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MAPS PRIVATE SECTOR SURVEY: MADAGASCAR

FINAL REPORT

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*Prepared by: J.E. Austin Associates
and
Management Systems International*

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EXECUTIVE SUMMARY

The data presented in this report comes from a survey of 350 firms operating in Madagascar in the Spring of 1991. The survey data complements and updates data gathered from secondary sources¹ on the Malagasy private sector. The survey was implemented over the month of March 1991 by Cabinet RINDRA, a Malagasy consulting firm based in Antananarivo. The results of the survey will help the USAID Mission in Madagascar develop indicators with which to trace the evolution of the private sector over time. They will also be of use in identifying new program/policy priorities in private sector promotion and targeting on-going program activities to this end.

Key Findings

1. The economic liberalization process is yielding payoffs in the form of increased firm growth and efficiency. Firms of all sizes and operating in all sectors and regions of the country reported increases of at least 20 percent in capacity utilization over the last 12 months. Over one third of all firms interviewed reported over 20 percent growth in business turnover over the same time period. Over 60 percent expect to continue growing next year. There is also evidence that Malagasy entrepreneurs are diversifying into new activities. Small firm growth in agribusinesses, fishing/aquaculture and agro-processing, and mining of non traditional minerals has been particularly high.
2. The current regulatory environment has been improving. Generally, only the larger firms, and industrial sector firms continue to face any significant amount of "red tape" when establishing or trying to conduct routine business operations. Regulatory issues revolve primarily around unclear transport permits within city limits and road checks when transporting their goods to the market. Low barriers to entry into business are reflected in the fairly fast growth of newly registered firms in the late 1980s and early 1990s.
3. Imperfect information about markets and high transport and communication costs continue to limit the size of the market and reduce sales growth of firms. Survey results suggest that there is little inter-provincial trade (less than 16 percent of goods are marketed outside the province), and very little export trade (on average firms export less than 6 percent). This is true for firms across all sectors, and in most size

¹See "The Private Sector in Madagascar: Role and Performance 1984-1991," April 1991, prepared by J.E. Austin Associates and SOA.TEG (Antananarivo).

categories. In many ways, Madagascar remains an economy characterized by various "enclaves," dominated by regional buyer and seller monopolies, limiting new entrepreneur expansion capabilities. Survey responses suggest that there is a vast unmet demand for more and more accurate market information, and for improved contacts and linkages between suppliers and buyers. The key investment priority for most firms is to find relatively low cost ways of expediting and improving linkages among markets.

The high interest in joint ventures (82 percent of all firms questioned expressed interest in working with an outside partner) as a means of injecting capital and providing access to new markets suggests one possible strategy currently being explored by local entrepreneurs. But the formation of new joint ventures, or other forms of linkages and partnerships between economic actors will remain limited unless there are clear rules of the games for commercial relations, and an infrastructure in place to facilitate the identification of opportunities for joint ventures and new marketing relations.

4. Linkages among firms may be hindered by the lack of well established legal framework for commercial relations. The vast majority of firms interviewed feel that contract enforcement is a critical problem. Problems enforcing contracts entered with small firms are felt to be particularly serious. This factor exacerbates communication problems between markets.
5. No private sector business associations are currently playing an effective bridging role between firms of different types and operating in different regions. Most business associations have a very homogenous membership base, and most association members continue to concentrate in major urban areas. Few small firms (less than one fifth) belong to any business association, and none belong to business associations to which larger firms belong.
6. Credit is a key constraint for a majority of firms in the country. None but the larger firms have access to formal credit sources. Supplier's credit is virtually non existent.

Survey data showed that women-owned firms have been better able to access formal credit.

7. The current interest rate and credit ceilings reduce bankers' willingness to lend to riskier and less experienced ventures, as well as their willingness to extend credit for longer terms. Survey responses suggest that access to long-and medium-term credit is more difficult than access to short-term credit. Even a majority of the larger firms (over 60 percent), which are able to meet collateral requirements, are

reporting difficulty obtaining term credit. The current bank regulations and liquidity problems faced by the formal banking sector make it difficult for firms of any size to obtain formal financing.

8. There is a substantial degree of interest in exporting. Although the survey indicates that most export activity is now confined primarily to relatively few larger firms, responses also suggest that there is considerable interest in export markets among entrepreneurs who are not now exporting any substantial amount. Survey responses suggest that information on product standards and prices, especially for export markets, may be the single largest constraint facing the potential exporter. There are preliminary indications that improving access to better and more timely market information would not be particularly expensive. Madagascar already has access to Soviet satellite transponders, something that other nearby countries such as Mauritius lack. Madagascar is already thinking using a series of ground links to improve the reach of their radio broadcasts to the countryside. If proper ground stations can be installed, which entails relatively low cost technology, Madagascar could become a regional supplier of market information.

The promotion of joint ventures, particularly in the IFZ may also be another mechanism for encouraging greater information flow and contacts abroad.

9. Firms are interested in developing their human resource based, primarily in the area of technical and managerial skills. Access to quality technical labor was a serious constraint by the firms sampled. Smaller firms in particular seem to be having difficulty attracting and retaining their quality skilled personnel. The key investment priority of firms in the sample was managerial skill development.

Implications for Future Actions

- a. A critical priority for private sector development should be to encourage greater national economic integration by promoting institutions and mechanisms which lower communication barriers among entrepreneurs. At a basic level physical transport and telecommunication infrastructure constraints must be addressed. This entails major physical capital investment projects which cannot be easily addressed by one donor or institution. But there are other means for lowering communication and trade barriers which can be explored and implemented in the short-run.

One possibility is to exploit or use local intermediaries or brokers, who are currently playing the bridging role between

smaller firms and larger buyers. Their current role must be explored and opportunities to use them to extend communication and marketing information networks must be examined. Other bridging/networking support structures, such as an information clearinghouse of local suppliers, improved and clarified legal structures, supply of technical assistance in the area of quality control and procurement, either through joint ventures or expansion of business support services, can also help open new avenues for transferring technology and capital among firms. By encouraging the growth of networks among local firms, Madagascar also becomes a more attractive place for foreign investors. Positive experiences forging new linkages among entrepreneurs may also have positive demonstration effects and encourage greater integration throughout the economy.

- b. On the policy side, there are other activities in this regard which could also offer large payoffs. Working to lower the effective tax rates (which are perceived as constraints by virtually all types of firms) could help encourage greater investment (particularly foreign investment) and increase the reliability of financial information currently available, with potentially positive effects on capital market growth.
- c. The managerial base is very thin in Madagascar. There are many different means of building these skills. One is by increasing access to training services. Another one is by providing access to technical assistance, or even internship/apprenticeship positions in more experienced firms. Donors have already moving into this area, with UNIDO and the ILO providing entrepreneurship training and technical assistance services. USAID has helped sponsored a policy dialogue group in human resources development. All such assistance strategies should be results oriented however: building skills tied to specific results, to ensure that training or TA provided continues to be of high quality and responsive to the changing needs of what is becoming an increasingly dynamic and fast changing economy.

1. STUDY BACKGROUND AND OBJECTIVES

- 1.1 *Study Background.* In the latter part of the 1980s the Government of the Democratic Republic of Madagascar (GDRM) began an economic liberalization process which has raised the level of business activity and private sector investment, both by Malagasy and foreign entrepreneurs. New Investment Code (IC) and export processing zone (IFZ) laws have been approved. A new private bank (Banque Malgache de l'Ocean Indien) was created in 1990, another is being started in 1991, and one of the three parastatal commercial banks in the country was privatized in early 1991, with another scheduled for privatization later in the year.

The USAID/Madagascar Mission is in the process of finalizing designs for programs in the environment, agriculture and family planning, all of which have potential implications for and linkages with the newly energized Malagasy private sector. In support of objectives in each of these areas, one of the Mission's central strategic objectives is to assist Malagasy entrepreneurs respond effectively to the economic liberalization process and help foster the growth and diversification of an efficient and competitive private sector. This study is one of a series of analytical exercises being undertaken by the Mission which will provide information essential to the development of a sound program for achieving private sector development objectives.

- 1.2 *Study Objectives.* The data presented in this report comes from a survey of 350 firms operating in Madagascar in the Spring of 1991. The objective of the study was to: a) develop a base of descriptive statistics on private enterprises operating in Madagascar and b) develop information on the perceptions of the business community regarding the investment climate; resource constraints to business development in the country; the effect of public policies on business growth; the role and effectiveness of business associations; and test the interest in export and other non traditional investment opportunities. The survey data complements and updates data gathered from secondary sources² on the Malagasy private sector. The survey was implemented over the month of March 1991 by Cabinet RINDRA, a Malagasy consulting firm based in Antananarivo. A copy of the survey instrument is provided in Appendix A to this report.

²See "The Private Sector in Madagascar: Role and Performance 1984-1991," April 1991, prepared by J.E. Austin Associates and SOA.TEG (Antananarivo).

The results of the survey will help the USAID Mission in Madagascar develop indicators with which to trace the evolution of the private sector over time. They will also be of use in identifying new program/policy priorities in private sector promotion and targeting on-going program activities to this end.

1.3 *Organization of the Report.* The report is organized as follows:

- o Section 2 presents the methodology used for gathering data on private sector perceptions. This includes a discussion of the scope of the survey, the sampling frames, the stratification techniques, and the key issues addressed by the survey. It also presents a discussion of the analytic tools used to understand and interpret the survey results.
- o Section 3 presents the major findings of the survey. It includes a description of the characteristics of the survey sample.
- o Section 4 summarizes the study's key conclusions and discusses some preliminary implications of the findings for designing activities to promote and support private sector development in Madagascar.

2. STUDY METHODOLOGY

2.1 Survey Instrument Design

The evolution of the survey instrument reflected close collaboration between the MAPS Team members, the survey experts at RINDRA and the USAID/Madagascar Mission personnel.

2.1.1 Initial version of the Survey Questionnaire was prepared in December for Mission review. An initial version of the survey instrument was prepared in English and French during the first visit of the MAPS Team in December 1990. All senior Mission staff had a chance to comment and suggest changes/additions to the questionnaire. A final version of the questionnaire was drafted and approval secured during the consultant's second visit in February 1991.

2.1.2 The questionnaire was adapted to the Malagasy environment. The questions were formatted so as to facilitate post-survey codification and data entry by using pre-coded responses. The final version was

translated into French and Malagasy. After agreement on the contents of the questionnaire was secured, the survey experts at RINDRA worked with the MAPS Team to adapt the language and the manner in which the questions were posed so that it would be understandable to the smaller entrepreneurs.

2.1.3 Interviewers were carefully selected and trained. RINDRA used a team of 60 interviewers. All interviewers selected for the team had previous survey experience. Interviewers were trained in a classroom situation by the RINDRA Technical Director and the MAPS Team survey director.

2.1.4 Testing the survey instrument. The survey instrument was tested in March with a group of 15 firms located in Antananarivo. These firms were chosen at random for this purpose. Half were in the formal sector; the remaining firms operated in the informal sector. The enterprises selected for the pilot study came from the manufacturing, service, commerce and agribusiness (commercial agriculture and agroindustry) sectors. Thus testing was aimed at obtaining a cross section of the target groups. The results from enterprises chosen for the pre-test were not included in the results of the full-scale survey.

2.1.5 Survey was modified based on the Pre-Test results. The experience with the pilot study was used to refine the survey instrument. Changes to the questionnaire which were required as a result of the pre-test entailed some restructuring in language and response categories. In addition, the survey technical director and the J.E. Austin Associates (JAA) survey monitor were able to observe and correct the enumerators survey technique during the pilot study.

2.1.6 Quality control measures were established for the full scale survey. The survey team also established a number of procedures to insure the integrity of the responses and minimize inconsistencies and possible biases:

- o In order to insure that all those who were scheduled for an interview RINDRA kept a detailed log with the list of all firms to be contacted, and the time and date of the interview. The RINDRA survey supervisors reviewed finished survey questionnaires daily and matched them to the log. The RINDRA supervisors verified with each interviewed firm in order to attest to the authenticity of responses.

- o The supervisors reviewed all completed questionnaires to insure all questions had responses, that the skipping instructions had been followed, and that the responses were internally consistent. Questionnaires which were not completed accurately were not signed as approved until errors had been corrected through follow-up interviews. In total, RINDRA reports that 18 percent of the enterprises required revisits to correctly finalize the interview questionnaire.³ No data from unsigned questionnaire was entered.

2.2 Sampling Methodology

2.2.1 The sampling frames⁴ were constructed for formal and informal sector firms:

- o Sampling Frames:

Formal Sector. RINDRA constructed a comprehensive sampling frame based on the registry of firms maintained by the Direction Generale de la Banque de Donnees, up to January 1 1989, the most recent year for which there were complete data available by sector, size and province (faritany). The central registry was based on fiscal declaration forms all formal sector firms must submit. The firms were organized by size and faritany. A stratified random sample of firms was then drawn from the universe of firms in each of these groups. The Banque des Donnees provided addresses and telephone numbers for the selected firms; RINDRA supplemented this from its own information sources (including its Guide d'Entreprises de Madagascar). RINDRA's full report of the survey methodology, "Rapport D'Enquete Sur le Secteur Prive a Madagascar," April 1991 contains a list of all the firms interviewed, with their full addresses and telephone numbers. A total of 100 large scale and 150 small scale

³Refer to RINDRA's full report of the survey methodology, "Rapport D'Enquete Sur le Secteur Prive a Madagascar," April 1991.

⁴The sampling frame excluded all firms in which the GDRM had majority ownership. In cases where this could not be determined a priori, a question in the survey asked firms to specify what percentage of shares (where applicable) were owned by GDRM. On average GDRM owned 1 percent of the shares of the enterprises included in the sample.

(PMEs)⁵ firms were chosen for the survey covering all major cities in the country.⁶ Exhibit 1 shows the distribution of the sample by size category and sector. Exhibit 2 provides a list of firms by location.

Informal Sector. Approximately 29 percent of the total sample was reserved for non registered or informal sector firms (Exhibit 1). Since there was no a priori knowledge of the distribution of informal sector activity by region, RINDRA, in consultation with the Mission and JAA, sought to arrive at a distribution which would provide a broad picture of informal sector activity nationwide. Thus 40 percent of the informal sector survey was concentrated in the Antananarivo area, and the remaining 60 percent was evenly divided among the rest of the cities where formal sector firms would be interviewed (Exhibit 2).

The sample of informal firms was drawn using a geographic cluster sampling technique. RINDRA field supervisors first established those geographical areas or clusters in each city where there were informal sector firms operating. A sample of clusters was drawn from that list of clusters. Each cluster was broken down into blocks; the supervisors assigned to each enumerator the firms to interview within each block. The methodology used by the supervisors to assign firms within each block sought to ensure that the enumerators chose a sample within each cluster that was roughly representative of the sectoral distribution of firms in that cluster. It reduced enumerator discretion in choosing the firms and thus reduced the likelihood of systematic biases introduced in the manner in which the firms were chosen.

Note that the above procedure minimizes biases in the responses. But because the sample of the informal sector firms was a nonprobability sample we cannot generalize the results to the universe of informal sector firms in the country. We have no mathematical theory to estimate the chance of any unit in the universe of being selected into the sample and therefore no basis for estimating population parameters. On the other hand, by minimizing biases when choosing the respondents we can be fairly confident that the responses were a "good" (though not

⁵The Banque des Données classifies as petite et moyenne entreprises (PME) all firms employing less than 20 people. RINDRA followed this definition to stratify the sample by size.

⁶Appendix A, question 2 provides a list of all cities where the survey took place.

"statistically valid") representation of the population of firms found in the clusters chosen.

2.2.2 An attempt was made to include in the sample a significant number of firms in all major industrial sectors. The distribution of firms in the sample tried to reflect roughly the nationwide sectoral distribution of private sector activity. But in order to insure that all major industrial sectors would contain at least 7 firms, some sectors were over represented in the sample. Hence the sectoral distribution in the sample deviates somewhat from the sectoral distribution in the sampling frames. Exhibit 1 displays the sample distribution by industry sector.

2.2.3 Possible biases in the sample have been minimized. The rejection rate for this survey exercise was fairly low (approximately 15 percent). The most common reason for dropping a firm from the sample was that the director general or the managing director was unavailable at the time of the survey;⁷ in some cases firms initially chosen through the registry of firms could not be located or had closed their operations. In every case however, RINDRA sought to replace firms which could not be interviewed with firms of similar characteristics. Hence in the end, the composition, both sectorally and in terms of size and location, of the sample remained basically unchanged. This gives the analyst greater confidence in the reliability of the survey results and in the ability to extrapolate from the sample to the universe of firms operating in the country.

2.3 Survey Analysis

2.3.1 Special software reduced the probability of data entry error. All survey variables and responses were coded and entered by the RINDRA survey team, specially trained for the exercise. RINDRA constructed a data entry program to flag inconsistencies in responses during the process of data entry. The program reduced the probability of error by the key operators. The data was analyzed using SPSS, a software for statistical analysis. The raw data and the software to analyze it will be downloaded to a

⁷Given the nature of the responses, only firm owners, managing directors or other senior decision-makers were deemed to be appropriate respondents. No substitutes, e.g. public relations officers, were acceptable.

computer in USAID/Madagascar.

- 2.3.2 The first output produced from the survey data was a complete set of frequency tables -- a count of the number of respondents per answer per question. For those questions where responses were integers rather than categories, the mean and median response was computed. The frequency distributions and averages for all continuous variables are shown in Appendix B to this report.
- 2.3.3 Contingency tables, or "cross-tabulations," were prepared in order to examine the effect of firm size (using full time equivalent employees), economic activity (sector), ownership (male or women owned as well as foreign and Malagasy-owned), and geographic location on the responses. Excel, a spreadsheet package, was used to consolidate the crosstabulated information provided in Appendix B. Several statistics were computed to test the probability that the differences between groups or types of firms in the crosstabulations were different from zero. Unless otherwise indicated in the text, those differences between groups presented and discussed in this report are "statistically" significant to the 0.05 level (there is better than 95 percent chance that the differences between groups are different from zero).

3. RESULTS OF THE SURVEY

This section first presents descriptive data on the firms sampled. Subsequent sections discuss how perceptions regarding the environment, resource constraints, opportunities, and business associations are distributed by firm size, gender, type of ownership, sector or geographic location.

3.1 Description of the Sample

- 3.1.1 Most private sector activity tends to be concentrated in the plateau region, but the majority of exporting activity takes place outside the plateau.⁸ About 57

⁸In this report cities have been re-classified as "Plateau," "Coast" and "Other," in order to have enough units of analysis to meaningfully explore broad regional differences. Throughout the report, "Plateau" firms will be those operating in Antananarivo, Antsirabe and Fianarantsoa. "Coast" refers to firms operating in Mahajanga, Nosy Be, Antsiranana, and Toliary. "Others" refers to firms operating in tertiary cities like Brickaville, Ambositra, Morondava, Sambava.

percent of all firms interviewed operate in the plateau area, but only 42 percent of firms exporting more than 35 percent of their goods operate in this region. Export-oriented firms tend to concentrate in the coastal areas. Exhibit 3 shows the geographic distribution of the total sample compared to that for export-oriented firms.

3.1.2

Though the average number of full time employees for the firms interviewed was 40, 64 percent of the firms sampled employed less than 10 people full time; 52 percent employed fewer than 5. According to the latest GDRM figures (1987) only 6 percent of registered firms employed more than 10 persons full time, hence the survey, which by design included 100 firms employing at least 20 persons, tends to overrepresent the larger formal sector firms.

For the purposes of analyzing survey results, those firms which employed no workers other than the owner were classified as "owner operated." Those employing between 1 (excluding the owner) and 5 full time equivalent employees (FTE)⁹ were classified as "microenterprises." Those employing between 6 and 20 persons were classified as small; those employing 21 to 50 FTE workers were classified as medium; and those employing more than 50 FTEs workers were classified as large. These divisions were not arbitrary. Preliminary analysis of the data showed that there were substantial differences among the responses of firms in each size category outlined above.

About 11 percent of the sample consisted of owner operated firms, another 35 percent was classified as "micro enterprise", 23 percent was classified as small, 13 percent fell under the "medium" category and the remaining 18 percent was classified as large (Exhibit 4). The largest firm in the sample, in terms of workers, employed 1,200 full time equivalent persons. Industrial sector firms employed on average over twice the number of full time workers as firms in other sectors (70 full time workers). But agribusinesses (those operating in either agriculture or agro-processing activities) employed on average the greatest number of full and part-time workers (33 full time and 89 part time); those operating in the services sector tended to employ fewer people (27 full time and 20 part time). Informal sector firms employed an average of 3 people full time and women owned firms 26

⁹Full time equivalent number of employees were computed by weighting the number of part time employees by 0.5 and adding this figure to the number of full time employees in each firm.

(Exhibit 5)¹⁰. Thirty-four percent of owner-operated and 23 percent of microenterprises in the sample were women-owned, and women-owned enterprises accounted for 45 percent of informal sector firms (Annex B: Women-Owned Firms).

Two thirds of the firms sampled reported business turnover of less than FMG 60 million.¹¹ Industrial sector firms tend to have a much higher proportion reporting over FMG 5 billion in turnover (7 percent) than firms in other sectors (Exhibit 6).

3.1.3 The survey sample over represented the industrial and agribusiness sectors.¹² Service sector firms represent over 90 percent of all registered firms in the country, according to the latest Banque des Donnees figures. But they represent 49 percent of the firms interviewed, given the desire of the survey designers to obtain enough non service sector units to make meaningful analysis of these sectors possible. This is another reason why the firms in the sample tend to be on average larger than the universe of firms operating in Madagascar; service sector firms tend to be a third as large (in terms of employees and turnover) as firms in other sectors.

3.1.4 Women-owned firms are more likely to be represented in manufacturing than other firms in the same size category. Women owned firms tend to be small (57 percent of firms employing under 5 people are women owned), but they are more likely to operate in industry than other smaller enterprises. Nineteen percent of industrial sector firms are women-owned; 29 percent of women-owned firms operate in manufacturing, compared to just 10 percent of all small and microenterprises.

3.1.5 Firms in Madagascar have been operating on average 14

¹⁰The average FTE workers in women-owned firms reflects the presence of one very large company, employing over 500 people. Overall however, women owned firms tend to be very small, with over 70 percent employing less than 5 FTE workers.

¹¹In March 1991, when this survey was implemented, the official exchange rate was US\$ 1.00 = FMG 1,700.00.

¹²The sample for this study underrepresents the agricultural sector in Madagascar as the sampling frame for this study focused on the urban private sector. Thus the sampling frame (and therefore the sample) tended to exclude the smallholders who, though constituting the bulk of agriculture production activity in the country, tend to operate outside the major urban centers.

years, but 60 percent have been operating less than 10 years and over 40 percent have been operating less than 5. Operating experience varies significantly by size, though not by sector (Exhibits 7A and 7B). Owner operated firms had an average of 10 years experience, compared to 27 years for the largest firms. And almost 60 percent of owner-operated and microenterprises reported less than 5 years in operation, compared to only 2 percent of the large firms. Informal sector firms, most of which are owner-operated or microenterprises, reported an average of 7 years in operation; 61 percent of firms in this category reported operating less than 5 years (Exhibit 7C).

- o Many of the older smaller firms tend to be women-owned. While the average number of years of experience was the same for women-owned and smaller enterprises (about 10 years), the proportion of women owned firms operating for more than five years was greater (54 percent) than the proportion of owner-operated and microenterprises (less than 45 percent) operating for at least this long (Exhibit 7C).
- o Malagasy-owned firms are on average less experienced than foreign-owned enterprises. Malagasy-owned firms have been operating for an average of 11 years compared to an average of 30 years for the foreign-owned firms.
- o Firms operating in the industrial sector were slightly more experienced, reporting 17 years in operation, compared to the average of 13 years reported by firms in other sectors, but the differences in age among sectors were not statistically significant.

Thus the private sector is fairly young, reflecting the relatively accelerated entry of new private sector actors within the last 5 years. But the fact that at least one quarter of firms in all size categories and sectors have been operating for over 10 years also suggests that there is a significant reservoir of business experience in the country which survived the period of state economic control.

- 3.1.6 Foreign-owned firms¹³ accounted for 15 percent of all enterprises in the sample. Foreign ownership tends to be concentrated in the industrial sector (where foreigners own a majority shares in 23 percent of the firms in the sector), while Malagasy private enterprises tend to

¹³These are defined as businesses in which non Malagasy nationals own over 50 percent of the shares.

concentrate in the agribusiness sector (where foreigners own a majority of the shares of only 8 percent of the firms in the sector; see Appendix B: Agribusiness, Manufacturing and Services Sectors). The likelihood of foreign-ownership increases with the size of the firm (Exhibit 8A).

The vast majority of the 15 percent of firms in the sample owned by foreign nationals are French. On average the French account for 60 percent of all foreign-owned shares of firms in the sample. They account for 66 percent of foreign shares in the large firms interviewed. The next largest group of foreign owners identified in the survey were Indian/Pakistani, who accounted for 13 percent of the shares in foreign owned companies. Indian/Pakistani-owned firms tended to be smaller, accounting for 13 percent of medium and 67 percent of small firm foreign ownership, compared to just 6 percent of large scale firm foreign shares.

French nationals own shares in firms across all major sectors in the economy, and account for virtually all foreign ownership in the agribusiness sector. Indian/Pakistani ownership tends to be highest in industry, where they account for over one quarter of foreign owned shares in the sector (Exhibit 8B, see also Appendix B: Malagasy and Foreign-Owned Enterprises).

Labor Composition and Labor Management Practices

3.1.7 On average, women make up 16 percent of the total work force in the firms sampled. Exhibit 9 shows that the participation of women in the work force decreases as the size of the enterprise increases. While on average 25 percent of the work force in small and micro enterprises is made up of women, the figure for large firms is only 15 percent. This exhibit also shows that women owned firms (which comprised 17 percent of the enterprises in the sample - See Appendix A, question 5) are more likely to employ other women and employ them in management positions.

- o Women account for only 15 percent of the management cadre in large firms, compared to 47 percent in women-owned firms. Differences between women and non-women owned firms in other skilled positions are not so marked. On average 21 percent of the skilled and professional labor force in the firms interviewed were women, while 25 percent of the labor force in women-owned firms were also female.

- 3.1.8 Malagasy-owned firms tend to employ fewer people than firms owned by foreigners. On average, Malagasy-owned firms employed 22 full time people compared to 140 employed by the average foreign-owned firm.
- o Malagasy firms were more likely to employ other Malagasy in top management positions than foreign-owned firms. On average 100 percent of management personnel in Malagasy-owned firms was also Malagasy, compared to 53 percent in foreign-owned firms (Exhibit 9). Sixty-six percent of the top decision-makers in Malagasy-owned firms were Malagasy, compared to 27 percent of the top decision-makers in foreign-owned firms (Exhibit 9). This explains why Malagasy nationals are less likely to be employed in top management positions in the large firms. Only 71 percent of management in large firms, which are also more likely to be foreign-owned, are Malagasy.
- 3.1.9 Management labor accounts for approximately 3 percent of full time equivalent employees in the sample of firms; unskilled labor accounted for 76 percent. The distribution of labor skills varied by sector and type of firm. Agribusinesses employ unskilled labor in greater proportion (85 percent of their total full time labor force is unskilled) than industrial sector firms (where 70 percent of the labor force is unskilled). Agribusinesses are also more likely to employ large numbers of part time personnel (employing on average 89, compared to an average of 9 for industry and 20 for the services sector).
- 3.1.10 Most firms offer employees incentive bonuses, but few offer other employee benefits. On average, three out of every 4 firms employing over 20 people provide special incentive bonuses for their employees, but only 38 percent offer health plans, and 10 percent offer employee savings plans. As one would expect, the larger the firm, the greater the probability that it will offer employee benefits. Sixty-nine percent of the medium and 66 percent of the large firms offer employees a health plan (compared to less than one third of the smaller firms, see Appendix B). On the other hand few firms, in any size category offer employees savings plans. Industrial and service sector firms were most likely to do so (with about 12 percent of firms in this sector reporting such employee benefits, compared to 4 percent of agribusinesses -- see Appendix B).

Markets and Marketing Channels

- 3.1.11 The majority of the firms sampled are oriented almost exclusively to the domestic market. Only 6 percent of the sample reported exporting over 35 percent, and on average only 8 percent of the goods and services produced by the firms in the sample were marketed abroad (Exhibit 10). This average changes only slightly among all size categories, except for the medium and large firms, where the average proportion of the total product marketed abroad increases to 22 and 21 percent, respectively.
- o Export-oriented firms¹⁴ tend to be located in the coastal regions of the country (Exhibit 3); on average 11 percent of the product of firms located in the coastal cities is exported compared to just 5 percent of that produced in the plateau.
 - o Export-oriented firms are more likely to be foreign-owned. Thirty-eight percent of export-oriented firms are foreign owned, compared to the average 15 percent foreign-ownership nationwide (Annex B: Export Oriented Firms). Exhibit 9 shows that on average Malagasy-owned firms export just 1 percent of their product, while foreign-owned firms sold on average 15 percent abroad.
 - o Most exports are directed to Europe, with relatively few goods sold in regional African markets (Exhibit 11). The most important market for exporters is the EEC, in which 67 percent of all the exported goods and services were sold. Overall, only 17 percent was sold to Mauritius/Reunion/Comoros; the percent sold to other African markets was less than 0.5 percent. But the importance of different export markets varies with the size of the firm (and thus with the likelihood that it is owned by foreigners, and particularly French nationals). Sixty-three percent of the goods sold abroad by large firms went to the EEC, compared to just 5 percent sold to Mauritius/Reunion/Comoros. On the other hand, small and medium scale firms sold 26 percent and 18 percent of their exports respectively to the Indian Ocean market.
 - o Export markets also varied by sector. Seventy percent of the goods exported by agribusinesses went to the EEC, while only 52 percent of industrial sector goods were sold in this region. But 16 percent of industrial sector

¹⁴In this report, export-oriented firms or "exporters" are defined as those firms selling more than 35 percent of their goods and services abroad.

and 22 percent of service sector firm goods and services were sold in Mauritius/Comoros/Reunion, compared to only 9 percent of agribusiness goods.

3.1.12 There is relatively limited inter-provincial trade. Less than 13 percent of the trade reported nationally was inter-provincial. The average marketed outside the province was below 14 percent for firms of all sizes, except for the large firms, which reported that 27 percent of their domestically sold goods and services were also sold outside the province (Exhibits 12 and 13). Thus markets remain limited for the majority of the firms in the country. As seen in subsequent sections of this report, this may reflect the difficulties transporting goods overland, and the difficulty and cost of establishing communication channels with buyers in more distant areas within the country. In addition, anecdotal evidence suggests that the real rate of inter-provincial trade is much higher but largely informal and illegal in response to strict GDRM regulations.

3.1.13 Smaller firm sales tend to be directed primarily to consumers and other small and informal firms. Approximately one fifth of sales by owner-operated and microenterprises were directed to other small and informal sector firms; and, few large firms reported buying from smaller firms. On average large firms reported that only 8 percent of their inputs were bought from small firms, compared to 37 percent bought from other large firms. But large firms bought another 23 percent from farmers/producers, many of which are also small operators. Agribusiness firms were much more likely to be using local small producer sources; on average 69 percent of agribusiness inputs were bought from farmers/producers and other small firms. Hence the net transfer from large firms to the smaller operators may in fact be significant, for at least some types of firms.

- o Agents are important channels for the goods sold by the smaller firms. Sales to agents accounted for approximately 10 percent of all sales by firms employing less than 20 people. After customers, agents are the single most important buyers for the goods and services produced by microenterprises; they are the only other major outlet for the goods and services sold by the owner-operated firms. Agents buy on average approximately 10 percent of the goods and services produced by the firms in the sample.

3.1.14 Few firms in the sample sold their goods and services to the GDRM or parastatals. On average sales to these

entities accounted for 7 percent of total firm sales. But the percentage marketed to these entities increased with the size of the firm; large firms sold on average 21 percent of their goods to GDRM agencies or parastatals.

- o Less than 1 percent of firm sales were to cooperatives. Only agribusinesses and service sector firms showed any significant sales to these entities (each type of firm selling on average just 1 percent).

3.1.15 On average firms directly import 11 percent of their inputs (Exhibit 9). Again, the average amount of inputs imported varies significantly by size and sector. Larger firms were much more likely to use imported inputs (on average 32 percent of the inputs used by the large firms were imported) than the smaller firms (on average less than 5 percent of the inputs used by firms employing less than 20 people were imported). Industrial sector firms imported on average 22 percent of their inputs, compared to 8 percent for service sector firms and only 4 percent for agribusinesses. The sources of imported inputs tended to vary by firm size. Smaller firms relied on inputs imported from nearby regional suppliers, while large firms relied on goods imported from Europe. For example, 40 percent of the inputs imported by the microenterprises came from Mauritius/Comoros/Reunion, while only 20 percent came from the EEC. On the other hand, just 2 percent of the inputs imported by large firms came from regional markets and 59 percent came from the EEC.

In addition to directly imported inputs, firms purchase raw materials from importers, which was not measurable in this exercise. Anecdotal evidence suggests, however, that the liberalization of the import regime has stimulated growth in the import-export business.

- o Parastatals are important sources of inputs for the private sector. On average 10 percent of all inputs came from parastatals. Parastatals provided 19 percent of the inputs bought by owner-operated firms, 15 percent of the inputs used by agribusinesses.

3.2 Perceptions Regarding Business Environment, Firm Performance and Business Opportunities

Perceptions of the Business Environment

3.2.1 The majority of private entrepreneurs in Madagascar

believe the business climate has been improving significantly. Less than one third of all firms interviewed believed the business climate had deteriorated over the last year, and over 60 percent believe that the climate for business has improved compared to 3 years ago. Fifty six percent of all firms reported an increase in their sales over the last 12 months, and 28 percent of respondents reported sales increases of more than 20 percent (Exhibit 14A). Moreover, most firms believe this growth will be sustained over the next 12 months; 60 percent of all respondents believe their sales will continue to grow next year (Exhibit 14B). These responses reflect a remarkably high level of confidence in the economy and the overall climate for conducting business. These perceptions varied most significantly by size, ownership and market orientation:

- o Export-oriented firms of all size categories were more likely to report high sales growth over the last 12 months (Exhibit 14A). Thirty-eight percent of export-oriented firms reported sales growth of over 20 percent. Moreover, 76 percent believe that their sales will continue to grow over the next 12 months (Exhibit 14B).
- o Large firms were more likely to report large sales increases over the last 12 months. Thirty-nine percent of large and 44 percent of medium sized firms reported sales increases of over 20 percent last year, compared to 13 percent of the owner-operated firms and 19 percent of the microenterprises. Informal sector enterprises reported slightly higher growth than smaller firms in general, with 25 percent reporting sales growth of over 20 percent (Exhibit 14A).

The high growth of exporters last year, which account for a large proportion (over 40 percent) of the large firms, may explain in part why larger firms tended to report higher sales growth.

The poorer performance of smaller firms is in part explained by increasing competition. The number of new entrants in the market has been increasing at over 5,000 firms per year.¹⁵ Most of the new entrants are small firms and concentrate in a few sectors, primarily commerce. As noted above, smaller firms also tend to have limited outlets for their products, most selling directly to consumers and within a limited geographic

¹⁵See the MAPS Phase 2 report, "The Private Sector in Madagascar: Role and Performance, 1984-1991," April 1991.

radius. Slower growth for smaller firms may thus be a reflection of increasingly keener competition among firms producing a narrow range of goods, within a limited region and within a narrower set of outlets than larger firms.

- o Industrial sector firms reported higher sales growth rates than firms in other sectors (Exhibit 14A). Almost one third of all firms in this sector reported sales increases of over 20 percent, compared to one quarter of firms in other economic sectors. In part higher sales may be explained by their markets. Industrial sector firms tend to have a more diversified set of local markets than firms in other sectors, and they export greater quantities to a wider variety of markets than firms in other sectors. For example, industrial sector firms placed 52 percent of their goods in the EEC, another 12 percent in other parts of Europe and an additional 16 percent in the Indian Ocean markets; agribusinesses placed 70 percent of their goods in EEC countries, 9 percent in other Europe and 10 percent in Mauritius/Comoros/Reunion. Industrial sector firms also market their goods among a greater number of buyers, including 18 percent to agents and 6 percent to affiliates abroad. This diversified buyer portfolio may make them better able to weather variations in buying patterns and priorities among regions or types of client.

In part the higher sales may also be explained by lower marketing transaction costs. Industrial sector firms tend to operate in larger urban centers, and report fewer problems transporting their products to the market. Their central urban locations may also give them better access to a greater portfolio of buyers. Entry barriers for industry may also be higher (since it requires access to greater amounts of capital and specialized technology and skills in many cases) than in other sectors. Thus industrial sector firms still find themselves better protected from increasing competition from new entrants than firms in commerce or even simple agro-processing activities.

- 3.2.2 Capacity utilization has been increasing steadily over the last 3 years. Exhibit 15 shows that on average capacity utilization has increased for all firms from 56 percent 3 years ago, to 63 percent last year to 65 percent during the first half of 1991. This increase in capacity utilization is common among firms in all sectors and size categories, though more pronounced for some types of firms:

- o Capacity utilization is on average 20 percent higher for

larger firms than for smaller enterprises (Exhibit 15). Capacity utilization was on average lowest for owner-operated firms (50 percent) and highest for the large firms (72 percent). The gains in capacity utilization have been fairly equal across firms of various size categories, suggesting that the economic liberalization process has been broadly felt. The broad reaching effects of economic liberalization is again illustrated when one examines increases in capacity utilization by sector (Exhibit 15). Over the last 3 years firms in all sectors have experienced a gain of at least 8 percentage points in capacity utilization.

- 3.2.3 Smaller firms perceive greater uncertainty regarding their future. While on average just 14 percent of the large firms could not predict how they would perform next year, 55 percent of owner operated firms and 40 percent of microenterprises could not predict how their sales would perform over the next 12 months (Exhibit 16). In part this reflects the smaller amount of operating experience among the smaller firms (see point 3.1.5 above). But it may also reflect a greater perceived inability to cope with an increasing competitive environment and pressure to diversify their operations than the larger firms. It may also reflect a lower level of skill in forecasting and planning among the smaller firms, a skill which is critical for surviving in an increasingly competitive economy.

Perceptions of the Effect of the Regulatory Environment

- 3.2.4 Firms believe that the tax system has had a negative effect on their past performance. Exhibit 17 shows the top factors reported by firms to have had the most negative effect on their past sales performance (see Appendix A, question 31 for the full list of factors). The most common constraint for firms in all sectors and size categories were taxes. Taxes are perceived as most onerous by firms operating in the industrial sector (58 percent of which reported that taxes had a negative effect on their sales compared to 43 percent for the sample as a whole). Indeed, survey responses suggest that industrial sector firms must pay on average more different types of taxes than firms in other sectors. As seen in Annex B, industrial sector firms, along with export oriented firms in all sectors, were more likely to be paying all types of taxes than the average firm operating in the country. This is true even after controlling for size. On average most (over 50 percent of firms) in the industrial sector pay 11 different types

of taxes; in contrast, most firms in other sectors pay on average just 5 types of taxes.

3.2.5 Government regulations, were the second most serious constraint to sales performance over the last year, particularly for industrial sector firms. The most onerous regulations, according to respondents in the industry sector were custom regulations, tariffs and quotas, tax and foreign exchange policies and credit controls (over 40 percent of respondents felt that each of these factors had negative effect on their sales--Exhibit 17). This in part reflects the fact that industrial sector firms are most likely to be using imported inputs.

- o The smaller firms (micro and small scale enterprises) were most likely to report being negatively affected by infrastructure permits and general GDRM paperwork and formalities required for permits and licensing, while remaining largely unaffected by other types of regulations and laws (Exhibit 18). The larger firms, which were more likely to be exporting as well as using imported inputs, were primarily affected by customs, tariff and tax and foreign exchange regulations.
- o Foreign-owned firms and exporters generally faced a wider set of regulations than the average larger firms. Agribusinesses which were the least likely to be using imported inputs, were the least likely to perceive customs controls or exchange policies as constraints to their sales performance (Exhibit 18).
- o While the regulatory environment is perceived as particularly onerous by large firms in all sectors and industrial sector firms of all sizes, in general the number of permits required to start a business is fairly low, especially compared to other Francophone African countries. On average less than 18 percent of all firms report requiring more than 5 permits to begin operating, and only 11 percent report requiring more than 5 permits on an ongoing basis to operate.¹⁶
- o The average number of permits required for firms to operate increases significantly with the size of the firm. Thirty one percent of large firms required more than 5 permits to begin operations, and 21 percent report

¹⁶For example, a similar survey in Cameroon in 1990 revealed that on average firms must apply for over 10 different types of permits before they can begin operating, taking more than 12 months to obtain.

needing to obtain at least 5 permits on a regular basis to continue operating, most of which must be renewed annually. Over 1 out of every 4 large firms reported that it takes on average over 6 months to obtain all the required permits (Exhibit 18). The situation for industrial sector firms is not appreciably better; 27 percent of all industrial sector firms report requiring over 5 permits and 10 percent require more than 10. Over a third of the firms sampled reported that it took them over 7 months to obtain these permits and licenses.

- 3.2.6 The legal environment makes it difficult to operate; 59 percent of the respondents felt that it was difficult to enforce contracts in Madagascar, and 60 percent felt this made it difficult to conduct business (Appendix A, question 59). This perception is equally prevalent among foreign-owned and Malagasy firms, and across sectors (Exhibits 19 and 20). Larger firms were less likely to feel that contract enforcement was a problem, perhaps because they conduct more of their business with large private firms. It is clear from Exhibits 19 and 20 however, that contract enforcement is perceived as a particularly serious problem when dealing with parastatals and government agencies. Large firms also felt that enforcing legal obligations entered with unincorporated firms was also difficult. Responses to other parts of the survey suggest that unincorporated firms tend to be smaller, and may be less able to meet delivery dates and quality standards on a regular basis.

Perceptions of Investment Opportunities

- 3.2.9 Many firms not now exporting see prospects in export markets. Though as noted above only 6 percent of the sample exported more than a third of their products, almost 33 percent of those interviewed felt the returns to investment would be highest for those who found a market abroad, primarily for agricultural and manufacturing products (Exhibit 21). Twenty-eight percent of all firms are interested in penetrating export markets, and over 60 percent of these are not now exporting. The interest in export markets varied by size of firm, with the largest the most interested in foreign markets. But it is significant that while microenterprises exported on average just 1 percent of their products, 11 percent were interested in entering the export market more actively; while small enterprises exported only 5 percent of their goods, one quarter wished to enter export markets.

- 3.2.10 Exhibit 22 shows that the EEC and the regional markets of

Mauritius/Reunion/Comoros are believed to be the most potentially profitable export markets.

- o Those firms which are now exporting are more likely to believe that the EEC would be the most profitable export market. This is where most of their exports are now going. Exporters also showed high interest in the markets of Asia (China/Japan/Hong Kong/Singapore). Those firms which are not now export oriented were more likely to believe regional African markets including other African countries outside the Indian Ocean islands, would offer the best return on investment to the exporter.
- o All firms now exporting over 35 percent plan to continue to expand their exports in the future. This is not surprising. As noted in earlier sections, the exporters in the sample reported significantly higher growth in sales than the average firm.
- o The smaller firms who are now exporting expressed very little interest in expanding their export operations; only ___ percent of the smaller firms now exporting any amount were interested in expanding their exports in the future, compared to over 65 percent of the medium and 95 percent of the larger firms who are now exporting some amount. These results suggest that the difficulties experienced by those now exporting, especially the smaller firms, may be discouraging them from increasing their exporting activities.
- o The lack of transport and communication infrastructure, and lack of adequate market information were cited as the most important constraints to expanding or entering export operations. The lack of adequate communication infrastructure was cited as a constraint by 84 percent of respondents interested in entering the export market or expanding export operations; lack of market information was cited as an important constraint by 80 percent; and lack of transport infrastructure was cited as a constraint by 79 percent.

Exporters however were more likely to place emphasis on the lack of credit, and less on lack of adequate market information than other firms in the same sector and size category however. Three fourths of all firms now exporting over 35 percent felt lack of credit was a serious constraint, compared to 68 percent of other firms of similar size. On the other hand, 60 percent of export-oriented firms felt that lack of adequate information is a constraint to exporting, compared to 71 percent of large firms exporting less than 35 percent.

3.2.11 Knowledge regarding the Industrial Free Zone in Madagascar is high among the larger industrial sector firms, lower among other firms. On average 47 percent of all firms have heard about the Tamatave IFZ. But while only 27 percent of agribusiness firms expressed knowledge of this program, over two thirds of all industrial sector firms knew about it.

3.3 Perceptions Regarding Resource Constraints Affecting Productivity.

3.3.1 Transport and communication infrastructure present the most serious resource constraints to improved productivity. Exhibits 23 illustrates the relative difficulty respondents experienced obtaining resources for their operations. The responses suggest that the most common resource problems facing Malagasy firms in all sectors and size categories are those related to the transport and communication infrastructure. There were some notable differences among the resource constraints faced by firms of different sizes and sectors or market orientation; these are discussed below.

Credit

3.3.2 Most entrepreneurs rely almost exclusively on personal sources of finances (Exhibit 24). On average, firms obtained just 9 percent of their financing needs from local formal financial institutions (commercial banks and other financial institutions). The only other significant source of capital for entrepreneurs were suppliers, who on average accounted for only 3 percent of the total credit needs of businesses interviewed. Personal sources and family together provided 83 percent of the average Malagasy entrepreneur's credit needs. Data from a previous MAPS study of the private sector in Madagascar (see footnote 1) suggested that the total amount of formal sector credit channeled to the private sector had been increasing since the late 1980s, but it is clear from survey responses that commercial banks have barely begun to meet local firm needs.

Exhibits 24 also suggest that formal financial institutions may continue to be reluctant to offer credit to what they perceive as non traditional borrowers. Owner-operated and microenterprises, even those which have been in existence for over 5 years, and may have presumably have a "track record," received together just one percent of their credit from formal financial institutions. Other non traditional borrowers are

exporters. Despite the fact that, as seen in previous sections, this group of firms experienced particularly fast growth over the last 12 months, it obtained just 12 percent of its total credit needs from formal commercial institutions (including special lines of credit), compared to over 25 percent obtained from the same sources by other firms of similar size.

- o Long-term credit is more difficult to obtain than shorter-term credit. Previous MAPS research in Madagascar suggested that the amount of longer-term credit had been increasing in the late 1980s. However, survey responses suggest that long-term credit continues to be in very short supply (Exhibit 25).¹⁷
- o Forty-three percent of the large firms were having difficulty obtaining short-term credit, 63 percent reported difficulty obtaining access to long-term credit. The main factor which the large firms believe affects their access to commercial banking credit has been interest rates and bank fees; collateral requirements was a problem for 45 percent of firms in this size category (Exhibit 24).
- o Most smaller firms had so little experience with formal banking institutions that they could not identify the factors most likely to be affecting their ability to obtain financing from these sources. Generally smaller firms agree that the issue is not so much the distance to banks, but the cost of borrowing, as reflected in interest charges and bank fees.
- o Women-owned firms do not seem to face greater difficulties than other firms of similar size in accessing credit. On average 5 percent of women-owned business credit comes from formal banking institutions. Women also rely more heavily on supplier's credit than other smaller firms (Exhibit 24).

¹⁷Responses regarding longer term credit availability by the smaller (ie owner-operated, micro and small) firms are omitted from the graphic because they are based on very few respondents. Over 98 percent of these firms have not used any formal commercial credit. Because responses to these questions were based on the actual number of respondents with experience using credit (the rest not having responded), the total number of respondents in the smaller size categories is very small, giving somewhat distorted views.

Labor

- 3.3.4 Labor productivity was not perceived as a serious constraint by the firms sampled. Over 8 out of every 10 respondents felt satisfied with the productivity of their workers. The degree of satisfaction was fairly constant across sectors and size categories.
- o Perceptions regarding availability of certain labor skills do vary appreciably by type of firm (Exhibit 23). Generally firms in all sectors and most size categories found it most difficult and costly to recruit qualified technical personnel (see also Appendix E). But the largest firms, as well as agribusinesses, even in smaller size categories, felt it was most difficult to find qualified managerial personnel.
- 3.3.5 Labor turnover ratios are low for skilled staff but significantly higher for unskilled labor. On average, the turnover ratio for skilled personnel and management in all firms is under 5 percent, while the turnover for unskilled labor is 10 percent. Turnover ratios for all personnel tends to be larger for the small firms, reflecting perhaps the fact that they are unable to compete with the larger firms in terms of salary, and retain the staff they recruit (Exhibit 26).

Transport Infrastructure

- 3.3.6 Land transport, and the lack of a quality road network, are the major transport infrastructure problems faced by the Malagasy firms interviewed. Cost is perceived as a constraint more often than transport availability, reflecting perhaps the fact that poor roads increase wear and tear on vehicles and increase the length it takes to travel, pushing up costs per kilometer. Exhibit 23 shows that transport is perceived as a major constraint for most firms. Exhibit 12 suggests that smaller firms are less likely to perceive that road transport is a problem because they sell most of their goods within the province; smaller firms may have adapted to high transport costs by limiting the size of their markets. Because their market is all local, transport issues tend to loom less large than for exporters and large firms, which tend to sell a much larger proportion of their goods within a wide radius. Hence transport constraints may be limiting the size of markets for the Malagasy entrepreneurs.
- o Exporters believe that the road network is inadequate to meet their needs. Eighty-three percent of exporters

believed that the lack of an adequate road network presented a serious constraint to their business operations; 82 percent felt the lack of quality roads was a constraint to their operations. Less than 50 percent, in contrast, felt lack of air or marine cargo space was a constraint (see Appendix B: Exporters vs Non Exporters).

- o Over 80 percent of agribusinesses felt poor road networks and the lack of accessible and affordable transport had negatively affected sales last year. In contrast, less than 30 percent of exporters felt transport problems had negatively affected their sales; exporters believed however that transport problems did negatively affect their internal operations, raising production costs. These response patterns suggest that exporters continue to enjoy price advantages in their foreign markets, but that transport costs may be cutting into their profits and margins.
- o Road checks exacerbate difficulties encountered transporting goods over land. Over 70 percent of all firms reported that road checks hindered their ability to operate. These unscheduled checks seem to have affected smaller and informal sector firms especially, with over 80 percent reporting this as a serious constraint to business operations last year. Larger firms, which as noted above were far more likely to transport goods for longer distances, seem to be better able to cope with these checks, either because they have special permits or are otherwise able to expedite the process.

Communications and Information Infrastructure

3.3.7 Almost 8 out of 10 firms interviewed felt the lack and cost of telecommunications was a serious constraint to their business operations (Exhibit 23). This figure is almost uniform across sectors and size categories. The lack of an adequate telecommunications infrastructure was cited as a key impediment to expanding or entering the export market by 84 percent of firms interested in exporting.

3.3.8 Few firms have access to adequate export market information. Only 28 percent of the firms questioned believed that the information on export markets is adequate (compared to 58 percent satisfied with local market information).

- o The most important source of market information for firms

of all types are personal contacts (overall 92 percent report are relying on this source). The larger the firm, the more likely that they will use additional sources. Exporters are most likely to report relying on foreign partners (67 percent use this source); small firms are most likely to also rely on trade journals (Exhibit 27).

- o Exporters and large firms are most likely to be using the information services of trade and business associations (Exhibit 27). The most likely official source of market information was the Chamber of Commerce of Industry and Agriculture (CCIA), used by over 30 percent of exporters, and 11 percent of all firms.
- o Firms are interested in all types of market information; over 65 percent said they feel they need better information on prices, product standards, market contacts abroad and trade regulations. The single most important type of information desired however is information on prices (of interest to over 94 percent of entrepreneurs).

Resource Development Priorities

3.3.9 Enterprises of all types were most likely to be interested in management. Entrepreneurs interviewed seemed to understand that the basis for adapting to a fast changing economic environment is to build basic managerial skills, which can then be applied to the formulation of solutions in marketing, communication, procurement. Thus, despite the problems in marketing highlighted above, the main area in which they will be investing in the future will be improvement of management skills.

- o Another priority area of investment, again almost uniform among all types of firms, was quality control (Exhibit 28). Quality control was the number one investment priority for 80 percent of exporters.
- o Building a quality managerial base is a long term process. In the short term, some entrepreneurs are looking to the outside for quick injections of technological knowledge and marketing skills and contacts. Twelve percent of the firms interviewed are interested in joint ventures; virtually all (97 percent) of these were searching primarily for access to markets and technology from these partners.

3.4 Implementing Agents

The results highlighted above suggest that there are some key bottlenecks to private sector development in the country. The issue is how to reach private entrepreneurs to relieve these bottlenecks. Survey results suggest that reaching the smaller enterprises may be far more problematic than reaching the larger firms:

- 3.4.1 Smaller enterprises by and large do not belong to any business association (Exhibit 29). Membership in an association is largely a function of size. While the majority of the large enterprises (56 percent) report belonging to some association, only 3 percent of owner operated, 2 percent of the micro enterprises, 19 percent of small enterprises and 38 percent of the medium scale enterprises do. When asked to explain why they do not belong to any association, over 50 percent of firms in all size categories said it was because associations did not offer services they found useful (Appendix B).
- o To the extent that small firms belong to an association, it tends to be the Chamber of Commerce, 39 percent of the small firms belong to the CCIA (Exhibit 30).
 - o Agribusinesses are less likely to belong to an association than enterprises operating in other sectors; only 11 percent of agribusinesses belong to an association, compared to 34 percent of industrial sector firms. They are most likely to belong to the CCIA and FIVMPAMA, to the extent they belong to any.
- 3.4.2 GEM has the highest overall "effective" or "very effective" rating. Over 80 percent of GEM members believe it is an effective organization, compared to 64 percent of CCIA members. The likelihood that it will be highly rated increases with the size of the member firm however; 60 percent of small firms belonging to GEM think it is effective, compared to 87 percent of the large firms. It also varies by sector; 50 percent of the few agribusinesses belonging to GEM believe it is effective, compared to 89 percent of industrial sector firms.
- 3.4.3 Small firms are primarily interested in associations which offer access to credit and information on local markets; larger firms, though also interested primarily in local market information, are more likely to want access to technical assistance than credit. Larger firms were also very interested in improved access to information on GDRM regulations (Exhibit 31).

- 3.4.4 There is very little contact between the large and the smaller firms. The smaller firms generally do not belong to the same business associations as do the larger firms (Exhibit 30). The Chamber of Commerce has the most diversified membership base in terms of sector and size of firms. All other major business associations identified through the survey cater primarily to firms employing more than 20 people.

4. IMPLICATIONS FOR PRIVATE SECTOR DEVELOPMENT STRATEGY

- 4.1 The economic liberalization program is having a favorable impact on private sector activity, both formal and informal. Malagasy entrepreneurs are recognizing and responding to new business opportunities emerging from the economic liberalization process. But the private sector in Madagascar remains relatively atomized. Firms rely on their immediate circle of family and community for their information, the capital and their market. Unclear or ineffective legal structures discourage firms from forging linkages with newer firms, and may encourage inefficient integration and diversification. High transaction costs associated with marketing exacerbate the situation, discouraging the development of extra-village or provincial trade ties. Business association infrastructure is not now effectively addressing these communication problems.
- 4.2 Given the results of this study, a critical priority for private sector development should be to encourage greater national economic integration by promoting institutions and mechanisms which lower communication barriers among entrepreneurs. At a basic level physical transport and telecommunication infrastructure constraints must be addressed. But this entails major physical capital investment projects which cannot be easily addressed by one donor or institution. But there are other means for lowering communication and trade barriers which can be explored and implemented in the short-run.

One possibility is to exploit or use local intermediaries or brokers, who are currently playing the bridging role between smaller firms and larger buyers. Their current role must be explored and opportunities to use them to extend communication and marketing information networks must be examined. Other bridging/networking support structures, such as an information clearinghouse of local suppliers, improved and clarified legal structures, supply of technical assistance in the area of quality control and procurement, either through joint ventures or expansion of business support services, can also help open

new avenues for transferring technology and capital among firms. By encouraging the growth of networks among local firms, Madagascar also becomes a more attractive place for foreign investors. Positive experiences forging new linkages among entrepreneurs may also have positive demonstration effects and encourage greater integration throughout the economy.

There are other activities in this regard which could also offer large payoffs and these are discussed below. Working to lower the effective tax rates (which are perceived as constraints by virtually all types of firms) could help encourage greater investment (particularly foreign investment) and increase the reliability of financial information currently available, with potentially positive effects on capital market growth.

- 4.3 Survey data showed that women-owned firms face many of the same set of constraints affecting microenterprises in general. On the other hand women entrepreneurs are in some respects doing better than other firms of similar size and operating in similar sectors. They generally are better able to access formal credit. Thus there is probably no need to target the women entrepreneurs specifically and programs which target the small entrepreneur, particularly with business skills training, will also benefit the women entrepreneurs.
- 4.4 Since such a small proportion of small and micro enterprises belong to an association, service provision will be difficult. The Mission should, outside of promoting general membership expansion programs in all associations, target those groups who have a wider range of members as delivery mechanisms for assistance in this area.
- 4.5 The finance sector is not currently addressing the expansion needs of the private sector. None but the larger firms have access to formal credit sources. Supplier's credit is virtually non-existent. Even a majority of the larger firms (over 60 percent), which are able to meet collateral requirements, are reporting difficulty obtaining term credit. The current bank regulations and liquidity problems faced by the formal banking sector make it difficult for firms of any size to obtain formal financing.

Even if interest rates were liberalized, the need for start-up and expansion capital far exceeds the current ability of the commercial banking sector to supply funds. New financial institutions have appeared to start to fill the gap. SIPEM and FIARO are both venture capital companies, which have programs to provide risk capital to new entrepreneurs. FIVPAMA is starting a Societe de Caution Mutuelle to provide security for small borrowers. But their outreach remains low.

Current communication and marketing obstacles also make it difficult for firms to link up with these sources. Again the development of profit-motivated brokers may help to facilitate linkages may be required.

- 4.6 There is a substantial degree of interest in exporting, but little knowledge of export markets. Although the survey indicates that most export activity is now confined primarily to relatively few larger firms, responses also suggest that there is considerable interest in export markets among entrepreneurs who are not now exporting any substantial amount. But firms lack information on international demand for their products and on international requirements and standards. This may be the single largest constraint to export diversification and growth. There are preliminary indications that improving access to better and more timely market information would not be particularly expensive. Madagascar already has access to Soviet satellite transponders, something that other nearby countries such as Mauritius lack. Madagascar is already thinking using a series of ground links to improve the reach of their radio broadcasts to the countryside. If proper ground stations can be installed, which entails relatively low cost technology, Madagascar could become a regional supplier of market information.

The promotion of joint ventures, particularly in the IFZ, may also be another mechanism for encouraging greater information flow and contacts abroad.

- 4.7 Firms are interested in developing their human resource base, primarily in the area of technical and managerial skills. Access to quality technical labor was a serious constraint to the firms sampled. Smaller firms in particular seem to be having difficulty attracting and retaining their quality skilled personnel. Entrepreneurs are keenly interested in improving their basic management base. Firms interviewed understand that before one can expand into new markets, skills are needed to improve quality control, procurement practices, technology. There are many different means of building these skills. One is by increasing access to training services. Another one is by providing access to technical assistance, or even internship/apprenticeship positions in more experienced firms. Donors have already moving into this area, with UNIDO and the ILO providing entrepreneurship training and technical assistance services. USAID has helped sponsored a policy dialogue group in human resources development. All such assistance strategies should be results oriented however: building skills tied to specific results, to ensure that the quality of the training or TA provided continues to be of high quality and responsive to the changing needs of what is becoming an increasingly dynamic and fast changing economy.

Exhibit 1

-31-

**MADAGASCAR PRIVATE SECTOR SURVEY
SAMPLE BY SECTOR OF ACTIVITY**

	Agriculture	Food Proc	Industry	Mining	Commerce	Services	TOTAL
Formal Sector: Large	4	13	41	5	18	19	100
Formal Sector: Small	46	9	12	2	18	63	150
Informal Sector	30	10	10	0	13	37	100
TOTAL	80	32	63	7	49	119	350

Large refers to firms that employ more than 20

Small refers to firms that employ less than 20

Source: MAPS Private Sector Survey, March 1991

Exhibit 2

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**MADAGASCAR PRIVATE SECTOR SURVEY
SAMPLE BY PROVINCE**

	Antananarivo & Antsirabe	Tamatave	Mahajanga	Antsiranana & Nosy Be	Fianarantsoa	Toliary	TOTAL
Formal Sector: Large	72	6	9	7	4	4	100
Formal Sector: Small	77	17	10	22	13	11	150
Informal Sector	50	10	10	10	10	10	100

Large refers to firms that employ more than 20

Small refers to firms that employ less than 20

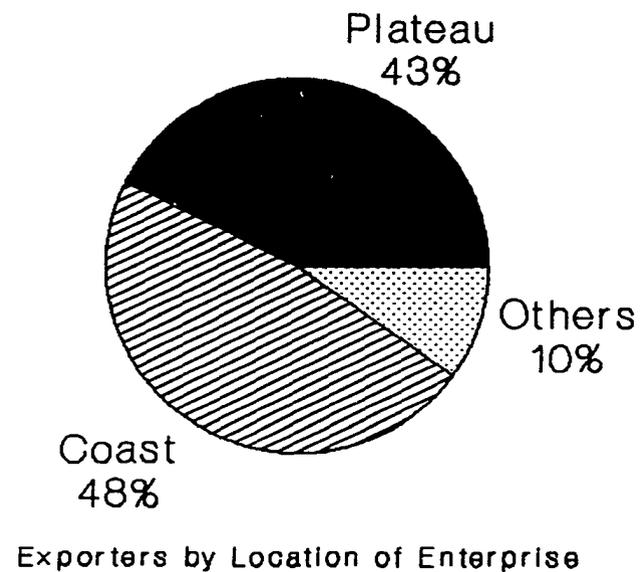
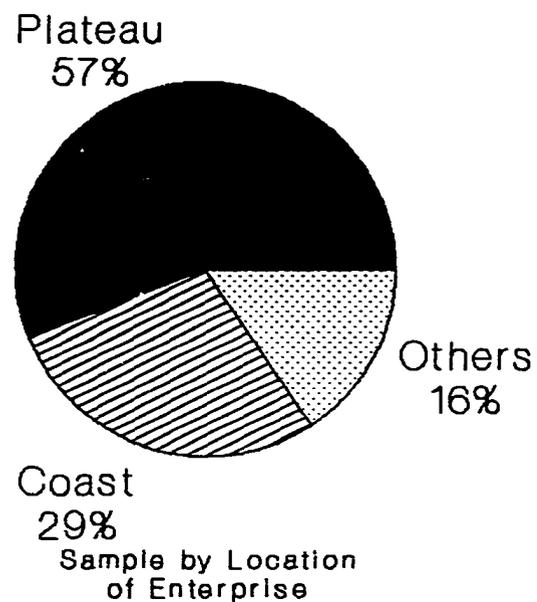
Source: MAPS Private Sector Survey, March 1991

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Exhibit 3

Madagascar Private Sector Survey

Sample by Location of Enterprise



Plateau Refers to Antananarivo, Antsirabe, Fianarantsoa
Coast refers to Antsiranana, NosyBe, Toamasina, Mahajanga
Others refers to tertiary cities such as Brickaville, Sambava
Ambohitra and Morandava

Source: MAPS Private Sector Survey
March 1991

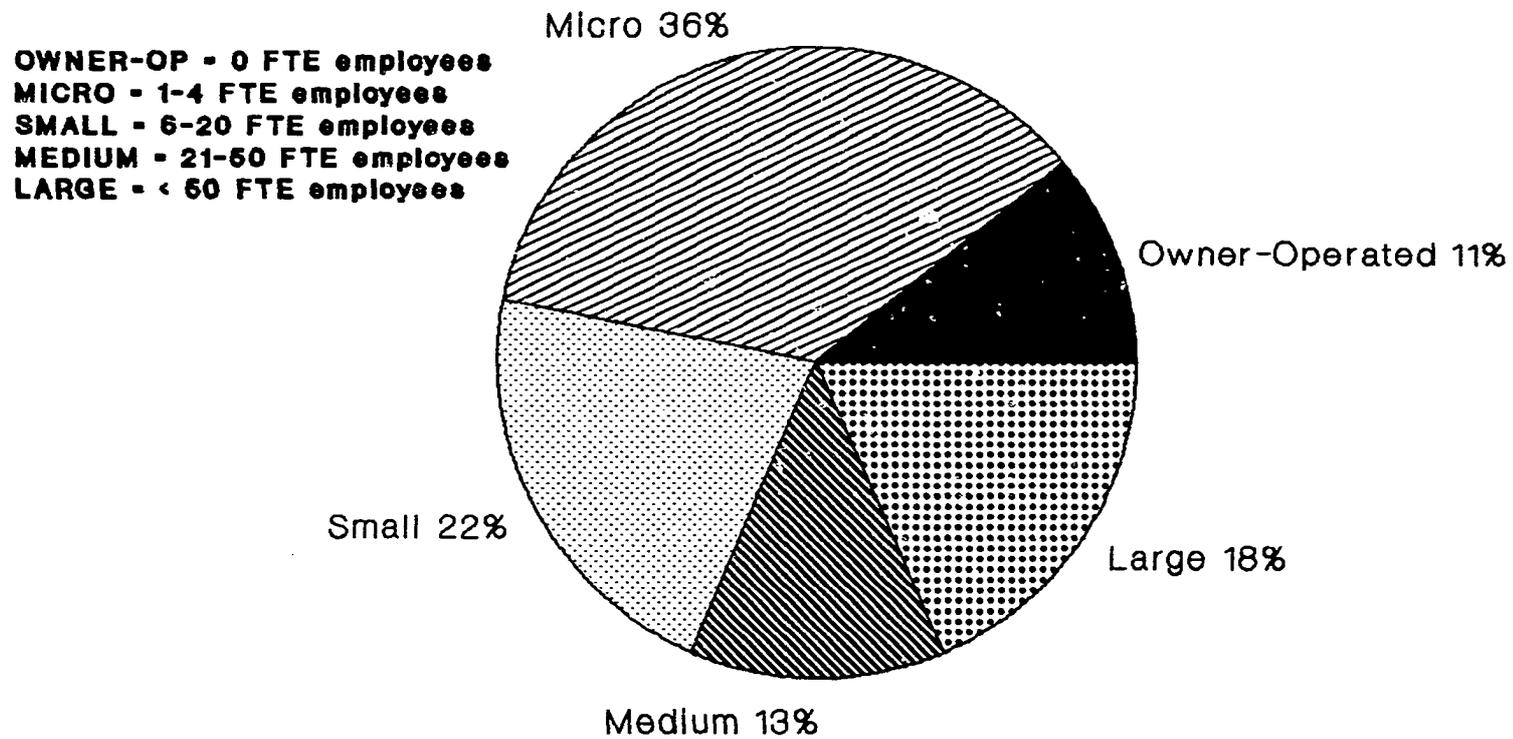
Question 2

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Exhibit 4

MAPS Private Sector Survey

Sample by Size of Firm

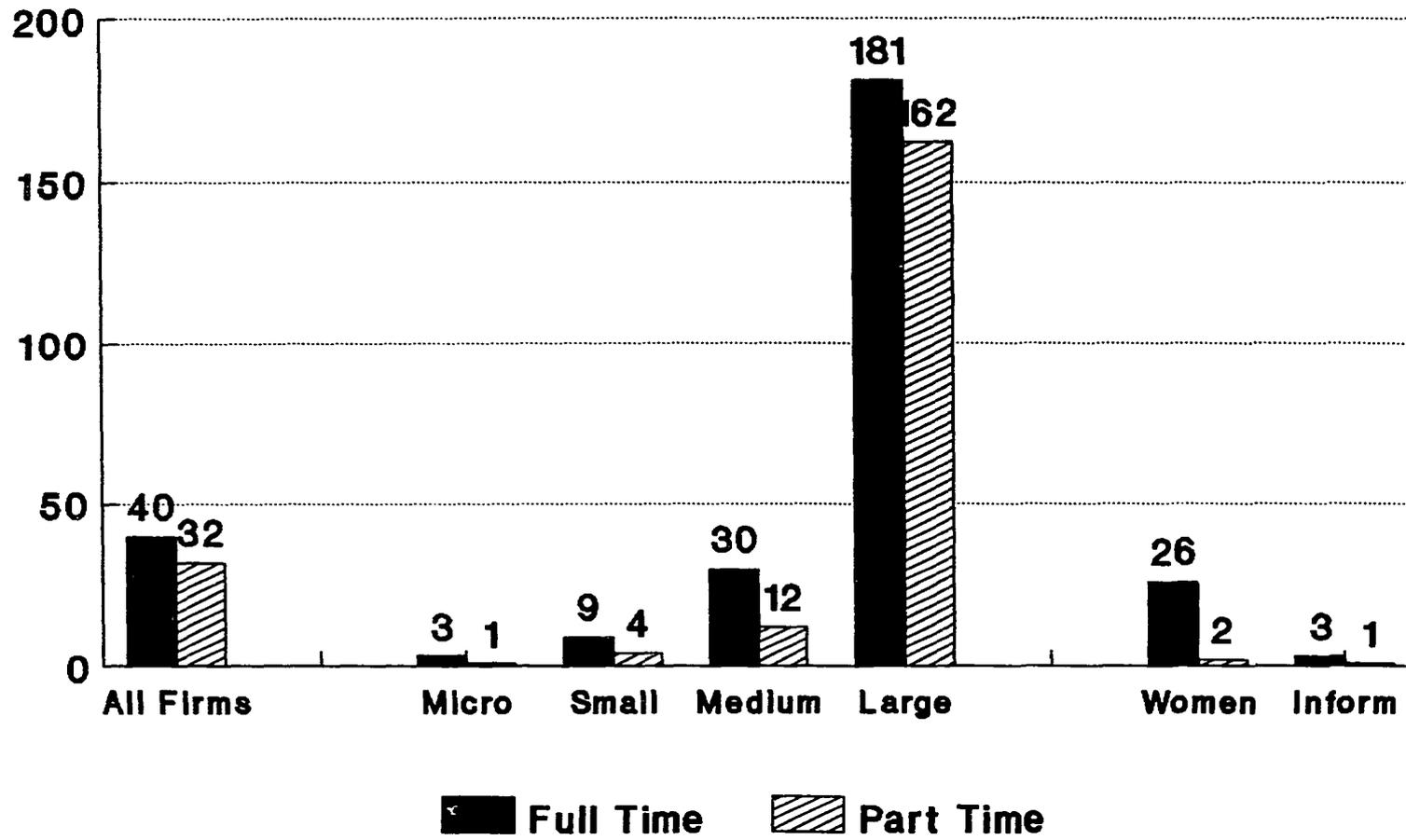


Source: MAPS Private Sector Survey
March 1991

Question 36

Exhibit 5

Average Number of Employees by Firm Type



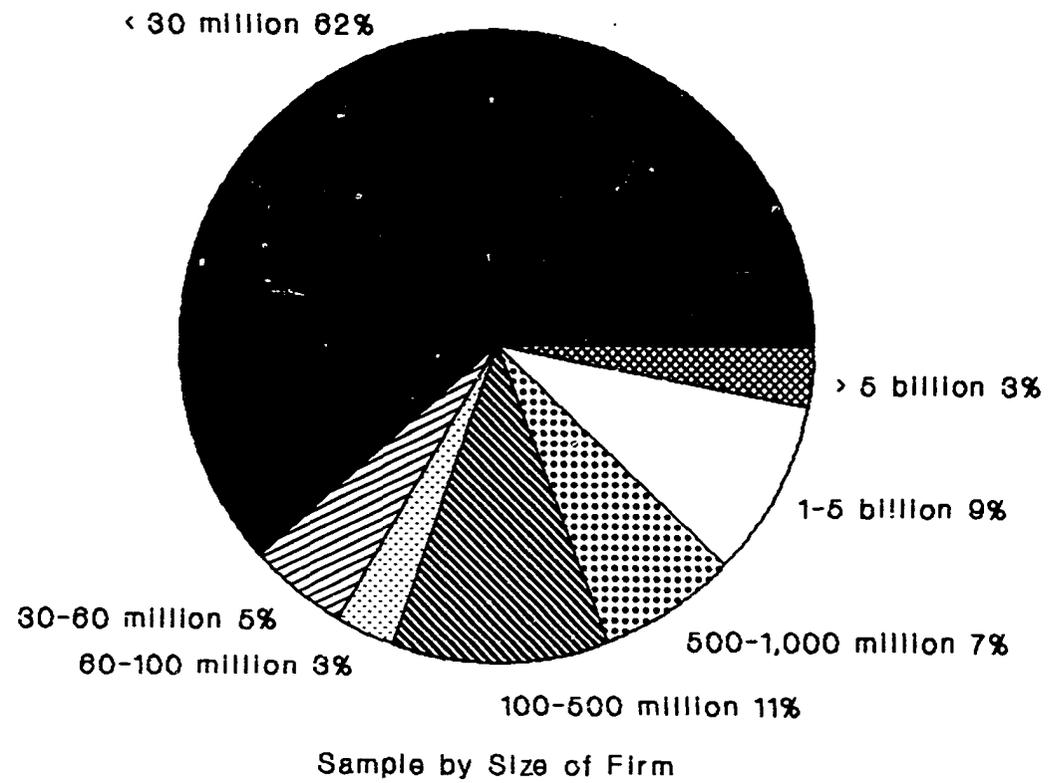
Source: MAPS Private Sector Survey
March 1991

Question 36

Exhibit 6

Private Sector Survey

Sample by Business Turnover

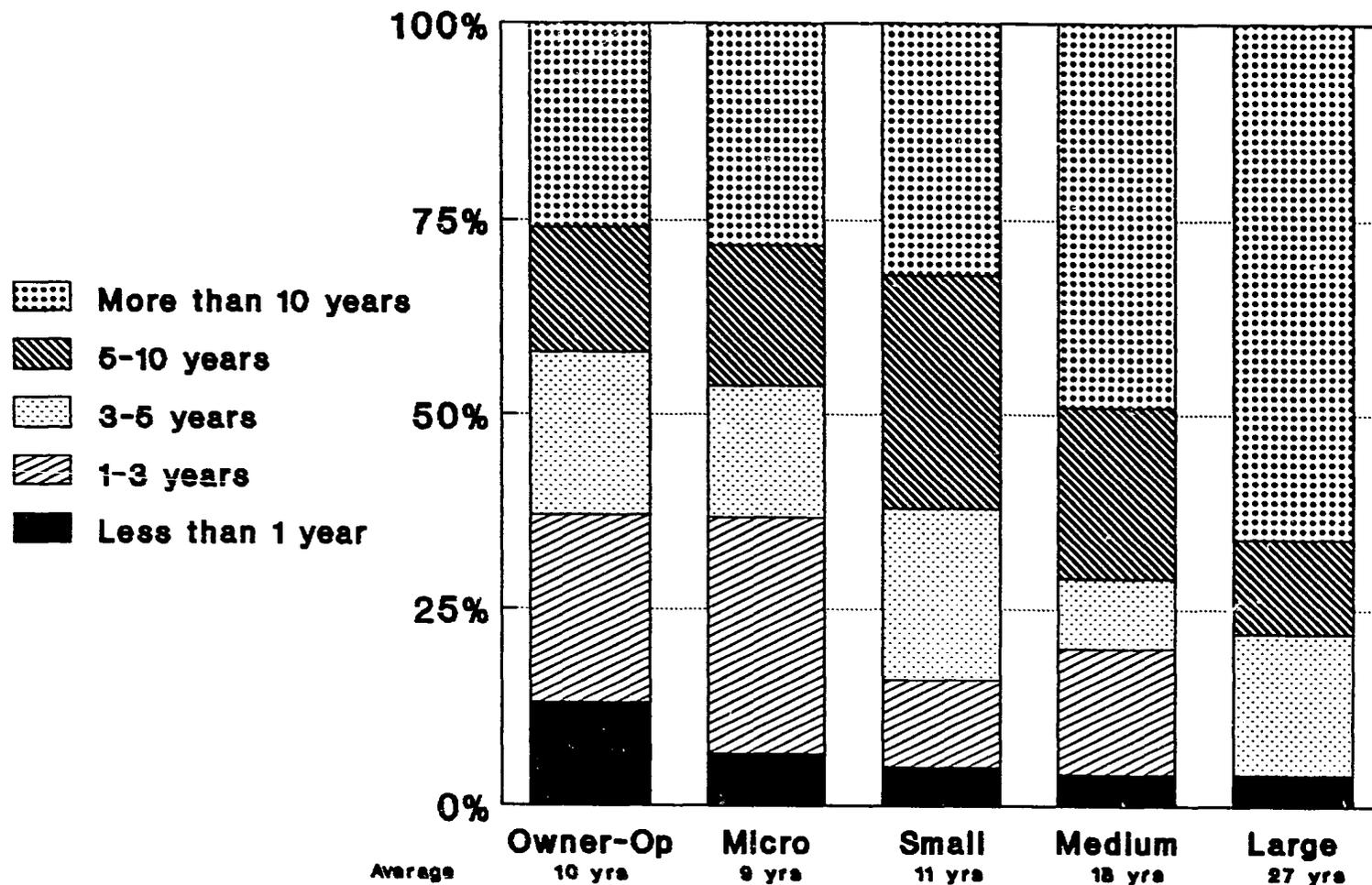


Source: MAPS Private Sector Survey
March 1991

Question 27

Exhibit 7A

Length of Operation by Size of Firm

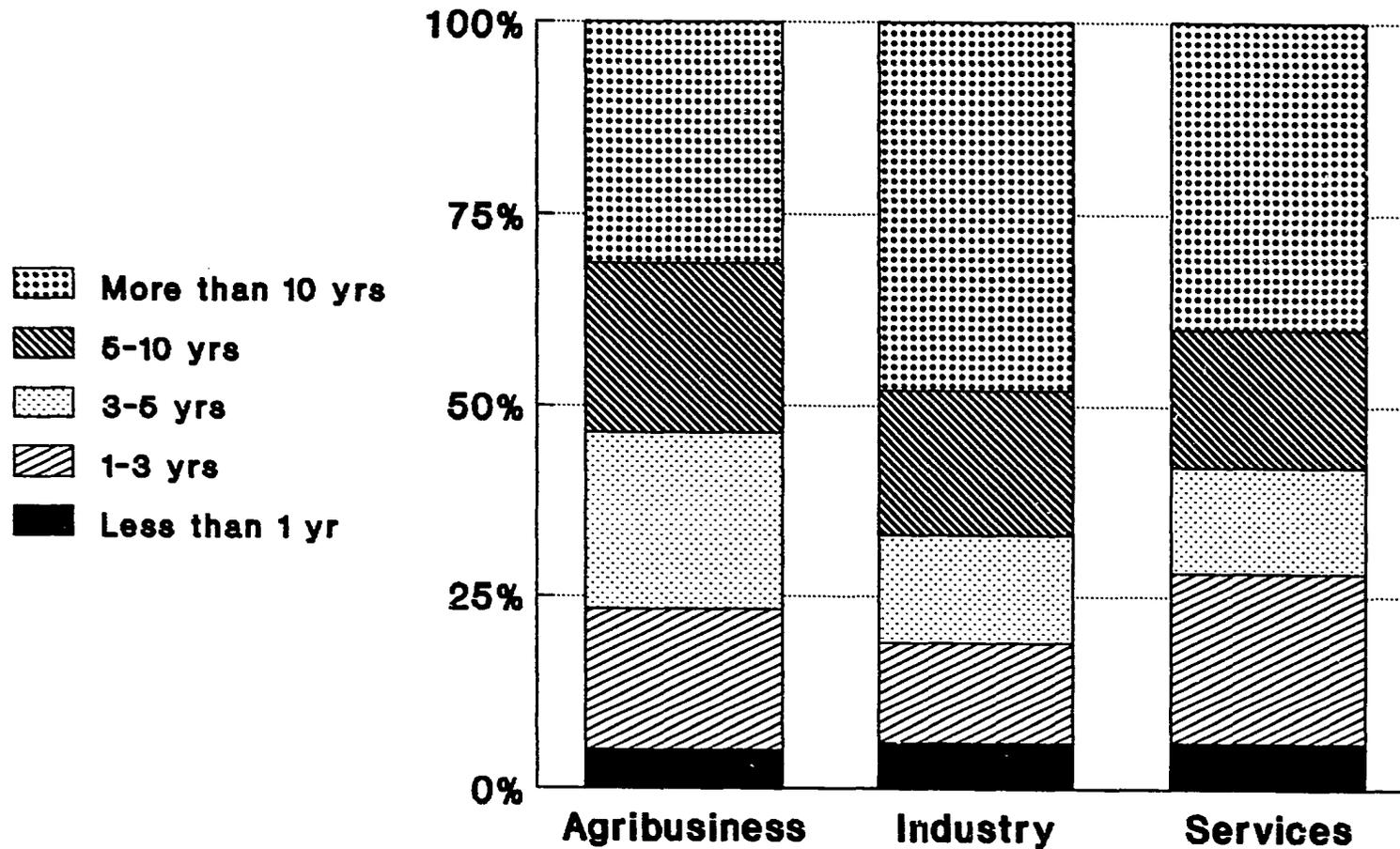


Source: MAPS Private Sector Survey
March 1991

Question 4

Exhibit 7B

Length of Operation by Economic Sector

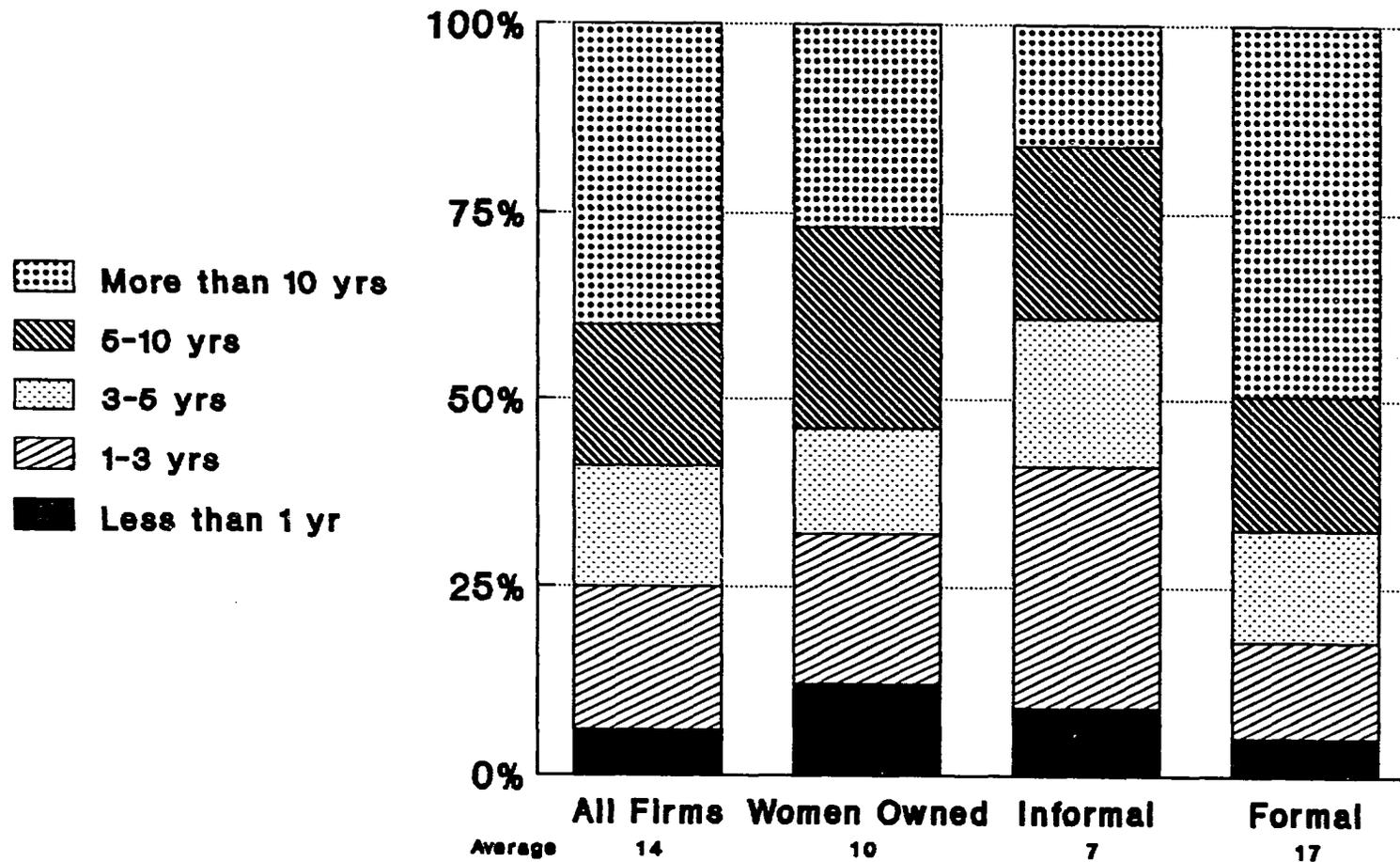


Source: MAPS Private Sector Survey
March 1991

Question 4

Exhibit 7C

Length of Operation for Women-Owned and Informal Sector Firms

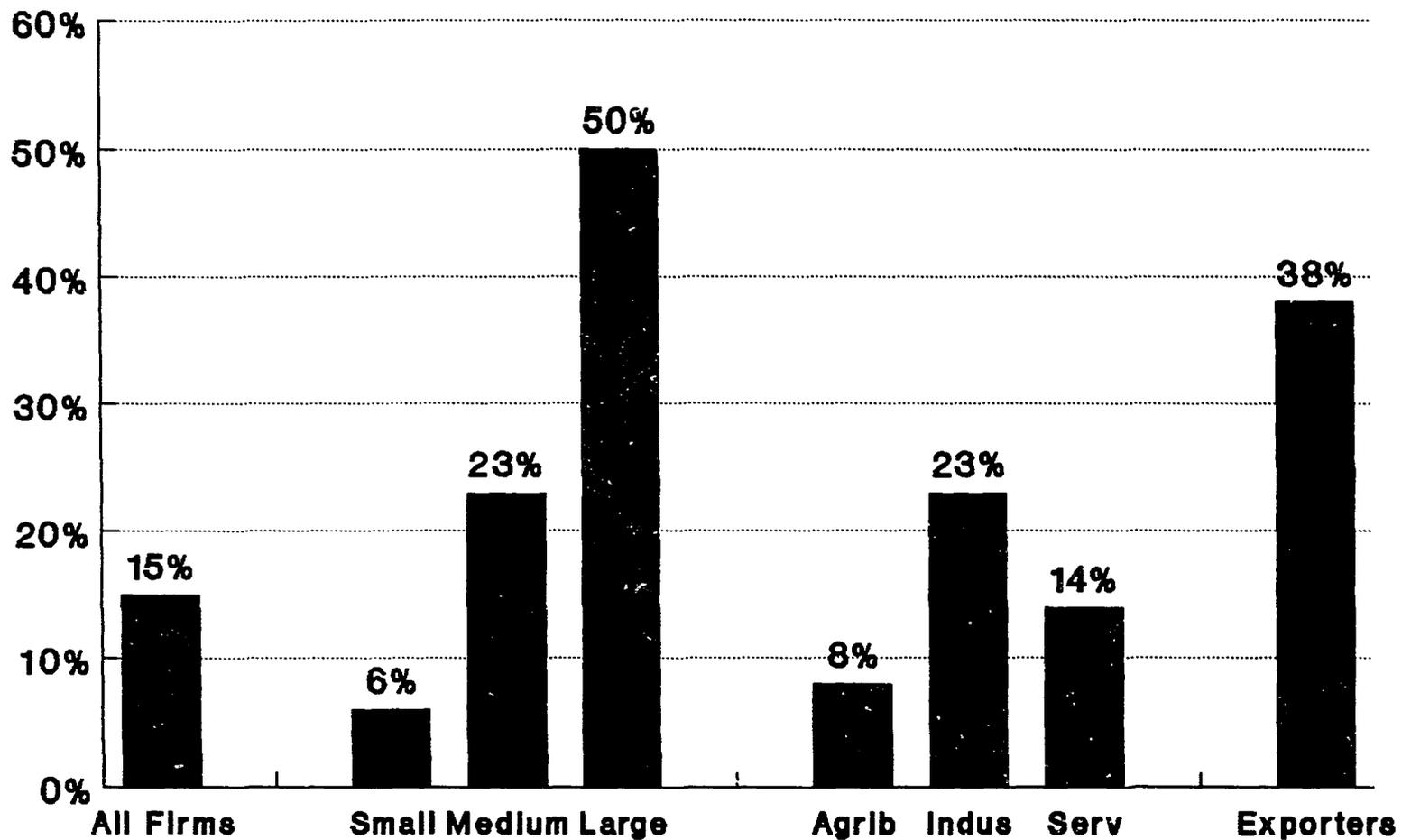


Source: MAPS Private Sector Survey
March 1991

Question 4

Exhibit 8A

Percent of Firms Owned by Foreigners



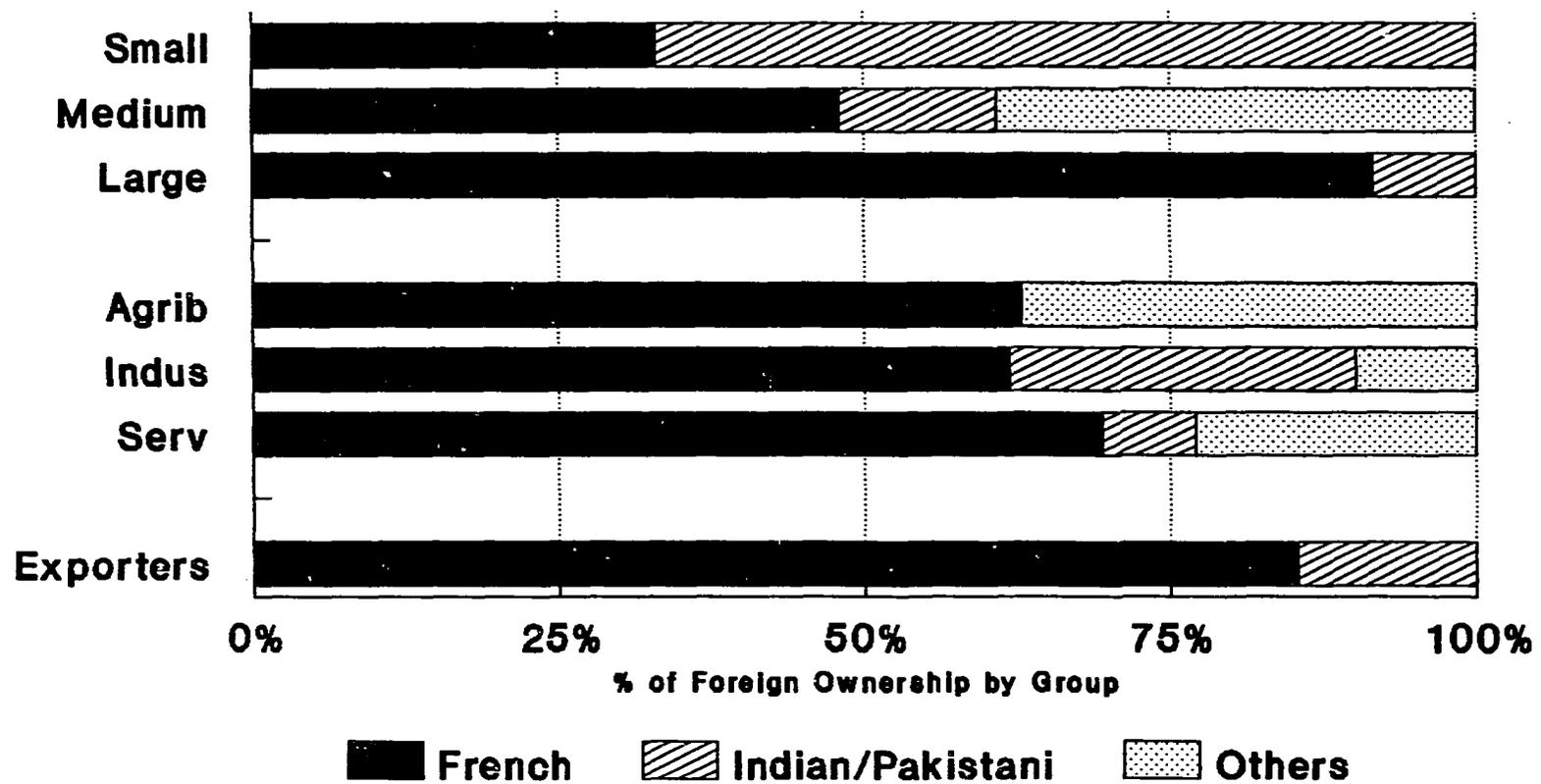
Source: MAPS Private Sector Survey
March 1991

Question 21

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Exhibit 8B

Average Shares of Foreign Ownership By Size of Firm and Sector of Activity



Source: MAPS Private Sector Survey
March 1991

Question 22

EXHIBIT 9

**SUMMARY DESCRIPTIVE STATISTICS BY FIRM TYPE
AVERAGE RESPONSE FOR:**

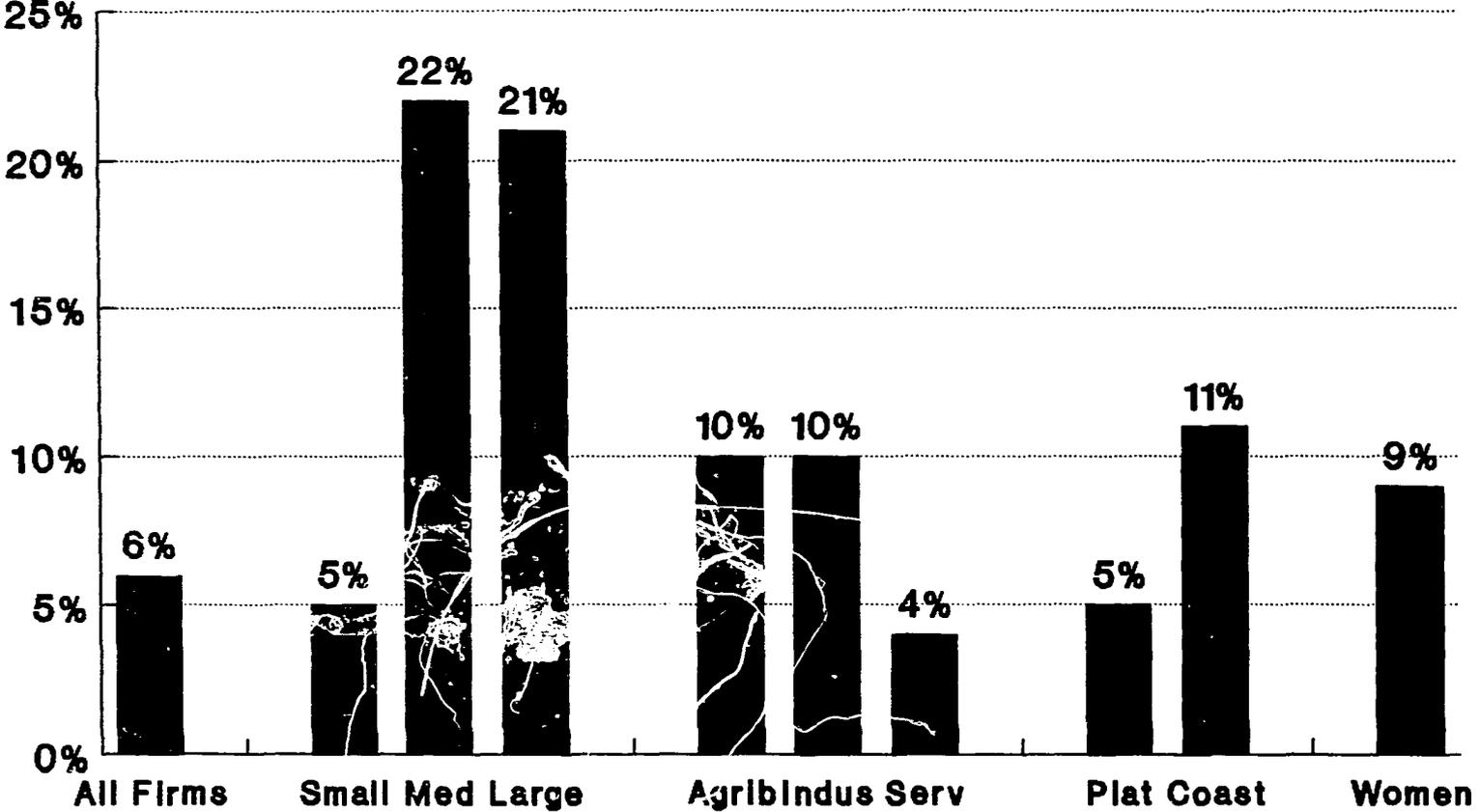
	Owner Operated	Micro Enterprise	Small/ Scale	Medium Scale	Large Scale	Malagasy Owned	Foreign Owned	Women Owned
Women as % of Total Workforce	41%	28%	13%	10%	16%	29%	13%	60%
% of Management Female	62%	34%	23%	16%	15%	29%	13%	47%
% of Management Malagasy	100%	95%	100%	90%	71%	100%	53%	100%
% Sales Exported	0%	1%	5%	22%	21%	4%	17%	9%
% Sales to GDRM/SOE	0%	2%	8%	8%	21%	5%	15%	1%
% Raw Materials Imported Directly	0%	1%	4%	26%	32%	6%	27%	5%
% Raw Materials from GDRM/SOFs	19%	5%	8%	21%	14%	33%	30%	8%
% Equity French	0%	0%	33%	48%	66%	0%	61%	0%
Avg Years Operating	10	9	11	18	27	11	30	10

SOURCE: MAPS Private Sector Survey, March 1991

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Exhibit 10

Percent of Sales Exported by Type of Firm



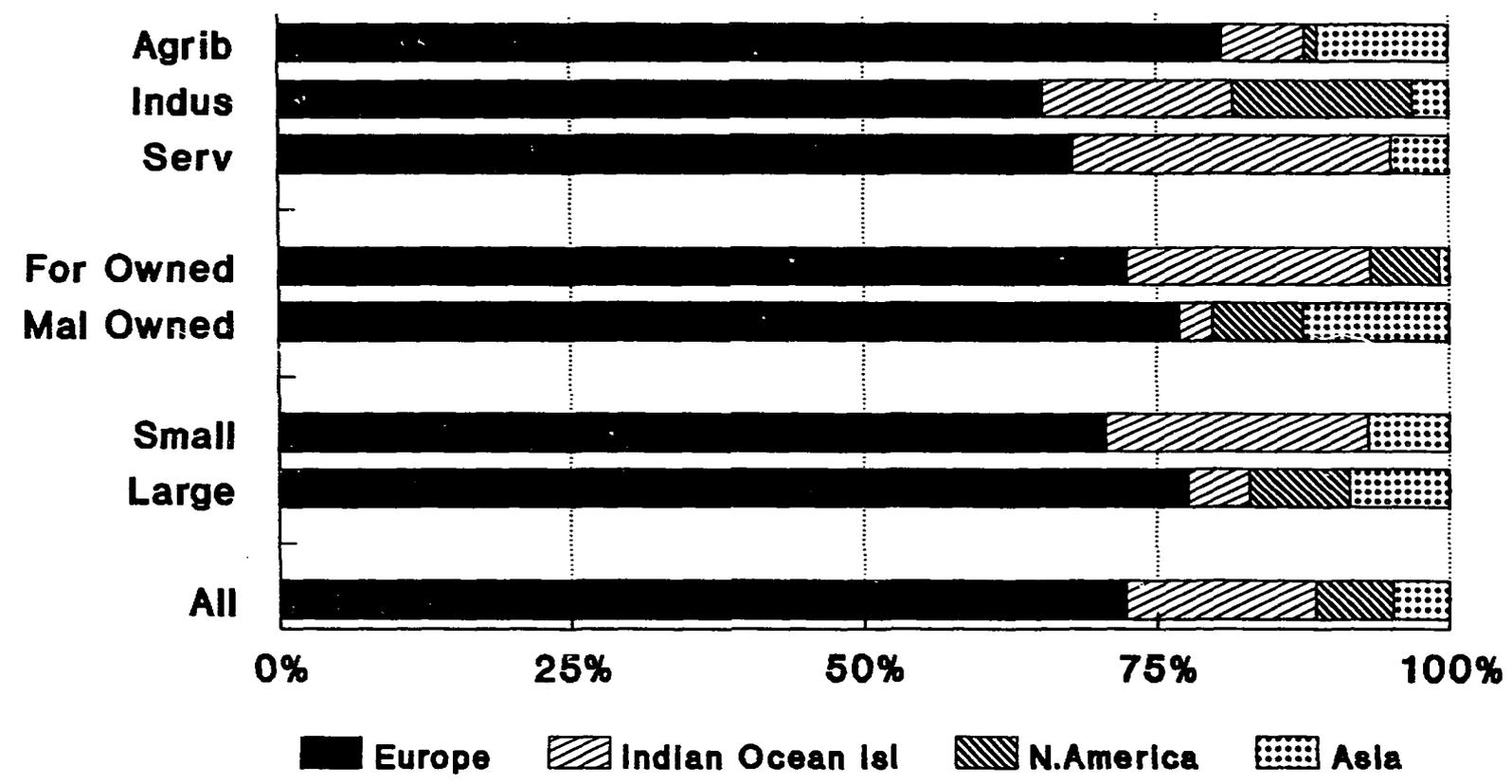
Source: MAPS Private Sector Survey
March 1991

111

Exhibit 11

Destination of Exports

% of All Exports to Each Market



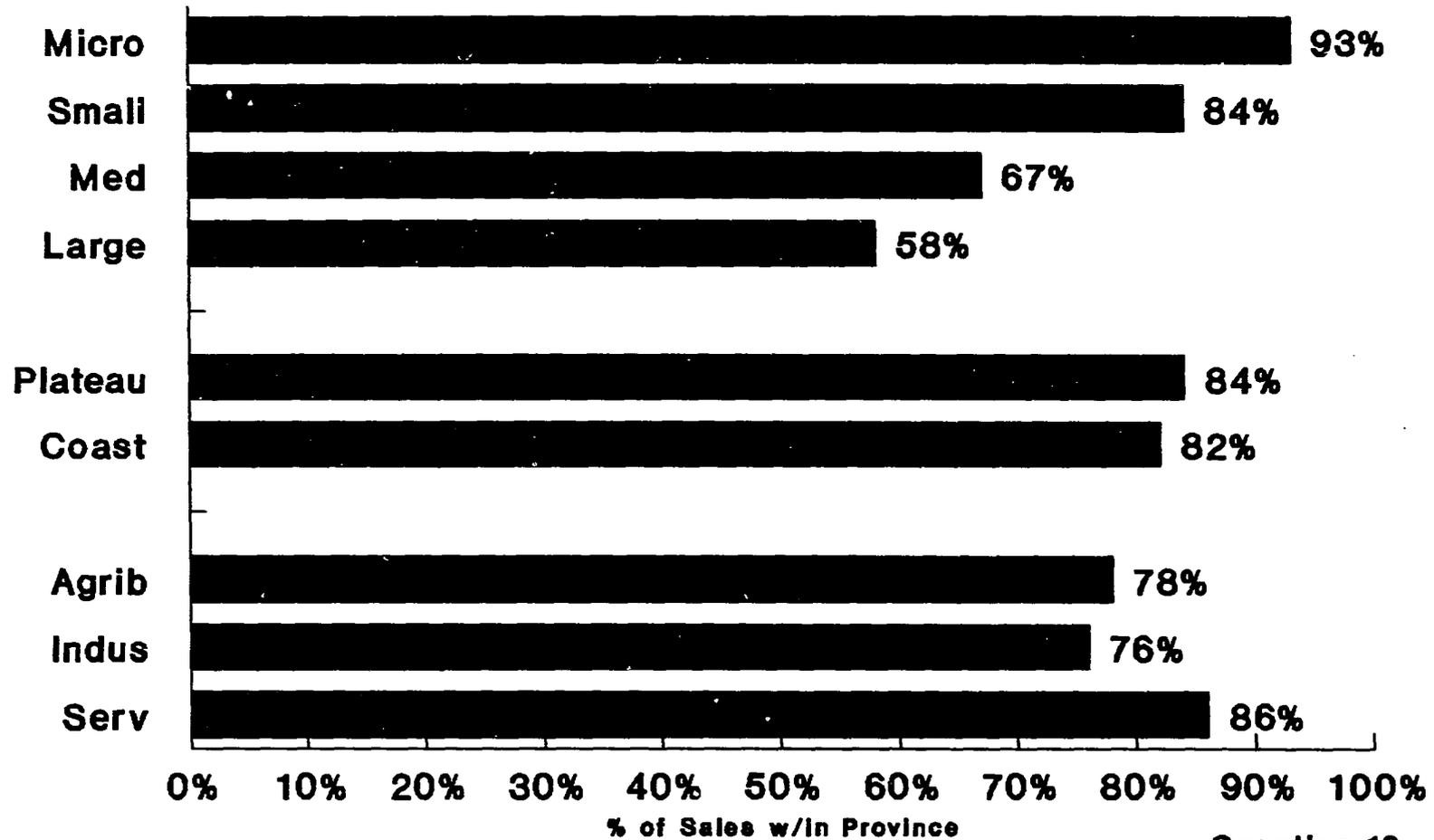
Source: MAPS Private Sector Survey

Question 16

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Exhibit 12

Percentage of Sales within Province

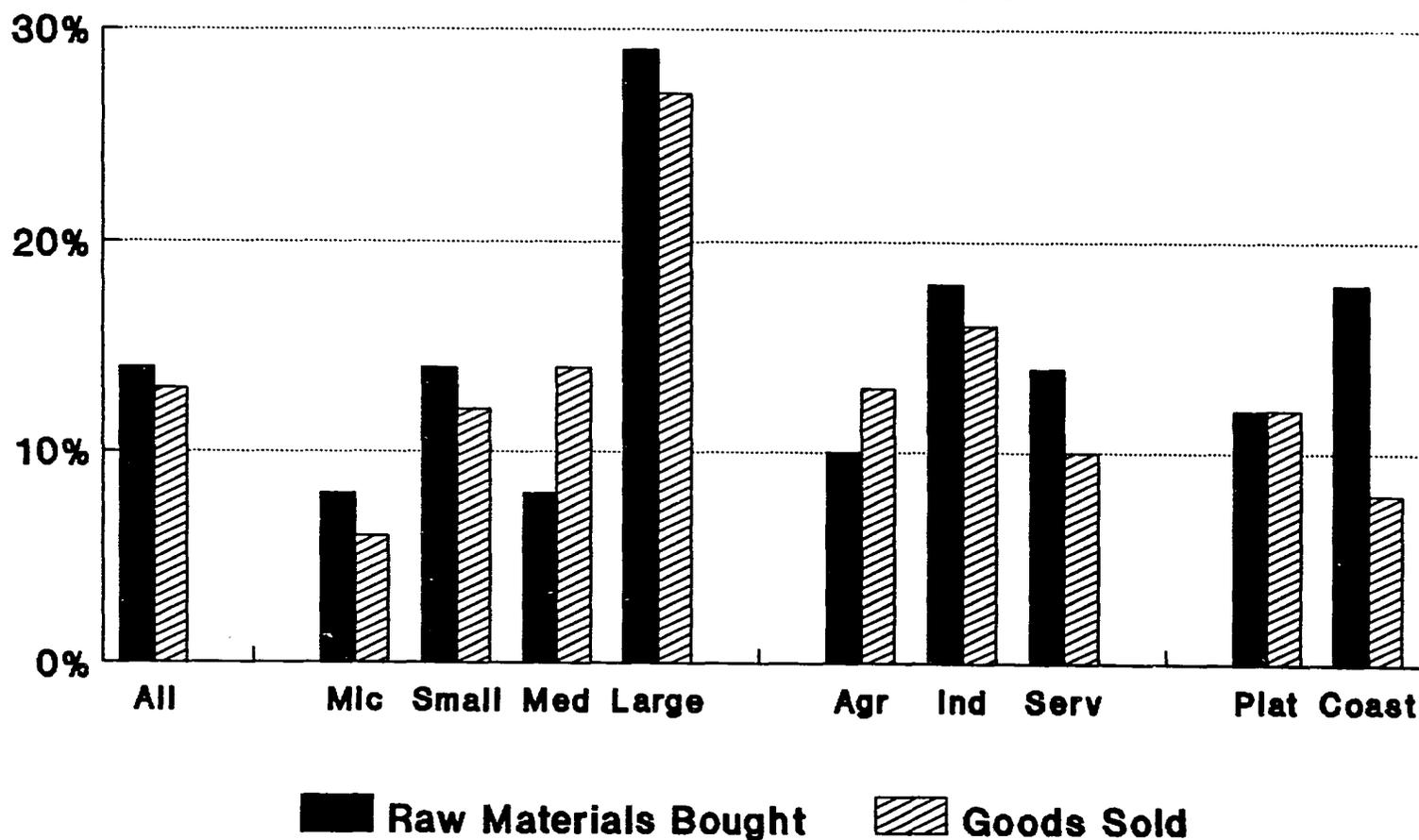


Source: MAPS Private Sector Survey
March 1991

Question 16

off

Exhibit 13 Inter-Provincial Trade % of All Sales and Raw Materials from Outside the Province



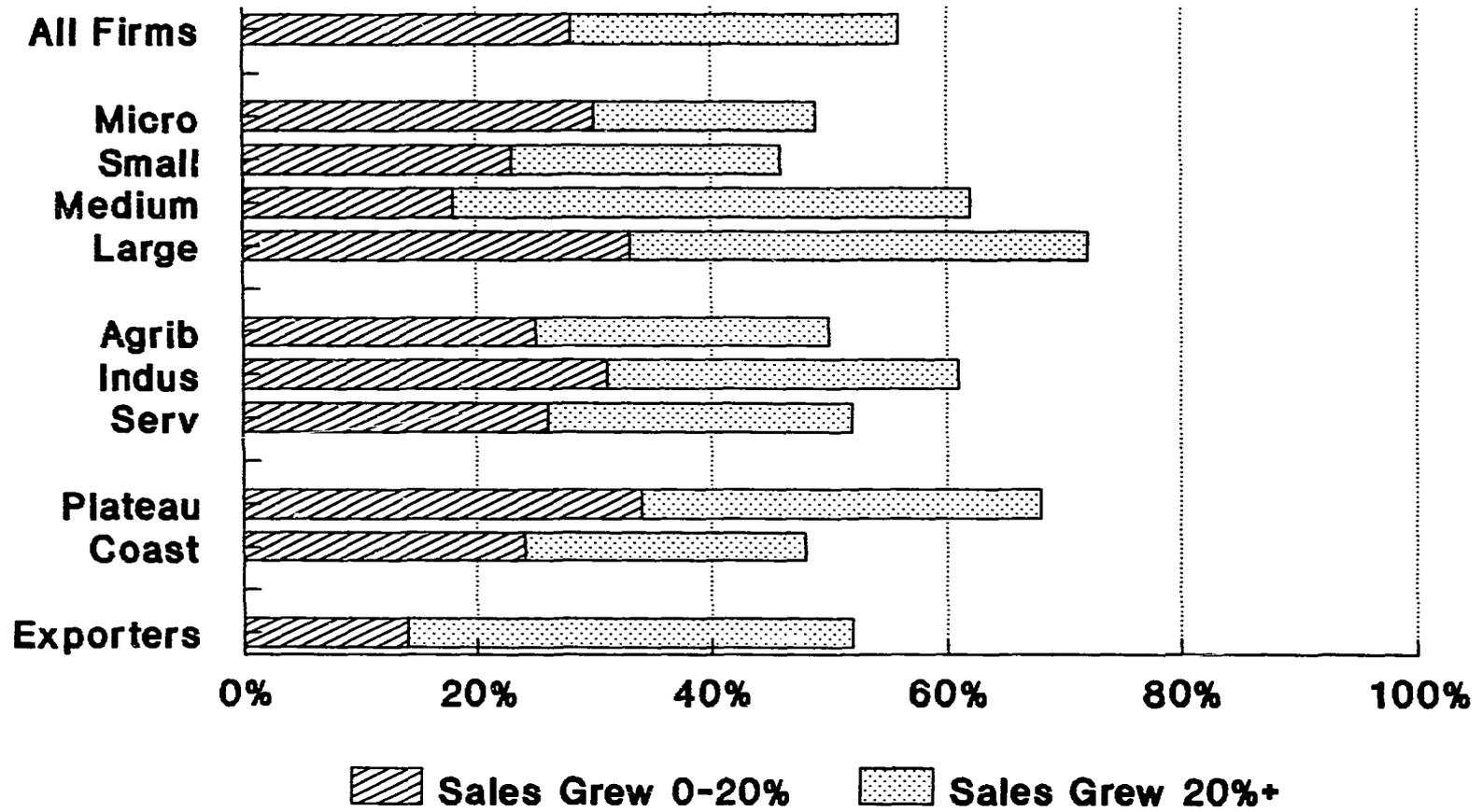
Source: MAPS Private Sector Survey
March 1991

Questions 16,19

47

Exhibit 14A

Sales Growth Last Year



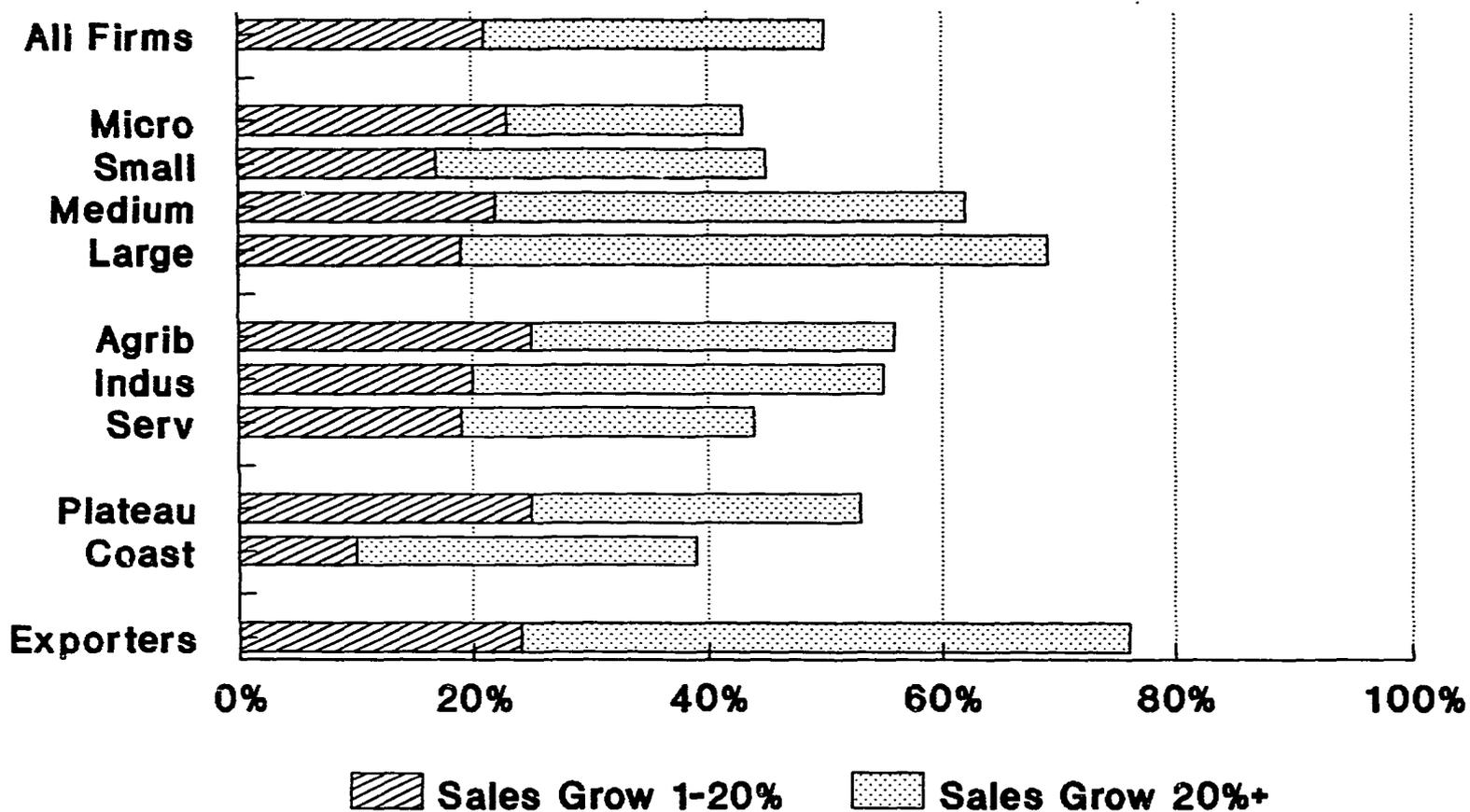
Source: MAPS Private Sector Survey
March 1991

Question 28

89-

Exhibit 14B

Expected Sales Growth Next Year

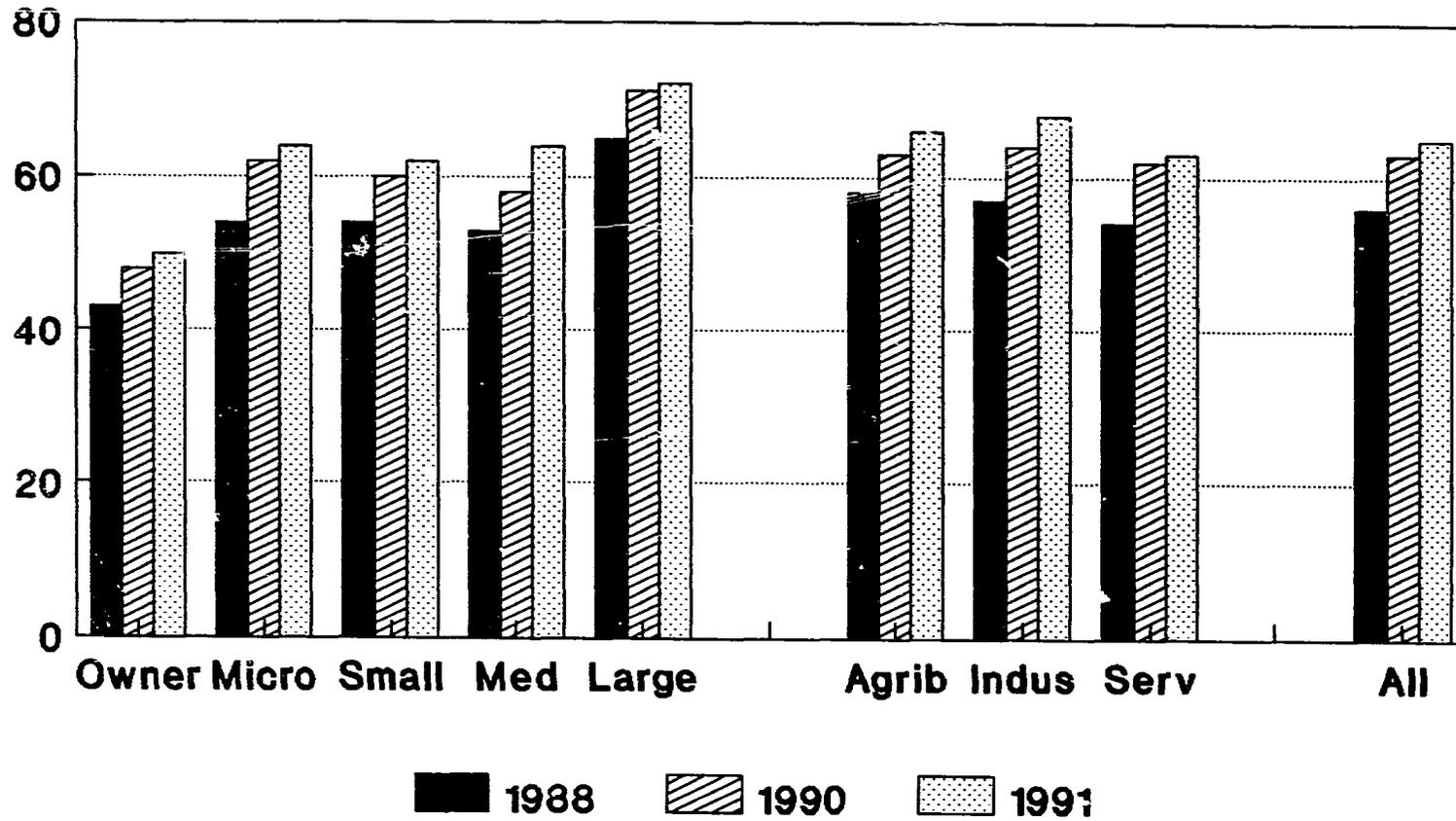


Source: MAPS Private Sector Survey
March 1991

Question 29

Exhibit 15

Average Capacity Utilization by Type of Firm



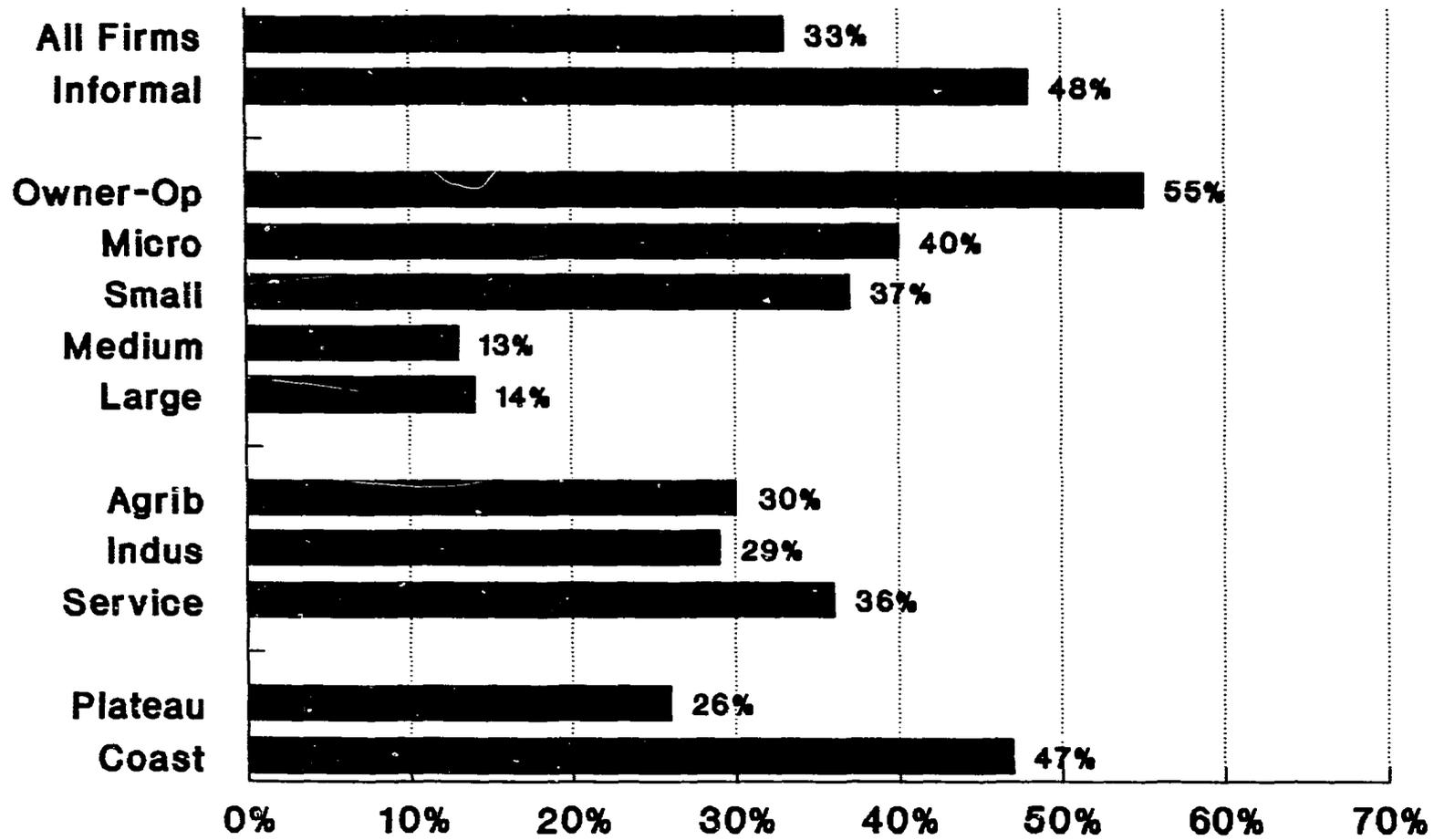
Source: MAPS Private Sector Survey
March 1991

N-350
Question 30

Exhibit 16

Sales Uncertainty

Percent Who Are Uncertain About Next Year's Sales



Source: MAPS Private Sector Survey
March 1991

Question 29

EXHIBIT 17

15

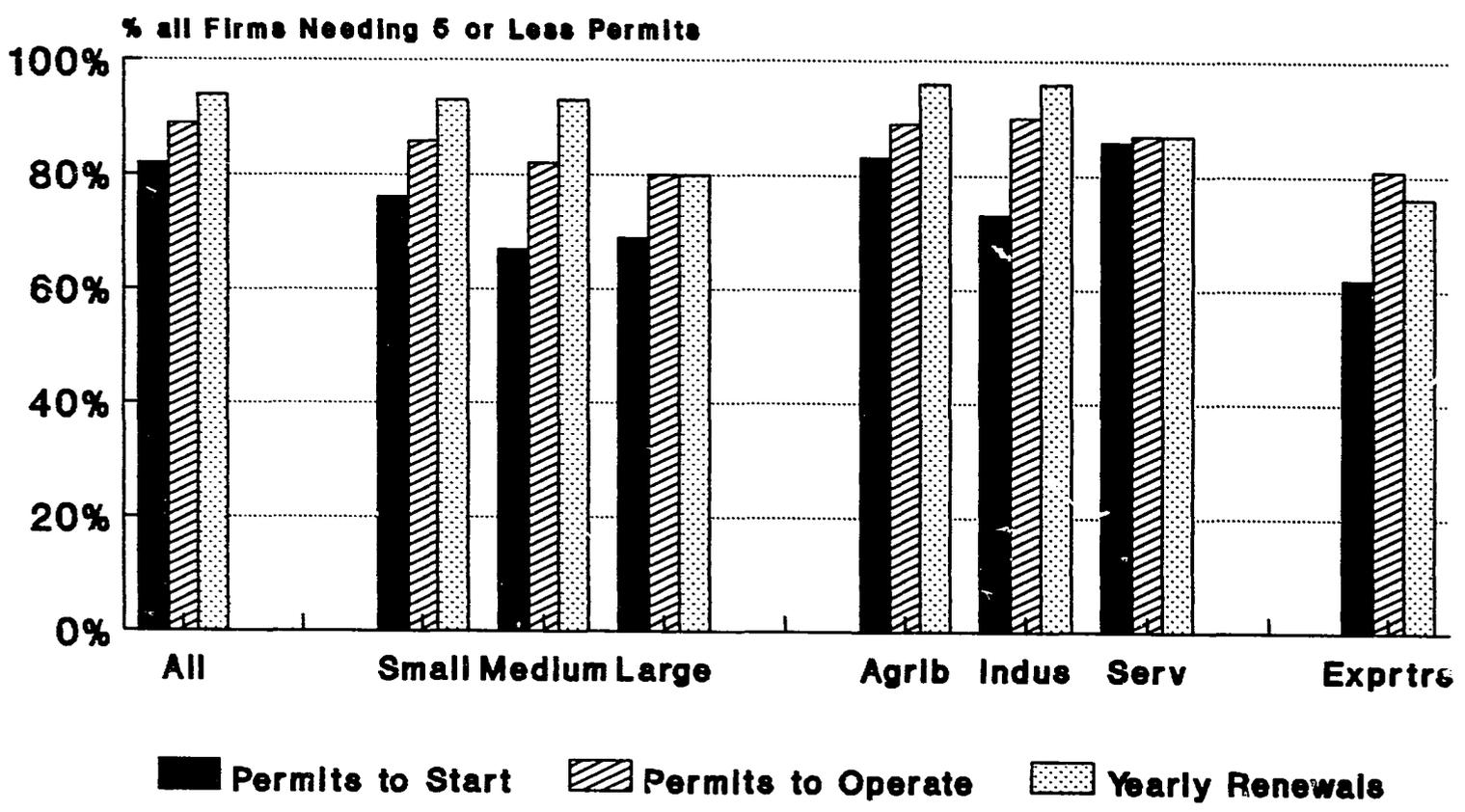
GDRM REGULATIONS AFFECTING SALES VOLUME

	All Firms	Owner Operated	Micro Enterprise	Medium	Large	Agrib	Industry	Services	Foreign Owned	Malagasy Owned
Credit Controls	46%	18%	36%	50%	53%	39%	49%	47%	55%	43%
Tax Policies	31%	7%	29%	28%	38%	19%	45%	28%	20%	33%
Tariffs/Quotas	26%	0%	20%	31%	39%	3%	46%	23%	35%	23%
Customs Regulations	25%	0%	18%	30%	36%	10%	42%	24%	31%	38%
Price/Margin Controls	17%	10%	20%	24%	17%	16%	18%	17%	13%	18%
Administrative Formalities	15%	40%	51%	48%	34%	21%	23%	22%	12%	20%
Labor Code (Hiring/Firing Regs)	14%	0%	9%	18%	13%	11%	13%	16%	10%	14%
Export Licensing Procedures	13%	0%	14%	9%	22%	3%	21%	9%	24%	9%
Labor Code (Wage Regs)	12%	0%	10%	24%	13%	14%	14%	11%	17%	28%
Import Licensing Procedures	2%	0%	14%	23%	18%	6%	13%	8%	15%	13%

SOURCE: MAPS Private Sector Survey, March 1991

Exhibit 18

Number of Operating Permits Required by Type of Firm



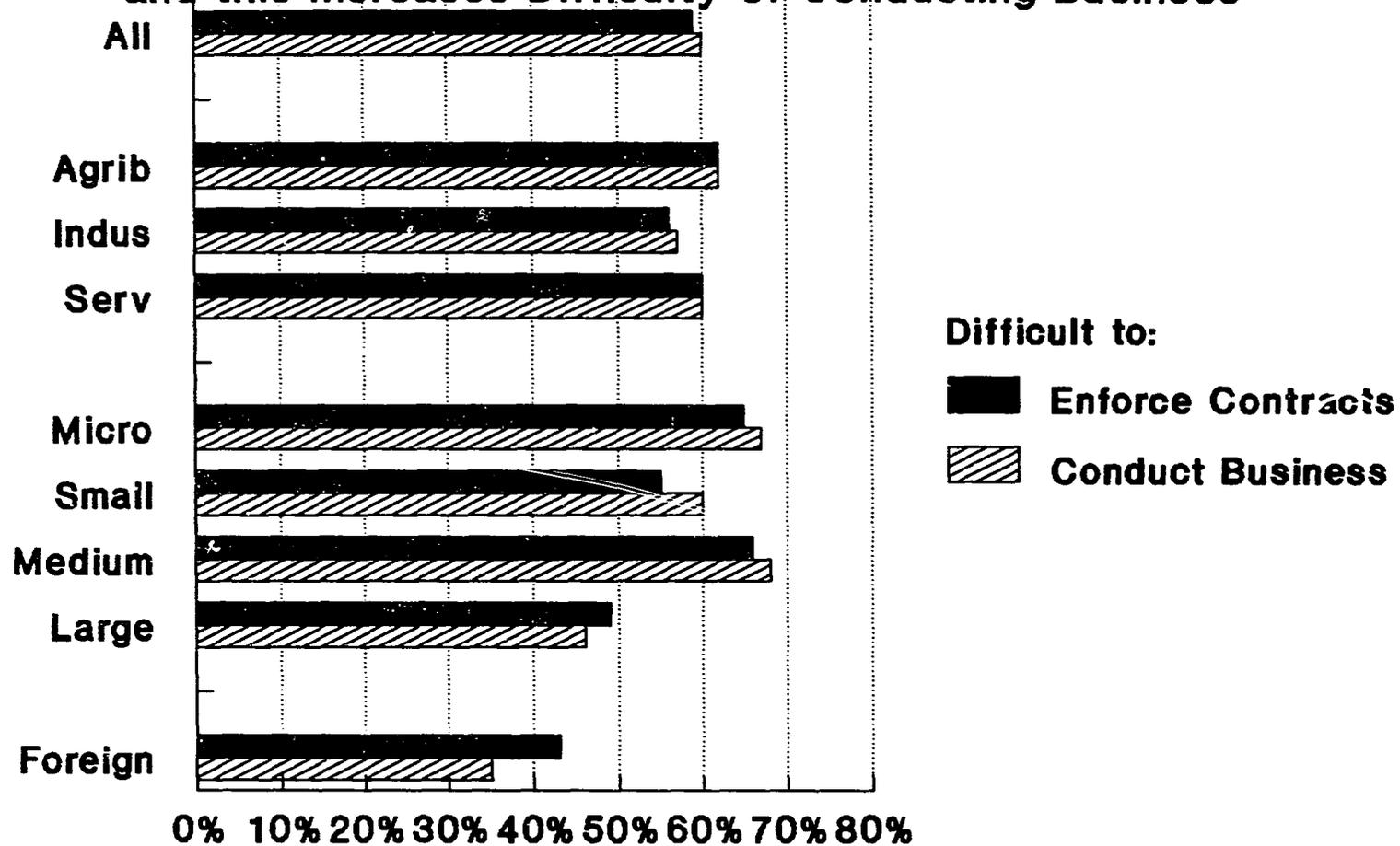
Source: MAPS Private Sector Survey
March 1991

Questions 6,8,9

Exhibit 19

The Commercial Legal Environment

% of Firms Responding that Contract Enforcement is Difficult and this Increases Difficulty of Conducting Business

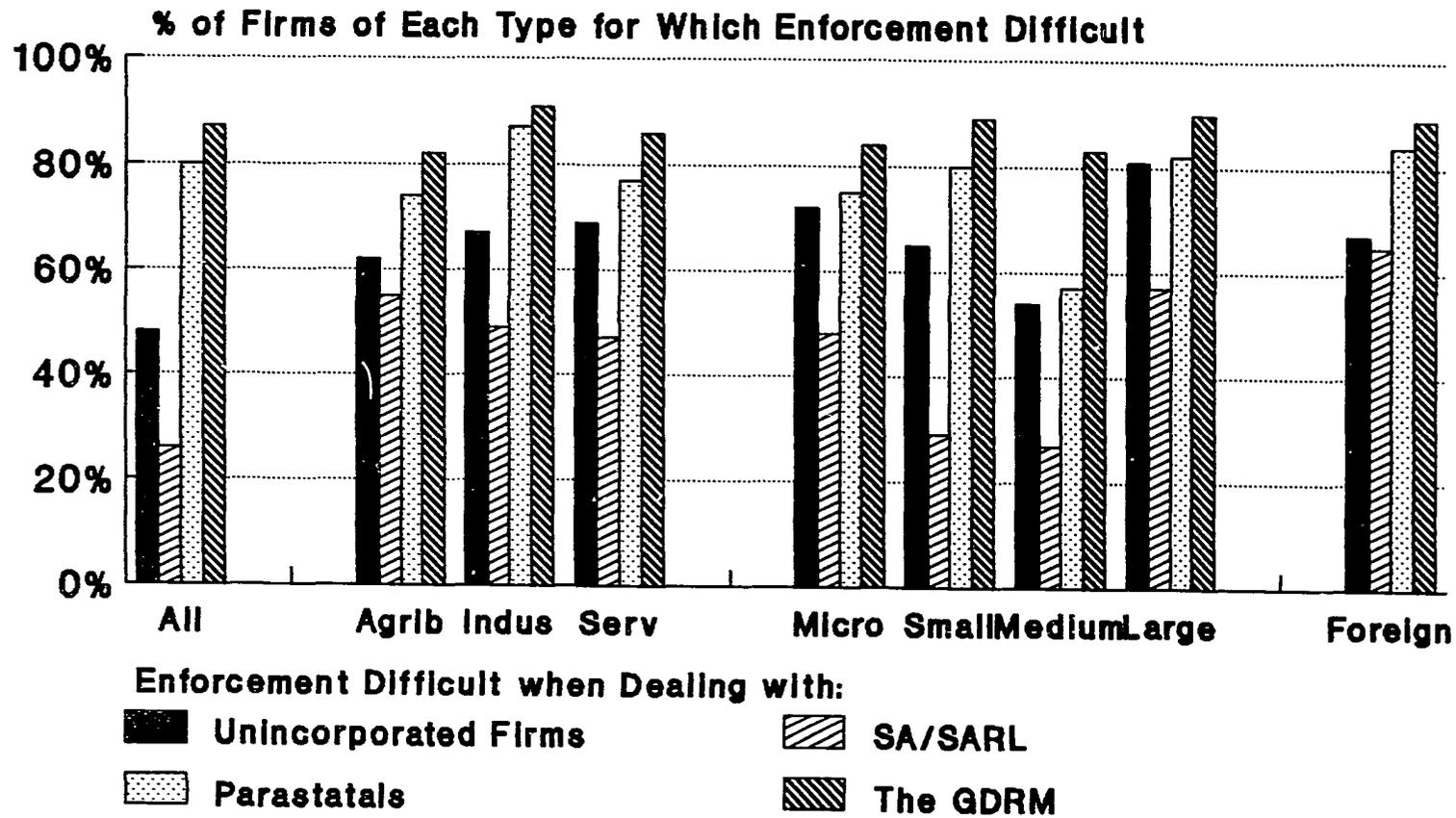


Source: MAPS Private Sector Survey
March 1991

Question 60

Exhibit 20

The Commercial Legal Environment: Perceptions of Contract Enforcement

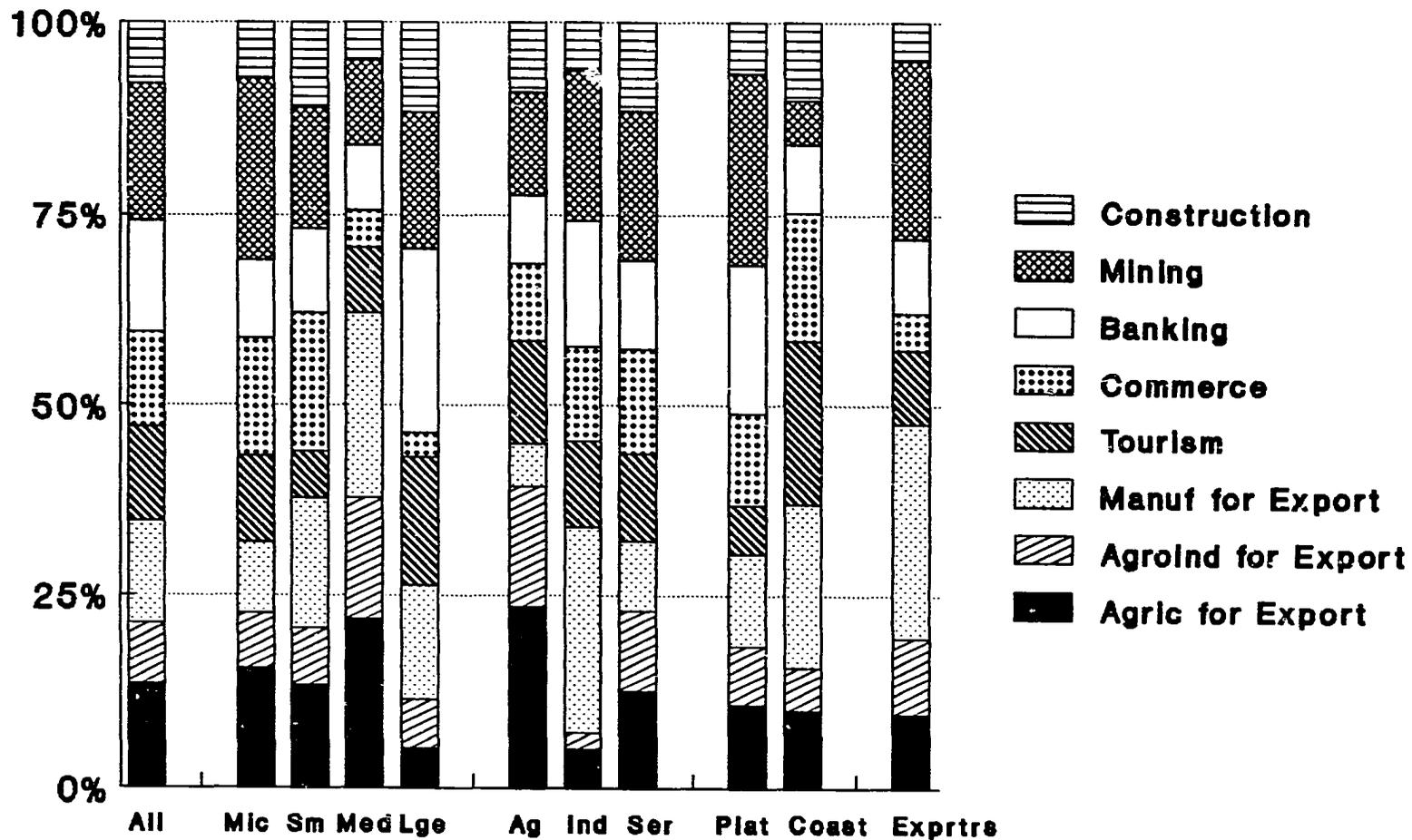


Source: MAPS Private Sector Survey
March 1991

Question 61

Exhibit 21

Best Investment Opportunities



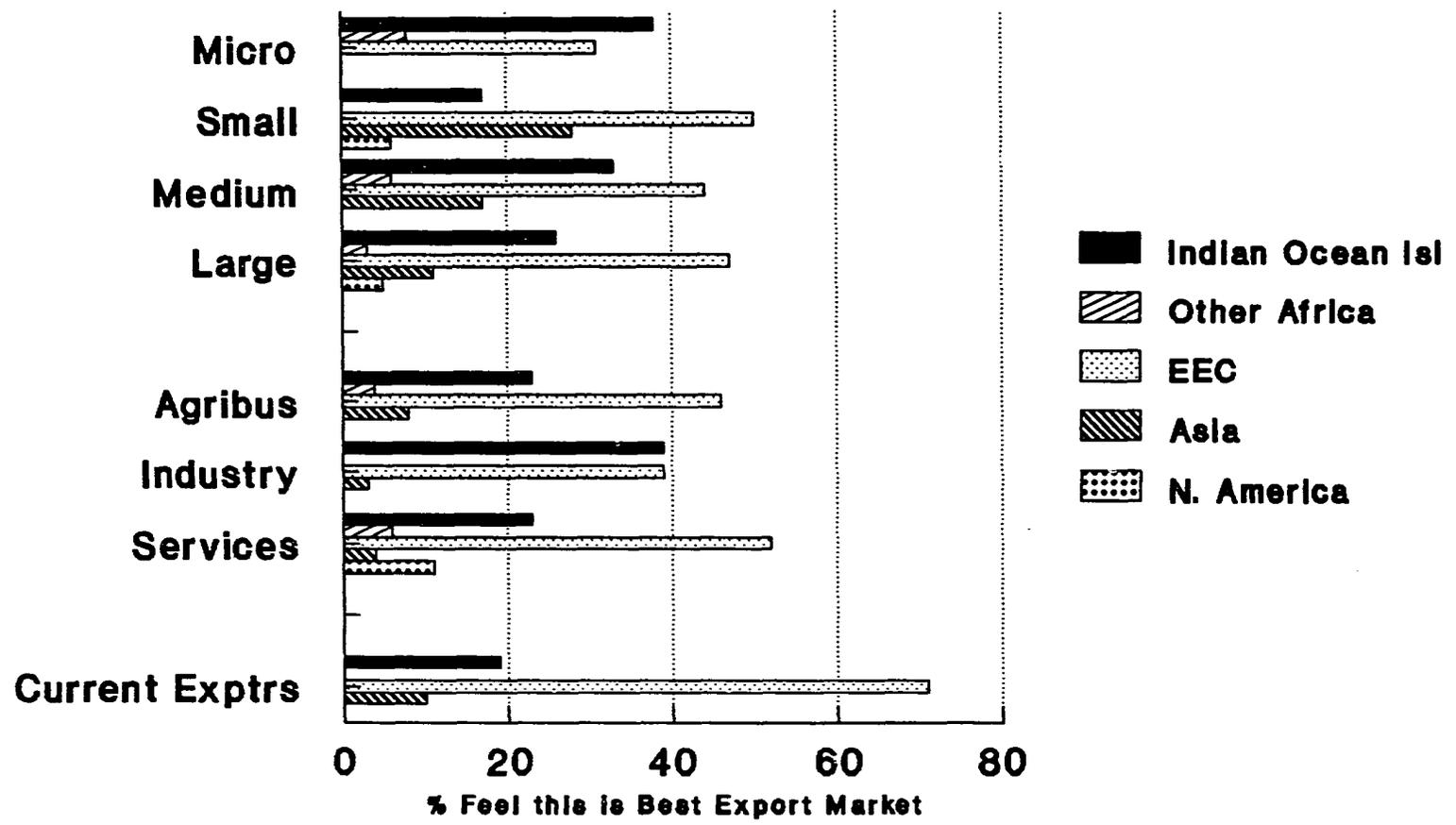
Source: MAPS Private Sector Survey
March 1991

Question 64

Exhibit 22

Best Export Markets

by Size of Firm and Sector of Activity



Source: MAPS Private Sector Survey
March 1991

Question 67

EXHIBIT 23

15

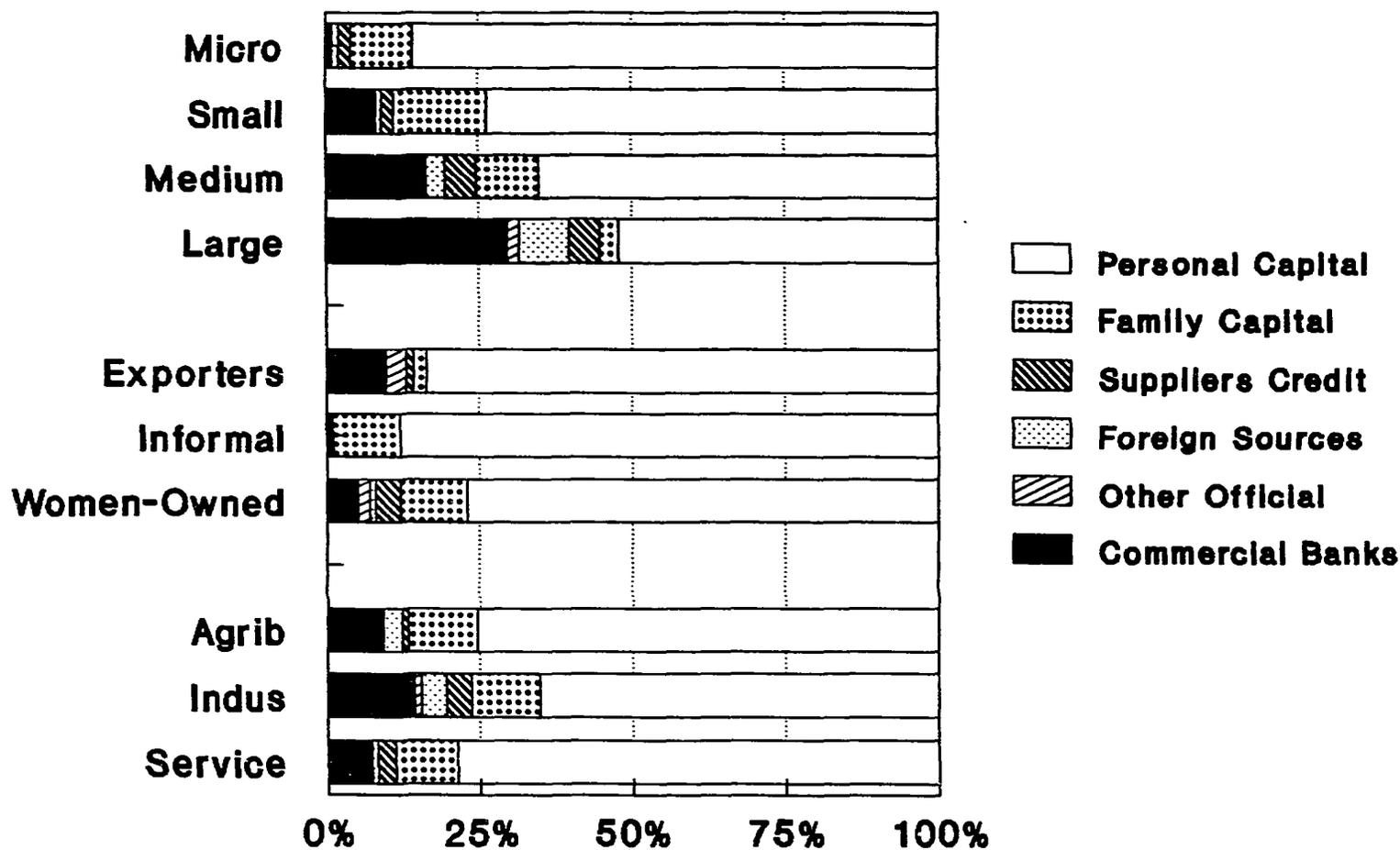
CRITICAL PRODUCTIVITY CONSTRAINTS

	Micro	Medium	Large	Malagasy	Foreign	Women	Agribus	Industry	Services	Exptrs	Informal
Lack of Access to Land	8%	11%	20%	13%	20%	8%	20%	15%	11%	14%	9%
Uncertain Tenure	44%	17%	9%	33%	20%	33%	33%	31%	31%	31%	46%
Access to Managers	5%	17%	47%	55%	68%	35%	28%	33%	23%	54%	2%
Access to Tech Personnel	57%	30%	28%	49%	53%	50%	41%	58%	48%	48%	11%
Access to Professionals	50%	29%	33%	53%	54%	45%	45%	51%	61%	38%	44%
Lack of Access to Credit	36%	66%	46%	52%	42%	46%	43%	49%	57%	60%	29%
Access to Technology	40%	23%	19%	34%	11%	39%	39%	23%	32%	29%	35%
Land Transport Cost	67%	53%	70%	40%	53%	69%	61%	61%	60%	83%	59%
Road Infrastructure	8%	70%	81%	30%	81%	45%	63%	59%	61%	82%	45%
Telecommunication Costs	80%	61%	79%	80%	74%	90%	68%	72%	88%	83%	78%
Cost of Electricity	78%	62%	80%	79%	73%	91%	61%	79%	84%	75%	84%

SOURCE: MAPS Private Sector Survey, March 1991

Exhibit 24

Sources of Credit by Type of Firm

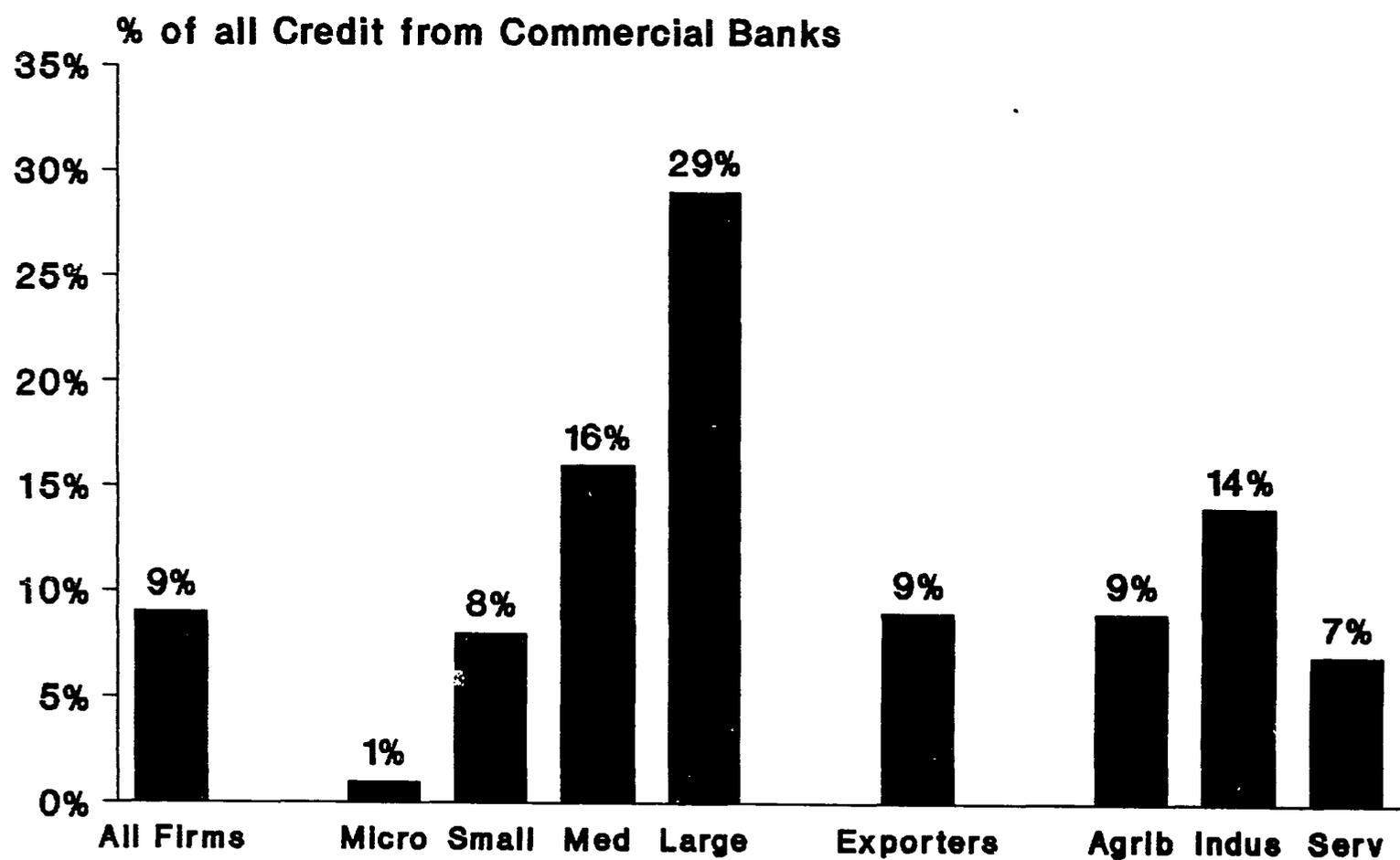


Source: MAPS Private Sector Survey
March 1991

Question 49

Exhibit 24B

% of All Credit from Commercial Banks



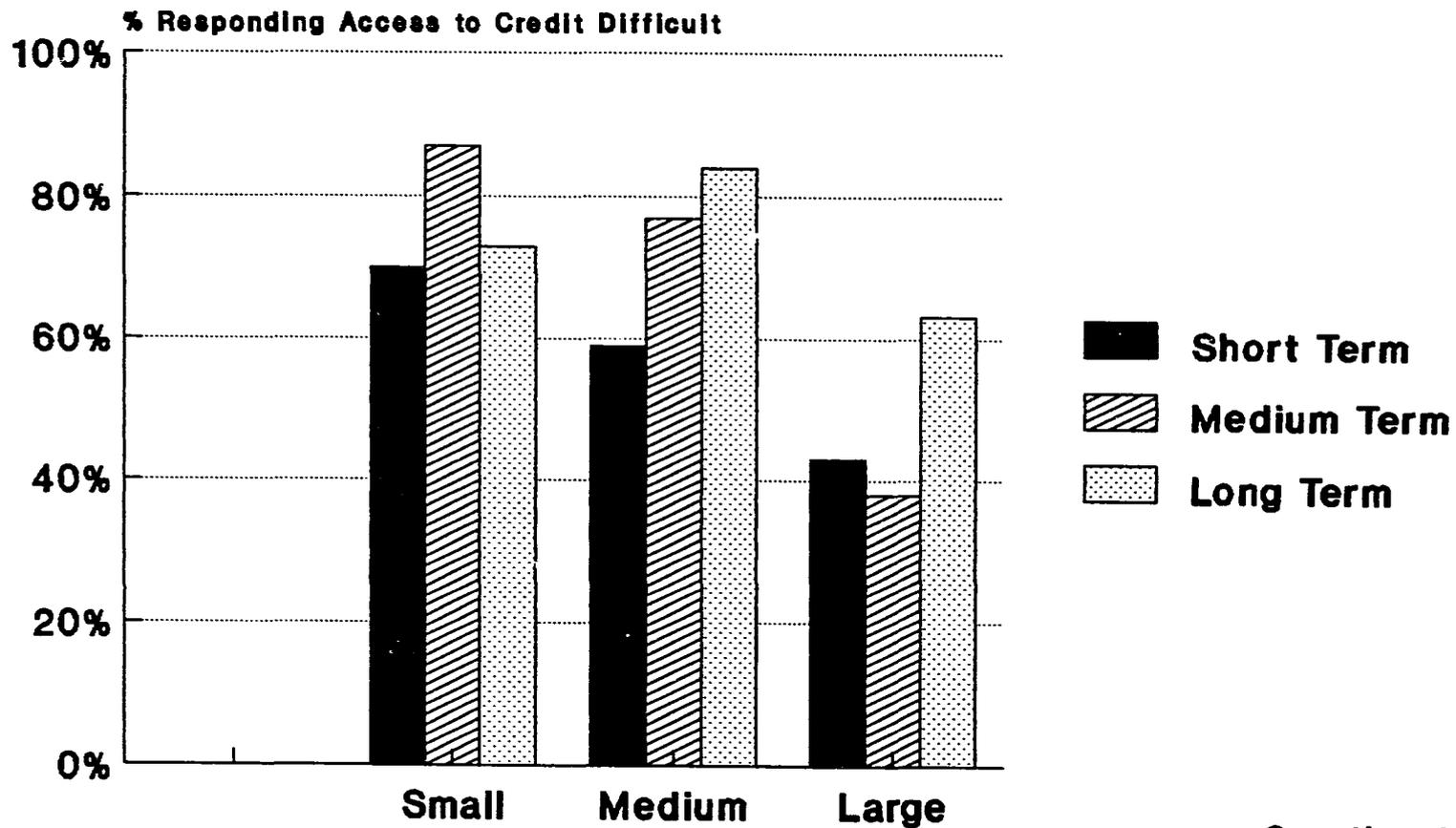
Source: MAPS Private Sector Survey
March 1991

Question 49

60

Exhibit 25

Access to Medium and Long-Term Credit By Size of Firm



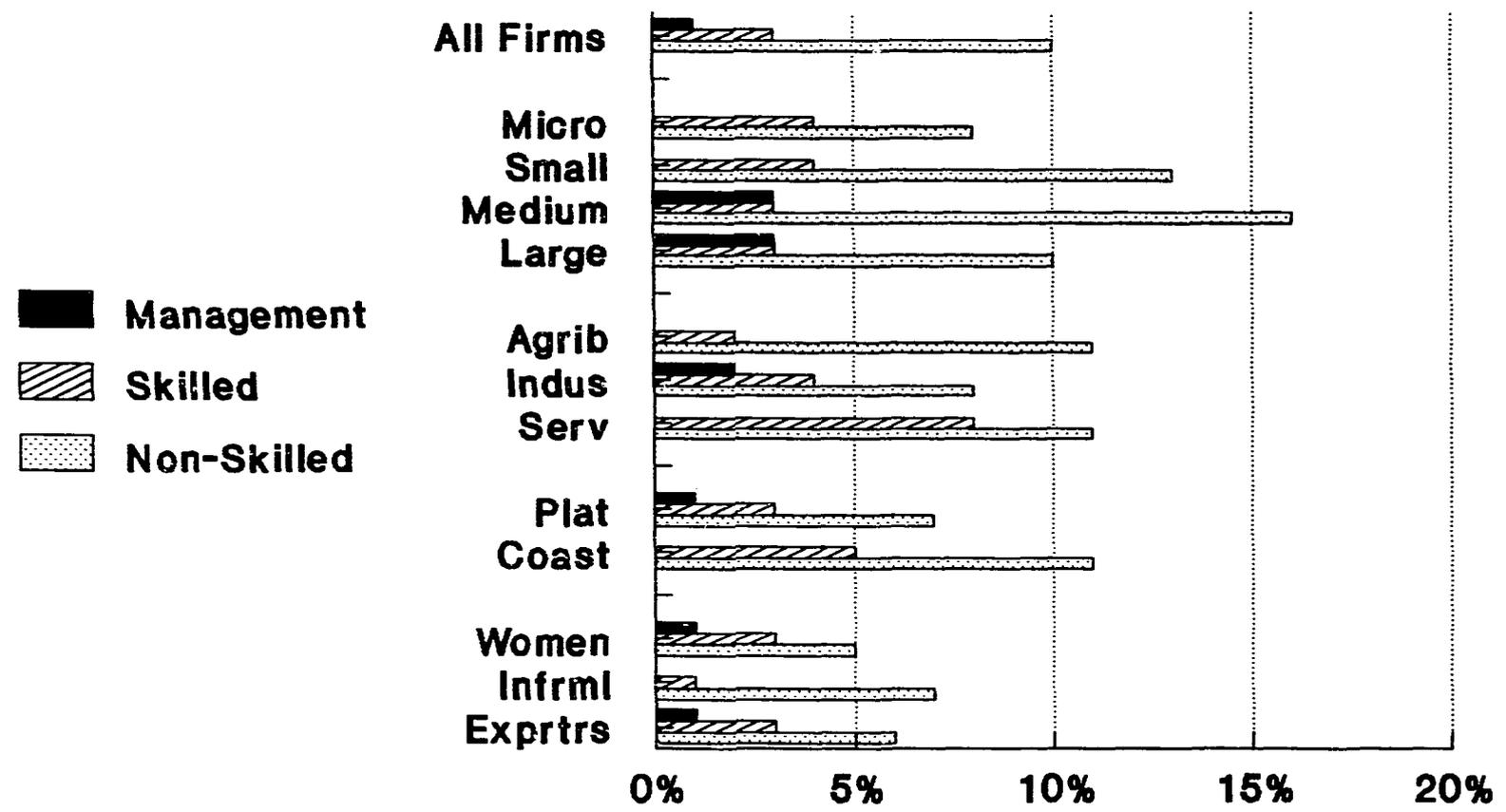
Source: MAPS Private Sector Survey
March 1991

Question 48
N=350

Exhibit 26

Personnel Turnover

Annual Turnover Ratios by Type of Firm



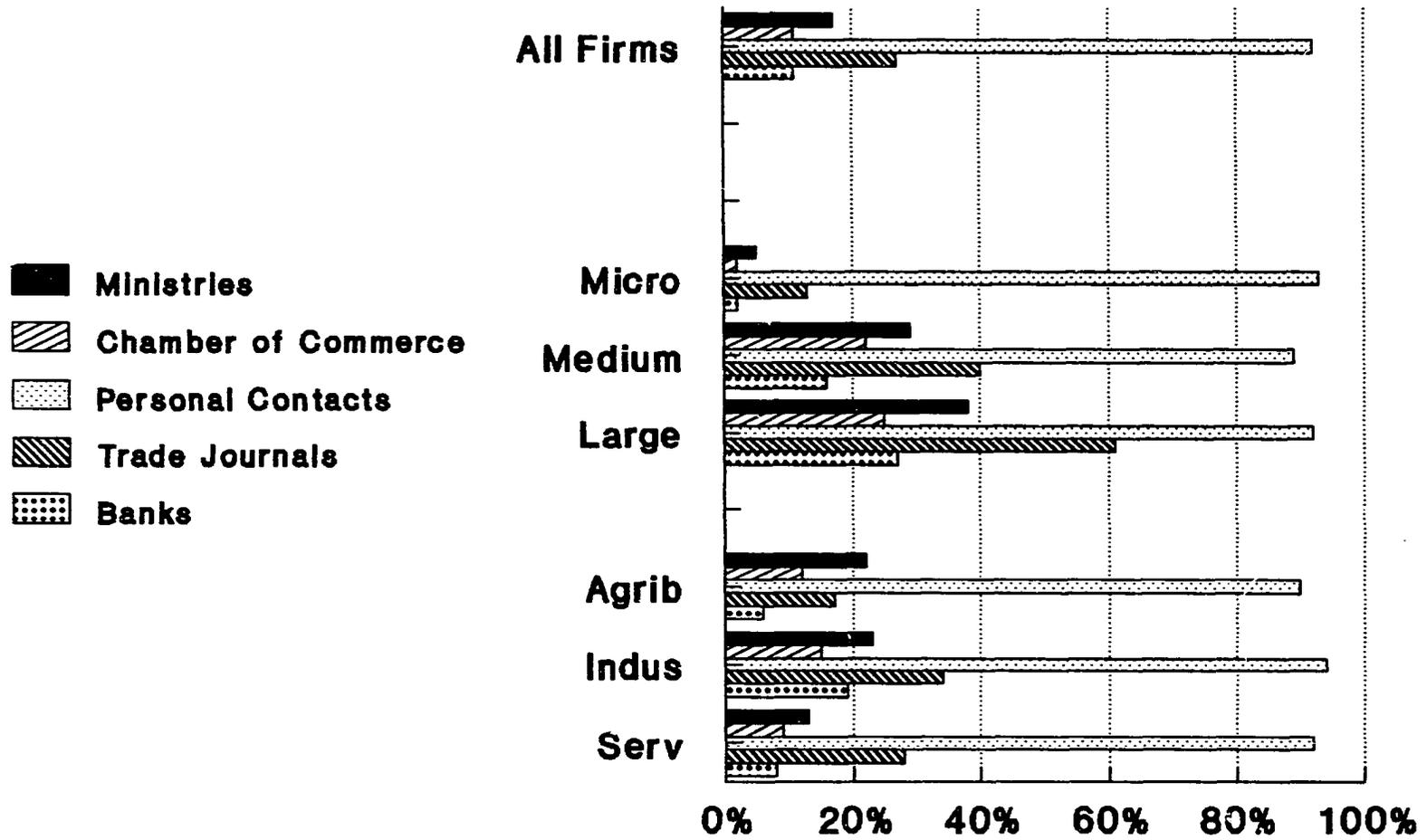
Source: MAPS Private Sector Survey
March 1991

Question 46

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Exhibit 27

Sources of Market Information



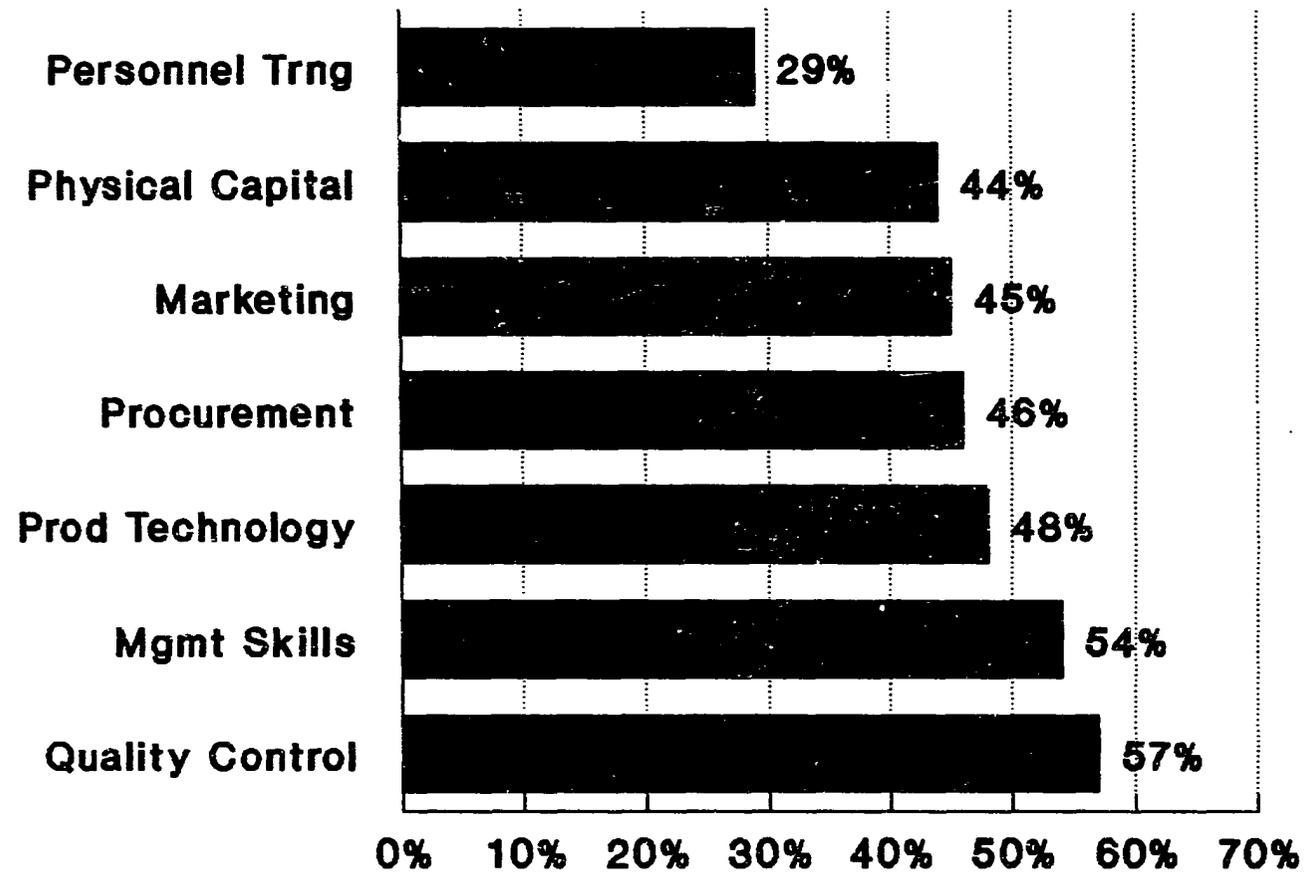
Source: MAPS Private Sector Survey
March 1991

Question 56

Exhibit 28

Areas of Investment

% Planning to Invest in:



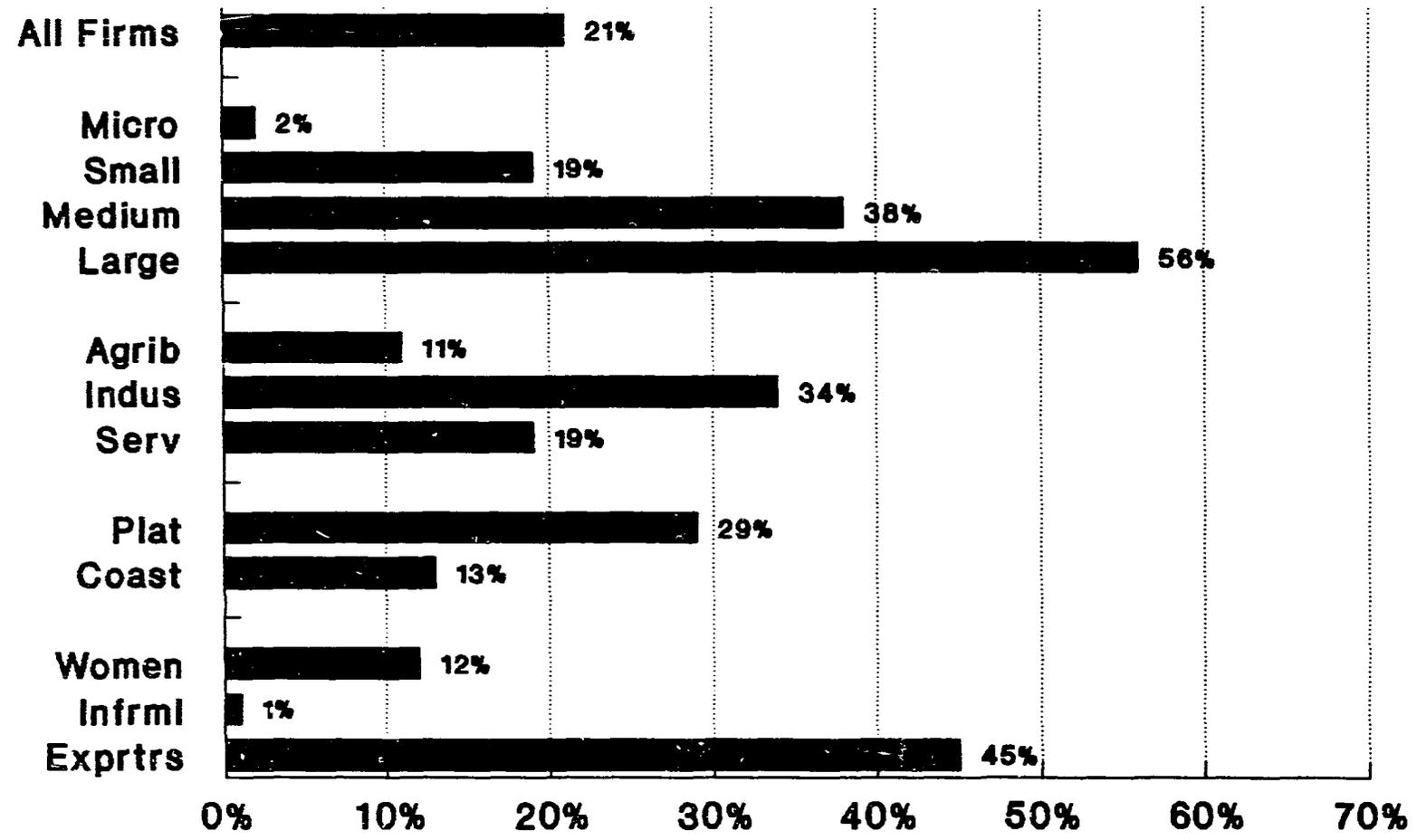
Source: MAPS Private Sector Survey
March 1991

Question 65

Exhibit 29

Membership in Business Associations

Percent Belonging to Any Association

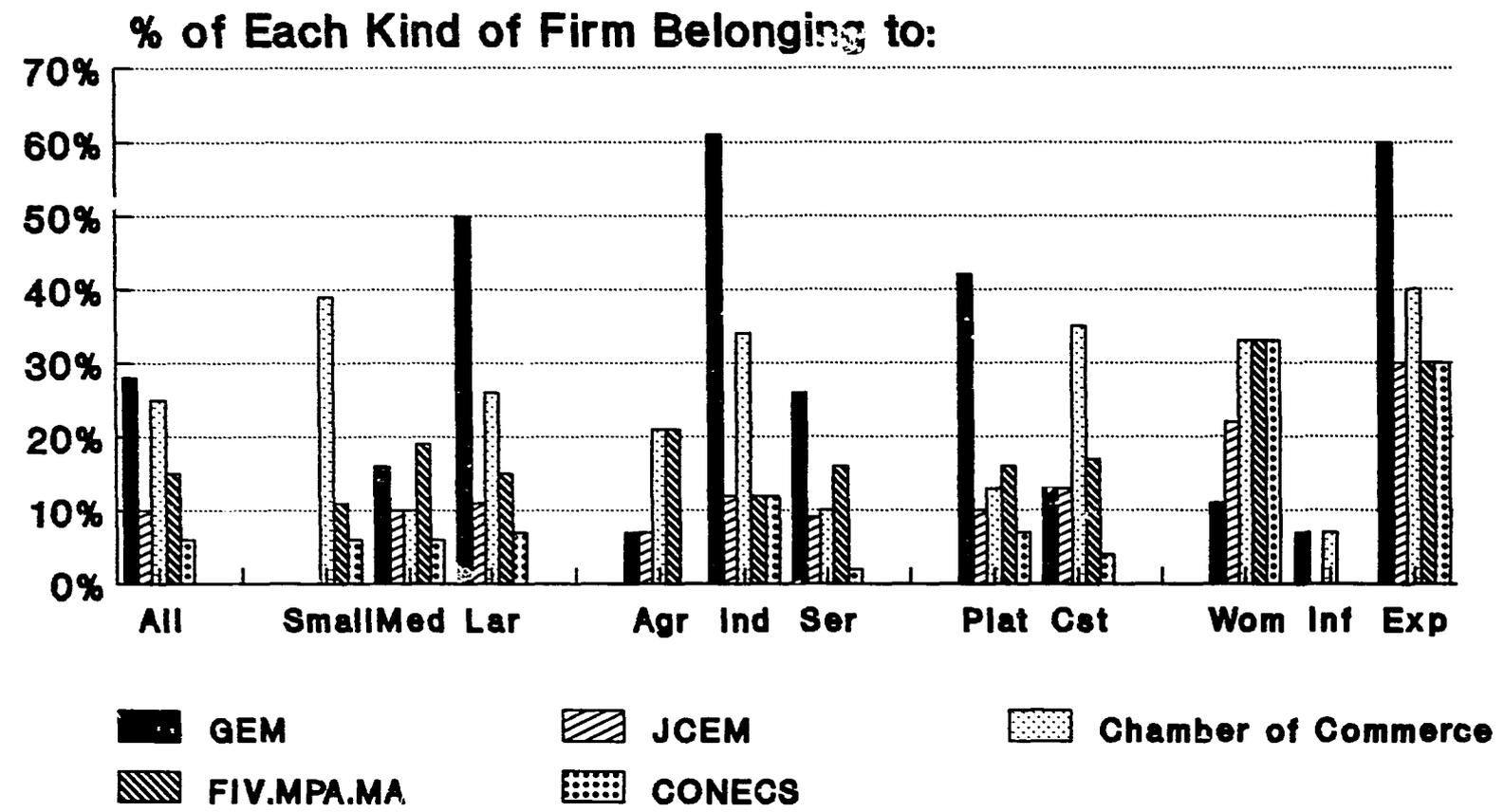


Source: MAPS Private Sector Survey
March 1991

Question 72

Exhibit 30

Membership in Associations by Type of Firm

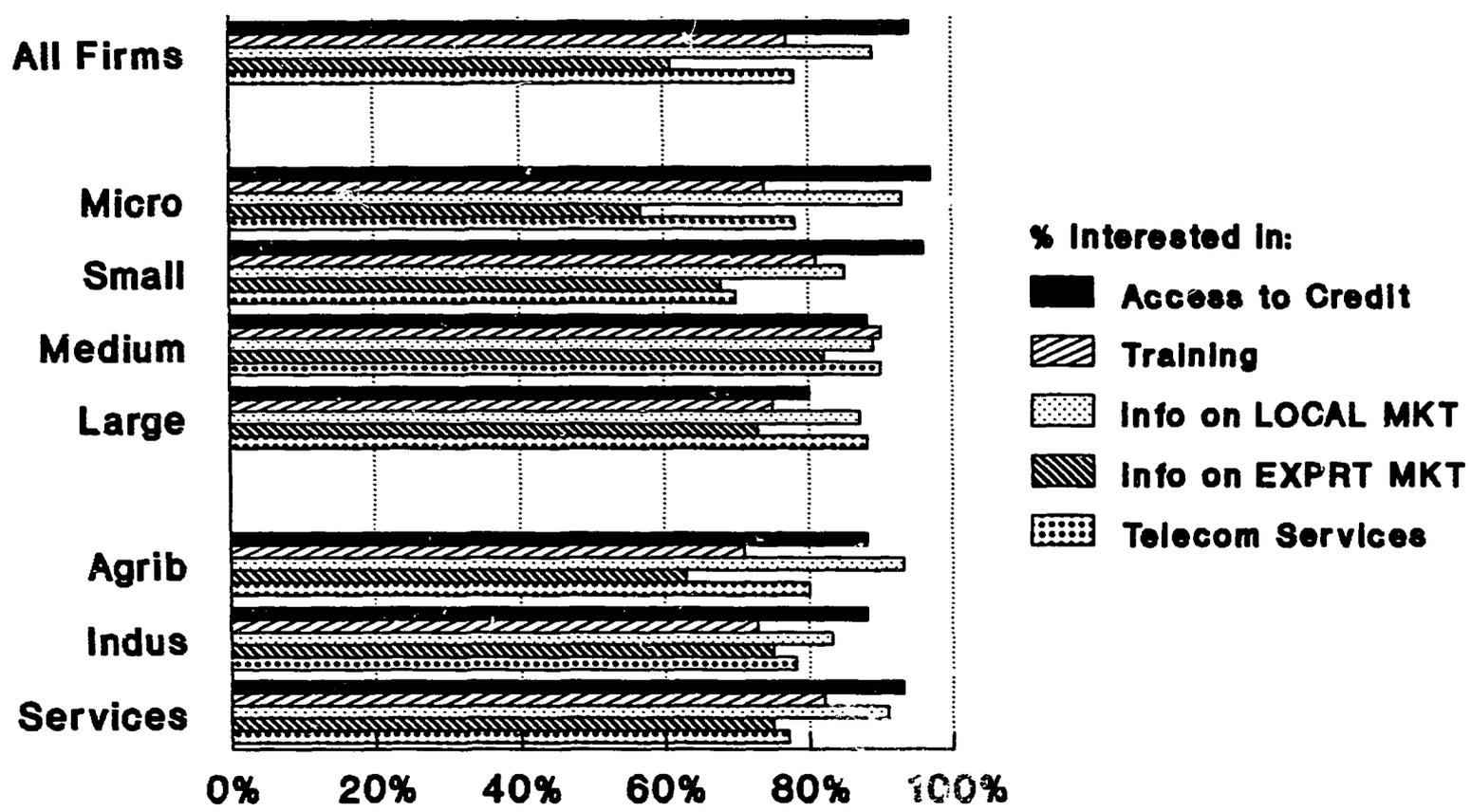


Source: MAPS Private Sector Survey
March 1991

Question 74

Exhibit 31

Demand for Association Services (Most Sought After Services)



Source: MAPS Private Sector Survey
March 1991

Question 75

APPENDIX A

FREQUENCY DISTRIBUTIONS AND SURVEY QUESTIONNAIRE

La presente enquete, qui est financee par l'Agence americaine pour le developpement international (USAID), a pour but de collecter des informations sur le secteur prive a Madagascar, sur ce que pensent les hommes d'affaires sur divers aspects de l'activite economique et sur le climat general des affaires dans le pays.

Ces informations permettront a USAID/Madagascar de formuler sa strategie de developpement pour les annees a venir. Les informations obtenues dans le cadre de cette enquete seront considerees comme confidentielles. Neanmoins, on n'est pas tenu de reprendre aux questions jugees trop delicat.

Position de la personne interviewee: (1) Proprietaire
(2) Gerant
(3) Professionnel/
technicien
(4) Autres

Date de l'etude: / / jour/mois/annee

Nom de l'intervieweur:

Approuve par :

Questionnaire no. :

1. Source d'echantillonnage (Cercler une reponse):
(1) Registre officiel (70%) (2) Echantillonnage informel (30%)
2. Location de l'entreprise (Cercler une reponse):
(1) Antananarivo (42%) (2) Antsirabe (9%) (3) Tamatave (7%)
(4) Mahajanga (6%) (5) Antsiranana (6%) (6) Nosy Be (3%)
(7) Fiananarantsoa (6%) (8) Toliary (5%) (7) Autres (17%)

Section 1: INFORMATION GENERALE SUR L'ENTREPRISE

3. Quelle est l'importance que l'on a accordee aux criteres suivants, quand on a choisi le lieu d'implantation de votre entreprise?

(Pour chaque critere mettez ou bien 1 = important; 2 = pas important; 3 = vous ne savez pas)

	<u>1</u>	<u>2</u>	<u>3</u>
(a) Proximite des matieres premieres	43%	50%	7%
(b) Proximite de la main d'oeuvre	39%	55%	5%
(c) Proximite des clients pour mes produits	68%	30%	2%
(d) Infrastructure de transport	40%	50%	11%
(e) Electricite	40%	46%	14%
(f) Securite qu'offre la propriete	47%	38%	15%
(g) Considerations personnelles	51%	29%	19%
(h) Acces aux sources de financement	24%	49%	28%
(i) Autres: (Precisez) _____	11%	19%	69%

4. Depuis combien de temps votre entreprise a t-elle ete operationnelle: 14 ans

5. De quel sexe sont les proprietaires (ou la majorite des actionnaires) de l'entreprise (Cerclez une reponse)

(1) masculin	(2) feminin	(3) Proportion	(4) Vous ne
72%	17%	egale d'actions	savez
		repartie entre	pas
		les deux sexes	
		9%	3%

6. Combien de permis, licences ou autorisations avez-vous besoin d'obtenir por l'implantation ou le demarraige de votre entreprise (Cerclez une reponse)¹⁸

(1) 0-5	(2) 5-10	(3) 11-15	(4) 16-20	(5) plus de 20
82%	12%	3%	2%	1%

¹⁸par exemple: visa d'entree et de sejour, acte de constitution, legalisation du statut, enregistrement devant le tribunal du commerce, declaration du bureau des societes (taxe professionnelle) du service des contributions (TUT, etc...) permis de construire, demande d'installation electrique et d'eau courante, demande d'installation telephonique, licence d'importation, etc.

7. Combien de temps vous a t-il fallu pour obtenir les papiers necessaires pour pouvoir debuter les operations (Cercler une reponse)
- | | | | |
|--------------|---------------|----------------|----------------|
| (1) 0-6 mois | (2) 7-12 mois | (3) 13-18 mois | (4) 19-24 mois |
| 88% | 7% | 2% | 1% |
- (5) plus de 24 mois 2%
8. De combien de permis et de licences environ avez vous besoin pour exploiter votre entreprise? (Cercler une reponse)
- | | | | | |
|---------|----------|-----------|-----------|----------------|
| (1) 0-5 | (2) 5-10 | (3) 11-15 | (4) 16-20 | (5) plus de 20 |
| 89% | 8% | 2% | 0% | 1% |
9. Combien de permis et de licences dont vous avez besoin pour exploiter votre affaire sont renouvelables chaque annee? (Cercler une reponse)
- | | | | | |
|---------|----------|-----------|-----------|----------------|
| (1) 0-5 | (2) 5-10 | (3) 11-15 | (4) 16-20 | (5) plus de 20 |
| 94% | 4% | 0% | 0% | 2% |
10. Dans quel(s) secteur(s) d'activite se trouve votre entreprise? Marquez toutes les categories par 1=oui ou 2=non
- | | |
|-----|--|
| 23% | (a) agriculture, sylviculture, peche
(si OUI passer a la question 11) |
| 16% | (b) transformation des produits agricoles, des forets, de la peche
(si OUI passer a la question 12) |
| 25% | (c) Industrie de fabrication
(si OUI passer a la question 13) |
| 33% | (d) transaction et commerce
(si OUI passer a la question 14) |
| 30% | (e) autres services (si OUI passer a la question 15) |
| 3% | (f) mines (si OUI passer a la question 16) |
11. Dans quelle activite agricole opere essentiellement votre entreprise? (Cercler une reponse)
- | | | | |
|-----------------------------|-----|---------------------------|----|
| (1) Cafe | 3% | (9) Coton | 1% |
| (2) Cacao | 0% | (10) Sucre | 6% |
| (3) Vanille | 1% | (11) Mais/manioc | 3% |
| (4) Fruits et legumes | 18% | (12) Tabac | 4% |
| (5) Noix, arachides | 3% | (13) Girofle | 0% |
| (6) Riz | 8% | (14) Sylviculture/bois de | |
| (7) Betail | 29% | construction | 4% |
| (8) Culture aquatique-peche | 13% | (15) Poivre | 0% |
| (16) Plantes parfumees | 9% | (17) Autres epices | 0% |
| (18) Autres: Precisez: | 1% | | |

(Passer a la question 16)

12. Dans quelle activite de transformation/conditionnement agricole opere essentiellement votre entreprise? (Cercler une reponse)

(01) Conditionnement du cacao/cafe	6%	(05) Filage/tissage/egrenage	0%
(02) Conditionnement de cereales, fruits et legumes	7%	(06) Raffinerie d'huile essentielle/alimentaire	3%
(03) Produit animal (viande et lait)	28%	(07) Tabac	5%
(04) Peaux/cuir	4%	(08) Transfmtn du bois	17%
		(09) Autres (Precisez):	30%

(Passer a la question 16)

13. Dans quelle activite de manufacture opere essentiellement votre entreprise? (Cercler une reponse)

14%	(01) Artisanat	0%	(08) Chaine (autres)
11%	(02) Vetements/textiles	3%	(09) Biere et boissons
13%	(03) Bois(produits finis)	0%	(10) Machinerie/equipement
1%	(04) Plastique	6%	(11) Papier/produits papeterie
13%	(05) Produits metalliques		
8%	(06) Confiserie/patisserie	3%	(12) Cuir/chaussures
2%	(07) Chaine (electrique/electronique)	8%	(13) Chimique/pharmaceutique

(14) Autres (Precisez): 17%

(Passer a la question 16)

14. Dans quelle activite commerciale opere essentiellement votre entreprise (Cercler une reponse)

19%	(01) Gros	3%	(04) Importation directe
31%	(02) Detail	8%	(05) Exportation
33%	(03) Gros et detail	3%	(06) Importation/Exportation
			(07) Autres (Precizer): 2%

(Passer a la question 16)

15. Dans quelle activite de service opere essentiellement votre entreprise? (Cercler une reponse)

15%	(01) Reparations de vehicules et l'appareils menagers	9%	(05) Rest/Traiteur
		1%	(06) Finance
25%	(02) Transport	16%	(07) Construction
1%	(03) Communication	5%	(08) Cabinet d'etudes
7%	(04) Tourisme (hotel/agence de voyages)	21%	(09) Autres (Precisez):

(Passer a la question 16)

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16. Aproximativement quel pourcentage de vos ventes directes va vers les marches suivants: (Repondez a toutes les questions)
- | | |
|--|-----|
| (a) Dans la province | 82% |
| (b) Hors de la province mais toujours a Madagascar | 12% |
| (c) Maurice, Reunion, Comores | 1% |
| (d) Autres regions d'Afrique | 0% |
| (e) CEE | 4% |
| (f) Autres pays d'Europe | 1% |
| (g) Amerique du Nord | 0% |
| (h) Inde, Pakistan, Sri Lanka | 0% |
| (i) Chine, Hong Kong, Singapore, Japon | 0% |
| (j) autres pays d'Asie | 0% |
| (k) Autres | 0% |
17. Quel pourcentage approximatif de vos produits vendez-vous aux entites suivantes? (Repondez a toutes les questions)
- | | |
|--|-----|
| (a) aux consommateurs | 53% |
| (b) acheteurs du secteur informel | 8% |
| (c) Petits entreprises privees (moins de 10 travailleurs) et detaillants | 13% |
| (d) Entreprises privees plus grandes et grossistes | 17% |
| (e) Agences gouvernementales | 3% |
| (f) Societes d'Etat | 4% |
| (g) Autres (precisez) | 1% |
18. Quel pourcentage de vos produits vendez-vous (Repondez a toutes les questions)
- | | |
|--|-----|
| (a) a travers une cooperative | 1% |
| (b) a une compagnie affiliee a vous ou a un partenaire | 4% |
| (c) a un agent | 10% |
19. Quel est le pourcentage de vos matieres premieres qui ont achetees (Repondez a toutes les questions)
- | | |
|---|-----|
| (a) dans la province | 76% |
| (b) en dehors de la Province mais toujours a Madagascar | 13% |
| (c) Maurice, Reunion, Comores | 0% |
| (d) Autres regions d'Afrique | 0% |
| (e) CEE | 6% |
| (f) Autres pays d'Europe | 1% |
| (g) Amerique du Nord | 0% |
| (h) Inde, Pakistan, Sri Lanka | 0% |
| (i) Chine, Singapore, Hong Kong, Japon | 1% |
| (j) Autres pays d'Asie | 0% |
| (k) Autres | 0% |

20a. Quel est le pourcentage approximatif des matieres
premieres achetees localement aupres des entites suivantes?
(Repondez a toutes les questions)

(a) Societes d'Etat	10%
(b) directement des agriculteurs ou des individus (producteurs)	35%
(c) petites entreprises privees (de moins de 10 travailleurs)	23%
(d) entreprises privees plus grandes	23%
(e) autres	5%

20b. Comment payez-vous normalement vos plus importants
fournisseurs?

Marquez 1=Oui 2=Non

(a) a la livraison	85%	15%
(b) a l'avance	16%	84%
(c) a credit (du fournisseur)	30%	70%
(d) grace aux facilites de decouvert	8%	92%

21. Votre entreprise appartient-elle a un Malgache ou a une
majorite malgache? (Cercler une reponse)

(1) Oui (85%)	(2) Non (15%)
(Si OUI passer a la question 23)	(Si NON passer a la question 22)

22. Quel pourcentage approximatif du total des actions
ordinaires¹⁹ a ete apporte par des non-Malgaches?
(Repondez a toutes les questions)

(a) francais	9%
(b) canadiens	0%
(c) allemands	0%
(d) americains	0%
(e) indiens ou pakistanais	2%
(f) sud africains	0%
(g) chinois	1%
(h) mauriciens	0%
(i) autres etrangers	1%

¹⁹Les actions ordinaires signifient de l'argent ne provenant
pas d'un pret et qui a ete investi dans l'affaire.

23. Est ce qu'il existe une participation des institutions publiques ou parapublique Malgaches dans votre firme? (Cercler une reponse)

(1) Oui 3% (2) Non 96% (3) Vous ne savez pas/ sans commentaires 1%

(si OUI passer a la question 24)

(sinon passer a la question 25)

24. Quel pourcentage du capital de votre entreprise est detenu par des institutions publiques ou parapublique Malgaches? 1 %

25. Lequel des cas suivants decrit le mieux le statut juridique de votre entreprise? (Cercler une reponse)

(1) Entreprise individuelle 56%	(2) Societe a responsabilite limitees (SARL) 16%
(3) societe anonyme (SA) 14%	(4) autres 13%

Section 2: FACTEURS EXPLIQUANT LES PERFORMANCES DE L'ENTREPRISE

26a. Est ce que vous pensez que l'environnement economique actuel est: (Cerclez une reponse)

- 46% (1) Meilleur qu'il y a 3 ans
- 29% (2) Pire qu'il y a 3 ans
- 14% (3) n'a pas change par rapport a il y a 3 ans
- 11% (4) vous ne savez pas

26b. Est ce que vous pensez que l'environnement economique d'aujourd'hui: (Cerclez une reponse)

- 31% (1) est meilleur qu'il y a 12 mois
- 34% (2) est pire qu'il y a 12 mois
- 29% (3) n'a pas change ces 12 derniers mois
- 6% (4) vous ne savez pas

27. S'il nous plait, donnez le chiffre d'affaires de votre entreprise. (Cerclez une reponse)

- 61% (1) entre 0 et 30 millions FMG
- 5% (2) entre 30 et 60 millions FMG
- 3% (3) entre 60 et 100 millions FMG
- 11% (4) entre 100 et 500 millions FMG
- 7% (5) entre 500 et 1.000 millions FMG
- 9% (6) entre 1 et 5 milliards FMG
- 3% (7) plus de 5 milliards FMG

28. Comment a evolue le volume de vos ventes l'annee derniere? (Cerclez une reponse)

- 26% (1) a augmente de plus de 20%
- 26% (2) a augmente de moins de 20%
- 19% (3) n'a pas change
- 13% (4) a diminue de moins de 20%
- 9% (5) a diminue de plus de 20%
- 7% (6) vous ne savez pas

29. Comment évoluera le volume de vos ventes l'annee prochaine? (Cerclez une reponse)

- 29% (1) augmentera de plus de 20%
- 21% (2) augmentera de moins de 20%
- 9% (3) ne changera pas
- 4% (4) diminuera de plus de 20%
- 5% (5) diminuera de moins de 20%
- 33% (6) vous ne savez pas

30. A quel pourcentage de sa capacite, votre entreprise fonctionne t-elle? (Repondez a toutes les questions)
- (a) fonctionne actuellement a 65% de sa capacite
 - (b) fonctionnait a 63% de sa capacite il y a 12 mois
 - (c) fonctionnait a 56% de sa capacite il y a 3 ans

31. De quelle maniere les facteurs suivants ont-ils affecte le volume de vos ventes au cours de l'annee passee?

(Marquez toutes les categories soit par 1=positivement; 2=negativement; 3=sans effet; 4=vous ne savez pas)

(a) demande interieure pour mon produit	69%	12%	14%	5%
(b) demande exterieure pour mon produit	13%	7%	42%	38%
(c) concurrence venant de firmes privees	13%	29%	45%	13%
(d) concurrence venant des societes d'Etat	3%	12%	54%	30%
(e) concurrence de biens legalement importes	5%	14%	47%	34%
(f) concurrence de biens illegalement importes	4%	14%	43%	39%
(g) eloignement des centres de commercialisation	5%	20%	55%	21%
(h) infrastructure des marches (route, port, aeroport)	15%	21%	44%	20%
(i) facilites de transport (exemple: disponibilite d'espace)	18%	13%	45%	25%
(j) Reglementation officielle	4%	21%	48%	28%
(k) taxes et impots	7%	33%	37%	23%
(l) taux de change	7%	17%	33%	43%
(m) technologie de production	21%	12%	39%	29%
(n) autres (precisez)	2%	6%	20%	71%

32. De quelle maniere la Reglementation et les mesures gouvernementales ont-elles affecte les performances de votre entreprise au cours de l'annee derniere?

(Marquez toutes les categories 1=positivement; 2=negativement; 3=sans effet; 4=vous ne savez pas)

(a) Formalites constitutives (ex: legalisation du statut, enregistrement du statut au tribunal de commerce de la localite)	6%	14%	54%	26%
(b) Formalites aupres de l'administration fiscale	9%	20%	48%	23%
(c) Encadrement de credits/controle	3%	29%	31%	35%
(d) Carte d'exportation	1%	6%	38%	55%
(e) Licence d'importation	4%	7%	38%	51%
(f) Controles de prix/marges	4%	11%	50%	34%
(g) legislation du travail sur les salaries	4%	8%	53%	35%
(h) legislation du travail (recrutements/licenciements)	3%	9%	52%	36%
(i) autorisation de travail pour les etrangers et autorisation de sejour	4%	5%	42%	48%
(j) procedures de dedouanement	3%	13%	35%	48%
(k) politiques fiscales	5%	20%	41%	34%
(l) tarifs douaniers et quota	3%	13%	34%	49%
(m) permis d'accès a l'infrastructure	6%	6%	47%	41%
(n) permis minier, forestier permis de peche	1%	5%	41%	53%
(o) dispositions du nouveau code d'investmnt	11%	4%	36%	49%

33. Quels sont parmi les taxes et droits qui suivent ceux que votre entreprise doit payer?
 (Repondez a toutes les questions en utilisant 1=oui; 2=non; 3=vous ne savez pas)

(a)	impots sur les benefices des societes (IBS)	51%	37%	11%
(b)	impots general sur les revenus (IGR)	53%	32%	14%
(c)	impots sur revenus des capitaux mobiliers (ICRM)	28%	54%	17%
(d)	taxes sur terres, foret, peche et sur mines	15%	66%	18%
(e)	taxe forfaitaire sur les transferts (TFT)	8%	71%	20%
(f)	impot foncier sur les terrains, sur la propriete batie, taxe annexe sur la propriete batie (IFT, IFPB, TAPB)	41%	39%	18%
(g)	taxe unique sur les transactions (TUT)	63%	26%	10%
(h)	taxes d'exportations	7%	72%	20%
(i)	droits d'enregistrement de tous actes et mutations	32%	43%	24%
(j)	taxes de consommations	31%	47%	21%
(k)	taxes sur les contrats d'assurance	35%	45%	19%
(l)	taxes professionnelle	64%	23%	19%
(m)	droit de licence	20%	58%	22%
(n)	droit de douane, taxe d'importation	23%	58%	19%
(o)	TUT a l'importation	19%	61%	20%
(p)	Droit de sortie en douane	12%	65%	22%
(q)	taxe conjoncturelle sur les exportations	4%	73%	23%
(r)	autres taxes d'exportation	3%	73%	23%
(s)	autres (preciser) _____	7%	43%	50%

Section 3: FREINS A L'AUGMENTATION DES RESSOURCES

Le terrain

34. Quels sont vos droits sur le terrain que vous occupez?
(Cerclez une reponse)

- | | |
|---------------------------------------|-----|
| (1) titre de propriete | 52% |
| (2) bail | 18% |
| (3) occupation irreguliere (squatter) | 6% |
| (4) location verbale | 19% |
| (5) autres | 5% |

35. Veuillez indiquer dans quelle mesure les points suivants ont affecte ou affectent vos operations l'annee passee?
(Repondez a toutes les questions en utilisant: 1= positivement; 2=negativement; 3=sans effet; 4=vous ne savez pas)

- | | | | | |
|--|-----|-----|-----|-----|
| (a) cout du terrain | 3% | 17% | 59% | 21% |
| (b) acces au terrain | 17% | 12% | 55% | 15% |
| (c) Incertitude a propos de la possibilite de rester sur un terrain (regime foncier) | 3% | 26% | 55% | 16% |
| (d) absence de titres clairement etablis | 2% | 9% | 30% | 16% |
| (e) securite qu'offre le propriete | 44% | 9% | 30% | 16% |
| (f) autres (preciser) | 1% | 3% | 29% | 67% |

Main d'oeuvre

36. a) Nombre d'employes a plein temps: 40
b) Nombre de temporaires: 32

37. Combien de vos employes permanents appartiennent aux categories suivantes?

	Nombre Total	Malgaches Total	Femmes Total
(a) Cadres superieurs ²⁰	2	2	0
(b) Autres personnels qualifies ²¹	11	11	2
(c) Personnel non qualifies	44	43	6

38. Quel est le pourcentage des hauts responsables²² qui sont des femmes? 25%

39. Quel est le pourcentage des hauts responsables Malgaches dans votre entreprise? 85%

40. Etes-vous satisfait de la productivite de vos employes?
(Cerclez une reponse)

(1) Oui	(2) Non	(3) Vous ne savez pas/sans commentaires
68%	13%	19%

41. Sur quelle base voyez-vous vos employes?
(Cerclez une reponse)

(1) Bareme legale	26%
(2) Sur la base du travail fait	30%
(3) Sur une base contractuelle	19%
(3) Combinaison de deux ou des trois	17%
(4) Autres (precisez) _____	8%

42. Accordez-vous des gratifications ou d'autres primes d'encouragement destinees a pousser les employes a travailler d'avantage?

(Cerclez une reponse)

(1) Oui	63%	(2) Non	37%
---------	-----	---------	-----

²⁰Par exemple, les directeurs, les hauts cadres d'entreprise, les directeurs generaux.

²¹Equipe professionnelle qui comprend par exemple les ingenieurs, les comptables, les economistes, le personnel technique et que les mecaniciens, les artisans, les techniciens d'une chaine, les membres d'une chaine de montage et le personnel de secretariat.

²²S'applique au personnel de la societe qui est implique dans la prise des grandes decisions strategiques sur les operations de l'entreprise, et non la prise de decisions quotidiennes de production.

43. Pour les categories de personnel suivantes, indiquez le degre de difficulte que vous avez recontre pour trouver des Malagasy ayant la formation et l'experience dont votre entreprise avait besoin:

(Repondez a toutes les questions en utilisant 1=difficile
2=assez difficile; 3= facile; 4: vous ne savez pas/
sans commentaires)

(a) personnel de direction ou chef de departement	14%	7%	11%	68%
(b) cadre	11%	9%	13%	68%
(c) chefs d'equipe - surveillants ou agents ou maitrise	9%	13%	17%	60%
(d) personnel de bureau ou de secretariat	4%	10%	26%	60%
(e) personnel professionnel ²³		14%	10%	19%
58%				
(f) personnel technique ²⁴	18%	13%	18%	51%

44. Devez-vous offrir de tres gros salaires et avantages pour attirer le personnel suivant:

(Repondez a toutes les questions en utilisant 1=oui; 2=non;
3=vous ne savez pas/sans commentaires)

(a) bons cadres superieurs cadres de direction	17%	21%	62%
(b) bons contremaitres agents de maitrise	15%	26%	59%
(c) bons personnel technique	23%	23%	54%
(d) bons cadres	15%	23%	61%
(e) bons professionnels	25%	22%	53%

(Si OUI a l'une des questions ci-dessus passez a la question
45; SINON, passer a la question 46)

45. La necessite d'offrir de gros salaires et avantages a t-elle
empêche l'expansion de votre entreprise?

(Cerclez une reponse)

(1) Oui	(2) Non	(3) Vous ne savez pas/sans commentaires
13%	57%	30%

²³Par exemple: ingenieurs, chimistes ou agronomes etc.
comptables, economistes, c'est-a-dire personnel specialise
quel que soit son grade.

²⁴Par exemple: mecaniciens, reparateurs, plombiers,
artisans, techniciens d'mechine de production,
techniciens d'une chaine.

46. En moyenne quel est le pourcentage de changement de postes (turn over) de:

- | | |
|---|-----|
| (a) de votre personnel de direction | 1% |
| (b) de votre personnel qualifié et cadres | 3% |
| (c) du personnel non qualifié | 10% |

Credit

47. Les difficultés d'accès au crédit ont-elles affecté les performances de votre entreprise au cours de l'année écoulée? (Circuler une réponse)

- | | | |
|---------|---------|-----------------------|
| (1) Oui | (2) Non | (3) Vous ne savez pas |
| 32% | 32% | 36% |

48. Indiquez s'il a été difficile d'obtenir chacun des types de prêts suivants au cours de l'année écoulée. (Répondez à toutes les questions en utilisant 1=difficile 2=assez difficile; 3= facile; 4: vous ne savez pas/sans commentaires)

- | | | | | |
|---|-----|----|----|-----|
| (a) Crédit à court terme pour servir de capital roulant (moins d'une année par exemple) | 25% | 6% | 9% | 59% |
| (b) Crédit à moyen terme pour obtenir des équipements ou pour l'usage (1 à 5 ans) | 22% | 5% | 5% | 68% |
| (c) Crédit à long terme (plus de 5 ans) | 20% | 3% | 4% | 73% |

49. Veuillez estimer le pourcentage de votre capital (long et court terme) qui provient des sources suivantes (Répondez à toutes les questions)

- | | | |
|---|---|-----|
| (a) banques commerciales locales | : | 9% |
| (b) lignes de crédit spéciales (exemple APEX) | : | 0% |
| (c) compagnies financières exemple FIARO-SIEPMS | : | 0% |
| (d) autres institutions financières officielles | : | 0% |
| (e) sources extérieures | : | 2% |
| (f) rapatriement de fonds | : | 0% |
| (g) clubs informels d'épargne | : | 0% |
| (h) crédit fournisseur | : | 3% |
| (i) parents/amis | : | 10% |
| (j) économies personnelles | : | 73% |

50. Dites-nous comment les facteurs suivants qui ont trait a la politique bancaire ont affecte votre capacite a obtenir un financement:

(Pour chaque categorie de reponse, encerclez le chiffre approprie)

(1-Tres negativement; 2-Negativement; 3-Positivement; 4-Pas du tout; 5-Vous ne savez pas)

	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
(a) Besoin de nantissements	12%	10%	6%	16%	55%
(b) taux d'interet pour un emprunt a court terme	18%	17%	2%	11%	52%
(c) taux d'interet pour un emprunt a long terme	12%	13%	2%	10%	63%
(d) commissions bancaires/taxes	15%	18%	2%	12%	53%
(e) plafonds de credit	15%	14%	3%	14%	54%
(f) preparation de dossiers/ procedures administratives	13%	11%	1%	20%	54%
(g) eloignement des banques	2%	4%	2%	39%	53%
(h) le profil de la compagnie n'entre pas dans la categorie de celles qui sont favorisees par la politique de credit de la banque	5%	6%	3%	22%	64%

Matieres premieres

51. Avez-vous eu des difficultes a obtenir les matieres premieres dont vous avez besoin pour fonctionner?

(cercler une reponse)

(1) Oui (2) Non (3) Vous ne savez pas/ne vous concerne pas

31% 63% 6%

(Si OUI passer a la question 52; sinon passer a la question 53)

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52. Comment est-ce que les facteurs suivants ont affecte la capacite de votre entreprise a se procurer tous les intrants dont elle a besion?

(Repondez a toutes les questions en utilisant
 1=très negativement 2=negativement 4=positivement
 4=pas du tout 5=vous ne savez pas

(a)	disponibilite de financement	21%	30%	22%	19%	8%
(b)	Absence d'achat dans les cooperatives	7%	8%	2%	44%	40%
(c)	existence des facilites de transport	7%	21%	27%	28%	18%
(d)	frais du transport	17%	24%	6%	37%	17%
(e)	controle des licences d'importation	1%	3%	1%	33%	60%
(f)	taxes d'importation	2%	14%	0%	25%	59%
(g)	reglements sur les echanges interieures	1%	7%	4%	43%	45%
(h)	reglements douaniers	4%	13%	0%	28%	55%
(i)	marges des intermediaries	9%	19%	2%	30%	40%
(j)	rarete des produits/penurie des produits	28%	30%	6%	20%	16%
(k)	Les prix des intrants	22%	46%	1%	19%	13%
(l)	respect des contrats de fourniture	5%	13%	16%	33%	33%

53. Les informations fiables sur le marche LOCAL ou la demande INTERIEURE pour votre produit sont-elles disponibles? (Cercle une reponse)

(1) Oui	(2) Non	(3) Vous ne savez pas/ne vous concern pas
53%	24%	23%

54. Les informations fiables sur le marche INTERNATIONAL ou la demande EXTERIEURE de votre produit sont-elles disponibles (Cercle une reponse)

(1) Oui	(2) Non	(3) Vous ne savez pas/ne vous concern pas
8%	22%	70%

55. Dans quelle mesure etes-vous interesse par les informations sur les types ou marche suivants pour votre entreprise?
 (Repondez a toutes les questions en utilisant:
 1-Interesse 2-Pas interesse 3-Ne vous concerne pas
 4-Vous ne savez pas

(a)	information sur les prix	92%	4%	2%	3%
(b)	information sur les standards de produits	53%	12%	13%	21%
(c)	contacts avec les autres societes	67%	12%	8%	13%
(d)	information sur la legislation commerciale locale	57%	14%	13%	16%
(e)	information sur la legislation sur le commerce dans des pays etrangers (donanes-quotas)	20%	19%	34%	27%
(e)	autres (preciser)	6%	7%	10%	77%

56. Indiquez les sources que vous utilisez pour collecter des informations sur le marche de votre produit?
 (Repondez a toutes les questions en utilisant
 1-OUI 2-NON)

(a)	le Ministere du Commerce ou de tutelle	17%	83%
(b)	les contacts personnels	92%	8%
(c)	les partenaires etrangers	18%	82%
(d)	GEM	8%	92%
(e)	FIV.MPA.MA	6%	94%
(f)	chambre de commerce, de l'industrie et de l'agriculture	11%	89%
(g)	JCEM	5%	95%
(h)	APEM/IAPEM	1%	99%
(i)	autres associations ou groupements d'affaires (preciser)	8%	92%
(j)	banques	11%	89%
(k)	magazines ou journaux specialises	27%	73%
(l)	le conseil national de commercialisation	3%	97%
(m)	autres (preciser): _____	10%	90%

Technologie

57. Avez-vous acces a la technologie necessaire aux operations de production de votre entreprise?
 (Cercler l'une des reponses)

(1) Oui (2) Non (3) Vous ne savez pas/ne vous concerne pas

59% 26% 15%

(Si 19001 (passez a la question 58; sinon, passer a la question 59)

58. Est ce que les facteurs suivants vous ont empeche d'avoir acces a la technologie dont vous avez besoin? (Repondez a toutes les questions en utilisant 1=oui; 2=non; 3-vous ne savez pas/ne vous concerne pas)

(a)	manque d'information sur la technologies disponible	43%	52%	5%
(b)	manque l'expertise technique/d'experience locale	25%	64%	11%
(c)	cout de la technologie	46%	38%	16%
(d)	reticence a immobiliser de grosses sommes	37%	46%	17%
(e)	la technologie importee n'est pas adequate pour le marche	13%	59%	28%
(f)	necessite d'une licence d'importation	9%	52%	39%
(g)	difficulte d'approvisionnement en pieces detachees	25%	48%	27%
(h)	problemes de maintenance	31%	49%	20%
(i)	autres (preciser): _____	5%	35%	58%

Infrastructure

59. Dans quelle mesure chacun des elements suivants a t-il affecte votre capacite de production et la commercialisation de votre produit? (Marquez toutes les categories 1-negatif; 2-positif; 3-vous ne savez pas/ne vous concerne pas)

(a)	Disponibilite d'espace sur les avions cargo	7%	4%	89%
(b)	prix de l'espace sur les avions cargo	10%	3%	87%
(c)	Disponibilite des facilites du transport terrestre	19%	27%	54%
(d)	prix du transport terrestre	32%	21%	47%
(e)	Disponibilite des facilites des transports maritimes	14%	10%	76%
(f)	prix du transport maritimes	14%	9%	77%
(g)	existence d'un reseau routier adequat	20%	32%	47%
(h)	qualite du reseau routier	32%	20%	47%
(i)	legislation des transports (sur les poids, les essieux, etc...)	11%	7%	82%
(j)	controle/barrages routiers	9%	4%	87%
(k)	prix de l'eau	21%	8%	71%
(l)	acces/fiabilite de l'approvisionnement en eau	16%	17%	68%
(m)	prix de l'electricite	40%	11%	48%
(n)	acces/fiabilite de l'approvisionnement en eletricite	25%	21%	54%
(o)	prix des communications (telephone, fax, etc..)	37%	10%	53%
(p)	acces/fiabilite des telecommunications	34%	12%	54%

Environment local

60. Compte tenu de votre experience d'homme d'affaires, dites-nous si, a partir de votre connaissance du systeme juridique Malgache, vous etes d'accord avec les enonces suivants.

(Marquez toutes les categories 1= OUI; 2=NON; 3=vous nesavez pas/ne vous concerne pas)

- | | | | |
|--|-----|-----|-----|
| (a) les contrats sont difficiles a appliquer | 40% | 27% | 32% |
| (b) les problemes d'application des contrats rendent difficiles les relations d'affaires | 40% | 27% | 33% |

61. Compte tenu de votre experience d'homme d'affaires, dites-nous si, a partir de votre connaissance du systeme juridique Malgache, vous etes d'accord avec les enonces suivants.

(Marquez toutes les categories 1= OUI; 2=NON; 3=vous nesavez pas/ne vous concerne pas)

- | | | | |
|---|-----|-----|-----|
| (a) il est difficile de recuperer des creances aupres
ils enterprises individuelle | 48% | 23% | 29% |
| (b) il est difficile de recuperer des creances aupres
des SARL | 26% | 26% | 48% |
| (c) il en difficile de recuperer des creances aupres
des SA | 26% | 26% | 47% |
| (d) il est difficile de recuperer des creances aupres
des societes d'Etat | 41% | 11% | 48% |
| (e) il est difficile de recuperer des creances aupres
de l'Etat | 45% | 7% | 47% |

Section 4: OPPORTUNITES

62. Avez vous formule un plan d'investissement specifique dans les domaines suivants: (Marquez toutes les categories 1=oui; 2=non; 3=vous ne savez pas/sans commentaires)

- | | | | |
|---|-----|-----|-----|
| (a) formation et developpement du personnel | 25% | 61% | 13% |
| (b) amelioration de la technologie de production | 41% | 45% | 14% |
| (c) capital physique/immobilisation
(modernisation de l'usine) | 35% | 45% | 19% |
| (d) amelioration de mes propres aptitudes
a gerer | 39% | 47% | 13% |
| (e) commercialisation | 41% | 47% | 12% |
| (f) Equipement | 51% | 38% | 11% |
| (g) controle de la qualite | 46% | 39% | 15% |

Supposez que vous êtes disposé à investir dans l'un des domaines/activités ci-après:

(Lisez ou montrez la liste)

	<u>Best</u>	<u>Worst</u>
(01) production de produits agricoles bruts pour le marché intérieur	5%	42%
(02) production de produits agricoles bruts pour l'exportation	12%	9%
(03) conditionnement ou industrie de produits agricoles pour le marché intérieur	2%	12%
(04) conditionnement ou industrie de produits agricoles pour l'exportation	7%	4%
(05) manufacture de produits pour l'exportation	12%	5%
(06) manufacture de produits pour le marché intérieur	3%	3%
(07) produits miniers	16%	5%
(08) construction	7%	5%
(09) tourisme	11%	1%
(10) commerce	11%	6%
(11) banques/finance	13%	1%
(12) autres services	2%	2%

63. Lequel de ces domaines/activités d'après vous, offre le rendement le plus bas?

Ecrire le numéro correspondant au domaine choisi (see above)

64. Lequel de ces domaines/activités d'après vous offre le rendement le plus élevé?

Ecrire le numéro correspondant au domaine choisi (see above)

(Si vous mettez 1, 2, 3, 4 passez à la question 65, sinon passez à la question 66)

65. Lequel des produits agricoles suivants selon vous offre le meilleur rendement?

13%	(01) café	11%	(08) culture aquatique/pêche
20%	(02) vanille	1%	(09) coton
1%	(03) épices	1%	(10) huile alimentaire/beurre essentielle
2%	(04) girofle		
6%	(05) fruits et légumes	1%	(11) maïs/manioc
14%	(06) riz	3%	(12) tabac
18%	(07) élevage (bétail, volaille)		
2%	(13) forêt/bois de construction		
5%	(14) autres (préciser): _____		

66. Est-ce que vous exportez actuellement ou est-ce que vous envisagez d'exporter a l'avenir?

(1) Oui 26% (2) Non 65% (3) Vous n'etes pas sur 8%

(Si OUI passez a la question 67, SINON, passez a la question 74)

67. Lequel des marches d'exportation ci-dessous est, selon vous, le plus porteur?

(Cerclez une reponse)

27%	(1)	Maurice, Reunion, Comores	3%	(5)	Amerique du Nord
3%	(2)	autres pays d'Afrique	0%	(6)	Inde, Pakistan, Sri Lanka
44%	(3)	CEE		(7)	Chine, Hong Kong, Singapore, Japon
1%	(4)	autres pays d'Europe	4%	(8)	Vous ne savez pas/pas de reponse
			17%		

68. Quelle est l'importance des facteurs contraignants suivants dans le debut ou l'expansion de vos operations d'exportation vers ce marche?

(Repondez a toutes les questions en utilisant: 1-Tres important; 2-Assez important; 3-pas important; 4-vous ne savez pas)

(a)	controle de change	31%	15%	30%	22%
(b)	manque de credit	51%	14%	15%	20%
(c)	retard dus a la bureaucratie	44%	14%	19%	23%
(d)	impots	26%	11%	39%	24%
(e)	technologie de production	36%	19%	23%	22%
(f)	infrastructure de transport	45%	18%	16%	21%
(g)	infrastructure de communication	55%	13%	14%	19%
(h)	autre infrastructure du marche	25%	17%	26%	32%
(i)	emballage	40%	17%	22%	22%
(j)	matieres premieres	32%	13%	30%	26%
(k)	productivite de la main d'oeuvre	22%	22%	33%	23%
(l)	information sur le marche	48%	15%	16%	22%
(m)	autres (preciser): _____	1%	1%	14%	83%

69. Connaissez-vous les grandes lignes des lois sur les zone franches industrielles qui viennent d'etre votees?

(Cerclez une reponse)

(1) oui 47% (2) non 53%

70. Etes-vous interesse par une "joint-venture" avec de societes etrangeres pour une production tourne soit vers le marche locale ou soit vers le marche a l'exportation?

(1) oui 76% (2) non 18% (3) vous ne savez pas 6%

(Si OUI passez a la question 71; Sinon passez a la question 72)

71. Quelles ressources attendez-vous d'un partenaire étranger?
(Repondez a toutes les questions en utilisant 1=oui, 2=non, 3=vous ne savez pas)

(a) capitaux (en nature ou numeraire)	87%	13%	0%
(b) connaissances techniques	85%	12%	3%
(c) connaissance en gestion	57%	40%	3%
(d) acces aux marches	94%	3%	3%
(e) autres (preciser): _____	4%	31%	65%

Section 5: ASSOCIATIONS

72. Etes vous (vous ou votre entreprise) affilié a une association commerciale ou professionnelle?
(Cercier une reponse)

(1) oui (2) non (3) vous n'etes pas sur
21% 78% 1%

(Si OUI passez a la question 74, sinon passez a la question 73)

73. Indiquez ce qui decrit le MIEUX pourquoi vous n'etes pas membre d'une association.
(Cercier une reponse)

62%	(1) aucune association ne fournit les services qui me sont utiles
4%	(2) je ne veux pas payer les cotisations
2%	(3) je ne peux pas payer les cotisations
9%	(4) les conditions restrictives d'adhesion
0%	(5) autres restrictions (preciser) _____
23%	(6) autres (preciser) _____

74. Indiquez quelles associations ont le mieux represente vos interets commerciaux?
(Repondez a toutes les questions en utilisant: 1=tres efficace; 2=un peu efficace; 3=pas efficace 4=Suis pas adherent)

(a) GEM	12%	15%	5%	68%
(b) JCEM	5%	3%	2%	90%
(c) Chambre de commerce de l'industrie et de l'Agriculture	6%	8%	8%	78%
(d) FIV.MPA.MA	9%	3%	3%	85%
(e) CONECS	4%	0%	2%	94%
(f) autres (preciser): _____	26%	11%	6%	57%

75. Lequel des services ci-apres desirez-vous voir offrir (ou ameliorer) par une association professionnelle/commerciale?
 (Repondez a toutes les questions en utilisant)
 1-tres interesse; 2-quelque peu interesse 3-pas interesse
 4-vous ne savez pas

(a) permettre l'accès au crédit	76%	9%	9%	6%
(b) fournir une assistance technique	49%	19%	17%	15%
(c) developpement des services de formator.	44%	21%	19%	16%
(d) etudes de faisabilite	33%	19%	22%	26%
(e) augmentation des contats et de la representation aupres du gouvernement	31%	18%	24%	26%
(f) donner des informations sur les procedures et legislation administratives	33%	27%	20%	20%
(g) donner des informations sur les marches exterieurs	31%	13%	25%	31%
(h) donner des informations sur le marche interieur	61%	20%	10%	9%
(i) mise a disposition des moyens de telecommunications	48%	16%	18%	17%

76. En tant qu'employeur, est ce que votre compagnie offre les services suivants aux employes?
 (Repondez a toutes les questions en utilisant:1-oui; 2-non; 3-vous ne savez pas/sans commentaires)

(a) service de sante pour les employes	35%	57%	8%
(b) plans d'epargne pour les employes	9%	83%	8%

77. Votre societe a-t-elle d'autre(s) site(s) d'exploitatio que le siege (annexe, antenne, agence, filliale a 100%)
 1=OUI 2=NON
 11% 89%

(Si OUI, passez a la question 78)

78. Dans quelle province employez-vous le plus effectif?
 (Cerclez les reponses)

(1) Antananarivo	(2) Toamasina	(3) Mahajanga
63%	14%	7%
(4) Antsiranana	(5) Fianarantsoa	(6) Toliary
9%	5%	2%

**NOUS VOUS REMERCIONS D'AVOIR COLLABORE A LA REALISATION
 DE CETTE ETUDE**

APPENDIX B
RESULTS OF THE SURVEY BY SUBJECT

91

Micro, Small, Medium, Large Enterprises

FACTORS	Owner	Micro	Small	Medium	Large
Number of Years Operating	10	9	11	18	27
% in INFORMAL SECTOR	68%	52%	17%	2%	0%
Location					
Plateau	50%	50%	58%	57%	73%
Coast	30%	30%	18%	29%	23%
Other	20%	20%	24%	15%	4%
% who Have Second Location	0%	7%	14%	16%	22%
% by Sector					
% Ag/Fishing	16%	22%	27%	24%	22%
% Livestock	8%	11%	15%	27%	22%
% Manuf	21%	21%	21%	22%	27%
% Commerce	26%	30%	32%	42%	39%
% Mines	0%	1%	3%	2%	8%
% Other Services	40%	30%	33%	24%	27%
Ownership					
% Malagasy Owned	97%	97%	94%	77%	50%
% GDRM Ownership	0%	0%	0%	1%	3%
% French Ownership	0%	0%	33%	48%	66%
% Indian/Pakistani Ownership	0%	0%	67%	13%	6%
% Women Owned	34%	23%	13%	4%	9%

Micro, Small, Medium, Large Enterprises

FACTORS	Owner	Micro	Small	Medium	Large
Ownership Structure					
Sole Proprietor	82%	70%	75%	31%	9%
SARL	0%	5%	14%	44%	31%
SA	0%	1%	3%	18%	58%
Others	18%	24%	9%	4%	2%
Business Turnover					
< 30 million FMG	95%	97%	60%	22%	0%
30-60 million FMG	5%	2%	9%	9%	2%
60-100 million FMG	0%	0%	6%	11%	3%
100-500 million FMG	0%	0%	17%	37%	17%
500-1,000 million FMG	0%	1%	8%	11%	20%
1-5 billion FMG	0%	0%	1%	11%	41%
> 5 billion FMG	0%	0%	0%	0%	17%
Land Tenure					
% Title Deed	32%	46%	51%	53%	75%
% Lease	16%	11%	19%	33%	20%
% Squatter	11%	9%	6%	0%	2%
% Verbal Lease	18%	31%	18%	11%	3%
% Who Are Constrained By:					
Cost of Land	24%	21%	25%	24%	14%
Access to Land	10%	8%	21%	11%	20%
Uncertainty of Tenure	35%	44%	36%	17%	9%
Lack of Clear Titling	28%	35%	28%	10%	11%
Security of Premises	4%	12%	19%	7%	8%

Source: MAPS Private Sector Survey, February 1991

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Micro, Small, Medium, Large Enterprises

FACTORS	Owner	Micro	Small	Medium	Large
Regulatory Issues					
% Needing this Number of Permits to Start Operating					
0-5 permits	94%	95%	76%	67%	69%
6-10 permits	6%	5%	16%	22%	17%
11-15 permits	0%	0%	3%	7%	9%
16-20 permits	0%	0%	5%	2%	2%
More than 20 permits	0%	0%	0%	2%	3%
% Needing this Number of Months to Obtain Permits					
0-6 months	94%	97%	86%	82%	75%
7-12 months	6%	3%	8%	13%	13%
13-18 months	0%	0%	3%	2%	6%
19-24 months	0%	0%	1%	2%	0%
More than 24 months	0%	0%	1%	0%	6%
% Needing this Number of Permits to Operate					
0-5 permits	97%	96%	86%	82%	80%
6-10 permits	3%	3%	11%	13%	11%
11-15 permits	0%	1%	1%	2%	5%
16-20 permits	0%	0%	1%	2%	0%
More than 20 permits	0%	0%	1%	0%	5%
% Needing this Number of Permits Renewed Annually					
0-5 annual renewals	94%	100%	93%	93%	80%
6-10 annual renewals	6%	0%	7%	2%	8%
11-15 annual renewals	0%	0%	0%	0%	2%
16-20 annual renewals	0%	0%	0%	0%	0%
Over 20 annual renewals	0%	0%	0%	2%	9%

Source: MAPS Private Sector Survey, February 1991

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Micro, Small, Medium, Large Enterprises

FACTORS	Owner	Micro	Small	Medium	Large
GDRM Regulations Affecting Sales					
Formalities	40%	51%	31%	48%	34%
Price/Margin Controls	10%	20%	13%	24%	17%
Labor Code Wage Regulations	0%	10%	10%	24%	13%
Labor Code Hiring/Firing Regs	0%	9%	10%	18%	21%
Customs Regulations	0%	18%	20%	30%	36%
Tax Policies	7%	29%	32%	28%	38%
Tariffs/Quotas	0%	20%	18%	31%	39%
Investment Code	0%	12%	8%	10%	7%
Credit Controls	18%	36%	52%	50%	53%
Export Licensing Procedures	0%	14%	6%	9%	22%
Import Licensing Procedures	0%	14%	3%	23%	18%
Foreign Worker Regulations	0%	15%	5%	11%	12%
Infrastructure Permits	12%	13%	9%	7%	11%
Natural Resource Permits	0%	12%	11%	8%	10%

Source: MAPS Private Sector Survey, February 1991

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Micro, Small, Medium, Large Enterprises

FACTORS	Owner	Micro	Small	Medium	Large
Labor Issues					
Number of FT Employees	0.7	3	9	30	181
Number of PT Employees	0	0.6	4	12	162
% Labor Force Women					
% Mgmt Personnel	40%	40%	20%	10%	5%
% Mgmt Malagasy	100%	100%	95%	90%	71%
% Mgmt Women	62%	34%	23%	16%	15%
% Skilled Labor	19%	47%	55%	70%	67%
% Skilled Labor Malagasy	100%	95%	100%	99%	99%
% Skilled Labor Women	30%	34%	13%	15%	20%
% Unskilled Labor					
% Unskilled Labor Malagasy	100%	98%	100%	99%	99%
% Unskilled Labor Women	17%	27%	15%	11%	20%
% Satisfied w/ Labor Productivity	93%	88%	86%	92%	72%
Access is Difficult for Malagasy:					
Managers	0%	5%	18%	17%	47%
Secretaries/Clerical Personnel	0%	14%	19%	26%	30%
Technicians	0%	57%	44%	30%	28%
Professional Personnel	0%	50%	31%	29%	33%
% Need to Offer High Salaries to Attract:					
Managers	0%	0%	18%	43%	55%
Technicians	3%	5%	24%	44%	53%
Professionals	3%	8%	29%	49%	49%
% See High Salaries as a Constraint	0%	11%	14%	15%	12%

Source: MAPS Private Sector Survey, February 1991

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Micro, Small, Medium, Large Enterprises

FACTORS	Owner	Micro	Small	Medium	Large
Mode of Payment of Employees:					
Labor Code	0%	11%	32%	58%	39%
Piece Work	45%	41%	34%	13%	5%
Contractual Agreement	13%	29%	18%	11%	13%
Combination of Above	3%	9%	15%	18%	44%
Others	40%	10%	1%	0%	0%
% Who Give Incentives/Bonuses	8%	49%	75%	89%	92%
% Who Have Health Plan	8%	15%	37%	69%	66%
% Who Have Savings Plan	3%	2%	13%	20%	13%
Turnover Ratio for:					
Management	0%	0%	0%	3%	3%
Skilled Personnel	13%	4%	4%	3%	3%
Unskilled Personnel	2%	8%	13%	16%	10%

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Micro, Small, Medium, Large Enterprises

FACTORS	Owner	Micro	Small	Medium	Large
Credit Issues					
Sources of Credit					
% Commercial Banks	0%	1%	8%	16%	29%
% Venture Capitalists	0%	0%	0%	0%	0%
% Special Lines of Credit	0%	0%	0%	0%	2%
% Other Financial Institutions	0%	0%	0%	0%	0%
% Foreign Sources	0%	1%	1%	3%	8%
% Informal Savings Clubs	0%	0%	0%	0%	1%
% Remittances	0%	1%	0%	0%	0%
% Suppliers Credit	0%	2%	2%	5%	5%
% Family Capital	16%	10%	15%	10%	3%
% Personal Capital	84%	85%	73%	64%	51%
Credit Access has Affected Business	25%	36%	63%	66%	46%
Access to Credit is Difficult for:					
Short Term Loans	100%	83%	70%	59%	43%
Medium Term Loans	100%	83%	87%	77%	38%
Long Term Loans	100%	75%	73%	84%	63%
Ability to Obtain Financing Impeded by:					
Collateral Reqs	38%	57%	54%	52%	45%
Short-Term Interest Rates	38%	64%	91%	63%	71%
Long-Term Interest Rates	29%	67%	83%	62%	71%
Bank Fees	38%	63%	82%	63%	73%
Credit Ceilings	38%	59%	74%	47%	64%
Paperwork	25%	58%	60%	50%	51%
Co Doesn't Fit Bank Profile	25%	28%	42%	40%	19%
Distance to Banks	0%	7%	14%	10%	17%

Micro, Small, Medium, Large Enterprises

FACTORS	Owner	Micro	Small	Medium	Large
Business Climate					
Capacity Utilization TODAY	50%	64%	62%	64%	72%
Capacity Utilization 1 YR AGO	48%	62%	60%	58%	71%
Capacity Utilization 3 YRS AGO	43%	54%	54%	53%	65%
Bus Climate Worse than 1 YR AGO	40%	32%	32%	27%	44%
Bus Climate Worse than 3 YRS AGO	47%	33%	33%	20%	14%

Micro, Small, Medium, Large Enterprises

Last Yr Sales Grew by 20%+		13%	19%	22%	44%	39%
Last Year Sales Grew < 20%		18%	30%	23%	18%	33%
Next Year Sales Will Grow 20%+		11%	20%	28%	40%	50%
Next Year Sales Will Grow < 20%		21%	23%	17%	22%	19%
Uncertain About Next Year		55%	40%	37%	13%	14%
Legal Environment						
Enforcing Contracts Difficult		71%	65%	55%	66%	49%
Makes it Diff to do Business		62%	67%	60%	68%	46%
Enforcing Contracts is Difficult with:						
Private (unincorporated) Businesses		53%	72%	65%	54%	81%
Private (incorporated) Businesses		53%	48%	29%	27%	57%
Parastatals		100%	75%	80%	57%	82%
The GDRM		92%	84%	89%	83%	90%

Micro, Small, Medium, Large Enterprises

FACTORS	Owner	Micro	Small	Medium	Large
Business Associations					
% Member of any Association	3%	2%	19%	38%	56%
% Not Member of Assoc Because:					
Services are Not Useful	53%	66%	60%	50%	70%
Fees Discourage My Joining	8%	3%	5%	0%	0%
Percent Belonging to:					
GEM	0%	0%	0%	16%	50%
JCEM	0%	0%	0%	10%	11%
Chamber of Commerce	0%	0%	39%	10%	26%
FIVMPAMA	0%	0%	11%	19%	15%
CONECS	0%	0%	6%	6%	7%
Associations Are Effective					
GEM	0%	0%	0%	60%	87%
JCEM	0%	0%	0%	67%	80%
Chamber of Commerce	0%	0%	71%	67%	58%
FIVMPAMA	0%	0%	100%	83%	71%
CONECS	0%	0%	100%	50%	66%
Interested in Service					
Access to Credit	97%	97%	96%	88%	80%
Technical Assistance	70%	84%	82%	81%	91%
Personnel Training	61%	74%	81%	90%	75%
Feasibility Studies	52%	80%	78%	77%	86%
Lobbying	45%	59%	69%	83%	72%
Info on GDRM Regulations	44%	76%	94%	70%	82%
Info on EXPORT MARKETS	24%	57%	68%	82%	73%
Info on LOCAL MARKETS	93%	93%	85%	89%	87%
Telecommunication Services	57%	78%	70%	90%	88%

Source: MAPS Private Sector Survey, February 1991

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Micro, Small, Medium, Large Enterprises

FACTORS	Owner	Micro	Small	Medium	Large
Market Information					
Local Market Info Available	37%	17%	14%	39%	53%
Export Market Info Available	0%	0%	29%	30%	40%
Sources of Market Information					
Ministries	0%	5%	23%	29%	38%
Personal Contacts	95%	93%	90%	89%	92%
Foreign Partners	0%	2%	20%	22%	55%
GEM	0%	2%	5%	11%	28%
	0%	2%	13%	22%	25%
FIVMPAMA	0%	1%	9%	11%	11%
Trade Journals	8%	13%	25%	40%	61%
JCEM	0%	0%	6%	13%	8%
Other Associations	0%	1%	9%	20%	17%
APEM/SIAPEM	0%	0%	1%	2%	5%
Banks	0%	2%	15%	16%	27%
CNC	0%	0%	4%	7%	6%
Would Like Better Information On:					
Prices	94%	97%	94%	93%	100%
Product Standards	36%	63%	72%	72%	83%
Contacts	48%	72%	82%	88%	98%
Local Trade Regs	46%	62%	71%	73%	82%
Foreign Trade Regs	4%	12%	29%	30%	47%

Source: MAPS Private Sector Survey, February 1991

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Micro, Small, Medium, Large Enterprises

FACTORS	Owner	Micro	Small	Medium	Large
Technology					
Have Access to Appropriate Tech	56%	60%	72%	77%	81%
Factors Hindering Access to Technology					
Lack of Info on Technology	56%	56%	50%	30%	30%
Lack of Local Expertise	38%	30%	33%	27%	18%
Cost of Technology	69%	48%	58%	80%	41%
Investment Required too High	53%	52%	43%	52%	30%
Imported Tech Inadequate for Mkt	25%	26%	22%	0%	30%
GRC Licensing Regulations	0%	17%	17%	21%	93%
Difficulty Obtaining Spare Parts	33%	36%	30%	44%	32%
Maintenance Problems	36%	40%	54%	33%	30%

Micro, Small, Medium, Large Enterprises

FACTORS	Owner	Micro	Small	Medium	Large
OPPORTUNITIES					
What Sector Offers Best Return?					
Agric for Domestic Mkt	8%	2%	9%	7%	0%
Agric for Export Market	8%	15%	11%	18%	5%
AgroInd for Domestic Mkt	5%	1%	3%	2%	0%
AgroInd for Export Mkt	5%	7%	6%	13%	5%
Manuf for Domestic Mkt	3%	1%	4%	2%	5%
Manuf for Export Mkt	8%	9%	14%	20%	14%
Commerce	16%	15%	15%	4%	3%
Banking	18%	10%	9%	7%	23%
Tourism	16%	11%	5%	7%	16%
Mining	8%	23%	13%	9%	17%
Construction	3%	7%	9%	4%	11%
What Ag Sector Offers Best Return?					
Coffee	0%	5%	5%	2%	2%
Vanilla	3%	21%	25%	46%	8%
Spices	0%	1%	3%	0%	0%
Fruits/Vegetables	3%	3%	0%	2%	0%
Livestock	11%	3%	4%	7%	3%
Fishing/Aquaculture	5%	1%	3%	7%	3%
Oils	0%	0%	1%	0%	0%
Wood Products/Forestry	0%	1%	1%	0%	0%
Rice	5%	4%	4%	7%	0%
Corn/Cassava	0%	0%	0%	1%	2%
Tobacco	0%	1%	0%	2%	0%
Cotton	0%	1%	0%	0%	1%

Micro, Small, Medium, Large Enterprises

FACTORS	Owner	Micro	Small	Medium	Large
Investment Plans					
Percent Planning to Invest in:					
Personnel Training	5%	11%	25%	44%	52%
Improved Production Technology	21%	29%	46%	53%	63%
Physical Capital	13%	20%	38%	49%	54%
Marketing	24%	32%	48%	47%	53%
Procurement	40%	32%	56%	62%	53%
Quality Control	29%	39%	52%	53%	67%
Management Skills	26%	32%	51%	51%	41%

Source: MAPS Private Sector Survey, February 1991

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Micro, Small, Medium, Large Enterprises

FACTORS	Owner	Micro	Small	Medium	Large
Sales Channels					
% Sales in Madagascar	100%	99%	95%	78%	79%
o/w from PROVINCE	98%	94%	88%	86%	73%
% Sales Abroad	0%	1%	5%	22%	21%
o/w % Maurtius/Reunion/Comoros	0%	8%	26%	18%	5%
o/w % Other Africa	0%	0%	0%	0%	0%
o/w % EEC	0%	60%	70%	20%	63%
o/w % Other Europe	0%	0%	12%	0%	10%
o/w % North America	0%	0%	0%	5%	8%
o/w % India/Pakistan/Sri Lanka	0%	0%	0%	0%	0%
o/w % China/Japan/Sing/HongKong	0%	0%	8%	0%	8%
% Sales to CONSUMERS	80%	75%	44%	31%	22%
% Sales to INFORMAL SECTOR	12%	10%	11%	5%	1%
% Sales to SMALL FIRMS	9%	9%	16%	21%	13%
% Sales to LARGE FIRMS	0%	4%	18%	34%	39%
% Sales to GDRM Agencies	0%	1%	2%	2%	10%
% Sales to PARASTATALS	0%	1%	6%	6%	11%
% Sales to COOPERATIVES	0%	1%	0%	0%	0%
% Sales to AFFILIATES	0%	2%	4%	9%	7%
% Sales to AGENTS	8%	11%	10%	13%	9%
Factors Negatively Affecting Sales Performance					
Local Market Demand	11%	15%	14%	7%	13%
Export Market Demand	5%	10%	11%	16%	14%
Competition with Pvt. Malagasy Firms	41%	34%	33%	26%	34%
Competition with Parastatals	17%	14%	25%	23%	10%
Competition from Legal Imports	10%	18%	18%	15%	33%
Competition from Illegal Imports	9%	19%	30%	15%	32%
Distance from Markets	30%	26%	30%	31%	14%
Market Infrastructure	21%	20%	25%	37%	32%
Transport Availability	17%	13%	18%	40%	21%
Official Regulations	17%	17%	29%	44%	37%
Taxes	32%	41%	39%	48%	51%
Exchange Rate	8%	20%	19%	33%	48%
Lack of Appropriate Technology	14%	24%	35%	24%	36%

Source: MAPS Private Sector Survey, February 1991

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Micro, Small, Medium, Large Enterprises

FACTORS	Owner	Micro	Small	Medium	Large
Inputs					
% Inputs IMPORTED	0%	1%	4%	26%	32%
o/w from Mauritius/Comoros/Reunion	0%	40%	18%	0%	2%
o/w from Other Africa	0%	0%	0%	0%	4%
o/w from EEC	0%	8%	33%	46%	59%
o/w from North America	0%	0%	0%	0%	1%
o/w from China/Japan/Sing/HK	0%	20%	0%	0%	13%
o/w from India/Pakist/Sri Lanka	0%	0%	0%	0%	0%
o/w from Other Asia	0%	0%	0%	0%	0%
% Inputs from MADAGASCAR	100%	99%	96%	74%	68%
o/w from PROVINCE	100%	92%	86%	92%	71%
% Inputs from SMALL FIRMS	58%	35%	22%	11%	8%
% Inputs from LARGE FIRMS	0%	18%	20%	23%	37%
% Inputs from FARMERS/PRODUCERS	12%	41%	41%	27%	23%
% Inputs from PARASTATALS	19%	5%	8%	21%	14%
Factors Impeding Ability to Obtain Inputs					
Lack of Financing	70%	59%	56%	56%	39%
Lack of Cooperative Buying	33%	31%	35%	57%	8%
Availability of Transport	33%	23%	26%	44%	56%
Cost of Transport	42%	45%	50%	57%	53%
Import License Controls	0%	0%	0%	13%	30%
Import Taxes	0%	11%	20%	33%	65%
Internal Trade Regulations	0%	17%	0%	0%	43%
Customs Procedures	0%	18%	20%	25%	64%
Middlemen Margins	75%	36%	40%	58%	57%
Shortages	78%	63%	69%	77%	71%
Input Prices	82%	73%	81%	71%	78%
Enforcement of Supply Contracts	25%	21%	28%	33%	25%

Source: MAPS Private Sector Survey, February 1991

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Micro, Small, Medium, Large Enterprises

FACTORS	Owner	Micro	Small	Medium	Large
EXPORTING					
% Sales Currently Exported	0%	1%	5%	22%	21%
% Interested In Exporting	5%	11%	25%	40%	51%
% Knowledgeable of IFZ	0%	25%	44%	22%	68%
What is Best Export Market?					
Mauritius, Reunion, Comoros	0%	38%	17%	33%	26%
Other Africa	0%	8%	0%	6%	3%
EEC	0%	31%	50%	44%	47%
India/Pakistan/Sri Lanka	33%	0%	28%	17%	11%
China/Japan/HK/Singapore	33%	0%	0%	0%	8%
N.America	0%	0%	6%	0%	5%
Constraints to Exporting					
Overvalued Exchange Rate	0%	58%	50%	28%	53%
Lack of Credit	0%	75%	72%	50%	68%
Bureaucratic Delays	0%	67%	56%	44%	66%
Taxes	0%	58%	22%	22%	47%
Lack of Appropriate Technology	0%	67%	50%	44%	63%
Inadequate Transport Infrastructure	0%	67%	44%	67%	66%
Inadequate Communication Infrastructure	0%	75%	44%	61%	82%
Other Infrastructure Problems	0%	50%	39%	44%	42%
Packaging	0%	75%	50%	61%	55%
Raw Materials	0%	58%	44%	44%	42%
Low Labor Productivity	0%	58%	33%	44%	47%
Lack of Market Information	0%	75%	44%	61%	71%
Percent Interested in Joint Ventures					
	50%	83%	88%	94%	68%
Interested in Joint Ventures for:					
Capital	NA	71%	88%	88%	96%
Technology	NA	100%	94%	87%	76%
Managerial Expertise	NA	70%	63%	60%	50%
Access to Markets	NA	100%	93%	100%	100%

Source: MAPS Private Sector Survey, February 1991

Micro, Small, Medium, Large Enterprises

FACTORS	Owner	Micro	Small	Medium	Large
Taxes					
% Paying Each Type of Tax					
IBS	13%	29%	52%	84%	92%
IGR	21%	32%	65%	80%	80%
ICRM	5%	7%	20%	53%	72%
Land/Forestry/Mining/Fishing Fees	0%	8%	15%	27%	30%
TFT	0%	2%	3%	16%	28%
IFT/IFPB/TAPB	5%	22%	44%	62%	83%
TUT	32%	44%	70%	89%	94%
Export Taxes	0%	0%	6%	16%	22%
Registry Fees	8%	11%	26%	53%	83%
Tax on Insurance	11%	7%	38%	71%	73%
Consumption Tax	11%	13%	30%	49%	69%
Professional Tax	21%	43%	72%	97%	98%
License Fee	3%	8%	17%	40%	42%
Import Tax	0%	1%	10%	44%	78%
TUT on Imports	0%	0%	8%	47%	59%
Customs Exit Tax	0%	0%	13%	36%	25%
Other Export Taxes	3%	0%	12%	18%	16%

Source: MAPS Private Sector Survey, February 1991

Micro, Small, Medium, Large Enterprises

FACTORS	Owner	Micro	Small	Medium	Large
Infrastructure					
Factors Affecting Production					
Availability of Air Cargo Space	50%	50%	28%	82%	50%
Price of Air Cargo Space	50%	100%	82%	63%	67%
Availability of Land Transport	22%	14%	43%	52%	58%
Price of Land Transport	43%	67%	57%	53%	70%
Availability of Maritime Transport	50%	50%	38%	74%	68%
Price of Maritime Transport	25%	75%	33%	76%	71%
Existence of Adequate Road Ntwrk	8%	21%	38%	33%	69%
Quality of Road Network	25%	47%	60%	70%	81%
Transport Regulations	33%	66%	73%	63%	60%
Road Checks/Road Blocks	66%	80%	82%	70%	54%
Cost of Water	86%	84%	75%	75%	58%
Reliability of Water Supply	75%	39%	31%	86%	42%
Cost of Electricity	78%	81%	81%	62%	80%
Reliability of Electricity	57%	39%	56%	76%	54%
Cost of Telecommunications	80%	96%	78%	61%	79%
Reliability of Telecommunications	71%	76%	64%	74%	82%

The Agribusiness, Industry and Services Sectors

FACTORS	AGRIBUS	INDUS	SERVICES
Number of Years Operating	13	17	13
% in INFORMAL SECTOR	35%	27%	29%
Location			
Plateau	42%	38%	58%
Coast	32%	23%	26%
Others	26%	9%	17%
% who Have Second Location	4%	12%	15%
% in Agribusiness	100%	0%	0%
% in Mining	0%	9%	0%
% in Manufacturing	0%	94%	0%
% in Commerce	0%	35%	46%
% in Services	0%	6%	56%
Ownership			
% Malagasy Owned	92%	77%	86%
% GDRM Ownership	3%	6%	2%
% French Ownership	5%	13%	9%
% Indian/Pakistani Ownership	0%	6%	1%
% Chinese Ownership	0%	0%	2%
% Other Ownership	2%	2%	1%
% Women Ownership	19%	19%	16%

Source: MAPS Private Sector Survey, March 1991

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The Agribusiness, Industry and Services Sectors

FACTORS	AGRIBUS	INDUS	SERVICES
Ownership Structure			
Sole Proprietor	62%	38%	63%
SARL	13%	20%	16%
SA	10%	23%	10%
Others	14%	18%	11%
Business Turnover			
< 30 million FMG	64%	49%	66%
30-60 million FMG	8%	2%	4%
60-100 million FMG	6%	2%	3%
100-500 million FMG	10%	17%	9%
500-1,000 million FMG	6%	7%	7%
1-5 billion FMG	4%	15%	8%
> 5 billion FMG	1%	7%	2%
Land Tenure			
% Title Deed	65%	56%	44%
% Lease	8%	19%	22%
% Squatter	6%	4%	7%
% Verbal Lease	14%	20%	20%
% Who Are Constrained By:			
Cost of Land	27%	24%	18%
Access to Land	20%	15%	11%
Uncertainty of Tenure	33%	31%	31%
Lack of Clear Titling	24%	25%	24%
Security of Premises	9%	10%	13%

Source: MAPS Private Sector Survey, March 1991

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The Agribusiness, Industry and Services Sectors

FACTORS	AGRIBUS	INDUS	ERVICE
Regulatory Issues			
% Needing this Number of Permits to Start Operating			
0-5 permits	83%	73%	86%
6-10 permits	11%	16%	10%
11-15 permits	1%	5%	30%
16-20 permits	3%	3%	0%
More than 20 permits	1%	2%	0%
% Needing this Number of Months to Obtain Permits			
0-6 months	87%	84%	91%
7-12 months	6%	9%	7%
13-18 months	3%	4%	1%
19-24 months	1%	0%	0%
More than 24 months	3%	3%	1%
% Needing this Number of Permits to Operate			
0-5 permits	89%	90%	87%
6-10 permits	7%	9%	8%
11-15 permits	3%	1%	1%
16-20 permits	1%	0%	0%
More than 20 permits	0%	0%	4%
% Needing this Number of Permits Renewed Annually			
0-5 annual renewals	96%	96%	87%
6-10 annual renewals	1%	3%	8%
11-15 annual renewals	0%	0%	1%
16-20 annual renewals	0%	0%	0%
Over 20 annual renewals	3%	1%	4%

Source: MAPS Private Sector Survey, March 1991

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The Agribusiness, Industry and Services Sectors

FACTORS	AGRIBUS	INDUS	ERVICE
GDRM Regulations Affecting Sales			
Formalities	21%	23%	22%
Price/Margin Controls	16%	18%	17%
Labor Code Wage Regulations	14%	14%	11%
Labor Code Hiring/Firing Regs	11%	13%	16%
Customs Regulations	10%	42%	24%
Tax Policies	19%	45%	28%
Tariffs/Quotas	3%	46%	23%
Investment Code	3%	8%	11%
Credit Controls	39%	49%	47%
Export Licensing Procedures	3%	21%	9%
Import Licensing Procedures	6%	13%	20%
Foreign Worker Regulations	8%	13%	8%
Infrastructure Permits	5%	10%	12%
Natural Resource Permits	5%	13%	10%

Source: MAPS Private Sector Survey, March 1991

The Agribusiness, Industry and Services Sectors

FACTORS	AGRIBUS	INDUS	ERVICE
Labor Issues			
Number of FT Employees	33	70	27
Number of PT Employees	89	9	20
% Labor Force Women	7%	28%	14%
% Mgmt Personnel	1%	3%	6%
% Mgmt Malagasy	87%	88%	100%
% Mgmt Women	25%	20%	25%
% Skilled Labor	14%	27%	17%
% Skilled Labor Malagasy	99%	100%	96%
% Skilled Labor Women	29%	16%	19%
% Unskilled Labor	85%	70%	77%
% Unskilled Labor Malagasy	100%	100%	100%
% Unskilled Labor Women	3%	34%	12%
% Satisfied w/ Labor Productivity	81%	84%	85%
Access is Difficult for Malagasy:			
Managers	43%	67%	62%
Secretaries/Clerical Personnel	33%	31%	40%
Technicians	50%	67%	64%
Professional Personnel	50%	61%	55%
% Need to Offer High Salaries to Attract:			
Managers	28%	33%	38%
Technicians	41%	58%	48%
Professionals	45%	51%	61%
% See High Salaries as a Constraint	12%	21%	17%

The Agribusiness, Industry and Services Sectors

FACTORS	AGRIBUS	INDUS	ERVICE
Mode of Payment of Employees:			
Labor Code	23%	33%	23%
Piece Work	27%	34%	28%
Contractual Agreement	21%	10%	24%
Combination of Above	19%	19%	15%
Others	9%	4%	9%
% Who Give Incentives/Bonuses	57%	72%	61%
% Who Have Health Plan	26%	40%	42%
% Who Have Savings Plan	5%	10%	12%
Turnover Ratio for:			
Management	0%	2%	0%
Skilled Personnel	2%	4%	3%
Unskilled Personnel	11%	8%	11%

Source: MAPS Private Sector Survey, March 1991

The Agribusiness, Industry and Services Sectors

FACTORS	AGRIBUS	INDUS	ERVICE
Credit Issues			
Sources of Credit			
% Commercial Banks	9%	14%	7%
% Venture Capitalists	0%	0%	0%
% Special Lines of Credit	0%	0%	0%
% Other Financial Institutions	0%	0%	0%
% Foreign Sources	3%	4%	1%
% Informal Savings Clubs	0%	0%	0%
% Remittances	0%	0%	0%
% Suppliers Credit	1%	4%	3%
% Family Capital	11%	11%	10%
% Personal Capital	74%	64%	78%
Credit Access has Affected Business	43%	49%	57%
Access to Credit is Difficult for:			
Short Term Loans	81%	67%	83%
Medium Term Loans	85%	70%	94%
Long Term Loans	81%	76%	94%
Ability to Obtain Financing Impeded by:			
Collateral Reqs	56%	42%	54%
Short-Term Interest Rates	68%	72%	75%
Long-Term Interest Rates	66%	67%	73%
Bank Fees	61%	75%	72%
Credit Ceilings	55%	66%	64%
Paperwork	53%	58%	49%
Co Doesn't Fit Bank Profile	14%	30%	37%
Distance to Banks	15%	17%	7%

Source: MAPS Private Sector Survey, March 1991

The Agribusiness, Industry and Services Sectors

FACTORS	AGRIBUS	INDUS	ERVICE
Business Climate			
Capacity Utilization TODAY	66%	68%	63%
Capacity Utilization 1 YR AGO	63%	64%	62%
Capacity Utilization 3 YRS AGO	58%	57%	54%
Bus Climate Worse than 1 YR AGO	34%	39%	29%
Bus Climate Worse than 3 YRS AGO	32%	28%	36%
Last Yr Sales Grew by 20%+	25%	30%	26%
Last Year Sales Grew < 20%	25%	31%	26%
Next Year Sales Will Grow 20%+	31%	35%	25%
Next Year Sales Will Grow < 20%	25%	20%	19%
Uncertain About Next Year	30%	29%	36%
Legal Environment			
Enforcing Contracts Difficult	62%	56%	60%
Makes it Diff to do Business	62%	57%	60%
Enforcing Contracts is Difficult with:			
Parastatals	74%	87%	77%
The GDRM	82%	91%	86%
Individual Businesses	62%	67%	69%
SA/SARL	55%	49%	47%

The Agribusiness, Industry and Services Sectors

FACTORS	AGRIBUS	INDUS	ERVICE
Business Associations			
% Member of any Association	11%	34%	19%
% Not Member of Assoc Because:			
Services are Not Useful	51%	68%	66%
Fees Discourage My Joining	11%	8%	3%
Percent Belonging to:			
GEM	7%	61%	26%
JCEM	7%	12%	9%
Chamber of Commerce	21%	34%	10%
FIVMPAMA	21%	12%	16%
CONECs	0%	12%	2%
Associations Are Effective			
GEM	50%	89%	82%
JCEM	100%	75%	75%
Chamber of Commerce	33%	64%	80%
FIVMPAMA	100%	75%	80%
CONECs	NA	80%	0%
Interested in Service			
Access to Credit	88%	88%	93%
Technical Assistance	77%	74%	84%
Personnel Training	71%	73%	82%
Feasibility Studies	57%	70%	77%
Lobbying	67%	72%	65%
Info on GDRM Regulations	73%	75%	75%
Info on EXPORT MARKETS	63%	75%	58%
Info on LOCAL MARKETS	93%	83%	91%
Telecommunication Services	80%	78%	77%

Source: MAPS Private Sector Survey, March 1991

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The Agribusiness, Industry and Services Sectors

FACTORS	AGRIBUS	INDUS	ERVICE
Market Information			
Local Market Info Available	71%	67%	69%
Export Market Info Available	42%	20%	29%
Sources of Market Information			
Ministries	22%	23%	13%
Personal Contacts	90%	94%	92%
Foreign Partners	6%	30%	17%
GEM	5%	16%	6%
Chamber of Commerce	12%	15%	9%
FIVMPAMA	6%	5%	6%
Trade Journals	17%	34%	28%
JCEM	1%	4%	7%
Other Associations	5%	11%	8%
APEM/SIAPEM	0%	2%	2%
Banks	6%	19%	8%
CNC	3%	7%	1%
Would Like Better Information On:			
Prices	95%	96%	93%
Product Standards	81%	91%	75%
Contacts	73%	76%	79%
Local Trade Regs	71%	76%	62%
Foreign Trade Regs	28%	69%	47%

The Agribusiness, Industry and Services Sectors

FACTORS	AGRIBUS	INDUS	ERVICE
Technology			
Have Access to Appropriate Tech	61%	77%	68%
Factors Hindering Access to Technology			
Lack of Info on Technology	49%	42%	45%
Lack of Local Expertise	42%	20%	27%
Cost of Technology	63%	52%	54%
Investment Required too High	44%	40%	48%
Imported Tech Inadequate for Mkt	21%	19%	17%
GDRM Licensing Regulations	17%	14%	14%
Difficulty Obtaining Spare Parts	43%	37%	34%
Maintenance Problems	44%	33%	41%

Source: MAPS Private Sector Survey, March 1991

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The Agribusiness, Industry and Services Sectors

FACTORS	AGRIBUS	INDUS	ERVICE
OPPORTUNITIES			
What Sector Offers Best Return?			
Agric for Domestic Mkt	6%	2%	5%
Agric for Export Market	21%	5%	11%
AgroInd for Domestic Mkt	1%	0%	3%
AgroInd for Export Mkt	14%	2%	7%
Manuf for Export Mkt	3%	26%	8%
Manuf for Domestic Mkt	1%	4%	2%
Mining	12%	19%	17%
Banking	8%	16%	10%
Commerce	9%	12%	12%
Tourism	12%	11%	10%
Constuction	8%	6%	10%
What Ag Sector Offers Best Return?			
Coffee	6%	9%	19%
Vanilla	15%	45%	17%
Spices	0%	0%	2%
Fruits/Vegetables	9%	0%	6%
Livestock	27%	13%	9%
Fishing/Aquaculture	15%	9%	9%
Oils	3%	0%	0%
Wood Products/Forestry	0%	4%	0%
Rice	9%	9%	19%
Corn/Cassava	0%	2%	0%
Tobacco	3%	4%	0%
Cotton	0%	2%	0%
Cloves	6%	0%	0%

Source: MAPS Private Sector Survey, March 1991

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The Agribusiness, Industry and Services Sectors

FACTORS	AGRIBUS	INDUS	ERVICE
Investment Plans			
Percent Planning to Invest in:			
Personnel Training	11%	43%	29%
Improved Production Technology	37%	61%	45%
Physical Capital	33%	54%	42%
Marketing	34%	53%	46%
Procurement	45%	56%	40%
Quality Control	49%	64%	57%
Management Skills	47%	64%	51%

Source: MAPS Private Sector Survey, March 1991

The Agribusiness, Industry and Services Sectors

FACTORS	AGRIBUS	INDUS	ERVICE
Sales Channels			
% Sales in Madagascar	90%	90%	96%
o/w in PROVINCE	87%	84%	90%
% Sales Abroad	10%	10%	4%
o/w % Maurtius/Reunion/Comoros	7%	16%	22%
o/w % Other Africa	0%	0%	0%
o/w % EEC	70%	52%	54%
o/w % Other Europe	9%	12%	1%
o/w % North America	1%	15%	0%
o/w % India/Pakistan/Sri Lanka	0%	0%	0%
o/w % China/Japan/Sing/HongKong	11%	3%	4%
% Sales to CONSUMERS	40%	52%	60%
% Sales to INFORMAL SECTOR	18%	6%	5%
% Sales to SMALL FIRMS	18%	11%	12%
% Sales to LARGE FIRMS	16%	21%	15%
% Sales to GDRM Agencies	1%	3%	4%
% Sales to PARASTATALS	6%	4%	4%
% Sales to COOPERATIVES	1%	0%	1%
% Sales to AFFILIATES	4%	6%	3%
% Sales to AGENTS	12%	12%	9%

Source: MAPS Private Sector Survey, March 1991

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The Agribusiness, Industry and Services Sectors

FACTORS	AGRIBUS	INDUS	ERVICE
FACTORS CONSTRAINING SALES VOLUME:			
Local Market Demand	12%	15%	12%
Export Market Demand	11%	11%	12%
Competition w/ Private Malagasy Firms	26%	38%	34%
Competition w/Parastatals	20%	19%	15%
Competition from Legal Imports	17%	25%	19%
Competition from Illegal Imports	13%	34%	20%
Distance from Markets	35%	25%	21%
Market Infrastructure	33%	24%	25%
Transport Availability	25%	15%	14%
Official Regulations	22%	40%	25%
Taxes	34%	58%	39%
Exchange Rate	10%	39%	31%
Lack of Appropriate Tech	15%	17%	14%

Source: MAPS Private Sector Survey, March 1991

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The Agribusiness, Industry and Services Sectors

FACTORS	AGRIBUS	INDUS	ERVICE
Inputs			
% Inputs IMPORTED	4%	22%	8%
o/w from Mauritius/Comoros/Reunion	0%	4%	5%
o/w from Other Africa	6%	3%	2%
o/w from EEC	36%	66%	46%
o/w from Other Europe	3%	14%	7%
o/w from North America	1%	0%	1%
o/w from China/Japan/Sing/HK	8%	10%	9%
o/w from India/Pakist/Sri Lanka	0%	0%	0%
o/w from Other Asia	0%	0%	0%
o/w from Others			
% Inputs from MADAGASCAR	96%	78%	92%
o/w from PROVINCE	90%	82%	86%
% Inputs from SMALL FIRMS	14%	26%	25%
% Inputs from LARGE FIRMS	13%	26%	26%
% Inputs from FARMERS/PRODUCER	55%	31%	28%
% Inputs from PARASTATALS	15%	7%	10%
Factors Impeding Ability to Obtain Inputs			
Lack of Financing	48%	48%	63%
Lack of Cooperative Buying	32%	22%	20%
Availability of Transport	47%	24%	34%
Import License Controls	0%	20%	6%
Import Taxes	38%	48%	30%
Internal Trade Regulations	22%	13%	13%
Customs Procedures	11%	38%	46%
Middlemen Margins	31%	50%	54%
Shortages	47%	63%	80%
Input Prices	83%	76%	76%
Enforcement of Supply Contracts	22%	19%	33%

Source: MAPS Private Sector Survey, March 1991

The Agribusiness, Industry and Services Sectors

FACTORS	AGRIBUS	INDUS	ERVICE
EXPORTING			
% Sales Currently Exported	10%	10%	4%
% Interested In Exporting	39%	38%	19%
% Knowledgeable of IFZ	27%	66%	43%
What is Best Export Market?			
Mauritius, Reunion, Comoros	23%	39%	23%
Other Africa	4%	0%	6%
EEC	46%	39%	52%
India/Pakistan/Sri Lanka	0%	0%	0%
China/Japan/HK/Singapore	8%	3%	4%
N.America	0%	0%	11%
Constraints to Exporting			
Exchange Controls	47%	50%	54%
Lack of Credit	65%	80%	96%
Bureaucratic Delays	65%	73%	84%
Taxes	37%	64%	43%
Lack of Appropriate Technology	65%	72%	75%
Inadequate Transport Infrastructure	81%	78%	78%
Inadequate Communication Infrastructure	86%	73%	92%
Other Infrastructure Problems	58%	57%	72%
Packaging	62%	72%	83%
Raw Materials	47%	62%	68%
Low Labor Productivity	43%	69%	57%
Lack of Market Information	85%	81%	74%
Percent Interested in Joint Ventures			
	77%	81%	83%
Interested in Joint Ventures for:			
Capital	94%	77%	96%
Technology	94%	81%	91%
Managerial Expertise	63%	56%	61%
Access to Markets	94%	100%	95%

Source: MAPS Private Sector Survey, March 1991

The Agribusiness, Industry and Services Sectors

FACTORS	AGRIBUS	INDUS	ERVIC
Taxes			
% Paying Each Type of Tax			
IBS	51%	72%	54%
IGR	58%	66%	62%
ICRM	17%	48%	32%
Land/Forestry/Mining/Fishing Fees	20%	20%	18%
TFT	7%	24%	5%
IFT/IFPB/TAPB	55%	60%	45%
TUT	62%	74%	72%
Export Taxes	9%	15%	7%
Registry Fees	33%	49%	44%
Tax on Insurance	37%	55%	34%
Consumption Tax	47%	45%	41%
Professional Tax	69%	77%	74%
License Fee	10%	34%	24%
Import Tax	20%	49%	21%
TUT on Imports	15%	45%	15%
Customs Exit Tax	11%	27%	12%
Other Export Taxes	4%	7%	3%

Source: MAPS Private Sector Survey, March 1991

The Agribusiness, Industry and Services Sectors

FACTORS	AGRIBUS	INDUS	SERVICES
Infrastructure			
Factors Affecting Production			
Availability of Air Cargo Space	33%	75%	67%
Price of Air Cargo Space	40%	95%	71%
Availability of Land Transport	40%	40%	83%
Price of Land Transport	61%	61%	60%
Availability of Maritime Transport	45%	67%	62%
Price of Maritime Transport	39%	81%	53%
Existence of Adequate Road Ntwrk	24%	43%	43%
Quality of Road Network	63%	59%	61%
Transport Regulations	50%	70%	66%
Road Checks/Road Blocks	65%	69%	76%
Cost of Water	68%	70%	79%
Reliability of Water Supply	42%	48%	53%
Cost of Electricity	61%	79%	84%
Reliability of Electricity	49%	55%	56%
Cost of Telecommunications	68%	72%	88%
Reliability of Telecommunications	68%	66%	82%

Source: MAPS Private Sector Survey, March 1991

The Informal and Formal Sectors

FACTORS	INFORMA	FORMAL
Number of Years Operating	7	17
% in INFORMAL SECTOR	100%	0%
Location		
Plateau	60%	55%
Coast	38%	22%
Others	2%	23%
% who Have Second Location	5%	14%
% in Agribusiness	35%	40%
% in Mining	0%	4%
% in Manufacturing	24%	26%
% in Commerce	20%	39%
% in Services	34%	29%
Ownership		
% Malagasy Owned	99%	79%
% GDRM Ownership	0%	1%
% French Ownership	0%	13%
% Indian/Pakistani Ownership	0%	3%
% Chinese Ownership	1%	1%
% Other Ownership	0%	2%
% Women Ownership	26%	13%

Source: MAPS Private Sector Survey, March 1991

The Informal and Formal Sectors

FACTORS	INFORMAL	FORMAL
Ownership Structure		
Sole Proprietor	60%	55%
SARL	0%	23%
SA	0%	20%
Others	40%	2%
Business Turnover		
< 30 million FMG	99%	45%
30-60 million FMG	1%	6%
60-100 million FMG	0%	5%
100-500 million FMG	0%	16%
500-1,000 million FMG	0%	10%
1-5 billion FMG	0%	13%
> 5 billion FMG	0%	5%
Land Tenure		
% Title Deed	43%	56%
% Lease	13%	20%
% Squatter	14%	3%
% Verbal Lease	20%	18%
% Who Are Constrained By:		
Cost of Land	17%	23%
Access to Land	9%	16%
Uncertainty of Tenure	46%	25%
Lack of Clear Titling	34%	21%
Security of Premises	12%	11%

Source: MAPS Private Sector Survey, March 1991

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The Informal and Formal Sectors

FACTORS	INFORMAL	FORMAL
Regulatory Issues		
% Needing this Number of Permits to Start Operating		
0-5 permits	100%	76%
6-10 permits	0%	16%
11-15 permits	0%	5%
16-20 permits	0%	2%
More than 20 permits	0%	1%
% Needing this Number of Months to Obtain Permits		
0-6 months	96%	85%
7-12 months	4%	9%
13-18 months	0%	3%
19-24 months	0%	0%
More than 24 months	0%	2%
% Needing this Number of Permits to Operate		
0-5 permits	98%	86%
6-10 permits	2%	9%
11-15 permits	0%	2%
16-20 permits	0%	1%
More than 20 permits	0%	2%
% Needing this Number of Permits Renewed Annually		
0-5 annual renewals	100%	91%
6-10 annual renewals	0%	6%
11-15 annual renewals	0%	0%
16-20 annual renewals	0%	0%
Over 20 annual renewals	0%	3%

Source: MAPS Private Sector Survey, March 1991

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The Informal and Formal Sectors

FACTORS	INFORMA	FORMAL
GDRM Regulations Affecting Sales		
Formalities	19%	23%
Price/Margin Controls	18%	17%
Labor Code Wage Regulations	3%	14%
Labor Code Hiring/Firing Regs	4%	15%
Customs Regulations	8%	28%
Tax Policies	13%	33%
Tariffs/Quotas	8%	29%
Investment Code	0%	10%
Credit Controls	34%	48%
Export Licensing Procedures	5%	14%
Import Licensing Procedures	5%	15%
Foreign Worker Regulations	0%	12%
Infrastructure Permits	9%	10%
Natural Resource Permits	7%	10%

The Informal and Formal Sectors

FACTORS	INFORMAL	FORMAL
Labor Issues		
Number of FT Employees	3	56
Number of PT Employees	1	46
% Labor Force Women	30%	16%
% Mgmt Personnel	29%	3%
% Mgmt Malagasy	95%	81%
% Mgmt Women	33%	22%
% Skilled Labor	15%	19%
% Skilled Labor Malagasy	100%	99%
% Skilled Labor Women	50%	20%
% Unskilled Labor	56%	78%
% Unskilled Labor Malagasy	99%	99%
% Unskilled Labor Women	20%	15%
% Satisfied w/ Labor Productivity	81%	85%
Access is Difficult for Malagasy:		
Managers	0%	61%
Secretaries/Clerical Personnel	0%	27%
Technicians	79%	61%
Professional Personnel	1%	55%
% Need to Offer High Salaries to Attract:		
Managers	2%	44%
Technicians	11%	55%
Professionals	44%	54%
% See High Salaries as a Constraint	9%	19%

Source: MAPS Private Sector Survey, March 1991

The Informal and Formal Sectors

FACTORS	INFORMAL	FORMAL
Mod : of Payment of Employees:		
Labor Code	6%	34%
Piece Work	40%	25%
Contractual Agreement	30%	15%
Combination of Above	7%	22%
Others	17%	4%
% Who Give Incentives/Bonuses		
	31%	77%
% Who Have Health Plan		
	6%	50%
% Who Have Savings Plan		
	1%	13%
Turnover Ratio for:		
Management	0%	2%
Skilled Personnel	1%	4%
Unskilled Personnel	7%	11%

Source: MAPS Private Sector Survey, March 1991

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The Informal and Formal Sectors

FACTORS	INFORMA	FORMAL
Credit Issues		
Sources of Credit		
% Commercial Banks	1%	13%
% Venture Capitalists	0%	0%
% Special Lines of Credit	0%	1%
% Other Financial Institutions	0%	0%
% Foreign Sources	0%	3%
% Informal Savings Clubs	0%	0%
% Remittances	1%	0%
% Suppliers Credit	0%	4%
% Family Capital	11%	10%
% Personal Capital	87%	67%
Credit Access has Affected Business	29%	55%
Access to Credit is Difficult for:		
Short Term Loans	93%	76%
Medium Term Loans	92%	83%
Long Term Loans	80%	87%
Ability to Obtain Financing Impeded by:		
Collateral Reqs	60%	47%
Short-Term Interest Rates	76%	73%
Long-Term Interest Rates	69%	69%
Bank Fees	71%	70%
Credit Ceilings	62%	63%
Paperwork	60%	52%
Co Doesn't Fit Bank Profile	8%	30%
Distance to Banks	5%	13%

The Informal and Formal Sectors

FACTORS	INFORMA	FORMAL
Business Climate		
Capacity Utilization TODAY	66%	64%
Capacity Utilization 1 YR AGO	61%	63%
Capacity Utilization 3 YRS AGO	53%	57%
Bus Climate Worse than 1 YR AGO	42%	34%
Bus Climate Worse than 3 YRS AGO	45%	28%
Last Yr Sales Grew by 20%+	25%	29%
Last Year Sales Grew < 20%	28%	28%
Next Year Sales Will Grow 20%+	18%	33%
Next Year Sales Will Grow < 20%	18%	22%
Uncertain About Next Year	48%	26%
Legal Environment		
Enforcing Contracts Difficult	76%	57%
Makes it Diff to do Business	69%	57%
Enforcing Contracts is Difficult with:		
Unincorporated Private Business	63%	69%
Incorporated Private Business	56%	49%
Parastatals	95%	78%
The GDRM	100%	85%

Source: MAPS Private Sector Survey, March 1991

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The Informal and Formal Sectors

FACTORS	INFORMA	FORMAL
Business Associations		
% Member of any Association	1%	30%
% Not Member of Assoc Because:		
Services are Not Useful	52%	68%
Fees Discourage My Joining	13%	3%
Percent Belonging to:		
GEM	7%	37%
JCEM	0%	12%
Chamber of Commerce	7%	29%
FIVMPAMA	0%	18%
CONECs	0%	7%
Associations Are Effective		
GEM	100%	84%
JCEM	0%	80%
Chamber of Commerce	100%	62%
FIVMPAMA	0%	80%
CONECs	0%	67%
Interested in Service		
Access to Credit	95%	90%
Technical Assistance	86%	77%
Personnel Training	75%	78%
Feasibility Studies	71%	71%
Lobbying	48%	72%
Info on GDRM Regulations	66%	78%
Info on EXPORT MARKETS	39%	71%
Info on LOCAL MARKETS	89%	89%
Telecommunication Services	57%	84%

Source: MAPS Private Sector Survey, March 1991

The Informal and Formal Sectors

FACTORS	INFORMA	FORMAL
Market Information		
Local Market Info Available	77%	66%
Export Market Info Available	0%	31%
Sources of Market Information		
Ministries	0%	25%
Personal Contacts	88%	93%
Foreign Partners	2%	25%
GEM	0%	12%
Chamber of Commerce	0%	8%
FIVMPAMA	0%	16%
Trade Journals	0%	7%
JCEM	0%	7%
Other Associations	0%	11%
APEM/SLAPEM	0%	2%
Banks	1%	15%
CNC	0%	4%
Would Like Better Information On:		
Prices	97%	93%
Product Standards	69%	71%
Contacts	59%	96%
Local Trade Regs	67%	90%
Foreign Trade Regs	27%	62%

Source: MAPS Private Sector Survey, March 1991

The Informal and Formal Sectors

FACTORS	INFORMA	FORMAL
Technology		
Have Access to Appropriate Tech	65%	78%
Factors Hindering Access to Technology		
Lack of Info on Technology	53%	42%
Lack of Local Expertise	34%	25%
Cost of Technology	56%	55%
Investment Required too High	57%	40%
Imported Tech Inadequate for Mkt	27%	16%
Difficulty Obtaining Spare Parts	31%	35%
Maintenance Problems	43%	38%

Source: MAPS Private Sector Survey, March 1991

The Informal and Formal Sectors

FACTORS	INFORMAL	FORMAL
OPPORTUNITIES		
What Sector Offers Best Return?		
Agric for Domestic Mkt	7%	4%
Agric for Export Market	9%	13%
AgroInd for Domestic Mkt	2%	2%
AgroInd for Export Mkt	8%	7%
Manuf for Domestic Mkt	11%	13%
Manuf for Export Mkt	2%	3%
Commerce	1%	9%
Banking	12%	13%
Tourism	8%	12%
Mining	21%	14%
Constuction	5%	9%
What Ag Sector Offers Best Return?		
Coffee	1%	14%
Vanilla	18%	21%
Spices	4%	0%
Fruits/Vegetables	11%	5%
Livestock	14%	19%
Fishing/Aquaculture	14%	10%
Oils	0%	2%
Wood Products/Forestry	0%	3%
Rice	14%	14%
Corn/Cassava	0%	2%
Tobacco	0%	5%
Cotton	4%	0%

Source: MAPS Private Sector Survey, March 1991

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The Informal and Formal Sectors

FACTORS	INFORMA	FORMAL
Investment Plans		
Percent Planning to Invest in:		
Personnel Training	7%	37%
Improved Production Technology	29%	55%
Physical Capital	13%	54%
Marketing	35%	49%
Procurement	31%	52%
Quality Control	50%	60%
Management Skills	43%	58%

Source: MAPS Private Sector Survey, March 1991

The Informal and Formal Sectors

FACTORS	INFORMA	FORMAL
Sales Channels		
% Sales in Madagascar	100%	91%
o/w in PROVINCE	98%	82%
% Sales Abroad	0%	9%
o/w % Mauritius/Reunion/Comoros	NA	16%
o/w % Other Africa	NA	0%
o/w % EEC	NA	64%
o/w % Other Europe	NA	8%
o/w % North America	NA	7%
o/w % India/Pakistan/Sri Lanka	NA	0%
o/w % China/Japan/Sing/HongKong	NA	6%
o/w % Other Asia	NA	0%
% Sales to CONSUMERS	72%	45%
% Sales to INFORMAL SECTOR	16%	5%
% Sales to SMALL FIRMS	9%	15%
% Sales to LARGE FIRMS	1%	23%
% Sales to GDRM Agencies	0%	4%
% Sales to PARASTATALS	1%	6%
% Sales to COOPERATIVES	1%	0%
% Sales to AFFILIATES	2%	5%
% Sales to AGENTS	13%	9%
FACTORS CONSTRAINING SALES VOLUME:		
Local Market Demand	12%	13%
Export Market Demand	4%	14%
Competition w/ Private Malagasy Firms	29%	35%
Competition w/Parastatals	8%	20%
Competition from Legal Imports	11%	24%
Competition from Illegal Imports	7%	29%
Distance from Markets	27%	25%
Market Infrastructure	22%	28%
Transport Availability	14%	18%
Official Regulations	9%	34%
Taxes	21%	49%
Exchange Rate	10%	35%
Lack of Appropriate Tech	12%	18%

Source: MAPS Private Sector Survey, March 1991

The Informal and Formal Sectors

FACTORS	INFORMAL	FORMAL
Inputs		
% Inputs IMPORTED	3%	14%
o/w from Mauritius/Comoros/Reunion	37%	1%
o/w from Other Africa	0%	3%
o/w from EEC	0%	62%
o/w from Other Europe	0%	11%
o/w from North America	0%	1%
o/w from China/Japan/Sing/HK	10%	10%
o/w from India/Pakist/Sri Lanka	0%	0%
o/w from Other Asia	0%	0%
o/w from Others	29%	2%
% Inputs from MADAGASCAR	97%	86%
o/w from PROVINCE	95%	81%
% Inputs from SMALL FIRMS	36%	18%
% Inputs from LARGE FIRMS	9%	29%
% Inputs from FARMERS/PRODUCER	46%	30%
% Inputs from PARASTATALS	4%	13%
Factors Impeding Ability to Obtain Inputs		
Lack of Financing	47%	65%
Lack of Cooperative Buying	11%	16%
Availability of Transport	16%	33%
Cost of Transport	39%	41%
Import License Controls	0%	6%
Import Taxes	0%	22%
Internal Trade Regulations	3%	10%
Customs Procedures	5%	22%
Middlemen Margins	29%	26%
Shortages	63%	47%
Input Prices	58%	72%
Enforcement of Supply Contracts	5%	23%

The Informal and Formal Sectors

FACTORS	INFORMA	FORMAL
EXPORTING		
% Sales Currently Exported	0%	9%
% Interested In Exporting	6%	39%
% Knowledgeable of IFZ	0%	49%
What is Best Export Market?		
Mauritius, Reunion, Comoros	50%	32%
Other Africa	25%	3%
EEC	25%	55%
India/Pakistan/Sri Lanka	0%	0%
China/Japan/HK/Singapore	0%	4%
N.America	0%	4%
Constraints to Exporting		
Overvalued Exchange Rate	66%	60%
Lack of Credit	100%	81%
Bureaucratic Delays	100%	74%
Taxes	66%	48%
Lack of Appropriate Technology	100%	70%
Inadequate Transport Infrastructure	100%	78%
Inadequate Communication Infrastructure	100%	82%
Other Infrastructure Problems	50%	62%
Packaging	100%	71%
Raw Materials	100%	58%
Low Labor Productivity	100%	56%
Lack of Market Information	100%	79%
Percent Interested in Joint Ventures	60%	81%
Interested in Joint Ventures for:		
Capital	100%	98%
Technology	100%	85%
Managerial Expertise	66%	59%
Access to Markets	100%	94%

Source: MAPS Private Sector Survey, March 1991

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The Informal and Formal Sectors

Factors	INFORMA	FORMAL
Taxes		
% Paying Each Type of Tax		
IBS	7%	73%
IGR	7%	79%
ICRM	0%	45%
Land/Forestry/Mining/Fishing Fees	1%	25%
TFT	0%	14%
IFT/IFPB/TAPB	11%	64%
TUT	12%	90%
Export Taxes	0%	13%
Registry Fees	0%	53%
Tax on Insurance	2%	53%
Consumption Tax	2%	56%
Professional Tax	9%	94%
License Fee	3%	33%
Import Tax	0%	38%
TUT on Imports	0%	31%
Customs Exit Tax	0%	22%
Other Export Taxes	0%	7%

Source: MAPS Private Sector Survey, March 1991

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The Informal and Formal Sectors

Factors	INFORMA	FORMAL
Infrastructure		
Factors Affecting Production		
Availability of Air Cargo Space	50%	63%
Price of Air Cargo Space	50%	77%
Availability of Land Transport	38%	43%
Price of Land Transport	59%	61%
Availability of Maritime Transport	20%	62%
Price of Maritime Transport	20%	64%
Existence of Adequate Road Ntwrk	15%	47%
Quality of Road Network	45%	61%
Transport Regulations	57%	64%
Road Checks/Road Blocks	83%	68%
Cost of Water	80%	72%
Reliability of Water Supply	58%	46%
Cost of Electricity	84%	76%
Reliability of Electricity	59%	53%
Cost of Telecommunications	78%	88%
Reliability of Telecommunications	73%	79%

Source: MAPS Private Sector Survey, March 1991

FOREIGN AND MALAGASY OWNED ENTERPRISES

FACTORS	MALAGASY	FOREIGN
Number of Years Operating	11	30
% in INFORMAL SECTOR	35%	2%
Location		
Plateau	56%	62%
Coast	25%	34%
Others	19%	4%
% who Have Second Location	11%	15%
% in Agribusiness	43%	28%
% in Mining	2%	6%
% in Manufacturing	23%	38%
% in Commerce	31%	45%
% in Services	30%	32%
Ownership		
% Malagasy Owned	100%	0%
% GDRM Ownership	<1%	3%
% French Ownership	0%	61%
% Indian/Pakistani Ownership	0%	14%
% Chinese Ownership	0%	6%
% Other Ownership	0%	16%
% Women Ownership	20%	2%

Source: MAPS Private Sector Survey, March 1991

FOREIGN AND MALAGASY OWNED ENTERPRISES

FACTORS	MALAGASY	FOREIGN
Ownership Structure		
Sole Proprietor	64%	15%
SARL	14%	20%
SA	7%	51%
Others	15%	6%
Business Turnover		
< 30 million FMG	70%	13%
30-60 million FMG	4%	6%
60-100 million FMG	3%	6%
100-500 million FMG	11%	13%
500-1,000 million FMG	6%	13%
1-5 billion FMG	5%	34%
> 5 billion FMG	1%	15%
Land Tenure		
% Title Deed	50%	62%
% Lease	17%	26%
% Squatter	7%	0%
% Verbal Lease	20%	11%
% Who Are Constrained By:		
Cost of Land	21%	20%
Access to Land	13%	20%
Uncertainty of Tenure	33%	20%
Lack of Clear Titling	25%	21%
Security of Premises	11%	10%

Source: MAPS Private Sector Survey, March 1991

FOREIGN AND MALAGASY OWNED ENTERPRISES

FACTORS	MALAGASY	FOREIGN
Regulatory Issues		
% Needing this Number of Permits to Start Operating		
0-5 permits	77%	74%
6-10 permits	11%	15%
11-15 permits	3%	6%
16-20 permits	2%	4%
More than 20 permits	7%	1%
% Needing this Number of Months to Obtain Permits		
0-6 months	90%	83%
7-12 months	6%	9%
13-18 months	2%	2%
19-24 months	0%	0%
More than 24 months	1%	6%
% Needing this Number of Permits to Operate		
0-5 permits	90%	89%
6-10 permits	7%	6%
11-15 permits	1%	4%
16-20 permits	1%	0%
More than 20 permits	1%	2%
% Needing this Number of Permits Renewed Annually		
0-5 annual renewals	95%	83%
6-10 annual renewals	3%	6%
11-15 annual renewals	0%	0%
16-20 annual renewals	0%	0%
Over 20 annual renewals	2%	11%

Source: MAPS Private Sector Survey, March 1991

FOREIGN AND MALAGASY OWNED ENTERPRISES

FACTORS	MALAGASY	FOREIGN
GDRM Regulations Affecting Sales		
Formalities	20%	12%
Price/Margin Controls	18%	13%
Labor Code Wage Regulations	28%	17%
Labor Code Hiring/Firing Regs	14%	10%
Customs Regulations	38%	31%
Tax Policies	33%	20%
Tariffs/Quotas	23%	35%
Investment Code	9%	7%
Credit Controls	43%	55%
Export Licensing Procedures	9%	24%
Import Licensing Procedures	13%	15%
Foreign Worker Regulations	10%	11%
Infrastructure Permits	9%	14%
Natural Resource Permits	9%	14%

Source: MAPS Private Sector Survey, March 1991

FOREIGN AND MALAGASY OWNED ENTERPRISES

FACTORS	MALAGASY	FOREIGN
Labor Issues		
Number of FT Employees	22	140
Number of PT Employees	18	117
% Labor Force Women	29%	13%
% Mgmt Personnel	26%	9%
% Mgmt Malagasy	100%	53%
% Mgmt Women	29%	13%
% Skilled Labor	40%	31%
% Skilled Labor Malagasy	100%	97%
% Skilled Labor Women	22%	16%
% Unskilled Labor	52%	64%
% Unskilled Labor Malagasy	99%	90%
% Unskilled Labor Women	20%	16%
% Satisfied w/ Labor Productivity	85%	60%
Access is Difficult for Malagasy:		
Managers	55%	68%
Secretaries/Clerical Personnel	34%	34%
Technicians	69%	51%
Professional Personnel	56%	54%
% Need to Offer High Salaries to Attract:		
Managers	35%	48%
Technicians	49%	53%
Professionals	53%	54%
% See High Salaries as a Constraint	18%	19%

Source: MAPS Private Sector Survey, March 1991

FOREIGN AND MALAGASY OWNED ENTERPRISES

FACTORS	MALAGASY	FOREIGN
Mode of Payment of Employees:		
Labor Code	23%	42%
Piece Work	34%	8%
Contractual Agreement	20%	15%
Combination of Above	14%	36%
Others	9%	0%
% Who Give Incentives/Bonuses		
	60%	85%
% Who Have Health Plan		
	32%	70%
% Who Have Savings Plan		
	10%	9%
Turnover Ratio for:		
Management	<1%	3%
Skilled Personnel	2%	6%
Unskilled Personnel	10%	11%

Source: MAPS Private Sector Survey, March 1991

FOREIGN AND MALAGASY OWNED ENTERPRISES

FACTORS	MALAGASY	FOREIGN
Business Climate		
Capacity Utilization TODAY	64%	70%
Capacity Utilization 1 YR AGO	62%	67%
Capacity Utilization 3 YRS AGO	55%	59%
Bus Climate Worse than 1 YR AGO	33%	40%
Bus Climate Worse than 3 YRS AGO	31%	19%
Last Yr Sales Grew by 20%+	25%	32%
Last Year Sales Grew < 20%	26%	28%
Next Year Sales Will Grow 20%+	27%	40%
Next Year Sales Will Grow < 20%	21%	17%
Uncertain About Next Year	35%	21%
Legal Environment		
Enforcing Contracts Difficult	63%	43%
Makes it Diff to do Business	65%	35%
Enforcing Contracts is Difficult with:		
Unincorporated Private Firms	68%	67%
Incorporated Private Firms	49%	65%
Parastatals	79%	84%
The GDRM	86%	89%

Source: MAPS Private Sector Survey, March 1991

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FOREIGN AND MALAGASY OWNED ENTERPRISES

FACTORS	MALAGASY	FOREIGN
Business Associations		
% Member of any Association	16%	47%
% Not Member of Assoc Because:		
Services are Not Useful	71%	89%
Fees Discourage My Joining	2%	0%
Percent Belonging to:		
GEM	22%	59%
JCEM	12%	7%
Chamber of Commerce	22%	24%
FIVMPAMA	19%	10%
CONECs	7%	7%
Associations Are Effective		
GEM	80%	88%
JCEM	88%	50%
Chamber of Commerce	67%	57%
FIVMPAMA	85%	33%
CONECs	100%	50%
Interested in Service		
Access to Credit	98%	72%
Technical Assistance	82%	67%
Personnel Training	79%	67%
Feasibility Studies	75%	52%
Lobbying	67%	68%
Info on GDRM Regulations	76%	71%
Info on EXPORT MARKETS	65%	57%
Info on LOCAL MARKETS	93%	86%
Telecommunication Services	77%	80%

Source: MAPS Private Sector Survey, March 1991

FOREIGN AND MALAGASY OWNED ENTERPRISES

FACTORS	MALAGASY	FOREIGN
Market Information		
Local Market Info Available	58%	54%
Export Market Info Available	24%	41%
Sources of Market Information		
Ministries	16%	26%
Personal Contacts	92%	93%
Foreign Partners	14%	42%
GEM	6%	19%
Chamber of Commerce	9%	25%
FIVMPAMA	6%	2%
Trade Journals	23%	53%
JCEM	4%	8%
Other Associations	7%	13%
APEM/SIAPEM	1%	2%
Banks	8%	25%
CNC	2%	6%
Would Like Better Information On:		
Prices	94%	94%
Product Standards	66%	78%
Contacts	79%	68%
Local Trade Regs	79%	67%
Foreign Trade Regs	27%	28%

Source: MAPS Private Sector Survey, March 1991

FOREIGN AND MALAGASY OWNED ENTERPRISES

FACTORS	MALAGASY	FOREIGN
Technology		
Have Access to Appropriate Tech	66%	89%
Factors Hindering Access to Technology		
Lack of Info on Technology	48%	32%
Lack of Local Expertise	32%	15%
Cost of Technology	56%	54%
Investment Required too High	49%	27%
Imported Tech Inadequate for Mkt	27%	12%
GDRM Licensing Regulations	18%	5%
Difficulty Obtaining Spare Parts	38%	24%
Maintenance Problems	44%	23%

Source: MAPS Private Sector Survey, March 1991

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FOREIGN AND MALAGASY OWNED ENTERPRISES

FACTORS	MALAGASY	FOREIGN
OPPORTUNITIES		
What Sector Offers Best Return?		
Agric for Domestic Mkt	5%	0%
Agric for Export Market	13%	8%
AgroInd for Domestic Mkt	2%	2%
AgroInd for Export Mkt	7%	8%
Manuf for Export Mkt	10%	23%
Manuf for Domestic Mkt	2%	4%
Mining	17%	11%
Banking	12%	15%
Commerce	11%	11%
Tourism	10%	15%
Constuction	8%	4%
What Ag Sector Offers Best Return?		
Coffee	4%	2%
Vanilla	5%	4%
Spices	0%	0%
Fruits/Vegetables	2%	2%
Livestock	3%	0%
Fishing/Aquaculture	3%	2%
Oils	0%	0%
Wood Products/Forestry	1%	0%
Rice	4%	2%
Corn/Cassava	0%	0%
Tobacco	0%	4%
Cotton	0%	0%
Cloves	0%	2%

Source: MAPS Private Sector Survey, March 1991

FOREIGN AND MALAGASY OWNED ENTERPRISES

FACTORS	MALAGASY	FOREIGN
Investment Plans		
Percent Planning to Invest in:		
Personnel Training	28%	35%
Improved Production Technology	49%	42%
Physical Capital	41%	54%
Marketing	47%	42%
Procurement	57%	57%
Quality Control	55%	49%
Management Skills	47%	34%

Source: MAPS Private Sector Survey, March 1991

FOREIGN AND MALAGASY OWNED ENTERPRISES

FACTORS	MALAGASY	FOREIGN
Sales Channels		
% Sales in Madagascar	96%	83%
o/w in PROVINCE	85%	67%
% Sales Abroad	4%	17%
o/w % Mauritius/Reunion/Comoros	25%	3%
o/w % Other Africa	0%	0%
o/w % EEC	75%	67%
o/w % Other Europe	5%	20%
o/w % North America	8%	7%
o/w % India/Pakistan/Sri Lanka	0%	1%
o/w % China/Japan/Sing/HongKong	13%	0%
% Sales to CONSUMERS	57%	32%
% Sales to INFORMAL SECTOR	10%	<1%
% Sales to SMALL FIRMS	12%	17%
% Sales to LARGE FIRMS	14%	35%
% Sales to GDRM Agencies	2%	7%
% Sales to PARASTATALS	3%	8%
% Sales to COOPERATIVES	1%	1%
% Sales to AFFILIATES	3%	6%
% Sales to AGENTS	9%	16%
FACTORS CONSTRAINING SALES VOLUME:		
Local Market Demand	14%	9%
Export Market Demand	9%	22%
Competition w/ Private Malagasy Firms	74%	25%
Competition w/Parastatals	18%	15%
Competition from Legal Imports	19%	26%
Competition from Illegal Imports	26%	24%
Distance from Markets	28%	15%
Market Infrastructure	26%	30%
Transport Availability	14%	27%
Official Regulations	30%	25%
Taxes	46%	31%
Exchange Rate	27%	37%
Lack of Appropriate Tech	19%	6%

Source: MAPS Private Sector Survey, March 1991

FOREIGN AND MALAGASY OWNED ENTERPRISES

FACTORS	MALAGASY	FOREIGN
Inputs		
% Inputs IMPORTED	6%	27%
o/w from Mauritius/Comoros/Reunion	7%	4%
o/w from Other Africa	3%	4%
o/w from EEC	50%	81%
o/w from Other Europe	7%	19%
o/w from North America	0%	2%
o/w from China/Japan/Sing/HK		
o/w from India/Pakist/Sri Lanka	0%	0%
o/w from China/Japan/Singapore/HK	2%	7%
% Inputs from MADAGASCAR	94%	
o/w from PROVINCE	82%	49%
% Inputs from SMALL FIRMS	26%	7%
% Inputs from LARGE FIRMS	20%	41%
% Inputs from FARMERS/PRODUCERS	37%	22%
% Inputs from PARASTATALS	33%	30%
Factors Impeding Ability to Obtain Inputs		
Lack of Financing	65%	44%
Availability of Transport	34%	57%
Cost of Transport	56%	53%
Import License Controls	10%	23%
Import Taxes	57%	46%
Internal Trade Regulations	15%	23%
Customs Procedures	48%	46%
Middlemen Margins	61%	43%
Shortages	78%	81%
Input Prices	96%	75%
Enforcement of Supply Contracts	31%	29%

Source: MAPS Private Sector Survey, March 1991

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FOREIGN AND MALAGASY OWNED ENTERPRISES

FACTORS	MALAGASY	FOREIGN
EXPORTING		
% Sales Currently Exported	4%	17%
% Interested In Exporting	74%	40%
% Knowledgeable of IFZ	45%	52%
What is Best Export Market?		
Mauritius Reunion Comoros	29%	19%
Other Africa	4%	0%
EEC	40%	57%
India/Pakistan/Sri Lanka	0%	0%
China/Japan/HK/Singapore	4%	5%
N.America	4%	0%
Constraints to Exporting		
Exchange Controls	64%	50%
Lack of Credit	88%	61%
Bureaucratic Delays	78%	68%
Taxes	57%	41%
Lack of Appropriate Technology	78%	63%
Inadequate Transport Infrastructure	76%	88%
Inadequate Communication Infrastructure	83%	89%
Other Infrastructure Problems	63%	77%
Packaging	76%	73%
Raw Materials	61%	69%
Low Labor Productivity	56%	73%
Lack of Market Information	82%	87%

Source: MAPS Private Sector Survey, March 1991

FOREIGN AND MALAGASY OWNED ENTERPRISES

FACTORS	MALAGASY	FOREIGN
Percent Interested in Joint Ventures	81%	62%
Interested in Joint Ventures for:		
Capital	91%	75%
Technology	85%	92%
Managerial Expertise	57%	67%
Access to Markets	96%	100%
Taxes		
% Paying Each Type of Tax		
IBS	52%	89%
IGR	59%	79%
ICRM	23%	59%
Land/Forestry/Mining/Fishing Fees	20%	18%
TFT	7%	27%
IFT/IFPB/TAPB	46%	73%
TUT	67%	91%
Export Taxes	8%	15%
Registry Fees	36%	71%
Tax on Insurance	34%	70%
Consumption Tax	38%	64%
Professional Tax	69%	96%
License Fee	21%	45%
Import Tax	19%	68%
TUT on Imports	15%	60%
Customs Exit Tax	14%	23%
Other Export Taxes	10%	4%

Source: MAPS Private Sector Survey, March 1991

FOREIGN AND MALAGASY OWNED ENTERPRISES

FACTORS	MALAGASY	FOREIGN
Infrastructure		
Factors Affecting Production		
Availability of Air Cargo Space	65%	55%
Price of Air Cargo Space	78%	69%
Availability of Land Transport	40%	53%
Price of Land Transport	59%	72%
Availability of Maritime Transport	52%	77%
Price of Maritime Transport	57%	71%
Existence of Adequate Road Ntwrk	30%	81%
Quality of Road Network	56%	84%
Transport Regulations	63%	64%
Road Checks/Road Blocks	73%	60%
Cost of Water	78%	53%
Reliability of Water Supply	49%	47%
Cost of Electricity	79%	73%
Reliability of Electricity	54%	55%
Cost of Telecommunications	80%	74%
Reliability of Telecommunications	70%	86%

Source: MAPS Private Sector Survey, March 1991

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Exporters and Non-Exporters

FACTORS	Exporters*	All
Number of Years Operating	21	14
% in INFORMAL SECTOR	0%	30%
Location		
Plateau	43%	57%
Coast	48%	29%
Other	10%	16%
% who Have Second Location	33%	11%
% in Agribusiness	35%	15%
% in Mining	14%	3%
% in Manufacturing	19%	25%
% in Commerce	43%	33%
% in Services	25%	30%
Ownership		
% Malagasy Owned	62%	85%
% GDRM Ownership	1%	1%
% French Ownership	76%	9%
% Indian/Pakistani Ownership	13%	2%
% Chinese Ownership	0%	1%
% Other Ownership	1%	2%
% Women Ownership	24%	17%
* "Exporters" are those firms selling at least 35 percent of their goods abroad.		

Exporters and Non-Exporters

FACTORS	Exporters	All
Ownership Structure		
Sole Proprietor	24%	56%
SARL	38%	16%
SA	38%	14%
Others	0%	13%
Business Turnover		
< 30 million FMG	10%	61%
30-60 million FMG	5%	5%
60-100 million FMG	10%	3%
100-500 million FMG	24%	11%
500-1,000 million FMG	19%	7%
1-5 billion FMG	29%	9%
> 5 billion FMG	5%	3%
Land Tenure		
% Title Deed	76%	52%
% Lease	24%	18%
% Squatter	0%	6%
% Verbal Lease	0%	19%
% Who Are Constrained By:		
Cost of Land	19%	21%
Access to Land	19%	14%
Uncertainty of Tenure	19%	31%
Lack of Clear Titling	10%	24%
Security of Premises	4%	11%
* "Exporters" are those firms selling at least 35 percent of their goods abroad.		

Exporters and Non-Exporters

FACTORS	Exporters	All
Regulatory Issues		
% Needing this Number of Permits to Start Operating		
0-5 permits	62%	82%
6-10 permits	29%	12%
11-15 permits	0%	5%
16-20 permits	10%	2%
More than 20 permits	0%	1%
% Needing this Number of Months to Obtain Permits		
0-6 months	71%	88%
7-12 months	10%	7%
13-18 months	10%	2%
19-24 months	0%	0%
More than 24 months	10%	2%
% Needing this Number of Permits to Operate		
0-5 permits	81%	89%
6-10 permits	14%	8%
11-15 permits	5%	2%
16-20 permits	0%	0%
More than 20 permits	0%	1%
% Needing this Number of Permits Renewed Annually		
0-5 annual renewals	76%	94%
6-10 annual renewals	14%	4%
11-15 annual renewals	0%	0%
16-20 annual renewals	0%	0%
Over 20 annual renewals	10%	2%

Exporters and Non-Exporters

FACTORS	Exporters	All
GDRM Regulations Affecting Sales		
Formalities	26%	15%
Price/Margin Controls	10%	17%
Labor Code Wage Regulations	5%	12%
Labor Code Hiring/Firing Regs	10%	14%
Customs Regulations	19%	25%
Tax Policies	35%	31%
Tariffs/Quotas	25%	26%
Investment Code	5%	8%
Credit Controls	42%	46%
Export Licensing Procedures	15%	13%
Import Licensing Procedures	5%	2%
Foreign Worker Regulations	5%	10%
Infrastructure Permits	6%	10%
Natural Resource Permits	20%	10%
Labor Issues		
Number of FT Employees	155	40
Number of PT Employees	100	32
% Labor Force Women	16%	16%
% Mgmt Personnel	10%	3%
% Mgmt Malagasy	74%	89%
% Mgmt Women	10%	21%
% Skilled Labor	21%	19%
% Skilled Labor Malagasy	100%	99%
% Skilled Labor Women	26%	21%
% Unskilled Labor	58%	76%
% Unskilled Labor Malagasy	99%	100%
% Unskilled Labor Women	25%	15%

Source: MAPS Private Sector Survey, February 1991

Exporters and Non-Exporters

FACTORS	Exporters	All
% Satisfied w/ Labor Productivity	80%	84%
Access is Difficult for Malagasy:		
Managers	54%	60%
Secretaries/Clerical Personnel	29%	34%
Technicians	56%	63%
Professional Personnel	31%	56%
% Need to Offer High Salaries to Attract:		
Managers	54%	40%
Technicians	48%	50%
Professionals	38%	53%
% See High Salaries as a Constraint	5%	18%
Mode of Payment of Employees:		
Labor Code	48%	26%
Piece Work	14%	30%
Contractual Agreement	10%	19%
Combination of Above	29%	17%
Others	0%	8%
% Who Give Incentives/Bonuses	86%	64%
% Who Have Health Plan	67%	38%
% Who Have Savings Plan	5%	10%
Turnover Ratio for:		
Management	1%	1%
Skilled Personnel	3%	3%
Unskilled Personnel	6%	10%

Exporters and Non-Exporters

FACTORS	Exporters	All
Credit Issues		
Sources of Credit		
% Commercial Banks	9%	9%
% Venture Capitalists	0%	0%
% Special Lines of Credit	3%	0%
% Other Financial Institutions	0%	0%
% Foreign Sources	9%	2%
% Informal Savings Clubs	0%	0%
% Remittances	0%	0%
% Suppliers Credit	1%	3%
% Family Capital	2%	10%
% Personal Capital	77%	73%
Credit Access has Affected Business	60%	50%
Access to Credit is Difficult for:		
Short Term Loans	57%	77%
Medium Term Loans	89%	84%
Long Term Loans	89%	86%
Ability to Obtain Financing Impeded by:		
Collateral Reqs	50%	79%
Short-Term Interest Rates	78%	72%
Long-Term Interest Rates	71%	77%
Bank Fees	84%	70%
Credit Ceilings	75%	63%
Paperwork	47%	53%
Co Doesn't Fit Bank Profile	11%	30%
Distance to Banks	21%	12%

Exporters and Non-Exporters

FACTORS	Exporters	All
Business Climate		
Capacity Utilization TODAY	75%	65%
Capacity Utilization 1 YR AGO	68%	63%
Capacity Utilization 3 YRS AGO	58%	56%
Bus Climate Worse than 1 YR AGO	19%	31%
Bus Climate Worse than 3 YRS AGO	14%	29%
Last Yr Sales Grew by 20%+	38%	28%
Last Year Sales Grew < 20%	14%	28%
Next Year Sales Will Grow 20%+	52%	29%
Next Year Sales Will Grow < 20%	24%	21%
Uncertain About Next Year	19%	33%
Legal Environment		
Enforcing Contracts Difficult	70%	59%
Makes it Diff to do Business	70%	60%
Enforcing Contracts is Difficult with:		
Private (Unincorporated) Businesses	50%	48%
Private (Incorporated) Businesses	25%	26%
Parastatals	62%	80%
The GDRM	71%	87%

Exporters and Non-Exporters

FACTORS	Exporters	All
Business Associations		
% Member of any Association	45%	21%
% Not Member of Assoc Because:		
Services are Not Useful	50%	62%
Fees Discourage My Joining	0%	6%
Percent Belonging to:		
GEM	60%	28%
JCEM	30%	10%
Chamber of Commerce	40%	25%
FIVMPAMA	30%	15%
CONECs	30%	6%
Associations Are Effective		
GEM	83%	84%
JCEM	100%	80%
Chamber of Commerce	75%	64%
FIVMPAMA	100%	80%
CONECs	100%	67%
Interested in Service		
Access to Credit	86%	94%
Technical Assistance	57%	80%
Personnel Training	43%	77%
Feasibility Studies	43%	71%
Lobbying	76%	67%
Info on GDRM Regulations	81%	75%
Info on EXPORT MARKETS	95%	61%
Info on LOCAL MARKETS	57%	89%
Telecommunication Services	76%	78%

Exporters and Non-Exporters

FACTORS	Exporters	All
Market Information		
Local Market Info Available	50%	68%
Export Market Info Available	68%	28%
Sources of Market Information		
Ministries	52%	17%
Personal Contacts	95%	92%
Foreign Partners	67%	18%
GEM	24%	8%
Chamber of Commerce	43%	11%
FIVMPAMA	57%	6%
Trade Journals	14%	27%
JCEM	19%	5%
Other Associations	5%	8%
APEM/SIAPEM	21%	1%
Banks	14%	11%
Would Like Better Information On:		
Prices	95%	94%
Product Standards	76%	68%
Contacts	75%	77%
Local Trade Regs	67%	68%
Foreign Trade Regs	71%	27%

Exporters and Non-Exporters

FACTORS			Exporters	All	
Technology					
Have Access to Appropriate Tech			71%	69%	
Factors Hindering Access to Technology					
Lack of Info on Technology			33%	45%	
Lack of Local Expertise			15%	28%	
Cost of Technology			40%	53%	
Investment Required too High			50%	44%	
Imported Tech Inadequate for Mkt			13%	18%	
GRC Licensing Regulations			7%	14%	
Difficulty Obtaining Spare Parts			33%	32%	
Maintenance Problems			13%	39%	

Exporters and Non-Exporters

FACTORS	Exporters	All
OPPORTUNITIES		
What Sector Offers Best Return?		
Agric for Domestic Mkt	0%	5%
Agric for Export Market	10%	12%
AgroInd for Domestic Mkt	0%	2%
AgroInd for Export Mkt	10%	7%
Manuf for Domestic Mkt	0%	12%
Manuf for Export Mkt	29%	3%
Commerce	5%	16%
Banking	10%	13%
Tourism	10%	11%
Mining	24%	11%
Construction	5%	7%
What Ag Sector Offers Best Return?		
Coffee	25%	13%
Vanilla	0%	20%
Spices	0%	1%
Fruits/Vegetables	5%	7%
Livestock	0%	18%
Fishing/Aquaculture	25%	11%
Oils	0%	1%
Wood Products/Forestry	0%	2%
Rice	0%	14%
Corn/Cassava	0%	1%
Tobacco	0%	3%
Cotton	0%	1%

Exporters and Non-Exporters

FACTORS	Exporters	All
Investment Plans		
Perce.: Planning to invest in:		
Personnel Training	40%	29%
Improved Production Technology	53%	48%
Physical Capital	63%	44%
Marketing	30%	45%
Procurement	63%	46%
Quality Control	80%	57%
Management Skills	28%	54%
Sales Channels		
% Sales in Madagascar	10%	94%
o/w from PROVINCE	70%	87%
% Sales Abroad	90%	6%
o/w % Maurtius/Reunion/Comoros	13%	17%
o/w % Other Africa	0%	0%
o/w % EEC	66%	67%
o/w % Other Europa	7%	9%
o/w % North America	7%	7%
o/w % India/Pakistan/Sri Lanka	0%	0%
o/w % China/Japan/Sing/HongKong	8%	5%
% Sales to CONSUMERS	11%	53%
% Sales to INFORMAL SECTOR	4%	8%
% Sales to SMALL FIRMS	9%	13%
% Sales to LARGE FIRMS	62%	17%
% Sales to GDRM Agencies	0%	3%
% Sales to PARASTATALS	5%	4%
% Sales to COOPERATIVES	0%	1%
% Sales to AFFILIATES	10%	4%
% Sales to AGENTS	5%	10%

Exporters and Non-Exporters

FACTORS	Exporters	All
FACTORS CONSTRAINING SALES VOLUME		
Local Market Demand	15%	13%
Export Market Demand	5%	11%
Competition with Pvt. Malagasy Firms	38%	33%
Competition with Parastatals	26%	17%
Competition from Legal Imports	21%	21%
Competition from Illegal Imports	21%	23%
Distance from Markets	11%	26%
Market Infrastructure	24%	27%
Transport Availability	19%	17%
Official Regulations	33%	29%
Taxes	38%	43%
Exchange Rate	9%	30%
Lack of Appropriate Technology	22%	17%

Source: MAPS Private Sector Survey, February 1991

Exporters and Non-Exporters

FACTORS	Exporters	All
Inputs		
% Inputs IMPORTED	13%	11%
o/w from Mauritius/Comoros/Reunion	11%	4%
o/w from Other Africa	8%	3%
o/w from EEC	38%	56%
o/w from North America	2%	10%
o/w from China/Japan/Sing/HK	23%	9%
o/w from India/Pakist/Sri Lanka	0%	0%
o/w from Other Asia	0%	0%
% Inputs from MADAGASCAR	87%	89%
o/w from PROVINCE	72%	86%
% Inputs from SMALL FIRMS	15%	23%
% Inputs from LARGE FIRMS	20%	23%
% Inputs from FARMERS/PRODUCERS	43%	35%
% Inputs from PARASTATALS	9%	10%
Factors Impeding Ability to Obtain Inputs		
Lack of Financing	80%	55%
Lack of Cooperative Buying	0%	24%
Availability of Transport	60%	33%
Cost of Transport	78%	49%
Import License Controls	13%	9%
Import Taxes	57%	4%
Internal Trade Regulations	29%	14%
Customs Procedures	29%	37%
Middlemen Margins	50%	47%
Shortages	75%	77%
Input Prices	67%	77%
Enforcement of Supply Contracts	29%	26%

Source: MAPS Private Sector Survey, February 1991

Exporters and Non-Exporters

FACTORS	Exporters	All
EXPORTING		
% Sales Currently Exported	90%	6%
% Interested In Exporting	100%	28%
% Knowledgeable of IFZ	57%	47%
What is Best Export Market?		
Mauritius, Reunion, Comoros	19%	32%
Other Africa	0%	4%
EEC	71%	53%
India/Pakistan/Sri Lanka	0%	0%
China/Japan/HK/Singapore	10%	5%
N. America	0%	4%
Constraints to Exporting		
Overvalued Exchange Rate	40%	47%
Lack of Credit	75%	67%
Bureaucratic Delays	50%	52%
Taxes	40%	50%
Lack of Appropriate Technology	47%	71%
Inadequate Transport Infrastructure	74%	79%
Inadequate Communication Infrastructure	70%	84%
Other Infrastructure Problems	53%	62%
Packaging	42%	72%
Raw Materials	42%	60%
Low Labor Productivity	35%	57%
Lack of Market Information	60%	80%
Percent Interested in Joint Ventures	68%	82%
Interested in Joint Ventures for:		
Capital	80%	68%
Technology	86%	88%
Managerial Expertise	36%	59%
Access to Markets	100%	97%

Exporters and Non-Exporters

FACTORS			Exporters	All
Taxes				
% Paying Each Type of Tax				
IBS			81%	58%
IGR			85%	62%
ICRM			50%	34%
Land/Forestry/Mining/Fishing Fees			24%	19%
TFT			22%	10%
IFT/IFPB/TAPB			80%	51%
TUT			71%	71%
Export Taxes			67%	9%
Registry Fees			70%	43%
Tax on Insurance			71%	40%
Consumption Tax			50%	43%
Professional Tax			95%	74%
License Fee			29%	25%
Import Tax			81%	28%
TUT on Imports			47%	23%
Customs Exit Tax			58%	16%
Other Export Taxes			33%	5%

Source: MAPS Private Sector Survey, February 1991

Exporters and Non-Exporters

FACTORS	Exporters	All
Infrastructure		
Factors Negatively Affecting Production		
Availability of Air Cargo Space	26%	62%
Price of Air Cargo Space	64%	76%
Availability of Land Transport	58%	42%
Price of Land Transport	83%	61%
Availability of Maritime Transport	50%	60%
Price of Maritime Transport	47%	61%
Existence of Adequate Road Ntwrk	83%	39%
Quality of Road Network	82%	61%
Transport Regulations	67%	63%
Road Checks/Road Blocks	40%	70%
Cost of Water	38%	74%
Reliability of Water Supply	40%	49%
Cost of Electricity	75%	78%
Reliability of Electricity	75%	54%
Cost of Telecommunications	83%	79%
Reliability of Telecommunications	83%	74%

Source: MAPS Private Sector Survey, February 1991

Women Owned Enterprises

FACTORS	WOMEN	ALL
Number of Years Operating	10	14
% in INFORMAL SECTOR	45%	30%
Location		
Plateau	61%	57%
Coast	24%	29%
Others	15%	16%
% who Have Second Location	7%	11%
% in Agribusiness	19%	19%
% in Mining	0%	3%
% in Manufacturing	29%	25%
% in Commerce	41%	33%
% in Services	19%	30%
Ownership		
% Malagasy Owned	98%	85%
% GDRM Ownership	1%	1%
% French Ownership	0%	9%
% Indian/Pakistani Ownership	0%	2%
% Chinese Ownership	0%	1%
% Other Ownership	2%	2%
% Women Ownership	100%	17%

Source: MAPS Private Sector Survey, March 1991

Women Owned Enterprises

FACTORS	WOMEN	ALL
Ownership Structure		
Sole Proprietor	66%	56%
SARL	15%	16%
SA	3%	14%
Others	15%	13%
Business Turnover		
< 30 million FMG	80%	61%
30-60 million FMG	3%	5%
60-100 million FMG	2%	3%
100-500 million FMG	5%	11%
500-1,000 million FMG	3%	7%
1-5 billion FMG	5%	9%
> 5 billion FMG	2%	3%
Land Tenure		
% Title Deed	51%	52%
% Lease	15%	18%
% Squatter	7%	6%
% Verbal Lease	22%	19%
% Who Are Constrained By:		
Cost of Land	7%	21%
Access to Land	8%	14%
Uncertainty of Tenure	33%	31%
Lack of Clear Titling	22%	24%
Security of Premises	8%	11%

Source: MAPS Private Sector Survey, March 1991

Women Owned Enterprises

FACTORS	WOMEN	ALL
Regulatory Issues		
% Needing this Number of Permits to Start Operating		
0-5 permits	89%	82%
6-10 permits	9%	12%
11-15 permits	2%	5%
16-20 permits	0%	2%
More than 20 permits	0%	1%
% Needing this Number of Months to Obtain Permits		
0-6 months	96%	88%
7-12 months	0%	7%
13-18 months	2%	2%
19-24 months	0%	0%
More than 24 months	2%	2%
% Needing this Number of Permits to Operate		
0-5 permits	96%	89%
6-10 permits	4%	8%
11-15 permits	0%	2%
16-20 permits	0%	0%
More than 20 permits	1%	1%
% Needing this Number of Permits Renewed Annually		
0-5 annual renewals	98%	94%
6-10 annual renewals	2%	4%
11-15 annual renewals	0%	0%
16-20 annual renewals	0%	0%
Over 20 annual renewals	0%	2%

Women Owned Enterprises

FACTORS	WOMEN	ALL
GDRM Regulations Affecting Sales		
Formalities	14%	15%
Price/Margin Controls	19%	17%
Labor Code Wage Regulations	6%	12%
Labor Code Hiring/Firing Regs	6%	14%
Customs Regulations	15%	25%
Tax Policies	32%	31%
Tariffs/Quotas	19%	26%
Investment Code	7%	8%
Credit Controls	29%	46%
Export Licensing Procedures	13%	13%
Import Licensing Procedures	7%	2%
Foreign Worker Regulations	4%	10%
Infrastructure Permits	10%	10%
Natural Resource Permits	4%	10%

Source: MAPS Private Sector Survey, March 1991

Women Owned Enterprises

FACTORS	WOMEN	ALL
Labor Issues		
Number of FT Employees	26	40
Number of PT Employees	2	32
% Labor Force Women	60%	16%
% Mgmt Personnel	7%	3%
% Mgmt Malagasy	100%	39%
% Mgmt Women	47%	21%
% Skilled Labor	17%	19%
% Skilled Labor Malagasy	98%	99%
% Skilled Labor Women	25%	21%
% Unskilled Labor	78%	76%
% Unskilled Labor Malagasy	100%	100%
% Unskilled Labor Women	69%	15%
% Satisfied w/ Labor Productivity	81%	84%
Access is Difficult for Malagasy:		
Managers	61%	60%
Secretaries/Clerical Personnel	44%	34%
Technicians	71%	63%
Professional Personnel	57%	56%
% Need to Offer High Salaries to Attract:		
Managers	35%	40%
Technicians	50%	50%
Professionals	45%	53%

Women Owned Enterprises

FACTORS	WOMEN	ALL
% See High Salaries as a Constraint	23%	18%
Mode of Payment of Employees:		
Labor Code	12%	26%
Piece Work	34%	30%
Contractual Agreement	29%	19%
Combination of Above	15%	17%
Others	10%	8%
% Who Give Incentives/Bonuses	59%	64%
% Who Have Health Plan	27%	38%
% Who Have Savings Plan	6%	10%
Turnover Ratio for:		
Management	1%	1%
Skilled Personnel	3%	3%
Unskilled Personnel	5%	10%

Source: MAPS Private Sector Survey, March 1991

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Women Owned Enterprises

FACTORS	WOMEN	ALL
Credit Issues		
Sources of Credit		
% Commercial Banks	5%	9%
% Venture Capitalists	0%	0%
% Special Lines of Credit	1%	0%
% Other Financial Institutions	1%	0%
% Foreign Sources	1%	2%
% Informal Savings Clubs	0%	0%
% Remittances	0%	0%
% Suppliers Credit	4%	3%
% Family Capital	11%	10%
% Personal Capital	77%	73%
Credit Access has Affected Business	46%	50%
Access to Credit is Difficult for:		
Short Term Loans	92%	77%
Medium Term Loans	86%	84%
Long Term Loans	100%	86%
Ability to Obtain Financing Impeded by:		
Collateral Reqs	56%	79%
Short-Term Interest Rates	81%	72%
Long-Term Interest Rates	64%	77%
Bank Fees	81%	70%
Credit Ceilings	70%	63%
Paperwork	57%	53%
Co Doesn't Fit Bank Profile	40%	30%
Distance to Banks	0%	12%

Women Owned Enterprises

FACTORS	WOMEN	ALL
Business Climate		
Capacity Utilization TODAY	70%	65%
Capacity Utilization 1 YR AGO	67%	63%
Capacity Utilization 3 YRS AGO	55%	56%
Bus Climate Worse than 1 YR AGO	36%	31%
Bus Climate Worse than 3 YRS AGO	31%	29%
Last Yr Sales Grew by 20%+	24%	28%
Last Year Sales Grew < 20%	27%	28%
Next Year Sales Will Grow 20%+	20%	29%
Next Year Sales Will Grow < 20%	20%	21%
Uncertain About Next Year	42%	33%
Legal Environment		
Enforcing Contracts Difficult	67%	59%
Makes it Diff to do Business	68%	60%
Enforcing Contracts is Difficult with:		
Unincorporated Private Business	29%	48%
Incorporated Private Business	37%	26%
Parastatals	77%	80%
The GDRM	88%	87%

Source: MAPS Private Sector Survey, March 1991

Women Owned Enterprises

FACTORS	WOMEN	ALL
Business Associations		
% Member of any Association	12%	21%
% Not Member of Assoc Because:		
Services are Not Useful	49%	62%
Fees Discourage My Joining	9%	6%
Percent Belonging to:		
GEM	11%	28%
JCEM	22%	10%
Chamber of Commerce	33%	25%
FIVMPAMA	33%	15%
CONECS	33%	6%
Associations Are Effective		
GEM	100%	84%
JCEM	50%	80%
Chamber of Commerce	67%	64%
FIVMPAMA	75%	80%
CONECS	67%	67%
Interested in Service		
Access to Credit	87%	94%
Technical Assistance	82%	80%
Personnel Training	80%	77%
Feasibility Studies	76%	71%
Lobbying	62%	67%
Info on GDRM Regulations	79%	75%
Info on EXPORT MARKETS	59%	61%
Info on LOCAL MARKETS	88%	89%
Telecommunication Services	66%	78%

Source: MAPS Private Sector Survey, March 1991

Women Owned Enterprises

FACTORS	WOMEN	ALL
Market Information		
Local Market Info Available	76%	68%
Export Market Info Available	21%	28%
Sources of Market Information		
Ministries	14%	17%
Personal Contacts	92%	92%
Foreign Partners	9%	18%
GEM	3%	8%
Chamber of Commerce	3%	11%
FIVMPAMA	5%	6%
Trade Journals	19%	27%
ICEM	0%	5%
Other Associations	3%	8%
APEM/SIAPEM	2%	1%
Banks	5%	11%
CNC	3%	3%
Would Like Better Information On:		
Prices	93%	94%
Product Standards	64%	68%
Contacts	75%	77%
Local Trade Regs	63%	68%
Foreign Trade Regs	19%	27%

Source: MAPS Private Sector Survey, March 1991

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Women Owned Enterprises

FACTORS	WOMEN	ALL
Technology		
Have Access to Appropriate Tech	61%	69%
Factors Hindering Access to Technology		
Lack of Info on Technology	34%	45%
Lack of Local Expertise	23%	28%
Cost of Technology	65%	55%
Investment Required too High	48%	44%
Imported Tech Inadequate for Mkt	22%	18%
GDRM Licensing Regulations	23%	14%
Difficulty Obtaining Spare Parts	28%	32%
Maintenance Problems	27%	39%

Women Owned Enterprises

FACTORS	WOMEN	ALL
OPPORTUNITIES		
What Sector Offers Best Return?		
Agric for Domestic Mkt	2%	5%
Agric for Export Market	12%	12%
AgroInd for Domestic Mkt	3%	2%
AgroInd for Export Mkt	5%	7%
Manuf for Export Mkt	3%	12%
Manuf for Domestic Mkt	3%	3%
Mining	15%	16%
Banking	19%	13%
Commerce	15%	11%
Tourism	14%	11%
Constuction	8%	7%
What Ag Sector Offers Best Return?		
Coffee	7%	13%
Vanilla	0%	20%
Spices	0%	1%
Fruits/Vegetables	21%	7%
Livestock	15%	18%
Fishing/Aquaculture	23%	11%
Oils	0%	1%
Wood Products/Forestry	8%	2%
Rice	14%	14%
Corn/Cassava	0%	1%
Tobacco	0%	3%
Cotton	0%	1%
Cloves	0%	2%

Source: MAPS Private Sector Survey, March 1991

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Women Owned Enterprises

FACTORS	WOMEN	ALL
Investment Plans		
Percent Planning to Invest in:		
Personnel Training	24%	29%
Improved Production Technology	33%	48%
Physical Capital	33%	44%
Marketing	48%	45%
Procurement	48%	46%
Quality Control	46%	57%
Management Skills	51%	54%

Source: MAPS Private Sector Survey, March 1991

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Women Owned Enterprises

FACTORS	WOMEN	ALL
Sales Channels		
% Sales in Madagascar	91%	94%
o/w in PROVINCE	91%	87%
% Sales Abroad	9%	6%
o/w % Maurtius/Reunion/Comoros	24%	17%
o/w % Other Africa	0%	0%
o/w % EEC	63%	67%
o/w % Other Europe	0%	9%
o/w % North America	0%	7%
o/w % India/Pakistan/Sri Lanka	0%	0%
o/w % China/Japan/Sing/HongKong	15%	5%
% Sales to CONSUMERS	67%	53%
% Sales to INFORMAL SECTOR	10%	8%
% Sales to SMALL FIRMS	6%	13%
% Sales to LARGE FIRMS	17%	17%
% Sales to GDRM Agencies	0%	3%
% Sales to PARASTATALS	1%	4%
% Sales to COOPERATIVES	0%	1%
% Sales to AFFILIATES	3%	4%
% Sales to AGENTS	5%	10%
FACTORS CONSTRAINING SALES VOLUME:		
Local Market Demand	17%	13%
Export Market Demand	9%	11%
Competition w/ Private Malagasy Firms	28%	33%
Competition w/Parastatals	17%	17%
Competition from Legal Imports	3%	21%
Competition from Illegal Imports	22%	23%
Distance from Markets	23%	26%
Market Infrastructure	16%	27%
Transport Availability	13%	17%
Official Regulations	24%	29%
Taxes	44%	43%
Exchange Rate	21%	30%
Lack of Appropriate Tech	5%	17%

Source: MAPS Private Sector Survey, March 1991

Women Owned Enterprises

FACTORS	WOMEN	ALL
Inputs		
% Inputs IMPORTED	5%	11%
o/w from Mauritius/Comoros/Reunion	19%	4%
o/w from Other Africa	0%	3%
o/w from EEC	63%	56%
o/w from Other Europe	3%	10%
o/w from North America	0%	1%
o/w from China/Japan/Sing/HK	14%	9%
o/w from India/Pakist/Sri Lanka	0%	0%
o/w from Other Asia	0%	0%
o/w from Others		
% Inputs from MADAGASCAR	95%	89%
o/w from PROVINCE	86%	86%
% Inputs from SMALL FIRMS	38%	23%
% Inputs from LARGE FIRMS	21%	23%
% Inputs from FARMERS/PRODUCER	31%	35%
% Inputs from PARASTATALS	8%	10%
Factors Impeding Ability to Obtain Inputs		
Lack of Financing	50%	55%
Lack of Cooperative Buying	18%	24%
Availability of Transport	21%	33%
Cost of Transport	54%	49%
Import Taxes	17%	4%
Internal Trade Regulations	20%	14%
Customs Procedures	14%	37%
Middlemen Margins	38%	47%
Shortages	67%	77%
Input Prices	44%	77%
Enforcement of Supply Contracts	36%	26%

Source: MAPS Private Sector Survey, March 1991

Women Owned Enterprises

FACTORS	WOMEN	ALL
EXPORTING		
% Sales Currently Exported	9%	6%
% Interested In Exporting	22%	28%
% Knowledgeable of IFZ	42%	47%
What is Best Export Market?		
Mauritius, Reunion, Comoros	30%	32%
Other Africa	0%	4%
EEC	60%	53%
India/Pakistan/Sri Lanka	0%	0%
China/Japan/HK/Singapore	10%	5%
N. America	0%	4%
Constraints to Exporting		
Exchange Controls	56%	47%
Lack of Credit	100%	67%
Bureaucratic Delays	56%	52%
Taxes	33%	50%
Lack of Appropriate Technology	63%	71%
Inadequate Transport Infrastructure	75%	79%
Inadequate Communication Infrastructure	67%	84%
Other Infrastructure Problems	43%	62%
Packaging	56%	72%
Raw Materials	63%	60%
Low Labor Productivity	44%	57%
Lack of Market Information	78%	80%
Percent Interested in Joint Ventures	100%	82%
Interested in Joint Ventures for:		
Capital	80%	88%
Technology	80%	88%
Managerial Expertise	60%	59%
Access to Markets	100%	97%

Source: MAPS Private Sector Survey, March 1991

Women Owned Enterprises

FACTORS	WOMEN	ALL
Taxes		
% Paying Each Type of Tax		
IBS	51%	58%
IGR	53%	62%
ICRM	26%	34%
Land/Forestry/Mining/Fishing Fees	9%	19%
TFT	22%	10%
IFT/IFPB/TAPB	33%	51%
TUT	54%	71%
Export Taxes	11%	9%
Registry Fees	28%	43%
Tax on Insurance	29%	40%
Consumption Tax	26%	43%
Professional Tax	57%	74%
License Fee	26%	25%
Import Tax	18%	28%
TUT on Imports	9%	23%
Customs Exit Tax	17%	16%
Other Export Taxes	5%	5%

Source: MAPS Private Sector Survey, March 1991

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Women Owned Enterprises

FACTORS	WOMEN	ALL
Infrastructure		
Factors Affecting Production		
Availability of Air Cargo Space	100%	62%
Price of Air Cargo Space	100%	76%
Availability of Land Transport	30%	42%
Price of Land Transport	69%	61%
Availability of Maritime Transport	44%	60%
Price of Maritime Transport	55%	61%
Existence of Adequate Road Ntwrk	30%	39%
Quality of Road Network	45%	61%
Transport Regulations	86%	63%
Road Checks/Road Blocks	75%	70%
Cost of Water	94%	74%
Reliability of Water Supply	50%	49%
Cost of Electricity	91%	78%
Reliability of Electricity	56%	54%
Cost of Telecommunications	90%	79%
Reliability of Telecommunications	80%	74%

Source: MAPS Private Sector Survey, March 1991

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The Plateau and the Coastal Regions

FACTORS	PLATEAU	COAST	OTHERS
Number of Years Operating	16	13	11
% in INFORMAL SECTOR	31%	43%	3%
Location			
Plateau	100%	0%	0%
Coast	0%	100%	0%
Others	0%	0%	100%
% who Have Second Location	14%	8%	10%
% in Agribusiness	32%	45%	48%
% in Mining	2%	1%	2%
% in Manufacturing	30%	24%	10%
% in Commerce	41%	20%	28%
% in Services	29%	34%	29%
Ownership			
% Malagasy Owned	83%	81%	97%
% GDRM Ownership	1%	0%	2%
% French Ownership	11%	10%	3%
% Indian/Pakistani Ownership	2%	3%	0%
% Chinese Ownership	1%	2%	0%
% Other Ownership	2%	3%	0%
% Women Ownership	19%	15%	16%

Source: MAPS Private Sector Survey, March 1991

The Plateau and the Coastal Regions

FACTORS	PLATEAU	COAST	OTHERS
Ownership Structure			
Sole Proprietor	55%	47%	76%
SARL	18%	12%	17%
SA	19%	9%	5%
Others	8%	33%	2%
Business Turnover			
< 30 million FMG	59%	61%	69%
30-60 million FMG	3%	6%	9%
60-100 million FMC	3%	4%	5%
100-500 million FMG	11%	14%	9%
500-1,000 million FMG	8%	6%	7%
1-5 billion FMG	13%	6%	2%
> 5 billion FMG	5%	1%	0%
Land Tenure			
% Title Deed	55%	48%	48%
% Lease	19%	22%	10%
% Squatter	7%	5%	3%
% Verbal Lease	17%	18%	29%
% Who Are Constrained By:			
Cost of Land	16%	28%	26%
Access to Land	13%	20%	9%
Uncertainty of Tenure	27%	36%	38%
Lack of Clear Titling	15%	33%	35%
Security of Premises	12%	12%	8%
*PLATEAU refers to Antananarivo, Antsirabe & Fianarantsoa			
**COAST refers to Tamatave, Mahajanga, Nosy Be, Antsiranana, Toliary			
***OTHERS refers to tertiary cities like Brickaville, Ambositra, Morondava,			

The Plateau and the Coastal Regions

FACTORS	PLATEA	COAST	OTHERS
Regulatory Issues			
% Needing this Number of Permits to Start Operating			
0-5 permits	79%	84%	88%
6-10 permits	15%	9%	9%
11-15 permits	5%	1%	2%
16-20 permits	1%	5%	2%
More than 20 permits	1%	1%	0%
% Needing this Number of Months to Obtain Permits			
0-6 months	87%	91%	86%
7-12 months	7%	5%	10%
13-18 months	4%	1%	0%
19-24 months	0%	0%	2%
More than 24 months	2%	3%	2%
% Needing this Number of Permits to Operate			
0-5 permits	91%	89%	83%
6-10 permits	5%	9%	14%
11-15 permits	2%	1%	2%
16-20 permits	1%	0%	2%
More than 20 permits	2%	1%	0%
% Needing this Number of Permits Renewed Annually			
0-5 annual renewals	92%	95%	97%
6-10 annual renewals	5%	3%	3%
11-15 annual renewals	1%	0%	0%
16-20 annual renewals	0%	0%	0%
Over 20 annual renewals	3%	3%	0%

Source: MAPS Private Sector Survey, March 1991

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The Plateau and the Coastal Regions

FACTORS	PLATEA	COAST	OTHERS
GDRM Regulations Affecting Sales			
Formalities	17%	26%	31%
Price/Margin Controls	17%	16%	21%
Labor Code Wage Regulations	13%	12%	9%
Labor Code Hiring/Firing Regs	13%	17%	9%
Customs Regulations	34%	12%	15%
Tax Policies	37%	18%	24%
Tariffs/Quotas	37%	10%	14%
Investment Code	7%	9%	12%
Credit Controls	46%	42%	51%
Export Licensing Procedures	16%	12%	4%
Import Licensing Procedures	17%	11%	4%
Foreign Worker Regulations	10%	10%	11%
Infrastructure Permits	10%	11%	11%
Natural Resource Permits	12%	7%	7%

Source: MAPS Private Sector Survey, March 1991

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The Plateau and the Coastal Regions

FACTORS	PLATEA	COAST	OTHERS
Labor Issues			
Number of FT Employees	51	36	8
Number of PT Employees	20	18	98
% Labor Force Women	24%	19%	1%
% Mgmt Personnel	5%	3%	1%
% Mgmt Malagasy	87%	83%	81%
% Mgmt Women	30%	18%	19%
% Skilled Labor	23%	37%	2%
% Skilled Labor Malagasy	98%	99%	100%
% Skilled Labor Women	17%	28%	9%
% Unskilled Labor	72%	60%	97%
% Unskilled Labor Malagasy	99%	100%	100%
% Unskilled Labor Women	26%	14%	0%
% Satisfied w/ Labor Productivity			
	81%	89%	84%
Access is Difficult for Malagasy:			
Managers	74%	49%	65%
Secretaries/Clerical Personnel	40%	28%	7%
Technicians	70%	44%	62%
Professional Personnel	62%	41%	53%
% Need to Offer High Salaries to Attract:			
Managers	47%	28%	24%
Technicians	53%	31%	64%
Professionals	53%	48%	65%
% See High Salaries as a Constraint			
	17%	25%	13%

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The Plateau and the Coastal Regions

FACTORS	PLATEAU	COAST	OTHERS
Mode of Payment of Employees:			
Labor Code	27%	31%	14%
Piece Work	27%	32%	34%
Contractual Agreement	19%	13%	31%
Combination of Above	22%	11%	12%
Others	6%	13%	9%
% Who Give Incentives/Bonuses			
	64%	61%	66%
% Who Have Health Plan			
	38%	40%	34%
% Who Have Savings Plan			
	8%	9%	15%
Turnover Ratio for:			
Management	1%	0%	0%
Skilled Personnel	3%	5%	1%
Unskilled Personnel	7%	11%	18%

Source: MAPS Private Sector Survey, March 1991

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The Plateau and the Coastal Regions

FACTORS	PLATEA	COAST	OTHERS
Credit Issues			
Sources of Credit			
% Commercial Banks	10%	11%	6%
% Venture Capitalists	0%	0%	0%
% Special Lines of Credit	0%	0%	0%
% Other Financial Institutions	0%	0%	1%
% Foreign Sources	3%	1%	0%
% Informal Savings Clubs	0%	0%	0%
% Remittances	0%	0%	0%
% Suppliers Credit	3%	1%	3%
% Family Capital	7%	16%	13%
% Personal Capital	73%	70%	78%
Credit Access has Affected Business	59%	40%	50%
Access to Credit is Difficult for:			
Short Term Loans	74%	84%	82%
Medium Term Loans	83%	83%	92%
Long Term Loans	90%	77%	80%
Ability to Obtain Financing Impeded by:			
Collateral Reqs	58%	42%	39%
Short-Term Interest Rates	76%	62%	78%
Long-Term Interest Rates	90%	58%	59%
Bank Fees	79%	57%	64%
Credit Ceilings	71%	42%	68%
Paperwork	59%	38%	59%
Co Doesn't Fit Bank Profile	32%	24%	84%
Distance to Banks	15%	4%	19%

Source: MAPS Private Sector Survey, March 1991

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The Plateau and the Coastal Regions

FACTORS	PLATEA	COAST	OTHERS
Business Climate			
Capacity Utilization TODAY	67%	63%	62%
Capacity Utilization 1 YR AGO	63%	63%	62%
Capacity Utilization 3 YRS AGO	55%	57%	54%
Bus Climate Worse than 1 YR AGO	35%	45%	26%
Bus Climate Worse than 3 YRS AGO	31%	37%	33%
Last Yr Sales Grew by 20%+	26%	30%	29%
Last Year Sales Grew < 20%	34%	24%	15%
Next Year Sales Will Grow 20%+	28%	29%	33%
Next Year Sales Will Grow < 20%	25%	10%	22%
Uncertain About Next Year	26%	47%	31%
Legal Environment			
Enforcing Contracts Difficult	61%	50%	63%
Makes it Diff to do Business	61%	49%	67%
Enforcing Contracts is Difficult with:			
Unincorporated Private Business	72%	55%	70%
Incorporated Private Business	59%	32%	41%
Parastatals	86%	68%	70%
The GDRM	93%	76%	78%

Source: MAPS Private Sector Survey, March 1991

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The Plateau and the Coastal Regions

FACTORS	PLATEA	COAST	OTHERS
Business Associations			
% Member of any Association	29%	13%	5%
% Not Member of Assoc Because:			
Services are Not Useful	64%	54%	85%
Fees Discourage My Joining	9%	5%	4%
Percent Belonging to:			
GEM	42%	13%	0%
JCEM	10%	13%	0%
Chamber of Commerce	13%	35%	0%
FIVMPAMA	16%	17%	0%
CONECs	7%	4%	0%
Associations Are Effective			
GEM	86%	66%	NA
JCEM	71%	100%	NA
Chamber of Commerce	64%	55%	NA
FIVMPAMA	73%	100%	NA
CONECs	60%	100%	NA
Interested in Service			
Access to Credit	90%	88%	98%
Technical Assistance	80%	74%	92%
Personnel Training	81%	63%	89%
Feasibility Studies	71%	61%	83%
Lobbying	70%	63%	64%
Info on GDRM Regulations	73%	72%	89%
Info on EXPORT MARKETS	62%	60%	76%
Info on LOCAL MARKETS	88%	86%	96%
Telecommunication Services	72%	77%	98%

The Plateau and the Coastal Regions

FACTORS	PLATEA	COAST	OTHERS
Market Information			
Local Market Info Available	71%	64%	66%
Export Market Info Available	26%	42%	0%
Sources of Market Information			
Ministries	18%	20%	10%
Personal Contacts	91%	89%	97%
Foreign Partners	25%	13%	3%
GEM	12%	4%	2%
Chamber of Commerce	12%	14%	3%
FIVMPAMA	7%	5%	2%
Trade Journals	29%	33%	12%
JCEM	6%	5%	0%
Other Associations	11%	5%	4%
APEM/SLAPEM	3%	0%	0%
Banks	13%	12%	3%
CNC	4%	3%	0%
Would Like Better Information On:			
Prices	95%	91%	95%
Product Standards	70%	68%	61%
Contacts	80%	75%	69%
Local Trade Regs	67%	61%	83%
Foreign Trade Regs	28%	27%	24%

The Plateau and the Coastal Regions

FACTORS	PLATEA	COAST	OTHERS
Technology			
Have Access to Appropriate Tech	71%	70%	62%
Factors Hindering Access to Technology			
Lack of Info on Technology	36%	56%	45%
Lack of Local Expertise	21%	35%	41
Cost of Technology	50%	64%	62%
Investment Required too High	47%	36%	46%
Imported Tech Inadequate for Mkt	18%	19%	16%
GDRM Licensing Regulations	12%	25%	6%
Difficulty Obtaining Spare Parts	33%	36%	38%
Maintenance Problems	37%	41%	45%

Source: MAPS Private Sector Survey, March 1991

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The Plateau and the Coastal Regions

FACTORS	PLATEA	COAST	OTHERS
OPPORTUNITIES			
What Sector Offers Best Return?			
Agric for Domestic Mkt	4%	5%	7%
Agric for Export Market	10%	9%	22%
AgroInd for Domestic Mkt	2%	0%	3%
AgroInd for Export Mkt	7%	5%	12%
Manuf for Export Mkt	11%	19%	7%
Manuf for Domestic Mkt	3%	1%	3%
Mining	23%	5%	12%
Banking	18%	8%	3%
Commerce	11%	15%	7%
Tourism	6%	19%	12%
Constuction	6%	9%	9%
What Ag Sector Offers Best Return?			
Coffee	11%	11%	19%
Vanilla	21%	11%	23%
Spices	2%	0%	0%
Fruits/Vegetables	6%	6%	8%
Livestock	21%	6%	23%
Fishing/Aquaculture	2%	33%	4%
Oils	2%	0%	0%
Wood Products/Forestry	4%	0%	0%
Rice	19%	6%	12%
Corn/Cassava	0%	6%	0%
Tobacco	0%	6%	8%
Cotton	0%	6%	0%
Cloves	2%	6%	0%

Source: MAPS Private Sector Survey, March 1991

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The Plateau and the Coastal Regions

FACTORS	PLATEA	COAST	OTHERS
Investment Plans			
Percent Planning to Invest in:			
Personnel Training	36%	24%	22%
Improved Production Technology	53%	35%	49%
Physical Capital	50%	32%	41%
Marketing	51%	35%	41%
Procurement	53%	34%	20%
Quality Control	61%	53%	49%
Management Skills	55%	47%	61%

Source: MAPS Private Sector Survey, March 1991

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The Plateau and the Coastal Regions

FACTORS	PLATEA	COAST	OTHERS
Sales Channels			
% Sales in Madagascar	95%	89%	97%
o/w in PROVINCE	88%	92%	77%
% Sales Abroad	5%	11%	3%
o/w % Maurtius/Reunion/Comoros	0%	0%	0%
o/w % Other Africa	64%	68%	46%
o/w % EEC	18%	0%	0%
o/w % Other Europe	15%	0%	0%
o/w % North America	0%	0%	0%
o/w % India/Pakistan/Sri Lanka	6%	8%	0%
o/w % China/Japan/Sing/HongKong	0%	0%	0%
% Sales to CONSUMERS	52%	57%	49%
% Sales to INFORMAL SECTOR	7%	11%	10%
% Sales to SMALL FIRMS	14%	9%	15%
% Sales to LARGE FIRMS	17%	16%	16%
% Sales to GDRM Agencies	4%	1%	2%
% Sales to PARASTATALS	4%	5%	5%
% Sales to COOPERATIVES	1%	1%	0%
% Sales to AFFILIATES	3%	6%	3%
% Sales to AGENTS	2%	24%	18%

Source: MAPS Private Sector Survey, March 1991

The Plateau and the Coastal Regions

FACTORS CONSTRAINING SALES	PLATEA	COAST	OTHERS
Local Market Demand	15%	8%	14%
Export Market Demand	12%	8%	17%
Competition w/ Private Malagasy Firms	32%	32%	40%
Competition w/Parastatals	15%	14%	30%
Competition from Legal Imports	25%	11%	24%
Competition from Illegal Imports	31%	8%	19%
Distance from Markets	23%	23%	40%
Market Infrastructure	24%	21%	33%
Transport Availability	18%	14%	19%
Official Regulations	32%	22%	29%
Taxes	49%	24%	53%
Exchange Rate	43%	14%	15%
Lack of Appropriate Tech	18%	10%	23%

Source: MAPS Private Sector Survey, March 1991

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The Plateau and the Coastal Regions

FACTORS	PLA/EA	COAST	OTHERS
Inputs			
% Inputs IMPORTED	17%	5%	1%
o/w from Mauritius/Comoros/Reunion	3%	11%	0%
o/w from Other Africa	2%	8%	0%
o/w from EEC	58%	20%	17%
o/w from Other Europe	12%	0%	0%
o/w from North America	0%	5%	0%
o/w from China/Japan/Sing/HK	9%	12%	0%
o/w from India/Pakist/Sri Lanka	0%	0%	0%
o/w from Other Asia	0%	0%	0%
o/w from Others			
% Inputs from MADAGASCAR	83%	95%	99%
o/w from PROVINCE	88%	82%	87%
% Inputs from SMALL FIRMS	21%	29%	21%
% Inputs from LARGE FIRMS	25%	19%	20%
% Inputs from FARMERS/PRODUCER	35%	30%	39%
% Inputs from PARASTATALS	8%	11%	17%
Factors Impeding Ability to Obtain Inputs			
Lack of Financing	63%	51%	44%
Lack of Cooperative Buying	21%	14%	55%
Availability of Transport	30%	40%	23%
Import License Controls	22%	0%	0%
Import Taxes	56%	12%	40%
Internal Trade Regulations	16%	4%	33%
Customs Procedures	59%	5%	33%
Middlemen Margins	46%	56%	25%
Shortages	74%	61%	77%
Input Prices	77%	78%	81%
Enforcement of Supply Contracts	41%	19%	43%

The Plateau and the Coastal Regions

FACTORS	PLATEA	COAST	OTHERS
EXPORTING			
% Sales Currently Exported	5%	11%	3%
% Interested In Exporting	28%	25%	37%
% Knowledgeable of IFZ	61%	37%	17%
What is Best Export Market?			
Mauritius, Reunion, Comoros	31%	16%	28%
Other Africa	2%	5%	28%
EEC	40%	63%	33%
India/Pakistan/Sri Lanka	0%	0%	0%
China/Japan/HK/Singapore	2%	16%	0%
N. America	6%	0%	0%
Constraints to Exporting			
Exchange Controls	75%	29%	55%
Lack of Credit	87%	72%	77%
Bureaucratic Delays	74%	65%	92%
Taxes	70%	22%	25%
Lack of Appropriate Technology	69%	65%	85%
Inadequate Transport Infrastructure	74%	83%	86%
Inadequate Communication Infrastructure	82%	78%	93%
Other Infrastructure Problems	61%	56%	73%
Packaging	76%	53%	86%
Raw Materials	63%	56%	55%
Low Labor Productivity	62%	56%	46%
Lack of Market Information	77%	78%	92%
Percent Interested in Joint Ventures	81%	67%	94%
Interested in Joint Ventures for:			
Capital	84%	85%	100%
Technology	85%	92%	93%
Managerial Expertise	56%	50%	73%
Access to Markets	97%	100%	93%

Source: MAPS Private Sector Survey, March 1991

The Plateau and the Coastal Regions

FACTORS	PLATEA	COAST	OTHERS
Taxes			
% Paying Each Type of Tax			
IBS	59%	47%	72%
IGR	61%	52%	84%
ICRM	45%	19%	21%
Land/Forestry/Mining/Fishing Fees	16%	13%	41%
TFT	13%	11%	0%
IFT/IFPB/TAPB	53%	42%	61%
TUT	72%	56%	89%
Export Taxes	10%	12%	3%
Registry Fees	48%	35%	36%
Tax on Insurance	40%	64%	50%
Consumption Tax	42%	30%	48%
Professional Tax	76%	61%	88%
License Fee	30%	17%	24%
Import Tax	36%	22%	10%
TUT on Imports	34%	10%	8%
Customs Exit Tax	36%	15%	10%
Other Export Taxes	5%	4%	3%

The Plateau and the Coastal Regions

FACTORS	PLATEA	COAST	OTHERS
Infrastructure			
Factors Affecting Production			
Availability of Air Cargo Space	80%	54%	0%
Price of Air Cargo Space	86%	58%	60%
Availability of Land Transport	46%	43%	31%
Price of Land Transport	68%	43%	62%
Availability of Maritime Transport	70%	55%	36%
Price of Maritime Transport	79%	38%	50%
Existence of Adequate Road Ntwrk	37%	42%	38%
Quality of Road Network	65%	51%	59%
Transport Regulations	67%	60%	50%
Road Checks/Road Blocks	81%	42%	78%
Cost of Water	81%	55%	69%
Reliability of Water Supply	72%	48%	21%
Cost of Electricity	83%	68%	81%
Reliability of Electricity	58%	56%	39%
Cost of Telecommunications	78%	71%	92%
Reliability of Telecommunications	77%	69%	72%

Source: MAPS Private Sector Survey, March 1991

APPENDIX C

TERMS OF REFERENCE FOR THE SURVEY OF THE PRIVATE SECTOR

**LES TERMES DE REFERENCE POUR L'ENQUETE
DU SECTEUR PRIVE AU MADAGASCAR**

L'Objectif: Le but de cette enquete est de collecter des informations sur le secteur prive au Madagascar en vue de mieux comprendre les opportunités et contraintes auxquelles il a a faire face. Cette enquete est l'une des composantes d'une etude faite pour l'USAID, l'agence americaine pour le developpement international.

1. Le cabinet mettra en place un enquete nationale des entreprises privees²⁵ qui va fournir l'information statistiquement significative non-biaisee sur les perceptions des entrepreneurs locaux concernant les opportunités et contraintes du croissance du secteur prive malgache.

2. L'enquete s'engageant par le cabinet va couvrir les entreprises privees aux secteurs industriels suivants:
 - a. L'agriculture commerciale focalise aux produits non-traditionnel pour l'exportation, comme les recoltes horticulturelle (les litchis, la canne a sucre et les grains de poivres verts par exemple) et les produits de mer (les crevettes, les langoustes, les nageoire de requin les concombres de mer par exemple)et les autres produits agricole pour l'exportation.

 - b. Les agro-industries: Y compris les fruits et vegetables, le coton, la canne a sucre, le sisal, les arachides, les huiles vegetales, les peaux et les cuirs, les viandes et les produits laitage.

 - c. Les industries de transformation: Les abbatages industriels, les brasseries, le tabac, les huileries, les sucreries, les textiles, l'habillage (confection et chaussures), les materiaux de construction, la metallurgie, les produits de bois (y compris le papier), les produits de cuir, les produits electriques, les industries chimiques, les materiaux de transport, le caoutchouc, la raffinage du petrole et les produits petroliers.

 - d. Les industries d'extraction: La chromite, la graphite, l'or, l'ilemenite, le zircon et les gemmes semi-precieux.

²⁵Les entreprises privees sont celles qu'avoir au minimum de 51% des actions sont tenues par les entites privees.

- e. Les services: La commerce (gros et detail), la finance (les banques, l'assurance et les immobiliers), la construction (les edifices commerciaux et de logement), le transport (aerien, routier, chemin de fer), le tourisme, les communications, l'energie et l'eau.
3. Cet enquete exclure toutes les entreprises (prive, pas pour profit, public, etc) aux secteurs de services sociaux (la sante, l'education) et les agriculteurs subsistances.
 4. La questionnaire sera developper par l'equipe MAPS en consultation avec l'USAID.
 5. Le cabinet aidera recire l'enquete pour la comprehension des petites et moyennes entreprises (voyez paragraphe 8 ci-dessous). En outre le cabinet sera responsable pour la traduction de l'enquete aux langues locales.
 6. Le cabinet sera responsable pour mettre a l'epreuve de la questionnaire aux quinze entreprises qui seront choisir a l'hazard avant la commencement de l'enquete propre pour assurer les questions sont comprehensible aux entrevues. Le cabinet travaillera avec l'equipe MAPS et le bureau de l'USAID pour revoir la questionnaire sur la bas des resultants de l'epreuve. Les entreprises entrevuaient ne sera pas incluye dans le nombre ultime des entreprises choisi pour l'enquete propre.
 7. L'echantillonnage doit etre aussi complet que possible pour laisser l'echantillon non-biaise. Le cabinet identifiera les echantillonnage approprie pour cet exercice, en consultation avec l'equipe MAPS et le bureau de l'USAID.

8. L'échantillon se sera attendre approximativement 350 entreprises; de ces entreprises, 250 devraient être en le secteur formel et 100 devraient être en le secteur non-structure. Des entreprises de secteur formel, 150 devraient être les petites et moyennes entreprises.²⁶
9. L'échantillonnage pour les PME/PMI va établir sur la base des inscriptions des bureaux d'inscriptions, les ONG et les autres organisations qui fournissent le crédit ou l'assistance technique aux PME/PMI. L'échantillonnage pour les entreprises plus grandes se dépendra sur la disponibilité et la fiabilité de listes complètes. Les listes de la banque de données de l'état sont une source possible aussi que les bureaux de sociétés de chaque localité. Le cabinet proposera une stratégie pour construire l'échantillonnage et tirer l'échantillon afin qu'elle satisfère aux exigences spécifiées aux paragraphes 1 à 8.
10. L'échantillon tirera en utilisant la méthodologie de échantillonnage stratifié à l'hasard. Il ne peut être nécessaire à stratifier l'échantillon pour assurer il y aura au minimum trente entreprises entrevues aux secteurs d'intérêt indiqués ci-dessus.
11. Le cabinet assemblera une équipe expérimentée aux enquêtes pour réaliser l'enquête. Le cabinet sera responsable pour recruter et la formation des enquêteurs, pour évaluer la questionnaires, pour diriger l'enquête à domaine de travail pour assurer la qualité²⁷ et la codification des réponses pour faciliter l'inscription et l'analyse de données.
12. Le cabinet assemblera une équipe pour inscrire les réponses codifiées dans un système de procédure des données qui peut être utilisé avec le programme d'analyse statistique SPSS.

²⁶ On peut définir les petites et moyennes entreprises en termes des chiffres d'affaires ou de l'emploi. Le cabinet doit expliquer la méthodologie pour faire ce choix et les avantages et les désavantages de chacune méthode.

²⁷ Le cabinet sera responsable pour développer une méthodologie pour assurer la qualité des réponses et fournira un rapport sur cette méthodologie au fin d'enquête.

13. Le timing pour cet exercice est comme suivant:

Fevrier 11-
Mars 1

Etablir l'echantillonnage, tirer l'echantillon et commencer prendre le contact avec les entrevues.

Mars 3-Mars 8

Epreuver la questionnaire et faire les revisions si necessaire.

Mars 11

La commencement de l'enquete propre.

Avril 10

L'enquete est finie.

Avril 19

Envoyez les donnes inscriptees et un report de methodologie utilise aux disques a J.E. Austin Associates par DHL.