

Overseas Investment Attraction for the Companies in Madagascar, Due To Low Wage to Employee and Abundant Natural Resources

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Abstract

This paper presents the information about the natural resources in Madagascar, their location and about the regulatory framework. The Madagascar is a country which is rich in minerals resources. So in this paper proposal has been proposed to some investors to invest in Madagascar. As Madagascar is a developing country, international investors can gain more profits as to invest in the country due to low wage to employees. Regulatory framework about the investment in the Madagascar has been discussed. We can say nature has blessed abundant natural resources to Madagascar so that development in this sector can turn Madagascar's economic instability to developed financial and economic stability. But due to lack of better policies or may be the present policies implementation problem, lack of funds, lack of human resource, lack of machinery, lack of expert in this sector is not getting the pace as desired. Being a developed or having a strong GDP rate some countries like China, Canada, Australia, USA and some other countries can do a lot for the development of this sector in Madagascar, so that the interested companies can come to Madagascar for the consideration of mineral re-sources, which can result into the economic development of both countries and as a repercussion Madagascar can cope up lots of problem which it is facing, e.g. economic in-stability, indebted of IMF and World Bank, unemployment, poverty, lack of technical education etc. On the other side foreign investors and companies can improve their setup on large scale, their development and man power. As a moral of story through the progress in mineral resources can make Madagascar advanced and established country.

Keyword: Minerals, Madagascar, Tourism, Regulatory framework, Investment

1. Introduction

Growing in population, prosperity and related consumption over the past century, fixed with increasing trends of urbanization and electrification have led to an rise in the global demand for materials (Krausmann et al., 2009) which is anticipated to continue over the coming century (Krausmann et al., 2008). Furthermore, the production of materials especially bulk minerals and construction materials e is a major contribution to global energy usage and consistent greenhouse gas (GHG) emissions (Allwood et al., 2010; IEA, 2010; UNSTATS, 2010). In the case of minerals, it is also estimated that ore grades will continue to decay and that as significance the use of standard minerals treating routes will need higher energy inputs and therefore higher rates and discharges (Mudd, 2007, 2010; Mason et al., 2011).

Sustainable development has been distinct by the World Commission on Environment and Development as development that meet the needs of the present without cooperating the ability of future generations to meet their own needs (World Commission on Environment and Development, 1987, p43). This concept has gained wide acceptance in a number of countries and international opportunities. The minerals sector can be assumed as a basis of reconstruction and development in many Southern African Development Community (SADC) countries (MEPC, 2001a.; ANC, 2005). Usually governments have established minerals policies generally with the aim of charming foreign direct investment in the country (Mate, 2001). Unluckily, the public observation has been that mineral exploration only benefited governments and private companies (Clark, 2001) while the local people who are more exposed to the negative aspects of mining, e.g. environmental effects, have felt exploited. In severe cases natural resource donations may even be viewed as a curse, rather than a blessing (World Bank, 2002). Democracy calls for equal participation of all affected citizens in the identification of issues, problems, solutions and action plans together with their implementation (World Bank, 2001). Developed investor participation in mining procedures will impose conflicting views or interests at an early stage and hopefully reduce conflicts. It attracts the investors to invest in the country which have to enables the investors to buy-in or take duration of decisions and ultimately beneficial nationwide.

Madagascar is an island in the Indian Ocean, off the eastern coast of southern Africa, east of Mozambique with a total area of 587,041 km². It is the fourth largest island in the world. The population of Madagascar in 2013 was estimated a22.9 million (International Organization for Migration IOM, 2013). The GDP (PPP) was estimated at US\$20.42 billion with a real growth rate of 7 per cent. The current political crisis which began in early 2009 has caused the economy to stagnate (growth rate 0.4%) (*EI Sourcebook | Madagascar, 2014*). Madagascar is known for the luxury of its subsoil, resulting in the development of both small mining sectors hand-crafted and large mining ones. Its exclusive geo-diversity distributed within the country, is the result of a long geological

background with multiple phases (*Mining: Madagascar, land of hidden treasures, 2014*). So many untapped reserves of minerals are known that should be exploited for economic benefits. By exploring these minerals several actions can be developed through mining exploitation regarding manufacturing stones, energy resources, and exploitation of precious and semi-precious stones. Madagascar's mining possible at a glance. Madagascar has a lot of resources in the country some has been already explored some are under consideration, but due to lack of development resources, country could not gain the development in the country more proficiency. Some industrial and metallic minerals are limonite, graphite, limestone, gypsum, dolomite, silica, mica, titanium, quartz, gold, platinum group, silver, iron, copper, zinc, nickel, cobalt, chromite. Energy resources: coal, hydrocarbon, uranium. Some precious and semi-precious stones: ruby, sapphire, emerald, aquamarine, beryl, tourmaline, topaz, garnet, cordierite, rose quartz, amethyst, citrine. Ornamental stones: marble, silicified wood, jasper. Geological studies and mining explorations have established the existence of mining resources of varying importance in Madagascar. Some of them have already been industrially exploited, such as chromites, nickel and ilmenite. Some are currently under heavy exploration, such as oil, iron, and uranium. And some gemstones (ruby, sapphire, and emerald), decorative stones (crystal, quartz, marble, graphite, and labradorite) as well as some rare metals (gold) have been exploited by small-scale extraction projects (Leia Michele Toovey, 2011). Madagascar has some other precious and semi-precious resources too (Figure 1). There are many scientific publications about the role of international investments, mostly FDI in the social and economic development of the country. It is, anyway, absolutely clear, that effects of foreign capital can be positive or negative (Carkovic, Levine 2002; Dutt, 1997; Alfaro 2003). And besides those visible, there is a large range of spillovers. The relationship between foreign direct investment (FDI) and economic growth is a well-studied subject in the development economics literature, both theoretically and empirically. Recently, renewed interest in growth determinants and the considerable research on externality-led growth, with the advent of endogenous growth theories (Barro, 1991; Barro and Sala-i-Martin, 1995), made it more plausible to include FDI as one of the determinants of long run economic growth. First, to the best of our knowledge, a part from the study by Sadik and Bolbol (2001), this is the first attempt to investigate the causal FDI-growth relationship in this part of the world. Sadik and Bolbol (2001) investigate the effect of FDI through technology spillovers on overall total factor productivity for Egypt, Jordan, Morocco, Oman, Saudi Arabia and Tunisia over a 20-year period.

2. Investment Opportunity in Madagascar

Madagascar has a lot of potential for the investment in the country. First there is a question why any other countries go for to invest in the Madagascar. Let's see Madagascar from different dimensions. So these five points can be assumed as a reason for to investment in the Madagascar. (1) Rich in natural resources, (2) Low cost of local inputs and labor, (3) Access to many markets and strategically located, (4) Good-looking and friendly business environment and (5) Passive and stable country (*Embassy of Madagascar in japan*).

2.1. Rich in natural resources

Madagascar is a rich in natural resources:

- Gemstones, industrial and decorative stones, oil, and rare metals for mining activities
- 5,000 km of beaches and exceptionally unique Fauna and flora for tourism business
- Big and fertile land with favorable climate for any agriculture and farming activities
- Various agricultural and farming products as raw materials for transformative industries
- Rivers, wind and sun for renewable energy production

2.2. Low cost of local inputs and labor

Establishing a competitive advantage from the low costs of local inputs and labor is possible. Labor-intensive industries such as textile manufacturing have thrived in Madagascar with the Law on export processing zone and the American AGOA provisions. The labor force is young, skilled and fast-learning. As Madagascar is a fast growing population country, government cannot provide suitable job for the whole population. So other countries can get skilled and good employees with low cost.

2.3. Access to many markets and strategically located

With trade agreements and preferential treatment granted to some developing countries, Madagascar has an advantageous access (quota free, duty free) to the American and European markets as well as to other developed countries. In addition, as a member of the following regional economic communities, Madagascar offers the advantage of being a good location for the ease of exporting goods and services to these markets:

- SADC (Southern African Development Community),
- COMESA (Common Market for Eastern and Southern Africa),
- the Indian Ocean Rim,
- COI (Communauté de l'Océan Indien)

Finally, strategically located between Asia and Africa and on major maritime routes, Madagascar gives an advantage to international businesses. And with the current extension of the port of Toamasina in the East and

the construction of the Ehoala port in the South, Madagascar provides world-class facilities for transportation of goods.

2.4. Good-looking and friendly business environment

The regulatory reforms and public investments in infrastructure since 2002 in the have led to improvement of the country's business environment.

- Significant public and private investments in infrastructure, such as road, ports, airports, telecommunication, and energy reduce the costs of doing business.
- No restrictions on capital flows in and out of the country, either for debt service or dividend payment
- No requirement that nationals own shares of foreign companies
- Rules of law are enforced without discrimination.
- Intellectual property protection is granted by laws.
- No Government-imposed conditions on permission to invest, including location in a specific geographical area, specific percentage of local content, substitution for imports, export requirements or targets, employment of host country nationals, or technology transfer
- Property rights are protected by laws (guarantee against nationalization, expropriation).
- Quick and easy procedure for company creation.

2.5. Passive and stable country

Malagasy people are peaceful by nature. Disputes and conflicts are resolved through means of amiable settlements and by rules of laws. So upon the above provided information we can say following can be the opportunities for foreign investors in the Madagascar. Among the promising economic sectors, the following are singled out for the importance of the opportunities they offer mining, tourism, agribusiness, export processing zone and construction.

3. Mining and Companies

There are some foreign investment companies in the Madagascar. Zamarat Mining is a European-based investigation company attentive on growth and early-stage manufacture of precious metals and diamonds in Africa, Madagascar, and South-America. Through its subsidiary in Madagascar, Zamarat Mining is presently developing mining resources in the country. Zamarat has considered and assessed the mining potential of a number of rights and permits in gold, diamonds, sapphire, and other natural resources, located in the southern part of the country. As per detail on the website, Zamarat is taking a number of tasks for gold exploration on large gold-rich areas in the South-West, and will be starting exploration work in those areas and plan first production in the first half of 2011. Malagasy Minerals Limited (ASX:MML) is an Australia-based company. MML is involved in mineral exploration and project evaluation. Its operations are located in south-central Madagascar, which contains its three principal projects, such as Ampanihy project, Vohibory project and Fotadrevo project with the Primary interests are nickel, copper, PGE, silver and vanadium.

Nowadays, the focus of the Malagasy government is motivated on how to attract foreign private investments. Some modifications within the Malagasy regulatory framework have already been framed, but according to what we see in Madagascar, it is not sufficient yet. There are several reasons in it, but I will only talk about a current fact which makes all the foreign investors hesitant to work here: the land. In Madagascar, the laws which regulate the land are still very conservative. They follow and still respect a legal principle which is a heritage from the era of 19th century: It is prohibited for Malagasy people to sell Malagasy land to foreigners. The current Malagasy land law is very clear on this issue: Foreigners can just rent and use the land, and they cannot own Malagasy land. Recently, the new Malagasy investment law: act 2007-036 of January 14th, 2008, has brought a very key change concerning the opportunity for foreigners to own their land in Madagascar. This law providing that foreign companies or foreign investors can buy Malagasy land under the following conditions:

1. The land has to be used exclusively for professional exploitation. Any personal use and exploitation which is different from the nature of exploitation he "promised" to the Malagasy government are forbidden. If there is a breach of such condition, the government can legally withdraw its title of land ownership;
2. The foreign company or investor has to submit its business plan (investment planning in Madagascar) to a public body named EDBM (Economic Development Board Madagascar). Such plan has to describe and detail its intended business and its pertaining investment in Madagascar;
3. The foreign company or investor has to apply for a formal approval named "**authorization for land acquisition**" before the EDBM in order to be allowed to purchase legally a Malagasy land. Such authorization if granted, gives to the foreign company or investor the same rights as for a Malagasy entity to purchase and to own land in Madagascar.

The land has to be used only and wholly for expert purposes. This means: the land that the foreign companies and foreign investors buy has to be used for the specialized needs of their official industries in Madagascar. If the land is used for another business purpose or for a non-business purpose, the government has the right to remove the title of land tenure which gave to the investor. This is an argument on which the international stakeholders do

not agree at all. How can they invest in a country where the State does not protect the absolute nature of the right of land ownership? May be the verb to protect is not really appropriate here, because the State does not even protect, the State clearly **violates** the principle of absoluteness of the right of land ownership. In foreign investors' mind, it would be "easy" for the State to declare that the investor is on breach of its professional duties related to its land, and then to take its land away. Foreign Investors always tend to think that a country like Madagascar is led by a government which wants to "fool" them and to "steal" their money. The winning of the so called "**authorization for land acquisition**" is subject to the condition of submitting a business proposal to the EDBM. Such plan will disclose all the information about the development of investments and the details of use for the land it planned to gain. If the EDBM chooses that the business of the overseas investor is serious and motivating enough, it can grant the "authorization for land acquisition". This is a point which requirements to be emphasized: it is just an organizational agreement from the EDBM which will enable the foreign investor to buy land like Malagasy companies or Malagasy investors. This is also a fact which may interrupt worldwide investors; they do not feel relaxed with the idea that they cannot straightly buy land. Some international investors do not really like the fact that their investment procedures will be behind by such technique. Nowadays, the significance of the management is to charm as much great international investors as possible. In one hand, the State tries to do improvements to endorse International investments in Madagascar. In the other hand, the great improvement of land status towards foreigners has not happened yet.

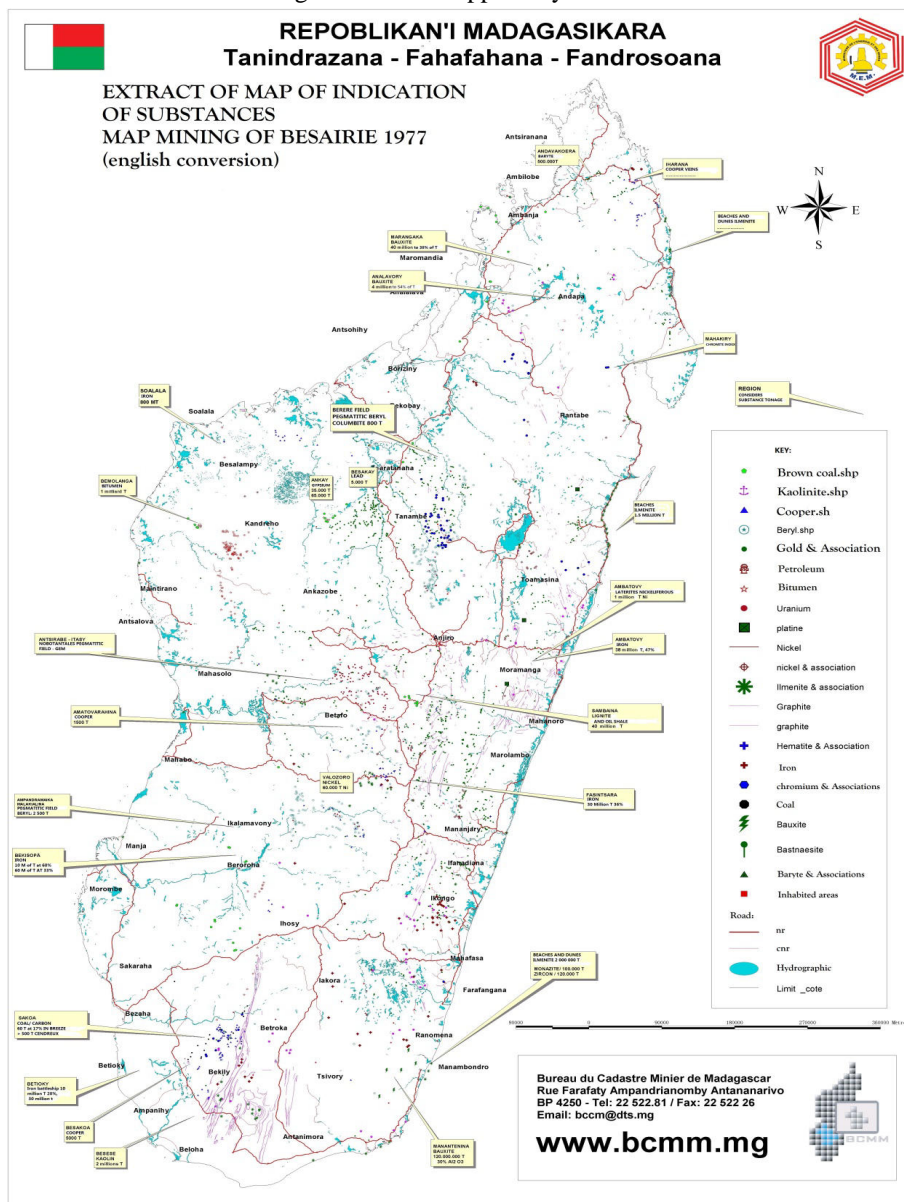


Figure 1: Map of Minerals in Madagascar

The legal system in Madagascar is founded on French civil law system and traditional Malagasy law. The Foreign Investment Law of 1996 provides assurances in order to promote asset in Madagascar. These assurances are (1) Freedom to invest on the national territory, taking into consideration the current legislation, without any prerequisites or preliminary approval; (2) Security of capital, of investment and of the investor; (3) Freedom of individual or collective property rights; and (4) Freedom of enterprise and of management of the workforce, within the framework of labor laws and social providence. In addition, the Government has set up a 'one-stop shop' for investors. Fiscal incentives have been revised to attract foreign investment and new regulations allow for tax breaks and mutual agreements to avoid double taxation. Long prohibited in Madagascar, direct acquisition by foreign persons or entities of land or buildings in Madagascar is now permitted pursuant to Law N°2003-028 of August 27, 2003. In order to get endorsement for the right to obtain land, the foreign investor must present an investment design, and a verification of investment of at least US\$500,000. If the proposed investment is between US\$500,000 and US\$1 million, the plan will be succumbed for endorsement by an inter-ministerial committee; if the investment is over US\$5 million, it must be approved by high-level decree. If the investment plan is not approved out in a timely and acceptable manner, land and fixed investments will return to the possession of the state. Certain surface limitations apply: tourism schemes are limited to 2.5 ha. The average sale price of hotel land is around \$45/m², and the average construction cost about \$220/m².

The structure in Madagascar is in need of reintegration (particularly electricity and roads). This could impede growth of the tourism sector. However, discussions are presently ongoing between Madagascar and the World Bank, UNDP and the EU to look at the upgrading and, in some cases, the upgrading of the interior road and rail structure and the reintegration of the country's power group and delivery and communications infrastructure. These developments would have positive inferences for the fast rising tourism industry. Prospects for investing in the tourism sector are also improved by the Being of important tourism possessions awarding frequent tourism development chances all over the island; Limited capacity of hotels of international standard; International credit of Madagascar as one of the world's rare undeveloped destinations for nature and detection tourism; Close co-operation between public and private sectors; and being of possible donor support for ability structure.

4. Tourism

The tourism sector is comparatively underdeveloped but however presently accounts for approximately 6.3 percent of GDP according to World Travel & Tourism Council (WTTC) approximations and 5.1 percent of total employment. The tourism sector (along with manufacturing, agro-business and mining) had been selected for support under the World Bank-assisted Integrated Growth Poles Project which is designed to foster broad-based Economic growth through construction and rehabilitation of critical infrastructure. One of the mechanisms, associate tourism-led growth in Nosy Be (largest of the islands off the north-west tip of Madagascar whose capital is Hell-Ville) would create an infrastructure podium that will accommodate approximately 2,000 international-level hotel rooms by 2010. Madagascar is the world's fourth largest island with a range of different climatic and physical features. In the center are the uplands which steadily descend to eastern and northern steamy rain forests and the southern barbed forest and desert. The varied locales are matched by the strange vegetation comprising about 12,000 species of plants and flowers. The wildlife is rich in endemic class, the best-known being the lemurs which can be seen in the national parks. Certainly, the main charms are the national parks and reserves; the offshore islands, beaches and diving over coral reefs; and the landscapes and colors of the plateaus and southern villages.

The following are some of the main National Parks and Reserves: Anndasibe-Mantadia National Park (Reserve of Perinet), situated on the central eastern coast some 142km from Antananarivo, offers as its main attractions the two lakes, eleven species of lemurs, large chameleons and the blue boa; Ranomafana National Park, situated 60km north-east of Fianarantsoa, covers 41,000ha of hills covered by rain forest with 29 species of mammals (of which 12 are lemurs); _ Isalo National Park, situated 226km south-west of Fianarantsoa, covers 81,540ha of scenic landscape comprising meadow, sandstone massifs eroded rocks and canyons plus a variety of flora and fauna (including 55 species of birds; Nahampoana Natural Reserve, situated 7km from Fort Dauphin, shows visitors the flora and fauna typical of Madagascar's southern regions, including different species of lemurs, tortoises, chameleons and birds; _ The Berenty Private Reserve, situated about 85km from Fort Dauphin, consists of 265ha forest surrounded by desert. The reserve is particularly noted for its ring-tailed lemurs; and _ Ankarana Special Reserve's massif rises 100km south of Diego Suarez, in a 18,200ha wild region consisting of limestone pinnacles known as "Tsingy", deep narrow canyons covered by forests and an underground net of rivers and caves. Inside the park live six species of lemurs, various kinds of mammals, 83 species of birds, geckos, chameleons and crocodiles in underground lakes. The main responsibility for tourism development and promotion lies with the Madagascar National Tourism Office (ONTM - Office National du Tourisme de Madagascar) which falls under the Ministry of Culture and Tourism. The main private sector body is the Fédération des Hôtels et Restaurants de Madagascar (FHORM). In January 2006, Madagascar introduced a new national park management system, the System of Protected Areas of Madagascar (SAPM). SAPM simplifies the legal process used to create a protected area and permits varying degrees of sustainable resource use to

contribute to poverty reduction and sustainable development. After the 2002 political crisis (when the number of international tourist arrivals plummeted from to 62,000 compared with 170,000 a year earlier, several measures were taken to re-launch Madagascar's tourism, both nationally and internationally, including the establishment of a public/private partnership to revive the sector, action to restore the confidence of tourists, investors, tour operators, travel motivators, participation in international tourism fairs and other events. This, coupled with renewed investment in the sector, underpins the Government's expectation that visitor arrivals will reach 500,000 by 2007. Thereafter, WTTC expects Madagascar's travel and tourism economy to grow by 3.2 per cent per annum, in real terms between 2008 and 2017. Mainly as an eco-tourism destination, Madagascar has attracted an increasing number of tourists over the last six years. With its unique fauna and flora, underdeveloped tourism sites and the increasing demand, there are huge investment opportunities in the hospitality business and tourism-related services (air, sea and ground transportation, tours operations, and more). Foreign companies in the tourism sector are allowed to acquire land under certain conditions according to the law and there are 22 land reserves established by the Government for tourism activities in high potential areas.

5. Farming

Some part of Madagascar is cultivable, but little more than 5 percent of the total land area is presently planted. Madagascar has 18 million hectares of cultivable land. With miscellaneous climates and productive land, anything grows in this country. For instance; Madagascar presently crops rice, fruits, vegetable, vanilla, spices, cotton, biofuel, and essential oils. And due to the excellence of its soil, produces from Madagascar are globally famous for their excellence. Madagascar can be a modest source of food supply to local and international markets. Labor for agricultural actions is available and low-priced as seventy percent of the population lives in rural area. With growing global food demand and insufficient production, investment in food production in Madagascar is actually attractive.

➤ Export Processing Zone

Since the assumption of the law 89-027 on December 1989 the Malagasy government has offered numerous inducements to export-driven firms with EPZ status, counting, 1) Tax exemption upon company registration; 2) Exemption from professional taxes; 3) 10 per cent only as tax on dividends; 4) income tax exemption for the first five years, then 10% tax thereafter; 5) Exemption from customs duties and taxes on imported equipment and inputs; 6) Free transfer of funds upon termination of activities. These companies have to export at least 95 percent of their production.

➤ Construction

Public and private investments in structure (roads, ports) and manufacture services have created a huge claimed for construction-related crops and facilities. There are chances for businesses with the needed skill and resources. French, Chinese, Japanese, Malaysian have found their way in this sector.

6. Regulatory Framework

For the smooth run of any organization we need a valid and satisfactory structure, laws and policies. Madagascar is a under developing country, trying to make the development in the every fields. As per discussed above recently Madagascar have the aim to attract the foreign investment in the country. All the presents laws and policies show the reflection of this aim to invest foreign investment in the country. Still now the main and Law of Madagascar about the investment is 2007 Law. This law has been made under the consideration of Prime minister of Madagascar. This law has seven chapters and twenty four (24) article including different types of information related to investment in the country. This is brief summary of Madagascar investment Law.

MADAGASCAR INVESTMENT LAW (SUMMARY)

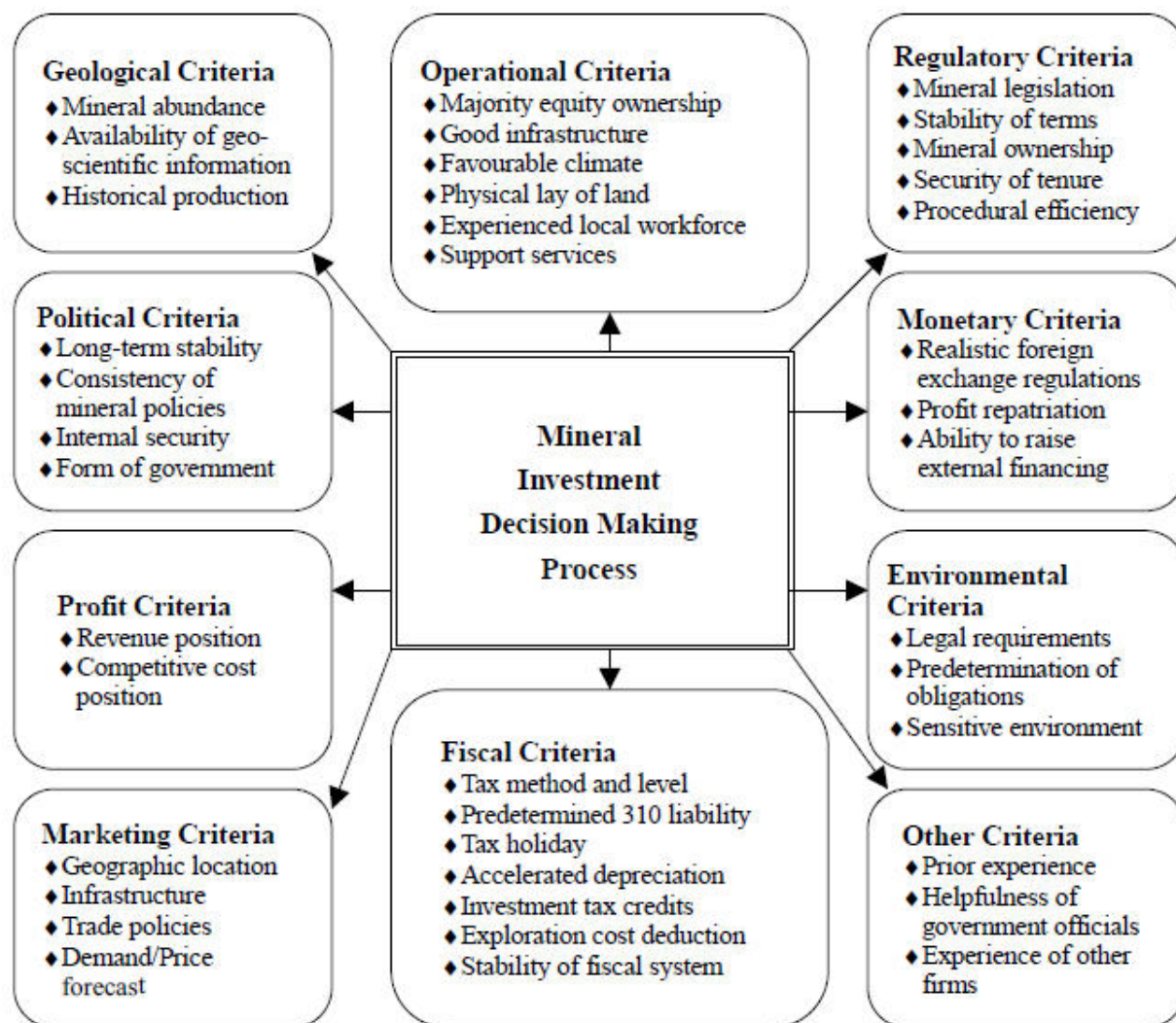
Sr. No	Article No.	Article Name	Definition
1	Article 1	CHAPTER I GENERAL PROVISIONS Definitions	Investment " means a set of financial resources. Investors " means any natural person or legal entity who wholly or partially contributes towards an investment
2	Article 2	Freedom of investment	Any natural person or legal entity, Malagasy or foreign, is free to invest and settle down on the national territory, in accordance with the laws and regulations
3	Article 3	Equality of Treatment	Foreign and Malagasy investors are equally treated.
4	Article 4	Protection of patent rights	The state guarantees that the individual or collective patent rights are respected.
5	Article 5	Freedom of transfers	Foreign or local investors are authorized to freely transfer abroad without prior authorization all profits after full payment of taxes and related.
6	Article 6	Stability	The state uses its best endeavors to establish and maintain a favorable climate for investment by granting tax, customs, financial and social incentives to investors within the context of carrying out their investment projects referred to in this Act.
7	Article 7	Fight against HIV/AIDS	All companies must set up an awareness and education program for their staff as well as make it easy for those wishing to undergo a screening test.
8	Article 8	CHAPTER II THE ECONOMIC DEVELOPMENT BOARD OF MADAGASCAR Article 8 Introduction	In order to implement this Act effectively and in order to introduce and maintain a favorable investment climate in Madagascar, an organization called the Economic Development Board of Madagascar (EDBM) was created.
9	Article 9	Scope of duties	To facilitate and accelerate administrative procedures which are necessary to carry out investments and set up businesses.
10	Article 10	Time limit for applications	With the exception of a specific time limit mentioned in this Act and without prejudice to shorter time limits to be expected by means of special provisions, the EDBM ensures that authorizations, visas, permits and certificates which are within its jurisdictions, are delivered within twenty (20) calendar days upon receipt of a complete application.
11	Article 11	Reinforcing transparency of companies	The EDBM assists towards the transparency of companies as ordered by the Register of Companies in compliance with Articles 5.1 and 6.3 of the Commercial Code.
12	Article 12	CHAPTER III REGISTRATION AND MEMORANDUM OF ASSOCIATIONS Article 12 Registration of Companies	About the registration of companies, duration, law and regulation
13	Article 13	Registration of Memorandum of Associations	With the exception of acts proving the incorporation, extension of the duration, transformation or dissolution of a company, the increase, amortization or reduction of its capital and memorandum of associations do not necessarily have to be formally registered.
14	Article 14	Dispense from legalizing signatures	Agreements, acts, minutes or documents which require an administrative formality of registration, transcription, publication, filing of a deed or any other formality, are subjected to no legalization process or recognition of the parties' signature.
15	Article 15	CHAPTER IV VISAS AND WORK PERMITS Article 15 Extension and Transformation of entry visas and residence permits for investors	The extension of entry visas and residence permits delivered by the Home Office services at the frontier as well as changing the nature of those visas to a professional one are carried out by the EDBM.
16	Article 16	Resident visa for professionals	An Immigrant Visa called 'Professional Visa' issued to all foreign investors,
17	Article 17	Freedom to hire and fire expatriate employees	Any company is free to hire or fire specialized expatriate employees it may need for the good run of its business.

18	Article 18	CHAPTER V ACCESS TO COMMERCIAL PROPERTY BUSINESS Article 18 Foreign investors' access to real estate property	Foreign investors' access to real estate property under laws and regulations
19	Article 19	Authorization for land property acquisition	The authorization for land property acquisition is issued by the EDBM which acts on behalf of the Ministry of Public Lands.
20	Article 20	Withdrawal of the authorization for land property acquisition	The authorization for land property acquisition can be withdrawn under some conditions.
21	Article 21	CHAPTER VI DISPUTE SETTLEMENT Article 21 – Dispute settlement	Disputes between national investors and the state relating to the interpretation or enforcement of this Act are submitted to the competent Malagasy jurisdictions unless the parties have agreed or agree to seek a different mean dispute settlement.
22	Article 22	CHAPTER VII FINAL PROVISIONS Article 22 Miscellaneous provisions	Miscellaneous provisions
23	Article 23		Statutory texts will determine the necessary rules implementing this Act.
24	Article 24		This act shall be published in the Republic's Official Journal and shall be executed as state law.

Source: (Authors on the base of data in report) Seen to be annexed to Decree N°2007-521 dated 11th June 2007 (Charles RABEMANANJARA), By the Prime Minister Head of Government

Overall, the policy document should aim for transparency in relation to the main factors impacting on the mining enterprise. Several studies, relating to different countries and regions, have attempted to identify the criteria that mining firms employ in making their mineral investment decision. Some of the general mining investment criteria are contained in Fig. 2 and it is noteworthy that a significant proportion of these are policy related. (It should, of course, be acknowledged that such a 'wish list' for a mining firm would differ significantly when viewed from a government perspective.) For example, Johnson (1990); Otto (1992); The Fraser Institute (1998); Peck et al. (1992), Addy (1998), Filho (1997); Van der Veen (1999), PricewaterhouseCoopers (1998), Whitehead (1999); and Walde (1992) emphasize the following inter-related factors (not ranked in order of importance): (1) access to land and geological endowment and potential; (2) investment environment and ability to repatriate profits; (3) management control, security of mineral tenure, efficient regulatory agencies and regulations; (4) fixed and reasonable taxes and equity considerations; (5) a stable economic and political system, modern infrastructure and local expertise and skills; (6) successful precedent set by other firms can have an important promotion effect. In general, many of these requirements can be addressed in a National Mineral Policy document. However, some areas of policy are more complex than others and are now discussed. In the following figure the mining investment decision criteria has been described by Otto, 1992 (**Figure 2**).

Figure 2: MINING INVESTMENT DECISION CRITERIA



Sources: Mining Investment Decision Criteria (Otto, 1992)

7. Conclusion and Recommendations

Developing a mineral policy or approach does not assurance positive policy implementation because the two are different. Although policy planning and development is a rational process, policy implementation is operative in nature. A good policy needs to be followed up with an implementation plan; else it is as bad as having no policy at all. If these policy tools are applied through the development of laws, activities, resource allocation, accountability allocation and suitable time frames, they should produce a subtle balancing of poverty and disease decrease among the majority of the people.

We can say nature has blessed abundant natural resources to Madagascar so that development in this sector can turn Madagascar's economic instability to developed financial and economic stability. But due to lack of better policies or may be the lack of implementation of present policies, lack of funds, lack of human resource, lack of machinery, lack of expert this sector is not getting the pace as desired. Furthermore it should provide a space as far as protection and safety is concerned so that the international investors and companies can do their job in a suitable way without any fear. Investments laws are very friendly in some aspect. As per concluded investment laws in Madagascar are very friendly with the investors. Moreover some amendments are required for to fulfill the current requirements of the investors in the some areas like land tenure, land ownership, ownership transfer and some others related matters. In the present system Madagascar treats the same with foreigner and local investors. Apart from it Madagascar is a developing country with a huge population and population growth, so if foreigner companies come for to investment in the country it is positive for the both groups, it is a positive for companies because they can find easy employees with low salary. Not only minerals resources, Madagascar also have a potential in tourism industry. Madagascar always attract tourist from all over the world due to its beauty

and charming sights.

Being a developed or having a strong GDP rate some countries like China, Canada, Australia, USA and some other countries can do a lot for the de-elopement of this sector in Madagascar, so that the interested companies can come to Madagascar for the consideration of mineral re-sources, which can result into the economic development of both countries and as a repercussion Madagascar can cope up lots of problem which it is facing, e.g. economic in-stability, indebted of IMF and World Bank, unemployment, poverty, lack of technical education etc. On the other side foreign investors and companies can improve their setup on large scale, their development and man power. As a moral of story through the progress in mineral resources can make Madagascar advanced and established country. As per in the matter of land owned government should make some effective and attractive policies, so that investors can feel satisfaction in investing within the country. The other side foreign investors and companies can enhance their setup on large scale, their growth and man power, as a moral of story through the development in mineral resources and other resources can make Madagascar a progressed and developed country.

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