

« MICROFINANCE THE FACE OF AGRICULTURAL CRISES IN MADAGASCAR »

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ABSTRACT

Since its existence, the Malagasy populations are fascinated by agriculture. And currently, 80% of the active population are farmers and the agricultural sector represents 29.1% of the country's GDP. Farmers have a problem of financing to improve their yields and their productions. In this sense, it is important to pose at our level the following problem: "What are the roles of microfinance for Malagasy farmers? Based on a hypothesis assuming the possibility of revitalization of the microfinance sector in the face of agricultural crises, the objective of this work is to identify the problems of microfinance in the face of agricultural crises in order to have a better understanding of this sector, and to contribute to the increase of farmers' production. The results show that despite the problems encountered, strategies should be adopted to enable them to achieve their objectives. We propose that MFIs consider the specific needs of farmers, as 80% of the population is engaged in this occupation. And therefore, MFIs should consider reducing their rates and guarantees. At the same time, the agricultural sector in Madagascar should comply with international standards.

Key words: Agriculture, microfinance, offers, boosting factors, rates, guarantee

INTRODUCTION

The Malagasy population has always been fascinated by agriculture. And currently, 80% of the active population exercises this profession. This is why the agricultural sector represents 29.1% of the GDP¹ of Madagascar. An important fact to note for all farmers is the problem of financing². The main purpose of this is to improve their daily or even annual yields and production. In addition, during the harvest season, the market price decreases by at least 30% of the normal price³.

Farmers have recently become one of the favorite targets of Microfinance Institutions (MFIs). A mutual MFI called CECAM⁴ was created in 1993 to specifically address the problems faced by Malagasy farmers. In 2016⁵, their offers for agriculture represent 68,92%⁶.

¹ Gross Domestic Product

² RAJERISON Olivia. (2013), p.1, La culture entrepreneuriale à Madagascar selon une approche historique, économique et analytique, Revue juridique MCI n°64 : « Même si une Nation recèle des richesses considérables mais que personne ne les exploite, ce serait tout comme si elles n'existaient pas »

³ OLLIVEAUD Marion (FIDA juillet 2012), p.10, Étude de cas, programme pays Madagascar, Étude de cas : la caisse de microfinance CECAM à Ambatolahy, commune de Miandrivazo. L'auteur affirme que grâce à ce crédit GCV, les agriculteurs peuvent ainsi mieux valoriser leur production.

⁴ Caisses d'Épargne et de Crédit Agricole Mutuels

⁵ <http://www.cecama.mg/quelques-chiffres.php>

Generally speaking, MFIs offer financial services to very small enterprises (VSEs) and small and medium-sized enterprises (SMEs). Recently, through the CAE loan - Credit With Education -, reserved for vulnerable groups of women, also commonly called "Solidarity Credit", the beneficiaries of this type of loan are beginning to repay their loans weekly.

As a remark, we note the fact that we are witnessing a concentration of clients potentially attracted by this type of credit in the areas Analamanga, Vatovavy Fitovinany⁷. One point not to be overlooked, however, in the context of doing business in Madagascar, is the fact that, according to recently released statistics, 90% of the population lives in poverty⁸ in 2015. This remains an alarming finding. And, it is good to note that currently, it would be sure that this rate will not be the same. The current inflation is around 7% minimum or even more, according to the Central Bank of Madagascar.

In this sense, it is important to ask, at our level, the following question: "Is microfinance the only financial tool that is the most appropriate for the current context in Madagascar to help the majority of Malagasy farmers face the various agricultural cyclical crises?"

In this study, our objectives are divided into two distinct points. The overall objectives are to contribute to the development of Madagascar through microfinance, to a better understanding of microfinance, and to contribute to the increase of farmers' production. And, the specific objective revolves around the identification of factors for revitalizing MFIs in the face of agricultural crises in Madagascar.

Based on a hypothesis that assumes the possibility of revitalizing the microfinance sector in the face of agricultural crises, this work will present in its first part the contextualization of agriculture and microfinance in Madagascar. Then the results will turn to the problems that microfinance and farmers have to face on a permanent basis, in order to be able to discuss the possible factors of revitalization of microfinance in the face of Malagasy agricultural crises.

I- CONCEPTUAL BASIS

In Madagascar, the primary sector largely dominates when we talk about the national economy. Moreover, due to the lack of programs more or less adequate to our current situation, and because of the insufficiency of financial resources, our economic and agricultural growth, and others, remains until now a simple illusion, a utopia.

1.1 Contextualization of agriculture in Madagascar

Historically, agriculture has been undertaken by our ancestors for a long time. Even today, it remains a very vivid custom for the Malagasy: it has become a tradition, a cultural heritage to practice this profession. Moreover, it is considered as a kind of agricultural saving⁹ which allows savers to sell their products when financial difficulties arise.

In the 19th century, the Malagasy agricultural profession organized itself within peasant associations grouped into four national federations: the SOA network - Union of Agricultural Organizations, the CPM, the Confederation of Koloharena, the FIFATA platform. These farmers' organizations are supported by NGOs, including AFDI: Agriculteurs français et développement international. These actors have provided punctual financial support through projects, technical support and know-how for 15 years already¹⁰. It should be noted that in Madagascar, we see two types of agriculture: family agriculture aimed at satisfying self-consumption and industrial agriculture aimed at seeking maximum profit.

1.1.1 Family/traditional agriculture

Family farming is a form of organization of agricultural production characterized by links that unite the family and the production unit with recourse to family labor. Production capital and family assets are combined. On the other hand, traditional agriculture is based on a technique inherited from several generations (input used, no use of fertilizers and no use of modern techniques). In this sense, the work is manual and is distributed among family

⁶ Voir annexe 2

⁷ PASCAL K. Mayamou (2012), p.342, *La microfinance en Tunisie et en Egypte : un outil au service du développement local ?* Thèse à l'Université Rennes 2 : « La microfinance rurale ne peut résoudre tous les problèmes auxquels se heurtent les économies rurales »

⁸ <http://www.banquemonde.org/fr/country/madagascar>, consulté le 12 janvier 2018.

⁹ Savings can be classified into three types: Financial savings, steer savings, material savings and agricultural savings.

¹⁰ http://agriculture.gouv.fr/sites/minagri/files/documents/pdf/fichepays2014-MADAGASCAR_cle8433a6.pdf consulté le 12 janvier 2018.

members (the work of men is different from that of women). As a result, yields are low. And the concern of farmers is self-consumption. They market only the leftovers of their consumption. The objective is to meet family needs.

In Madagascar, this category of agriculture is dominant in all regions. Families using this method combine other activities such as livestock, fishing and handicrafts. They do not specialize in any of the activities they undertake. In addition, only agriculture and livestock breeding constitute savings for these farmers. Its sale is realized only to finance a party, the schooling of the children, the marriage, the illness and the burial.

1.1.2 Industrial agriculture

Industrial agriculture is the use of modern techniques such as tractors for plowing, mechanized work, the use of fertilizers and the use of inputs that meet international standards. In Madagascar, only 8 companies work in the field of agriculture¹¹. On the other hand, almost 50% of these companies focus on export only.

Currently, the State has created projects to enable traditional farmers to improve their farming techniques. For the past 5 years, it has set up the PURSAPS project. And a PAPRIZ phase II project was launched in 2015, this project is essential for improving the yield of family farmers.

Note that the main crops in Madagascar are grouped into the following categories:

- Food crops: paddy, cassava and maize, and rice
- Export crops: coffee, vanilla, cloves, pepper;
- Industrial crops: tobacco, cotton, sugarcane.

It should be noted that rice is the staple food of the Malagasy.

1.2 Microfinance in Madagascar

Microfinance in Madagascar was created more than thirty years ago. Its creation is supported by specialized technical operators such as the International Center for Development and Research - CIDR - and by funding from donors, mainly the World Bank, the European Union, the French Development Agency - AFD - and the United Nations Development Program - UNDP - through a project to support the financing of vulnerable people. The objective is to target the poorest people to enable them to break out of the vicious circle of poverty. Currently, two types of microfinance have been identified:

1.2.1 Mutualist microfinance institution (IMFM)

The law n° 96-020 of 22 août 1996¹², the mutualist financial institution as being a group of natural or legal persons, with legal personality, without profit motive, founded on the principles of cooperation, solidarity and mutual aid and whose main purpose is to collect the savings of its members and/or to grant credit to them. For this institution, profit sharing is prohibited. And it is necessary to be a member to be able to enjoy the services offered.

Moreover, members have the right to vote regardless of their assets in the microfinance: "It is the legality of the members". And the representatives of its members, following an election, decide on the amount and the person who will be granted a loan with the support of technical staff paid by the MFI. In Madagascar, this type of microfinance is able to establish itself in remote areas because the profits made in areas with minimal risk will be invested in other areas. It should be noted that the MFI is supported by international organizations in other areas. For example, the ASARA project works with the CECAM network and Fivoy to implement one of its components.

1.2.2 Non-mutual microfinance institution (IMFNM)

IMFNM is a financial institution company created by investors based on the principles of profit seeking and whose main purpose is to collect savings and grant credit to the public. The granting of credit is decided by the staff. The basis of assessment used is well founded and minimizes the risk of non-payment by the borrower. For this type of microfinance, anyone can benefit from the services offered without necessarily being a member. During the last three years, two non-mutual microfinance institutions have transformed themselves into

¹¹ <http://www.mada-pages.com/annuaire-madagascar/agriculture/agriculture.html> consulté le 12 janvier 2018.

territorial banks. This is the case of Microcred Madagascar¹³ and SIPEM¹⁴. A transformation based primarily on the CSBF's decision.

The MFIs offer financial services such as credit and savings, which are the main activity of microfinance, non-financial services such as training, technical support and advice, and money transfer services with the collaboration of the existing telephone operators in Madagascar. Insurance¹⁵ have recently been offered as well. The types of insurance frequently used by MFIs are the following:

- Outstanding balance insurance: This insurance covers only the amount outstanding when a loan is granted. It was put in place to avoid the seizure of the contractor's collateral and to allow MFIs to facilitate their collection.

- Health insurance: to avoid defaulting on payments in case of illness, MFIs offer this type of insurance so that the capital invested is not lost in case of problems¹⁶.

Their financial offers vary according to the type of target customers: services to farmers, merchants and even services to companies. Recently, a company guaranteeing borrowers was created: SOLIDIS. The State has set up supervisory bodies to monitor MFIs: CNFI and CSBF. The National Coordination of Inclusive Finance (CNFI) is administratively attached to the Directorate of Financial Operations (DOF) within the General Directorate of the Treasury (DGT). Its mission is to implement government policy for the development and promotion of the inclusive finance sector (microfinance, microinsurance, mobile financial services, financial education and client protection) through the National Strategy for Inclusive Finance, and to ensure the effectiveness of the public funds invested.

As for the CSBF, it is attached to the central bank and its mission is to ensure the proper functioning of credit institutions and electronic money institutions. It has four functions: administrative (granting of authorizations or licenses), regulatory (definition of management rules and setting of accounting standards), supervisory (documentary and on-site inspections) and jurisdictional (power to impose graduated sanctions).

And according to law 2005-016, MFIs must join together in an association, whether mutual or non-mutual, to defend their interests. This is the reason for the creation of the APIMF. The latter ensures the representation of MFIs and defends their professional interests. In short, MFIs in Madagascar offer general services and reach all categories of existing clients/members. However, only the network CECAM¹⁷ offers a specific financial service for Malagasy farmers. Potential clients are around 68,92%¹⁸ of its members.

II- RESULTS

The results of this research concern the problems of microfinance and Malagasy agriculture.

13 Décision n° 012/2009-CSBF du 11 septembre 2009 portant agrément de Microcred à Madagascar en qualité de banque territoriale.

14 Décision n° 004/2014-CSBF du 26 mars 2014 portant agrément de la SIPEM à Madagascar en qualité de banque territoriale.

15 JEAN-MICHEL Severino et JEAN-MICHEL Debrat, *L'aide au développement*, Edition Le cavalier Bleu, idées reçues, Paris 2010, p.69, Ces assurances sont une protection sociale. And according to le site <http://bonne-assurance.com/lexique-assurance/protection-sociale/>, Microinsurance is a collective benefit that MFIs agree to finance in order to protect their members from health-related risks that threaten the balance of household resources. Many clients/members of the MFIs did not understand the entity convention (separation of operating capital and funds used in households) cited in the General Accounting Plan - PCG 2005 - applicable in Madagascar. On this point, in case of illness, beneficiaries do not need to use their capital to get treatment.

¹⁶ The problem of family farmers does not know the convention of the entity in the general chart of accounts 2005 where the borrowed capital is different from the family money.

¹⁷ BOUQUET Emmanuel., WAMPFLER Betty., et Eliane RALISON (2009), p.91-108. « Rigueur scientifique et pertinence des études d'impact en microfinance : une alliance à construire. Enseignements d'une étude en partenariat à Madagascar », Tiers Monde, N°197 : le réseau CECAM est à la fois un pionnier et une référence en matière de microfinance rurale à l'échelle internationale. In <https://www.cairn.info/revue-tiers-monde-2009-1-page-91.htm> consulté le 12 janvier 2018.

¹⁸ RIES Alain et CHAUVIERE LE DRIAN Grégoire (2008), Évaluation d'institutions de microfinance en milieu rural à Madagascar, Série Évaluation et capitalisation, Expost, AFD n° 13 juillet 2008 :la microfinance est la dernière source de financement rural

2.1 Problems of agriculture

Agriculture in Madagascar suffers from several major problems. First, most farmers still use traditional techniques. These techniques include manual plowing, non-use of agricultural materials, use of traditional seeds, not adapted to the climate and minimizing productivity, non-use of fertilizers (see Annex 1) and non-use of insecticides. In this sense, it can be said that the agricultural practice in this country lacks mechanization and motorization. As a result, productivity yields are gradually decreasing.

In the case of the Vatovavy Fitovinany region, the men of the same family help each other to accomplish the work. They simply use shovels and knives to perform their tasks. For several years, to minimize physical effort, they have used oxen to do the plowing. In addition, in this region, given the methods used, their crops cannot cover their needs throughout the year.

Secondly, the state plays a very important role in the marketing of agricultural products through state programs such as the PSDR¹⁹, PROSPERER²⁰. Among other things, the inexistence of infrastructures that can at best satisfy a good number of Malagasy paralyzes the enthusiasm of rural neo entrepreneurs. Moreover, due to the non-existence of roads, the productions are isolated in the producing regions. This is the case of the few communes of the Vohipeno district. Farmers do not have the opportunity to transport their crops to other districts or even to the same commune by road. Some communes have the possibility of using transport by sea. However, their means of transport remain solely on the use of dugout canoes. The latter can in no way carry all their production. Its capacity is about 300 kg to avoid overloading.

Moreover, during colonization, farmers living in the former province of Fianarantsoa had the chance to export their productions by rail or by sea (construction of a canal linking Farafangana and Tamatave called "Canal de Pangalana"). Currently, this railroad linking Manakara and Fianarantsoa has not been maintained. Indeed, the price does not suit the best or let's say all simply does not cover the daily needs of everyone and even according to the rule of supply and demand. This situation generally leads to a continuous loss or even bankruptcy for these farmers. It should be noted that transport determines the price of goods, for a long transport, the loss of value of the transported goods is high. In this case, its price decreases as the time of transport increases if the cost of transport is borne by the farmer.

In addition, we have observed a permanent insecurity in rural areas since 2009²¹. Since this year, thefts of oxen have intensified (with the phenomenon of DAHALO²²). This situation has led to the abandonment of cultivable land. The oxen, in fact, intended to be used to exploit these lands remain a rare object of bargaining. These problems, in large part, are the indirect consequences of a lack of vision on the part of leaders over the years. They result from a bad strategy of the Malagasy State. We have poorly exploited mining resources. We also have the necessary land to succeed in empowering and satisfying everyone. We also have resource persons. Why still prioritize sectors that are not promising for the whole Malagasy population?

Moreover, the problem of financial resources is the biggest challenge for farmers. Based on the fact that they are concentrated in the rural area, they do not have a stable monthly income. In addition, the area is totally remote which prevents traditional banks from establishing themselves there. Some farmers have tended to borrow from loan sharks. These loan sharks offer a high interest rate of around 100 to 150% per month. At the same time, they ask their family members to provide them with financial resources. But this is very rare in the region of Vatovavy Fitovinany. For some communes in this region, the traditional culture is still engraved in the mentality of their descendants. During our interview with a farmer from the rural commune of Andemaka, he stated that "it is a shame to borrow money from his family". And if you don't have enough inputs, it's better to borrow seeds rather than money to buy inputs.

As a result, they are excluded from the formal financing system. At the same time, they cannot expect the best possible return because agricultural inputs are very expensive. In addition, the human resources assigned to the farm have not received adequate training. Their knowledge is only passed on from generation to generation.

A school in agriculture and breeding has been created in the commune of Vohipeno for several decades. It trains their students to master the world of agriculture. The students come from the four points of Madagascar.

¹⁹ Programme de Soutien au Développement Rural

²⁰ Programme de Soutien aux Pôles de Micro - Entreprises Rurales et aux Economies Régionales de Madagascar

²¹ Existence of coups in Madagascar.

²² In French, it can be translated as groups of individuals with firearms whose objective is to steal oxen.

However, it is rare that the population of this commune follows the training because of the existence of schooling. And they think that the traditional technique is still effective. In this case, it is difficult for this population to follow the change in general.

In addition, agriculture is recently handicapped by the existence of the land problem. The latter is a source of blockage in farming. There are people who claim to have the right to cultivate their land but who have no title.. PRONK Carolien and EVERS Sandra²³ found that lack of financial resources and inability to follow the long and complicated registration process are the causes preventing people from accessing titles. And most of the community members are illiterate. They don't speak French. They do not understand the legal jargon of registration.

Finally, Madagascar is the 8th most threatened country by global warming according to the Global Climate Risk Index 2017. The German cooperation agency through the director of the GIZ, CHRISTOPH Feldkötter stressed that "it is not only the production that is damaged by climate change and also the processing and development of agricultural products²⁴ ».

Recently in January 2018²⁵, The heavy rains caused by the cyclone have caused significant flooding throughout the country, particularly in the Analamanga, Atsinanana, Alaotra Mangoro and Vatovavy Fitovinany regions. The agricultural calendar is proving difficult to manage as a result of climate change. Traditional tools are increasingly ineffective in increasing yields.

As a partial conclusion, Malagasy farmers are exposed to major agricultural risks.

2.2 La microfinance à Madagascar

Microfinance, on the other hand, suffers from significant problems. Like agriculture, road infrastructure is essential for microfinance. The latter will be able to minimize their operating costs through infrastructure that is better adapted to people's needs. For microfinance, the cost related to the operations, especially the visits of its beneficiaries to ensure the use of funds. In addition, before granting a loan, MFIs must evaluate the borrowers' capacity by visiting their locality and conducting a survey of their neighbors to avoid the risk of anti-selection.

It should be noted that microfinance was created as a result of the inability of traditional banks to offer services to the poor and in rural areas.

In addition, the capital costs of these institutions are high. The resources of MFIs are characterized by: the result to be invested, the deposits of members and/or clients and the loan from banks. On the other hand, it is preferable for an MFI to use its internal resources to finance its activities (deposits). In reality, their own resources are insufficient. In this case, they resort to borrowing from banks to enable them to carry out their "credit granting" activity. On the other hand, the central bank's key rate is increased by 2% by these commercial banks. This external resource is more expensive. MFIs will have to pay interest monthly like a bank client. Therefore, the rate applied is quite high for their members/clients.

In addition, despite the identification of specific needs²⁶ of customers²⁷/members²⁸ In addition, the microfinance institutions have not stopped offering generalized services. According to our informal interview with a member of the CECAM network in VOHIPENO, their financing needs will have to be adapted to the products offered. Certainly, its members need funding to start their activities by growing coffee and cloves. However, the harvest will not come until five years later, normally. Nevertheless, the maximum duration of

²³ PRONK Carolien et EVERS Sandra J.T.M. « Complexité de l'accès à la terre dans le sud-est de Madagascar ». TALOHA, numéro 18, 20 novembre 2007, in <http://www.taloha.info/document.php?id=568>.

²⁴ <http://www.rfi.fr/afrique/20170701-madagascar-enjeux-climatiques-menu-conference-organisee-ue> consulté le 12 janvier 2018.

²⁵ <https://www.temoignages.re/developpement/changement-climatique/cyclone-ava-a-madagascar-la-solidarite-s-organise.92066> consulté le 12 janvier 2018.

²⁶ LEKANE TSOBGOU Dieudonné (2011), P.4, Microfinance et développement communautaire au Cameroun : le cas du réseau des mutuelles communautaires de croissance (mc²), Cameroun : « Les raisons de l'échec sont à mettre à l'actif d'une mauvaise politique d'identification des besoins des paysans »

²⁷ Beneficiaries of microfinance offers with a non-mutual status are called "clients".

²⁸ The beneficiaries of the services of the mutualist institutions are called "members" because from the moment they join, they pay a fixed social share equivalent to one share.

credit is 3 years and the payment of interests is done monthly of the remaining capital. It is impossible for them to make loans in this sense.

It should be noted that governance is defined as the process used by the governing bodies - the general assembly, the board of directors (BOD), (possibly the supervisory board) and various committees, such as the credit committee, the audit committee, the ethics committee, the social performance monitoring committee - to help an institution fulfill its mission and protect the assets of that institution²⁹. MFIs have experienced this governance problem since its growth phase (since 1996³⁰). They find it difficult to set up a complex organizational structure and control its assets. In addition, for mutual microfinance, the members of the board of directors are elected by the members. On this point, the election is based on knowledge and charismatic power and not on the competence to control the institution. For information, the leaders of a network « Tahiry Ifamonjena Amin'ny VOla³¹ » - TIAVO performed a detour that led to a network failure³². In governance as in microfinance, this situation is called an information asymmetry where we divert our action from the pre-established contract.

In addition, the strategy applied by MFIs to compensate their loan officers is based on the number of borrowing clients and the amount allocated. These loan officers do not necessarily care about the debt capacity of households. Indeed, the strategy strongly influences the problem of credit risk. The latter can be divided into two points. On the one hand, there is the activity risk and the inherent risk. As we have argued above, the risk of non-payment is associated with the inability of loan officers to properly define the debt capacity of their borrowers. In addition, we have noted the asymmetry of information. The beneficiaries even use their credits for other purposes. And finally, there is the notion of anti-selection. In this case, loan officers grant credit to another person who does not have the capacity to repay than to a person with this capacity.

III- DISCUSSIONS

The discussion mainly focuses on the factors that make microfinance dynamic in the face of agricultural crises.

Microfinance plays a very important role in rural financing. It allows people in rural areas to have access to a formal and reliable source of financing. For farmers, given their non-formal and non-stable sources of income, only this institution can offer them capital at an average cost. By referring to the loan sharks' rates, the interest rate exceeds 100% per month. Its area of intervention is one of the factors of dynamization of microfinance. Indeed, all the regions of Madagascar are covered by microfinance to date³³. This geographic expansion is a way for institutions to prove their ability to provide services to vulnerable people including traditional Malagasy farmers.

Microfinance is trying to adapt their offerings to the needs of farmers. Various products have been set up. We can mention among others the Productive credit³⁴. The MFIs also offer non-financial services to their members: advice and monitoring of cash-generating activities by the portfolio manager, as well as the provision of financial services to the members, such as the provision of credit to the members, and the provision of services to the members.

MFIs also offer non-financial services to their members: advice and monitoring of cash-generating activities by the portfolio manager.

²⁹ LAPENU Cécile (2002), p 849, « La gouvernance en microfinance : grille d'analyse et études de cas », Tiers-Monde, Volume 43, Numéro 172, pp. 847-865

³⁰ <http://www.madamicofinance.mg/index.php/microfinance-a-madagascar/historique/70-depuis1996phasededeveloppementcroissance.html> consulté le 12 janvier 2018.

³¹ Mutualist institution working in the ex province de Fianarantsoa

³² <http://fr.africatime.com/madagascar/articles/faillite-de-lassociation-tiavo-4000-enseignants-fram-privés-de-salaire> consulté le 12 janvier 2018.

³³ See annex 3

³⁴ This credit is reserved for the purchase of agricultural inputs and concerns production costs

In a rural or remote area, only two means of advertising are effective: radio spots and animation. It should be noted that the illiteracy rate in Madagascar reached 46% in the last quarter of the year. 2014³⁵. In this sense, MFIs try to make a comedy radio spot and an animation with popular music that farmers know. Indeed, it is easy for them to persuade their potential customers/members. We should also not forget one of the oldest means of advertising: «BAO» – Mouth To Ear³⁶. This allows the negative and/or positive impacts of microfinance services to be spread from one person to another. These three types of advertising are not only effective in rural areas.

Microfinance requires a minimum of a 100% guarantee and an exorbitant interest rate³⁷. It should be noted that vulnerable people do not have sufficient guarantees. As farmers, and given the land problems, they have difficulty finding sufficient amounts for their financial needs³⁸. In addition, to minimize the risk of non-payment, microfinance tries not to grant credit to people who do not have the capacity to borrow and repay. To fill this gap, it proposes a solidarity credit where borrowers gather in a group. This type of credit does not require any financial guarantee but only a moral guarantee. The moral guarantee is effective for vulnerable people. If one of the groups fails to honor its debt, the whole group is penalized. Moreover, as we have argued before, it is shameful to borrow credits, and it is degrading not to pay one's debt. And for our country, it is better for the Malagasy to practice this type of credit.

For MFIs to be effective for farmers, they will have to adopt good governance to maintain their image. On this point, they will have to prove their capacity to offer liquidity at the right time for these farmers.

CONCLUSION

In conclusion, agriculture in Madagascar occupies a major place in the daily life of the population. And it depends heavily on microfinance to enable it to carry out its activities properly in terms of financing. Despite the problems encountered, strategies should be adopted to enable it to achieve its objectives. We suggest that MFIs consider the specific needs of farmers and the fact that 80% of the population is employed full-time. And therefore, MFIs should consider reducing their rates and guarantees. At the same time, agriculture in Madagascar should comply with international standards. The State should seek a strategy to facilitate the conversion from the traditional to the modern method.

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³⁵ <http://www.orange.mg/actualite/46-malgaches-sont-analphabetes-0> consulted on 12 janvier 2018.

³⁶ It is a gossip, gossip in a way.

³⁷ NDEYE Sine (2008), p.361, *Microfinance et création de richesses: entre logiques domestiques et performances*, thèse à l'Université du Québec à Montréal : « privilégier la viabilité tout en instrumentalisant la solidarité »

³⁸ The requested guarantee should cover at least 100% of the requested credit amount.

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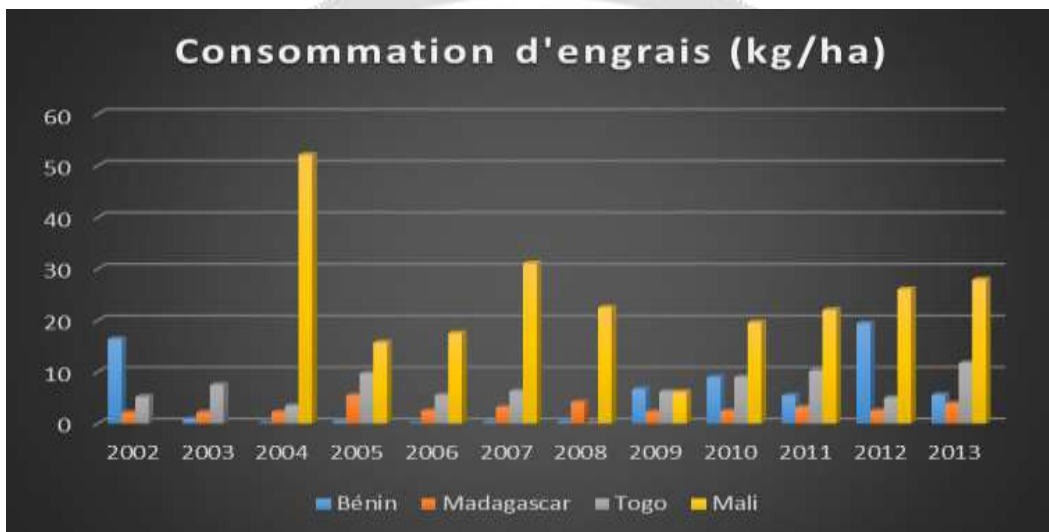
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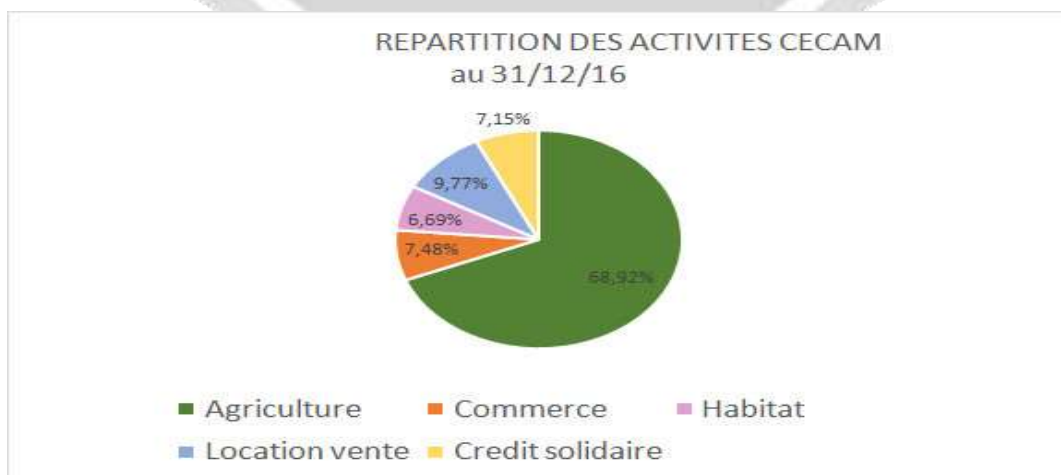
ANNEXS

Annex 1 : Average consumption of fertilizer in Madagascar



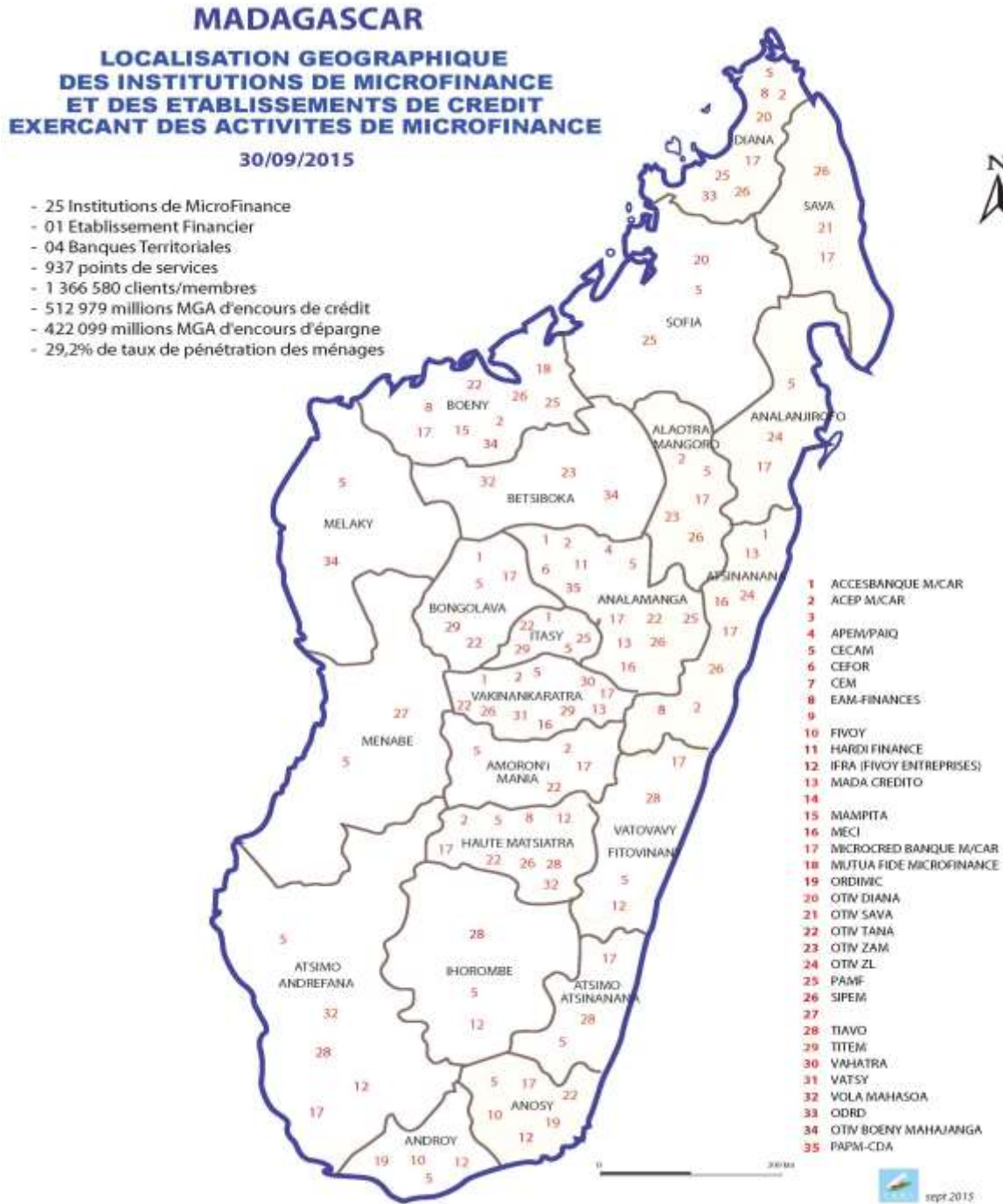
Source : RAMANANTSEHENO Domoina, slide de la présentation de « HISTOIRE DE DEVELOPPEMENT DU SECTEUR AGRICOLE MALGACHE », FTHM et le département économie faculté DEGS Université d'Antananarivo, décembre 2017, Madagascar

Annex 2 : Distribution of network activities CECAM



Source : CECAM

Annex 3 : Couverture des IMF à Madagascar



Source : CNFI³⁹

³⁹ http://www.madamicofinance.mg/images/cartographie/cartographie_stats_300915.pdf