

## **L.7 INSTRUCTIONS FOR THE PREPARATION OF THE TECHNICAL PROPOSAL**

(a) The Technical Proposal in response to this solicitation should address what the offeror believes should be contained in the Statement of Work (Section C.), given the below guidance and information in Section J. It should also contain a clear understanding of the work to be undertaken and the responsibilities of all parties involved. The proposal should address the technical evaluation criteria listed in Section M.

(b) The Accelerated Economic Growth Strategic Objective (AEG) is one of five inter-related strategic/special objectives that USAID Mali focuses on under its new ten-year (2003-2012) Country Strategic Plan (CSP). The stated goal in the country strategy is to accelerate economic growth and reduce poverty through partnerships. The AEG program will contribute to this goal. The AEG strategic objective has three inter-related components or intermediate results: a) increased agricultural production, b) increased trade in selected products and c) increased access to financial services. The activity under this solicitation focuses on the second intermediate result, i.e. increased agricultural trade. Rapidly growing regional and global markets for products in which Mali has a comparative advantage, combined with high production potential for those products, makes it possible for Mali to experience exceptional growth in agricultural exports over the next ten years.

With the beginning of the structural adjustment programs in the early 1980's, Mali started implementing a series of policy reforms that liberalized the economy and brought the country into the global market, especially after the devaluation of the CFA franc in 1994. The Malian economy remains, however, tributary of the export of primary commodities. Cotton and livestock dominate in the structure of Malian exports. Cotton is exported on the international market and accounted for nearly 60% of non-gold exports in 1998-2000. Livestock accounted for about two-thirds of exports excluding gold and cotton. Livestock and other non-cotton agricultural exports go in large part to neighboring West African markets.

Economic growth in Mali is highly affected by fluctuations in export commodities' price. Because of the high volatility of primary commodities' prices, Mali must adopt new approaches to trade, with respect to product diversification, both horizontally (new primary products) and vertically (processed products). Export opportunities of grains (including rice) and non-traditional products (including horticulture) exist although exports of these commodities will depend on market trends and production potential. In addition, actions must be taken to improve the overall competitiveness of Mali in producing and exporting key products.

Regional integration is also central in the trade and overall development strategies of Mali. Mali is a member of both the West Africa Economic and Monetary Union (WAEMU) and the Economic Community of West African States (ECOWAS) regrouping fifteen states. Mali benefits from preferential market access under these trade agreements. Since January 2000, trade integration within the WAEMU has been promoted with the introduction of the Common External Tariff (TEC), along with the adoption of a domestic value-added tax. Mali is also a signatory of the World Trade Organization (WTO) treaty and is eligible to the African Growth

and Opportunity Act (AGOA) which gives duty-free and quota free entry to the U.S. market for hundreds of products from the region.

USAID Mali has been active over the past 5-8 years in implementing trade related activities under the Sustainable Economic Growth Strategic Objective (SEG). Through a grant to a U.S. university, SEG has been focusing on strengthening the market information system (OMA) with greater emphasis on cereals and livestock markets. OMA strives to become a more accurate and timely source of market information in order to improve the efficiency of grain and livestock trade throughout West Africa. OMA is also establishing relationships with similar institutions in the region, promoting networking among regional grain and livestock market actors. OMA also organized regional market outlook conferences and undertakes some market analyses to help market actors stay current on market trends, thus contributing to the integration of the regional economy. Under the Africa Trade and Investment Program (ATRIP) several trade and investment policy analyses and dialogue on the competitiveness of Mali's rice, livestock and manufacturing sectors were conducted. Some training workshops were also organized to increase the awareness on WAEMU and ECOWAS trade policies and WTO regulations. Training in business capacity-building of traders' groups and their participation in market tests and trade fairs have also been organized over the past five years under the SEG program. The USAID West Africa Regional Program (WARP) also looked at trade and investment issues like cross-border trade, harmonization of business laws, AGOA, and WTO.

In spite of the monetary and fiscal reforms, and USAID/Mali interventions conducted over the past years, the most recent Mali Trade Development Study report identified several constraints that continue to impede the full realization of Mali's trade potential, including:

- the lack of business and managerial skills of the trading enterprises, many of which still operate in the informal sector;
- the lack of trade-related infrastructure (market facilities, cold chain, storage and treatment facilities, laboratory facilities)
- the lack of trade-related supporting services (financing services, market information services, product quality control services, etc.)
- weak public and private trade organizations/associations,
- weak enforcement of regional integration accords (obstacles to intra-regional movement of goods, finance and people).

Improving overall investor confidence and providing readily accessible sources of finance will help to stabilize consumption as well as production and trade. In addition, an environment which promotes the development of producer groups brings about obvious advantages for the formation of marketing and cooperative groups with similar needs and concerns in the area of democratization and good governance.

## **II. STATEMENT OF OBJECTIVE**

The objective of the activity is to increase Malian exports to the regional and global markets. This objective will be achieved through designing trade-related interventions to attract investments, remove trade barriers within the region, and stimulate domestic markets and regional trade. Without investment, productivity and competitiveness will not be obtained, and

therefore trade will not grow. Without the removal of intra-regional trade barriers, exports will not increase. And without adequate skills, knowledge and information, the private sector will not be able to seize available investment and trade opportunities.

### **III. GUIDANCE**

Trade promotion is essential to the economic development of Mali and the well-being of its populations. To increase trade flows, a strong and dynamic public-private partnership is needed to create a policy environment that eliminates trade obstacles.

A. The USAID/Mali Mission views the key trade constraints, in relative order of significance, in hindering cross-border trade as follows.

- 1) Illicit road taxes
- 2) High transport costs
- 3) Weak market integration
- 4) Inadequate product quality
- 5) Weak value-added processing/diversification of exports
- 6) Lack of investment and marketing facilities
- 7) Weak awareness and capacity of WAEMU, ECOWAS and CILSS regional trade issues, and on WTO and AGOA global trade issues.

B. Constraints not to be addressed (or of low priority) under this Contract:

- 1) Lower priority constraints/activities (will be done in collaboration with WARP, i.e. WARP lead):

- Strengthening the CILSS, WAEMU and ECOWAS in regional trade policy formulation,
- Commercial Law Harmonization (OHADA)
- Access to global markets

- 2) Constraints not to be addressed:

- Energy
- Telecommunications
- Roads (construction)
- Access to regional and international marketing information (its maintenance will be addressed through another, separate instrument).

C. Relevant Country Strategic Plan Indicators for AEG's Intermediate Result #2:

- Ind 2.1: Volume of cereals exported
- Ind 2.2: Number of Heads of Livestock exported
- Ind 2.3: Volume of fruits and vegetables exported
- Ind 2.4: Volume of hides and skins exported

- Ind 2.5: Number of policies, norms and standards, etc. drafted and effectively lobbied for.

D. List of Malian Trade Associations and Ministries to work with:

1) Trade Associations:

- FEBEVIM: Federation des groupements inter-professionnels du secteur Betail-Viande au Mali, i.e. the Federation of Livestock and Meat professional organizations.
- AMELEF: Association Malienne des Exportateurs de Legumes et Fruits, i.e. Fruits and vegetables Exporters Association
- APELF: Association Professionnelle des Exportateurs de Fruits et Legumes, i.e. Professional Association of Fruits and Vegetables Exporters
- CONOESAM: Coordination Nationale des Operateurs Economiques du Secteur Agro-alimentaire du Mali, i.e. the National Coordination of the Agri-food sector operators, which works with trade associations in the livestock, cereals, fruits and vegetable, and fish sectors.
- APCAM: Assemblée Permanente des Chambres d'Agriculture du Mali, i.e. the Permanent Assembly of Chambers of Agriculture.
- CCIM: Chambre de Commerce et d'Industrie du Mali, i.e. the Chamber of Commerce and Industry
- CMC: Conseil Malien des Chargeurs, i.e. the National Council of Freight Forwarders
- WAEN: West Africa Enterprise Network
- WBWN: West Africa Business Women Network

2) Ministries:

- The Ministry of Industry and Commerce (MIC)
- The Ministry of Agriculture, Livestock and Fisheries (MALF, formerly the Ministry of Rural Development-MDR),
- The Ministry of Economy and Finance,
- The Ministry in charge of Transportation,

· The Ministry in charge of Regional Integration

In addition, measures must be taken to strengthen the business skills of traders and improve the competitiveness of trading enterprises. Linkages between and among Malian, West African, and international actors must also be strengthened through improved information and communications. The Contractor shall be responsible for providing technical services to help the Mission and its partners (GRM, PVO/NGO, Malian private sector) meet defined performance results and requirements necessary to increase trade in selected Malian products. The specific performance results towards which the Contractor shall work are described below.

Performance Result One deals with Increasing the Access to Export Markets for Malian Products and Performance Result Two deals with Building the Competitiveness of Export Enterprises. In designing the program, the Contractor must address the key constraints cited under each Performance Result.

**a) PERFORMANCE RESULT I:**

**Access to Export Markets Increased for Malian Products**

Mali is a member of several regional and international trade organizations. In West Africa, Mali signed the treaties of both WAEMU and ECOWAS. Mali is also a member of the WTO since 1995, and is eligible to AGOA. As such, Mali benefits from the preferential trade arrangements under these regional and multilateral trade agreements. To improve its export performance, Mali must take advantage of the market opportunities, including access to regional markets and preferential access to markets in developed countries. This will require stronger analytical capacity within both the government and the private sector to identify Mali's interests, develop a strategic plan to address these interests and negotiation skills to effectively participate in regional and international trade negotiations. In other words, Mali will need to build a strong trade capacity.

Exporters associations in Mali have a weak capacity to undertake strategic management and to lobby effectively for positive changes in the business environment. This situation limits their access to markets. As a member of WAEMU and ECOWAS, Mali as other countries faces the challenges of the effective implementation of the customs unions' provisions. These provisions are often unknown not only to exporting businesses, but also to some government agents along the export corridors. Efforts need to be made so that government organizations are able to disseminate this kind of information. USAID/Mali will not provide technical services to WAEMU and ECOWAS as organizations, nor will the bilateral mission deal with the development and negotiation of trade agreements within these organizations. The USAID/WARP team will be responsible for such activities under other instruments.

In addition to trade capacity-building, interventions must be undertaken to alleviate the constraints related to business establishment (the process of registering and licensing trade businesses), foreign direct investment (for agro-processing and export of processed products), transportation (tariffs on transport sector) and technical barriers to trade such as the sanitary and phytosanitary regulations regarding norms and standards. Standards, for example, must be science-based and should not be more trade restrictive than required. Their purpose must be to

reduce transaction costs through harmonization and mutual recognition. The Contractor is expected to address these policy and regulatory constraints impeding trade.

### **PERFORMANCE REQUIREMENT I:**

#### **Improving the Policy and Institutional Environment for Trade and Investment**

#### **PROPOSED INDICATORS:**

Indicators for this component could include, but not be limited to:

- Number of policies (including environmental policy), norms and standards, drafted and effectively lobbied;
- Number of policies and regulations addressed by traders' associations;
- Number of trade issues successfully negotiated by Mali during regional and international trade negotiations
- One or more product certification and grading institution exist in Mali and are recognized regionally.
- Illicit taxes are reduced by XX percent.
- Number of road blocks on trade routes reduced by YY number.

#### **b) PERFORMANCE RESULT II:**

#### **The Competitiveness of Malian Private Sector is enhanced**

Malian exports in general, and agricultural exports in particular, are confronted to a number of key constraints that inhibit the competitiveness of the Malian private sector. These constraints include, but are not limited to, the following factors:

- Private sector access to information on domestic, regional and international market opportunities;
- Private sector linkages with regional and international marketing and distribution networks;
- Availability and accessibility to business education, training and other technical resources;
- Availability and accessibility to trade-related infrastructures (warehouse and storage, certification laboratories) and services (telecoms, air and surface transportation, ports, freight forwarding); and
- Availability and accessibility to specialized trade finance and insurance services.

These key constraints make it difficult for exporters to seize market opportunities regionally and internationally.

Constraints such as the telecommunications and energy have an adverse impact on transactions costs. However, these are beyond the manageable interest of the USAID Mali Mission. The

USAID/WARP program might include activities that focus on these constraints. Other obstacles, such as the technical, financial and information constraints will constitute the main focus of the program under this solicitation.

Under previous programs, USAID has had a remarkable success in smoothing out these constraints. It is expected that the Contractor will build on past achievements to develop a program that complements and builds on the Market Information System (OMA), which provides business development services to private sector actors, facilitate access to trade and investment financing, and to market infrastructures.

## **PERFORMANCE REQUIREMENT II:**

### **Increasing and diversifying Malian exports and export markets**

#### **PROPOSED INDICATORS:**

Indicators for this component could include, but not be limited to:

- The GRM has a trade development program that meets the needs of the private sector,
- The number and volume of products exported is increased,
- Mali is able to seize market opportunities in new markets opened-up by preferential trade agreements,
- Trade financing is increased
- Number of joint ventures increased (increased trade-related investment),
- Transport costs are reduced by XXX percent

## **IV. GEOGRAPHIC FOCUS AND TARGETED PROGRAM AREA**

In its 2003-2012 strategy, USAID/Mali has committed itself to increase linkages and synergies throughout the full range of five strategic objectives. This will be done through geographic focus and through other interrelationships among the five SOs and activities within SOs.

In terms of geographic focus, the Contractor shall work in the regions of Timbuktu, Gao, Kidal, Segou, Koulikoro, Sikasso, Kayes, Mopti and in the district of Bamako. In Section J. USAID/Mali has identified 191 communes in these regions in which at least three, if not all five strategic objectives expect to implement activities.

## **V. SYNERGIES**

The activities under this solicitation shall be implemented in close coordination with all of the other USAID/Mali strategic objectives. The other SO's include Education, Health, Governance, and Communication for Development. It is also imperative to coordinate and link programming with USAID West African Regional Program (WARP) in so far as regional integration is concerned.

In synergy with the Communications for Development Special Objective, the Contractor shall make extensive use of Mali's 144+ private FM radio stations to ensure that Malians are made fully aware of trade and investment opportunities. The radio network provides a unique opportunity to disseminate information on market trends and trade/investment issues to targeted audiences. The Contractor may want to make use of (disseminate information on market and investment opportunities through) the USAID-financed Community Information and Learning Center under the Communication for Development Special Objective.

The activities in expanding trade are important to income generation and, therefore, to resource mobilization by parents to finance the schooling of their children and the health care of the family. Work on HIV/AIDS by the Health team is extremely important for private sector actors involved in cross-border trade. In this respect, the Contractor must ensure that close collaboration is maintained with the implementers of the USAID-funded Health and Education programs.

In synergy with the Governance Strategic Objective, training and technical assistance in organization development and policy advocacy skills will be provided.

## **VI. DONOR COORDINATION**

Donor coordination shall be defined and integrated into the programming of all activities under this contract. Several donors, including the World Bank, European Union, the French, the Canadians and the Swiss, are involved in various forms of private sector support programs. In the area of financial services development, the French, Dutch and Canadian development agencies are supporting microfinance networks that provide funding to marketing enterprises. Work under this contract should consider all past and current work in a complementary manner. In the area of investment promotion the World Bank under its Multilateral Investment Guarantee Agency Program (MIGA) and in late 2002 USAID/WARP will begin working directly with the CNPI and all activities coordinated and complementary to other programming.

## **VII. GENDER**

Gender integration constitutes a primary cross-cutting issue for the USAID/Mali Country Strategy. Countries adopting specific measures to increase access to resources protect women's rights and emphasize schooling for girls have less corruption and achieve faster economic growth than countries that do not. Countries with smaller gaps between women and men in areas such as education, employment, and property rights not only have lower childhood malnutrition and child mortality, they also have better-run business and government and more rapid economic growth. Therefore, the Strategic Objective of AEG places particular emphasis on women-owned businesses involved in cross-border trade, agro-processing, vegetable gardening, rice production and livestock fattening operations.

To this end, each of the two performance requirements in this solicitation must address the integration of women's programming into the design of activities. Indicators shall be developed to enable rapid assessment of the effectiveness of the programming. Desegregation by gender of data, results, and other related information shall be required under this contract.

## **VIII. RELATIONSHIP OF THIS CONTRACT TO THE GRM**

The Contractor shall work closely with key Malian agencies involved in trade promotion and private sector development. Among these, the Ministry of Industry and Commerce (MIC) will be a key player.



Both USAID and the MIC must involve, to the maximum extent possible, other GRM entities having a stake in trade development. Hence, the Ministry of Agriculture, Livestock and Fisheries (MALF, formerly the Ministry of Rural Development-MDR), the Ministry of Economy and Finance, and the Ministry in charge of Regional Integration must also be associated at all the stages of activity planning and implementation. The Contractor must ensure that all the research, analysis, training or data collection activities are well coordinated with the work of relevant GRM institutions. Efforts need to be made by the Contractor to avoid parallel activities.