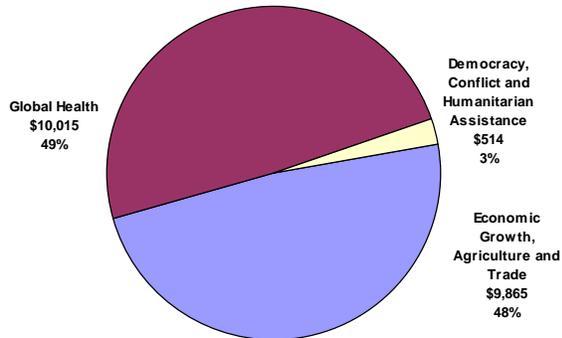
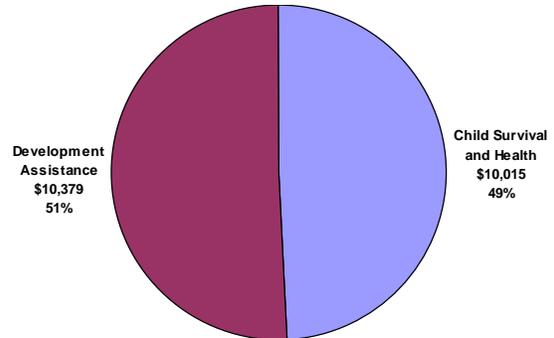


# Madagascar

**FY 2006 Assistance by Sector**



**FY 2006 Assistance by Account**



## Objectives and Budget

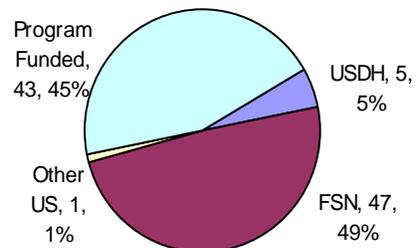
Objective	SO Number	FY 2004	FY 2005	FY 2006
Governance in Targeted Areas Improved	687-004	1,647	1,500	514
Selected Health Services and Products	687-005	10,365	11,315	10,015
Biologically Diverse Forest Ecosystems	687-006	8,233	6,847	8,725
Critical Private Markets Expanded	687-007	498	677	1,140
<b>Total (in thousands of dollars)</b>		<b>20,743</b>	<b>20,339</b>	<b>20,394</b>

Excludes P.L. 480. See Program Annex.

## Administrative Expenses and Workforce

Administrative Expenses	FY 2004	FY 2005	FY 2006
Mission Allocation	2,816	2,264	2,302
USDH Salaries & Benefits	542	555	567
Program Funds	1,946	1,981	1,992
<b>Total (in thousands of dollars)</b>	<b>5,304</b>	<b>4,800</b>	<b>4,861</b>

**FY 2006 Workforce**



**Mission Director:** Stephen Haykin

## Madagascar

**The Development Challenge:** The Government of Madagascar (GOM), led by President Marc Ravalomanana, is engaged in an ambitious effort to address the country's immense development challenges. Stricken with widespread poverty and endemic corruption, Madagascar has an average per capita income of only \$255; 70% of its population lives below the poverty line; 49% of children under five years of age are malnourished; rates of child mortality of 84 per 1,000 live births and maternal mortality of 488 per 100,000 live births are unacceptably high; life expectancy is only 55 years; HIV prevalence is 1.1%; the annual population growth rate is high at 2.8%; and, 46% of the population is illiterate. The projected 2004 real gross domestic product (GDP) growth rate of 5.3% is considerably less than the 9.6% growth rate achieved last year. Overall macroeconomic management has been sound, but the economy was buffeted by a rapid depreciation of the currency in early 2004 and rising world prices for rice and petroleum products, resulting in a projected inflation rate of 27%. In mid-2004, Madagascar reached the Completion Point under the Highly Indebted Poor Countries Initiative (HIPC), resulting in extensive cancellation of sovereign debt (\$1.9 billion U.S. dollars). Based on sound economic, governance, and social investment indicators, Madagascar was selected as one of the first 16 countries worldwide eligible to receive Millennium Challenge Corporation (MCC) funding.

Under the country's Poverty Reduction Strategic Plan (PRSP), GOM development priorities emphasize good governance, economic growth, and social welfare. To promote good governance, the GOM has established an Anti-Corruption Commission in the Presidency as well as an independent, anti-corruption agency, both of which are supported by USAID's Anti-Corruption Initiative. The GOM requires public disclosure of assets by state officials and is introducing public finance and customs sector reforms. The government is working to reduce the illicit trade of precious and semi-precious gemstones. The GOM has canceled illegal forestry permits and has banned the export of endangered species. To stimulate economic growth, the GOM has strengthened partnerships with the private sector and, with donor support, will have invested over \$1 billion in roads and other transportation infrastructure by 2006. The GOM also declared a two-year tax holiday on investment and limited consumer imports, and has opened the sale of land 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 from USAID and other donors, the GOM has dramatically increased planned protected areas from 1.7 million to 6 million hectares. In the social sector, the GOM is committed to preventing the spread of HIV/AIDS; fighting malaria; strengthening health care at the community level; and increasing access to and the quality of primary education through its "Education for All" program.

Installed in 2002, the Ravalomanana government maintains considerable public support for its ambitious programs. However, it faces a number of risks: that a weak and poorly equipped bureaucracy will be unable to accomplish many of the planned reforms and results; that ambitious social programs will outstrip government revenues; that the public will grow impatient with the pace of reform under the weight of grinding poverty and rising food prices; that vested interests will retard the reform agenda; that foreign investment will fail to materialize at the rate necessary to meet economic growth objectives; and, that natural disasters -- the country is vulnerable to cyclones -- will undermine GOM progress. U.S. Government (USG) development assistance mitigates these risks.

U.S. national interests in Madagascar include the preservation of the country's unique biodiversity; its growing importance as a bilateral commercial partner under the African Growth and Opportunity Act (AGOA); and alleviation of its deep poverty, which is exacerbated by natural disasters, food insecurity and weak social services. The United States and Madagascar enjoy close relations, and Madagascar is an ally in the global fight against terrorism. The top three U.S. foreign policy objectives in Madagascar are promotion of democracy; broad-based economic development (including health); and environmental protection. Complementary interests include containing the nascent HIV/AIDS epidemic, supporting the country's democratic transition, and combating Trafficking in Persons. Madagascar is one of the three highest biodiversity conservation priority countries in the world.

**The USAID Program:** The overall goal of the USAID program in Madagascar is sustainable and inclusive economic development. Madagascar's acute poverty and legacy of corruption continue to pose

formidable challenges to government and donor community efforts to transform the country. Human and financial resources and the institutional capacity to implement programs, especially in the public and nongovernmental organization (NGO) sectors, remain weak, undermining the overall ability of the Malagasy Government to deliver results. The USAID program directly addresses these problems by strengthening local NGOs and selected government institutions; promoting public-private dialogue; supporting the implementation of a national anti-corruption agenda; increasing access to quality health services and products; improving natural resource management; promoting private investment; and increasing rural incomes.

**Other Program Elements:** USAID's centrally funded education activities, and support received from the Leland Initiative, provide increased Internet access in Madagascar. A three-year program under the Women's Legal Rights Initiative began early 2004. Central population funds contribute to joint environment-health programs. Funds from centrally managed USAID health programs will support community-based health and family planning activities. USAID central funds enable the conservation of a national park in west Madagascar. Funds provided by USAID's centrally managed disaster assistance program assists populations affected by drought in the south of the country. Finally, the P.L. 480 food assistance program will continue to support child survival and nutrition, education, and rural development.

**Other Donors:** USAID places strong emphasis on donor coordination and enjoys productive collaboration with all major donors. The World Bank, the United Nations and the European Union are Madagascar's largest multilateral donors, followed by France, the United States and Japan at the bilateral level. Donor coverage and priorities by sector are as follows: World Bank (governance, institutional development, public finance, judicial reform, gemstone trade, maternal/child health, HIV/AIDS, environment, education, privatization, agriculture, food security, rural development, micro-credit); European Union (public finance, judicial reform, environment, agriculture, rural development, food security, transportation infrastructure); United Nations (governance, maternal/child health, family planning, environment, rural development, food security, disaster mitigation); France (judicial reform, public finance, maternal/child health, family planning, environment, rural development, food security, micro-credit, agriculture, urban development); and Japan (collaborates with USAID in health and behavioral change activities). Governance and institutional development are the central themes of World Bank and International Monetary Fund support. The World Bank is the lead HIV/AIDS and education sector donor in Madagascar. Madagascar also receives funding from the Global Fund for AIDS, Tuberculosis and Malaria (GFATM), the Global Alliance for Vaccinations and Immunizations (GAVI), and the MacArthur Foundation.

## Madagascar PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2003 Actual	FY 2004 Actual	FY 2005 Current	FY 2006 Request
Child Survival and Health Programs Fund	9,293	10,365	11,315	10,015
Development Assistance	10,504	10,378	9,024	10,379
Economic Support Fund	1,000	0	0	0
PL 480 Title II	10,381	12,477	11,607	15,719
<b>Total Program Funds</b>	<b>31,178</b>	<b>33,220</b>	<b>31,946</b>	<b>36,113</b>

### STRATEGIC OBJECTIVE SUMMARY

687-003 Biodiversity Conservation and Sustainable Dev't				
DA	1,819	0	0	0
687-004 Governance in Targeted Areas Improved				
DA	1,685	1,647	1,500	514
ESF	250	0	0	0
687-005 Selected Health Services and Products				
CSH	9,293	10,365	11,315	10,015
687-006 Biologically Diverse Forest Ecosystems				
DA	6,000	8,233	6,847	8,725
ESF	250	0	0	0
687-007 Critical Private Markets Expanded				
DA	1,000	498	677	1,140
ESF	500	0	0	0

Mission Director,  
Stephen Haykin

## Data Sheet

<b>USAID Mission:</b>	Madagascar
<b>Program Title:</b>	Governance in Targeted Areas Improved
<b>Pillar:</b>	Democracy, Conflict and Humanitarian Assistance
<b>Strategic Objective:</b>	687-004
<b>Status:</b>	Continuing
<b>Planned FY 2005 Obligation:</b>	\$1,500,000 DA
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2006 Obligation:</b>	\$514,000 DA
<b>Year of Initial Obligation:</b>	2003
<b>Estimated Year of Final Obligation:</b>	2007

**Summary:** USAID's current democracy and governance program is the foundation for its portfolio in Madagascar (environment, health, and economic growth). Finances and governance-related results are shared across strategic objectives. The program is working across sectors 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' demands. In addition, USAID is implementing initiatives in the areas of anti-corruption, women's legal rights, education, and information and communications technologies development in Madagascar. Through support from the Africa Education Initiative, USAID is improving the quality of and access to basic education by supporting in-service teacher training and provision of scholarships to disadvantaged girls.

### Inputs, Outputs, Activities:

**FY 2005 Program:** Promote and Support Anti-Corruption Reforms (\$500,000 DA). Under the Africa Bureau Anti-Corruption Initiative, USAID is strengthening Madagascar's two new government anti-corruption agencies, lending support to a targeted 32 local anti-corruption civil society organizations, and increasing citizen knowledge about corruption. FY 2005 efforts will prioritize support to regional Government of Madagascar (GOM) anti-corruption offices in USAID's three target intervention zones. USAID is also providing funds and technical assistance to lead development of a national anti-corruption baseline survey to be implemented February - April 2005. Principal grantees: Pact and Catholic Relief Services (CRS).

Improve the Quality of Basic Education (\$1,000,000 DA). SO4 is currently developing a three-year education program that will be launched in 2005. This program will build off the successes of its civic education program which introduced the concepts of advocacy and a participative teaching method into the classroom. The new program will improve the quality of classroom teaching instruction at the primary and lower secondary levels through the combined use of face-to-face training and radio-based distance learning. Principal grantees: to be determined.

**FY 2006 Program:** Strengthen Civil Society (\$114,000 DA). USAID will continue to build the advocacy capacity of selected 25 CSOs by improving their ability to analyze, articulate, and present their issues. USAID will work with selected national associations to build their organizational capacity, and strengthen their ability to network with civil society and other actors. Training and mentoring will be provided in organizational development to create more sustainable CSOs. Principal grantees: Pact and Catholic Relief Services (CRS) for all components.

Promote and Support Anti-Corruption Reforms (\$400,000 DA). USAID is strengthening government capacity to fight corruption. This includes providing technical assistance to national-level agencies as well as three of the government's six regional anti-corruption bureaus. Same implementers as above.

**Performance and Results:** Excellent results have been achieved in the program's first year of implementation. USAID provided valuable assistance to Madagascar's new National Anti-Corruption Council to develop and launch a national work plan. USAID interventions have also helped strengthen civil society, most notably through its support to FAMAK, a recently established anti-corruption coalition,

and in the establishment of the CSO National Platform, a federation of 300 independent civil society advocacy organizations. USAID support in FY 2004 for the Information, Communications and Technologies (ICT) sector was pivotal in development of the national ICT legal and regulatory framework which is the basis of a telecommunications policy in Madagascar. Through the Education for Development and Democracy Initiative, youth have become better educated in civic and advocacy issues; media and civil society have increased their involvement in civic education; and the Ministry of Education has increased its skill in providing civic education in lower-secondary schools. To date, approximately 30,000 students from 170 lower-secondary schools have been reached by the civic education program, and 60 CSOs and journalist associations have been trained on civic education messages. In the focus region of Fianarantsoa, civic education radio messages have been broadcasted to over one million youth. Madagascar's first-ever survey on women's rights, which also included the rarely discussed issue of violence, is helping to increase knowledge about the constraints women face in Malagasy society. By the end of the program in 2008, civil society will be able to play a more effective role as an advocate for citizens' demands and act as a more effective government watchdog. Government anti-corruption agencies will be more capable of fighting corruption. Regional level anti-corruption mechanisms will be established and accessible to ordinary citizens in our targeted regions.

## US Financing in Thousands of Dollars

Madagascar

687-004 Governance in Targeted Areas Improved	DA	ESF
<b>Through September 30, 2003</b>		
Obligations	1,685	250
Expenditures	0	0
Unliquidated	1,685	250
<b>Fiscal Year 2004</b>		
Obligations	1,647	0
Expenditures	820	0
<b>Through September 30, 2004</b>		
Obligations	3,332	250
Expenditures	820	0
Unliquidated	2,512	250
<b>Prior Year Unobligated Funds</b>		
Obligations	0	0
<b>Planned Fiscal Year 2005 NOA</b>		
Obligations	1,500	0
<b>Total Planned Fiscal Year 2005</b>		
Obligations	1,500	0
<b>Proposed Fiscal Year 2006 NOA</b>		
Obligations	514	0
Future Obligations	2,189	0
Est. Total Cost	7,535	250

## Data Sheet

<b>USAID Mission:</b>	Madagascar
<b>Program Title:</b>	Selected Health Services and Products
<b>Pillar:</b>	Global Health
<b>Strategic Objective:</b>	687-005
<b>Status:</b>	Continuing
<b>Planned FY 2005 Obligation:</b>	\$11,315,000 CSH
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2006 Obligation:</b>	\$10,015,000 CSH
<b>Year of Initial Obligation:</b>	2003
<b>Estimated Year of Final Obligation:</b>	2007

**Summary:** The Health, Population and Nutrition (HPN) Program will increase the use of selected health services and products while improving health knowledge and practices. The program strengthens institutional capacities to develop, implement, and evaluate priority health programs, including Sexually Transmitted Infection (STI) and Human Immune Virus/Acquired Immune Deficiency Syndrome (HIV/AIDS) prevention and management at the national and community levels.

### Inputs, Outputs, Activities:

**FY 2005 Program:** Reduce Transmission and Impact of HIV/AIDS (\$2,000,000 CSH). Increasing mobility and the high rates of partner change threaten to accelerate the spread of HIV/AIDS. USAID is strengthening the organizational and strategic planning capacity of AIDS committees at the national (1) and local level (30). Assistance to AIDS committees will enable them to implement effective behavior change communication activities and track the epidemic with HIV surveillance data. USAID will maintain its innovative social marketing program to increase access to quality STI and HIV testing and counseling services through over 100 private sector clinics and strengthening public sector commodity logistics management. Public sector competency-based training and private physician training improve the quality of health services. Principal contractors and grantees: Chemonics, JHPIEGO (an affiliate of Johns Hopkins), Helen Keller International, Medical Care Development International (MCDI), Georgetown University, Population Services International (PSI), HIV/AIDS Alliance, Family Health International (FHI) and the Centers for Disease Control and Prevention (all prime), Training Resource Group Inc. (subs).

Prevent and Control Infectious Diseases of Major Importance (\$2,300,000 CSH). USAID is providing quality technical assistance to the Ministry of Health and Family Planning (MOHP) to develop national policies and guidelines. Continued support of social marketing operations is expanding mass media and rural outreach education, reinforcing home-based care of uncomplicated malaria, and improving access to effective malaria treatment and insecticide-treated bed nets for children and pregnant women. Competency-based training in medical and nursing schools will improve the quality of health services, and technical assistance to Madagascar's drug agency will advance drug quality assurance. Innovative interventions are improving health and hygiene, linking potable water, health, nutrition and food security, and watershed management. USAID is also expanding access to potable water with simple, affordable treatment solutions, increasing access to clean water, promoting hygiene and sanitation, and improving local water management capacity. Principal contractors and grantees: Chemonics, PSI, Malaria Action Coalition, CARE, and Adventist Development and Relief Agency (ADRA).

Improve Child Survival, Health and Nutrition (\$3,475,000 CSH). To reduce the child mortality rate, USAID is expanding vaccination coverage and Essential Nutrition Actions (ENA), and scaling up prevention, early detection and treatment of childhood diseases under the Integrated Management of Childhood Illnesses (IMCI) approach. USAID is continuing competency-based training in medical and nursing schools for IMCI and ENA and supporting the development of national child health and nutrition policies; improving cold chain and commodity management; supporting mobile health clinics for remote populations; supporting improved use of data for decision making; and continuing to improve the national polio surveillance system. At the community level, USAID efforts engage leaders, link communities with health care providers, mobilize communities to action, and expand outreach and education through

innovative approaches. Principal contractors and grantees: Chemonics (prime), PSI, Linkages, ADRA, MCDI, CARE, CRS, and others to be identified (subs).

Reduce Unintended Pregnancy and Improve Healthy Reproductive Behavior (\$3,540,000 CSH). USAID is increasing availability of and access to family planning services and products through social marketing and community-based distribution and education; strengthening the public sector commodity management and distribution system and the technical and management capacity of selected family planning health organizations, expanding integrated health, population, and environment interventions in remote biodiverse areas; and improving quality of services, focusing on competency-based approaches in pre-service health professional training institutions and revising public health norms, standards and guidelines. USAID-provided technical assistance to the MOHP is strengthening its capacity to develop, implement and evaluate programs. Principal contractors and grantees: Chemonics (prime), PSI, CARE, CRS, ADRA, Voahary Salama (a consortium of local NGOs) (subs), and others to be identified.

Enhance Food Security of Vulnerable Populations. P.L. 480 Title II food aid program is helping food insecure families maintain nutrition levels. Monetization proceeds from the authorized sale of U.S.-supplied food aid in country are used to help families increase food production and income, and improve maternal and child health. Using community-based field agents and food-for-work activities, the Title II program is increasing the availability of and access to locally produced food by increasing incomes of targeted families and are improving health through nutrition education.

**FY 2006 Program:** Reduce Transmission and Impact of HIV/AIDS (\$2,000,000 CSH). USAID will continue support for innovative behavior change interventions, maintain access to socially marketed products and services and continue to provide leadership in developing data for decision making. Implementers will remain the same as above.

Prevent and Control Infectious Diseases of Major Importance (\$1,000,000 CSH). Additional infectious disease resources will allow USAID to continue community mobilization and education activities, including assuring access for pregnant women and children to effective malaria prevention and treatment. Implementers will remain the same as above.

Improve Child Survival, Health and Nutrition (\$3,475,000 CSH). USAID will continue to support IMCI immunization, and promotion of ENA and Vitamin A distribution, as well as improvements in the delivery of quality health services. Implementers will remain the same as above.

Reduce Unintended Pregnancy and Improve Healthy Reproductive Behavior (\$3,540,000 CSH). USAID will continue activities to strengthen commodity distribution systems and community-based distribution, and will maintain community outreach and social marketing activities. Implementers the same as above.

Enhance Food Security of Vulnerable Populations. P.L. 480 Title II-funded activities to improve maternal and child health, nutrition and food security will continue at planned levels. All family planning assistance agreements are incorporating clauses that implement the President's directive restoring the Mexico City Policy.

**Performance and Results:** The previous strategic objective (SO), which ended in FY 2004, met its targets: contraceptive prevalence increased from 10% in 1997 to 18% in 2003; the Diphtheria, Pertussis and Tetanus immunization rate for children under one year of age improved from 48% in 1997 to 61% in 2003; exclusive breastfeeding rates increased from 22% in 1997 to 67% in 2003. The current SO is on track - national distribution of health products exceeded targets: 529,009 bottles of the safe water solution, SurEau, were sold, above the 518,040 target; 11,357,045 condoms were sold exceeding the target of 11,000,000; and 344,019 insecticide-treated bed nets were sold, surpassing the target of 333,201. Vitamin A distribution of 88% surpassed the 85% target. By the end of the program in 2008, child and maternal health will have been improved in targeted regions, public and private sector capacity to deliver high quality health services will be strengthened at both national and local levels, communities will be mobilized to promote their own health, and essential drugs and medical supplies will be more consistently available in targeted areas.

## US Financing in Thousands of Dollars

Madagascar

	CSH	ESF
687-005 Selected Health Services and Products		
<b>Through September 30, 2003</b>		
Obligations	8,293	400
Expenditures	505	90
Unliquidated	7,788	310
<b>Fiscal Year 2004</b>		
Obligations	9,357	0
Expenditures	4,921	162
<b>Through September 30, 2004</b>		
Obligations	17,650	400
Expenditures	5,426	252
Unliquidated	12,224	148
<b>Prior Year Unobligated Funds</b>		
Obligations	0	0
<b>Planned Fiscal Year 2005 NOA</b>		
Obligations	11,315	0
<b>Total Planned Fiscal Year 2005</b>		
Obligations	11,315	0
<b>Proposed Fiscal Year 2006 NOA</b>		
Obligations	10,015	0
Future Obligations	19,183	0
Est. Total Cost	58,163	400

## Data Sheet

<b>USAID Mission:</b>	Madagascar
<b>Program Title:</b>	Biologically Diverse Forest Ecosystems
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	687-006
<b>Status:</b>	Continuing
<b>Planned FY 2005 Obligation:</b>	\$6,847,000 DA
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2006 Obligation:</b>	\$8,725,000 DA
<b>Year of Initial Obligation:</b>	2003
<b>Estimated Year of Final Obligation:</b>	2007

**Summary:** Madagascar has consistently been identified by the international community as one of the highest biodiversity conservation priorities in the world. USAID's program to conserve biologically diverse forest ecosystems includes training, technical assistance, and grants to local organizations. It is concentrated at the national level and in three priority eco-regions around the country. Core activities are designed to improve forest and "protected area" management systems; maintain the biological integrity of critical biodiversity habitats; promote alternatives to the practice of slash-and-burn agriculture; support development of eco-enterprises; and improve environmental governance.

### Inputs, Outputs, Activities:

**FY 2005 Program:** Improve Sustainable Management of Natural Resources and Biodiversity Conservation (\$5,700,000 DA). USAID is working toward improved protected area management by continuing to fund activities to implement President Ravalomanana's pledge to triple the country's protected area network. This includes the creation of new conservation sites and developing new management systems. USAID is providing training to promote collaboration between managers of protected areas and private ecotourism operators. It is working with the Government of Madagascar (GOM) to build on efforts to strengthen potential income sources for habitat conservation by developing the management capacity of Malagasy environmental trust funds/foundations, finalizing creation of a specific biodiversity trust fund, and identifying new funding sources.

USAID is improving forest management systems by finalizing a regional handbook covering the zoning process that will serve as the basis for the zoning of conservation and production forests. USAID is working to establish a sustainable strategy to control forest exploitation. This includes the implementation of a new transparent forest-permitting system--one that encompasses a formal bidding system and is appropriate to the Malagasy context. USAID is also funding work on landscape restoration to reconnect degraded forest corridors in priority areas.

Outside of the main protected areas, USAID is promoting alternatives to slash-and-burn agriculture by training farmer-to-farmer extension agents in natural resource management and agricultural development, with an emphasis on the adoption of small-scale, integrated farming systems. It is also continuing to reinforce the pioneering "Green Commune" approach (criteria for certification as a green commune include a record of "zero fires," combined with communal reforestation efforts). Principal contractors and grantees: Conservation International, International Resources Group, Development Alternatives Inc. (prime), World Wide Fund for Nature, Wildlife Conservation Society, GOM/ANGAP (sub),

Increase Private Sector Growth (\$600,000 DA). USAID is increasing private sector investment in natural resource management by supporting ecologically and economically sustainable forest and natural product enterprises. It is providing technical or financial assistance to 20 eco-enterprises and small businesses; assisting in the implementation of an ecotourism strategy at the eco-regional level; and supporting the National Office of the Environment to ensure the integration of environmental considerations, including training on the effective use of environmental impact assessments into economic investment decisions. Principal contractors and grantees: Chemonics, International Resources Group, Wildlife Conservation Society (prime).

Support Democratic Local Government and Decentralization (\$547,000 DA). USAID's joint environmental and governance activities help selected government units to increase access to information about natural resource management. USAID is working to ensure that rural radio networks in the new eco-regional zones are independent and sustainable. USAID is establishing a Multi-Sector Information Service to link information sources to generate crosscutting data for advocacy and decision making among governmental partners and environmental civil society organizations (CSOs). USAID is also continuing to help key environmental CSOs advocate effectively. Thirty environmental groups are being selected in FY 2005 for grants and training in advocacy, gender, and organizational strengthening. Principal contractors and grantees: Pact (prime), Catholic Relief Service (prime), local civil society organizations (subs), International Resources Group (prime), National Office of the Environment (sub).

**FY 2006 Program:** Improve Sustainable Management of Natural Resources and Biodiversity Conservation (\$6,725,000 DA). Efforts will be pursued to triple protected areas with the formal establishment of an additional one million hectares. New models for protecting critical biodiversity outside of the national park system and that involve local communities and private sector operators will be put into place, and additional funding mechanisms will be explored for protected area management. Support will be reinforced for a revitalized forest authority and management systems. USAID will continue to support communities that reduce destructive farming methods, and will increase the number of communities assisted. Same implementers as above.

Increase Private Sector Growth (\$1,200,000 DA). To better conserve biodiversity, USAID will further expand the promotion of business relations between producer associations and eco-enterprises to access domestic and international markets for agricultural/natural products. The partnership agreement between managers of protected areas and private sector operators will be expanded to enhance ecotourism products and services. Forest industry activities will also be increased to promote reforestation and ecological restoration zones. Same implementers as above.

Support Democratic Local Government and Decentralization (\$800,000 DA). USAID plans to continue its crosscutting environmental governance program. USAID plans to keep helping the government, CSOs, and the private sector gain access to information to promote better environmental decision making, and bring communication access to towns bordering the country's remaining primary forest. USAID also plans to continue providing assistance to CSOs to improve their ability to serve as environmental advocates. Same implementers as above.

**Performance and Results:** USAID's environmental activities contributed to a number of important results in FY 2004: 1) The program's focus on integrating multiple land use into conservation planning contributed to the decrease in forest loss in two priority forest corridors. 2) Significant progress was made in fulfilling President Ravalomanana's commitment to triple the protected area network - 6 million hectares were identified and prioritized as critical biodiversity habitats for new conservation sites. 3) With the support of the U.S. Forest Service, a strategic forest zoning framework was developed that delineates conservation and production zones. 4) 68% of targeted farmers (approximately 20,000 farmers) were using at least two of the elements of an integrated "farming systems" approach, with an average increase in income of 31%, to help provide alternatives to slash-and-burn agricultural practices. 5) To promote investment in natural resource management, USAID supported linkages between 20 eco-enterprises and producer associations to improve market access for natural products. 6) The National Office of the Environment, with USAID assistance and advice, reviewed 30 environmental impact assessments submitted by investors from different sectors, including agriculture, mining, and roads.

By the end of the program in 2008, slash and burn agriculture in targeted areas will be reduced, total forest area under conservation in Madagascar will have been increased, and national forest management practices and environmental governance will be improved.

## US Financing in Thousands of Dollars

Madagascar

687-006 Biologically Diverse Forest Ecosystems	DA	ESF
<b>Through September 30, 2003</b>		
Obligations	5,996	250
Expenditures	0	0
Unliquidated	5,996	250
<b>Fiscal Year 2004</b>		
Obligations	8,233	0
Expenditures	3,299	9
<b>Through September 30, 2004</b>		
Obligations	14,229	250
Expenditures	3,299	9
Unliquidated	10,930	241
<b>Prior Year Unobligated Funds</b>		
Obligations	0	0
<b>Planned Fiscal Year 2005 NOA</b>		
Obligations	6,847	0
<b>Total Planned Fiscal Year 2005</b>		
Obligations	6,847	0
<b>Proposed Fiscal Year 2006 NOA</b>		
Obligations	8,725	0
Future Obligations	24,867	0
Est. Total Cost	54,668	250

## Data Sheet

<b>USAID Mission:</b>	Madagascar
<b>Program Title:</b>	Critical Private Markets Expanded
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	687-007
<b>Status:</b>	Continuing
<b>Planned FY 2005 Obligation:</b>	\$677,000 DA
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2006 Obligation:</b>	\$1,140,000 DA
<b>Year of Initial Obligation:</b>	2003
<b>Estimated Year of Final Obligation:</b>	2007

**Summary:** USAID seeks to accelerate economic growth through business and market development. The Economic Growth program emphasizes export market development and is complementary to the USAID Environment and Rural Development Program, which increases the output of environmentally sustainable agricultural and natural resource-based products. The program is building Madagascar's promising product chains and trade capacity, and encouraging investment through strengthening linkages between producers, enterprises, and external markets; increasing access to finance and more productive technology; improving the enabling environment for trade and investment; and promoting public-private partnerships.

### Inputs, Outputs, Activities:

**FY 2005 Program:** Improve Private Sector Growth (\$577,000 DA). USAID is promoting the introduction of more productive technology to build the capacity of producers, processors and enterprises to produce and trade value-added agricultural and non-agricultural products. The program is promoting linkages between cooperatives and enterprises to increase their ability to meet market quality and quantity demands. USAID is also providing technical assistance and training to businesses and rural cooperatives to expand the use of best business practices and to reduce production costs. Principal contractors and grantees: Chemonics (prime), International Business Initiatives (sub).

Enhance the Financial Sector's Contribution to Economic Growth (\$100,000 DA). USAID is supporting the Malagasy Government's efforts to expand financial services. USAID uses microfinance activities to enhance economic opportunities in targeted sectors, working with credit institutions that offer sustainable access to credit. USAID is reducing obstacles to financing faced by small and medium enterprises, and is working with business associations to increase the number and quality of services they offer to their clients. By expanding their businesses, these entrepreneurs not only increase their productivity, sales, and income, but also build and contribute to Madagascar's growing economy. Same implementers as above.

**FY 2006 Program:** Improve Private Sector Growth (\$700,000 DA). USAID will expand the program to include new products in response to market needs. Training and technical assistance will continue to support private sector expansion, increase its access to improved inputs and new technologies, and build the regional competitiveness of Malagasy products. Same implementers as above.

Enhance the Financial Sector's Contribution to Economic Growth (\$200,000 DA). USAID will increase funding access and technical assistance to Malagasy entrepreneurs to increase their ability to buy raw materials, upgrade equipment, invest, formalize, and expand commercial activities. USAID will also promote the issuance and trading of different forms of bonds by increasing the secondary trading of treasury bills. Same implementers as above.

Increase Participation in Global Trade and Investment (\$240,000 DA). USAID will continue to address the policy and informational constraints to the expansion of Madagascar's private sector. Targeted interventions will emphasize the sustainable expansion of trade in Madagascar's strategic forest and mineral products. Specific intervention areas include the reduction of legal barriers to the export of key

products and services such as spices, “sustainable forest” products, ecotourism, and the establishment of a bio-safety regime. Same implementers as above.

**Performance and Results:** The Economic Growth Program builds on the success of USAID’s biodiversity conservation and private initiative programs. Program successes in FY 2004 include strengthened linkages between natural products enterprises and rural cooperatives. For example, USAID facilitated the signature of a \$40,000 production contract between a farmers’ cooperative and the private enterprise Biosave for the sale of ginger. Progress was made in increasing private enterprise efficiency, particularly in the areas of business practices and financial services. Twenty-four enterprises that are involved or are planning to get involved in business activities in various areas such as essential oils, agricultural inputs, rice, horticulture and ecotourism were assisted during FY 2004, exceeding USAID’s target of “17 eco-enterprises and businesses to receive technical, financial assistance and/or advice.” USAID support for the Eco-enterprise Investment Fund and the Agricultural Commercial Fund resulted in a 29% and 5% expansion of each fund’s capital over FY 2003 levels (\$31,700 and \$35,300 respectively). Each fund provides much-needed access to credit for small and medium enterprises. This program will support businesses and farmer groups and make Madagascar a more competitive environment for trade in agricultural and natural resource-based products. It will increase value-added processing and expand exports, and reinforce efforts to conserve Madagascar’s unique biodiversity and to benefit rural areas. Completed training of two senior officials of the Ministry of Energy and Mines with the Gemological Institute of America contributes to improved governance and professionalism in the mining sector.

By the end of the program in 2008, economic growth in targeted areas will have been accelerated through sustainable business and market development, private sector revenues for selected products will have been increased through increased access to local, regional and international markets, and the enabling environment for trade and investment in Madagascar will have been improved.

## US Financing in Thousands of Dollars

Madagascar

687-007 Critical Private Markets Expanded	DA	ESF
<b>Through September 30, 2003</b>		
Obligations	1,000	500
Expenditures	0	0
Unliquidated	1,000	500
<b>Fiscal Year 2004</b>		
Obligations	499	0
Expenditures	145	9
<b>Through September 30, 2004</b>		
Obligations	1,499	500
Expenditures	145	9
Unliquidated	1,354	491
<b>Prior Year Unobligated Funds</b>		
Obligations	0	0
<b>Planned Fiscal Year 2005 NOA</b>		
Obligations	677	0
<b>Total Planned Fiscal Year 2005</b>		
Obligations	677	0
<b>Proposed Fiscal Year 2006 NOA</b>		
Obligations	1,140	0
Future Obligations	9,913	0
Est. Total Cost	13,229	500