MADAGASCAR, A FRAGILE AND CONFLICT AFFECTED STATE, HAS LONG POSED A CHALLENGING ENVIRONMENT FOR THE PRIVATE SECTOR. IFC AND THE WORLD BANK ARE BOTH AN INTEGRAL PART OF THE INTERNATIONAL EFFORT TO MOVE FRAGILE STATES LIKE MADAGASCAR AWAY FROM THE MARGINS.

As part of this effort, a joint IFC and GAFSP investment of $3 million in SMTP, a leading conglomerate in Madagascar, is poised to help SMTP's subsidiaries in the poultry sector.

The investment will help SMTP Group to expand the company’s poultry operations in Madagascar, creating jobs, increasing food supply and supporting economic recovery in the country. The financing will be issued in Malagasy Ariary, helping SMTP limit foreign currency risk.

Three of the SMTP Group’s subsidiaries—Agrifarm, Agrival and Mabel—will benefit from the investment. The companies will use the funds to double the production of day-old chicks, increase supply of animal feed, and will set up a modern chicken slaughterhouse, which will supply over 15,000 tons of chicken meat per year.

SMTP’s expansion will also help farmers in Madagascar, who supply maize for animal feed production. As the Group’s poultry operations grow, the number of farmers supplying maize and other inputs is expected to increase from 1,200 to 4,000. SMTP will advise farmers on how to increase their productivity and revenues, providing them with hands-on assistance, fertilizers and agricultural inputs.

Poultry production is a way of life for many rural families in Madagascar. Nearly all poultry is grown in non-industrial, backyard operations, with little attention to health and safety standards. As a result, Madagascar’s poultry sector is not competitive globally, given its lack of industrialization and scale. IFC will advise SMTP on design of the new poultry farm and slaughterhouse, ensuring that the facilities meet the international health and sanitary standards required for meat exports.

EXPECTED RESULTS:

This project will have a direct impact on SMTP by adding a productive private company, which will contribute to economic growth, add new jobs, and benefit local communities. It will also enable SMTP to further expand its agro storage, logistics infrastructure and processing facilities in a FCS country, where such investments are critical for removing the bottlenecks in the agribusiness supply chain.

The investment will also contribute to an increase in the availability of food and high quality animal protein at an affordable price to the local market.