the average, and are particularly susceptible to suffer from domestic and sexual violence, with knock-on effects on early pregnancy and schooling. In contrast, there are a large number of children of mothers with disabilities who suffer extreme poverty, but the intensity of their deprivation is lower, according to the MODA "presumably because they have found strategies to cope with the challenges they face"[31].

The health challenges will also inevitably be worse for persons with disabilities, who face greater barriers of access, and for whom the costs of participation are necessarily higher, including both direct costs (e.g. for specialised services, transport, rehabilitation or assistive devices) and indirect costs (such as lost revenue for carers in the household).

[31] *OPM (2020)*

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3.6 Humanitarian disasters and climate change

Madagascar is also among the most vulnerable countries to climate change in the world, averaging around three-four cyclones a year[32], as it is an island territory in the direct path of storms blowing west from the Indian Ocean[33]. The World Bank (2016) recently estimated that cyclones and floods cause average economic losses of up to USD 100 million per year, and losses from severe cyclones can cause losses of up to USD 800 million[34]. Drought is also common in the South of the country and is associated with high levels of seasonal and cyclical food insecurity[35]. In addition to Madagascar's existing vulnerability to climate shocks, the amount and strength of the climate disasters are expected to rise due to an expected average temperature increase of 2.5°C-3°C by 2100 resulting in an increasing projected cyclone intensity by almost 50 per cent[36]. The increase in frequency and intensity has already been noticed with Madagascar being struck by 35 cyclones, 8 floods and 5 periods of severe droughts in the past 20 years which represented a three-fold increase over the previous 20-year period[37].

The effects of these covariate shocks are particularly troubling for Madagascar, since the driving sectors of its economy include sectors reliant on climate-sensitive natural resources, such as agriculture, fisheries

[32] *World Bank (2019). https://www.worldbank.org/en/country/madagascar/overview.*

[33] *Rakotoarison, N. (2018). Assessment of Risk, Vulnerability and Adaptation to Climate Change by the Health Sector in Madagascar. Int. J. Environ. Res. Public Health. 15(12): 2643.*

[34] *Cited in UNICEF (2018).*

[35] *Ibid.*

[36] *USAID (2016). Climate Change Risk in Madagascar: Country Fact Sheet. Available at https://www.climatelinks.org/sites/default/files/asset/document/2016%20CRM%20Factsheet%20Madagascar_use%20this.pdf, accessed on 16 July 2020.*

[37] *Ibid.*

and livestock production[38]. Just in 2016, the drought brought upon by El Nino caused harvest losses of up to 95 per cent. That prolonged and severe drought period resulted in 1,144,000 people being food insecure, of which 665,000 people (including over 333,000 women and girls) experienced severe food insecurity, and 475,000 were moderately affected[39]. The shocks also affect availability and access to resources and services. For example, natural disasters cause continuous damages to the health sector which has a devasting effect on a population where the leading causes of morbidity and mortality in both adults and children remain to be infectious diseases, emerging and re-emerging diseases and non-communicable diseases[40].

These covariate risks can throw more people into poverty, and have severely detrimental impacts on people already facing widespread vulnerabilities, including, in particular, those with disabilities and chronic illness. Confronting them will require concerted investment in prevention and mitigation; and social protection can play a vital role.

[38] *Ibid.*

[39] *Rakotoarison, N. (2018). Assessment of Risk, Vulnerability and Adaptation to Climate Change by the Health Sector in Madagascar. Int. J. Environ. Res. Public Health. 15(12): 2643.*

[40] *Ibid.*

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4. Analysis of social protection programmes

In the face of these serious challenges, Madagascar's investment in social protection remains among the lowest in the world. Even using a very broad definition of social protection, the Government of Madagascar only spent around 0.7 per cent of GDP on social protection in 2014 (which includes significant spending on social insurance)[41] and indeed ranks last in the UNDP's Social Protection Index for Africa[42]. Adopting a narrower definition of social protection, focussing on universal health insurance and on the social safety net programmes delivered through MPPSPF and the *Fonds d'Intervention pour le Développement* (FID), suggests that only 0.11 per cent of GDP has been allocated to social assistance in 2020. Worryingly, this represents a dramatic reduction, by more than half, of the equivalent amount of 0.26 per cent of GDP allocated to such social assistance in 2019[43].

To begin to address this challenge of limited investment in social protection, the Government of Madagascar approved its Natio-

[41] *ILO (2017). World Social Protection Report. Source data from IMF.*

[42] *UNDP (2017). "Social Protection and Inequality in Africa: Exploring the Interactions" Chapter 8 in Income Inequality Trends in sub-Saharan Africa: Divergence, determinants and consequences. https://www.africa.undp.org/content/dam/rba/docs/Reports/undprba_Income%20Inequality%20in%20SSA_Chapter%208.pdf*

[43] *Analyse Budgétaire de la Protection Sociale selon le Projet de Loi de Finances 2020, UNICEF (forthcoming)*

nal Social Protection Policy (PNPS) in 2015 and the National Social Protection Strategy (SNPS) 2019-2023, to be led by the Ministry of Population, Social Protection and Promotion of Women (MPPSPF). Despite widespread vulnerability, the Government's flagship programme under the NSPS – the national social safety nets (NSSN) programme (in French FSS - *filets sociaux de sécurité*)[44] – currently targets a very small population: just 5 per cent of extremely poor households are included, although the Government plans to increase this to 15 per cent by 2023 (0.5 per cent of GDP), and to 50 per cent by 2030 (1.5 per cent of GDP).


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These expansion targets reflect a growing commitment by the Government to invest in social protection, but still fall well short of what is needed to address the serious challenges Madagascar faces. With the current NSSN programmes funded almost exclusively by external donors, the Government's expressed intent to grow investment in tax-financed social protection to at least 0.5 per cent by 2023 and to at least 1.5 per cent by 2030 would appear to offer only limited fiscal space in the short term to begin to build a more ambitious and inclusive, lifecycle social protection system. As part of its remit to make social protection more inclusive by closing the gaps in the current coverage, this review will consider feasible options to make current expenditure more efficient; and thereby increase the overall budget available for social transfers.

The NSSN programme consists of two components (see Box 4-1)[45].

Box 4-1: National Social Safety Net programmes (Pillar 1 SNPS)

The two main NSSN programmes are the following:

1) ACTP ("Asa Avotra Mirindra")

Description: Cash for Productive Work programme, making cash transfers to poor households living in potentially productive areas, in exchange for a labour requirement of 80 days per year (split into two separate periods of 40 days), over a minimum of three years. ACTP also has a small component that provides a cash transfer to those unable to work (16 per cent of the total) – this is mostly used to provide persons with disabilities an unconditional cash transfer through the programme.

Beneficiaries: Approx. 43,690 households in 2020.

Funding: World Bank – USD 32.5 million from 2016 to 2021.

Coverage: 7 districts in 7 regions – Ankazoabo (Atsimo Andrefana), Vatomandry (Atsinanana), Isandra (Matsiatra Ambony), Antsanifotsy (Vakinankaratra), Manakara (Vatovavy Fitovinany), Arivonimamo (Itasy) and Manandriana (Amoron'i Mania).

[44] *The acronym NSSN is used throughout to denote the national social safety nets programme, as defined in Axis 1 of the SNPS. This is distinct from the World Bank's "FSS Project", which represents one of the sources of finance for the NSSN.*

[45] *The World Bank project supporting these programmes also has a third component, of crisis response. But this is not a component of the NSSN, so is excluded from the current study.*

2) TMDH ("Vatsin'Ankohonana") and TMDH-LUL, now incorporating Fiavota[46]

Description: Conditional Cash Transfer made every two months to poor households with young children, with an additional UNICEF-funded bonus payment (LUL) for children in the household at secondary school. TMDH has also recently integrated the beneficiaries from Fiavota, an emergency cash transfer and nutrition support programme originally set up in response to the 2016 drought, but now assuming more developmental objectives in line with those of TMDH.

Beneficiaries: Approx. 113,130 households in 2020.

Funding: World Bank – USD 93 million from 2016 to 2021; UNICEF – USD 4.5 million for the period from 2016 to 2019, with further funding for 2020 currently being negotiated. The programme also benefits from financial support from WFP for expansion in response to emergencies (around USD 2 million in 2018/19).

Coverage: 13 districts in 7 regions - Toamasina II** & Mahanoro** (Atsinanana), Ambohimahasoa** (Matsiatra Ambony), Faratsiho** & Betafo** (Vakinankaratra), Vohipeno** (Vatovavy Fitovinany), Betioky Atsimo**, Toliara II (Atsimo Andrefana), Amboasary Atsimo++ (Anosy), Ambovombe++, Bekily++, Beloha++, Tsihombe++ (Androy).

[** denotes TMDH-LUL district; ++ denotes ex-Fiavota district]

This review assesses the existing programmes only from the perspective of their inclusivity of children and other vulnerable groups: it is in no means intended as an evaluation of their overall performance. Undertaking the review presents a key opportunity to consider the strengths and weaknesses of the NSSN programmes' current design with respect to their ability to meet the needs of the most vulnerable children and persons with disabilities. The review will hopefully allow the Government, with UNICEF's support, to significantly improve the coverage, benefit levels and overall impact of support to vulnerable children (including those with a disability), potentially transforming the NSSN into a more inclusive and transformative social protection system for all Malagasy in the future.

It was agreed during the inception mission that the review should focus on just the Government-run programmes that make up the NSSN, namely TMDH-LUL (incorporating Fiavota) and ACTP, though it will learn lessons as appropriate from other related social protection interventions, in Madagascar and elsewhere. It was also agreed that the primary focus should be on children, in particular those with disabilities.

But the review should not limit itself just to cash transfers: as is clear from the ToR, it also needs to consider the cash transfers as a platform to establish strong linkages with other related services, preferably provided by Government, including not only the special services required by those with disabilities, but also health, nutrition, education, child protection and birth registration.

Box 4-2: Shock-responsive social protection programmes

The two main examples of shock-responsive social protection programmes, which are not included in the NSSN and not discussed in detail here, are the following:

1) Tosika Vonjy Aina (TVA)[47]

Description: During an urgent expansion of the Fiavota programme, the TVA pilot programme was launched from November 2018 to March

[46] *In addition, TDMH/Fiavota has a shock-responsiveness pilot programme attached, called Toseke Vonje Aigne (TVA).*

[47] *ALTEC Madagascar. (2020). Evaluation Du Processus De Mise En Œuvre Du Projet Tosekevonjeaigne du Programme Fiavota.*

2019 to provide a shock responsive social protection unconditional cash transfer following the aggravation of the drought caused by El Nino in the south of the country. Through the TVA programme, the Fiavota programme was horizontally expanded by adding new beneficiary households to receive the cash transfer and to access the accompanying measures, and through a vertical expansion as Fiavota beneficiaries saw an increase in their cash transfer amount. Through the TVA non-contributory pilot, Mother Leaders of Fiavota were instructed to welcome new beneficiaries to their wellbeing spaces. This expansion also added the possibility of men participating in the wellbeing spaces as they were also direct beneficiaries of the TVA.

Beneficiaries: The expansion resulted in the number the beneficiary households increasing from 5,500 to 11,905 households receiving MGA 70,000 per month.

Learning: Based on experience from this 2018 pilot, the Government developed an operations manual for shock-response based on the NSSN. This manual sets out the triggers and the implementation modality for seasonal social protection interventions. The response was put into effect in 2019/20 in areas affected by poor harvests in 2019; and a similar response is being put in place for the lean season in 2020.

Coverage: The coverage of the programme will vary from year to year depending on the triggers that have been defined in the manual. The duration is from 4 to 6 months depending on the duration of the lean season.

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2) Tosika Fameno[48]

Description: The unconditional cash transfer, Tosika Fameno, was developed following the COVID-19 pandemic in order to lessen the negative effects of the national lockdown and the weakened economy for households whose income has been interrupted due to the lockdown. The lockdown started with a partial lockdown of Antananarivo and Toamasina on 22 March 2020 and followed with a lockdown of Fianarantsoa on 3 April 2020. The programme is currently being expanded to new locations that have been affected by COVID-19 and by the ensuing confinement measures.

Beneficiaries: approx. 345,000 households received MGA 100,000 for two months, paid in two instalments.

Funding: the funding partners are the World Bank through the FID, UNDP, the EU, WFP, UNICEF, the Malagasy Red Cross, CARE, Action against Hunger, and SOS Village d'Enfants

Coverage: the programme was rolled out in Antananarivo, Toamasina and Fianarantsoa Moramanga covering 769 fokontany, 29 communes, and 8 districts.

The following sections consider three aspects of the existing NSSN programmes (as highlighted in the ToR): coverage and exclusion; adequacy of transfers; and links to other services. The objective is to assess each of these important aspects only from the perspective of the implications for inclusivity, not as an evaluation of the programmes' overall effectiveness. It needs to be clearly recognised that the existing programmes were designed with specific objectives in mind, and that it is in no manner intended as a criticism of their design or implementation if there are deficiencies in their performance measured against other objectives, such as inclusivity of vulnerable groups.

[48] *Fonds d'Intervention pour le Developpement (2020). Tosika Fameno. Accessible via https://www.fid.mg/tosika-fameno/, last accessed on 17 July 2020.*

4.1 Coverage and exclusion

Coverage of Madagascar's NSSN programmes is limited, and because rates of poverty and vulnerability are so high, this means there are inevitably high levels of exclusion. The World Bank's recent Madagascar Economic Update highlights this critical challenge in its "Lessons for Madagascar" section: "Safety net coverage and spending remain very low in Madagascar compared with peers. Whereas countries allocate on average 1.2 per cent of GDP to social safety nets in sub-Saharan Africa, Madagascar devotes only 0.3 per cent of GDP to these programs. Coverage of the extreme poor is low (5 per cent) compared to other countries in the region (28 per cent)"[49].

[49] *World Bank (2020)*

Map 4 1: Districts where ACTP and TMDH are active, 2020

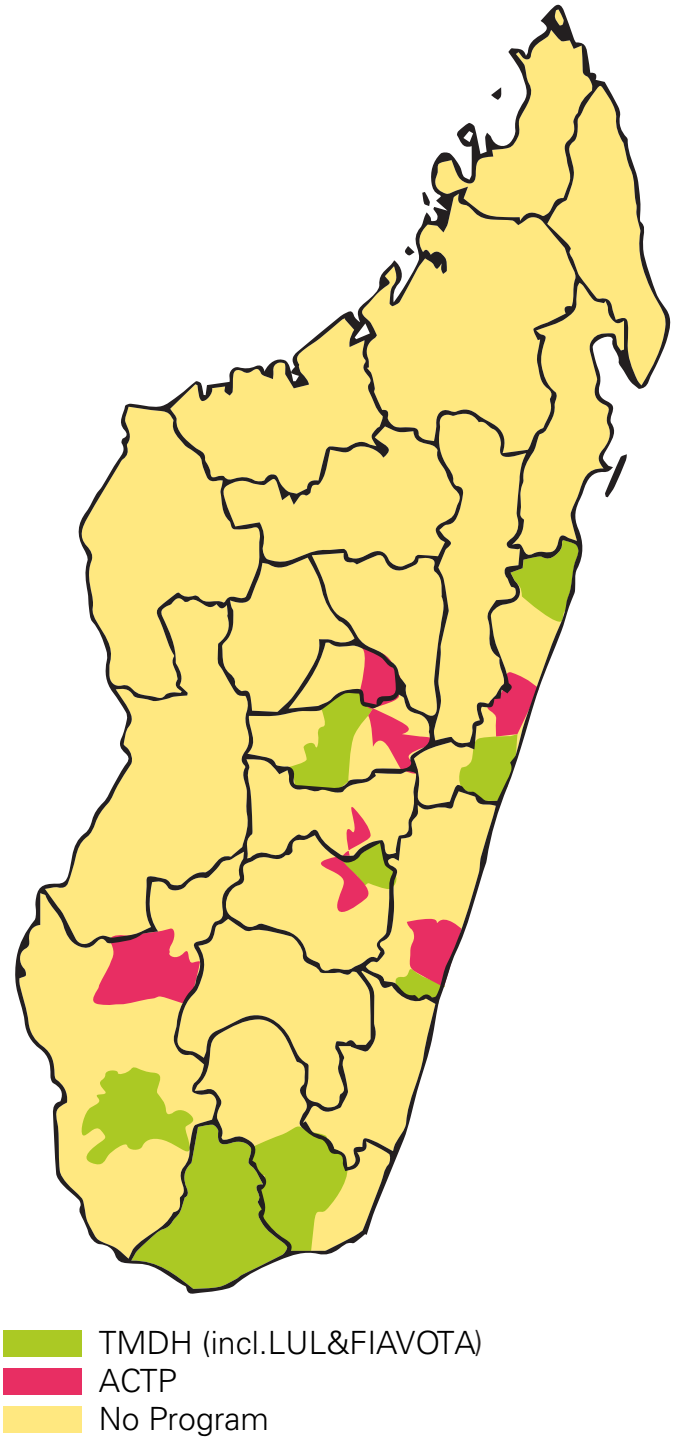

Table 4-1 shows the estimated national coverage of Madagascar's main social protection programmes, based on administrative data and population figures from the latest Census, and Map 4 1 presents the coverage in map form. Overall, coverage of the programmes combined is approximately 2.4 per cent of households, 2.5 per cent of the popu-

lation and 3.1 per cent of children. At the programme level, the largest scheme is TMDH (including LUL and Fiavota), which covers around 113,000 households with 291,000 children, or around 2.3 per cent of the child population. The ACTP scheme reaches close to 44,000 households.

As the schemes are geographically narrowly targeted, there is wide disparity in coverage across the regions of the country (see Table 4-2). Out of the country's 22 regions, only 10 regions have recipients; i.e. the main social protection programmes are not (yet) active in the other 12 regions. Among those regions that do have recipients, coverage ranges from 2 per cent of households in Atsimo-Atsinanana up to 27 per cent in Androy. Assessing coverage within individual districts was not feasible because the MIS data was made available in aggregate format only.

Table 4-1: Estimated national coverage of Madagascar's social protection programmes, 2020

Programme	Unit	Households	Persons	Children
TMDH (incl. LUL & Fiavota)	Number	113,131	474,051	290,895
	Percentage	1.72%	1.71%	2.25%
ACTP	Number	43,690	218,450	109,225
	Percentage	0.66%	0.79%	0.84%
Total	Number	156,821	692,501	400,120
	Percentage	2.38%	2.50%	3.09%

Table 4-2: Percentage of household covered by social protection programmes, by region, 2020

Region	Number of households enrolled			Total number of households in region	% of households covered
	TMDH	ACTP	Total		
Analamanga	0	0	0	972,531	0.0
Vakinankaratra	14,781	6,683	21,464	502,787	4.3
Itasy	0	6,000	6,000	221,298	2.7
Bongolava	0	0	0	163,506	0.0
Haute Matsiatra	6,832	6,893	13,725	321,351	4.3
Amoron' Mania	0	6,000	6,000	187,710	3.2
Vatovavy-Fitovinavy	8,340	8,939	17,279	339,172	5.1
Ihorombe	0	0	0	99,740	0.0
Atsimo Atsinanana	4,386	0	4,386	213,834	2.1
Atsinanana	8,196	5,422	13,618	407,653	3.3
Analanjirofo	0	0	0	349,571	0.0
Alaotra Mangoro	0	0	0	323,385	0.0
Boeny	0	0	0	249,422	0.0
Sofia	0	0	0	403,374	0.0
Betsiboka	0	0	0	97,387	0.0
Melaky	0	0	0	76,010	0.0
Atsimo Andrefana	0	3,753	3,753	450,426	0.8
Androy	58,527	0	58,527	216,531	27.0
Anosy	12,069	0	12,069	206,666	5.8
Menabe	0	0	0	176,704	0.0
Diana	0	0	0	278,238	0.0
Sava	0	0	0	337,158	0.0
Total	**113,131**	**43,690**	**156,821**	**6,594,454**	**2.4**

Source: Programme coverage from administrative data; total number of households by region is an estimate for 2020 extrapolated from the latest census and UN population projections. Only the regular NSSN programmes are considered: emergency cash transfers are not included.

There are multiple reasons for the exclusion of a large proportion of vulnerable children (including those with disabilities) from the NSSN programmes, which operate across different dimensions. These are discussed below.

4.1.1 Fiscal space

Limited financial resources mean that only a small fraction even of the extreme poor can be reached. When the proportion of the extreme poor is over 50 per cent of the population, and current NSSN programmes reach only 5 per cent of those (even assuming perfect targeting), there are inevitably significant gaps, that will persist right through to 2030 (when coverage of the extreme poor is meant to reach 50 per cent) and beyond. This suggests that fiscal space will have to be significantly expanded, or that hard decisions will be required to determine how best to ration the scarce resources available. From the perspective of children, and in particular those with disabilities, there is a strong argument, given the fiscal constraints, to prioritise them for financial support, since they represent an important investment in the future human capital of the country, and since those with disabilities face significant additional costs even to participate equally in society.

4.1.2 Geographic selection

The eventual intent is for the NSSN programmes to have national coverage. For the first stage of piloting, and with the resource envelope available, it was agreed to concentrate on a reduced number of regions. Selection of these required finding a practical balance between expediency and representativeness, taking into account a range of technical and political considerations.

This has meant that, for the NSSN as it is now, the primary method of rationing is geographical. First, regions are selected based on measures of schooling, malnutrition, food security and on degree of exposure to shocks. Second, districts within these regions are identified: for TMDH, districts with the worst school completion rates are chosen; for ACTP, different districts are selected from TMDH (so there is no overlap between the two programmes at district level), and with consideration of the existence of agro-ecological watersheds ("micro-basins"). Communes for TMDH must have operational Programme National de Nutrition Communautaire (PNNC) initiatives and community nutrition agents (ACN); and within these, the selected fokontany must have a primary school and meet certain minimum specifications in terms of ease of access and absence of security risk.


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The two NSSN programmes operate in only selected communes in just 20 districts (out of 119 in the whole of Madagascar) in parts of 7 different regions (out of 22). This inevitably means that all those who live in any of the remaining communes, districts and regions are systematically excluded from the NSSN programmes. Vulnerability has many facets, and different districts (and different regions) score very differently based on which facet is prioritised. Just as an example, Table 4-3 shows the vulnerability characteristics of the 7 regions that are part of TMDH. Depending on whether the indicator is poverty, school attendance, malnutrition or food insecurity, these give very varied readings: on a scale where green shows where a region is better than the national average, yellow where it is broadly similar, and red where it is worse. Inevitably there are a number of people who are vulnerable in at least one of these dimensions who live outside the regions covered by the NSSN programmes.

Table 4-3: Vulnerability characteristics of the seven regions that are part of TMDH

Region	Poverty rate	School enrolment	Malnutrition (weight-for-age)	Food insecurity (below 2133 calories)
Vakinankaratra	88.6	81.4	46.9	64.3
Matsiatra Ambony	76.1	75.8	38	73.2
Vatovavy Fitovinany	79.9	79.3	38.2	84.5
Atsinanana	64.6	79.8	34.6	85
Atsimo Andrefana	80.1	51.5	23.7	63.4
Androy	96.7	54.8	21.6	75.1
Anosy	85.4	53.7	26.6	75.7
MADAGASCAR	71.1	73.4	32.4	76

Source: ENSOMD 20122103, INSTAT

In the case of Fiavota, because of the urgency of implementation, eligibility was restricted only to districts that were most affected by the humanitarian crisis brought on by the drought of 2016. Furthermore, within these districts, the eligibility of fokontany within the district was limited to those that were linked to a SSECALINA nutritional centre, which does not necessarily include the poorest or remotest among them.

In contrast, children all over the country are highly vulnerable: not just those living in particularly vulnerable communes (however these may be selected). Similarly, all persons with disabilities require support, in whichever fokontany, commune, district or region they live. Such geographical targeting as is used for ACTP and TMDH – however well it reflects the vulnerability of different geographic areas – is therefore unsuited to support the majority of children or of those with disabilities: coverage has to be truly national.

4.1.3 Selection procedures

Within selected communes, there is a process of selecting eligible households. This starts with voluntary inscription, followed by a process of community validation, and – in the case of TMDH – verification of community selection through the application of a proxy means test (PMT). In all programmes, there is an exclusion list that is designed to make wealthier and more influential members of the community ineligible, such as those on the social protection committee (CPS) or those with genuine sources of regular income.

This process is not guaranteed to favour particular vulnerable groups, because such validation by PMT poses many challenges. Many of these are inherent to PMT, both in terms of its conception and in terms of its implementation. PMTs are poorly equipped to distinguish between very similar households, especially at the lowest end of the wealth spectrum ("Targeting errors increase the

lower the cut-off level (that is, the smaller the size of the program)" – AusAid, 2011). With more than 90 per cent of Malagasy living below the international poverty line of USD 3.20 (PPP) a day, PMT is unable to identify, with any degree of accuracy, the poorest 30 per cent. This is clear from analysis of the process evaluation, which shows that the difference in PMT scores between non-beneficiary households (average score 13,084) and beneficiary households (average score 13,038) is only 46. This means the difference in the PMT score is only 0.35 per cent, which is highly unlikely to be statistically significant, and in any case would represent less than the possession of one chair.

So PMT, linked with the insufficient coverage even in the geographical areas where the NSSN programmes do operate, cannot in any way guarantee the inclusion of all vulnerable children, nor even necessarily of the most vulnerable among them (see also Box 4-3). Given that only some 30 per cent of households are supported, in areas where as many as 95 per cent of children are living in poverty, a substantial proportion of vulnerable children will be excluded…even in the few communes and districts where the programmes exist. Our fieldwork confirmed that in each area we visited, all the groups we interviewed (beneficiaries, non-beneficiaries, CPS members, service providers) felt that there were vulnerable households who should have been included in the programme, but who were not. This represents a failure to invest adequately in the human capital of the country's future, leading to the inter-generational transmission of poverty and thus creating an enduring barrier to achieving Madagascar's full potential.

Box 4-3: PMT and children with disabilities

From the perspective of persons with disabilities, the main operational challenge with the way that eligibility is applied is that it is based on the household, not on the individual. This means that the vulnerability of a person with a disability or chronic illness is only one of many factors that is taken into account: it is the overall characteristics of the household that determine inclusion on the preliminary list that is drawn up by the *Comité de Protection Sociale* (CPS) or the *Comité de Ciblage*.

In addition to the inherent problems with PMT, there are specific problems on TMDH faced by particular vulnerable groups in Madagascar, in that the PMT takes no account of health status, and does not consider the issue of disability in the household except in its calculation of the dependency ratio. There is a question on disability and chronic illness in the PMT questionnaire, but the response is not used in the calculation of the PMT score. So, despite it being the intention of TMDH to include, even favourhouseholds containing children with disabilities, there is no systematic guarantee that this will happen.

ACTP also has a component that is aimed at households who have no labour capacity to undertake public works, who can receive the same transfer, at the same intervals, as the households who provide labour. This is meant to be limited to a maximum of 20 per cent of all ACTP beneficiaries: in practice there are 16 per cent of such households overall, with a variation between 7 per cent in Isandra, and 21 per cent in Antanifotsy. However, it is unclear how such households are selected, and whether the process of selecting such labour-constrained households includes any prioritisation where there is disability or chronic illness in the household. From the documentation provided, it would appear not. The ACTP operations manual sets out a scoring system for ACTP "preselection", but this makes no mention of whether there is a

disability or chronic illness in the household. The manual also describes the collection of data from each household to run the PMT. But the PMT formula currently being used also takes no account of disability or health status (except possibly in calculating the dependency ratio, though even this is not certain). So, a priori, such household characteristics would not be captured, and those with disabilities or serious health concerns could be excluded even from the labour-constrained component of ACTP. During our fieldwork, we heard that those with disabilities were only eligible if they were part of a household, which further excluded a number of individuals with disabilities who were not members of a household.

4.1.4 Imposition of conditions

There is global evidence that attaching conditions (e.g. school attendance) to social transfers may exclude or penalise the most deprived households (such as single-headed households with multiple children or those containing persons with disabilities), and that enforcing such conditions may undermine positive impacts – or even induce negative impacts – on human development[50,51]. This is pertinent to both NSSN programmes in Madagascar. It is likely that the inclusion of conditions acts to exclude the most vulnerable groups in society:

- Payment of TMDH is conditional on school attendance (for primary school children). This will tend to exclude the most remote and the more vulnerable, especially those households containing, for example, an adult with a disability (who may find it most difficult – and expensive – to travel to a health centre), a child with a disability (who is often not sent to school out of shame or for fear of stigma or abuse), or a child- or young female-headed household (for whom the opportunity cost of sending an older child to secondary school is prohibitive)[52]. It should be noted that none of the schools visited during the field mission in the Vakinankaratra Region had appropriate infrastructure to allow children with severe disabilities to attend.
- Payment of ACTP is conditional for the most part on the provision of labour. Even though the workfare is organised during inactive periods of the agricultural calendar, this nonetheless has a tendency to exclude households who lack spare labour capacity, particularly those without a working age adult, or with a high ratio of dependents (such as infants, the elderly or those with disabilities). ACTP does have a component for those households without labour, which is limited to a maximum of 20 per cent of total participants. But the periodicity of payment of ACTP, which operates only for two periods of 40 days per year, is not necessarily well suited to the needs of the elderly or those with disabilities, who ideally require continuous support throughout the year.

[50] *García & Saavedra (2017)*

[51] *Manley et al (2012)*

[52] *Although it seems that the conditionality is not rigidly enforced in the case of children with a severe handicap.*


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4.1.5 On-demand registration

Fiavota (through which a number of current TMDH beneficiaries were initially inducted) used a different approach for the selection of beneficiary households: because it was a response to the kéré (drought-induced famine), its original objective was nutritional. In addition to being limited to districts that possessed a nutrition centre (see 4.1.2), a household was selected as being eligible if it had a child between 0 and 5 years old, and registered one or more of those children at the SSECALINA nutritional centre, which provides services for nutritional guidance and growth monitoring for all children living in neighbouring villages. This means that, by design, there was no kind of assessment of nutritional status involved in selecting beneficiary households, so no intention to use malnutrition as a proxy to assess poverty status. The mere administrative function of registration and repeat attendance for nutritional monitoring was sufficient for eligibility: this implies that the objective of the programme was rather to target the broader group of under-2s to reduce the risk of malnutrition that to specifically target the already malnourished, which is an interesting indication of support for more inclusive programmes targeting this particularly vulnerable age group.

This process of registration, however, required physical presence at the nutrition centre, so there was a clear advantage to those (a) with access to knowledge about the programme, (b) living in proximity to the nutrition centre and (c) physically and financially able to get to the nutrition centre. There is an equally clear disadvantage to the most vulnerable, who are at risk of exclusion, since they may not be able to register for the programme, either because they might be deterred by the actual and opportunity costs of travel, or because they might not even be aware that the programme exists, or because – as anecdotal evidence during the fieldwork revealed – children with disabilities are often kept concealed out of a sense of shame, and do not attend nutrition centres.

4.2 Adequacy of transfers

In most countries, debates on the value of transfers are a normal and ongoing feature of social protection discussions and policymaking processes. While benefit levels should be aligned with the policy objectives that the programmes set out to achieve, ultimately, the relative 'generosity' of transfers reflects a value judgement of policymakers about what is deemed to be adequate. However, there are a number of methodologies commonly used to inform the assessment of the adequacy of the value of the transfers.

A key consideration for governments is how to achieve a balance between two objectives that are in tension: on the one hand, setting a transfer value that is high enough to help realise people's right to an adequate standard of living and, on the other hand, keeping the value low enough so that the programme remains fiscally affordable and reaches its intended target population, thereby fulfilling for as many people as possible their right to access social security.

This section reviews how the transfer values of Madagascar's main social protection programmes were set and compares them with a range of national and international benchmarks, such as poverty lines, minimum wages, and GDP per capita. It also considers the eroding effect of inflation on the real purchasing power of the transfers. And it considers the particular challenges when determining the adequacy of transfer values for persons with disabilities, where the objective – and therefore the optimal value – are very different.

4.2.1 Real value of transfers

Table 4-4 provides a summary overview of values of the transfers of the main programmes in the country. The values in the TMDH scheme depend on the household composition and compliance with the conditions on school enrolment and attendance. All participating families receive a base payment of MGA 15,000 (USD 3.90) per month to supplement their household income. Families with children aged 6-10 years who are enrolled in primary school and regularly attend (at least 80 per cent of school days) receive an additional MGA 5,000 per child, for maximum two children. The LUL-extension of the programme provides a supplemental transfer to benefit older siblings: families with children 11-18 years who attend secondary school receive an extra MGA 10,000 per child, for maximum four children. In all, therefore, the monthly transfer value of the TMDH ranges between a minimum of MGA 15,000 – for families with young children up to age five and no school-going older siblings – and, except in very rare cases, a maximum of MGA 45,000 – for families with at least two children attending primary school and two children attending secondary school.

The daily wage for those working on the ACTP programme is MGA 4,500 and participating households are offered 80 days of work per year during the lean season. This is equivalent to a monthly transfer of MGA 30,000 for a participating household. According to the project appraisal document, the wage rate "is kept below the market rate for unskilled labour to ensure that only the poorest households have an incentive to join the programme" (World Bank, 2015: p. 13).

Table 4-4: Overview of transfer values used in Madagascar's main social protection schemes

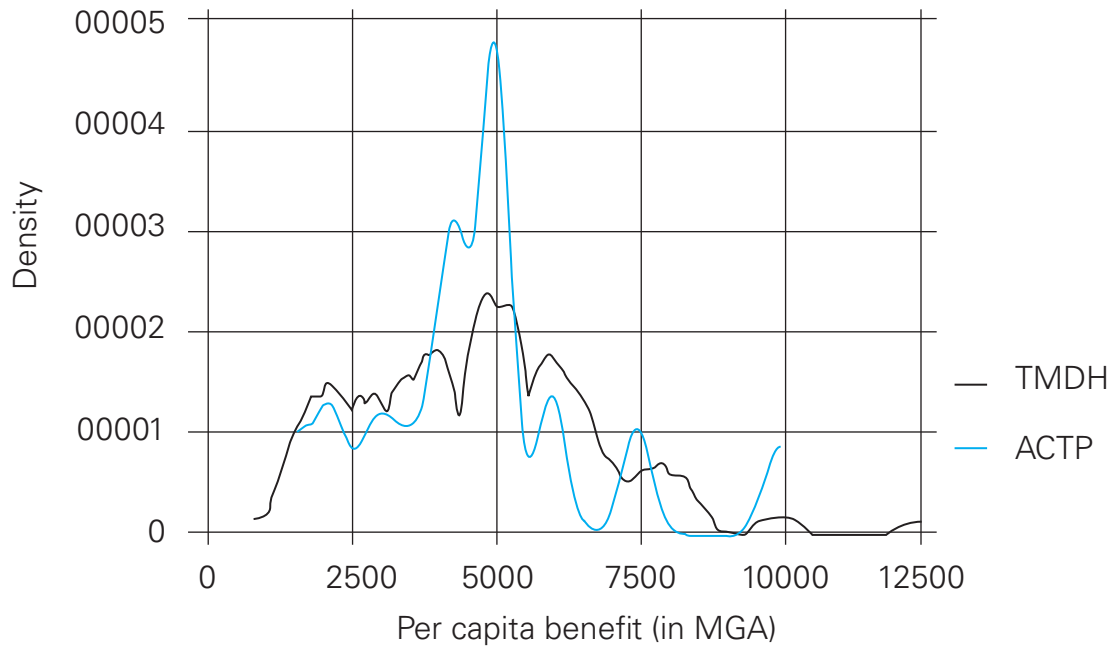
Programme	Monthly value per household (max.)	Mean household size	Monthly value per person
ACTP	30,000	4.8	6,250
TMDH: Pre-school children	15,000	6.4	2,344
TMDH: Primary school children	25,000	6.7	3,731
TMDH: Primary and secondary school children	45,000	7.0	6,429

Note: The value for ACTP is based on a daily wage rate of MGA 4,500 for 80 days per year and the average household size of recipients reported in the impact evaluation study. The values for the TMDH are based on the base transfer of MGA 15,000 for families with young children and additional transfers of MGA 5,000 for up to two primary school-going children and MGA 10,000 for up to two secondary-school going children (via the LUL-extension). Average household sizes are taken from impact evaluation studies or computed from survey data.

The 'effective' value of the transfers varies depending on the household size and composition. To equivalise the transfer values, we divide them by the average number of members living in recipient households, to obtain a monthly value per capita. Following this approach, the most 'generous' scheme is the TMDH-LUL for families with children attending secondary school, as they can receive up to MGA 6,429 per capita. ACTP provides around MGA 6,250 per household member, while the TMDH amount for families with primary school-going children and pre-school children are significantly lower (MGA 3,731 and MGA 2,344 respectively)[53]. As illustrated in Figure 4-1, there is significant variation in the per capita generosity of the schemes with larger households receiving less support per member than smaller ones. The evaluations of the TMDH and ACTP have found that programme impacts tend to be greater in smaller households.

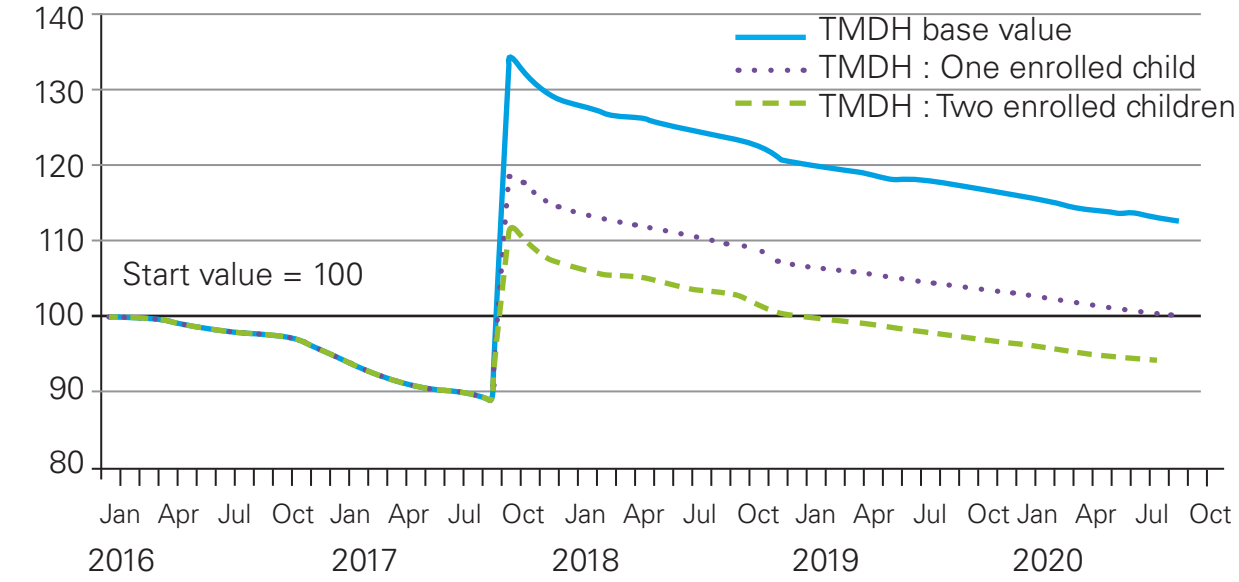
[53] *This compares with a transfer of MGA 6,000 per child per month under the contributory Caisse Nationale de Prévoyance Sociale system.*

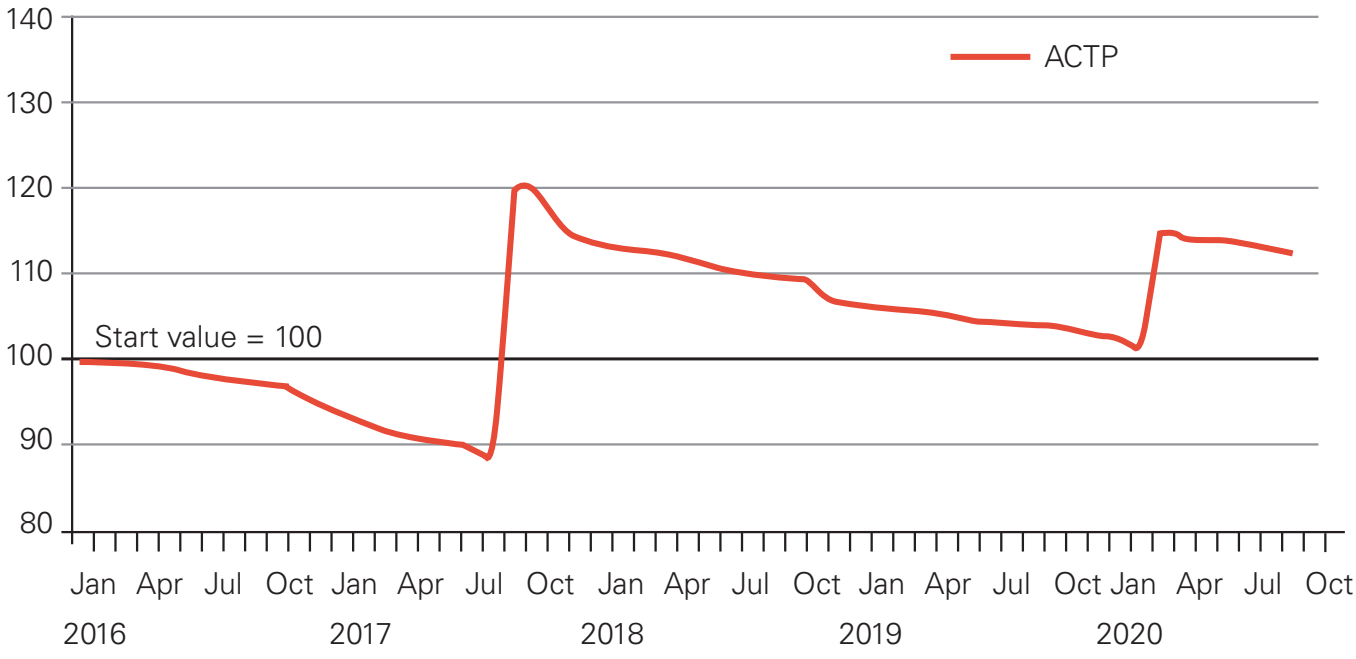
Figure 4-1: Frequency distribution of households by transfer value per capita received



By and large, the programmes have been successful in protecting transfer levels against the eroding power of inflation by periodically adjusting their values upwards. The base value of the TMDH was adjusted from MGA 10,000 to MGA 15,000 in October 2017 and is currently 13 per cent higher in real terms than it was in 2016. However, the value of the top-ups for school-going children has remained the same (MGA 5,000 per child) and, as a result, the real purchasing power of the TMDH for recipients with two school going children has fallen by 6 per cent compared to what it was in 2016 (see Figure 4-2). Proposals have been tabled to increase the base value of the TMDH further to MGA 20,000 in 2021. The daily wage for people working on the ACTP was adjusted from MGA 3,000 to MG 4,000 in September 2017 and MGA 4,500 in March 2020. In real terms, the value of the daily wage is therefore 13 per cent higher than it was in 2016.

Figure 4-2: Evolution in the real value of transfer sizes when adjusting for inflation, expressed as a percentage change compared with the year in which the schemes were introduced[54]





[54] *Transfer values are expressed in constant prices using monthly inflation data from the national statistics office, accessed via ILOSTAT.*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4.2.2 Timing of transfers

The timing of transfers may also have an impact on the appropriateness of the transfer, and therefore its adequacy to purpose, especially in the case of particularly vulnerable groups who require regular and reliable transfers.

Support through TMDH is provided throughout the year, which is consistent with the requirement for ongoing regular support to children in terms of their education, nutrition and health. In contrast, ACTP has a very different, and much more irregular payment frequency. Being oriented around the agricultural calendar, it is undertaken during two separate windows of the year when beneficiaries are less likely to have access to other employment opportunities. Payments are therefore made irregularly: the first is an advance for ten days, the second a further advance for the next ten days, and the third is only paid on completion of the work after the full forty days have been worked. This pattern is then repeated for the second forty-day stint, which may be several months later in the year. It is that this stop-start disbursement of lump-sums at irregular – while predictable – intervals is less helpful for consumption smoothing than the regular payments of TMDH. This is likely to have negative impacts on the regular provision of support to children. Furthermore, questions need to be raised about the appropriateness of the ACTP payment calendar to the labour-constrained households on the programme (commonly those with disabilities). They are paid on the same schedule as the public works beneficiaries, irrespective of the fact that they do not have the same work commitment: this must be less helpful to such labour-constrained households than a regular transfer throughout the year.

4.2.3 National benchmarks

A range of national benchmarks can be used to assess the adequacy of transfer values. The comparison of the transfer values with household consumption, national poverty line, extreme poverty line and minimum is provided. The average household expenditure per capita is collected from the latest available Household Survey (ENSOMD) in 2012 and is expressed in 2020 prices (adjusted for inflation using the Consumer Price Index). The estimated value of ACTP transfer per beneficiary household member is equivalent to approximately 6 per cent of total household expenditure per capita. The estimated value of TMDH transfer per beneficiary household member is equivalent to approximately 5 per cent of total household expenditure per capita.


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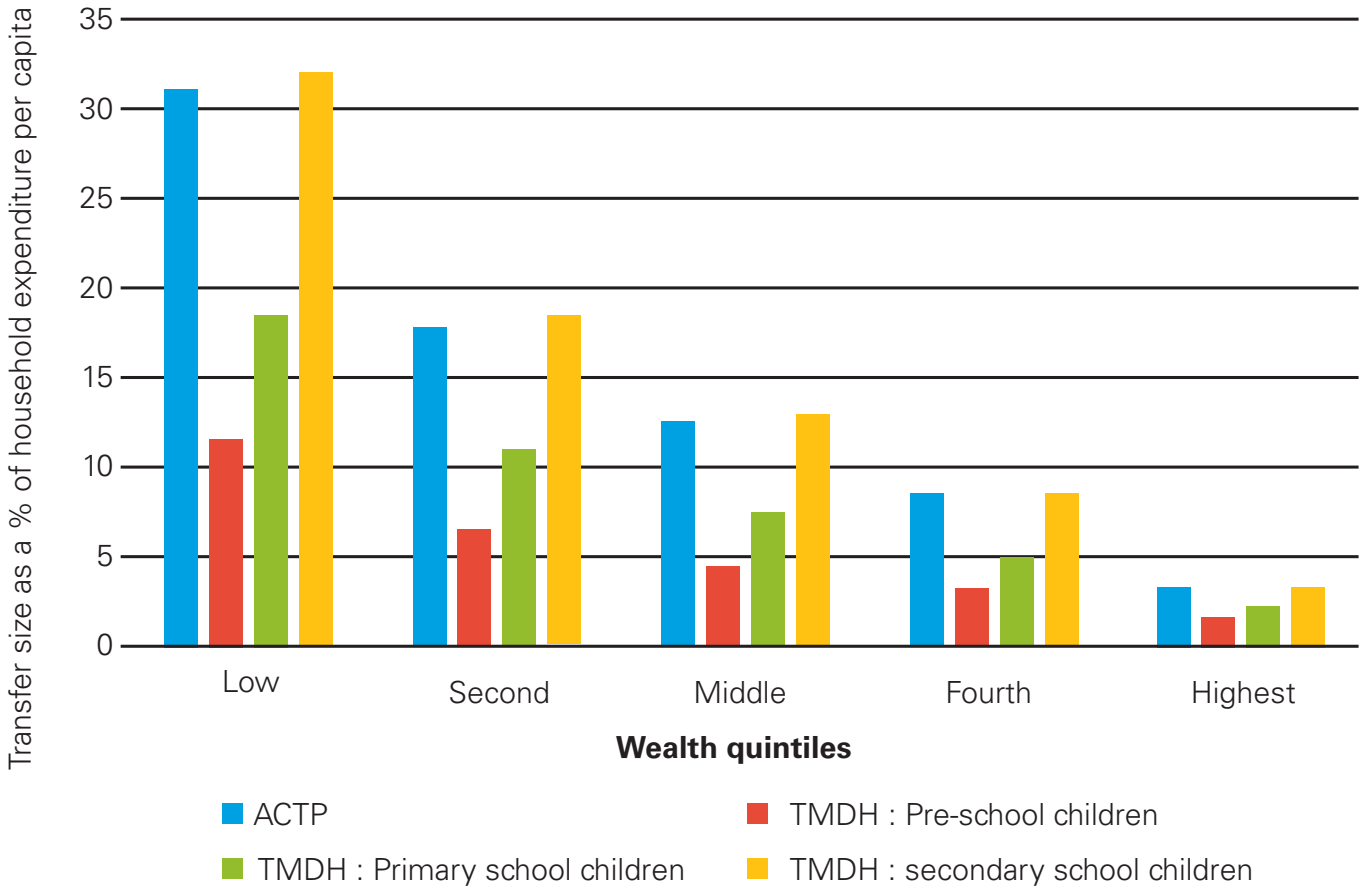
Figure 4-3: Transfer size as a percentage of household expenditure per capita by wealth quintiles



According to Madagascar's latest household survey, the national poverty line is estimated at 535,603 MGA annually while the extreme poverty line is 374,941 MGA. Considering the country's annual inflation rate, the poverty lines are 890,172 MGA and 623,151 MGA respectively at 2020 prices. ACTP represents about 8.4 per cent of the national poverty line and 12 per cent of the extreme poverty line. TMDH represents about 6 per cent of the national poverty line and 8 per cent of the extreme poverty line[55]. Among the bottom two income groups, the estimated value of the transfer per beneficiary household member is equivalent to approximately 24 per cent of total household expenditure per capita under ACTP scheme. TMDH transfer value is equivalent to 17 per cent of total household expenditure per capita.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[55] *Based on the average transfer value under TMDH program.*

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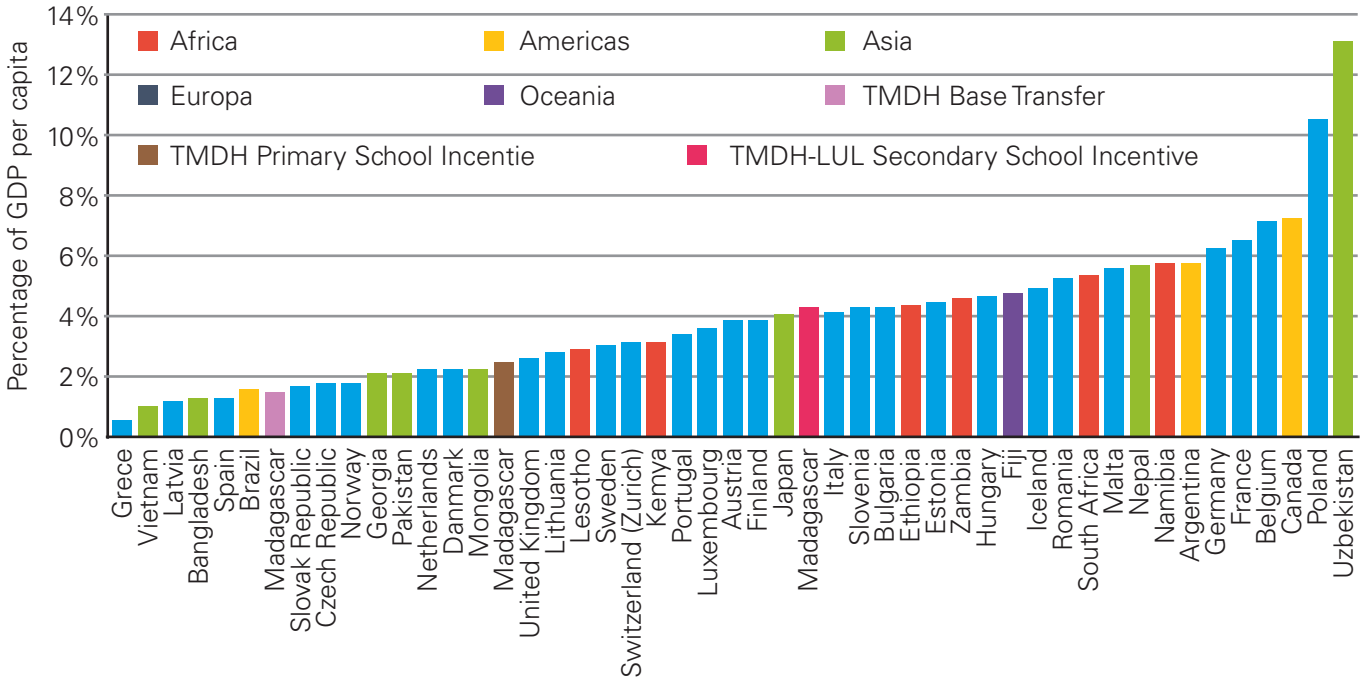
4.2.4 International benchmarks

There are a range of international comparison methodologies that can be used to assess the adequacy of benefits. These methodologies include (1) absolute value of transfers in purchasing power parity (PPP) terms, (2) percentage of GDP allocated to benefits and (3) transfer value as a percentage of GDP per capita. We use the third measure because per capita GDP offers a more accurate comparison in that it effectively considers a country's relative capacity to fund its social security schemes. Comparing this measure – the value of the transfer expressed as a percentage of GDP per capita for people receiving the benefit – has several benefits. This measure accounts for a country's ability to pay, adjusts for the relative size of population and – because the data are based on the value of transfer compared to the average GDP per capita – provides some indication of the appropriateness of the transfer relative to the rest of the population.

TMDH scheme provides income support to the poorest families in order to smooth their consumption levels and to boost their children's human capital by requiring children between the ages of six and twelve to attend primary school regularly and by strengthening human capital through health, nutrition, parenting and early childhood development services. Therefore, it is helpful to compare its value with child benefits elsewhere. The transfer value under TMDH scheme varies with the number of children per household. Figure 4-4 shows the transfer value of Madagascar's TMDH scheme in international comparison, using GDP per capita.

As Figure 4-4 indicates, the base transfer value offered to preschool children is equivalent to approximately 1.5 per cent of GDP per capita, while the average per capita amounts for primary and secondary school going children are equivalent to 2.4 and 4.2 per cent of GDP per capita, respectively. Compared with other countries, the TMDH transfer for older children is around the international average, and higher than the value of child-focused programmes in Kenya and Lesotho. The average transfer value for pre-school children is significantly less generous, but still on par with the relative value of transfers used in countries such as Brazil and Slovak Republic.

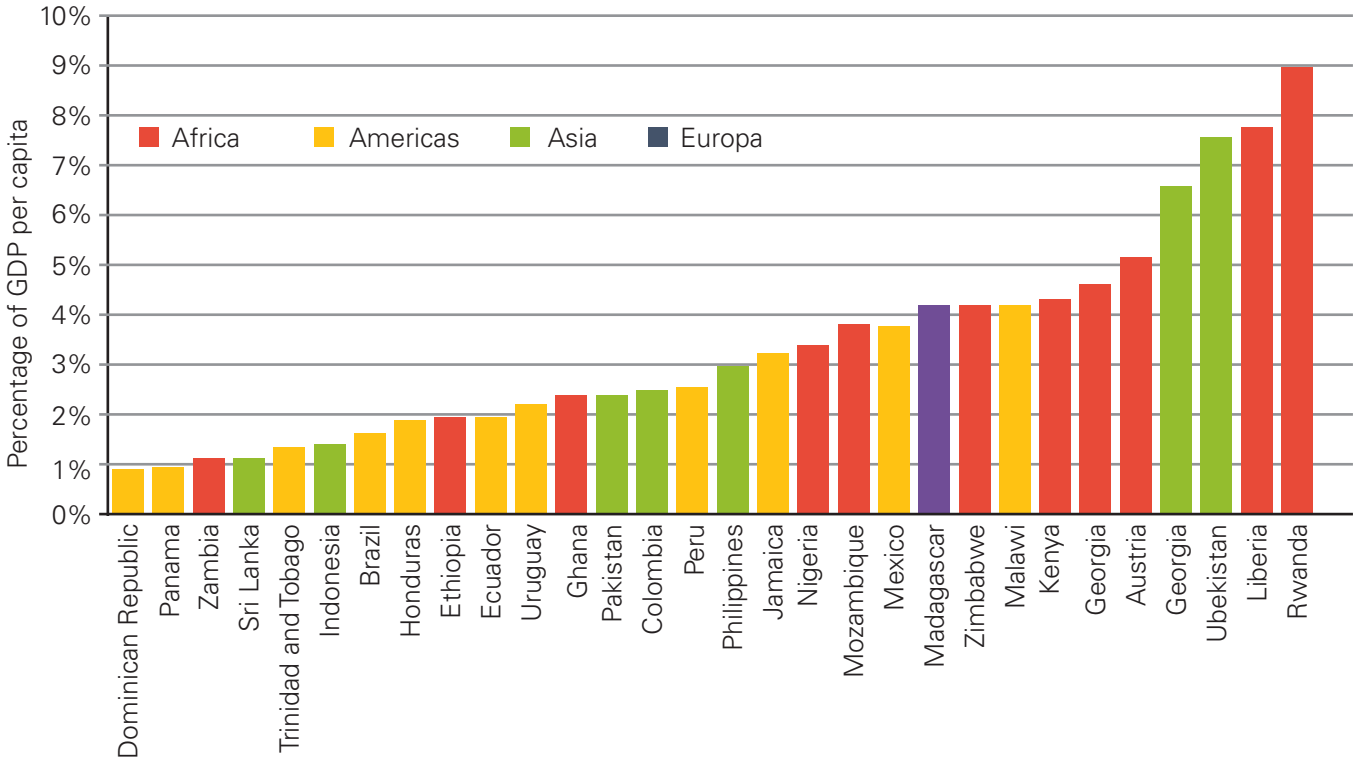
Figure 4-4: Transfer value of Madagascar's TMDH scheme in international comparison with other child benefit programmes, using GDP per capita



Source: Development Pathways' Social Security Database (2020).

The objective of the ACTP program is to provide cash-for-work activities in targeted poor communities located in areas of the country where there is a potential need, not only to address environmental and soil degradation, but also to increase local agricultural production. Therefore, it is helpful to compare its value with poor relief schemes. In this comparison with other countries, therefore, the value of the transfer as a percentage of GDP per capita will be used. Figure 4-5 shows the transfer value of Madagascar's ACTP scheme in international comparison, using GDP per capita. As Figure 4-5 indicates, the ACTP transfer is 4.1 per cent of GDP per capita. In other words, compared to the size of its economy, the value of ACTP scheme appears to be more generous than the value of poor relief schemes in Brazil, Indonesia, Sri Lanka and Colombia among others. However, the value of the ACTP transfer is lower compared to poor relief schemes in many African countries such as Nigeria, Mozambique, Tanzania, Malawi and Kenya.

Figure 4-5: Transfer value of Madagascar's ACTP scheme in international comparison with other poor relief schemes, using GDP per capita



Source: Development Pathways' Social Security Database (2020).

4.2.5 Impact of transfers

Even at the current, relatively low levels, the transfers under TMDH[56] are having a detectable positive impact on beneficiary households, as measured through the respective mid-term evaluations. It is to be hoped that any positive impacts will be confirmed through the proposed endline surveys, although there is a risk that gains may be eroded as a result of the current COVID-19 crisis, which makes the findings of the mid-term evaluations more instructive. TMDH has had statistically significant impacts in the main educational indicators: compared with the control group, it has increased school attendance for both boys and girls, and reduced drop-out rates. In terms of health, it slightly reduced the incidence of illness, and increase attendance at health centres. And, in terms of nutrition, it seems to have marginally reduced food insecurity and to have slightly increased the dietary diversity of children (though the results are not statistically significant).

ACTP, on the other hand, has had less robust positive impacts. The impact evaluation finds evidence of reduced school attendance by beneficiaries, significantly in the case of girls, and of more girls dropping out of school (though the latter is not statistically significant). The health of children in beneficiary households has, if anything, mildly deteriorated, and visits to health centres seems to have fallen slightly. Finally, there are statistically significant increases in food insecurity (+8.5 per cent) and reductions in food consumption (-7.4 per cent)[57] among beneficiaries . This is disappointing, but all these findings are consistent with public works

[56] *This analysis excludes the separate findings from Fiavota, which has now merged into TMDH, but which originally had a much higher aggregate transfer value, and is therefore not strictly comparable.*

[57] *According to a comparison between the baseline and midline evaluations of ACTP (Presentation by Paul Randrianirina, 19 November 2019)*

programmes, especially where a substantial amount of the work is done by women. This work requirement often results in older girls having to miss, or drop out of, school, in order to care for younger siblings in the absence of the mother; the mother's absence may mean more illness and fewer visits to a health centre (because of the opportunity cost of such care); and the household will have less time to produce, forage and prepare nutritious food, resulting in negative nutrition impacts.

This difference between the programmes may have implications on the value of the transfer, which is broadly the same for the two programmes. It would be reasonable to assume that among very poor households, even a very small incremental income can have measurable positive impacts even in a short space of time, as is the case with TMDH. But when that small incremental increase requires a small but significant time commitment, thus incurring opportunity costs, and when it necessitates the expenditure of physical energy, as in the case of public works, the small incremental gain becomes a net loss. As a result, the very poor households on ACTP may see a marginal net worsening of their status. This obviously has significant implications for the design of ACTP in such resource-constrained environments. But it may also provide an encouraging lesson that even low-value transfers, as on TMDH, can have significant – even disproportionate – positive impacts on education, health and nutrition indicators.

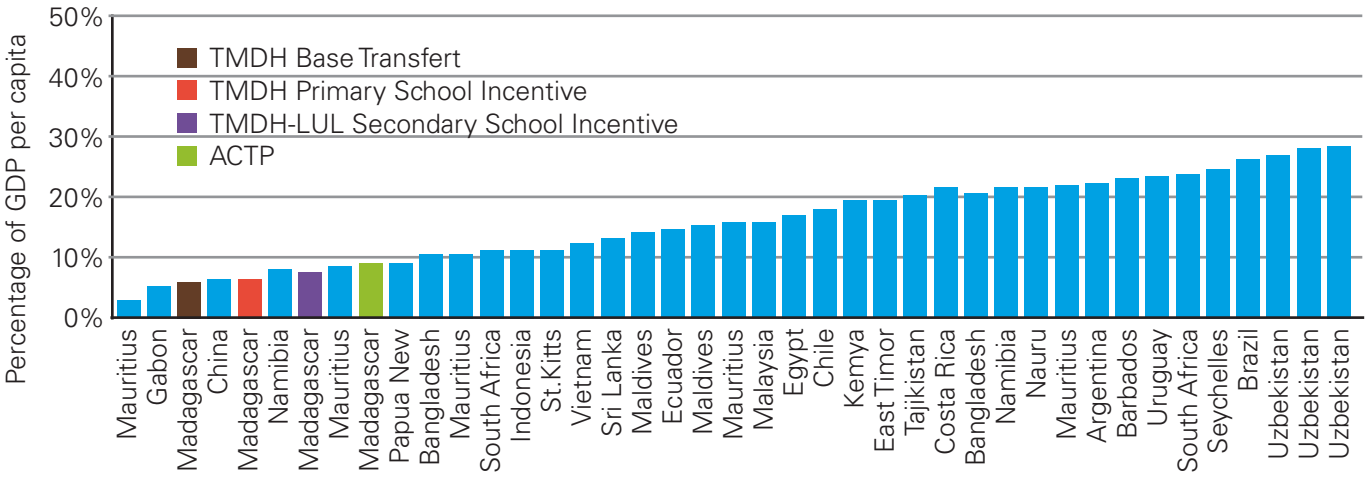
Such low-value transfers, however, are insufficient in the case of persons with disabilities, who face additional costs in order to participate – see Box 4-4.

Box 4-4: Transfer adequacy in the context of disability

Whatever the impacts of the current transfer values of the NSSN programmes, they also need to be considered from the perspective of a household containing a person with a disability or chronic illness. The requirement for such households are likely to be considerably higher, because of the very different objectives. In the case of a person with a disability the objective is first and foremost to compensate them for the additional costs to participate equally in society, even before beginning to provide positive incremental incentives to improving their lives. This would be a reflection of the additional costs they incur in undertaking the same tasks and programme conditions as other beneficiaries. In many countries this estimated extra cost is in the region of 20 to 30 per cent (though in reality it is highly variable and can be very much higher).

Figure 4-6 provides this kind of comparison. If we are to consider the option of supporting a person with a disability through the existing NSSN programmes, the value can be seen as being very insufficient. All four different types of transfer from TMDH and ACTP feature in the bottom ten national programmes aimed at persons with disabilities. None of the four provides even 5 per cent of GDP per capita, whereas in the majority of countries, the value of a disability transfer is 10 per cent and above, and in many cases above 20 per cent of GDP per capita.

Figure 4-6: International comparison of transfer values of disability benefits in selected countries, expressed as a percentage of GDP per capita



Source: Development Pathways' Disability Benefits Database (2019).

4.3 Links to other services

Cash transfers have positive impacts in their own right. But impacts can be magnified when they are provided in conjunction with links to other services. Madagascar's NSSN programmes provide interesting lessons in this regard.

In addition to the well-established impacts of cash transfer programmes on consumption-based poverty, links to other services have been known to make an impact on other attributes, such as health, education, early childhood development, nutritional outcomes, gender-based violence and women's and girls' empowerment. It has been recognised that combined investments in children's early development years can have significant impacts throughout their lives. Even though cash transfer programmes on their own are able to break down the financial barrier to access services and basic necessities, they have proven to not always be sufficient in changing behaviours which impact the cognitive, behavioural and physical outcomes of children.

In order to change behaviours that create an impact on child development, some countries resort to the modality of a conditional cash transfer, imposing conditions related to for example, education or health. However, studies have found that unconditional cash transfers can have equally significant impacts at much lower costs and complexity[58]. Not only do unconditional cash transfers require less administrative costs and supply side constraints to monitor, they are obviously less exclusive, especially of the poorest and most marginalised. Therefore, in order to maximize the impacts of the unconditional cash transfer and retain the inclusivity of the programme, and the lower administrative fees, transfer programmes have used "accompanying measures" in order to reinforce the effects of the cash transfers on

[58] *Baird, S., Ferreira, F.H.G., Özler, B. & Woolcock, M. (2014). Conditional, unconditional and everything in between: a systematic review of the effects of cash transfer programmes on schooling outcomes. Journal of Development Effectiveness, 6:1, 1-43, DOI: 10.1080/19439342.2014.890362; Datta, S. et al. (2019) EVALUATION REPORT, MIDLINE: Madagascar's "Human Development Cash Transfer" Program. Ideas42 and the World Bank.*

the desired change in behaviour or uptake of new practices. Accompanying measures range from nutritional supplementation, training in essential family practices or income generating activities, and much more. There have been several studies proving the efficacy of these "Cash Plus" approaches, but these studies have focused on the short-term effects of the programme. Work still needs to be done to provide for efficient and sustainable measures that have a high take-up rate and follow-through even after the programme ends[59].

In the case of Madagascar, several accompanying measures were put in place depending on the objectives of the programme. These are described in the sections that follow.

[59] *Datta, S. et al. (2019) EVALUATION REPORT, MIDLINE: Madagascar's "Human Development Cash Transfer" Program. Ideas42 and the World Bank.*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4.3.1 ACTP

The objective of the accompanying measures set up through the ACTP programme is to promote the growth and well-being of families, as well as their financial empowerment and management. To achieve this objective, the following accompanying measures were piloted:

- Training in Community Savings and Business Plan, which provides for the establishment of Village Savings and Credit Associations (AVEC);
- Nudges to encourage beneficiaries to save on their transfers in order to build up household assets;
- Training/awareness sessions on different themes such as production, agriculture, environmental protection, and family planning; and[60]
- Mobile creches (childcare) are being introduced to public work sites to improve women's access to public works jobs and to support investments in children's development[61].

Positive impacts from the first three listed accompanying measures were found by a midline evaluation study. The study reported the following impacts:

- Beneficiary households that received both the savings groups and the behavioural nudges are more likely to possess livestock;

[60] *Asa Avotra Mirindra, Le Programme Argent Contre Travail Productif (ACT-P), available at https://transfer.cpc.unc.edu/wp-content/uploads/2019/04/Productive_Labour_Madagascar.pdf.*

[61] *World Bank, (2020), Program Document for a Proposed Development Policy Grant in the Amount of SDR 63.2 Million and a Proposed Development Policy Credit in the amount of 9.5 Million to the Republic of Madagascar for the Investing in Human Capital Development Policy Financing, Report No: PGD73, available at http://documents.worldbank.org/curated/en/515991583511474198/pdf/Madagascar-Investing-in-Human-Capital-Development-Policy-Financing-Program.pdf.*

- There is a significant increase in communication and education expenditure for households that received savings groups. For households that received nudges, there is significantly greater expenditure on education in the last 7 days, and more spending on agriculture;
- Beneficiaries who received nudges spent 76 per cent more on agricultural expenditure; and
- Beneficiary households receiving the nudges are significantly less likely to have borrowed money in the last 12 months than households that didn't receive these accompanying measures[62].

The same measures were however found to have less impact or statistically insignificant impact on the following indicators:

- Food insecurity;
- Agricultural sales and revenue from sales;

Nudges had a small negative impact on reducing income from the sale of fishery products[63].

ACTP has also recently been encouraging beneficiary groups to nominate Mother Leaders, who have already been mobilised in a number of locations. It will be important to coordinate their roles with other community agents involved in ACTP, to ensure a clear demarcation of responsibilities.


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Finally, a study has yet to be done on the impacts of the mobile creches (childcare), but the measure is expected to have had positive impacts on (i) women's work and productivity, (ii) children's human capital development and (iii) women's agency[64].

4.3.2 TMDH

The TMDH programme has several accompanying measures organised to achieve two main goals: (1) economic inclusion and (2) development and well-being of the family. These two goals were aimed to be achieved through the activities highlighted in the table below and are conceptualised and administered by the actors presented as well in Table 4-5[65].

[62] *Ngatia, M. and Ketema, T. (2020) (Draft, Not published), Public Works and Welfare: Midline Results of a Randomized Control Trial of Madagascar's Productive Safety Net Program, e Government of the Madagascar's Ministry of Social Protection and the Promotion of Women, the Fonds d'Intervention pour le Développement (FID), with the support of the World Bank's Social Protection & Jobs team and the Africa Gender Innovation Lab (GIL), together with ideas 42.*

[63] *Ngatia, M. and Ketema, T. (2020) (Draft, Not published), Public Works and Welfare: Midline Results of a Randomized Control Trial of Madagascar's Productive Safety Net Program, e Government of the Madagascar's Ministry of Social Protection and the Promotion of Women, the Fonds d'Intervention pour le Développement (FID), with the support of the World Bank's Social Protection & Jobs team and the Africa Gender Innovation Lab (GIL), together with ideas 42.*

[64] *Cfi.co, (2019), World Bank on Social Protection in Africa: Burkina Faso Mobile Childcare Scheme Could Transform Public Works, available at https://cfi.co/africa/2019/01/world-bank-on-social-protection-in-africa-burkina-faso-mobile-childcare-scheme-could-transform-public-works/.*

[65] *FID (2019) Primature: Fonds d'Intervention pour le Developpement, Programme de Filets Sociaux de Sécurité, sous-composante transferts monétaires pour le développement humain : Manuel de procédures des mesures d'accompagnement.*

Table 4-5 TMDH accompanying measures[66]

Objective	Type of accompanying measure	Activities	Stakeholders involved
Economic inclusion	Productive inclusion	Box culture, vegetable garden promotion, organic fertilisation, basket compost, short cycle breeding, aviculture, fish farming.	FID and MAEP (Ministry of Agriculture, Breeding and Fishing)
	Financial inclusion	Nudge sessions[67]: 1. The affirmation sessions took the form of games to affirm beneficiaries' values and consequently to instil a more positive outlook for each families' future. 2. The planning sessions were organised to help beneficiaries to "visualise, articulate and de-risk specific actions they need to take during the coming period to fulfil their goals for their participation in the programme" [68]	FID and IDEAS 42
		Village Savings and Credit Associations (AVEC)	FID
		Financial education and business planning	FID
Development and well-being of the family	Awareness raising on other themes	Parental Education for Development of early childhood in areas of wellbeing	DEPA (Preschool Education and Literacy Department) and FID
		Promotion of PFE in wellbeing areas	UNICEF and FID
		Raising awareness in education and citizen governance by sensitising households to the acquisition of CINs, civil status certificates, birth certificates for children, active participation in community meetings, questioning and complaints, and good governance of community funds.	FID
		Raising awareness in health by raising household awareness of the issues necessary for the well-being of families, such as family planning, ARH, the fight against STDs, child vaccination, child deworming, prevention of certain diseases (plague, bilharzia, measles, etc.).	Marie Stopes Madagascar, SECNLS (Executive Secretariat for the fight against AIDS) and FID
		Raising awareness in the diversification of the family's diet by building capacity on nutrition education	ONN (National Office of Nutrition) and FID

[66] *FID (2019).*

[67] *These are organised on a bimonthly basis at payment or cash-out points when beneficiaries gather to receive their cash transfers. The sessions are only 15 minutes and are delivered while the beneficiaries are waiting in line for their payment. The nudge sessions are delivered by an association of 11 local organisations called Voahary Salama, which has 124 trainers who each facilitate sessions with 3 groups, with the help of the Mother Leaders, and are trained by their employer and an international consultancy firm, Ideas42. (Women's World Banking (2019). Madagascar: Human Development Cash Transfer Programme: 'Nudge Sessions'. Available at .)*

[68] *Human Development Cash Transfer: Midline Impacts.*

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The implementation of these accompanying measure through TMDH rely heavily for delivery on Mother Leaders. Mother Leaders are nominated and elected by their fellow mothers from the beneficiary families in order to serve a leadership role within the community, with the responsibility to communicate to an assigned group of beneficiaries about the operational aspects of the programme and essential family practices. Mother Leaders are trained by the FID and their capacity is reinforced by specialised attendants. Mother leaders' responsibilities are executed through activities such as facilitating the cash transfer days, communicating complaints to the CPS and the FID, doing home visits, delivering the wellbeing spaces and mobilising groups in the community and village savings and credit associations.

A study found that the TMDH programme had significant and positive impacts on key indicators where cash alone has previously had little to no impact. This proves that accompanying measures provide an important additional value to a cash transfer programme. The TMDH was found to add positive effect to livelihood indicators ranging from child development, demonstrating through increased interactions with youngest children, various measures of food security and children's social skills, to child education, and financial health (demonstrated through, for example, the pay back of loans, the export crop income and industry income)[69].

Broken down into each accompanying measure, according to a midline evaluation of the TMDH programme, the use of Mother Leaders had a positive impact and added value to the cash transfer across several indicators, but most significantly on food security and food diversity (although interestingly this is not a specific objective of the programme). The self-affirmation interventions were most effective in reinforcing food security, financial health and parenting. Finally, the planning sessions further reinforced the effects on improving financial health and parenting behaviours. Another study found that Mother Leaders had the most significant impact in terms of the accompanying measures. The self-affirmation and planning sessions reinforced the effectiveness of efforts towards short-term food security, diverse meal preparation, frequency of interaction with children and income-generating activities, but they would not be significant as stand-alone measures[70].

Within the context of operationalising LUL, the managing team is putting in place a new cohort of *Relais Communautaires Jeunes* (RCJ), to ensure a close supervision of students who exhibit risks of dropping out of school. These RCJs are tasked with close monitoring of at-risk students to ensure that they remain in school, achieve grade progression, and conclude their studies, in order to maximise the impact of benefiting from LUL support.

[69] *Datta, S. et al. (2019) EVALUATION REPORT, MIDLINE: Madagascar's "Human Development Cash Transfer" Program. Ideas42 and the World Bank.*

[70] *Datta, S. et al. (2019) EVALUATION REPORT, MIDLINE: Madagascar's "Human Development Cash Transfer" Program. Ideas42 and the World Bank.*

Limited information is available on the detailed cost of associated services provided by the respective programmes. Overall, the FID estimates that the provision of these accompanying services cost an average of 17.43 per cent of the total value of the transfers (and never more than 20 per cent). It is hard to compare these figures internationally because the cost depends significantly on the actual level of services provided. Ideally, Madagascar should move towards a situation where the social assistance programme delivers the cash, and where accompanying services are provided through linkages and referrals directly by other Government service providers. For example, the productive inclusion activities could be taken over entirely by the Ministry of Agriculture, Breeding and Fishing, the activities on financial inclusion could be championed by the Ministry of Finance, the health activities by the Ministry of Health and the activities on education and development of early childhood by the Ministry of Education. The current arrangement of using FID and its network of local non-governmental service providers works well in areas where the FID has a concentrated presence (which is indeed part of the reason for selecting the current areas of coverage), but it cannot realistically be expected to be a substitute for government services as the NSSN programmes are rolled out nationally.

4.3.3 Specialised services for disability

These linkages are all very important for beneficiaries of the NSSN programmes. They are especially important for persons with disabilities, who otherwise may risk exclusion. But those with disabilities also need access to more specialised services, and it is currently not clear how these will be linked through the existing programmes. It is not necessarily the case that current mechanisms for linkages and referrals take any particular account of households containing a person with disabilities or chronic illness, nor whether the Mother Leaders or ACN are provided with any specific guidance on how to support such households.

The use of Mother Leaders to implement the accompanying measures has been a valuable and effective resource. Not only is it less costly than hiring an external contributor such as a local NGO representative or a local government official, it is more effective as the beneficiaries know and trust the Mother Leaders as they are the ones who elected them. The information and advice can thereby be better received and carried on. The measure is also more sustainable in the long run as Mother Leaders can continue to carry on their training sessions after the programme is over and they can also expand the sessions to more participants.

However, a recent study found that Mother Leaders will spend 5 hours and 30 minutes per week on the activities assigned to them under the TMDH programme[71]. Even though the role awards Mother Leaders a more prominent position in their communities, it is not recommended that additional tasks be asked of Mother Leaders unless a new system of motivation and/or remuneration is implemented, as it takes time away from possible income generating activities for those households. This was confirmed by the fieldwork, where the Mother Leaders reckoned that just the home-visits alone to all of the beneficiaries for whom they are responsible takes at least 4 to 5 hours per week. The fact that they contribute this time and effort voluntarily is highly laudable: both beneficiaries and non-beneficiaries recognise their value, whilst appreciating the fact they are not remunerated for the work they do. But it seems likely that an alternative approach would need to be identified for providing specific support services and referrals for the multiple and varied requirements of persons with disabilities, to avoid over-burdening the Mother Leaders and potentially jeopardising the quality of the work they already do on the NSSN programmes.

[71] *MANISA Sarl. (2019). Rapport Final d'Analyse de L'enquete Sur L'emploi Du Temps Des Meres Leaders A Betafo.*

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5. Recommendations

This section discusses options to increase the inclusiveness of the social protection system by 2030. First it draws the lessons from the analysis in Chapter 4. Then it uses the microsimulation tool to model three scenarios for expansion of inclusiveness based on these lessons. Note that the purpose of the scenarios is to provide information to inform the discussion: it is not proposing any of the specific scenarios as a proposal to expand the system.

5.1 Coverage and exclusion

The first main recommendation emerges from the analysis of coverage and exclusion. Far too many vulnerable children are currently excluded from the NSSN programmes, because of the combination of very limited geographical coverage, exclusionary registration and selection procedures, and application of conditions. The obvious solution would be to expand to national coverage of the existing programmes as fast as possible, with national coverage meaning genuinely available to all eligible citizens wherever they are located: not limited only to certain fokontany or certain communes or certain districts or certain regions. This would be a relatively expensive option, as explored in Scenario 2. And it would necessarily have implications on the feasibility of trying to scale more than one programme.

This report therefore explored an initial focus on prioritising the expansion of TMDH. From an ethical perspective, this represents a commitment to the next generation of Malagasy; financially, it represents a sound investment in the country's future, because improved nutrition has positive impacts on physical and

cognitive development, improved educational attainment and higher productivity; from a results perspective the positive impacts of TMDH (and Fiavota) on human development have proved to be considerably greater than the human development impacts of ACTP; and operationally the targeting of TMDH has been inclusive of poorer households than that of ACTP, whilst also avoiding the substantial opportunity cost of insisting that beneficiaries work for their transfer.

However, even scaling a single programme to fully national coverage would require increased investment in social protection on the part of the Government, which may be particularly challenging in the years immediately ahead, where recovery from COVID-19 will be a priority. This review argues that prioritising a national universal child benefit would represent the best option to justify such an investment. It should be a moral obligation for any country to give its next generation of citizens the best possible start in life. There are also strong economic arguments: malnutrition has a significant cost. A stunted child faces a higher risk of dying from infectious disease (1.9 to 6.5 times more likely to die, with this risk rising significantly in cases where there is a concurrence of both stunting and wasting) and the child is likely to perform less well in school (equivalent to two to three years' loss of education). Stunting is associated with impaired brain development, meaning lasting, diminished mental functioning. This, in turn, leads to significantly reduced learning. Adults stunted as children earn a lower income in life (on average, 22 per cent less), which further exacerbates deprivation.

A study in Bangladesh found that investing in a universal child benefit for all under-fives would generate a cost-benefit ratio of 1.68, meaning that each dollar invested would generate a return of USD 1.68. It achieves this through a reduction in maternal mortality due to anaemia, a reduction in low birth weight and infant mortality by eliminating maternal anaemia, savings from foregone treatment of chronic diseases of low birth weight children, and reduction of stunting by removing micronutrient deficiency. A similar return on investment could be expected in Madagascar.

Box 5-1: Exclusion of children with disabilities

Current rates of inclusion of those with disabilities is insufficient. Every individual with a disability requires financial support to be able to participate on an equal basis. And at present, a very high proportion of them are excluded because of where they live, the composition of their household, the way that beneficiaries are selected, and whether or not they can travel to schools or health centres. And even if they do qualify for support, the regularity of payments may not be well adapted to their needs (as on ACTP), and the value of what they will receive is the same as other beneficiaries: there is no recognition of the increased costs for equal participation that they inevitably face.

Generally, the eligibility criteria are not conducive to the systematic inclusion of individuals with disabilities in the NSSN programmes. At a very minimum, the system for determining eligibility should clearly identify households that might contain a person with a disability. This could be done by incorporating the extended short set of Washington Group questions into the registration questionnaires, thus establishing a preliminary screening of households that are likely to contain a person with a disability. This could then allow a second more detailed determination of disability, based on a functional assessment, which could ideally be conducted at community level, with medical verification reserved only for complex cases.

5.2 Adequacy of transfer

The next main recommendations result from the analysis of the transfer value. First is the importance of index-linking the value of the transfer, so that its real value is maintained over time (as has been substantially achieved to date on the NSSN programmes through periodic adjustments). All of the scenarios presented later in this Chapter incorporate an increase in line with expected inflation. This should be underpinned by legislation, so that the increase is applied automatically, and not left to the discretion of Government who may be tempted to delay increases for the sake of fiscal or political expediency (as happened with the proposed increase in the TMDH transfer earlier this year).

The next recommendation is to move towards a transfer value based on the individual, rather than banded based on household size. The fundamental objective of TMDH is to support each individual child to access education: the transfer should therefore be an incentive to the individual child. Additional school-age children beyond the stipulated household cut-off should not be penalised by exclusion because they have older siblings. The individual approach is also more intuitive, and much easier operationally: the age of each child is more easily verifiable than the overall configuration of the entire household. Finally, this approach is consistent with the first recommendation arising from the recent MODA study, which "emphasizes the importance of developing social policies targeting the hidden deprivations of children suffering from discrimination or inequality within the household, such as relinquished children or orphans" and argues that "This has implications, for example, for social transfers which often target entire households". Such an individual approach is explored in more detail in Scenarios 2 and 3.

Finally, for ACTP, it should be clearly recognised that incorporating a disability payment into a workfare programme is a sub-optimal approach. Whilst there remains no other social assistance for supporting adults with disabilities, the reasons for continuing to do so is well understood. But the current schedule of payments based on the workfare calendar is unsuitable for adults with disabilities: it would be preferable to institute a different regular monthly payment calendar for those who do not contribute their labour.

Box 5-2: Recommended transfer value for children with disabilities

Whilst the cross-country analysis has shown that Madagascar's NSSN transfers are broadly within the range of equivalent types of transfer in other African countries, this does not mean that the value would be sufficient for a disability transfer. It will be necessary to agree an appropriate starting value for such a benefit. It is unlikely, in a country with such constrained resources as Madagascar, that this will be able to concentrate for the full extra costs of normal participation. A recent study in South Africa, for example, has estimated that the cost of full participation for a

person who is both deaf and blind would be as high as fifteen times the poverty line, and that even for a person with a moderate physical disability it could be as much as four times the poverty line[72]. But the value of the transfer should at least make a significant contribution towards the extra direct costs involved in having a disability. After consultation with a range of stakeholders, the scenarios presented below have adopted a value for the disability benefit (which we call an "equal opportunities benefit") of MGA 30,000 per month.

5.3 Links to other services

For a similar reason of expediency and keeping costs contained, this review proposes a continuation of the relatively low-cost approach used on TMDH to link cash transfer beneficiaries to other services through MPPSPF's resources. This is not because such complementary services are unimportant: they are very important. But the benefit, in the short term at least, of expending a maximum proportion of MPPSPF's overall social assistance budget on expanding coverage outweighs the disadvantage of having less to expend on associated services. All the social assistance programmes should continue to exploit the various low-cost approaches that have been developed, including the Mother Leaders, and the use of those Mother Leaders to link beneficiaries to existing available services. But, based on existing knowledge from the mid-term impact analyses, there is insufficient evidence to justify substantial investment in more costly additional services, as an alternative to investing more in programme expansion.

To compensate for this focus on direct social assistance, MPPSPF should nonetheless continue to work closely with other Ministries to encourage better linkages and referrals for their beneficiaries, and better integration across services. It is important that the highly restricted social protection budget should be focussed on providing cash transfers, and that additional services should be provided through reinforcing the linkages with other Government services, rather than itself incorporating costly parallel systems. Current support, for example for early childhood development or agricultural services, that is now treated as part of the social protection budget, should rather be delivered and budgeted in the relevant sectoral ministries. This would require the progressive integration of decentralised sectoral technical services into supplying the necessary accompanying measures according to their sector: for example the forestry cantonment for forestry and environmental activities, agricultural extension workers for all that is agricultural production or fisheries, and so on. And it also requires those decentralised services to support the definition and implementation of an exit strategy to better prepare the beneficiaries to continue to receive support and to safeguard the benefits of the programme over the long term.

Box 5-3: Service linkages and referrals for children with disabilities

For these, and the more specialised services that may be required by persons with disabilities, this review recommends that MPPSPF should assess (and ideally pilot) an approach to strengthen the delivery of such linkages and referrals through a single window, either at commune level or using a mobile facility. Fagnavotse may provide a suitable opportunity to prototype this approach, for possible future scale-up alongside the expansion of social transfers, in order to guarantee the referral of NSSN beneficiaries to appropriate service linkages.

[72] *Hanass-Hancock, Jill & Deghaye, Nicola (2016).*

5.4 Exploration of options

Three scenarios, that are helpful to inform the discussion around possible options for increasing the inclusivity of Madagascar's NSSN programme, are explored below. Please note that these do not represent strategies that we are proposing, still less that they have been discussed and agreed with any stakeholders. They merely allow a more grounded discussion of the possible options.

This section uses microsimulation techniques to inform a discussion of the different potential options for coverage, impact and required level of investment for making Madagascar's social protection system more inclusive and sensitive to the needs of vulnerable children and those with disabilities. Three scenarios are discussed[73]:

- TMDH: A gradual geographical rollout of the TMDH scheme, targeting the poorest 30 per cent of households with age-eligible children, combined with an additional transfer for families caring for children with severe disabilities.
- UCB: A gradual geographical rollout of a universal child benefit (UCB) – to replace the TMDH – for all pregnant women, children up to 15 years of age, and all children under 18 with a severe disability.
- Hybrid: A gradual geographical rollout of a child benefit scheme for pregnant women and children that is universal in rural areas and targeted at the poorest 30 per cent in urban areas (with a universal benefit to all children under 18 with a severe disability, whether rural or urban).

Technical details on the approach and methodology are available in Annex 2 of the report.

[73] *All three scenarios exclude operational costs, in order to facilitate the comparison of impact of the different approaches. These will depend substantially on unknown factors such as the range of additional services provided as part of the transfer, and the mechanisms for poverty-targeting or determination of disability that are used.*

Scenario 1: Geographical rollout of the TMDH

The first scenario simulates a gradual geographical rollout of the current TMDH scheme, targeting the poorest 30 per cent of households with children 0-10 years in each community by using a proxy means test. However, the scenario makes two important changes to the design of the scheme. First, it is assumed that conditionalities are not 'hard' but 'soft': that is, benefits will not be withdrawn if recipients are unable to comply with the conditions. Instead, the programme could focus on giving nudges and messages related to the objectives of the TMDH. Second, the scenario includes an additional transfer to children with severe disabilities under 18 living in areas where the scheme is active. All families caring for a child with severe disabilities would be eligible for this new component of the TMDH, irrespective of their welfare ranking and whether or not they have other children aged 0-10 years.


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As is the case today, the transfer values that are provided to families depend on the household composition. The scenario implements the new values that are expected to come into effect in 2021. This means that all participating families receive a base transfer of MGA 20,000 per month, plus an additional MGA 5,000 for primary school age child-

ren – capped at a maximum of MGA 10,000 per family – and an additional MGA 10,000 for secondary school age children – capped at a maximum of MGA 20,000 per family. In all, therefore, the monthly transfer value ranges between a minimum of MGA 20,000 and a maximum of MGA 50,000. In addition, MGA 30,000 is provided for every child with a severe disability. The transfer values are kept constant in real terms by adjusting them for inflation on an annual basis.

The geographical rollout of the TMDH could follow different trajectories, each requiring different levels of investment in different years. Table 5-1 describes the trajectory of the national rollout that was simulated, by indicating the year in which the TMDH would cover all eligible households in rural and urban areas of each region. The selection and sequencing of locations takes into account existing programmatic geographic priorities as well as average poverty rates in each region.

Table 5-1: Potential trajectory for rolling out the TMDH to achieve national coverage by 2030

Region	Year when full coverage is achieved	
	Rural areas	Urban areas
Analamanga	2030	2022
Vakinankaratra	2021	2030
Itasy	2027	2027
Bongolava	2026	2026
Haute Matsiatra	2021	2021
Amoron'i Mania	2025	2025
Vatovavy Fitovinany	2021	2030
Ihorombe	2023	2023
Atsimo Atsinanana	2021	2024
Atsinanana	2021	2030
Analanjirofo	2029	2029
Alaotra Mangoro	2028	2028
Boeny	2023	2023
Sofia	2028	2029
Betsiboka	2026	2027
Melaky	2022	2022
Atsimo Andrefana	2024	2030
Androy	2021	2022
Anosy	2021	2021
Menabe	2026	2026
Diana	2027	2027
Sava	2029	2029

Scenario 2: Geographical rollout of a universal child benefit (UCB)

The second scenario simplifies the household-targeted TMDH by replacing it with a universal child benefit scheme that supports pregnant women, children up to the age of 15, and children with severe functional limitations. The transfer value is set at MGA 10,000 (in 2020 prices) per month for each eligible woman and child aged 0-15 years. This value was chosen so that families currently on the TMDH scheme would receive approximately the same amount of support under the UCB scenario, on average. For children with severe disabilities, the monthly transfer value is higher – an additional top-up of MGA 30,000 per child over and above the base transfer of MGA 10,000 – to account for the additional needs and associated financial costs of disability. In the simulations, transfer values are kept constant in real terms: that is, they are adjusted for inflation annually so that their purchasing power remains the same.

In the UCB scenario, it is assumed that the scheme would first aim to reach full coverage of eligible women and children in the seven regions where the TMD is currently active by 2024. This is achieved by progressively rolling out the UCB to all districts in those seven regions during the period from 2021 to 2024. From 2025 onwards, the UCB would start to roll out to other rural and urban areas of the country. Table 5-2 describes the trajectory of the national rollout that was simulated, by indicating the year in which the UCB would cover all eligible households in rural and urban areas of each region.

Table 5-2: Potential trajectory for rolling out the UCB to achieve national coverage by 2030

Region	Year when full coverage is achieved	
	Rural areas	Urban areas
Analamanga	2030	2030
Vakinankaratra	2024	2024
Itasy	2028	2028
Bongolava	2027	2027
Haute Matsiatra	2024	2024
Amoron'i Mania	2027	2027
Vatovavy Fitovinany	2024	2024
Ihorombe	2025	2025
Atsimo Atsinanana	2024	2024
Atsinanana	2024	2024
Analanjirofo	2029	2029
Alaotra Mangoro	2028	2029
Boeny	2025	2025
Sofia	2029	2030
Betsiboka	2028	2028
Melaky	2025	2025
Atsimo Andrefana	2026	2026
Androy	2024	2024
Anosy	2024	2024
Menabe	2027	2027
Diana	2028	2028
Sava	2029	2029

Scenario 3: Hybrid approach – UCB in rural areas and targeted in urban areas

The third scenario is a hybrid one. In rural areas, it is identical to the second scenario where it implements a universal UCB for all pregnant women, children up to 15 years of age, and children under 18 with a severe disability. In urban areas, the benefit for children with severe disabilities is universal too, but the benefit for pregnant women and children 0-15 years is targeted at the poorest 30 per cent, by using a proxy means test similar to the one implemented under the first scenario. The transfer values provided in the hybrid scenario are the same as the ones in the UCB scenario: MGA 10,000 (in 2020 prices) per month for each eligible woman and child aged 0-15 years, and MGA 30,000 for each child with severe functional limitations. The simulated geographical rollout trajectory is the same as the one used in Scenario 2.

It should be noted that this particular variant is only one of a number of possible hybrid approaches to move progressively towards the ultimate objective of a universal programme with national coverage. Other options might be to have universal coverage in poorer regions and poverty-targeted approaches in wealthier ones (as happens in Nepal); or to exclude children attending private schools (as is the case in Botswana), for example.


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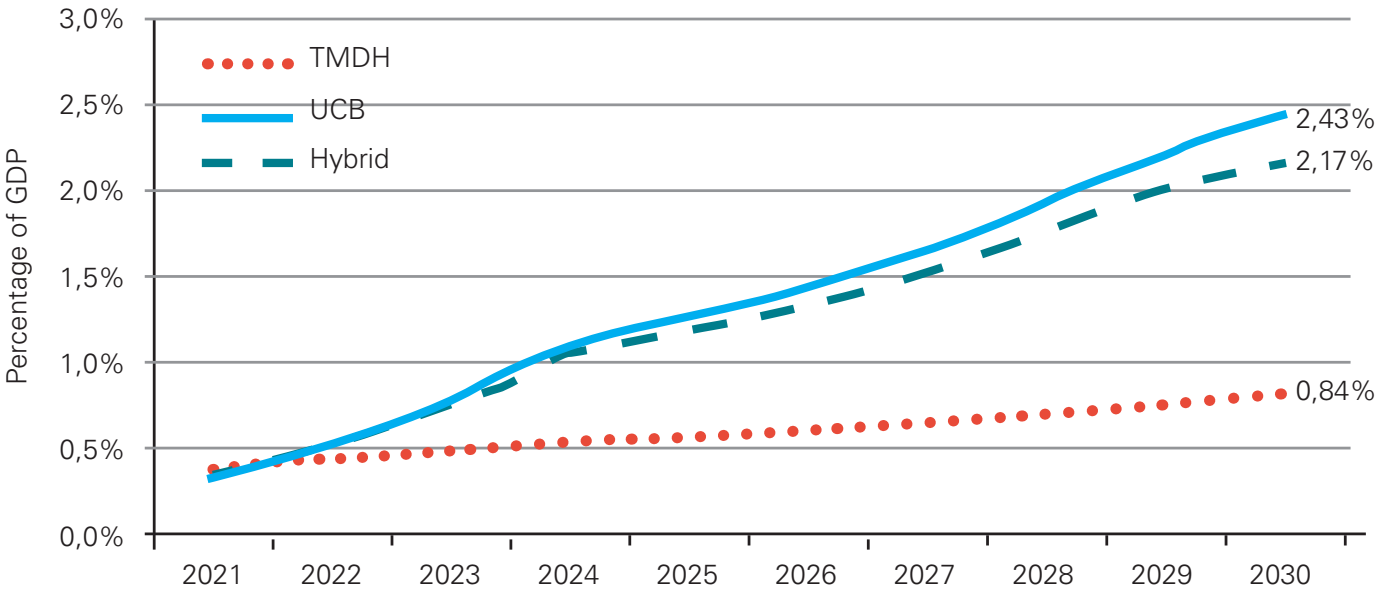
Comparison of required investment, coverage and impact

Figure 5-1 presents the required level of investment to fund the cash transfers under each of the three scenarios from 2021 to 2030, expressed as a percentage of the country's projected gross domestic product (GDP). The budget for the TMDH rollout would start at 0.38 per cent of GDP in 2021, rising to 0.84 per cent in 2030. The second, most ambitious scenario would require a step-up in the level of investment in child-sensitive social protection, from 0.37 per cent in 2021 to 2.43 per cent in 2030. During the period 2021-2024, when the UCB is rolled out to all districts in the seven priority regions, the budget required to fund the cash transfers would rise by around 44 per cent annually. From 2025 onwards, when the UCB is gradually implemented in the rest of country, the budget would grow by around 14 per cent annually. The third, hybrid scenario would require a level of investment of 0.36 per cent of GDP in 2021, rising to 2.17 per cent of GDP in 2030. In each case, the cost of the equal opportunities benefit to all children with a severe disability would represent 0.10 per cent of GDP in 2030.

Figure 5-1: Required level of investment (as a percentage of GDP) to fund transfers, by scenario, Madagascar, 2021-2030



When fully implemented, by 2030, the TMDH would reach just under a third of children under 18 years across the country. Coverage of the UCB and hybrid scenarios would be substantially higher, with 98 per cent and 88 per cent of children under 18, respectively, living in a household receiving transfers in 2030. As illustrated in Figure 5-2, there would be some variation in the level of coverage across regions and urban and rural areas, in particular under the hybrid option. By design, the hybrid option would achieve near universal coverage in rural areas and reach around a third of children in urban areas. The TMDH would reach between 27 and 36 per cent of children in each region, whereas the UCB would cover between 96 and 100 per cent of children in all regions of the country.

Figure 5-2: Simulated percentage of children under 18 years living in households receiving social protection transfers under the three scenarios, by region and place of residence, 2030

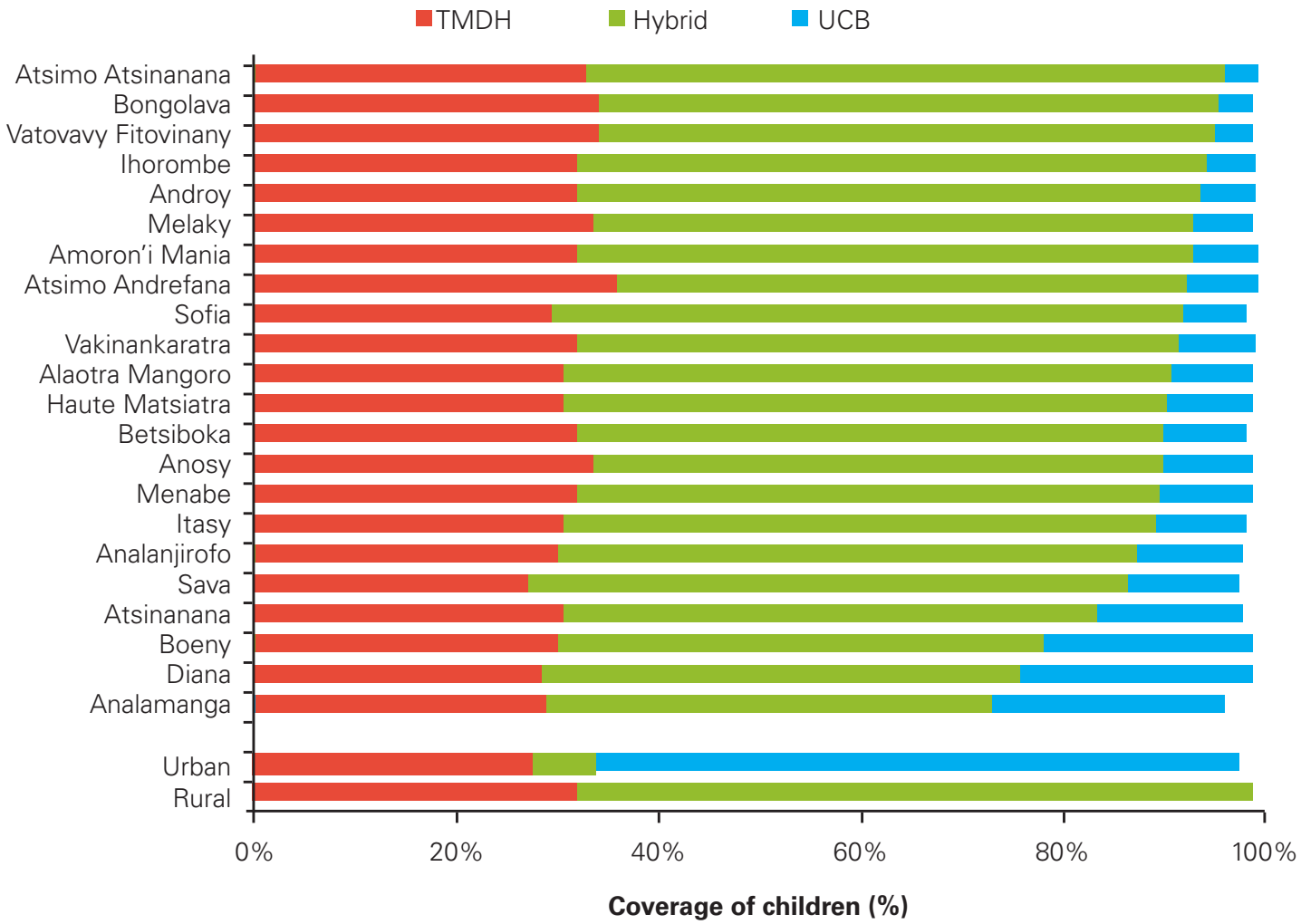


Figure 5-3 shows the simulated level of coverage across the entire population, by five-year age group, in 2030. Overall, some 23 per cent of the population would live in a household receiving transfers under the TMDH scenario, and 85 per cent and 75 per cent, respectively, in the UCB and hybrid scenarios. As expected, coverage would be highest among children, but other demographic groups would benefit from the increased investment in social protection too, including working-age adults and older people co-residing with children.

Figure 5-3: Simulated percentage of the population living in households receiving social protection transfers under the three scenarios, by five-year age group, 2030

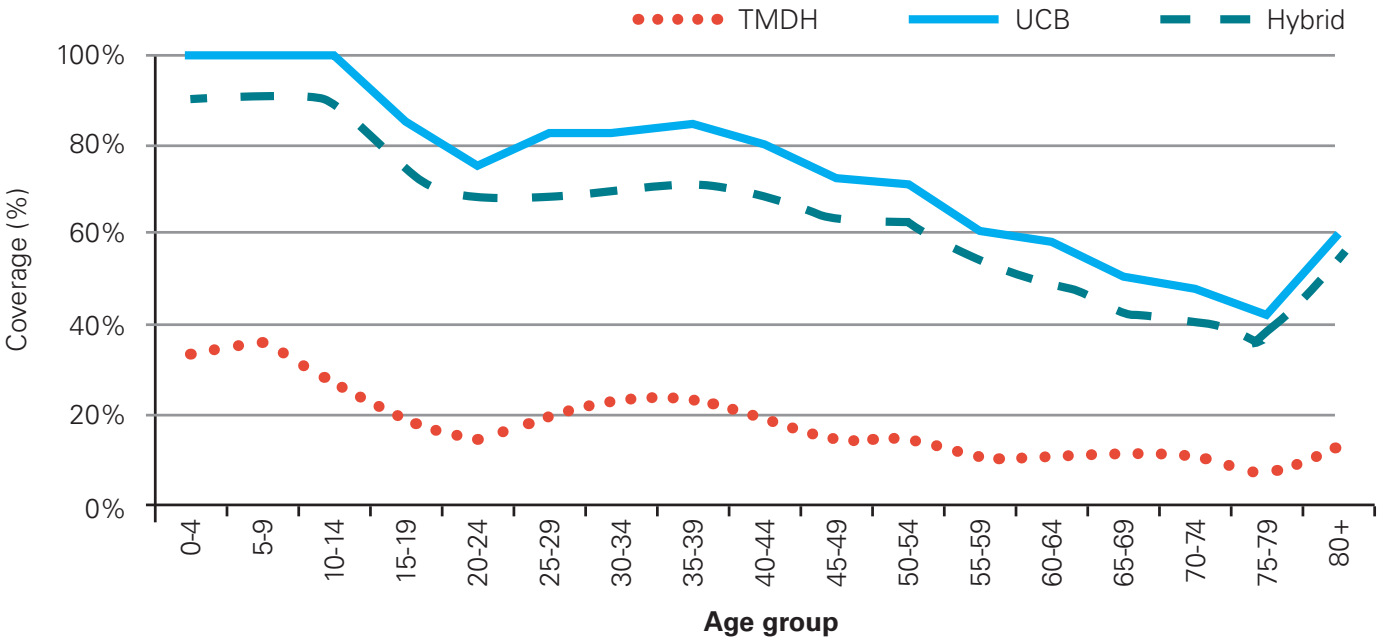
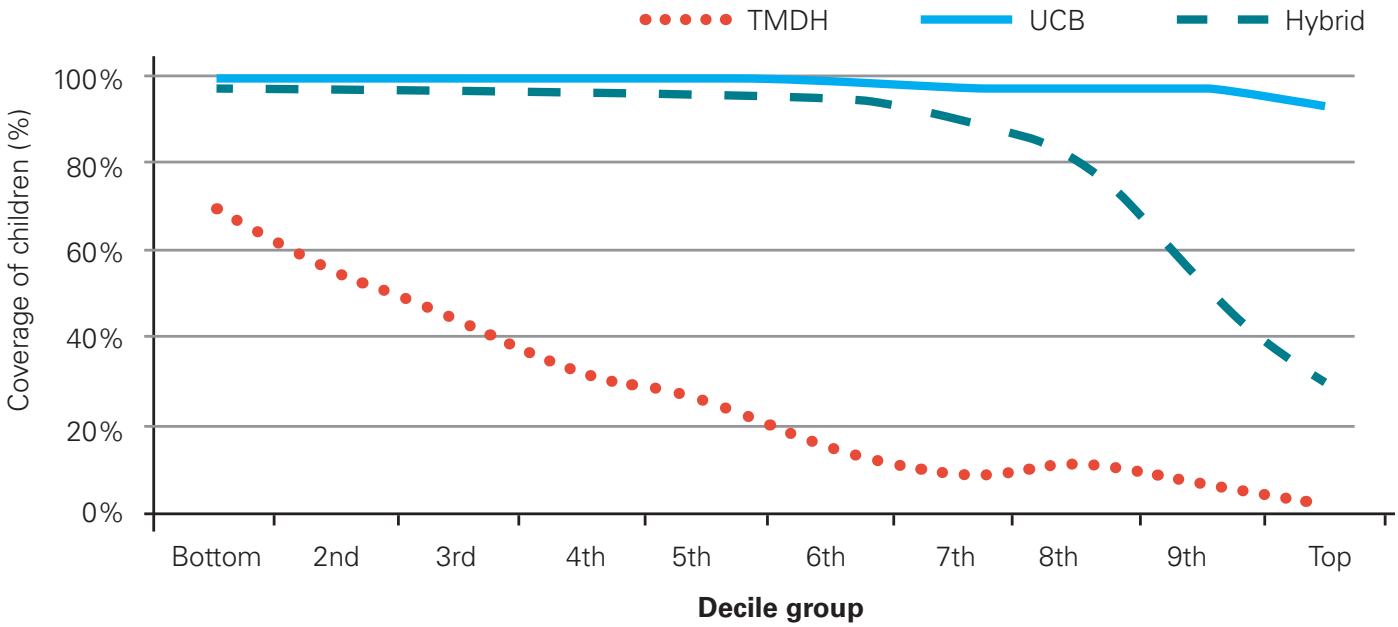


Figure 5-4 shows the simulated coverage of children in 2030 by household income decile group, with the bottom decile representing children in the poorest 10 per cent of households and the top decile representing children in the wealthiest 10 per cent of households. It is clear that the TMDH, despite being poverty targeted, would suffer from very high exclusion errors. Around 59 per cent of children in the poorest three deciles would be excluded from the TMDH scheme. This is due to inherent inaccuracies in the proxy means test formula and because household eligibility is determined based on subnational welfare rankings, in each area where the TMDH becomes operational. Indeed, international evidence from a large number of countries indicates that all poverty-targeted programmes have high exclusion errors, ranging from 44 per cent in Brazil to 97 per cent in Rwanda[74].

In contract, the UCB, by design, would reach nearly all children under 18 across the income distribution. The third, hybrid scenario would effectively operate as an 'affluence-tested' programme, with near-universal coverage of the poorest 50 per cent of children and decreasing levels of coverage among those higher up in the income distribution.

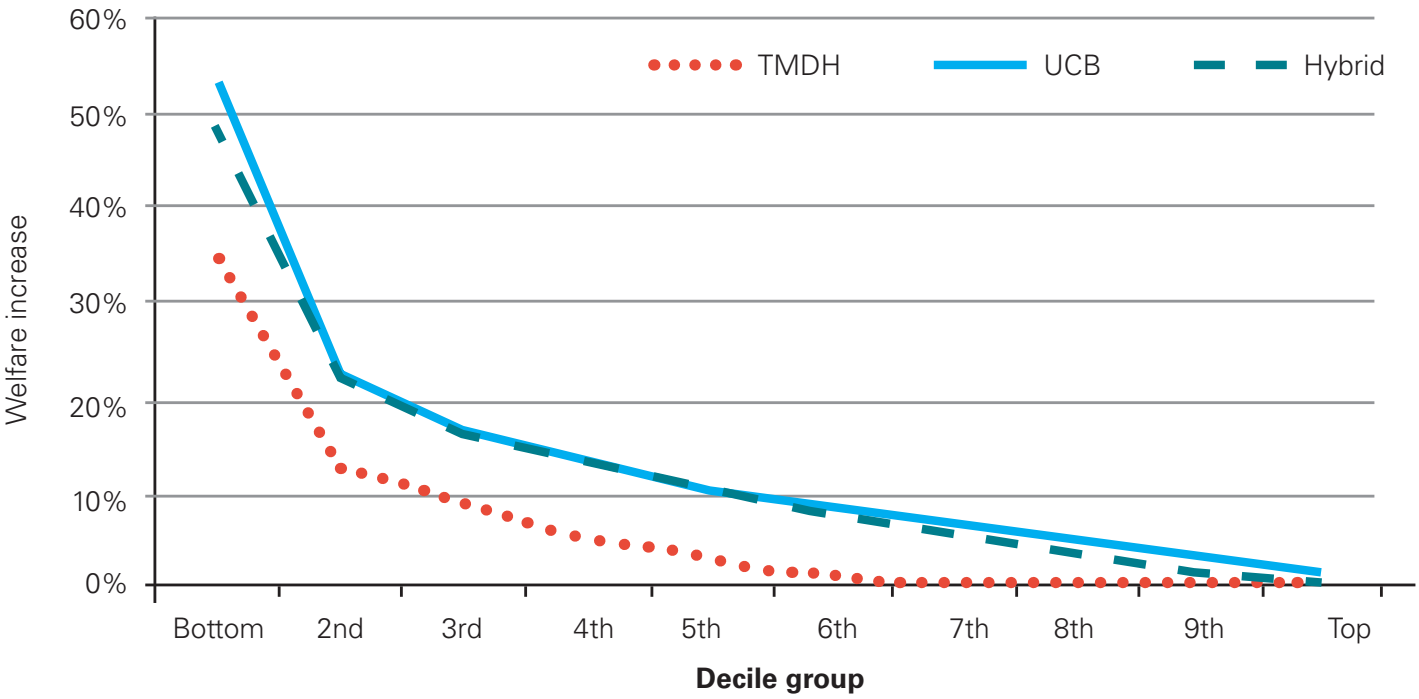
[74] *See: Kidd, S., Gelders, B., & Athias, D. (2017). Exclusion by design: An assessment of the effectiveness of the proxy means test poverty targeting mechanism. International Labour Office, Social Protection Department (SOCPRO); and Kidd, S. & Athias, D. (2020). Hit and Miss: An assessment of targeting effectiveness in social protection. Working Paper June 2020. Development Pathways and Church of Sweden.*

Figure 5-4: Percentage of children under 18 years living in households receiving social protection transfers under the three scenarios, by household income decile group, 2030



The impact of the expansion of the social protection system on per capita incomes across the population would be significant. When fully implemented, the national TMDH expansion is expected to increase the average per capita income by 7 per cent and, among those in the poorest decile, by a third (see Figure 5-5). The impact of the UCB and hybrid scenarios on the monetary well-being of Madagascar's population would be twice as large, increasing per capita incomes by 15 per cent and 14 per cent on average, respectively. For those in the poorest decile, incomes would increase by 53 per cent and 49 per cent under the UCB and hybrid scenario, respectively. Because of their higher levels of coverage, the UCB and hybrid scenario would also boost the purchasing power of people in the middle of the income distribution, who are currently all still living under Madagascar's national extreme poverty line.

Figure 5-5: Simulated increase in per capita income of the overall population under the three scenarios when fully implemented, by (pre-transfer) household income decile group



Overall, an expansion of the social protection system would have significant impacts on a range of indicators related to poverty, inequality and child well-being (see Table 5-3). As a result of the additional income from transfers, child poverty would decrease. When measured against the national extreme poverty line, the child poverty headcount rate would fall by 1 per cent in the TMDH scenario and around 7 per cent in the UCB and hybrid scenarios[75]. Using a lower poverty line set at 50 per cent of median per capita income, the child poverty headcount rate would fall by more than a third if the TMDH is rolled out nationally, and by fully 53 per cent in the other two scenarios. Income inequality, as measured by the Gini coefficient, would decrease too, by between 4 to 8 per cent.

The simulations also indicate that social transfers can help boost education indicators, with significant increases in the share of young children attending early childhood education and attendance rates for primary and secondary schooling, especially under the UCB scenario. Moreover, the increased coverage of social transfers would have an impact on family's ability to obtain access to improved drinking water sources; and, for adolescent girls, it could decrease the likelihood of teenage pregnancy and early childbearing by over 4 per cent in the UCB scenario. Across all indicators, the relative effect of the UCB would be around two to three time larger than the effect of the TMDH.

[75] *It is important to bear in mind that Madagascar's official extreme poverty line, while low in absolute terms from an international perspective, is very high in relative terms as it places the threshold for classifying people as poor or not poor above the 6th decile of the national income distribution. As a result, it is challenging for any programme to make a big dent in poverty rates as it would require transfers large enough to 'leap-frog' recipients upwards by up to six deciles. A more appropriate poverty line for tracking the impact of social protection schemes would have a lower value, such as 50 per cent of the median equivalised income, which is a poverty measure commonly used in OECD countries.*

Table 5-3: Simulated impact of the three scenarios when fully implemented on indicators of child well-being (percentage change)

Indicator	TMDH	UCB	Hybrid
Children living below national absolute poverty line	-1.0	-7.0	-7.0
Children living below relative poverty line (50% of median income)	-35.0	-53.0	-53.0
Gini coefficient (income inequality)	-4.0	-8.0	-8.0
Prevalence of childhood stunting	-0.5	-1.5	-1.4
Pre-school (early childhood education) attendance rate	4.2	10.3	9.5
Net attendance rate in primary education	2.3	4.5	4.5
Net attendance rate in junior secondary education	4.0	12.5	11.8
Net attendance rate in senior secondary education	2.0	7.2	6.5
Population with access to improved drinking water	2.7	7.1	6.8
Prevalence of early childbearing or teenage pregnancy	-1.5	-4.3	-4.0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6. Conclusions

Provision of support to children should be a priority of any government, because those children represent the future of the country. And support to children with disabilities should be absolutely guaranteed, and a primary obligation of any Government that is a signatory to the CRPD.

This review has shown that a very substantial majority of children in Madagascar receive no support. Currently the NSSN programmes reach only 3 per cent of all children, in a country where nearly 80 per cent of children are living in monetary poverty, and even more (86 per cent) are suffering from some form of multi-dimensional poverty. They are excluded because of a range of factors: the Region, district, commune or fokontany where they reside, the characteristics of the composition of the household in which they live, and the ability of their caregivers to meet the necessary conditions and registration requirements…all of which will tend to militate against the inclusion of the most vulnerable among them.

There is currently no automatic inclusion of persons with disabilities in the existing NSSN programmes. Such people are eligible, and indeed in some cases special arrangements are put in place to prioritise them for inclusion, which is very positive. But there remain a number of factors that may compromise such inclusion (barriers of distance and inaccessibility, household-based targeting, complexity of registration procedures, conditions for eligibility, and so on).

This review recommends that the first step to improve inclusivity of the NSSN is to scale up coverage of children to become truly national. But this on its own would be insufficient.

As the micro-simulation in Scenario 1 has shown, the implementation of a poverty-targeted household grant, even nationally, will still leave substantial numbers of vulnerable children uncovered. It also recommends that TMDH represents a better option for such expanded national coverage than ACTP. ACTP, as its name makes clear, is meant to provide social protection in the form of income support in exchange for productive work. This is a valid approach, with clear objectives. Adding on to this a component to provide the same level of support, on the same irregular timeframe, to vulnerable children and those with disabilities, is inevitably a suboptimal response, both for the beneficiaries and for the programme. Workfare programmes globally tend not to have positive impacts on child outcomes, in terms of health, nutrition or education, as is borne out by the results of the mid-term evaluation of ACTP. Indeed, one of the reasons for the limited developmental impacts of ACTP may be that it is having to support an additional population of persons with disabilities who have greater needs than the programme can deliver, and who cannot therefore contribute to the expected positive outcomes.

The review recommends strongly that the current TMDH should be reformed to become a child benefit, based on the individual child, rather than on the household to which he or she belongs. This is more consistent with the rights of the individual child. And there is a strong case, especially in a country with poverty as widespread, as pervasive and as persistent as Madagascar, that this should be provided universally, to get every child off to the best possible start in life. The review does recognise, however, that this can probably only be achieved progressively, and over a period of time, especially given the fiscal constraints during the period of recovery from COVID-19. It would also entail a higher investment, by 2030, than that envisaged in the SNPS, at nearly 2.5 per cent of GDP, compared with 1.5 per cent of GDP in the SNPS.

Clearly, such a substantial investment would need to be analysed in greater detail. The modelling undertaken as part of this review ignores a number of contextual factors that should be taken into account within the overall macroeconomic framework, to better explore the budgetary, fiscal and monetary implications. It would also be necessary to explore the potential options for funding the expansion: either from traditional mechanisms such as quantitative easing, seeking debt relief, reallocation of Government expenditure and budget efficiencies, making taxation more progressive, improving tax collection, reducing illicit financial flows; or through more innovative approaches such as taxes on the digital economy, inheritance, transaction and tourist taxes, a surcharge on natural resource extraction and expanding so-called 'sin taxes' on luxury items, tobacco and alcohol. Both the IMF (2020) and OECD (2020) have argued in favour of taxes for redistribution as important "solidarity surcharges" in post-COVID-19 recovery. Finally, the possible risks of inflation of such a substantial programme would need to be assessed and monitored. Global experience suggests that social transfers do not lead to inflation, since they tend to be spent locally, on basic goods and services, and are more usually found to generate positive multipliers in local markets, but this would need to be confirmed in Madagascar, especially in more remote areas where supply might not necessarily follow demand.

One option, to reduce initial costs, would be to differentiate between rural and urban areas. Rural areas are significantly poorer than urban ones, and it would be possible, as in our hybrid option, Scenario 3, to envisage a child benefit that was universal in rural areas but targeted in the wealthier urban areas, either using PMT as now, or adopting other approaches to rationing that might be (or might become) feasible, such as excluding children at private schools or excluding children in households paying income tax or in Government employment. But the savings would not be huge, since only about one-fifth

of all children live in urban areas, the impacts would be lower (as shown in the comparison between Scenarios 2 and 3 – see Figure 5-5), and a decision would therefore need to be taken about whether the cost savings really outweigh the added complexity, reduced coherence and likely loss of political support as a result of excluding some children.

Perhaps a better approach would be to advocate for the universal child benefit as the excellent investment that it would undoubtedly be. It should be a moral obligation for any country to give its next generation of citizens the best possible start in life; but there are also strong economic arguments since malnutrition and sub-optimal child development have significant costs. A stunted child faces a higher risk of dying from infectious disease (1.9 to 6.5 times more likely to die, with this risk rising significantly in cases where there is a concurrence of both stunting and wasting) and the child is likely to perform less well in school (equivalent to two to three years' loss of education). Stunting is associated with impaired brain development, meaning lasting, diminished mental functioning. This, in turn, leads to significantly reduced learning. Adults stunted as children earn a lower income in life (on average, 22 per cent less), which further exacerbates deprivation.

The high coverage of households through a universal child benefit (as shown in Figure 5-3), would also benefit the demand side of the economy, another important consideration in the context of recovery from COVID-19, where domestic markets may need to be stimulated to support the economy. This rationale, of increasing domestic money supply through an expansion of cash transfers, is being followed by countries across the globe as they seek to stimulate their economies, minimise the severity of the recessions they face as a result of COVID-19, and enable their economies to recover more quickly.

A number of countries globally have also used inclusive social assistance as a mechanism to rebuild the social compact between the state and its citizens after a period of political upheaval, such as that experienced in Madagascar in the past decade. South Africa would be a relevant example, with the growth after apartheid of its comprehensive suite of social assistance support: near-universal old age pension, disability, child support and foster care grants. But there are other instances more relevant to Madagascar's more resource-constrained circumstances, such as Nepal's universal old age pension, Myanmar's universal senior citizens social pension (and a recent first 1000-day pilot); and Timor-Leste's universal pension and new affluence-tested child grant for the under-3s. A recent World Bank review of safety nets in Africa confirms that "periods of rapid economic or social change offer a window of opportunity, wherein the political appetite for social safety net programs can evolve quickly"[76]. It is crucial to take advantage of this window to move towards more inclusive social assistance, especially for children in Madagascar.

Alongside this, the social support to children should recognise the additional vulnerability of children with disabilities. The review considered the option of an immediate introduction of a national "equal opportunities benefit" for all children with severe disabilities (see Box 6-1). But it questioned the practicality of this as an immediate first step because of the complexity of trying to introduce a small-coverage programme at national scale before the necessary administrative structures were in place nationwide. It was therefore felt that it would be better to incorporate the payment of an additional equal opportunities allowance into the broader child benefit programme as the administrative mechanisms and structures were progressively expanded

[76] *Beegle, Kathleen G.; Coudouel, Aline; Monsalve Montiel, Emma Mercedes. 2018. Realizing the Full Potential of Social Safety Nets in Africa (English). Washington, D.C. : World Bank Group. http://documents.worldbank.org/curated/en/657581531930611436/Realizing-the-Full-Potential-of-Social-Safety-Nets-in-Africa*

across the country. In this case, the payment to children with severe disabilities would be an "equal opportunities top-up", rather than a distinct "equal opportunities benefit", which is the way it has been modelled in the three scenarios above. It would require the development of relatively simple procedures for determining the degree of disability in children, which ideally could predominantly be conducted at community levels – this is further discussed in Box 6-2.

Box 6-1: A national "equal opportunities benefit" for children with severe disability

This review considered the option to introduce a new, nationwide, universal equal opportunities benefit. Current programmes find it very difficult to distinguish comparative vulnerability between households. Whatever systems are adopted to overcome the inherent deficiencies of PMT, especially at the lowest end of the wealth spectrum, it is impossible to accurately predict differences between the vulnerability of very poor households (and in addition this may change rapidly). In contrast, we know, with absolute certainty, that the vulnerability of a household containing a person with a disability is unquestionably – and immutably – greater than that of the same household without a person with a disability. Disability inevitably creates extra costs to participate fully in society: both direct costs such as the need for assistive devices, personal assistance, special services, extra medical costs, housing modifications, extra transport and so on, but also the indirect costs of reduced access to education and employment, and the opportunity cost to the household of needing to provide special care.

A national equal opportunities benefit (of MGA 30,000, as modelled in the three scenarios above) could begin with national coverage of all children up to the age of 18 with severe disabilities, at an estimated cost of only 0.13 per cent of GDP initially, falling to just 0.10 per cent of GDP in 2030. Such a choice of initial target group would be coherent with the Plan National d'Inclusion du Handicap focus which : « s'attache aux droits des personnes handicapées avec une attention spécifique aux femmes et enfants handicapés ». And it would deliver substantial benefits to recipient households: the level of welfare of children with severe disabilities – as measured by per capita income – would increase by an estimated 24 per cent. The effects would be the largest among children with disabilities in the poorest households (an increase of 55 per cent) while those in the middle of the income distribution would experience a relative welfare gain of around 17 per cent. As a result, levels of poverty would reduce significantly among recipients of the equal opportunities benefit: using a lower poverty line, such as 50 per cent of median income, the poverty headcount rate would fall by nearly half, from 19.6 per cent to 10.7 per cent.

Once the benefit is established, it could be extended relatively rapidly to all persons with severe disabilities, whatever their age, at which point – assuming a coverage of 2.5 per cent of the national population – it would cost an estimated 0.48 per cent of GDP in 2030. These figures fall well within the proposed budget expansion envisaged in the SNPS, and should be achievable even in the challenging period of post-pandemic recovery.

It is also possible that such an initiative would attract technical support and funding from development partners in Madagascar, who are committed to the SDG agenda. A key focus of the SDGs is to ensure that no-one is left behind in terms of gaining access to different services provided by the government. In fact, in committing to the 2030 agenda for sustainable development, all states recognised that "…the agenda's goals and targets should be met for all nations and people and for all segments of society". Furthermore, the state parties committed that they would try to reach first those who are furthest behind. UNICEF and its UN partners are fully committed to inclusive social protection; the World Bank

has a commitment that globally 75 per cent of their social protection programmes would be disability-inclusive; DFID (newly re-established in Madagascar) has an objective in its Single Departmental Plan to "Continue to be a global leader on disability, delivering on the promises from the Global Disability Summit of 2018", with a similar commitment to "Systematically and consistently embed disability inclusion across everything DFID does"; the EU insists that its development cooperation "needs to be 'disability inclusive', that is, to promote the rights of people with disabilities and to make sure that they can contribute to and benefit from the development efforts of their countries", and many of its member states (e.g. Norway, Sweden) reserve specific funding instruments for disability-inclusive social protection.

Box 6-2: Approach to disability determination

To implement an equal opportunities benefit (or top-up), Madagascar will first need to develop a standardised approach to assess and determine disability, an obligation in any case under the CRPD. But there is a wide range of international experience on this from which to draw. And fortunately, there is increasing recognition that countries should take a functional approach to disability assessment and determination[77]. On this basis, a person is considered to have a disability if they are not able to undertake basic activities of daily living, such as walking or communicating. The medical cause of that disability or the nature of the person's impairments are not essential for the determination: the fact that the person cannot walk, for whatever reason, would qualify them for being certified as having a disability. This means that determination of disability can be devolved to the community level, and can substantially be undertaken by people who are not medical specialists. Instead it can rely predominantly on how well local service providers know their neighbours. The determination is based on what they observe every day and their understanding of the local environment in which the person lives. Disability determination should build on this knowledge by relying on an assessment of how individuals function in their communities.

[77] *This is also the approach adopted in Madagascar's Plan National d'Inclusion du Handicap, which adopts the CRPD's definition of disability as « un concept évolutif qui résulte de l'interaction entre des personnes présentant des incapacités et les barrières comportementales et environnementales qui font obstacle à leur pleine et effective participation à la société sur la base de l'égalité avec les autres ».*

The final factor to bear in mind when arguing for a universal child benefit and a universal equal opportunities benefit is that of the political economy. National politicians tend to be reticent about poverty-targeted interventions. There are no examples in sub-Saharan Africa of where such programmes have led to an adequate – and sustainable – government fiscal commitment to social protection, or have increased the real value of their transfers to beneficiaries over time. Poverty-targeted programmes never become entitlements. They therefore never attract popular demand (except among a voiceless minority of beneficiaries, who see themselves as the fortunate few) and consequently they never gain political traction. As a result, they never generate adequate domestic fiscal space for improved social protection. Contrast this with the many examples from sub-Saharan Africa where social assistance programmes based around individual life-course vulnerabilities and provided universally (or excluding just the wealthiest) garner considerable political acceptance and popular support, ultimately resulting in much higher levels of transfer: South Africa, Namibia, Botswana, Lesotho, Swaziland are all local examples. Recent experiences from Kenya and Uganda also show how social protection tends to move towards a more universal set of programmes and covers vulnerabilities across the life-course as it matures. It is time for Madagascar to start on this path.

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ANNEX 1

Terms of Reference

UNICEF Madagascar

TERMES DE REFERENCE

for Institutional Services to Conduct a Towards a universal and inclusive social protection for the children of Madagascar.

Title	Increase the Inclusiveness of the National Safety Nets Programme in Madagascar
Scope of work	A programmatic review to strengthen the design of its safety nets programme to ensure that the needs of various categories of vulnerable people, and particularly children, are properly considered by making the system more inclusive and child sensitive.
Location	Antananarivo, Madagascar and remotely
Duration	40 days over 6 months
Section	Social Policy and Evaluation (PSE)

1. Background and Justification

The Government, under the leadership of the Ministry of Population, launched a national safety nets programme in 2016 to provide a minimum level of social protection to rural households. This programme still has limited coverage (5% of extremely poor households), but according to the National Social Protection Strategy[78] (NSPS) the Government aims at scaling up the programme by tripling the current number of beneficiaries by 2023 and then gradually covering half of extreme poor households by 2030. This national social protection programme will therefore become the most important instrument in the country to provide basic social protection to extreme poor and vulnerable households. The programme will also be a key step in Madagascar's endeavors to implement the 2030 Agenda for sustainable development.

A well designed social protection programme can be a major tool to improve child education, health and nutrition outcomes thus contributing to break the intergenerational transmission of poverty. The existing national safety net programme has two main components: a cash transfer component conditional to primary education (CCT) and a productive safety net (cash for work) component. The programme, particularly the CCT component, has already an important focus on children, however, only households in extreme poverty with children in primary age school are eligible to enroll. Eligible households receive monthly transfers if their children attend at least 80 per cent of classes in primary school. In addition, the Government, with financial support from UNICEF, added a top up to the programme to promote transition to secondary school for households' beneficiary of the CCT programme, conditional on sending their teenage children to school. The Cash for Work component targets households based on their poverty status, beneficiary households are entitled to work 80 days per year for a 3 years period. Vulnerable households who are

[78] *Ministère de la Population, de la Protection Sociale et de la Promotion de la Femme, République de Madagascar, Stratégie Nationale de Protection Sociale 2019-2023*

not able to participate in community works, receive unconditional cash transfers. This component targets districts with the highest productive and agricultural potential.

Despite the strong focus of the national programme on children and human capital promotion, the approach is not inclusive of all categories of vulnerable children (i.e., first 1,000 days of life, early childhood, out of school children, children living with disabilities, orphan children, etc.).

One of the priority actions of the recently approved NSPS (2019-2023) is to analyze coverage gaps and exclusion errors of the programme and adjust its design and parameters to make it more inclusive. UNICEF, as co-lead of social protection in Madagascar aims to support the priority actions established by the Government in its NSPS. Therefore, **UNICEF, in coordination with the Government of Madagascar, is seeking well-established institutions (consultancy organisations, companies, etc.) for the conduct of a programmatic review to strengthen the design of its safety nets programme to ensure that the needs of various categories of vulnerable people, and particularly children, are properly considered by making the system more inclusive and child sensitive.**

2. Purpose and Objectives of the Consultancy/Contract

The purpose of the consultancy is to provide technical assistance to the Government of Madagascar to increase the inclusiveness of the national safety nets programme, with a focus on the most vulnerable children.

More specifically, the institution that will carry out this programmatic review will analyze the coverage gap of the existing safety nets programme for different type of vulnerable groups, including people with disabilities. This analysis will be based on secondary data analysis and primary data collection.

The analysis will provide UNICEF and the Government recommendations on:

- The most appropriate type and level of social protection services for each category analysed (categories could be based on the life cycle approach, with a particular focus on the most vulnerable children, and additionally include people with disabilities);
- How to modify the parameters of the safety nets programme (i.e., targeting, transfer amount) to make it more inclusive and more child sensitive; and
- What type social assistance/social protection programmes should be put in place to complement the safety nets programme for specific groups of people.

The final output of this consultancy will be a programmatic reivew report (in English or French) providing concrete suggestions to the Government on how to increase the inclusiveness of the social protection programme and make it more child sensitive.

This work contributes to the Social Inclusion outcome of the UNICEF programme in Madagascar and particularly to the Output 3 (Social protection): "Dialogue and partnerships with the Government and donors are established to develop a national social protection framework and to progressively integrate social protection measures into relevant programme areas."

3. Work Assignments/Specific Tasks

Specific tasks required to achieve the main objective of this technical assistance are the following:

- Definition of a methodology to

conduct the analysis in a research protocol/inception report. The analysis will be based on secondary data analysis and, if necessary, primary data collection. The exact methodology will be proposed by the consultants. Datasets available, that might be used to analyse the coverage gap of the safety nets programme are the following:

- A multiple indicator cluster (MICS) survey (which includes both social protection and disability modules) and has been conducted in 2018/2019 and could be used to analyse social protection needs and current coverage gaps of existing programmes[79];
- Impact evaluation surveys have been conducted in 2016 (baseline) and 2018 (mid-line) and provide information on various indicators (consumption, access to services,…) for beneficiaries of safety nets and control households;
- A national consumption survey (OMD 2012) has been conducted in 2012 and provide information on the overall monetary poverty and vulnerability profile of the population[80].

To complete the information provided in the existing surveys, if necessary, the institution will propose a primary data collection methodology to have a more exhaustive picture of the social protection needs and exclusion problems of specific vulnerable groups, particularly children.

The institution will also specify the categorical approach that will be used, this could be based on a life cycle approach with a specific focus on children and people living with disability, or other options that will be discussed between UNICEF and the consultants.

The methodology proposed will also include discussions with key informants at national level (Government, implementing partners, international organisations, NGO, etc.) as well as consultative meetings at national or regional level, if considered necessary.

– Preparation of a preliminary report that will cover the following topics:
  - Coverage gaps: Based on the results of data analysis and discussions with the main stakeholdres (including Humanité et Inclusion, the Federation of People living with disabilities, etc.), the consultant will identify coverage gaps for specific categories of people in the existing programmes and provide suggestions to make the system more inclusive. Attention will be paid on social protection coverage gaps for people living with disabilities.
  - Level of benefits: Adequacy of benefit level will also be analysed to understand if the transfer is aligned with the objective of the safety net (poverty reduction and promotion of human capital investment, particularly for children). The analysis on the adequacy of the benefit level will be based also on best international practices and evidence available in other developing countries (adequacy based on household consumption, poverty gap, other relevant indicators)[81].
  - Linkages with additional social services: The report will analyse the existence or lack of appropriate linkages with other social services and will make suggestions on the type of social programme that

[79] *https://www.instat.mg/?page_id=1345*

[80] *PNUD/INSTAT (2013), Rapport de l'enquete nationale sur le suivi des OMD a Madagascar) (ENSOMD), 2012-2013*

[81] *See for example: "Innocenti research Brief, 2015-01, B. Davis, S. Handa, How Much do Programmes pay? Transfer size in selected national cash transfer programmes in Sub Saharan Africa" and:*

should be put in place to complement the safety net for specific groups of people (including people with disability).

- Concrete suggestions to modify the design of the programme to make it more inclusive and child sensitive based on the results of the coverage and adequacy analysis. The parameters proposed by the consultants should be realistic taking into consideration:
  - The existing budget constraints in Madagascar and the objective of the SNPS over the medium to long term (at least 0,5% of GDP allocated to safety nets by 2023 and 1,5% by 2030). This requires a priorization of vulnerable groups based on categorical and/or poverty criteria; and
  - The main objective of the Government is to promote human capital investment, particularly for children, and extreme poverty reduction via the safety nets programme.

The structure and length of the report will be agreed with UNICEF at the beginning of the assignment. A tentative outline is the following:

I. Executive summary

II. Objective of the study

III. Methodology

IV. Poverty and vulnerability profile (including a categorical approach)

V. Analysis of the social protection programmes in terms of coverage, benefit level and linkages with other services

VI. Scenario to increase to make the programme more inclusive and child sensitive

VII. Conclusion and policy recommendations.

- Dissemination of initial results and Finalization of the report. The initial draft of the report will be presented and discussed with the national Thematic Group for Social Protection during a national workshop on inclusive and child sensitive social protection (organized during the last mission of the lead consultant). The consultants will prepare a brief presentation in French summarizing the findings. A final report will be produced at the end of the mission. This report will take into account feedbacks from UNICEF, the Government and other social protection stakeholders in Madagascar.

At the beginning of the assignment UNICEF will provide to the consultants key documents to familiarize with the social protection contexts in Madagascar (Social Protection Strategy and its action plan, Public Expenditure review, Safety Nest programme documents and manuals, impact evaluation reports, and other documents that might be relevant) as well all dataset mentioned above (MICS 2018, impact evaluation dataset 2016 and 2018, OMD 2012 survey).

The accomplishment of those tasks will require a mix of remote and in country work. The team will organize a minimum of two missions in the country are required, ideally at the beginning and at the end of the consultancy.

4. Deliverables

The institution will produce the following deliverables:

1. An inception report that details the proposed methodology to conduct the analysis, based on literature review and preliminary data analysis from existing datasets. This report is due 3 weeks after the signature of the contract (20% of the amount of the contract): November 5th 2019;

2. A preliminary review report covering the topics mentioned in the ToR above is due 4 months after the signature of the contract (50% of the amount of the contract): February 15th 2020;

3. A final review report that takes into account UNICEF and other social protection stakeholders feedbacks is due 6 months after the signature of the contract (30% of the amount of contract): April 15th 2020.

5. Qualifications or Specialized Knowledge/Experience Required

This is an institutional contract. Institution selected must provide a team composed of:

1. A Senior Social Protection Specialist with the following qualifications:

   a. Minimum a Master's degree in Economics, Management, Social Sciences or other from a state-accredited institution;

   b. At least 10 years of experience in the social protection sector, preferably in low-income countries and in Sub-Saharan Africa. Experience both in operational (project design and management) and institutional/policy work related to social protection required;

   c. Good knowledge of qualitative and quantitative research methodology;

   d. Fluent in French and English; and

   e. Knowledge of the social protection sector in Madagascar will be an asset.

The Senior Social Protection Specialist is expected work 40 days over the 6 months duration of the assignment.

2. A Statistician with the following qualifications:

   a. Minimum a Master's degree in Statistics, Econometrics or Economics from a state-accredited institution;

   b. At least 5 years' experience in statistical and econometric data analysis, using large national households' surveys;

   c. Good knowledge of quantitative research methodology; and

   d. Fluent in English, a knowledge of French will be an asset.

The Statistician is expected to work 30 days over the 6 months duration of the assignment.

Development Pathways developed an ex ante microsimulation model to analyse the potential coverage, welfare effects and cost of reforms in Madagascar's social protection system. This background note provides an overview of the data and methods that were used.

Data sources

The analyses used household survey data from the 2018 Multiple Indicator Cluster

ANNEX 2

Data and methodology

Survey (MICS) and the 2012 Enquête Nationale sur le Suivi des indicateurs des Objectifs du Millénaire pour le Développement (ENSOMD). The MICS covers a range of indicators on the well-being of women and children, including nutrition, education, water and sanitation, marriage and fertility, among other topics. It used a multi-stage cluster sampling design and successfully interviewed a representative sample of 17,870 households across the country. The ENSOMD was developed to track the country's progress towards the Millennium Development Goals (MDGs) and also collected information on household expenditure. It followed a two-stage sampling methodology and interviewed a representative sample of around 17,000 households. Population data were extracted from Madagascar's 2018 Census[82] and projections developed by the United Nations Population Division[83]. Economic data on growth was taken from the International Monetary Fund's (IMF) World Economic Outlook (WEO) database from October 2020.

Simulating population dynamics

Estimates of the future number of individuals and households eligible for income support under alternative scenarios were extrapolated from census and survey data and population projections for Madagascar. The procedure involved a recalibration of the survey weights of the 2018 MICS so that the weighted totals by age and by sex correspond to the median variant of the population projections by age and by sex developed by the United Nations Population Division (2019).

Madagascar's population size is expected to grow from 26.3 million in 2018 to 35.6 million in 2030, while the number of households increases from 6.3 million to 8.5 million during the same period. A number of simplifying assumptions had to be made regarding the future geographical distribution of the country's population at sub-national level. In particular, the percentage distribution of males, females and households by place of residence (urban, rural) and by region was kept constant in future years, in line with the latest available data from the 2018 Census.

The recalibration of the survey weights was performed using the cross-entropy approach set out in Wittenberg (2010), and imposed a restriction of constant weights for individuals within households[84]. The procedure was repeated for each of the years from 2018 to 2030.

Simulating household income

The 2018 MICS did not collect data on household income or expenditure, which limits its usefulness for standard poverty and inequality analysis. To address this limitation, synthetic household incomes were simulated based on the MICS wealth index and external data on the distribution of household income, using an approach similar to the one described in Harttgen & Vollmer (2013)[85].

A three-step procedure was followed. First, a cumulative distribution function (CDF) of household consumption expenditure per capita was constructed from the latest

[82] *INSTAT-CCER. (2019). Résultats provisoires du RGPH-3 de Madagascar. Institute National de la Statistique.*

[83] *United Nations, Department of Economic and Social Affairs, Population Division. (2019). World Population Prospects 2019, Online Edition. Rev. 1.*

[84] *Wittenberg, M. (2010). An introduction to maximum entropy and minimum cross-entropy estimation using Stata. The Stata Journal, 10(3), 315–330.*

[85] *Harttgen, K., & Vollmer, S. (2013). Using an asset index to simulate household income. Economics Letters, 121(2), 257–262.*

available survey data – the 2012 ENSOMD. Consumption expenditure is used as a proxy for household income. Values were expressed in 2020 prices by adjusting them for inflation using data on the annual percentage change in average consumer prices from the IMF's World Economic Outlook (WEO) database.

Second, a welfare ranking was constructed in the 2018 MICS dataset based on the household wealth index score. The wealth index is a composite measure of the cumulative living standard of a household, pre-processed by UNICEF and included in the microdata of the MICS. It is calculated with principal component analysis (ACP) using data on a household's ownership of selected set of assets, such as televisions, bicycles, and cars; dwelling characteristics such as flooring material; type of drinking water source; and toilet and sanitation facilities. Factor (wealth) scores are based on the first component of the ACP and assumed to represent underlying wealth.

In the third step, the wealth index was matched with the income distribution by making the assumption that the ranking of households within the wealth index distribution is the same as the ranking within the income distribution. Specifically, the level of income at the p-quantile of the national income distribution was assigned to the household at the p-quantile of the wealth index distribution.

Simulating eligibility for programmes

To simulate eligibility for the TMDH, a proxy means test (PMT) formula was developed in the survey dataset that mimics as closely as possible the poverty scorecard used by FID in Madagascar. It aims to predict households' level of welfare based on: its demographic composition; the number of children who never went to school; the dependency rate; the sex of the head of the household; the level of education and literacy of the head of the household; characteristics of the dwelling – including its size, the number of rooms, construction materials, the type of water and sanitation facility, and whether it has electricity; ownership of consumer goods such as radios, bicycles, tables and chairs; and its location (urban or rural).

All variables in the PMT are given a certain weight and, when added up, provide a score for each household that can be used to create a welfare ranking. The simulations assume that all households with children 0-10 years of age that are in the bottom 30 per cent of the welfare ranking of households with children are eligible for the TMDH. Separate welfare rankings were constructed for urban and rural areas within each region, which are the lowest geographical levels (strata) that can be identified in the survey dataset.

Simulations of child benefits use reported data on age from the household roster of the MICS survey to identify eligible children, and on women's pregnancy status from the MICS questionnaire for individual women of reproductive age. To identify children with severe functional limitations, information was used from the Washington Group/UNICEF module on child functioning, which assesses difficulties in the following functional domains: vision, hearing, mobility, communication/comprehension, behaviour and learning (all ages); dexterity and playing (2-4 years); and self-care, remembering, focusing attention, coping with change, relationships and emotions (5-17 years). Each area was assessed against a rating scale, to reflect the degree of functional difficulty.

The simulations assume that all children who were unable to perform one or more basic activities would be eligible to receive an equal opportunities benefit. They focus, therefore, on a subset of the overall child population with disabilities – i.e. those with the most severe functional limitations – that is arguably easier to identify and would typically be prioritised in the context of setting up a new equal opportunities benefits system. Overall, an estimated 1.4 per cent of children in Madagascar have very severe functional limitations. This is somewhat higher than, for example, the 0.8 per cent of children in South Africa who are receiving a 'Care Dependency Grant' because they have a severe disability and need full-time or special care[86].

[86] *Kidd, S., Wapling, L., Bailey-Athias, D., & Tran, A. (2018). Social Protection and Disability in South Africa (Working Paper July 2018). Orpington, UK: Development Pathways.*

Assuming that the prevalence rate remains constant in the future, the number of eligible children would increase slightly over time, from around 176,000 in 2021 to 205,000 in 2030.

Simulating impacts of cash transfers

To simulate the impact of cash transfers on levels of poverty and inequality, household income per capita was used as the measure of welfare. Individuals or households eligible to receive support under different scenarios were identified in the microdata and the aggregate value of the cash transfers was added to their household income and divided by household size to obtain the post-transfer level of welfare. Poverty targeting of social protection schemes was modelled by replicating Madagascar's poverty score card in the MICS dataset and assigning households a ranking based on their score. The simulations considered first-order effects on household income only and did not take into account potential second-order effects on, for example, individual behaviour or spill-over effects to the local economy.

The welfare effects of cash transfers were analysed by comparing summary measures of the distribution of baseline income with the distribution of post-transfer income. Key measures include the relative change in household income, the Foster-Greer-Thorbecke class of poverty measures (headcount ratio, poverty gap, and severity of poverty), and the Gini coefficient. Data were disaggregated by, for example, decile groups or age to focus specifically on the situation of children. Different poverty lines were used, including the national poverty lines from the Government of Madagascar and a relative poverty line set at 50 per cent of the median equivalised income.

Modelling of the potential impact of cash transfers on non-monetary indicators of child well-being, such as school attendance and stunting, was performed using multiple regression analysis techniques. First, the relationship between outcome indicators (dependent variable) and the log of household income per capita (independent variable) was estimated with fixed-effects logistic regression models. The model specification included a self-interaction term to capture potential non-linear relationships between outcomes and income, and fixed effects at the level of strata to control for unobserved heterogeneity between different areas of the country – for example, in the supply side of service delivery. Next, Stata's margin command was used to predict outcomes from the fitted models, fixing household income at its post-transfer level. Lastly, Stata's lincom command was used to express the impact estimates in relative terms, as a percentage change from the base value without transfers. The regressions factored in the complex survey design parameters and weights.

Online user model

The microsimulation modelling was used to conduct analysis for this report and to explore alternative social protection schemes and design parameters. In addition, a simplified microsimulation tool was made available online to enable staff from UNICEF, the Government of Madagascar and other stakeholders to engage interactively with the model by specifying parameters related to programme eligibility criteria, levels of coverage and transfer values. The online version is meant to help illustrate the simulations and give users the ability to try out basic scenarios and see their impact on levels of coverage, income, poverty and inequality as well as the required level of investment. The URL and login details for the online model are available upon request.

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