

# Tertiary activities: at the origin of a new urban economic morphology of Ambalavao's city

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## ABSTRACT

*The analysis of the typology, the functions and the dynamics of evolution of the tertiary sector of the city of Ambalavao, allows to highlight the specific stakes of the economic development shaping the urban space, before, during and after the colonial period, which strongly marks the current urban economic model. The activity and service zones are beginning to mark the urban territory of Ambalavao and the daily life of the population. In the last two decades, the jobs generated by tertiary activities are remarkable in its economy. The urban territory of Ambalavao is invaded by service infrastructures. The new constructions lead to the extension of the city, such as real estate and the emergence of new tertiary activities are among the activities that consume a lot of space. In addition, the urban landscape is likely to be modified by the rural exodus to find services in the city. This situation leads to an increase in illicit construction in the Fokontany of the urban commune. In addition, relations between Ambalavao and the surrounding communes are facilitated by the development of the tertiary sector, since as the city offers basic proximity services, such as health, education, security, drinking water and electricity, etc., its area of influence expands and its appeal in terms of demand for services moves away. This situation leads to a progressive urbanization and essentially stimulates the local development of Ambalavao's city.*

**Keyword:** *Ambalavao's city, territory, tertiary activities, area of influence, urbanization, local development.*

## 1. INTRODUCTION

First of all, Ambalavao is a crossroads between several regions with strong economic potential (Amaron'i Mania, Haute Matsiatra, Ihorombe ...) on the axis of the RN7 and its attachment to the rural world through the surrounding rural communes has shaped its urban fabric. Its evolution in time and space has favored the development of tertiary activities. These service offers attract rural people to go there, as well as its area of attraction and influence, especially the social services, go beyond its limits. This daily movement is possible thanks to the presence of various means of public and individual transportation, including local means of transportation that provide a permanent link between the city and the countryside, suburban transportation, motorcycles, bicycles, regional transportation, etc. Motorized transportation, known locally as "kinga" or bajaj, provides rapid and less costly urban transportation for travelers. Peasants are obliged to go to the city to obtain basic goods and services, for example: administrative needs offered by the various departments, medical care, the acquisition of material and consumer goods, which are only available in the city, the education of children in more qualified schools ... In fact, the city attracts rural populations thanks to the appeal of its tertiary services that are inseparable from contemporary life.

## 2. METHODOLOGY

Ambalavao is located in the southern part of the Haute Matsiatra region. Its urban population around 43,231 inhabitants [1] according to the result of RGPH 3[2] in 2018. It is located at 56 Km for a journey by land transport of about 1 hour following the RN7. The latter is the only main artery connecting Ambalavao through the regional capital of Fianarantsoa. The passage of the RN7 linking Antananarivo-Tuléar has accentuated the extension of its commercial tertiary activities. This national road is therefore a major challenge for the city of Ambalavao in the development of the tertiary sector.

To appreciate the evolution of the tertiary sector of the city of Ambalavao, we have mainly quantitative and qualitative sources within the framework of the previous master's and DEA thesis on Ambalavao. On the one hand, the methodology of the research is based on deductive [3] approaches and theoretical approaches including mainly the theory on the trilogy in the organization of space [4], the theory of spatial [5] interaction as well as the structuro-functionalists of the city of Ambalavao. On the other hand, the final analysis of the results of investigations was carried out relating to the situation of the tertiary activities, the reasons of its dynamism in time and space during the fieldwork. The results, relating to the mutations of the urban morphology and the place of the tertiary activities within the framework of the development of the zone of Ambalavao were used as practical guide of the ecological environment of the object of research to make the study closer to the reality. Finally, tables, figures, photos and sketches are elaborated for the illustration of the arguments.

## 3. RESULTS, FIGURES AND TABLES

The endogenous increase in agricultural, industrial and artisanal productivity in the Ambalavao area has become a factor of take-off, urban growth is also an essential factor of dynamism of the economy as a whole. On the one hand, the city of Ambalavao is a privileged place where skills are more readily available (exchanges, opportunities, private initiatives, etc.).

These periods of growth have also shown the central role played by the city in stimulating the labor market as a transmission belt between the global context and the living conditions of households. In contrast, the last two decades have seen very significant variations in the urban economic situation and relative stability in rural poverty. In a way, the low rate of market integration of Malagasy farmers makes them relatively less vulnerable to macroeconomic shocks, whether positive or negative (inflation, public policies), than urban dwellers. On the other hand, rural populations remain very dependent on natural and security shocks (climatic hazards, acts of banditry in rural areas (dahalo), etc.).

Recently, faced with a persistently unfavorable economic environment, households have not remained idle. They have implemented all possible strategies at their level, but their ingenuity has been powerless in the face of the magnitude of the macroeconomic shocks. Households were therefore hit hard by the recession, and individual, family or community responses were inadequate to counteract the effects of a permanently deteriorated economic situation. Moreover, people, particularly in urban areas, have not been content to react individually to what may appear to be a succession of bad economic policy choices. They have also shown their ability to seize opportunities as soon as the environment allows (RAZAFINDRAKOTO and ROUBAUD, 1999, 2003).

In the early 2000s, the urban sector specialists at the World Bank in charge of Madagascar sought to put in place a specific urban poverty reduction strategy (CANEL, 2000). This strategy failed to take into account the link between the urban and rural worlds, and the beneficial effects that the former could have on the latter.

Preliminary results\_ number of population per commune\_Région Haute Matsiatra of the RGPH3 INSTAT 2018 [1].  
General Census of Population and Housing 3 in Madagascar in 2018 [2].

Deductive approach goes from the global case to the particular case study, i.e. a bibliographical exploration of research areas, from various places, followed by fieldwork, and then the analysis and writing [3].

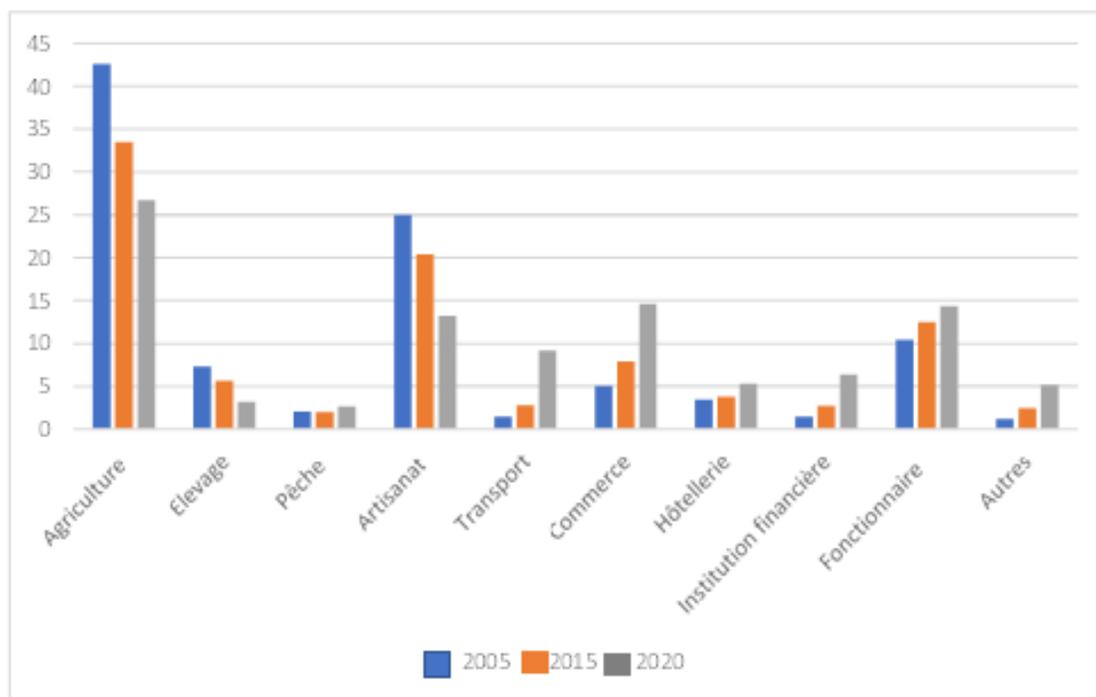
In this theory, the notion of center is defined by the place where the service is provided. The zone of influence is the area where service users are recruited. Between the two entities there are relationships that translate into flows [4].  
Is part of the modern theories on the study of the urban environment and the economic activities that characterize it [5].

This bias in perspective has been all the easier to establish and maintain because it is based on the conviction that the "urban bias" is the source of many of the ills in developing countries.

Periods of crisis make initiatives and creativity at the level of a certain category of the population particularly visible. They disrupt well-established situations and are conducive to a redistribution of roles between economic development actors. Crisis situations are initially destabilizing for many people by making their socio-economic status more fragile (loss of work). This often results in either a disengagement or disinterest in their family role or an open door to the creation of decent jobs, which is none other than tertiary activities.

Households have also sought to be resilient by modifying their consumption behaviors and implementing substitution strategies between places of purchase and between products to mitigate the impact of the decline in income. But here again, their room for maneuver is limited. Migration is another alternative. But opportunities remain limited. On the one hand, migration back to rural areas has remained marginal, as the countryside has also been affected by the recession, and it still remains at a disadvantage compared to the cities. On the other hand, the isolation of the Malagasy countryside and the lack of transparency in land law are not conducive to the development of this type of migration ("urban exodus").

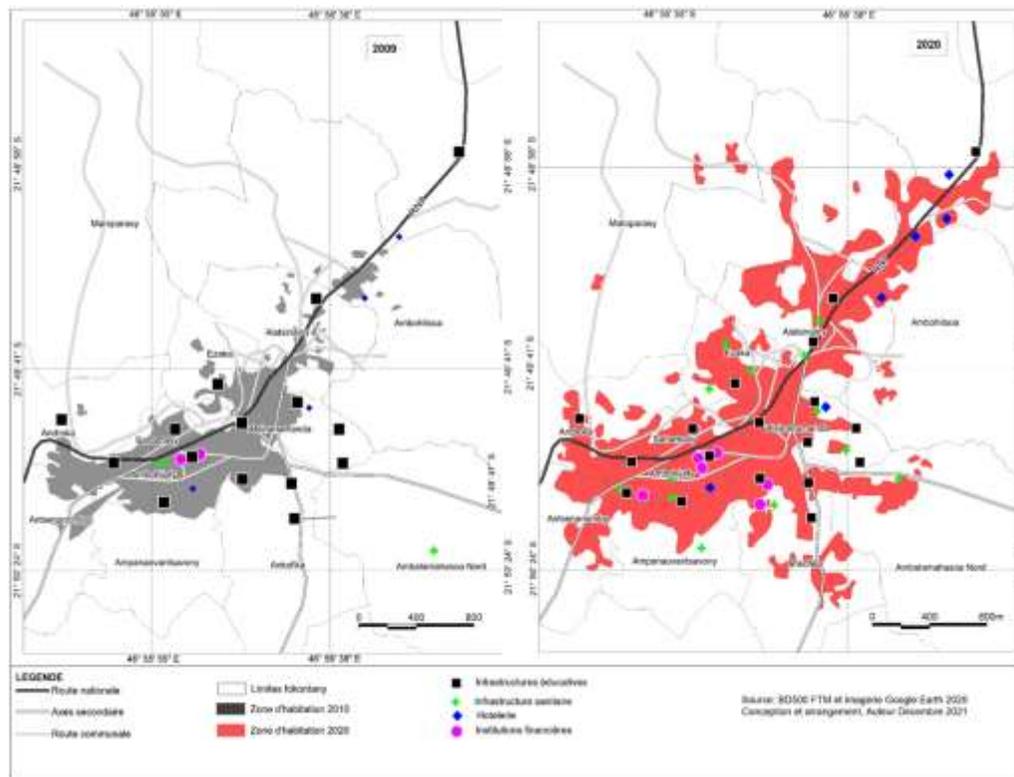
In addition, by analyzing the sectoral distribution of the active population according to its evolution in 2005, 2015 and 2020, we note an evolution of the active population working in the tertiary sector.



**Chart -1:** Evolution of the active population by sector of activity in Ambalavao

According to the fieldwork carried out in the research area, this figure 1 shows that the tertiary sector is currently at the top of the rankings in relation to the number of employees in the sector in urban areas with 52% of the active population in 2005, but in 2019, it will rise to 68% thanks to the development of service activities related mainly to trade, tourism, transport, new information and communication technology and banking. This situation means that the activities related to the tertiary sector are multiplying and gaining more and more importance in the local economy, if we are only talking about the employment sector.

Moreover, this sketch 1 shows the social and spatial impacts of tertiary activities in Ambalavao. By comparing the evolution of human occupation and some tertiary activities such as tourism, financial institutions, educational and health activities from 2010 to 2020, we see a clear spatial evolution of tertiarization.



**Sketch 1:** Spatial evolution of tertiarization from the year 2010 and the year 2020 in Ambalavao

#### 4. DEBATES

In Madagascar, as in the majority of African countries, neither liberalization, nor trade opening, nor decentralization have allowed a real reversal of the economic trajectory of the past. Madagascar's economic trajectory has been characterized by an almost continuous deterioration in the standard of living of the population since independence. This downward trend was particularly marked from the early 1970s onwards, and it was not until the mid-1990s that it seemed to improve, with a resumption of growth resulting in a modest but continuous increase in per capita Gross Domestic Product (GDP). The political crisis of 2001, however, brought this temporary upturn to a sudden halt. After the severe post-crisis downturn, the economy is slowly recovering, but without returning to pre-crisis levels. According to figures from the Economic Development Board of Madagascar (EDBM), the entity in charge of promoting investment in Madagascar, in 2018, 1,170 businesses were created at the national level, with 1,031 or 83.13% working in the tertiary sector, 134 in the secondary sector and only 72 in the primary sector. In addition, the tertiary sector showed a growth rate of 5.7% in 2017, 5.3% in 2018, 5.8% in 2019 according to the forecast posted in the LFI [6].

Moreover, growth is not enough. It must be accompanied by ambitious redistributive policies to benefit the most disadvantaged and to avoid the rise of inequalities. Our analyses show that the development of the tertiary sector (formal and informal) is closely linked to the prevailing economic situation. While the population can only suffer the negative impacts of a recession, because of the limited room for maneuver, the improvement of their standard of living depends strongly on the dynamics at the macroeconomic level.

The acceleration of urban growth and the strengthening of links between urban areas and their hinterland are a necessity and have been reinforced by the multiplication of the tertiary sectors. The policy of opening up the countryside, which has always been thought of on an interregional scale, should also be conceived as a means of refocusing the countryside on secondary towns, so as to boost a multitude of local economic basins.

<https://www.newsmada.com/2018/12/03/retiration-d'entreprise-le-secteur-tertiaire-domine-largement/> [6]

The challenge for Madagascar is therefore not to try to fix the population in the countryside, but to find a solution that allows urban growth to be transformed into a factor of economic and social dynamism, as is the case in many other regions of the world.

In the city of Ambalavao, in the face of this national economic challenge, the areas occupied by service activities are beginning to mark the space and daily life of the population. These zones are beginning to develop in most of the large urban centers. Its role as a pole of attraction in the peripheral communes has been strengthened thanks to the decision-making power and the presence of the deconcentrated services of the State, which are essentially located in the district capital.

In Madagascar, according to J.-M. COUR and his team, as part of the ECOLOC approach in many developing countries, the urban environment is defined on the basis of administrative criteria and not on economic criteria linked to population density. He argues in favor of a more operational typology, based on the concept of "urban-centered regions with high trade and service intensity (Hives)". Without going into detail, the aim is to adopt an approach that makes it possible to identify the hinterland of urban areas, recognizing that cities play a central and differentiated role in the surrounding areas through reciprocal exchange flows.

The city also acts as a polarizing center for the surrounding municipalities thanks to the importance of its commercial functions. Sometimes, retail traders and farmers from the surrounding rural communes take advantage of market days to obtain supplies from the major trading centers in town. In this case, the town of Ambalavao becomes a hub for trade and distribution of local and imported products. In exchange, farmers also come to town to sell their local products.

The existence of the zebu market has made Ambalavao's reputation until now, but because of the insecurity perpetrated by the dahalo [7] through armed attacks day and night, some actors in the cattle industry have converted to other more secure sectors such as transport and wholesale trade. Faced with the context of insecurity, most of the barons who invested in cattle "patron'Omby" changed their way of thinking and acting, changing their activity and investing again in the transport or trade sector instead of investing in the cattle industry, which was previously considered to be safe. Their investments in these sectors have created a new dynamism of tertiary activities and they have entered the legal framework for fear of the tax authorities.

Most of the hotel and restaurant establishments have settled along the main RN7 axis for two major reasons. On the one hand, the city center is topographically favorable to the construction of hotel spaces. On the other hand, the facilities and services related to tourism are concentrated there: post and telecommunications, commercial infrastructures, administrative buildings, etc. In this case, we can say that the urban space of Ambalavao is more elaborated, more developed compared to that of Ambohimahasoia, because it is invaded by infrastructures of services. New constructions lead to the extension of the city, because the construction of buildings and service infrastructures are among the activities that consume a lot of space. Similarly, the urban landscape is likely to be altered by the rural exodus because of the needs of service activities in the city.

The displaced are forced to join their families in the city, but opportunities remain limited. On the one hand, return migration to rural areas has remained marginal, as the countryside has also been affected by the recession, and it remains at a disadvantage compared to the city. On the other hand, the isolation of the countryside, the failure of rural security and the lack of transparency in land law are not conducive to the development of the rural rush.

This situation has led to an increase in illicit construction in the fokontany of the urban center. The proliferation of tertiary activities favors urban expansion. Tertiarization has created an extension of the city, i.e., the inhabitants always try to move or live near rare services. For example, in Ambalavao, in the Teloambinifolo fokontany, in the vicinity of the vocational technical high school, new residential areas have been observed, especially for students from the surrounding rural communes. At the exit of the RN7, that is to say in the fokontany of Androka, one also observes numerous constructions, installations and development of the commercial activities such as bars, rooms of karaoke, household electrical effects, the banking mobiles...

The mutation brought by the NTIC created new activities of services the most used currently, for example the multiservice, the repair and the trade of the cell phones and its accessories, the pay phones, the cash point, the mobile banking, the internet-cafe, ... These types of activities testify the development of tertiary quaternary in the zone of study. The development of the economic fabric should appropriate modern and efficient tools as in developed countries, not to be on the sidelines of the globalization of the current economic system. This context plays an essential role in the establishment of a business climate conducive to the development of the private sector and offers a communication tool for a growing sharing of businesses and manages.

Literally, it means zebu thief. The word dahalo is also used to designate an association of criminals in the countryside [7].

## 5. CONCLUSIONS

Historically, the endogenous increase in agricultural, industrial and artisanal productivity in the Ambalavao area of the Haute Matsiatra Region may have been a factor in the take-off, but urban growth is also an essential factor in the dynamism of the economy as a whole. On the one hand, the city of Ambalavao is a privileged place where skills are more readily available (exchanges, opportunities, private initiatives, etc.). On the other hand, the creation of dynamic urban markets generates a solvent demand, particularly for agricultural food products, which the countryside is likely to satisfy. Finally, significant migratory flows to the cities increase the density of links between these two sectors (urban markets and rural production), reduce pressure on access to land and environmental degradation, and promote an increase in agricultural productivity.

The spillover effects of the multiplication of urban tertiary services on rural areas have become a powerful engine for reducing rural poverty. In other words, in Ambalavao, or in Madagascar as elsewhere, the ability to maintain sustained economic growth is closely dependent on the supply of services and "urban productivity" in the face of the various actors, users and investors, which is very directly a function of an adequate supply in the context of economic globalization (COUR, 2000; CANEL, 2000).

However, in view of the development of the informal urban sectors, including the tertiary sectors, the situation in the city should lead to an acceleration of rural/urban migration. It is therefore necessary to anticipate this foreseeable process in order to prevent urban authorities from being overwhelmed by the potential influx of migrants (the perverse effects of anarchic urban development (slums, violence, etc.) with its negative consequences on poverty). If no effort is made to improve the already overcrowded reception infrastructure in the said city, it is likely that urban poverty will increase sharply in the coming years.

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