

Item 7 b) Budget Increases to Development Activities: Madagascar CP 103400

Madagascar has experienced political instability since it gained independence in 1960. In March 2009, following tensions between the country's president, Marc Ravalomanana, and an opposition movement led by Andry Rajoelina, street protests backed by the army culminated in the forced resignation of president Ravalomanana from office. The unconstitutional change of power and the resulting political impasse have negatively affected economic growth and development efforts and strained Madagascar's relations with international donors. As part of sanctions, donors withdrew their budget support, in a country that relied on this assistance to cover about 40% of its budget.

On 17 September 2011, a transitional roadmap was signed by most key political movements. The goal of the roadmap is to facilitate a transitional process resulting in the establishment of a democratically elected government. The roadmap laid out provisions and processes for the establishment of a transitional "national union" government.

As a result, a Prime Minister was appointed on 28 October 2011 and a Transitional Government put in place on 21 November 2011. With all its merits, in a context characterized by political instability, the resulting transitional institutional framework was fragile and political stalemate continued.

In a context such as described, the recent first round of the presidential elections on 25 October, which has generally been described as "peaceful, transparent and fair", and the run-off for presidential candidates and legislative elections expected on 20 December 2013, are widely viewed as critical milestones to end the political crisis.

The socio-economic situation deteriorated due to political instability, the lack of opportunities, reductions in investment and aid, and was aggravated by the effects of other factors such as droughts, locusts and cyclones. The economy declined sharply, and unemployment spiked. As joblessness grew, desperate people migrated to the cities looking for jobs. Families sent their children to the streets to seek work.

There has been a 21 percent decrease in rice production in 2013 compared to 2012. This year's production is also below the average of the last 5 years. This has resulted in a national rice deficit of 240,000 metric tons for the 2013/2014 agricultural year. Maize and cassava production have also decreased following the impact of erratic rainfall, cyclones and a locust plague.

In Madagascar nearly 28 percent of rural households, or about some 4 million people, are food insecure - of which some 3 percent are severely food insecure and nearly 25 percent moderately food insecure, according to a recent FAO/WFP assessment conducted in July 2013.

The chronic malnutrition rate of 50 percent is the sixth worst in the world on that measure. More than 92 percent of the population lives under the poverty line of US\$2 a day, according to the World Bank. The deterioration in the living conditions of the population has been

exacerbated by years of economic decline, deepening poverty, and political stalemate, a collapse of government services, environmental degradation and insecurity.

Impacts of the current crisis are also reflected in the high-school drop-out rate. The number of out-of-school children is estimated at 1.6 million, according to the World Bank. Public expenditures on education and health as a share of GDP, have significantly decreased and have translated into an increasing share of education costs to be borne by poor families. With the budget squeezed by aid cuts, the government has for example shut more than 260 rural health centers. Madagascar is now one of the poorest countries in the world and is not expected to reach any of the Millennium Development Goals.

After due consultations, the United Nations Country Team proposed to extend the UNDAF and Country Programmes, to allow for the preparation of a national strategic plan and UNDAF for Madagascar, bearing in mind the prevailing political context. At the present time, UNFPA, UNDP, UNICEF and WFP in Madagascar, are requesting to submit Country Programme Documents (CPDs) for examination and approval by their respective Executive Boards at the first session in 2015. We expect that elections will soon pave the way for the preparation of a new UNDAF for the 2015-2019 period.

Therefore, the present budget revision for the Madagascar Country Programme is now being submitted to extend the operation by twelve months, from 1 January to 31 December 2014 to accommodate the one-year extension of the United Nations Development Assistance Framework (UNDAF) for Madagascar. It includes the main activities previously approved, namely:

1. Support to **basic education through a school meals programme** and support to orphans and vulnerable children in education centers/orphanages;
2. **Mitigation of natural disasters and environmental protection**, through food-for-assets and cash-for-assets activities to increase the communities' resilience;
3. **Fight against malnutrition, tuberculosis and HIV/AIDS**, through nutritional support to pregnant/lactating women and children under the age of two years in the South of Madagascar, as well as to TB patients and people living with HIV/AIDS.

The Country Programme builds upon the previous experiences, innovating in the inclusion of cash for work, scaling this intervention up to donor contributions. It continues the extensive collaboration with NGO's and renews efforts to support capacity building in government services. It also expands and intensifies local efforts with partners, in particular with FAO, IFAD and WFP for purchases from small farmers. Finally, the budget revision improves the rations for the most vulnerable of the 450,000 beneficiaries.

Thank you.