

Data Sheet

USAID Mission:	Madagascar
Program Title:	Critical Private Markets Expanded
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	687-007
Proposed FY 2004 Obligation:	\$500,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2005 Obligation:	\$1,267,000 DA
Year of Initial Obligation:	FY 2003
Year of Final Obligation:	FY2008

Summary: USAID seeks to accelerate economic growth through this new agricultural market and business development program. It complements the contribution of other USAID and donor-funded programs that will increase environmentally sustainable output of agricultural and natural resource-based products through its emphasis on developing markets and its private sector-led growth orientation. The program will build Madagascar's agriculture and trade capacity, thereby encouraging investment through: introducing more productive technology; building links among producers, agri-businesses, and external markets; and improving economic and trade policies. Support will be provided to improve marketing and trade of selected agricultural and non-agricultural commodities. A special effort will be devoted to reducing corruption in the trade of precious and semi-precious stones. The program also will be a vehicle for developing public-private partnerships.

Inputs, Outputs, Activities:

FY 2004 Program:

USAID will undertake interventions along selected commodity chains: production, market organization, competitiveness, international trade performance, and national policy. Activities will focus primarily on increasing the values of selected commodities for the domestic and export markets by focusing on processing, marketing, business services, exportation, and policy formulation.

Increase efficiencies of selected product chains (\$250,000 DA). USAID will provide support to create more value added in Madagascar's products and raise revenues for all actors along selected supply chains from producers to retailers or exporters. USAID will undertake a coordinated effort to assist enterprises to become more competitive by helping them to access new specialty/niche markets and to diversify into other exports and economic areas. To encourage small farmer-agribusiness linkages, the program will help viable rural businesses produce the desired quality and quantity of products demanded by the markets. Technical assistance, training, and field support will introduce improved techniques that increase business skills of agribusinesses, natural resource-based enterprises, and traders at various stages along the supply chain of selected products. Principal contractors and grantees: to be determined.

Increase capacity and use of business services, financial services, and research institutes (\$150,000 DA). USAID will help improve business association and private sector capacity to provide business services. Technical assistance, training, and field support will strengthen associations, facilitate trade, promote best practices, stimulate consumer preferences for Malagasy exports, and encourage the use of information and communications technologies to provide greater market access to entrepreneurs. Technical assistance will help expand access to commercial capital and financial markets for rural enterprises and increase the outreach of microfinance institutions. Principal contractors and grantees: to be determined.

Improve enabling environment for private enterprise development and trade (\$100,000 DA). USAID will identify policies and infrastructure constraining increased trade and investment, and implement measures to overcome them. Policy, regulatory, and public expenditure changes that address bottlenecks in commodity chains will be sought to improve transportation, marketing, regulations, trade, and investment.

Forums will facilitate effective private sector policy making and priority setting. The program will also address regulations and policies constraining the development of rural financial services by analyzing microfinance best practices and disseminating lessons learned to affiliated institutions. Principal contractors and grantees: to be determined.

P.L. 480 Assistance: Monetization will support agriculture and trade programs that increase rural incomes, such as activities that link poor farmers with national and international markets.

FY 2005 Program:

Increase the efficiencies of selected product chains (\$600,000 DA). USAID plans to facilitate expansion and replication of successful activities by increasing the number of targeted commodity chains and assisted firms. The value of selected domestic and exportable agriculture and natural resource-based products will be increased primarily through diversification, improved processing, packaging and marketing. Principal contractors and grantees: to be determined.

Increase capacity and use of business services, financial services, and research institutes (\$467,000 DA). USAID will continue technical assistance and training for businesses and business associations to improve the quality of production processes and access new markets. Targeted support will promote and replicate innovative and sustainable technologies/practices, expanding access to market information. Private sector knowledge of international norms, certifications, customs procedures, and sanitary/phyto-sanitary standards will be increased. Principal contractors and grantees: to be determined.

Improve enabling environment for private enterprise development and trade (\$200,000 DA). USAID plans to engage in policy dialogue and provide more active support for Madagascar's participation in regional and global trade initiatives. Concerted action will be undertaken with government, private, non-governmental organizations, and regulatory bodies to review policy and regulatory constraints in order to improve Madagascar's competitiveness, strengthen trade capacity, and increase the efficiency of selected supply chains. Principal contractors and grantees: to be determined.

P.L. 480 Assistance: Monetization will continue to support agriculture and trade programs that help increase rural incomes and link poor farmers with national and international markets.

Performance and Results: This is a new program. It builds on activities that were previously carried out under USAID's biodiversity conservation and private initiative programs. Biodiversity interventions attracted more than \$1.25 million in private investments by environmentally friendly enterprises involved in eco-tourism and agro-processing. Under the private initiative program, USAID supported the modernization of the country's commercial laws, e.g., the company laws adopted this year, to attract greater investment by both local and international businesses. Also, the USAID program has continued to strengthen Madagascar's capacity to: participate in the World Trade Organization and benefit from the Africa Growth and Opportunities Act (AGOA); help the government maintain a continuous and effective public-private sector dialogue; and, effect policy changes that reduce the country's existing barriers to trade and investment.

This program will introduce a new dynamism in Madagascar's rural economy, raising incomes of poor small farmers and reinforcing efforts to conserve Madagascar's endangered biodiversity. While other USAID and donor programs, such as P.L. 480 Title II activities, the World Bank's Rural Development Support Program, and activities of the International Fund for Agricultural Development will help expand Madagascar's production of rural-based products, this program will emphasize increasing value-added processing and developing internal and external markets. By 2008, program success will translate into an increased contribution to gross domestic product and export value for selected commodities.

US Financing in Thousands of Dollars

Madagascar

	DA	ESF
687-007 Critical Private Markets Expanded		
Through September 30, 2002		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2003		
Obligations	1,000	500
Expenditures	0	0
Through September 30, 2003		
Obligations	1,000	500
Expenditures	0	0
Unliquidated	1,000	500
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	500	0
Total Planned Fiscal Year 2004		
Obligations	500	0
Proposed Fiscal Year 2005 NOA		
Obligations	1,267	0
Future Obligations	9,913	0
Est. Total Cost	12,680	500