

MADAGASCAR

COMMERCIAL AGRICULTURAL PROMOTION
APPUI AU SECTEUR AGRO-COMMERCIAL



■ THIRD ANNUAL
WORK PLAN

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ACRONYMS

AEI-CAP	Agence d'exécution Infrastructure GRM Infrastructure implementing Agency - CAP
ADM	Administrative Officer
AGR	Agronomist
ANAE	Association Nationale des Actions Environnementales
ANGAP	Association Nationale pour la Gestion des Aires Protégées
APNR	Association for the Protection of Natural Resources
AUP	Association des Usagers des Pistes Road Users Associations
BEST	Bureau d'Expertise Sociale et de Diffusion Technique
BTM	Banque Nationale pour le Développement
CAMEC	Caisse Mutuelle d'Epargne et de Crédit
CAE/MFB	Cellule de suivi des aides extérieures Foreign Aid Tracking Unit - Ministry of Finance
CI	Conservation International
CIRAGRI	Circonscription de l'Agriculture
COP	Chief of Project
CSP	Client Service Plan
CTS	Client Tracking System
CFD	Caisse Française de Développement French Development Bank
DAO	Dossier d'Appel d'offres Request for Proposals
EJ	Expert Junior
EP II	Environmental Program II
ESF	Environment Screening Form
FCE	Fianarantsoa-Côte-Est Railroad
FENU	Fonds d'Équipement des Nations Unies
FIA	Regional Office - Fianarantsoa Bureau Régional - Fianarantsoa
FID	Fonds d'Intervention pour le Développement
FIN	Financial Officer
GRM	Government of Madagascar

	Gouvernement de Madagascar
HO	Home Office
HPZ	High Potential Zone Zone à Haute Potentialité
ISF	Input Supply Fund Fonds d'Approvisionnement en Intrants
LCF	Local Currency Fund Fond en Monnaie Locale
LOE	Level of Effort
MADR	Ministry of Agriculture and Rural Development Ministère de l'Agriculture et du Développement Rural
MER	Monitoring, Evaluation and Reporting
MFB	Ministry of Finance and Budget Ministère des Finances et du Budget
MTPAT	Ministry of Public Works and Land Management Ministère des Travaux Pub./Aménagement du Territoire
MAH	Regional Office - Mahajanga Bureau Régional -Mahajanga
NGO	Non Government Organization
PFGNR	Projet de Formation en Gestion des Ressources Naturelles
PMC	Project Management Committee
ProAG	Program Agreement
RIC	Regional Infra Committee
RIP 4	Route d'Intérêt Provincial N°4
REG	Régisseur (Infrastructure)
RMP	Results Monitoring Plan
RTL	Regional Technical Liasion (Infrastructure)
SIPEM	Société d'Investissement pour la Promotion des Entreprises à Mcar
SOA.TEG	Société d'Assistance Technique et de Gestion
TOR	Term of Reference
USAID	United States Agency for International Development
WB	World Bank Banque Mondiale
WOCCU	World Council of Credit Unions.
WWF	World Wildlife Fund

Forward

Over the past year we have noticed that the lines among the project's three principal components have blurred. For instance, there is increasingly greater synergy and integration between CAP's agribusiness and infrastructure activities, particularly at the regional levels. In addition, the ISF component not only finances our road rehabilitation program, but a greater number of ISF transactions this past year benefited firms that are CAP clients.

For these reasons, we have rethought our traditional work plan model of planning our activities in terms of individual project components. We find that, as we narrow our focus on specific protected areas within each region, and as each region's specificity becomes more apparent, it is appropriate to develop a separate work plan for each of CAP's regional offices.

The work plan this year is subsequently organized into two main sections; individualized regional plans for office in Mahajanga and Fianarantsoa, and project-wide plan for the Antananarivo office that focuses on support services and cross cutting management activities.

CHAPTER I

Overall Management Hypotheses and Strategic Challenges

CAP has now been in business for two years. One could say we are becoming a mature project. The merger of economic growth and environmental SOs is bringing new challenges that have enabled us to consider our work in a broader context and to make some adjustments. In the year ahead, we will strive to combine what has made us successful in the past with new ideas and approaches to meet these challenges. We have a commitment to sustainable development, to overcoming obstacles, and to developing partnerships to leverage our own efforts. We aim to be flexible and open to learning, yet to maintain a focus on what is most “strategic,” that is, what will produce the greatest results.

CAP’s activities this year will serve as a testing ground to verify the assumption that economic growth is a *sine qua non* condition to sustainable reduction in natural resource depletion. Economic growth will be attained by broad-based intensification of agricultural production, as well as improved processing and marketing of agricultural commodities, and will result in increased incomes for small farmers in targeted areas. CAP will be implementing a set of activities, based on a private-sector-oriented approach, that should demonstrate how economic growth contributes to reducing the pressure on natural resources in selected regions.

Thus, this third workplan is a transition document. It is a framework for aligning CAP’s activities with USAID/Madagascar’s environmental objectives. It describes how CAP’s core activities will more proactively address environmental considerations as they relate to sustainable agriculture. The project remains demand driven and private sector oriented, and aims to share these attributes with other natural resource projects.

1.1 Management Hypotheses

This workplan is based on some hypotheses about ways to achieve the most significant results under SO3. These hypotheses are:

- **Various strategies are needed to reduce pressures in protected areas.** No one strategy is the most effective or appropriate in all situations. At the same time, we believe that the mixture of strategies should generally emphasize an economic-growth, private-sector orientation.
- **Strategies carried out by partnerships among private enterprises, associations, local government, and other donors yield greater results than strategies carried out by one or two groups alone.**
- **Partnerships are most likely to form if they are focused on common interests or goals leading to tangible, common benefits.** A rehabilitated and maintained road is an example of an attractive, tangible benefit because it increases opportunities for income generation and decreases isolation. Recycling of urban wastes into commercially viable compost is another.
- **Partnerships are most likely to form and carry out a sustained effort if there is some dynamic outside assistance to help them develop a common vision and overcome obstacles.**

A word about the meaning of “hypotheses” in this context: like the development hypothesis in a results framework, these hypotheses reflect our best sense of how to achieve our objectives. Our work is based on the assumption that these hypotheses are correct. However, we will keep our eyes open and be ready to make adjustments based on our own and others’ experiences along the way.

1.2 Strategic Challenges

Beginning with project start-up over two years ago, we have tried to continuously be aware of and

concentrate our efforts on the most critical elements of our success. We termed these our “strategic challenges.” We have identified the following strategic challenges for our third year:

Project-level

- Adjust our on-going work to contribute to achievement of the SO (reduce depletion of natural resources base).
- Determine new ways for CAP to best contribute to reducing pressures on targeted areas.
- Maintain high quality performance despite having reached a mature stage of project implementation and despite uncertainties of AID funding and program direction.
- Achieve a significant effect on the reduction of pressures in two target areas in each region by catalyzing partnerships and creating synergies among project components.

Agribusiness support

- Work with selected agribusiness and producer association clients who have greatest potential for both increasing the volume of production and reducing pressures on the environment.
- Identify activities that best achieve agricultural intensification, more efficient management of forest resources, and reduction of pressures on the natural resources bases.
- Where we have some particular advantage, leverage the efforts of other donors who are efficiently toward the same objectives.

ISF

- Continue to process ISF transactions and bank guarantees, depending on funding availability.

Infrastructure Rehabilitation

- Select transport infrastructure interventions that will maximize both economic development in the target zone and reduction of pressures on the resource base.
- Obtain funding for infrastructure rehabilitation from additional USAID funds and sources outside of USAID.
- Supervise construction companies so that they properly maintain roads during the one-year guarantee period.
- Provide strong support to road user associations and assure that they are well managed as they begin taking on the responsibility of maintaining the roads themselves and raising funds for road maintenance.
- Apply pressure on the GRM to make timely TVA payments to construction firms.
- Provide infrastructure rehabilitation that triggers community involvement leading to activities supporting economic growth and reduction of environmental pressures.

1.3 Calendar of Major Events

To help the team, USAID and the PMC be aware of the major decision points and actions during the year, we have developed the following calendar. The COP will work with the team and the Project Officer so

that we can follow calendar, or revise it as appropriate.

January	<ul style="list-style-type: none">- Decision on 1997 rehabilitation program.- Approval from other donors re contributions to rehabilitation program.
February	<ul style="list-style-type: none">- RIC Committee meetings- Review project Results Monitoring Plan with USAID- Decision on future of ISF- Review privatization process for FAMAMA
March	<ul style="list-style-type: none">- Make decision of future CAP involvement in the FCE based on results of multi-faceted study. Decision to be made in collaboration with GRM, USAID, FCE, private sector.- Review with USAID possible modifications of Base line survey.- Sign contract amendment based on new SOAg.
April	<ul style="list-style-type: none">- Establish Environment Foundation with private sector in MAH- Decision whether there will be a 1998 road rehabilitation program based on availability of other donor funds
May	<ul style="list-style-type: none">- RIC meetings for 1998 road program- Obtain written decision on future funding of CAP project through LOP
September	<ul style="list-style-type: none">- Presentation to GRM and other donors conclusions of Bealanana study to identify sources of funding for development of region
October	<ul style="list-style-type: none">- Evaluate impact of realignment with partners with Conservation International and WWF
November	<ul style="list-style-type: none">- Decision with USAID regarding personnel/staffing through the rest of project

CHAPTER II

Regional Work Plan - Mahajanga

The Mahajanga office will focus on two areas, both of which have high bio-diversity and production capabilities. These are Bealanana-Ambatoria-Mangindrano area in the more northern portion of the region and the Ambato Boeni-Marovoay-Bekobay area in the southern portion.

Bealanana-Ambatoria-Mangindrano Area

This plain is the country's second largest rice producing area, and is also important for production of other food crops and grazing. CAP is investing \$4 million in road rehabilitation in the area, our largest single infrastructure investment to date. To ensure maximum return on this investment, the Bealanana region will be considered the Mahajanga region's primary focus area in 1997. Our work will aim at increasing incomes and reducing environmental pressures, especially deforestation. Deforestation is caused by commercial timber production, charcoal production, and slash-and-burn agriculture. Deforestation causes erosion which leads to siltation of the plain. We hypothesize that the best strategies to reduce environmental pressures are to:

- **Rehabilitate farm-to-market roads** so as to increase producers' incomes and decrease pressures for extensification. Increased incomes result because farmers are able to get more produce to market, get access to more inputs (resulting in higher yields), and get better prices for produce that is sold (because of increased competition among collectors).
- **Increase smallholders' access to credit**, through expansion of rural savings associations, especially in areas where we have worked with road user associations.
- **Promote use of technical packages to combat soil erosion** (composting, contour cultivation, mulching, crop rotation, and nurseries for tree planting) among associations.

Ambato Boeni-Marovoay-Bekobay Area

This is the area surrounding Ankarafantsika forest. It is a fertile plain and coastal estuary. The Marovoay plain is the country's second most productive rice producing area, the estuary is a fertile breeding ground for shrimp, and the forest is home to lemurs and tortoises (an endangered although not endemic species). Deforestation is caused by commercial timber production, charcoal production, and slash and burn agriculture. Deforestation causes loss of habitat for endemic species in Ankarafantsika and erosion which causes siltation of the plain, leading to lower yields, which leads to pressures for extensification of production and further deforestation. Our hypothesis is that the best strategies to reduce environmental pressures will be to:

- **Strengthen agribusinesses** so that they can intensify production and increase incomes. Focus on intensifying production of primary crops (such as rice, corn, manioc, and beans), second season crops on the valley floors (including vegetables), and soil retaining hillside crops such as fruit trees.
- **Improve forest management practices and watershed protection** in partnership with Conservation International, the ICDP manager for the Ankarafantsika area, and with local NGOs and associations and the World Bank.
- **Participate in an "Integrated Woodfuels Program,"** which will promote more efficient charcoal production methods which are both sustainable and profitable, and assist private firms and NGOs in the marketing and dissemination of improved cookstoves.
- **Increase smallholders' access to financing** by expanding rural savings cooperatives (MECs), especially in areas where we have road user associations.

Implementation Plan

Over the next 12 months we will pursue activities and tasks initiated in previous years, maintaining the same quality of service. However, we will phase out less promising agribusinesses to increasingly focus on producer associations. We will also work, where we have particular advantage, to leverage the efforts of other donors where we can help to increase agricultural productivity, expand access to markets, and enhance added value.

Activity 2.1. Expand CAP's demand-driven support services

From October 1, 1995, to December 30, 1996, the Mahajanga Regional Office worked with 50 new clients, including:

- 11 agribusinesses
- 29 producer associations
- 1 NGO
- 7 individuals
- 2 SOEs

The total number of CAP's clients in Mahajanga, for the first two years, is 82. In 1997, we expect that we will pass the 100 mark for CSPs. We will carefully select new clients to simultaneously have positive impacts on agricultural intensification and natural resource protection in targeted areas. For instance, the Mahajanga team will establish business linkages between agribusinesses and producer associations that operate in the buffer zone around Ankarafantsika to help small farmers acquire appropriate inputs and sell their raw commodities or processed products at better prices. In addition, we will continue to provide technical assistance to current clients who have proved they are winners and fit well in our new set of strategic challenges.

Tasks	Resources	Start Date	Duration
Provide assistance to associations and agribusinesses in production, collection, storage, processing, and marketing of traditional and off season crops	MAH	1/97	on-going
Provide assistance to agribusinesses and associations in production and marketing of agricultural inputs and equipment.	MAH	1/97	on-going
Provide direct assistance to associations in agricultural intensification, pest control management and natural resource management.	MAH	1/97	on-going
Recruit international consultants for a feasibility study on a shrimp feed mill for Aqualma	HO, TNR, MAH	1/97	1 month

Activity 2.2 Provide managerial and technical support services

Given the low level of managerial skills among CAP's clients, we will continue to provide assistance at all levels, from small associations to large agribusinesses, to improve their basic management, accounting and marketing skills. In 1997 we will give priority to technical support services aimed at offering CAP clients

appropriate technology and equipment to process agricultural commodities and increase the added value of marketed products. A seminar will be organized in Mahajanga in May, with the participation of CIRAD, a highly specialized French organization. The objective of the seminar will be to review and seek solutions to problems related to storage, drying and processing of selected crops so that small farmers can have better access to low cost technology to transform their production. This will help generate complementary incomes in addition to revenues derived from traditional commodities.

Tasks	Resources	Start Date	Duration
Provide short-term assistance on accounting and marketing to Lovasoa (seed multiplier association)	MAH	4/97	1 month
Organize a seminar on appropriate technology, including charcoal production	CAP, CIRAD	5/97	1 week
Provide basic management skills to clients	MAH	1/97	on-going

Activity 2.3. Develop business plans and loan applications

From October 1995 to December 1996, the Mahajanga Regional Office submitted 12 loan applications or debt/business reorganization schemes, most of them accompanied with detailed business plans. Six loans were granted, two applications are still pending and one business reorganization was completed. In 1997, the Mahajanga team will follow up with clients who have received loans or financial restructuring in the past. We will also continue to prepare cost/profit analyses and loan applications, mostly for small associations in targeted areas. Conservation International and FENU/BTM will be the main sources of financing for those micro credits, which will be used most often to acquire agricultural inputs and equipment. CAP will also prepare business plans and loan applications for selected agribusinesses whose activities could have a positive impact on environmental problems.

Tasks	Resources	Start Date	Duration
Obtain financing for "Jus du Boina" from IFC	CAP	1/97	on-going
Develop loan applications for producer associations assisted by CI or eligible to FENU financing.	MAH	1/97	on-going
Prepare a business plan and a loan application for clients interested in ecotourism	MAH, STA	2/97	4 months

Activity 2.4. Leverage other donors' activities in targeted areas

Under this activity, the Mahajanga team will primarily focus on the Bekobay-Marovoay-Ambato-Boeni area and will cooperate with other donors who seek to reduce natural resource depletion. The Regional Office has already signed a memorandum of understanding with Conservation International (CI) and with FENU/ILO (Ambato-Boeni Project) to define fields of common interest and determine a framework for joint actions. In that context, the following tasks will be implemented:

- The ICDP of Ankarafantsika, funded by the German Government through Conservation International, has set up 15 village associations and 4 charcoal producer groups in the buffer zone around the protected forest. The CAP team is already conducting financial analyses for two of those associations to help them obtain adequate and timely financing from Conservation International. We will continue to provide technical support to those associations to intensify agricultural production and improve husbandry in the region through acquisition of certified seeds and appropriate equipment, and dissemination of modern agricultural practices. We will also assist them to process their crops and market their products. CAP's support services will include training in basic accounting and marketing, development of business plans and loan applications, and access to appropriate technology and equipment. In addition, upon request of Conservation International, CAP will recruit expert juniors whose costs will be shared with the Ankarafantsika ICDP. Finally, the Regional Office will study with CI the possibility of relocating in the Bekobay area some of the associations set up by the ICDP to decrease demographic pressures on the Ankarafantsika forest.
- The FENU/ILO Project in Ambato-Boeni aims at reducing poverty in rural and urban areas by increasing agricultural production, protecting natural resources, improving infrastructure and stimulating exchanges between rural areas and urban centers. This project intervenes in zones surrounding the Ankarafantsika forest, at the east and south of the protected area, and works with community authorities as well as local associations. CAP will help those associations assess their financial needs and will facilitate their access to credit, in addition to assisting FENU/BIT to identify, study, and rehabilitate feeder roads.
- During the current year, the World Bank is scheduled to launch an "integrated woodfuels program for Mahajanga which will test, on a pilot basis, a mix of measures that the Government later could extend to the national level." CAP will work with the World Bank to develop long-term plans for the use of wood resources and encourage tree-planting programs with the support of private entrepreneurs and associations. CAP will participate if it can be shown that the program can operate on a profitable and sustainable basis producing fuelwood and charcoal. CAP will promote the use of efficient cookstoves and kilns for charcoal production by assisting private manufacturers with marketing and information dissemination. Finally, the Regional Office will profit from the good relationships it has established with local authorities and road user/producer associations to promote community responsibility for the management of natural resources in targeted areas.

Tasks	Resources	Start Date	Duration
Help associations assisted by Conservation International near the Ankarafantsika forest. Relocate some in the Bekobay/Mahajamba areas	CAP, CI	1/97	on-going
Improve access to credit for associations working with FENU/ILO in Ambato-Boeni and provide technical support for road rehabilitation	CAP, FENU/ILO	1/97	on-going
Participate in the Integrated Woodfuels Program in MAH.	CAP, WB, GRM	Inception of program	On-going

Activity 2.5. Facilitate community-private sector partnerships pursuing NRM initiatives

In the coming year, the Regional Office will facilitate ways to support and harness community interest in natural resource management and protection of the environment. Outlined below are a couple of initiatives that we will explore further.

In high priority areas like Bekobay where we have good relations with small farmers, local authorities, collectors and agribusinesses, the CAP team will explore the idea of establishing an "Association for the Protection of Natural Resources" (APRN) similar to the model we have used with road maintenance. The idea would be to develop various environmental initiatives that the people are interested in, such as small-scale, income generating, reforestation campaigns in order to demonstrate the positive impact on rice crops grown in low lands, or to determine the feasibility of charcoal production on a sustainable and profitable basis. Another possibility would be to show that people in the region, working together and sharing the same goals, can prevent natural resources from being destroyed by bush fires. We could also test different legal and administrative arrangements for land tenure that will give those occupying fragile agricultural or forest lands more incentive to manage them in a sustainable manner. If successful, this initiative could become an example to follow for other associations in the region. CAP could seek collaboration from Tany Meva in the establishment of such as Association. We could also get private sector support. For example, preliminary talks have indicated that Aqualma is ready to provide financial and technical support to environment friendly activities in the Bekobay/Mahajamba region. In summary, the CAP team will extend to environmental issues the type of partnership between the private sector, local government and small farmers that it has successfully applied to road maintenance.

In the Bealanana area, the Regional Office will promote reforestation and other anti-erosion works on the hillsides along the rehabilitated road, through user associations, whose mandates will be broadened. The main task will be to start nurseries of selected fast-growing trees and to provide adequate training to association members. These activities will also involve the participation of small farmers who are non-members of road user associations and will be carried out with the support and partnership of local governments.

CAP will undertake with FOFIFA/IRRI and SACOA/MARBOUR a study to develop a mid-term action plan aimed at intensifying rice production and improving soil and water management in the Bealanana region. The study will determine the best location for the installation of a new and modern rice mill, will identify small irrigation systems to rehabilitate, and will select technical themes and varieties to disseminate.

Tasks	Resources	Start Date	Duration
Conduct study in the Bekobay area to select best location for the "APRN" initiative	CAP, Consultant(s)	1/97	4 months
Installation of nurseries in Bekobay and Bealanana	CAP	5/97	1 month
Start training program for participants in Bealanana	CAP, BEST	5/97	2 months
Complete the study with FOFIFA and Marbour in Bealanana	CAP, FOFIFA, IRRI, MARBOUR	1/97	7 months

Activity 2.6. Sensitize clients to environmental problems

The CAP team will systematically emphasize to producer associations and agribusinesses the importance of appropriate management of natural resources and will draw their attention to the environmental impact of their activities. CAP will promote technical packages that will include environment friendly practices such as composting, contour cultivation, crop rotation and nurseries for tree planting. CAP will team up with FOFIFA and MFP, a local exporter of dried mangoes, to set up a privately managed nursery of fruit trees that will be sold with the assistance of Conservation International to small farmers and producer associations. Finally, an assessment of environmental impacts will be carried out for projects undertaken by

the clients.

Tasks	Resources	Start Date	Duration
Set-up nursery with FOFIFA and MFP	CAP, FOFIFA, MFP	1/97	on-going
Promote environment friendly practices	CAP	1/97	on-going
Organize a workshop to sensitize clients to environmental problems and assess environmental impact of their activities	CAP, ONE, SAVEM	4/97	1 week
Conduct a study on compost production in MAH	CAP/Tany Lonaka	3/97	1 month

Activity 2.7. Experts Juniors

The Expert Junior Program will continue as specified in section 2.5. To better meet clients' expectations and reflect CAP's new orientation, expert juniors will be placed not only with firms requiring assistance but also with producer associations to help increase agricultural production and improve natural resource management. In addition, they will be increasingly involved in extension services.

Tasks	Resources	Start Date	Duration
Place an Expert Junior with UAUP in Bekobay	MAH, TNR	1/97	12/97
Organize workshops to provide training in extension services	TNR	2/97 and 6/97	one week

Activity 2.8. Stimulate synergies with the Infrastructure component

Since CAP's inception, the Chemonics team has tried to maximize synergies among the project components. In 1997, this strategic challenge will remain more important than ever. On one hand, road selection and rehabilitation will be limited to targeted areas, where CAP is helping to increase agricultural production and reduce natural resource depletion. On the other hand, CAP will work closely with agribusinesses, small farmers, and local governments to draw the maximum economic return from road investments and protect the environment. This strategy will be applied in all targeted areas, but will be specially emphasized in the Bealanana region. Given CAP's limited financial resources, Chemonics may submit a series of proposals derived from our studies in the Bealanana region to the GRM, the World Bank and other donors. The objective will be to raise supplemental funding to induce sustainable agricultural development and natural resource management through the rehabilitation of irrigation systems, organization of extension services, and watershed protection. CAP will serve as a catalyzer to mobilize additional resources to develop the Bealanana region in order to capture all the positive windfalls of the road rehabilitation.

Tasks	Resources	Start Date	Duration
Present to the GRM and other donors the study on Bealanana conducted with MARBOUR and FOFIFA	CAP, FOFIFA, IRRI	9/97	2 months

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CHAPTER III

Regional Work Plan - Fianarantsoa

The Fianarantsoa office will focus its activities this year in two bio-diverse corridors: the Fianarantsoa-Manakara area, and the Haute Matsiatra that includes the protected area of Andringitra. These are described below:

Fianarantsoa-Manakara

This is a multiple-land-use corridor which includes the Ranomafana National Park. The park is home to many species of lemurs and other endangered, endemic species. There are significant agroforestry resources in the peripheral areas surrounding the park (bananas, lichees, coffee, etc.).

Deforestation is caused by charcoal production, bush burning and slash and burn agriculture. Deforestation causes loss of habitat for endemic species and erosion which causes siltation of the rice paddies in the surrounding valleys, leading to lower yields, which in turn leads to further pressures for extensification of production and continued deforestation. Strategies for reducing pressures in this area are:

- **Develop transport infrastructure** to steer economic activity away from the park (thus helping keep people away from destructive use of park resources). Activities would include rehabilitation of roads feeding the railroad, assisting the railroad to improve its management, possible coordination of efforts to involve the private sector and donors in railroad rehabilitation.
- **Develop agribusiness activity** along the railroad corridor so as to increase incomes and intensification of production. Examples of current assistance in this area include providing TA in lichee marketing and export, palm oil processing, coffee processing, and improved port management (in partnership with local government and the local businessmen's association).
- **Increase smallholders' access to financing** by expanding rural savings cooperatives (MECs), especially in areas where we have road user associations.

Haute Matsiatra

This area, surrounding Fianarantsoa, is principally an agricultural zone of fertile valleys feeding into the Matsiatra River. It is important for production of rice, other food crops, grazing. It contains several thousand hectares of exotic timber species (pine and eucalyptus) mingled with pockets of depleted endemic forests. This area also serves as a buffer zone for the natural rainforest area of which Ranomafana is a part.

Deforestation is caused by disorganized woodcutting, poor forest management, charcoal production, and slash and burn agriculture leading to siltation. Population pressure in the valleys leads to accelerated use of tanety (hillsides) for field crops. This exacerbates erosion and compromises both valley bottom land and water quality through increased runoff. Strategies for reducing pressures in this area are:

- **Develop agribusiness activities** so as to increase incomes and intensification of production. Examples of the types of agribusinesses to whom CAP will expand technical support include organic tea producers, suppliers of forestry products, growers of geranium and other essential oils, milk marketing associations, wine production and wine marketing wholesalers..
- **Improve forest management practices** by private enterprises, individual woodcutters, and village groups in partnership with the private sector (Lam-Sec) and forest management projects such as PFGRN (Swiss).
- **Experiment with community-based forestry management** in areas where CAP has already worked with road management associations (in association with the DEF).

- **Improve management of hillside agriculture (tanety)** by working with NGOs, ANAE, other donor organizations such as Lovasoa.
- **Develop eco-tourism potential** in Andringitra through the rehabilitation of roads in collaboration with WWF who are the ICDP manager.

Implementation Plan

Activity 3.1. Expand CAP's Demand-Driven Support Services

As of December 31, 1996, the CAP Regional Office in Fianarantsoa had worked with 38 clients. Two-thirds of these receive on-going support services. It is expected that at least 20 new clients will benefit from CAP services in 1997. The success of current projects, combined with an increased understanding of the kinds of services that CAP can provide, will permit the Regional Office to build on this success by selecting projects that best promote conservation of the regional landscape.

CAP's Regional Office has pursued a policy of strategic partnership with other donors, NGOs and government services since its arrival in Fianarantsoa. CAP is an active member of the "Ville Verte" Consortium which is working to improve the urban environment. CAP provides technical support services to other members of the consortium and to the City of Fianarantsoa for small urban environment projects and for the privatization of targeted city services (i.e., garbage collection). These initiatives will be expanded in 1997 (see below, Activity 2.4.). Priority will be given to professional training, crop diversification, public/private sector partnerships and input supply credit agreements. The latter will involve input deliveries by local suppliers (eg. AFAFI, ISAGRI) with short-term financing provided by the FID (Fonds d'Intervention pour le Developpement) Project.

Tasks	Resources	Start Date	Duration
Broker input supply agreements among CAP road user associations, local input supply companies and FID	FIA, FID	1/97	on-going
Assistance to current and new clients in marketing, processing and collection of traditional and off season crops	CAP, Consultants	1/97	on-going

Activity 3.2. Provide Managerial and Technical Support Services

Efforts to upgrade the level of managerial competence among current and new CAP clients will continue. Particular emphasis will be given to rail (FCE) and port (SBM) management authorities in order to strengthen the economic linkages along the Fianarantsoa - Manakara multiple use corridor. A decentralized legal framework for the management of the Fianarantsoa et Cote Est Railway (FCE) will be developed in collaboration with a legal consultant familiar with the line and with regional economic development priorities. The Regional Office will continue to collaborate with specialized extension agencies such as CIRAGRI and Programme Tanety (Swiss - ex Lova Soa) and projects to provide technical support for its clients.

CAP-provided training in production and processing of geranium oil has resulted in increased interest in diversification into the production of aromatic plants. Building on acquired experience from the MAELSP Project, CAP will provide support to small and medium sized enterprises in the production, processing and marketing of essential oils such as geranium, vetiver, wild marigold (Tagete) and rosemary. An international expert will be recruited early next year to assist a CAP client to begin production of pyrethrum, an organic insecticide.

Tasks	Resources	Start Date	Duration
Finalize FCE feasibility study	CAP, FCE, Consultants	1/97	3 months
Develop FCE Legal Framework	Local Law Firm, FIA, TNR	4/97	2 months
Management support services for Port of Manakara	FIA, TNR, Consultants	1/97	6 months
Business and financial management seminars	FIA, TNR, Consultants	1/97	approx. 3 1-week sessions
Improve cultural practices and agricultural intensification	FIA, CIRAGRI, Programme Tanety, Tany Lonaka, PPNR	1/97	on-going

Activity 3.3. Develop Business Plans and Loan Applications

Beginning in October 1996 CAP's Fianarantsoa office began assisting road user associations to access agricultural inputs. An agreement was successfully negotiated for the delivery of two tons of fertilizers to the Mahasoabe Road Users' Association. CAP will build on this successful experience by negotiating supply agreements on behalf of at least 3 more AUPs with local input supply firms. CAP will provide loan analysis and follow-up and the FID Project will provide financing under its AGR (Activités Génératrices des Revenus) component.

Tasks	Resources	Start Date	Duration
Develop loan Applications for AUPs	FIA, FID	1/97	on-going
Obtain crop production credits for wheat (AINGASOA producers' association - Ambositra)	FIA, CRIF, KOBAMA, AINGASOA	1/97	on-going
Promote credit activities related to AGERAS and ecotourism	FIA, WWF, ANAE, PPNR	1/97	on-going

Activity 3.4. Leverage Other Donors' Activities in Targeted Areas

In 1996 CAP Fianarantsoa initiated an innovative partnership agreement with a local ONG, Tany Lonaka. CAP will finance Tany Lonaka in providing training to 10 village associations in compost production and marketing. The Regional Office will build on this experience by extending partnerships with other regional development actors, especially in areas which promote USAID's objective of conserving a broad regional landscape.

Tasks	Resources	Start Date	Duration
Charcoal production, marketing and environmental impact study	FIA, PFGRN (Swiss), consultants	1/97	1 month
Training for CAP Socio-organization staff in Credit Union Promotion	CAMEC/Tiavo (WOCCU)	3/97	1-2 weeks
Market study for fertilizer produced from urban wastes	Ville Verte Consortium, consultants	4/97	1 month

Activity 3.5. Stimulate Synergies with Infrastructure Rehabilitation Activities

The experiences of the CAP Fianarantsoa Regional Office in organizing Road Users' Associations have led to a blurring of the distinctions between agribusiness promotion activities and infrastructure rehabilitation. The Strategy of the Fianarantsoa Office has been one of empowering the Road Users' Associations (AUP) created to manage maintenance of roads rehabilitated by CAP in 1995. CAP successfully promoted the transfer of autonomous fiscal and management authority from the regional government to AUPs. The fiscal management and financial resources of these associations will be strengthened through the creation of Credit Unions. CAP will collaborate with the WOCCU managed CAMEC/Tiavo Project in this effort.

User associations are also demanding increased support from CAP in their efforts to acquire productive technology -- fertilizers, seeds and equipment. A primary problem, faced by these and other producer associations, is the extremely short repayment schedules of local input supply firms which are normally 1 week after delivery. During 1997, CAP will work with these firms and the Regional Office of the FID project to arrange more convenient short-term financing (see above, Activity 2.1.).

Infrastructure rehabilitation activities in 1997 will be concentrated along the FCE multiple use corridor and along the access to the Andringitra Special Reserve. CAP and WWF intend to test an innovative "joint venture" approach to infrastructure rehabilitation in the latter area. Both organizations will participate in the initial Environmental Screening process and will jointly sign the ES form. During construction, CAP will insist that contracting firms utilize an "Ecole de Chantier" approach. The hiring of local inhabitants will be maximized. They will gain experience in road building and maintenance techniques which will be essential for on-going maintenance once the rehabilitation is complete. In addition, WWF will work closely with CAP on the organization and support of Road Users' Associations.

The two organizations will also do a joint post-construction environmental and technical evaluation. This will include, among other things an evaluation of the feasibility of applying the same sort of partnership approach to the rehabilitation of infrastructures serving other regional eco-tourist assets such as the Ranomafana National Park and Sahambavy. It is expected that this experience will also contribute significantly to the practical implementation of the AGERAS process.

CHAPTER IV

Project-wide Actions - Antananarivo Office

On a project - wide level, the Antananarivo office provides services in five areas. 1997 priorities for each of these areas are described below:

- Technical assistance for agribusiness support
- Directing and supervising the Input Supply Fund
- Managing and coordinating the infrastructure program
- Monitoring, Evaluation and Reporting
- Administration

Technical Assistance for Agribusiness Support

Agribusinesses remain a critical link between producers and consumers. Our support provides knowledge and training to agribusiness and producer associations so they can more effectively utilize the natural resource base to undertake food production and income generation strategies. Five basic activities are planned for the Antananarivo office in support of the two regions:

Activity 4.1 Training

Based on last year's requests as well as the need to promote and make clients more aware of natural resource management and environmental issues, CAP plans an ambitious training schedule. We are targeting four types of participants: our traditional agribusiness clients, producer associations, transporters/truckers, and environment NGOs and groups.

Tasks	Resources	Start Date	Duration
Establish objectives and specific training schedule	CAP, USAID	1/97	1 week
Recruit seminar leaders, establish TORs, negotiate contracts	TNR, FIN, FAN	2/97	on-going
Agribusiness clients: Processors, Producers, Exporters - marketing, packaging, management and warehousing	TNR	7/97 10/97	2-3 days
Training for transporters/truckers: - improve professionalism (to be held in MAH)	TNR, MAH	2/97	2 days
Environment clients: - soil enhancement, biodiversity, renewable energy, cooking stoves, sustainable charcoal	FENU, CI, WB, ANGAP	4/97	3 days each
Training for Producer and User Associations: - financial management, institution building, marketing	MAH, FIA	3/97	on-going
Training Expert Juniors: - technical supervision, approach with farmers, organizational training	SOA.TEG	1/97	on-going
Privatization training for Manakara Port and FCE - improved marketing, management, port operations, strategic planning	IPPC, USAID	4/97	3 days each

Activity 4.2 Support regional offices in management of priority clients

Each office has priority clients and projects that require monitoring and assistance from the Antananarivo office. This is the case with clients whose head offices are in Antananarivo and clients that require follow-up with banks, information, supplies and consultants. The principal clients that will be tracked in Antananarivo this year are the FCE, SAGIM, privatization candidates, and the port of Manakara.

CAP/TNR will support the regions with information and documentation required of local businesses. Specific sub-sectors where international experience and documents will be researched and supplied to the field include: sustainable charcoal production, energy efficient stoves, markets for organic exports, and technology for recycling urban wastes, and regional studies.

Activity 4.3 Better align CAP with environmental projects

CAP will align its activities to better fit the NRO strategic objective by focusing on two environmentally strategic target areas in each region, and selecting a few strategies in each area that we believe will reduce pressures on the resource base.

We will research ways to engage road user associations in the management of local natural resources as a complement to road maintenance responsibilities. We plan to work with parties interested in finding solutions to better forest and land management. We will continue to work with the AGERAS program and other USAID projects to ensure that a broad range of regional partners work in concert. To this end, we will help define the legal framework for transferring natural resource management responsibilities to local organizations as we are doing with road user associations.

In addition, CAP will develop an environmental mitigation plan for new agribusiness clients through the assessments and evaluations which are formally conducted using specially prepared forms. The methodology and forms were developed by CAP subsequent to its participation in the USAID sponsored environment impact evaluation workshop held in FIA in November 1996.

Activity 4.4 Financing

Assisting clients in preparing requests for financing has been a major part of CAP's activities to date. CAP also spent time and effort to identify sources of financing and developing relationships to facilitate financing for CAP clients. To review the work in this area and develop new strategies, CAP will conduct a seminar that will summarize the lessons learned and help formulate strategies and tools to be used during the rest of the project.

Tasks	Resources	Start Date	Duration
Develop program for Financing Seminar	FAN, FIA, MAH	2/97	5 days
Conduct Seminar	FAN, FIN, COP, FIA, MAH	3/97	2 days
Summarize/Disseminate Seminar Findings/Recommendations	FAN	4/97	4 days

During the past year CAP worked extensively with the Caisse Francaise de Developpement (CFD) to develop a loan program targeting CAP clients, Unfortunately, the CFD was recently forced to withdraw from this program because of changes in its mandate. CAP intends to approach other organizations that provide financing to see if the program developed for the CFD could serve as the basis for a new program.

Tasks	Resources	Start Date	Duration
Identify and meet with potential funding sources	FAN, FIN, COP	2/97	5 days
Modify program documents	FAN	3/97	5 days
Negotiate and Finalize Agreement w/ Financing Agency and GRM	FAN, FIN, COP	4/97	5 days

Activity 4.5 Development of Rural Credit Unions (MECs)

CAP intends to facilitate access to rural credit unions for associations that border the roads we rehabilitate. We have found that the institutional development efforts with road user associations have developed a spirit of cooperation that is ideal for the establishment of credit unions. Our objective is to help establish rural credit unions in at least three of CAP's targeted road areas. CAP will coordinate its efforts with projects that promote rural financing networks.

Tasks	Resources	Start Date	Duration
Contact and formulate a working agreement with ADMEC and the national coordinating committee charged with rural finance	FAN, AGR	1/97	all year
Organize information workshops with target associations	TNR, MAH, FIA	2/97	1 month
Recruit and train an Expert Junior to be assigned to the associations in each of the regions.	AGR	2/97	on-going
Consolidate technical and management skills of beneficiaries within the national network of credit unions	TNR, MAH, FIA	2/97	on-going

Activity 4.6 Manage the Expert Junior Program and Better Integrate EJs into Client Work

It is not enough to recruit good EJs. The EJ must find within the participating agribusiness or association favorable conditions for professional development as well as successful growth of the firm. CAP will establish a better placement system with more clearly defined goals and objectives, evaluation criteria and work standards for each EJ. CAP, through SOA.TEG, will test a new advance payment process which will eliminate the need for the associations to advance funds and then request reimbursement. We expect that half of this year's EJ will be assigned to associations. CAP will provide those EJs with training in natural resource management and extension techniques.

Tasks	Resources	Start Date	Duration
Recruit and put into place 8 Expert Juniors	AGR, SOA.TEG	1/97	on-going
Obtain request and place 4 EJ with associations	AGR, SOA.TEG	4/97	on-going
Train 4 Expert Juniors in management of natural resources	AGR, SOA.TEG	5/97	on-going

Activity 4.7 Internet Access/Utilization

CAP has provided assistance to USAID's Leland Initiative in identifying potential customers and Internet Service Providers (ISPs) in MAH and FIA. Several of CAP's existing clients are interested in becoming ISPs while other clients and partners are interested in accessing Internet to identify new markets and products, research solutions and compile market prices for products they sell. CAP will provide assistance on two levels - the first to clients and partners interested in accessing the Internet and the second to clients who are considering becoming ISPs.

Tasks	Resources	Start Date	Duration
Develop Internet Training Materials	FIN, Consultant	2/97	5 days
Internet Access Workshop/FIA	FIN, Consultant	3/97	3 days
Internet Access Workshop/MAH	Consultant	4/97	3 days

CAP will assist clients in Fianarantsoa and Mahajanga who are interested in becoming ISPs in developing business plans and developing marketing strategies. CAP will also assist in identifying consultants and suppliers to assist them in procuring and installing their equipment.

Tasks	Resources	Start Date	Duration
Identify ISP Information Sources	FIN	1/97	3 days
Assist in ISP Business Plan Development	FIN, Consultant	2/97	on-going
Provide Sourcing Information on ISP Equipment	ISF	2/97	on-going

Directing and Supervising the Input Supply Fund

During our second year, the Input Supply Fund was able to accomplish its task of supplying importers with foreign exchange and as a result provided the project with the targeted amount of local currency funds. More than \$6 million in transactions were completed during the last 12 months. Because funding levels for the ISF have been reduced, the unit will now focus on follow-up work, rather than initiating new activities.

Activity 4.8 Monitor existing transactions

The ISF has received approval from USAID for 80 transactions, but only 63 of these clients obtained bank guarantees allowing them to proceed with the use of the Citibank Letter of Credit in New York. The team will continue to track requests that are incomplete both at the level of local banks, and at the level of the importer/supplier. In addition, the team will follow up on deposit payments made by the local banks into the CAP Central Bank account. Payments in FMG are due six months after the Letters of Commitments were issued by local banks. To date there is approximately \$4 million still to be deposited in our account to liquidate the local currencies owed.

Activity 4.9 Control and verification of the destination of ISF imports

Importing firms had to specify in their ISF applications the destination of the products brought in under ISF. The team will concentrate their efforts during the next eight months to verify that the products and merchandise imported have arrived at the geographical destination specified in the application documents.

The team anticipates visiting destination sites. It will conduct an evaluation of the impact of the imports on the regions and the direct beneficiaries. They will also conduct environmental impact assessments for products and equipment imported under ISF.

The ISF division anticipates fulfilling additional sourcing requests and providing importers with information on US products even though no additional foreign exchange is anticipated in the foreseeable future.

Managing and Coordinating the Infrastructure Program

Each year the infrastructure component repeats its annual program cycle, adding improvements in services and procedures based on previous experience. In carrying out the 1997 work plan, we will address the strategic challenges listed in Chapter I, which are generally the same as in the past, with a few variations to take in account the recommendations made at the time of the most recent inspection by the USAID engineer (November-December 1996) and evolving project needs. Basic activities are to:

- Select the infrastructure to be rehabilitated
- Select the firms to carry out construction
- Conduct technical and eco-economic studies of the infrastructure proposed
- Put management and road maintenance systems into place
- Oversee construction and ensure timely payments for work completed

The infrastructure component continues to work with the GRM, particularly with the AEI-CAP division within the Ministry of Land Management, at the national as well as regional levels. Main changes in the work involve addressing difficulties with TVA payments to construction firms, the increased emphasis placed on the environment, and the need for AUPs to take responsibility for road maintenance. On the issue of TVA, the Government has not, over the past two years, made payments to firms to keep pace with the rehabilitation work completed. This has left construction firms with 20% of their fees unpaid.

The infrastructure component will be responsible for four rehabilitation programs during the 1997 calendar year:

- 1995 program - work is completed and maintenance by the AUPs is beginning
- 1996 program - currently in the construction phase
- 1997 program - feasibility studies underway and construction will begin in 1997
- 1998 program - identification of infrastructure activities has begun

Activity 4.10 Finalization of 1995 program

Within the context of the 1995 road program, CAP completed the rehabilitation of 132 km of road and the establishment of 23 road user associations to ensure the maintenance of the roads:

Fianarantsoa	62 km	5 AUPs
Mahajanga	70 km	17 AUP /1 UAUP

These roads are still under a one year guarantee from the construction firms, however, the one year period ends during 1997.

A major activity for the division is to supervise and continue to push the construction firms to provide routine maintenance according to the terms and methods prescribed in their contracts. It is essential that we and the firms provide the AUPs good examples of routine road maintenance. Upon the end of the one-year guarantee period, CAP will proceed with the "reception definitive" at which time the management responsibility for road maintenance will be transferred to the AUPs.

The AUPs have all been officially registered, and the Faritany, the regional government, transferred to the commune, the township or local government, sovereignty over the roads through the process of a delegation of authority contract. This year, CAP will proceed to have the delegation of authority transferred from the commune to associations.

CAP will provide road maintenance training to the AUPs. The Road Maintenance Manuel, prepared during 1996, will be modified to become a basic tool for the associations. CAP will work with BEST to ensure the application of each AUP's workplan, to ensure that budgets are managed and prepared at least 4 months before each fiscal session, and the collection of fees and contributions. CAP will track the use of rain barriers and toll gates installed at each road segment.

The Infrastructure division, along with the team of socio-organizers, will encourage the AUPs to initiate environmental actions and respect of their bylaws that forbid brush fires and slash-and-burn techniques.

Tasks	Resources	Start Date	Duration
Track construction firms's maintenance responsibilities	TNR, MAH, FIA	10/96	through guarantee period
Assure "reception definitive" by construction firms	TNR, MAH, FIA	1/97	on-going
Provide technical training to AUPs	TNR, MAH, FIA	2/97	on-going
Arrange for transfer of maintenance responsibilities to AUPs	TNR	3/97	1 day for each AUP
Assist AUPs to open local bank accounts	TNR, FIA, MAH	4/97	2 days for each
Follow-up of AUPs maintenance work and operations	TNR, MAH, FIA	1/97	on-going

Activity 4.11 Completion of 1996 Program

Of the 158 km planned under the 1996 road program, 65 km are in the Fivondronana of Manakara (10 construction sites), 43 km are in the Fivondronana of Ambalavao (5 work sites), and 50 km are in the Fivondronana of Bealanana (18 work sites). The objective of the unit is to ensure that these roads are completed, and done so at appropriate standards.

In Bealanana, which is a fragile geological zone, the team will work with the beneficiaries to assure soil erosion measures are put in place for the hillside regions of the road. We are planning to support reforestation efforts. In Manakara, the team will focus on cooperating with the European Union in Antananarivo. This implies the need for both parties to respect the terms of the Special Protocol that was signed between the Union and CAP. The team will also give priority to starting work on the Ambalavao road in close collaboration with the WWF project in Andringitra. CAP and WWF plan to participate jointly in preparing the environmental impact assessment and in monitoring the environmental impact of the project.

For all of these tasks, the objective of helping establish associations that are well adapted to local condition remains a priority. The Infrastructure team will continue to provide specialized training geared to the institutional strengthening of these organizations.

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Tasks	Resources	Start Date	Duration
Supervise and control work sites in Bealanana and Manakara	INF team	11/96	until July/97
Organize start-up of works sites in Ambalavao	INF team	7/97	4 months
Establishment of AUPs	INF team	3/97	on-going

Activity 4.12 1997 Road Program

The team is presently conducting technical and economic feasibility of the roads and bridges preselected by the Regional Infrastructure Committees. During the next quarter, CAP will present to the RIC the results of these studies, and proceed with the final selection of the 1997 road sites in accordance with both the strategic challenge and funding availability. The zones preselected by the RICs are in the Fivondronana of Ifanadiana and Ikongo for the FIA region, and in the Fivondronana of Ambato-Boeni, Port Berger et Mahajanga II in the MAH region.

We know already that the proposed program exceeds our financial resources. Working with USAID, CAP will continue to seek support for supplementary funds. Nevertheless, the regional teams will finalize the participation of partner projects; in MAH, the FENU will assist CAP with rehabilitation activities in the Ambato-Boeni area, and the DRTP will work with CAP on the RIP 4 in the Fivondronana of Ikongo.

CAP will subcontract to specialized firms the feasibility and design of major construction work such as the bridge at Ambinanitromby in Ikongo, and hydrology studies in Ambato-Boeni.

As construction and rehabilitation work is expected to begin this calendar year, the team will continue to support maintenance organizations adapted to the local situation.

Tasks	Resources	Start Date	Duration
Complete technical and socio-economic studies	TNR	12/96	4 months
Make final selection of roads by the PMC	TNR	3/97	5 days
Start road work	TNR, MAH, FIA	8/97	5 months
Establish AUPs	TNR, MAH, FIA	5/97	on-going

Action 4.13 1998 Infrastructure Program

In order to begin the 1998 program during the dry season, the identification of the infrastructure to be rehabilitated will have to be identified during the second trimester of 1997. However, meeting of the RICs will not take place until funding sources have been identified. Technical studies and socio-economic evaluations of preselected roads will take place during the third quarter of the year. The team will conduct complementary studies needed to assure that environment mitigation plans are proposed and considered in the overall program.

Tasks	Resources	Start Date	Duration
Identification of infrastructures	MAH, FIA	5/97	2 months

Tasks	Resources	Start Date	Duration
Preselection of infrastructure	MAH, FIA, RICs	7-8/97	2 months
Conduct technical and socio-economic feasibility studies	TNR	9/97	2 months

Monitoring, Evaluation and Reporting

Activity 4.14 Manage the Monitoring, Evaluation and Reporting System

While the MER system for CAP is in place, we will concentrate our efforts this year to improve its use as a management tool. We will focus on improving our data gathering procedures and our system for updating files in all three offices. In addition, the MER unit will assist in the development of alternative project indicators as needed.

Tasks	Resources	Start Date	Duration
Oversee MER MIS system, identify problem areas, and find solutions to streamline utilization	MAH, FIA, MIS Specialist, MER	1/97	3 months
Disseminate information on upgrades and updates of MER MIS performance	MER, MAH, FIA	1/97	on-going
Train users in data collection and entry and report production	MER, MAH, FIA, TNR	1/97	on-going

Activity 4.15 Assist the Regional Offices in Data Collection

Since data is required on quarterly basis, the MER will assist each regional office in collecting RMP data on vehicle registration, traffic counts and road usage surveys, road maintenance activities by associations, fuel consumption from the regional divisions of SOLIMA, production figures from the regional divisions of the Ministry of Agriculture, as well as collecting data from CAP clients.

Tasks	Resources	Start Date	Duration
Collect data on production, fuel consumption, exports of agricultural products, manage surveys on project impact, progress indicators as defined in the RMP.	SOA, TEG, MER, MAH, FIA	1/97	on-going
Analyze data and prepare summaries as appropriate for deliverables and reports	MER, Team	1/97	Quarterly and on-going

Activity 4.16 Conduct Environmental Impact Evaluations (EIE)

As of this year, CAP will prepare for all of its activities (Client Service Plans) as well as road rehabilitation (started in 1996) an environmental impact evaluation at the outset of CAP's involvement with the client, and an assessment one year after the assistance has been completed. The MER will coordinate this effort and data collected will be integrated into the Client Tracking System. The MER will also assist the

Infrastructure division in ensuring that Associations respect their bylaws as they apply to environmental regulations (e.g., association members are to actively prevent and put out brush or forest fires when they occur in their area).

Tasks	Resources	Start Date	Duration
Prepare and test Environmental Impact Evaluation and Assessment forms, obtain USAID approval and monitor their utilization.	USAID, MER, NR	1/97	on-going
Monitor evaluations and include their findings in regular reporting.	MER, NR	1/97	on-going

Providing Administrative and Logistical Support

Ensuring comprehensive administrative and logistical support to the technical staff in all three offices has and will continue to be an important objective for the project's administrative unit. During the past year, the project-wide e-mail system became fully functional. During the next year, new systems will be installed to provide greater access to the Internet while reducing current operating expenses for communications. Another area targeted for improvement is equipment maintenance. As the equipment procured for the project begins its third year of constant and demanding use, a more detailed and frequent maintenance management system will be developed and implemented. CAP has also been requested by USAID to set up a joint warehouse for all Natural Resource Office managed projects.

Activity 4.17 Internet Connectivity

The introduction of Internet access to Madagascar has provided an opportunity to simultaneously provide increased access to information resources for project staff and reduced communications costs for e-mail, fax and voice connections. In order to exploit the full potential offered by the Internet, CAP, in conjunction with Pact/Madagascar, will identify and implement systems to provide their existing local area networks with full Internet connectivity. If fully implemented, the systems will provide e-mail, e-mail to fax, WWW browser and Internet telephony services. The systems would replace CAP's existing X.25 connection with a combination of dial-up and leased line Internet connections and result in a cost savings of US\$ 1,200/month.

Tasks	Resources	Start Date	Duration
Develop/Issue Internet Connectivity RFP	FIN	1/97	4 days
Evaluate bids and award contract	FIN, Pact	1/97	3 days
Install and Test System	Consultant	2/97	15 days

Activity 4.18 Equipment Maintenance System

CAP will face an increasing number of equipment failures over the remainder of the project because of the heavy demands that have been and will continue to be placed on the wide variety of equipment utilized by the project. In order to mitigate the effects of equipment downtime, CAP will develop a comprehensive program of maintenance for all project equipment. In order to accomplish this CAP will identify and install software that combines inventory and equipment maintenance data. This will also assist CAP in tracking the inventory that will be part of the new NRO warehouse.

Tasks	Resources	Start Date	Duration
Identify software packages	FIN	2/97	2 days
Evaluate software packages	FIN, LOG, ADM	2/97	3 days
Install software and convert existing inventory database	FIN	3/97	2 days
Complete data entry of equipment maintenance schedule	LOG	4/97	7 days

Activity 4.19 NRO Warehouse Implementation

CAP has been requested to assume responsibility for managing a joint NRO project warehouse. This warehouse would include furniture and equipment from SAVEM (TR&D, Pact), KEPEM (ARD) and CAP. CAP will manage the warehouse and supervise the warehouse manager.

Tasks	Resources	Start Date	Duration
Develop summary of project needs	FIN	1/97	1 day
Identify options for warehouse space	FIN, ADM, LOG	1/97	4 days
Prepare proposal for projects/USAID approval	FIN, ADM	2/97	1 day
Transfer furniture and equipment to new warehouse	LOG	3/97	5 days
Complete data entry and verification of new inventory	LOG	3/97	4 days

CHAPTER V

Performance Targets 1997

1. **Testing Nexus.** Conclude at least three major actions or studies that test the Nexus framework suggesting linkages between environment, population and agricultural development. One of these actions will concern reforestation or the transfer of forest management to local associations, and one will concern reduced soil erosion and reconstitution of soil.
2. **Partnership initiatives.** Conclude partnership arrangements with at least four CAP clients and potential partners such as regional authorities, other donors, EP2 institutions, private businesses, local associations, NGOs. The partnerships must lead to a tangible project such as a) improved seed procurement between a road user association and a research organization or an input supplier; b) a RR support group of business partners willing to participate in rehabilitating the FCE; or c) an agreement for a business to supply a village association with organic compost.
3. **Environmental standards for agribusiness work.** Include Environmental Impact Evaluations in all new Client Service Plans, and carry out the evaluations according to plan.
4. **Experts Juniors.** Recruit and field at least eight Experts Juniors, four of whom will be assigned to producer associations. Provide natural resource management training to at least four Experts Juniors.
5. **Agribusiness support.** Follow through with agribusiness support for 30 clients from Year Two to ensure that their gross sales increase at least \$6,800 on average.
6. **ISF.** Finalize all ISF transactions initiated to date and assure payment.
7. **Road maintenance -- 1995 roads.** Ensure that all 26 AUPs are fully operational and making reasonable progress in maintaining the roads, specifically, that:
 - - the *transfer de gérance* to the association is complete.
 - - rain barriers are being manned.
 - - fees and tolls have been established and are being collected.
 - - the AUPs and Unions of AUPs (UAUP) have established an annual work plans with budgets.
 - - the two UAUPs (regrouping 17 AUPs) and the 7 independent AUPs collect at minimum 70% of budgeted needs for the year, and have put in at least 80% of the person-days indicated for maintenance in their work plan.
8. **Road maintenance -- 1996 roads.** Assure that AUPs for the 1996 roads have been put into place, that all have been provided at least one cycle of training, and that at least half are officially registered.
9. **Road rehabilitation.** Carry out the 1997 program for the km-equivalent of 24 billion FMG of rehabilitated roads, or for the amount obtained from USAID and other sources of infrastructure rehabilitation, whichever is less. Begin the construction phase for all roads.
10. **Environmental standards for roads.** Obtain USAID approval of the Environmental Screening Form for all roads in the 1997 program.