Educating micro-entrepreneurs, investing in livelihoods

In Madagascar, as in other developing countries, the large majority of the non-agricultural workforce is employed in the informal sector. This means micro-entrepreneurs are key players in the country’s economic development, despite the fact they often lack managerial skills and mid-term vision. Hence, the European Institute for Cooperation and Development (IECD) in partnership with Madagascar Enterprise Development (MED) is offering management training and individual support to over 500 current and future entrepreneurs. This will enable their micro-enterprises to grow and sustain that growth, create more jobs and increase wages. If business activity is sustainable and income is increased, micro-entrepreneurs can move away from their current focus on subsistence to improve the living conditions of their families and communities.

**DURATION:** 2017-2019  
**FOCUS AREA:** Sustainable Livelihoods and Ecosystems  
**COUNTRY:** Madagascar  
**PARTNER:** IECD

**CONTEXT**

In Madagascar, micro-enterprises operating in the arts and crafts, trade and local service sectors represent the large majority of non-agricultural informal employment. These businesses are often precarious and have great difficulty increasing productivity and profit due to widespread poverty and low demand. Despite the fact that micro-businesses provide the main source of income for the entrepreneur and their family, micro-entrepreneurs often suffer from a lack of management expertise. This can restrict investment, put them at a disadvantage when it comes to accessing credit, and cause many businesses to collapse.
**ACTION**

The programme, launched by MED with the support of the IECD, aims to provide 525 micro-entrepreneurs (around 60% of whom are women and 40% young adults) with the means to move beyond their current focus on subsistence towards development and sustainable, structured and profitable growth. Over the course of three years, training and support services are offered to current and future entrepreneurs in two management and service centres in Antananarivo. The training includes several hours of individual mentoring that lasts up to one year after the end of the formal training programme. The programme specifically targets:

- **70 start-up entrepreneurs**, so they can assess the feasibility of their business venture, produce a business plan and either develop their business or make it sustainable;
- **380 micro-entrepreneurs**, so they learn the basics of business management and acquire knowledge of relevant tools (in financial management, marketing, sales, internal organisation and HR management), and can further develop their business activity to make it more profitable and sustainable;
- **75 vulnerable micro-entrepreneurs**, so they can learn basic management principles and stabilise their income.

On completing the training, micro-entrepreneurs can become members of the Entrepreneur Club. The club is a way of maintaining links with tutors and gaining access to resources that can help them further expand their knowledge. Members also become part of an alumnae network.

**EXPECTED RESULTS**

- **450 small business owners** will have been trained in basic management and the development of successful micro-enterprises capable of generating a more stable income and creating jobs. This training will have contributed to improved living conditions for the entrepreneur, their family and employees.
- **75 of the most vulnerable micro-entrepreneurs** (street vendors, illiterate entrepreneurs) will have stabilised their income.

**LONG-TERM STRATEGY**

The programme will be sustainable in the long-term by strengthening the local partner (MED) and gradually transferring skills. Throughout the programme, the IECD, alongside government bodies, will assist MED in the training process. It will also help define a viable economic model that means training costs are covered as well as the cost of expanding and formalising the commercial services offer. As a whole, this strategy will guarantee operational, institutional and financial sustainability.