

# nopoor final conference

6-7 June 2017, Brussels

## Attracting FDI to Export Processing Zone: A Potential Tool to Reverse Poverty Trend in Madagascar



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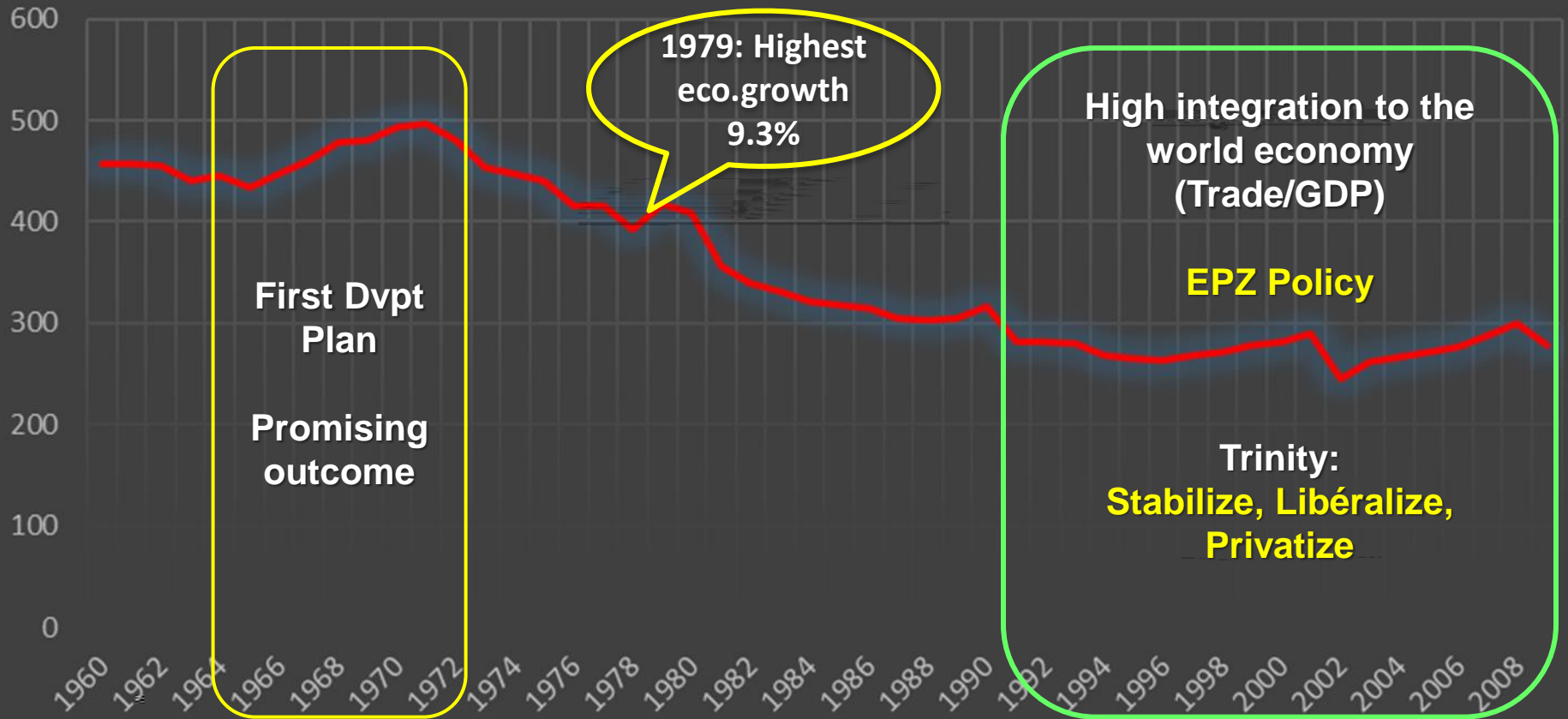
Enhancing Knowledge for  
Renewed Policies against Poverty



The Nopoor project is funded by the European Union under the 7th Research Framework Programme (Theme SSH.2011.1.) Grant Agreement No.: 290752

# Background and Research objective

GNI per capita (constant 2005 US\$)



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# Background and Research objective



**Does Madagascar's garment industry in EPZ have a potential to reduce poverty and to spur high growth?**



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# Key findings



**Madagascar possesses both comparative and competitive advantages in garment industry. It has a great potential to undertake export-led growth strategy through specialization in garment manufacturing**



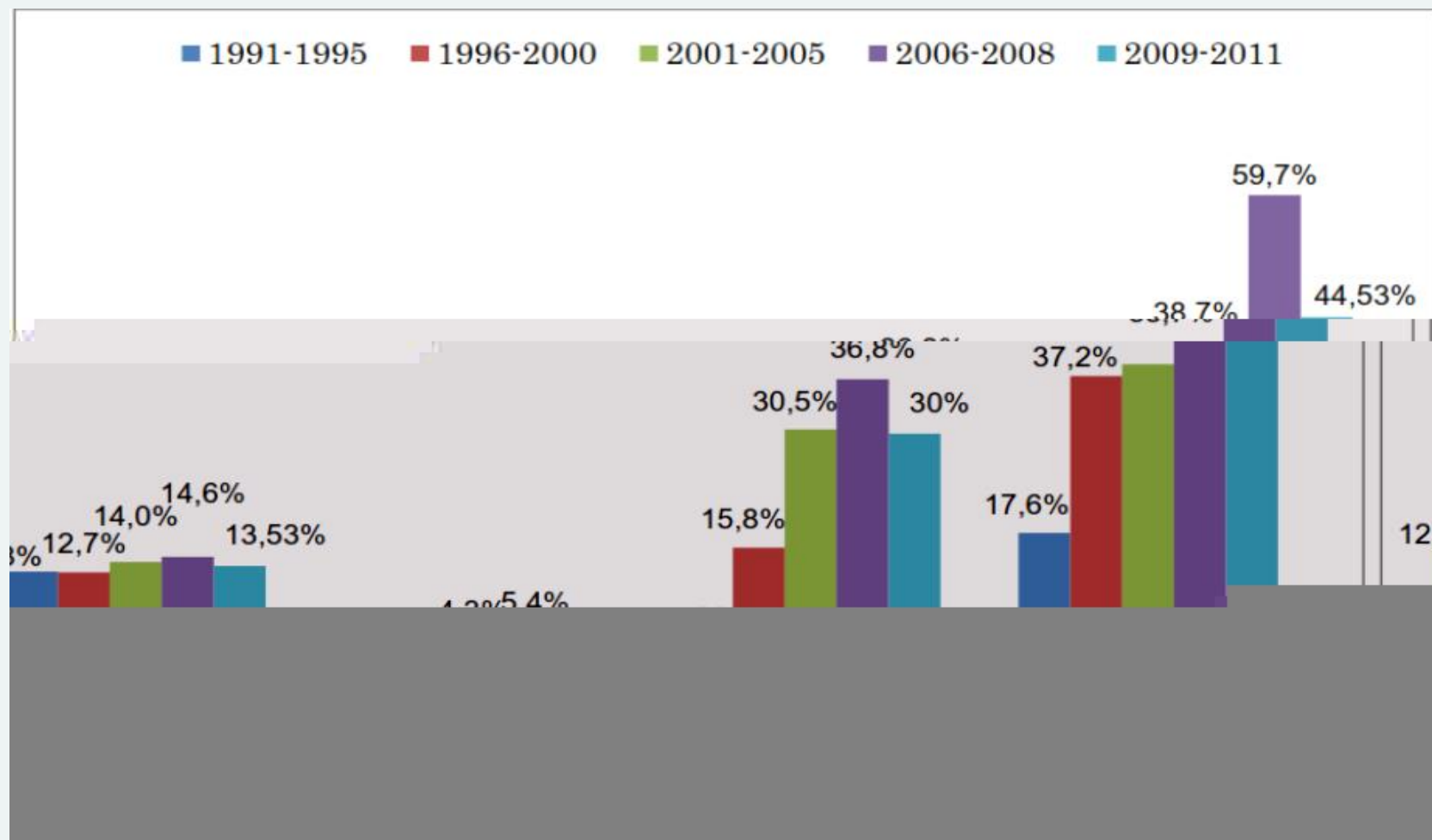
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# Key findings



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# Key findings



**Garment industry has high potential in job creation for inexperienced and less educated poor**



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# Key Challenges



**Growth enhancing effects are not yet fully exploited because poor business climate impeded local businessmen to take full advantage of FDI's spillover effects. Lack of effective industrial policy is also another reason**



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# Key Challenges



Employment is precarious and less secure while wage effects are not significant, thereby indicating poor working conditions. A large proportion of households are poor

# Policy implications

❑ Immediate need of proactive government strategy to promote garment industry:



❑ Immediate need to deal with lack of financial resources



➔ **rethink aid strategy to favor economic infrastructure and production sectors.**



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# Policy implications

- ❑ Immediate need to create and build capacity in law enforcement, in fighting corruption and in setting up an effective judicial system



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