



# Safety Nets Primer Notes

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## High Labour Intensive (HIMO) Public Works in Madagascar: Issues and Policy Options

High labour intensive (HIMO) public work programs have been very popular in recent years in Madagascar. They have been one of the most common safety net program used to address poverty and vulnerability. The objective of these programs has been to provide income support to the poor in critical times, e.g. after natural disasters, or to respond to seasonal shortfalls in employment during the agricultural slack period (*soudure*), and to improve much needed local infrastructures.

Poverty and vulnerability are widespread in Madagascar. Households are subject to various climatic, economic, health and social shocks that put them at risk of falling into or remaining in poverty. The main covariate shocks are political instability, fluctuations in rice and other traditional product prices, natural disasters, and livestock and plant diseases; while the main idiosyncratic shocks are health crises, school dropout, unstable employment, and lack of security (del Ninno, Mills and Rajemison 2004).

The Government has recently increased its commitment to assisting poor households to prevent, mitigate and cope with the consequences of these shocks. The Poverty Reduction Strategy Paper, presented by the Government in 2003, calls for a national strategy for social protection to address risks and vulnerabilities as a central challenge to reduce poverty and improve human capital in Madagascar. To supplement effective implementation of policies in the area of social protection, the Government (in collaboration with stakeholders and partners) developed a National Risk Management and Social Protection Strategy (NRMSPS) in 2007. One of the priority areas of the NRMSPS focuses on **increasing revenues among vulnerable groups** and identifies HIMO projects as interventions that should be used to

respond to increased vulnerability during the pre-harvest period and after natural disasters. International experience confirm the potential of public works in helping the poor cope with covariate risks associated with climatic and systemic shocks.

Are HIMO effective and efficient safety nets instruments in Madagascar? This brief highlights the findings of a study by Andrianjaka and Milazzo (2008), which follows up on an earlier study done by Johnson, Van Imschoot, and Andrianjaka (2007), and assesses the effectiveness of HIMO in addressing the needs of poor and vulnerable households in Madagascar. The work summarized in this brief covers a detailed analyses based on 15 HIMO projects implemented in the last 24 months by several agencies. The main finding of the study is that despite their great potential, labour intensive public works projects have shown considerable limitations in the Madagascar context. These mainly include: a) lack of coordination among HIMO projects implemented by different agencies; b) ineffective targeting and poor selection of projects; c) lack of monitoring and evaluation.

### 1. Lack of coordination

- **Several and uncoordinated institutions** are involved in financing, implementing and executing HIMO projects. Different agencies have **different objectives** in mind going from the creation of short term employment opportunities in response to natural disasters and other shocks (i.e. Social Fund for Development (FID), WFP) to **the creation and improvement of basic infrastructures** (i.e. ILO).

**Table 1: Timing and duration of HIMO projects**

Region	HIMO Project	Agency	Period of implementation	Duration of works
Analamanga	Project N°1	FID	May-June	20 jours
Anosy	Project N°2	BIT	May-August	75 jours
	Project N°3		May – July	71 jours
	Project N°4		April - May	70 jours
	Project N°6		Feburay	20 jours
Androy	Project N°7	FID	February	30 jours
	Project N°8		March	20 jours
	Project N°9		April	15 Jours
	Project N°11		FID	May
SAVA	Project N°14	FID	May	10 Jours
DIANA	Project N°15	ONN	April-May	25 Jours

Source: FID, BIT, ONN.

- Depending on the particular shocks affecting different areas of the island, HIMO projects are usually implemented **after the hurricane season (from May) and during the agricultural slack period** (which takes place at different times of the year depending upon the regions and the agricultural calendar) (see table 1). In the Region Androy, where cassava is the main staple food products, the lean period is approximately between October and April and generally lasts 7 months.
- The nature of the works undertaken reflects the objectives of the financing and implementing institutions, including the construction and/or rehabilitation of basic infrastructure (roads, irrigation canals, small dams, and bridges), canals and roads cleaning, planting trees or reforestation. The **labour intensity** is in general very high, about 80%

(see table 2), with the exception of the projects implemented by ILO (higher quality construction and rehabilitation works, requiring technical expertise and more capital intensive methods) in which the weight of non-wage costs is higher and wage costs range from 23 to 42 percent of total program cost, for most part going to more skilled workers.

## 2. Ineffective targeting

- Multiple and poorly defined approaches to **targeting** are used by the different agencies in Madagascar, which have been generally found to be ineffective in selecting the poorest areas and the neediest population. The NRMSPS (2007) showed that wealthier households were more likely to report their participation in HIMO projects to cope with shocks than the poorer ones (see table 3).

**Table 2: Participation, wage and total costs, and labour intensity of HIMO projects, by agency**

Region	HIMO Projet	Agency	Number of workers	Number od person-days	Wage cost (in Ariary) (a)	Total cost (in Ariary) (b)	Labour Intensity (a/ b)
Analamanga	Projet N°1	FID	300	6 000	9.420.000	11.774.500	80%
Anosy	Projet N°2	BIT	123	9 200	31.715.488	139.745.088	23%
	Projet N°3		65	3 438	25.340.448	7.196.448	28%
	Projet N°4		70	4 239	9.804.868	23.508.568	42%
	Projet N°6		FID	300	6 237	9.744.541	12.180.677
Projet N°7	633	4 626		7.778.200	9.723.320	80%	
Projet N°8	499	5 031		7.937.200	9.926.720	80%	
Projet N°9	141	2 113		3.294.500	4.113.950	80%	
SAVA	Projet N°11	FID	309	4 641	7.176.500	8.970.625	80%
DIANA	Projet N°14	FID	338	3 376	5.229.000	6.536.250	80%
	Projet N°15	ONN	353	9 182	13.772.500	16.622.000	80%

Source: FID, BIT, ONN.

**Table 3: Household Coping Strategies by Poverty Level**

Coping strategy	Q1 (Poorest)	Q2	Q3	Q4	Q5 (Richest)	Total
Work more	47.2	43.6	43.5	40.3	34.3	40.9
Reduced food consumption	20.2	20.7	22.3	22.8	24.4	22.4
Did nothing	17.1	17.8	19.5	18.3	23.8	19.8
Sold livestock	3.9	4.9	3.8	4.3	1.4	3.5
Spent savings or investments	2.1	1.6	2.6	3.4	4.3	3.0
Stopped consuming certain goods and services	2.1	2.9	2.5	2.1	3.0	2.6
Worked in public works (HIMO)	1.7	1.9	1.5	3.0	2.5	2.2
Sold harvest in advance	0.7	1.2	0.8	1.3	1.8	1.2
Other family members worked	2.2	0.9	0.8	0.8	0.7	1.0
Obtained a loan from a friend	0.6	0.6	0.6	0.8	0.8	0.7
Obtained a loan from family member	0.5	0.7	0.3	0.3	0.4	0.4
Sold other goods	0.2	0.2	0.3	1.0	0.3	0.4
Obtained a loan from bank or mutual	0.0	0.4	0.0	0.2	0.6	0.3

Source: INS TAT/DSM/EPM 2004. Note: Other answers included loans from other individuals, sale of jewelry, rental of land, sale of land or house, sale of equipment = all of insignificant magnitude (under 0.1%).

- The targeting effectiveness may be weakened by the fact that wages are set too high thus impeding the poorer to self-select themselves into the projects. In most of the projects reviewed, the **wage rate** for unskilled workers is higher than the prevailing market wage, with the result that the better-off workers are competing for limited HIMO jobs in the same areas (see table 4).
- Because of the high wages and the greater demand for employment than the employment opportunities created, almost everywhere a **rotation system** was applied to give a chance to work the largest number of poor people.

- The selection of the project areas is not guided by central poverty or vulnerability criteria. However, the communities (represented by the Fokontany or Commune) have an important role in the selection and proposal of works to be undertaken. The projects have to be approved by local administrative authorities (each implementing agency has to obtain the approval from different authorities). For the approval, projects have to satisfy some criteria set by the various implementing agencies (i.e. technical feasibility, availability of materials, minimum labour intensity, eligibility of the project areas, etc).

**Table4: Wage level in HIMO projects versus the market and the minimum wage by implementing agency and region**

Region	Agency	Daily wage rate in HIMO project (in Ariary)		Market daily wage rate (in Ariary)		Minimum daily wage (in Ariary)		Wage comparison	
		(a)		(b)		(c)		skilled	unskilled
		skilled	unskilled	skilled	unskilled	skilled	unskilled	skilled	unskilled
Analamanga	FID	2 500	1 500	3 478	1 506	2 008	1 833	a < b et > c	a ? b < c
Anosy	BIT	2 464	1 792	3 431	1 027			a < b et > c	a > b et < c
	CARE (d)	10 000	5 000					a > b et > c	a > b et > c
Androy	FID	2 500	1 500	1 421	1 027			a < b et > c	a > b et < c
SAVA	FID	2 500	1 500	3 161	1 461			a < b et > c	a ? b < c
DIANA	FID	2 500	1 500	3 163	1 812			a < b et > c	a < b ? c
	ONN	2 250	1 500			a < b et > c	a < b ? c		

Source: FID, BIT, ONN, CARE, EPM 2005. Notes : (a) 1 work day = 5 hours; (b) EPM 2005 data; (c) Minimum wage according to the law; (d) each worker is required to work 8 hours daily in CARE projects.

### 3. Lack of monitoring and supervision

- **The lack of a monitoring system** tracking information on HIMO projects (i.e. disaggregated data on the expenditure for salaries, materials and other inputs; household level data, etc) hinders the possibility to evaluate their impact and thus identify areas of improvement.
- The lack of technical capacity to supervise the works of several agencies resulted in **poor quality of infrastructures** built or rehabilitated through HIMO projects.

Based on the analysis of individual HIMO projects, some priority areas of improvement have been identified and grouped into four policy recommendations.

- ✓ **Harmonization and improved coordination of HIMO projects.** To become an effective instrument of national social policy to respond to situations of great vulnerability in Madagascar, HIMO interventions need to be harmonized by applying the same criteria and norms everywhere. As stressed by the NRMSPS, efforts in the short and medium-term should be made to clarify and harmonize the objectives and criteria (such as wage levels, intervention zones, intervention triggers) of existing HIMO programs. The capacity of the government (and its decentralized institutions) to coordinate the execution of HIMO projects must be reviewed and improved to ensure the effectiveness and consistency of approaches among the interventions.
- ✓ **Geographical targeting and selection of projects.** To increase the impact on the poor

(through the transfer of income and indirectly via the assets created), resources must be allocated to poorest areas (which are often the ones most prone to shocks) according to a thorough mapping of poverty. The most vulnerable populations are located in rural areas, remote communities, and communes with poor infrastructures, where poverty rates are higher. The identification of the intervention zones should be followed by the identification of the poorest within those areas. The role of the local communities in the selection of infrastructures to be built or rehabilitated through HIMO projects should be maintained and strengthened to ensure the sustainability of assets created.

- ✓ **Wage rate setting to promote self selection of the poor.** If HIMO projects are to provide an income transfer to the poor and most vulnerable population through short term work opportunities, the wage rate should be no higher than the prevailing market wage for unskilled workers. Given the significant regional differences in the average levels of income, the establishment of a uniform rate by HIMO work in all regions of Madagascar would not be appropriate. The level of remuneration can be adjusted according to the local socio-economic conditions, but always lower than the corresponding market segment. Specific rules and standards have to be set in the process of harmonizing projects policies.
- ✓ **Improved monitoring and collection of information to evaluate the impact of HIMO projects.** A system of monitoring and evaluation of results should be established to allow systematic evaluation of the programs and thus identify issues and areas of improvement to further strengthen the social protection system and provide the basis for rational planning.

The World Bank Social Safety Nets Primer series is intended to provide a practical resource for those engaged in the design and implementation of safety net programs around the world. Readers will find information on good practices for a variety of types of interventions, country contexts, themes and target groups, as well as current thinking on the role of social safety nets in the broader development agenda.



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