

Sustainable Development through Microcredit and Social-Ecological Resilience in Madagascar
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This undergraduate TIE fellowship funded research conducted during the summer of 2006 in Tuléar, Madagascar. The research and findings from that summer anchor an interdisciplinary honors thesis submitted to the International Relations Program in May 2007. The combined impacts of poverty, unproductive agricultural practices, high population growth and weak governance threaten Madagascar's natural resource base. Malagasy societies and the ecosystems on which they depend need new strategies for development to help people escape poverty without further degrading the natural environment. A national sustainable development strategy is integral to poverty alleviation and conserving these assets. Such a strategy is particularly important for the southwestern province of Tuléar, which has been historically underdeveloped and neglected by government development interventions.

My exploration of rural microcredit is framed in the context of poverty alleviation, social-ecological resilience, gendered access to assets, and other development constraints in a rural commune in the province of Tuléar. These themes are important components of Madagascar's sustainable development context. Sustainable development has many definitions, in this thesis it means development which ensures "a better quality of life for all, now and into the future, in a just and equitable manner whilst living within the limits of supporting ecosystems"². The aim of my summer research was determining whether microfinance can promote sustainable development by facilitating partnerships with local environmental NGOs, as well as identifying obstacles to the formation of those partnerships.

Microfinance is a tool typically used to promote economic and social development. Microfinance, defined broadly, is the provision of financial services to poor people. Microfinance clients typically lack access to formal banking and, consequently, access to sources of capital needed to expand income generating activities or to carry their cash flow through cyclical lows. While microfinance has historically touched two pillars of sustainable development—the economic and social contexts of development—it is only just beginning to be used towards the third, environmental pillar.

The environmental pillar of sustainable development is conceptually explored through the framework of social and ecological resilience. Sustainable development involves maintaining the functionality of a social-ecological system after it is disturbed. The system's ability to maintain these processes, known as its 'resilience', shows how development is not sustainable unless it is also resilient. Credit influences community resilience in that the way in which managers use their credit, i.e. local farmers and small businesspersons, affects how the components of a social-ecological system relate to one another. Agricultural credit is used to alleviate poverty alleviation and reduce vulnerability. Farming, an occupation linked to both social and ecological systems, is a one channel through which microcredit influences resilience.

The thesis explored the popular microfinance-poverty alleviation conjecture, examines the principles and theories of ecological and social system resilience, and reviews the role of microfinance in enhancing or undermining resilience. I argue that properly designed microcredit loans have the potential to alleviate some levels of poverty, in part, by facilitating sustainable management of the very natural resources on which incomes (and loan repayments) depend. However, cultural, political, and institutional hurdles must first be overcome.

I spent the summer exploring and identifying these hurdles. I loosely interned with a microcredit institution based in Tuléar, *Vola Mahasoa*—which, in Malagasy, roughly translates to mean money that renders happiness. I visited the offices of non-governmental organizations (NGOs), government bureaus, and private operations working on rural development in Tuléar. I interviewed

these agencies to understand how they worked in rural areas, and to what extent they collaborate with others. These interviews offered a portrait of development work on the ground, and informed my rural interview objectives. I also spent two weeks in Ankililoaka- a rural commune outside Tuléar- with Vola Mahaso'a's antenna office, interviewing loan groups and members of the community that are not Vola Mahaso'a borrowers. I learned how borrowers use credit and searched for ways that credit, as a poverty alleviation intervention, could be linked to other conservation and development interventions in ways that benefited both borrowers and their land.

Field research conducted in Ankililoaka helped me understand the role of microcredit in daily, rural life. I wanted to understand the advantages and problems experience by Vola Mahaso'a's borrowers. I designed a method of work to gain a sense of community-identified development priorities that I then compared and contrasted with those organizations in Tuléar articulated. Two Malagasy translators and I interviewed people in three of the twenty-two villages that make up Ankililoaka Commune. I researched the residents' interest in two new financial services: credit for solar home systems and credit for alternative agricultural techniques.

In these villages we conducted group and individual interviews. Individual interviews provided a sense of group composition (occupation, income, age, education), and added detail to community opinions about development and Vola Mahaso'a. We conducted two group activities: the first, to identify the community development priorities and the second, to better understand how financial assets in the village are distributed among different socio-economic groups, whether there gendered differences in financial decision making, and how Vola Mahaso'a's loans were used.

After field research in Ankililoaka was finished, I shared my observations with the organizations in Tuléar I spoke with initially. I suggested new financial services, which would be joint efforts between Vola Mahaso'a and another organization, Vola Mahaso'a could offer to its borrowers. I spent much of my remaining time in Tuléar discussing the details of what proposed partnerships would involve.

Findings and recommendations can be found in the full text, located in the Tisch Library undergraduate honors theses archives.

BUDGET	
Lodging: Central Hotel, Tuléar- 6 weeks	\$521
Air Madagascar round trip flight, US- 'Tana	\$1916
Air Madagascar in-country flight: 'Tana-Tulear	\$563
Total	\$3000