

# Small Crop Produces Large Dividends for Malagasy Farmers

Reinvigorating the economy of an entire region of a country can start with something as simple as taking a fresh look at a traditional crop. In Madagascar's Menabe region for example, the Tantsaha Mihary (TAMI) cooperative, a lima bean producer/marketing cooperative that consolidates small producer associations, is today preparing for their biggest export shipment ever—something that could transform their lives and help lift their region out of poverty. A traditional commodity as small as a lima bean holds within it some potentially ingenious answers to the complex issue of poverty reduction in this beautiful region of the country.

The Millennium Challenge Account (MCA)-Madagascar's \$17.7 million investment in the Agricultural Business Investment Project is helping farmers in rural regions like Menabe transition from subsistence agriculture to participating successfully in a market economy.



*The Maharavo family. "We can now consider saving," says Mr. Maharavo, one of the farmers who produced the lima beans exported to Mauritius.*

In the 1960s and 70s the Menabe region produced 40,000 tons of lima beans per year, exporting between 80 and 90 percent of their production. By the end of the 90s and into the new millennium, production had fallen to around 500 tons per year, Farmers' incomes dwindled due to a general decline in product quality making the beans unfit for export. Adding to these difficulties the farmers faced post-harvest storage issues, pushing them to sell their produce more quickly than necessary and at a sub-optimal price for fear that the beans would be devoured by insects.

Part of the solution has been the advent of Agricultural Business Centers (ABC). Brian Levy, a Program Officer in Compact Implementation at the Millennium Challenge Corporation (MCC), explains that "Agricultural Business Centers assist farmers in identifying potential markets and forming associations that allow them to access these

markets and meet greater demand.” They also provide farmers with technical assistance aimed at increasing production and improving product quality and post-harvest storage. The ABCs also facilitate greater access to credit for these farmers by assisting in the development of business and marketing plans which are required for loan approval. The MCA financed project further promotes credit access by providing a 50 percent loan guarantee to microfinance institutions lending to these local producers.

These programs have already proven successful in Madagascar. The production, harvesting, processing, packaging and transportation of 600 tons of lima beans in 2007 brought an overall \$200,000 increase in net income throughout the value chain, including input suppliers, private producers, the TAMI cooperative, transport companies, commodity bulkers and sorters, and even the maritime transportation company transporting the beans to markets in Mauritius.

Mr. Maharavo, a lima bean producer who has benefited from the ABC’s services, has seen tangible results – “Our quality of life has already improved. Our children are better dressed. We can afford better food for our children to better meet their nutritional needs.” 78 members of the TAMI cooperative who have sold their produce have earned up to \$940 each. This is an exceptional increase in incomes considering in the average per capita income in Menabe is \$138 a year with annual household incomes averaging \$648. “We can now consider saving,” Mr. Maharavo said.

The Agricultural Business Investment Project not only benefits producers and other actors in the value chain but it also helps build the capacity of local agricultural experts at the national level. Thanks to the project, ABC directors and personnel are gaining valuable experience in researching market opportunities and bringing producers closer to these markets. These are skills they will use to help other agricultural producers and businesses to thrive beyond the end of the MCC compact.

Helping reinvigorate Madagascar’s lima bean export industry is just one of the priorities identified by the Malagasy people that the United States Government is proud to be supporting through the \$110 million MCC compact. Long-term, sustainable economic growth, through solutions such as these, is helping reduce poverty and improve lives in a way that benefits Madagascar, the United States taxpayer, and the global community.

For more information about MCC’s compact with Madagascar, visit [www.mcc.gov](http://www.mcc.gov).

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