

Joint Technical Proposal

for

**RFA 687-99-P-024:
Improved Economic Analysis for Decision-Making in
Madagascar**

and

**RFA 687-99-P-025:
Improved Public Information and Dialogue in
Madagascar**

submitted jointly by
Cornell Food and Nutrition Policy Program
and
PACT, Incorporated

January 5, 2000

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LIST OF ACRONYMS

AERC	African Economic Research Consortium
AGERAS	Appui à la Gestion Régionalisée et à l'Approche Spatiale
AJM	Journalists of Majunga's organization
ALT	Andrew Lees Trust Radio Project
ASF	Actions Sans Frontières
CDV	Virtual documentation center
CFNPP	Cornell Food and Nutrition Policy Program
CGE	Computable General Equilibrium
CITE	Centre d'Information Technique et Economique
CJE	Economic Journalists Club
CMP	Multi-local Committee of Planification
CRC	Reflection Committee on Competitiveness
CRD	Régional Committee of Développement
CSO	Civil Society Organization
DCPE	Global framework document on Economic policy
DRV/F3CM	Comité de Concertation et de Coordination des Associations et ONG/Femmes de Madagascar
EPIC	Etablissement Public à Caractère Industriel et Commercial
EPM	Enquête Permanente auprès des Ménages
ERPG	Economic Research and Policy Group
EU	European Union
FASP	Fonds d'Appui au Secteur Privé
FFE	Fondation Friedrich Ebert
FIFATA	Fikambanana Fampanandrosoana ny Tantsaha
FOFIFA	Foibe Fikarohana momba ny Fambolena
GEM	Groupement des Entreprises de Madagascar
GIS	Geographical Information System
IFPRI	International Food Policy Research Institute
IMATEP	Institut Malgache des Techniques de Planification
INSTAT	Institut National de la Statistique
IREDEC	Institut de Recherche et d'Application des Méthodes de Développement Communautaire
ISS	Information Support Systems
JSI	John Snow Incorporation
KMF/CNOE	Comité National pour l'Observation des Elections
LDI	Landscape Development Initiative
NIN	National Information Networks
ONE	Office National de l'Environnement
PACOM	Projet d'Appui à la Communication
PADR	Programme d'Action pour le Développement Rural
PAGDI	Projet d'Appui à la Gestion Décentralisée des Infrastructures
PAGE	Programme d'Appui à la Gestion Environnementale
PAGU	Programme d'Appui à la Gestion Urbaine
PAIGEP	Projet d'Appui Institutionnel à la Gestion Publique
PATESP	Programme d'Appui Technique au Secteur Privé
PDS	Président de la Délégation Spéciale
PIP	Programme d'Investissement Public
PNVA	Programme National de la Vulgarisation Agricole
RIG	Regional Issues Group

SNAD	Secrétariat National de l'Autopromotion et du Développement
SPPM	Secrétariat Permanent à la Prévision Macroéconomique
STA	Secrétariat Technique de l'Ajustement
TAFA	Tetika-Asa-Fampandrosoana
UE	Union européenne
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I. EXECUTIVE SUMMARY

Context

Madagascar currently faces a historic opportunity. After 25 years of steadily declining income and growing inequality, the country has, for the first time in a generation, produced two successive years of economic growth per capita. Built on difficult economic decisions, increased liberalization, growing investor confidence and investment, this fledgling economic recovery offers crucial breathing room, a small resource pool and critical momentum with which to consolidate modest gains and translate them into sustained forward momentum.

Democratic institutions have likewise emerged from a period of difficult adjustment following the popular demonstrations of 1990 and 1991 and the fall of the second republic, as the nation groped for institutional stability through a rapid succession of constitutional referenda and impeachment hearings. Approval of the constitution of 1997 and recent vibrant local elections suggest that the Malagasy may be approaching a new era of openness and political stability. Madagascar enters the year 2000 simultaneously consolidating a nascent economic recovery and strengthening fragile new political institutions.

The next few years offer a real opportunity – but also a real need, given that over two-thirds of all Malagasy live in absolute poverty. Indeed, sustained economic growth will probably not be possible in Madagascar without simultaneously reducing poverty. It is poor families without adequate land of their own that cut down the forest and degrade the environment in a short-term struggle to survive. Yet in the long run, their actions drain away precious topsoil that provides the lifeblood to agriculture, employer of 80 percent of the population and the backbone of the economy. It is poor families that pull their children from school and put them instead to work, decreasing rates of school attendance and swelling the ranks of child laborers. In their short-term battle to survive, they put their children to work. Yet in the long run they condemn them to a life of back breaking poverty in physically-demanding, low-productivity manual labor. It is the rising legions of poor families and increasing inequality that trigger crimes of necessity and crimes of frustration, that produce social instability and growing insecurity, compromising political stability and the confidence on which private investment and economic growth depends. Without a frontal attack on poverty, Madagascar cannot grow sustainably in the long run. Consequently, all Malagasy, rich and poor, share a common interest in attacking their common enemy, the persistent poverty within.

To direct this battle against widespread poverty and to translate their hard-won breathing room into sustained economic growth, the country's decision makers must continue to make sound economic decisions. They have no room for expensive mistakes. As Madagascar's leading political decision-makers increasingly recognize, they must incorporate concerns of the poor into their economic decision making if they are to capitalize on the current opportunity to translate recent gains into sustained, long-term growth.

Project Aims and Key Results

The Ilo project aims to improve the policy process in Madagascar through improved economic analysis and by expanding availability and use of such information to enhance policy dialogue.

To achieve this overall aim, our proposal identifies six joint results: 1) increased capacity of Malagasy institutions to undertake sound economic analysis; 2) improved capacity to disseminate and integrate economic analysis into public dialogue and the policy process; 3) increased demand for economic analysis; 4) increased availability and use of focused information on key policy issues; 5) increased quantity and quality of civil society and press interventions in public dialogue; and 6) improved dialogue between actors on key policy issues. The first result, sound economic analysis, will be more important than ever in the coming years as Madagascar attempts to translate recent gains into sustained long-term growth. Given competing interests and difficult choices ahead, our second result, improved dissemination and integration of that analysis into public dialogue on key economic issues, will be crucial in cementing popular support sustaining commitment for such choices. We consider the third result, increasing demand for analysis by civil society and government, to be a necessary ingredient for sustaining high levels of debate in the economic decisions as well as for ensuring sustained dialogue well into the future, long after project completion. The fourth result represents an investment in sustainability of public dialogue by nurturing systems of information exchange and user education that will provide the foundation for informed debate in the future. Our fifth result focuses on building capacity among key players in any public dialogue, civil society organizations and the press. Strengthening here, too, will be instrumental in sustaining Madagascar's ability to continue public debate on into the future. Our sixth result focuses on improving the quality of public debate by structuring public discussions around tightly specified issues, which we call *public interest issues*, a strategy we have found highly successful in promoting public debate in the past.

Institutional Partners

To seize this critical opportunity for consolidating recent economic and political gains in Madagascar, the Ilo proposal brings together two teams with unparalleled experience and expertise in Madagascar – Cornell’s Food and Nutrition Policy Program (CFNPP) and Pact.

Cornell’s Food and Nutrition policy Program (CFNPP) will take the lead role in this partnership to improve local capacity for economic analysis, in the process, continuing longstanding work with two key local research institutions, the National Institute of Statistics (INSTAT) and the Center for National Agricultural Research (FOFIFA). Worldwide, Cornell’s Food and Nutrition Policy Program knows no rivals in economic analysis for poverty alleviation, with seminal contributions in analytical methods and findings from Erik Thorbecke, David Sahn, Gary Fields, and Ravi Kanbur. In Madagascar specifically, with over 15 years of work with INSTAT as well as a range of other institutions, CFNPP has developed a body of expertise, contacts and trust that we believe cannot be matched. Our team includes a dedicated group of experienced Madagascar staff including proposed COP Bart Minten (2 years in Madagascar working with FOFIFA), former COP Steven Haggblade (6 years in Madagascar, 3 working directly with INSTAT), prior lead CFNPP researcher Paul Dorosh (5 years working on Madagascar), and experienced Madagascar hands such as Marcel Fafschamps, Yazid Dissou, Christopher Barrett, Peter Glick, and Stephen Younger. A leader in the economic analysis of poverty worldwide, CFNPP offers also a long-standing commitment and interest to working in Madagascar. Our chosen local partners, INSTAT and FOFIFA, offer strong, ongoing commitment to economic analysis of poverty and agriculture, strong in-house data bases, and the finest collection of analytical talent available in Madagascar.

Pact will assume the lead role for improving public information and dialogue in Madagascar. With nine years of experience in Madagascar working closely with civil society and public institutions, Pact offers well-established working relationships and well-recognized expertise in public affairs. Building on unparalleled relationships with the local media and local governments, Pact will also continue to work with key local institutions such as IREDEC and Miaramivoy. Pact’s successful management of public debate under the USAID-financed Rary Project offers several important lessons on which this project will build, including notably focusing debate around tightly focused *public interest issues* that encourage extensive but manageable debate of complex economic policy questions. Pact’s experience with property taxes in Fianarantsoa and with municipal water supply in Mahajanga provide prototypes for the type of structured economic debate we propose to expand in this project.

Pact’s efforts will be led by Pact’s Chief of Party, Vincent Carbonneau, who has worked in Madagascar for six years, including three with a national elections monitoring and advocacy NGO and three years managing the highly successful Rary Project in which Pact worked closely with local government and civil society groups in Mahajunga and Fianarantsoa. His team of outstanding local colleagues – including Naina Rabemanisa (3

years working with the Rary Project), Fred Rakotovoavy of ASF (a media and public relations specialist with experience in managing communication strategies on structural adjustment) and Yvon Rakotonarivo (3 years as regional issues officer under Rary in Mahajunga) – stand ready to apply what they have learned about issue management and public debate in our future project activities. Pact’s pioneering experience with civil society and strengthening public debate in Madagascar, its experienced staff and extensive contacts within government, civil society and the media offers on-the-ground experience in Madagascar that cannot be matched.

Both teams are currently on the ground and prepared to begin implementation immediately.

Methods

Cornell, together with longtime collaborators at INSTAT and FOFIFA, will lead the efforts to improve economic analysis using time-tested methods of collaborative research on pertinent policy issues, together with focused training necessary for undertaking such analysis. The principal actors from all three institutions, having worked closely together in the past, have developed the long-term trust, mutual confidence and respect necessary for productive collaboration. This confidence and trust has enabled us to work together already in framing a joint analytical agenda that will focus on three themes we consider central to the identification of effective means for reducing poverty. The three themes we propose are: 1) Poverty dynamics: trends and causes (building on key household data available at INSTAT); 2) Agricultural productivity and the poor (focusing on the 90% of all poor who work in agriculture); and 3) urban labor markets (building on existing INSTAT data to focus on prospects for the urban poor). Within the poverty dynamics theme, analytical resources will be reserved for analysis of fiscal, budgetary and ancillary issues. In addition, the agenda will remain open to demand-driven topics originating either at the national or regional levels.

To feed this analytical work appropriately into government and civil society debates, Pact, CITE, IREDEC, FASP, the media and others will work together with interested groups to help frame key issues, to simplify and disseminate pertinent analytical work, and to solicit feedback and verification of results. In the process, Pact and its partners will support development of a National Issues Network and Regional Issues Groups, and will link together key actors at the regional and national levels. They will assist key institutions, such as INSTAT, expand their capacity to disseminate data and analyses to interested groups. They will work in media training and mentoring to help interested groups improve the quality of their economic reporting and the content of what they report. Through extensive consultation with researchers, government, civil society and the media, Pact and its partners will help manage public debate around collectively identified *public interest issues*.

We believe that the tight connection between economic analysis and public dissemination and dialogue makes integration of these two components essential to the overall success of Ilo. Sound economic analysis is instrumental in focusing debate on key policy questions and evaluating the costs and probable outcomes of what are inevitably difficult choices. Public dissemination and dialogue are equally important in a democratic society, as ingredients for coalescing public opinion and support around viable policy options. Therefore, we propose a joint collaboration, building on the unique strengths of each group. We propose to manage activities through a joint steering committee and to help INSTAT develop an informal advisory body, the Economic Research Policy Group, to help with identification of future analytical priorities, and to cement links between issue identification and analysis.

Outcomes

In the end, we believe that improved economic analysis, broader information dissemination, and stronger public dialogue will produce better economic decisions as well as improved public understanding and support for the difficult choices to be confronted ahead. To make this analysis and dialogue sustainable will require local analytical capacity, local interest in research output and ongoing financial resources to sustain quality analytical work. By building up the first two, the analytical capacity and the local demand for such analysis, we believe the financial support necessary to sustain this work will emerge as a consequence.

The coming years will prove an exciting time to be involved in Madagascar. We represent two groups with a longstanding interest in Madagascar and with a keen desire to be involved in what we believe will be an invigorating and productive agenda. The stakes are high, and so are our prospects for success.

II. CONTEXT, CHALLENGES, AND OPPORTUNITIES

A. Economic and Institutional Environment

1. Poverty in Madagascar

Madagascar has grown steadily poorer over the past 30 years. Since the 1960's, real income per person has fallen by half. At the same time that general economic decline has pulled increasing numbers of Malagasy below the poverty line, demographic pressure and an increasingly skewed distribution of land and income have aggravated the numbers of people in economic distress. Though comparisons over time are difficult, it appears that the proportion of the Malagasy population living in absolute poverty has increased over the past two decades, growing from under one-half in the early 1960's to 70 percent in the 1990's.

The vast majority of Madagascar's poor live in rural areas. Accounting for 85 percent of all people below the poverty line, Madagascar's rural poor include landless households and legions of small farmers cultivating less than 2 hectares of land. The remaining 15 percent of Madagascar's poor, who live in urban areas, typically depend on their uneducated, unskilled labor—the sole productive asset they possess.

High levels of poverty and the widening gap between rich and poor are not only intrinsically undesirable, they generate pernicious social, political, and economic consequences. Poverty contributes to growing crime, increased social tensions and political instability, as the political turmoil of the early 1990s vividly demonstrated. Yet sustainable, long-term economic growth will require political and social stability as well as the physical safety of assets, since these are pillars on which investor confidence depends. Poverty contributes to extensification of agriculture, deforestation, soil erosion and environmental degradation. Yet sustainable long term growth in agriculture will require stabilization of soils and preservation of precious soil fertility. Poverty places direct pressure on school attendance rates of poor children, which have declined since the early 1980s. Yet for long-term economic growth Madagascar desperately needs higher, not lower, levels of human capital. Thus many of the fundamental prerequisites for sustained economic growth depend directly on improving the living conditions and economic prospects for the poor.

Consequently, the collective welfare of the whole population depends on improving living conditions of those most poor. Because poverty reduction will be essential for ensuring social stability, political stability and sustained economic growth, a national war on poverty—the “lutte nationale contre la pauvreté”—remains the centerpiece of economic policy objectives in Madagascar. For once, the interests of rich and poor coincide. To increase the collective welfare, all segments of the population have a common interest in finding means to improve living conditions of the most disadvantaged.

2. Recent Macroeconomic Developments

Two brief interludes of prosperity have punctuated Madagascar's long-term economic decline, both following on the heels of structural adjustment programs. The first, in the late 1980's, sputtered to a standstill, the victim of major political upheavals in 1990 and 1991. Following the restoration of a functional national government, mastery of rampant inflation, and a resumption of international lending to Madagascar, economic growth returned in 1997. In 1997 and again in 1998, per capita income grew for the first time in a decade and for only the second time in a generation. Investor confidence and increased private investment in the export processing zone, in tourism, and in construction have powered the recent recovery.

Madagascar's economic recovery, like its political transition, remains fragile. Yet it offers the best hope in a generation for reversing the country's long-term downward spiral and for translating modest economic growth into significant poverty reduction and sustained economic growth. The next few years will prove crucial for sustaining Madagascar's economic and political recovery. Given fragile investor confidence, slender public resources and an anemic tax base, Madagascar's political leaders cannot afford any major missteps. Good management, good governance, and good information will all be essential if Madagascar is to seize this historic opportunity. To expand prospects for success, this project aims to build on over a decade of collaboration with Malagasy institutions to focus discussion on policies that will be critical to the country's prospects for growth and the elimination of poverty.

3. Central Government Institutions

Madagascar's Second Republic collapsed in the face of 18 months of popular unrest and civil disobedience, as the president resigned and fled the country in 1991. Into the institutional vacuum created by this popular uprising, a series of efforts emerged to form new political institutions—a painstaking process involving a series of national referenda, two constitutional changes and two impeachment hearings. Institutional stability finally appears to have emerged following the presidential elections of December 1996 and the constitutional referendum and parliamentary elections of 1998.

This political stability has enabled the newly elected government to successfully master runaway inflation and budget deficits. Further, these successes have allowed the government to renegotiate Madagascar's international debt and resume debt repayment through IMF standby and World Bank structural adjustment programs. As part of the package of policies endorsed by the IMF and World Bank, the central government has committed itself to a program of trade liberalization, fiscal prudence and privatization of major parastatal enterprises.

4. Decentralization

The establishment of a decentralized state, called for by the constitution of 1992, was never fully implemented. Then in 1997, a new constitutional referendum modified the original concept, producing a federation composed of the country's six provinces. Two years after the constitutional change, however, no significant information has been made available on how provincial autonomy would work. Until organic laws governing provincial autonomy are published, the country will be unable to complete the installation of a decentralized institutional model, and its local government institutions will remain weak.

The communes, Madagascar's smallest political entity, were instituted in 1995. They have demonstrated their potential to mobilize citizens and strengthen governance at the local level. Although results vary widely between communes, basic functions such as taxation and services have been improved in several urban centers. Moreover, the vigorously contested mayoral elections in Madagascar's major cities in November 1999 inspire confidence in the deepening of the democratic culture.

Given current constitutional provisions, limited resources and the political uncertainty surrounding the organic laws governing provincial autonomy, the creation of autonomous regions as subdivisions within autonomous provinces is unlikely to happen in the next three to five years; yet regions provide the necessary link between governance at the provincial and communal levels. Despite possible provincial elections in 2000, an important administrative gap will continue to exist between the power and prerogatives of the nascent provincial institutions and the large number of communes that constitute their base.

5. Private Sector Growth

Agriculture remains the backbone of Madagascar's economy and is the largest component of its private sector. Agriculture generates about 40 percent both of GDP and overall export revenue, and it employs 80 percent of the economically active population. Given its dominance, agriculture will be a fundamental contributor to any future economic growth. Predominantly private, Madagascar's agriculture consists primarily of very small family farms operating without benefit of modern technology or inputs. This, combined with substantial environmental degradation, weak infrastructure, precarious rural living conditions, and insufficient links between urban and rural economies, is stunting the growth of the agricultural sector. Productivity in rice production, Madagascar's major crop, has declined gradually over the past forty years. Meanwhile, rural development programs have not yielded significant results, necessitating a major new initiative, the *Programme d'action pour le developpement rural* (PADR).

In urban centers, private sector investments in the export processing zones and in tourism have fueled growth during the 1990s. In the Zone Franche, a liberalized foreign exchange

market and export tax and import duty exemptions have attracted foreign investment, and the Zone has played a sizable role in the recent growth of manufacturing exports and employment.

However, overall relations between the formal private sector and the state have been tense and confrontational. Efforts by the government to institute mechanisms for dialogue have yielded mixed results, ending with a breakdown in dialogue between business as a whole and government. As cross-sectoral business platforms disintegrate, specific business groups now negotiate directly with government agencies.

While a certain number of well-organized business associations exist at the national level, developing constructive business associations at a regional level has proved to be difficult. Efforts by various programs and projects to develop cohesive groups have not been productive. Underdevelopment of modern management practices, counterproductive attitudes toward competition, clash of personalities (a practical difficulty at the local level), lack of information and business knowledge, absence of effective chambers of commerce, and passivity toward government all contribute to the absence of credible or effective regional business platforms.

As Pact's Private Sector Workshop in Fianarantsoa revealed¹, the quality of local governance is inadequate to play a supportive role in business development at the regional level. Business leaders at the workshop called for public and private skills enhancement as necessary for developing common understanding, increased exchange between business people, and the development of a strategic vision of regional development.

6. Civil Society

Although there has been a dramatic expansion in the number of civil society organizations in the years following the 1992 democratic transition, the net impact of civil society on government and public life has been limited. Most civil society organizations (CSOs) have been serving as implementing agencies for donor-funded sectoral programs, and have rarely developed their own visions or identified priorities with their base membership or constituency.

Currently, the civil society sector as a whole is too weak to influence government or donor agendas. In an environment of limited resources and opportunities for personal and professional growth, CSOs are more an opportunity for personal advancement and revenue generation than a vehicle for advocating common interests. Many associations are plagued by illegitimate, inactive leadership, undemocratic practices, unclear roles,

¹ Pact held a workshop between Rary staff and business leaders in Fianarantsoa in July 1999 to assess current relations between business people, public entities and projects and to gain a better understanding of the needs and aspirations of business people in the region.

under-defined programs of action, insufficient internal rules and regulations, and a lack of vision beyond donor financing and donor agendas.

Nevertheless, because of their proximity to beneficiaries, their self-governing nature and the types of needs around which they organize, effective CSOs are an essential part of sectoral programs. CSOs are able to respond to immediate needs and to organize around specific programs such as micro-finance and rural irrigation systems or road management. Training, capacity building and involvement in sectoral programs are essential in developing civil society. Civil society organizations must evolve beyond technical capacity, however, for common interests to evolve and influence local and regional institutions. In the context of a decentralized state, an active civil society, well informed and involved in public issues, is more essential than ever to institute democratic process and practice.

7. Media and Information

The explosion of private, independent radio and television stations evident since 1993 has contributed greatly to the expansion of information outlets in the capital city of Antananarivo. It has, however, had a less significant impact on the quantity and quality of information available to citizens in the regions. The weak capacity of journalists—who for the most part have no formal training—and the under-development of news and information programming within largely unprofessional radio stations account for the lack of pertinent information for citizens outside of the capital. Boycotts of non- or anti-government opinions on national media, violence against journalists, and incitement to racial violence in the media have to an extent darkened the picture of Malagasy media as a vehicle for the development of an informed public opinion.

More promisingly, Pact has found that Malagasy journalists do have a strong interest in learning and in forming associations to better defend the standards of their profession. Although only one-third to one-half of all journalists are truly career-oriented, there is sufficient willpower among journalists to organize and develop the profession. In contrast to many poor countries, where a single state newspaper and television station monopolize the dissemination of news, Madagascar's extensive and growing media (even if currently disorganized) offer important tools for public dialogue. Madagascar's media, therefore, represents a valuable national resource on which to help build a strong civil society and a responsive political leadership.

B. The Challenges: How to improve economic analysis and the policy-making process.

The key challenges of this joint program involve improving the quality of local economic policy analysis while at the same time improving the way policy itself is formulated. What is needed is a more analytically grounded and wider public debate on important policy issues, involving the informed participation not merely of government but of other

citizens and groups. Without informed and participatory discussion, the development of policies that are both sound and widely supported will be difficult, if not impossible. Therefore, improving access to information and opening up the policy making process is directly addressed in both *Improved Public Information and Dialogue* and *Economic Analysis for Decision Making*. The challenge is multi-faceted and involves the following key elements.

1. Improved analysis and information – a basis for sound policies

Madagascar has recently made a number of difficult but sound economic policy decisions—for example, the floating exchange rate which led to the major exchange rate devaluation of 1994—that have improved the macro economic environment for private investment and growth. Many more such policy choices will need to be made in the near future. The first prerequisite of informed policy making is that accurate information and sound analysis of complex economic issues be available to government and other concerned groups. The information and analysis required may at times be general and straightforward— as with the identification of economically vulnerable households or regions. Or, it may be geared toward specific proposed policies and involve sophisticated analytical techniques— such as economic modeling of the effect of new excise taxes on consumption and output. The capacity to analyze data and supply information to address policy issues—and especially the capacity to quickly and effectively address specific topics as they arise in policy discussion—is essential to debating and formulating good policy. Likewise, careful analysis focused on forward-looking issues can play a major role in influencing thinking, debate and the overall policy agenda. Strengthening this capacity is therefore a central focus of Ilo’s *Improved Economic Analysis* component.

2. Improving the circulation of information

Policy choices and the impacts of policy implementation are often complex. Many times they can be understood only in the context of a broad spectrum of relevant information, most of which is not available to the public in accessible formats. Circulating more pertinent information on specific issues, including information produced by ministries, donors and projects, to various groups in public fora and through the media is essential to properly frame issues and involve citizens and groups in decision-making. Strengthening this capacity is therefore a central focus of Ilo’s *Improved Information and Dialogue* component.

3. Improving information literacy

Most groups in civil society as well as in the private sector currently make little use of economic analysis and other policy-relevant information. Interest in and access to information, and the ability to analyze and exploit information (itself a determinant of the level of interest), are in general poorly developed. In order for available information to be used in an informed policy dialogue, information literacy—the ability to access, interpret, and make use of information—must be dramatically increased among citizens and

groups. For this to happen, a significant coaching process is required. This is closely related to efforts in *Improved Public Information and Dialogue* to improve media effectiveness by increasing the ability of journalists to analyze and interpret complex economic issues and deliver clear and grounded analysis to the public in a timely fashion.

4. Giving objective information greater relative weight in decision making

Producing high-quality, objective information and analysis is not enough. It must be understood and used. This is an equally difficult charge. The policy decision-making process is complex: it is the outcome of internal power struggles, political considerations, personalities and mindsets mixed in with various sources of objective information, outside pressures and group interests. Elements of an improved policy making process would surely involve an increase in the relative weight afforded to objective, high-quality information in decision making. To achieve this will require an increase in informed participation by new as well as existing groups. This integration of new groups with increased access to careful economic analysis constitutes a major challenge closely associated with both *Improved Economic Analysis* and *Improved Information and Dialogue*.

5. Increasing regional information use

Policies are necessarily implemented regionally, yet significant regional participation in policy making and implementation decisions is lacking. Instead, policy making is concentrated in the capital. This is mirrored by—and to a significant extent, determined by—a similar concentration in Tana of economic analysis, information and data storage, within government ministries and in donor filing cabinets.

Regional representatives of the central government routinely collect data and send it to Tana rather than having it analyzed and used regionally. As a result, the information available to the regions is usually limited and somewhat dated. Consequently, there is a lack of regionally-focused information collection, sharing, analysis and use in dialogue at a regional level. Yet Madagascar is made up of regions, socially and economically distinct, and policy making will likely become more regionally focused as decentralization proceeds.

Making existing information more available regionally, and promoting the collection and use of new data addressing local issues and needs, is thus essential for greater regional participation in decision-making. Hence one challenge for *Economic Analysis for Decision-Making* and *Increased Information and Dialogue* is to develop regional capacity to produce and access regional information, develop regional information exchange and regional debate, increase regional capacity to manage and analyze information, and increase regional participation in national debate.

6. Strengthening regional institutions

Given that economic development is related in large part to regionally-based issues affecting agriculture and natural resources, the absence of representative public institutions at the regional level seriously hampers legitimate representative regional decision making. Essentially, regions currently do not work within any sort of coherent regional development framework. They do not participate significantly in Public Investment Program (PIP) decisions, nor do they participate in sectoral programming for health, education or the environment. Regional representation of citizens occurs through *ad hoc* consultative groups largely made up of local elites with little or no representation for the poor and disenfranchised. Private sector interests are for the most part not represented in public investment decisions and sectoral programming.

This situation is not likely to change for three to five years because of confusion over the very structure of decentralization and because of delayed implementation of recent constitutional reforms. During this transition period, dialogue at the regional level will be hampered by the absence of a representative institutional framework. Achieving greater legitimacy and broader representation in regional decision making within a comprehensive development framework is a major challenge. Our *Information and Dialogue* component will address this challenge by working to bolster selected regional institutions.

C. The Opportunity

The challenges—of improving the policy-making process in support of poverty reduction, agricultural development and private sector growth—are substantial. However, the prospects for successfully addressing these challenges are stronger now than they have been in many years.

Economically, Madagascar has enjoyed a tentative but highly welcomed resurgence of economic growth over the past two years. For the first time in a generation, the Malagasy have produced two successive years of increasing real income per person. Hard decisions on tariffs, fiscal reform, liberalization of international travel, and privatization of key segments of the economy have stimulated the confidence of international institutions and private investors. As a result, the country now enjoys a rare opportunity to regroup, to gather resources and momentum to sustain the push forward.

Politically, Madagascar has emerged from a period of near anarchy in the early 1990s, and successfully navigated a series of impeachment proceedings and constitutional referenda to produce an increasingly participatory political arena. That spontaneous flowering of popular discontent, which brought down an unpopular government in 1991, brought along with it an indelible recognition of the important role civil society can play in shaping the political agenda and landscape. Madagascar's extensive and active free press (boasting dozens of private radio stations, a dozen television stations, half a dozen

major daily newspapers, and scores of weekly periodicals) offers an important national resource, unavailable to most poor countries, for strengthening information flows, civil society and the accountability of its political leadership.

Thus, at present, Madagascar enjoys the welcome confluence of growing economic stability, political stability and greater political participation—all important prerequisites for formulating effective and politically viable long-term strategies for poverty reduction and private sector development. For those concerned with confronting Madagascar's widespread poverty, this timing is particularly fortuitous.

A growing consensus is emerging within Madagascar that growth without poverty alleviation is doomed to fail. As never before, policy-makers and the public alike converge in their focus on the need to address the country's persistent and pervasive poverty. This consensus, combined with the growing openness of Malagasy society and politics, offers a unique opportunity for dealing effectively with poverty in Madagascar. The growing openness will make possible the development of channels for dissemination of information, research findings, and policy options to all involved parties—policy-makers, the private sector, and elements of civil society—which in turn will contribute to an informed discussion and debate on strategies for reducing poverty and raising economic growth. More generally, the new openness of society and politics provides the opportunity to create a truly informed and participatory policy-making process.

To help focus and inform these important policy discussions, Madagascar boasts a core of skilled and highly motivated technicians specialized in economics, statistics, and agriculture. In spite of school enrollment declines in recent decades, a highly motivated and productive generation of analysts remains available and keenly willing to contribute to this important economic debate. And they have at their disposal large stockpiles of underexploited data at INSTAT (particularly a set of recently collected national household data) and at FOFIFA, all of which can be used to untangle the complex interactions between economic policy, growth, and poverty and to address topics of priority importance in evaluating options for growth and poverty reduction.

Given these strengths, Madagascar enters the year 2000 with a historically unique opportunity. It has small but tangible resources, some economic room to maneuver, and a political will to focus resources on the reduction of poverty. As Madagascar enters the new millennium, its citizenry can look forward to their best chance in a generation to resuscitate the long-dormant economic potential of their potentially rich country.

III. *Ilo*: AN INTEGRATED AGENDA FOR ADDRESSING THE CHALLENGE

A. Common Project Aims

This joint Pact-Cornell technical proposal aims is to improve the policy-making process in Madagascar by:

1. Increasing the capacity of Malagasy institutions to undertake sound economic analysis that is linked to current issues and used in the policy process
2. Improving public information and dialogue.

These are our *common or joint* objectives. It would be possible to regard the two RFAs, *Improved Policy Analysis for Economic Decision-making* and *Improved Public Information and Dialogue*, as distinct if complementary entities, with separate, specific agendas and methods. Indeed, subsequent sections of our proposal cover separately the approach, work plan, and technical and management issues raised by each RFA, as requested by USAID. However, we believe strongly that the two RFAs are not only complementary but inseparable components of any effective strategy to address the problem of poverty and economic growth in Madagascar. Such a strategy must closely link economic analysis, the main focus of the first RFA, with the widespread dissemination, understanding, and use of relevant economic information in an open process of policy formulation, which is the focus of the second RFA.

Ilo, the Malagasy word for *lumière*, symbolizes our expectations for enlightened policy debate. It's second meaning, *to facilitate the joining of pieces together through lubrication*, embodies the spirit of teamwork and interaction that we envision as the hallmark of our partnership. Information sheds light on dialogue. Dialogue is the essential lubricant enabling the citizens of a country to move forward in a common direction. By bringing these two ideas together, in the same way that we bring two experienced teams together, *Ilo* embodies our common commitment to helping improve the policy making process in Madagascar.

B. Common Results: Working Within a Unified Framework

Pact and Cornell have developed a unified results framework that demonstrates how our combined activities, under the *Ilo* proposal, deliver six principal results that contribute

directly to the objective of an improved policy making process (Diagram 1). These results are: 1) increased capacity of Malagasy institutions to undertake sound economic analysis; 2) improved capacity to disseminate and integrate economic analysis into public dialogue and the policy process; 3) increased demand for economic analysis; 4) increased availability and use of focused information on key policy issues; 5) increased quantity and quality of civil society and press interventions in public dialogue; and 6) improved dialogue between actors on key policy issues. Our basic premise is that with these results USAID will be able to assist in improving the policy-making process in Madagascar and, thus, the environment for private initiative and growth, which is USAID's overall SPO objective.

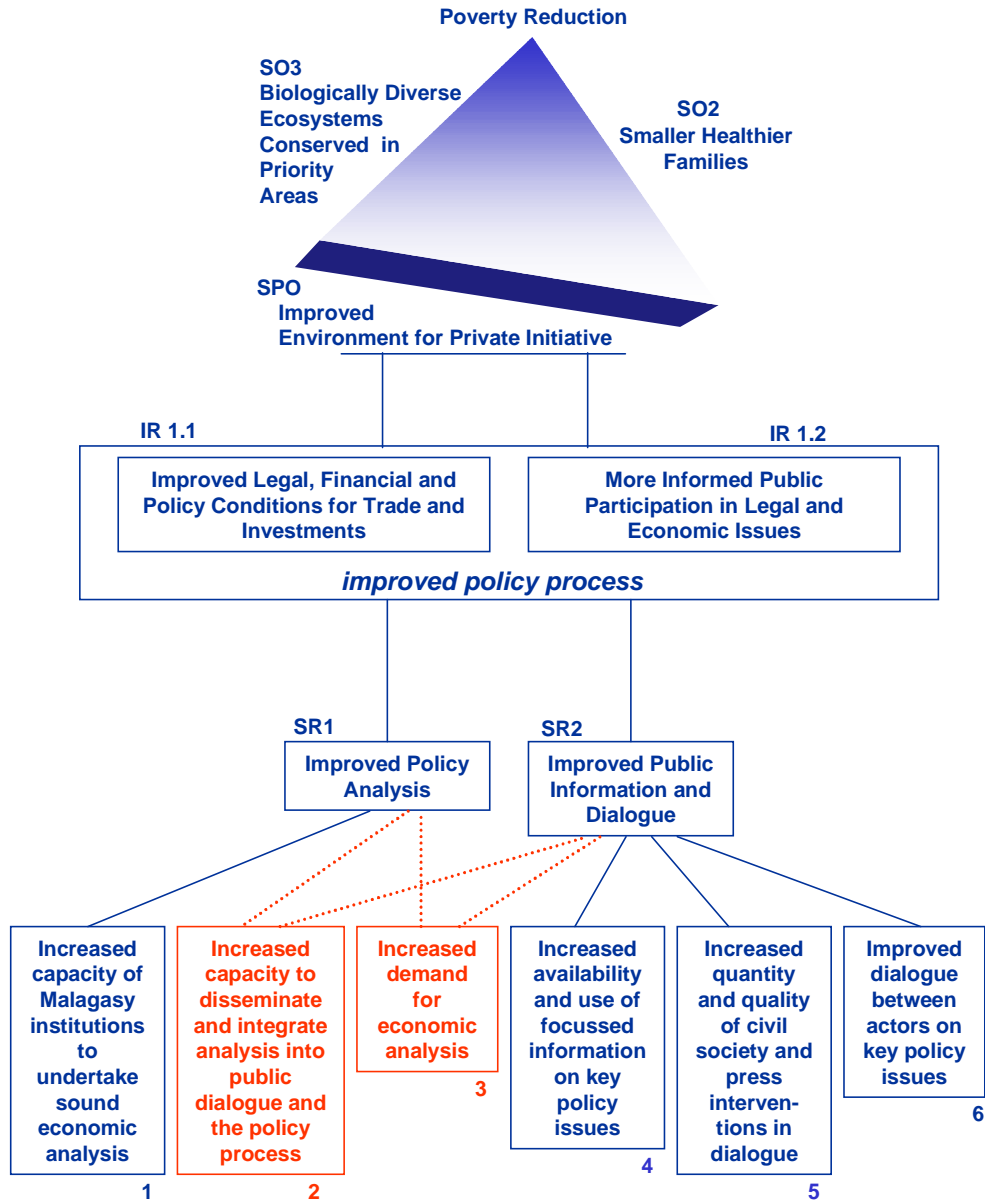
The lines linking the six results to the two activities *Improved Economic Analysis* and *Improved Public Information and Dialogue* illustrate the level of inter-relatedness of Pact's and Cornell's activities. The dotted, cross-cutting lines represent results to be achieved through both activities. They also show the basic operational relationship between economic analysis and improved public information and dialogue: economic analysis essentially requires specialized dissemination, marketing, and public education services in order for its products to be effectively understood and applied in the policy process. In other words, public issue management provides an increase in the relative weight of objective, quality information in an open, participatory and constructive policy process.

Results 2 and 3 therefore will therefore essentially be joint outputs of the *Economic Analysis* and *Improved Public Information and Dialogue* activities. Effectively linking analysis to the policy process will require significant coordination of efforts by Cornell and Pact. Likewise, an increase in public information (Result 4), focused on specific policy issues, will require close coordination between Cornell's support activities to INSTAT and Pact's work in networking and issues development.

Overall, Pact and Cornell propose tight integration between activities, effectively linking research topics to public interest issues, to government policies and programs, to national and regional actors, to focused information formats, and to national and regional media, all with a single overarching objective in mind: improving the policy process. To achieve this, it will be necessary to effectively link research to real issues every step of the way, and to develop and accurately frame the issues so they are clearly focused and accessible. Pact and Cornell propose to do this through an integrated framework which provides for contacts among researchers, economists, journalists and civic leaders, translating economic theory and analysis into everyday language and everyday issues, increasing the level of economic literacy among participants in order to improve the quality and focus of the debate.

Diagram 1

Integrating Economic Analysis and Improved Public Information and Dialogue into a coherent logical framework



C. The Partners

1. Complementarities

This proposal brings together two teams with unparalleled experience and expertise in Madagascar – Cornell’s Food and Nutrition Policy Program (CFNPP) and Pact, Inc. Together, Pact and Cornell are in a unique position to capitalize on past and current investments by the Madagascar government, USAID and other donors and to maximize results. Both institutions have a solid history of working with and developing the capacity of local partners in Madagascar. Reflecting this history, this joint proposal is the outcome of consultations with several local partners, who share our project objectives and will take on specific contractual responsibility in program implementation.

Pact and Cornell together offer highly complementarity expertise and experience in Madagascar. Cornell’s widely recognized expertise in economic and poverty research and its extended experience with Malagasy institutions will prove to be important assets in helping those institutions to improve their analytical ability and to evolve toward more responsive modes of operation in both analysis and dissemination. Pact and its partner Action Sans Frontières (ASF) will work closely with Cornell toward this goal, focusing on expanding INSTAT’s marketing and dissemination ability. Our complimentary expertise and experience will allow us to provide a complete support package that will best enable INSTAT to prepare for its new status as an EPIC.

Cornell’s analytical experience in evaluating poverty complements Pact’s experience in policy issue management. Indeed, Pact is the only institution with proven experience in public issue management and the public policy process in Madagascar. Pact’s unique expertise in issue identification, development and resolution through open, participatory and constructive processes is perfectly tailored to the desire of INSTAT other local institutions to increase the impact of their work on the policy process.

Poverty-related issues, like most complex economic issues, are at times difficult to define and grasp. As Madagascar prepares to debate and adopt a new five-year program to fight poverty, Pact’s involvement in multi-donor poverty program development will work in synergy with Cornell’s long experience in researching poverty in Madagascar. The result of this combination of complementary experience and skills will be clear issue analysis and framing that enables issues to percolate upwards and new groups to have a say in policy decisions at the national level.²

² Pact is currently working with the Ministry of Regional Planning and the City (MATV) on the governance aspects of the Ministry’s overall multi-donor program for poverty reduction in urban centers. Pact is also collaborating with the National Secretariat for Autopromotion and Development (Secrétariat National pour l’Autopromotion et le Développement - SNAD) of the Primature toward the development of the 5-year National Strategy for the Fight Against poverty (SNLCP).

2. Corporate Capability: Cornell

Worldwide, in economic analysis for poverty alleviation, Cornell's Food and Nutrition Policy Program (CFNPP) knows no rivals. The list of those at Cornell who have made seminal contributions to analytical methods and empirical research on poverty is a long one, including Erik Thorbecke, David Sahn, Gary Fields, and Ravi Kanbur and others. Thorbecke has pioneered the use of social accounting matrices for the purpose of examining the distributional impact of economic policies, and his work on poverty lines has led to the now-standard Greer-Foster-Thorbecke class of poverty indicators. Sahn has led a major Africa-wide review of the impact of structural adjustment policies on the poor. Field's initial work on inequality in Brazil, during the early 1970's, is generally credited with redirecting attention away from pure economic growth and into a broad flowering of interest in equity and distribution. Kanbur is currently coordinating preparation of the upcoming World Bank World Development Report on world poverty. Because of the concentration of interest and expertise, a legion of students, graduates, and faculty have emerged from Cornell with recognized skills and deep-seated interest in promoting policies conducive to poverty alleviation.

An internationally recognized leader in the economic analysis of poverty, CFNPP also offers a long-standing commitment and interest to working in Madagascar. With over 15 years of work with a range of local institutions, CFNPP has developed a body of expertise, contacts, and trust that we believe cannot be matched. Over this period, CFNPP work in Madagascar has included: collaborative research with Malagasy researchers, resulting in the production of over two dozen major, jointly authored studies of poverty and policy impacts on the poor, including two books; development of a series of general equilibrium models of the Malagasy economy, allowing us to examine the impact of a wide range of economic policies on the poor; extensive experience with analysis of major local data sets, particularly a the major 1993 household survey of INSTAT; running a series of training programs, in both the US and in Madagascar, aimed at imparting specialized skills pertinent to the analysis of poverty in Madagascar, including two major workshops in the USA, and a series of three major modeling workshops in Antananarivo. Through this close collaboration with three local institutions – INSTAT, ImaTeP, and FOFIFA -- Cornell has developed a detailed understanding of the strengths, weaknesses and future needs of our future collaborators. The mutual trust and confidence that emerges from these long working relationships ensure prospects for future success.

To staff the coming activities, the Cornell team includes a highly motivated and dedicated cast with significant experience as well as ongoing interest in Madagascar. Members include proposed COP Bart Minten (2 years in Madagascar working with FOFIFA), former COP Steven Haggblade (6 years in Madagascar, 3 working directly with INSTAT), prior lead CFNPP researcher Paul Dorosh (5 years working on Madagascar), and experienced Madagascar researchers such as Marcel Fafschamps, Yazid Dissou, Christopher Barrett, Peter Glick, and Stephen Younger.

Building on this past work and on ongoing collaborative relationships, Cornell's analytical team proposes to work with two key Madagascar research institutions, the National Institute of Statistics (INSTAT) and the Center for National Agricultural Research (FOFIFA). Our chosen local partners, INSTAT and FOFIFA, offer strong, ongoing commitments to economic analysis of poverty and agriculture, strong in-house data bases, and the finest collection of analytical talent available in Madagascar.

3. Corporate Capability: Pact

From its inception nearly 30 years ago, Pact has advocated the importance of NGO and CSO institutional strengthening and provided direct support to NGO and CSO communities around the world. During these years, Pact has worked closely with USAID and other donors, national and local governments, NGOs and CSO coalitions to design, implement, and evaluate a variety of institutional and development programs.

Pact's program portfolio currently covers 18 countries in Africa, Asia, and Latin America. Organizational and institutional capacity building is at the heart of all Pact's country programs, and sub-grants often complement Pact's capacity building services and enable NGOs and CSOs to apply their newly acquired or improved organizational skills in the implementation of technical development initiatives. Pact has been particularly successful in identifying and mobilizing resources for the continued support of NGOs and CSOs, particularly as Pact's involvement is phased out. Increasingly, Pact uses participatory approaches in the design and implementation of monitoring and evaluation systems that serve as learning tools for NGOs and CSOs, and at the same time, allow donors in general, and USAID missions in particular, to integrate program-level data into their reporting systems.

In Madagascar, under the Rary Project funded by USAID, Pact has over the last 3 years pioneered new and effective approaches and methods to reinforce governance mechanisms, increase the flow of information and access to information, reinforce the participation of civil society into the public arena, improve the policy making process and the ability of institutions to communicate and involve citizens in decision-making. In helping local partners to successfully tackle sensitive issues in an open fashion, Pact has developed significant knowledge of the specifics of the policy making process in Madagascar.

D. Approach

1. An Integrated Operational Framework

a. The Issues Framework

Reaching the common aim of an improved policy process through the results identified above requires a tightly integrated operational framework. In response to this need, Pact and Cornell have developed the *Issues Framework*, detailed in Diagram 2. The Issues Framework integrates all six expected results into a practical model that lays out in detail the linkages between economic analysis on the one hand, and public information and dialogue on the other.

Activities coordinated under the Issues Framework will allow Pact, Cornell and their partners to identify direct links between research topics and associated issues and policies; bring the relevant political, administrative and legal considerations into focus; identify and support concerned groups and CSOs; access, analyze and transform existing information into clear accessible formats that make the key issues stand out; disseminate results through an extensive network of partners and media organizations; and generate regional information, dialogue and feedback.

b. Issue Identification: the Economic Research and Policy Group (ERPG)

As shown in Diagram 2, the Issues Framework links research and analysis with specific needs and policy issues right from the start, when the research agenda is developed. The link requires that there be a “meeting ground” for research institutions and groups that have a direct interest in economic policy. INSTAT, Cornell and Pact therefore propose the creation of the Economic Research and Policy Group (ERPG), an inclusive committee bringing together institutions and groups with a vested interest in sound economic policy and in the use of objective information in policy making.

Through this group, researchers at INSTAT and FOFIFA will have the opportunity to discuss key economic issues with high-level officials from institutions such as STA, SPPM, and CRC, enriching the agenda-setting process for research and generating a wider understanding of the political, legal and administrative environment for policy making. Members and observers could include USAID, STA, SPPM, CRC, the Ministry of Finance, the Economic Journalists’ Club, GEM and others.

The input of Group members will enable INSTAT and FOFIFA to target and design research with a more global as well as practical perspective. The result will be the identification not only of research topics, but of more tightly focused *issue sets* or *public interest issues*, which define very specific policy issues of concern to particular groups (see Section V for several examples). These *public interest issues*, or *issue sets*, will serve as the base from which Pact and Cornell-INSTAT will link economic analysis with the felt concerns that mobilize groups to participation and prepare the stage for

constructive dialogue. Research topics will be further refined through a participatory process jointly managed by Pact and Cornell/INSTAT that will bring concerned actors around a table to discuss links between the research design and the real needs and issues of citizens and groups in the targeted sector of activity.

The Group will also identify issues for which economic studies and information already exist, and which can proceed to the dissemination and dialogue stage. Pact's relationship with the Group will be that of supplier to client, responding to a need of organizations involved in economic policy to see that information effectively used in policy making.

c. Making information accessible and clear through issue papers

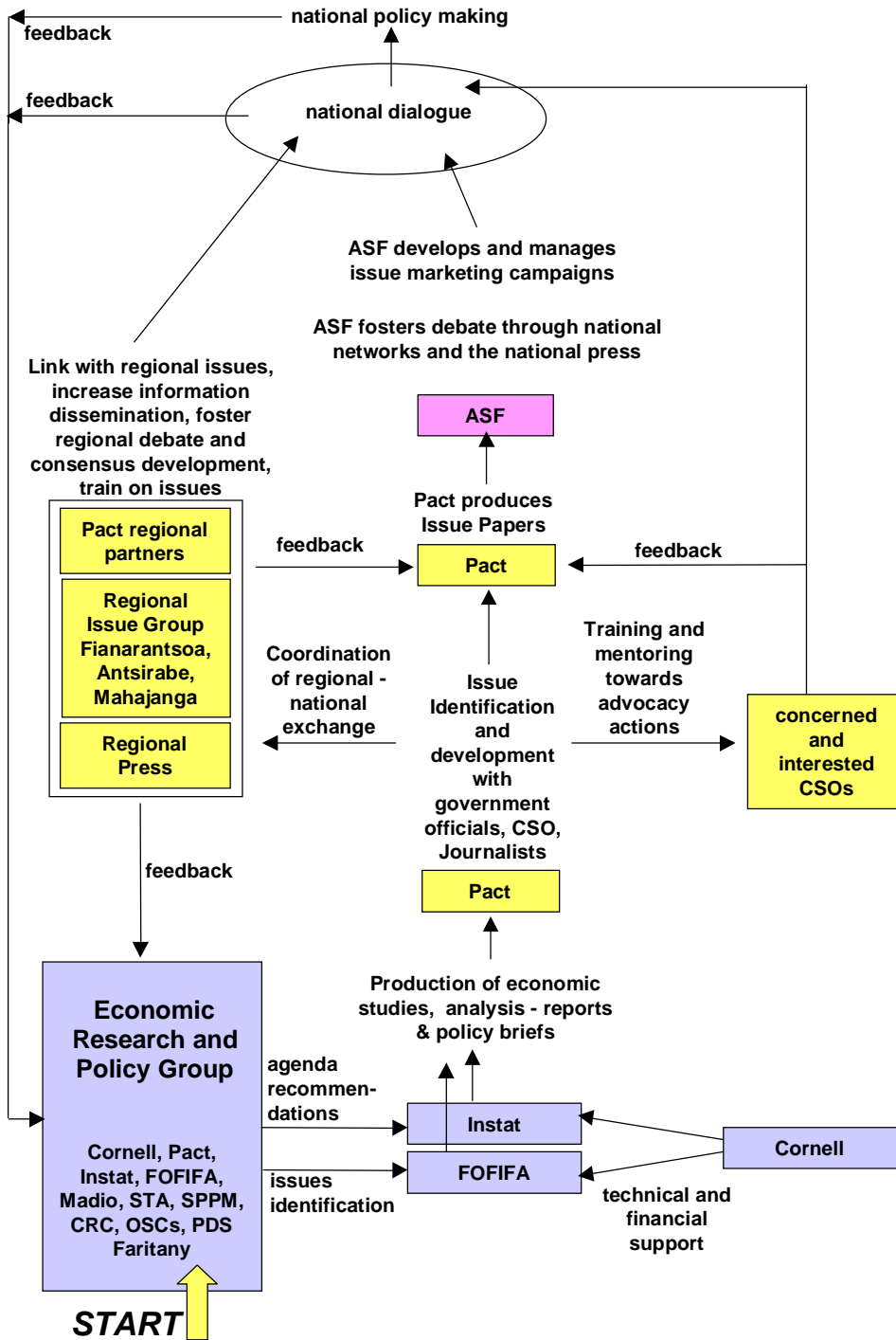
Experience indicates that issues generally do not come in neat packages with clear policy decision buttons to press. Pact knows from intensive issue management experience in Madagascar that expert hands are needed to move from a sometimes confusing mass of information and ill-defined actors into clear, accessible, manageable formats in which policy choices and impacts, group interests, and political, budgetary, administrative and legal considerations are brought clearly into focus.

Therefore, Pact, Cornell and their local partners will develop *issue sets* into *issue papers* through an intensive interview process with government and CSO leaders and the press, coupled with a process of information collection and analysis. Input from concerned groups has proven invaluable in our past efforts to frame questions and content in terms that concerned participants can appreciate. The resulting issue papers will serve as an entrance through which groups can more readily participate in policy debate while allowing decision makers a wide spectrum of public information on which to base policy decisions.

Thus, the economic analysis and policy link works in both directions. It works from the Economic Policy and Research Group downwards into issue development. It also works upwards, in the sense that issues and reactions identified at the grass roots are likely to influence the scope and focus of future research efforts.

In linking economic research to policy issues, INSTAT will develop and fill its role as a clearing house for economic data and analytical studies. Pact will assist INSTAT staff to develop the skills and infrastructure necessary to provide on-demand requests for data or pertinent studies in response to enquiries from journalists, CSOs and project partners who are dealing with specific policy issues. Thus the proposed framework is designed not just to increase demand for new research, but also to facilitate access to existing information and research outputs. Thus it will capitalize on the wealth of information and analysis that already exists but currently is little used.

Diagram 2 -- The Issues Framework



Within the proposed framework, Pact and partners will routinely involve experts from INSTAT, Cornell and other relevant institutions in discussions, media events, training sessions and policy debate at the national level as well as the regional levels. Their expertise will help to demystify the economic and other technical aspects of policies for the participants at these fora.

d. Integrating national and regional levels: the National Issues Network

Cornell and Pact have developed a National Issues Network approach to link national economic issues and policies with regional realities. Managed by Pact in collaboration with INSTAT, the National Issues Network will link *issue development* at the national level with Regional Issue Groups (RIGs) in three regions, Fianarantsoa, Antsirabe and Mahajanga, as well as with correspondents in Moramanga and Fort-Dauphin. The network will be built on four existing partner networks: (1) an electronic network operated in partnership with the Private Sector Support Fund (FASP) and the Technical and Economic Information Center (CITE), (2) the Structural Adjustment Secretariat (STA) Network, (3) the National Radio Network and (4) the Rural Radio Network.

At the regional level, the RIGs will include the Chief Provincial Administrator of the Faritany and other key regional leaders. With data access and technical input from INSTAT, the RIGs will identify the regional dimension of national issues and policies, provide access to relevant information at the regional level, and provide technical support to regional analysis and dialogue. RIGs will also be instrumental in enabling regional issues to percolate up to discussions at the national level. The National Issues Network is therefore one way in which INSTAT and Pact partners plan to work together to combine economic research and analysis with information distribution and dialogue in a way that integrates the national and regional levels.

e. Supporting civil society organizations

Working with technical expertise from INSTAT, FOFIFA, Cornell, Madio, SPPM and STA, Pact and partners will provide intensive support and training to civil society organizations at both the regional and national levels and facilitate issue identification at the grass roots. This will improve civil society participation and enable issues to percolate up to regional and national level dialogues. Pact and partners will also provide *Issue Marketing* expertise, generating favorable conditions for constructive policy dialogue and decision-making that will improve policy making and serve as a guide for similar future activity.

2. An Integrated Program of Activities

The proposed framework calls for an integrated program of activities between *Improved Economic Analysis for Decision-Making* (IEAD) and *Improved Public Information and Dialogue* (IPID). Issues that percolate up from the grass roots through Pact's IPID activities feed into INSTAT's research agenda; research results from Cornell/INSTAT's IEAD activities feed into issue development and management activities under IPID.

Pact and Cornell believe that this operational framework—the product of numerous consultations with local partners and concerned entities at the regional and national level—integrates research and information/dialogue in ways that will have the maximum impact on the policy process. It is a comprehensive approach designed to durably link economic research with economic issues and decision-making. It stems from the extended and complementary local experience of Cornell and Pact and builds on the strengths of both institutions to address the overall objective of improving the policy-making process in Madagascar.

The next sections of this proposal, sections IV and V, address in depth the proposed approaches and activities related to strengthening the institutional capacity of Malagasy institutions to conduct *Improved Economic Analysis* and to *Improving Public Information and Dialogue*

IV. IMPROVED ECONOMIC ANALYSIS FOR DECISION-MAKING

A. Program Description

1. Anticipated results

The economic analysis portion of this joint proposal contributes directly to the overall project aims of improved economic analysis and improved dialogue and decision-making. As our joint results framework indicates (see Diagram 1), the economic analysis group contributes by focusing on three closely related, shared results: 1) increasing the capacity of Malagasy institutions to undertake sound economic analysis, 2) increasing capacity to disseminate and integrate that analysis into public dialogue, internal government policy debates and decision-making, and 3) increasing demand for such analysis. These correspond to Results 1, 2 and 3 of the overall project's six main results, discussed in Section II.A.

2. Conceptual approach

Both conceptually and practically, these three results are tightly related, as Diagram 3 illustrates. To trace out their mutually reinforcing connections, we begin with efforts to increase local capacity to supply high quality economic analyses, our Result 1, depicted as the bottom right-hand circle in Diagram 3. Cornell will take the lead in this effort, partnering with two key local institutions, the National Institute of Statistics (INSTAT) and the National Agricultural Research Center (FOFIFA). Our strategy for achieving this objective, described in greater detail below, involves working side-by-side with INSTAT and FOFIFA to conduct collaborative analysis on jointly determined topics of fundamental importance for economic policy and poverty reduction. Through our many years of experience working with economists and social scientists at both INSTAT and FOFIFA, we have developed solid working relationships, mutual respect, and a common belief in the power of carefully focused economic analysis. By building up a steady stream of high-quality analysis, focused on issues of central importance for poverty alleviation, we help to focus debate on issues of fundamental importance for the poor while at the same time directly strengthening the prospects for informed debate of policy options

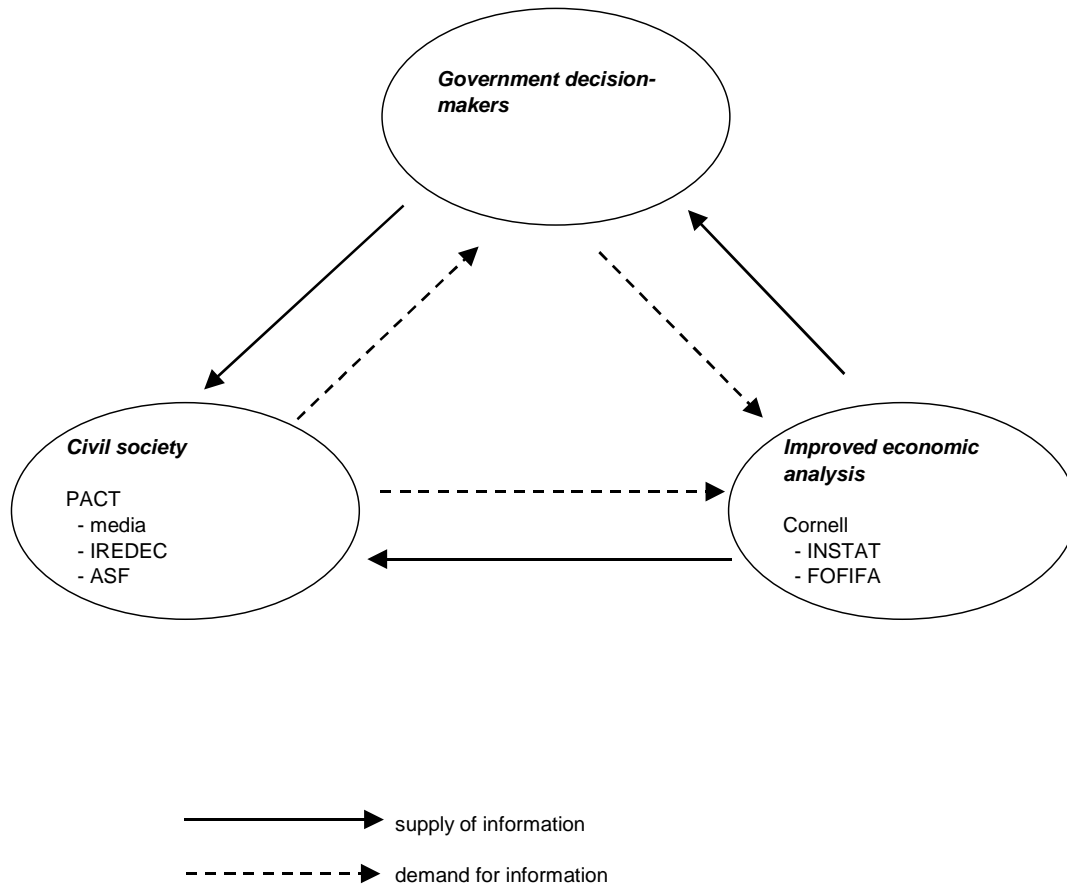
Once produced, these analyses must be widely disseminated and integrated into public dialogue, policy debates and decision-making, our Result 2, depicted as solid arrows in Diagram 3. Since civil society and the media offer powerful tools for stimulating and focusing the attention of government decision-makers, the dissemination and dialogue we envision will involve both civil society organizations (the left-hand side circle in Diagram 3) and government decision-makers (top circle). In this effort, Cornell and its Malagasy institutional partners will work closely with Pact and its institutional partners in civil society to develop simple, understandable methods of summarizing key analytical results as well as to identify effective fora for dissemination. To this end, we anticipate expanded use of simple, four-page policy briefs (pioneered in Cornell's current work with

INSTAT) and continuation of focused research papers and reports (such as FOFIFA's research series "Cahiers de la recherche agricole"), improved commercial distribution of policy briefs and reports (through INSTAT, its regional offices and private bookstores), increased geographic dissemination of formal presentations, and the use of focused workshops and discussion groups with interested elements of civil society.

Result number 3, increasing the demand for economic analysis, constitutes a reverse flow of information depicted by the dotted arrows in Diagram 3. Our experience in Madagascar suggests that the supply of objective and pertinent analysis can itself often elicit demand for further analysis. We have found this true in our work on fiscal policy, in particular, where public presentations of our findings have led to subsequent requests for further analysis of the draft 1999 finance law as well as requests for assistance in evaluating the potential impact of value added tax on medicines.

We aim to stimulate this demand further through regional workshops and focused discussion sessions with key stakeholders. These will be deliberately designed to elicit priorities for further analysis and will be organized in partnership with Pact and its collaborators in the media and in civil society. In this effort, Cornell will facilitate the linkages between INSTAT and the public issues environment, reinforcing INSTAT's ability to be responsive, to integrate other economic actors into its research programming process (through the Economic Research and Policy Group), to be able to conduct on-demand research and analysis, and to reinforce its marketing orientation. As with Result 2, we envision significant synergies between Cornell's work and the activities of Pact and its partners under *Improved Public Information and Dialogue (IPID)*. In particular, the issues development and regional feedback activities under IPID will contribute significantly to the level of interest in and demand for additional economic analysis. Cornell will bring substantial support to INSTAT in developing the technical and organizational and analytical capacity to respond to the demand for economic analysis and information with timeliness and efficiency. This in turn will increase INSTAT's attractiveness to government and to other users of economic analysis. In so doing, it will contribute to the durability of INSTAT as an institution by improving its ability to secure resources to support future activities.

Diagram 3 -- Improved Economic Analysis for Public Dialogue and Decision-Making



3. Methodology

Result 1. Increased capacity of Malagasy institutions to undertake sound economic analysis.

Method: Joint analysis of pertinent policy issues with Malagasy colleagues. All major research topics will pair Cornell and Malagasy researchers as co-authors. In many cases—depending on the topic and the colleagues assigned to work with us—this will require highly focused training on specific conceptual issues or analytical techniques to be used. To focus the subject matter of this work, we will maintain poverty as the core theme linking all our analytical work in order to concentrate on issues and policies affecting the welfare of the poor .

The following discussion describes in detail the key aspects of this methodology.

a. Collaborative research

Our experience over the last 10 years working in Madagascar suggests that improved analytical capacity is best nurtured through joint analysis with Malagasy collaborators on pertinent policy questions. General training courses often prove ineffective, while in contrast, specially tailored instruction in techniques required for specific policy questions gain currency and urgency. Madagascar boasts a cadre of skilled professionals, in statistics and economics, often with a keen interest in learning new analytical techniques. This has proven particularly true at INSTAT, though also at other institutions with which we have worked, including ImaTeP, FOFIFA, the Central Bank and the Ministry of Finance. Our experience working in Madagascar suggests that these key technicians require time release from other obligations, some minimal level of computing resources and technical guidance on the latest analytical techniques. Given these ingredients, they stand willing, able and keenly interested in expanding their analytical skills.

b. Analytical focus on poverty

Though the RFA leaves open the question of analytical content, we propose a clear focus on poverty: its evolution and causes, and the impact of past and prospective policies on poverty and the welfare of the poor. This focus corresponds to the Government of Madagascar's top priority, which remains poverty reduction. It coincides as well with USAID/Madagascar's primary mission goal. Finally, it corresponds to Cornell's historic interest and expertise in the evolution and determinants of poverty and poverty reduction in Africa. Section IV.B below details Cornell's recognized leadership in poverty analysis over the past three decades.

Within this broad thematic area, Table 1 presents a priority agenda for analytical work on poverty and economic policy in Madagascar. We have developed this priority agenda jointly with our local institutional partners (INSTAT and FOFIFA), working closely with them in a series of technical review sessions. In that process, we prioritized a multitude of possible sub-topics by focusing on two key questions: What do we anticipate will be the most important issues affecting Madagascar's poor over the medium run? And, given existing data sources, what are the most important analyses we can perform to help focus policy on issues of fundamental importance for poverty reduction and the welfare of the poor. Using these two selection criteria, we have developed our proposal around three principal analytical themes: Theme 1 – Poverty Dynamics: Trends and Causality; Theme 2 – Agricultural Productivity and Poverty; and Theme 3 – Urban Labor Markets. The content and rationale for each theme is described in briefly in Box 1 and in greater detail in Technical Annex A, accompanying this proposal.

As a preliminary step in initiating each analytical study, we intend to jointly host, with Pact and partners, a discussion workshop involving informed and interested parties who can serve as a sounding board and reference group for those undertaking the study. By

listening to this reference group at the start, before undertaking serious analytical work, we hope to fine-tune each study's analytical content and to improve its relevance in response to what are typically evolving situations. We believe this will bring analysts into early and sustained contact with partners in the National Issues Network (NIN) and in many cases the Regional Issues Groups (RIG) as well (see Section III for a description of both groups). In this way, we aim to improve the relevance of our analytical work as well as stimulate demand for it early on in the analytical process.

Box 1 – Rationale for the Three Analytical Themes Focused on Poverty

Theme 1 – Poverty Dynamics: Trends and Causality

Over the past six years, Madagascar has instituted major economic policy reforms aimed at restarting growth and reducing poverty. In the period since 1993, natural hazards – including cyclones, drought and locusts – have buffeted Madagascar's poor at the same time that structural adjustment policies produced major man-made shocks.

In this changing environment, Madagascar's economic priority number one remains poverty reduction. To evaluate progress on this front, Madagascar's National Institute of Statistics (INSTAT) has conducted a series of national household surveys, in 1993, 1997 and 1999, aimed at tracking changes in welfare of various regions and household groups over this period. The availability of three comparable household surveys provides an extraordinary opportunity to chart trends in poverty and also to link these changes with possible causal factors – both natural and man-made.

Theme 2 – Agricultural Productivity and Poverty

Ninety percent of Madagascar's poor work in agriculture. Therefore, increasing agricultural productivity will be key to raising their incomes as well as preserving the natural resource base. For all poor, even the 10% living in urban areas, rice, cassava and other basic foods account for three quarter of total expenditures. So agricultural productivity, the key determinant of food prices, will also largely determine cost of living and hence real incomes of all of Madagascar's poor. Increases in agricultural productivity provide by far the most powerful instrument available for combating poverty in Madagascar. It represents the sole intervention that simultaneously attacks poverty from both sides – by both raising incomes and lowering costs of living.

Theme 3 – Urban Labor Markets

For the urban poor, trends in employment and earnings for unskilled labor and in the informal sector are likely to be crucial determinants of changes in their welfare. Major structural changes currently under way in the Malagasy economy – such as civil service retrenchment, privatization, and expansion of the export processing zone – hold serious implications for urban labor markets, on which the urban poor depend. A series of recent labor force surveys makes it possible to trace changes in employment and earnings of the poor as well as their causes, crucial ingredients to understanding how to improve living standards of the urban poor.

c. Regional focus

We intend to reserve a portion of our analytical resources for region-specific analyses. This furthers our proposed analytical agenda, but more importantly, will serve the objectives of extending both dissemination and capacity-building beyond the confines of

the capital region. In this way, we hope to facilitate linkages with Pact’s regionally focused work with civil society organizations outside of Antananarivo.

Our initial regional focus will be on Fianarantsoa, using a poverty dynamics study of the region (under analytical theme 1) as a vehicle for attracting and stimulating local interest in economic analysis. We consider Fianarantsoa a priority region because of the high incidence of poverty there, because of the presence of a strong INSTAT field office there, and because of AID’s and PACT’s historic focus in that region, which we anticipate will facilitate outreach and follow-up activities.

In addition, at the request of Malagasy colleagues Cornell has worked with at the University of Tulear, we propose to help produce a special issue of the University of Tulear’s journal “Talily”. This special edition will focus on issues affecting poverty in the south of Madagascar. It will combine work these local researchers did for Cornell on private sector safety nets with our recent work on cassava markets and on seasonality of nutritional stress, as well as relevant new work from other local scholars. This is an example of the kind of demand-driven outreach work we hope to conduct. In doing so, we will be able to build on numerous institutional relationships developed over a decade and a half of working in Madagascar.

Table 1 -- Analytical Agenda

Topic	Data source	Responsible		Institutional Partner	
		Primary	Backstop		
I. Poverty dynamics: Trends and Causality					
	EPM 1993,1997,1999				
1. Poverty dynamics		Stifel	Sahn	INSTAT	
2. Poverty dynamics in Fianarantsoa		Stifel	Sahn	INSTAT	Fianar
3. Economic mobility		Stifel	Sahn	INSTAT	
4. Trends in access in public services		Glick	Sahn	INSTAT	
5. Trends in fiscal incidence		Younger	Haggblade	INSTAT	MOB, MOF
6. Policy impacts on poverty		Dorosh	Haggblade	INSTAT	SPPM,STA
II. Agriculture and Poverty					
	EPM 1993,1997,1999, IFPRI/FOFIFA, PNVA, comm./agr. Survey, GIS data				
1. Access to land and land tenure and the poor		Minten	Haggblade	FOFIFA	
2. Differential productivity of rich and poor farmers		Minten	Barrett	FOFIFA	MoA
3. Spatial determinants of rural poverty, agricultural productivity, and environmental degradatio		Minten	Fafchamps	FOFIFA	INSTAT
III. Urban labor markets					
	EPM 1993,1997,1999, Tana employment surveys 1995, 1997, 1999, Industrial surveys				
1. Changes in urban labor markets		Glick	Sahn	INSTAT	
2. Evolving wage levels and wage differentials		Glick	Sahn	INSTAT	Min Educ
IV. Demand-driven topics (4) to be determined					
a.		?	Minten		
b.		?	Minten		
c.		?	Minten		
d.		?	Minten		

d. Training

This will vary according to topic and to the skills and experience of the designated collaborators for any given study. In general, in our experience in capacity building in Madagascar, short focused training tailored to the issue, analytical tools and data set at hand have proven particularly effective . Our plan for training involves sessions both in

Ithaca and in Madagascar. The former will most likely involve Malagasy collaborators spending 2 to 3 weeks in Ithaca for technical training at the beginning of the work calendar. Table 2, which presents the work plan calendar, provides a sample list of training activities for year 1 of the project. The first training item, a review of methods of drawing poverty lines and decomposing sources of change in poverty as well as a review of methods of analyzing child anthropometry (a source of difficulty in prior EPM data sets) will take place in Ithaca under the direction of David Stifel and David Sahn. In addition, the Cornell Division of Nutrition Sciences will provide a hands-on review of techniques for data cleaning and analysis of child anthropometry.

The second training session, on basic modeling techniques, will take place in Antananarivo. Steven Haggblade will run a weekly, one-hour workshop in which participants will progress from simple single-market models (starting with Madagascar's rice market), to multi-market models, and ultimately to a simple computable general equilibrium (CGE) model of Madagascar. Over two to three months of weekly sessions, the participants will build their own model step-by-step. In Cornell's past work, this training model has proven most effective for transmitting basic but highly useful modeling techniques.

The third training planned for year one will take place in Ithaca. Run by Stephen Younger, it will focus on the use of household data for evaluating the incidence of commodity taxes and public expenditure. Rates of taxation—value added taxes, petroleum, import and excise taxes—have changed rapidly in Madagascar in recent years. Using data from three successive EPM consumption surveys, this work will aim at providing a review of the changing incidence of Madagascar's fiscal reforms.

Training Four, on the 1998 CGE model, will take place in late in year 1 or early in year 2 of the project. It will take place in Antananarivo, with Yazid Dissou offering a one-week workshop using the new CGE model for Madagascar to analyze the effects of policy reform. This training will likely focus on impacts of petroleum price hikes and of the new Impôt Synthétique.

Finally, we note that for some specialized topics of interest, existing short courses offered by the African Economic Research Consortium (AERC)—for which Cornell provides technical backstopping on their cross-continent poverty work—may provide a suitable means for imparting the necessary skills. Attendance by Malagasy collaborators at one of AERC's regular regional conferences can easily be arranged, once the AERC calendar is established for the coming year.

e. Data

For all research topics, we will begin by exploiting a vast array of existing, often underutilized data sets. Most prominent among these is the series of three detailed national household surveys (EPMs) undertaken by INSTAT in 1993, 1997 and 1999, which permit a broad array of analysis on poverty dynamics and on changing fiscal and

social service distribution (analytical theme 1) and on labor markets and the effectiveness of public education in raising labor productivity (analytical theme 3). The EPM data are much weaker on agriculture; production and inputs data are available only in 1993 and even there the questionnaire lumps all inputs together making it nearly impossible to examine productivity of individual crops. So for our review of agricultural productivity and poverty (analytical theme 2), we will rely largely on recent survey work by IFPRI/FOFIFA. Other data sets may also be available, including the recent INSTAT farm survey, which they undertook to evaluate the impact of the Programme National de la Vulgarisation Agricole (PNVA).

Depending on how much we are able to glean from existing data sets, our investigation may require additional, focused data collection. For example, it will certainly be important to collect geographical positioning coordinates for all EPM households immediately in year 1. This will enable us to take advantage of the current availability of survey supervisors who have just recently returned from fieldwork for the 1999 EPM survey. This will enable a wide range of spatial analysis on poverty, agriculture and the environment. However the decision as to further data collection needs will be made at the end of year one, after a thorough vetting and analysis of existing data sources.

Result 2. Increased capacity to disseminate and integrate analysis into public dialogue, and the policy process.

Method: The project team will continue to promote public discussion of all major research outputs via INSTAT's current, widely advertised public presentations, the "Point INSTAT Information" series held in Antananarivo. We will likewise continue to distribute reports widely within the government, via INSTAT's standard distribution list. As in the past, we will produce four-page policy briefs for all major outputs to summarize key results in simple language, and thereby stimulate broader demand for the findings as well as for the full research reports. In addition, we have extended distribution of our research results through local journals to good effect in the past – including *Revue de l'Economie de Madagascar* and *KAROKA* – and, with support from Pact, we hope to expand these efforts in the future.

In addition to these standard, proven tools, we will seek to expand distribution and access to research results outside of Antananarivo and outside of INSTAT's normal government-focused distribution circuits. With substantial inputs from Pact in support of INSTAT's efforts to expand distribution and marketing, we will increase access to INSTAT research in the following ways.

a. Expanded distribution networks

Cornell and INSTAT will work closely with Pact and their partners in civil society to develop an expanded distribution program, including commercial private sector distribution of reports via bookstores, radio and other media. Our first priority under

dissemination and dialogue will be to develop this expanded distribution network (see Table 2). We consider close interaction with the National Issues Network (NIN) and the Regional Issues Groups (RIG) fostered by Pact to be a central element of this dissemination strategy.

b. Expanded geographic distribution

Currently in Madagascar, information, like political power, remains highly concentrated in Antananarivo. But with a new constitution delegating powers to regions and to local authorities, this may change. Expanded regional distribution, through INSTAT's regional offices and through local bookstores and media will constitute a high priority for Cornell and Pact. We will also investigate regional media and commercial bookstore outlets as means of expanding distribution regionally. As with our decentralized analytical efforts, these efforts will initially focus most prominently on Fianarantsoa.

c. Focused distribution and dialogue with key stakeholders

With Pact and its partners taking the lead, we will select two pilot studies for targeted distribution during year 1 of the project activity. These efforts may center around either existing or upcoming studies, depending on the best fit between analytical content and Pact's alliances in the regions and in civil society. At least one, however, will involve presentation and discussion of the Fianarantsoa poverty dynamics study with local authorities and civil society organizations in Fianarantsoa. Depending on the topic and audience, these pilot efforts may require alternate methods of summarizing key analytical results, an effort in which Pact will take a leading role but which we will support to ensure accuracy of the analytical content.

d. Contact with Journalists

Madagascar's vibrant free press constitutes an immensely valuable national resource. Their distribution networks offer extraordinary leverage in disseminating results of key analytical work. A dramatic example of this came after the recent public presentation, at INSTAT, of the results of a labor market study carried out under Cornell's current grant. The presentation was covered on television, appeared as the lead story in one newspaper, and was reported at length in another. But the benefits are not one-sided. In turn, we can offer journalists quality content for their economic reporting, something that is of keen interest in an era of structural adjustment. In order to cultivate links to the press beyond the normal, current press coverage of public presentations and reports, we will assist Pact in developing content for a training program for journalists to be developed in conjunction with the ongoing AID Journalists Training Program under SPO.

Result 3. Increased demand for economic analysis.

Method: As noted above, our current dissemination and distribution practices have already had the effect of eliciting demand for more research. The dissemination and outreach strategies just detailed under Objective 2 will serve to further strengthen this demand. Beyond these activities, we will alter our operating procedures in several ways in order to both stimulate demand for economic analysis and—equally important – to facilitate our ability to respond. This strategy involves two related tactics.

a. Built-in slack, built-in response capacity

Past Cornell work has elicited regular demand for follow-up efforts in a number of areas. Prominent among them are our analysis of fiscal policy, probable impacts of petroleum price increases, macro-economic effects of debt, strategies for promoting urban employment, as well as the monitoring of poverty lending programs (see Box 2 for examples). But the rigorously and fully programmed analytical agenda in prior projects has limited our ability to respond. For example, INSTAT and others in government have long seen privatization of petroleum prices as portending price hikes as well as increased volatility in future petroleum prices. Asked to help assess these impacts, colleagues at Cornell and INSTAT worked frantically over a long weekend to produce some basic results. Had both Cornell and INSTAT enjoyed some measure of slack resources, it would have been possible to produce a very thoughtful forward-looking assessment of the prospects, perils and policy levers available for managing petroleum price deregulation using a combination of macro modeling and micro-economic assessment of consumption patterns, changing tax rates and basic tax incidence.

In order to take full advantage of such requests in the future, we propose to introduce deliberate slack in our analytical agenda. We have reserved resources for four major demand-driven analyses (item IV, Table 2). We hope at least one will emanate from the regional dissemination of the Fianarantsoa poverty dynamics study. By soliciting feedback from both civil society and government, we aim to identify four forward-looking topics (to be recommended by the Economic Policy and Research Group) that will enable us to program analysis on demand-driven topics identified by colleagues in the private sector or in government.

Box 2 – Demand Driven Economic Analysis

Our experience indicates that quality analysis elicits demand for more. Consider two examples emerging from Cornell's current work with INSTAT.

Impact of the 1999 finance law on the poor: government demand for analysis. In January 1999, Cornell and INSTAT presented our joint analysis of the overall Malagasy tax system in a public presentation of our report, "Politique fiscale à Madagascar: options et impacts distributifs." Shortly thereafter, we received a request from the Prime Minister's Office to evaluate options under review for the 1999 finance law, then in formulation. In response to this request, project staff worked closely with two technicians in the Ministry of Finance (who had been previously trained in our modeling workshops) for several weeks to produce a short review of anticipated impact of options under consideration.

Impacts of a change in the minimum wage: private sector demand for analysis. The Groupement des Entreprises Malgaches (GEM), a leading business advocacy group, participated in our series of three analytical workshops on general equilibrium modeling. Aware of our ongoing analytical work, they requested input in exploring likely impacts of a proposed minimum wage increase, in late 1997. As a result, Cornell and INSTAT staff interviewed key employers, modified our CGE model for Madagascar appropriately and produced a short paper for the GEM outlining probable impacts of such an increase – on employment, wage rates and output in various sectors of the economy.

b. Actively soliciting feedback:

Feedback will occur in several ways. First, the Cornell/INSTAT analytical team will collaborate with Pact in sponsoring two pilot, client-focused targeted discussion workshops in year 1 (Table 2, Dissemination topic C.3). These workshops will allow for issues identification at all levels of society and may include representatives from farmers groups in Fianarantsoa, neighborhood water supply users groups, parent-teacher associations, industry groups, national assembly committees, informed technicians in government, and other interest groups.

Second, specific targets or opportunities for research will be regularly discussed by the Economic Research Policy Group (ERPG), described in Section III.C. The role of this group will be to offer input to INSTAT on medium-term issues of importance for poverty reduction and the welfare of the poor. From the list of topics identified by ERPG, INSTAT, Cornell and FOFIFA will determine which are feasible given available data and human resources. Our aim in these efforts will be to stimulate interest in analytical work, to elicit feedback on issues of likely future interest and importance to civil society and government, and to be responsive to those interests.

Third, Cornell, INSTAT and FOFIFA will multiply their links with groups outside of the research community as key suppliers of economic analysis to the National Issues Network. This regular interaction and contact with concerned groups outside the sphere of economic research will generate valuable feedback and help to frame future research.

4. Results and indicators

We anticipate three principal results from our work: 1) strengthened analytical capacity and output of local Malagasy institutions, 2) improved dissemination and integration of that analysis into public and government policy discussions, and 3) increased demand for such analysis, from both government and civil society.

As indicators, we propose to maintain the current USAID/Madagascar results indicator “Number of quality economic studies disseminated and discussed in public fora.” This indicator clearly measures our results 1) and 2).

In addition, we propose adding a second results indicator: “Number of requests for follow-up or related analysis by civil society or government.” This second indicator will provide a measure of our success in stimulating demand for analytical input in policy debates. In doing so, it provides a means of monitoring our third project result.

5. Sustainability

Madagascar’s ability to sustain policy relevant analysis will depend on three principal ingredients: 1) local analytical capacity; 2) internal demand by policy makers; and 3) ongoing funding for applied research. This proposal directly addresses the first two requirements.

The most difficult constraint to overcome, however, may well be the third, that of ensuring ongoing funding for policy-relevant research. This poses a problem in Madagascar, as elsewhere, because economic data collection and analysis are, in most cases, public goods. Though information on specific topics—such as overall economic growth rates, prices, imports of various goods, employment growth in various sectors, wage rates, and consumer spending patterns—may benefit many businesses, no single actor in the private sector has the incentive to finance such analysis. So public funding for economic research remains essential.

Ensuring sustained enthusiasm for INSTAT’s data collection and analysis will require an increased appreciation of its value to government, private enterprises, and citizens groups and other institutions. Hence our dissemination activities and efforts at generating demand for such analysis remain crucial to the long-run sustainability of these efforts, by helping to build a constituency for sustaining necessary levels of funding. Our joint work with INSTAT, FOFIFA and others and the dissemination strategies outlined above will raise the government’s and donors’ awareness and appreciation of the value of INSTAT’s and FOFIFA’s data collection and analysis.

One clear danger, as INSTAT shifts to its new status from a government department to an EPIC (Entreprise publique à caractère commercial) is that the government may see this as an excuse to reduce its own funding to INSTAT. Given that much of the data INSTAT collects (on imports, GDP, investment, household welfare) are public goods, the private

sector will never fund this work, even though it benefits many, due to standard problems of free ridership. So at this juncture in INSTAT's history, a strong boost in widely seen, policy-relevant analytical output will play an important role in cementing future public funding for their important data collection and analytical services. Prospects for future financial sustainability at INSTAT will thus benefit greatly from this boost in their analytical skills, outputs and dissemination that the proposed collaboration with Cornell and Pact will provide.

Broad support for INSTAT's and FOFIFA's analytical work will also require scrupulous maintenance of both institutions' reputation for objectivity and neutrality. Cornell, INSTAT and FOFIFA currently enjoy strong reputations based on their willingness to investigate complicated policy questions objectively and empirically and to report results that emerge, flattering or not. To continue this role as an honest broker and purveyor of objective, believable analysis, the analytical partners will need to define participation in policy analysis and discussions in ways that cannot be misconstrued as biased or partisan. This task is made easier by the recognized high quality and recognized objectivity of our joint analytical work, a crucial ingredient for sustained impact in public fora.

6. Links with the USAID program framework

a. Contribution to USAID Strategic Goal

This proposal offers a tight integration with USAID's strategic goal of poverty reduction. Indeed, its fundamental purpose is to provide analytical inputs that will focus the attention of government and civil society on key issues and policy instruments for reducing poverty. By helping to shape and inform the debate we will be contributing to Madagascar's efforts to identify and attain a poverty-reducing economic growth path.

b. Relation to other Strategic Objectives

We also offer important linkages to all of AID's strategic objectives. Within the Mission's Special Program Objective (SPO), we anticipate working closely with Pact in supporting the journalist training program instituted under the SPO's legal reform activity. Within S02: Smaller, Healthier Families, we see strong complementarities with the work we will conduct on changes in access to public health services and its impact on the welfare of poor households (Analytical topic 1.4). In relation to SO3: Biologically Diverse Ecosystems Conserved in Priority Conservation Zones, fundamentally important links exist between this SO and our Theme 2 on Agricultural Productivity. Our investigations of spatial determinants of rural poverty, agricultural productivity and environmental degradation (topic 2.3) will bring a wealth of new data and methods to bear linking agricultural productivity, poverty and the environment. By using a geographical information system (GIS) to link micro data on agricultural and other household economic activities with environmental variables such as changes in forest cover and the prevalence of bush fires, we anticipate considerable cross-fertilization and illumination of conditions necessary for reducing expansionary pressures on the

environment. Likewise, our study on differential productivity among small and large farms (topic 2.2) aims to offer insights into how to increase productivity among small and marginal farmers, an understanding that will directly contribute to the formulation of strategies for reducing pressure on the surrounding eco-system.

c. Incorporation of USAID/Madagascar's four core values

◆ **Teamwork:** This proposal outlines what is in essence a collaborative venture, with teamwork and cooperation at its core. Our joint proposal with PACT stems from a desire to work closely with their NGO partners, members of civil society, and the media in diffusing and disseminating our research results and in seeking their inputs to help focus and enrich the research agenda. The detailed planning sessions we have conducted with our two key institutional partners to develop a common set of analytical priorities stems from our interest in building common ownership of our analytical agenda. In addition, the introduction of slack into our analytical agenda is an effort to facilitate our response to demand-driven requests for studies identified as important by our collaborators and colleagues; that is, to let others have a role in setting the agenda. Our model of collaborative analysis and the strengthening of institutional ties with colleagues at INSTAT and FOFIFA thus clearly reflects our commitment to teamwork and collegiality. Our long experience in Madagascar and many other countries has demonstrated how essential these factors are to building local analytical capacity, the first of our three objectives.

◆ **Customer focus:** In planning our work program, we have repeatedly consulted with our collaborators at INSTAT and FOFIFA. In the capacity building arena, these are our most direct clients. As users of our analytical output, members of government and civil society are our clients as well. To be responsive to the interest and needs of both sets of clients, we have stressed methods of dissemination and feedback that will help stimulate and channel their demand for focused analytical work. To enable us to respond effectively, we have deliberately introduced slack in our analytical agenda so that we will have resources to apply to emerging areas of interest identified by the users of our analytical work in civil society and in government.

◆ **Empowerment and accountability:** If information is power, then in a real sense our dissemination of objective analysis on issues of key importance to members of civil society will both inform and empower them in key subject areas. Access to this analysis allows the media and other groups in civil society to have a say in policy formulation and to hold those in power accountable for their decisions on key policies affecting their lives and the welfare of the poor.

◆ **Results orientation:** Our analytical agenda and management plan are both built around a series of well-defined results in the three areas described in section IV.D. This focus on a series of clearly identifiable results packages helps in the management of our activities as well as in monitoring and evaluation of our work. Further, we believe that our history

of producing quality analytical studies, training Malagasy researchers, and disseminating results provides clear evidence of our strong results orientation.

B. Management

1. Institutional Resources

The economic analysis portion of this proposal focuses on three complementary institutions: the Cornell University Food and Nutrition Policy Program (CFNPP), Madagascar's National Institute of Statistics (INSTAT), and Madagascar's National Agricultural Research Institute (FOFIFA). Each institution brings to this collaborative effort its own unique areas of expertise and experience. Because personnel from all three institutions have worked together closely in the past, we are both excited and optimistic about the prospects for continued fruitful collaboration in the future.

a. Cornell University Food and Nutrition Policy Program (CFNPP)

Cornell University has been a recognized leader world-wide in the development of analytical tools and their application to issues of poverty in the Third World. Erik Thorbecke, Professor of Economics, pioneered the development and use of social accounting matrices as a means of evaluating the distributional consequences of economic policies. His work on food poverty in Kenya led to the adoption of the now-standard Foster-Greer-Thorbecke measures of the incidence and depth of poverty. Gary Fields, also Professor of Economics, conducted work in Brazil in the early 1970s that proved instrumental in raising concerns about the distinction between economic growth and income distribution. David Sahn, Professor of Economics and current director of CFNPP, has likewise dedicated his career to a broad array of issues focused on the poor – including food policy, seasonality of nutritional stress, consumption of low-income households, labor markets and labor productivity. In recent years, he has directed a major comparative study of the impact of structural adjustment on Africa's poor. Cornell's long-term institutional commitment to the study and alleviation of poverty has given rise to a legion of talented faculty, graduate students, and graduates attracted by its recognized international leadership in the field of evaluating economic policies and poverty.

Because of this acknowledged expertise, the African Economic Research Consortium (AERC) has tapped CFNPP to provide technical assistance and organize training and capacity building for their Africa-wide studies on poverty and labor markets. This ongoing contact with scholars across Africa provides a wealth of comparative material as well as contacts throughout Africa that offer important prospects for cross-fertilization and comparative analysis with ongoing work on similar issues in Madagascar. AERC also offers prospects for leveraging AID resources. In our current Madagascar work, for example, Cornell was able to attract financial support from AERC to permit two Malagasy researchers to undergo training in Ithaca on the incidence of public services and also to attend international training workshops in Uganda and Ghana. This leveraging of additional resources permitted expanded training of the Malagasy as well as an expanded

scope of current work on the crucial issues of access to primary health and education services by the poor.

CFNPP was established in 1985 expressly to examine issues related to poverty in developing and transition economies. CFNPP has conducted a major program of comparative research on poverty and on the consequences of structural adjustment policies on Africa's poor, work which has been summarized in two major books. As part of this comparative work, CFNPP conducted a series of important studies in Madagascar from 1985 to 1990, involving half a dozen Malagasy collaborators and producing two books and a dozen working papers. Our current cooperative agreement with USAID has permitted a resumption of this work from 1996 to 1999, working with two local institutions, INSTAT and ImaTeP. Over two dozen Malagasy collaborators have received training and as many have participated as co-authors on over one dozen major analyses.

Over a decade and a half of work on Madagascar permits us to assemble a roster of highly skilled current and former CFNPP staff with experience in Madagascar, all of whom have agreed to work on this project. The key actors include: our proposed Chief of Party, Bart Minten; current Chief of Party, Steven Haggblade; the former principal researcher responsible for Madagascar analysis, Paul Dorosh; as well as David Sahn, Stephen Younger and Peter Glick, all principal researchers for major studies on public expenditure and on the incidence of tax burdens among the poor.

CFNPP's current mode of operation, featuring the placement of a senior researcher on site to work with collaborators in Madagascar, offers a model for the future work we propose. Based on what we have learned, we propose two embellishments to the current model. First is our proposed alliance with Pact, a move that we hope will broaden diffusion of our results as well as facilitating feedback on analytical priorities for the future. Second is the introduction of deliberate slack in our analytical agenda, particularly in years 2 and 3, in order to enable greater responsiveness to key interest groups and to key issues as they emerge. Both modifications will be important in sustaining local interest in and capacity for policy analysis by our key local partners, INSTAT and FOFIFA.

b. Madagascar's National Institute of Statistics (INSTAT)

INSTAT holds the legal mandate for data collection and certification in Madagascar. In this role, INSTAT collects a broad spectrum of data that covers national accounts, trade statistics, domestic commerce and population. In addition, it has conducted a series of three large-scale household surveys – in 1993, 1997 and 1999 – in order to permit tracking of changes in the economic and health status of the population. Only data collection for agriculture remains outside INSTAT'S purview, residing instead with the Ministry of Agriculture. Even so, INSTAT has recently conducted a major survey of farm productivity for the World Bank evaluation of the Programme National de Vulgarisation Agricole (PNVA).

Historically a collector of data, INSTAT has moved slowly but steadily in the direction of increasing analysis based on the data it collects. Institutionally, this permits INSTAT to add value to the data, which its technical staff understands better than others, and also to motivate this highly competent group of professionals. INSTAT offers the largest institutional supply of analytical capacity – statisticians and economists – in Madagascar. Past and current leadership at INSTAT maintains a strong commitment to increasing the analytical content of their work.

In January 1999, INSTAT changed its legal status. Formerly a government department within the Ministry of Finance and Economy, INSTAT has become a quasi-governmental independent agency, an *Entreprise Publique d'Intérêt Commercial* (EPIC). Initiated to promote independence, facilitate greater analytical contributions, and permit more flexible management and funding, these changes offer many benefits to INSTAT. After a 10-year freeze on hiring (mandated under IMF conditions for all government departments) INSTAT's new status permits hiring of additional staff on contract basis. As a result, INSTAT has hired seven new university graduates over the past two years.

But the change in status carries with it risks as well. As an independent agency, INSTAT can and has attracted additional funding by bidding on data collection and analysis contracts with UNDP, the World Bank and others. While this infusion of funds is most welcome, the danger in years ahead is that an increased inflow of external resources may tempt the government to reduce its own core contributions. We believe that Cornell's continued collaboration with INSTAT, through this proposal, will contribute materially to their future financial viability by increasing their capacity to produce high-quality analytical output on complex but pertinent policy issues. This heightened visibility and recognition will prove vital in helping INSTAT secure recognition as a high quality supplier of a crucial public good – economic information – that will require sustained public funding.

INSTAT contributes three key ingredients to our proposal: a) a gold mine of unanalyzed data, particularly the series of three national household surveys; b) a large and highly competent research staff; and c) regional network of offices that will greatly facilitate the decentralization of analysis and dissemination. Having worked closely with INSTAT in the past, we are excited about the prospects for expanded collaboration in the future. In turn, their interest and commitment in continued collaboration is signaled by their stated willingness to assign the equivalent of 2 full-time collaborating researchers to work with us over the next three years (see the minutes of our joint planning meetings provided in Annex A).

To ensure ownership, interest and commitment to our proposed collaborative agenda, we have interacted closely with INSTAT in preparing this proposal. Keenly interested in forward-looking analytical agenda, the Director General of INSTAT interviewed members of the Prime Minister's staff to obtain feedback on issues likely to emerge in coming years at the highest political levels. Then, in a series of three working sessions with Cornell's proposed team leaders, Minten and Haggblade, three of INSTAT's

division directors plus their DG reviewed crucial issues facing the poor and considered the feasibility of analyzing each issue with the data available at INSTAT. Together, we produced the analytical design proposed in Tables 1 and 2. The work plan is, thus, a joint proposal by longstanding collaborators. Institutionally, we proposed to sign a sub-grant with INSTAT detailing the terms of our association. This sub-grant will provide for equipment purchase and release time of their key collaborators.

c. Madagascar's National Agricultural Research Institute (FOFIFA)

FOFIFA's scientists conduct applied agronomic research at research stations throughout Madagascar. With their mandate to promote increased productivity of Malagasy agriculture, FOFIFA houses by far the largest concentration of technical expertise on agriculture in Madagascar. Their staff includes experts in agronomy, plant breeding, pest management, land tenure, livestock and agricultural economics.

Because of the tight link between agricultural output, soil fertility, deforestation, and the environment, an understanding of the technical features of Malagasy agriculture are of crucial importance to the development of strategies for sustained economic growth and the reduction of poverty. Our analytical theme 2 aims to explore these linkages. This effort will exploit the many technical resources at FOFIFA's disposal. Through our association with FOFIFA, we hope to draw on their wide technical expertise in such areas as land tenure, production of key crops for poor such as rice and cassava, producer prices, and soil fertility.

FOFIFA has established a small social science wing that has grown in prominence in recent years. Like INSTAT, FOFIFA is branching out analytically. Most recently, the Socio-Economics Division of FOFIFA (formerly called the Division de la Recherche et du Developpement) has conducted a two-year study with IFPRI under our proposed COP, Bart Minten, evaluating the impacts of liberalization on agricultural productivity, production and incentives. In addition, they have conducted economic research on marketing, price integration, and the impacts of infrastructure and extension on agricultural productivity. We hope to build on that prior work, using data already collected and working with FOFIFA staff members initiated during that work.

Given the importance of agriculture to Madagascar's rural poor, and given the importance of basic food prices to its urban poor, agriculture must play a central role in Madagascar's national battle against poverty. We feel that continued support of economic analysis at FOFIFA will prove productive in the short-run and crucial in the long-run in building sustainable capacity to evaluate policies for agricultural development and income growth for the rural poor.

FOFIFA takes this view as well, and in our discussions with them they have expressed an interest in devoting several people to work with Cornell on analytical theme 2 over the full three years covered in this proposal. We have worked together with them in formulating the research agenda for the Agricultural Productivity and Poverty theme. To

formalize this relationship, we propose to sign a sub-grant with FOFIFA to cover the logistical, personnel and operating expenses of our joint research program.

2. Individuals

Bart Minten, our future Chief of Party under this proposal, is currently Assistant Professor of Agricultural Economics at the Catholic University of Louvain in Belgium. He spent two years in Madagascar, from 1995-1997, leading a research team from the International Food Policy Research Institute (IFPRI) in a study of the impact of liberalization on agriculture. In our future work, he will remain resident in Madagascar for the full three years of the project, supervising the agricultural productivity work (analytical theme 2) and managing all training and dissemination activities.

Steven Haggblade, Chief of Party for the current CFNPP work in Madagascar, has lived and worked in Madagascar for the past 5 years. Based at INSTAT, he has worked closely with Malagasy colleagues there and at ImaTeP, conducting research on a variety of topics – including the determinants of poverty, fiscal policy, consumption behavior of the poor, and the seasonality of food poverty – supervising training in economic modeling techniques and disseminating all materials produced to date. In year one of our future work, he will be responsible for project start-up, for continuing broad dissemination of Cornell/INSTAT work, setting up expanded distribution channels, conducting training in macro-economic modeling methods and helping INSTAT to build a 1998 social accounting matrix, a foundation necessary for future modeling work of the impact of economic policies on the poor. He will remain resident in Madagascar through July 2000. In years 2 and 3 of the project, he will backstop CGE modeling work and prepare policy briefs of analytical reports as they are produced.

Peter Glick, Research Associate with Cornell's Food and Nutrition Policy Program, has conducted studies in a range of African countries, focusing his research on labor markets, labor productivity, and access to basic education and health services by the poor. In Cornell's current Madagascar work, he has run two training programs on econometric techniques for evaluating incidence and access to public services, one in Ithaca and one in Antananarivo. He has authored or co-authored two major works on Madagascar, one on labor markets and the other on access to primary health care and educational services by the poor. In our future work, he will take the lead in the study of dynamics of access to health and educational services by the poor (analytical theme 1.4) as well as the evolution of urban labor markets (analytical theme 3).

Stephen Younger, Senior Research Associate at CFNPP, is an international leader in issues of public finance in the developing world. In our current Madagascar work, he has taken the lead in using detailed micro-economic data from the EPM to evaluate the incidence of commodity taxes across income groups. In our proposed work-plan, he will lead the group evaluating trends in tax incidence (analytical theme 1.5).

David Stifel, a Ph.D. candidate in Cornell's Department of Agricultural Economics, has just completed his dissertation examining trends in poverty in 10 African countries using household survey data. In our future work-plan, he will take the lead in conducting training in poverty dynamics and decomposition techniques and will lead efforts at evaluating trends in poverty in Madagascar using the three EPM data sets from 1993, 1997 and 1999 (Topics 1,2 and 3 under Analytical theme 1). He will be resident in Madagascar for 11 months during year 1 of the project activity in order to facilitate data cleaning, together with INSTAT colleagues, and subsequent analysis of the poverty dynamics.

Yazid Dissou is currently a research analyst with Industries Canada, a leading think tank based in Montreal. Prior to that, he was a post-doctoral researcher at both Cornell and Laval Universities, specializing in computable general equilibrium models. In Cornell's past work in Madagascar, he developed a CGE model for Madagascar and conducted a series of three CGE modeling workshops in Antananarivo to initiate Malagasy researchers to the model. One of his workshops led to joint publication of an important review of the overall tax system. In our future work, he will update his CGE model using the 1998 SAM and will spend one week in Antananarivo late in year one conducting a training workshop on the new model. He will focus on the economy-wide and distributional impact of two important upcoming changes: the rise in petroleum price following privatization of the state oil company and the distributional impact of the new Impôt Synthétique, the major new fiscal initiative in the 2000 budget.

Paul Dorosh is currently Chief of Party for the International Food Policy Research Institute (IFPRI) working with the Ministry of Food in Bangladesh. For ten years prior to that, he was Associate Professor of Agricultural Economics at Cornell University and a senior researcher at the CFNPP. During that period, he focused his research on the impact of structural adjustment programs on Madagascar, authoring half a dozen monographs and several book chapters on the topic. His role in our future work will come in years 2 and 3 where he will be responsible for evaluating the impact of major exogenous and policy shocks since 1993. A logical extension of his work evaluating the structural adjustment program of the 1980s, his work will link closely with the empirical examination of poverty dynamics (analytical theme 1.6).

Chris Barrett, Associate Professor of Agricultural Economics at Cornell, maintains broad interest in agricultural development, commodity markets, and links between agricultural sustainability and the environment. He conducted research in Madagascar for one year, in 1992, and has produced a series of monographs and journal articles on rice prices, market liberalization in Madagascar. In our future work-plan, he will provide technical backstopping for the studies of agricultural productivity (analytical theme 2).

Marcel Fafchamps is currently Deputy Director of the Center of African Economies at Oxford University. He has worked in Madagascar with FOFIFA and IFPRI studying agricultural markets, traders networks and legal issues affecting property rights and contract enforcement. In our future work, he will help conceptualize analytical work

conducted on spatial determinants of rural poverty, agricultural productivity and the environment (Analytical topic 2.3).

David Sahn, Professor of Economics, is also Director of the Cornell Food and Nutrition Policy Program. Linked by a common interest in poverty alleviation, his professional work has spanned a broad analytical spectrum. He has published widely on seasonality of food security, consumption habits of the poor, labor productivity and labor markets, poverty dynamics, and the impact of structural adjustment policies on the poor. Presently, he serves as a key advisor on poverty research for the African Economic Research Consortium. He has supervised CFNPP’s past work on Madagascar for over a decade and has produced and presented in Antananarivo results of his comparative work on tax incidence in Madagascar and in African countries. His role in future work will be program coordination from Ithaca, professional backstopping on the poverty dynamics work (analytical theme 1) and on labor markets (analytical theme 3).

Precise time inputs of all personnel are provided in Table 2. For further detail, Appendix A.2 provides full curriculum vitae for all project personnel.

Table 2 – Summary of Topics and Manpower Allocation

Topic	Person	Duration (months)	Timing (semester)
Theme 1 – Poverty Dynamics			
1. Poverty Dynamics	Stifel	8	S1,S2
2. Poverty Dynamics, Fianar	Stifel	2	S2
3. Economic Mobility	Stifel	2	S3
4. Public Services	Glick	4	S2
5. Fiscal Incidence	Younger	4	S2
6. Policy Impacts (CGE)	Dorosh	6	S3,S4.S5
Theme 2 – Agricultural Productivity and the Poor			
1. Land access by the poor	Minten	6	S2
2. Ag. Productivity on small and large farms	Minten	12	S3,S4,S5,S6
3. Spatial determinants of poverty, ag. Productivity and the environment	Minten	18	S3,S4,S5,S6
Theme 3 – Urban Labor Markets			
1. Changes in urban labor markets	Glick	4	S2
2. Evolving wage levels and wage differentials	Glick	4	S3
Demand-driven studies			
1.		6	S3
2.		6	S4
3.		6	S5
4.		6	S6

3. Relationships

While in Madagascar, Cornell's principal researchers will work directly with INSTAT and FOFIFA researchers, setting up offices within INSTAT and FOFIFA. We expect that Bart Minten will be based permanently at FOFIFA, while David Stifel and others participating in themes 1 and 3 will operate out of INSTAT offices.

We expect to sign sub-grants with each partner institution to specify equipment and training needs as well as the personnel to be deployed in this joint work. The exact terms of these grants will be negotiated post-award between Cornell, INSTAT, FOFIFA and the USAID Contracting Officer, who must approve all sub-grants. Both FOFIFA and INSTAT have expressed a willingness to designate two full-time researchers to this effort³. Individuals may change over the life of the project, though we hope to associate at least one Malagasy collaborator with each of our 15 research outputs.

C. Work-plan

1. Calendar of activities

Our proposed work-plan and monitoring calendar is presented in Table 3. Overall, we expect to produce 6 reports on "Poverty dynamics" (R1-R6), 3 reports on "Agriculture and Productivity" (R7-R9), 2 reports on "Urban labor markets" (R10-R11), and 4 reports on the demand driven topics (R12-R15). Each report will be presented in a public forum and policy briefs will be prepared on concise policy issues emerging from our analytical work. We plan to organize a national seminar for each of the three major analytical themes. The planning and the content of the training and dissemination activities is also shown in Table 3.

2. Monitoring and evaluation plan

The timetable displayed in our work-plan calendar permits monitoring of our project outputs according to the delivery dates specified. We expect to be evaluated against our two key objective indicators: 1) number of quality analyses discussed in a public forum and 2) number of requests for further analysis from members of civil society or government. As targets, we propose eleven quality reports to be discussed in public for a (R1 through R11) and four demand-driven studies (R12-R15) over the project period.

3. Reporting

Our resident Chief of Party will submit work-plans annually to the Joint Project Steering Committee. To report on progress, he will furnish written progress reports semi-annually. In addition, he will provide verbal updates during the regular quarterly Joint Project Steering Committee meetings.

³ See Annex A3 and A.4 for documentation of INSTAT and FOFIFA willingness to participate in this work.

Table 3 -- Economic Analysis Workplan Calendar

Activity	Timing (year and semester)					
	Year 1		Year 2		Year 3	
	S1	S2	S3	S4	S5	S6
O. Steering committee meeting and approval workplan	X		X		X	
A. Analysis						
I. Poverty dynamics: trends and causality						
1. Poverty dynamics	X	X (R1)				
2. Poverty dynamics in Fianarantsoa		X (R2)				
3. Economic mobility			X (R3)			
4. Trends in access in public services		X (R4)				
5. Trends in fiscal incidence		X (R5)				
6. Policy impacts on poverty			X	X	X (R6)	
II. Agriculture and Poverty						
1. Access to land and land tenure and the poor		X (R7)				
2. Differential productivity of rich and poor farmers			X	X	X	X (R8)
3. Spatial determinants of rural poverty, ag. Prod., and environment			X	X	X	X (R9)
III. Urban labor markets						
1. Changes in urban labor markets		X (R10)				
2. Evolution of wages and wage differentials			X (R11)			
IV. Demand driven topics to be determined						
a.			X (R12)			
b.				X (R13)		
c.					X (R14)	
d.						X (R15)
B. Training						
1. Poverty lines, anthropometry	X					
2. Single, multi-market and simple CGE models	X					
3. 1998 CGE model and impact of oil prices and impot synthetique		X				
4. Environmental economic analysis		X				
5. GIS workshop			X			
6. To be determined for year 3					X	
C. Dissemination, Dialogue and Demand-Stimulation						
1. Define distribution outlets for past and future studies	X					
2. General presentation of past backlog of analyses	X					
3. Pilot two client-focused discussions/workshop	X	X				
4. Fianarantsoa workshop on "Poverty Dynamics in Fianarantsoa"		X				
5. Journalists economic workshop		X				
6. Further tailored efforts to be determined in annual workplans						
7. Synthesis seminar on "Poverty Dynamics"					X	
8. Synthesis seminar on "Agricultural productivity and the poor"						X
9. Synthesis seminar on "Labor Markets"				X		

V. IMPROVED PUBLIC INFORMATION AND DIALOGUE

A. Program Description

1. Anticipated results

The *Improved Public Information and Dialogue* portion of the *Ilo* joint proposal contributes directly to 3 results of our joint results framework for an improved policy process and supports 2 others (see Diagram 1). The information dissemination and dialogue work proposed by Pact and its partners responds directly to Result 4, increased availability and use of focussed information on key policy issues, Result 5, increased quantity and quality of civil society and press interventions in dialogue, and Result 6, enhancing dialogue between actors on key policy issues. Further, in tandem with Cornell's activities, such work also contributes to Result 2, Increased Capacity to integrate analysis into public dialogue and the policy process and Result 3, increasing demand by government and other actors for relevant economic analysis.

2. Conceptual approach

Pact and partners propose an issue-driven, practical approach that maximizes the use of past USAID investments and mobilizes resources from a variety of sectors to reach expected results within the level of funding available. With integration as a guiding principle, Pact and its partners propose to work strategically, using existing networks and programs in synergy with SO resources, to help Madagascar effectively integrate public dialogue into its policy formulation process and improve the policy-making environment.

This integration will be accomplished by rallying several partners around an existing electronic information network. The network will serve as an essential link between producers and users of information. Building on that network, Pact and partners will increase the supply of focussed information products responsive to the needs of citizens and groups as well as develop the demand for and use of targeted information through the development of information literacy among groups and private operators.

The network will serve as a unifying structure around which partners such as INSTAT, FOFIFA, CITE, STA will develop new approaches and new products, and through which civil society organizations, teachers, private citizens and regional government officials will develop the reflex to access and use information to promote common interests, improve competitiveness and advance the interests of the community in general.

As will be described in greater detail under Methodology, the electronic network will also be the backbone of a National Issues Network that will foster dialogue, training and exchange between regional realities and issues, and national analysis and information. The network will make extensive use of the press and will be equipped with a permanent coaching process that will make the essential links between people and real issues, and modern information and analysis techniques.

At both ends of the network—national and regional—Pact will engage in and support issue development, allowing people and groups not only to access information, but to grasp key issues in a way that enables more informed and constructive participation. Issue development and issue marketing activities—described in detail below—will dramatically improve participation. It will also promote optimal conditions for an enlightened policy process, one based on objective and accessible public information and constructive dialogue. *Issue focus* as a way of doing business will be an essential element for success under *Improved Public Information and Dialogue*, as it has been under Pact's current Rary program.

Using its extensive facilitation, mentoring and capacity building experience in Madagascar, Pact will ease the process forward at crucial times, and maintain close relationships with key players in government, civil society, media and the donor community based on trust and on clearly defined expectations. Capacity building for analysis, advocacy and dialogue will be an underlying motif to all project activities.

No policy making process is ever perfect. But through this comprehensive approach addressing all major elements of the public realm as they relate to policy and public interest issues, Pact and its partners are confident of making significant strides toward improving the way in which decisions are made, to the satisfaction of government officials as well as to that of the public.

The improved policy environment generated by this approach will bear positively on poverty through the emergence of an improved environment for private initiative leading to increased wealth generation, through increased participation by the poor—presently excluded—and through an improvement in formal and legal procedures channeling greater wealth into the public sector.

3. Methodology

The proposed methodology makes maximum use of partnerships and networking to effectively *integrate* actors into a shared framework that responds to common interests and aspirations and leverages maximum resources.

Several of Pact's local partners—such as Iredec, Actions Sans Frontières (ASF), CITE, Miamivoy, TAFA, CJE, National Radio—will undertake key activities in the proposed work plan. This will maximize the transfer of competence and funding to local entities and capitalize on past investments in organizational development with these groups under Rary and other programs. In addition, through partnerships with current projects such as FASP, PAGU, PAGDI, PAIGEP, Pact will further leverage resources, thereby encouraging a broader and more sustained program impact.

Key activities in the process are discussed below.

a. Developing and Marketing Issues

Focusing on issues of immediate concern as a way to introduce new, open, participatory and constructive ways of resolving public issues has been the backbone of Pact's success in governance programming in Madagascar over the last 3 years. In this proposal, issue management takes on new and exciting dimensions as the center-piece of strengthening governance at the national level with critical input from the regional level. This expanded use of issue management is an important development that capitalizes on USAID investments under the Rary program, and takes full advantage of the innovations developed in the last three years in Madagascar.

Pact will complement the key analytical themes emerging from the Economic Research and Policy Group (ERPG) by conducting in-depth discussions with concerned parties from government, business, civil society, the press and the donor community, gathering additional information along the way. Findings will serve as a basis for issues papers that build on ERPG's analytical themes and clarify policy choices. These papers will cover the political, administrative and economic facets of each issue. The papers will provide an historical overview, discuss policy options, present the impact of policy options on citizens and interest groups, review the budget and expenditure implications for government, and list the location of all relevant information sources. Clear, precise diagrams and charts will illustrate the text where useful. The specialized formats of these papers will bring issues into sharp focus and allow public and private groups to more easily grasp and deal with issues.

Pact's long time partner ASF—to whom credit should be given for much of Pact's success in handling the property tax issue and boosting local expertise in economic issues management through their experience with structural adjustment and privatization programs—will develop specific national level issue marketing campaigns based on Issue Papers. These campaigns will be based on analysis of the policy making process using various technical approaches that acknowledge the influence of interest groups and individual players in the policy game, as well as mind-sets of associated decision makers and the real-life processes of decision making.

Each campaign will take institutional and political realities into account and provide a mix of meetings, debates, field visits, social occasions and media work, to include USIS's business roundtables as well as the Media Resource Center's activities. Pact's experience in dealing with national institutions and political processes, coupled with ASF's knowledge of national media and public opinion, will provide a precisely crafted strategic course toward an optimum enlargement of the policy process.

Throughout this process, Pact will work closely with the Ministry of Finance and ministries concerned with targeted issues, providing guidance and reinforcing public issue

management capabilities in a new information-rich environment. Pact's institutional facilitation expertise—based on techniques developed in Madagascar, Africa and Eastern Europe by Pact and by Pact's institutional partner the Prince of Wales Business Leaders Forum—will be used to ease into the process government officials who may be unfamiliar with open policy dialogue. Pact's expertise in these areas will also help to alleviate problems of distrust between groups on selected issues.

b. Increasing the Flow of Focused Information on Issues

Our experience with Rary has demonstrated the power of focused information in mobilizing groups and individual actors with renewed dynamism and energy. Pact plans to capitalize fully on this experience and to improve on a sustainable basis the production and demand for focused information at the national and regional levels. Pact and its partners will increase the flow of focused information in the following two ways.

Developing New Ways to Access Information

As described below, information products will be made available through a virtual information network in targeted regions. Pact and partners will assist INSTAT in becoming an on-line provider of information, playing the role of gateway between the producers and users of economic information. In addition, Pact partner ASF will assist INSTAT in developing its in-house marketing and dissemination capacity, re-vamping its distribution channels, adjusting them to take advantage of internet-based opportunities.

As a partner of Pact, CITE will gather and analyze available information from INSTAT, FOFIFA and other relevant sources. Working with sectoral specialists and Pact's Information Support Systems (ISS) department,⁴ CITE will merge these data and analyses to transform disconnected, fragmented or heterogeneous information into clear, consistent, user-friendly narratives accompanied by meaningful diagrams, graphs and/or tables. In doing so, Pact and CITE will capitalize on significant past USAID and other donor investments in geographical and spatial information technology and data bases in health, the environment and rural development. CITE, with support from Pact, will turn this activity into a sustainable product, through local sales, which in turn will contribute to greater self-sufficiency for CITE. International communications and marketing expertise within Pact and local public relations experience within ASF will be used to help CITE market these new information products. Over time, the demand for such focused information products will grow from the media, CSOs such as GEM, peasant associations and labor unions, and government agencies sensitized to the value of focused information formats.

Increasing the amount of information that is *made public* is an essential element in improving the policy process. Pact and CITE will also identify ways of gaining timely

⁴ Pact's Information Support Systems Department has done intensive work with USAID's SO3 on the development of geographical information systems (GIS) and in special information formats under the second phase of Madagascar's Environment Program.

access to information produced by ministries and donor-funded projects that are often “lost” at the end of each project cycle. They will develop systems that employ existing institutional networks and fully capitalize on the unique experience of Pact’s ISS department in developing protocols and mechanisms for the sharing and distribution of information from multiple sources.

Expanding the economic and legal literacy of journalists

Pact and partners will reinforce the capacity of journalists and the media in the capital and the regions to understand, analyze and interpret economic and legal information and issues. This will be done by channeling policy issues to appropriate groups of journalists for public coverage, discussion and analysis, as well as through a training program in economics and the development of an economic editorial capacity within Malagasy National Radio.

Relevant issues will be fed into specialized networks of journalists or associations, including the Economic Journalists Club (CJE), Intermedias and MediaScope⁵. Simultaneously, the Economic Journalists Club will organize training sessions and discussion fora around key issues. INSTAT, FOFIFA, STA and SPPM economists and sectoral specialists will be mobilized to provide specific training sessions and act as resource persons in events organized by the Club. The Club will also work with Malagasy National Radio and the Friedrich Ebert Foundation-funded National Journalist Training Center to introduce economics programming on National Radio and basic economics in the Center’s training curricula.

The Economic Journalists Club, Intermedia, MediaScope and National Radio will serve as Pact’s strategic partners whose collaboration will allow economic issues to have national coverage as well as allow regional issues to percolate up and be broadcast nationally.

c. Linking National Policy with Regional Concerns

Pact proposes to establish a National Issues Network, first described in section III.C. The National Issues Network will enhance information exchange between the national and regional level, dramatically increasing access to information at the regional level, and enabling economic analysis and policy to be grounded in regional realities. In doing so the Network will enable grass-roots and regional issues associated with issue sets to percolate up to the national level.

The National Issues Network will be serviced by information systems. Under a strategic partnership with the Private Sector Support Fund (FASP) and CITE, regions in the Network will be directly and electronically linked with national information sources in

⁵ Intermedia’s health focus dovetails with proposed analyses by INSTAT and Cornell under *Improved Economic Analysis*.

the capital through existing Virtual Documentation Centers (CDV) run by FASP in partnership with CITE. The CDV network will be used to transmit issue papers and other information on issues for regional debate and analysis. It will also serve as a gateway for Pact and partners to access INSTAT and CITE informational resources on-line for regional issues management.

The Network will also be strengthened by training. Pact and its national level partners will also institute and manage a “coaching” program in regions covered by the network, organizing public hands-on workshops that will take participants through examples of information use in analyzing simple issues related to economics. “Coaching” is an essential process toward greater information literacy, closing the gap between everyday life, information and information technology.

The Network will be made up of Regional Issues Groups (RIGs), composed of local INSTAT staff, the chief provincial administrator (PDS Faritany), prefects, and key civil society groups. Backed by Pact, the RIGs will identify regional issues of relevance to the national themes selected by the Economic Research and Policy Group, and will serve as the main gateway for bottom-up and top-down information dissemination. The RIGs will also coordinate a regional training program on economic issues in partnership with Cornell-INSTAT, FOFIFA and the STA’s regional reach program. It is expected that representatives of the various RIGs will serve as consultants for future studies and issues, as defined by the ERPG. At project onset, the Network will be composed of three RIGs, in Fianarantsoa, Antsirabe and Mahajanga⁶.

Using the administrative weight of the PDS, each RIG will provide access to relevant information from state services and projects operating in the region as well as from INSTAT and other national sources and will facilitate participatory processes to identify relevant regional issues for studies, training sessions and debate.

Regional Pact partners—MiaraMivoy (Fianarantsoa), Tafa (Mahajanga) and Iredec (Antsirabe)—will work with the regional RIGs and with local journalists associations and rural radio networks trained by Pact partner IRY to give the issues wide regional reach and generate regional debate. Local media productions will receive national airing

⁶ Pact proposes reaching five key regions of Madagascar, namely Fianarantsoa, Anosy (Fort-Dauphin), Mangoro (Moramanga), Vakinankaratra (Antsirabe) and Boina (Mahajanga), as well as Antananarivo. Three of those regions, Fianarantsoa, Antsirabe and Mahajanga will constitute the National Issue Network at project onset, grounding national economic issues into regional realities and enabling local and regional issues to percolate up to the national level and vice versa. Fort-Dauphin may be integrated in the Network in years 2 and 3 of the project, once the Fort-Dauphin CRD has adopted its regional development framework and is well established regionally. Moramanga may also be integrated into the Network in year 3 of the project if a CRD is formed and begins operations in project year 1, and if additional funding becomes available. Moramanga and Fort-Dauphin will simply be correspondents at project onset, through LDI (Moramanga) and the Andrew Lees Trust (Fort-Dauphin). Mahajanga will be operational for at least one year, after which a decision will be made jointly with USAID on maintaining a Mahajanga office or working exclusively through a local partner.

over Malagasy National Radio and the Rural Radio Network as part of the National Issue Network. Under a partnership with Pact, the Centre de Ressources des Média will contribute to the Network with specialized journalists training focussing on specific economic issues.

d. Enhancing regional involvement in public interest issues.

Pact and its partners will manage a program of institutional support for entities responsible for democratic governance at the regional level both to reinforce the RIGs and to mitigate the impact of the traditional, top-down decision-making process in Madagascar—one that limits regional participation to ad-hoc committees. Pact proposes to tap into significant resources available from various donors to help mayors' associations, communes and local and regional development committees to develop representative and legitimate regional networks and platforms to address regional issues in a coherent and comprehensive manner⁷. In particular, Pact proposes to focus on regional entities such as the Fort-Dauphin Regional Development Committee (CRD), the Ambalavao Association of Mayors and the Multi-Local Planning Committee of Fianarantsoa⁸ to address regional issues and strengthen local representation in regional decision making. The result will have a notable impact on citizens' ability to act on

Box 3 – Dwindling water supply in Fianarantsoa.

Possible scenario based on a real issue. Pact partner MiaraMivoy identifies through regional NGO *Miray* the issue of commercial logging around the drinking water source for greater Fianarantsoa, which has been dwindling allegedly due to clearing of surrounding woodlands. The forest is classified as commercial. Pact brings support to regional environmental groups in coalition building and advocacy actions and enables the issue to percolate up to regional debate. There, information mobilized by the RIG and USAID's environmental information system is used by regional partners and environmental groups to mobilize opinion. Regional Pact staff develop an issue marketing campaign with ASF in the Capital, involving the regional AGERAS consultative group on environment, the LDI project and CSOs. Pact Tana works with the CSO coalition to produce an issue paper which serves as the basis for advocacy actions, leading to open, informed national debate.

regional policy decisions that affect their lives.

The Fort-Dauphin Regional Development Committee

Fort-Dauphin (Anosy region) boasts an active and determined Regional Development Committee (CRD), which will pilot a participatory process to establish a regional development framework. More than one hundred representatives from each of the thirty-six communes of the Anosy region participated in the creation of the CRD, holding three

⁷ Examples include World Bank's PAGDI program, UNDP's governance program and the French Coopération's PAGU project.

⁸ The Multi-Local Planning Committee (CMP) is composed of sectoral project consultative committees in environment (LDI, Miray), health and rural development. With Pact support, the CMP wishes to promote increased information sharing and coordination among sectoral projects and to seek ways to develop a coherent regional framework for priority setting and project orientation.

general assemblies on local willpower and resources. Under a 4.4 million dollar Learning and Innovation Loan under the PAGDI⁹ program, the Ministry of Regional Planning and the City (MATV) will support three CRDs, in Anosy, Menabe and Mangoro.¹⁰ Expected results include an enhanced public/private partnership, creating an environment more conducive to private sector growth; a decentralized and participatory regional planning and investment programming process; and a regional knowledge management system to better inform decision makers on regional and local investment priorities.

USAID's PAGE (SO3) program works with the environmental commission of the CRD. Recognizing the importance of the CRD in reaching its regional objectives within a durable framework, USAID is providing timely financing to the overall regional development framework elaboration process while MATV activities get under way. Working in support of the CRD, in close partnership to PAGDI and USAID's PAGE program,¹¹ Pact will help the CRD explore durable institutional solutions to regional development and work with central government to solve key regional issues related to poverty alleviation and economic development.

Pact will provide the CRD with strong institutional and organizational development support, suggest the means and methods for enlarging and reinforcing participation in the planning process, and encourage the CRD to go further in providing information and education programs that foster a wider understanding of the basic development principles – democratic, economic and social - that will link the people of the Anosy and become a catalyst for regional issue management and resolution.

Pact will also work to strengthen the press and will work with the Andrew Lees Trust Development Radio Program to link rural areas with key regional development issues. Pact will strengthen regional CSOs, helping them identify and rally behind issues of common interest, such as the need to combat poverty. Pact will also work with large operators and business groups to ensure that they recognize their interests and participate fully in the process. Pact will manage an office in Fort-Dauphin for the duration of the project.

Inter-communal Cooperation in Fianarantsoa

UNDP governance funds, moreover, managed by Pact and Iredec, could be used to carry out a process similar to the Fort-Dauphin CRD in the region of Fianarantsoa, assisting

⁹ Decentralized Infrastructure Management Support Program (PAGDI) - World Bank

¹⁰ The Menabe CRD, created in 1996, has developed into a credible and legitimate informal representative body composed of business leaders, NGOs, local elected and regional central government officials. The CRD is active in dealing with regional environmental and other problems and has demonstrated its potential to promote better coordination between projects.

¹¹ USAID's NRO office and the PAGE team are strategic partners of Pact in developing and reinforcing the governance aspects of the CRD experience as a mechanism to insure greater durability for environmental actions supported by USAID.

communes in linking individual communal development frameworks into integrated regional frameworks. Should UNDP funds become available, these regional frameworks would serve as a basis from which to set regional sectoral priorities and influence decision making on public investment programs. In such a context, French resources could be mobilized to address key regional fiscal issues and set-up a regional fiscal center that would be used to renew the taxation base of an ensemble of communes rather than that of one city-commune.¹²

This activity builds on previous investments from French Coopération and the World Bank with Decentralization. This approach responds to USAID concerns as well as to the donor community's request for stronger integration and coherence between sectoral programs. Net results of these activities will contribute to Madagascar's policy of decentralization, providing specific, replicable examples of regional frameworks that improve coordination of sectoral government and donor programs and provide durable fora for the participation of regional actors, elected officials, groups and citizens. The frameworks will increase the representation of disenfranchised groups, contribute to economic development through a better regional integration of public investment programs, increase coherence between sectoral programs and provide examples of active

Box 4 – Example of a Public Framework for Regional Cooperation

The Public Inter-Communal Cooperation Organization (OPCI) is one model that can serve as an effective base from which to develop a common regional vision, gain technical competence and increase involvement in regional issues. The OPCI is a public entity that comprises an assembly composed of representatives from the Executive and the Council of each member commune. The assembly elects an executive office responsible for the management of those areas of competence the communes have chosen to put in common. OPCIs can start small, with only one shared competence of immediate interest, and grow at their own pace as their organizational and technical capacity grow. Credible and legitimate OPCIs with transparent management and democratic process can play an increasingly important role in providing a coherent regional framework for projects and public investments, and mobilize regional actors and local and national resources in regional development projects

partnerships with central agencies in solving key regional issues.

e. Increasing CSO Capacity to Engage in Constructive Dialogue

Using Madagascar-tested methods, Pact and partners will manage a program of organizational support that reinforces the capacity of concerned CSOs to analyze current issues, and to develop and manage effective advocacy campaigns to defend common interests typically related to the alleviation of poverty. This will significantly open national debate to new groups and increase the impact of CSOs on the policy making process. It will also foster larger civil society and citizen ownership of policies and

¹² Both the UNDP's Governance Program ,the French Coopération and Carème Suisse have demonstrated strong interest in entering into a partnership with Pact under the terms stated above. The Fivondronana of Ambalavao has been targeted as a region most suited to such a collaborative effort. The Urban Management Support Program (PAGU) of the French Coopération will be working to re-vamp the fiscal situation of 10 secondary cities as well as develop economic links between each city and regional economic development.

programs related to macro-economic orientations. To foster this ownership, Pact will rely on proven methods that enabled neighborhood associations in Mahajanga to achieve ownership of the water privatization process.

Box 5 – Value added tax on agricultural inputs.

Possible scenario based on a real issue. Working through FIFATA's network of peasant associations in Antsirabe, Pact partner Iredec identifies the issue of taxing agricultural inputs as a major problem for peasants and a major issue for agricultural development. The issue is linked with existing studies through the National Issues Network and the Antsirabe CDV. CITE gathers and analyses relevant information. Cornell and INSTAT respond with complementary studies that establish the extent of the VAT's impact on agriculture and its impact on fiscal revenue for the state. Pact and Iredec conduct an intensive training and mentoring program for FIFATA leadership, enabling FIFATA to develop and defend its positions in national-level debate. The stage is set for substantive debate linking national policy with regional consequences.

As part of its program for civil society, Pact will also concentrate efforts on the legal and fiscal environment for associations and NGOs. Building on Pact expertise stemming from several years working in promotion of the new NGO law through close support to a consortium of national civil society groups¹³ and capitalizing on USAID investments through SO3, Pact will bring close support to the consortium in developing comprehensive advocacy campaigns. Pact support will help the group tackle fiscal issues related to the statutes of NGOs, as well as resolve other issues associated with the new NGO law as well as the law on associations (60-133). Pact will also work directly with consortium leader Commode on the issue of the special statute given to CSOs recognized as being of “public utility” (ARUPS). Pact will call on specialized resources from Madagascar and abroad in helping public officials access experiences and models from other countries. In this vein, contact has been made with the International Center for Not-for-Profit Law (ICNL), which specializes in creating and improving laws and regulatory systems that encourage the growth and dynamism of the not-for-profit sector around the world. ICNL has published the Tax Treatment of Non-governmental Organizations which surveys best practices worldwide.

A support program will be developed to assist the KMF/CNOE, Transparency International (TI) and other prominent democracy-focussed organizations in identifying associated accountability issues and carrying out actions in synergy with issue marketing activities. A first series of themes has been identified in a recent Transparency International workshop on corruption and the private sector held in Antananarivo and funded through a sub-grant from Pact's Rary project. The themes will serve as a basis for partnership between Pact, TI and private sector associations. Participants to the workshop have demonstrated interest in addressing the problem of a lack of transparency in fiscal administration at the national level. They propose that fiscal laws and regulations be clarified and made accessible to all, that the discretionary power of officials be reduced,

¹³ The consortium, called the Committee for the Application of the New NGO Law is composed of the following NGO federations and groups: ASSONG, Commode, UNAHM, AVO, APNP, Carrefour, DRV/F3CM, with participation from the Ministry of Population and the Ministry of Interior.

that fiscal policy be automatically and uniformly applied. The participants also proposed to develop a private sector code of conduct to curb negative behavior such as attempts at bribery of public officials by individual private interests. Pact has provided institutional development training to Transparency International chapters in West-Africa and financial management training to TI Headquarters. TI President for the United States is a member of Pact's board of directors.

Pact will manage a small grants program that will provide motivated civil society organizations with resources to initiate advocacy related activities. Building on the success of the grants program managed under Rary and expanding it to include major national level players, Pact's advocacy grants program will enable CSO partners committed to promoting the common interests of their members to develop durable advocacy orientations and engage in initial advocacy actions. The program will be open not only to CSOs involved with targeted issue sets but to all credible organizations who wish to promote an issue related to public interests.

As part of its support to civil society organizations and key government officials, Pact envisages the use of international training and conference participation to provide key civic leaders and government officials with international perspectives and techniques. Topics could include information policy, transparency mechanisms, anti-corruption program development, the public policy process, and others. Through contact with Pact's Washington Office, CIVICUS, InterAction and others, Pact will actively seek focussed opportunities suited to partners. Just as importantly, this activity will also enable leaders to promote specific issues and ideas of interest in Madagascar in international forums.

f. Gender

Gender inequalities continue to exist in Madagascar in the context of politics, society and economics, slowing down economic growth in general and acting as an obstacle to the GOM and USAID's goal of reduced poverty. Efforts to achieve equality between men and women seek to further the recognition and application of equal legal rights, improve equal access to positions of influence, especially political, and allow full participation in development in general and economic activity in particular.

In Madagascar, the need to reduce inequalities under law is well recognized. But the economic consequences of divisions between men and women are only now beginning to be acknowledged. Systematic use of gender ventilation by INSTAT and the Permanent study on Households (EPM) since the early 90s has enabled a limited number of specialists to grasp the evolution in the state of women regarding health, education, and social and economic life. Recent analyses point to continued inequality in access to resources and productive economic assets in education, professional standing, job security, revenue and credit, formal-sector employment and positions of influence.

Pact and The Madagascar Federation of Women's Organizations (DRV/F3CM) propose to capitalize on the findings of two important studies of

INSTAT/EPM/Cornell—Structure and Determinants of Poverty in Madagascar (April 1998) and Employment and Revenue in Madagascar (August 1999)—to prepare and launch advocacy campaigns regarding gender issues in macro-economic and sectoral decisions. This work will be the starting point of grass roots sensitization and mobilization through the DRV/F3CM network of NGOs and associations, and will translate into advocacy actions to promote increased access by women to positions of influence and to economic assets. As part of the effort, priority concerns of DRV/F3CM members such as the interdependence between the market economy and the household economy and the division of work between men and women would lead to specific and more in-depth economic analysis.

Pact and DRV/F3CM also propose to develop grass roots leadership in communities where DRV/F3CM member organizations are active. Credible and legitimate community leaders will receive training in civics, management and other focus areas enabling them to play a more important role in their community and to access positions of greater influence.

Pact and its partner DRV/F3CM believe gender issues run throughout Improved Public Information and Dialogue. The gender approach will be woven into the project at the national level through activities in policy analysis, advocacy training and organizational support, and at the regional level in Fianarantsoa through training and capacity building programs developed by Pact for DRV/F3CM members.

g. Amplifying Expected Results Through EDDI

Pact proposes a bold and innovative approach in response to USAID's desire to use funding from the Education for Development and Democracy Initiative to amplify the expected results of the *Improved Public Information and Dialogue* program. This proposal addresses the problem of a dramatic information deficit at a national and regional level in Africa as compared to the rest of the world.

Careful observation and analysis of information dynamics in a development context by Pact in Madagascar and elsewhere in the world¹⁴ indicates that the fundamental challenges facing a country such as Madagascar are not simply ones of access to technology or access to information. These challenges are also linked to education levels, to the capacity to *generate* and manage information locally and to specific conditions of democracy and governance.

Together, these factors have a significant impact on what Pact calls *information literacy*: the reflex, capacity and desire to effectively work within a modern information context to promote individual and group interests, increase exchanges and improve competitiveness and well-being through access to relevant information.

¹⁴ Pact's institutional expertise in using new information technologies for development includes work with pilot Multipurpose Community Telecenters under a UN System-Wide Special Initiative for Africa.

The Internet's potential as a tool to access and share information is phenomenal. But technology alone does not suffice for information to be used productively for social advancement. For the Internet to rapidly evolve into a high performance tool for democracy and development in Madagascar will require investments at a regional and national levels to:

1. allow citizens and groups to practically link available information to their daily needs and aspirations and *learn* from information by a process of guided exploration and coaching ;
2. dramatically increase the availability of information of national and regional significance over electronic networks, responding to popular desires and aspirations ;
3. improve the capacity of groups and individuals not only to consume information but to *create* their own information and communication, to *express themselves and communicate* using new technology.

Addressing these key elements of the total information and communications picture will result in a greater information *use* by citizens and groups based on issues of concern.

Pact proposes to use additional resources made available through EDDI to:

1. spread the coaching process described in the proposal for Improved Public Information and Dialogue to provincial capitals not currently covered by activities and to 3 to 5 cities that are targeted by the growing electronic network of the CITE as well as by the French Urban Management Support Program (PAGU) program, and
2. to promote the use of new information technologies as a empowering tool for citizens and groups through the production and web-casting and sharing of communication pieces on their own environment and experience.

Matching EDDI funds with additional financial and human resources from Pact partners CITE and FASP, Pact proposes to spread its comprehensive model for the application of IT technologies to democracy and development to between 3 and 5 cities. Working within this framework, Pact and its partners will capitalize on methods and tools developed for Fianarantsoa, Mahajanga and Antsirabe and apply them new regions.

The coaching approach will be developed in partnership with the PAGU, taking into account the specific needs of regional private operators and city officials within the dynamics of regional economic development activities and capitalizing on the FASP system of virtual technical support housed at Virtual Documentation Centers (CDV). Madagascar's universities and technical schools (lycees techniques) in targeted cities, moreover, will work closely with local coaches to incorporate newly available information into their training curricula. These activities will capitalize on Leland

investments in new servers in Toamasina and Antsirabe, as well as other new Internet technology investments which will inevitably come on line in the near future. These investments will evidently target other cities, reducing the cost of internet linkups, and thus contributing to the durability of activities under EDDI. Pact will also develop synergies with the ATRIPS program (USAID Internet training program in international commerce for Malagasy managers – l'Express, 12.20.99, p.5)

To promote the use of new information technologies as a empowering tool for citizens and groups, a special fund will be put aside to enable local producers of information such as INSTAT and FOFIFA, mature NGOs such as GEM and dynamic journalists, as well as regional entities to develop internet programs and net-casting—enriching local content over the net and contributing to Pact and partners' objectives in developing information use nationally and regionally. This fund could also enable groups from different cities to communicate with each other through the Virtual Documentation Centers (CDV), exchange regional information, digital images, news stories and sound bites.

Pact's partnership with FASP and CITE will allow 8 out of 16 GLOBE schools to have direct access to the Internet and to the GLOBE world wide network of participating schools. Currently, participating schools do not have direct access to Internet except for those in Antananarivo.¹ This expanded access during the course of year 1 will be managed by Pact and its partners at no additional cost to the US Government.

Pact will rely on its partner, International Development Professionals, to provide advice on developing the proposed framework for a durable, effective system linking international, national and local levels. Steven P. Mintz of IDP has significant experience in the application of information and Internet technology to similar situations in the developing world. Specialized resources from Pact Washington will also be called upon for technical backup as and when required.

4. Results and Indicators

a. Project Results Framework

The project results framework reflects the overall framework developed by Pact and Cornell and described in section III. The project results are numbered accordingly.

Result 4. Increased availability and use of focussed information on key policy issues	
Intermediate results	Activities
Information is more readily available in synthetic analytical formats integrating information from a wider array of sources	Local partner CITE will conduct active information collection and dissemination on key economic issues. CITE will produce focussed analytical formats on requests coming from groups in the capital and the regions through the Virtual Documentation Centers (CDV) network. ASF will help INSTAT develop a comprehensive network of national and regional subscribers including universities, forums and think tanks, information centers, key civil society groups and media organizations.
	Pact will manage and maintain a network of correspondents in key regions with links to the press and regional information centers, the National Issues Network. Pact will coordinate the sharing of information and ideas on the network, including the coordination of training sessions by Cornell and the percolating up of local and regional issues identified through Network correspondents.
	Local partner Economic Journalists Club (CJE) will animate debates and reflection on issues among journalists specialized in economic reporting, as well as others, and foster the production of articles and other media pieces on key economic themes and issues.

Result 5 Increased quantity and quality of civil society and press interventions in dialogue	
Intermediate results	Activities
There is greater and more informed participation from civil society in regional/national debate	Pact, working with local partners INSTAT and STA, will conduct training and information seminars on key issues for concerned and interested CSOs
	Pact will develop and run regional organizational support programs for CSOs who wish to promote common interests and involve themselves in regional/national issues. These programs will include training in policy analysis, mentoring on advocacy and financial support to launch advocacy campaigns.
Journalists are better skilled, are sensitized to and have the ability to deal with economic and legal issues	Local partner IRY will manage training of journalists in two key regions on journalism and on regional/national economic issues in close partnership with USIS, FFE, EU and the Coopération Française. IRY will also work to promote greater synergy between programs.
	The CJE will hold national-level training sessions for national and local journalists on key economic issues, involving resources from Cornell, INSTAT, STA, FOFIFA, MADIO, SPPM USIS and international experts. This will be done in collaboration with local partners USIS, Media Resource Center and the Journalist Training Center of National Radio.

<p>Result 6 Improved dialogue between actors on key policy issues Results 4 and 5 also contribute to the realization of Result 6. For reasons of clarity, those contributions are not stated again under Result 6.</p>	
Intermediate results	Activities
Economic and other issues are better grounded in the field, nationally and in the regions	Pact will provide overall coordination of training curricula involving INSTAT, Cornell, FOFIFA, STA, CJE and possibly others, that will increase the regional understanding of key issues and their implications at the regional level.
	Through the National Issues Network, Pact partners will identify regional issues associated with national themes and associated issues. Identification of regional issues could lead to additional studies to be conducted by Cornell-INSTAT or by local partners with Cornell or INSTAT technical support. Regional INSTAT staff, STA correspondents, PDS Faritany and Prefects grouped under a Regional Issues Group backed by Pact and partners will pilot the regional issue identification process.
Increase in quality of regional information and debate	Regional partners INSTAT, STA, the PDS and Local Prefets, under the Regional Issues Group (RIG), will facilitate public access to key information from regional administrative bodies and sectoral projects in Fianarantsoa, Mahajanga and Antsirabe.
	With support from CITE in Tana, local partners MiaraMivoy in Fianarantsoa, Iredec in Antsirabe, TAFE in Mahajanga will link regional issues with clear and concise information formats conducive to constructive debate.
	Local journalists associations Tatao in Fianarantsoa, AJM in Mahajanga, and the local rural radio station in Antsirabe will analyze the issues identified by Pact partners and report on issues in the local media.
Issues from the grass roots percolate up to regional and national debate	Local partners Miaramivoy, Iredec, and TAFE will work through regional networks that reach the grass roots to identify local issues and promote them in regional decision making and consultative bodies.
	Pact will provide support to regional decision making and consultative bodies in addressing regional issues identified by Pact partners and developing consensus through public issue management techniques.
	Pact, through the National Issues Network, will incorporate regional consensus and issues in issue papers and issues marketing activities run by local partner ASF

Objective, quality information has greater relative weight in decision making	At the national level, Pact will produce issue papers on the issues associated with each theme selected by the Economic Research and Policy Committee as well as on issues that percolate up from the grass roots. These papers will provide synthesis of issues, identify policy options, impact of policy on specific groups and regions, incorporate regional findings and consensus and include information references. Issue papers will serve as the base for issue marketing campaigns and national level dialogue.
	Local Partner ASF will develop specific issue marketing campaigns to strategically project the issue into the public arena in order to achieve the mobilization of key actors, generate constructive debate and generate maximum policy impact.

b. Program Indicators and performance targets

As a key underpinning of its proposed ME&R system for *Improved Public Information and Dialogue*, Pact would like to propose a new indicator to track program performance:

Indicator: Number and types of national issues involving open, informed and participatory public discussion.

Considering the importance of *improved policies for sustained growth* in USAID’s Special Program Objective and USAID’s investment to generate quality economic analysis for decision making, an indicator relating to the overall quality of the public decision process seems opportune. Open, informed and participatory decision making suggests that decision makers are *open* to new information and ideas, that *information* is an important part of the process and that there is in fact real *participation* by civil society organizations.

These three elements together contribute to an effective policy making process. The active participation of civil society is only one element of a process in which attention given to objective information, the exchange of informed opinions among actors and the openness of decisions makers are all key.

Pact's work with partners will allow precise monitoring of government policy decisions and of the political agenda regarding key areas of policy under consideration by project activities. Official government policy documents, as well as reports from private meetings and public statements throughout the project will enable Pact to track government positions and the impact of information and dialogue on those positions.

The proposed ME&R system will also provide qualitative indicators on the quality of interventions by CSOs in national debate and the degree of openness of decisions makers involved in policy decisions. Baseline data for the number of economic and legal issues influenced through an open, informed and participatory public process will be established at project onset through a review of major economic and legal decisions of the last year.

Targets over life of program (to be confirmed after baseline study is completed)

Indicator	YR1	YR2	YR3
Number of issues in which decisions were influenced through an open, informed and participatory public process	1	3	4

5. Sustainability

Pact’s approach to program implementation is very much tied to creating sustainable systems and procedures.

a. Institutionalization

All of its work is done in collaboration with local partners to assure transference of skills and development of expertise. In addition, Pact’s work in institutional development builds on local processes and procedures, thus maximizing prospects for continuation after project completion. Pact’s standard operating procedures promote sustainability through collaborative work with established, viable local institutions. In addition, this program directly promotes durability in several other significant ways.

b. Demand driven products and cost recovery

Pact’s decision to work with durable institutions such as INSTAT and CITE, developing institutional capacity and demand-driven products within a strategy of cost recovery is one strong example of the sustainability of Pact’s approach. Developing sustainable ways for groups to access and use information is a key concern that runs throughout this proposal. By proposing to work on economically viable information products and develop demand for these products, as well as develop information policies within institutions, Pact’s approach aims for maximum sustainability in increasing the use of focussed information within the public realm.

c. Empowerment

True empowerment happens when groups tackle hard-felt issues related to common interests. Empowering groups such as federations of neighborhood associations and transport operators by helping them to focus on issues is one essential way in which to build sustainability in CSOs. Under *Improved Public Information and Dialogue*, Pact will continue to build durable links within associations, based on clearly identified common interests and issue development.

Durable and sustainable changes in the way public issues are managed and policy decisions are made requires new types of experience on concrete issues. Pact's issue-driven approach, the effectiveness of which has been demonstrated under Rary, will insure maximum durability of impact on institutions, CSOs and the press. By being issue-focussed, bringing issues down to street level and developing the institutional capacity of actors, Pact's approach proposes to keep working in ways that promote durable change.

d. Developing governance capability in local organizations

As a result of Pact activities under Rary, several groups have jointly developed the ideas and approaches promoted under Rary and now share common goals with Pact, related to governance and participation. Pact will continue to work with Miaramivoy, Iredec, Tafa and ASF in order to build local capacity to manage governance activities, and will sub-grant and sub-contract significant areas of activity to these and other local organizations.

6. Links with the AID program framework

a. Relation to other Strategic Objectives (SOs)

Pact's approach makes significant contributions to USAID strategic objectives in concrete and measurable ways. Activities will contribute to resolving issues for LDI on the ground by promoting informed debate at the regional and national levels. Similar partnership agreements could be discussed with the health sector. The USAID-funded Jereo Salama Isika health program could be associated with research and issues related to Cornell's projected study on trends in access to public health services.

Activities will also contribute to USAID objectives under the EP2 program. By supporting the development of more coherent frameworks for regional decision making, Pact's approach contributes to the AGERAS process of regional integration of environmental issues with regional development. Specifically, working with the Multi-Local Planning Committee will impact positively and directly on the AGERAS process of regional environmental planning by contributing to insert the activity into a larger regional framework. Pact's proposed activities also contribute to PAGE objectives by strengthening the CRD in its ability to solve regional issues concerning the environment as well as other sectors.

b. Incorporation of AID's four core values

Pact's has demonstrated through Participation and Poverty and other programs its full adherence to USAID's core values. The proposed framework for *Improved Public Information and Dialogue* goes further in bringing those values to life in a way that reinforces project performance and the durability of results.

- ◆ **Teamwork:** Pact uses teamwork as a basic ingredient necessary for the achievement of results. Results under Rary were the work of a wide array of human resources from Pact, local subcontractors and local CSOs as well as government officials and other donor programs, all working together toward common objectives. Through extended discussions with partners Cornell, INSTAT, CITE, and many others, major common objectives that closely link the partners were identified and debated. Clearly stated common objectives stemming from these discussions will allow Pact and partners to work as a closely knit team across organizational lines, and across existing lines between CSOs, government agencies and donors. This is evident when looking at the number of partners and the inter-relatedness of joint activities.
- ◆ **Customer Focus:** Pact's customer focus in this proposal begins with a recognition of INSTAT, Cornell and other producers of economic information as clients of Pact. Pact has recognized early on that producers of economic studies and analysis have a basic need to see their work included in policy debate, and responds expressly to that need in the technical proposal. This focus on customers is also demonstrated in Pact's relationship to decision makers under Rary, where Pact focuses on the public issue management need of decision makers and responds to that need as a positive approach to strengthening democratic practice.

With this proposal, Pact works exclusively within a customer logic, setting priorities and managing project activities in response to specific economic issues identified in the capital and the grass roots, and responding to interests and needs expressed by CSOs and government officials concerned with key policies.

Pact will maintain a Malagasy-led approach to program implementation. The needs and interests of stakeholders at the national, regional and grassroots levels will determine policy issues that help frame the analytical policy agenda undertaken by Cornell and its partners and the public debates sponsored by Pact and its partners.

- ◆ **Empowerment and Accountability:** Pact's ability to empower groups is clearly demonstrated by such newly created CSOs such as Herimiray in Mahajanga and by the Fianarantsoa Transport operators, both of whom are having a dramatic impact on public life in their respective cities. It is also demonstrated in this proposal by the subcontracting of significant project activities closely tied to results to Iredec, ASF, Miaravivoy and others. Clearly, Pact has been empowering groups and is proposing a framework that goes further in that logic, turning over significant responsibility to capable emerging local organizations.

Pact will continue to support the growth of organizations capable of working effectively on behalf of their membership or constituency. All of Pact's services under this program will entail either the transference or the reinforcement of skills so that newly created or quasi-mature groups can respond properly to the needs of their membership or constituency. This approach is at the base of Pact's commitment to diverse partnerships and to integrating local groups into all aspects of program implementation.

Pact is accountable to many groups in carrying out governance work. It is accountable first to Malagasy citizens, who as private citizens have expressed to project staff strong interest in and concern with current activities and expected results. Pact is also accountable to its partners in civil society, who have all remained with Pact from day one and have high expectations of Pact and the premises of its work in the regions. Pact is accountable to decision makers, who trust Pact with sensitive information and depend on Pact's neutrality in all affairs. Pact is also accountable to its own local staff, who together share common hopes and convictions for Madagascar and who believe that Pact provides a context in which they can take real steps forward. Under this program, Pact will continue to work in accountable ways through its participatory management structure and significant regional autonomy in programming and activities.

- ◆ **Results Orientation:** In this proposal, our results orientation is demonstrated by a continued focus on *issues*. Getting results means working on real issues, ones that make a difference in people's lives, linking them to the grass roots and enabling them to have real impact on policy. It is also demonstrated by a comprehensive results framework and performance targets, as well as the importance given to monitoring, evaluation and reporting.

In addition, Pact would like to underscore its adherence to sustaining an approach based on needs expressed by stakeholders, providing technical support with an eye towards capacity building, emphasizing results and tangible accomplishments that help build the program's momentum and increase confidence its outcome, maintaining a participatory process focused on consensus building, remaining flexible and alert to emergent opportunities for extending program impact, and making use of Pact's existing management platform for the provision of services. Pact recognizes that the success of this program depends upon the confidence of stakeholders in its outcome. In addition, Pact will remain flexible and alert to emergent opportunities for extending program impact, particularly vis-à-vis programs funded by other donors.

B. Management

1. Institutional Resources

a. Pact Madagascar

Pact has been active in Madagascar since 1991, with an established presence in all six of the major Malagasy provinces. Pact's work and mission in Madagascar focus on the participatory development of local associations, NGOs and civil society organizations, as well as in the direct management and implementation of significant sums of US government bilateral assistance to Madagascar. The work of Pact Madagascar's six inter-related technical departments (Organizational Development, Democracy and Governance, Information Support Systems, Grants Management, Finance and Administration) each contribute in their own respective way to the development of sustainable governmental, non-governmental and civil society groups and organizations in Madagascar.

In the Natural Resource Management sector, Pact has collaborated with USAID since 1991 in the development and implementation of the National Environmental Action Plan's First and Second Phases. Pact's contributions have focused primarily on the areas of: local partner development and capacity-building; grants-making and grants management training for partner organizations; and the stimulation and support of participatory regional development processes in a broad eco-regional context. Pact's Information Support Systems unit also provides direct assistance to USAID's Landscape Development Initiatives project in the areas of information analysis and production for decision-making.

In the Democracy and Governance sector, Pact has since 1996 sought to stimulate effective and participatory dialogue and interaction between municipal policy-makers and civil society groups. Pact's Democracy and Governance department is the architect behind the success of the Rary project. The department represents a unique institutional resource, staffed with the experienced professionals in public issue management, communications, information policy and management, institutional development, capacity building and organizational development.

In the Health Sector, Pact works with our partner John Snow Inc. under the Jereo Salama Isika project in three principal activities in the 20 health districts and 6 HIV "hot spots" of the country. Initially, Pact provides technical assistance and support to JSI and the Ministry of Health for the development of national and local policies and interventions targeted at the prevention and treatment of sexually transmitted infections including HIV/AIDS. Additionally, through its Organizational Development Department, Pact provides institutional and organizational capacity-building, technical support and mentoring to NGOs in the development and implementation of project proposals for financing by the JSI project. Finally, Pact provides direct technical assistance and mentoring for Ministry of Health District Management Teams in order to facilitate a

participatory process of needs analyses for these Teams, as well as identifying collaborative mentoring and training plans to meet identified needs.

Pact's unique expertise in public policy in Madagascar

Over the last 3 years Pact has pioneered new and effective approaches and methods to reinforce governance mechanisms, increase access to and the flow of information, reinforce the participation of civil society into the public arena, improve the policy making process and the ability of institutions to communicate and involve citizens in decision-making in Madagascar. Helping local partners to successfully tackle sensitive issues in an open fashion, Pact has developed significant knowledge of the specifics of the policy making process in Madagascar.

Concentrating on urgent public policy issues that represent an immediate and direct interest to citizens, Pact focussed not only on the ability of local government to manage public policy issues, but also on the capacity of civil society to develop and defend carefully thought-through positions and proposals. Both elements are essential to constructive exchange between informed citizens and government. Project activities, which include partnerships, networking and coalition building aim to encourage the development of vertical and horizontal groupings of civil society organizations to increase their weight in the formulation of public policies in general and policies affecting the poor in particular.

Over the past years, the project has created tremendous opportunities in Madagascar. Here are a couple of results achieved by the Rary project:

- Adoption of sweeping policy reform by the Fianarantsoa city council, who unanimously adopted policy on public participation in local government decision making and citizen access to information. The policy stresses, among other things, the essential nature of written, debated municipal programs as a basis of good city management, and guarantees public access to important municipal information on city finances, programs, council decisions and others.
- Supported development of a strong and legitimate citizens leadership base within Mahajanga with establishment of Herimiray, a federation of 30 local associations. The federation, working in collaboration with the municipal government, helped to create an equitable policy on privatization of water distribution and is planning next to tackle the complex issue of municipal land tenure. Pact is providing training and mentoring to the federation to create a database for management of local land tenure issues.
- Through improved cross-hierarchical, cross-departmental team management, information sharing and citizen outreach, Fianarantsoa increased its property tax recovery rate from 43percent to 76percent while Mahajanga saw a ten-fold increase in daily cash intake. Officials in both cities have pledged publicly to provide better services in return for increased citizen participation rates, and state institutions responsible for certain taxation functions have declared themselves open to a more constructive relationship with the cities.

- Decisions made by both Mahajanga and Fianarantsoa to apply the more transparent and legible national budget nomenclature. In the past budgets had been systematically rejected by the city council in part due to lack of legibility. Understanding what's in the budget will promote more dialog and less posturing.
- Supported and facilitated the creation of Communal Communication Services in Mahajanga and Fianarantsoa as a nonpartisan tool to promote understanding and participation; In that process, the city of Mahajanga has established a communal newsletter, and each city has its journalists association and is preparing to open a press center, a project that will create close contact with civil society organizations and with issues relating to access to and circulation of information; The centers will be linked to information sources, based on the recently adopted public access policies requiring compliance by all institutions managing public funds.
- Supported collaboration in Fianarantsoa between the association of transport operators and city officials to address overcrowding of busses and illegal bus routes. Both problems were brought under control.
- Pact's Advocacy grant program has enabled 9 local partners CSOs, including the national chapter for Transparency International to undertake important advocacy activities in the promotion of communion interests identified through a Madagascar-developed organizational development approach.

b. Partner Organizations

Pact has assembled an outstanding group of local and international organizations to assist in the implementation of the Improved Public Information and Dialogue component of the proposed program. Pact has pre-established working relationships with many of these organizations, and operational familiarity (or on-the-ground knowledge) with all of them. Pact has been in contact with each of these organizations to discuss partnerships and collaborative endeavors, either through formal sub-grants or through reciprocal goal setting. Regardless of the type of relationship proposed, Pact is confident that all of these organizations will perform in a results-oriented manner. The organizations listed in Table 4 below represent significant expertise, often unique in Madagascar, as well as significant technical and financial resources. Key partners with direct responsibility in implementation have committed to work with Pact on an exclusive basis.

Table 4 – Sub-grantees and sub-contractors

Organization, Location	Proposed Relationship With Pact	Areas of Expertise and Proposed Program Role, Activities
<p>INSTAT</p> <p>location: National level, Antsirabe, Fianarantsoa, Mahajanga</p>	<p>Main client at the national level. (Pact will serve as a technical resource to INSTAT, providing support in the development of a dynamic marketing and dissemination service and linking INSTAT with the FASP's virtual network).</p>	<p>INSTAT's Economic Research and Policy Group will determine the economic and policy issues that will be the object of issue development work by Pact and its partners. Regional offices of INSTAT, through the Regional Issues Group, will work with Pact support in identifying issues at the local level and effectively linking those issues with national policy, and vice-versa.</p>
<p>CITE</p>	<p>Sub-grantee bringing in match resources. CITE and Pact share common objectives in making information work at the regional and national levels.</p>	<p>CITE is an independent association with 30 years of experience in information management, study and analysis, counsel, electronic support systems and publishing. Under this program, CITE will carry out specific data analysis and merging work for Pact, producing informational items for dissemination and discussion.</p>
<p>Iredec</p> <p>location: Vakinankaratra region</p>	<p>Pact and Iredec, as equal partners, will continue to exchange ideas, approaches and tools, and work closer together on commonly identified objectives.</p>	<p>Iredec has a 12-year experience in community development, a staff of 24, several sources of funding and has worked with communes since 1995, building up the most significant expertise in Madagascar in decentralized institutional development.</p> <p>Iredec's expertise covers training communal officials in institutional processes and participatory methods; running training and organizational capacity development programs for CSO leaders; assisting communes in producing communal development frameworks; using geographic Information Systems; developing community radio; training of trainers; and managing training programs in agriculture, forestry, health management and veterinarian sciences.</p> <p>Iredec has managed a variety of projects financed through several donor organizations. Those include rural development projects in 20 communes, a country doctor deployment program, the production of a regional atlas, rural observatories under Madio, and several others.</p> <p>Iredec will be a regional correspondent in the National Issues Network, and will contribute to all three of the results proposed to USAID under this proposal, mobilizing resources from other sources. Iredec and Pact will also work closely together in developing precise proposals to UNDP's governance program on regional representative frameworks for Fianarantsoa and Antsirabe.</p>
<p>Actions Sans Frontières (ASF)</p> <p>Location:</p>	<p>Sub-contractor</p>	<p>ASF is a private consulting firm credited with a large part of Pact's success in developing communications and issue management capacity within the cities of Mahajanga and Fianarantsoa. ASF possesses unique expertise in managing delicate, politically sensitive issues under Rary as well as under structural adjustment and privatization sensitization campaigns. Expertise</p>

national level		<p>includes communications with economic content, public relations and media mobilization.</p> <p>ASF will mobilize media organizations around targeted economic themes and issues, develop strategic issue marketing campaigns that project issues onto the national agenda and provide an optimal environment for the inclusion of objective information and analysis.</p>
TAFA	Sub-grantee	<p>TAFA is a local Mahajanga NGO composed of professionals from the development sector. Created in 1998, TAFA has developed in parallel to Rary and has close relations with local Pact staff. TAFA expertise includes community development, IEC, organizational development and governance.</p> <p>TAFA has run a successful sensitization campaign for the KFW project on water privatization in Mahajanga in 1998-99.</p> <p>TAFA will assume growing responsibility in project activities in Mahajanga over the first project year, through capacity transfers and joint-activities with experienced regional Pact staff. TAFA may take over project activities in Mahajanga from year two onwards.</p>
IRY Location: national	Sub-contractor	<p>IRY is a new organization launched by Pascal Andriantsoa , who ran a successful mentoring and training program in Mahajanga under Rary. M. ANDRIANTSOA shares with Pact a common vision of regional media development, developed over a year of intense work with the Mahajanga Association of Journalists (AJM). Pact and IRY are partners in the common objective of reinforcing journalism at a regional level.</p> <p>IRY will insure a seamless continuation in support to Tatao and AJM journalist associations in Fianarantsoa and Mahajanga. IRY will also develop a network linking regional journalists with national publications. Using FASP's virtual network and in partnership with the Press Resource Center, journalists in the regions will be able to send news reports electronically to the capital, where they can be purchased by newspapers and magazines. Using the press network as a backbone, IRY will promote greater synergy and coherence between media support programs, insuring that journalists in the regions benefit from tailor-made mentoring and a coherent training agenda based on their real needs.</p>
Miaramivoy Location: Fianarantsoa	Sub-grantee	<p>Miaramivoy is an association of professionals and business people with a common goal of improving public life in Fianarantsoa. The association has a substantial experience of public issue management through its members who are ex-Rary steering committee members. Miaramivoy has implemented one project through a sub-grant from Pact under the Rary project.</p> <p>Miaramivoy will assume growing responsibility in managing issue identification and management activities in Fianarantsoa.</p>
Economic Journalism Club (CJE) Location: national level	Sub-grantee	<p>The CJE groups together prominent economic journalists from a variety of national level media.</p> <p>The CJE will sponsor journalist training sessions on economic issues, develop journalistic and editorial capacity within National Radio, and assist National Radio Journalists with programming grounded economic issues. Club journalists will be involved in national-level debates and will be included in regional training programs (under the National Issues Network).</p>
National Radio Location:	Sub-grantee	<p>National Radio will serve as the airwaves of the National Issues Network, broadcasting media reports on regional economic issues from journalists in each of the 3 cities initially targeted in this proposal MNR will develop</p>

national network		economics programming and introduce economics into its training curricula for journalists.
Andrew Lees Trust (ALT) Radio Project location : Anosy region	Partner	The ALT development radio project will be an official correspondent of the National Issues Network, allowing local issues from the Anosy to percolate up to the regional and national levels. Close collaboration between Pact and the Trust will also enable issues to be developed over the airwaves, and significant issues related to the CRD and the elaboration of a regional development framework to be debated and reach the Anosy population.
International Center for Not-for-Profit Law (ICNL) Location: USA	Resource organization	Founded in 1992, ICNL is an international organization that supports the growth and dynamism of the non-for-profit sector, as a clearinghouse and as a resource center providing TA, training and educational materials on non-for-profit laws, administration and judicial issues. Recent publications include handbooks of best practices for the sector, including tax treatment of NGOs. ICNL will provide TA on NGO status issues as needed over the life of the program.

The programs listed in Table 5 were involved in substantive discussions with Pact on opportunities for collaboration under *Improved Public Information and Dialogue*. We anticipate continued constructive and effective relations.

Table 5 – Principal Partner Programs

Organization, Location	Proposed Relationship With Pact	Areas of Expertise and Proposed Program Role, Activities
Private Sector Support Fund (FASP) a component of the Technical Private Sector Support Program (PATESP)	Partner	Program activities will generate interest for and use of CDV services and develop a base of users with stronger information literacy and demand for information. Pact and partners will gain access to the CDV network and network resources at no cost.
Structural Adjustment Secretariat (STA) a component of the Public Management Support Program (PAIGEP)	Partner	STA's regional outreach program will benefit from Pact and partners as regional correspondents who can help better define the outreach curricula of STA and organize events around STA training and sensitization missions in the field. Program activities will benefit from STA expertise in economic issues, as the STA curricula will be integrated into a coherent regional economics training and issues development curricula.
Landscape Development Initiative (LDI)	Partner	USAID's Landscape Development Project will be a strategic partner of Pact. Given the importance of agriculture for economic development as well as for the well being of the rural poor, Pact and LDI will work closely together to enable local issues to percolate up to the regional and national levels

Location: Fianarantsoa, Mahajanga, Moramanga		
Environmental Management Support Program (PAGE) Location: Anosy region (Fort-Dauphin)	Partner	USAID's PAGE project (SO3) will be another strategic project partner, collaborating closely on the development of the Anosy Regional Development Committee. Pact institutional and organizational support to the CRD will work in perfect complement to PAGE support to the environmental commission of the CRD, as well as temporary support to the overall planning process (until the start of the PAGDI LIL activity).
Urban Management Support Project (PAGU)	Partner	PAGU is a possible partner of Pact for work in the Ambalavao region on municipal fiscal issues and issues of regional economic development.
Governance Program of UNDP	Partner, possible source of funding	UNDP is committed to developing joint programming opportunities with Pact and Iredec around the elaboration of regional development frameworks and regional governance in the region of Fianarantsoa

2. Individuals

Vincent Carbonneau, Chief Technical Advisor, Improved Public Information and Dialogue: Pact's team will be headed by Vincent Carbonneau, acting as Chief Technical Advisor for all information and dialogue elements. Mr. Carbonneau will use his groundbreaking experience gained under Rary in public issue management and governance work, as well as demonstrated communications expertise to orient project activities and bring technical guidance to staff and partners. His ability to manage multiple partnerships and steer through politically charged environments while maintaining neutrality, as well as his in-depth experience of the Madagascar context, will be invaluable in insuring that the project is well accepted and respected throughout its course.

Mr. Carbonneau's marketing and communications expertise will be combined with ASF's knowledge of the media environment to produce efficient issue marketing campaigns, and serve as a key technical resource in advocacy support programs for civil society organizations. He holds a bachelor's degree in Communications, has over five years of communications experience in advertising and in television in Canada. In Madagascar, he has worked as a Communications specialist for a national elections monitoring and advocacy NGO for 3 years, and has been working as project Director of the Rary project for the past 3 years.

In directing the Rary project, Mr. Carbonneau is credited with putting together and maintaining a highly competent and dedicated team of Malagasy professionals, developing innovative approaches and techniques, and achieving significant results. Mr. Carbonneau will dedicate 100 percent of his time to this project.

RABEMANISA Naina, Issue Development Officer: As the person responsible for the overall development and management of issues, Mr. Rabemanisa will bring a unique combination of skills and experience to the project. As a jurist with significant experience as Chief of the Regional Economic Cooperation Service of the Ministry of Plan and as Institutional Development Officer under Rary for three years, Mr. Rabemanisa has developed a unique insight into the workings of public institutions and of the policy making process.

Equally at ease with CSOs and Government Officials, Mr. Rabemanisa will use his legendary tact and diplomatic skills to ease the process forward, identify underlying issues, provide the team with a precise reading on issues and help government officials through the process of releasing information and engaging in dialogue. Mr. Rabemanisa will also insure coordination between national and regional issues. He will allocate 100 percent of his time to this project.

RAKOTONDRAJOA Faramalanto, ME&R and Information Manager: As the person chiefly responsible for monitoring, reporting and evaluation, Ms. Rakotondrajoa will design and manage all systems to correctly monitor project performance, including the documentation of activities, collection of baseline data, lessons learned exercises and reporting. Ms. Rakotondrajoa will also manage project information systems, ensuring the collection and management of all useful information and its exploitation in project activities, both at the national and regional levels. Ms. Rakotondrajoa is an excellent documentalist with experience running the European Union's Madagascar information center and holding several positions of responsibility within the CIDST. Ms. Rakotondrajoa has worked with Pact as information officer on the Rary project over the last 3 years. Under this program, her ME&R responsibilities will be extended to meet the needs of the project's increased ME&R focus. Ms. Rakotondrajoa will also prove to be invaluable in reinforcing INSTAT documentation capacity.

RAMANANTSIALONINA Andriantsoa, Network Manager: As an experienced manager of information technology for Pact's Madagascar operations, Mr. Ramanantsialonina will provide INSTAT with technical support in designing and implementing a program to enable the institution to link with electronic networks.

RAKOTONARIVO, Yvon, Regional Issues Officer, Mahajanga: A teacher of geography and history and a school director with extensive experience in community mobilization with several organizations, Yvon brings strong teaching and mentoring skills to Mahajanga. Under Rary, Mr. Rakotonarivo is credited for the delicate handling of the property tax, water privatization and land tenure issues as well as the genesis and healthy growth of Herymiray, a federation of 30 neighborhood associations is altering the

balance of power in favor of citizens. Mr. Rakotonarivo will use his unique skills and deep knowledge of the region to bring regional issues into the limelight and reinforce regional decision making mechanisms and act as part-time coach of the CDV center. Mr. Rakotonarivo will devote 100 percent of his time to the project.

RAHARIMANGA Hajasoa, Advocacy Development Officer, Mahajanga: Mrs. Raharimanga will bring her considerable skills as facilitator and community animator, as well as her experience working with CSOs under Rary and other projects, to help civil society organizations enter into the public arena to defend common interests. Her academic level and experience working with information-intensive issues will also help her in her part-time coaching responsibilities at the CDV center. Mrs. RAHARIMANGA will devote 100 percent of her time to the project.

RAZAFIMANDIMBY Régis, Regional Issues Officer, Fianarantsoa: Mr. Razafimandimby will use his political insight and in-depth knowledge of the dynamics of public life in Fianarantsoa, as well as a proven track record dealing with fiscal policy and transport issues to transfer essential skills to partners and insure overall steering of activities at the level of regional issues. His extended experience as a teacher will enable him to assume responsibilities as part-time coach at the CDV center. Mr. Razafimandimby will devote 100 percent of his time to the project.

RAZAFINDRAHASY, Amélie, Information Development Officer, Fianarantsoa: A teacher and project manager, Ms. Razafindrahasy launched Rary activities in Fianarantsoa in early 1997 and has since developed much of Rary's unique, culturally sensitive organizational development approach, as well as managing project relationships in the first project year. Her exceptional skills in dealing with groups, as well as her teaching experience will be of great value in leading the animation of the CDV in Fianarantsoa and running information literacy activities. Ms. Razafindrahasy will devote 100 percent of her time to the project.

RANDRIAMANDIMBISOA Fidy, Advocacy Development Officer, Fianarantsoa: A community development specialist by trade, Mr. Randriamandimbisoa has brought considerable skills in organizational development to Pact partners over the last two years. He is widely accepted by even the most difficult groups and recognized as a valuable mentor and trainer by all current Pact partners. Mr. Randriamandimbisoa will apply his skills to the development of civil society organizations in their capacity to identify and deal with issues on a regional level.

Patrick Brenny, Country Representative: A seasoned professional with over 17 years of development management experience, Patrick Brenny will provide management support and guidance as needed, in the management of this activity. Mr. Brenny will dedicate 5 percent of his time to the project.

RAMAMONJISOA Joseph, Director of Programs: As Pact's Director of Programs for Madagascar, Mr. RAMAMONJISOA will devote 5% of his time identify

opportunities for synergy between the project and other USAID activity currently managed by Pact. Mr. RAMAMONJISOA will also bring his considerable experience of government – Mr. RAMAMONJISOA was a high-level official with the Ministry of Plan – and his experience in donor-funded development projects to counsel project staff on certain key issues related to higher-level government and donor mechanisms.

RAKOTONDRAINNY Tiana, Director of Finance and Administration: A management graduate of Inscæ, Mrs. Rakotomdrainy has developed notable skills in managing the administration and finance of Pact Madagascar over the last 7 years. She leads a team of experienced professionals providing sound management to all Pact programs in Madagascar. Mrs. Rakotomdrainy and her staff are credited with the seamless management of over 20 million dollars in grants for USAID under the SAVEM project.

Jean-Michel Dufils, Environmental Information Systems Expert: Jean-Michel Dufils will bring his extensive experience of information systems to counsel the project on the sustainable development of information systems under Improved Public Information and Dialogue as well as the EDDI initiative. Mr. Dufils has unique expertise in the development of information systems from technical, legal, economical and organizational point of view, as well as a Ph.D. in Mapping. He is credited with the development of information systems under Miray and other USAID programs. A promoter of the decentralization of information and the development of regional information management capacity for many years, Mr. Dufils will be an important in-house asset to the project. Mr. Dufils will devote 5 percent of his time to project activities.

ANDRIAMORANIAINA Harijaona, GIS technician: As an experienced GIS technician, Mr. Andriamoraniaina will provide a permanent link between issues and the existing data bases of USAID and other donors. Mr. Andriamoraniaina will also provide services in spatial information management, highlighting issues using geographical and spatial information techniques. Should sufficient funds be mobilized from UNDP for the elaboration of regional development frameworks, Mr. Andriamoraniaina work will be invaluable in developing a regional referential. Mr. Andriamoraniaina's will spend 10 percent of his time to project activities. This amount will be increased should additional funding become available.

RAKOTOMALALA, Zo, Grants Manager: As an experienced grants manager, Mr. Rakotomalala will insure sound grants management and compliance with USAID rules and regulations for all grant making under Improved Public Participation and Dialogue.

RATSIOMPATRARIVO Jean-Solo Nirina, Regional Coordinator, Fianarantsoa ; RAMANAHADRAY Soloson, Regional Coordinator, Mahajanga: Pact's regional coordinators will work closely with project staff to identify and build on program

synergies between SPO and USAID's SO2 and SO3 at the regional level. As overall office managers, regional coordinators will liberate project staff to concentrate on project activities, and insure sound management at a regional level.

3. Relationships

Pact proposes a management structure that capitalizes on the unique expertise of the Pact Madagascar team, as well as those of key partners. The existence of two fully operational Pact regional office will be instrumental in ensuring close, sustained grass-roots collaboration with our key partners.

Our partners fall into two principal groups: (1) sub-grantees and subcontractors that will receive financial and technical support to conduct program activities(see Table 4); and (2) collaborating partnerships whose involvement will be purely a function of organizational interests, skills and activities juxtaposing or complementing those of the program (Table 5). Partnership activities will be managed around common objectives (involving improved dissemination and issue management mostly within the context of the National Issues Network).

Contractual arrangements with our principal sub-grantees and sub-contractors vary in duration and reflect the abilities of each entity to implement activities of relevance to the program. Pact will mentor such organizations as needed, as in the case of Miaramivohy, TAFA and IREDEC. Iredec's participation in the program will allow Pact to transfer governance methods, techniques and tools to Iredec, while benefiting from Iredec's experience at the grass roots in rural areas.

Building on past experience, Pact will work closely with key government ministries and agencies at every step. Close partnerships will be developed with the Ministry of Finance on economic issues, as well as with the Ministries of Provincial Development and Regional Planning on regional participatory frameworks.

Pact Madagascar's proposed team is composed of seasoned professionals who have gained valuable experience on the ground in managing public issues at the regional and national levels. Pact and its proposed partners can be operational in the field immediately following the signature of a cooperative agreement with USAID.

C. Work plan

1. Calendar of activities

Pact proposes a work plan that is fully integrated with Cornell-INSTAT activity. As mentioned in the section on management, project activities will be monitored jointly with Cornell and USAID in quarterly meetings. As well, yearly work plans will be developed jointly between Pact and Cornell, with the participation of USAID and of key partners.

2. Monitoring and Evaluation plan

a. Project Performance Indicators

In addition to the above program performance indicators, Pact proposes a series of specific indicators and performance targets that will allow Pact to report on and USAID to track the overall advancement of activities and progression towards a series of intermediate results which together lead to the three proposed project results. Pact considers the ME&R function as an important part of the project design. In putting added emphasis in ME&R, Pact will create the position of ME&R and Information Manager at the national level, and provide sufficient resources for the comprehensive coverage of activities. This will enable Pact not only to track project performance, but also to provide valuable insight into the process and draw valuable lessons and best practices for replication.

The performance targets below will be monitored on a semi-annual basis and reported on in the semi-annual performance reports requested by USAID in it's Request for Applications.

Result 4 Increased availability and use information on key policy issues				
Intermediate result	Indicator	Performance targets		
		YR 1	YR 2	YR 3
Information is more readily available in synthetic analytical formats integrating information from a wider array of sources	Number of key issues for which information is widely available nationally and in regions	3	6	8
	Total number of information requests responded to by CITE -through the CDV network -global (percent increase from current base)	12 +05%	24 +10%	36 +20%
	Total number of information requests responded to by INSTAT -through the CDV network -global (percent increase from current base)	0 +05%	10 +10%	18 +20%

Result 5 Increased quantity and quality of civil society and press interventions in public dialogue				
Intermediate result	Indicator	Performance targets		
		YR 1	YR 2	YR 3
There is greater and more informed participation from civil society in regional/national debate	Number of substantial CS interventions in economic issues in regional and national debate	2	4	6
Journalists are better skilled, are sensitized to and have the ability to deal with economic and legal issues	Increase in the number of quality media reports on economic issues per region of intervention over previous year	100%	20%	20%
	Number of economic issues for which there was substantial media coverage on National Radio	3	6	9

Result 6 Improved dialogue between actors on key policy issues				
Intermediate result	Indicator	Performance targets		
		YR 1	YR 2	YR 3
Economic and other issues are better grounded in the field, nationally and in the regions	Number of issues for which regional input was included in Issue Papers to be debated nationally	1	3	5
There is an increase in quality regional information and debate	Overall number of national and regional fora in which key issues were debated publicly	5	10	15
Issues from the grass roots percolate up to regional and national debate	Number of regional issues included in national debate	1	2	3
Objective, quality information has greater relative weight in decision making	Number of national-level issues for which Issue Papers and issue marketing campaigns were used	2	3	3

3. Reporting

In addition to annual work plans and semi-annual performance reports, Pact proposes to publish brief monthly narratives underlining activities of special interest and outstanding results. These monthlies will be circulated over email to all partners.

Most important, the participating institutions share a common goal of improving the quality and application of economic analysis to problems affecting the poor in Madagascar. Madagascar confronts a historic opportunity over the next five years, as a modest economic recovery takes hold just as newly formed democratic institutions have been put in place and appear to be taking hold. Having worked for over a decade and a half in Madagascar, both Cornell and Pact share the sense of urgency and opportunity afforded by these recent economic and democratic reforms . We share a common intensity of commitment to capitalizing on this important opportunity.

B. Coordinating Mechanisms

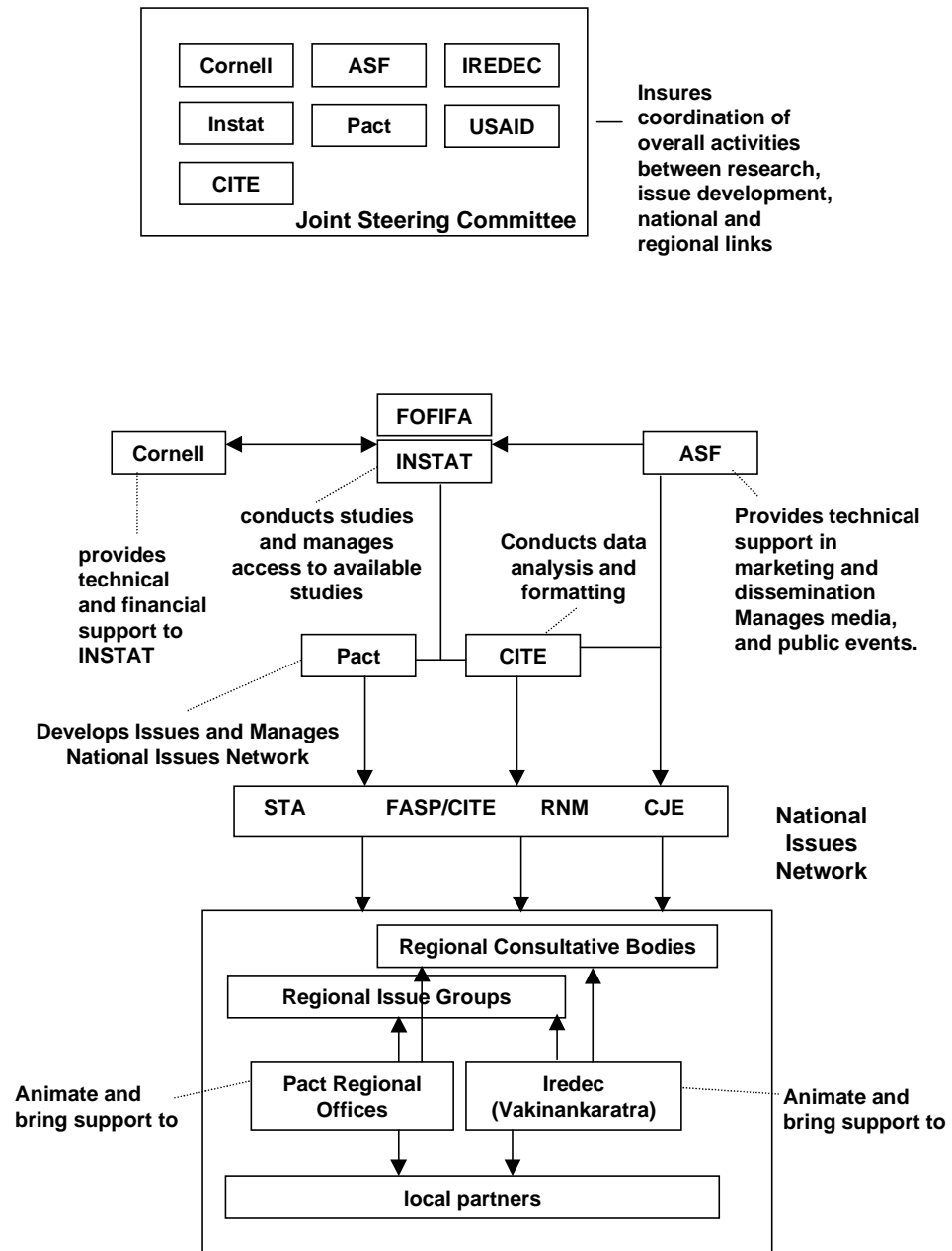
At the operational level, we intend to coordinate activities through a Joint Steering Committee including representation by AID, INSTAT, FOFIFA, IREDEC, Cornell, Pact, CITE and ASF. This committee will meet four times a year to coordinate overall workplans and to ensure coordination of the management of themes, issue sets and analyses already under way.

To identify analytical themes of common interest, the Economic Policy Research Group (EPRG), a newly constituted advisory committee to INSTAT and FOFIFA, will group opinion leaders and solicit forward looking input on issues of emerging importance over the medium term. These suggestions and recommendations will be used by INSTAT and FOFIFA in setting their analytical agenda, in particular in programming the four to-be-determined analytical studies.

At the analytical level, each individual study will convene a special workshop or discussion session including government and civil society groups with interest in or expertise on the issues in question. This will help focus analytical studies before they begin. Cornell will initiate these for a in close collaboration with Pact.

In dialogue and discussion, following completion of analytical work, Pacts will take the lead in developing the National Issues Network and the Regional Issues Groups. Cornell, INSTAT and FOFIFA will backstop these efforts, providing technical input and participating actively in these discussions. For a schematic depiction, the specific roles and relations between Pact, Cornell, INSTAT, CITE, ASF and IREDEC are articulated in Diagram 5.

Diagram 5 -- Management Framework



C. Ilo: Results Through Partnership

We at Cornell and Pact believe we have responded to USAID's request in both an innovative and creative manner, building upon the strengths and competencies of national and international organizations to improve economic analysis for decision making while at the same time stimulating and facilitating improved public information and dialogue at the national and regional levels in Madagascar.

In so doing, Cornell and Pact have sought to minimize the creation of new institutional structures or committees, seeking rather to maximize the benefits to be drawn from fostering improved collaboration and synergies from existing structures and institutional mechanisms. The proposed INSTAT Economic Research and Policy Group, in contrast, is a clear example of the creation of a new mechanism, but it is one that unquestionably addresses a serious programmatic need which to date remains unmet.

Cornell will provide technical support and supervision of Economic Analysis activities, ensuring both the timely realization and delivery of technical assistance and training to analytical partner institutions and staff. In collaboration with INSTAT, FOFIFA, and Pact and its local partners, Cornell will develop a detailed annual program for both analysis implementation and dissemination as well as training for key staff to ensure on-going local institutional capacity building.

Pact will provide technical support and assistance for *Improved Public Information and Dialogue* activities, ensuring together with partners IREDEC, CITE and ASF the timely realization of program activities and delivery of technical assistance and training to local and regional partners. Pact and its partners will develop, in collaboration with Cornell, INSTAT and FOFIFA, detailed annual programs to stimulate dissemination, utilization and debate around key public issues arising from the results of the economic analysis program.

By drawing on the collective strengths and experience of our respective partners, we expect a perceptibly improved focus and content in the analytical work undertaken for *Improved Economic Analysis for Decision Making*. At the same time, we believe that more widespread dissemination and integration of that analysis into ongoing discussion will measurably elevate the quality of public policy discussions affecting the poor

The coming years will prove an exciting time to be involved in Madagascar. We represent two groups with a longstanding interest in Madagascar and a keen desire to be involved in what we believe will be an invigorating and productive agenda.