



Strategy Recommendations for promoting employment in Madagascar

Strategies to promote employment in Madagascar should be related to the National Development Plan (NDP) adopted by the Malagasy Government, which set inclusive growth at the base of major strategic orientations. The recommendations are based on the basic facts identified in the "country paper for Madagascar is Labor market, economic status and development policy".

First, at the macroeconomic level, the high rate of investment and openness to the external market are the main factors that positively influence the long-term economic growth, while too high inflation rate, the depreciation of the national currency and government spending have negative effects.

Second, with regard to the production sector, microenterprises including agriculture and the informal sector constitute the majority of the private sector in Madagascar and that the main obstacles to development are rather related to the sale of products (narrow domestic market, strong competition). In terms of industry, sharp breaks in value chains are observed between the different sectors of the economy including low recovery and processing of primary products (products of agriculture, minerals or forestry) and disconnection between the activities of the informal sector and formal Sector. The high cost of energy and the critical lack of infrastructure are the other factors blocking the development of the private sector in Madagascar.

Third, at the microeconomic level, the vast majority of Malagasy households and population are poor and vulnerable and can not access the production or capital (credit, land, training, equipment, communication) due to lack of initial individual allocations and public infrastructure. The dominance of self-employment and informal jobs, low human capital and massive underemployment characterize the labor market in Madagascar.

In addition, employment promotion strategies should be rooted in Malagasy socio-cultural characteristics including strong roots to the land and to family, respect for ancestors influencing intergenerational mobility of labor, the preference to work alone and the high risk aversion reducing productivity and reducing the demand for means of production.

The strategies for the promotion of employment should aim to increase opportunities for all individuals of working age who are part of the labor market to choose and freely exercise of productive employment. They should be based on three main axes.



First, improve productivity and income generated by independent activities :

- Improve devices for better integration of independent activities in national and international value chains. This would expand the market and improve the stability of demand, and essential conditions necessary to encourage small individual operators to improve the quantity and quality production with less risk

- Improve the access of small production units to formal markets and develop subcontracting relations between large enterprises and micro-enterprises to gradually integrate the informal sector into the Formal Sector

- Improve the flow of information relating to the market in order to increase the bargaining power of small producers in setting selling prices and direct the activities towards high-demand products and profitability

- Increase the capital endowment (physical, human, financial) for self-employed through better land distribution and land tenure security, better access to production animals, machinery, vocational training and micro-credit

Second, promote investment in labor-intensive sectors or activities in accordance with the standards work at national and international level and the criteria of cost-quality:

- Develop the labor-intensive approach in public infrastructure investment programs to maximize employment creation especially among disadvantaged groups and reduce costs while maintaining quality standards

- To guide and encourage private investment in labor-intensive industries such as textiles sector, Agriculture and Tourism

- Improve the business environment to mobilize domestic financial resources and attract foreign investment

- Reduce the cost of energy to improve the competitiveness and financial situation of local businesses and be able to allocate more resources into investments and hiring employees

Third, develop employability especially among vulnerable groups such as young people and women:

- Adapt professional training as needs and structures of specific activities in each region

- Facilitate access for young people and women in vocational training institutions



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- Valorize non-formal vocational experiences for access to formal vocational training

This research received financial support from the **Swiss Agency for Development and Cooperation** and the **Swiss National Science Foundation** under the **Swiss Programme for Research on Global Issues for Development**. The project *“Employment Effects of Different Development Policy Instruments”* is based at the World Trade Institute of the University of Bern, Switzerland.



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