

## Access to Financial Services: a Tool for Cutting Poverty

**P 8-9**

**SOCIÉTÉ GÉNÉRALE MADAGASIKARA:**

An Expectations-driven Bank

**P 10-11**

**INTERNATIONAL FINANCE CORPORATION:**

Supporting Private Sector Development  
in Madagascar

**P 20-21**

**MIARAKAP:**

Committed to Financing And Supporting  
Entrepreneurs in Madagascar



**Quick Key Figures** on  
Financial Inclusion in Madagascar  
(p7)

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# Contents

- 3** What's AmCham Madagascar?
- 4** Tiana Ramparany : A Long-Winded Way towards Achieving Higher Financial Inclusion
- 6** AMIC : The Malagasy financial system is rather strong, liquid and profitable
- 8** Société Générale Madagasikara: an Expectations-driven Bank
- 10** International Finance Corporation: Supporting private sector development in Madagascar
- 12** MVola: Forward-looking perspectives to diversified market segments
- 14** Guy Ratsimbazafy: Good borrowers are rigorous leaders
- 16** AmCham's First and Second Quarters Quick Activity Report
- 18** WWF: Are Green Businesses and Investments Emerging Solutions for the Sustainable Development of Madagascar?
- 20** Mirakap: Committed to Financing and Supporting Entrepreneurs in Madagascar
- 22** What is a Savings Group?
- 24** Visit the African Pavilion at Sourcing at Magic in Las Vegas
- 26** Better Work Madagascar: A Convener for an Apparel Sector With Social, Economic, Inclusive and Sustainable Impact In Malagasy Supply Chains
- 28** History of InterEx/FedEx Madagascar.
- 30** Private Sector and Biodiversity: Opportunity or Threat?

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# What's AmCham Madagascar?

The American Chamber of Commerce in Madagascar is a non-profit association of American and local business people. AmCham Madagascar has begun its activities in November 2008 and was officially recognized by the government of Madagascar in February 2010.

AmCham's missions are to:

- Enhance commercial ties between the United States and Madagascar
- Uphold the highest standards of commercial practice
- Support the expansion of English-speaking, Anglophone business community in Madagascar

Only formal enterprises can become members of AmCham. AmCham has been influential in Madagascar and is committed to:

- Vigorously defending AGOA privileges for Madagascar-based companies
- Facilitating business deals between AmCham members
- Introducing AmCham members to international sources of technical and financial expertise
- Defending AmCham members interests with local and international authorities

With this in mind, the Chamber's regular activities are:

- **Thursday Morning Round Tables:** Monthly TMRT gathers all together top business people. The TMRT aims to discuss about a theme developed by a Guest Speaker: Managing Director, Minister, Chairmen...
- **Annual Gala:** Networking event designed to kick-off AmCham's activities that gather all together top business people and representatives of international and diplomatic communities. One Guest of Honor is invited to open the event.
- **English Discussion Group:** The AmCham's EDG consists of 100 percent English oral practice in a friendly and welcoming learning environment. Anyone with basic conversational English is eligible to attend.
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- **Invitations** to special, smaller gatherings that will proceed or follow regular AmCham activities



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# A Long-Winded Way towards Achieving Higher Financial Inclusion



First of all, I must say that Madagascar has always considered access to financial services as a tool for cutting poverty in its successive development strategies. In the late 1990s, different technical and financial partners have begun working with the Malagasy government to carry out the professionalization and the setting up of microfinance institutions in response to this concern. In order to better coordinate the different initiatives and converge towards the common objectives of the national microfinance strategies, the national coordination of microfinance – now national coordination of inclusive finance – was created. Efforts have focused on facilitating access to and increasing the use of financial services that meet the needs of each category of financially excluded people: the vulnerable urban population and the rural population. Despite the efforts made through the strategies developed and implemented since 2004, Madagascar is still considered as a developing country in terms of financial inclusion. The country still faces several challenges in achieving greater financial inclusion.

In 2016, the national coordination of inclusive finance conducted a survey<sup>1</sup> across Madagascar which aims to find out how many people have access to formal financial institutions such as: banks, microfinance institutions, post offices, savings banks and mobile money operators. As a result, 29 percent of the population of more than 18 years old actually had. Compared with the

SADC countries which the survey was conducted, Madagascar ranked second last, ahead of the Democratic Republic of Congo. We then draw up a strategy to reach 45 percent by the end of last year.

One of the main challenges we face is the **low penetration of banks** in Madagascar. In fact, financial institutions are not available everywhere in the country. The services provided by these institutions don't match the needs of the population in terms of personal identification matter for instance, resulting in a **lack of financing**, particularly for small businesses and farmers. As far as Madagascar is concerned, the **low use of innovative financial technology** holds back the access of these people to financial services.

We have tried to incentivize these institutions to get closer to the folks, especially in rural areas. Various projects have assisted these institutions to open new branches over there and use technology to provide these products and services. Of these, mobile money is the most widely-known, yet has some connectivity and security shortcomings. Inversely, the national territory is not yet covered by financial institutions, but it has also been noted that people hesitate to approach them out of ignorance, discomfort or lack of means to round out the formalities required to open an account and use the products on offer. Rural populations, women and young people are particularly concerned by this situation, limiting their opportunities

to scrimp and save, undertake business or protect themselves against risks. Worse still, many people are illiterate and, what is more, insolvent. Lacking financial education, they are unaware that money should be a tool for equipping themselves, meeting daily needs, buying basic necessities and generating income.

To address these, uplifting works in two ways. On the one hand, we help people within the financial education framework. On the other hand, we help financial institutions match their offers to these people's needs. And of course, this applies to all categories: children, young people, adults, professionals, employees as well as farmers and craftsmen. Furthermore, the environment of financial institutions must be complied with good infrastructures, energy, roads, telecommunications, and the safety of customers and the institutions themselves. Most importantly, these services should be sustainable.

Nevertheless, Madagascar has also made significant progress in recent years, thanks to the introduction of policies and regulations favoring the expansion of financial services, as well as the involvement of public and private players in the development of inclusive finance. The presence of coordination has enabled greater collaboration between players, while fostering innovation and diversification of financial products and services range on offer. Madagascar's latest

1. Finmark, "Madagascar Financial Literacy Dashboard 2016"

National Financial Inclusion Strategy (SNIM)<sup>2</sup> covers the period from 2018 to 2022. It aimed at increasing access to financial services for the entire Malagasy population. It featured three strategic axes: **financial education and customer protection; access to and use of financial services; and strengthening policies, legal, regulatory and institutional frameworks.** To achieve these objectives, the SNIM adopted a multi-sectoral approach, involving the public and private sectors, and the civil society. The CNFI plays a central role in coordinating and implementing the SNIM, in collaboration with the various players in the sector. During the implementation of the SNIM, projects and programs have been implemented with the contribution of technical and financial partners to respond to the above-mentioned challenges. The Remote Banking Promotion Project in Madagascar (PPBDM) project, financed by the French Development Agency (AFD), the Madagascar Financial Inclusion Project (PIMF), financed by the World Bank, the Supporting Rural Microenterprise Clusters and Regional Economies (PROSPERER) and the Supporting Project for Marketing Agricultural Products (PACPA), financed by the International Fund for Agricultural Development (IFAD) were implemented during the SNIM period. Since 2016, Madagascar has participated annually in the celebration of Global Money Week, which is an international awareness campaign to promote **financial education** and financial security among children and young people. This year, it took place from March 20 to 26, 2023. Partners within the Network of Savings Group Promoters in Madagascar (RPGEM) supported people far from financial infrastructures to use savings groups before joining regulated institutions. The members of

each group pool their savings, enabling them to make internal loans. It is also a way of providing financial education to group members, emancipating themselves from their relationship with institutions. Microfinance institutions have been encouraged to cover areas not yet covered by sharing the cost of opening service points with the PIFM. By the end of 2022, we expected 109 access points per 10,000 adults nationwide in order to **expand the areas** served by microfinance institutions. PPBDM and PIFM have enabled various microfinance institutions to develop **digital solutions** so that their customers can carry out financial transactions via their mobile phones or with third-party agents (agency banking). The cost of resources for microfinance institutions limits their ability to serve individuals, and some projects have made lower-cost refinancing available to them to reach their target beneficiaries. This is the case with PROSPERER and PACPA. The difficulty of accessing credit is also marked by the lack of guarantees for MSMEs from financial institutions. **A partial portfolio guarantee** fund has been entrusted to the management of SOLIDIS, by PIFM, to guarantee loans offered by participating financial institutions.

Meanwhile, Madagascar has adopted a framework document on financial education and a national financial education program to be implemented over a five-year period starting in 2023. We found out what the strategies are. In any case, further coordination is needed. First of all, a standard needs to be established and pools of trainers trained. This should be implemented in each Madagascar's 23 regions to facilitate the monitoring. Then, there is the 2023-2027 national program, for which we are seeking the players in each activity.

We did a lot with the strategy that ended last year, which helped microfinance institutions adopt digital finance, for example by creating an account as with the minimum way as possible. This strategy was supported by a project which lessens high materials and software costs, and so on. The cost shares are divided between those institutions. Moreover, the national payment switch, facilitated by the central bank permitted the interoperability between the operators regarding payments so that we got rid of the compensation chamber that we used to use. We did so to increase digital transactions. In addition, financial institutions have been encouraged to open branches where they are not yet implemented. The same goes for savings groups. If they are comfortable with the process, then they can access financial institutions. It is all part of the strategy. What we are looking for is another way of assessing the results of these works to see what works, what doesn't and what should be improved. We look forward to fine-tuning the strategy so that financial inclusion can go further.

In short, these challenges are major ones for the economy. To date, much more binds remain to be dealt with on financial inclusion in Madagascar. We should keep in mind that the more people are familiar with financial services, the greater wealth is created and the higher standard of living rises. While there are many barriers holding people back from accessing financial services, we need to be aware of them in order to meet their needs. Each stakeholder has this duty to take on. This responsibility lies not only with the public sector or financial institutions. It is an all-hands-on-deck concern.



By **Tiana Ramparany**  
**Head of Department, National**  
**Coordination of Inclusive Finance**  
**(CNFI)**



# The Malagasy financial system is rather strong, liquid and profitable



A sound financial sector should typically be one of the key facilitators and drivers of a country emergence by intermediating/matching resources (savings, investment inflows) with financial needs (f.i. banks loans or private equity investments), by being at the forefront of financial innovation and by strongly contributing to financial and social inclusion.

The Malagasy banking rate (six percent) and the domestic credit to private sector/GDP ratio (51 percent) are still rather low compared to other sub-Saharan countries but the sector is expanding, including through new technologies (mobile banking, ...) and investment funds are spreading their wings.

In this article, we define investment as a funding contribution, by a third party, called an investor, in a company, over a medium to long term horizon..

## Investment brings more than money

By providing funding to start-ups or later stage companies, started and carried by entrepreneurs, small-medium size or large firms, investment companies/funds generate impacts that go well beyond the means of acquiring goods, inventories or paying salaries and expenses.

Access to finance allows companies to grab opportunities and to support their role as market builders. From an economic view point at country or continent level, firms generate socioeconomic development as they create growth, quality jobs, develop supply chains and support States

through tax payments and hard currency export earnings. They help reinforcing economies, making them stronger to resist crisis and shocks of various natures (climate, politics, finance, health...).

## But the firms must be investment ready!

The entrepreneur and his/her company are deemed investment-ready when they are able to design, evaluate and scale up the business, and/or evaluate and manage a diversification project justifying the funding from financial investors. Investment readiness is also based on a formal and efficient organization of the company, be it at the strategic level or at the operations, human resources, governance and financial levels. Last but not least, investment readiness requires the entrepreneur and his/her team to be able to pitch and to attract investors through a clear understanding of their requirements, their codes of language and interpretation.

## How does the investor decide: The investment thesis

The investor relies on the so-called investment thesis to assess each investment rationale. It defines why the project is of interest and what strategy is required to succeed.

The investment thesis components are::

- The entrepreneur: the right individual to lead the business project. He/she will have the right competencies, the required qualities and soft skills, the drive and the values, all basic fundamentals to become a champion.

He/she will know how to build a team and be surrounded by the right people gifted with various skills,

- An investment ready company as described above,
- An effective business model based on a value proposition specific to the company, with an identified and tested market,
- A market/environment analysis showing opportunities as well as threats that can be assessed as manageable with reasonable odds of occurrence,
- The key drivers that will allow growth, competitiveness as well as an outlined strategy,
- For impact investors, an impact thesis detailing the positive impacts the firm can generate.

## In turn, the entrepreneur chooses his investor

An investment in a company is a medium to long-term commitment. The fit between the investor and the entrepreneur and his/her company is fundamental.

On one hand, the fit between the project and the investment policy of the investor must be checked/validated:

- Is the investment amount in line with the investor parameters?
- Which financial approach is best suited to the needs and state of the company? Can the investor provide it? The choice is generally between equity, debt or convertibles or a mix (f.i.

equity funding can be topped up by a bank loan).

- Which share of the equity is the entrepreneur willing to sell: majority? minority?
- Does the current or future geographical base or markets of the company fit the scope of the investor?
- How can the investor add further value?
- What scenarios/options for the investor exit when the expected investment period expires?

On the other hand, the entrepreneur will be keen to ensure that he will get the support he needs and feels comfortable with it:

- The investor can be involved at various levels of the company according to various parameters. The follow-up can be very tight with an active investor being involved in the company operations. Symmetrically, the investor can act as a sleeping partner and only be vocal at the shareholders meeting. Many investors are at least involved in corporate governance by becoming non-executive directors and by being instrumental on some board committees as a function of the company challenges without being involved in operational issues,
- If financing is available, the investor can offer advice or technical assistance for specific aspects of capacity building,

- Depending on the investor focus on specific sectors and team skills sets, he will provide a generalist-type support or a more specialized support,
- Different investors bring different networks that need to be aligned with the challenges of the company. If the company wishes to develop a presence at a national level, it will benefit from the network of an investor with a local presence more than from an investor based on a different continent,
- The common values of the investor and the entrepreneur, especially with regards to the aspects of social and environmental and governance responsibilities..

### **In Madagascar, private equity participants offer a large range of financing**

The investment specialists active in Madagascar, mostly members of AMIC (Association Malagasy des Investisseurs en Capital) can typically invest from 20 million up to 90 billion MGA along the whole corporate life cycle from start-ups (seed capital) to mature companies or transmission events. No sector is excluded except the obvious ones (weapons, drugs ...) according to the usual exclusion lists of the major international financial institutions. Minority or majority stakes depend on the investor parameters and/or deal details.

The number of investment firms/funds, the size of the funds and the diversity of the players has increased tremendously over the last 20 years.

For instance, I&P, a major player in impact investment in Madagascar and Africa, designs and deploys tailor-made support/financing solutions for African entrepreneurs to maximize their economic, social, and environmental impacts and demonstrate their essential role in the development of the continent.

The latest entrant is the Malagasy Investment Club (MAIC) launched in 2020. An original and pioneering initiative with a strong endemic DNA by eight investors-entrepreneurs who decided to share experiences and pool some funds to invest in local companies with high local value creation, high potential and high impact.

To sum up, an entrepreneur and his/her company needs financing to support/sustain growth. A thorough process is required before launching to the market and raising funds successfully. Picking the right investor and allocating the funds in a disciplined manner can make a real economic difference and generate significant impact. Various investment companies are active in Madagascar to support entrepreneurs and companies.

 By **Mialy Ranaivoson, President of AMIC, Investment Director at I&P** and **Geoffrey Tassinari, Past President of AMIC, Chairman of MDP LLC, member of MAIC**

### **Quick key figures**

- Madagascar ranks 51st out of 55 African countries in terms of financial inclusion, with a score of 41.6 out of 100, Global Financial Inclusion Index 2020
- Penetration rate of formal financial services: 11.5% in 2019, Central Bank of Madagascar
- Bank penetration rate: 7.4% in 2019, IMF
- 76% of the Malagasy population has never had access to a formal bank loan, World Bank 2019
- Territorial banks: 11
- Microfinance institutions: 14 supervised by the CSBF and 10 NGOs and associations supervised by the Ministry of Finance
- Insurance companies: 05
- Electronic money institutions: 03
- Other financial institutions: 04

# Société Générale Madagasikara: an Expectations-driven bank

In Madagascar exactly as in other geographies, banks are an interesting reflection of the economic environment they deal in and even more so of the society they are key actors. We could definitely extrapolate and agree on the saying: *"Tell me what your banks look like, and I shall tell you what kind of society you live in."*

As a matter of fact, banks only live through the interactions it entertains with the economic agents around them. Hence, it is always amusing when people ask whether banks like Société Générale are accessible to local entrepreneurs or not: we are not "accessible" to local entrepreneurs, local entrepreneurs are the very reason we exist. Indeed, banks play a key intermediation role between two kinds of economic actors: those who have too much money in their accounts and those who have too few at a point in time. And our job is to make sure that the former helps the latter without bearing too much risk on their savings. Exactly as the heart would be sending blood to the body's locations where it would be most efficiently used.

**"I saw a bank that said '24 Hours banking', but I don't have that much time" – Steven Wright**

In Madagascar in particular, banks are quite good in ensuring that all kinds of banking needs are satisfied. For example, Société Générale has set up



Thibault Vallet, Head of Corporate Banking for Société Générale Madagasikara

dedicated teams for specific market segments: be you an affluent individual looking for safe ways to invest your money, be you a freshly-married couple willing to acquire your first car or an NGO with projects across the country, you will always receive banking offers tailored to your needs and be assisted with a trained banker with a deep understanding of your reality. This is the consequence not only of belonging to an international banking group but also the result of being involved in a very competitive local market with other good-standing banks. So that you do not have to wait 24 hours to be served.

**"I don't have a bank account because I don't know my mother's maiden name" – Paula Poundstone**

Nevertheless, the Madagascan banking sector directly addresses only a small part of the economy because our financial institutions are required to propose their services only to formalized economic actors. Particularly in Madagascar, this is a significant hurdle because of the high level of the informal economy. This explains why the bank's branches networks are not as developed in Madagascar as in



other countries. Fortunately, there are enough other actors filling the gap such as electronic money issuers or micro-finance institutions. But these are not in a position to offer the same multiplier effect as banks can through monetary creation.

Formalization of the economy is an efficient way to initiate a virtuous development circle in which banks can play an important role as the heart of the economic machinery; it is also an important way to build infrastructures that protect the citizens and economic agents through taxes redistribution mechanisms.

In that respect, banks can often be perceived as too administrative or too demanding in terms of documentation. But this is to be understood as the condition for guaranteeing security of their operations and eventually security of the deposits that are entrusted to them.

**“A bank is a place that will lend you money if you can prove that you don’t need it” – Bob Hope**

We could say that the more formalized an economy is, the more banks can play

their role because they are in a position to direct more important amounts of money to the important sectors that create employment and increase national wealth.

The first step in formalization is for economic agents to acquire a legal existence so that the rule of laws can apply to them and, much more importantly, protect them. Though this step is crucial, it is not always sufficient for accessing to credit granting which plays the role of the heart beats in money/blood distribution across the economy/body.

It is also very important to achieve a step where banks are seen as partners by companies and individuals which requires an even higher level of transparency and trust. Banks are sometimes seen as the institutions that lend money to the ones that do not need it but it is hundred times more accurate to say that we lend money to people and companies that have provided us with the better understanding about their future incomes so that we are genuinely reassured about their repayment capabilities. As a matter of fact, we do lend money. A lot. Our bank, for instance, almost duplicated the amount lent to

small, medium and large corporates in the last 2 years.

Banks in Madagascar, and specifically Société Générale, are willing to play their part in developing the formalized part of the economy. We created for example the SME's house (Maison de la PME), a place where all energies able to help SMEs develop (development that banks are only a part of the required ecosystem to increase access to financial services.

It does indeed take a village to raise a kid.



**By Thibault Vallet, Head of Corporate Banking for Société Générale Madagasikara**

Société Générale Madagasikara belongs to the worldwide banking group Société Générale and has been elected as the Best Bank in Madagascar by Global Finance for the 3rd year in a row.



# International Finance Corporation: Supporting private sector development in Madagascar

Madagascar has experienced the pains of the COVID-19 pandemic, global economic crises and the growing threat of climate change as evidenced by the 2020 economic recession and rising poverty.

However, even well before the onset of recent challenges, Madagascar was one of only 22 out of 146 countries where wealth per capita declined between 1995 and 2018.

The trend is worrying—but it can be reversed. And while government action is crucial, Madagascar's private sector also has a central role to play in creating jobs, improving productivity, and addressing infrastructure challenges that are limiting broad-based growth.

The International Finance Corporation (IFC), a member of the World Bank Group, has more than 60 years of global experience supporting private sector growth, delivering funding, advice, and other support to businesses.

IFC has been supporting private sector development in Madagascar since 2005, working closely with the government. One of the steps taken by the government to restore growth and create jobs is rooted in its unwavering support to bolster digital transformation in Madagascar.

In 2022, for example, through the World Bank's Prodigy program, and with IFC's support, the government launched an ambitious digital transformation plan to train 6,000



**Marcelle Ayo,**  
IFC Country Manager for Madagascar

people in IT professions such as software development, cloud architecture, data engineering, and cybersecurity. It is also digitizing public services to support economic growth.

In addition to digital transformation, IFC's support in Madagascar spans multiple sectors, including agribusiness, apparel, tourism, finance, energy and transport. IFC is putting its funding and expertise to work in Madagascar to support innovative solutions that make a real difference in people's lives.

A notable example is IFC's support to strengthen the financial sector in Madagascar. We have been working with the Central Bank to strengthen the credit infrastructure system, including through the launch of a state-of-the-art credit bureau to expand financial inclusion. We are also helping to design a roadmap to develop robust and efficient local capital markets to address pressing economic needs.

IFC is also supporting financial institutions to increase access to finance for small businesses. Since 2019, for example, we have helped Madagascar microfinance institution Première Agence de Microfinance (PAMF) to boost digital financial services, including through mobile money services. PAMF is now able to issue about 700,000 nano-loans annually in Madagascar.

Agriculture plays a big part in the lives of the Malagasy people, contributing a quarter of the country's GDP and employing 80 percent of the working population. However, agriculture productivity and farmers livelihoods are threatened by natural disasters, including droughts, cyclones, and floods.

Through the Bonne Viande de Madagascar (BoViMa) project, IFC supports the growth and sustainability of the agriculture sector by helping the government to develop value chains and strengthen the livestock sector using an electronic system to improve Zebu cattle identification and traceability.

In 2022, IFC published the Madagascar Agri-Insurance Diagnostic, which found that 80 percent of small-scale Malagasy farmers growing cloves, maize, rice, vanilla, and other crops are interested in specialized insurance products, such as agricultural and catastrophic risk insurance and is on the verge of launching a pilot. The study outlines steps Madagascar could take to



*Creating Markets, Creating Opportunities*

increase the availability of—and market for—agriculture insurance products.

To help address Madagascar's infrastructure challenges, IFC invested in Ravinala Airports in 2016 to expand and modernize Ivato International and Nosy Be airports, to support transport links and tourism.

More recently, IFC published the Madagascar Country Private Sector Diagnostic (CPSD), a study that examines how the country can best tap private sector-led investment and know-how for growth.

The CPSD outlines important reforms Madagascar could take to grow its economy and strengthen and attract investment in key sectors, including agribusiness, apparel, tourism,

finance, energy, transport, and digital infrastructure.

### **How can the private sector access IFC financing in Madagascar?**

IFC is open for business in Madagascar. We are interested in working with different partners of different sizes in multiple sectors, including ICT, energy, transport, agriculture, textiles and apparel and mining.

We support projects that align with the government of Madagascar's growth plans and support inclusive and sustainable economic growth. To be eligible for IFC financing in Madagascar, projects must have a strong development impact, benefit

the local economy and support job creation.

IFC does not lend directly to individuals, but many of our investment clients are banks and financial institutions that on-lend to smaller businesses. We leverage innovative business solutions driven by the private sector to create jobs and raise living standards, especially for the poor and vulnerable.

IFC's work supports the World Bank Group's twin goals of ending poverty and boosting shared prosperity. You can contact our office via phone: +261 20 22 560 00.



By **Marcelle Ayo**,  
**IFC Country Manager for Madagascar**

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The package is valued at  
**MGA 3,500,000 a year.**

# MVola: Forward-looking perspectives to diversified market segments

Madagascar's financial inclusion rate is clearly low. According to the CNFI's FINSCOPE study, an estimated five percent of the population uses banking services in the country. Nonetheless, the figures rise approximately to 12 percent when it comes to mobile money and microfinance institutions. What is certain in terms of financial inclusion is that Madagascar is far outstripped compared with the Sub-Saharan African average of 55 percent, letting a lot of potential awaited. Mr. Heritiana Andrianalisoa, Deputy Managing Director in charge of Mobile Financial Services at MVola, took a moment to answer a few questions for AmCham.

## ***AmCham: What is Mvola's market positioning in terms of financial inclusion?***

**HA:** MVola proudly claims top slot of the fintech market, having been launched in 2010 without any specific legislation regulating its services but the banking one. At the time, our status was that of "intermediary in banking operations". In 2016, a new law regulating electronic money was enacted. MVola then became the leading e-money institution in 2018. Once again, competitors lagged behind MVola. Today, we have changed our status as an e-money institution and have been licensed to that of a bank since the last quarter of 2021. Always being one step ahead of our competitors gives us a very good



**Heritiana Andrianalisoa,**  
Deputy General Manager in charge of  
Mobile Financial Services at MVola

position, with 65 percent of the mobile money market share; over eight million certified customers; and 50,000 cash points across Madagascar. In terms of positioning, MVola leads the market since we cover more people with more points of service. Today, we play a crucial role in financial inclusion. With regard to services, "innovation" remains the *leitmotiv*, with the withdrawals from Société Générale's automated teller machines, transfers to almost any bank, and international money transfers with partners using the visa card to name a few. We also have a 100 percent digital savings and credit offer available around

the clock. The interest rate ranges up to four percent, which is well-positioned in the market compared with classical savings account.

The second revolution is the MVola credit which does not require any red tape and is available on a real time basis. Here again, we are talking about microcredit, or even nanocredit, as the average credit amount is smaller. Last year, we lent 6.5 million credits which is significant compared with the whole ongoing credit services. Although, the amounts are very small, but again, we have been able to financially include a large number of people in the market thanks to these services.

## ***AmCham: What are the main challenges to be addressed in order to ensuring that the market benefits from your offers?***

**HA:** One of the biggest challenges is financial education. There is a lot to undergird regarding the financial culture of the Malagasy population. This lack of knowledge hinders people from accessing a wide range of offers. We even make communication about financial literacy a daily affair by educating people on how to protect their accounts against scams, how to save money, and more. This initiative is what we did during the Global Money Week – a worldwide event that teaches financial culture mainly to young people



– which took place in different schools. Farmers and many other market segments need our support as well. We are also actively involved as much as we are able in taking part of the roadmap's drawing up of a national financial education strategy. In all cases, we have mainly carried out the communications about our services.

The second challenge is regulation, which is the catalyst and key factor in the success of financial inclusion. Madagascar is fortunate enough to have an open regulatory authority with a test-and-learn approach to new concepts.

The third challenge is identification. This is a real concern as the law states that every user must be formally identified with a valid Identity Document for monitoring purposes against money laundering and terrorist financing among others. However, people living in remote areas don't even have birth certificates; still they are the ones who need our offer the most. Yet the country lacks of a centralized identification database. Biometric ID cards could mitigate the issue of illiterate users' identification. I am aware of projects such as Prodigy which focus on digitization of the administration for example that are moving forward this way. So, I believe we are on the right track.

Nevertheless, the main enemy of financial institutions remains the prevalence of "cash". There is more

liquidity than financial services industry has on the market. Fortunately, industry players work hand-in-hand to get rid of it.

***AmCham: What best practices overseas would be applicable here in Madagascar?***

**HA:** Of course, there are best practices but each country has its own reality. In fact, mobile money services hailed from abroad and were subsequently adopted at the local level. Madagascar is one the countries where mobile money services meet success. Their development in Madagascar is a success story in Africa, even if their availability is limited. Our case stands out for two facts. First, Madagascar is the second country in Africa, after Tanzania, where total interoperability between operators has occurred since 2015. That is to say that the service effectively works here. Second, Madagascar is one of the few countries in Africa, if not the only one, where a mobile money institution has scaled up into a bank.

***AmCham: How do you think access to finance will move forward in the future?***

**HA:** To date, although we are registered as a bank institution, traditional banks level is out of our league because our lending amount range remains small. Anyway, financial institutions complement one another. From a vertical perspective, we will strive to increase

the amounts we lend while managing the risk of non-reimbursement. From a horizontal perspective, our goal is to reach more people with dedicated offers and expand beyond our 30-day monoproduct. For example, farmers are a market segment that we can reach today if we can effectively identify them. So we need to identify them as thoroughly as possible, and offer products that meet their needs. That is all part of our financing strategy.

Regarding savings, we plan to expand our financial education efforts and perhaps explore new offers. Currently, we offer a basic savings account, but in the future, we may consider introducing longer-term savings options such as term deposits, which would enable us to provide more services to the population.

 Interview by **Maherintsoa Andrianaiaina**



## Guy Ratsimbazafy: Good borrowers are rigorous leaders

Madagascar's financial system is made up of 15 microfinance institutions among which *Première Agence de Microfinance* (PAMF) is part of. PAMF, which is a member of the Aga-Khan Development Network (AKDN), was created in 2006 and gathers 17 branches present in seven regions (Analamanga, Itasy, Analanjirifo, Boeny, Sofia, Diana, Alaotra Mangoro), serves 450,000 customers and is actively involved in inclusive finance by contributing MGA 200 billion to the financing of the local economy in 2022.

PAMF offers a variety of financial products and services that meet the needs of all types of clients, both for loan offers and for savings & deposit products. In order to facilitate access to finance for the Malagasy population, PAMF has made efforts to offer attractive interest rates.

Since April 2018, PAMF has undergone a new phase of its development by launching its Digital Financial Services (m-kajy) available at any time and without geographical boundaries, with the aim of serving the population excluded from traditional financing to improve their income.

More than half of the loans were processed in an automated way using digital technology. It goes without saying that PAMF currently holds a significant position in the financing of the economy and also in the microfinance sector.

AmCham had the privilege to talk with Mr. Guy Ratsimbazafy, Chief Executive Officer of PAMF to highlight their activities.

### ***AmCham: How accessible to investors is PAMF?***

**GR:** There are multiple ways to get financing in Madagascar, but if we focus on banks and financial institutions, each of them has its own *modus operandi*. Currently, there are many offers but clients have to define what goals are consistent with their investments and choose which offer matches those goals. As far as PAMF is concerned, offers range from financing a single person to investor in a company or SME. As with any financing process, PAMF analyzes the demands of their clients and investors and provides advice and recommendations, while remaining "finance responsible". This means that when we provide assistance to someone's investment area, we also help him work out his goals, draw up a Business Plan to determine if it is sound and whether there is way too much or too less ambition. Accordingly, we support the person in the area of financial literacy, including the financial statement, forecasts, reality and market potential checks. What makes PAMF different from other microfinance institutions is the digital platform we offer. Within this technological framework, if the credit-worthy borrower successfully carries out his business according to the agreement between both parties, PAMF would only take less than 24 hours to renew any additional credit in order to expand his business.

### ***AmCham: How represented are investors at PAMF?***

**GR:** Since its creation in 2006, PAMF has financed up to 275,000 projects. SMEs represent half of our outstanding amount, which is significantly representative. Half of our branches are located in rural areas

and the other half in urban areas. Most of our investors grow with us because our approach is to identify their real problems. We try to find out what their needs are through amicable resolution, the relevance of research and the financial education which are represented in the success rate of reimbursement. Roughly 95 percent of investors have duly paid us back.

### ***AmCham: What do you look for in a borrower?***

**GR:** There are many types of borrower. If we talk about a single person, a formal employee is already one, who in most cases has a project related to the improvement of his/her living conditions. For the case of an investor, the borrower should be motivated to become formal or already belong to the formal sector. In addition, we look for a down-to-earth vision of the company, its financial management, and the environmental and social impact of its activities. Indeed, we don't finance companies that have adverse effects on the environment because of our Corporate Social Responsibility policy to align with the Sustainable Development Goals. In this way, companies operating in the green economy are particularly favored. Then, we study the results on the turnover and especially the debt ratio. We also analyze profitability and short, medium and long-term prospects. There are SMEs that have a promising market in the long term, we study their needs in this sense and learn more about the seriousness of the company's leader. In short, it's all about the rigor of the borrower.

Interview by **Maherintsoa Andrianaina**

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# AmCham's First and Second Quarters Quick Activity Report

AmCham's beginning of the year announced a very busy schedule on the agenda for the whole year. Let us take a look back at some of the events that happened from January to March 2023.

## Announcement of the "POWER" program

AmCham has the privilege to be funded by the Bureau of Economic and Business Affairs of the U.S. Department of State to lead a series of three workshops in partnership with the U.S. Embassy in three regions of Madagascar, namely Analamanga, Atsinanana and Antsirabe. On March 8th, AmCham announced the launch of the **"Providing Opportunities for Women's Economic Rise (POWER)"** program which intends to facilitate U.S. market access to companies led and owned by women that are involved in the agribusiness sector in these three regions. AmCham and the US Embassy are collaborating to organize a three-day workshop in each of these regions. Participants learn about the opportunities that lie in the U.S. market for Madagascar, good business practices, different US regulations, opportunities of funding, and business English.

### **POWER workshops series in Antananarivo and Toamasina**

The first workshop was kicked off at the NextA's amphitheater in Antananarivo with the special attendance of Mrs. Julianna Kim, Chief Political and Economic Section at the U.S. Embassy; as well as Mr. Russell Joseph Kelly, President of AmCham for the opening and the closing remarks. The three-day event brought together more than 25 experts in their respective fields and around 70 participants.

The second series took place at the Port Academy Center Toamasina (PACT), gathering more than 50 participants from the region and over 65 online attendees from the Chambers of Commerce in SAVA, Matsiatra Ambony, Atsimo Atsinanana and Anôsy. This series was honored by the presence of Mr. Paul Colombini, Economic officer at the U.S. Embassy; Mr. Tom Cushman, Vice-president of AmCham; and Mrs. Winifred Fitzgerald, Member of the Board of Directors of AmCham for the opening and the closing remarks.

### **Valuable support from Sponsors and Partners**

AmCham is grateful for the support of its partners that have agreed to converge towards this endeavor: **Miarakap** and **MVola** as Gold Sponsors; **Fedex**, **SOCITA** and **BushProof** as Silver Sponsors, **NextA** as Partner. The unprecedented

support from these partners is wondrously extraordinary. Dear partners, thank you!



Certified participants in the POWER workshop in Antananarivo



Certified participants in the POWER workshop in Toamasina

## AmCham's Thursday Morning Roundtable (TMRT)

### **TMRT with Mrs. Anne Williams, Mission Director of the USAID Madagascar**

The first AmCham's TMRT of the year was held on March 23rd with Mrs. Anne Williams – Mission Director for USAID Madagascar – as guest speaker. She delivered a private sector-oriented perspective of what the USAID could bring to the business community in Madagascar. Mrs. Williams outlined the importance of sustainability through business practice. In order to increase the support of the private sector, the agency advocates to both the US and Madagascar government to bring more focus on the Feed the Future initiative. This latter intends to develop the agriculture sectors of the population in partner countries and to break the vicious cycle of poverty and hunger.



### **TMRT with Mr. David Weiler, Consular Chief at the U.S. Embassy in Antananarivo**

The second monthly breakfast took place on April 27th. The main issue raised by representatives of exporting companies was the difficulty of obtaining visas to travel to the United States on trade missions. The idea was to arrive at a resolution whereby visa issuance time frame would be shortened for group travel organized by AmCham or other groups.

These TMRT series were sponsored by **Taptap Send**.



*"USAID encourages the private sector to adopt a sustainable policy."*  
**Anne Williams, Mission Director for USAID Madagascar**



*"The consulate will consider shortening visa issuance times for AmCham members participating in trade missions."* **David Weiler, Consular chief at the U.S. Embassy in Antananarivo**

### **Sharing session in Leadership and Management with Mr. Aaron Peterson**

Mr. Peterson comes from Arizona in the United States of America. He conducts all modules related to Leadership at Arizona State University for the annual Young African Leadership Initiative Mandela Washington Fellowship program.

AmCham invited its members and partners to a sharing session conducted by Mr. Aaron Peterson on April 25th. Mr. Peterson

brought insightful takeaways about leadership and management during this event.

AmCham thanks "The Future is Feminine" team for their helping hands and Havana Resort for hosting this session.



*"Aaron Peterson sharing with AmCham members and partners."*

### **Second participation in the Foire Internationale de Madagascar**

AmCham partnered with **Hazovato Forello Expo** for the first time in the 17<sup>th</sup> edition of the FIM. This partnership comes from the previous success of the first participation of AmCham in the tradeshow organized by **Première Ligne Agency** last year.

AmCham and its members stood in line with the eco-responsibility framework, which is the FIM's theme for this year's edition. AmCham shared its booths with the U.S. Embassy and other members and partners on a "first-come; first-served" basis, namely: SyMaBio, El Bissap Mada, Liv SA, Kinga, DagoVanilla, Lambà by Eva, Blanche Birger Madagascar and Ocean farmers.



*"AmCham and its eco-responsible members at the FIM."*



By **Maherintsoa Andrianiaina**

# WWF: Are Green businesses and Investments emerging solutions for the sustainable development of Madagascar?

In recent years, Madagascar has faced the new challenge of climate change alongside biodiversity loss that could further hinder its development if no clear resilience plans are drafted to address them. One direct result of these changes is the effect on people and natural ecosystem resilience. Madagascar is experiencing stronger cyclones, floods, droughts, pandemics, limited access to clean water and declining land and ocean productivity. These events are all considered as risks to investments and businesses as it could threaten operations with reduced yield and quality, and fuel social unrest etc.

In the economic and business sphere, these new environmental challenges are real threats to economic prosperity; as highlighted in the World Economic Forum Global Risk reports 2022, which states that over the next ten years, *environmental risks are perceived to be the five most critical long-term threats to the world as well as the most potentially damaging to people and planet, with "climate action failure", "extreme weather", and "biodiversity loss".*

The importance of healthy biodiversity for Malagasy businesses and even the National economy is even more important as a significant portion of our economy is dependent on it. Sectors such as high value cash crops export business (vanilla, cocoa and cloves), fisheries and tourism industry are often considered the most reliant



**By Santatra Razafindratsimba,**  
Private Sector Engagement Officer  
WWF Madagascar

on biodiversity. Can we realistically foresee growth of our tourism industry with decrease of our biodiversity, an industry weighing more than USD 951 million in 2019 in the local economy? Or do we really expect the vanilla export which is valued at over USD 500 million (OEC; world; 2020) to thrive without healthy rainforest in the Madagascar East coast?

Businesses in Madagascar must start assessing and understanding their impact across the business value chains and production models. For example applying ESG compliance (Environmental, Social and Governance) is one of the most popular concepts amongst Investors and financial institutions. Furthermore, increasing in investment in Nature-Positive business models (e.g.

Organic, zero deforestation business portfolios) is another opportunity. The leading sustainable companies are able to increase their positive impacts or the investment toward our biodiversity and the related opportunities. According to a 2015 study by Nielsen IQ, 66percent of global consumers surveyed responded they would be willing to pay more for sustainable brands, up from the 50 percent who said they would do so in 2013.

Madagascar has everything that is required to produce nature positive businesses and entrepreneurs (at least from the Natural and Human capital available). In recent years, we have noticed the emergence of new breed of entrepreneurs that are seeking to create positive impact alongside economic gains. Among WWF partners in Madagascar, we can name few such as **Unima** in the Organic aquaculture space, **Ocean Farmers** in the seaweed farming or **Bôndy** in the forest restoration. Although they are of different size and active in different sectors, there is common trait from these companies which is their will to create positive impact on biodiversity, plus the inclusivity of their business models by creating jobs in the most remote areas of Madagascar, all alongside the economic viability of their business models and visionary, forward-thinking leadership.

Finally, the challenge of access to finance is also common in the space

for sustainable and impact business as traditional financiers often consider these types of business as riskier with low return.

### **Green Finance, an emerging opportunity to stimulate further the sustainable blue and green economy space?**

Access to finance is one key ingredient that would drive the growth of sustainable green and blue economy alongside friendly legislations and incentives from government. We are conscious that even in the regular business environment in Madagascar, the cost of capital is already high and sources are limited as the financial ecosystem is not as advanced as other countries in East Africa (where security exchanges exist) and the slow economic growth coupled with currency volatility makes investment in the country very risky for financiers. But fortunately, new opportunities are emerging for impact and social entrepreneurs as the ecosystem of Green and Sustainable finance is rapidly growing. As a direct result of recent commitments from world leaders and largest corporation to reduce CO<sub>2</sub> emissions, new types of financing opportunities and funds are available for green project developers, especially for companies creating positive environmental impacts, these are loosely known under the general term of green finance.

Green finance aims to reconcile financial profitability and extra-financial benefits i.e. businesses and investors will no longer focus solely on their financial performance but will also take into account other criteria such as ESG "Environment, Social, Governance" in their decision. Green finance is not limited to direct nature conservation activities; it is oriented

on two well-defined axes: upstream, "Greening finance" and downstream, "Financing green". Greening finance consists, as its name suggests, in the greening of the entire financial system, from the integration of environmental criteria by regulatory and supervisory authorities, through laws and regulations, to financial institutions (banks, microfinance institutions, private equity), which promote green financial flows in the economy. The "Financing green" axis focuses more on stimulating investment in projects with environmental benefits, such as renewable energies, agroforestry, the management of natural resources, etc. A recent report from environmental finance (2023) mentioned that *"The combined assets under management (AUM) of funds or strategies mentioning «biodiversity» in their title climbed to \$984 million from just \$313 million a year before"*. Within WWF, we can mention different facilities available for impact entrepreneurs, the Dutch Fund for Climate and Development (DFCD), The Landscape Resilience Fund (LRF) or the Impact funds.

Nationally, the green finance is still in its nascent stage, the financial sector has just started to adopt the "financing green" initiatives and we notice the recent emergence of impact investment funds or green loans that are financing green impact businesses and SMEs.

Though there are limited initiatives and business case nationally on the subject, the green and blue economy for Madagascar could be a great opportunity for the country's sustainable development. To support this, The FTSE Russell report in 2022 mentions that: *"The green economy demonstrates a rapidly growing and sizeable investment opportunity. In response to global environmental*

*challenges, including climate change, the green economy recorded a compound annual growth rate of c.14 percent over the last 12 years. With a market capitalization of over USD7 trillion and a weight of 7.1 percent of global equity markets, the green economy by itself would be the fifth largest industry, comparable in size to the fossil fuel sector."*

Certainly, the challenge of financing and access to capital will remain but with increasing initiatives and finance seeking to invest in global South such as Green Climate Fund, Mirova Capital and others, the real work for businesses and technical partners is to invest in increasing capacity and technical know-how regarding measurement of impacts. However, the climate change effects and biodiversity loss are currently affecting the daily lives of community and pose serious risks to business operations. It is because of these that transitioning to greener economy is not only an opportunity but also a mandatory pathway if we are to reach sustainable development goals in the longer term.



**By Santatra Razafindratsimba,  
Private Sector Engagement Officer  
WWF Madagascar**



# Miarakap: committed to financing and supporting entrepreneurs in Madagascar

Through an impact investment fund, Miarakap provides equity financing to ambitious and responsible entrepreneurs in the implementation of their development projects. We carry on "Patient Capital" to these entrepreneurs with whom we become partners, always in the minority, and support them in strategic reflection as well as in certain operational implementation levers. We also bring a wide network of expertise and value which helps the entrepreneur to break his loneliness. Of course, profitability is what we aim through all our investments but at the same time, we take heed of environmental, social and governance impacts. Our tool is indeed finance, but our mission is to participate in economic and social development and environmental conservation.

Finance plays a key role in promoting a more sustainable economic system. It is even the driving force behind it.

In Madagascar, 83 percent of the 27 Million inhabitants live under the poverty line, only 15 percent have access to electricity and less than 25 percent to safe drinking water. 80 percent of the population lives in the rural area, 75 percent of them are illiterate and 50 percent are under the age of 15. In 2050, the country will count 50 million inhabitants.

The extraordinary biodiversity is on the fast track to extinction. Rural populations are hardly hit by the effects of the climate change's results such as droughts in the South, cyclones and the floods in the East, soil depletion and

lower agricultural yields in the whole country. The extreme poverty is mainly due to the environmental devastation by the charcoal mining, slash-and-burn agriculture, wood-fired brick production, and overexploitation of wildlife for day-to-day survival.

Out of this bleak picture emerge thousands of brave entrepreneurs, lonely heroes of development who create employments, produce goods and services need in education, health, food, transportation, agriculture; innovate access to drinking water, energy, digital, building materials, and agroforestry by giving value to the country's natural resources; and inspire current and future generation.



**Emmanuel Cotsoyannis,**  
co-founder and general manager of Miarakap



Students from **Vatel Madagascar**, a school specialized in hotel management and ecotourism.



**Jiro-Ve** offers the rental of solar-powered rechargeable lamps at 200 Ariary per day.



Entrepreneurs, creators, and leaders of companies such as **Vatel Madagascar** which trains more than 300 students each year in sustainable tourism jobs; **Jiro Ve** which enlightens more than 80,000 people in the whole country for less than five cents; **Paika** which grants loans to more than 4,000 small entrepreneurs, among whom 60 percent are women; **Malakass** which produces flour from cassava harvested by small farmers in the South of the country; **Exa** which develops alternative protein sources based on insects in a regenerative and decentralized breeding model; and **Hairun** which employs more than 170 IT engineers and puts Madagascar on the map of countries that count in the digital sector in Africa.

Yet, with less than 400,000 employees, half of whom work in large companies and 94 percent of the active population in the informal economy, these entrepreneurs are under-promoted, under-supported and under-financed. Here is

the role of sustainable finance: directing public and private capital towards entrepreneurs who integrate sustainability and impact into the core of their businesses models.

Miarakap is willing to play an even more active role in this, through **blended finance** programs' design and management, which relies on both public and private funding to support more and more entrepreneurs, in order to contribute to the achievement of the Sustainable Development Goals.

By 2030, we aim to finance and support 300 businesses, help create 30.000 direct employments and positively impact one million of vulnerable people's lives.



By **Emmanuel Cotsoyannis**, co-founder and general manager of **Miarakap**



Farmers from Tulear, suppliers of cassava to **Malakass** for flour production.



**EXA Feed**. The larvae of the black soldier fly are transformed into a protein-rich powder for animal feed.



**Hairun Technology** employs about 200 people in Antananarivo, Fianarantsoa, and Paris.



**Apem-Paiq**, in the field of microfinance, grants credits to small entrepreneurs.

# What is a Savings Group?

Have you ever heard of a VSLA, (Village Savings and Loan Association), a SILC (Savings and Internal Lending Community), or a CBSG (Community-based Savings Group)? While savings groups may go by various names, their objectives and principles are generally the same.

*"A Savings Group is comprised of 15-25 self-selected individuals who save together and take small loans from those savings. Savings Groups provide members the opportunity to save frequently in small amounts, access to credit on flexible terms, and a basic form of insurance. Savings Groups are owned, managed and operated by their members; they are designed to be financially and institutionally sustainable, operating independently after a training period of about one year."*  
— Ashley Wheaton, Small Enterprise Evaluation Project (SEEP) Network, LEARNING BRIEF: An Empirical Risk Assessment of Savings Groups

In addition to saving or taking loans, members also make equal contributions to a second fund, commonly called the social fund, which serves as basic insurance and maintenance of the group's social life. After a cycle of about nine to 12 months, the capital and total earnings are distributed in proportion to the investment made by each member.

## Keys to Success

Over the past two decades, development projects and programs of all types in Madagascar – including

education, health, environment, and economic development – have all invested in promoting savings groups. Why?

Fundamentally, savings groups provide their members financial opportunities, both individually and collectively for community actions. Another significant benefit is their investment in human capital. Fueled by solidarity and trust, members must get along, organize, and follow established norms in order to operate.

These are three keys to the success of savings groups:

- **Self-selection** - by their nature and based on the principle of self-selection of members, savings groups are created and managed by the members themselves. This guarantees their independence and autonomy.
- **Simple and transparent management system** - Financial transactions, such as contributing savings and the granting of loans are carried out during weekly meetings and can only be done in the presence of all the members. All of this is transcribed into a way that is accessible and understandable to all, which reinforces the trust that members have in each other and in the system.
- **Meeting members' needs** - from financial aid during difficult periods to support basic needs for food or medicine, or larger investments for building a house or starting a







business, savings groups can meet these needs. The three financial services offered: savings, credit and social funds complement each other and require nothing more than mutual knowledge between members, and adherence to established norms set to make the practice of savings groups attractive and beneficial to the community.

### Savings Groups in Madagascar

Projects such as Fararano (CRS Madagascar, USAID 2014 - 2019), which focused on food security, used savings groups to ensure more consistent and sustainable incomes. These savings groups were established based on existing cooperatives formed by agricultural producers.

*"Members draw parallels between the SILC organization and the organization of their cooperative in terms of production and sales. But they also do the same in relation to the application of roles and responsibilities within the management committees."*  
— Deputy Mayor Andranohinaly, Tulear II, Atsimo Andrefana region, November 2018

Strengthened by their conviction that the practice of savings groups constitutes a real lever for grassroots development, NGOs, associations, and projects working in development created the Network of Savings Group Promoters in Madagascar (RPGEM) in April 2016.

The advocacy work carried out by this association led to official recognition and integration into the Madagascar's National Strategy for Financial Inclusion (SNIM). In addition to advocacy, RPGEM works on the coordination of interventions and the promotion of standards, references, and quality practices.

To date, RPGEM has more than 25 member organizations representing 11,614 savings groups, 250,857 members, USD4,232,595 in savings, and USD2,212,186 in outstanding loans.

This success is based on the fact that savings groups are an integral part of financial inclusion. It is often the only option for those who lack access to mainstream financial services. At the same time, savings groups act as incubators that prepare and educate members to become good clients for microfinance institutions or banks.

 By **James Hazen**, Chief of Party at Catholic Relief Services

# Visit the African Pavilion at Sourcing at Magic in Las Vegas



The African Pavilion is set to make its debut at a major trade show in Las Vegas this August. Dignity Industries from Madagascar, Ghana, Mauritius, Kenya, and potentially other countries will participate in this highly anticipated event. With a strong emphasis on promoting Africa and highlighting the significance of the African Growth and Opportunity Act (AGOA), the pavilion is poised to create a lasting impact.

Scheduled to take place from August 7 to 9, the African Pavilion arrives at a strategic moment. Under President Biden's foreign policy, Africa has emerged as a key priority. This event provides an ideal platform to strengthen trade relationships and explore lucrative business opportunities. Notably, the organizers have arranged exclusive business-to-business meetings, enabling companies already involved or interested in African production to connect and collaborate.

In a world witnessing a shift in manufacturing away from China and the Far East, Africa emerges as a compelling alternative. The continent's appeal is further enhanced by the AGOA, which facilitates duty-free imports. With a well-established reputation for quality, reliability, and sustainability, Africa offers immense potential for companies seeking to diversify their production base.

The African Pavilion has generated significant buzz, with the show itself already 95% sold out. Positioned in a prime location within the exhibition hall, the pavilion guarantees high visibility and foot traffic, ensuring maximum engagement for all participants. Visitors can expect to encounter a vibrant and diverse array of products, services, and investment opportunities from across the African continent.

This unprecedented African presence in Las Vegas serves as a remarkable opportunity to witness firsthand the burgeoning trade prospects and immense potential of African markets. It provides a conducive environment to forge new partnerships, expand networks, and tap into the growing economic cooperation between Africa and the rest of the world.

In conclusion, the African Pavilion at the Las Vegas trade show represents

a significant milestone in showcasing the vast trade opportunities Africa has to offer. With a focus on AGOA and President Biden's prioritization of Africa, this event serves as a catalyst for enhanced economic cooperation and business growth. With anticipation building, industry players and enthusiasts eagerly await the exciting possibilities that lie ahead.

By **Lalaina Rakotoarison**, Executive Secretary at AmCham Madagascar



## Ts'art fibre

MADAGASCAR, THE LAND OF WONDERS



**Who is TS'ART FIBRE?**

We are a team of handicrafters. Usually using natural fibers such as raffia, vetiver, canes designed with other materials, we provide bags, accessories and home decoration items. We will be glad to share with you the Madagascar's culture and biodiversity through our products. Let's keep in touch !

Handmade craft designed for you





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# Better Work Madagascar: A Convener for an Apparel Sector With Social, Economic, Inclusive and Sustainable Impact In Malagasy Supply Chains

The garment industry in Madagascar represents 20 percent of the country's Gross Domestic Product (GDP) with 180,000 formal jobs, making it the country's leading sector for formal employment. It is a highly skilled industry with a know-how recognized across the world. The sector's contribution to the economic and social development of the country is one of Madagascar's industrialization priorities. It is in this context that Better Work was launched in Madagascar in 2021 to help the sector improve its compliance with international labor standards, while strengthening productivity and competitiveness in the global apparel supply chain. In just 18 months, Better Work Madagascar has created a unique narrative that contributes to promoting a sustainable Madagascar brand. This narrative seeks to highlight the social and environmental aspects of economic development as essential factors of job creation and inclusive growth.

Through our training and tailored advisory aimed directly at factories, we strengthen the skills of workers and management on the fundamental levers of decent working conditions, such as social dialogue. To date, the project has trained around 30 factories – over 600 workers and managers – with two of the factories having set up a comité d'entreprise as a result. Also at the company level, Better Work Madagascar implements the GEAR program with the International Finance Corporation (IFC), which promotes the economic empowerment of women in the textile industry. As 70 percent of the formal jobs created by the sector are held by women, GEAR promotes access to career opportunities,

supporting social, economic and financial empowerment and generating higher income for themselves and their households.

Strengthening the competitiveness and productivity of businesses is another key aspect of our work. Better Work Madagascar collaborates with the Duty-free Business Organization and Partners (GEFP) and the Malagasy Vocational Training Fund (FMFP) to train their members on social compliance issues and subsequently disseminate these trainings to other companies and their workers and managers across all industrial sectors. Better Work's training helps to strengthen and improve social compliance and alignment with the increasing due diligence requirements of international markets across global supply chains, opening greater trade opportunities for the local industry.

In Madagascar, the program also supports the Ministry of Industrialization, Trade, and Consumption's (MICC) efforts towards a national strategy for the apparel sector by bringing in the social dimension of competitiveness. With the support of the IFC, the future strategy seeks to address the current and future needs of the sector, in which a social dimension is embedded by emphasizing the need to include human capital and social, environmental, and human rights governance.

Today, with the support of Better Work, the apparel sector is bringing itself in line with international requirements outlined in free trade agreements and international market legislation. Moreover, with this support, the GEFP and the MICC are better equipped to deal with developments and changes on the international scene, such as the ongoing AGOA negotiations. The sector is also in the process of establishing greater dialogue between public and private stakeholders and greater synergy is already apparent. Better Work remains committed to support Madagascar for a more competitive, inclusive, sustainable sector with a positive economic and social impact.

Better Work is a partnership between the UN's International Labour Organization (ILO) and the International Finance Corporation (IFC), a member of the World Bank Group, bringing together governments, global brands, factory owners, and unions and workers to improve working conditions in the garment industry and make the sector more competitive. It currently operates in 12 countries across the world.





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### Black Eyed Beans



The black-eyed pea or black-eyed bean is a legume grown around the world for its medium-sized, edible bean. It is a subspecies of the cowpea, an Old World plant domesticated in Africa, and is sometimes simply called a cowpea.

### Green Mung Beans



The mung bean (*Vigna radiata*), alternatively known as the green gram, maash (Persian: ماش), moong (from Sanskrit: मूंग, romanized: mudga), monggo, or munggo (Philippines), is a plant species in the legume family. The mung bean is mainly cultivated in East, Southeast and South Asia. It is used as an ingredient in both savoury and sweet dishes.

### Red Kidney Beans



The cowpea (*Vigna unguiculata*) is an annual herbaceous legume from the genus *Vigna*. Due to its tolerance for sandy soil and low rainfall, it is an important crop in the semiarid regions across Africa and Asia. It requires very few inputs, as the plant's root nodules are able to fix atmospheric nitrogen, making it a valuable crop for resource-poor farmers and well-suited to intercropping with other crops. The whole plant is used as forage for animals, with its use as cattle feed likely responsible for its name.

### Lima Beans



*Phaseolus lunatus* is found in Meso- and South America. Two gene pools of cultivated lima beans point to independent domestication events. The Mesoamerican lima bean is distributed in neotropical lowlands, while the other is found in the western Andes. They were discovered in Peru.

### Cloves



Cloves are the aromatic flower buds of a tree in the family Myrtaceae, *Syzygium aromaticum*. Cloves are available throughout the year owing to different harvest seasons in different countries.

### Black Pepper



Black pepper (*Piper nigrum*) is a flowering vine in the family Piperaceae, cultivated for its fruit, known as a peppercorn, which is usually dried and used as a spice and seasoning.

### Small Red Beans



Small Red Beans (*Phaseolus vulgaris*) are most famous for their role in the New Orleans staple dish red beans and rice. Small red beans, like all beans, are native to Peru, but this particular cultivar eventually spread to the Caribbean, becoming its most ubiquitous bean.

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Our Product

## Spices - Grains - Pulse



# History of InterEx/FedEx Madagascar

InterEx – Licensee of Federal Express Corporation started its operations in September 2009 in Village des Jeux, Ankorondrano with 7 employees. Despite the economical crisis, we worked hard because we believe in the potential growth of Madagascar.

We started first with import business from 220 countries then slowly but surely, we began with export shipments as well to these international countries.

Our role is an economic logistic facilitator for Madagascar by offering quality service and competitive tariffs to make them affordable to our valued customers.

With the development of the country on the textile, mines, agricultural and handicraft sector, InterEx continues investing in Madagascar and on its staff by offering international training abroad.

Our objective is to delight our CUSTOMERS with a tailor-made service in a one-stop shop manner to assist our customers with supporting export and import documents and procedures from the ministries for a smooth transit till destination.

To be closer to our customers by offering the same effective services, we opened these respective branches in Tamatave in 2012, in Sambava in 2016, in Antalaha in 2022 and last but not least Antsirabé in February 2023.



Our head office is located at the Village des Jeux – Ankorondrano in the Arboretum Building.

## Our services

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## FedEx in numbers

AIRCRAFT 700, > 220 COUNTRIES AND TERRITORIES SERVED, > 215 K Motorized vehicles, 600M Daily tracking request, > 16M shipments per business day.

## Our CSR Activities in Madagascar:

Reforestation on Ampefy Road in January 2021 and Sabotsy Namena in March 2023.

Food Donation at Fazako Orphanage every month and every festive day.

Protecting our environment by placing bins at the Village des Jeux and recycling our used papers.

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# Private Sector and Biodiversity: Opportunity or Threat?



The irrational exploitation of natural resources and the global climate crisis are the main challenges that seriously impact ecosystems and biodiversity worldwide, including in Africa and Madagascar.

According to the 2019 Global Assessment of Biodiversity and Ecosystem Services report, 75 percent of the earth's surface has been drastically altered, and 66 percent of the oceans are suffering from significant cumulative impacts.

This is a serious scenario that needs specific initiatives and continuous efforts from stakeholders on a local and global scale.

## The link between ecological stability and economic sustainability

The scarcity of natural resources, global warming, and the decline of biodiversity force us to reconsider our strategies related to economic development and biodiversity.

Businesses have to promote ecological stability to thrive. The degradation of biodiversity impacts several fields of activity and, at the same time, is impacted by those activities such as agriculture, tourism, construction, fishing, and other business sectors...

## A commitment of stakeholders in biodiversity conservation and restoration

The subject of World Biodiversity Day, May 22 — **"From Agreement to Action: Rebuilding Biodiversity"** —

provides an opportunity to reflect on the implementation of international, national, local, and political agreements following the historic Convention on Biological Diversity (CBD).

This change has already begun as stakeholders become more aware, regulations are tightened, and new funding or investment in responsible practices is mobilized.

Several firms have already decreased the impact of their business on biodiversity, while others are still incorporating the value of biodiversity into their business strategy. While some businesses become aware and embrace these practices naturally and voluntarily, others are compelled to do so by the increasing demands of their stakeholders.

## CSR and SDG Fair, a platform for exchanges and actions

Biodiversity conservation and restoration are significant challenges for Sustainable Development, and solutions aiming at seeking a balance between ecological stability and economic sustainability are urgent.

**On July 6 and 7, the 8th edition of the Corporate Social Responsibility (CSR) and Sustainable Development Initiatives** will be held in Novotel Alarobia. The main topic of this edition will be: **"Private Sector and Biodiversity: Opportunity or Threat?"**

This event, organized by Ur-CSR consulting and sponsored by the Ministry of Environment and

Sustainable Development, the Ministry of Tourism, and the Ministry of Fisheries and the Blue Economy, shows the multi-sector nature of CSR issues and encourages partnership, which is a powerful method for pooling resources, coordinating actions, and developing joint projects aimed at preserving and restoring biodiversity. It gives benefits to the environment and to the economy.

This edition will bring a cross-reference between different sectors and different nations, encouraging and propelling the move to action. It will be held under the banner of regional and pan-African interactions.

Several issues will be addressed through conference sessions, CSR and SDG talks, and solution workshops with key actors, including national and international experts:

- **How does the company introduce biodiversity-related concerns and opportunities into its business model?**
- **What possibilities may businesses seize while addressing strategically these concerns?**
- **How to stay competitive in a world where regulations and consumer expectations are always changing?**
- **What skills will be required for this ecological shift and how can all stakeholders collaborate to anticipate these requirements?**

 By **Ur-CSR consulting**, CSR and SDG initiatives promoter and exhibition fair organizer





Since its inception, Vision Madagascar (ViMa) has aimed to be a major player of the development of a «New Madagascar», a country where private companies are contributing to the improvement of Malagasy people's quality of life.



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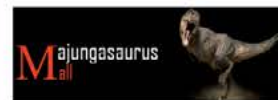


## «Creating a new Madagascar»

Since June, 2013, ViMa has been the license holder of World Trade Center Antananarivo

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