

An aerial photograph of a valley in Madagascar, showing extensive terraced rice fields. The terraces are arranged in a grid-like pattern on the slopes of the hills. The fields are filled with green rice plants, and some areas appear to be recently planted or harvested. The surrounding landscape is hilly and forested, with a small settlement visible in the distance. The overall scene depicts a traditional agricultural landscape.

DOES MICROFINANCE MEET THE NEEDS OF MALAGASY FARMERS ?

**Mamy RAJOHANESA – PCA of FIFATA
MADAGASCAR**

Madagascar in numbers

- 19 millions inhabitants
- 587 000 km²
- Annual GDP of US\$ 250 per capita
- Literacy rate of 35%, even lower in rural areas
- Birth rate of 6 children/woman

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Email : fi.fa.ta@wanadoo.mg

Agriculture in Madagascar

- 14 million people rely on agriculture (70% of the population)
- Agriculture is the primary economic sector
- Rice cultivated by 90% of all farms
- Less than 4% of land cultivated
- Access to land and agricultural services difficult

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Email: fi.fa.ta@wanadoo.mg

MALAGASY AGRICULTURE: PRIMARILY FAMILY FARMS

One family:

- Generally cultivates less than 1 ha
- Is composed of 5/6 people
- Labors manually on plots that are scattered
- Uses very little fertilizer and practically no improved seeds

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Email: fi.fa.ta@wanadoo.mg



FIKAMBANANA FAMPIVOARANA NY TANTSAHA

(Association for the advancement of peasants)

- Founded in 1989
- One of 4 apex peasant organizations in Madagascar
- 108 000 members in 10 regions (out of a total of 22)
- Promotes “family, professional and competitive agriculture”
- Services to members: historically, credit has been primary service to members

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Email: fi.fa.ta@wanadoo.mg

FIFATA and the CECAMs

- In 1987, farmers from Vakinankaratra were seeking solutions to their finance problems
- They created two solidarity groups to borrow from 2 NGOs
- In 1989, they joined FIFATA
- In 1990, the first village savings and credit banks opened
- In 1991, activities expand to new regions
- In 1993, the CECAMs (*Caisses d'Epargne et de Crédit Agricole Mutuels* or Savings and Agricultural Credit Cooperative Societies) are founded

□□□□□□ — Fikambanana Fampivoarana ny Tantsaha – MADAGASCAR

Email: fi.fa.ta@wanadoo.mg

MICROCREDIT IN MADAGASCAR

- Is a reality in many regions
 - Today, there are microfinance institutions in nearly every region
- A diversified range of credit is offered to
 - Buy material
 - Finance plantation
 - Stock harvests
 - Solve social problems...

FI.FA.TA — Fikambanana Fampivoarana ny Tantsaha — MADAGASCAR

Email: fi.fa.ta@wanadoo.mg

AGRICULTURAL MICROCREDIT: A GENUINE NEED

- Fills a real need, peasant need finance for their productive activities
- Without it, development would be impossible in rural areas
- FIFATA is convinced of the importance of ag mc:
 - Recently, FIFATA spoke out on behalf of its member base in defense of the need to maintain agricultural credit supply, which was under threat in some regions of Madagascar

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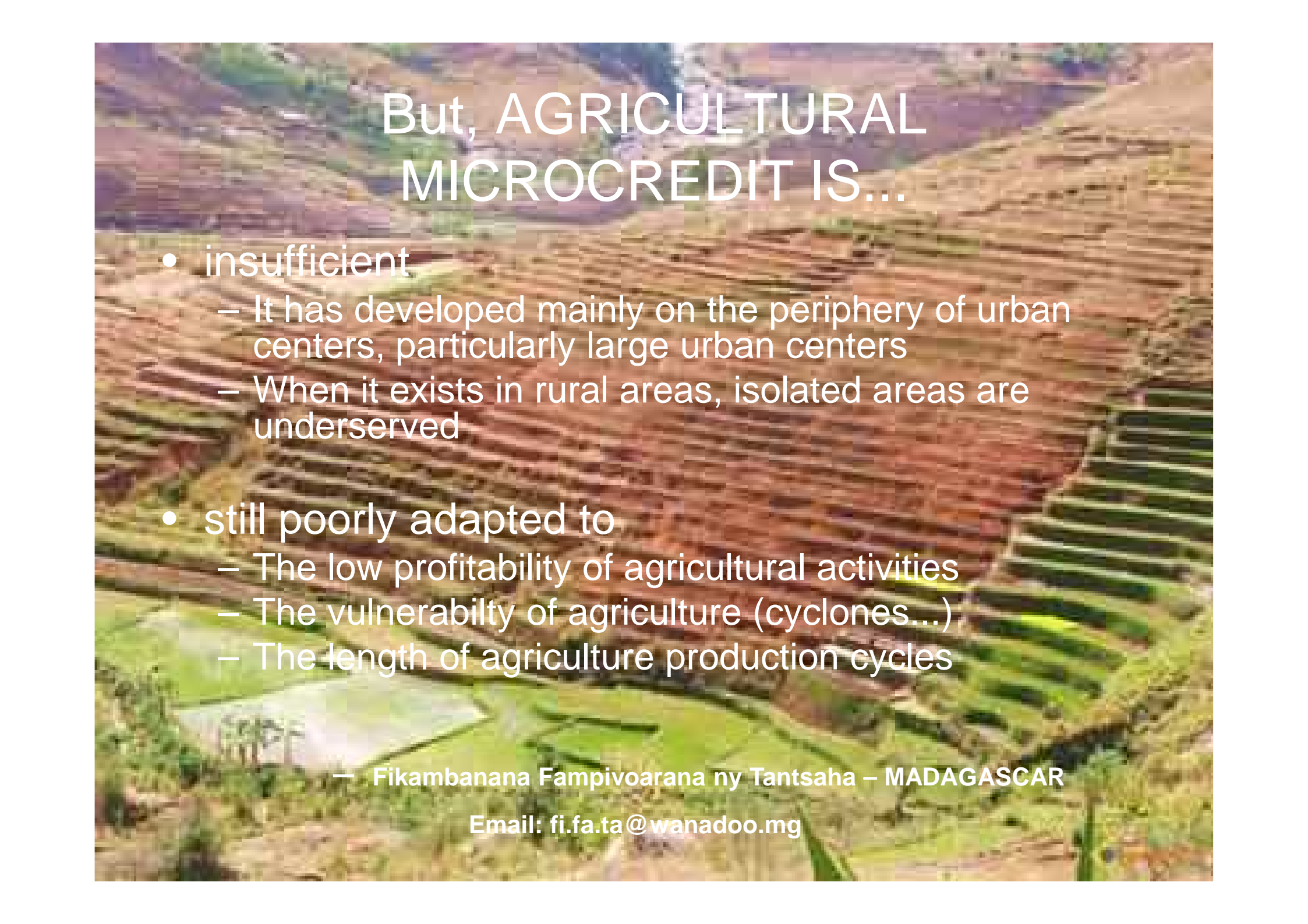
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MICROCREDIT BOOSTS AGRICULTURE

- When it is used in dynamic supply chains
- Certain products are deemed better than others. Users like in particular :
 - Cooperative hire-purchase product (LVM) to invest in equipment
 - Storage credit in Village Community Granaries (GCV)

FI.FA.TA — Fikambanana Fampivoarana ny Tantsaha – MADAGASCAR

Email: fi.fa.ta@wanadoo.mg

An aerial photograph of a valley in Madagascar, showing extensive terraced rice fields. The terraces are arranged in a grid-like pattern on the slopes of the hills, with some areas appearing to be under construction or recently harvested. The colors range from vibrant green to brownish-red, indicating different stages of the agricultural cycle. The text is overlaid on the upper portion of the image.

But, AGRICULTURAL MICROCREDIT IS...

- insufficient
 - It has developed mainly on the periphery of urban centers, particularly large urban centers
 - When it exists in rural areas, isolated areas are underserved
- still poorly adapted to
 - The low profitability of agricultural activities
 - The vulnerability of agriculture (cyclones...)
 - The length of agriculture production cycles

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Email: fi.fa.ta@wanadoo.mg

MICROCREDIT STILL MISUSED BY PEASANTS

- Farmers are unfamiliar with financial mechanisms
- Peasants perceive MFIs as “external” institutions
- Procedures are distant from the users’ reality and not well understood
- Use of agricultural loans for consumption

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Email: fi.fa.ta@wanadoo.mg



To invest and be willing to borrow, peasants need confidence in the future

- They first need...
 - Decent prices
 - Transparency and stability of the rules of the game

FI.FA.TA — Fikambanana Fampivoarana ny Tantsaha – MADAGASCAR

Courriel : fi.fa.ta@wanadoo.mg

PEASANT MFI FOCUSED ON SERVICES FOR PEASANTS

- Today, to reach a “richer” clientele, we are observing :
 - Creation of new products for commercial purposes, home renovation...
 - A move towards larger cities
- Why not, if this enables:
 - Better quality services for farmers (information, follow-up)
 - To be closer to the client

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email: fi.fa.ta@wanadoo.mg

BETTER ADAPTED AGRICULTURAL CREDIT

- Loan applications reflect more realistic projects
- More complete information
- Lower interest rates
- Shorter loan applications
- Disbursement when the client needs it

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Email: fi.fa.ta@wanadoo.mg

An aerial photograph of a valley in Madagascar, showing extensive terraced rice fields. The terraces are arranged in a grid-like pattern on the slopes of the hills, with some fields appearing lush green and others more brownish, possibly due to soil or water conditions. The valley floor is also visible, showing some structures and more greenery.

AGRICULTURAL CREDIT COMPLEMENTARY TO A VARIETY OF SERVICES FOR FARMERS

- Land access
- Training (in credit use and loan management)
- Information
- Access to inputs
- Market access
- Advisory services to family farmers

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Email: fi.fa.ta@wanadoo.mg

WHAT ABOUT OTHER FINANCING MECHANISMS?

- For the many particularly vulnerable Malagachy peasants
- Forced to consume nearly all their production
- Still very far from the idea of wanting to “produce to sell”

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Email: fi.fa.ta@wanadoo.mg

An aerial photograph of a valley in Madagascar, showing extensive terraced rice fields. The terraces are arranged in a grid-like pattern on the slopes, with some areas appearing green and others brown, likely due to different stages of cultivation or soil conditions. The valley floor is visible in the lower left, showing some structures and more lush greenery.

THANK YOU FOR YOUR ATTENTION

📧 — Fikambanana Fampivoarana ny Tantsaha – MADAGASCAR

Email: fi.fa.ta@wanadoo.mg