DG DEVCO C4

Trade and Private Sector Development Facility

Devco-tpsde-facility@ec.europa.eu

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Support for the analysis on the on the operationalisation of the EU's External Investment Plan in Madagascar



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François Kacen

Background

To implement the External Investment Plan (EIP), EU delegations and Headquarters must establish a structured dialogue with the local and European private sector in partner countries, in order to identify obstacles to private investment, and give priority to investment climate.

Objectives of the assignment

The assignment aimed to provide an analysis and propose recommendations for the operationalisation of the EIP in Madagascar, as well as support for Public-Private Dialogue, particularly through the Economic Development Board of Madagascar (EDBM).

More specfifically, it aimed to:

- Promote the SB4A process by mapping the local and European private sectors, including key sectors, as a first step in implementing and facilitating the structured dialogue in Madagascar.
- Identify and assess investment opportunities, in order to better understand the main obstacles to private investment in Madagascar and the difficulties related to the financing of investments by financial institutions,
- Propose the most appropriate means for the implementation of the EIP in Madagascar, including mapping the potential use of the EFSD. This work should be in line with the main value chains and areas proposed in the Growth and Jobs Compact and the EU's cooperation work in Madagascar.
- Identify actors who can act as a catalyst for public-private dialogue in a platform - including EDBM - by enabling selected institutions to establish a strategy and work plan and contribute to its sustainability within the framework of this dialogue.
- Share and integrate best practices regarding the implementation and management of SB4A (investment climate analysis and private sector dialogue with government).

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Recommendations

Analysis of selected value chains

The analysis of the value chains selected in the Jobs & Growth Compact provides an overview of the main sectoral and cross-cutting constraints, with a particular focus on access to finance for Small and Medium Enterprises (SMEs), access to energy and the qualification of the workforce in the following sectors:

- Agribusiness: spices, aromatic plants, fruit and vegetables),
- fisheries and aquaculture, textiles, tourism and information and communication technologies.

European Sustainable Development Fund guarantee

The report formulates proposals for the potential use of the European Sustainable Development Fund (EDFD) guarantee for the Malagasy private sector, giving a selection of opportunities to use the Proposed Investment Programmes (PIPs) identified during the field mission on the basis of the investment windows.

Sustainable Business for Africa

As part of the Sustainable Business for Africa (SB4A) platform, the report proposes initial recommendations to deepen the structure of the private sector and increase public sector ownership to strengthen Public-Private Dialogue.

The consultant proposes a strategy to make Economic Development Board of Madagascar (EDBM) an effective tool for the implementation of SB4A, and the pursuit of the objectives of the European Union's External Investment Plan in Madagascar through the structuring of a pipeline of Madagascar/EU projects.

Access to Finance window

Creation of an access to finance window, to improve the bankability of projects formulated by SMEs, as well as the strengthening of EDBM's technical and analytical capacities to increase the quality of the proposed reforms and thus facilitate the improvement of the investment climate, and the involvement of the public and private sectors in Public-Private Dialogue.

- Support the development and sustainability of the Mont-Carmel model, supported by the Bêkou Fund and which has interesting potential in terms of local agricultural development and training.

Forestry value chain

- Establish a strong structured dialogue with the sector, to modernise the legal framework and assist its effective application ;
- Launch pilot project to stimulate the positive impact of forestry companies.

Human capital

- Take into account the issue of human capital to promote employment;
- Foster the emergence of a solid network of small formal entrepreneurs.

4. Foster the emergence of a solid network of small formal entrepreneurs

Support the Centre for SMEs and Craftsmanship, to build capacities in terms of financial education, business plan development and access to credit.

5. Strengthen coherence between technical and financial partners (TFPs) interventions, and focus on the "Security and Development Continuum“