



Approximately 3.6 million households in Madagascar derive a livelihood from agriculture.

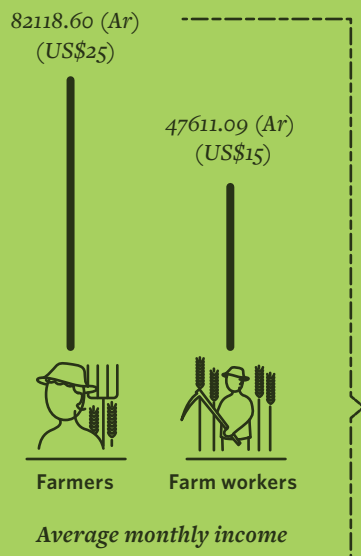


About three in five adults (6.8 million) rely on farming as source of income. This translates to 71% of Malagasy households. Only 9% of the adult population depends on farming to supplement their main income source indicating limited livelihood diversification. About 435 000 adults mainly rely on farm work and wages.

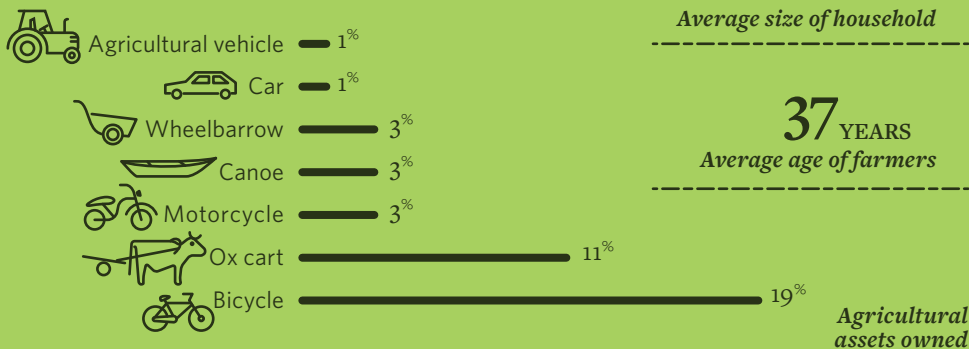
Of the 71% of households involved in farming, 18% are subsistence, 9% are commercial and 73% both consume and sell their produce. Most adults in Madagascar have a strong reliance on the informal sector. In this context, farming forms the cornerstone of most people's livelihoods, providing people with the means to not only earn an income but also improve food security, productivity and ultimately transition from poverty.

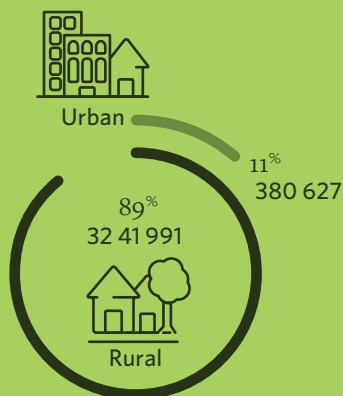
However, while significant in this sense, farming remains for the most part small scale, informal and subsistence, on small pieces of land, and relying on limited infrastructure and very limited access to finance.

 1 USD = 3 250 AR

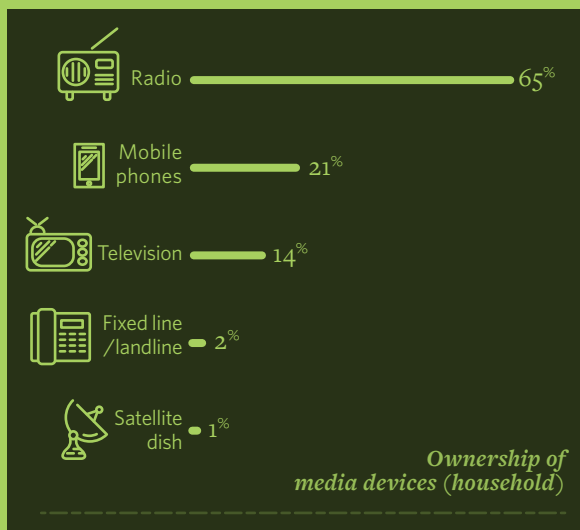


37 YEARS
Average age of farmers

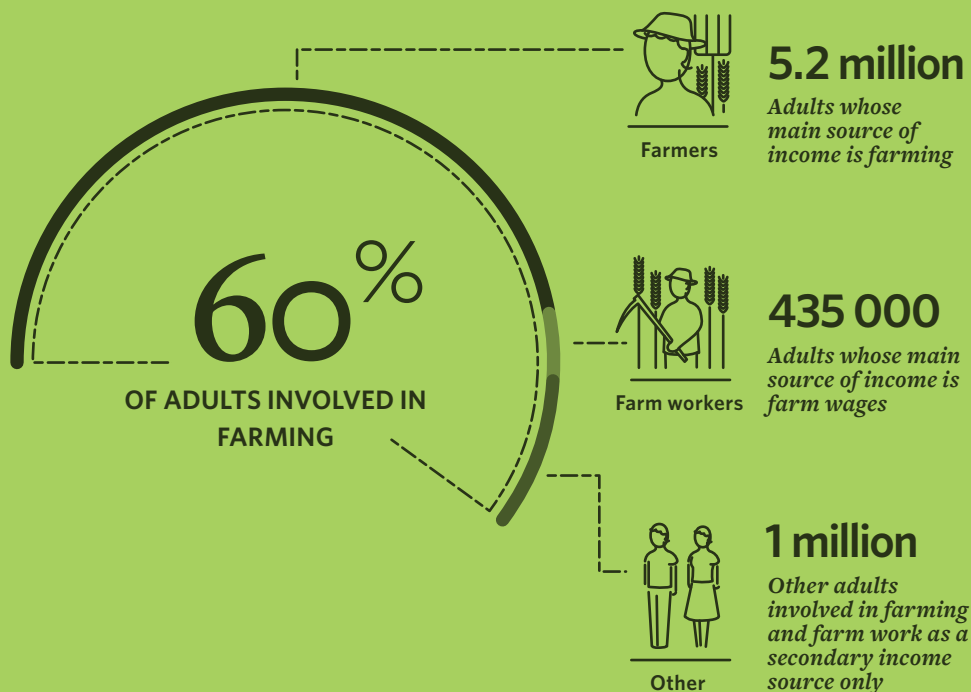




Malagasy farmer household distribution



Generally low ownership of agricultural and non-agricultural assets by farmer households

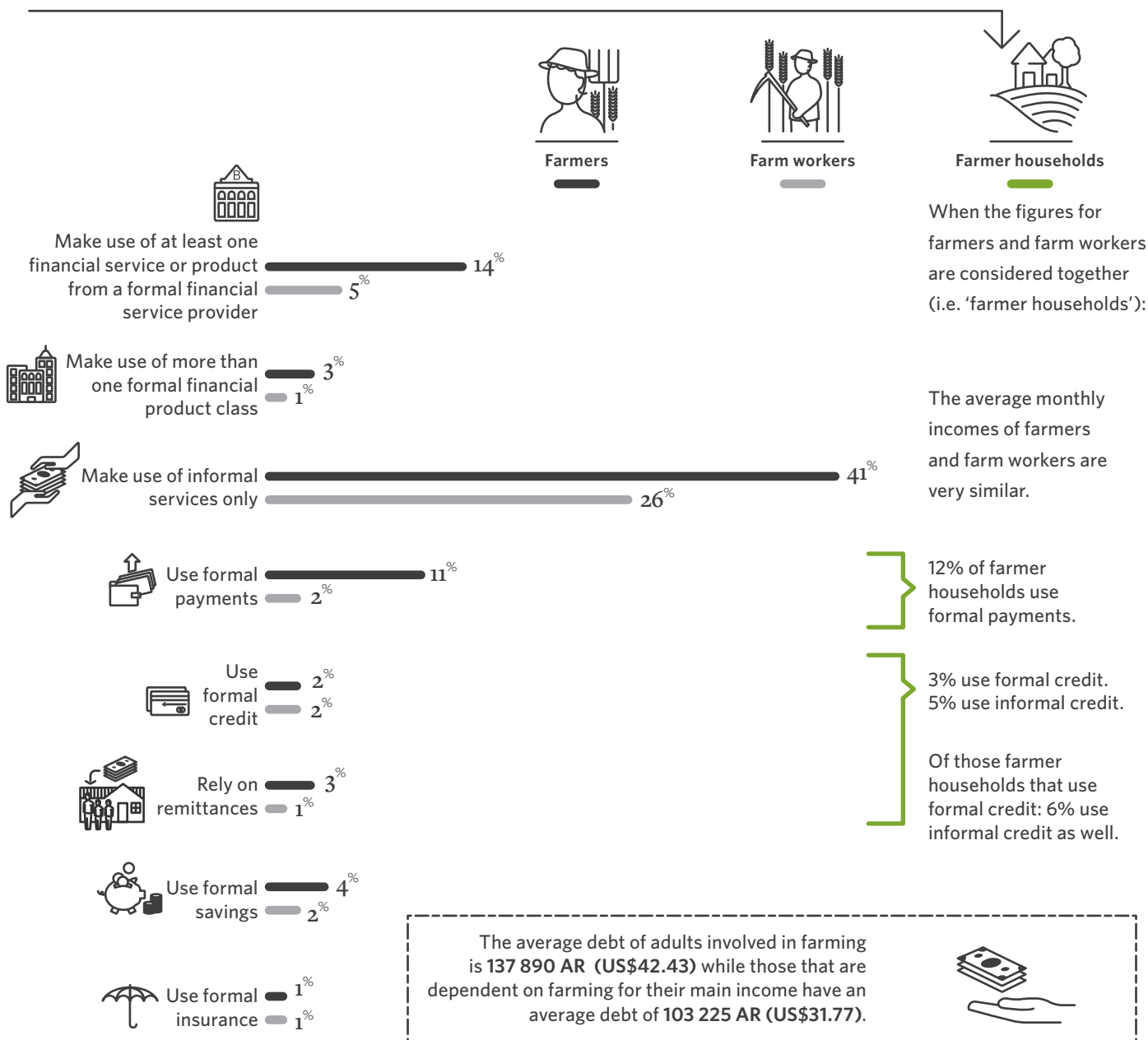


Madagascar

AGRICULTURE



Formal products are financial products or services offered from regulated institutions while **informal products** or services are offered by unregulated institutions.



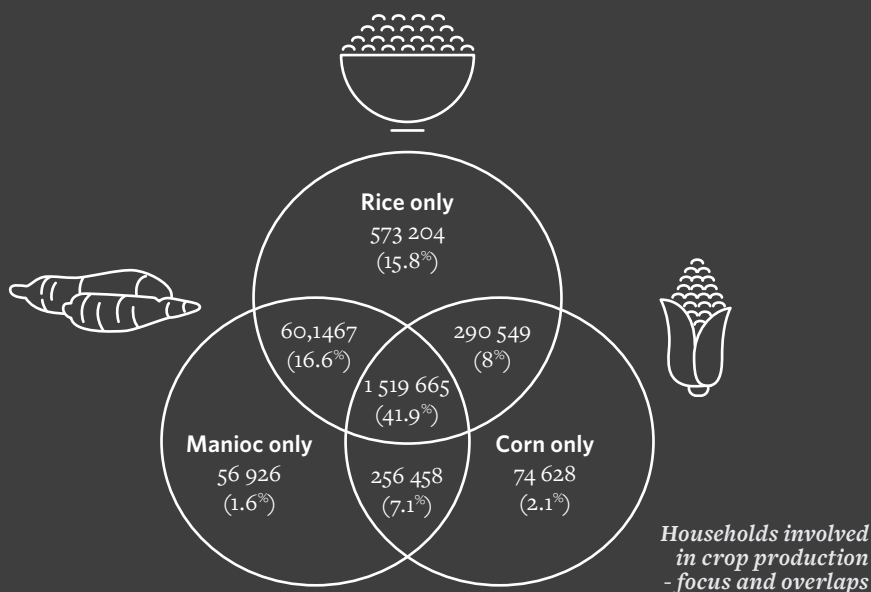
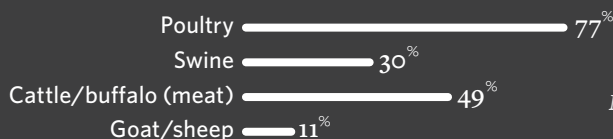
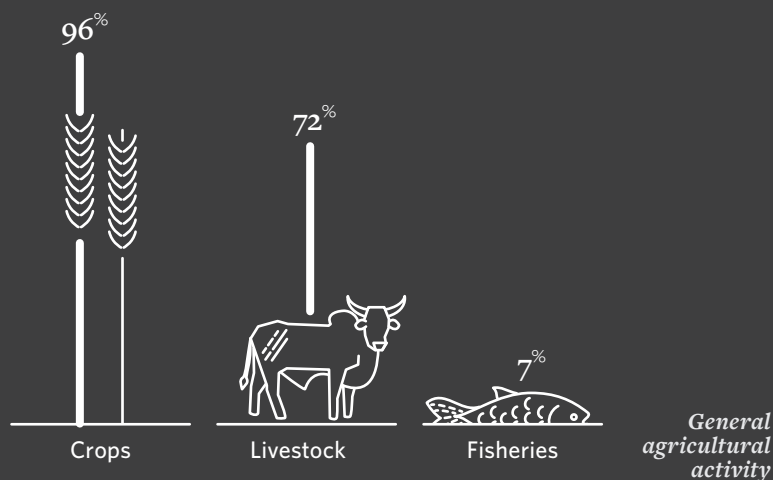
Overview of farming activities

Rice production is the dominant agricultural activity. Almost all those who indicated that their households are involved in farming also indicated that they are involved in crop production. Rice is overall the biggest crop produced, with 82% of all of the households that are involved in farming reporting that their households are involved in rice production.

Most (87%) households are involved in farming at least two crops. Of those households involved in crops (3,6 million), most are involved in farming mainly three types of crops (3,3 million). Rice, manioc and corn are the main crops grown, with 67% involved in farming two or more crops.

25% of those households involved in crop farming farm fruit. Pineapples and citrus are the most commonly planted fruits in Madagascar. Of those involved in fruit farming, 17% farm sugar cane and 6% vanilla. These are high value crops with the potential for commercialisation.

High concentration in rice farming, with small overlaps between the main crops farmed. Of the 3.4 million adults involved in crop production, 98% are involved in farming at least one of three main crop types: regular rice (86% of households in crop production); manioc (67.2% of households in crop production) and corn (59.1% of households in crop production).



A large proportion (1,519,665) of farmer households farm all three crops. If farmers are to farm one crop, it is more likely to be rice. As can be seen, most of the crops grown are starch based crops. A number of households in livestock farming are involved in poultry

farming (77%) while 49% involved in cattle farming, 30% in swine and 11% in goat farming. FinScope reveals that most of the produce is sold at a market place (66%) with 33% selling directly to the consumer and 29% relying on a middleman/agent.



RICE PRODUCTION IS THE DOMINANT AGRICULTURAL ACTIVITY

The majority of farming households own less than 1 acre of land. 49% of farming households own less than 1 acre of land with 31% owning 1-2 acres. Only 19% of farmer households own land that is greater than 2 acres.

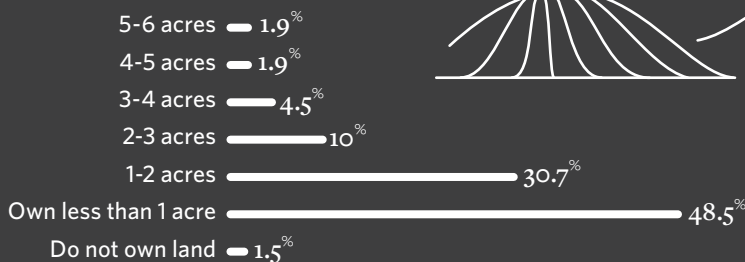
Land ownership figures are high.

However, only 31% of farmer households are in possession of documents of ownership for their land.



LAND OWNERSHIP FIGURES ARE HIGH

49% OF FARMING HOUSEHOLDS OWN LESS THAN 1 ACRE OF LAND



Land size distribution for all adults involved in farming

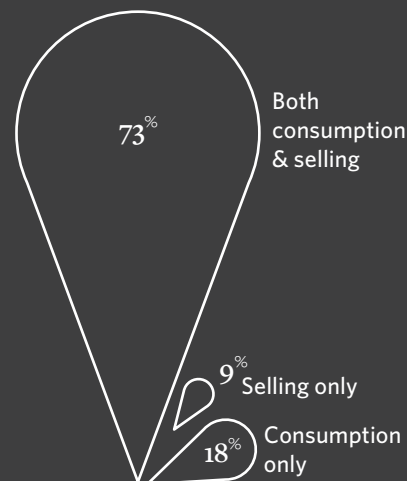
Agricultural commercialisation, subsistence farming & food security

About 18% of farmer households are purely subsistence in Madagascar. Of all farmer households, 73% both consume and sell their produce while about 9% of farmer households are fully commercial. Land size, lack of water and low productivity are cited as major barriers to commercialisation. Additionally, only 7% of farmer households have received formal training or technical assistance in agriculture, livestock and fishing techniques.

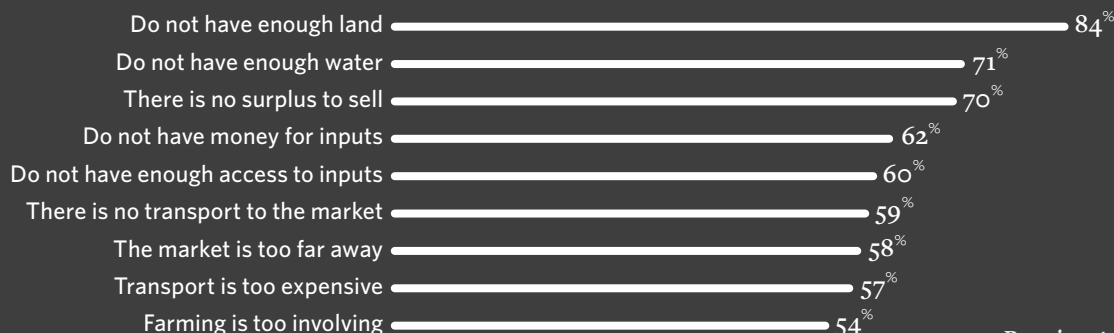
Climate risk in the form of drought and natural disasters, product spoilage and lack of suitable tools are some of the main problems mentioned by farming households. 48% of farming households indicated that drought, floods, cyclones and hail are a major problems that are experienced.

Of the farmer households that were mainly subsistence farmers:

- 84% indicated that they do not have enough land
- 71% indicated that they do not have enough water
- 70% indicated that there is no surplus to sell.



Degree of agricultural commercialisation



Barriers to Commercialisation

Source of farming inputs








Out of all farmer households, 31% are in possession of a title deed for the land they farm on indicating a market for formal credit for farming inputs. The majority of farmers in Madagascar (57%) report that most of their farming inputs are financed through other sources of income. Livestock appears to be a major source of funding for farming inputs with 31% stating that they sell livestock to obtain capital for farming inputs. Selling crops is the next source of capital for farming inputs (21%). Very few farmers in Madagascar reported borrowing from a moneylender or a bank.

Of the households involved in farming (71% of households):

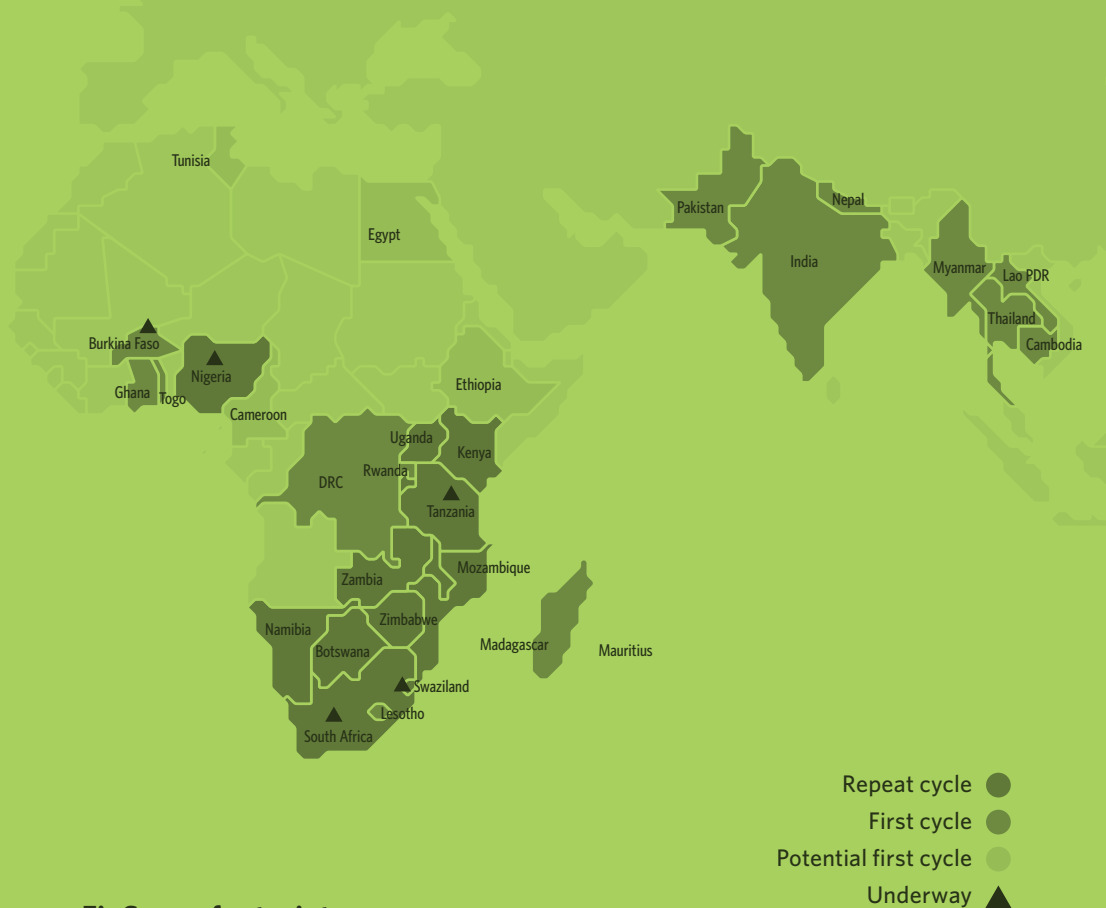
- 1% use formal credit. Credit is used for income smoothing rather than to fund agricultural inputs.
- 6% either borrow money from or get donations from friends and family.
- 10% claim to mainly source their inputs through personal savings.
- 3% rely on informal borrowings (e.g. moneylenders) to fund the next season's activities.



Funding agricultural inputs

		 Farmers	 Farm workers	 All adults
 Credit	Formal	2%	2%	4%
	Informal	6%	7%	6%
	Family & friends or self	24%	25%	22%
	Not borrowing	70%	68%	69%
 Payments	Formal	11%	2%	23%
	Informal	2%	0%	3%
 Insurance	Formal	1%	1%	3%
	Informal	5%	2%	4%
 Savings	Formal	4%	2%	13%
	Informal	45%	29%	33%
	Family & friends or self	28%	21%	26%
	Not saving	38%	60%	41%

Usage of financial services among farmers



FinScope footprint

FinScope Surveys have been completed in 27 countries including Madagascar. This allows for cross-country comparison and sharing of findings which are key in assisting on-going growth and strengthening the development of financial markets. Surveys are currently underway in 5 countries - 3 in SADC and 2 in West Africa.

FinScope Madagascar 2016 contains a wealth of data based on a nationally representative sample of the Malagasy adult population.

Published October 2016

About the Making Access Possible Programme

Making Access Possible (MAP) is a multi-country initiative to support financial inclusion through a process of evidence-based analysis feeding into a financial inclusion roadmap jointly implemented by a range of local stakeholders.

MAP was initiated by the United Nations Capital Development Fund (UNCDF) and is implemented in partnership with FinMark Trust and the Centre for Financial Regulation and Inclusion (Cenfri). In each country, MAP brings together a broad range of stakeholders from within government, the private sector and the donor community to create a set of practical actions aimed at extending financial inclusion tailored to that country.

About FinScope Madagascar

The FinScope survey is a research tool which was developed by FinMark Trust. It is a nationally representative survey of how individuals source their incomes, and how they manage their financial lives.

The FinScope survey is dynamic and the content is evaluated by a number of stakeholders including the private sector, NGOs and Government to ensure that the most relevant consumer data is collected. It also forms an important component of the Making Access Possible (MAP) methodology.



Dr Kingstone Mutsonziwa
kingstonem@finmark.org.za

Mrs Afi Agokla-Dzogbede
afi.agokla@uncdf.org

Mr Obert Maposa
obertm@finmark.org.za

Tel: +27 11 315 9197 • Fax +27 86 518 3579
www.finmark.org.za • www.finscope.co.za • www.map.uncdf.org