

C. SCOPE OF WORK FOR THE MARKET AND TRADE DEVELOPMENT PROGRAM

1. Purpose and Objectives

The purpose of this contract is to increase market-based, private sector-led growth. The contract shall concentrate on increasing trade and revenues from selected Malagasy products in domestic, regional and international markets. The objectives of this scope of work are to: (i) strengthen linkages along products chains that have strong market potential; (ii) build local capacity to assess and respond to changing economic conditions affecting investment and trade; and (iii) support the improvement of economic and trade policies that encourage investment and exports. The program will identify and promote creative, informed, and practical market-based approaches to introduce more productive business practices and techniques. Specific interventions undertaken in this program will be selected based on their ability to address three basic criteria: (i) potential for a significant contribution to economic growth; (ii) contribution to poverty reduction; and (iii) complementarity with rural development activities and biodiversity conservation/natural resource management.

This program will work in collaboration with the new USAID/Madagascar Eco-Regional Initiatives (ERI) program, which aims at reinforcing and expanding community based sustainable management of resources in selected eco-regions. It will also build upon the substantial efforts carried out over the past five years under USAID/Madagascar's Special Program Objective (SPO) in support of an improved environment for private sector initiatives. The unique expertise gained through these activities is directly relevant for this program, which should seek in particular to build upon the knowledge acquired and partnerships developed.

The Contractor shall follow a market-oriented approach in the design and implementation of activities in support of private sector development. The proposed approach is to enable the expansion and strengthening of the private sector in Madagascar, leading to growth in revenues, investment and trade, and a profitable and equitable integration of Madagascar into the world economy. Interventions will seek to improve the market position of selected products through more strategic and technical cohesion within sectors, better functioning markets for business development and financial services, and efficient public-private sector dialogue to improve the enabling environment. By supporting private sector solutions to market constraints, the program intends to build local capacity and spread the benefits to a large number of SMEs. It will encourage cooperation and complementarity along product chains and across sectors. The Contractor shall seek to ensure that development assistance is sustainable.

Interventions under this program will be designed to increase competitiveness of Malagasy products and improve the ability of firms to compete in any market, including the most demanding ones. The U.S. and European markets are often considered to be the most demanding markets and competing in industrialized markets, offers opportunities for technological and management modernization and potentially higher returns. But any market can be challenging, especially if it is new or fast changing. Considering the size of the domestic market, it is expected that exports markets will be emphasized in this program. Regional markets should not be neglected however, particularly the fast growing markets of South Africa, Indian Ocean countries, and the Middle East.

Because it is critical that local, commercially viable solutions be found to answer the needs of a stronger, more engaged private sector, the contractor is expected to propose a specific program that offers a good balance between direct and indirect interventions, develops local capacity, and has a built-in exit strategy. In order for USAID to increase employment and incomes, in a sustainable manner, this program must support private sector development and trade expansion, which will increase the demand for labor, create employment, and generate wealth.

3. Implementation Strategy

The contractor is expected to spend up to six months at the start of the program to gather and organize available information and determine (i) which products have the greatest market potential and (ii) what specific capacity building needs are most suitable to meet the objectives of the program. Support for some products and services, such as ecotourism, natural products, and precious and semi-precious stones could be initiated prior to end of the six month planning period based on existing studies and lessons learned under previous USAID programs or funding earmarks. This would allow for a fast tracking of selected products while completing the planning period.

The planning and analyses carried during the first six months will be based on information obtained from reports and studies¹ to establish the potential demand for products produced in Madagascar on domestic, regional, and international markets, as well as interviews with industry experts. The idea is not to do in-depth market research and demand analysis for every potential product but to make informed decisions about which supply chains to focus up on and to document those decisions. The information gathered will be of useable form for operators along the supply chain and will be completed and updated as needed during the implementation phase.

Choices of interventions will be based on the following considerations:

- a) The product, as produced in Madagascar, has clear market potential and an identifiable and sizeable demand at the domestic, regional, or international levels;
- b) Production activities along the supply chain (primary production and transformation) are environmentally sustainable and do not adversely affect biodiversity conservation;
- c) The activities' contributions to improving the lives of poor populations, with reference to gender equity and food security;
- d) There are clear synergies and complementarities with other USAID and non-USAID funded programs targeting support to specific production and/or supply chain activities;
- e) Funding consideration based on origin or purpose of funds (e.g. environment funds linked to biodiversity conservation, microenterprise, economic growth or agricultural funds).

From the expertise gained by USAID/Madagascar and other stakeholders, the following products have demonstrated a potential for environmentally sustainable economic growth: spices, essential oils, medicinal plants, fruits and vegetables for processing (e.g. banana; lychee), tree crops (e.g. coffee, cocoa, cashew nuts), silk; raffia, honey, rice, and eco-tourism. Their market potential however is not well documented, nor are supply issues that would need to be addressed in order to improve competitiveness.

During the implementation phase, the contractor shall be predominantly responsible for providing support to operators beyond the primary production stage. Further analyses of demand characteristics will be pursued for the selected products, potential buyers will be identified, and optimal conditions for return will be investigated and maximized. The contractor shall then evaluate how Malagasy firms can meet the specific demand standards in terms of quality and quantity and time delivery in a consistent manner. Following a careful examination of market conditions, other mechanisms and partners in Madagascar will be identified that could add valuable complementarities and synergies.

¹ There are a number of studies recently completed and more being planned or under way by donors, NGOs, or government entities that can feed extremely valuable information for this project. A non-exhaustive list is given in Annex C. It is incumbent upon the contractor to become familiar with these studies and identify other documentation not listed here that can help inform the project.

The primary production stage can be critical for increasing the competitiveness of a final product, notably food products. The contractor shall therefore encourage linkages and strategic alliances with producers and/or producer associations, reinforcing the overall goal of this program to find private sector solutions to capacity constraints, seeking sustainable results. Strategic alliances are an important business linkage tool in many sectors worldwide, whenever strong vertical coordination is crucial but financial or managerial costs of vertical integration are too high. The program should encourage commercially viable solutions to create backward linkages whenever improved vertical coordination in Madagascar is necessary for increased competitiveness. Collaboration with other USAID programs, including PL 480, Title II and Eco-Regional Initiatives Program, as well as other donors' programs is necessary.

4. Results Modules

This scope of work is divided into results modules. A results module can contribute to more than one IR and each IR will require results in more than one module to reach its target². Although this is a new program for USAID/Madagascar, the contractor is expected to propose interventions that takes into account lessons learned from past activities implemented by USAID and other donors, and to propose synergies with current programs. The contractor shall be mindful of the fact that USAID Madagascar is a team-oriented mission, with an integrated program across SOs, and strong working relationships with its development partners, including ministries' officials, other donors, private sector, and an array of private organizations.

Three results modules have been identified for this program:

- Results Module 1: Increasing the competitiveness of selected product chains
- Results Module 2: Increasing the capacity and use of business services, financial services, and research institutes
- Results Module 3: Improving the enabling environment for private sector development, investment, and trade

Specific objectives have been developed for each results module to help clarify USAID/Madagascar's results expectations. The contractor shall describe its own approach and illustrative activities. However, the program needs to remain flexible enough to be able to respond to the needs of specific sectors as they are included in the program (some sectors will be selected during the 6-month planning and analysis period) and to any new development during the life of this program. It will be particularly important for the contractor to carefully balance providing technical assistance to meet immediate needs with efforts to build local capacity to respond to those needs as they arise, thereby achieving the desired goals of scale, impact, and sustainability.

Results Module 1: Increasing the competitiveness of selected product chains

The main thrust of this results module is to identify constraints, bottlenecks, and opportunities along selected supply chains that show strong market potential and work with stakeholders to remove constraints, increase productivity, and improve the competitiveness of selected products on domestic, regional, and international markets. The selection of targeted supply chains will be based on market-based analysis, environmental sustainability, and resource availability. The contractor shall work with a wide-range of sector representatives and stakeholders to identify these key constraints and formulate a strategy for increasing the competitiveness of each supply chain. Interventions under this module will aim at building the capacity of Malagasy firms to seek out promising market opportunities, create or strengthen business relationships with buyers, solidify backward and forward linkages, improve technical and managerial operations along supply chains, improve strategic cooperation between stakeholders, and deliver products that meet international standards.

The objective is to increase the value-added created in Madagascar through a more efficient and better integrated private sector. To do so, more SMEs need to be brought into promising, export-oriented value chains, thereby creating multiplier effects and income-generating opportunities for poor households,

² There are four intermediate results under the strategic objective; three of them are relevant for this program: IR2 "Value-Added through Private Sector Development Increased"; IR3 "Trade Flows in Selected Products Increased"; IR4 "Selected Policies, Regulations, and Procedures Changed". See a more detailed description of the results framework on annex.

particularly in rural areas. Competitiveness of a selected sector will be improved without targeting only winners.

Many factors can impact the performance of an industry and its ability to expand and engage in trade. It is expected therefore that it may be beyond the resources of this program to impact all key factors. Poor infrastructure or insufficient labor skills for instance, are often constraints to improved efficiency and market expansion. The contractor is encouraged therefore to link with the government and other donors' programs in order to secure better results. This results module will benefit from Economic Support Funds (ESF) targeted to professionalizing the gemstone sector and SO6 Environment Funds (see section C.5 below).

Expected Results

1.1 Ability of Malagasy firms to take advantage of new market opportunities for their products expanded

Even in the most promising sectors, enterprises need to be better equipped to seek out new market opportunities and better respond to demand requirements. The contractor shall build the capacity of firms to identify new markets, create business linkages, and establish new or improved business relationships with buyers. The specific needs of a sector and firms within a sector will vary considerably and the contractor shall design its intervention in order to respond to these vastly different needs. The ability of firms within a promising sector to act strategically and seek out new markets is key to improving competitiveness.

Entrepreneurs within a sector need to know where they stand with respect to competitors in foreign countries. Firms within a sector also need to know where they stand relative to other domestic firms. Competition within a sector is important as it improves quality and efficiency and stimulates adoption of new techniques. However cooperation is also key. Particularly in sectors composed mainly of SMEs, as in a developing country context, cooperation between firms is important in devising and implementing strategic planning to improve competitiveness and global markets positioning. It may be necessary to encourage firms to work together and participate in sector-wide strategic planning.

Expected sub-results include:

- Access of firms to critical, regularly updated market and trade information, such as futures markets, freight rates, tariffs and exchange rates improved
- Visibility of Malagasy products on world markets increased
- Participation of Malagasy firms in international trade shows and business events increased
- Trade missions of foreign buyers and investors encouraged
- Business linkages and trade under AGOA and other market access arrangements encouraged

1.2 Ability of operators to respond to market demand requirements and meet orders increased

In order to improve the competitiveness of Malagasy products on domestic, regional, or international markets, operators along the supply chains should be able to meet supply orders. This means being able to meet the specifications from known buyers and having enough flexibility within the supply chain to adapt to the needs and requirements of new markets. The contractor shall help identify market constraints and opportunities and develop strategic relationships with domestic and foreign partners.

Expected sub-results include:

- Capacity of entrepreneurs to monitor and understand market trends, consumer choices, and business practices in foreign countries improved
- Capacity of entrepreneurs to understand what is included in an order (quality requirements, quantity, timing of delivery, payments conditions, packaging, labeling, etc.) improved
- Proficiency of entrepreneurs in dealing with sophisticated or international/ large scale buyers - including in providing samples based on a list of specification, such as for supermarkets - improved

1.3 *Operational linkages between stages along selected supply chains strengthened*

In partnership with sector representatives, the contractor shall examine technical and managerial linkages that exist along selected supply chains, assess the strengths and weaknesses of these linkages, and identify key areas where investments and upgrading are needed. Strategic interventions will be identified to remove constraints, bottlenecks and promote comparative strength. The purpose is to improve the technical and logistical efficiency of these linkages to make the system work better as a system.

Expected sub-results include:

- Capacity of firms to set up contractual arrangements upstream and downstream to improve efficiency and productivity improved
- Operations and communication flow along selected supply chains rationalized
- Improved production and marketing techniques identified and acquired

Results Module 2: Increasing the capacity and use of business services, financial services, and research institutes

Enterprises typically need an array of business and financial services to conduct their operations, improve their performance, or expand their operations. In addition to services directly related to improving operation techniques, firms need services for improving management systems, financial operations and accounting, workforce training, legal practices, strategic planning, knowledge management, advocacy and lobbying, etc. Services in the area of trade facilitation are also key in the context of Madagascar where outside markets offer significant opportunities for growth and goods can only transit by boat or air.

Lessons learned and best practices on business development service delivery, including financial services³ show that public sector organizations are not effective providers of BDS to enterprises. Furthermore, pervasive subsidies for state-provided business support have created distortions that hinder the development of private sector service provision. The focus must be on the development of a market for business services and building the capacity of the private sector to supply services that meet the needs of enterprises. Business associations however can also play an important role in facilitating access to business services, particularly for remotely located members.

SMEs in Madagascar face substantial barriers to accessing both product and services markets. Access to business services is very limited and is constrained by poor communication, lack of information, and insufficient strategic cohesion within a sector. A few private companies in Madagascar offer a range of business services but they tend to be tailored for the needs and resources of large enterprises and are

³ Offerers are invited to consult the web site: www.usaidmicro.org for a overview of the BDS market development approach developed by USAID.

rarely used by SMEs. The contractor shall identify commercial solutions to address constraints faced by smaller entrepreneurs in selected value chains, building the capacity within the private sector to supply business and financial services. The overall objective is to strengthen the market for business and financial services by facilitating the coordination between supply and demand for services. A desired impact of this approach is to bring in more entrepreneurs to participate in the formal economy and benefit from the growth created by the improved competitiveness of targeted value chains.

In the area of banking and financial services, Madagascar faces similar problems encountered in many other developing countries: low capacity of SMEs to develop financial plan and prepared loan applications, lack of risk incentives for banking institutions to lend to SMEs, insufficiency of financial intermediation, and low capacity and sustainability of microfinance institutions. Banks are reluctant to offer financial services to SMEs and SMEs lack collateral and dependable business plans to be credible interlocutors. Where micro-finance institutions exist, they tend to suffer from limited institutional capacity and appropriate management system, making them commercially unviable. This program will seek to extend the reach of financial services to SMEs, in part through increasing commercialization of microfinance. This results module will benefit from the support of a PRIME grant from USAID Office of Microenterprise Development and SO6 Environment funds (see section C.5 below).

Expected Results

2.1 Capacity of business services providers to deliver to SMEs in targeted supply chains increased

The contractor shall seek to facilitate the development of a market for business development services. In the end, BDS providers will gain the technical and managerial expertise to provide quality, timely services that meet the needs of firms in targeted value chains, particularly SMEs, hence contributing to improved competitiveness of those sectors.

Expected sub-results include:

- Capacity of firms and business associations to identify needs and contract for business services improved
- Capacity of business services providers to market their expertise and adapt their range of products to new sectors or new needs improved
- Concerted action between industry groups and private services providers for improving strategic coherence and competitiveness of targeted product chains facilitated
- Outreach of business service providers to more remotely located SMEs improved

2.2 Delivery of financial services to SMEs in selected supply chains expanded and improved

For Malagasy products to become more competitive in domestic, regional, and international markets, firms need access to credit and well targeted financial services. Past experiences in USAID Madagascar show that financial markets and credit issues cannot be addressed simply by increasing competition within the banking system. The lack of financial intermediation is a key problem for instance and financial institutions lack incentives and capacity to reach remote customers and expand their risk portfolio. Banks tend to have very limited geographical coverage and large areas in Madagascar have no local banking institutions. The contractor shall address both demand and supply constraints (both access and delivery issues) seeking to expand the market for commercially-viable financial services to SMEs and promote best practices. USAID does not foresee direct assistance in financial and credit support but rather to contribute to expanded services to SMEs through capacity building and targeted technical assistance, as well as policy and regulatory reforms involvement (under Results Module 3).

Expected sub-results include:

- Capacity of firms and business associations to identify and request financial services improved
- Capacity of finance institutions to develop financial services well targeted to the needs of micro, small and medium enterprises in growing sectors improved
- Microfinance best practices promoted

2.3 *Research capacity to conduct analysis on applied production technologies, marketing strategies, and policy reforms strengthened*

The contractor may assist business associations and research institutions in building their capacity to conduct market analysis and utilize applied research that can help develop new market strategies, support technological innovation and products development. A key aspect in this module is knowledge management, that is, the capacity of firms and trade association to set up efficient systems that are an integral component of their normal operations to use and disseminate relevant information. To improve competitiveness of a product chain and expand trade and investment, some initial research must be done to better understand demand conditions in new markets as well as constraints and inefficiencies along the supply chains; however, market conditions change constantly, and new constraints and opportunities arise, which should be monitored and used to adjust strategic positioning. How to capture this information and manage it efficiently is a challenge that targeted supply chains will need to address.

Any analytical agenda should capitalize upon USAID/Madagascar's previous support to research program in the area of economic analysis for decision-makers and sector-specific issues.

Expected sub-results include:

- Local capacity to conduct analyses on production technologies, marketing strategies and policy reforms, and to generate best practices developed
- Relevant market analysis on selected products supported
- Analyses of social and environmental impacts of proposed investments supported
- Research and development of improved processing and handling techniques supported

Results Module 3: Improving the enabling environment for private enterprise development and trade and investment

This module will focus on the identification of salient policy concerns and infrastructure constraints to private sector development and increased trade and investment as well as on the effective implementation of measures or actions designed to overcome them. A key component of this module will be to facilitate public-private dialogue on policy and regulatory reforms issues. Hence two dimensions need to be incorporated in designing activities under this module: (i) effective private sector participation in policy making; and (ii) targeted policy and regulatory changes addressing specific constraints to private sector development and expanding trade and investment.

Experience shows that reforms need "champions". The contractor is encouraged to propose steps to foster consistent involvement and awareness of high ranking officials in the policy reform process by identifying real champions, and encourage public advocacy-led reforms. Policy reform and implementation can be a slow and deliberate process; it can stall as tough decisions need to be made; and proposed reforms can lack the means to be effectively implemented. The contractor should incorporate ways to monitor progress and accountability to sustain the involvement of all parties. Broad stakeholder

participation through public-private dialogue has shown to be a good way to carry through proposed reforms.

Under this program, the contractor shall also, as appropriate, assist in identifying, monitoring, and addressing key and critical policies and actions that affect Madagascar foreign trade regime to ensure their compliance with World Trade Organization requirements and regional trade agreements.

Expected Results

3.1 *Main policy and regulatory constraints to increased competitiveness of selected supply chains are addressed*

Under this result, the program will seek to increase private sector participation in policy making, priority setting, and various policy formulation forums. The contractor shall work with private sector representatives and public officials to identify specific or cross-cutting policies that are responsive to the needs of the selected supply chains and are aligned with global market opportunities. The establishment of a feedback and information communication mechanism at the national level could facilitate the dissemination of information concerning existing restraints on trade and investment, and could further increase the accountability of governmental agencies providing services to the private sector as well as the overall quality of those services.

Expected sub-results include:

- Regulatory and policy reforms that complement or enhance market incentives adopted and implemented
- Capacity of industry associations and interest groups to lobby in their interests and raise public awareness through media campaign or other means strengthened
- Capacity of firms and other stakeholders in handling specific trade issues that may affect competitiveness, such as new security rules to export to the U.S. increased

3.2 *Madagascar's effective participation in key regional trade agreement negotiations and multilateral policy setting discussions enhanced*

USAID supports Madagascar's efforts to participate fully in the new global economy and initiate efforts to increase its effective participation in the WTO and in regional trade agreements. The contractor shall provide punctual assistance to better understand and act upon as appropriate, regional and multilateral issues that affect Madagascar. The contractor shall be cognizant of work done under the Integrated Framework, which seeks to fully integrate trade issues in poverty reduction strategies and improve donor coordination in addressing the key constraints to Madagascar's integration into the global economy.

Expected sub-results include:

- Madagascar's effective integration in regional trade groupings such as Common Market for Eastern and Southern Africa (COMESA), as well as those under consideration (Southern African Development Community, SADC, for instance) supported
- Information about trade agreements and multi-lateral policy issues to relevant businesses disseminated
- Assistance to the Government in matters of compliance with the WTO rules and obligations, such as the Sanitary and Phyto-Sanitary (SPS), bio-safety issues or trade in services provided

3.3 *Market and transport infrastructure constraints addressed*

Poor quality or inadequate infrastructure impact negatively on the competitiveness of Malagasy products by increasing internal transaction costs, reducing potential for value-added, and lowering efficiencies in the supply chains. This program will address trade and investment policy priorities to reduce constraints faced by key selected supply chains where greater competitive advantage can be achieved. This contract shall assist Malagasy partners to analyze and demonstrate to leaders of the public and private sectors how and where competitive advantage can be achieved in relation to infrastructure constraints, access to markets, and other critical factors such as customs, international freight, energy infrastructure, etc.

Transport and market infrastructure rehabilitation and development are expensive. USAID, for the foreseeable future, does not plan to fund their development under this program. Instead USAID relies on Government programs and that of other donors to address these needs⁴ while advocating for the economic corridor development approach that is sensitive to forest conservation in priority zones.

Expected sub-results include:

- Public-private sector forums to discuss market and transport infrastructure improvements needed to increase the competitiveness of Malagasy products established
- Economic corridor development approach along transport corridor as a sustainable and comprehensive model of development promoted

3.4 *Regulatory and legal constraints to developing rural-based commercial financial services are addressed*

Developing and expanding commercially-viable financial services to SMEs will require putting in place the proper regulatory and supervisory framework to serve the operation of microfinance institutions (MFIs). In April 2003, USAID conducted an assessment of the legal and regulatory framework for microfinance. The recommendations of the study are critical for the development of a transparent regulatory and supervisory framework that encourages competition on the microfinance market and for the expansion of the microfinance sector in rural areas of Madagascar.

Expected sub-results include:

- Establishment of a policy agenda conducive to an enabling environment for microfinance development within the banking and financial sector assisted
- Measures to close the gap between microfinance operations and the formal banking sector supported

⁴ There are a number of infrastructure projects that are of interest, including: *Fonds d'Entretien Routier* (Road maintenance funds); the World Bank Project for Reform and Rehabilitation of Transport Sector (PST); the WB funded Community Development Fund (FID-IV) for farm to market and feeder roads; and the European Union 9th FED for national and feeder road rehabilitations and development.

4. Contributions of Specific Funding Mechanisms for this Program

a) PRIME Funds

USAID Office of Microenterprise Development (EGAT/PR/MD) has awarded a PRIME grant of \$500,000 over 2 years to USAID/Madagascar to support commercially viable microfinance and other business development services to SMEs under this program. EGAT/PR/MD expect an appropriate amount of matching funds from USAID/Madagascar and requires that best practices be used in designing and implementing interventions in the area of financial and business development services to SMEs. A key objective of EGAT/PR/MD is outreach to rural and underserved populations through private sector development and in complementarity with market and trade expansion goals. The contractor is encouraged to come up with suggestions on how to best integrate these funds into the program; however preliminary discussions with EGAT/PR/MD have led to a number of suggestions, which include:

- Local microfinance specialists placed in the two regional offices of the Eco-Regional Initiatives (ERI) to assist in the expansion of commercially-viable financial services to SMEs and ERI community-based partners
- Targeted training and technical assistance to strengthen the commercial capacity of microfinance institutions in rural and urban areas
- Short-term technical assistance in support of reforms in the legal and regulatory framework for microfinance, banking, and financial services
- Targeted training and technical assistance to SMEs to seek out and negotiate expanded financial services

b) ESF Funds for Fighting Corruption in the Gemstone Trade

U.S. Economic Support Funds (ESF) in the amount up to \$400,000 is provided under this contract to contribute to a large, multi-donor initiative to fight corruption, improve governance and support professionalization in the gemstone sector. In particular, it is envisaged that the program will help establish a trading bourse or “*comptoir*” to facilitate transactions of rough and finished gems. A preliminary analysis of the sector and its main constraints and deficiencies has been commissioned by USAID in 2003. In order to move rapidly into the full implementation phase of this component, the planning phase will be commissioned outside of this RFP and will be made available to the contractor upon the award of this contract. Other activities targeted at the mining sector could be developed under this contract following an assessment of market potentials that are complementary to other donors’ programs.

c) SO6 Environment Funds

The Environment/Rural Development Strategic Objective (SO6) will make available up to \$3.2 million of environment funds over four years (with an option for an additional \$800,000 for year five) to the market and trade development program to further develop ecotourism and pursue market opportunities for agricultural and natural-resource based products that are directly linked to sustainable environment management and biodiversity conservation. Contractors shall be required to ensure linkages with production activities supported under the SO6 Ecoregional Initiative Programs in the priority regions of Toamasina and Fianarantsoa. Ecotourism activities will build on the support that has been provided over the last five years in fostering an effective relationship between the National Park Service and the private sector. Under the monitoring and evaluation plan, the contractor shall develop specific indicators to measure the impact of the contribution of these funds to SO6 level indicators.