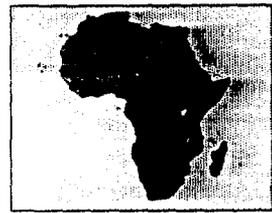


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U.S. Agency for International Development
Bureau for Africa
DEVELOPMENT FUND FOR AFRICA

MADAGASCAR
ANNUAL PORTFOLIO REPORT
May 1993

USAID/Madagascar
Antananarivo, Madagascar

U.S. Agency for International Development
Washington, D.C. 20523
U.S.A

USAID/Madagascar
OVERVIEW STATEMENT FROM THE DIRECTOR
May 31, 1993

The Mission reviewed its entire portfolio from May 5 to 10 based on the biannual Project Implementation Reports (PIRs). We continued to refine the review process, examining individual project progress and comparing projects against their respective contribution to the strategic objectives in the Country Program Strategic Plan (CPSP) approved in October 1992. The Mission PIR portfolio review took into consideration Mission management needs as well as the new Agency-wide Revised Portfolio Review System.

Despite the Transition Government's preoccupation with the democratic transition and related economic disruption, USAID/Madagascar and its project counterparts have made significant progress in developing and implementing the portfolio. Two new major projects (totaling \$75 million LOP), one in population and one in environment, were approved in June 1992 and implementation is underway. A new commercial agricultural project identification document was approved was designed and competition completed using the new Design and Performance (DAP) contracting mode. Emergency food-aid assistance was successfully concluded. Internal assessments have focused needed attention on problem projects.

A. STATE OF THE PORTFOLIO

1. Status of the Portfolio.

The Mission continues to make important progress towards implementation of its entire portfolio. Of the eight major projects currently in the Mission portfolio, five are on track, including the Ranomafana National Park Project which has encountered implementation problems which lowers its ranking from a "clear success" to "being on track." Two projects have significant problems: Sustainable Approaches to Viable Environmental Management Project (SAVEM) has resolved most of its implementation problems and is expected to be on track by the next review; political unrest and management problems has hampered full achievement of objectives for the Amber Mountain Project giving it a problem project ranking. The Environmental Debt Swap Project is now considered a clear success. The Title II program is ranked as a problem this time in recognition of the need to redirect and focus the effort on development impact.

PORTFOLIO STATUS REPORT	Successful Impact	On-Track	Problem
	A	B	C
Previous Period*	2	10	2
Current Period	2	9	3

* Refers to Mission project ranking for previous PIR period, 4/1/92-9/30/92.

Outside of the bilateral portfolio, the Mission has attained success in several arenas. The Emergency Food-Aid Program provided food to the famine stricken population living in the south of Madagascar and averted mass starvation and emigration. The Emergency

Locust Control Program which began last October has started spraying in the locust plagued south and is expected to be fully implemented by the time of the next PIR review. The two training programs, ATLAS and HRDA, and the AVOTRA Orphanage Project are on track. The five centrally funded health/population projects have been a clear success in paving the way for a smooth transition to our bilateral Population Support Project.

2. New Starts. The Mission launched two major designs during this period: the Commercial Agricultural Promotion (CAP) project and the Financial Market Development (FMD) program. As Mission Director I exercised my delegated authority, and approved the \$29 million CAP PID in December 1992. The Mission decided to use the new DAP contracting mode and has successfully completed competition for a firm to carry out the Project Paper design and then to implement the project. Implementation should begin by January 1994. I approved the FMD PAIP on May 12, 1993 and the PAAD is expected to be completed by July 1993. This program will work with the Central Bank as a part of the World Bank supported financial sector reform program and with the National Postal Savings Bank. Total funding for this program will amount to \$10 million.

3. Project Amendments. A Project Paper Supplement was also begun for the SAVEM project. This amendment changes implementation arrangements and adds an additional \$13 million to the Life of Project funding. This amount includes \$4 million to incorporate Conservation International's (CI) proposal under the project. As stated in the last overview statement, the Mission had planned to sign an Operational Program Grant with CI, but subsequently decided that it was a better fit under SAVEM.

4. Implementation. The Mission is currently in the final negotiation stage for the selection of the contractor to implement the Population Support Project, APPROPOP. Also, the Request for Proposals will be out soon for the Knowledge for Effective Policies in Environmental Management (KEPEM) Program.

B. POSITIVE RESULTS

1. Famine Relief. One of the clear success stories the Mission can report on is the emergency relief provided to the drought stricken victims living in southern Madagascar. Thanks to direct participation by villagers in food distribution, mass starvation was averted and no food was diverted. During this reporting period 25,500 metric tons were distributed in the South through the World Food Program. Emergency operations were concluded April 15, 1993 and WFP is shifting to the rehabilitation phase. Corn and rice were distributed to a population of 960,000 with virtually no loss or politization.

2. Demographic Health Survey (DHS). The DHS survey concluded that the fertility rate has dropped over the past four years partly attributed to more widely available contraceptives and family planning services as supported by the Mission. The DHS survey will serve as the baseline for the API.

3. Debt Swap. The Debt-for-Nature Project as managed under an Operational Program Grant with World Wildlife Fund has hired and trained 375 community park rangers for 60 sites to work with local residents in helping them understand and practice sustainable resource use. This \$2.5 million program is the first of its kind in Africa and is used as a

model of sustainability emulated by other environmental PVOs. One element of its success is the broad participation of villagers in small development projects.

4. Free and Fair Elections. The Mission assisted in the transition to democracy by providing U.S. election observers to both the first round of Presidential elections held in November 1992 and the final round held in January 1993. Also, the Mission provided training of trainers support to local observation NGOs through the International Foundation for Electoral Systems (IFES).

5. Per Diem Policy. As noted in our last overview statement, one issue to be resolved this review period concerned establishing a uniform per diem policy that encourages counterparts to travel for project-related activities even though their per diem allowances are far inferior to those of the Mission and other donors. The Mission has developed with donors and the Government of Madagascar a policy on per diem and codified it in a Mission Order.

6. Project Implementation Committees (PIC). More effective use of PICs in resolving project issues was a theme of the recent Mission retreat held in February 1993. As a result, an inter-office working group has developed a new Mission Order which defines the roles and responsibilities of the PIC as a management resource to resolve project issues.

C. SIGNIFICANT PROBLEMS

1. SAVEM. Considerable senior management and staff time and effort were spent on SAVEM. As a result, many of the issues noted in the last PIR review have been resolved. An internal assessment conducted in March clarified the roles and responsibilities of the project components. The assessment results provide the basis for the Project Paper Supplement which modifies the relationship of the key players. A new Chief of Party has been selected and will arrive in June 1993. Although the Mission believes that most major issues have been resolved, SAVEM continues to be categorized as a problem project until the improvements made show results.

2. Amber Mountain. The Amber Mountain Project will not fully achieve its objectives by its ~~June 1993~~ Project Assistance Completion Date (PACD). Political unrest and lack of clear management objectives hampered project progress. New project management under WWF and CARE have completely redesigned the project so that it can be subsumed as a Protected Area Development Grant (PADG) under the SAVEM project in order to meet its revised development objectives. The experience from this grant has provided important lessons learned for SAVEM sub-grants: (1) the grant was greatly under-funded which effected performance and impact; (2) conservation NGOs need to team up with development NGO's; and (3) conservation NGOs need improved financial management capacities.

3. Title II. Lack of development focus and measurability hampers CRS from reaching its objective under this Program. CRS has agreed to an impact evaluation to be conducted during the next six months. Mission seeks to redirect this traditional program toward greater nutritional impact in furtherance of our strategy.

D. PIPELINE STATUS AND PROSPECTS

A large pipeline characterizes the Mission's new and growing portfolio and is considered a cross-sectoral issue. As stated in Mission reporting cables, the young pipeline is the result of late FY 1992 obligations for new projects and the 1991-92 democratic political transition which brought much of the government to a standstill. It also reflects Bureau and Mission efforts to respond to congressional earmarks. Although more than \$42 million of the \$61.5 million pipeline as of 9/30/92 can be attributed to new obligations over the past year, the Mission has urged project officers to more diligently track accrued expenditures. Also, the PIR format will be changed to include more detailed future planned expenditure information. With the signing of the KEPEM contract and APPROPOP Cooperative Agreement, the portfolio expenditure rate should increase greatly. Also, the disbursement of \$8 million under the KEPEM NPA program in March 1993 and movement under new projects decreased the pipeline by almost 20 percent to \$48 million as of 3/31/93.

E. SEMI-ANNUAL PIR REVIEW PROCESS

The Mission continues to view the PIR process as an important and effective management tool. In October 1992, the Mission instituted a new expanded PIR format which included detailed information on host country contributions, financial data graphics, a scorecard on progress with specific EOPS and output indicators, status of evaluation and audit recommendations and implementation summary narratives. The format was improved following the November 1992 PIR reviews and will again be refined to reflect improvements following the latest reviews. Also, the PIR reviews in April included for the first time the participation of Contractors and Grantees. This proved useful to all parties and will be continued.

Mission senior staff are expected to attend all reviews to have a better cross-portfolio understanding of Mission activities and progress. Project officers prepare PIRs three weeks prior to final submission. PIC meetings are often called to review and discuss draft PIRs and project issues. The more formal, Lotus PIR format is used for the larger Mission projects; the smaller projects use a more flexible format. These formats will be revised for the next review period to incorporate the CPSP strategic objective for each of the projects in order to assess project performance in relation to the CPSP. Also, the Implementation Summary will include a project performance assessment which will discuss how the project is doing in relation to the criteria identified in the Revised Portfolio Review System and will also include an impact section to discuss impact at the project purpose level.

During this next review period, the Mission will establish an audit plan for all of the projects, closely monitor the portfolio pipeline and establish a Mission policy for project close-out procedures. All of these issues were identified during the latest PIR portfolio reviews.


George Carner
Director
USAID/Madagascar

MADAGASCAR (687)

FY 1995 ANNUAL BUDGET SUBMISSION
TABLE IV : PROJECT BUDGET DATA (U.S. \$000)

PROJECT NUMBER	FUND SRC	NPA IND	OBLIG			-- FY 1993 EST --		--- FY 1994 PLANNED ---			- FY 1995 PROP -		FY 1996	
			DATE INIT / FINAL	- TOTAL COST - AUTH	PLAN	THRU FY 1992	OBLIG ACTIONS	EXPEND ITURES	OBLIG ACTIONS	EXPEND ITURES	YR END MORTGAGE	OBLIG ACTIONS	EXPEND ITURES	OBLIG PROP
687-0102			AG. EXP LIBERALIZATION SUPPORT (NPA/PA)											
	SS G	NP	88 92	34,990	34,990	34,990	0	2,000		1,200			429	
687-0103			AMBER-MT CONSERVATION & DEV											
	SS G		89 91	912	912	912	0	596						
687-0105			INTERNATIONAL RICE RESEARCH INSTITUTE											
	SS G		90 90	5,600	5,600	5,600	0	1,600		1,200			674	
687-0106			RANOMAFANA NATIONAL PARK											
	SS G		90 90	3,237	3,237	3,237	0	2,322						
687-0107			POPULATION SECTOR SUPPORT (APPROPOP)											
	SS G		92 97	30,000	30,000	10,000	3,500	2,000	3,000	5,500	13,500	4,000	6,400	4,000
687-0108			AVOTRA ORPHANAGE											
	SD G		89 91	455	455	455				300				
	SS G		89 91	300	300	300				17				
PROJECT TOTAL :				755	755	755	0	317						
687-0110			SUS. APPROACHES VIA ENV.MGT (SAVEM)											
	SS G		90 95	26,600	40,000	17,300	7,400	6,108	6,700	9,688	8,600	8,600	6,380	
687-0112			DEBT FOR NATURE SWAP											
	SS G		89 92	2,500	2,500	2,500	0	900		322			300	
687-113			KNOWLEDGE/EFF APPL/POL FOR ENVIR MGT											
	SS G		92 94	9,000	9,000	3,000	5,000	1,340	1,000	2,440			1,710	
687-0115			KNOWLEDGE/EFF APPL/POL FOR ENVIR MGT (NPA)											
	SS G	NP	92 96	33,000	33,000	15,000	8,000	8,000	4,000	15,000	6,000		6,000	
687-0118			COMMERCIAL AGRICULTURE PROMOTION (CAP)											
	SS G	PA	94 98		29,000		0		7,400	2,500	21,600	5,400	7,500	6,000

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			INIT/FINAL	AUTH	PLAN	FY 1992	OBLIG ATIONS	EXPEND ITURES	OBLIG ATIONS	EXPEND ITURES	YR END MORTGAGE	OBLIG ATIONS	EXPEND ITURES	OBLIG PROP		
687-0120			FINANCIAL MARKET DEVELOPMENT													
	SS G	PA	93	93	4,000		4,000	200			1,000				2,500	
687-0121			FINANCIAL MARKET DEVELOPMENT													
	SS G	NP	93	93	6,000		6,000				6,000					
687-0122			BUSINESS EXPANSION SERVS. & TECH. (BEST)													
	SS G	PA	94	98	16,000		0			3,000	500	13,000	4,100	2,500	4,800	
687-0123			MARKET INFRASTRUCTURE EXPANSION (MIX)													
	SS G	PA	94	97	10,000		0			2,000	500	8,000	3,000	2,500	2,000	
687-0124			ECO-ENTERPRISE DEVELOPMENT (TRADEM)													
	SS G		95	98	10,000								2,000	500	4,000	
687-0510			PROGRAM DEV AND SUPPORT													
	SS G		88	C	7,160	3,960	1,600	100	500	1,500	1,100	500	800	600		
687-ATLA			AFRICAN TRNG. FOR LEADERSHIP & SKILLS													
	SS G		90	C	4,300	1,200	1,000	1,000	700	500	1,400	700	500	700		
687-HRDA			HUMAN RESOURCE DEVELOPMENT ASSISTANCE													
	SS G		88	C	4,500	1,500	700	700	700	900	1,600	700	900	900		
936-3057			CENTRAL CONTRACEPTIVE PROCUREMENT													
					2,500	500	0	500	1,000	700	2,000	1,000	800	1,000		