

Madagascar Gender Lens Entrepreneurship and Investing Report



MADAGASCAR GENDER LENS ENTREPRENEURSHIP AND INVESTING REPORT

Madagascar is an island nation that, despite projected GDP growth and increased public investment, remains one of the poorest countries in the world. The majority of Malagasy people reside in rural areas where 1 in 3 citizens lack access to improved water sources. The youthful population (approximately 50% of Madagascar's 26.3 million residents are under the age of 18) faces numerous challenges from their earliest days, including some of the highest malnutrition rates globally. Malagasy girls must confront unique cultural and social barriers, which prevent many of them from achieving their educational and professional potentials. Paired with high poverty rates, much progress is needed to ensure that every girl in Madagascar has the foundational resources they need to not only survive as children but also excel as adults.

Madagascar's geographic location and topography present additional opportunities and challenges. Known for its rich and rare biodiversity, the country's unique environment is at high risk of the impacts from climate change - the repercussions of which have been deeply felt following recurring natural events such as cyclones and El Niño. Poverty and lack of resources further forces many to turn to survival methods that contribute to deforestation and environmental degradation. This is especially true in areas historically impacted by drought, where 98% of residents live below the national poverty line. Already, the impacts from environmental degradation and human activities have contributed to an estimated 80% loss in natural areas. If continued, this trend could present devastating consequences to the well-being of both local environments and inhabitants.

The devastation of these environmental disruptions is of particular concern to the agricultural sector, which currently employs approximately 80% of the domestic population. The uncertainties facing this industry has contributed to the rise of the extractives sector, which now engages approximately one in four Malagasy entrepreneurs; however mining not only furthers these negative environmental trends but may also incense political instability and contribute to the sexual exploitation of local women and children. Even though the effects of climate change are a threat to all, data has shown that women, children, and rural communities remain most vulnerable to its consequences, pointing to the critical need for intersectional and gender-responsive planning when it comes to climate change disaster risk reduction and mitigation.

Even though Africa is the only region where women are more likely than men to become entrepreneurs, women in Madagascar continue to experience a number of barriers to starting and growing their businesses. On the one hand, high rates of violence against women, deeply-engrained traditional gender norms, and stigmatization of the informal sector limit women's opportunities to become entrepreneurs from a young age. These social limitations are compounded by prevalent barriers to accessing the finances and land that female business owners may need. For those that are able to start a business, geographic realities often restrict the ability of a business to expand its customer base beyond the local community. Even in the face of these barriers, the rates of female early-stage entrepreneurs in Madagascar exceeded that of male early-stage entrepreneurs in 2019, indicating a promising window of opportunity for Madagascar's women and the country's potential future prosperity.



EDUCATION AND ENTREPRENEURSHIP

The educational disparities for girls in Madagascar begin at an early age and often persist into adulthood. According to UN Women, less than 22% of primary-school aged girls are out of school altogether. Even though one in three Malagasy children do not complete primary school, achievement for those enrolled in primary education is high, with 93.7% of girls reported as being proficient in math and 80.7% reported as proficient in reading; however, many of these strides are lost by the time primary education ends, with only 17% of students having reached minimum competencies in reading and 20% in math by the time they complete their primary education. These educational gaps for young girls and women is due to a multitude of factors, including: high rates of child marriage and adolescent pregnancy; endemic violence, which impacts one third of all Malagasy women and 15% of girls between the ages of 10 and 14; school fees that may be prohibitive for low-income families; and, expectations that girls must stay home to support with domestic duties. For adult women, though, Madagascar ranks above average in terms of post-school entrepreneurial education, which may speak to the efficacy of targeted national efforts to expand entrepreneurial opportunities for women.

According to Global Entrepreneurship Monitor, Entrepreneurial education in higher education (5.4), internal market dynamics (4.6), as well as social and cultural norms are favorable conditions for entrepreneurship according to the opinions of experts. Over the past three years, the trend has been confirmed in Madagascar as regards the place of entrepreneurial training in higher and vocational education for the promotion of entrepreneurship. With the operationalization of the "Malagasy Competent Youth at Work" (JMCT) project, cultural awareness as well as the awakening of the entrepreneurial spirit is well put into perspective. The "Entrepreneurship" component of the project is currently carrying out a quantitative and qualitative study of the entrepreneurial intentions of students and the entrepreneurial paths of graduates from the nine institutions involved in the project. The "Skills Based Approach" (APC) section opens up the opportunity to review educational methods and content for the development of entrepreneurial skills. A special attention is paid to female entrepreneurial education. And the democratization of the entrepreneurial culture through projects for the integration of out-of-school youth from rural areas, among others, guarantees good inclusion of people who wish to succeed in self-employment. With a recognized market dynamism given the availability of subcontractors, service providers and competent consultants, the internal market continues to evolve in dispersed order in the absence of adequate regulation. If Madagascar is still among the countries where the TEA is relatively high, this could be linked to the multiplicity of income-generating activities and the preponderance of the informal sector. Everyone is trying to do their "business". The celebration of entrepreneurship is highly prevalent in Madagascar where the supreme office has once again fallen to an entrepreneur. It is the image of total success measured in terms of status - an enviable social position - and career development, even if in this case the choice comes a posteriori in relation to the underlying power issue.

Otherwise, in 2019, the values of entrepreneurship have never been so better perceived. It is a career choice positively recognized by 94.4% of respondents. In addition, 80.6% are challenged by the high status associated with it. The main unfavorable conditions for entrepreneurship remain the same with education and basic training in entrepreneurship (1.9), public programs (3.0), financing of entrepreneurship in the same way as transfer to research and development (3.1).



None of the values that underpin the entrepreneurial spirit are included in the school curriculum. Some student initiatives aim to spread the entrepreneurial spirit among the youngest, but they remain marginal depending on the arbitration of each other. This is the case with the launch of a school farm with the public primary school of Miandrarivo in the municipality of Anjozorobe by the association Tanora Andrin'ny FAndrosoana (TAFE) 12 in the last semester of 2019. It is about a breeding of laying hens to allow the supply of eggs to the school canteen and the public sale of eggs for the sustainability of the project. The main stakeholders are the school administration as well as the parents of students with the help of socially invested companies, but the students remain at the heart of the process as consumers but also as producers and apprenticeship managers of the system. Monitoring deserves to be undertaken to assess the impact. Overall, the financing of SMEs would require an amount of 35 million dollars according to the Minister of Industry, Trade and Handicrafts. The estimate of such an envelope is supported by the country document prepared by the United Nations Industrial Development Organization (UNIDO). Different financing mechanisms are emerging or being reinforced, such as crowdfunding 13 or co-financing (love money) 14, among others. In May 2019, the National Entrepreneurship Program "Fihariana" 15 was officially launched for technical and financial support for projects ranging from 200,000 to 200 million Ariary. Over and above the 117,000 applications received from young people aged 18 to 58, Fihariana has established targeted partnerships with Socolait for the milk sector and llanga for the beekeeping sector. Maize producers as well as those in the fruit and vegetable sector will also benefit from technical and financial support. In addition, Miarakap¹⁶ marks its presence by proposing discovery needs ranging from 100 million to 1 billion Ariary with personalized support and special attention for projects with a positive social, economic and / or environmental impact. Like all members of its network, Miarakap benefits from the resources of the Investors and Partners Group as a shareholder, sponsor and business partner. In the same spirit, it provides for the acquisition of a stake over an active period of 5 years. The investment objective would thus be 30 billion over 10 years, knowing that Miarakap started in 2018/17.

Today, female entrepreneurship in Madagascar is growing, especially in the informal sector where 58% of businesses are women-run. Malagasy adults as a whole report positive attitudes in regards to their entrepreneurial potential, with 7 in 10 adults saying that others think they are highly innovative. Another 70% of adults say that they have the knowledge and skills to start their own business. Even though many see promising opportunities to launch a business, 40% report that they will not do so due to a fear of failure. Many of these fears are rooted in the financial barriers that potential business owners, especially women, face. More than 80% of women and girls over the age of 15 lack a formal relationship with a financial institution, and more than 95% of Madagascar's women lack access to credit. Credit that is available often has high interest rates and collateral requirements, which may deter many women from establishing reliable credit lines. As noted by the Agence Française de Développement, mobile financing is on the rise across Madagascar, but infrastructural challenges may yet again pose threats to continued expansion and reliable usage of available technologies. Even informal investment is incredibly low, with only 3% of adults saying they have invested in local businesses. Of those who do participate in informal investment, the majority invest less than \$500.

As is the case with many African women, these gaps may be fueled by sexism or harmful gender norms that both prevents women from getting capital and creates significant disparities in the level of capital they receive compared to their male counterparts. These realities may fuel the motivations for why Malagasy women start businesses, which, beyond a desire to earn a living, may include a drive to increase



women's social visibility and voice within their communities. Though the first microfinance organizations took root in Madagascar during the 1990s, penetration in rural areas still remains low. Organizations like the International Finance Corporation (IFC) have entered into partnerships with AccesBanque Madagascar and MicroCred Madagascar with the goal of expanding microlending opportunities for small businesses across the country. The Bureau d'Information sur le Cr dit was also established to increase financial literacy and minimize the barriers between young / female borrowers and institutional lenders. Other national and international programs, including the African Women's Entrepreneurship Program (AWEP) and the Affirmative Finance Action for Women in Africa (AFAWA) Fund, are working to provide both women and girls with the training, knowledge, and funds they need to confidently begin, run, and grow their own enterprises. Members of the Malagasy diaspora have also created international organizations, such as Juniors for Madagascar and Saina, aimed at supporting local entrepreneurship and business acumen on the island.

In particular, the African Development Bank Group has its eyes on aggressive investments to expand job opportunities in Madagascar, with many opportunities earmarked for working women and female entrepreneurs. Their 2017 - 2021 Country Strategy Paper outlines investment in industries such as textiles and farming, which will be designed to expand job opportunities for local women. The plan also incorporates the establishment of incentives packages and business incubators specifically for young and female entrepreneurs in Madagascar.

MADAGASCAR WOMEN ENTREPRENEUR AND INVESTOR PROFILE

In 2019, everyone in Madagascar thinks, more than ever, that the entrepreneurial career is an enviable choice at 94.4% knowing that in 2018, this rate was already 87.5% for women and barely 0.5 points less for men. In 2017, the gap was 2.6 points to the detriment of women with an average of 83.6% for all respondents. For the respectable status associated with entrepreneurship, positions are approaching and improving in 2019 to 81% for men and 80.2% for women, in 2018, these rates were 77.9% and 76.1% respectively. In 2017, the gap was 5 points to the detriment of women. Men and women had the same perception of knowledge, skills, and experience to start a new business. Media attention for entrepreneurship remains better perceived by men with 62% compared to 57.7% in 2018 and 53.6% in 2017. Women follow closely at 60.4% against 55.8% and 52.9% in 2017. If in 2017, the rate is 36.7% for men and 47.9% for women in terms of fear of failure, a reverse trend was observed in 2018: it is 40.1% for men and 33.1% for women. These continue to assert themselves in 2019 with a rate of 40.3% for women when men are at 41.7%. Entrepreneurial intentions also place the women ahead of men with 43.6% against 45.3% in 2019. These rates were 33.9% against 31.2% in 2018 then they were 37.3% against 42.3% in 2017. In short, with the awareness of women, the question of gender seems to fade in the perception of entrepreneurship. Women are catching up considering entrepreneurial careers and the respectable status of an entrepreneur. Even if they stay behind men in the perception of entrepreneurship and opportunities, they are less afraid of failure and stand for better intentions to undertake. They are just as involved as men in emerging companies (19.9%). In addition, the inclusion of new indicators relating to entrepreneurial motivation highlights gender differences in perception. To "do the difference in the world", men exceed largely women with respective rates of 11.6% against 6.3%. Despite a male dominance for interest with regard to large assets, the gap is smaller with 25% for men against 22.1% for women. It's the same case for the sake of family tradition with 38.9% for men against 34.8% for women.



From the perception of female entrepreneurship in 2018, we recognize the existence of barriers and discrimination, which does not prevent women from succeeding. The new questions issued in GEM 2019 point in this direction. A better perspective of the place of women in entrepreneurship highlights that for companies created or in the process of being created, the number of women expected to lead is 1.2 on average. The women interviewed are also very optimistic to consider more than 2 women leaders when men lack conviction with an estimate of just 0.4. What it means is that, for them, less than one in two businesses will be headed by a woman. On the other hand, investors are more inclined to finance women with a rate of 64.6%, knowing that men do it more willingly (70.2%) than women (58.7%).

Entrepreneurial activities primarily concern funding (68%), then the location (23.7%) and finally, the price calculation (18.9%). Next, customer contact (17.7%) before training (12.5%). Despite the awareness of these needs, very few (5.5%) found it useful to seek support over the last twelve months. Those who did, approached a financial institution (66.0%), private support structure (23.3%), with state structure (15.9%), financing center regional (14.3%), chambers of commerce (11.5%) or of independent entrepreneurs (5.5%). These choices are explained by the types of needs to be satisfied before creation: funding (66.1%), project research (10.2%), market study (7.3%), improvement project (5.4%), quest for the first customer (4.2%), and, finally, of the business plan (3.3%) and preparation of files administrative (3.2%). Once the business is created, the needs change: how to sell and bring in the money (40.4%), how to manage finances and daily activities (17.1%), how to ensure production (15.1%), how to recruit and retain staff (6.3%), how to carry out the formalities administration (3.9%), pay taxes and maintain good relations with the administration (3.4%). Unanimously, men (92.5%) and women (93.1%) believe that a supported entrepreneur is more successful (92.8%).

Entrepreneurial Support

The 2018 survey made it possible to discuss this aspect of entrepreneurship in relation to the inventory as it was perceived by respondents. Just over a third recognized the existence of reception structures and / or accompanying. Men were more informed than women in 2018, and this is still the case in 2019 with an average of 33.5% and 31.8% respectively, of year to year. Despite the limited information available, the respondents consider that the possibility of being accompanied can be a favorable factor for the launch of a case (76.6%). The expected support would come mainly from a financial institution (51.3%) then from the employer (19.7%), a counselor (5.8%) or a teacher (3.3%). Men and women have the same perception except for the last two categories where men prefer teachers while women give the advantage advisers.

Business Activity

Indicator	Findings
Intentions	In 2019, 44.5% of women expressed the intention to start their own business in the next three years.
Established Business Activity	The Established Business Activity Rate for female entrepreneurs in Madagascar was 20.4 in 2020.
Female/Male TEA Ratio	The Total Early Stage Entrepreneurial Activity Rate for women v. men is 19.6 v. 19.3, respectively. The female / male TEA ratio is 1.02, making Madagascar one of only three economies where women's TEA rates exceeded men's in 2019.
Business Discontinuance	2.3% of adults exited a business that did not continue in the past year.

Entrepreneur Characteristics

Indicator	Findings
Opportunity Perceptions	46.78 see good opportunities to begin a business in their local area and approximately 38% believe that it is easy to start a business in their country. 0.92 of women compared to men are driven by opportunity.
Growth Expectations	The majority of entrepreneurs expect to add 0 jobs to the economy in the foreseeable future.
Innovation	The innovation rate for Madagascar in 2018 was 13.4.
Fear of Failure	41% of adults say they do not start a business due to fear of failure even though they see opportunities to do so.
Role Models	Over 50% of adults know someone who started a business in the past two years.
Business Formalization	More than 80% of women and girls over the age of 15 do not have a formal relationship with a financial institution.
Entrepreneurship As Self-Employment	7% of these early-stage entrepreneurs start their businesses independently.

Gender Based Entrepreneurial Motivations

Motivations	Men	Female	Together
To make a difference in the world	11.6	6.3	8.8
To achieve great wealth or a very high income	25	22.1	23.5
To continue the family tradition	38.9	34.8	36.8
To earn a living because jobs are scarce	79.4	82.7	81.1

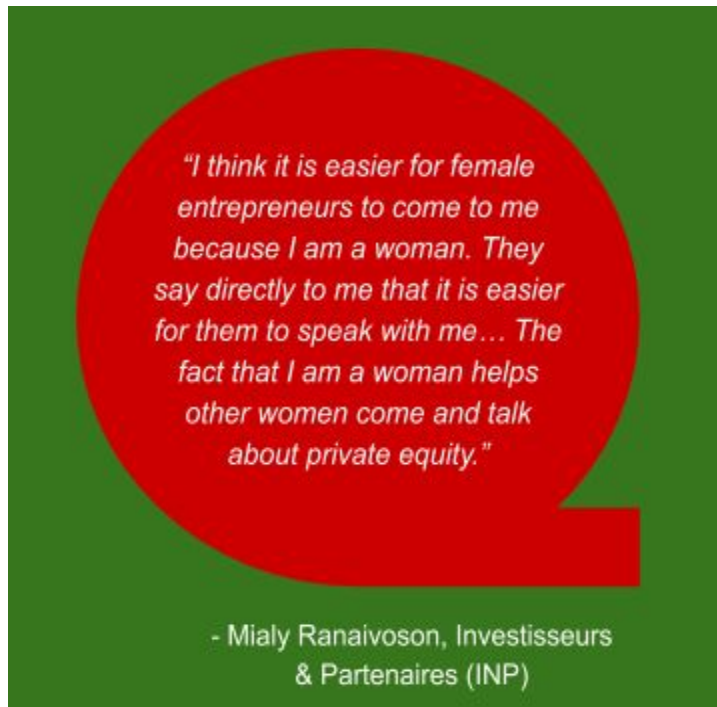
Investor Characteristics

Indicator	Findings
Private Investment:	Interviews indicated that female-owned businesses tended to be too small to qualify for private equity funding; however, female business owners of micro- and small-enterprises may have increasing access to microfinance in Madagascar.
Median Investment Amounts	The average informal investor invests less than \$500 in a business - the lowest average amount compared to other countries in the region. Less than 3% of adults in Madagascar act as informal investors.
Investor Relationship	Informal investors are most likely to invest in a business owned by a friend, family member, or neighbor.
VC Decision Makers	One interviewee noted that she was the only woman represented in a regional association representing all private equity firms in Madagascar. While representation is growing, there is still lack of representation of women in leadership positions.

In an interview with investor Mialy Ranaivoson, she discussed her experiences working as a woman in private equity. As the head of the Investisseurs & Partenaires (INP) Madagascar office, she oversees a number of portfolios and companies located throughout the Indian Ocean. Even though she thinks that it is easier for Malagasy women to receive private funding compared to female entrepreneurs in other countries in the region, she recognizes that women still face numerous difficulties in garnering adequate funds to launch and sustain their businesses. On one side are the challenges experienced by investors themselves: she is the only woman represented in the Association of Private Equity Companies (AMIC) - a cohort with participation from every private equity firm in Madagascar. As she mentions below, this lack of representation on the investor side makes a difference when it comes to increasing funding access for women entrepreneurs. Increased front-facing representation of women investors is one way in which



private equity firms can make funding more accessible to women. Changing cultural mindsets is also important, as female entrepreneurs applying for funds will often first be assumed to be an administrative assistant rather than a business owner. Even though private equity firms may be accepting of female founders once the mistake has been corrected, these assumptions may compromise women’s credibility and self-confidence in the entrepreneurial space. Ms. Ranaivoson also discussed the importance of education, and how she has taken it upon herself to attend community and women’s association meetings to educate other women about what private equity is and how they can apply for private funding. As she noted, “It is not a problem of skill. A woman about to have her own business is a skillful woman. It is about knowledge.” While Ms. Ranaivoson is currently vetting four female-founded companies for funding, she recognizes that expanding private equity is only one piece of the puzzle for advancing entrepreneurship in Madagascar. Many women-led businesses are currently considered too small to qualify for private equity funding, which is where expanded access to affordable microfinancing and business incubators may be essential for launching and growing emerging businesses. COVID-19 has also created challenges, especially for export-centric enterprises or companies located in urban areas. Some existing businesses have had to close or receive support from foreign governments to stock and store perishable goods until foreign shutdowns ease. Existing microfinance institutions have also had to adapt as some face payment defaults and delays from up to 70% of their borrowers.



161 Ease of Doing Business Score (out of 190)	5.46 2020 GEM Education Index (above average)	3.69 NECI Score (out of 10)	42.6 % TEA under the age of 35
95 % Women without Access to a Formal Financial Institution	82.7 % Female TEA Motivated to Start a Business to Earn a Living	51 % of Female MicroCred Borrowers	98,473 Total Women-Owned MSEs

58% of businesses in the informal sector are headed by women

*NECI score, a composite index representing the average state of the Entrepreneurship Framework Conditions (GEM)



MADAGASCAR HUMAN DEVELOPMENT INDICATORS

77.8% of Madagascar's population experience multidimensional poverty, and 75.9% of working Malagasy women live below the international poverty line. The country ranks 3rd lowest in the world in terms of water, sanitation and hygiene (WASH) indicators, and widespread chronic malnutrition has contributed to stunting in nearly half of all children under the age of five - a condition that leads to physical and developmental delays that can never be reversed.

Human Development Index Ranking	161 / 189
% population living in rural areas	83
% rural population lacking access to improved water sources	64
% of children in hardest to reach areas affected by stunting	60+
# girls deprived of equitable access to quality social services	6 million
# children out of school	900,000+
% primary school-aged girls who are out of school	21.8
% children ages 5 - 17 who are economically active, including engaged in prostitution	23
% of women ages 20 - 24 who were married before the age of 18	41
% maternal deaths attributed to teenage pregnancy	30

GENDER POLICY

A number of national action plans and strategies incorporate a gendered lens to service expansion, including the promotion of youth and female entrepreneurship. The Fihariana program, for example, aims to create 10,000 new jobs per year and works to provide local prospective business owners with the technical tools and financial resources they need to launch their own enterprises. The rural entrepreneurship-targeted branch of the program led to the emergence of 1,287 new formal enterprises in 2018; 83% of these new businesses were launched within sectors where women most frequently participate.

Year	Policy	Entity
2022	National Financial Inclusion Strategy (SNFI)	Ministry of Finance and Budget
2021	Stratégie Nationale De Lutte Contre Les Violences Basées Sur Le Genre	Ministry of Population, Social Protection and Women's Promotion (MPPSPF)

Though former policies to uplift gender equality have lapsed, existing plans such as the National Financial Inclusion Strategy and National Strategy to Fight Gender-Based Violence (GBV) provide targeted approaches to expand women's rights in Madagascar. The Ministry of Population, Social Protection and Women's Promotion (MPPSPF) is the major government mechanism for implementing and monitoring progress for vulnerable social groups in Madagascar; however, certain areas of their work on women's entrepreneurship overlaps with other government entities such as the Ministry of Finance and Budget. A detailed Gender Analysis's Key Findings and Recommendations by Banyan Global for USAID conclude that Malagasy women and men may not want changes to gender norms and relations. However, it is required to support programs that bolster social safety nets for women and vulnerable groups to open options to break traditions and norms when they determine it would be in their and their families' best interest. Support dialogue that addresses deeply rooted social norms.

Moving forward, Madagascar must continue to leverage policy to address the underlying challenges that prevent women and girls from becoming entrepreneurs. This includes addressing gender-specific problems around GBV and child marriage, but also extends to taking policy actions to address prevalent poverty rates.

Existing entrepreneurship policies should be built upon in order to continue expanding opportunities for rural entrepreneurs and provide both incentives and access to bolster entrepreneurial market reach outside of local areas. But things are gradually changing. Women's empowerment has recently become a priority for Madagascar, with the important support of the First Lady who strongly pushed for the adoption of a gender-based violence law in the country. It is the first time that such a law has existed in the country to protect women and children against sexual, social, and economic violence.

Developing more gender-sensitive policies and working with development partners are ways to move the situation forward. Over half of Madagascar's population is under 25. A high fertility rate and a rapidly growing population place a strong imperative on action – both on the gender equality issues and on governance fronts. Women face problems ranging from economic exclusion to low levels of representation in politics. Madagascar is also one of the countries with the highest rates of sexual violence in the world – with many women raped at a young age, and many children growing up without fathers. Meanwhile, more domestic challenges remain – from ensuring girls are able to attend school to helping them become active in the political life of the country. Madagascar needs more female candidates running for elections, and most importantly, winning elections. As it stands, only five percent of mayors in the country are women. As of February 2019, there are only 19.2% of parliament seats held by women. 31.8% of women in managerial positions. 24.5% of women in senior and middle management positions. It is still a long way to go. When women are visibly involved, this prompts more women to become involved



as well and to see that it is possible for them to participate actively in shaping the decisions of their country (Perkins et. al., 2013).

Malagasy women face discrimination in hiring, glass ceiling and gender pay gap. The lack of wage transparency in many companies favours these inequalities. Unions also reported some cases of violation of maternity leave. A recent study conducted at global level by the UNDP shows that 90 percent of people are biased against women. Madagascar is not an exception. Century-old cultural and social norms have given a secondary role for Malagasy women, in particular in the public sphere. The belief that men should be the ones leading and talking in public is widely spread. Discriminatory stereotypes are still prevalent in the union movement in Madagascar. Thus mentoring as well as training, are fundamental to build confidence in women and support their participation and representation in unions. Mentalities must change in the unions. Men should be ready to leave their seats to women and should accept that they can be represented by women. Historical legacy does have an impact on women's access to leadership in Madagascar. While I was unable to prove any direct relation between the past female rulers of Madagascar and women's current access to political leadership, the colonial period example of Gisele Rabesahala did provide evidence of a female leader from the past being used to encourage young women in leadership in the present. Recent research showed that women's activism also had an impact on women's access to leadership. Activism led to women empowering themselves and women empowering each other, and this opened access to leadership positions. Women either formed their own political organizations or they ran for office with the support of other women. Either case would result in more women in leadership positions. Historical legacy and women's activism in Madagascar paves the way for women's access to leadership.

CHALLENGES

Continued expansion of women's entrepreneurship in Madagascar will require the alleviation of numerous existing structural and social barriers. Currently, the country's infrastructure - including widespread inaccessibility of water, electricity, finances, and basic nutrition - present major barriers to girls' survival and women's ability to excel as business owners. The country's rural topography also presents a likely challenge for ensuring that women are able to expand their entrepreneurial reach and access trade opportunities beyond their local areas. Structural environmental resiliency efforts will also be critical in order to ensure the ongoing viability of any business attempting to operate within a country that is sensitive to the impacts of climate change. Ultimately, widespread poverty and low access to financial institutions as well as microlending remain substantial challenges that must be addressed in order to not only enable entrepreneurship but also expand the base of local investors.

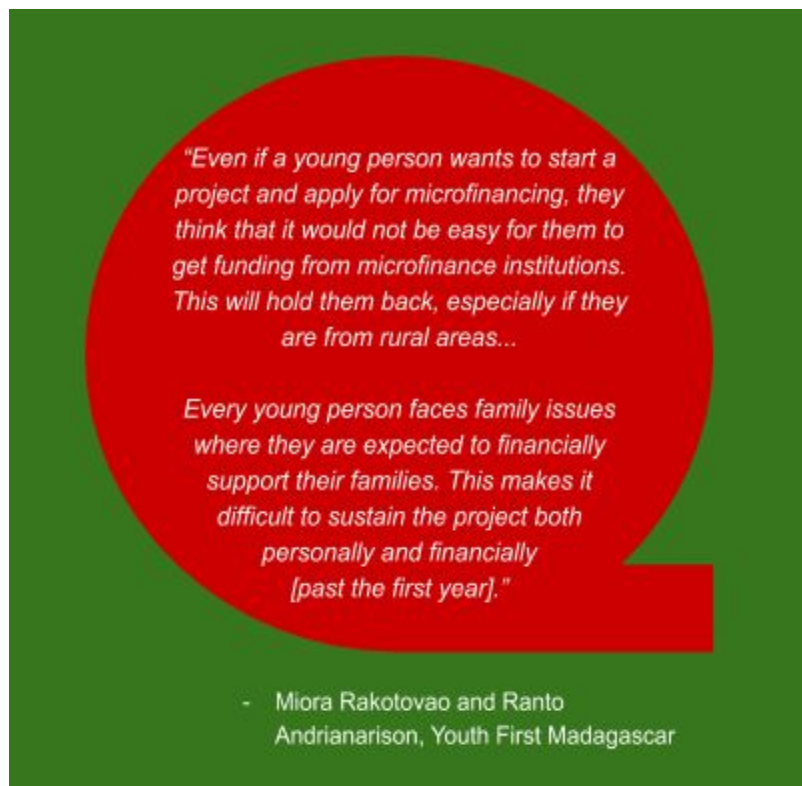
Additionally, women face countless social barriers that may stifle their ability to successfully start and grow their businesses. Gender discrimination, exposure to violence as well as child marriage are all factors that can impede women's and girls' opportunities in the short- and long-terms. Traditional gender norms open female businesswomen up to hostility from both creditors and colleagues and may block their ability to receive adequate levels of much-needed capital - an occurrence that may be even more salient for informal sector workers who experience further layers of stigmatization. While programs such as Fihariana and the implementation of the Bureau d'Information sur le Cr dit can assist in alleviating some of these discriminatory barriers to lending, wider cultural shifts must occur to catalyze a groundswell for future female entrepreneurs. The team at Youth First - a local organization dedicated to youth



capacity-building and advocacy - discussed how issues like self-confidence also play a role in deterring girls from becoming entrepreneurs. This is especially true in rural areas where girls and young women may face additional educational and funding barriers. Even if a young person is able to launch her business, the pressure to financially support her family with her earnings as well as difficulty being taken seriously by funders and consumers causes many businesses to become unsustainable past the first year of implementation. Here, Youth First is working to build safe environments where girls can “develop and believe in themselves,” even in the face of cultural barriers. Their entrepreneurship program for rural youth focuses on key areas, including confidence/vision-building, developing public and private partnerships, building financial literacy, and developing business plans and market knowledge to successfully launch new businesses. The organization also provides seed funding as well as continued technical training and mentorship to coach girls and young women throughout their mentorship journey. Thus far, 32 youth-led businesses have been funded through this program, many of which are women- and girl-led, including one project that seeks to connect women in eastern Madagascar to menstrual hygiene resources.

While COVID-19 has had less of an impact on these enterprises because they are located in rural areas, this is also indicative of some of the pre-existing challenges young entrepreneurs and women generally face. Namely, these entrepreneurs continue to experience barriers when it comes to expanding beyond their local communities and achieving wider market access throughout the country, region, and beyond. As Ms. Ranaivoson discussed in her interview, this may partially be due to the social expectation that, “If you work, it’s only because you have to earn money for your family, and if your husband has money, then you don’t work.” This observation is validated by the Global Entrepreneurship Monitor 2019/2020 Global Report, which found that 82.7% of early-stage female enterprises were

founded out of the motivation to earn a living. Addressing this market access barrier may require not only a shift in cultural norms but also efforts to alleviate widespread poverty so that more female business owners may be able to move from surviving to thriving. COVID-19 could exacerbate gender inequalities related to health, education, and resilience in Madagascar. Given the context of Madagascar, school closures could exacerbate gender-specific challenges in the education system (for example, worsening of learning gaps between girls and boys). Poverty is expected to increase in Madagascar as a result of





COVID-19. According to World Bank projections, poverty will increase globally by approximately 2.3 percent, with a concentration in countries that already struggle with high rates of poverty, such as Madagascar. Confinement measures combined with travel and other restrictions that the government of Madagascar (GOM) has put in place to mitigate the spread of COVID-19 have had a direct economic impact on Madagascar's self-employed and informal workers, who comprise a large portion of working Malagasy, impacting female entrepreneurship.

While dealing with the fixed costs of their businesses such as paying salaries and taxes, female entrepreneurs experienced revenue drops during COVID-19. Since the pandemic, only 15 new businesses have been registered by the Economic Development Board of Madagascar in 2020 compared to 104 new businesses in 2019. Reduction in entrepreneurial motivations is a pressing challenge during the pandemic. The World Bank, the French Development Agency, the EU, and the Malagasy State provided \$347.5 million to support the Malagasy economy. As a relief measure small businesses were provided \$40 million by the Central Bank of Madagascar with low rate loans that can be particularly useful for female entrepreneurs. A new scheme called the Business Linkage Program is introduced till 2023. The program plans to help 300 Medium to Small Enterprises. The main actions will focus on enabling access to skills, the market and finance. The World Bank has projected a GDP growth rate of -1.5% for 2020. If adequate policy measures are not introduced in a timely fashion, female entrepreneurs and investors will be the hardest hit.

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