



ACCESS TO FINANCE FOR WOMEN MSMES IN MADAGASCAR: A CASE STUDY FROM ENABLING FINANCIAL POLICY, REGULATION AND INCLUSIVE FINANCIAL ECOSYSTEMS



CASE STUDY

CONTENTS

EXECUTIVE SUMMARY	3
1 MADAGASCAR AT A GLANCE	4
2 BACKGROUND	5
3 INTRODUCTION	5
4 ENTREPRENEURSHIP IN MADAGASCAR	10
5 ACCESS TO FINANCE FOR WOMEN AND WMSMES IN MADAGASCAR	11
6 WOMEN'S INCLUSION IN THE MADAGASCAR SOCIETY	19
7 MADAGASCAR'S COMMITMENTS, TARGETS AND MILESTONES TOWARDS WOMEN AND WMSMES' FINANCIAL INCLUSION	22
8 POLICY AND REGULATORY INTERVENTIONS TO SUPPORT WOMEN AND WMSMES' FINANCIAL INCLUSION	24
9 FOSTERING FINANCIAL INCLUSION THROUGH WOMEN'S ENTREPRENEURSHIP	26
10 DRIVERS	29
11 THE WAY FORWARD	32
ACRONYMS AND ABBREVIATIONS	36
REFERENCES	37

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EXECUTIVE SUMMARY

This case study, part of AFI's series on policy and regulatory approaches to women's financial inclusion in Africa, explores the barriers and opportunities shaping access to finance for women and women-led or women-owned micro, small, and medium enterprises (WMSMEs) in Madagascar and outlines recommendations for key stakeholders to advance women's financial and economic empowerment.

Women are central to Madagascar's entrepreneurial landscape, owning 37 percent of MSMEs and leading over one-third of small businesses.¹ WMSMEs play a vital role in employment, livelihoods, and local development, particularly in agriculture, textiles, and trade. However, most WMSMEs remain informal, small-scale and concentrated in low-value sectors, thereby limiting their growth and competitiveness.

Despite ongoing efforts to expand financial inclusion, access remains limited, with only 26 percent of adults using formal financial services in 2022 and persistent gender gaps in account ownership and access to credit.² WMSMEs face particularly severe barriers, including high levels of informality, limited property rights, and restricted access to finance, contributing to nearly 44 percent of the national MSME credit gap. Structural barriers such as weak infrastructure, socio-cultural norms, and the lack of tailored financial products continue to hinder women's full economic participation and access to finance

The Government of Madagascar has demonstrated strong commitment to advancing women's financial inclusion through national strategies such as the National Financial Inclusion Strategy III (2024-2028) and the National Gender and Climate Change Strategy, alongside active participation in global platforms like the Maya Declaration and Denarau Action Plan. These efforts aim to address structural barriers, promote inclusive digital finance, and expand access to financial services for women and underserved populations. Targeted interventions, including the expansion of digital financial services, the establishment of a financial inclusion database and public credit registry, as well as public-private partnerships, tailored credit instruments, and initiatives to improve access to market information and mentorship are also helping to create pathways for women's economic empowerment. However, these remain key policy priorities requiring sustained action.

Sustained, multi-stakeholder collaboration, targeted policy reforms, private sector engagement, and stronger data systems will be essential to building a more inclusive financial ecosystem that enables women in Madagascar to thrive as entrepreneurs and drivers of economic resilience.

¹IFC. January 2025. IFC and BNI Madagascar Partner to Expand Access to Finance for Smaller Businesses in Madagascar. Available at: <https://www.ifc.org/en/pressroom/2024/ifc-and-bni-madagascar-partner-to-expand-access-to-finance-for-smaller-businesses-in-madagascar>
²FinMark Trust. November 2024. Financial Inclusion and Gender in SADC sub-region STATUS REPORT. Available at: https://finmark.org.za/Publications/UN_Women_SADC_FI_Statistical_Report.pdf

CASE STUDY: MADAGASCAR

1. MADAGASCAR AT A GLANCE



- **Population:** 30.3 million (2023)³
- **Female population:** 50.7% (2022)⁴
- **Over 18 population:** 51.43% (2022)⁵
- **Rural population:** 80%⁶

**GEOGRAPHIC INFORMATION:**⁷

- Fourth largest island in the world situated in the Indian Ocean, 250 miles away from Mozambique.
- Approximately 20 ethnic groups (distributed in different parts of the island). The largest group is the Merina, followed by Betsimisaraka and then the Betsileo.



- **GDP Per capita:** 456 USD (2024)⁸
- **Poverty rate:** 75.2% in 2022⁹
- **National Labor force:** 58.8% (2024)¹⁰
- **Female labor force (% of total labor force):** 51.2% (2024)¹¹
- **Number of female MSMEs:** 37% of all MSMEs in Madagascar are WMSMEs¹²

³World Bank. October 2024. The World Bank in Madagascar. Available at: <https://www.worldbank.org/en/country/madagascar/overview>

⁴UNDP. February 2024. Draft country programme document for Madagascar (2024-2028). Available at: https://www.undp.org/sites/g/files/zskgke326/files/2024-02/mdg_cpd_2024-2028_english_version.pdf

⁵Idem

⁶Central Bank of Madagascar. 2024. Madagascar's National Financial Inclusion Strategy 2024-2028

⁷Britannica. Malagasy peoples. Available at: <https://www.britannica.com/place/Madagascar/Daily-life-and-social-customs>

⁸World Bank. February 2025. Madagascar Economic Update: Bridging the Productivity Divide. Available at: <https://www.worldbank.org/en/country/madagascar/publication/madagascar-economic-update-bridging-the-productivity-divide>

⁹World Bank. February 2024. Madagascar Poverty Assessment: Navigating Two Decades of High Poverty and Charting a Course for Change. Available at: <https://www.worldbank.org/en/country/madagascar/publication/madagascar-afe-poverty-assessment-navigating-two-decades-of-high-poverty-and-charting-a-course-for-change>

¹⁰World Bank. February 2025. Madagascar Economic Update: Bridging the Productivity Divide. Available at:

<https://www.worldbank.org/en/country/madagascar/publication/madagascar-economic-update-bridging-the-productivity-divide>

¹¹Idem

¹²IFC. January 2025. IFC and BNI Madagascar Partner to Expand Access to Finance for Smaller Businesses in Madagascar. Available at:

<https://www.ifc.org/en/pressroom/2024/ifc-and-bni-madagascar-partner-to-expand-access-to-finance-for-smaller-businesses-in-madagascar>

2. BACKGROUND

This case study is part of a series of twenty case studies developed to look at the many ways AFI member institutions in Africa are improving access to finance for women's MSMEs through enabling financial policy and regulation.

This case study on Madagascar explores the financial inclusion of women and women-led or women-owned micro, small, and medium enterprises (WMSMEs) with a particular focus on the barriers and opportunities shaping their access to finance. It assesses the current financial and policy environment affecting women entrepreneurs including regulatory frameworks, institutional support and national development priorities. The study also highlights promising initiatives and programs that have contributed to improving financial access for women while identifying persistent gaps that hinder progress. Based on these insights, it offers practical recommendations to policymakers, financial service providers, and development partners to



3. INTRODUCTION

Madagascar has faced persistent economic challenges since gaining independence in 1960, marked by stagnating growth, a 45 percent decline in per capita income between 1960 and 2020,¹³ and Gross domestic Product (GDP) per capita remaining below USD 500 since 1990.¹⁴ Although the country experienced modest economic progress from 2013 to 2019, these gains were largely reversed by the COVID-19 pandemic which triggered widespread job losses, income decline, and pushed an additional 1.8 million people into poverty.¹⁵ High income inequality, reflected in a GINI coefficient of 42.6,¹⁷ and a 2022 Human Development Index ranking of 177 out of 193 countries,¹⁸ further highlight its development constraints.

¹³World Bank Blogs. May 2023. How Madagascar Can Break a Vicious Cycle of Poverty. Available at: <https://blogs.worldbank.org/en/african/how-madagascar-can-break-vicious-cycle-poverty>

¹⁴World Bank. February 2024. Madagascar Poverty Assessment: Navigating Two Decades of High Poverty and Charting a Course for Change. Available at: <https://www.worldbank.org/en/country/madagascar/publication/madagascar-poverty-assessment-navigating-two-decades-of-high-poverty-and-charting-a-course-for-change>

¹⁵World Bank. June 2022. Madagascar Economic Update: Navigating Through the Storm, A New Drive for Reforms in Madagascar is Crucial. Available at: <https://www.worldbank.org/en/country/madagascar/publication/madagascar-economic-update-navigating-through-the-storm-a-new-drive-for-reforms-in-madagascar-is-crucial>

¹⁶The Gini index, or Gini coefficient, measures income inequality in nations by determining how income is distributed across their populations

¹⁷Human Development Reports. March 2024. Human Development Report 2023/2024 breaking the gridlock. Available at: <https://hdr.undp.org/content/human-development-report-2023-24>

¹⁸Idem

TABLE 1. MADAGASCAR'S HUMAN DEVELOPMENT INDEX

	HUMAN DEVELOPMENT INDEX (HDI)	LIFE EXPECTANCY AT BIRTH	EXPECTED YEARS OF SCHOOLING	MEAN YEARS OF SCHOOLING	GROSS NATIONAL INCOME (GNI) PER CAPITA	GNI PER CAPITA RANK MINUS HDI RANK	HDI RANK
YEAR	2022	2022	2022	2022	2022	2022	2021
INDEX SCORE	0.487	65.2	9.2	4.6	USD 1,464	4	177

Source: Human development report 2023/2024

Structural issues, such as governance constraints, inadequate infrastructure, and exposure to climate-related shocks, have intensified poverty, with **75 percent of the population living in monetary poverty in 2022.**²⁰ The country also ranks as the eighth poorest globally in terms of multidimensional poverty, with 69 percent of Malagasy experiencing deprivation in essential areas like sanitation, clean cooking fuel, electricity, drinking water and education.²¹

These structural challenges also present significant barriers to the development and formalization of micro, small, and medium enterprises (MSMEs), which are critical to job creation and income generation, particularly for women. **The financing gap for MSMEs in Madagascar is estimated at USD2.6 billion (24 percent of the nation's GDP),**²² exceeding the sub-Saharan Africa average of 19 percent.

This issue is particularly pronounced for WMSMEs, which, **despite representing approximately 37 percent of MSMEs in the country, contribute to around 44 percent of Madagascar's overall MSME financing shortfall** as reported by International Finance Corporation (IFC) estimates.²³

Despite these setbacks, Madagascar's economic outlook is gradually improving. Economic growth is projected to rise from 3.8 percent in 2023 to 4.5 percent in 2024.²⁴ Financial inclusion has shown progress, with the proportion of adults (aged 15 and older) holding an account at a bank, financial institution, or mobile money service provider increasing **from 18 percent in 2017 to 26.3 percent in 2022.**²⁵ This progress was driven by a more than doubling of financial access points per 10,000 adults (from 40 to 109) and a 61 percent increase in digital financial service users, rising from 9.8 to 15.8 million between 2018 and 2022.²⁶

²⁰World Bank. February 2024. Madagascar Poverty Assessment: Navigating Two Decades of High Poverty and Charting a Course for Change. Available at: <https://www.worldbank.org/en/country/madagascar/publication/madagascar-afe-poverty-assessment-navigating-two-decades-of-high-poverty-and-charting-a-course-for-change>

²¹World Bank. February 2024. Madagascar Poverty Assessment: Navigating Two Decades of High Poverty and Charting a Course for Change. Available at: <https://www.worldbank.org/en/country/madagascar/publication/madagascar-afe-poverty-assessment-navigating-two-decades-of-high-poverty-and-charting-a-course-for-change>

²²IFC. January 2025. IFC and BNI Madagascar Partner to Expand Access to Finance for Smaller Businesses in Madagascar

Available at: <https://www.ifc.org/en/pressroom/2024/ifc-and-bni-madagascar-partner-to-expand-access-to-finance-for-smaller-businesses-in-madagascar>

²³World Bank. 2025. The World Bank in Madagascar. Available at: <https://www.worldbank.org/en/country/madagascar/overview>

²⁴FinMark Trust. November 2024. Financial Inclusion and Gender in SADC sub-region Status Report. Available at: https://finmark.org.za/Publications/UN_Women_SADC_FI_Statistical_Report.pdf

²⁵FinMark Trust. November 2024. Financial Inclusion and Gender in SADC sub-region Status Report. Available at: https://finmark.org.za/Publications/UN_Women_SADC_FI_Statistical_Report.pdf

²⁶Central Bank of Madagascar. 2024. Madagascar's National Financial Inclusion Strategy 2024-2028

The government of Madagascar has also demonstrated a commitment to tackling structural barriers and advancing gender inclusion. Recent legislative and educational efforts have driven progress as reflected in Madagascar’s improved

ranking on the Global Gender Gap Index, from 84th in 2018 to 51st in 2023, and a score of 63.9 percent on the Africa Gender Index, well above the continental average of 50.3 percent.²⁷

TABLE 2: AFRICA GENDER INDEX				
YEAR	AFRICA GENDER INDEX (AGI)	ECONOMIC & BUSINESS DIMENSION	SOCIAL DIMENSION	EMPOWERMENT & REPRESENTATION
2023	0.639	0.776	1.067	0.315
2019	0.630	0.795	1.089	0.289

Source: Africa Gender Index²⁸²⁹

While these developments signal progress toward economic resilience and inclusion, sustained policy efforts will be crucial in addressing structural deficiencies and ensuring equitable development. To this end, the Government of Madagascar launched a revised National Financial inclusion Strategy (NFIS) III (2024-2028)

which prioritizes improving access to financial services for women, youth, rural populations and MSMEs. It also launched a national strategy for gender and climate change, essential for achieving sustainable economic development and reducing gender disparities in financial inclusion and broader socio-economic participation.

²⁷AfroBarometer. April 2024. Malagasy praise government efforts to promote gender equality but want to see more. Available at: <https://www.afrobarometer.org/wp-content/uploads/2024/04/AD795-Malagasy-praise-government-efforts-to-promote-gender-equality-but-want-to-see-more-Afrobarometer-15april24.pdf>

²⁸AfDB. November 2024. Africa Gender Index 2023 Analytical report. Available at: <https://www.afdb.org/en/documents/africa-gender-index-2023-analytical-report>

²⁹AfDB. March 2020. Africa Gender Index report 2019. Available at: https://www.afdb.org/sites/default/files/documents/publications/africa_gender_index_report_2019_-_analytical_report.pdf

³⁰AfDB. March 2020. Madagascar SME business linkages program. Available at: https://www.afdb.org/sites/default/files/documents/projects-and-operations/multinational_-_madagascar_sme_business_linkages_program_-_project_appraisal_report.pdf

³¹IFC. January 2025. IFC and BNI Madagascar Partner to Expand Access to Finance for Smaller Businesses in Madagascar. Available at: <https://www.ifc.org/en/pressroom/2024/ifc-and-bni-madagascar-partner-to-expand-access-to-finance-for-smaller-businesses-in-madagascar>

4. ENTREPRENEURSHIP IN MADAGASCAR

MSMEs represent a substantial portion of the business sector in Madagascar, accounting for 80 percent of all enterprises.³⁰ Notably, 37 percent of MSMEs are led by women³¹ a substantial increase from 10.5 percent in 2009.³² The prevalence of micro and small enterprises, particularly within the informal sector, highlights the necessity of implementing tailored financial products and enabling regulatory frameworks to support their long-term viability and foster their growth.

MSME DEFINITION IN MADAGASCAR

Madagascar does not have one official definition for the MSMEs; the fiscal framework classification of MSMEs is based on turnover volume, while the tax code defines them with an income threshold of 100 million MGA (USD21,179 as of April 3rd, 2025)³³. The NFIS III (2024-2028) has as an objective to develop a common definition of MSMEs to standardize the classification of MSMEs.

The private sector in Madagascar is predominantly made up of MSMEs, which account for over 80 percent of all businesses and play a crucial role in employment generation.³⁴ Within these, however, the informal sector dominates employment and accounts for nearly 90 percent of all jobs.³⁵ The MSME sector is largely engaged in low-value-added activities, including agriculture, trading, and essential oil production, as well as the exploitation of raw materials and textile production.³⁶ Their small scale, informal nature and limited resources hinder their ability to expand and compete in higher-value sectors. In contrast, large enterprises, primarily foreign owned, operate in capital-intensive industries such as mining, oil and gas, telecommunications and finance.³⁷

To facilitate MSME growth, the [2023 Industrialization Pact](#) aims to double industry's GDP contribution by 2040, from 15 percent to 30 percent, prioritizing sectors such as agribusiness, textiles, and essential oils—industries with traditionally high female participation. Through local value addition and a supportive policy environment, the pact is expected to boost women-led enterprise development and economic empowerment. To oversee its implementation, the independent National Council for the Industrialization of Madagascar (CNIM) was established.

³³AFDB. March 2020. Madagascar SME business linkages program. Available at: https://www.afdb.org/sites/default/files/documents/projects-and-operations/multinational_-_madagascar_sme_business_linkages_program_-_project_appraisal_report.pdf

³⁴Idem

³⁵World Bank. February 2024. Madagascar Poverty Assessment: Navigating Two Decades of High Poverty and Charting a Course for Change. Available at: <https://www.worldbank.org/en/country/madagascar/publication/madagascar-afe-poverty-assessment-navigating-two-decades-of-high-poverty-and-charting-a-course-for-change>

³⁶AFDB. March 2020. Madagascar SME business linkages program. Available at: https://www.afdb.org/sites/default/files/documents/projects-and-operations/multinational_-_madagascar_sme_business_linkages_program_-_project_appraisal_report.pdf

³⁷Idem

WOMEN AND ENTREPRENEURSHIP IN MADAGASCAR

Women play a significant role in Madagascar's MSME sector, although the majority operate as informal micro and small enterprises, particularly in agriculture, textiles, and wholesale trade.³⁸ **As of 2022, women owned 37 percent of MSMEs, a substantial increase from 10.5 percent in 2009.**⁴⁰ Additionally, **37.3 percent of firms had a female top manager** (predominantly in small firms), up from 28.2 percent in 2013 which has a direct effect on female employment as **women-led businesses tend to employ more female managers and workers compared to male-led firms.**⁴¹

90%

"Women are generally represented in the informal labor market, with more than 90 percent of informal MSMEs led by women"

Key Informant Interview

While female ownership and management in Madagascar have grown, women-led firms continue to face greater obstacles in accessing finance, quality certification, and skilled workers.

These constraints contribute to their lower productivity compared to male-managed firms.⁴² **30.3 percent of female-managed firms report finance as a major constraint, nearly double the rate of male-managed firms (16.6 percent).** Loan rejections are also more common, with 15.7 percent of women-led firms experiencing a recent rejection compared to just 1.5 percent of male-led ones, most likely do to their small and often informal nature. Fewer women-led businesses have bank accounts, and only 2.9 percent have internationally recognized quality certifications versus 8.8 percent of male-led firms. Their labor force is also less skilled, with 76.9 percent of skilled labor compared to 99.2 percent in firms managed by men.⁴³ These barriers constrain their growth potential, resulting in lower productivity and reduced competitiveness compared to their male-led counterparts.

³⁸AFDB. March 2020. Madagascar SME business linkages program. Available at: https://www.afdb.org/sites/default/files/documents/projects-and-operations/multinational_-_madagascar_sme_business_linkages_program_-_project_appraisal_report.pdf

³⁹IFC. January 2025. IFC and BNI Madagascar Partner to Expand Access to Finance for Smaller Businesses in Madagascar. Available at: <https://www.ifc.org/en/pressroom/2024/ifc-and-bni-madagascar-partner-to-expand-access-to-finance-for-smaller-businesses-in-madagascar>

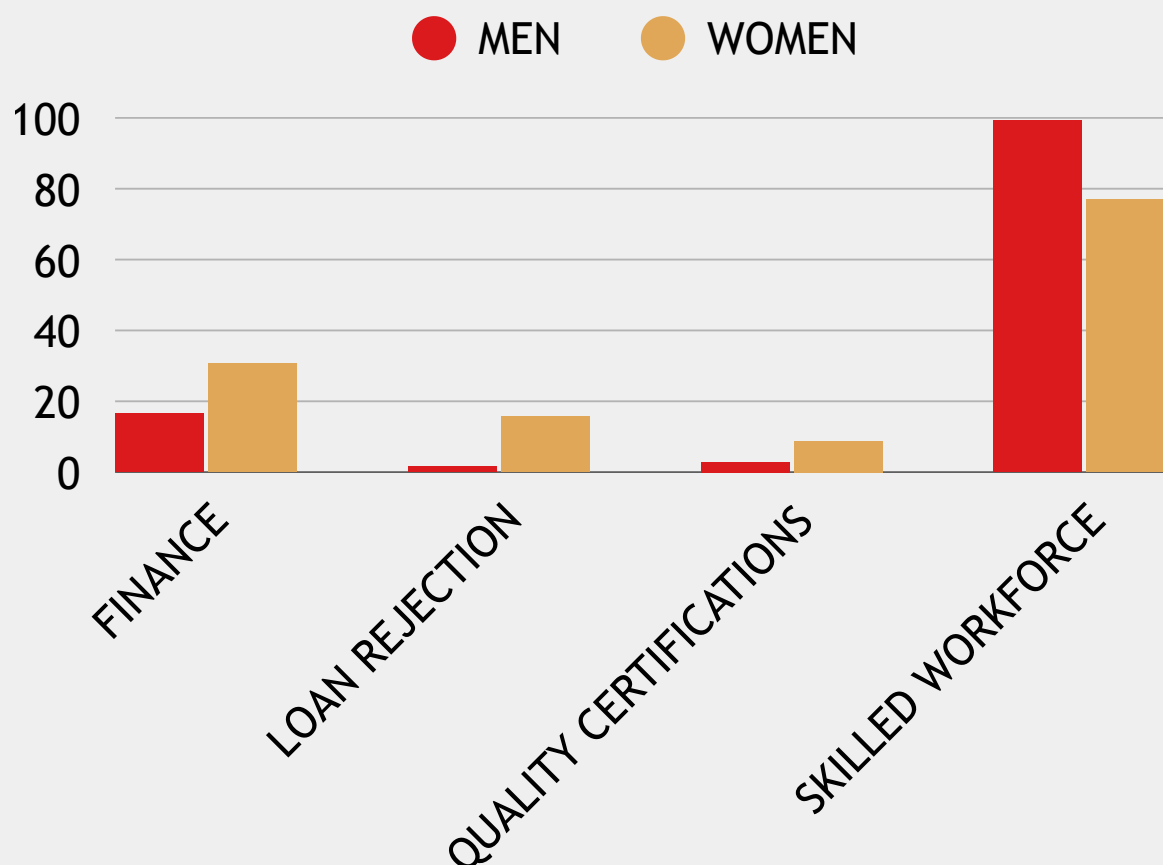
⁴⁰World Bank. February 2025. Madagascar Economic Update: Bridging the Productivity Divide. Available at: <https://www.worldbank.org/en/country/madagascar/publication/madagascar-economic-update-bridging-the-productivity-divide>

⁴¹Idem

⁴²Idem

⁴³Idem

TABLE 3: OBSTACLES FACED BY FEMALE-LED FIRMS COMPARED TO MALE-LED FIRMS



Source: World Bank⁴⁴

In Madagascar, women-led MSMEs are growing but remain largely informal, small-scale, and excluded from high-value sectors. Structural barriers including limited access to finance, skilled labor, and quality certification continue to constrain their growth and competitiveness. Efforts by the Economic Development Board of Madagascar

the Industrialization Pact and the NFIS III have strengthened the ecosystem for women entrepreneurs. Building on this foundation, targeted financial tools, inclusive policies, and practical support can help unlock the full potential of WMSMEs and promote women's economic empowerment.

⁴⁴February 2025. Madagascar Economic Update: Bridging the Productivity Divide. Available at: <https://www.worldbank.org/en/country/madagascar/publication/madagascar-economic-update-bridging-the-productivity-divide>

5. ACCESS TO FINANCE FOR WOMEN & WMSMEs IN MADAGASCAR

While efforts to expand financial inclusion in Madagascar are ongoing, access remains limited. Only 26 percent of adults accessed formal financial services in 2022 and persistent gender gaps exist in account ownership and credit access. WMSMEs face particularly severe barriers with high informality, limited property rights and restricted access to finance, representing nearly 44 percent of the total MSME credit gap.

Financial inclusion in Madagascar remains severely constrained with limited access to formal financial services for both individuals and businesses. Despite ongoing efforts to expand financial access, only 26 percent of Malagasy adults accessed formal financial services in 2022, leaving the majority reliant on informal mechanisms.⁴⁵ While the gender gap in financial inclusion has narrowed slightly, from four percentage points to two, deep-rooted structural and socio-cultural barriers continue to limit women's access to credit and other financial services, reinforcing economic disparities.

TABLE 4. ACCOUNT OWNERSHIP BY GENDER

YEAR	ACCOUNT (PERCENT, AGE 15+)		FINANCIAL INSTITUTION ACCOUNT, (PERCENT, AGE 15+)	
	MALE	FEMALE	MALE	FEMALE
2017	16%	20%	8%	11%
2022	25%	27%	12%	16%

Source: Global Findex Database⁴⁶

MSMEs also face severe financial constraints. Only 8 percent have secured bank loans, significantly below the Sub-Saharan Africa average of 19.5 percent.⁴⁷ Instead, 94 percent rely on internal funds for investments.⁴⁸ Smaller firms are especially disadvantaged with a sharp rise

in businesses citing finance as a major obstacle to growth.⁴⁹ The financing gap for WMSMEs alone represents nearly 44 percent of Madagascar's total MSME credit shortfall.⁵⁰

⁴⁵World Bank. 2025. The global Findex Database. Available at: <https://www.worldbank.org/en/publication/globalindex>

⁴⁶World Bank. 2025. The global Findex Database. Available at: <https://www.worldbank.org/en/publication/globalindex>

⁴⁷World Bank. February 2025. Madagascar Economic Update: Bridging the Productivity Divide. Available at: <https://www.worldbank.org/en/country/madagascar/publication/madagascar-economic-update-bridging-the-productivity-divide>

⁴⁸World Bank. 2022. World Bank Enterprise Survey 2022. Available at: <https://microdata.worldbank.org/index.php/catalog/6503>

⁴⁹World Bank. February 2025. Madagascar Economic Update: Bridging the Productivity Divide. Available at: <https://www.worldbank.org/en/country/madagascar/publication/madagascar-economic-update-bridging-the-productivity-divide>

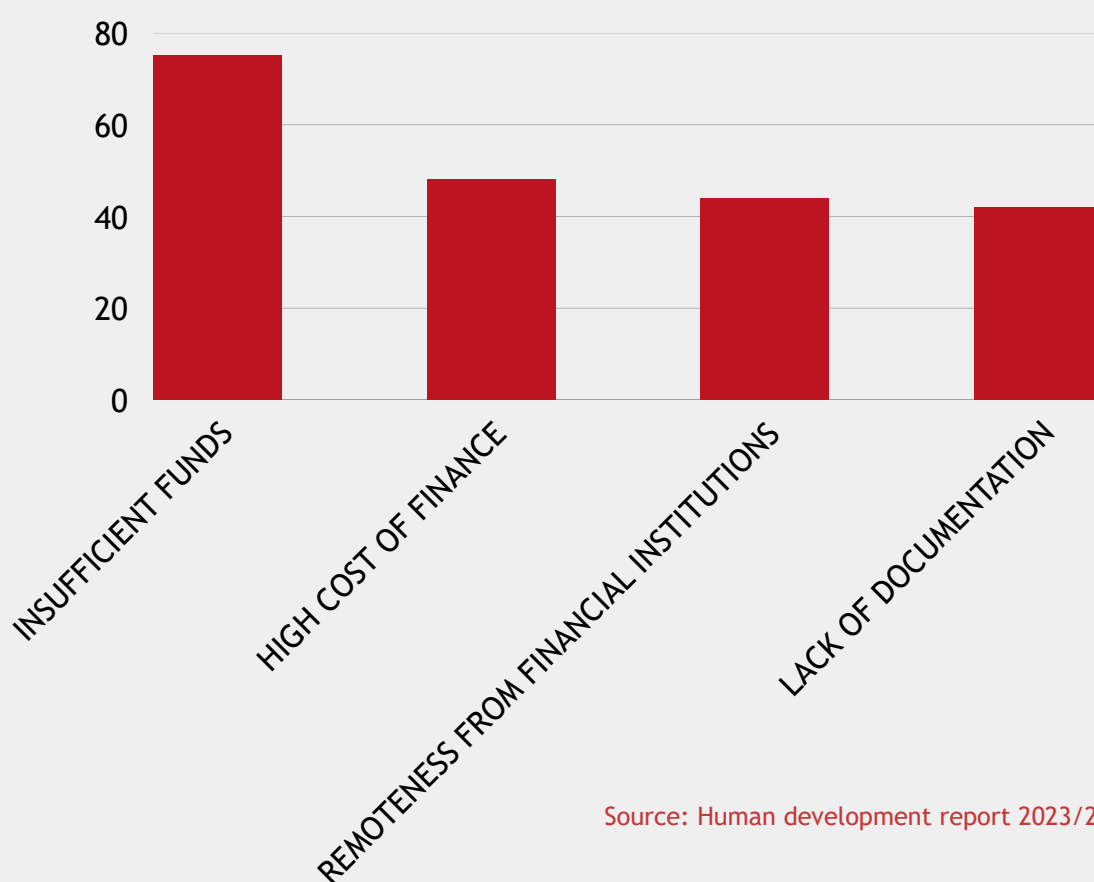
⁵⁰IFC. January 2025. IFC and BNI Madagascar Partner to Expand Access to Finance for Smaller Businesses in Madagascar. Available at: <https://www.ifc.org/en/pressroom/2024/ifc-and-bni-madagascar-partner-to-expand-access-to-finance-for-smaller-businesses-in-madagascar>

DEMAND SIDE CONSTRAINTS

Poverty and financial capacity are major obstacles to financial inclusion. **More than three-quarters of adults cite insufficient funds as the primary reason for not having a formal account.** Additionally, the high cost of financial services discourages

account ownership, with 48 percent of adults citing affordability as a major barrier.⁵¹ The absence of necessary documentation and remoteness from formal financial institutions further exacerbates financial exclusion.⁵²

TABLE 5. MAIN DRIVERS OF LOW FORMAL ACCOUNT OWNERSHIP IN MADAGASCAR



⁵¹World Bank. December 2021. Country Private Sector Diagnostic: Creating Markets in Madagascar- For Inclusive Growth (Vol. 2). Available at: <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099703408052215571>

⁵²Public Digital. 2019. Advancing Madagascar's digital transformation through user-centred services. Available at: <https://public.digital/pd-insights/client-stories/madagascar-advancing-digital-transformation>

For women, these constraints are compounded by structural barriers. In 2021, only 12 percent of women held a bank account compared to 16 percent of men with financial service usage remaining virtually non-existent among individuals without formal education or those in the lowest wealth groups.⁵⁵ Rural women face additional difficulties as financial institutions are often concentrated in urban areas.

Limited property rights further restrict women's ability to access finance. Only 15 percent of cultivable land and 21 percent of land certificates are registered to women compared to 52 percent and 74 percent for men, respectively.⁵⁶ Without sufficient collateral, women struggle to secure loans, limiting their ability to invest in and expand their businesses.



"Women entrepreneurs still need their husband's signature to obtain a credit, unlike men who do not need their wives' signature."

Key Informant Interview

While Madagascar has established legal equality for men and women regarding signing contracts, registering businesses and opening bank accounts, **there is no legislation prohibiting gender-based discrimination in access to credit.**⁵⁷ Moreover, financial autonomy remains low among women with **only 30 percent of women reporting control over how they use their income.**⁵⁸

⁵⁵World Bank. October 2024. Unlocking the Potential of Women and Adolescent Girls - Challenges and Opportunities for Greater Empowerment of Women and Adolescent Girls in Madagascar. Available at: <https://openknowledge.worldbank.org/entities/publication/0a6fab4a-3f9b-4a24-9b90-70855a86e203>

⁵⁶Fanainga. October 2021. Politique nationale pour l'égalité Homme-Femme : Les OSC sur le chantier. Available at: <https://fanainga.mg/pnehf-les-osc-sur-le-chantier/>

SUPPLY SIDE CONSTRAINTS

Madagascar has a diverse offering of financial service providers: 13 banks, 15 Microfinance Institutions (MFIs), five insurance companies, three Electronic Money Establishments (EME), around ten fintechs and around twenty savings group promoters among others.⁵⁹ Despite this assortment of options, financial inclusion in Madagascar remains limited and unevenly distributed across the country. **The banking sector is dominated by four foreign-owned banks that control 80 percent of total assets, primarily focusing on large enterprises and high-value loans.**⁶⁰

With a lending penetration rate of only six percent and just 28.8 borrowers per 1,000 adults, **access to formal credit is constrained, particularly for MSMEs.**⁶¹ MSMEs encounter a range of obstacles, from stringent collateral requirements to inadequate financial records and limited credit histories. These challenges are compounded by high borrowing costs, reflecting banks' constrained deposit mobilization and risk-averse lending behavior.

⁵⁹World Bank. October 2024. Unlocking the Potential of Women and Adolescent Girls - Challenges and Opportunities for Greater Empowerment of Women and Adolescent Girls in Madagascar. Available at: <https://openknowledge.worldbank.org/entities/publication/0a6fab4a-3f9b-4a24-9b90-70855a86e203>

⁵⁷Banyan global. 2020. USAID/Madagascar Gender Analysis Report. Available at: <https://banyanglobal.com/wp-content/uploads/2020/08/USAID-Madagascar-Gender-Analysis-for-the-2020-2025-CDCS.pdf>

⁵⁸Central Bank of Madagascar. 2024. Madagascar's National Financial Inclusion Strategy 2024-2028

⁵⁹World Bank. December 2021. Country Private Sector Diagnostic: Creating Markets in Madagascar- For Inclusive Growth (Vol. 2). Available at: <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099703408052215571>

⁶⁰World Bank. December 2021. Country Private Sector Diagnostic: Creating Markets in Madagascar- For Inclusive Growth (Vol. 2). Available at: <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099703408052215571>

⁶¹AFDB. March 2020. Madagascar SME business linkages program. Available at: https://www.afdb.org/sites/default/files/documents/projects-and-operations/multinational_-_madagascar_sme_business_linkages_program_-_project_appraisal_report.pdf#:~:text=MSMEs percent20in percent20Madagascar percent20BLP percent20will,imports percent20but percent20it percent20will percent20also percent20make percent20it

The country's financial infrastructure remains severely underdeveloped, especially in rural areas where 80 percent of the population resides, supported by only 2.94 automated teller machines (ATMs) and 2.38 commercial bank branches per 100,000 adults, far below regional averages.⁶² High operational costs discourage banks from expanding into rural areas, limiting financial access for women and small businesses outside urban centers.

THE ROLE OF THE MICROFINANCE SECTOR IN SUPPORTING WMSMEs' ACCESS TO FINANCE

Madagascar's microfinance sector, established in 1990, has experienced substantial growth **serving nearly a quarter of the population** and playing a vital role in addressing financial exclusion, particularly among women-led and rural MSMEs.⁶³ **MFIs are often the preferred financing option for MSMEs due to their adaptability to the distinct needs and operational characteristics of these enterprises.** Unlike banks, MFIs often do not require MSMEs to be formalized, nor do they request extensive collateral or significant turnover.

Despite their impact, MFIs face challenges in scaling operations, digitizing services, and strengthening institutional capacity. Recent partnerships with government and mobile networks present promising opportunities to expand their reach and better serve underserved entrepreneurs. Nonetheless, continued engagement from local and international stakeholders is essential to enhance MFI's ability to more effectively support underserved entrepreneurs and drive inclusive economic growth.

The following table below presents a closer examination of some of Madagascar's key MFIs, which have a significant impact on the financial ecosystem. The list includes institutions such as Baobab Banque Madagascar and Accès Banque Madagascar (ABM) which are both licensed as commercial banks but are still considered MFIs due to their mandate, client base, and tailored products for microenterprises. KRED operates as a dedicated digital microfinance brand within BNI, designed to expand access to small-scale credit through Madagascar's growing digital finance ecosystem. Collectively, these institutions illustrate the evolving structure of the microfinance sector and its central role in extending financial services to underserved groups.

⁶²World Bank. December 2021. Country Private Sector Diagnostic: Creating Markets in Madagascar- For Inclusive Growth (Vol. 2). Available at: <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099703408052215571>

⁶³AKDN. Madagascar | Microfinance. Available at: <https://the.akdn/en/where-we-work/eastern-africa/madagascar/microfinance-madagascar>

TABLE 6. LEADING MFIS IN MADAGASCAR WITH A FOCUS ON WOMEN

INSTITUTION	TARGET AUDIENCE	SERVICES OFFERED	GEOGRAPHIC REACH & CLIENT PORTFOLIO	IMPACT ON WOMEN MSMES
PAMF-Madagascar ⁶⁴ 6566	70 percent of its borrowers live in rural areas; in urban areas they focus on small traders, and artisans.	<ul style="list-style-type: none"> Loans for agricultural inputs and production, small equipment, warehousing and inventory credit. In 2021, it leveraged Facebook Messenger's popularity in Madagascar to enable the platform's three million users to apply for credit or open savings accounts directly through the app. 	<ul style="list-style-type: none"> 16 branches in various regions. Client portfolio of 400,000 customers In 2019 it introduced its DFS strategy and, by 2020, had disbursed over 611,000 loans worth USD19 million, accounting for more than 10 percent of its portfolio. 	50 percent of their customers are women.
Baobab Banque Madagascar ⁶⁷	Micro-entrepreneurs, women.	<ul style="list-style-type: none"> Loans, savings and business support. Prioritizes fostering support for micro-entrepreneurs and reducing inequalities. 	<ul style="list-style-type: none"> 36 branches, 527 "Baobab Spots" Client portfolio of 300,000 customers 	54 percent of its employees are women.
Madagascar ⁶⁸	Micro-enterprises, including WMSMEs and low-income families,	<ul style="list-style-type: none"> Microfinance services, entrepreneurship support. 	<ul style="list-style-type: none"> 30 branches, 40,000 customers 	50 percent of their customers are women.
KRED ⁶⁹	MSMEs including women entrepreneurs	<ul style="list-style-type: none"> DFS for MSMEs, including loans and savings products. 	<ul style="list-style-type: none"> 25,000 credit lines as of 2022.⁷⁰ 	Focus on increased access to financing for WMSMEs. ⁷¹

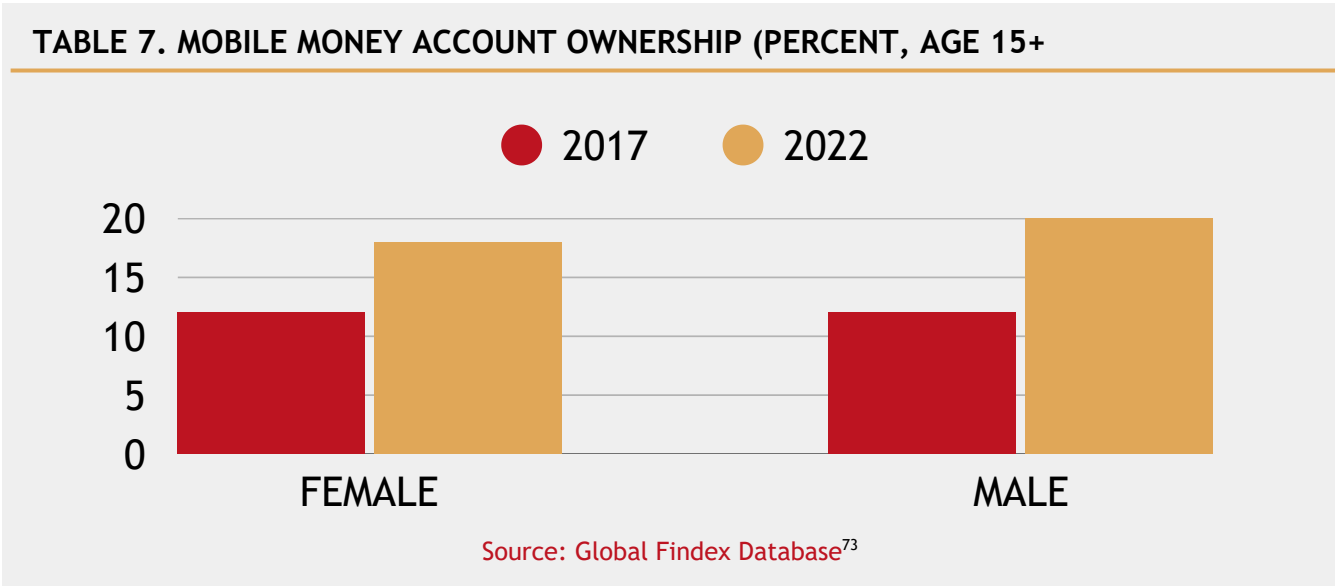
⁶⁴AKDN. Madagascar Microfinance. Available at: <https://the.akdn/en/where-we-work/eastern-africa/madagascar/microfinance-madagascar>⁶⁵IFC. February 2023. Madagascar's Mobile Money Boom. Available at: <https://www.ifc.org/en/stories/2023/madagascars-mobile-money-boom>⁶⁶IFC. 2024. Expanding Opportunities in Madagascar, One Microloan at a Time. Available at: <https://www.ifc.org/en/stories/2024/expanding-opportunities-in-madagascar-one-microloan-at-a-time>⁶⁷Proparco. March 2024. Baobab Banque Madagascar reduces inequalities by promoting micro-entrepreneurs, with the support of Proparco. Available at: <https://www.proparco.fr/en/actualites/baobab-banque-madagascar-reduces-inequalities-promoting-micro-entrepreneurs-support>⁶⁸Proparco. May 2022. Supporting financial inclusion in Madagascar with Accès Banque. Available at: <https://www.proparco.fr/en/carte-des-projets/ab-mada-efsd-covid#>⁶⁹Axian Group. June 2019. BNI Madagascar launched KRED, Its new 100 percent digital microfinance bank, dedicated to SMEs. Available at: <https://www.axian-group.com/en/2019/07/bni-madagascar-launches-kred-its-new-100-digital-microfinance-brand-dedicated-to-smes/02/>⁷⁰IFC. February 2023. Madagascar's Mobile Money Boom. Available at: <https://www.ifc.org/en/stories/2023/madagascars-mobile-money-boom>⁷¹IFC. January 2025. IFC and BNI Madagascar Partner to Expand Access to Finance for Smaller Businesses in Madagascar. Available at: <https://www.ifc.org/en/pressroom/2024/ifc-and-bni-madagascar-partner-to-expand-access-to-finance-for-smaller-businesses-in-madagascar>

INCREASING FINANCIAL INCLUSION THROUGH DIGITAL FINANCIAL SERVICES (DFS)

In Madagascar, mobile money adoption is still in its early stages, lagging behind other African nations. Nevertheless, DFS, particularly mobile money, are rapidly gaining traction and proving to be a vital tool for advancing financial inclusion, especially in underserved rural communities where poor infrastructure and high costs have long limited access to financial services. Over the years, mobile money accounts have surpassed traditional bank accounts, with more

than 15.8 million EME customers in 2022.⁷² Although customers primarily utilize their accounts for traditional person-to-person transfers, an increasing number are now leveraging mobile money for paying bills, receiving salaries, saving funds, and obtaining loans.

Collaborations between mobile operators and financial institutions have significantly driven the expansion of mobile money, offering a viable alternative to traditional banking by facilitating savings, money transfers and loans.



By leveraging these partnerships, certain banks and microfinance institutions in Madagascar are able to serve individuals and informal micro-enterprises by employing simplified know-your-customer (KYC) procedures to offer digital savings accounts and nano-loans ranging from USD2 to USD100, with loan maturities varying from one hour to 30 days.⁷⁴

Women have especially benefited from

mobile money, with 56.4 percent using mobile money transactions compared to 45.6 percent of men.⁷⁵ DFS, including nano-loans, enable women to engage in financial activities such as saving, paying bills, and obtaining small loans without requiring formal documentation or collateral, effectively addressing challenges that disproportionately hinder women, particularly in rural areas.

⁷²Central Bank of Madagascar. 2024. Madagascar’s National Financial Inclusion Strategy 2024-2028

⁷³World Bank. 2025. The global Findex Database. Available at: <https://www.worldbank.org/en/publication/globalindex>

⁷⁴World Bank. December 2021. Country Private Sector Diagnostic: Creating Markets in Madagascar- For Inclusive Growth (Vol. 2). Available at: <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099703408052215571>

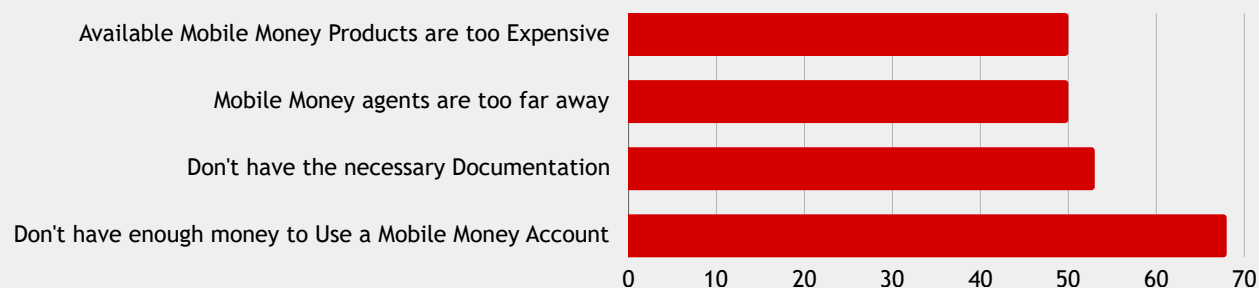
⁷⁵World Bank. October 2024. Unlocking the Potential of Women and Adolescent Girls - Challenges and Opportunities for Greater Empowerment of Women and Adolescent Girls in Madagascar. Available at: <https://openknowledge.worldbank.org/entities/publication/0a6fab4a-3f9b-4a24-9b90-70855a86e203>

Despite the growth of DFS, challenges remain in fully realizing its potential. Poverty precludes the uptake of DFS, with only **39 percent of individuals aged 15 and above owning a mobile phone in 2022.**⁷⁶

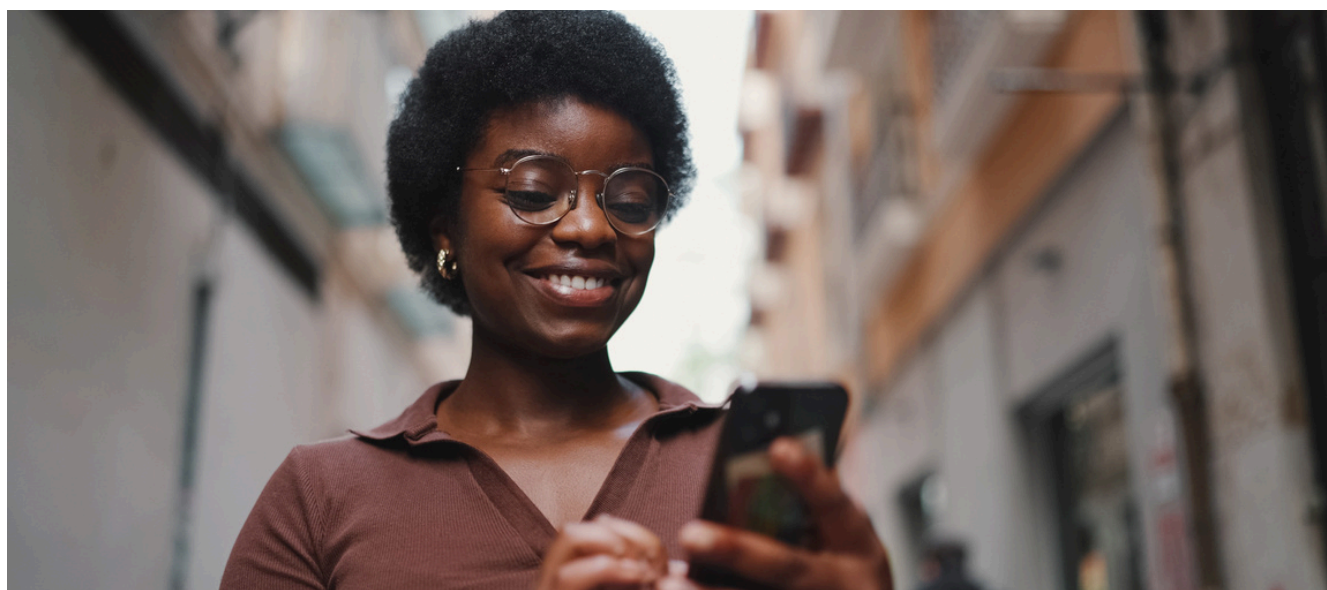
Moreover, half of the population lacks a mobile money account due to challenges

such as the high cost of services; the remote location of mobile money agents; insufficient documentation, and for 69 percent of the population limited financial resources.

**TABLE 8. REASON FOR NOT HAVING A MOBILE MONEY ACCOUNT:
(% WITHOUT AN ACCOUNT, AGE 15+)**



Source: Global Findex Database⁷⁷



⁷⁶World Bank. 2025. The global Findex Database. Available at: <https://www.worldbank.org/en/publication/globalfindex>

⁷⁷ Idem

THE IMPORTANCE OF A SOLID CREDIT INFRASTRUCTURE

Madagascar has made notable strides in developing its credit market infrastructure, which is critical to expanding access to finance, particularly for MSME. **A major milestone was the establishment of a public credit registry and a private credit bureau in 2020**, supported by the IFC, aimed at improving transparency, reducing information asymmetries and facilitating responsible lending.⁷⁸ These initiatives, together with the National Financial Inclusion Strategy (NFIS) III 2024-2028, promote the use of alternative credit scoring methods such as, psychometric assessments, to extend credit to individuals and MSMEs lacking formal financial histories.

Another key development is the Tsara Antoka platform, Madagascar's first digital registry for movable property security rights, managed by the Ministry of Justice.⁷⁹ Operational since 2023 under the Registre National des Sûretés sur les Créances et les Biens Mobiliers (RNCSCM), Tsara Antoka allows businesses and individuals to register movable assets — such as vehicles, agricultural equipment, and inventory — as collateral for loans. This reform is particularly significant for WMSMEs, which often lack access to immovable property and face difficulties meeting traditional collateral requirements but can leverage movable assets to secure financing.

By expanding the types of acceptable collateral and simplifying the process for and enforce collateral rights, the registry

lending risks and opens new opportunities for businesses previously excluded from formal credit markets.

Challenges, however, persist. Awareness of the registry remains limited, especially among small business owners and informal entrepreneurs. Access to the registry system is largely digital, which may exclude MSMEs in rural areas with limited internet connectivity. Furthermore, while movable property can now be registered, broader challenges, including weak insolvency frameworks, limited enforcement of creditor rights, and underdeveloped guarantee schemes, continue to deter lenders from extending credit to small businesses.⁸⁰ In particular, women entrepreneurs, who often face additional legal and socio-cultural barriers to asset ownership, may be less able to benefit from these reforms without targeted awareness campaigns and complementary policy interventions.

Madagascar has made progress in advancing financial inclusion and strengthening credit infrastructure, yet WMSMEs continue to face significant barriers to finance. While gender gaps in account ownership have narrowed and reforms under NFIS III offer promise, deep-rooted structural challenges persist. Limited collateral, weak rural infrastructure, and gaps in legal protections constrain women's financial empowerment. To unlock the full economic potential of women and WMSMEs, targeted action is needed. Expanding tailored financial products, scaling digital financial services, and addressing both demand and supply-side barriers will be key to fostering inclusive and sustainable economic growth.

⁷⁸IFC. February 2023. Madagascar's Mobile Money Boom. Available at: <https://www.ifc.org/en/stories/2023/madagascars-mobile-money-boom>

⁷⁹RNCSCM. 2023. Registre Electronique de Sûretés Réelles Mobilières "Tsara Antoka". Available at: <https://rncscm.mg/#/>

⁸⁰World Bank. February 2025. Madagascar Economic Update: Bridging the Productivity Divide. Available at:

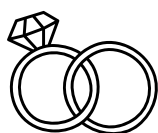
<https://www.worldbank.org/en/country/madagascar/publication/madagascar-economic-update-bridging-the-productivity-divide>

6. WOMEN'S INCLUSION IN THE MADAGASCAR SOCIETY

Women's economic empowerment is closely linked to their broader social inclusion in Madagascar's society. Despite progress in promoting gender equality, deep rooted cultural norms, limited access to education and technology and persistent health challenges continue to constrain women's participation in financial and entrepreneurial activities, particularly for rural and poor women.

SOCIAL AND CULTURAL NORMS AS BARRIERS TO EMPOWERMENT

Madagascar has several legal frameworks promoting gender equality, including the Constitution, the 2005 Land Law, and laws against child marriage and gender-based violence. Nevertheless, customary practices, particularly around land ownership, inheritance and property division after divorce, often undermine these protections leaving many women without financial security or productive assets to start or grow an enterprise.⁸¹



Nearly 40 percent of women aged 20-24 were married by the age of 18.⁸²

Upon marriage, women, especially in rural areas, are expected to prioritize household and reproductive duties, with unpaid care work disproportionately falling on them (14.6 percent of their time compared to 2.8 percent for men). Men are considered the head of the family, controlling finances, property, and key household decisions, thereby restricting women's economic opportunities.⁸⁴

Furthermore, although legal frameworks support gender equality, women held only 18.5 percent of parliamentary seats as of February 2024. That limited political representation reduces their ability to influence policies that would improve women's financial inclusion and economic empowerment.⁸⁵

WOMEN'S HEALTH AND WELL BEING: REMAINING CHALLENGES

High maternal mortality (335 deaths per 100,000 live births) and unmet contraceptive needs are compounded by the scarcity of health facilities, prohibitive costs and the absence of youth-friendly services. Negative social norms further discourage family planning among unmarried women. This contributes to a high rate of teenage pregnancies (31.1 percent for girls aged 15-19) which negatively impacts their education, health, employment prospects, and overall well-being.⁸⁷

⁸¹World Bank. October 2024. Unlocking the Potential of Women and Adolescent Girls - Challenges and Opportunities for Greater Empowerment of Women and Adolescent Girls in Madagascar. Available at: <https://openknowledge.worldbank.org/entities/publication/0a6fab4a-3f9b-4a24-9b90-70855a86e203>

⁸²World Bank. February 2024. Madagascar Poverty Assessment: Navigating Two Decades of High Poverty and Charting a Course for Change. Available at: <https://www.worldbank.org/en/country/madagascar/publication/madagascar-afe-poverty-assessment-navigating-two-decades-of-high-poverty-and-charting-a-course-for-change>

⁸³UN Data women. Madagascar. Available at: <https://data.unwomen.org/country/madagascar>

⁸⁴AFDB. March 2020. Madagascar SME business linkages program. Available at: https://www.afdb.org/sites/default/files/documents/projects-and-operations/multinational_-_madagascar_sme_business_linkages_program_-_project_appraisal_report.pdf

⁸⁵World Bank. October 2024. Unlocking the Potential of Women and Adolescent Girls - Challenges and Opportunities for Greater Empowerment of Women and Adolescent Girls in Madagascar. Available at: <https://openknowledge.worldbank.org/entities/publication/0a6fab4a-3f9b-4a24-9b90-70855a86e203>

⁸⁶Idem

⁸⁷Idem

EDUCATIONAL ATTAINMENT: CLOSING THE GENDER GAP

Madagascar's education system faces persistent challenges that limit access and learning outcomes, particularly for women. Despite free and compulsory primary education, enrolment and completion remain constrained by economic barriers such as indirect schooling costs, high rates of child labor, affecting one-third of children aged 5-11 and more than 60 percent of those aged 12-14, and inadequate infrastructure. **Only 45 percent of students complete primary school and 31 percent finish secondary school.**⁹⁰

Over the past decade, girls have achieved higher enrollment and completion rates in primary and secondary education compared to boys.⁹¹



Female literacy rates have shown significant progress, exceeding male literacy rates by 2.4 percentage points and achieving a level of 74.8 percent.⁹²

Notwithstanding, academic performance remains low, just 60 percent of fifth graders have basic reading skills, and under 20 percent meet math proficiency.⁹³ These deficits contribute to a shortage of skilled

labor, with firms citing it as a key constraint to growth and the country ranking 123rd out of 137 on the Global Competitiveness Index for workforce education.⁹⁴

WOMEN'S ECONOMIC PARTICIPATION: THE PREDOMINANCE OF THE INFORMAL SECTOR

Madagascar's labor market is predominantly informal, with nearly 90 percent of employment falling outside formal structures.⁹⁵ This informality disproportionately affects women, who often work in precarious, unpaid, or low-wage positions within household enterprises and subsistence agriculture. **Only 24 percent of working women hold waged positions** compared to 35 percent of men, reflecting systemic barriers to quality employment, particularly in male-dominated industries.⁹⁶

National labor force participation stands at 58.8 percent, with a significant gender gap: **66.9 percent of men participate in the labor market compared to only 51.2 percent of women.**⁹⁷ Discriminatory hiring practices and regulations that favor men for scarce jobs and exclude women from certain hazardous jobs or industrial jobs, combined with employer concerns over maternity leave, limit women's formal employment.

UN Data women. Madagascar. Available at: <https://data.unwomen.org/country/madagascar>

AFDB. March 2020. Madagascar SME business linkages program. Available at: https://www.afdb.org/sites/default/files/documents/projects-and-operations/multinational_-_madagascar_sme_business_linkages_program_-_project_appraisal_report.pdf

World Bank. October 2024. Unlocking the Potential of Women and Adolescent Girls - Challenges and Opportunities for Greater Empowerment of Women and Adolescent Girls in Madagascar. Available at: <https://openknowledge.worldbank.org/entities/publication/0a6fab4a-3f9b-4a24-9b90-70855a86e203>

Idem

Idem

AfroBarometer. April 2024. Malagasy praise government efforts to promote gender equality but want to see more. Available at:

<https://www.afrobarometer.org/wp-content/uploads/2024/04/AD795-Malagasy-praise-government-efforts-to-promote-gender-equality-but-want-to-see-more-Afrobarometer-15april24.pdf>

World Bank. February 2024. Madagascar Poverty Assessment: Navigating Two Decades of High Poverty and Charting a Course for Change. Available at: <https://www.worldbank.org/en/country/madagascar/publication/madagascar-afe-poverty-assessment-navigating-two-decades-of-high-poverty-and-charting-a-course-for-change>

Idem

World Bank. October 2024. Unlocking the Potential of Women and Adolescent Girls - Challenges and Opportunities for Greater Empowerment of Women and Adolescent Girls in Madagascar. Available at: <https://openknowledge.worldbank.org/entities/publication/0a6fab4a-3f9b-4a24-9b90-70855a86e203>

Gender disparities are further reflected in earnings with **women earning approximately 37 percent less than men**, highlighting systemic inequities in wage distribution and access to economic opportunities.⁹⁹

INCREASED VULNERABILITY TOWARDS CLIMATE CHANGE

Madagascar faces severe climate change impacts, including cyclones, droughts, and floods, that cost the country an estimated one percent of its GDP annually and significantly affect agriculture, food security, and public health.¹⁰⁰ Women are especially vulnerable due to their dependence on climate-sensitive livelihoods, limited resources, and socio-cultural roles. Environmental pressures, such as deforestation and water shortages, intensify women's domestic and caregiving responsibilities by increasing the time and effort needed to gather essentials like firewood and water, while climate shocks further amplify these challenges, worsening food insecurity and malnutrition and limiting their educational and economic opportunities.¹⁰¹ Nevertheless, women hold the potential to play a transformative role in mitigating climate change through sustainable agriculture, renewable energy initiatives, and eco-friendly enterprises,

which can enhance their resilience, independence, and contributions to community sustainability.

ACCESS TO TECHNOLOGY

Digital inclusion in Madagascar remains limited with **internet usage reaching only 20 percent of the population in 2023 and mobile telephony services accessible to just 43.8 percent**.¹⁰³ Within this context, notable gender disparities persist, as men have greater access to media and the internet compared to women. While 12 percent of men reported internet usage within the last three months, only eight percent of women did so, despite literacy rates being relatively comparable between the genders.¹⁰⁴ **Rural women face the greatest challenges, with only 29.9 percent having access to mobile phones, 2.6 percent to the internet, and 1.4 percent to computers**, highlighting the digital divide's disproportionate impact on women in remote areas.¹⁰⁵

⁹⁹AfroBarometer. April 2024. Malagasy praise government efforts to promote gender equality but want to see more. Available at: <https://www.afrobarometer.org/wp-content/uploads/2024/04/AD795-Malagasy-praise-government-efforts-to-promote-gender-equality-but-want-to-see-more-Afrobarometer-15april24.pdf>

¹⁰⁰World Bank. February 2024. Madagascar Poverty Assessment: Navigating Two Decades of High Poverty and Charting a Course for Change. Available at: <https://www.worldbank.org/en/country/madagascar/publication/madagascar-afe-poverty-assessment-navigating-two-decades-of-high-poverty-and-charting-a-course-for-change>

¹⁰¹Ministry of Environment and Sustainable Development. January 2023. National Gender and Climate Change Strategy.

¹⁰²World Bank. Data: Madagascar. Available at: <https://data.worldbank.org/country/madagascar>

¹⁰³Developing Telecoms. January 2024. Orange Madagascar plans massive coverage boost. Available at: <https://developingtelecoms.com/telecom-business/operator-news/16130-orange-madagascar-plans-massive-coverage-boost.html>

¹⁰⁴Banyan global. 2020. USAID/Madagascar Gender Analysis Report. Available at: <https://banyanglobal.com/wp-content/uploads/2020/08/USAID-Madagascar-Gender-Analysis-for-the-2020-2025-CDCS.pdf>

¹⁰⁵UN. March 2023. Commission on the Status of Women: For 'digital justice' to happen, women and young people must defend their rights. Available at: <https://press.un.org/fr/2023/fem2226.doc.htm>

7. MADAGASCAR'S COMMITMENTS, TARGETS & MILESTONES TOWARDS WOMEN & WMSMEs' FINANCIAL INCLUSION

Advancing financial inclusion for women and WMSMEs in Madagascar requires not only targeted programs but also strong institutional commitment and clear policy direction. This section highlights how Madagascar's financial authorities, through ambitious national targets, regulatory reforms and alignment with global commitments, are laying the groundwork to address persistent barriers faced by women and WMSMEs in accessing finance. These efforts are critical to ensuring that financial inclusion serves as a catalyst for broader gender equality, economic resilience, and sustainable development.

The Ministry of Finance and Budget and the Banque Centrale de Madagascar play a central role in driving an inclusive and responsible financial sector development in Madagascar. Both institutions have demonstrated strong commitment to promoting financial inclusion for women and WMSMEs through active participation in the Alliance for Financial Inclusion (AFI) and the adoption of key international frameworks such as the Denarau Action Plan and the Maya Declaration.

Under the Maya Declaration, Madagascar has set eleven national targets with several directly aimed at addressing barriers to finance for women and (W)MSMEs. These include:¹⁰⁶

- The development of a national climate finance strategy with a strong gender component (completed 2023).

- The implementation of the national financial education program (in progress, target date July 2025).
- An increase in the number of adults accessing and using formal financial services to over 50 percent and the number of MSMEs to 25 percent through promoting financial education and strengthening financial consumer protection mechanisms; innovation in DFS; financing for women and MSMEs; inclusive green and blue finance, and providing reliable and up-to-date databases (in progress, included in the NFIS III 2024-2028).
- The improvement of MSME access to credit (in progress).
- The promotion of distance banking and DFS (completed although both still a priority).
- A national financial inclusion database (completed with an online data collection tool developed).
- Reforming current laws and regulation to support financial inclusion through mobile banking and consumer protection (completed).
- The improvement in access to microfinance services for the population by increasing the household penetration rate from 22.6 percent in 2012 to 38 percent by 2017 (in progress).

¹⁰⁶AFI Data porta. Maya declaration target details. Available at: [Afi-dataportal.org](https://afi-dataportal.org)

¹⁰⁷AFI Data porta. Maya declaration target details. Available at: [Afi-dataportal.org](https://afi-dataportal.org)

Madagascar's steady progress toward financial inclusion, anchored in global commitments like the Maya Declaration and supported by national efforts, such as their National financial inclusion strategies and regulatory and legal reforms, reflects growing momentum to close gender and

MSME finance gaps. Sustained focus on gender-intentional targets, regulatory reforms, and digital innovation will be critical to achieving inclusive, resilient economic growth.



8. POLICY & REGULATORY INTERVENTIONS TO SUPPORT WOMEN & WMSMEs' FINANCIAL INCLUSION

Madagascar has taken meaningful steps to establish policies and regulatory frameworks that promote gender equality and improve women's and WMSMEs' access to finance, supported by international and national commitments. Nonetheless, gaps between policy and practice persist. Limited civil society capacity, fragmented coordination and the insufficient operationalization of gender priorities often reduce the effectiveness of these initiatives.¹⁰⁷

NATIONAL FINANCIAL INCLUSION STRATEGY (NFIS) I (2013-2017), NFIS II (2018-2022) AND NFIS III (2024-2028)

Madagascar's NFIS III (2024-2028) defines financial inclusion as the accessibility and usage of financial services including savings, insurance, payments, and credit by all segments of the population and enterprises, with a strong focus on women and WMSMEs. It builds on the foundations of NFIS I (2013-2017) and NFIS II (2018-2022), which prioritized expanding affordable, quality financial services and improving financial literacy.

The NFIS II focused on three pillars: financial education and consumer protection, expanding access and usage of financial services, particularly for women and rural populations, and strengthening legal and institutional frameworks. Key achievements include a national financial education roadmap, public awareness

campaigns, improved financial products for low-income and rural populations, and the growth of digital financial services such as mobile banking and nano-loans. Collaboration with mobile money operators and MFIs also helped improve access for informal and women-led businesses. However, by 2022, only 26 percent of Malagasy adults used formal financial services.

The new NFIS, places greater emphasis on MSME and gender-responsive financial inclusion and aims to **raise financial inclusion rates to over 50 percent of adults and 25 percent of MSMEs by 2028**. It aligns with national development priorities, regional strategies such as the South African Development Community (SADC) Financial Inclusion Strategy (2023-2028), and global frameworks such as the Sustainable Development Goals (SDG 2030), the Climate Change Agreement, and other global agreements to which Madagascar is a signatory. Key priorities include enhancing the capacity of financial service providers to serve women entrepreneurs, simplifying MSME registration, expanding access to credit guarantees, and improving DFS, particularly in rural areas.

NFIS III also supports scaling up community savings and loan groups (CSLGs) by strengthening links to formal finance and improving governance. It promotes insurance solutions to build resilience, encourages inclusive business models, and leverages fintech innovations, while ensuring strong consumer protection and financial literacy, especially for women, youth, and vulnerable regions like the Grand Sud.

Together, these measures aim to create a more enabling financial environment for women and WMSMEs as a driver of inclusive economic growth.

FINANCIAL LITERACY AND CAPACITY BUILDING

Improving financial literacy and building the financial capabilities of the population have been central priorities of Madagascar's NFIS II (2018-2022) and NFIS III (2024-2028), as well as efforts led by CSLGs and MFIS. Initiatives like ACEP Madagascar's FINEDUC program, launched in 2016 offer long-term, free training to micro and small business clients, particularly women, on financial literacy, business planning, and formalization.¹⁰⁸ This support is especially crucial for women, many of whom work in the informal sector or manage small businesses without access to formal training. Strengthening financial knowledge not only improves their ability to manage money and access credit but also helps them navigate economic shocks, build resilience, and participate more fully in the formal financial system, contributing to broader goals of gender equality and inclusive economic growth.

Madagascar's Financial education initiatives¹⁰⁹

Madagascar's financial education efforts, coordinated by the Ministry of Economy and Finance, follow a multi-level approach involving macro-level institutions (such as ministries and the central bank), mezzo-level stakeholders (including a Financial Education Working Group made up of government entities, professional associations, and financial institutions), and micro-level beneficiaries across the population. Since 2012, financial education initiatives, launched with support from the Professional Association of Microfinance Institutions (APIMF) and the [Consultative Group for Assistance to the Poor](#) (CGAP), have expanded significantly to reach children, youth, and adults nationwide. Notably, Madagascar's active participation in Global Money Week from 2016 led to extensive outreach and international recognition, including winning the 2018 Child and Youth Finance International Country Award for Africa.

In alignment with the 2018-2022 National Financial Inclusion Strategy, Madagascar prioritized embedding financial education within the national school curriculum. Building on this foundation, the NFIS III further aims to enhance financial inclusion by promoting financial literacy and strengthening consumer protections for financial services. This approach demonstrates the nation's long-term commitment to fostering financial education as a pivotal factor in advancing financial inclusion.

¹⁰⁸AFI. February 2023. Financial education in Madagascar: A woman entrepreneur's journey. Available at: <https://www.afi-global.org/opinion/financial-education-in-madagascar-a-woman-entrepreneurs-journey/>

¹⁰⁹AFI. February 2023. Financial education in Madagascar: A woman entrepreneur's journey. Available at: <https://www.afi-global.org/opinion/financial-education-in-madagascar-a-woman-entrepreneurs-journey/>

9. FOSTERING FINANCIAL INCLUSION THROUGH WOMEN'S ENTREPRENEURSHIP

International development agencies and community savings and loan groups (CSLGs) play a critical role in advancing women's entrepreneurship in Madagascar. Through tailored financial products, capacity-building programs and collective savings initiatives, they support women's financial inclusion while strengthening their ability to manage resources and participate more fully in the economy. These initiatives not only help close financing gaps but also provide essential financial management skills that enhance women's autonomy and contribute to local development.

THE SUPPORT OF INTERNATIONAL DEVELOPMENT AGENCIES

International development agencies (IDAs) have played a pivotal role in advancing financial inclusion and the empowerment of MSMEs and women in Madagascar through various targeted initiatives. Organizations such as the World Bank,

United Nations Development Program (UNDP), and the African Development Bank have also introduced digital financial services, credit guarantee schemes, and financial literacy programs to enhance women's access to capital. By supporting the financial ecosystem, these stakeholders contribute to reducing economic barriers, fostering women's entrepreneurship and driving inclusive economic growth. The table below provides insights into a few of these initiatives:

TABLE 9. INITIATIVES BY IDAS TO SUPPORT WOMEN'S EMPOWERMENT

INITIATIVE NAME	LEAD INSTITUTION	MAIN GOALS/ OBJECTIVES	IMPACT ON WMSMES
Agriculture Rural Growth and Land Management Project (CASEF) ¹¹⁰	Food and Agriculture Organization (FAO)	Provide land tenure security and enhance market access for farming households by implementing a modern, digitalized land registration system. By February 2025, the initiative certified 1.1 million parcels, benefiting 206,000 households, reducing certificate costs from USD 600 to USD 32, and cutting processing times from six years to six months.	The project has significantly benefited women by issuing land certificates that provide legal recognition of their land rights. This empowerment has facilitated women's access to credit and resources, contributing to improved agricultural productivity and livelihoods.
Madagascar SME Business Linkages Program 2020-2024 ¹¹¹¹¹²	African Development Bank (AfDB)	Support inclusive SME development through business linkages, digital platforms, capacity building and market access.	The project aimed to ensure significant participation of WMSMEs, targeting at least 40 percent representation among participants, while focusing on expanding market access, strengthening skills for WMSMEs and enhancing competitiveness through digitalization and tailored training programs.
Integrated Growth Poles and Economic Transformation Projects ¹¹³	World Bank	Efforts to boost regional economic growth and to attract private investments in agribusiness, tourism, and digital sectors, coupled with SME support and training, generated over USD80 million in investments and created over 40,000 formal jobs through project activities. The fourth iteration of the series is currently implemented under the Madagascar Economic Transformation for Inclusive Growth Project.	Supported over 800 SMEs, including many women-led businesses; boosted women's participation in agriculture and trade.
UNDP Country Program 2024-2028 ¹¹⁴	UNDP	A key priority of the program is advancing women's economic empowerment through improved access to livelihoods, land, finance, and leadership roles, particularly targeting vulnerable women in rural areas such as the Grand Sud.	The expected impact includes enhanced income security for women, greater leadership roles in community governance, improved access to essential services, and reduced gender-based inequalities in decision-making.

¹¹⁰FAO. February 2025. A more secure future from a single document. Available at: <https://www.fao.org/newsroom/story/a-more-secure-future-from-a-single-document/en>

¹¹¹AFDB. March 2020. Madagascar SME Business Linkages Program. Available at: https://www.afdb.org/sites/default/files/documents/projects-and-operations/multinational_-_madagascar_sme_business_linkages_program_-_project_appraisal_report.pdf

¹¹²Map Africa. Madagascar - SME Business Linkages Program. Available at: <https://mapafrica.afdb.org/en/projects/46002-P-MG-HAZ-001>

¹¹³World Bank. 2025. The World Bank in Madagascar. Available at: <https://www.worldbank.org/en/country/madagascar/overview#3>

¹¹⁴UNDP. December 2023. Draft country programme document for Madagascar (2024-2028). Available at: https://www.undp.org/sites/g/files/zskgke326/files/2024-02/mdg_cpd_2024-2028_english_version.pdf

COMMUNITY SAVINGS AND LOANS GROUPS (CSLGs) AND THEIR ROLE IN SUPPORTING WOMEN

Community savings and loans groups (CSLGs), known as "Lakile telo" (three keys) in Madagascar, are informal associations where members, especially women, collectively save and manage funds, promoting regular small contributions while providing the opportunity to borrow from the shared pool. These groups offer members the opportunity to build financial autonomy, strengthen their roles in economic decision-making, and contribute actively to local development. In addition to promoting savings and loans, CSLGs offer valuable training in financial management, with a focus on improving livelihoods and access to resources such as loans for health emergencies, education, or small businesses.¹¹⁵



The Role of CSLGs in Enhancing Community Well-Being¹¹⁶

The Aga Khan Foundation (AKF), through its local branch Organization of Support for Rural Development in Madagascar (OSDRM in French), has initiated programs to address malnutrition and support communities in building resilience to climate change. Since 2011, AKF has established nearly 3,700 CSLGs across Madagascar, providing unbanked individuals with alternative access to finance through weekly savings

contributions and member-managed loans for emergencies, education, and small business needs.

These groups also provide training to enhance health and livelihoods, acting as a gateway for further support to those living in extreme poverty. AKF's initiatives have enhanced food security and family incomes by enabling households to sell surplus harvests, improve nutrition, and invest in children's education, fostering long-term sustainable growth and resilience, particularly for women and their families.

¹¹⁵UNICEF. October 2024. The 5 things to know about community savings groups. Available at: <https://www.unicef.org/madagascar/en/stories/5-things-know-about-community-savings-groups>

¹¹⁶Aga Khan Foundation. July 2024. How savings groups and cooking classes are combating malnutrition and building climate resilience in Madagascar. Available at: <https://akf.org/article/how-savings-groups-and-cooking-classes-are-combating-malnutrition-and-building-climate-resilience-in-madagascar/>

10. DRIVERS

In the past decade, Madagascar has taken important steps toward enhancing financial inclusion, especially in advancing women's economic empowerment. Despite these efforts, access to finance remains limited for both individuals and MSMEs. Nevertheless, the following key factors have played a significant role in shaping overall financial inclusion, with a notable impact on women's access to financial services.

GOVERNMENT-LED INITIATIVES TO FOSTER FINANCIAL INCLUSION AND ADDRESS THE GENDERED IMPACTS OF CLIMATE CHANGE

The Malagasy government is playing a pivotal role in fostering financial inclusion for women by prioritizing gender-focused policies and creating dedicated financial inclusion strategies. The government's NFIS III aims to improve access to and use of financial services for all, with a strong focus on digital finance, financial education, and tailored financial products. A specific component of the strategy targets the financial exclusion of women and WMSMEs, recognizing them as a key, yet underserved, segment of the population.

Additionally, the Malagasy government has recognized the need for targeted policies to address the gendered impacts of climate change. The [National Gender and Climate Change Strategy](#), launched in 2023, emphasizes sustainable resource management and livelihood diversification and promotes women's access to resources

economic opportunities in climate-sensitive sectors.¹¹⁷ Strengthening governance and ensuring women and marginalized groups actively participate in climate resilience and adaptation efforts are critical to reducing environmental risks and fostering long-term sustainability.

INITIATIVES BY IDAS, MFIS AND CBSLS TO FOSTER WOMEN'S FINANCIAL INCLUSION

MFIs and CSLGs have emerged as important drivers of women's financial inclusion in Madagascar, providing accessible tailored financial services that empower women to become active economic agents. MFIs offer credit and savings products specifically designed to meet the needs of women and WMSMEs, while CSLGs, informal, women-dominated associations like the "Lakile telo," foster collective savings and self-managed microloans. These groups not only address immediate financial needs but also build financial literacy, autonomy, and economic decision-making power among women. Programs led by organizations such as the Aga Khan Foundation have further expanded the reach and impact of CSLGs by combining financial access with training on health, nutrition, and climate resilience, enhancing the overall well-being and long-term security of women and their communities.

¹¹⁷ Ministry of Environment and Sustainable Development. January 2023. National Gender and Climate Change Strategy

Complementing these grassroots initiatives, IDAs have played a catalytic role in strengthening the financial ecosystem for women. Their programs introduce liquidity, digital financial services and capacity-building platforms that enable local financial institutions to better serve WMSMEs. Through land certification efforts, mobile banking and inclusive SME development projects, these initiatives have lowered entry barriers to formal finance and expanded opportunities for women to invest, grow their businesses, and participate meaningfully in Madagascar's economic transformation. Together, MFIs, CSLGs, and development partners form a multi-layered support system that drives inclusive growth and women's entrepreneurship across urban and rural communities.

MADAGASCAR'S DIGITAL INFRASTRUCTURE AND REGULATIONS

Madagascar's efforts to improve digital infrastructure are critical to expanding DFS, particularly for women who face greater barriers to financial access. DFS provide a safe, convenient way for women to manage finances, especially in rural areas. While connectivity and DFS use remain below regional averages, ongoing infrastructure and regulatory reforms offer a promising foundation for inclusive digital financial growth.

Recent investments in mobile infrastructure have enhanced telecommunications. The launch of Starlink's satellite broadband service in 2024 offers potential connectivity to

underserved communities, though cost remains a key barrier.¹¹⁸ The country's connection to international submarine cables such as the METISS cable linking Madagascar to South Africa and Mauritius, has strengthened global internet access. Additionally, a national fiber backbone connecting major cities is being extended to smaller towns, and the government's five-year plan to develop a comprehensive digital platform aims to further enhance digital services.¹¹⁹

The 2023 telecom reforms have introduced a unified licensing framework, streamlined regulatory processes and promoted investment in the digital sector. These reforms are expected to increase access to digital services including mobile banking and business process outsourcing, while boosting employment in the digital sector.¹²⁰

STRENGTHENING FINANCIAL LITERACY AND BUSINESS SUPPORT

Financial inclusion goes beyond mere access; it also requires the knowledge and confidence to use financial services effectively. Acknowledging this, both public and private sector stakeholders have stepped up their efforts in financial education and business support. Various IDAs, in cooperation with the government, as well as MFIs and CBSLs groups have developed financial literacy programs to support women and WMSMEs. These initiatives seek to enhance women's knowledge of credit and savings mechanisms, support the transition of women-led businesses into the formal economy and build sustainable financial resilience over the long term.

¹¹⁸Budde Comm. April 2025. Madagascar Telecoms Market Report - Telecoms, Mobile and Broadband - Statistics and Analyses. Available at: <https://www.budde.com.au/Research/Madagascar-Telecoms-Mobile-and-Broadband-Statistics-and-Analyses>

¹¹⁹Idem

¹²⁰World Bank. February 2025. Madagascar Economic Update: Bridging the Productivity Divide. Available at: <https://www.worldbank.org/en/country/madagascar/publication/madagascar-economic-update-bridging-the-productivity-divide>

DATA COLLECTION AND UTILIZATION

Recognizing the need for evidence-based policies that support women and WMSMEs, Madagascar has taken important steps to strengthen data collection for financial inclusion. Key initiatives include the development of tools to track essential indicators on financial products and services offered by MFIs, banks, insurance companies, and fintechs. In addition, a dedicated platform has been established to manage the national financial inclusion database, marking progress toward more coordinated data management.¹²¹

Significant gaps, however, persist. The current reporting system to the Banking and Financial Supervision Committee (CSBF) remains focused on prudential data, with only 14 percent of submissions relating specifically to financial inclusion.¹²² Disaggregated data by gender, region, and client type is still limited, hindering efforts to design targeted interventions and monitor progress. Expanding and strengthening gender-disaggregated data systems is essential to improving accountability and developing financial products that meet the needs of women and underserved groups.



¹²²FinMark Trust, GFA Consulting Group, and Southern Africa Trust. April 2024. Final Evaluation and Recommendations Report of the NFIS 2018-2022.

¹²¹FinMark Trust, GFA Consulting Group, and Southern Africa Trust. April 2024. Final Evaluation and Recommendations Report of the NFIS 2018-2022.

11. THE WAY FORWARD

Empowering women and women-led MSMEs through improved financial inclusion is not only a matter of equity but also an economic imperative for Madagascar. A collaborative, targeted, and sustained effort across stakeholders can unlock women's full economic potential and accelerate the country's path toward inclusive and resilient development.

The following section outlines strategic recommendations for key stakeholder groups to improve financial access and empower WMSMEs as drivers of sustainable and inclusive economic growth.

STAKEHOLDER AND RECOMMENDED ACTIONS

POLICYMAKERS AND REGULATORS

Strengthen Banking Regulations for Inclusive Lending

- Require banks to set measurable WMSME lending targets as part of their supervisory reporting to the Banking and Financial Supervision Committee
- Introduce proportionate capital and provisioning requirements for small-ticket WMSME loans to reduce perceived risk and encourage lending.
- Mandate simplified know-your-customer (KYC) procedures, including tiered accounts, to lower entry barriers for unbanked women entrepreneurs.

Enhance MFI Regulations and Capacity

- Ensure microfinance regulations allow flexibility in loan pricing and repayment structures aligned with seasonal or irregular incomes common among women-led businesses.
- Strengthen prudential and consumer protection standards for MFIs while supporting digital transformation to reach rural women.
- Introduce a gender-disaggregated reporting requirement for all licensed MFIs.

Advance Inclusive Insurance Regulation

- Develop a microinsurance regulatory framework that allows bundled products (e.g. credit-life, health, and climate risk insurance) tailored to WMSMEs.

	<ul style="list-style-type: none"> • Simplify licensing requirements for community-based mutual insurance schemes and enable partnerships with MFIs and cooperatives for distribution. • Require insurance providers to report uptake data disaggregated by gender and enterprise size.
Implement and Monitor Gender-Inclusive Policies	<ul style="list-style-type: none"> • Operationalize the NFIS III with measurable targets focused on WMSMEs. • Establish data-driven monitoring systems to track progress in women's financial inclusion. Data should be disaggregated by gender, region, and client.
Facilitate Public-Private Partnerships (PPPs)	<ul style="list-style-type: none"> • Support co-financing schemes and create public guarantee funds to de-risk lending to women entrepreneurs. • Incentivize financial institutions through tax breaks or performance-based subsidies for inclusive lending.
Strengthen Credit Infrastructure	<ul style="list-style-type: none"> • Develop and implement awareness campaigns on the Tsara Antoka registry targeting women entrepreneurs, rural MSMEs, and financial service providers to increase usage and trust. • Simplify and digitize procedures for registering movable collateral, ensuring they are accessible via mobile platforms.
Enhance Legal and Enforcement Frameworks	<ul style="list-style-type: none"> • Strengthen insolvency and debt recovery frameworks to give lenders more confidence in extending credit. • Develop fast-track legal mechanisms for enforcing movable collateral rights, tailored to small loan sizes common among WMSMEs.
Improve Financial Ecosystem Coordination	<ul style="list-style-type: none"> • Establish multi-stakeholder coordination platforms to align government, financial services providers, IDA and women's organizations on infrastructure usage (credit bureaus, registries) and financial channels and share lessons on WMSME financing.

FINANCIAL SERVICE PROVIDERS

Develop Tailored Financial Products	<ul style="list-style-type: none"> • Co-create microcredit, insurance, savings, and leasing instruments with women's business associations to ensure alignment with WMSME's business cycles and risk profiles. • Offer bundled financial solutions integrating credit, savings, insurance, and business advisory services.
Promote Digital Financial Services (DFS) and expand alternative data use	<ul style="list-style-type: none"> • Partner with telecom providers to expand mobile banking platforms, particularly in underserved rural regions. • Partner with mobile money operators, utilities, and digital platforms to integrate alternative data (e.g. payment histories, mobile usage) into credit scoring for women and rural MSMEs.
Improve Outreach and Engagement	<ul style="list-style-type: none"> • Train relationship managers and loan officers in gender-sensitive service delivery. • Set internal performance targets for WMSME client acquisition, backed by incentive structures.

PUBLIC INSTITUTIONS AND DEVELOPMENT AGENCIES

Invest in Infrastructure and Connectivity	<ul style="list-style-type: none"> • Prioritize rural electrification and internet expansion to enable DFS and remote business operations. • Integrate digital access with social safety net programs and entrepreneurship schemes targeting women.
Support Vocational and Digital Skilling	<ul style="list-style-type: none"> • Scale up digital and business training programs, particularly for young women, in partnership with the private sector. • Integrate financial literacy into school curricula and adult education initiatives.
Leverage High-Potential Sectors	<ul style="list-style-type: none"> • Develop financing and capacity-building programs for WMSMEs in agriculture, agro-processing, renewable energy, and tourism. • Support pilot programs that integrate climate risk insurance into WMSME financing.

WOMEN EMPOWERMENT ORGANIZATIONS AND WMSME ASSOCIATIONS

Build Support Networks and Mentorship Programs

- Facilitate peer learning, coaching, and knowledge sharing platforms tailored to women's entrepreneurial needs.
- Engage in advocacy to ensure women's voices are represented in financial policy design.

Raise Awareness and Financial Capability

- Conduct outreach campaigns to increase awareness of available financial services and how to access them.
- Deliver financial literacy training using accessible formats, including mobile apps and community-based learning.

Facilitate Formalization

- Provide legal and administrative support for women to transition from informal to formal enterprises.
- Offer collective bargaining and credit mechanisms through cooperatives or women-led financial institutions.



ACRONYMS AND ABBREVIATIONS

AFI	Alliance for Financial Inclusion
CSLGs	Community savings and loan groups
DFS	Digital financial services
EME	Electronic Money Establishments
GDP	Gross domestic Product
IDA	International development agencies
IFC	International Finance Corporation
KYC	Know-your-customer
MFIs	Microfinance Institutions
MSME	Micro, small, and medium enterprises
NFIS	National Financial Inclusion Strategy
SADC	Southern African Development Community
UNDP	United Nations Development Program
WMSMEs	Women-led or women-owned micro, small, and medium enterprises

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