

Data Sheet

USAID Mission:	Madagascar
Program Title:	Critical Private Markets Expanded
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	687-007
Status:	Continuing
Planned FY 2005 Obligation:	\$677,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2006 Obligation:	\$1,140,000 DA
Year of Initial Obligation:	2003
Estimated Year of Final Obligation:	2007

Summary: USAID seeks to accelerate economic growth through business and market development. The Economic Growth program emphasizes export market development and is complementary to the USAID Environment and Rural Development Program, which increases the output of environmentally sustainable agricultural and natural resource-based products. The program is building Madagascar's promising product chains and trade capacity, and encouraging investment through strengthening linkages between producers, enterprises, and external markets; increasing access to finance and more productive technology; improving the enabling environment for trade and investment; and promoting public-private partnerships.

Inputs, Outputs, Activities:

FY 2005 Program: Improve Private Sector Growth (\$577,000 DA). USAID is promoting the introduction of more productive technology to build the capacity of producers, processors and enterprises to produce and trade value-added agricultural and non-agricultural products. The program is promoting linkages between cooperatives and enterprises to increase their ability to meet market quality and quantity demands. USAID is also providing technical assistance and training to businesses and rural cooperatives to expand the use of best business practices and to reduce production costs. Principal contractors and grantees: Chemonics (prime), International Business Initiatives (sub).

Enhance the Financial Sector's Contribution to Economic Growth (\$100,000 DA). USAID is supporting the Malagasy Government's efforts to expand financial services. USAID uses microfinance activities to enhance economic opportunities in targeted sectors, working with credit institutions that offer sustainable access to credit. USAID is reducing obstacles to financing faced by small and medium enterprises, and is working with business associations to increase the number and quality of services they offer to their clients. By expanding their businesses, these entrepreneurs not only increase their productivity, sales, and income, but also build and contribute to Madagascar's growing economy. Same implementers as above.

FY 2006 Program: Improve Private Sector Growth (\$700,000 DA). USAID will expand the program to include new products in response to market needs. Training and technical assistance will continue to support private sector expansion, increase its access to improved inputs and new technologies, and build the regional competitiveness of Malagasy products. Same implementers as above.

Enhance the Financial Sector's Contribution to Economic Growth (\$200,000 DA). USAID will increase funding access and technical assistance to Malagasy entrepreneurs to increase their ability to buy raw materials, upgrade equipment, invest, formalize, and expand commercial activities. USAID will also promote the issuance and trading of different forms of bonds by increasing the secondary trading of treasury bills. Same implementers as above.

Increase Participation in Global Trade and Investment (\$240,000 DA). USAID will continue to address the policy and informational constraints to the expansion of Madagascar's private sector. Targeted interventions will emphasize the sustainable expansion of trade in Madagascar's strategic forest and mineral products. Specific intervention areas include the reduction of legal barriers to the export of key

products and services such as spices, “sustainable forest” products, ecotourism, and the establishment of a bio-safety regime. Same implementers as above.

Performance and Results: The Economic Growth Program builds on the success of USAID’s biodiversity conservation and private initiative programs. Program successes in FY 2004 include strengthened linkages between natural products enterprises and rural cooperatives. For example, USAID facilitated the signature of a \$40,000 production contract between a farmers’ cooperative and the private enterprise Biosave for the sale of ginger. Progress was made in increasing private enterprise efficiency, particularly in the areas of business practices and financial services. Twenty-four enterprises that are involved or are planning to get involved in business activities in various areas such as essential oils, agricultural inputs, rice, horticulture and ecotourism were assisted during FY 2004, exceeding USAID’s target of “17 eco-enterprises and businesses to receive technical, financial assistance and/or advice.” USAID support for the Eco-enterprise Investment Fund and the Agricultural Commercial Fund resulted in a 29% and 5% expansion of each fund’s capital over FY 2003 levels (\$31,700 and \$35,300 respectively). Each fund provides much-needed access to credit for small and medium enterprises. This program will support businesses and farmer groups and make Madagascar a more competitive environment for trade in agricultural and natural resource-based products. It will increase value-added processing and expand exports, and reinforce efforts to conserve Madagascar’s unique biodiversity and to benefit rural areas. Completed training of two senior officials of the Ministry of Energy and Mines with the Gemological Institute of America contributes to improved governance and professionalism in the mining sector.

By the end of the program in 2008, economic growth in targeted areas will have been accelerated through sustainable business and market development, private sector revenues for selected products will have been increased through increased access to local, regional and international markets, and the enabling environment for trade and investment in Madagascar will have been improved.

US Financing in Thousands of Dollars

Madagascar

687-007 Critical Private Markets Expanded	DA	ESF
Through September 30, 2003		
Obligations	1,000	500
Expenditures	0	0
Unliquidated	1,000	500
Fiscal Year 2004		
Obligations	499	0
Expenditures	145	9
Through September 30, 2004		
Obligations	1,499	500
Expenditures	145	9
Unliquidated	1,354	491
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2005 NOA		
Obligations	677	0
Total Planned Fiscal Year 2005		
Obligations	677	0
Proposed Fiscal Year 2006 NOA		
Obligations	1,140	0
Future Obligations	9,913	0
Est. Total Cost	13,229	500