

PD-ABM-840

99230

**PRIVATE SECTOR TRAINING STRATEGY  
AND PROPOSED FY 93-95 PRIVATE SECTOR TRAINING PLAN**

**HUMAN RESOURCES DEVELOPMENT ASSISTANCE (HRDA) PROJECT**

**USAID/MADAGASCAR**

**October 1992**

**Prepared by**

**Bill Piatt  
LABAT-ANDERSON, Incorporated**

**and**

**Ted Clarke  
AFR/ONI/TPPI**

**LABAT-ANDERSON, Incorporated  
2200 Clarendon Blvd., Suite 900  
Arlington, VA 22201**

**Under Contract No.  
AFR-0463-C-008030-00**

**Madagascar Private Sector Training Strategy**

**FY 1993–FY 1995**

- I. Executive Overview .....
- II. Description of the Regional Human Resources Development Assistance Project .....

  - A. Overview of HRDA Objectives .....
  - B. History of HRDA in Madagascar .....

- III. Overview of the Private Sector Environment in Madagascar .....

  - A. Relationship of the Mission’s CPSP to HRDA Planning .....
  - B. Indications for HRDA Interventions .....

    - 1. New Focus .....
    - 2. New Projects .....
    - 3. New Actors .....

- IV. Recommendations for Revised Private Sector Training Strategy .....

  - A. Major Considerations .....

    - 1. Complement Existing and Planned Mission Private Sector Development Projects
    - 2. Seek Synergy With Other Donor Private Sector Initiatives .....
    - 3. Decentralize Project Activities To Include the High-Potential Growth Zones ...
    - 4. Address Leverage Points That Will Yield the Greatest Impact .....
    - 5. Minimize the Management Load on USAID Staff .....

  - B. Private Sector Training Strategy Training Objectives .....
  - C. Target Audiences .....
  - D. Training Activities To Support the Objectives .....

    - 1. Promote Export-Oriented Agribusiness .....
    - 2. Promote the Growth of Entrepreneurship and SMEs in the High-Potential Zones
    - 3. Promote the Development of Business Service Infrastructure Necessary for Sustained Development of a Modern Private Sector .....

      - a) business associations .....
      - b) training services .....
      - c) consulting services .....

B

4.	Enhance Government Support for Private Sector Operations .....	
V.	Organizational Considerations .....	
A.	Role of the Private Sector Advisory Board .....	
B.	Use of HRDA Core Contract Resources .....	
C.	Use of Grants to Private Voluntary Organizations .....	
D.	Implications for USAID/Madagascar Staffing .....	
VI.	Illustrative Training Plan and Budget for FY 1993–1995 .....	

**Annexes**

I.	Bibliography .....	
II.	List of Persons Contacted .....	
III.	Synopsis of Training Organizations .....	
IV.	Synopsis of Consulting Firms .....	
V.	Synopsis of Business Support Associations .....	
VI.	Donor Private Sector Support .....	

.c.

## **Acknowledgments**

The team would like to thank several people without whose support this study would not have been nearly as thorough. In particular Agnes Rakotomalala, and Riri Ranaivojaona provided key logistical support to the team by organizing numerous interviews, field visits, and meetings. Their patience and good humor in the face of a rapidly evolving itinerary were instrumental in the team's ability to meet with such a large number of individuals during this Tdy. Another person who played a pivotal role was Daniel Rasoamahenina, president of the HRDA Advisory Committee. Daniel worked many evening and weekend hours to ensure the success of the team's work. His feedback on the findings and conclusions of this document were invaluable.

## Acronyms

AAAA	AFGRAD/ATLAS Alumni Association
ACIS	Association de Cadres et Intellectuels de Fianarantsoa
ACT	Assistance Consultation Techniques
AFGRAD	African Graduate Fellowship Program
AFR/ONI/TPPI	Africa Bureau's Office of Operations and New Initiatives-Technical Projects and Project Implementation
AGI	Assistance en Gestion Informatique
A.I.D.	Agency for International Development
A.I.M.	Association des Ingenieurs de Madagascar
AMDP	African Manpower Development Project
APEM	Association pour la Promotion d'Entreprise Malagache
APMEN	Association des Petites et Moyennes Entreprises
ATLAS	Advanced Training for Leadership and Skills
BEST	Business Expansion through Services and Technology
BRIEF	Bulletin de Relexion d'Information d'Etudes Financieres, Comptables, Juridiques, Fiscales et Economiques
CAP	Commercial Agricultural Promotion
CAPR	Centre Artisanat de Perfectionnement Rural
CARD	Contact et Action des Responsables pour le Developpement
CECOR	Cabinet d'Etudes, de Conseils et de Realisations
CENAM	Centre National de L'Artisanat Malagasy
CFC	Centre de Formation et de Perfectionnement des Cadres
CIDA	Canadian International Development Agency
CNFTP	Conseil National de Formation Technique et Professionel
COEUM	Cooperation des Operateurs Economiques et Universite de Madagascar at Mahajanga
CONECS	Conseil National Economique et Social
CPPME	Conseil pour la Promotion des Petits et Moyennes Entreprises de Madagascar
CPSP	Country Program Strategic Plan
Eàm	Entreprendre à Madagascar
F.FI.PA.FA.MA.	Fikambanan'ny Pandraharahaha eto amin'ny Farit any Mahajanga (Association des Operateurs Economiques de la Province de Mahajanga)
FI.TA.TA.	Fikambanan'ny Tanora Tantsaha (Association des Operateurs Economiques de la Province de Mahajanga)
FIV.MPA.MA/FIVCAM	Fivondronan' ny Mpandraharaha Malagasy (Malagasy Private Business Association)
GEM	Groupement des Entreprises de Madagascar
GO-MAN	Groupement Interlocuteur-Contact des Operateurs Economics de Mahajanga Nouveau Style
GOM	Government of Madagascar
GPPEF	Groupement des Promoteurs Economiques à Fianarantsoa

HRDA	Human Resources Development Assistance
IBRD	International Bank for Reconstruction and Development, or World Bank
IMaTeP	Institut Malgache des Techniques de Planification
INPF	Institut National de Promotion Formation
INSCAE	Institut National des Sciences Comptables et de l'Administration d'Entreprises
ISCAM	Institut Supérieur de la Communication, des Affaires et du Management
JCEM	Jeune Chambre Economique de Madagascar
LAI	LABAT-ANDERSON Incorporated
MAELSP	Madagascar Agricultural Export Liberalization Support Project
MBA	master of business administration
MISAINA	Mutuelle Intersectorielle d'Appui aux Intellectuels Nationaux
PIO/T's	project implementation order/technical services
PSAB	Private Sector Advisory Board
PSTNA	Private Sector Training Needs Assessment
PSTS	Private Sector Training Strategy
PVO's	Private Voluntary Organizations
SIPEM	Société d'Investissement pour la Promotion des Entreprises à Madagascar
SMDP	Sahel Manpower Development Project
SME	small and medium-sized enterprise
SMI	small and medium-sized industries
STIC	Société de Traitement Informatique et de Conseil
TRIO	Traitement des Informations et Organisation
U.A.M.A.	Union des Artisans Malagasy
UNDP	United Nations Development Program

8

## **I. Executive Overview**

USAID Madagascar was among the first to buy in to the HRDA project in 1988. Following a Private Sector Training Needs Assessment performed by LABAT-ANDERSON in 1989, the mission expanded substantially the funding available for the project and began actively working with the private sector. Several notable successes were achieved during the period covered by the first PSTNA. In mid 1992, the mission requested additional assistance to update the previous study taking into account the major changes that have occurred in the country since that time and to more closely tie HRDA interventions to the recently completed CPSP. A team arrived in September to undertake these tasks.

The private sector in Madagascar and the various support organizations are in a state of rapid evolution. There are many new entrants into the "business support business." It is sometimes difficult to tell where one organization begins and the others end. This is particularly true of the intricate web of interrelationships among and between individuals involved in private businesses, business support organizations, SME promotion schemes (including venture capital), and training provision.

This seemingly chaotic proliferation of similar services is an indicator of an innovative entrepreneurial spirit that bodes well for the Malagasy private sector over the long term. Embryonic, innovative industries often have a very "untidy" air about them until they achieve maturity. This appears to be the case in Madagascar.

While this presents USAID with many challenges, it also provides fertile ground for the mission's private sector development activities. The fact that there exist many competing players offers USAID the opportunity to work through multiple organizations to achieve its development goals. If one should turn out to be much more effective than the others, then A.I.D. can concentrate its efforts on that one. This use of "performance-based" selection of cooperating organizations is a luxury not available to most missions. The recommendations of this report are that USAID/Madagascar use "the market" to determine how best to serve the growth of the private sector.

USAID/Madagascar should be careful not to force "order" upon the situation in order to make it more convenient for its funding activities. Prematurely anointing a single beneficiary of donor support will only serve to distort the market and lead to suboptimal provision of services. Likewise, once a winner is identified, USAID should resist the temptation to create competition for it when otherwise none would have developed. This will be a very fine line to walk and will require constant vigilance on the part of the mission staff.

Several considerations that drove the selection of activities for the new private sector training strategy:

1. Complement existing and planned mission private sector development projects.
2. Seek synergy with other donor private sector initiatives.
3. Decentralize project activities to include the high-potential growth zones cited in the CPSP.

4. Focus on leverage points that will yield the greatest impact.
5. Minimize the management load on USAID staff.

Taking these issues into consideration and drawing heavily from the MAPS report prepared in 1991, the team developed a new set of recommended private sector training interventions for the mission. The new training strategy has four principal objectives:

1. Promote export-oriented agribusiness.
2. Promote the growth of entrepreneurship and SMEs in the high-potential zones.
3. Promote the development of business service infrastructure necessary for sustained development of a modern private sector.
4. Enhance government support for private sector operations.

Each of these objectives is supported by representative activities which would contribute to the mission's achieving its overall strategic goal of broad-based, market-led sustainable economic growth. Given the very dynamic nature of the private sector in Madagascar, substantial leeway has been left for the mission to adapt the program to the changing situation.

Among the most important actions to be taken is to reconstitute the Private Sector Advisory Board to assist the mission in the design of all its private sector projects. This will require changing the level of the members to a more senior profile than has been the case. Given the small number of players in the Malagasy private sector it will be difficult to find totally objective, conflict-of-interest free individuals for every situation. The mission should therefore attempt to methodically map interrelationships by developing a cross reference of interlocking directorates. Whereas this will not eliminate potential conflict of interest, it will at least provide the mission with valuable insight into the varied interests of those upon whom it relies for advice.

## **II. Description of the Regional Human Resources Development Assistance Project**

### **A. Overview of HRDA Objectives**

Human Resources Development Assistance (HRDA) is a regional project initiated in fiscal year (FY) 1988 to succeed the African Manpower Development Project (AMDP), phases I and II, in the Sahel, the Sahel Manpower Development Project (SMDP), phases I and II, and the Sahel Human Resource Development Project, phase III.

HRDA's stated purpose is to stimulate, facilitate, and support national and regional training programs that will provide qualified technical, scientific, and management personnel and policy planners to strengthen African development institutions, enhance the growth of the private sector, and increase the participation of women in development.

HRDA differs from its predecessor projects primarily in the populations targeted and training locations. While AMDP incorporated training for the private sector and for women, HRDA stipulates specific targets for these special groups. HRDA reserves 50 percent of training for the private sector and 35 percent for women. HRDA places increased emphasis on the use of third-country and in-country institutions.

To assist missions in meeting these targets, the Africa Bureau's Office of Operations and New Initiatives—Technical Projects and Project Implementation (AFR/ONI/TPPI) offers assistance to missions in developing their private sector training strategies through its prime contractor, LABAT-ANDERSON Incorporated (LAI), of Arlington, Virginia. USAID/Madagascar requested and received such assistance in 1989 and in the current revision of the earlier study.

A team consisting of Bill Piatt, LAI HRDA Project Director, and Ted Clarke, AFR/ONI/TPPI ATLAS specialist, arrived in Antananarivo on September 13, 1992. The study was conducted from September 14 to October 9, 1992. During this period, the team traveled to Mahajanga and Fianarantsoa to meet with businesspeople and training organizations, in addition to those in Antananarivo. Complete lists of persons interviewed and organizations contacted are available in the annexes.

### **B. History of HRDA in Madagascar**

The HRDA agreement was signed with the Ministry of Economy and Plan in June 1988. During the first year, only public sector training was funded. Upon completion of the PSTNA in 1989, funding was increased for FY 1990 to provide an equivalent amount for private sector training. In late 1989, the Private Sector Advisory Board (PSAB) convened for the first time and began implementation of the training outlined in the Private Sector Training Needs Assessment (PSTNA).

The highest profile activities under HRDA to date were two dialogue sessions between the public and private sectors during 1990. These sessions were repeatedly cited by most businesspeople

interviewed when the team explained they were here under the auspices of HRDA. The first was to discuss the difficulties encountered by the private sector in establishing new small and medium-sized businesses in the country. The concept of a *guichet unique* was proposed to speed the approval of new enterprises and was endorsed by the participants. A study was then conducted of all regulations regarding business creation, with particular emphasis on conflicting requirements. An in-depth discussion of these conflicts became the theme of the second dialogue session. Today there are two *guichets uniques* operating in Madagascar. While this is not ideal, it is a significant improvement over the previous situation.

Many other HRDA activities outlined in the 1989 PSTNA were also implemented. Of particular note was the series of marketing seminars developed at Institut National des Sciences Comptables et de l'Administration d'Entreprises (INSCAE) during 1990–91. Institut Malagache des Techniques de Planification (IMaTeP) was used to develop courses for women entrepreneurs and for the creation of agribusiness Small and Medium-sized Enterprises (SME's). A human resources development course was held for the members of the Malagasy Private Business Association, and the directors of the Jeune Chambre Economique were sent to their international congress.

With this promising start, the project lost momentum in 1991 as the result of massive strikes that paralyzed the country. Through the early part of the year, previously planned in-country activities were completed, though no new ones were scheduled. Some previously scheduled U.S.-based training was implemented as well. One meeting of the PSAB was held in early 1992, but little progress was made as the Mission attempted to resolve some issues related to the management of the project and the relative roles of USAID, the PSAB, and the project beneficiaries.

HRDA has also been used by the Mission to support the implementation of other strategic projects. Business owners and managers have been sent to Burundi and the United States for training critical to the implementation of Madagascar Agricultural Export Liberalization Support Project (MAELSP). Others will attend an export marketing course in Tanzania in December. Ministry of Transportation officials have been funded to attend a conference on financing infrastructure maintenance. Financial Directors will attend a course on municipal finance in Abidjan this November. Each of these activities directly supports objectives outlined in the Mission's Country Program Strategic Plan (CPSP).

### **III. Overview of the Private Sector Environment in Madagascar**

The private sector in Madagascar is evolving rapidly. The Private Sector Training Strategy (PSTS) team found a substantial number of new business associations, many new businesses either operational or in the final stages of planning, and a number of new donor activities intended to support the growth of the private sector. The environment is very dynamic. These findings reconfirm the Mission's decision to add a private sector officer to its staff. This position will be essential to the Mission's ability to keep abreast of the rapidly changing situation. This will ensure that USAID's activities are both responsive to the changing needs of the private sector and that they are coordinated with those of other donors, which, in return, will enhance the likelihood of achieving the goals set forth in the CPSP.

#### **A. Relationship of the Mission's CPSP to HRDA Planning**

USAID/Madagascar has just completed an exhaustive planning exercise that culminated in its CPSP covering FY 1993–1998. The Mission's strategic plan emphasizes broad-based, market-led sustainable economic growth. This is to be achieved through increased investment and employment in the private sector by establishing a competitive, pro-business climate. The pro-business climate will be enhanced through a legal, regulatory, and judicial environment that results in financial market reform designed to increase domestic resources available for the private sector. The high-potential zones of Mahajanga and Fianarantsoa will be integrated into national markets by reducing communications and transportation costs, increasing and diversifying agricultural production and sales, and expanding locally managed market services.

The development of market-led growth implies the development of a strong, vibrant, and competitive private sector in Madagascar. HRDA funding can be used effectively by the Mission to achieve this critical goal.

#### **B. Indications for HRDA Interventions**

##### ***1. New Focus***

HRDA interventions in Madagascar should be crafted to fully support the Mission's strategic objectives. This includes the technical substance of the training provided, as well as use of the funding to stimulate the growth of a competitive market for training. To achieve these objectives, it is recommended that HRDA funding support training in sectors and regions identified by the Mission for its development focus, and that the funding be used to leverage the activities in progress and to accelerate the implementation of projects currently in the design stage.

This will help overcome obstacles possibly faced by current projects attributable to unforeseen human resource deficiencies. Likewise, the design of future projects can be improved by taking advantage of HRDA funding to initiate selective pilot training or "dialogue" activities that will

facilitate eventual project implementation. This should help to ensure rapid implementation and better impact.

It is recommended that HRDA focus primarily on activities that enhance the growth of export-oriented agribusiness, promote the growth of entrepreneurship and SME's in the high-potential zones, promote the development of business service infrastructure, and reduce government impediments to private sector operations.

## **2. New Projects**

There are a number of new private sector and human resources development projects in Madagascar that have begun since the 1989 PSTNA. Some are fully functional, others are just beginning. All of them have implications for HRDA.

At USAID, the primary private sector development project currently under way is Madagascar Agricultural Export Liberalisation Support Project (MAELSP), for which an extension was just signed. MAELSP focuses on enhancing exports of five commodities through technical assistance to exporters and potential exporters, human resources development, and performing additional subsector analyses to identify bottlenecks. MAELSP II provides for limited training and institutional support to achieve its objectives.

There are two primary implications for HRDA: (1) Based on lessons learned during the implementation of MAELSP I, it is likely that a number of unanticipated training needs will surface during the course of this project's implementation; and (2) the Program Advisory Committee that will be instituted for MAELSP resembles closely the PSAB's role under HRDA.

Careful consideration should be given to funding training for skills that are critical to alleviating subsector constraints. An example of this would be refrigeration training in Mahajanga to expand the pool of technicians who will be required to support an expanding seafood export industry. In its reconstituted PSAB, the Mission should examine the viability of merging the private sector committees described in the two projects and raising the level of the individuals involved to that of senior-level executives who have a broad perspective on the Malagasy economy.

The Commercial Agricultural Promotion (CAP) project, currently in the project identification document stage, is scheduled for startup in FY 1993. The project will promote the growth of commercially marketed food production by assisting farmers and entrepreneurs in the high-potential zones with technical assistance, improved agricultural inputs, and farm-to-market road improvement; and by encouraging the financial sector to increase lending to the agricultural sector for commercially viable activities. This project will include substantial funding for training of members of agribusiness associations and of agricultural entrepreneurs in a wide variety of business management and technical production and transformation skills.

HRDA should be careful to complement the activities of CAP. A number of competencies that must be assumed in the project design may require reinforcing once the project is begun. For example, the project's public sector funds might be used to train or update local government officials in regional planning and resource mobilization. Other training may be required for those

delivering support services, such as equipment maintenance and repair for the firms responsible for the road maintenance or fleet management for small trucking firms. Though some of these needs can be incorporated into the CAP project design, it might prove too burdensome to provide for all possible contingencies. HRDA could be used to fill those gaps where assumed skills are not as strong as had been anticipated.

The Business Expansion through Services and Technology (**BEST**) project is scheduled to start in 1994. The purpose of this project is to create a supportive environment for private business and provide access to the services and technology needed for private sector expansion. This project will help the Government of Madagascar (GOM) revise the legal and regulatory environment to facilitate the creation and expansion of businesses. In addition, the project will assist business associations to serve the interests of their members.

HRDA can be used to provide targeted training of individuals in government and business associations both to prepare the key Malagasy collaborators to better assist in the project design and to test various approaches to providing technical assistance and technology transfer. This targeted use of HRDA funding could easily be designed to fall within the scope of the project, while also serving to improve the eventual design of BEST.

The Market Infrastructure Expansion (**MIX**) project's purpose is to improve local level management and provide market facilities and services. Public Sector HRDA funds can be used to begin the training of key government officials in techniques of decentralized municipal and regional management. Public or private sector HRDA funds could be used to send key government and private sector actors to examine alternative approaches to setting up industrial parks, business incubators, regional markets, and other business service infrastructure. By getting a head start on the project, the Mission can ensure that those involved in the design and negotiations are well versed in the options available. This should yield a greater impact from the eventual project's interventions.

### **3. New Actors**

In recent years, the World Bank and the United Nations Development Program (UNDP) have also begun major nationwide projects that need to be considered in planning for the use of HRDA funding. Chief among these new developments are the UNDP's *Entreprendre à Madagascar* project and the World Bank's APEX and PREFTEC projects.

The *Entreprendre à Madagascar (EàM)* project is designed to help new and existing small and medium-sized enterprises gain access to bank financing. The project uses a well-validated approach to screening entrepreneurs to determine who among the applicants has the greatest potential for success. The project works closely with all four major banks to bring them into the selection process at key stages to ensure that they will react favorably to the eventual request for finance. (This also is a "hidden" training activity for the bankers to expose them to the evolution of an entrepreneur's business plan.) Once the project is financed, EàM helps the business get organized for operation. A set of rudimentary management documents has been developed that is provided to the entrepreneurs to help them better control the finance and administration of their businesses. A review of the status of these systems is the primary followup activity of the

Malagasy staff. To date, of more than 400 projects that have been reviewed, 50 to 60 were selected to receive technical assistance, and 40 have been financed. The project now has offices operating in all six provinces.

EàM has actively sought to collaborate with other donors and is quite willing to assist with the creation of enterprises in specific sectors supported by other donor projects. For example, if HRDA would help with the development of improved training products, EàM would be willing to work with new and expanding SME's targeted by the MAELSP II project. This synergy would help to ensure the success of all three projects.

The World Bank's **APEX** project also focuses on SME's, but has been slow to get started. It consists primarily of a line of credit at the Central Bank of Madagascar to finance feasibility studies and technical assistance. To date, few SME's have taken advantage of the project. This is due partially to a feeling, particularly among smaller enterprises, that the costs of the studies exceed the businesses' ability to pay and partially to a requirement that the prospective financing institution cover part of the cost of the feasibility studies. Because the bank apparently can only recover its costs if the project is funded, this is a serious constraint.

The World Bank's **PREFTEC** project relates directly to HRDA. This \$22 million activity is intended primarily to restructure the technical education and agricultural education departments of the GOM. Included in this funding, though, is approximately \$5 million intended to provide institutional strengthening support to professional training organizations in Madagascar. This fund provides financing for short-term training of business managers and employees and for upgrading training equipment or purchasing computers.

This portion of PREFTEC is managed by the Conseil National de Formation Technique et Professionnel (CNFTP). PREFTEC currently has a staff of 6 that will be expanded to 37, a dozen of whom will be located in the provinces. Approximately half of this staff will be primarily engaged in CNFTP-related activities. An advisory committee has been established that includes representatives of the Conseil National Economique et Social, the Jeune Chambre Economique de Madagascar, a private voluntary organization, and an entrepreneur.

The project has two main objectives: to give training providers incentives to respond to the needs of private employers; and to develop a baseline of costs associated with developing and delivering technical and professional training. Training providers are eligible for funding of a wide variety of costs, if they present agreements negotiated with businesses that demonstrate that the proposed training responds directly to a business need.

In addition, a French nongovernmental organization called the Groupement pour la Recherche, Etude, et Technologie (**GRET**) will be sponsored by the Caisse Centrale de la Cooperation Economique (French Foreign Aid Agency) to provide substantial training and technical assistance to businesses in the Fianarantsoa area. An agreement in principal has been reached, but no activities have begun as of October 1992.

## **IV. Recommendations for Revised Private Sector Training Strategy**

### **A. Major Considerations**

#### **1. Complement Existing and Planned Mission Private Sector Development Projects**

As described in the previous section, USAID/Madagascar is dramatically expanding its activities in support of private sector growth in the country. The flexibility of HRDA should be used to support and enhance the potential for success of those activities.

HRDA is an ideal vehicle to provide "environmental support" to well-designed, highly focused projects. For example, HRDA funding can be used to provide a study tour for government officials and business association officers to examine procedures for new business registration or how the government works with exporters in the newly industrialized countries of Southeast Asia. With a better understanding of how the procedures work in these model countries, the officials would be better prepared to undertake meaningful discussions with project design teams.

Likewise, when collaborating officials are promoted or replaced, HRDA could provide a vehicle for exposing the new officials to the same types of information to ensure that new initiatives are continued.

#### **2. Seek Synergy With Other Donor Private Sector Initiatives**

Over the past 3 years, several other donor projects (described in section III.B.3. above) have been developed to support the growth of the private sector. Some of them contain elements that were integral to the HRDA program design of 1989. Some of the projects will reduce the need for certain types of A.I.D.-HRDA support, as in CNFTP's providing extensive institutional development for training organizations. This can free HRDA to go to a deeper level in its support of private sector development, providing complementary funding for activities outside the scope of the other projects.

The other projects also provide opportunities for the Mission to leverage non-HRDA private sector development interventions. HRDA can be used to gain access to services by increasing other projects' capacity to handle additional beneficiaries. An example is the EàM project, which has a well-developed means for screening aspiring entrepreneurs on the basis of basic entrepreneurial ability. The project has established relations with all major banks in Madagascar and has offices in all six provinces. EàM is willing to assist with the screening of potential MAELSP and CAP beneficiaries, if USAID would help them increase their outreach capacity to handle the additional follow-up workload. HRDA funds could be used to improve EàM training materials and to assist with training delivery. Although the beneficiaries of this HRDA-supported training would encompass a group larger than just those working with MAELSP and CAP, incorporating those beneficiaries would yield lower unit costs for training and promote networking among a larger group of entrepreneurs. This should significantly enhance the potential for the long-term success of all concerned.

The training objectives reflect a careful consideration of areas in which USAID participation in HRDA-funded activities can be used effectively to leverage the overall development of the private sector, ensure the success of A.I.D. and other donor projects, and maintain recognition of A.I.D.'s interventions.

### ***3. Decentralize Project Activities To Include the High-Potential Growth Zones***

As the Mission looks to better integrate the high-potential zones of Mahajanga and Fianarantsoa into the national economy, HRDA should be employed to provide local control to the use of project resources.

HRDA can easily be "modularized" to respond to the specific needs of the high-potential zones. With relatively modest resources, the Mission can establish a high profile by widely publicizing HRDA activities within these regions. It will be necessary to establish a PSAB in each of the two high-potential zones and for senior-level USAID representatives to attend quarterly meetings of the PSAB's in order to maintain Mission credibility and local business operators' interest in the project.

Mahajanga appears to be more dynamic and much better organized to take advantage of HRDA private sector support initially. The team found a large number of highly motivated entrepreneurs in the area with clear ideas regarding their needs. Two newly formed and apparently very active business associations offer excellent opportunities to the Mission for funding pilot activities.

In Fianarantsoa, less evidence of a dynamic private sector was found. Time did not permit visiting the port cities of Mananjary and Manankara. A followup visit to these areas should be made before committing substantial funding to groups with headquarters in Fianarantsoa.

In both regions a strong interest exists for English language training in general and business English in particular. This was the most universally cited training need. In collaboration with the United States Information Service, A.I.D. should consider funding the development of an English training program in these regions similar to that which was developed for INSCAE under the MAELSP project.

### ***4. Address Leverage Points That Will Yield the Greatest Impact***

HRDA is at its best when it can be used to open bottlenecks that impede the growth of the private sector. The project's modest resources should be used at leverage points in systems where human resources or human nature impede progress toward the expansion of a market economy. The public/private sector dialogues held in the early phase of HRDA in Madagascar have been cited repeatedly by interviewees as having been very beneficial. Several mentioned that they should be increased to cover a variety of specific topics as the need develops. This type of activity typically requires very little funding, but can have a major impact.

### **5. Minimize the Management Load on USAID Staff**

HRDA can be a very management-intensive project. Processing large numbers of participants, preparing project implementation order/technical services (PIO/T's), and competing and letting contracts for discrete activities can quickly surpass the capacity of a tightly staffed Mission.

A primary design consideration for this revised PSTS is to gain maximum impact from HRDA interventions without unnecessarily burdening the Mission staff. The implementation mechanisms suggested are intended to delegate the administrative detail burden to the beneficiary organizations, while maintaining USAID's control over the types of activities and ensuring that the funds are properly accounted for.

### **B. Private Sector Training Strategy Objectives**

1. Promote export-oriented agribusiness
2. Promote the growth of entrepreneurship and small and medium-sized enterprises in the high-potential zones
3. Promote the development of business service infrastructure necessary for sustained development of a modern private sector, including the following:
  - a) business associations
  - b) training services
  - c) consulting services
4. Enhance government support for private sector operations

### **C. Target Audiences**

The target audiences for the revised HRDA PSTS will be more focused than the previous plan. The targets for the revised plan will flow directly from the priorities set forth in the Mission's CPSP. Priority should be given to new and existing SME's in the high-potential zones seeking to expand their agribusiness exports and to associations and other business support organizations whose objectives are consistent with A.I.D.'s strategic direction. The project should continue to support and expand the government's understanding of the private sector begun in 1990.

### **D. Training Activities To Support the Objectives**

The philosophy promoted in this PSTS is to supply resources to "purchasers" of training services and allow them to determine how to best fulfill their needs in the marketplace. Whereas, for certain types of locally unavailable expertise, USAID may need to assist the beneficiaries with the recruitment of appropriate technical assistance. The in-country resources should be capable of supplying the needed competencies for most management and organization development training.

Notable exceptions to this will be for study tours and Entrepreneur International trips that will still require the use of U.S. subcontractors. These tools should be a major component of HRDA-funded activities to help the country break out of its 20 years of isolation. This will help businesses make new contacts and give the new government encouragement and role models for implementing policy change.

### ***1. Promote Export-Oriented Agribusiness***

A key aspect of this training should be the provision of study tours to the United States or third countries in the region. One of the most important requirements for exports is personal knowledge of foreign markets and of potential business partners. A substantial increase in this type of activity is recommended to ensure that as many of the potential business owners and managers as possible gain access to this critical support. This should include trips to the United States for seafood and high-quality coffee producers. Trips to Europe and Japan would be appropriate for grain exporters. All candidates should be required to successfully complete a business English course before departure.

The Mission should also work with businesses and associations whose objectives closely parallel those of the Mission's MAELSP and CAP projects. Based on feedback from the projects' technical teams, grants should be made to the organizations to help them improve their services to their members, such as the collection and dissemination of information on production and markets. These organizations could contract with local providers to prepare training courses for their employees in skills considered to be critical to their firms' export success.

Additionally, the Mission could fund training on a subsector-by-subsector basis for groups of agribusinesses. For example, seminars by experts in international trade of selected commodities could be organized to discuss market peculiarities that affect their ability to export. This must be carefully coordinated, of course, with MAELSP and CAP project activities and should be handled through grants to the associations themselves who would, in turn, purchase the best available training. The MAELSP training advisor should help coordinate these actions.

Other types of training that might be funded under this objective could include technical training for groups of workers in related industries considered to be critical to the targeted export industries. Examples would include refrigeration maintenance and repair training, if the exporters of seafood cited this as a major constraint, or training for members of trucking firms that are key to transporting products targeted by the agribusiness support projects.

### ***2. Promote the Growth of Entrepreneurship and SME's in the High-Potential Zones***

The current structure of the private sector with its few large, vertically integrated businesses hampers entry of new, smaller businesses into expanding markets. The only way to lower barriers to entry is through the promotion of a broad base of SME's that can provide essential services on a contract basis to other SME's or to larger organizations. Working through existing business and entrepreneurial organizations, the Mission should foster the growth of small and medium-sized businesses of all types in the high-potential zones. Broadening the base of SME activity in these regions is critical to creating an environment conducive to the growth of private sector

activity focused on the export of nontraditional agricultural products and to increasing interregional trade of food.

Given the existence of at least four organizations dedicated to the development of SME's in Antananarivo alone, the Mission should channel its resources through two or more of them to gain maximum impact. Multiple organizations should be supported to avoid giving an unfair competitive advantage to one over the others, to ensure that the maximum number of enterprises are reached and assisted, and to provide the Mission with an opportunity to leverage its own agribusiness development and business promotion activities to the maximum extent possible. At this time, there is no risk of saturating the market for these services.

HRDA funding should be used to increase the outreach capabilities of both Association pour la Promotion d'Entreprises Malagache and Entreprendre à Madagascar. Consideration should also be given to providing funding for the Institut Malagache des Techniques de Planification and/or the Conseil pour la Promotion des Petits et Moyennes Entreprises in their quite similar activities. The reconstituted PSAB's should help the Mission determine relative funding levels and portfolio weighing for the SME promotion groups.

### ***3. Promote the Development of Business Service Infrastructure Necessary for Sustained Development of a Modern Private Sector***

Business associations are essential to the ability of entrepreneurs to defend themselves against arbitrary government intervention in the operation of the marketplace as well as to setting standards of conduct for the industry, which builds confidence in the eyes of foreign business partners. At the request of these associations, USAID should provide some training or planning assistance for senior managers to help them focus on the roles of a typical business association and develop strategic and operating plans for their organizations. This type of assistance would apply equally to some of the newer SME promotion private voluntary organizations.

Training services are currently concentrated in the Tana province. Whereas the World Bank's PREFTEC project through the CNFTP is taking the lead in reinforcing the capacity of technical and management training organizations, the project is not likely to have a large impact on the provinces. USAID should very selectively offer support to training organizations in these regions to update and improve their capacities.

One area that appears to hold particular promise is the teaching of business English. Business owners and managers exhibited substantial unsolicited enthusiasm for business English courses. The American Cultural Center could provide technical assistance to training providers in the Mahajanga and Fianarantsoa provinces if USAID would cover their relatively nominal costs.

Consulting services such as market surveys, distribution channel selection, joint-venture structuring, and human resources, financial, and strategic planning are essential services that only the largest firms can afford to provide internally. New consulting firms are springing up across the country to fill this need. Many consultants, though they may be technically well versed in their fields of expertise, have had little or no experience running a consulting business. Seminars sponsored by major business associations on topics such as "How to Identify Consulting

Opportunities,” “Managing a Consulting Business,” and “Establishing a Commercial Identity” could prove to be valuable catalysts encouraging the growth and professionalism of the industry. Another promising area would be to provide third-country training to local consultants who will participate on project design teams. This would ensure that they have a solid technical base in addition to knowledge of the country, which should substantially improve the projects’ designs.

#### **4. Enhance Government Support for Private Sector Operations**

This objective is suggested as a principal use for public sector HRDA funds. The newly elected government of the Third Republic will need to develop a solid foundation in policies that support and promote the growth of the private sector. HRDA can play an important role in helping new government policymakers better define a role for the government in this new era.

The forums that were held in 1990 between the public and private sectors were very well received, according to interviews with business owners and managers. This activity should be expanded substantially and incorporated into the activities of the business associations. Additional forums could be funded for business associations’ development of their members. Topics should be chosen that will yield increased understanding and appreciation on the part of all parties of the others’ concerns and constraints. This would have the double advantage of addressing impediments to economic growth and also helping the business associations model another of their primary roles—advocacy.

Using public sector funds, officials should be sent on study tours to other developing nations that have successfully implemented the types of policies that will be necessary for Madagascar’s development. Once the new government is in place, key officials should be sent on a very carefully planned visit to two or more of the newly industrialized countries. Both career-technical and political policy-level officials from key ministries should be included. The more officials that can be sent, the more likely the changes will be implemented. A key factor will be creating a critical mass of people who can support each other in the debate over changing the status quo.

Among the most frequently cited obstacles to the growth of the private sector were poor telecommunications and an archaic, unreliable legal system. The balance of public sector funds should be used to address these two critical issues. Key officials of the Poste et Telecommunications should be sent to the Caribbean Basin to see how these countries have leveraged their development by allowing the private sector to bypass government monopolies, thereby creating a rapidly growing computer services industry. The Mission should ensure that senior managers of the telecommunications network are provided the opportunity to attend all major regional and global telecommunications conferences to keep them abreast of the rapidly evolving technologies and services.

The Mission should continue its efforts to reform the commercial code of Madagascar. This can be promoted in a number of ways and should be pursued on multiple levels. Working with the University Law School and major business associations such as the Groupement des Entreprises Malagaches, the Mission can raise the issue to a much higher level of public awareness and help ensure that the private sector will be fully involved in redrafting the code. Funding for study

tours should be included to expose key members of the new government to the steps taken in other previously socialist countries that could provide lessons and encouragement for Madagascar.

## **V. Organizational Considerations**

### **A. Role of the Private Sector Advisory Board**

#### ***Background***

The PSAB, as it currently exists, is primarily an executive board, involved heavily in the day-to-day operations of the HRDA project. This has created a set of problems unforeseen during the original program design. Over the past year, there have been concerns over how to efficiently handle the administrative aspects of project implementation and simultaneously ensure that there is no conflict of interest between PSAB members' advisory roles and their roles as members of organizations benefiting from HRDA activities.

The large volume of individual actions required to advertise the project, select training activities and participants, prepare PIO/T's, and perform followup strains the resources of a Mission whose activities are expanding rapidly.

In an economy that is just beginning to emerge from nearly 20 years of socialist isolation, the web of interrelationships among talented economic actors is both tight and substantial. There are many new organizations developing to promote and support businesses in the country. The phenomenon in Madagascar resembles closely the "clustering" described by Michael Porter in *Competitive Advantage of Nations*. The actors all appear to be well known to one another. There are some close friendships and some significant rivalries. Multiple organizations are springing up to provide the same type services in support of SME's. Each claims that it has a very different (read: better) approach. While this creates some problems for USAID in its need for unbiased, arms-length selection of beneficiaries of project funds, the spontaneous creation of several competing organizations bodes well for the country's ability to develop a strong Malagasy private sector.

#### ***Recommendations***

The PSAB should be reconstituted to play a more important advisory role in the support of all Mission private sector development activities. To accomplish this, the Mission should recruit four to six executive-management-level people to sit on the purely advisory board. This board should have a life of 48 months and a rotating membership, with one quarter of the membership replaced every year.

In order to establish credibility for USAID's strategic objective of focusing on the high-potential zones of Mahajanga and Fianarantsoa, it will be essential to establish separate PSAB's for each of these two areas.

The PSAB should meet quarterly with senior USAID management to cover a well-defined agenda. Agenda items should be restricted to overall strategic direction of the project and must be distributed to the members at least 1 week in advance. Restricting the "work" of the board to policy-level input and providing access to senior-level USAID management should ensure continued interest and participation by key business leaders.

Given the relationships described in the background section and the dynamic manner in which new businesses, associations, training organizations, and consulting firms are being created, it is imperative that USAID continually seek out potential new members. These individuals should represent agribusiness, banking, exporting companies, and one or more business associations. They should also be selected with careful attention to the Mission's activities and the types of feedback that will be necessary to ensure effective project implementation across the private sector portfolio.

## **B. Use of HRDA Core Contract Resources**

Under the HRDA core contract with LAI, the Mission is entitled to brief core-funded TDY's by the regional Training Support Advisor. Normally this assistance is for tasks related to implementation bottlenecks, training program assessment, Participant Training Management System support, or simply to review and comment on ongoing Mission activities. A typical TDY lasts approximately 1 week and is coordinated with trips by the Training Support Advisor to other countries in the region. Longer TDY's to accomplish larger tasks may be approved by the AFR/ONI/TPPI project manager.

A Mission-funded buy-in to the LAI contract could provide additional direct support. For example, USAID/Madagascar could have LAI handle the advertising for and recruitment of U.S.-based technical assistance. The technical assistance could be contracted either through LAI or directly by the Mission. Training programs could be handled in the same manner. In the case of simply recruiting and passing along names of consultants to the Mission for direct contracting, the costs involved would likely be less than what the Mission would spend on phone calls alone in attempting to perform this task from Antananarivo.

Though the LAI contract will end in May 1993, it is very likely that these services will be offered by the new prime (8a) contractor, and possibly expanded. Taking advantage of these support services can substantially lighten the Mission's burden with regard to activities requiring technical assistance from the United States or third countries.

## **C. Use of Grants to Private Voluntary Organizations**

Given the dynamic and delicate nature of the Malagasy business environment described in this and other reports, USAID must be careful not to distort the marketplace of ideas and approaches to enterprise development. One of the best options available to the Mission at this time is to make grants to PVO's and business associations that have well-developed plans for integrated programs. Any group that professes to be capable of assisting SME's should be capable of developing a coherent program with well-defined objectives, target groups, and sound technical approaches.

Special consideration should be given to PVO's and business associations that target groups key to achieving the private sector objectives of other USAID projects such as MAELSP, CAP, MIX, and BEST. New associations could be given access to internal organization, membership services, and financial management training. Some of this training can be provided by local firms in Madagascar; some may require foreign technical assistance.

The PSAB's could be called upon to help the Mission identify all potential beneficiaries and to provide feedback on their capabilities.

#### **D. Implications for USAID/Madagascar Staffing**

USAID/Madagascar is responsible for a rapidly expanding portfolio of development activities. HRDA activities need to be developed in a manner that will enhance the Mission's development objectives without adding to the already significant burden of a thinly staffed training office. The training plan is designed to shift the burden of detailed implementation to the beneficiaries, which will allow the staff to focus on ensuring that project impact is attained.

With the advent of the projects currently planned, the annual funding for training will exceed current expenditures by more than \$1 million annually. The Mission will probably need to expand the staff marginally, even if the projects fund their own technical training expertise. This is due to the additional monitoring and evaluation load that will result from the increased level of overall activity.

## VI. Illustrative Training Plan and Budget for FY 1993–1995

Training Objective	FY 1993	FY 1994	FY 1995
<b>1. Promote export-oriented agribusiness.</b>			
Entrepreneurs Intl. (10, 15, & 20 trips/yr.)	\$125,000	\$202,500	\$300,000
Business Association Grants	\$15,000	\$17,000	\$20,000
Agribusiness Operator Training	\$30,000	\$33,000	\$36,000
Technical Support Services Training	\$10,000	\$22,000	\$35,000
<b>2. Promote the growth of entrepreneurship and SMEs in the high-potential zones.</b>			
Grant to Entreprenre a Madagascar	\$25,000	\$100,000	\$50,000
Grant to APEM	\$25,000	\$75,000	\$50,000
Grant to GO-MAN	\$20,000	\$25,000	\$30,000
Grants to other new SME promotion orgs	\$20,000	\$50,000	\$60,000
<b>3. Promote the development of business service infrastructure necessary for sustained development of a modern private sector.</b>			
a) business associations	\$30,000	\$50,000	\$75,000
b) training services	\$15,000	\$17,000	\$20,000
c) consulting services	\$25,000	\$30,000	\$35,000
<b>4. Improve government support to private sector operations.</b>			
Additional public/private sector forums	\$30,000	\$35,000	\$40,000
Study tours for new govt. officials to NICs	\$100,000	\$75,000	\$85,000
Study tours and conference participation for telecomm officials	\$50,000	\$55,000	\$60,000
Training/TA for commercial code reform	\$25,000	\$50,000	\$75,000
Private Sector Training (Objectives 1, 2, & 3)	\$340,000	\$621,500	\$711,000
Public Sector Training (Objective 4)	\$205,000	\$215,000	\$260,000
<b>TOTAL HRDA TRAINING by FY</b>	<b>\$545,000</b>	<b>\$836,500</b>	<b>\$971,000</b>

ANNEX I

**Bibliography**

Austin Associates, J.E., and Management Systems International, Madagascar MAPS: Private Sector Strategy, Final Report, USAID/Madagascar, Private Enterprise Development Support Project II, Project Number 940-2028.03, Coopers and Lybrand, May 1991.

Austin Associates, J.E., and Management Systems International, Madagascar MAPS: Private Sector Survey, Final Report, USAID/Madagascar, Private Enterprise Development Support Project II, Project Number 940-2028.03, Coopers and Lybrand, April 1991.

Austin Associates, J.E., and Management Systems International, The Private Sector in Madagascar: Role and Performance 1984-1991, Final Report, USAID/Madagascar, Private Enterprise Development Support Project II, Project Number 940-2028.03, Coopers and Lybrand, April 1991.

Austin, James E., *Managing in Developing Countries, Strategic Analysis and Operating Techniques*, The Free Press, New York, New York, 1990.

Institute of International Education, Final Report, Madagascar Agricultural Liberalization Support Project (MAELSP), Number 35200, Contract Number 623-0000-C-00-0008-00, March 1992.

LABAT-ANDERSON Inc., Private Sector Training Needs Assessment: Human Resources Development Assistance (HRDA) Project, USAID/Madagascar, June 1989.

Martin, Frank, "Whither Madagascar?" - Draft, USAID/Madagascar, March 1992.

Porter, Michael, *Competitive Advantage of Nations*, The Free Press, New York, New York, 1990.

USAID/Madagascar, Annual Budget Submission, FY 1994, July 1992.

USAID/Madagascar, CPSP Program Strategic Plan - Draft, September 1992.

USAID/Madagascar, Commercial Agricultural Promotion in Madagascar (CAP) Project Identification Document (PID) - Draft, August 1992.

USAID/Madagascar, Madagascar Agricultural Export Liberalization Support Project (MAELSP) (687-0102), Project Paper, April 1992.

Verin, Pierre, "Socio Economic Factors in Economic Development in Madagascar," Final Report for USAID/Madagascar, March 1992.

World Bank, Madagascar: Beyond Stabilization to Sustainable Growth, Report Number 9101-MAG, June 1991.

World Bank, Madagascar: Financial Policies for Diversified Growth: Choices for a Market Economy, Report Number 9817-MAG, Volume One, Executive Summary and List of Main Recommendations, October 1991.

World Bank, Madagascar: Financial Policies for Diversified Growth: Choices for a Market Economy, Report Number 9817-MAG, Volume Two, Main Report Annexes, October 1991.

World Bank, Project Paper Audit Report Number 10783, Madagascar: Accounting and Audit Organization and Training Project (Credit 1155-MAG), June 1992.

World Bank, Staff Appraisal Report Number 9365-MAG, Democratic Republic of Madagascar Manpower Training Project, May 1992.

**ANNEX II**

**List of Persons Contacted by PSTS Team**

**Business Owners and Managers**

Family Name	First Name	Organization	Title	Phone
Abad	Abdallah		Industrie	
Andriamanga	Remi	Habibo & Cie.	Collecteur	
Andriatasy	Jacques "Docteur"		Pharmacien	
Asok	Keimar Khyshi		Transitaire	
Baboulal	Vissandjee		Commerçant	
Bouka	Fakrou	FIBASON	Entreprise Quincailler	
Campello	Michel	Diffusion Telematique	President	261-2-356-21
Castellani	Jean Luc	Micro Diffusion		261-2-335-24
Firozaly	H.	Deux Freres	Transporteur	
Goulam		Ste HIFAZ	Commerçant Pieces	
Hasly		RMC TP	Transporteur	
Hassanally	Sakirmamod	UNICO, SA	Directeur Commercial	261-7-513-43
Joubert	Andre		Entrepreneur	
Kara	Vinod		Industrie	
Karon	Chan Ming	Hotel de la Plage	Hotelier	
Laurent	Jaques	Ste. Peche	President	
Nourdine	Lewis		Transporteur Maritime	
Pages	Claude Marcel	PECHEXPORT	Directeur	
Rajoharison	Guy	St. SARELACOS		
Rajoharison	Thilan		Restaurateur	
Rakotoson	Pierre	SIB Industrie		
Rambeloso	Alfred	Ste. Roches Rouges	President	261-6-293-81
Ranaivo	Norbert	General Tours	Directeur	261-2-406-01
Ranivosoa	Georges	MadPrint	President	261-2-225-36
Randrianiasy	Jean Cristophe	Amovy Constructions	President	261-2-411-36
Rasendratrirofo	Elyett	Performance	Presidente	261-2-265-44
Razafimahaleo	Herizo	STEDIC	Managing Director	261-2-203-10
Razafimbahiny	Christian	CECOR	President	261-2-302-21
Robsell	Andrianaivo	Entreprise RMC		
Sambiheviny	Findrama		Agriculteur	
Sulleman	Vasram		Boulangerie	
Zakir		Hotelier Kismat		

20

### Consultants

Family Name	First Name	Organization	Title	Phone
Clement	Peg	ANGAP	Conseiller de Formation	261-2-305-18
Holzer	Peter	University of Illinois	Professor of Accountancy	1-217-333-4545
Lusby	Frank	ACA	Managing Director	
Ramanoara	Georges	RINDRA	Directeur General	261-2-278-31
Randria	Hugues	ACT	Administrateur	261-2-322-84
Rasoamanana	Andriamifidy	ACT	Gerant	261-2-322-84
San Martin	Tessie	JE Austin Associates	Managing Partner	202-

### Donor Organizations

Family Name	First Name	Organization	Title	Phone
Camer	George	USAID	Mission Director	261-2-254-89
Grasberg	Eugene	USAID	Coordinateur du Projet d'Appui aux Exportations Agricoles	261-2-254-89
Grimes	Ann	USIS	Deputy Director	261-2-202-38
Hammink	William	USAID	Project Development Officer	261-2-254-89
Johnson	Joan	USAID	Human Resources Development Officer	261-2-254-89
Mackenzie	Donald	USAID	Deputy Director	261-2-254-89
Martin	Frank	USAID	Economiste	261-2-254-89
Rabenarivo	Hallie Taylor	USIS	Director of Courses	261-2-202-38
Rakotomalala	Agnes	USAID	Human Resources Development Assistant	261-2-254-89
Randriamanampisoa	Dieudonne	IBRD	Charge des Operations	261-2-289-17
Sauvage	Jerome	UNDP	Asst. de Representant Resident	261-2-219-07
Smith	Robb	IBRD/FIAS	Investment Promotion Specialist	
Wohlers	Lawrence	USIS	Director	261-2-202-38

## Business Support Organizations

Family Name	First Name	Organization	Title	Phone
Andriantseho	Rolland	CONECS	Vice President	261-2-292-62
Andrianasolo	Fidele	JCE	Commission Individuel	261-6-253-80
Andrianasoto	Jean DeGaulle	FITATA	Operateur Economique	
Bilodeau	Guy	Entrepr. a Madagascar	Conseiller Technique	261-7-515-48
Chevallet	Jean Claude	Entrepr. a Madagascar	Conseil en Formation	261-2-250-07
Davignon	Maurice	Entrepr. a Madagascar	Conseiller Technique Principal	261-2-250-07
Dzao	Jean-Theodule	GOMAN	Vice President, Secteur Primaire	261-6-223-97
Gerand		FITATA	Planificateur	261-2-286-25
Lazantsy	Jean	FITATA	Operateur Economique	261-2-307-20
Rajao	Pascal	CARD	President, Fondateur	261-7-500-74
Rajaonariveto	Andre	JCE	Directeur Formation	261-6-253-80
Rakatoson	Hortense	JCE de Mahajanga	Commerce International	261-6-253-80
Rakotobe	Francois	Entrepr. a Madagascar	Directeur de l'Antenne de Mahajanga	
Rakotolahy	Ernest Joseph	Entrepr. a Madagascar	Directeur de l'Antenne de Fianarantsoa	261-7-515-48
Rakotonirina	Aime	GOMAN	Vice President Secteur Tertiaire	261-6-222-04
Rakotonjanamary	Jean Robert	FITATA	Ingenieur Technologue	261-2-308-64
Rakotoson	Maudimby	JCE	Vice President	261-6-253-80
Rakotovao	Marcel	UAMA	President	261-2-207-53
Ralaimihoatra	Gina	JCE/M	President	261-2-253-86
Ralijaona	Desire E.	FIVMPAMA	President	261-2-322-84
Ramaholimihaso	Madeleine	APEM/SIPEM	President	261-2-233-44
Ramamonjisoa	Haja	JCE	Directeur Relations Publique	261-6-253-80
Ramanantsialonina	Gerard	Entrepr. a Madagascar	Coordinateur des Activites	261-2-250-07
Ramaroson	Andre	CONECS	President	261-2-265-57
Ranaivo Ramahenina	Jacques	GOMAN	Vice President Secteur Secondaire	261-6-222-27
Ranary		GOMAN	Ces	261-6-239-47
Ratovonony	Isabelle	GOMAN	Vice President Secteur Artisanat	261-6-239-45
Ratsimbazafy	Armand	UAMA	Vice President	261-2-207-53
Razafindrabe	de Copertino	GEM	Secretaire General Adjoint	261-2-236-08
Razafindrakoto	Christian	JCE	Secretaire General	261-6-253-80
Razafindramanitra	Rolland	CONECS	Vice President	261-2-327-61
Via	Celine Marie Yolande	JCE	Commissaire Juridique	261-6-253-80

### Training Organizations

Family Name	First Name	Organization	Title	Phone
Andrianaivo	Solange	TEAM	Treasurer & Teacher	
Gomou	J. Marc	ISCAM	Consultant	261-2-224-88
Rabotovoao	Jean Pierre	CAPR	Directeur	
Rafalimanana	Jean	ISCAM	Chef de filiere Technique de Commercialisation et Coordinateur de la 3eme Annee	261-2-224-88
Rajabo		Univ. de Mahajanga	Recteur	
Rajaonah	Richard	CFC	Directeur General	261-2-315-69
Rakotoarison	Jean	Univ. de Fianarantsoa	Doyen de la Faculte de Droit	261-7-508-49
Rakotomamonjy	Gracieuse	TEAM	Adviser & Teacher	
Rakotonomenjanahary	Benjamin	INPF	Directeur	261-2-441-86
Ramiandrisoa	Samy	AGI	Managing Director	261-6-236-42
Ranaivoson	Jaona	INSCAE	Secetaire General Adjoint	261-2-224-88
Randriamakaso	Thomas	CFC	Consultant Manager	261-2-315-69
Randriamanantenaso	Nicole	TEAM	Teacher	
Rasoamahenina	Daniel	INSCAE		261-2-284-44
Rasoazanano	Clarisse	TEAM	President	
Rasolofomanana	Clarisse	TEAM	Teacher	
Rasolofondraibe	Toussaint	INSCAE	Chef du Services des Prestations et Interventions en Entreprises	261-2-284-44
Razafindrahaingo	Agathe	INPF	Chef de Department de Formation	261-2-441-86
Tody	Flavien	INSCAE	Directeur General	261-2-284-44
Tsaratombo	Andre	INSCAE	Enseignant	261-2-284-44

### Other

Family Name	First Name	Organization	Title	Phone
Rafalimanantsoa	Jean Claude	Fianarantsoa I	President	
Razafintsalama	Roland	USIS	AAI Representative	261-2-202-38

### ANNEX III

## **Notes on Training Institutions and Organizations in Madagascar**

### **A. CFC: Centre de Formation et de Perfectionnement des Cadres, Director General Richard Rajaonah**

CFC aims to foster expertise in the various aspects of business management with interventions at all levels with programs in training and counseling. It offers a regular schedule of short-term courses in management, human resources, communication, finance, accounting, marketing, production, and computer training. On request, the center can provide courses in problem solving and analysis, assistance with facilitation and animation, needs assessment, and training of trainers. In cooperation with l'Institut Forhum in Paris, CFC offers rural development project courses in the training of extension agents; creation and management of farmer associations; and analysis, followup, and evaluation of rural development projects.

The center was formerly known primarily for its work with parastatals in the days when there was not much of a private sector in Madagascar. Now it is doing much more with the private sector, working for the most part with large businesses that can afford to pay for the training needed. CFC could provide training to small and medium-sized enterprises (SME's), if they could afford to pay for it. Some assistance in this area would be greatly appreciated. In 1992, an average 1-week course costs FMg 300,000 (relatively high). At present, the center is offering 30–40 courses per year. The staff of 4–5 permanent trainers is augmented with part-timers and experts hired locally or from abroad, as needed.

CFC has experienced an evolution in the types of training it offers. Most requested training used to be courses in basic techniques of management, finance, production, and some human resources development. Now, CFC puts more emphasis on the more practical aspects of management, marketing, and finance; and in human resources development, on interpersonal relations, communications, access to information, and quality control. The center is 90 percent self-sufficient, with 10 percent of financing coming from the government, wherever needed.

### **B. IMATeP: Institut Malgache des Techniques de Planification, Director General Rajaona Andriamananjara**

IMaTeP was created in 1982 as a public sector institution specializing in macroeconomic planning and management training of long-term (diploma) and short-term (certificate) duration. It has never had much business from parastatals, so recent moves toward privatization have not affected enrollment. The institute earns 25–30 percent of its own financing, but is still largely supported by the government. It has a cooperative agreement with the University of Pittsburgh and linkages with other schools in Holland and elsewhere in Europe. The institute is respected and often used as a consultant by donors for structural adjustment studies, policy studies, and research on economic development.

The curriculum has four areas of specialization: national planning, sectoral planning, regional planning, and project management. Diplomas have been awarded in Diplôme d'Adjoint Technique de Planification, Diplôme de Technicien Supérieur de Planification, Diplôme de Planificateur-Adjoint, and Diplôme de Planificateur. IMAteP has a full-time staff of more than 30 teachers and researchers, as well as scientific collaborators, consultants, and part-timers. In addition to its long-term programs, on request IMAteP offers 3- to 4-month courses and 2- to 3-week seminars in development project management, public tendering, and other areas of interest to the Government of Madagascar, the World Bank, the United Nations Children's Fund, USAID, and other donors and private sector clients.

Plans for the future include more outreach to the provinces for training at the regional and local levels, once the national debate determines what the nature of the regional and local governments will be and what their needs are. The institute's focus is not geared to the private sector, though it is interested in training in private sector-related activities for the public sector. IMAteP continues to be interested in becoming a regional training and research center.

### **C. INSCAE: Institut National des Sciences Comptables and de l'Administration d'Entreprises, Director General Flavien Tody**

INSCAE is a national accounting and business administration school established in 1982 by the International Bank for Reconstruction and Development, on a North American model with Canadian faculty and technical assistance from an American professor. The school has full- and part-time degree programs offering a bachelor of science in administration and accounting and a master of science in accounting and business administration, as well as a master of business administration (MBA) degree program. It continues to receive support from the World Bank, as well as Canada through the Canadian International Development Agency and France, which provide visiting and full professors, technical assistance, and scholarships for faculty.

INSCAE's accounting program has two cycles: a 3-year course for accountants leading to a Diplôme Supérieur Spécialisé en Sciences Comptables accounting degree, followed by a 1-year cycle leading to a Diplôme d'Etudes en Sciences Comptables Approfondies degree and full-chartered accountant status. The part-time accounting program and short-term, nondegree seminars in accounting and related topics are popular with businesses.

INSCAE's 2-year business administration program, leading to an MBA, got under way in 1988. The first year covers general management topics, followed by a 2- to 3-month internship in a local company. Students choose from a variety of specializations during the second year, including marketing, finance, and creation of small and medium-sized enterprises. The program uses current MBA teaching methods, including case studies and team and individual projects, as well as lecture classes. Applicants must have a university degree, or 2 years of university study and 4 years of professional work experience. The MBA program now has a part-time option as well.

USAID sponsored the development of the Executive Development Program with two options—Executive Management and Marketing Management. The program also includes the USAID-developed Business English course, which is taught by a U.S.-trained professor. The program features experts

from the United States, France, Madagascar, as well as top executive professionals. The duration of this training program is 3 months. The cost is on the high side but quite popular.

INSCAE's other activities include consulting services; market, economic, and financial studies, and seminars on relevant topics on request. Plans for the future include international development in the Indian Ocean Zone and efforts to make INSCAE a truly regional training institution. INSCAE is interested in helping businesses plan for grants training and developing and producing its own software in the Madagascar context for use in training, but there is no structure for this yet.

#### **D. ISCAM: Institut Supérieur de la Communication, des Affaires et du Management, Secretary General Jaona Ranaivoson**

ISCAM is a new institute created in 1990 because of a perceived need in the community for additional training leading directly to employment in the private sector. It is 100 percent self-sufficient and specializes in management, tourism, domestic and international commerce, and commercialization techniques. ISCAM has a cooperative relationship with the University of Paris XII. The institute can accommodate up to 400 students in its programs of Diplôme d'Etudes Supérieures, Diplôme Supérieur Approfondi, and Diplôme de Technologie Approfondie, with its optional third year in France. A new addition is the 3-year management program (not yet operational), which will feature a 12-week on-the-job training with partners in the business community. Relations with the business community seem quite good. Admission is competitive, but there is a preparatory class available for those failing to make the cut.

A new program at ISCAM is the continuing education program. Classes are held evenings, weekends, and during the lunch hour at a rate of approximately 30–40 per year. Offerings include courses in management, interpersonal communication, finance, marketing, technology transfer, exporting, accounting, secretarial skills, computer training, and business English. Costs for continuing education programs are comparatively high, but rates are lower for individuals than for those sponsored by their employers (up to twice the price). School officials claim that enrollment in its classes is very high. Short courses and seminars can be organized on request.

#### **E. INPF: Institut National de Promotion Formation, Director Benjamin Rakotonomenjanahary**

INPF is a public sector institution that receives technical assistance from the United Nations Development Program, the International Labor Organization, the World Bank, the European Economic Community, Switzerland, Canada, and France, in addition to funding from Government of Madagascar. Since its inception in 1974, INPF has provided quality technical training for secondary school graduates and near-graduates destined for work in the private sector. Training is divided into six general technical areas: electrical works, refrigeration, automobile body work and painting, general mechanical work and maintenance, automobile engine repair, and woodworking. INPF also offers general secretarial and office management and accounting programs requiring the equivalent of a high school diploma. A new feature of these programs will involve the use of a dozen computers that have been ordered, but not yet received, sometime in the 1992–93 academic year. Preparations are under way to incorporate the use of the computers into existing programs. Costs to students are comparatively modest because of government assistance.

INPF's programs are quite popular with students and employers and are consistently oversubscribed. Students come from all over the country to attend. They participate in a 9-month practical training at INPF, which is followed by a 2-month internship with a local company. Many students obtain jobs with these companies upon completion of the program, and some are solicited directly by businesses before they complete their programs. The institute graduates from 200 to 300 young people per year. The full-time staff includes 55 trainers and teachers with 20–25 part-timers hired as needed.

The institute has a continuing education program for workers employed in technical fields in the private sector in the same six technical areas, plus courses in administration, accounting and finance, commerce, human resources, and production. The duration of these programs ranges from 2 weeks to 3 months. Certificates of completion are awarded to 500–600 trainees per year.

INPF offers a regular schedule of short courses throughout the year at the institute (a recent catalog listed 45). Onsite and offsite courses can and have been set up on request for private businesses and for donors on a variety of topics, from the highly technical to the more general.

#### **F. CAPR: Centre Artisanat de Perfectionnement Rural, Secretary General Jean Pierre Rabotovao**

CAPR is a private technical training school run by the Jesuits in Fianarantsoa since 1963. Its director is a Jesuit priest named Father Michel Hubert. The school's activities consist of four distinct departments: training, followup, research, and rural development education through the publication of periodicals and guidebooks. Students come from all over Madagascar to attend its training program. It is currently and primarily financed by German Konrad Adenauer Foundation and other charities. It has also received funding from the U.S. Ambassador's Self-Help Fund and other donors.

The center graduates approximately 50 students per year. The 3-year boys' program provides training in agriculture and breeding, nutritional science, woodworking, metalwork, construction, and design. The 2-year girls' program offers training in embroidery, homemaking, cooking, and sewing. The followup program ensures visits and correspondence with graduates after training. School costs are minimal.

#### **G. TEAM: President Clarisse Rasoazananoro**

TEAM is a group of volunteer teachers in Mahajanga who have established an English language teaching center for children and adults. The teachers come primarily from the public and private secondary schools in the Mahajanga area. With materials from the British Council Key English Language Teaching (KELT) program, they have created an inviting learning environment of their own. In addition to a regular schedule of courses, they teach English on request to several private businesses in the community. They would like to expand into the teaching of a business English course and have already done a needs assessment they feel sure will bring them interested participants. However, they lack the specific skills training necessary and have no teaching materials for such specialized courses at present. With some training and materials assistance, they could provide a home for a business English course for Mahajanga's private sector. Note: Some have reported that the British Council's KELT program has worked with public school English teachers

in all of the provinces. A further investigation of these areas would determine if any has set up or would be interested in setting up a similar enterprise.

#### **H. United States Information Service: American Cultural Center's English Language Program, Director of Courses Hallie Taylor Rabenarivo**

The American Cultural Center's English Language Program offers a wide variety of English language and specialty courses at its center in Antananarivo. It has excellent facilities and materials. The courses are taught by a staff of 90-percent Malagasy teachers who are highly qualified and have received extensive theoretical and skills training at the center or elsewhere. The center has an excellent reputation for quality, and courses are consistently oversubscribed. The vast majority of its students are Malagasy; there are very few expatriates in its classes.

In addition to its regular schedule of day and evening courses, the center provides courses to private business on request either at the center, if space is available, or at the business location. Space is a real problem for the center. There is great demand for English and the various specialty courses, including business English, which it does not offer on a regular basis. Intensive courses are also arranged upon request. In this way, the center could accommodate a special request for sponsored English teachers from the provinces for a course (or several courses) in business English.

The center has not suffered from the burgeoning competition in Antananarivo. Its reputation for quality has given it an edge in the market. However, to avoid competing with these private sector schools, it would like to do more teacher training as part of its program. This would increase the supply of qualified English teachers for other schools. Space, staff, and budget considerations have prevented this. The center has not attempted to establish centers for teaching English outside Antananarivo for the same reasons. It is, however, equipped to entertain requests for materials and to send teachers to the provinces to train others.

#### ANNEX IV

## **Consulting, Training, and Computer Firms**

During its stay in Madagascar, the Private Sector Training Strategy team became aware of a number of training firms, consulting firms, computer training firms, and language schools through newspapers, word of mouth, and simply in passing. While the team visited many of them, time did not permit individual visits to all firms. Nonetheless, some interesting information was gathered. Further investigation should be undertaken to assess their worth as possible training sites. A selected list of those identified follows:

### **A. RINDRA: Cabinet d'Audit et de Conseil, Contact: M. X., Telephone: 276-84**

RINDRA is a large multifaceted parastatal consulting firm. They employ 95 consultants operating in four major fields: Audit; Management Consulting; Social Research; and Communications. The firm provides assistance in analysis, research, and training for the private sector and for parastatal companies. The training provided is primarily in finance and is custom tailored to the needs of the organization.

The firm has received substantial donor assistance over the past few years to improve the quality of the services rendered and to achieve financial self-sufficiency. Significant progress has been made. RINDRA was a subcontractor on the Madagascar MAPS study. They performed the research on the private sector survey and analysis, for which they received praise from the contracting firm.

### **B. CECOR: Cabinet d'Etudes, de Conseils et de Realisations, Contact: Christian Alphonse Razafimbahiny, Telephone: 302-21**

CECOR offers assistance to small and medium-sized enterprises (SME's) by providing consulting services and training in project realization and development; conducting audits; solving management problems; helping with communication, finance, and followup; and publishing information. It is equipped to intervene at all levels of the organization and in all sectors (agriculture, industry, finance, and so forth). CECOR is affiliated with the Groupement des Entreprises Malagache, the Association pour la Promotion d'Entreprise Malagache (APEM), and Societé d'Investissement pour la Promotion des Entreprises à Madagascar (SIPEM). The director, a former president of the Jeune Chambre Economique de Madagascar, represented APEM on the Human Resources Development Assistance Committee. In an effort to improve communication and disseminate information, he has published "Le Manuel de Marketing pour Madagascar" and will soon publish a brochure called Les Dix Commandments de Management. His particular interest in incubators has led him to propose projects to the World Bank and USAID, and he is considering requesting assistance from the United Nations Development Program and the International Labor Organization. He has proposed himself as a candidate for an Entrepreneurs International scholarship to the United States to study incubators there. He believes the idea of incubators could work in Madagascar because it fosters cooperation and shared resources without sacrificing independence.

**C. Performance: Cabinet de Formation—Recrutement, Contact: Elyett Rasendratsirofo, Telephone: 265-44**

Performance was begun in 1990 after 3 years of preparation because of a perceived lack of progress in adult education for the past decade and a lack of opportunities for workers and young people to obtain personal and professional counseling and specialized training. The firm specializes in training and recruitment. It provides a regular, free orientation program for high school graduates and the unemployed in job search skills, professional presentation, interviewing, and access to informational resources. For a fee and upon request, it provides specialized training in improving skills, learning new ones, individual marketing, and job placement to increase the chances for employability. Performance's recruitment expertise is most needed by small and medium-sized businesses looking for specific technical skills and by midlevel managers and professionals. In addition, Performance is invited into businesses for human resource development where employers see a need to redynamize and reanimate their workforces. In particular demand are services to improve relations between managers and workers, encourage initiative, accept responsibility, and increase motivation. This involves a 1-year contract with repeated sessions to improve relationships, beginning with an analysis of the problem and a workplan for action. Performance operates three of these contracts at present. Although current clients are French- and Indo-Pakistani-owned businesses, the firm sees an increasing demand for its services as Malagasy-owned businesses see this exercise as an investment rather than a luxury. Another need identified is for a "training of trainers" course (few are available in Madagascar) and the possibility of scholarships for prospective trainers to study in the United States.

Performance has a staff of four permanent consultants and hires others as needed.

**D. Cabinet Ramaholimihaso: Comptabilite, Contact: Madeleine Ramaholimihaso, Telephone: 217-63**

This firm appears to be well known all over town and enjoys a good reputation for its expertise in accounting; audits; and project, financial, and economic studies. It also provides assistance on request with training, organization, and management. The firm employs a team of 80 professionals. It supports the work of APEM and SIPEM and is closely tied to its activities. For example, Cabinet Ramaholimihaso organized and delivered APEM's seminar, "Initiation à la Gestion des Micro-Entreprises," held February 24-28, 1992. Seventeen participants attended this first training course, which included sessions on accounting, management, and marketing. A very successful result has demonstrated the need for more of these sessions in the future. Its review—BRIEF: Bulletin de Relexion d'Information d'Etudes Financieres, Comptables, Juridiques, Fiscales et Economiques—contains information of interest to the private sector.

**E. Universel Formation, Contact: None, Telephone: 329-37**

Universel Formation offers training programs leading to the Brevet de Techniques Superieures for qualified high school graduates in the fields of accounting and management, secretarial and office management, commerce, and tourism, as well as short courses in English, accounting, and computer software. Its motto is "Training is an investment in your future, the future of your children and of your business."

**F. Micro Diffusion, Contact: None, Telephone: 335-24**

Micro Diffusion is an authorized APPLE computer dealer with offices in Antananarivo, Antsirabe, and Toamasina. It offers analysis of computer needs, delivery and installation, maintenance, and training in computer applications. It recently held an exposition billed as L'informatique en marche avec Micro Diffusion at the Centre d'Informations Techniques et Economiques from September 29, 1992, to October 2, 1992, which was well attended and informative.

**G. Cours ACEEM Special Informatique, Contact: None, Telephone: 345-38**

Cours ACEEM, with its staff of technicians and teachers, offers computer training courses in word processing, spreadsheets, databases, MS/DOS, and BASIC.

**H. STIC: Societé de Traitement Informatique et de Conseil, Contact: None, Telephone: 347-78**

STIC provides training courses in both computers and management.

**I. AGI Development: Assistance en Gestion Informatique, Contact: Samy Ramiandrisoa, Mahajanga, Telephone: 207-53**

Located in Mahajanga, this small management and computer firm offers training, followup, and assistance related to computer use for businesses in the area.

**J. ACT: Assistance Consultation Techniques—Cabinet d'Etudes, Contact: Desire E. Ralijaona, President, Telephone: 322-84**

ACT is a creation of the Malagasy Private Business Association (FIV.MPA.MA/FIVCAM) destined to provide assistance to SME's and SMI's in all sectors. It is prepared to intervene in the evaluation of projects, feasibility studies, finance, project development and realization, and followup. It recognizes the three major constraints faced by SME/SMI's: lack of access to credit, weak organizational capacity to deal with problems in the economic environment, and lack of access to information that would help the businesses perform better. It assists its clients by putting at their disposal FIVMPAMA's financial arm (FICAM), which increases their viability with potential sponsors, providing access to ACT's professional expertise in management and organization and putting into place a technical and economic information system on both the domestic and international marketplace.

**K. INFOTEC, Contact: None, Telephone: 340-44**

The training offered by INFOTEC is in the areas of programming, analysis, operating systems, and SME management.

**L. TRIO: Traitement des Informations et Organisation, Department Formation, Contact: None, Telephone: 264-13**

TRIO and its technician consultants invite employers and employees of SME's and SMI's and university students in economics, computers, and management to enroll in its course called Technique Quantitative de Gestion et Organisation d'Entreprise.

**M. BIAM, Contact: None, Telephone: 230-15**

BIAM has a 1-year professional training program for BAC+2, BAC, and the equivalent leading to a commercial career.

**N. CENAM/CERAM: Centre National de L'Artisanat Malagasy, Promotion et Assistance a l'Artisanat, Contact: None, Telephone: 240-50 (Antananarivo), 505-94 (Fianarantsoa), also in Toliary, Antsiranana, Mahajanga, and Toamasina**

The center provides technical assistance with research and experimentation, improving techniques, and technical training; and assists with studies for project financing and marketing at home and abroad.

**O. Cabinet Randrianantoandroson, Contact: Daniel R. Randrianantoandroson, Telephone: 301-40**

This firm does audits; economic, financial, and organizational studies; and accounting; and provides business advice. The director has a degree in industrial development from the United States.

## ANNEX V

### **Private Sector Support Organizations**

#### **A. FIV.MPA.MA/FIVCAM: Fivondronan' ny Mpandraharaha Malagasy (Malagasy Private Business Association); FIV.MPA.MA Caution Mutuelle, Contact: Desire Ralijaona, President**

FIV.MPA.MA/FIVCAM has more than 100 members at present and is represented in all the major population centers of the country, with the exception of Diego Suarez. Management training is a priority of this group, with needs in all three sectors. Its modest training activities thus far are directed at the community at large and not only to its members. Some of its members have set up FIVCAM (Caution Mutuelle), a financial structure to guarantee loans to small businesses with an initial fund of FMg 30 million. Its training is individualized and includes a followup component.

Its first project is ready to go, and others are soon to follow. It is also planning a series of seminars to be taken on the road, with the first to be held in Fianarantsoa early in 1993. The seminars will be open to all. An informal market study has identified basic management of a business, internal organization, and access to information as the most requested themes.

#### **B. GEM: Groupement des Entreprises de Madagascar, Contact: de Copertino Razafindrabe, Assistant Secretary General**

GEM is an employers' association grouping private foreign- and Malagasy-owned companies, as well as the country's state-owned banks, insurance companies, and other parastatals. It has 581 members, with representation all over the country. Recently, GEM realized that it needed to address the issue of small and medium-sized enterprises (SME's), as many of these were not participating in GEM because they felt it was a group of large, older established businesses, banks, and parastatals not responding to their needs. It was instrumental in the creation of the Association pour la Promotion de l'Entreprise à Malagache (APEM) and Société d'Investissement pour la Promotion des Entreprises à Madagascar (SIPEM) (see below). It is this arm of GEM that seeks to offer assistance to SME's. In conjunction with APEM and SIPEM, GEM sponsors approximately 12 projects per year and seeks to make them bankable—particularly those that ordinarily would not be financed by the banks. It also provides considerable technical assistance to APEM and SIPEM in its training and followup. The Private Sector Training Strategy (PSTS) team was unable to schedule an appointment with GEM's Director General or Secretary General who, word has it, may have been able to provide more information relevant to this study.

#### **C. APEM and SIPEM: Association pour la Promotion de l'Entreprise Malgache; Société d'Investissement pour la Promotion des Entreprises à Madagascar, Contact: Madeleine Ramaholimihaso, President**

APEM was created in 1988 by 30 of GEM's members, including industrialists, consulting firms, banks, and insurance companies. The group, many of whom are U.S.-trained young senior managers,

seeks to promote SME creation through advice, seed capital, and credit guarantees to young entrepreneurs. In its first year of operation, APEM assisted six entrepreneurs. The organization has increased its staff to evaluate requests for assistance and to cope with increasing workload. Its venture capital arm SIPEM has an initial capitalization of FMg 500 million. It will be used to help finance business startups, provide sufficient backing to secure bank loans and also take equity positions in selected startups. SIPEM is backed by APEM and SIDI, the for-profit investment branch of a French nongovernmental organization, and is hoping to secure funding from the International Finance Corporation. APEM needs more experience with project appraisal and followup.

**D. JCEM: Jeune Chambre Economique de Madagascar, Contact: Gina Ralaimihoatra, National President**

JCEM was founded in 1961 as the local affiliate of Jaycees International. After a period of dormancy in the 1970's and early 1980's, the group has been revitalized by a group of dynamic young managers of Malagasy enterprises. The group currently has 165 members in offices in all six provincial capitals and in Antsirabe and Morondava. Since 1987, JCEM has been active in SME promotion efforts, including the holding of symposia on SME creation. In addition, JCEM has also published "Passeport PME," an informative booklet on how to start an SME in Madagascar. One of JCEM's primary goals is to provide unemployed university graduates or those with some university education the practical experience or training to make them marketable in Madagascar. The group has links with other jeune chambres economiques in Mauritius, Reunion, and Switzerland.

New activities for JCEM include experiences with training in initiation, evaluation, training of trainers, professionalism, financial management, and how to conduct a meeting. The topics are identified by local members and are, for the most part, open to the public, especially when an international expert is brought in. Typical training sessions last from 2 to 3 days, usually over a weekend. The new director for training is interested in developing a comprehensive training plan to coordinate these activities. JCEM's goal is to conduct at least two training sessions per year in each of the provinces. The cost of each 2- to 3-day training session can be as much as FMg 600,000 to 700,000. Training programs are financed by monthly dues of FMg 4,000-6,000 per month with about FMg 8,500 per year to the national office and by funds provided from donors and other sources.

**E. CONECS: Conseil National Economique et Social, Contact: Andre Ramaroson, President**

- 1) FIV.MPA.MA: Fivondronan'ny Mpandraharaha Malagasy (Malagasy Private Business Association), Desire Ralijaona, President (see above)
- 2) FEDMINES: Jeannot Andrianjafy, President
- 3) CPPME: Conseil pour la Promotion des Petits et Moyennes Entreprises, Georges Ranaivosoa, President (see below)
- 4) APMEM: Association des Petites et Moyennes Entreprises, Gilbert Razafindratsima

- 5) FITATA: Fikambanan'ny Tanora Tantsaha, Association de la Jeunesse Rurale, Contact: Eli Jean Andrianasolo dit De Gaulle, President
- 6) MISAINA: Mutuelle Intersectorielle d'Appui aux Intellectuels Nationaux, Jean-Louis Rakotoambo, President
- 7) UAMA: Union des Artisans Malagasy, Marcel Rakotovao, President
- 8) A.I.M.: Association des Ingenieurs de Madagascar, Gedeon Rajonson, President

CONECS is a consortium of the organizations listed above. Meetings of the executive board members of these organizations are held frequently to discuss joint actions. Its primary purpose is to identify areas of common interest among its member organizations and pursue favorable policy change on these issues. CONECS appeared to be very active, having held three meetings known to the team during the course of this study.

**F. FIPAFAMA: Fikambanan'ny Pandraharahaha eto amin'ny Farit any Mahajanga (Association des Operateurs Economiques de la Province de Mahajanga), Contact: Andrianaridera Rajohnson, President**

Newly organized and located in Mahajanga, this dynamic and interested group of economic operators is united by the fact that it is almost entirely composed of non-Malgache who have been excluded from other areas of activity. Many of them were born in Madagascar but have citizenship outside of the country. The needs they identified were much the same as those of the other groups visited: (1) access to credit, (2) access to information, (3) improved transportation, and (4) training. It was clear that they are committed to the community and would like to assist in finding solutions to some of the major problems encountered by businessmen in the area. Some of the specific interventions suggested are business English courses locally; computer training; training in accounting, finance, management, and marketing; access to information on potential markets outside the country; fair and reasonable access to credit; and assurances from the government that their investments would be safe.

**G. GO-MAN: Groupement Interlocuteur—Contact des Operateurs Economics de Mahajanga Nouveau Style, Contact: Dominique Ramangason Andriamiharisoa, President**

GO-MAN is another newly formed organization of businesspeople in Mahajanga. It has 53 members as of this writing. It is committed to the economic and social development of the region in the areas of service, industry, agriculture and agribusiness, and finance. Its operational branch, Nouveau Style, is also in the formative stages. It hopes to invest in projects with its own funds and provide for training in all four business sectors. Another interest is the informal sector, with its severe unemployment problem. Its aim is to provide artisanal training to work with the natural resources of the area (that is, raffia) and create jobs in this industry. GO-MAN identified its major problems as communication, transportation, and availability of resources.

## **H. CARD: Contact et Action des Responsables pour le Developpement, Pascal Philibert Rajao, President**

- 1) RICAF: Cadres
- 2) CEDID: Catholique, Jean Pierre Rakoto, President
- 3) GPPEF: Groupement des Promoteurs Economiques à Fianarantsoa, Pascal Ratalata
- 4) ACIS: Association de Cadres et Intellectuels de Fianarantsoa, de Paul Rabialahy, President

CARD is a consortium of several non-governmental organizations in Fianarantsoa. Its primary purpose is the social development of the Fianarantsoa region. The types of projects proposed by the president were all along the line of rural electrification, water wells, clinics, and so forth. Whereas some of them could be turned into income-generating activities, potential profitability was not the major concern. One of the affiliated groups, GPPEF, apparently was created to seek profitable ventures, but has yet to undertake any. The team was unable to locate any of the officers of this group during its brief visit to the area.

## **I. MBA Association: Contact: Herizo J. Razafimahaleo, Vice President**

The MBA (Master of Business Administration) Association is a new group of graduates of MBA programs in North America. Its members come almost exclusively from the private sector. During the PSTS team's short visit with the association's vice president, considerable interest was expressed in the group's fostering of education and training. It has already begun identifying and sponsoring promising students from schools around Antananarivo for African Training for Leadership and Advanced Skills (ATLAS) scholarships and would like to begin to do some training of its own. Plans are still in the early stages, but the association sees great need for a concentrated 1-4 month MBA-type management training program in the United States or elsewhere, increased access to business English courses, and increased availability of courses locally based on the North American model using case methods, simulations, and computers. The MBA Association is eager to work with training institutions like the Centre de Formation et de Perfectionnement des Cadres, the Institut National des Sciences Comptables et de l'Administration d'Entreprises, the Institut National de Promotion Formation, and the American Cultural Center to help establish and provide qualified students for courses responding to the needs of their businesses.

## **J. CPPME: Conseil pour la Promotion des Petits et Moyennes Entreprises de Madagascar, Contact: Georges Ranaivosoa, President**

President George Ranaivosoa is extremely interested in assisting SME development in Madagascar's private sector. He identifies training as an urgent need for these SME's. CPPME had more than 450 members during the days of Madagascar's First Republic but experienced a severe decline during the Second. In this past year of reformation, the council has begun to rebuild with 38 members at present. It is seeking no more than 100 members for a workable group. Members are chosen for their "morality and effectiveness" in their business dealings. The council is not exclusive and feels that all groups can contribute, including communities of foreign businessmen resident in the country. The

greatest identified need in the group is for short-term practical training that is direct and immediately profitable. CPPME has published a series of articles in the daily newspaper *Le Midi* to discuss the issue of SME's.

**K. COEUM: Cooperation des Operateurs Economiques et Universite de Madagascar at Mahajanga, Contact: M. Rajabo, Recteur, University of Madagascar**

The PSTS team was unable to meet privately with M. Rajabo because of a scheduling conflict. However, the group seems well established and desirous of helping to provide the training needed in the business community of Mahajanga with the cooperation of the University of Madagascar at Mahajanga. Further investigation will be necessary to determine what kinds of assistance the university is willing and able to offer in the training area.

**L. AAAA: AFGRAD/ATLAS Alumni Association, Contact: Charles Andriantomanga Ratsifaritana, President**

This newly formed association of returnees from USAID's African Graduate Fellowship Program has begun activities on three fronts: (1) identifying and contacting former alumni for membership in the group and information sharing; (2) lobbying with the government and relevant ministries to address the lack of equivalency of doctor of philosophy and master of science degrees with those awarded by the French, particularly in the public sector (with which they have already made considerable progress); and (3) applying for a grant under the ATLAS project's enhancement component to purchase computer equipment and set up an English training, computer, and research center, which eventually would become self-sustaining, to assist with the persistent problems of information exchange in the country and with the outside world. The association could be encouraged to broaden its base and include alumni of other USAID-funded programs (such as MAELP, the Madagascar Agricultural Export Liberalization Support Project, and Human Resources Development Assistance) and even Fulbright and Humphrey fellows, or at least cooperate with them once similar groups are formed.

## ANNEX VI

# **Donor Activity in Support of the Private Sector**

### **A. IBRD: International Bank for Reconstruction and Development (World Bank), Contact: Dieudonne Randriamanampisoa, Director of Operations**

In addition to its assistance and interest in the Institut National des Sciences Comptables et de l'Administration d'Entreprises (INSCAE), the Institut National de Promotion Formation (INPF), and the Union des Artisans Malagasy, IBRD has several new and ongoing programs with training components. PREFTEC is a large program that is just starting up with the Lycée Technique et Commercial to restructure the institution, reform agricultural education, and improve other departments as administration of the Lycée is transferred to the new Ministry of Employment and Professional Training. The program will cost approximately \$22 million and totally revamp the school.

Another part of the PREFTEC program is the Conseil National de la Formation Technique et Professionnelle, which is providing assistance to the private sector. The program (discussed in some detail in the text of the Private Sector Training Strategy) deals with five areas of training: (1) pre-employment training, (2) retraining, (3) BTS-level training, (4) followup training, and (5) apprenticeship training. This program will have \$5 million once funds are released to get the program under way. Twenty projects are planned for 1993. Branch offices will be set up at the Chamber of Commerce in the provinces, and a central managing council has been created.

The older APEX program is directed to the private sector in that it provides a line of credit from the central bank for the creation of businesses and helps them become profit-making enterprises. Exporters can get foreign exchange credit that is then reimbursed. The program has \$4 million. It began in 1991 but was interrupted during the civil strife in the country and has been operational only for 4 months. There is no maximum project size for consideration, and the program is open to small, medium-, and large-sized businesses. About 10 projects in the areas of agriculture, industry, transportation, hotels, textiles, and fishing already have been funded. The majority are rather large businesses.

### **B. UNDP: United Nations Development Program, Contact: Jerome Sauvage, Assistant Resident Representative (Program)**

With the exception of some small training programs associated with the International Labor Organization and the United Nations Industrial Development Organization, the major thrust in training of UNDP is the Entreprenre à Madagascar program begun in 1990. This relatively new effort is discussed in detail in the text of the Private Sector Training Strategy (PSTS). The training component of the program falls into three main areas: (1) free initial training to determine if the project is eligible for consideration, (2) training in how to prepare the dossier and make it ready for consideration by the bank, and (3) followup. UNDP admits to being relatively weak in the third area in particular and could use some assistance with followup training. Entreprenre à Madagascar has

\$3 million available to guarantee loans to small and medium-sized enterprises. A total of 80 projects have already been approved and funded. The program has branch offices in all six provinces of Madagascar.

A new interest at UNDP is the idea of providing training courses via satellite. The United Nations' International Trade Center's "Enseignement à Distance par Satellite" program has already proved successful in Eastern Europe, and the next effort will be over the Indian Ocean. It would involve purchasing a satellite dish to receive the signal, record the program with video equipment purchased for each branch office, and distribute and use such videos in training programs.

### **C. CIDA: Canadian International Development Agency, Contact: None**

The PSTS team was unable to schedule an appointment with a representative of the agency. However, informed sources report that CIDA continues to provide support and technical assistance to the private sector training institution INSCAE in Antananarivo. Currently, it sends two permanent professors each year to the institute and eight missions per year. It provides INSCAE with one long-term and three short-term scholarships to Canada every year.

### **D. Cooperation Francaise, Contact: None**

No meeting was possible with a representative of Cooperation Française, but information indicates that France has a large training portfolio, with some 95 programmed for long- and short-term training in France in 1992. Fields of training include agricultural research, health, rural development, transportation, communication, journalism, sports, and tourism. Cooperation Française is a major contributor to such training institutions as INSCAE and INPF, with technical assistance and scholarships available in these projects, too.

### **E. British Council: Key English Language Teaching (KELT) Program, Contact: None**

The nearest British Council office is in Mauritius, so no meeting with its representatives was possible. However, information from the American Cultural Center indicates that the council's KELT Program has been active in Madagascar. The program has set up English language research centers in all of the provinces with access to equipment and materials. The object is to provide technical assistance and support to teachers of English in the public schools. The council also provides scholarships for short-term intensive training in Great Britain. Currently, they are sending 20 teachers per year for up to 6 months of training.

### **F. Other:**

Japan, Italy, Switzerland, and others provide a number of long- and short-term training scholarships. The European Economic Community and others continue to give indirect technical support to the private sector, including partial financing of foreign-partner joint ventures, technical assistance to local training institutions, and so forth.