

Snapshot Africa - Madagascar



Benchmarking FDI Competitiveness



World Bank Group
Multilateral Investment
Guarantee Agency

Multilateral Investment Guarantee Agency

Government of Madagascar in association with
the Private Sector Development Project II
of the International Development Association

Swiss State Secretariat for Economic Affairs

Austrian Development Agency

United States Agency for International Development

JANUARY 2007

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The Multilateral Investment Guarantee Agency (MIGA) of the World Bank Group was established in 1988 to promote the flow of private foreign investment to developing member countries. MIGA offers political risk insurance coverage to eligible investors for qualified investments in developing member countries. MIGA also offers technical assistance programs to develop and implement effective strategies for attracting and retaining foreign direct investment. This hands-on technical assistance focuses on three primary areas: dissemination of information on investment opportunities and business operating conditions in developing member countries through online services; capacity building of the organizations and institutions involved in the promotion of foreign investment; and, investment facilitation activities supporting the efforts of developing countries to identify and attract investment.

Research for the sub-Saharan Africa benchmarking study was conducted and carried out by The Services Group, one of MIGA's principal contractors for the global Enterprise Benchmarking Program.

Snapshot Africa- Madagascar

Benchmarking FDI Competitiveness

Foreign Direct Investment Cost and Conditions for the Textile, Apparel, Horticulture, Food and Beverage Processing, Shared Services and Tourism Industries



- GHANA
- KENYA
- LESOTHO
- MADAGASCAR**
- MALI
- MOZAMBIQUE
- SENEGAL
- TANZANIA
- UGANDA

FIFTH IN A SERIES
OF SECTOR ANALYSES

NOVEMBER 2006

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INTRODUCTION

As part of MIGA's global Enterprise Benchmarking Program (EBP), a study was conducted in sub-Saharan African countries among six industries to compare the operating costs and conditions for investors located in nine sub-Saharan African countries: Ghana, Kenya, Lesotho, Madagascar, Mali, Mozambique, Senegal, Tanzania and Uganda. This report summarizes the study's findings, and presents the result of the sub-Saharan Africa EBP, adhering to the location benchmarking approach commonly used by foreign investors to evaluate alternative global investment sites. As an analytical tool, location benchmarking enables an investing company to narrow its site selection options to a short-list of locations best suited to the requirements of the investment project. Countries were evaluated based on the actual costs and operating conditions reported by existing investors with facilities in these countries.

The study was conducted by the Multilateral Investment Guarantee Agency of the World Bank Group, with the financial support of the Government of Madagascar in association with the Private Sector Development Project II (International Development Association [IDA]), the Swiss State Secretariat for Economic Affairs (SECO), the Austrian Development Agency (ADA), United States Agency for International Development (USAID) and Japan Policy and Human Resources Development Trust Fund (World Bank).

The Africa EBP was designed to deliver on several specific components, many with associated outputs integral to the participating countries' investment promotion strategies, capacities and processes. Its key objectives were to:

- Compare the operating costs and conditions associated with the selected industries in each country in order to identify industries with a strong competitive position, relative to competing locations. This can then be incorporated into inward investment promotion strategies and marketing efforts;
- Use SWOT analysis to identify each country's comparative strengths, weaknesses, opportunities and threats as a destination for inward investment in the selected industries;
- Identify each country's comparative advantages and make recommendations for improving the investment climate and attractiveness of each country for inward investment promotion, which can assist an IPI in developing sector-specific key selling messages to attract inward investment;
- Develop expertise within the IPIs through their involvement in the execution of the work program and through targeted capacity building so that lessons learned are institutionalized.

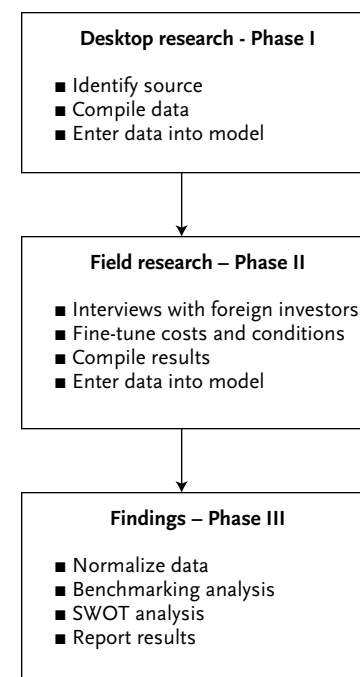
METHODOLOGY

MIGA's EBP methodology aims to capture a snapshot of an industry in one location at a static point in time from the unique perspective of the investor. Part of this snapshot reflects objective, quantitative operating costs; another portion is based on investors' perceptions of qualitative operating conditions. Perceptions of operating conditions, while subjective, are formed by the actual experiences of the investor and can significantly influence the investment location decision.

Phases and Sequence

The Africa EBP was conducted in three main phases over the course of several months beginning in November 2004 and ending in March 2005 (see Figure). In

Figure: Phases of research methodology



collecting information regarding operating conditions and investment motivation, the Africa study relied mostly on first-hand information obtained through company interviews. This was due to the difficulty of finding reliable and comparable data through desktop research sources. The research team conducted a total of 297 company interviews with foreign and local investors in the six industries. Among the surveyed companies, 37 percent were locally owned, 29 percent were joint ventures between local and foreign firms, and 34 percent were foreign owned. The primary data collected from company interviews using a standard questionnaire was supplemented with secondary data obtained from provincial, national and international sources.

Composition of interviewed firms

Sectors covered	Number of firms	Ownership structure of interviewed firms		
		100 % local	Joint venture	100 % foreign
Textile	42*	20	10	12
Apparel	57**	21	26	10
Horticulture	47 [■]	24	10	13
Food and beverage processing	52 [■]	19	13	20
Shared services (Call centers)	51	16	13	22
Tourism (Hotels)	48	11	13	24
TOTAL	297***	111	85	101

* 13 firms also produce apparel

** 13 firms also produce textiles

*** 278 individual interviews

■ 6 firms also produce processed food

■ 6 firms are also horticulture producers

The Enterprise Benchmarking Model is predicated on a set of assumptions about investment decisions, which are tested through empirical data gathered from interviews and publicly available cost and quality condition rankings. The model assumes several things about investment behavior, garnered through hundreds of interviews with companies with international investments. These assumptions can be broken down into two major categories: Assumption 1 - Lower costs increase the attractiveness of a potential investment location, when all else is equal. Assumption 2 - Higher quality increases the attractiveness of an investment site.

Model Measurements

The benchmarking model measures cost and quality conditions experienced by investors utilizing desktop research and a detailed survey of investors already operating in 11 African countries. The factors underlying these measurements are listed in Figure below:

Site selection factors processed by the Enterprise Benchmarking model

Site selection consideration	Cost factors	Quality factors
Labor	Labor	Potential to recruit local staff
		Flexibility of labor environment
Infrastructure	Electricity	Power supply
	Water	Water supply
	Telecommunications and broadband	Telecommunications and Internet
	Internet	Availability and reliability of shipping transportation
	Natural gas	
	Freight shipment	
Real estate	Real estate	Availability of land, office space, buildings and sites
	Construction	
	Office space	
Living conditions	None	Schools, safety, healthcare, etc,
Access to markets	None	Size of local market
		Proximity to raw materials, components and equipment
		Access to international tourists
General business environment	None	Political, financial, and economic stability

Weighting of Data

Investors do not place equal value on all cost and quality factors. A textile mill, for example, might place premium value on locating near a source of raw cotton, while a call center might value access to inexpensive and reliable telecommunications above all else. Based on the experiences of hundreds of foreign investors, weightings were thus assigned to each factor that investors consider when making location decisions. The benchmarking model processes the data in proportion to the importance each site selection factor plays in a typical investment decision for each industry.

Madagascar

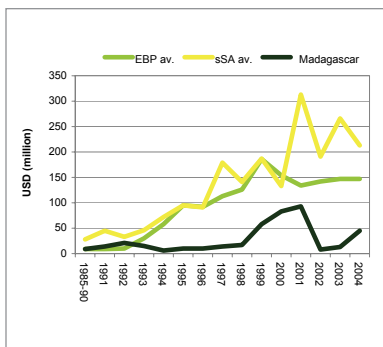
General country info: Madagascar

2004 Data											
Population	18.1 million										
Labor force	8.3 million										
Language	French, Malagasy										
Area	587,040 km ²										
Arable land	2,950,000 ha (2003)										
GDP	USD 5.5 billion										
GDP growth	5.2 percent										
GDP per capita*	USD 229										
GDP per capita at PPP*	USD 788										
Industry value added	USD 633 million										
Manufacturing value added	USD 563 million										
FDI inflows	USD 45.0 million										
FDI (percent of GDP)	1.03 percent										
Market access	<table border="0"> <tr> <td>COMESA</td> <td>385 m</td> </tr> <tr> <td>SADC</td> <td>215 m</td> </tr> <tr> <td>COTONOU</td> <td>456 m</td> </tr> <tr> <td>AGOA</td> <td>299 m</td> </tr> <tr> <td>IOR-ARC</td> <td>2 b</td> </tr> </table>	COMESA	385 m	SADC	215 m	COTONOU	456 m	AGOA	299 m	IOR-ARC	2 b
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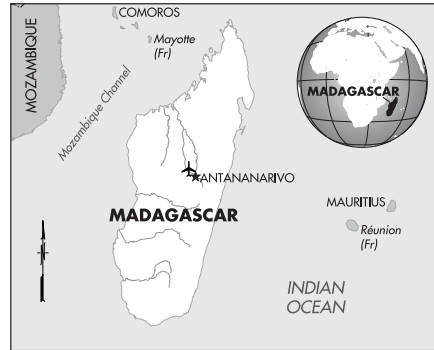
* Constant 2000 USD

Source: World Bank, UNCTAD

FDI inflows for Madagascar, sub-Saharan Africa average, EBP country average



Source: World Bank 2004



With its membership in a large number of regional (SADC, Indian Ocean Commission, COMESA) and global trade agreements (AGOA, Cotonou), Madagascar has the capability of becoming a viable investment and export location. Compared to other countries of similar revenue, Madagascar is relatively integrated into the global economy. Economic Priority Zones, referred to as Zones Franches, have raised the produc-

tivity levels of industries and facilitated the establishment of businesses especially with foreign capital.

FDI into Madagascar has steadily increased since the early nineties, with net inflows totaling USD 45 million in 2004 compared with USD 13 million in 2003 (see Figure 19). Estimates for 2005 suggest that inflows will amount to over USD 80 million. Most FDI originates from France, followed by Mauritius, China, Luxembourg, Switzerland, Bermuda, Canada, the US, India and Sri Lanka. In 2004, the total assets of foreign companies represented approximately USD 3 billion. The primary sectors receiving investment include textile and apparel, where Madagascar has seen an increase of Asian investment, seafood (shrimp), agro-industries and wood products. The Government of Madagascar is continuing to improve the country's investment climate as evidenced by current efforts to revise the Investment Code and to create an investment promotion agency, in order to develop its full FDI potential. Full ownership of land is permitted in Madagascar and most sectors are open to 100 percent foreign ownership. There are no restrictions on payments or transfers, though profits must be repatriated within 30 days.

BENCHMARKING SUMMARY: Investors report significant benefits to operating in Madagascar, including its very low-cost environment. Aside from management, which is typically staffed by expatriates, investors can expect consistently below average wage levels for all employment categories. Investors also reported low real estate and construction costs in many sectors, which create lower initial start-up costs. Among the benefits, investors specified low lease prices for industrial and hotel land, low cost office space rental and relatively low farmland prices. The country's low corporate and property tax rates were also cited. Firms found a higher level of economic freedom, as recorded by the Transparency International Index, in Madagascar than in almost any other sub-Saharan African country, and rated corruption levels to be lower than in any other surveyed country. Investors also reported quick customs clearance times and competitive transportation costs for a number of destinations.

Sector Snapshots

Each sector included in this chapter (textile, apparel, food and beverage processing, horticulture, shared services and tourism) begins with a global sector brief, followed by country specific sector briefs and a SWOT analysis. In order to study the viability of the sectors studied in this report, each sector’s market trends and future prospects within the global context was analyzed. The country-specific sector briefs highlight information and factors relevant to the sector in that country.

The SWOT analysis at the end of every sector brief provides a general overview of strengths, weaknesses, opportunities and threats that investors in each country experience while investing in the relevant sector. The strengths and weaknesses for each sector present whether the country is among the three countries that performed worst in the six most important surveyed site selection factors as reported by investors presently operating in Africa. Three of the six factors pertain to quality factors and three to operating cost factors (see Table). The opportunities and threats have been summarized for all countries. It is worth noting that not all countries were benchmarked in all sectors. Lesotho is benchmarked in only the textile and apparel sector, while Mozambique and Uganda were not benchmarked for the textile sector and the tourism (hotels) sector respectively.

Tariffs

Though tariff levels are an important factor for sectors such as textile, apparel, horticulture and food and beverage processing, most sub-Saharan African countries have tariff-free access to a number of major markets within a wide range of export products. It is, for this reason, that tariffs are not a general worry for investors in Africa. Among the more popular trade agreements are the African Growth Opportunity Act (USA), the Cotonou Agreement (EU), the Everything But Arms (EBA) amendment to the EU’s Generalized System of Preferences (EU), the Common Market for Eastern and Southern Africa (COMESA), the East African Community (EAC), the Economic Community of West African States (ECOWAS) and the Southern African Development Community (SADC).

Top six site selection factors according to surveyed investors

	Textile	Apparel	Horticulture	Food and Beverage	Shared Services	Tourism
Quality factors (In order of importance)						
1	Access to markets and supplies	Access to markets and supplies	Access to markets and supplies	Access to markets and supplies	Access to markets and supplies	Access to markets and supplies
2	General business environment	General business environment	General business environment	General business environment	General business environment	General business environment
3	Local potential to recruit staff	Local potential to recruit staff	Availability of real estate/Arable land	Local potential to recruit staff	Local potential to recruit staff/ Infrastructure	Local potential to recruit staff/ Real estate
Cost factors (In order of importance)						
1	Wage levels	Wage levels	Wage levels	Wages levels	Wages levels	Cost of real estate
2	Cost of real estate	Cost of real estate	Cost of real estate	Cost of real estate	Telecommunications	Wage levels
3	Cost of water and power	Cost of water and power	Cost of transport	Cost of construction	Cost of real estate	Cost of construction

TEXTILE SECTOR

Between 2000 and 2004, the value of world exports of textile products grew at an average annual rate of 4.4 percent. With exports from emerging economies growing at a slightly higher rate, their share of world exports increased by 1.5 percentage points to 46.7 percent in 2004. Currently, the major players in the global textile market are China, the US, the EU, India, Pakistan, Japan, Republic of Korea and Turkey. Low cotton prices provide cheap inputs to textile operations worldwide. According to the EIU, estimated global consumption of cotton in 2004/05, at 23.4m tons, is slightly higher than expected and represents an increase of almost 10 percent over the last year. Overall, world cotton consumption in 2005/06 is forecast to reach 24.35m tons, an increase of 4 percent.

The elimination at the end of 2004 of quantitative import restrictions under the World Trade Organization (WTO) Agreement on Textiles and Clothing (ATC) has greatly affected the textile industry (see Table). A recent study predicts the following trends as a result of the elimination of quotas on textiles: an increase in the share of world exports for textiles emanating from emerging economies; a considerable gain in the export shares of countries with low labor costs, such as China, India and Pakistan; heightened competition among suppliers in low-cost countries; and increased specialization of products among source countries.

The textile industry is usually characterized as capital intensive and highly automated, with a reliance on unskilled labor. Although labor costs in Africa are generally competitive with those in China or India, the main factor decreasing the competitiveness of Africa in the global textile trade is high utility costs, particularly for electricity and water, coupled with supply unreliability. A number of successful textile producing countries, such as China and India, rely on strong backward linkages for production inputs, and textile industries in Africa have yet to create such linkages to the local economy.

A number of countries benefit from AGOA's third-country fabric sourcing allowance, which permits African countries, exporting under the AGOA agreement, to source raw material inputs from non-AGOA countries. This arrangement is slated to expire in 2007, which will increase the need for AGOA countries to source inputs from local suppliers. African textile exports under AGOA totaled USD 1.4 billion in 2005, which represents a 12 percent decline from the previous year, due to increased global competition, brought about by the elimination of the multi-fiber agreement (MFA). Africa has had little success thus far in attracting FDI into the textile sector. According to Loco Monitor, an online FDI tool, Africa receives just 2 percent of global FDI, while Asia Pacific and Europe together account for almost 80 percent. The largest share of FDI in Africa in the textile sector is from the EU, followed by North America and Asia Pacific, while Africa and the Middle East account for many small-scale projects.

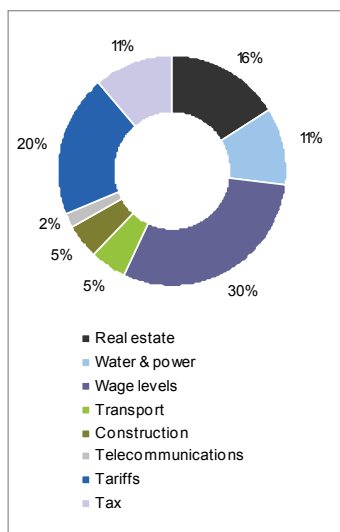
Sub-Saharan Africa does possess a number of advantages that increase its attractiveness as an investment location, particularly its low labor costs and abundance of unskilled labor. Investors in Africa can also benefit from preferential access to a number of global markets, including AGOA, and large and still developing regional trade zones. A number of sub-Saharan African governments are putting increased emphasis on developing EPZs that provide improved access to global markets and infrastructure. Successful EPZ investments are evident in African countries such as Mauritius and Lesotho.

Textile Sector Survey Profiles

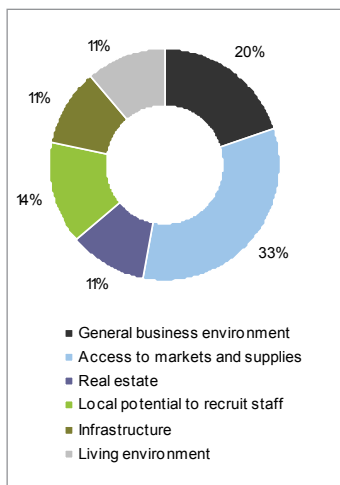
Companies interviewed	42 *
Average Investment Characteristics	
Ownership	47% local owned 24% joint ventures 29% completely foreign owned
Investment size	USD 15.8 million
Factory floor space	23,559 m ²
Number of employees	591
Sales	USD 13.2 million
Company exports	Cotton yarn organic cotton cotton fabric printed fabrics polyester fabrics blankets bed sheets

**13 firms also produced apparel*

Breakdown of cost motivations reported by textile firms



Breakdown of quality motivations reported by textile firms



Textile Brief

- Textile production levels in Madagascar are at only five percent of their level ten years ago. Political crisis in 1992 caused large clients of Malagasy textile firms to seek other global suppliers.
- The textile industry showed signs of recovery in 2004 with an increase in external demand (particularly from the US) and the depreciation of the local currency.
- FDI in this sector mainly comes from France (25 percent), Asia (China and Sri Lanka, 30 percent) and Mauritania (30 percent).
- Sixty percent of Malagasy textile products are shipped by sea and thirty percent by airfreight. The majority of exports are destined for the US, the EU (primarily France), and other countries.
- Within Madagascar, textile firms prefer to locate in free zones or near apparel manufacturing plants.
- Textile firms in Madagascar employ an average of 870 workers, whom they expect to speak Malagasy and French, and English for some commercial employees.
- The country's low operating costs (including low cost labor) good market access, tradition in textile production, and recent currency depreciation, will help Madagascar to become competitive in the global market.

The elimination of the Multi-fiber Agreement

The MFA was set up in 1974 to protect the European and American textile and apparel industries from low-cost products from Asian countries. In time, the MFA developed into a complex system of quotas and restrictions on various products. In order to cope with these restrictions, exporting countries became adept at shifting production to less restricted product categories and countries when they reached their quotas on specific products. Since quota allocations were usually based on historic export performance, there was a further incentive to increase exports to unrestricted markets, even when it was not profitable, in order to increase subsequent years' quota allotments. As a result, the quota system provided many developing countries with access to markets they otherwise would not have accessed. These countries are being adversely affected by the phase-out. In addition, in order to avoid quotas a number of countries moved up into higher value-added production, sourcing out low-cost production to less quota-restricted countries. This encouraged the fracturing of the global value chain and developed textile and apparel firms in developing countries. During the Uruguay Round of WTO negotiations, the ATC called for the phase-out of quotas on textiles and apparel over a 10-year period, beginning in January 1995, and ending in January 2005. There is general agreement that the elimination of textile and apparel quotas will immediately benefit a small handful of developing countries - those that possess a strong and diversified mix of textile and apparel products, engage in full-package production, produce high-quality, high value-added products, and possess diverse markets outside the US and the EU. These countries include China, India and Pakistan.

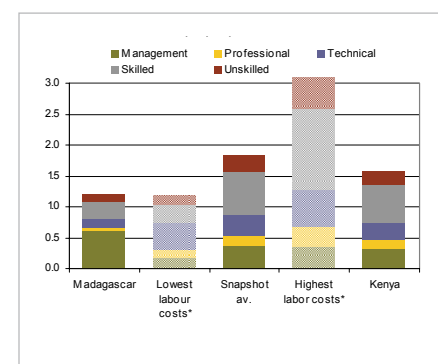
(Source: UNCTAD 2005)

Comparative SWOT Analysis for Textile Madagascar vs. Snapshot Africa

Strengths	Weaknesses
Good current export performance	Difficulty of sourcing local raw material inputs
Improvement in trade competitiveness	Weak country credit rating
Good rating on corruption perception	High country risk rating
Good availability of professionals	Business start-up procedures are numerous
Low wage rates for professionals	Unfavorable labor relations
Low wage rates for technical workers	Difficulty of sourcing local component inputs
Low wage rates for skilled workers	Poor availability of managers
Low wage rates for unskilled workers	High wage rates for managers
Low water costs	

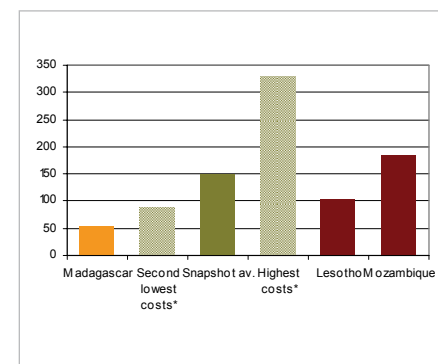
Opportunities	Threats
Typically, most sub-Saharan textiles are not competitive with Asian imports due to Asia's low-cost operating environments. However, Madagascar's textile sector possesses a number of attributes that make it globally competitive, including good international market access and a low operating cost environment.	Madagascar does not have access to large local cotton supplies, which means deteriorating port, road and rail infrastructure could diminish the comparative advantage that Madagascar currently enjoys in this sector. Other threats include the lack of waste treatment facilities, which can significantly harm the environment.

Total annual cost to employer per function in USD (millions)



* Among Snapshot Africa countries

Estimated yearly cost of water for textile factories



* Among Snapshot Africa countries

APPAREL SECTOR

During the last two decades, trade in apparel has grown significantly and developing countries have made a considerable contribution to this growth. In this period, apparel exports from developing countries increased sevenfold. According to UNCTAD, developing countries accounted for 76 percent of total world clothing exports in 2003, compared with a 1985 figure of only 8 percent. Total global apparel trade was USD 462 billion in 2003 and has grown at a compounded annual rate of 6.6 percent since 1990. Market leaders in apparel exports include China, EU, Turkey, Mexico, India, the US and Indonesia. The expiration of the MFA in December 2004 has greatly affected global trade and investment in the apparel sector.

The clothing industry is labor-intensive and offers entry-level jobs for unskilled labor in developed as well as developing countries. The majority of clothing is produced from textiles and fabrics across a very wide range of products, materials, styles and usage. There are many stages in the production of apparel such as pattern making, cutting and sewing, trimming, garment dyeing, ticketing, folding and packaging. The variations are unlimited and as fashions change and materials develop, new garments are being developed all the time as well as being re-invented. Moreover, it is a sector where relatively modern technology can be adopted even in poor countries at low investment costs. This feature of the industry has made it attractive as the first step towards industrialization for many poor countries such as Bangladesh, Sri Lanka, Viet Nam and Mauritius. Some of these countries have experienced a very high output growth rate in the sector.

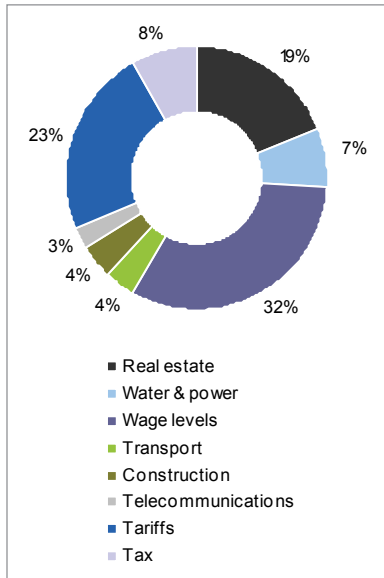
With the disappearance of the global quota system, which is expected to further consolidate production in a few super competitive countries, increased competition for FDI is expected. Elimination of quotas has benefited China, though increased fear of dumping of cheap Chinese apparel products has raised caution in markets such as the EU and the US. From this perspective, Africa could still benefit from a number of preferential trade agreements such as AGOA and the EU's Lomé Accord. As pointed out by a Value Chain Study conducted by UNIDO, sub-Saharan Africa currently lags behind other developing regions mainly due to poor transportation and communications infrastructure. These factors are very important to the functioning of apparel firms. Apparel exporters require ready access to inputs and global markets, streamlined customs procedures and reliable transport infrastructure. A number of countries are making an effort to both improve their communications infrastructure and to develop EPZs, and firms have benefited by establishing in these zones in countries such as Mauritius and Madagascar. Apparel production in sub-Saharan African countries also suffers from a weak cotton-textile-apparel value chain.

Apparel Sector Survey Profiles

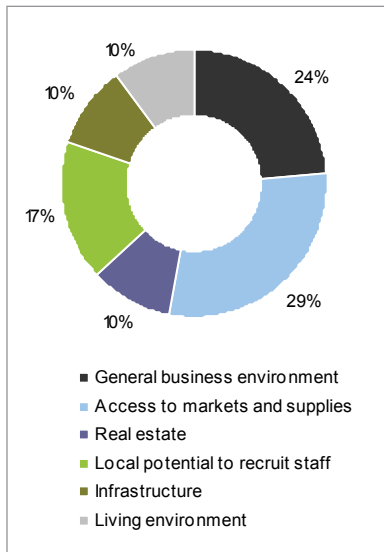
Companies interviewed	57*
Average Investment Characteristics	
Ownership	37 % local owned 45 % joint ventures 18 % completely foreign owned
Investment size	USD 4.1 million
Factory floor space	15,224 m ²
Number of employees	708
Sales	USD 5.9 million
Company exports	Casual wear, jeans, sports wear, ethnic wear, uniforms, shirts and bottoms, shoes, underwear, socks, jackets, sweaters

* 13 firms also produced textile

Breakdown of cost motivations reported by apparel firms



Breakdown of quality motivations reported by apparel firms



Apparel Brief

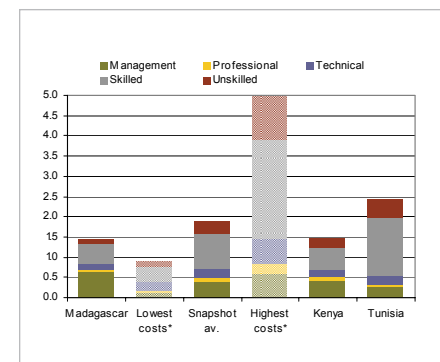
- There are typically two types of apparel companies operating in Madagascar - SMEs serving both regional and foreign markets and EPZ firms that are generally foreign owned and exclusively export focused.
- Apparel products produced in Madagascar include men's, women's and children's apparel, underwear, blankets, bed linens, tablecloths and knitwear.
- Madagascar offers lucrative incentives for investors establishing export-oriented apparel companies in the EPZs, such as tax-breaks.
- Apparel exporters in Madagascar serve the US and European markets.
- Apparel manufacturers utilize locally sourced packaging materials and some locally-sourced fabric in production; other inputs are sourced from Asia, Africa, and Europe.
- Firms report an increase in fabric sourcing from Asia due to declines in African fabric quality.
- The average surveyed apparel firm interviewed in Madagascar employs about 1,100 workers.
- Opportunities in the sector exist and despite the end of MFA, the Ministry of Industry reported that 10 new foreign apparel companies registered in 2005 to benefit from tax incentives and the low-cost but well-trained labor force available in the country.

Comparative SWOT Analysis for Apparel Madagascar vs. Snapshot Africa

Strengths	Weaknesses
Good current export performance	Difficulty of sourcing local component inputs
Increase in trade competitiveness	Weak country credit rating
Good rating on corruption perception	High country risk rating
Good availability of skilled workers	Business start-up procedures are numerous
Low wage rates for professionals	Unfavorable labor relations
Low wage rates for technical workers	Poor availability of managers
Low wage rates for skilled workers	Poor availability of professionals
Low wage rates for unskilled workers	Poor availability of technical workers
Low water costs	Poor availability of unskilled workers
	High wage rates for managers

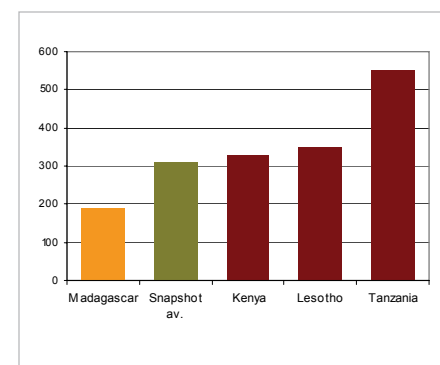
Opportunities	Threats
Opportunities in the sector exist and despite the end of MFA, the Ministry of Industry declared that 10 new foreign companies registered in 2005 within the apparel sector to benefit from tax incentives and the inexpensive but well-trained labor force available in the country. Madagascar offers opportunities for investors developing export oriented apparel companies in the EPZ, called the Zone Franche, which gives lucrative incentives to export companies, including tax-breaks. Unlike other countries, Madagascar's EPZ expands across the whole island. EPZ status can be granted to companies anywhere in Madagascar and is not restricted to specific geographic zones.	International competition is the biggest direct threat to Madagascar's apparel industry.

Total annual cost to employer per function in USD (millions)



* Among Snapshot Africa countries

Warehouse construction costs in USD per square meter



HORTICULTURE SECTOR

The horticulture sector is defined as the production and marketing of highly perishable products destined for fresh consumption, with relatively high-value per unit. Average annual worldwide production and trade in horticultural goods (fresh fruits, leguminous vegetables, cut flowers, nuts, and spices) have grown steadily. From 1993-2002, world trade in fruits and vegetables increased by 37 percent to an estimated USD 75 billion. While production has risen steadily in most regions of the world, an increasing share of this production growth has occurred in developing countries. Today, according to FAOSTAT, Asia is the leading exporter of fresh fruit and vegetables (USD 607 million), followed by Latin America (USD 408 million). Sub-Saharan Africa's export value is USD 89.6 million, behind the US (USD 205 million) and the EU (USD 96 million).

Among developing regions, Africa has shown relatively higher growth not only in the export growth of fruits and vegetables, but also in terms of the share of fruits and vegetables in the region's total agricultural exports. In many African countries, horticulture exports have become a bright spot with vegetable and fruit exports now ranking first in total sub-Saharan Africa agricultural exports. More than 60 percent of this volume comes from the Southern African Customs Union (SACU), with Kenya's in particular, a successful example. A number of other countries across Africa have moved aggressively in recent years in efforts to duplicate Kenya's success story and several have achieved some notable success in diversifying their production and accessing export markets.

In export markets, supermarkets are increasingly playing an important role in the horticulture industry, particularly in the retail of fruits and vegetables. This trend, combined with the increased concern for food safety issues, is the force shaping the new supply chain structure in the horticulture sector. There is heavier reliance on fewer but trusted suppliers whose relationship is based on stringent and detailed contracts. In some cases, this relationship may also involve technical and other assistance. However, there has not yet been a trend for these supermarkets and hypermarkets to become direct investors. In fact, the majority of horticulture commodities in Africa today are produced by smallholders, who, in turn, depend on medium-to large-scale agri-businesses to organize their produce for exports.

While the amount of FDI in the horticulture sector is not substantial compared to other sectors, such as light manufacturing, it is a factor. In fact, FDI is behind almost all the successful horticulture development stories in Africa, and continues to play an important role. Opportunities are sought by entrepreneurs, particularly in the final-market country, who see climate and other production advantages in Africa. In the horticulture sector there appear to be export opportunities in the growth in demand for high quality pre-packed vegetables. An advantage for Africa is that these industries require a combination of labor-intensive activities such as pre-packaging work, and lower labor costs. Africa's position with regard to fresh cut flowers, starting material for cut flowers (seeds, young plants, cuttings, etc.) and pot plants, is currently strong. In particular, starting material presents good opportunities because of its relatively high levels of labor intensity, which now makes it impossible to produce it in Europe.

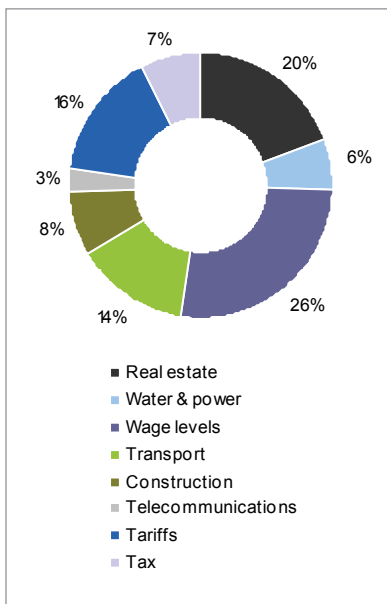
For potential investors, in addition to the climatic requirements, good logistics in order to comply with just-in-time-and-shape delivery required by buyers is critical. Equally important is the availability of inputs such as pesticides, fertilizers, and packaging materials. Market access questions will be determined by the ability to comply with trade standards rather than tariff levels.

Horticulture Sector Survey Profiles

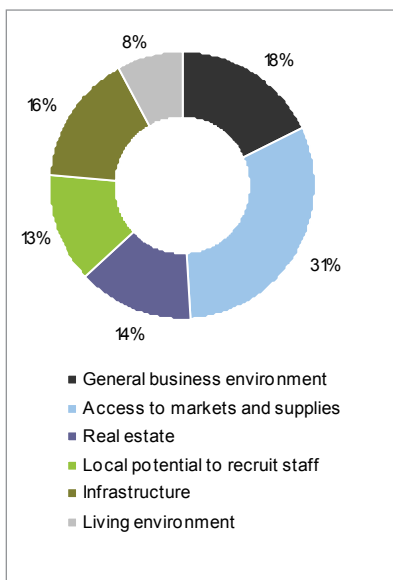
Companies interviewed	47*
Average Investment Characteristics	
Ownership	51 % local owned 21 % joint ventures 28 % completely foreign owned
Investment size	USD 4.9 million
Size of site	195 ha
Number of employees	462
Sales	USD 18.7 million
Company exports	Roses beans vanilla gum arabic mangoes tomatoes cashews live plants pineapples citrus fruit banana baby corn peppers

**13 firms also produced processed food*

Breakdown of cost motivations reported by horticulture firms



Breakdown of quality motivations reported by horticulture firms



Horticulture Brief

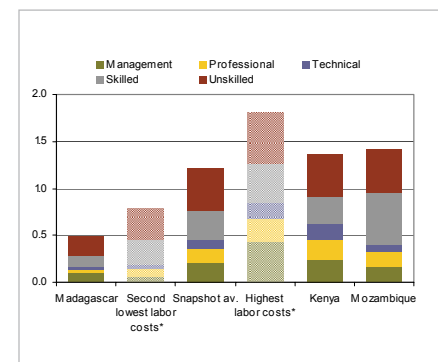
- Horticulture operations in Madagascar serve local, US, and European markets.
- Horticulture products traditionally grown in Madagascar include citrus fruit, bananas, mangos, coconuts, litchi, pineapple, avocados, peach and nectarines, apples and pears.
- Opportunities also exist for establishing large farms or consolidating small ones, as there is high demand in the local food and beverage processing market for the stability and predictability in crop supply that large farms provide.
- Malagasy horticulture firms purchase natural fertilizers and packaging materials on the local market. It is necessary, however, to import chemical fertilizers from Japan, the US or France and plant seeds from the Netherlands or Kenya.
- Within Madagascar, horticulture firms prefer to locate in close proximity to roads with access to the airport.
- Horticulture companies in Madagascar rely on the use of local out-growers as well as seasonal and casual laborers.

Comparative SWOT Analysis for Horticulture Madagascar vs. Snapshot Africa

Strengths	Weaknesses
Ease of sourcing local component inputs	Scarcity of arable land
Ease of sourcing local equipment/ chemical inputs	Weak country credit rating
Ease of sourcing local raw material inputs	High country risk rating
Good rating on corruption perception	Business start-up procedures are numerous
High vacancy for industrial buildings and sites	Unfavorable labor relations
Low wage rates for managers	High number of yearly blackouts
Low wage rates for professionals	
Low wage rates for technical workers	
Low wage rates for skilled workers	
Low wage rates for unskilled workers	
Low air transport costs for shipments to Amsterdam	

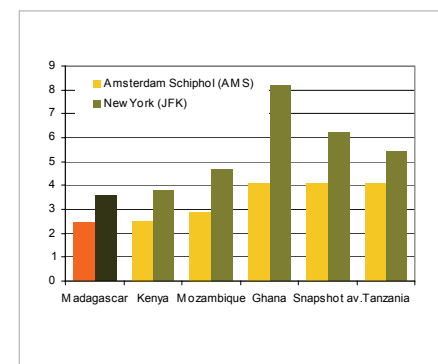
Opportunities	Threats
Madagascar's climate is its biggest attribute for horticulture operations. It is conducive to year-round growing of fruits, vegetables, nuts, and ornamental plants, making it an attractive location from which to serve markets in temperate and cold climates such as the USA and Europe. Horticulture products traditionally grown in Madagascar include: citrus fruit, bananas, mangos, coconuts, litchi, pineapple, avocados, peach, nectarines, apples and pears. Opportunities also exist for establishing large farms or consolidating small ones, as there is high demand in the local food and beverage processing market for the stability and predictability in crop supply that large farms provide.	The main threat to horticulture in Madagascar is competition from other countries with better-planned horticulture processing clusters.

Total annual cost to employer per function in USD (millions)



* Among Snapshot Africa countries

Air freight rates to Amsterdam and New York (Regular rate for general cargo under 45kg in USD/kg)



FOOD AND BEVERAGE PROCESSING SECTOR

The food and beverage processing sector refers to the manufacturing, processing and preservation of meat, fish, fruit, vegetables, oils and fats; manufacture of dairy products; manufacture of grain mill products, starches and starch products and prepared animal feeds; manufacture of other food products (e.g. bread, sugar, chocolate, pasta, coffee, nuts and spices); and the manufacture of bottled and canned soft drinks, fruit juices, beer, wines, etc.

Global market growth for processed food and beverages has been strong in recent years, with sales totaling an estimated USD 3.2 trillion, or about three-fourths of total world food sales. Africa is no exception. Agro-processing is one of the most significant manufacturing activities in Africa. In fact, agribusiness activity, of which food processing represents a large share, accounts for approximately one-fifth (or USD 70 billion) of the region's GDP and just under half of the region's value-added in manufacturing and services.

Despite strong production and sales growth of processed foods and beverage in recent years, growth in trade has been slow, at about 6 percent of sales. The presence of tariff escalation and growing use of trade remedy measures (such as antidumping and countervailing duties and safeguard measures) are partly to blame. Such mechanisms favor trade in raw commodities at the expense of processed products, reflecting countries' efforts to encourage domestic processing. As a result, firms looking for access to foreign markets often opt to make foreign direct investment. Market saturation at home and the search for higher profit margins in new underserved markets is pushing food manufacturers to seek overseas markets. These companies are looking to capitalize on increased local demand for higher value foods, a trend driven by rising incomes and increased urbanization. At the same time, consumer-driven changes are increasingly pushing food suppliers to meet consumer demand and preferences at a local level. This requires food suppliers to be capable of tailoring their products to the unique characteristics of consumer demands in each market that they serve, for which FDI offers a better tool than exports.

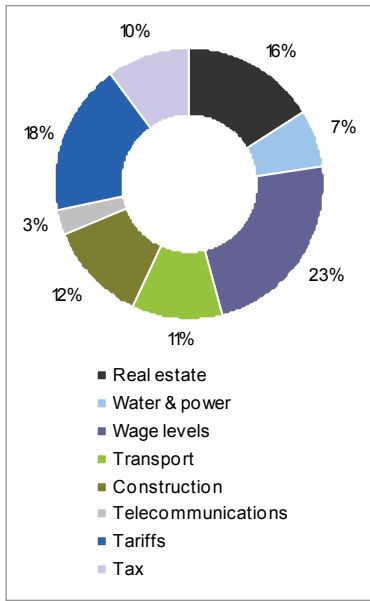
The largest food companies such as Nestlé, Kraft, Unilever, Coca-Cola and Pepsi already have a strong presence across the developing world. In Africa alone, the Coca-Cola Co. has more than 100 bottling and canning plants; Nestlé has 27 factories supplying African consumers with a wide range of products including powdered milk, soluble coffees, bottled water, breakfast cereals, chilled dairy and ice cream and infant nutrition. Unilever is currently operating in 13 countries with more than USD 2 billion sales annually. In recent years, South African firms in particular have expanded into the region with new retail food formats, fast food outlets, and pan-African processed food brands. Given the importance of the size of the local or regional market, formulating regional trade blocs is one way to enhance attractiveness to investors. According to the UN's Food and Agriculture Organization (FAO), the East African milk market alone is due to double by 2030 to 475 million metric tons. Fisheries is a constantly expanding sub-sector, especially in East Africa, as the region is endowed with some of the largest freshwater lakes and abundant fishery resources, including the Nile perch, the most widely processed fish for export in the region. From 1995-2001, exports of fish and fish products from the EAC nearly tripled in value. In West Africa, Ghana successfully tapped into the endowment of fish supply and attracted FDI: Starkist's investment in canned tuna manufacturing tripled Ghana's export capacity of processed tuna.

Food and Beverage Processing Sector Survey Profile

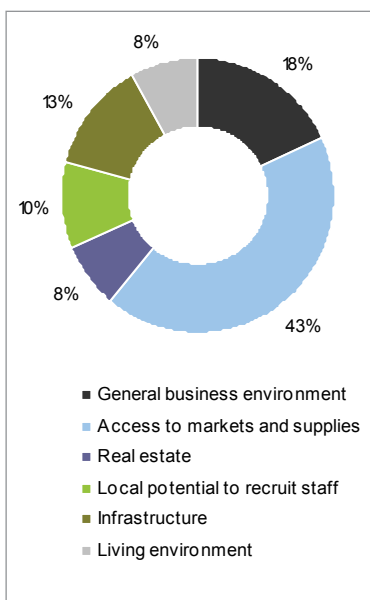
Companies interviewed	52*
Average Investment Characteristics	
Ownership	37 % local owned 25 % joint ventures 38 % completely foreign owned
Investment size	USD 38.1 million
Factory floor space	35,795 m ²
Number of employees	518
Sales	USD 52.9 million
Company exports	Dried fruits and vegetables bottle beverages and fruit juices palm oil peanut oil sugars jellies and jams powdered milks biscuits cookies candy canned fruits and vegetables

*13 firms also produced horticulture

Breakdown of cost motivations reported by food and beverage processing firms



Breakdown of quality motivations reported by food and beverage processing firms



Food and Beverage Processing Brief

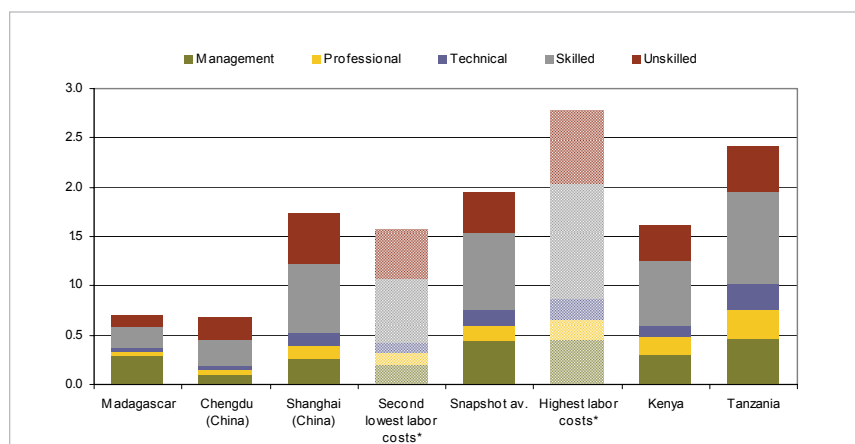
- Malagasy food and beverage processing companies own their own supply chains and farms. They provide farmers with seeds and fertilizer and perform quality control on crops.
- Food inputs are generally sourced locally, while previously processed additives like edible oils and sugars are imported.
- Free zones create benefits for investors, and account for four fifths of all FDI in the country, with France and Mauritius being the main sources of capital.
- Within Madagascar, most food and beverage companies chose sites in proximity to basic infrastructure, particularly roads, and markets in Antananarivo, rather than locations in supply areas such as Fianarantsoa province.
- The average food processing plant operating in Madagascar employs a permanent workforce of 125 employees. It is typical to also employ about 150 seasonal workers when demand warrants a larger workforce.
- As the fourth largest island in the world, Madagascar possesses abundant access to available seafood. Investment opportunities exist in Madagascar's high quality and globally renowned shrimp and seaweed industry.
- Incentives under the free zones create a number of benefits for investors and a number of investors have already shifted production from Asian locations.

Comparative SWOT Analysis for Food and Beverage Processing Madagascar vs. Snapshot Africa

Strengths	Weaknesses
Good current export performance	Weak country credit rating
Ease of sourcing local raw material inputs	High country risk rating
Ease of sourcing local component inputs	Numerous business start-up procedures
Good rating on corruption perception	Unfavorable labor relations
Low shortage of water supply	High number of yearly brownouts
Good availability of industrial land and buildings	
Good availability of unskilled workers	
Low wage rates for managers	
Low wage rates for professionals	
Low wage rates for technical workers	
Low wage rates for skilled workers	
Low wage rates for unskilled workers	
Low site lease costs for industrial land lease	
Low warehouse construction costs	

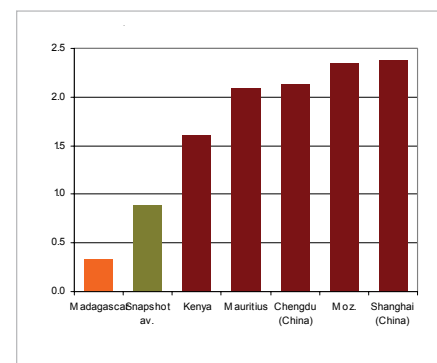
Opportunities	Threats
Firms in Madagascar currently import fewer inputs than those in any other sub-Saharan country. Even packaging materials are generally locally sourced. Many interviewed firms were positive about the potential for growth in Madagascar's agribusiness sector, including food and beverage processing. As the 4th largest island in the world, Madagascar possesses large access to available seafood. Investment opportunities therefore exist in Madagascar's high quality and globally renowned shrimp industry and seaweed industry. Incentives from industrial free zones (EPZ) create a number of benefits for investors and many have already shifted production from Asian locations.	Food and beverage processing operations in Madagascar face competition from subsidized foreign competitors. Without government investment in electrical infrastructure, or long-term subsidization, Malagasy companies in the food and beverage processing sector will continue to lose out on growth opportunities.

Total annual cost to employer per function in USD (millions)



* Among Snapshot Africa countries

Annual lease price in USD (millions) of an industrial site of 34,000 square meters*



*Includes occupancy charges

SHARED SERVICES (CALL CENTERS) SECTOR

Call center operation is a segment within the outsourcing trend. Outsourcing occurs when one company delegates responsibility for performing a function or series of tasks to another company. Outsourcing services span a wide range – from call center functions (outbound tele-marketing campaigns, data-cleaning, surveys, help desks, inbound services) to business process functions such as fulfilling financial, insurance, healthcare, human resource, tax compliance functions, data conversion, and IT services. In sub-Saharan Africa, where the sector is still nascent, outsourcing is almost exclusively in call center operation, with the exception of South Africa. Offshore outsourcing now represents a USD 100 billion market that is growing at more than 30 percent per annum. The majority of current demand for offshore outsourcing services comes from developed countries: the United States and Canada (15.9 percent) and Western Europe (44.8 percent). The primary countries exporting services to satisfy this demand include Ireland, India, and Canada. In sub-Saharan Africa, South Africa and Mauritius are the only countries that have begun to emerge on the radar screen of investors, but their estimated market size is still miniscule compared to competitors around the world.

Behind the rapid growth in offshore outsourcing are the improved quality and lower costs of telecommunications and Internet infrastructure. The development of the industry has led to an increased general knowledge and experience in offshore outsourcing. This means there is now less risk associated with including offshore outsourcing in the evaluation and implementation process of a company's business plan. As a consequence, there is international competitive pressure to include offshore outsourcing as a component of overall business strategy to reduce cost and/or to increase productivity.

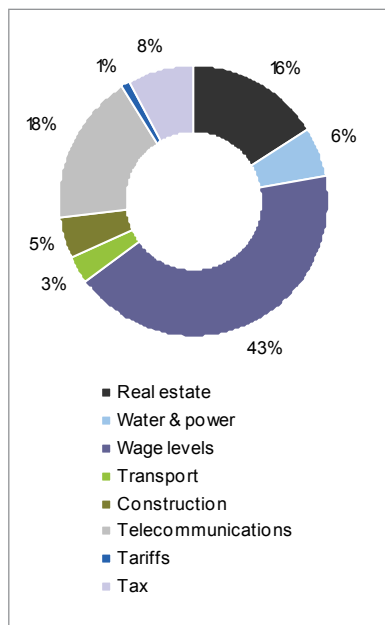
The factors making a foreign country an attractive base for offshore outsourcing services, according to an index developed by A.T. Kearney, are the following: financial structure, people skills and availability, and business environment. The market growth of offshore outsourcing does not necessarily lead to higher levels of FDI in the industry, as the relationship between offshore outsourcing service providers and their clients is generally contractual. Nevertheless, there is plenty of opportunity for FDI growth.

Trends in offshore outsourcing indicate a promising future. As with any maturing market, offshore outsourcing moves up the value chain, reflecting increased levels of provider competence and confidence among their customers. Customers will multi-source from more than one provider (and country), depending upon type of services required, costs and risks. Due to increased competition and risk management, providers extend their services offerings (e.g., call-center services extend to back-office services) and offer new value-added services. Mature offshore markets then outsource to new, lower cost countries or locations within the same country. Higher value outsourcing services (IT and financial) migrate to those countries with greater protection of intellectual property and privacy. Increased demand and competition for offshore outsourcing services is likely to lead to rising labor costs, resulting in decreased service levels and the tendency to move offshore to lower cost countries.

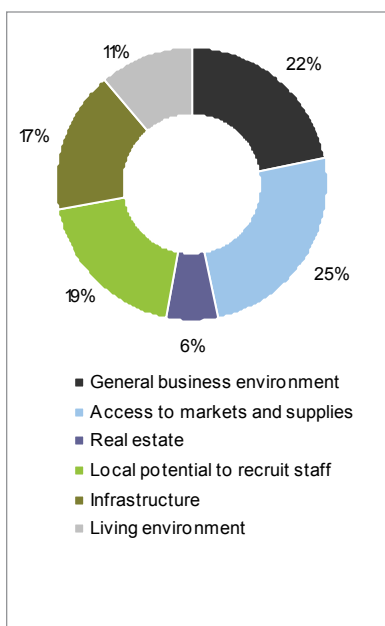
Shared Services Sector Survey Profile

Companies interviewed	51
Average Investment Characteristics	
Ownership	31 % local owned 25 % joint ventures 44 % completely foreign owned
Investment size	USD 1.8 million
Building floor space	1,093 m ²
Number of employees	135
Sales	USD 12,7 million

Breakdown of cost motivations reported by shared services (call centers) firms



Breakdown of quality motivations reported by shared services (call centers) firms



Shared Services (Call Centers) Brief

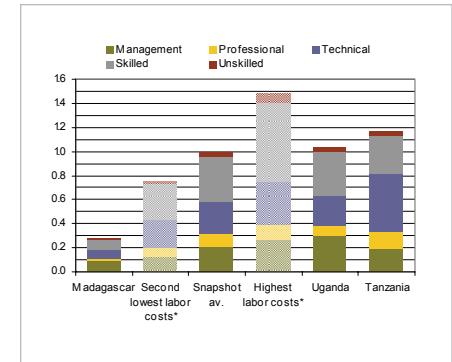
- The third party shared services sector is not well developed in Madagascar, but a few firms are engaging in outsourcing activities to customers in francophone markets.
- Shared service companies in Madagascar import computers, software, and office supplies from France and Singapore.
- Malagasy firms in this sector have developed marketing relationships abroad with home offices or brokers that bring in clients.
- Within Madagascar, interviewed companies generally chose locations in office buildings in Antananarivo, with close access to public transportation, and near the best international communications infrastructure.
- Firms generally require that workers hold a minimum of a high school degree, and prefer workers who already have some experience in the industry. Training represents an important cost to companies, as it may take from two to twelve months before workers are fully operational.

Comparative SWOT Analysis for Shared Services (Call Centers) Madagascar vs. Snapshot Africa

Strengths	Weaknesses
Ease of sourcing local equipment inputs	Weak country credit rating
Good rating on corruption perception	High country risk rating
Low wage rates for managers	Business start-up procedures are numerous
Low wage rates for professionals	Unfavorable labor relations
Low wage rates for technical workers	Difficulty of finding workers with a good command of the official language
Low wage rates for skilled workers	Poor availability of managers
Low wage rates for unskilled workers	Poor availability of technical workers
Low rental costs for suburban offices	Poor availability of skilled workers
	Poor availability of unskilled workers
	Poor quality of landline communications
	Poor quality of Internet
	Expensive rates for calls to the US

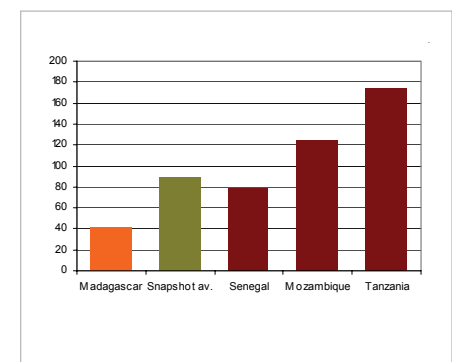
Opportunities	Threats
With strong technical schools and a Government agenda aimed at improving telecommunications connectivity with laws totally liberalizing the sector, Madagascar is an opportune country to establish call centers to serve the French speaking world. They are also in a strategic time zone and have reliable connectivity to serve France and other Francophone markets. Projects set to establish a submarine cable system linking Madagascar to the international FLAG network, scheduled for 2007, open opportunities for investors to establish an early lead into the business to take advantage of future improvements.	Threats to shared services firms in Madagascar primarily come from other Francophone African countries. Firms also expressed concerns that French language ability is not strong enough in the younger generation.

Total annual cost to employer per function in USD (millions)



*Among Snapshot Africa countries

Annual lease costs in USD (thousands) for a suburban office space of 1,000 meters squared



TOURISM (HOTELS) SECTOR

After a drop in tourism caused by the events of September 11, 2001, and other natural disasters, global tourism has seen a rebound since 2004. According to the UN World Tourism Organization (UNWTO), the number of international tourist arrivals in 2005 is estimated at 808 million, up from 766 million in 2004. The UNWTO is expecting tourism arrivals to double by 2010 and reach 1.56 billion by 2020. Globally, tourism accounts for roughly 35 percent of exports of services and over 8 percent of exports of goods, and is the world's largest employer.

According to the UNWTO, sub-Saharan Africa saw the strongest growth in tourism in 2005 estimated at 13 percent, with particularly remarkable results for Kenya (26 percent between January and October compared with the same period of the previous year), and Mozambique (37 percent Jan.-Sept.). South Africa (11 percent Jan.-Aug.) as well as Seychelles (7 percent) and Mauritius (6 percent), all improved on their 2004 results. Tourism is often a leading generator of foreign exchange in African countries. Total tourist expenditure in Africa was estimated at about USD 33 million in 2004, and is anticipated to increase to USD 47 million by 2010 and to USD 77 million by 2020.

Sub-Saharan Africa is heavily endowed with exceptional attractions for the local and international tourism markets. These include natural resources, biodiversity and a number of historical heritage sites. The greatest numbers of tourist arrivals to sub-Saharan African countries were visitors from other countries within the region. Nonetheless, arrivals from Europe, Asia and North America are also growing. Europeans tend to visit single countries, while North American travelers usually visit several countries as part of a circuit tour. While North Americans number fewer than Europeans, their expenditure tends to be higher. Asians form a smaller part of African tourism, but are growing in importance.

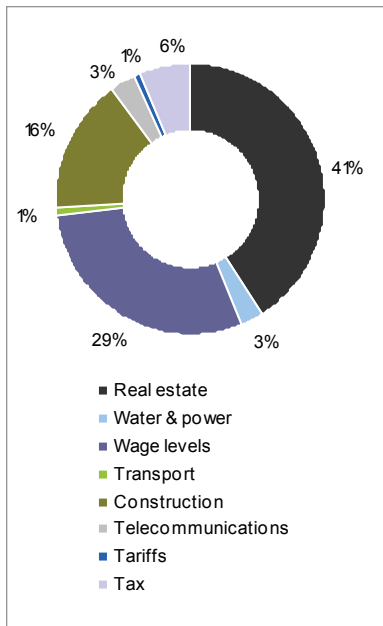
African countries offer unique opportunities for investment in safari, beach, adventure, cultural and ecotourism holidays as well as opportunities for business travel. At the early stages of investment, anchor or magnet projects create the base for future investment. Some cities have become hubs for tourism investment with a full complement of hotels catering to local and foreign tourists. These investments are typically made by foreign investors, but often with local partners who are skilled at negotiating with government. These anchor – or greenfield - investments require financial engineering suited to the hotel sector. Ownership and operations are often separated, with one company owning the building and an operating company managing or leasing the property. Ownership companies are suited to local and foreign investment with substantial equity (20-50 percent of investment) and long-term loans consistent with real estate financing. In this context, investors look for the additional comfort that guarantees can offer on the equity and associated long-term lending.

Most international chains, on the other hand, are management companies providing skilled management services. A limited number will also take equity positions as a demonstration of goodwill and a few are exploring long-term investment as a new strategy. Anchor projects of course also attract the smaller investments characteristic of tourism investment – small guest houses, new restaurants and vastly improved travel agency and tour operator services. Financing of tourism SMEs conforms to schemes for SMEs in general and typically does not lend itself as well to guarantees – although technical support is often a feature of such operations and some countries are experimenting with credit and guarantee schemes.

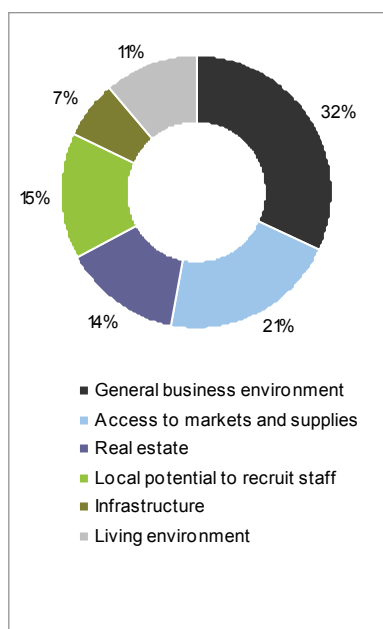
Tourism Sector Survey Profile

Companies Interviewed	48
Average Investment Characteristics	
Ownership	23 % local owned 27 % joint ventures 50 % completely foreign owned
Investment size	USD 14.6 million
Hotel floor space	17,789 m ²
Number of employees	215
Sales	USD 5.3 million

Breakdown of cost motivations reported by tourism (hotels) firms



Breakdown of quality motivations reported by tourism (hotels) firms



Tourism (Hotels) Brief

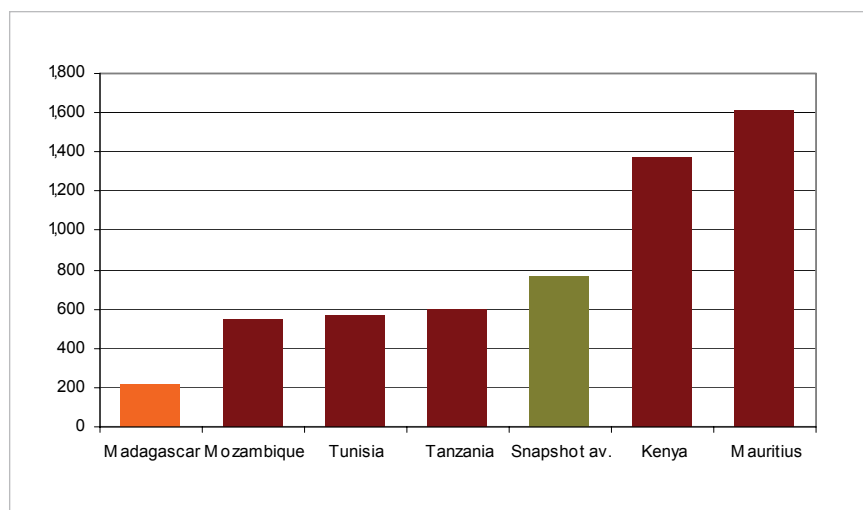
- Most current foreign investors in the Malagasy tourism sector enjoyed strong ties to the country prior to investment, many having come to the Madagascar during its time as a French colony.
- One-quarter of visitors come primarily for a beach holiday and two-thirds for ecotourism. Seventy percent of visitors are from Western Europe with France the largest supplier (52 percent), followed by Italy, Germany and the UK. Another ten percent of visitors come from the island of Réunion.
- According to the Government of Madagascar, there are currently 932 hotels (mostly small scale with 10 rooms or less) in the country, totaling 10,847 rooms.
- Malagasy hotels interviewed for this study cater to a clientele that includes about 60 percent leisure or package tourists and 40 percent business travelers.
- High-end hotels in Madagascar rely on imported capital inputs such as cutlery, glassware, dishes, and kitchen equipment. Hotels source linens and most food locally.
- The surveyed hotels in Madagascar hire an average of 210 workers.
- Madagascar offers attractions that appeal to residents and tourists alike, including golf, fishing, a unique natural ecosystem, and miles of beaches. Opportunities exist for investment in hotels since there are few flagship resort hotels or eco-tourism hotels yet on the island.
- The Ministry of Culture and Tourism has made tourism a priority sector and has established a number of institutions to facilitate investments into the sector.

Comparative SWOT Analysis for Tourism (Hotels) Madagascar vs. Snapshot Africa

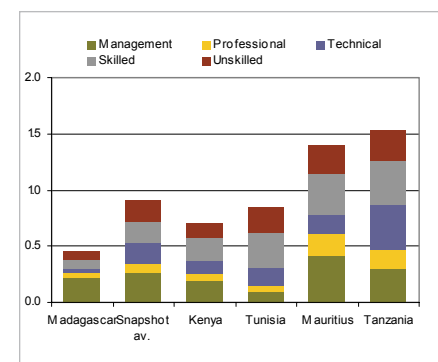
Strengths	Weaknesses
Good rating on corruption perception	Weak country credit rating
Good availability of professionals	High country risk rating
Low sales price for hotel land	Business start-up procedures are numerous
Low wage rates for managers	Unfavorable labor relations
Low wage rates for professionals	Lack of direct flights to US
Low wage rates for technical workers	Low quantity of direct flights to Europe
Low wage rates for skilled workers	Poor availability of managers
Low wage rates for unskilled workers	Poor availability of technical workers
Low hotel construction costs	Poor availability of skilled workers
	Poor availability of unskilled workers
	Difficulty of finding workers with a good command of the official language

Opportunities	Threats
As one of the most dynamic sectors at the moment, Madagascar's tourism sector has strong potential for growth and has seen a 21 percent increase in foreign arrivals between 2004 and 2005. Madagascar offers attractions that appeal to residents and tourists alike, including: golf, fishing, a unique natural ecosystem, and miles of beaches. Opportunities exist for investment in hotels since there are few that are well-known, and few flagship resort hotels or ecotourism hotels exist yet on the island.	The same attribute that has created Madagascar's unique natural offerings is also a potential threat to the development of tourism: isolation. Madagascar does not maintain an "open skies" policy in order to preserve business for government-owned Air Madagascar. There are no direct flights from Asia or the USA, which severely limits the country's tourism business. An increase in hotel investments could be hampered by a limited arrival capacity. Madagascar's tourism industry also has to cope with stringent competition from neighboring tourism destinations such as Seychelles and Mauritius.

Hotel construction costs in USD per square meter



Total annual cost in USD (millions) to employer per function



Appendices

- I. Acronyms and Abbreviations
- II. Data Definitions and Sources
- III. Tables and Findings
- IV. One-stop Shop for Investments and the Development of Enterprises (GUIDE) of Madagascar

Appendix I. Acronyms and Abbreviations

AGOA	American Growth and Opportunity Act	IPI	Investment Promotion Intermediary
API-Mali	Agence de Promotion des Investissements Mali	IPZ	Industrial Processing Zones
APIX	Agence de Promotion des Investissements et des Grands Travaux	ISP	Internet Service Provider
ATC	Agreement on Textiles and Clothing	IT	Information Technology
av.	Average	JV	joint-venture
CFA	West African Franc	KIA	Kenya Investment Authority
CIS	Community of Independent States	kVA	Kilovolt-ampere
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora	kWh	Kilo-Watts hour
COMESA	Common Market for Eastern and Southern Africa	LNDC	Lesotho National Development Corporation
CPI	Centro de Promoção de Investimentos Mozambique	MFA	Multi-Fiber Arrangement
CTI	Computer Telephony Integration	MIGA	Multilateral Investment Guarantee Agency
DTIS	Diagnostic Trade Integration Study	MNC	multi-national corporation
EAC	East African Community	MUB	Manufacturing Under Bond
EASSy	Eastern Africa Submarine Cable System	NDC	National Development Council
EBA	Everything But Arms	OECD	Organization for Economic Co-operation and Development
EBP	Enterprise Benchmarking Program	PABX	Private Automatic Branch Exchange
ECOWAS	Economic Community of West African States	PAD	Port autonome de Dakar
EIU	Economist Intelligence Unit	PATI	Priority Areas for Tourism Investment
EPZ	Export Processing Zone	PPP	Purchasing Power Parity
EU	European Union	SACU	Southern African Customs Union
EUREPGAP	Global Partnership for Safe and Sustainable Agriculture	SADC	Southern African Development Community
FAO	Food and Agriculture Organization	SEZ	Special Economic Zones
FAOSTAT	Food and Agriculture Organization Statistical Database	SME	small and medium-sized enterprises
FDI	Foreign Direct Investment	SWOT	Strength, Weakness, Opportunities and Threats
FEE	Free Export Enterprise	TFCA	Trans-frontiers Conservation Areas
GDP	gross domestic product	TIC	Tanzania Investment Center
GIPC	Ghana Investment Promotion Center	UAE	United Arab Emirates
GUIDE	Guichet Unique des Investissements et de Développement des Entreprises	UEMOA	Union Economique et Monétaire Ouest Africaine
Ha	Hectare	UIA	Uganda Investment Authority
HACCP	Hazard Analysis and Critical Control Points	UK	United Kingdom
ICT	Information and Communications Technology	UNCTAD	United Nations Conference on Trade and Development
IFC	International Finance Center	UNIDO	United Nations Industrial Development Organization
IFZ	Industrial Free Zone	UNWTO	United Nations World Tourism Organization
IPA	Investment Promotion Agency	USA	United States of America
IPC	Investment Promotion Center	USAID	United States Agency for International Development
		USD	United States Dollar
		UHT	Ultra High Temperature
		VAT	value added tax
		VoIP	Voice-over Internet Protocol
		WTO	World Trade Organization

Appendix II: Data Definitions and Sources

This appendix provides detail on quantitative and qualitative data collected for this study, both through desktop research and fieldwork, and the sources used.

GENERAL BUSINESS ENVIRONMENT

(Refer to Table 1)

Economic, Financial, and Political Stability

1. Country Credit Rating

Source: Institutional Investors

This Index is based on a biannual survey of leading commercial banks, and captures risk perceptions of the main commercial lenders. The Index is widely referenced in International Finance Corporation/World Bank Group publications.

2. Country Risk Rating

Source: Euromoney

The data are taken from Euromoney's semiannual rating of the political and economic performances of 185 sovereign countries. To obtain the overall country risk score, Euromoney assigns a weighting to nine categories: political risk (25 percent), economic performance (25 percent), debt indicators (10 percent), debt in default or rescheduled (10 percent), credit ratings (10 percent), access to bank finance (5 percent), access to short-term finance (5 percent), access to capital markets (5 percent) and forfeiting (5 percent).

Doing Business and Bureaucracy

1. Number of Procedures Required to Start a Business

Source: Doing Business in 2005, World Bank

The Doing Business survey examines the start-up of commercial or industrial firms. It counts all procedures required to incorporate and register a firm. A 'procedure' is defined as any interaction of the company founder with external parties such as government agencies, lawyers, auditors and notaries.

2. Number of Days Normally Required to Start a Business

Source: Doing Business in 2005, World Bank

The Doing Business survey examines the start-up of commercial or industrial firms. It counts the number of days required to incorporate and register a newly formed company. Time is recorded in calendar days.

3. Corruption Perception Index

Source: Transparency International

This Index measures countries in terms of the degree to which corruption is perceived to exist among public officials and politicians. The Index is the composite of corruption indices from independent sources. Countries are given an index score between 0 and 10, with a score of 10 indicating no perceived corruption and a score of 0 indicating extreme perceived corruption.

4. Customs Clearance

Source: Company interviews

Interviewed company managers were asked how long it normally takes for imported inputs to clear customs based on the experience of their firms.

Intellectual Property Rights Protection

Source: Global Competitiveness Report 2004 – 2005, World Economic Forum

Data are based on a survey of intellectual property rights by the World Economic Forum.

CORPORATE TAXATION

(Refer to Table 2)

Corporate Tax Rate

Source: Price Waterhouse Coopers Tax Guide and/or local tax authorities

- Ghana - Ghana Internal Revenue Service
- Kenya - Kenya Revenue Authority, Price Waterhouse Coopers Tax Guide and/or local tax authorities
- Lesotho - Lesotho National Development Corporation (LNDC)
- Madagascar - Price Waterhouse Coopers Tax Guide and/or local tax authorities
- Mali - Maître Cheickne Touré ACGE Tax Adviser
- Mozambique - 3rd supplement to BR No. 30 (2002), www.forumturafrica.org
- Senegal - Price Waterhouse Coopers Tax Guide and/or local tax authorities
- Tanzania - Price Waterhouse Cooper Tax Datacard
- Uganda - Uganda Revenue Authority

Data on the highest corporate tax rate in each country were collected and entered in the Enterprise Benchmarking Model

Sales Tax Rate

Source: Price Waterhouse Coopers Tax Guide and/or local tax authorities

- Ghana - Ghana VAT Service
- Kenya - Kenya Revenue Authority
- Lesotho - Lesotho National Development Corporation (LNDC)
- Madagascar - Price Waterhouse Coopers Tax Guide and/or local tax authorities
- Mali - Maître Cheickne Touré ACGE Tax Adviser
- Mozambique - Law No. 3 (1998), BR No. 1, www.forumturafrica.org
- Senegal - Price Waterhouse Coopers Tax Guide and/or local tax authorities
- Tanzania - Price Waterhouse Cooper Tax Datacard
- Uganda - Uganda Revenue Authority

Data on sales tax or VAT were entered in the benchmarking model.

Property Tax Rate

Source: Price Waterhouse Coopers Tax Guide and/or local tax authorities

- Ghana - Director of Research, Ghana Internal Revenue Service
- Kenya - Nairobi City Council
- Lesotho - Lesotho Revenue Authority
- Madagascar - Price Waterhouse Coopers Tax Guide and/or local tax authorities
- Mali - Maître Cheickne Touré ACGE Tax Adviser
- Mozambique - Decree No. 50 (2000), Rro 51 (2000), taxchina.org
- Senegal - Price Waterhouse Coopers Tax Guide and/or local tax authorities.
- Tanzania - Implementing Tax Reform in Tanzania, by Roy Kelly and Zanab Musunu
- Uganda - Uganda Revenue Authority

Data on property tax rates were entered in the model. In some countries, property is taxed as a corporate profit based on the value of the property rental income. In those cases, the rental income of a property was assumed to be 10 percent of the property value and the property tax rate was entered as 10 percent of the corporate tax rate.

ACCESS TO MARKETS

(Refer to Tables 3-7)

Export Competitiveness

1. Current Export Performance

Source: ITC Trade Performance Current Index, International Trade Center

The ITC Trade Performance Current Index measures the trade performance of a sector in a variety of countries. The index covers 184 countries and 14 sectors. It provides a static view of a country's recent export performance, ranked between 1 and 184. If a country did not show up in the index, it means that the country was not a big performer in trade in a particular industry. In those cases, a value of 185 was entered in the Enterprise Benchmarking Model. The ITC Index for textiles, processed foods, and fresh fruits were utilized in the model.

2. Change in Export Performance

Source: ITC Trade Performance Change Index, International Trade Center

The ITC Trade Performance Change Index captures recent trends of the change of a country's export performance. The index ranks 184 countries in 14 sectors. If a country does not have a change ranking for a sector, it means that the country is not likely a large performer in trade in that particular industry. In those cases, a value of 185 was entered in the Enterprise Benchmarking Model. The ITC Index for textiles, processed foods, and fresh fruits were utilized in the model.

3. Average Tariff for Imported Inputs

Source: Consolidated Trade Database, World Trade Organization

Data on the average import tariffs for textiles and electric machinery were gathered and entered into the Enterprise Benchmarking Model. These data serve as indications as to the openness of a country to imports as well as the cost of importing needed capital inputs and intermediate goods for production.

Size of Domestic Market

Source: Gross domestic product, World Development Indicators, World Bank

This datum takes each country's gross domestic product as a proxy for the size of the domestic market. Many firms, particularly in the apparel and food processing sectors specifically chose their locations in order to serve the local markets in Mali and other sub-Saharan African countries.

Access to International Tourists

1. Number of Weekly Direct Flights from Country

Source: Airlines that serve each country

- Ghana - Ghana Civil Aviation Authority
- Kenya - KQ Air, Air India, and Ethiopian Airlines
- Lesotho - International passenger flights to overseas markets are not available
- Madagascar - Air Madagascar
- Mali - Regie Administrative de l'Activité, assistance (RAGAAE), Monsieur Maïga, Chef d'escale Airport Service, Bamako
- Mozambique - Mozambique Civil Aviation Authority
- Senegal - Air Senegal, Air France, British Airways, Lufthansa
- Tanzania - British Airways, KLM, Swiss International, Emirates Air, Oman Air, and Kenya Airways
- Uganda - Civil Aviation Authority

Data were collected on the number of weekly direct flights from each country to the United States, Europe, and Asia. 'Direct flight' is defined as a flight given a single flight number that originates in the studied country and terminates or discharges passengers in the US, the EU or Asia. Direct flights are not necessarily non-stop, as long as passengers remain on the same aircraft.

2. Passenger Arrivals

Source: World Tourism Organization⁹³

Data on the number of annual arrivals of tourists were collected as an indication of the size of the current market for hotels and other tourist services in each country.

REAL ESTATE QUALITY

(Refer to Table 8)

Availability of Land

Source: Company interviews

Firms were asked to recall the number of industrial, agricultural, hotel, or office sites within the country they considered during their initial investment decision. The greater the number of sites, the higher the quality score calculated by the Enterprise Benchmarking Model.

Availability of Agricultural Land

Source: Availability of Arable Areas, Food and Agriculture Production Yearbook, United Nations Food and Agriculture Organization

This study utilized the FAO's Annual survey of agricultural land. The availability of arable land is gathered and noted in thousands of hectares for each surveyed country.

Vacancy Rate for Industrial Land and Buildings

Source: Real estate agencies, free zones, and industrial estates

- Ghana - Ghana Investment Promotion Center
- Kenya - CB Richard Ellis

- Lesotho - Lesotho National Development Corporation (LNDC)
- Madagascar - Financière d'Investissement Aro (FIARO) Industries
- Mali - Average of values provided by Agence des zones industrielles; Agence de cessions immobilières; and IFA Baco Agence immobilières
- Mozambique - Average of values provided by JHI Real Estate, Imovisa, and Jat
- Senegal – Source not available
- Tanzania - Survey of vacancy rates in industrially zoned areas, industrial estates, and free zones near Dar es Salaam
- Uganda - Bageine & Company and Knight Frank
The vacancy rates or percentage of available industrial land and buildings, within 20 kilometers of the capital city was gathered and entered into the Enterprise Benchmarking Model.

Vacancy Rate for Office Space

Source: Real estate agencies and office building management companies

- Ghana - Ghana Investment Promotion Center
- Kenya - CB Richard Ellis
- Lesotho - Lesotho National Development Corporation (LNDC)
- Madagascar - Financière d'Investissement Aro (FIARO) Industries
- Mali - Average of values provided by Agence des zones industrielles; Agence de cessions immobilières; and IFA Baco Agence immobilières
- Mozambique - Average of values provided by JHI Real Estate, Imovisa, and Jat
- Senegal – Source not available
- Tanzania - Average vacancy rates reported by Waterfront, Millennium Tower, PPF Towers, and JM Mall
- Uganda - Bageine & Company and Knight Frank
The vacancy rates, or percentage of available office space in the center of the capital city, was gathered and entered into the Enterprise Benchmarking Model.

REAL ESTATE COSTS

(Refer to Tables 9-10)

Cost of Land

1. Purchase Price of Industrial Land

Source: Real estate agencies, investment promotion agencies, and free zones and industrial estates

- Ghana - Ghana Investment Promotion Center
- Kenya - The Property Gallery
- Lesotho - Lesotho National Development Corporation (LNDC)
- Madagascar - Financière d'Investissement Aro (FIARO) Industries
- Mali - Average of the prices quoted by the following: AZI Sa Agence de zones industriels du Mali; ACI Agence de cessions immobilières; Architect/expertise AUE; Architect Coulibaly Concept AU; IFA Baco agence immobilières
- Mozambique - Mozambique Investment Promotion Center
- Senegal - Pyramid Group
- Tanzania - Ministry of Land and Human Settlement
- Uganda – Uganda Investment Authority (UIA)
The cost of purchasing industrially zoned land or industrial estates was researched and entered in the Enterprise Benchmarking Model as the cost per square meter. These data were verified in company interviews, when respondents were asked how much they paid for their sites. Where laws did not allow purchase of land, long-term leases were also considered as “purchases” for the purpose of this datum.

2. Lease Price of Industrial Land

Source: Real estate agencies, investment promotion agencies, and free zones and industrial estates.

- Ghana - Land Developers Company Ltd.
- Kenya - CB Richard Ellis
- Lesotho - Lesotho National Development Corporation (LNDC)
- Madagascar - Financière d'Investissement Aro (FIARO) Industries
- Mali - Average of the prices quoted by the following: AZI Sa Agence de zones industriels du Mali; ACI Agence de cessions immobilières; Architect/expertise AUE; Architect Coulibaly Concept AU; and IFA Baco agence immobilières
- Mozambique - JHI Real Estate
- Senegal - Pyramid Group
- Tanzania - Ministry of Land and Human Settlement
- Uganda - Uganda Investment Authority (UIA)
The cost of a yearly lease for industrially zoned land or industrial estate was researched and entered into the Enterprise Benchmarking Model.

3. Additional Industrial Site Occupancy Charges

Source: Real estate agencies, investment promotion agencies, and free zones and industrial estates.

- Ghana - The Consultant PSI Properties
- Kenya - CB Richard Ellis
- Lesotho - Lesotho National Development Corporation (LNDC)
- Madagascar - Financière d'Investissement Aro (FIARO) Industries
- Mali - Average of the prices quoted by the following: AZI Sa Agence de zones industriels du Mali; ACI Agence de cessions immobilières; Architect/expertise AUE; Architect Coulibaly Concept AU; and IFA Baco agence immobilières
- Mozambique - Mozambique Investment Promotion Center
- Senegal - Pyramid Group
- Tanzania - Ministry of Land and Human Settlement
- Uganda - Uganda Investment Authority (UIA)
In cases where industrial estates or free zones charge additional maintenance fees or security charges, those data were entered into the model as additional costs per square meter.

4. Purchase Price of Tourist Hotel Land

Source: Real estate agencies and investment promotion agencies

- Ghana - Land Bank Management Officer, Ghana Investment Promotion Center
- Kenya - The Property Gallery
- Lesotho - Lesotho National Development Corporation (LNDC)
- Madagascar - Financière d'Investissement Aro (FIARO) Industries
- Mali - Average of the prices quoted by the following: AZI Sa Agence de zones industriels du Mali; ACI Agence de cessions immobilières; Architect/expertise AUE; Architect Coulibaly Concept AU; and IFA Baco agence immobilières
- Mozambique - Average of the prices quoted by Abrantina and JHI Real Estate
- Senegal - Pyramid Group
- Tanzania - MyBeach real estate agency and the Ministry of Natural Resources and Tourism
- Uganda - Uganda Investment Authority (UIA)
The purchase price of land in locations suitable for tourist development - beaches, game parks, and city center - was researched and entered into the Enterprise Benchmarking model as the cost per square meter. Where laws do not allow purchase of land, long-term leases were also considered as “purchases”.

Cost of Office Space

1. Lease Price of Class A Office Space

Source: Real estate agencies and office building management companies

- Ghana - Ghana Investment Promotion Center
- Kenya - The Property Gallery
- Lesotho - Lesotho National Development Corporation (LNDC)
- Madagascar - Financière d'Investissement Aro (FIARO) Industries
- Mali - Average of prices provided by SICG Habitat, Blal; Agence de cessions immobilières; Architect Sidibe; and IFA Baco agence immobilières
- Mozambique - JHI Real Estate
- Senegal - Pyramid Group
- Tanzania - Average of prices provided by 50 Mirambo, PPF Tower, and JM Mall
- Uganda – Uganda Investment Authority (UIA)

Class A office space is defined as offices in or near the center of the capital city. These costs were entered in the model as the price per square meter for a one-year lease.

2. Lease Price of Class B Office Space

Source: Real estate agencies and office building management companies

- Ghana - A&C Development Company
- Kenya - The Property Gallery
- Lesotho - Lesotho National Development Corporation (LNDC)
- Madagascar - Financière d'Investissement Aro (FIARO) Industries
- Mali - Average of prices provided by SICG Habitat, Blal; Agence de cessions immobilières; Architect Sidibe; and IFA Baco agence immobilières
- Mozambique - JHI Real Estate
- Senegal - Pyramid Group
- Tanzania - Average of prices provided Millennium Tower and Water Front
- Uganda – Uganda Investment Authority (UIA)

Class B office space is defined as office buildings within 20 kilometers outside the city center. These costs were entered in the model as the price per square meter for a one-year lease.

3. Additional Office Space Occupancy Charges

Source: Real estate agencies and office building management companies

- Ghana - Average of prices provided by A&C Development Company and Ghana Investment Promotion Center
- Kenya - The Property Gallery
- Lesotho - Lesotho National Development Corporation (LNDC)
- Madagascar - Financière d'Investissement Aro (FIARO) Industries
- Mali - Average of prices provided by SICG Habitat, Blal; Agence de cessions immobilières; Architect Sidibe; and IFA Baco agence immobilières
- Mozambique - JHI Real Estate
- Senegal - Pyramid Group
- Tanzania - Average of prices provided by 50 Mirambo, PPF Tower, JM Mall Millennium Tower, and Water Front
- Uganda – Uganda Investment Authority (UIA)

In cases where office buildings charge additional maintenance, parking or security fees, those data were entered into the model as additional costs per square meter.

Construction Costs

1. Cost of Warehouse Construction

Source: Local engineering and construction companies

- Ghana - Business Development Manager, Taysec- A TaylorWoodrow Company
- Kenya - The Property Gallery
- Lesotho - Lesotho National Development Corporation (LNDC)
- Madagascar - Tectra SARL
- Mali - Average of prices provided by SICG Habitat; Architect Sidibe AUE; Architect Coulibaly Concept; and IFA Baco agence immobilières
- Mozambique - Average of the prices quoted by Abrantina and JHI Real Estate
- Senegal - Pyramid Group
- Tanzania - Caspian Construction Company
- Uganda - Uganda Investment Authority (UIA)

The price of construction of a concrete block warehouse was entered into the Enterprise Benchmarking Model as the cost per square meter of construction. Warehouse construction cost was also used as a proxy for the construction of a simple factory shell, since there is little actual difference in cost. This study did not investigate the cost of outfitting a factory with machinery.

2. Cost of Hotel Construction

Source: Local engineering and construction companies

- Ghana - Property Manager, Ghana Investment Promotion Center
- Kenya - The Property Gallery
- Lesotho - Lesotho National Development Corporation (LNDC)
- Madagascar - Tectra SARL
- Mali - Average of prices provided by SICG Habitat; Architect Sidibe AUE; Architect Coulibaly Concept; and IFA Baco agence immobilières
- Mozambique - Average of the prices quoted by Abrantina and JHI Real Estate
- Senegal - Pyramid Group
- Tanzania - Caspian Construction Company
- Uganda - Uganda Investment Authority (UIA)

The construction price of a five-star quality hotel was entered into the Enterprise Benchmarking Model as the cost per square meter of construction. This study did not investigate the cost of outfitting a hotel with furnishings and equipment.

UTILITY COSTS

(Refer to Table 11)

Cost of Telecommunications

Source: Telecommunication companies

- Ghana - Ghana Telecom
- Kenya - Telkom Kenya
- Lesotho - Lesotho National Development Corporation (LNDC) "Investing in Lesotho"
- Madagascar – Telma
- Mali - Société des télécommunications du Mali (Sotelma)
- Mozambique - Mozambique Telecommunications
- Senegal - Société National de Télécommunications de Senegal (SONATEL)
- Tanzania-Tanzania Telecommunications Co., Ltd
- Uganda-Uganda Telecom Ltd and MTN Uganda Ltd

Data were gathered on the per minute cost of landline telephone calls from the capital city of each country to the following locations:

1. Domestic call within the same country
2. Call to a neighboring country
3. Call to the United States

Cost of High-Speed Internet

1. Monthly High-Bandwidth Internet Charge

Source: Internet service providers

- Ghana - Ghana Telecom
 - Kenya - JamboNet
 - Lesotho - Telecom Lesotho
 - Madagascar - Simicro and Blueline
 - Mali - IKATEL
 - Mozambique - TV Cabo
 - Sénégal - Société National de Télécommunications de Senegal (SONATEL)
 - Tanzania - Benson Online
 - Uganda - Uganda Telecom Ltd
- Data were gathered on the monthly charges for a 256-kbps Internet connection.

2. Internet Usage Charges

Source: Internet service providers

- Ghana - Ghana Telecom
 - Kenya - JamboNet
 - Lesotho - Telecom Lesotho Lesotho - Telecom Lesotho
 - Madagascar - Simicro and Blueline
 - Mali - IKATEL
 - Mozambique - TV Cabo
 - Senegal - Société National de Télécommunications de Senegal (SONATEL)
 - Tanzania - Secretarial Services at Business Centers in Dar es Salaam
 - Uganda - Uganda Telecom Ltd
- Data were gathered on the per minute usage charges for high-speed (256-kpbs) Internet, if any.

Cost of Power

1. Electricity Capacity Demand Charges

Source: Electricity utilities in each country

- Ghana - Electricity Company of Ghana
 - Kenya - Kenya Power and Lighting Co.
 - Lesotho - Lesotho National Development Corporation (LNDC)
 - Madagascar - Jirama
 - Mali - Energie du Mali
 - Mozambique - Electricidade de Mocambique (ECM)
 - Senegal - Société Senegalaise d'Électricité (SENELEC)
 - Tanzania - Tanzania Electric Supply Company, Ltd (TANESCO)
 - Uganda - Uganda Electricity Distribution Company, Ltd (UEDCL)
- Data were collected on charges levied by power companies for the maximum capacity of electricity demanded for low to medium voltage power, measured in kilowatts (KW) or in kilovolt amperes (KVA).

2. Electricity Usage Charges

Source: Electricity utilities in each country

- Ghana - Electricity Company of Ghana
 - Kenya - Kenya Power and Lighting Co.
 - Lesotho - Lesotho National Development Corporation (LNDC)
 - Madagascar - Jirama
 - Mali - Energie du Mali
 - Mozambique - Electricidade de Mocambique (ECM)
 - Senegal - Société Senegalaise d'Électricité (SENELEC)
 - Tanzania - Tanzania Electric Supply Company, Ltd (TANESCO)
 - Uganda - Uganda Electricity Distribution Company, Ltd (UEDCL)
- Data were collected on the charges per kilowatt-hour (kWh) for industrial electricity usage during peak operating periods.

3. Cost of Power Generator Operation

Source: Company interviews

Interviewees were asked whether or not their firms used their own power generators, how many hours the generators operated each month, and the cost of generator operation per hour. These data were used to calculate the overall cost of electricity for the average firm in each sector.

Cost of Water

Source: Water utilities in each country

- Ghana - Ghana Water Company
- Kenya - Nairobi Water Company
- Lesotho - Average rate from local utility companies
- Madagascar - Jirama
- Mali - Energie du Mali
- Mozambique - Mozambique Investment Promotion Center
- Senegal - Senegalaise des Eaux (SDE)
- Tanzania - City Water
- Uganda - National Water and Sewerage Company

Data were collected on the charges per cubic meter for water used for industrial and agricultural uses.

Cost of Gas

1. Cost of Natural Gas (Methane)

Source: Natural gas utilities, where available

Madagascar – No information available
Tanzania - average of prices reported by Tanzania Breweries Ltd, Kioo Glass, TANESCO, and Twiga Cement
The cost of methane gas was collected, measured in cubic meters.

2. Cost of Liquefied Petroleum Gas (Propane or Butane)

Source: LPG providers

- Ghana - Tema Oil Refinery
 - Kenya - BOC Gases Ltd
 - Lesotho - Lesotho National Development Corporation (LNDC)
 - Madagascar - Galana Distribution SA.
 - Mali - LPG providers
 - Mozambique - Average of prices provided by Globgas, Mocacor, and Petrogas
 - Senegal - Société Africaine de Raffinage
 - Tanzania - LPG providers
 - Uganda - Shell, Caltex, Kobil
- The cost of propane or butane gas was collected, measured in kilograms.

TRANSPORTATION COSTS

(Refer to Tables 12-13)

1. Cost of Air Freight

Source: Freight forwarders, airfreight companies, and airlines

- Ghana - McDan Shipping Co. Ltd. and Aviance Ltd
 - Kenya - SDV Transami
 - Lesotho - Rates from South Africa were used, plus a 30 percent increase to account for overland transportation
 - Madagascar - Air France, Air Mauritius, and Air Madagascar
 - Mali - Air France Freight Service
 - Mozambique - Manica Freight Services
 - Senegal - South African Airways Air Cargo Service
 - Tanzania - Malai Freight Ltd, KLM Airlines, British Airways
 - Uganda - Emirates Airlines Sky Cargo, British Airways
- The cost of shipping a parcel of 45 kilograms or less by air was calculated from the capital city of each country to the following destinations:

Kennedy International Airport, New York City, USA (East Coast)
 Los Angeles International Airport, Los Angeles, USA (West Coast)
 Schiphol International Airport, Amsterdam, Holland
 Changi International Airport, Singapore
 New Tokyo International Airport, Narita, Japan
 Costs do not include the price of insurance, handling, or other charges.

2. Cost of Sea Freight

Source: Freight forwarders and sea freight companies

- Ghana - McDan Shipping Co. Ltd.
 - Kenya - SDV Transami and Maersk Sealines, Ltd.
 - Lesotho - Rates quoted by Safmarine are for shipment from South Africa including overland transportation
 - Madagascar - Scandinavian Eastern Africa Line (SEAL), Mediterranean Shipping Company (MSC), Compagnie Maritime d'Affrètement-Compagnie Générale Maritime (CMA-CGM), and SCAC
 - Mali - Maersk Lines and Groupe Ami GCM GMM
 - Mozambique - Manica Freight Services
 - Senegal - Maersk Senegal SDV
 - Tanzania - Maersk Sealines, Ltd.
 - Uganda - SDV Transami, Maersk Sealines
- The costs of shipping a regular 40-foot container, a refrigerated 40-foot container, and bulk items per kilogram were calculated from the capital city of each country - including overland transportation to the nearest seaport - to the following locations:
 Port of New York City, USA (East Coast)
 Port of Long Beach, USA (West Coast)
 Port of Rotterdam, Holland
 Port of Singapore
 Port of Yokohama, Japan

Costs do not include insurance, handling charges, or other fees.

LABOR MARKET QUALITY

(Refer to Tables 14-19)

Potential to Recruit Local Staff

1. Availability of Qualified Personnel

Source: Company interviews

Companies rated their satisfaction in recruiting local staff for five categories of job positions - management, professional, technical, skilled, and unskilled workers. Satisfaction ratings were given on a scale of 1 to 5 according to the following criteria:

Score = 5: There are many qualified candidates. It is an employer's market.

Score = 4: There is a large enough pool of qualified workers, and the company usually has no difficulty in hiring employees.

Score = 3: The company needs to search hard, but eventually finds the right personnel.

Score = 2: At least 50 percent of the time, the company can find the right personnel after a lengthy search.

Score = 1: It is impossible to find the right personnel.

2. Mastery of Required Language Skills

Source: Company interviews

Companies listed the languages they require employees to speak in the workplace. They rated the ease with which they actually found workers with satisfactory command of those languages. Satisfaction ratings were given on a scale of 1 to 5 according to the following criteria:

Score = 5: There are very many qualified candidates. It is an employer's market.

Score = 4: There is a large enough pool of qualified workers, and the company usually has no difficulty in hiring employees.

Score = 3: The company needs to search hard, but eventually finds the right personnel.

Score = 2: At least 50 percent of the time, the company can find the right personnel after a lengthy search.

Score = 1: It is impossible to find the right personnel.

Flexibility of Labor Environment

1. Rigidity of Employment

Source: Rigidity of Employment Index, Doing Business in 2005, World Bank

Data on the rigidity of employment was sourced directly from the World Bank's Doing Business in 2005 publication. The index measures how difficult it is to hire a new worker, how rigid the restrictions are on expanding or contracting the number of working hours, and how difficult and costly it is to dismiss a redundant worker. Specifically, the index is the average of three employment indices that evaluate the following:

1. Difficulty in Hiring: Allowance of term contracts for temporary tasks

Regulated minimum length of term contracts

Ratio of mandated minimum wage to average value-added per worker

2. Rigidity of Hours: Restrictions on night work

Allowance of weekend work

Legal workweek of 5 ½ days or more

Allowance for workday to extend to 12 hours or more

Annual paid vacation of 21 days or less

3. Difficulty in Firing: Ability to fire workers on grounds of redundancy

Need to notify union for firing one worker

Need to notify union for group dismissals

Need for union approval for firing one redundant worker

Need for union approval for dismissing a group of workers

Legal mandate for training or replacement of worker prior to dismissal

Application of priority rules for dismissals

Application of priority rules for reemployment

Scores are indexed on a scale of 0 to 100. The higher the value of the index score, the more rigid are labor regulations.

2. Average Weekly Working Hours

Source: Company interviews

Firms were asked to indicate the average weekly working hours per employee. This often differed from the legally mandated workweek length, and varied by industry. The longer the workweek, the more attractive the working environment was considered for investors.

3. Social Climate

Source: Cooperation in Labor-Employer Relations, Global Competitiveness Report 2004 - 2005, World Economic Forum

The World Economic Forum conducts an annual Executive Opinion Survey of firms throughout the world. Entrepreneurs and business executives were asked to rate the labor-employer relations in their countries on a scale of 1 ("Generally confrontational") to 7 ("Generally cooperative").

4. Degree of Unionization

Source: Company interviews

Interviewed firms indicated the percentage of workers in their companies that belonged to labor unions. The Enterprise Benchmarking Model is programmed under the assumption that investors prefer low degrees of unionization to high union membership.

5. Labor Turnover

Source: Company interviews

Companies were asked to indicate the annual average turnover among employees. 'Annual turnover' refers to the number of employees who resigned voluntarily in the past year, divided by the total number of employees. Lower rates of turnover are considered more preferable to investors than high turnover rates.

ACCESS TO INPUTS AND OUTPUTS

(Refer to Tables 20-25)

Availability of Raw Materials

Source: Company interviews

Company managers were asked the percentage of raw materials they imported for use in their production. 'Raw material' refers to any input that has not yet undergone significant processing, such as raw cotton, timber, sugar, milk, steel ingot, etc.) It is assumed that locations in which raw materials can be sourced locally are more attractive than those where raw materials must be imported.

Presence of Suppliers or Clusters Network

1. Availability of Components

Source: Company interviews

Company managers were asked the percentage of components they imported for production. 'Component' refers to any input that has undergone significant processing or transformation, such as yarn, fabric, precision molded plastic, engines, etc.) It is assumed that locations in which components can be sourced locally are more attractive to investors than those where components must be imported.

2. Availability of Capital Equipment or Chemicals

Source: Company interviews

Company managers were asked to indicate the percentage of equipment and chemicals required for production that they import. 'Equipment' or 'chemicals' refer to all capital inputs like machinery, computers, telephones, fertilizers, hotel furnishings, etc.) It is assumed that locations in which capital equipment can be sourced locally are more attractive to investors than those where equipment must be imported.

INFRASTRUCTURE QUALITY

(Refer to Tables 26-31)

Freight Shipment by Air

1. Punctuality of Air Shipments

Source: Company interviews

Investors were asked the percentage of time that airfreight shipments reach their destinations on schedule. If airfreight transportation was not available, a response of '0' was entered.

2. Loss of Air Shipments

Source: Company interviews

Investors were asked to indicate the percentage of airfreight shipments that become lost or never reach their destination. If airfreight transportation was not available, a response of '0' was entered.

Freight Shipment by Train

1. Punctuality of Rail Shipments

Source: Company interviews

Investors were asked the percentage of time that rail freight shipments reach their destinations on schedule. If rail freight transportation was not available, a response of '0' was entered.

2. Loss of Rail Shipments

Source: Company interviews

Investors were asked to indicate the percentage of rail freight shipments that become lost or never reached their destination. If rail freight transportation was not available, a response of '0' was entered.

Freight Shipment by Sea

1. Punctuality of Sea Shipments

Source: Company interviews

Investors were asked the percentage of time that sea freight shipments reach their destinations on schedule. If sea freight transportation was not available, a response of '0' was entered.

2. Loss of Sea Shipments

Source: Company interviews

Investors were asked to indicate the percentage of sea freight shipments that become lost or never reach their destination. If sea freight transportation was not available, a response of '0' was entered.

Freight Shipment by Road

1. Punctuality of Road Shipments

Source: Company interviews

Investors were asked the percentage of time that road freight shipments reach their destinations on schedule. If road freight transportation was not available, a response of '0' was entered.

2. Loss of Road Shipments

Source: Company interviews

Investors were asked to indicate the percentage of road freight shipments that become lost or never reach their destination. If road freight transportation was not available, a response of '0' was entered.

Telecommunications

1. Quality of Telephone Service

Source: Company interviews

Companies were asked to rate the quality of landline telecommunications on a scale of 1 to 5 corresponding to the following:

Score = 5: Connections are always clear. Calls are never dropped. Lines are never down

Score = 4: Connection is usually clear. Calls are almost never dropped. Lines are almost never down.

Score = 3: Connection is sometimes not clear. Some calls are dropped. Lines are sometimes down.

Score = 2: Connection is sometimes not clear. There is a problem

with dropped calls. The line is often down.
Score = 1: Connection is never clear. Calls are always dropped. Lines are often down, or no landline is available, and mobile telephones are necessary for communication.

2. Length of Time to Install Landline Telephone Service

Source: Company interviews

Interviewed companies indicated the length of time it normally takes to install a new telephone landline.

IT Infrastructure

1. Quality of Internet Service

Source: Company interviews

Companies were asked to rate the quality of high bandwidth Internet (speed greater than 256 kbps) on a scale of 1 to 5, corresponding to the following:

Score = 5: Internet is always operational. Internet service is never down or disconnected.

Score = 4: Internet service is usually operational. Service is almost never down or disconnected.

Score = 3: Internet service is sometimes not operational. Sometimes the service is dropped or not operational.

Score = 2: Internet service is sometimes not operational. There is a problem with frequent disconnections of service.

Score = 1: High-speed Internet connections are not available.

2. Length of Time to Install Internet Service

Source: Company interviews

Interviewed firms indicated the length of time it normally takes to install Internet service in their locations.

Power Supply

1. Number of Blackouts

Source: Company interviews

Companies were asked the number of hours per month that they experienced a total loss of power without the use of backup generators. Firms that were totally reliant on generator power were considered to be under permanent blackout conditions, and a value of 300 hours per month was entered in the Enterprise Benchmarking Model.

2. Number of Brownouts

Source: Company interviews

Companies were asked to indicate the number of hours per month they experience reductions in voltage lower than the minimum voltage specified for the system, or upward spikes in the power supply.

Water Supply

Source: Company interviews

Interviewed firms were asked to indicate the number of days per year they experience a shortage of water supply from the publicly supplied water provider. Companies that did not have access to municipal water supplies and were reliant on their own wells or private water delivery were considered to experience a permanent shortage of water. A value of 365 was entered in these cases, except for horticulture firms, which are typically in rural areas without expectation for municipal water supplies.

Waste Treatment

Source: Company interviews

Interviewed companies rated the quality of the public waste treatment system on a scale of 1 to 5, as follows:

Score = 5: Public waste treatment facility provides first stage (solid particle removal), second stage (aeration, organic matter killed), and third stage (removal of heavy metals and chemicals) biological and chemical treatment to the highest international standards. Tap water is chlorinated and potable.

Score = 4: Public waste treatment facility provides first, second stage, and third stage biological and chemical wastewater treatment, but tap water is not potable.

Score = 3: Public waste treatment facility provides first and second stage treatment only. Wastewater smells.

Score = 2: Public waste treatment facility provides first stage treatment only. Wastewater remains harmful to the environment.

Score = 1: Public wastewater treatment is not available. Raw sewage freely enters the environment, or company has its own treatment facility.

QUALITY OF LIVING CONDITIONS

(Refer to Tables 32-37)

Cost of Living

Source: Company interviews

Companies were asked to rate the cost of living in the investment location on a scale of 1 to 5. Responses differed depending on whether the interviewee was local or foreign.

Score = 5: Much less expensive than where company headquarters is, or very inexpensive.

Score = 4: Slightly less expensive than where company headquarters is or fairly inexpensive.

Score = 3: About the same as where the company headquarters is or mediocre, but not ideal.

Score = 2: Slightly more expensive than where company headquarters is or fairly expensive.

Score = 1: Much more expensive than where company headquarters is, or very expensive.

Level of Safety

Source: Company interviews

Companies were asked to rate the level of personal and company safety in the investment location on a scale of 1 to 5. Responses differed depending on whether the interviewee was local or foreign.

Score = 5: Much safer than where company headquarters is, or very safe.

Score = 4: Slightly safer than where company headquarters is, or fairly safe.

Score = 3: About the same as where the company headquarters is, or mediocre, but not ideal.

Score = 2: Slightly less safe than where company headquarters is, or fairly unsafe.

Score = 1: Much less safe than where company headquarters is, or very unsafe.

Schools

1. Number of International Schools

Source: Ministries of Education, investment promotion agencies, and school district offices

- Ghana - Ghana Education Service
- Kenya - Kenya Private Schools Association
- Lesotho - Department for International Development
- Madagascar - Ministry of Education
- Mali - Ministry of Education

- Mozambique - Ministries of Education, investment promotion agencies, and school district offices
 - Senegal - Ministries of Education, investment promotion agencies, and school district offices
 - Tanzania - Ministry of Education and Culture
 - Uganda - Monitor Business Directory
- Data on the number of international schools in the capital city of each country were collected.

2. Quality of International Schools

Source: Company interviews

Companies were asked to rate the quality of international schools in the investment location on a scale of 1 to 5 according to the following criteria. Responses differed depending on whether the interviewee was local or foreign. .

Score = 5: Much better than schools where company headquarters is, or excellent.

Score = 4: Slightly better than schools than where company headquarters is or good.

Score = 3: About the same as where the company headquarters is, or mediocre, but not ideal.

Score = 2: Slightly worse than schools where company headquarters is, or fairly bad.

Score = 1: Much worse than schools where company headquarters is, or very bad.

3. Quality of Local Schools

Source: Company interviews

Companies were asked to rate the quality of local schools in the investment location on a scale of 1 to 5 according to the following criteria. Responses differed depending on whether the interviewee was local or foreign.

Score = 5: Much better than schools where company headquarters is, or excellent.

Score = 4: Slightly better than schools than where company headquarters is, or good.

Score = 3: About the same as where the company headquarters is, or mediocre, but not ideal.

Score = 2: Slightly worse than schools where company headquarters is, or fairly bad.

Score = 1: Much worse than schools where company headquarters is, or very bad.

Healthcare

Source: Company interviews

Companies were asked to rate the quality of healthcare in the investment location on a scale of 1 to 5 according to the following criteria. Responses differed depending on whether the interviewee was local or foreign.

Score = 5: Much better than healthcare where company headquarters is or excellent.

Score = 4: Slightly better than healthcare than where company headquarters is, or good.

Score = 3: About the same as where the company headquarters is, or mediocre, but not ideal.

Score = 2: Slightly worse than healthcare where company headquarters is, or fairly bad.

Score = 1: Much worse than healthcare where company headquarters is, or very bad.

Quality of Recreational Activities

Source: Company interviews

Companies were asked to rate the quality of recreational activities in the investment location, such as access to restaurants, family activities, golf and other sports, nature-related, and other activities on a scale of 1 to 5 according to the following criteria.

Responses differed depending on whether the interviewee was local or foreign.

Score = 5: Much better than where company headquarters is, or excellent, many activities.

Score = 4: Slightly better than where company headquarters is, or good, some activities.

Score = 3: About the same as where the company headquarters is, or mediocre, but not ideal.

Score = 2: Slightly worse than where company headquarters is, or fairly bad, not many activities.

Score = 1: Much worse than where company headquarters is, or very bad, hardly any activities.

OPERATING COSTS

(Refer to Tables 38-43)

Labor Cost

Source: Company interviews

Labor cost data were collected during the course of 25 company interviews and aggregated by industry sector for analysis by the Enterprise Benchmarking Model. Company officials were asked to indicate the average annual fully burdened gross salaries of workers - including expatriate - they typically hired in the following five job categories.

Management: Mid- to upper-level managers

Professionals: Chief financial officer, lawyer, consultant

Technical Workers: Engineer, programmer, systems analyst, agronomist, accountants

Skilled Workers: Data entry clerks, customer service representatives, assembly line workers with special skills

Unskilled Workers: Drivers, janitors, chambermaids, entry-level assembly line workers, farmhands

Gross salaries include wages and benefits such as mandatory pension or social security contributions, healthcare, transportation, lodging, and any other benefits paid by the employer. Companies were instructed to provide average salary information for the types of workers that typically fill the above positions. The higher the labor costs, the lower the level of desirability to potential investors.

Appendix III: Tables and Findings

The tables below present the study's findings by factor and country, including both quantitative and qualitative data collected through desktop research and fieldwork. The fieldwork consisted of interviews with companies operating in the nine subject countries, and South Africa and Mauritius, added in order to serve as African benchmarking countries. In addition, the tables below include comparator countries, Tunisia, France, Ireland and Nigeria, shown at the right side of each table, that provide comparative investment costs and quality factors from global competitor countries. Each table notes the scales of measurement applied. For more information on the individual data points, please refer to Appendix II for data definitions and sources.

Table 1: General business environment

	EBP countries											Comparator countries			
	Ghana	Kenya	Lesotho	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	South Africa	Mauritius	Tunisia	France	Ireland	Nigeria
Institutional Investors Country Credit Rating ¹	29.3	26.5	32.0	18.7	23.7	25.8	33.1	26.3	21.2	59.3	57.8	55.1	92.7	90.5	21.1
Euromoney Country Risk Poll ²	40.5	38.0	37.7	31.6	31.2	35.7	39.2	37.2	35.9	59.8	57.1	56.8	91.4	94.0	33.3
Number of procedures required to start a business	12.0	12.0	9.0	13.0	13.0	14.0	9.0	13.0	17.0	9.0	6.0	9.0	7.0	4.0	10.0
Number of days required to start a business	85.0	47.0	92.0	44.0	42.0	153.0	57.0	35.0	36.0	38.0	46.0	14.0	8.0	24.0	44.0
Corruption Perception Index ³	3.6	2.1	n/a	3.1	3.2	2.8	3.0	2.8	2.6	4.6	4.1	5.0	7.1	7.5	1.4
Intellectual Property Protection ⁴	3.3	2.7	n/a	2.8	2.4	2.2	3.7	3.0	2.7	4.7	3.7	4.7	5.8	4.7	2.6
Rigidity of Employment Index	34.0	24.0	27.0	49.0	66.0	64.0	64.0	65.0	7.0	52.0	37.0	54.0	66.0	29.0	44.0
Labor Relations Index	4.3	3.6	n/a	4.0	4.4	4.0	3.7	4.6	4.1	3.8	4.2	4.6	3.5	5.0	3.5

¹ Index based on a bi-annual survey of leading commercial banks; 100 is the best rating in a range of 1–100.

² Rating of the political and economic performances of 185 sovereign countries; 100 is the best rating in a range of 1–100.

³ Index that measures countries in terms of perceived corruption among public officials; 10 is the best rating in a range of 0–10.

⁴ Based on survey that asks executives to rate aspects of business in their own countries; 7 mean "most protected" in range of 1–7.

Table 2: Tax rates

	EBP countries											Comparator countries			
	Ghana	Kenya	Lesotho	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	South Africa	Mauritius	Tunisia	France	Ireland	Nigeria
Corporate income tax (percent)	30.0	30.0	35.0	35.0	35.0	32.0	33.0	30.0	30.0	35.0	25.0	35.0	34.3	25.0	35.0
Sales / VAT tax (percent)	12.5	16.0	14.0	20.0	18.0	17.0	18.0	20.0	17.0	14.0	15.0	18.0	19.6	21.0	5.0
Property tax (percent)	0.1	0.6	2.8	3.5	15.0	1.0	3.9	0.2	10.0	3.0	2.5	3.0	3.0	2.0	10.0

Table 3: Access to markets/ tariff rates for textiles

	EBP countries											Comparator countries			
	Ghana	Kenya	Lesotho	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	South Africa	Mauritius	Tunisia	France	Ireland	Nigeria
ITC Trade Performance Current Index ¹	185	95	185	90	185	185	88	99	97	39	60	68	4	42	185
ITC Trade Performance Change Index ¹	185	92	185	6	185	185	28	108	87	25	1	7	73	4	185
Average tariff on imports to the US ²	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	24.0	24.0	0.0
Average tariff on imports to the EU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.0	0.0	0.0	0.0	0.0	n/a

¹ The ITC index is based on a ranking of country-level trade competitiveness by sector; 1 is the best ranking in a range of 184. The score of 185 was given to those countries where no ranking was available.

² Average import tariffs expressed as a percentage to be added to the value of the imported product; 0.0 means no tariff, due to exemptions.

Table 4: Access to markets/ tariff rates for apparel

	EBP countries										Comparator countries			
	Ghana	Kenya	Lesotho	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	Mauritius	Tunisia	France	Ireland	Nigeria
ITC Trade Performance Current Index ¹	185	91	185	68	108	185	185	111	185	31	8	12	185	185
ITC Trade Performance Change Index ¹	185	14	185	25	29	185	185	107	185	97	34	75	185	185
Average tariff on imports to the US ²	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	12.2	12.2	0.0
Average tariff on imports to the EU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	n/a

¹ The ITC index is based on a ranking of country-level trade competitiveness by sector; 1 is the best ranking in a range of 184. The score of 185 was given to those countries where no ranking was available.

² Average import tariffs expressed as a percentage to be added to the value of the imported product; 0.0 means no tariff, due to exemptions.

Table 5: Access to markets/ tariff rates for horticulture

	EBP countries											Comparator countries			
	Ghana	Kenya	Lesotho	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	South Africa	Mauritius	Tunisia	France	Ireland	Nigeria
ITC Trade Performance Current Index ¹	46	36	185	76	107	96	119	51	53	8	98	99	5	17	185
ITC Trade Performance Change Index ¹	68	20	185	46	101	34	21	107	87	64	120	102	125	160	185
Average tariff on imports to the US ²	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	20.0	20.0	n/a
Average tariff on imports to the EU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	n/a

¹ The ITC index is based on a ranking of country-level trade competitiveness by sector; 1 is the best ranking in a range of 184. The score of 185 was given to those countries where no ranking was available.

² Average import tariffs expressed as a percentage to be added to the value of the imported product; 0.0 means no tariff, due to exemptions.

Table 6: Access to markets/ tariff rates for food and beverage processing

	EBP countries											Comparator countries			
	Ghana	Kenya	Lesotho	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	South Africa	Mauritius	Tunisia	France	Ireland	Nigeria
ITC Trade Performance Current Index ¹	121	73	185	112	185	118	93	130	113	21	59	111	1	9	185
ITC Trade Performance Change Index ¹	138	26	185	123	185	19	1	143	34	91	102	111	104	72	185
Average tariff on imports to US ²	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.5	3.5	n/a
Average tariff on imports to the EU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.5	0.0	5.2	0.0	0.0	n/a

¹ The ITC index is based on a ranking of country-level trade competitiveness by sector; 1 is the best ranking in a range of 184. The score of 185 was given to those countries where no ranking was available.

² Average import tariffs expressed as a percentage to be added to the value of the imported product; 0.0 means no tariff, due to exemptions.

Table 7: Number of direct weekly flights to EBP countries and annual passenger arrivals

	EBP countries											Comparator countries			
	Ghana	Kenya	Lesotho	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	South Africa	Mauritius	Tunisia	France	Ireland	Nigeria
Number of direct weekly flights to US	0	0	0	0	0	0	7	0	0	10	0	308	67	0	2
Number of direct weekly flights to Europe	33	50	0	11	11	3	22	13	7	92	29	0	0	20	27
Number of direct weekly flights to Asia	7	18	0	2	0	0	0	11	0	23	19	147	0	7	7
Annual passenger arrivals (thousands)	483	927	186	170	96	246	427	552	254	6640	702	75048	6369	887	1088

Table 8: Quality of real estate

	EBP countries										Comparator countries				
	Ghana	Kenya	Lesotho	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	South Africa	Mauritius	Tunisia	France	Ireland	Nigeria
Availability of arable land (square kilometers)	4181	4600	330	2950	4660	4200	2460	4000	5100	14753	100	2771	18449	1121	30200
Vacancy rate for industrial buildings (percent)	62.50	40.00	32.50	70.00	26.00	95.00	27.21	20.00	5.00	8.00	9.00	n/a	n/a	n/a	n/a
Vacancy rate for offices (percent)	42.50	50.00	10.00	90.00	33.00	37.00	27.96	4.00	20.00	25.10	30.00	n/a	n/a	n/a	n/a
Surveyed companies purchasing real estate (percent)	50.00	46.67	25.00	48.57	68.00	65.28	58.06	60.71	54.55	58.33	36.84	n/a	n/a	n/a	n/a

Table 9: Real estate costs

	EBP countries										Comparator countries				
	Ghana	Kenya	Lesotho	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	South Africa	Mauritius	Tunisia	France	Ireland	Nigeria
Sale price of industrial land (USD/ m ²) (realtors)	12.35	186.0	8.15	15.00	22.10	7.50	43.00	12.58	11.00	58.00	18.00	n/a	10.70	n/a	12.68
Sale price of hotel land (USD/ m ²) (realtors)	45	60	33	45	62.40	80	43	12.97	15	300	32	71	544	458	42
Surveyed companies leasing real estate (percent)	50.0	53.3	75.0	51.4	32.0	34.7	41.9	39.3	45.5	41.7	63.2	n/a	n/a	n/a	n/a
Lease price of industrial site (USD/ m ² / year) (realtor)	0.247	47.48	2.05	9	2.21	65.31	11.88	11.12	52.8	72.3	61.64	3.48	25.45	33.92	1.90
Class A office rental occupancy cost (USD/ m ² / year)	213.2	121.6	11.24	72.46	243.5	184	130.6	178.4	252	146.6	180.8	n/a	589.5	496.2	n/a
Class B office rental occupancy cost (USD/ m ² / year)	134.4	70.76	8.428	41.4	84.77	124.7	78.38	174	150	127	92.05	n/a	166.6	328.5	n/a

Table 10: Construction costs (USD/ m²)

	EBP countries										Comparator countries				
	Ghana	Kenya	Lesotho	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	South Africa	Mauritius	Tunisia	France	Ireland	Nigeria
Warehouse	400	330	350	190	289	300	217	550	185	450	130	183	793	935	132
Office Building	1400	1200	570	320	720	550	326	1000	550	700	710	415	2387	2451	151
Hotel	1600	1370	733	220	900	550	543	600	404	800	1610	567	2999	3483	188

Table 11: Utility costs (in USD)

	Telecom Costs (USD/ minute)			Internet costs	Electricity costs		Water costs (USD/m ³)
	Local calls	International call to adjacent country	International call to the USA	High bandwidth Internet (USD/ mo.)	Usage charge for industrial use (USD/kWh)	Demand charge for industrial use (USD/kVA)	Water for industrial use
EBP country							
Ghana	0.02	0.28	0.39	252	0.05	12.29	0.77
Kenya	0.04	0.16	0.88	1690	0.06	3.68	0.42
Lesotho	0.33	0.36	1.08	814	0.04	7.07	0.49
Madagascar	0.08	0.75	0.90	840	0.08	12.02	0.26
Mali	0.03	0.59	0.89	1089	0.12	2.91	0.56
Mozambique	0.06	0.42	0.77	594	0.05	5.25	0.88
Senegal	0.23	1.07	1.07	57	0.14	13.10	1.56
Tanzania	0.07	0.47	1.11	1900	0.06	6.01	0.67
Uganda	0.07	0.38	0.76	3548	0.10	2.33	0.76
South Africa	0.06	0.26	0.54	42	0.08	0.88	1.38
Mauritius	0.03	0.19	0.19	188	0.06	3.25	0.38
Comparator country							
Tunisia	0.01	0.48	0.52	18	0.07	1.48	0.68
France	0.02	0.17	0.17	34	0.07	n/a	1.99
Ireland	0.05	0.15	0.19	43	0.12	8.70	1.63
Nigeria	0.16	0.43	1.45	236	0.28	n/a	0.91

Table 12: International sea freight rates (USD Per 40 foot container)

Container Type	To Rotterdam		To New York		To Long Beach		To Yokohama		To Singapore	
	Standard	Refrigerated	Standard	Refrigerated	Standard	Refrigerated	Standard	Refrigerated	Standard	Refrigerated
From EBP Country										
Ghana	1953	4948	3500	4500	2900	4200	3500	4500	3500	2600
Kenya	2000	5475	4900	5675	5400	7075	2200	6275	1400	6075
Lesotho	2606	3750	3540	4405	3850	5500	1700	3600	1500	3000
Madagascar	3111	2940	4552	7975	5600	4775	2852	5800	1700	4800
Mali	4392	5218	6926	7754	8525	9377	4703	7168	4393	7061
Mozambique	3500	6500	6800	8400	7000	8800	3500	4500	3500	4500
Senegal	2193	4239	4500	5902	6477	9362	2431	6706	2106	6206
Tanzania	3123	4842	4621	5146	5071	6546	2131	5456	1731	5256
Uganda	3800	9500	3800	10691	4100	10691	3200	10691	3000	10491
South Africa	1450	2900	3500	7000	3700	7000	1250	2500	1100	2000
Mauritius	1948	5948	5445	None	5755	None	2484	5084	1684	5284
From Comparator country										
Tunisia	1118	2118	4286	6786	4350	6900	n/a	n/a	n/a	n/a
France	1097	1097	2891	2891	n/a	n/a	n/a	n/a	n/a	n/a
Ireland	1161	1161	5050	5050	5815	5815	n/a	n/a	n/a	n/a
Nigeria	2161	3824	4756	7256	5456	7956	n/a	n/a	n/a	n/a

Table 13: International air freight rates (Regular rate for general cargo under 45kg (USD/kg))

	To Amsterdam Schiphol (AMS)	To New York (JFK)	To Los Angeles (LAX)	To Tokyo Narita (NRT)	To Singapore Changi SIN
From EBP country					
Ghana	4.05	8.20	8.20	16.26	14.84
Kenya	2.50	3.80	4.00	4.90	4.00
Lesotho	4.47	4.56	4.56	4.4	4.4
Madagascar	2.46	3.6	3.96	4.14	2.15
Mali	5.38	9.68	11.50	15.96	16.18
Mozambique	2.90	4.65	5.00	4.30	4.00
Senegal	5.28	3.81	4.63	17.57	18.27
Tanzania	4.09	5.39	4.43	8.10	41.65
Uganda	6.04	10.64	12.37	7.95	3.40
South Africa	3.44	3.51	3.51	3.39	3.39
Mauritius	2.70	10.10	13.07	4.70	2.66
From comparator country					
Tunisia	4.5	7.5	n/a	n/a	n/a
France	2.39	1.55	1.9	n/a	n/a
Ireland	2.2	2.2	3.83	14	12.77
Nigeria	1.95	3.85	n/a	n/a	n/a

Table 14: Labor market: Textile*

	Ghana	Kenya	Lesotho	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	South Africa	Mauritius	Average
Availability of managers	3.0	3.3	1.3	2.1	1.3	2.8	2.8	2.5	2.7	2.6	2.3	2.4
Availability of professionals	3.5	4.0	2.7	3.0	2.0	3.3	3.0	2.3	2.7	3.2	2.5	2.9
Availability of technical workers	3.3	4.5	1.7	3.0	1.7	3.0	3.3	2.5	2.0	2.0	2.3	2.6
Availability of skilled workers	3.5	4.8	1.7	3.4	1.7	2.8	3.3	3.0	3.5	2.8	1.5	2.9
Availability of unskilled workers	4.3	5.0	4.9	4.6	4.3	5.0	5.0	4.3	4.6	4.6	3.0	4.5
Ease of finding workers with command of language	3.8	5.0	3.1	3.5	2.0	4.0	4.3	4.5	4.8	4.2	4.8	4.0
Number of weekly work hours per employee	40.0	45.8	45.0	50.0	40.7	45.7	44.0	45.3	43.4	45.6	48.9	44.9
Percentage of unionized workers	94.4	81.3	29.0	36.2	66.7	61.0	93.8	12.5	0.0	69.2	45.0	53.5
Average annual turn-over rate	14.3	4.5	4.8	6.2	0.1	3.2	0.0	5.0	22.0	3.4	10.6	6.7

* All scores calculating the availability of labor are rated from 1 – 5, with 5 symbolizing a better availability of labor and the score of 1 as worse.

Table 15: Labor market: Apparel*

	Ghana	Kenya	Lesotho	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	Mauritius	Average
Availability of managers	3.2	3.1	1.7	2.1	3.0	2.8	2.7	1.3	2.9	2.8	2.6
Availability of professionals	4.6	3.9	2.3	2.3	3.5	3.3	3.7	2.5	2.3	2.9	3.1
Availability of technical workers	3.4	3.7	2.3	2.3	3.0	3.0	3.0	2.0	2.3	3.0	2.8
Availability of skilled workers	3.8	3.7	2.3	3.4	2.5	2.8	2.7	2.8	2.9	2.3	2.9
Availability of unskilled workers	4.8	4.1	4.8	4.4	4.5	5.0	4.6	5.0	4.6	3.1	4.5
Ease of finding workers with command of language	4.6	4.6	3.2	3.5	3.0	4.0	3.6	5.0	4.6	4.4	4.0
Number of weekly work hours per employee	41.0	45.4	45.0	52.7	40.0	45.7	40.0	45.0	48.3	49.3	45.2
Percentage of unionized workers	64.0	80.7	17.9	58.7	50.0	61.0	53.6	0.0	0.0	19.3	40.5
Average annual turn-over rate	1.0	4.4	7.6	10.2	11.0	3.2	0.4	6.7	20.1	8.5	7.3

* All scores calculating the availability of labor are rated from 1 – 5, with 5 symbolizing a better availability of labor and the score of 1 as worse.

Table 16: Labor market: Horticulture**

	Ghana	Kenya	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	South Africa	Average
Availability of managers	4.4	2.4	2.0	4.2	3.3	3.4	1.6	2.2	2.5	2.9
Availability of professionals	4.2	2.8	3.0	4.0	3.0	4.0	2.0	3.4	3.8	3.4
Availability of technical workers	4.0	3.4	2.9	3.6	2.7	3.6	2.0	1.8	2.8	3.0
Availability of skilled workers	4.6	3.8	3.0	2.6	3.3	2.8	4.0	3.2	2.8	3.3
Availability of unskilled workers	4.8	4.8	4.3	4.2	4.5	4.4	4.8	4.7	4.3	4.5
Ease of finding workers with command of language	4.0	4.6	3.2	4.0	3.5	4.0	4.2	4.3	3.5	3.9
Number of weekly work hours per employee	44.8	45.4	44.0	50.5	36.3	37.3	46.2	49.2	45.1	44.3
Percentage of unionized workers	49.6	24.2	1.7	0.0	47.5	0.0	74.0	0.2	45.3	26.9
Average annual turn-over rate	26.9	7.0	12.8	7.4	4.8	1.8	8.2	14.3	19.4	11.4

* All scores calculating the availability of labor are rated from 1 – 5, with 5 symbolizing a better availability of labor and the score of 1 as worse.

Table 17: Labor market: Food and Beverage Processing**

	Ghana	Kenya	Lesotho	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	South Africa	Average
Availability of managers	3.2	4.3	3.0	3.0	2.0	2.7	3.4	1.7	2.4	2.6	2.8
Availability of professionals	3.4	4.3	2.0	3.4	3.8	2.0	3.8	1.4	2.4	2.8	2.9
Availability of technical workers	3.4	4.3	1.0	3.3	3.4	3.0	3.6	2.6	3.2	4.0	3.2
Availability of skilled workers	4.0	4.5	4.0	3.4	2.8	2.7	3.0	3.8	3.0	3.8	3.5
Availability of unskilled workers	4.0	5.0	5.0	4.7	4.8	4.7	4.2	4.7	4.5	5.0	4.7
Ease of finding workers with command of language	4.4	5.0	4.0	2.4	3.1	3.3	4.4	4.1	4.3	4.2	3.9
Number of weekly work hours per employee	40.0	51.9	40.0	42.9	44.0	44.6	42.0	47.8	50.3	40.7	44.4
Percentage of unionized workers	85.0	0.0	53.0	2.5	78.0	66.3	37.0	43.8	10.0	51.2	42.7
Average annual turn-over rate	3.4	0.7	10.0	7.3	4.8	0.3	1.1	10.4	24.9	6.5	6.9

* All scores calculating the availability of labor are rated from 1 – 5, with 5 symbolizing a better availability of labor and the score of 1 as worse.

Table 18: Labor market: Shared Services (Call Centers)**

	Ghana	Kenya	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	South Africa	Mauritius	Average
Availability of managers	4.6	3.2	2.0	2.4	2.3	3.6	3.0	2.5	2.6	3.0	2.9
Availability of professionals	4.6	3.8	3.2	3.0	3.0	4.0	3.0	4.0	3.4	3.4	3.5
Availability of technical workers	4.8	4.4	2.5	2.8	3.7	4.0	3.0	4.0	3.0	3.2	3.5
Availability of skilled workers	4.4	4.4	3.5	3.3	4.0	4.5	3.3	3.5	3.6	3.6	3.8
Availability of unskilled workers	5.0	4.4	4.4	4.0	4.7	4.4	4.0	4.9	4.8	3.8	4.4
Ease of finding workers with command of language	4.4	5.0	3.0	3.6	3.7	4.0	3.0	4.5	4.2	3.6	3.9
Number of weekly work hours per employee	40.0	49.0	41.9	39.4	40.5	39.4	44.7	44.4	39.0	42.3	42.1
Percentage of unionized workers	69.8	0.0	2.0	12.0	19.0	19.0	1.7	0.0	16.0	0.0	13.9
Average annual turn-over rate	1.7	17.6	13.7	6.1	3.6	5.1	20.3	17.9	11.7	22.5	12.0

* All scores calculating the availability of labor are rated from 1 – 5, with 5 symbolizing a better availability of labor and the score of 1 as worse.

Table 19: Labor market: Tourism (Hotels)**

	Ghana	Kenya	Madagascar	Mali	Mozambique	Senegal	Tanzania	South Africa	Mauritius	Average
Availability of managers	3.0	2.7	2.0	3.5	2.2	2.5	2.2	3.4	2.8	2.7
Availability of professionals	4.2	3.3	3.4	4.0	2.6	3.0	1.7	3.4	3.4	3.2
Availability of technical workers	3.8	3.7	2.4	2.0	2.6	3.0	2.7	3.6	2.6	2.9
Availability of skilled workers	4.2	3.7	2.8	2.0	2.4	3.4	3.8	4.0	2.4	3.2
Availability of unskilled workers	4.2	4.5	3.8	4.0	3.8	5.0	4.7	4.4	3.8	4.2
Ease of finding workers with command of language	3.8	4.3	2.8	4.0	2.6	3.8	3.5	4.2	3.0	3.6
Number of weekly work hours per employee	40.0	47.5	44.6	45.3	42.4	46.5	50.2	42.0	46.4	45.0
Percentage of unionized workers	96.0	83.3	21.0	81.7	56.2	54.0	21.3	17.8	5.0	48.5
Average annual turn-over rate	1.7	5.6	8.4	6.3	2.7	1.6	17.1	7.3	15.8	7.4

* All scores calculating the availability of labor are rated from 1 – 5, with 5 symbolizing a better availability of labor and the score of 1 as worse.

Table 20: Access to inputs and outputs: Textile

	Ghana	Kenya	Lesotho	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	South Africa	Mauritius	Average
Percentage of raw materials needed for production imported	75.0	77.5	98.8	78.0	16.7	99.0	12.5	65.6	36.0	70.8	56.7	62.4
Percentage of components needed for production imported	1.5	100.0	89.6	97.0	70.0	99.6	47.0	90.6	62.6	55.6	95.0	73.5
Percentage of equipment/ chemicals needed for production imported	96.3	100.0	94.2	95.4	69.0	98.8	75.0	100.0	100.0	62.6	62.5	86.7
Number of days to clear customs	13.5	12.8	11.5	4.8	3.0	8.0	4.3	12.0	3.3	5.5	13.4	8.4

Table 21: Access to inputs and outputs: Apparel

	Ghana	Kenya	Lesotho	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	Mauritius	Average
Percentage of raw materials needed for production imported	52.5	86.0	97.5	80.8	90.0	99.0	52.9	67.5	55.8	48.3	73.0
Percentage of components needed for production imported	68.8	99.3	79.2	97.1	85.0	99.6	70.0	95.0	70.4	77.1	84.2
Percentage of equipment/ chemicals needed for production imported	84.0	100.0	88.3	96.0	60.0	98.8	100.0	100.0	100.0	76.0	90.3
Number of days to clear customs	7.6	13.0	8.1	5.8	0.8	8.0	5.7	5.1	6.2	3.2	6.3

Table 22: Access to inputs and outputs: Horticulture

	Ghana	Kenya	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	South Africa	Average
Percentage of raw materials needed for production imported	21.4	76.0	21.4	42.0	31.7	64.0	80.0	21.7	0.0	39.8
Percentage of components needed for production imported	42.0	96.0	33.3	100.0	35.0	47.0	96.0	26.0	0.0	52.8
Percentage of equipment/ chemicals needed for production imported	45.0	98.0	32.5	73.0	86.7	64.0	98.8	81.7	15.0	66.1
Number of days to clear customs	19.0	13.3	8.2	5.6	3.4	3.3	9.4	5.5	12.0	8.8

Table 23: Access to inputs and outputs: Food and Beverage Processing

	Ghana	Kenya	Lesotho	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	South Africa	Average
Percentage of raw materials needed for production imported	61.0	37.5	100.0	31.2	52.7	60.0	67.0	43.8	40.0	4.0	49.7
Percentage of components needed for production imported	34.4	43.5	100.0	1.2	49.2	90.0	34.0	30.0	31.5	5.8	42.0
Percentage of equipment/ chemicals needed for production imported	74.4	97.5	100.0	60.0	86.0	90.0	97.0	97.8	70.8	41.0	81.4
Number of days to clear customs	6.6	10.0	2.0	7.8	3.6	3.3	4.0	58.8	4.5	9.7	5.7

Table 24: Access to inputs and outputs: Shared Services (Call Centers)

	Ghana	Kenya	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	South Africa	Average
Percentage of raw materials needed for production imported	80.0	66.7	0.0	n/a	n/a	n/a	n/a	0.0	0.0	29.3
Percentage of components needed for production imported	10.0	n/a	100.0	65.0	n/a	59.0	n/a	0.0	0.0	39.0
Percentage of equipment/ chemicals needed for production imported	95.0	100.0	45.0	83.2	100.0	81.6	100.0	99.3	2.0	78.5
Number of days to clear customs	12.7	14.0	n/a	5.0	7.0	8.4	21.0	7.8	n/a	10.8

Table 25: Access to inputs and outputs: Tourism (Hotels)

	Ghana	Kenya	Madagascar	Mali	Mozambique	Senegal	Tanzania	South Africa	Mauritius	Average
Percentage of raw materials needed for production imported	n/a	6.7	n/a	20.8	80.0	0.0	n/a	0.0	50.0	26.3
Percentage of components needed for production imported	n/a	53.3	78.0	68.1	55.0	22.0	n/a	0.0	n/a	46.1
Percentage of equipment/ chemicals needed for production imported	100.0	47.5	78.0	92.5	70.0	46.0	88.0	0.0	n/a	65.3
Number of days to clear customs	15.5	18.0	n/a	14.6	9.0	6.7	52.3	n/a	n/a	19.3

Table 26: Infrastructure: Textile

	Ghana	Kenya	Lesotho	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	South Africa	Mauritius	Average
Quality of landline communications*	3.3	2.0	2.7	2.8	2.3	3.8	4.5	3.3	4.3	4.2	4.5	3.4
Number of days to install a phone	11.0	39.5	63.3	67.4	46.0	3.5	6.8	13.8	6.7	19.6	7.0	25.9
Quality of Internet*	3.3	3.0	1.0	1.4	2.0	3.7	2.3	2.5	3.0	4.0	4.3	2.8
Number of days to install a broadband line	7.0	8.8	n/a	2.5	7.5	1.0	6.7	5.0	9.4	68.2	3.7	12.0
Number of hours of blackouts experienced per month	9.0	19.5	1.2	4.9	2.0	25.7	3.3	79.0	31.5	1.2	1.8	16.3
Number of hours of brownouts experienced per month	12.0	52.8	0.4	0.9	0.0	8.5	2.9	96.3	28.3	0.2	11.9	19.5
Average number of hours of generator usage per month	9.0	16.0	0.0	7.6	2.0	5.0	2.9	16.0	22.0	0.8	2.2	7.6
Number of days per year of water supply shortage	93.0	7.5	30.5	9.8	0.7	296.0	0.8	48.7	0.0	9.6	4.5	45.5
Quality of the public waste treatment system*	3.3	4.0	2.4	1.0	1.3	1.0	1.0	2.0	1.6	3.4	4.0	2.3
Number of alternative sites considered during investment process	1.3	1.0	2.1	4.3	2.7	1.5	1.0	1.0	5.6	1.0	1.7	2.1

* All scores calculating these infrastructure qualities are rated from 1 – 5, with 5 symbolizing a better performance and the score of 1 as worse.

Table 27: Infrastructure: Apparel

	Ghana	Kenya	Lesotho	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	Mauritius	Average
Quality of landline communications*	3.4	3.3	2.3	3.4	4.0	3.8	4.4	3.8	4.0	4.1	3.7
Number of days to install a phone	19.5	26.4	105.5	86.8	12.0	3.5	5.0	4.0	7.3	9.3	27.9
Quality of Internet*	3.0	3.3	1.0	1.4	1.0	3.7	3.0	3.0	2.0	4.3	2.6
Number of days to install a broadband line	10.5	6.4	n/a	3.5	1.0	1.0	7.4	3.5	8.3	26.5	7.6
Number of hours of blackouts experienced per month	7.0	19.6	1.8	24.5	2.0	25.7	7.5	12.0	32.0	1.1	13.3
Number of hours of brownouts experienced per month	5.4	31.4	0.2	24.2	0.0	8.5	1.5	8.0	28.3	6.6	11.4
Average number of hours of generator usage per month	7.8	16.8	0.1	60.0	2.0	5.0	3.0	16.0	32.3	0.1	14.3
Number of days per year of water supply shortage	3.8	17.1	61.1	57.9	0.0	296.0	5.7	172.0	0.3	2.4	61.6
Quality of the public waste treatment system*	4.3	4.1	1.8	1.0	1.5	1.0	1.0	2.0	1.6	3.9	2.2
Number of alternative sites considered during investment process	1.0	1.3	1.2	4.4	1.0	1.5	1.2	1.6	4.0	1.6	1.9

* All scores calculating these infrastructure qualities are rated from 1 – 5, with 5 symbolizing a better performance and the score of 1 as worse.

Table 28: Infrastructure: Horticulture

	Ghana	Kenya	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	South Africa	Average
Quality of landline communications*	2.6	2.2	3.3	2.6	3.8	3.8	2.2	3.3	3.4	3.0
Number of days to install a phone	9.6	94.7	52.5	118.0	1.7	10.0	21.0	8.3	174.4	54.5
Quality of Internet*	3.6	3.2	2.6	1.0	3.8	2.4	3.6	3.5	3.8	3.0
Number of days to install a broadband line	4.6	117.6	n/a	4.8	1.7	5.8	4.3	25.8	15.8	22.5
Number of hours of blackouts experienced per month	76.8	5.8	95.0	52.0	52.6	58.4	45.6	179.5	9.2	63.9
Number of hours of brownouts experienced per month	106.0	102.0	101.7	1.1	80.5	7.5	120.4	6.6	2.5	58.7
Average number of hours of generator usage per month	76.8	93.0	45.0	48.0	124.8	58.0	54.8	330.0	9.2	93.3
Number of days per year of water supply shortage	1.0	0.0	0.4	3.6	4.6	63.0	0.0	0.3	0.0	8.1
Quality of the public waste treatment system*	3.2	3.2	1.0	1.0	1.0	1.0	1.0	4.7	4.0	2.2
Number of alternative sites considered during investment process	2.0	1.0	4.2	4.0	1.8	4.2	1.8	7.3	1.3	3.1

* All scores calculating these infrastructure qualities are rated from 1 – 5, with 5 symbolizing a better performance and the score of 1 as worse.

Table 29: Infrastructure: Food and Beverage Processing

	Ghana	Kenya	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	South Africa	Average
Quality of landline communications*	3.4	2.8	3.4	3.4	3.8	4.4	4.0	4.0	3.6	3.6
Number of days to install a phone	5.6	14.5	41.9	38.0	4.0	10.6	10.4	7.0	19.3	16.8
Quality of Internet*	3.3	3.3	1.4	3.0	3.8	2.0	3.1	2.8	4.0	3.0
Number of days to install a broadband line	4.0	5.8	5.0	2.4	3.0	7.0	4.3	5.3	15.5	5.8
Number of hours of blackouts experienced per month	56.8	14.0	36.0	27.8	40.0	36.8	54.6	166.3	1.2	48.2
Number of hours of brownouts experienced per month	54.8	13.0	67.4	6.6	n/a	10.0	42.3	137.8	0.4	41.5
Average number of hours of generator usage per month	62.6	25.0	50.0	28.8	n/a	25.0	133.3	26.5	1.2	44.1
Number of days per year of water supply shortage	4.4	0.0	0.7	10.0	365.0	38.5	236.9	5.0	0.0	73.4
Quality of the public waste treatment system*	4.4	3.8	1.0	1.0	1.5	1.0	1.6	1.4	4.0	2.2
Number of alternative sites considered during investment process	1.3	1.0	1.4	1.6	2.0	2.8	1.1	1.7	1.5	1.6

* All scores calculating these infrastructure qualities are rated from 1 – 5, with 5 symbolizing a better performance and the score of 1 as worse.

Table 30: Infrastructure: Shared Services (Call Centers)

	Ghana	Kenya	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	South Africa	Mauritius	Average
Quality of landline communications*	3.6	3.6	3.3	2.8	4.0	4.4	3.5	4.6	4.0	3.4	3.7
Number of days to install a phone	26.5	11.8	44.8	49.4	2.8	3.4	24.0	5.0	39.3	10.8	21.8
Quality of Internet*	3.8	3.4	2.8	2.4	3.7	3.2	3.0	3.9	4.4	4.0	3.5
Number of days to install a broadband line	10.5	8.3	15.8	5.4	1.0	5.2	13.0	6.7	4.5	3.5	7.4
Number of hours of blackouts experienced per month	16.8	10.3	54.8	16.2	4.5	16.4	38.0	66.9	0.4	0.4	22.5
Number of hours of brownouts experienced per month	47.6	4.7	11.0	1.5	2.0	67.8	92.7	8.3	0.0	1.4	23.7
Average number of hours of generator usage per month	42.4	n/a	96.7	16.3	n/a	14.4	15.3	74.6	0.4	0.5	32.6
Number of days per year of water supply shortage	2.0	0.6	0.0	0.0	0.5	0.5	14.0	0.6	0.0	0.0	1.8
Quality of the public waste treatment system*	1.0	5.0	1.0	1.0	1.0	1.0	2.7	3.3	4.4	4.0	2.4
Number of alternative sites considered during investment process	2.0	1.4	8.2	3.0	2.0	2.2	2.0	3.3	2.7	3.0	3.0

* All scores calculating these infrastructure qualities are rated from 1 – 5, with 5 symbolizing a better performance and the score of 1 as worse.

Table 31: Infrastructure: Tourism (Hotels)

	Ghana	Kenya	Madagascar	Mali	Mozambique	Senegal	Tanzania	South Africa	Mauritius	Average
Quality of landline communications*	3.0	2.6	3.4	2.7	3.8	3.6	3.5	4.0	3.8	3.4
Number of days to install a phone	184.8	57.0	43.8	35.3	1.7	76.6	32.3	14.3	26.4	52.5
Quality of Internet*	4.0	3.2	1.0	3.2	3.8	3.2	4.0	4.0	4.3	3.4
Number of days to install a broadband line	8.7	5.8	22.0	3.4	1.7	3.2	28.0	25.1	95.6	21.5
Number of hours of blackouts experienced per month	13.4	123.7	36.3	9.0	52.6	36.0	278.5	10.5	6.5	62.9
Number of hours of brownouts experienced per month	16.6	0.7	85.5	1.0	80.5	1.8	450.0	0.0	10.0	71.8
Average number of hours of generator usage per month	13.4	209.0	45.0	8.4	124.8	34.0	274.5	3.9	6.5	79.9
Number of days per year of water supply shortage	10.0	18.0	0.7	7.2	4.6	73.6	301.7	0.2	1.9	46.4
Quality of the public waste treatment system*	4.8	3.5	1.0	1.0	1.0	1.0	1.2	4.2	2.0	2.2
Number of alternative sites considered during investment process	1.0	1.0	3.3	11.0	1.8	1.4	1.7	2.0	1.0	2.7

* All scores calculating these infrastructure qualities are rated from 1 – 5, with 5 symbolizing a better performance and the score of 1 as worse.

Table 32 Living conditions: Textile*

	Ghana	Kenya	Lesotho	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	South Africa	Mauritius	Average
Cost of living	3.5	2.5	2.3	2.8	2.0	3.4	1.5	4.0	3.0	3.4	3.0	2.9
Level of safety	3.8	1.0	1.4	3.2	4.3	3.6	3.5	2.5	3.0	2.8	3.0	2.9
Quality of international schools	3.5	4.5	3.6	3.5	2.0	2.3	4.0	4.0	1.8	3.4	n/a	3.3
Quality of local schools	3.3	4.0	2.0	3.0	1.0	2.8	3.0	2.0	2.0	3.8	3.0	2.7
Health care	3.0	2.0	2.1	1.6	1.0	2.4	3.0	2.0	1.8	3.0	3.0	2.3
Quality of recreational services	3.0	4.0	2.1	2.6	1.3	2.2	2.0	2.0	2.2	4.0	4.0	2.7

* All scores calculating the quality of living conditions are rated from 1 – 5, with 5 symbolizing a better performance and the score of 1 as worse.

Table 33: Living conditions: Apparel*

	Ghana	Kenya	Lesotho	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	Mauritius	Average
Cost of living	4.2	1.7	1.7	3.0	2.0	3.4	2.0	1.7	2.9	3.4	2.6
Level of safety	4.4	2.0	1.8	3.4	3.5	3.6	4.0	2.3	3.6	4.0	3.3
Quality of international schools	4.2	4.1	3.2	3.4	1.5	2.3	4.3	2.7	2.4	3.8	3.2
Quality of local schools	4.2	3.3	2.0	3.0	1.5	2.8	3.0	2.0	2.5	4.3	2.8
Health care	4.2	2.7	2.2	2.1	3.0	2.4	3.3	1.3	2.1	3.6	2.7
Quality of recreational services	4.2	3.6	1.2	2.7	1.5	2.2	3.0	2.0	2.1	2.6	2.5

* All scores calculating the quality of living conditions are rated from 1 – 5, with 5 symbolizing a better performance and the score of 1 as worse.

Table 34: Living conditions: Horticulture*

	Ghana	Kenya	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	South Africa	Average
Cost of living	4.4	2.6	2.6	2.9	2.7	3.0	3.0	3.2	3.6	3.1
Level of safety	4.2	1.4	3.3	4.2	1.3	4.0	2.0	3.2	2.2	2.9
Quality of international schools	3.4	4.0	3.9	4.0	n/a	3.8	3.4	3.7	3.6	3.7
Quality of local schools	3.2	2.2	n/a	2.0	1.7	3.8	1.6	1.8	3.0	2.4
Health care	3.8	2.2	2.4	2.0	1.7	3.4	2.0	2.0	2.8	2.5
Quality of recreational services	3.6	4.0	2.9	2.6	2.3	4.0	2.6	3.5	4.2	3.3

* All scores calculating the quality of living conditions are rated from 1 – 5, with 5 symbolizing a better performance and the score of 1 as worse.

Table 35: Living conditions: Food and Beverage Processing*

	Ghana	Kenya	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	South Africa	Average
Cost of living	4.0	2.5	3.1	3.0	2.0	2.0	1.4	2.6	4.2	2.8
Level of safety	3.8	2.0	3.6	4.4	2.3	3.8	3.9	3.8	2.2	3.3
Quality of international schools	3.6	4.5	4.3	3.2	3.5	3.8	3.3	3.0	3.8	3.7
Quality of local schools	4.0	3.3	2.0	1.7	2.5	3.6	2.2	3.0	2.8	2.8
Health care	3.6	2.0	2.3	2.1	1.7	3.4	1.9	1.8	3.0	2.4
Quality of recreational services	3.0	2.8	3.6	2.8	2.3	4.0	2.0	2.6	4.2	3.0

* All scores calculating the quality of living conditions are rated from 1 – 5, with 5 symbolizing a better performance and the score of 1 as worse.

Table 36: Living conditions: Shared Services (Call Centers) *

	Ghana	Kenya	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	South Africa	Mauritius	Average
Cost of living	3.8	2.4	3.2	2.2	2.5	2.0	3.0	4.0	4.6	3.3	3.1
Level of safety	4.6	2.4	2.8	4.2	1.8	4.0	2.5	3.4	2.6	3.5	3.2
Quality of international schools	4.0	4.2	4.0	2.9	2.7	4.0	3.0	3.1	4.2	3.7	3.6
Quality of local schools	3.6	3.5	1.7	1.5	2.0	3.1	3.0	2.1	4.2	2.0	2.7
Health care	4.0	2.5	2.0	1.3	1.8	2.6	3.5	1.9	4.2	2.0	2.6
Quality of recreational services	2.6	3.8	3.3	1.6	2.5	3.0	3.0	2.0	4.4	2.8	2.9

* All scores calculating the quality of living conditions are rated from 1 – 5, with 5 symbolizing a better performance and the score of 1 as worse.

Table 37: Living conditions: Tourism (Hotels)*

	Ghana	Kenya	Madagascar	Mali	Mozambique	Senegal	Tanzania	South Africa	Mauritius	Average
Cost of living	4.0	2.3	2.2	2.0	3.0	3.0	3.0	4.0	3.0	2.9
Level of safety	4.4	2.3	3.2	3.5	2.4	3.8	3.5	1.6	3.2	3.1
Quality of international schools	4.0	4.3	4.5	3.5	2.3	4.3	2.0	3.8	3.8	3.6
Quality of local schools	4.0	3.5	n/a	1.8	1.8	1.7	1.4	3.3	3.0	2.6
Health care	3.4	1.8	2.0	1.7	1.4	3.0	1.3	4.0	3.2	2.4
Quality of recreational services	2.2	3.8	1.8	1.7	1.8	3.0	1.3	4.0	3.4	2.6

* All scores calculating the quality of living conditions are rated from 1 – 5, with 5 symbolizing a better performance and the score of 1 as worse.

Table 38: Operating costs: Textile

	Ghana	Kenya	Lesotho	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	South Africa	Mauritius	Average
Annual gross salary (in USD)												
• Managers	23,190	13,183	14,413	25,511	18,511	7,854	12,569	7,580	18,581	64,463	20,420	20,571
• Professionals	20,581	12,051	27,704	5,245	4,553	15,071	10,293	11,603	13,822	45,181	17,637	16,704
• Technical workers	8,575	6,670	14,051	2,845	3,096	3,712	9,897	10,089	11,221	39,394	16,027	11,416
• Skilled workers	3,505	2,398	5,203	1,135	2,316	2,145	4,150	1,190	2,970	12,510	2,962	3,680
• Unskilled workers	1,417	1,065	3,090	618	1,029	998	2,082	704	1,615	5,315	3,339	1,934
Average wage burden as percentage of gross salary	88	83	95	81	77	67	83	81	70	79	75	80
Interest rate (percent)	20	16	11	18	10	7	11	12	15	10	10	13

Table 39: Operating costs: Apparel

	Ghana	Kenya	Lesotho	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	Mauritius	Average
Annual gross salary (in USD)											
• Managers	4,519	15,771	22,557	23,801	14,252	7,854	9,878	9,321	17,637	22,945	14,853
• Professionals	6,554	11,127	27,704	5,670	5,048	15,071	12,074	10,834	11,821	15,822	12,173
• Technical workers	8,053	6,603	23,086	5,151	3,266	3,712	8,981	8,533	8,346	16,137	9,187
• Skilled workers	1,011	1,420	6,645	1,318	2,286	2,145	2,925	1,377	2,253	2,871	2,425
• Unskilled workers	570	1,048	4,772	610	1,158	998	1,746	855	1,067	2,989	1,581
Average wage burden as percentage of gross salary	88.0	79.4	95.0	71.3	75.5	66.8	78.5	87.5	77.4	81.7	80
Interest rate (percent)	16.0	12.7	12.8	17.0	n/a	7.1	11.7	10.2	16.0	10.5	13

Table 40: Operating costs: Horticulture

	Ghana	Kenya	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	South Africa	Average
Annual gross salary (in USD)										
• Managers	5,246	20,172	8,263	9,026	14,095	36,413	24,781	22,577	50,814	21,265
• Professionals	6,135	16,049	1,813	4,216	12,089	19,398	22,645	11,754	36,547	14,516
• Technical workers	2,785	10,572	2,506	4,038	4,842	9,947	5,007	4,215	19,924	7,093
• Skilled workers	1,637	1,846	732	1,455	3,442	2,629	1,379	2,162	14,169	3,272
• Unskilled workers	774	1,037	480	750	1,069	1,223	1,511	1,428	3,721	1,333
Average wage burden as percentage of gross salary	88.0	79.0	47.0	56.0	83.8	80.8	87.2	81.1	79.4	75.8
Interest rate (percent)	22.0	6.6	19.3	12.8	5.1	9.8	8.9	9.1	8.1	11.3

Table 41: Operating costs: Food and Beverage Processing

	Ghana	Kenya	Lesotho	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	South Africa	Average
Annual gross salary (in USD)											
• Managers	11,017	16,652	29,316	15,910	35,002	35,774	24,933	25,894	28,608	88,715	31,182
• Professionals	8,948	13,908	32,573	3,386	13,755	14,982	15,416	22,712	8,551	103,825	23,806
• Technical workers	5,676	6,222	19,544	2,454	8,301	11,094	11,473	13,561	4,447	55,531	13,830
• Skilled workers	3,551	3,534	9,772	1,111	3,500	7,433	6,277	4,998	3,209	24,098	6,748
• Unskilled workers	2,265	1,693	4,886	506	2,289	1,495	3,473	2,141	1,433	11,870	3,205
Average wage burden as percentage of gross salary	82	75	n/a	79	72	70	79	83	79	75	77
Interest rate (percent)	20	8	11	19	10	n/a	10	12	11	11	13

Table 42: Operating costs: Shared Services (Call Centers)

	Ghana	Kenya	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	South Africa	Mauritius	Average
Annual gross salary (in USD)											
• Managers	23,265	14,846	10,284	28,674	25,713	30,080	20,814	33,045	65,472	17,123	28,021
• Professionals	25,502	11,171	3,226	20,068	12,871	20,100	24,660	14,247	101,792	14,498	25,960
• Technical workers	10,738	8,421	2,642	11,863	7,838	13,534	n/a	9,480	51,010	11,416	14,441
• Skilled workers	5,369	3,921	1,104	7,942	3,199	8,445	4,045	4,701	29,121	4,281	7,538
• Unskilled workers	3,803	1,444	698	2,496	1,685	4,902	n/a	2,648	12,899	2,414	3,822
Average wage burden as percentage of gross salary	78	86	65	75	89	70	75	81	82	83	77.8
Interest rate (percent)	9	16	n/a	7	n/a	7	7	18	10	n/a	10.7

Table 43: Operating costs: Tourism (Hotels)

	Ghana	Kenya	Madagascar	Mali	Mozambique	Senegal	Tanzania	South Africa	Mauritius	Average
Annual gross salary (in USD)										
• Managers	4,295	19,156	21,272	30,438	29,396	27,645	30,379	38,111	42,164	26,984
• Professionals	6,085	10,950	7,828	10,933	13,092	16,396	27,223	43,974	30,685	18,574
• Technical workers	2,021	5,196	1,916	6,325	6,214	12,239	17,941	21,889	7,301	9,005
• Skilled workers	1,678	2,465	1,009	2,888	2,588	4,794	4,644	12,508	4,575	4,128
• Unskilled workers	1,275	1,274	706	1,545	1,932	2,287	2,654	6,078	2,452	2,245
Average wage burden as percentage of gross salary	88.0	85.0	61.6	78.7	61.1	71.6	74.3	70.3	78.0	74
Interest rate (percent)	n/a	13.8	15.9	12.3	6.6	8.5	6.1	10.5	12.0	11

Appendix IV: One-stop Shop for Investments and the Development of Enterprises (GUIDE) of Madagascar

Developed by the Malagasy Government under Decree 2003-938, in 2003, the One-stop Shop for Investments and the Development of Enterprises, also known as Guichet Unique des Investissements et de Développement des Entreprises (GUIDE) sought to improve the business environment of Madagascar and promote the country for investment, and attract FDI. It is a focal point for the services provided by 10 other ministries of the government and is a one-stop registration center, consolidating the services of the tax authority, immigration, company registry, various ministries with sectoral approval authority, procurement of land, and EPZ registration. GUIDE is hosted by the Ministry of Industry and is currently headed by Mr. Roger Marie Rafanomezantsoa. The Government of Madagascar is currently in discussion to establish a full-fledged investment promotion agency.

(Source: GUIDE, World Bank)

One-stop Shop for Investments and the Development of Enterprises (GUIDE) of Madagascar

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