

Madagascar

The Development Challenge: Madagascar's new government, led by President Marc Ravalomanana, is demonstrating the will and commitment to tackle the country's immense development challenges, notably widespread poverty and corruption. Madagascar has an average per capita income of \$260; 70% of its population lives below the poverty line; 49.1% of children under five years of age are malnourished; infant, child and maternal mortality rates are unacceptably high; HIV sero-prevalence is 1.1%; life expectancy is only 58 years; the population growth rate is high, at 2.8%; and 46% of the population is illiterate. Madagascar is emerging from a deep political crisis in 2002, which resulted in a 12% decline in GDP and increasing poverty. The country is now stable and economic recovery is underway, with GDP growth in 2003 estimated at more than 9%. Madagascar is expected to reach the Completion Point under the Highly Indebted Poor Countries Initiative in mid-2004, resulting in extensive cancellation of sovereign debt. The United States and Madagascar enjoy close relations, and Madagascar is an ally in the global fight against terrorism. USAID/Madagascar's programs coincide completely with the top three U.S. foreign policy objectives with response to Madagascar: democracy promotion; broad-based economic development, including health; and environmental protection.

Government of Madagascar (GOM) priorities, as articulated in the country's Poverty Reduction Strategy Paper and demonstrated through recent actions are: 1) good governance; 2) economic growth; and, 3) social welfare. To promote good governance, the GOM: has established an Anti-Corruption Commission in the Presidency, which USAID is supporting through the Anti-Corruption Initiative; is requiring public disclosure of assets by public officials; is introducing reforms in public financial management, including customs procedures; is instituting a program to reduce corruption in the trade of precious and semi-precious stones, with support from the World Bank and the USG; and, has canceled illegal forestry permits and banned exports of endangered species. To stimulate economic growth, the GOM: has strengthened its partnership with the private sector; is investing, with donor support, over \$1 billion in transportation infrastructure, especially roads, between 2002 and 2005; has declared a two-year tax holiday on imports of investment and some consumer goods; and is opening up land sales to foreign investors. Recognizing the importance of its unique environment to the long-term health of the Malagasy economy and the welfare of its people, and building upon support of USAID and other donors, the GOM plans to increase land in protected areas from 1.7 million to 6 million hectares over the next five years. In the social sectors, the GOM is committed to: preventing the spread of HIV/AIDS; fighting malaria; strengthening health care at the community level using models developed through USAID programs; and, increasing access to and quality of education through its "Education for All" program.

While the new government has considerable public support and momentum for its ambitious programs, it faces a number of risks: that a weak and poorly equipped bureaucracy will be unable to realize many of the planned reforms and results; that the public will grow impatient with the new government under the weight of grinding poverty; that vested interests will retard the reform agenda; that foreign investment and donor support will fail to materialize at the rate necessary to meet economic growth objectives; or, that natural disasters will impede progress. U.S. assistance will contribute to mitigating these risks.

The USAID Program: The overall goal of the USAID program in Madagascar is sustainable and inclusive economic development. A new country strategy was approved in March 2003 that integrates strategic objectives through shared activities as well as through cross-sectoral programs and partnerships.

Under the new strategy, the democracy and governance program will address the weaknesses of Madagascar's democratic institutions, compounded by poor governance. It will build a deeper and stronger civil society, increase information flows, and increase government responsiveness to its citizens. The new health, population and nutrition program will address the prevention and management of sexually transmitted infections and HIV/AIDS, and strengthen public and private health services. The demand for quality and the availability of selected health products will be increased to continue improvements in child, maternal, and reproductive health. The new environment and rural development program builds on the successes of the predecessor program. It will work to conserve Madagascar's biologically diverse forest ecosystems, in part by linking natural resource management closely with

economic development, i.e., helping people find livelihoods that are compatible with efforts to decrease deforestation and conserve biodiversity. The new agricultural and trade program will concentrate on accelerating economic growth through market development and trade.

In general, political will and involvement on the part of the GOM are strong, but human resource and financial limitations constrain capacity to implement activities and reforms. The GOM actively seeks input from civil society and the private sector for validating national action plans, changing laws, and pursuing new anti-corruption efforts. However, NGOs and citizens' associations remain largely ineffective as advocates for change. Planned USAID efforts to strengthen such organizations are closely matched to U.S. interests in anti-corruption, good governance, HIV/AIDS and other infectious disease programs, and global climate change.

Other Program Elements: USAID centrally funded education activities and support received through the Leland Initiative provide increased Internet access in Madagascar, and a three-year program under the Women's Legal Rights Initiative will begin in early 2004. Central population funds contribute to joint environment-health programs. Child Survival and Health grants and Reproductive Health Flexible Funds will support community-based health and family planning activities. Central USAID/Washington funds enable the conservation of a national park in the west of Madagascar. Funds provided by the Office of Foreign Disaster Assistance assist populations affected by drought in the south of the country, as well as victims of recent cyclones on the east coast. Finally, P.L. 480 food assistance will continue to support child survival and nutrition education and rural development.

Other Donors: Madagascar's major donors are the World Bank, European Union (EU), United Nations System, France, United States, and Japan. The World Bank has identified governance and institutional development as its central theme. The World Bank, International Monetary Fund, and EU provide budget support linked to improved public financial transparency and accountability. The World Bank, EU and France support reform and strengthening of the judicial system. The World Bank also leads efforts to reform the trade in gems. The United Nations Development Program (UNDP), EU, Japan, Germany, and Switzerland partner in electoral observation and support. The World Bank, the United Nations' specialized agencies, and France are active partners in the health sector, particularly in maternal and child health. The World Bank is becoming the lead donor in fighting HIV/AIDS, while the United Nations Population Fund is a major partner in family planning, and Japan collaborates with USAID in certain areas, including behavioral change activities. Madagascar receives funding from the Global Fund to Fight AIDS, Tuberculosis and Malaria, and the Global Alliance for Vaccinations and Immunizations. The World Bank, EU, UNDP, France, Germany and Switzerland are, with the United States, active members of a multi-donor group on environment, rural development and food security. The World Bank leads in the education sector. The World Bank and EU lead in infrastructure development, and the World Bank aids privatization efforts. The World Bank and France support the financial system, especially mutual credit institutions. Agricultural development is a priority of the World Bank, EU, France, and the International Fund for Agricultural Development. France is an active supporter of urban development projects. Finally, UNDP is a major partner in disaster preparedness, and the World Food Program is the major partner in promoting food security.

Data Sheet

USAID Mission:	Madagascar
Program Title:	Governance in Targeted Areas Improved
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	687-004
Proposed FY 2004 Obligation:	\$750,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2005 Obligation:	\$1,112,000 DA
Year of Initial Obligation:	FY 2003
Year of Final Obligation:	2008

Summary: USAID's new democracy and governance program will work across all of the Mission's sectors -- health, population and nutrition, environment and rural development, agriculture and trade -- to improve Madagascar's governance. It will help to deepen and strengthen civil society, increase the flow of information to citizens and local leaders, and strengthen the government's ability to respond to citizens' needs. Particular attention will be paid throughout the program to strengthening anti-corruption efforts and supporting decentralization as it unfolds in Madagascar. Activities will be conducted under several initiatives, including: the Anti-Corruption Initiative, Women's Legal Rights Initiative, and the second phase of the Leland Information Technology Initiative.

Inputs, Outputs, Activities:

FY 2004 Program:

A major cooperative agreement will be awarded in early calendar year 2004 to begin full implementation of the new program.

Deepen and strengthen civil society (\$250,000 DA). USAID will: provide training and support to teach civil society organizations, across all of the Mission's sectors, how to advocate effectively; provide technical assistance to national federations and associations to improve the skills of their rural partners; and provide training and mentoring in financing and managing to create more sustainable civil society organizations. Non-governmental organizations (NGOs) addressing women's legal rights will be given special priority through a Washington-based initiative in WID/EGAT (Women in Development/Economic Growth, Agriculture and Trade). Principal contractors and grantees: to be determined.

Increase flow of information (\$250,000 DA). USAID will provide technical assistance to the government to improve its regulatory framework for information and communication technologies; work with NGOs to increase the reach of these technologies into rural areas for citizens, civil society, and government; and provide financial, organizational, management, and journalism training to improve the skills of the independent print and broadcast media. A cross-sectoral information service will be established to provide information for advocacy and decision-makers, and to reinforce the contribution of USAID's other programs. Principal contractors and grantees: to be determined.

Increase government responsiveness (\$250,000 DA). USAID will support mechanisms (town hall meetings, public hearings, workshops, etc.) that increase communication between civil society and government authorities. Technical assistance, training, and limited commodities will be provided to specific government entities at the communal, regional and national levels to improve the financial management and development planning skills of key officials, and to enable increased responsiveness to NGO and citizen demands. Special emphasis will be placed on support to the government's new National Anti-Corruption Commission and on consolidating a new civic education program. Principal contractors and grantees: Pact, and others to be determined.

FY 2005 Program:

Deepen and strengthen civil society (\$300,000 DA). USAID plans to continue assisting key civil society organizations to advocate effectively by improving their ability to analyze, articulate, and present their issues. USAID will also work with selected national associations to help them improve the competencies of their provincial and rural partners. Training and mentoring will be provided in budgeting, planning, and managing to create more sustainable civil society organizations. Principal contractors and grantees: to be identified.

Increase flow of information (\$412,000 DA). USAID plans to continue assisting the Government of Madagascar (GOM) in improving its regulatory framework for information and communication technologies; working with selected NGOs to increase the reach of these technologies into rural areas; and providing training in planning, budgeting and management to independent print and broadcast media outlets in targeted areas. The cross-sectoral information service will strengthen linkages with provincial information centers. Principal contractors and grantees: to be identified.

Increase government responsiveness (\$400,000 DA). USAID plans to increase communication and collaboration between civil society and government reformers by increasing the information flow between the two partners and increasing the capacity of government to respond to civil society demands. The government's new Anti-Corruption National Plan of Action will be completed and support will be provided to begin its implementation. Principal contractors and grantees: to be identified.

Performance and Results: This is a new strategic objective, building on the success of USAID's previous program, "Improving the Environment for Private Initiative" (687-001). That program achieved significant results in FY 2003 despite the uncertainty in the aftermath of Madagascar's political crisis in 2002, which continues to limit government effectiveness and dampen the business investment climate. The "Madagascar Media and Message" civic education activity produced impressive results. Through the in-school component, more than 12,000 students (of whom 50 percent were females), 130 teachers, and 20 trainers from 50 junior high schools benefited from a pilot project based on interactive and student-centered teaching used to address key public issues at the communal level. The pilot program culminated in the organization of three mass civic events focusing on student presentations to key regional government officials on such issues as election fraud, potable water, and sanitation. Under USAID's program to promote public participation in government decision-making, issues concerning the management of lake and inter-communal forest governance were addressed through public dialogue in the province of Fianarantsoa, and a public land use issue was discussed in a public forum in the province of Mahajunga. Coalitions were built to observe municipal and legislative elections, and voter education was reinforced. Civil society organizations and government officials have since established permanent associations in these areas to continue with information sharing and public dialogue platforms. Five new "Networking Academies" were established through a partnership with Cisco Systems, as part of continuing Internet-related development in Madagascar that is largely attributable to financial and technical support from USAID's Leland Initiative. Madagascar's rank and score on Transparency International's "Corruption Perception Index" improved, though the effort to combat corruption is just beginning.

At the completion of this new program, more citizens will be capable of effectively expressing their views about their government and society and acting in a collaborative and cooperative manner; access to information among the population will expand dramatically as media structures and technologies are improved and appropriate legal frameworks are established; and there will be measurable progress in the reduction of corruption and an increase in economic freedom. While some activities, such as anti-corruption efforts, will have nationwide impact, others, such as civil society strengthening and support to local governments, will primarily benefit populations in selected communities or regions.

Data Sheet

USAID Mission:	Madagascar
Program Title:	Selected Health Services and Products
Pillar:	Global Health
Strategic Objective:	687-005
Proposed FY 2004 Obligation:	\$10,015,000 CSH
Prior Year Unobligated:	\$0
Proposed FY 2005 Obligation:	\$11,200,000 CSH
Year of Initial Obligation:	FY 2003
Year of Final Obligation:	2008

Summary: The Health, Population and Nutrition (HPN) Program seeks to increase the use of selected health services and products while improving health practices. The program will strengthen institutional capacities to develop, implement, and evaluate health programs. It will also address Sexually Transmitted Infection (STI) and HIV/AIDS prevention and management at the national and community levels, as well as through public-private partnerships. Activities under the Water for the Poor Initiative and an innovative Health, Population and Environment Initiative will be implemented.

Inputs, Outputs, Activities:

FY 2004 Program:

Increase demand for health services and products (\$2,403,600 CSH). Technical assistance and training in marketing and behavior change will be provided to the Ministry of Health (MOH) and selected organizations to increase knowledge of healthy behaviors and demand for modern health services and products. Activities will include community mobilization, child-to-child school health education, and family involvement in malaria care and for integrated management of childhood illnesses (IMCI), a comprehensive prevention and treatment approach. Funds will be used for mass media campaigns and for furthering health education through agricultural and environmental organizations. Principal contractors and grantees include: Population Services International (PSI), CARE, Catholic Relief Services (CRS), Adventist Development and Relief Agency (ADRA) and Voahary Salama (a consortium of local NGOs) and others to be identified.

Increase availability of health services and products (\$2,804,200 CSH). Technical assistance and training to improve the distribution system for medical supplies and contraceptives, will be provided to the MOH, SALAMA, the central procurement agency, and other organizations. Efforts to strengthen private and public sector systems for the direct provision of vaccines; drugs, including pre-packaged home based treatment for malaria; contraceptives; insecticide-treated bed nets (ITNs); safe water products; and nutrient-dense foods will complement this assistance as well as support social marketing operations and health campaigns conducted by partner institutions. Technical assistance, training and limited equipment will be provided to establish a new system of mobile health clinics. The Water, Sanitation, Hygiene Initiative will continue, and essential commodities will be pre-positioned in disaster-prone areas. Implementers are the same as noted above.

Improve quality of health services (\$2,603,900 CSH). USAID will improve services, such as malaria and STI case management, nutrition, integrated management of childhood illnesses (IMCI, a comprehensive prevention and treatment approach), infectious disease control, and family planning, through specialized technical assistance based on improved prevention and treatment protocols. USAID will fund improvements to pre-service training at medical, paramedical, public health, and nursing schools to incorporate the latest standards and guidelines into curricula, with specific emphasis on malaria. USAID will support improvements in drug quality assurance for malaria treatments for pregnant women and children. The Essential Nutrition Action package, a tool for ensuring quality nutrition programming, will be promoted as a national standard, as will guidelines for STI case management for high-risk women and

Intermittent Preventative Treatment of malaria for pregnant women. Operations research on malaria and STI/HIV/AIDS will develop models for innovative interventions. Principal contractors and grantees: PSI and others to be identified.

Improve institutional capacity to implement and evaluate health programs (\$2,203,300 CSH). Technical and management capacity of selected health organizations will be upgraded and support will be provided to NGOs in delivering health services. The MOH's data management abilities will be improved for more informed decision-making and policy-making, as well as to improve its capacity for developing, implementing and evaluating programs. Disease surveillance systems, especially for HIV/AIDS, will be developed. Funds will also be provided for establishing partnerships between the National Medical Association and private practitioners as well as between Madagascar and American medical, public health and nursing schools. Principal contractors and grantees include: PSI, CARE, CRS, ADRA, Voahary Salama, and others to be identified.

P.L. 480 assistance will provide food for child survival programs as well as assist NGOs and community groups to implement nutrition, education, and maternal health programs.

FY 2005 Program:

Increase demand for health services and products (\$2,823,000 CSH). USAID will continue support for community mobilization activities, school health education, social marketing/communication campaigns, and sector-specific health education, particularly HIV prevention and HIV/AIDS stigma reduction. Implementers remain the same as in FY 2004.

Increase supply of health services and products (\$3,493,000 CSH). USAID will continue activities that increase the availability of health services and products, including drug quality assurance and the refinement of methods for improving materials/inventory management and distribution. Additional resources will be used to expand local production capacity for health products, improve marketing, and pre-position disaster assistance commodities. Implementers remain the same as in FY 2004.

Improve quality of health services (\$2,337,000 CSH). Technical assistance, training and other support will continue to improve the quality of health services in STI case management, nutrition, integrated management of childhood illnesses, infectious disease control, and family planning. The number of beneficiaries will be about 40,000. Implementers remain the same as in FY 2004.

Improve institutional capacity to implement and evaluate health programs (\$2,547,000 CSH). Efforts to improve the delivery of quality health services by public and private sector organizations as well as NGOs will continue through public health partnerships and sub-contracts with NGOs, in addition to operational research and pilot modeling activities. Implementers remain the same as in FY 2004.

P.L. 480 food assistance for improved maternal health, child-feeding practices, and improved micro-nutrient status will continue to be provided through NGOs and selected community groups.

All family planning assistance agreements will incorporate clauses that implement the President's directive restoring Mexico City policy.

Performance and Results: This is a new strategic objective. Evidence suggests that most targets, under the previous strategic objective "Smaller, Healthier Families, 687-002," were achieved in FY 2003, though national level data are incomplete. The polio campaign saw complete national coverage of children under 5 years and the percentage of children completely immunized rose from 19% in 1999 to 73.7% in 2003. Sales of contraceptives rose by 15% (oral) and 11% (injectables), respectively; condom sales rose 54% to 10,699,191; and 110,680 insecticide treated nets were sold. The GOM and World Bank endorsed USAID's health service delivery methodology by adopting USAID's community approach for nationwide use in their own programs. Health cost recovery policies, suspended in the wake of Madagascar's 2002 political crisis, were reinstated, but do not yet meet program expectations.

Program success will mean that use of selected health services and products will increase and health practices will continue to improve. The Contraceptive Prevalence Rate (CPR), DPT3 (Diphtheria/Pertussis/Tetanus) vaccination coverage, exclusive breastfeeding, condom use, use of ITNs for malaria, and treatment for STIs should all increase. Vitamin A deficiency in women and children should decline. This improved performance should help to reduce the high rates of infant, child and maternal mortality in Madagascar and increase life expectancy. Community-based activities will focus on Fianarantsoa and Antananarivo provinces.

Data Sheet

USAID Mission:	Madagascar
Program Title:	Biologically Diverse Forest Ecosystems
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	687-006
Proposed FY 2004 Obligation:	\$8,256,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2005 Obligation:	\$8,000,000 DA
Year of Initial Obligation:	FY 2003
Year of Final Obligation:	FY 2008

Summary: USAID seeks to conserve Madagascar's biologically diverse forest ecosystems. USAID will focus on selected ecological regions and critical forest areas that contain the majority of biodiversity. USAID will work with the GOM, private sector, NGOs, local communities and other donors through Phase III of the National Environmental Action Plan to: treble the extent of protected areas; improve management of forests; maintain the biological integrity of critical biodiversity habitats; reduce human pressures on biodiversity by promoting alternatives to slash and burn farming; and, create economic and social incentives for local biodiversity conservation through investment initiatives and partnerships in natural resource management. Environmental concerns will be incorporated into decision-making, and environmental impact assessments will be applied more effectively. A public-private partnership will enable monitoring of the environmental impact of planned mining activities in southeast Madagascar.

Inputs, Outputs, Activities:

FY 2004 Program:

Improving sustainable forest management (\$2,522,200 DA). USAID will assist and train the forestry service to analyze options for restructuring, develop a vision, and establish an effective system for forestry management. USAID will support development of a zoning plan for all forests in Madagascar, providing a tool for public dialogue and forest management, reducing deforestation, and improving carbon storage. Data management equipment will be provided. Principal contractors and grantees: to be identified.

Protected area management (\$1,522,200 DA). The National Park Service (ANGAP) will be assisted in implementing its new strategic management plan developed with prior USAID support. The GOM and other organizations will be helped to enlarge the protected area network, improve carbon sequestration and protect critical biodiversity. Conservation, business, and implementation plans for protected areas will be developed, and technical competency of field staff will be improved. Principal contractors and grantees: to be identified.

Eco-regional initiatives to reduce slash and burn practices (\$2,222,200 DA). Outside of the core protection areas, USAID will help offer alternatives to slash and burn farming by reinforcing positive relationships between sustainable natural resources management and agricultural productivity, food security, economic growth, health, and poverty alleviation. Socio-economic factors that increase slash and burn activities will be addressed in two priority eco-regions. Principal contractors and grantees: to be identified.

Increasing private sector investments in natural resource management (\$1,267,200 DA). USAID will encourage private firms to invest in natural resources management through support for policy changes, marketing and feasibility studies, and promotional campaigns. Museums, universities, and zoos will be encouraged to participate in activities such as private reserve conservation. USAID will provide support to elaborate norms for eco-lodges, promote eco-enterprise and eco-tourism ventures, and help establish a

certification process for natural products, e.g., spices and essential oils. Principal contractors and grantees: to be identified.

Improving stewardship of natural resources (\$722,200 DA). USAID will support civil society to improve environmental governance and apply environmental impact assessments to ensure sustainable economic growth. Technical assistance, training in information technology, and advocacy will help civil society organizations network effectively and foster more informed decision-making and increased public scrutiny. Principal contractors and grantees: to be identified.

In addition, P.L. 480 food assistance will support reforestation, soil conservation, and road rehabilitation. Monetization will help increase crop production, diversification, and rural incomes.

FY 2005 Program:

Improving sustainable forest management (\$1,540,000 DA). USAID will continue support for developing and establishing an effective forest management authority and systems. Principal contractors and grantees: to be identified.

Protected area management (\$2,540,000 DA). Maintaining funding will allow protected area management activities to continue, and further piloting of new models for protecting critical biodiversity outside of the national park system. Principal contractors and grantees: to be identified.

Eco-regional initiatives to reduce slash and burn practices (\$2,240,000 DA). USAID will continue to support communities that reduce destructive farming methods, and will increase the number of communities assisted. Principal contractors and grantees: to be identified.

Increasing private sector investment in natural resource management (\$940,000 DA). USAID will continue to facilitate involvement of the private and public sectors to promote sound biodiversity management. Principal contractors and grantees: to be identified.

Improving stewardship of natural resources (\$740,000 DA). USAID will continue to promote environmental governance, with a continued emphasis on improving the participation of civil society as environmental advocates. Principal contractors and grantees: to be identified.

P.L. 480 partners will complement these activities by using food assistance and monetization for reforestation and conservation activities as well as technical assistance to farmers' groups.

Performance and Results: This is a new Strategic Objective. The new program will benefit from long USAID experience with biodiversity conservation in Madagascar. The previous Strategic Objective, "Biologically Diverse Ecosystems Conserved in Priority Conservation Zones" (687-003), led to the development of approaches for sustainable environment management. A national park system, which represents 83% of critical habitat types, compared to USAID's target of 100%, now protects 1,774,575 hectares of natural habitats. This will be increased to 6,000,000 hectares over the next five years. Twenty-nine thousand hectares of natural forest were transferred to 25 community management associations in 2003, and there is an overwhelming demand for more transfer contracts. USAID helped establish farmer associations in 882 villages where about 26,000 farmers have agreed to stop destructive slash and burn farming around critical biodiversity habitats. Tany Meva, a Malagasy environmental foundation established with USAID support, provided \$162,000 in small grants to 310 local groups for environmental activities. In addition, 14 projects benefited from formal Environmental Impact Assessments, indicating increased public sector capacity to review proposals and greater private sector commitment to the environment. USAID was successful in slowing deforestation rates in specific intervention zones, but the national rate of deforestation is alarming and will continue to be addressed.

At the completion of the new Strategic Objective, the lives of the rural poor in environmentally sensitive areas will be improved. Madagascar's biologically diverse forest ecosystems and habitats will be better managed, as stakeholders respond to economic and social incentives for more sustainable natural resource management. Improved environmental governance and increased investment in alternative

farming practices will reduce human pressures on the biological integrity of critical habitats and forests, resulting in more effective biodiversity conservation.

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.

Madagascar PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Child Survival and Health Programs Fund	8,725	9,293	10,015	11,200
Development Assistance	10,540	10,504	9,506	10,379
Economic Support Fund	2,000	1,000	0	0
PL 480 Title II	8,503	10,381	6,269	12,444
Total Program Funds	29,768	31,178	25,790	34,023

STRATEGIC OBJECTIVE SUMMARY				
687-001 Democracy and Governance				
DA	2,090	0	0	0
687-002 Smaller, Healthier Families				
CSH	8,725	0	0	0
687-003 Biodiversity Conservation and Sustainable Dev't				
DA	8,450	1,819	0	0
ESF	2,000	0	0	0
687-004 Governance in Targeted Areas Improved				
DA	0	1,685	750	1,112
ESF	0	250	0	0
687-005 Selected Health Services and Products				
CSH	0	9,293	10,015	11,200
687-006 Biologically Diverse Forest Ecosystems				
DA	0	6,000	8,256	8,000
ESF	0	250	0	0
687-007 Critical Private Markets Expanded				
DA	0	1,000	500	1,267
ESF	0	500	0	0

Mission Director,
Stephen Haykin - Acting