

The Agricultural Sector and Microfinance in Togo

Komlan Edem AGBOKLOU^{a*}, Burhan ÖZKAN^b

^aAkdeniz University, Department of Agricultural Economics. Antalya, Türkiye,

^bAkdeniz University, Department of Agricultural Economics. Antalya, Türkiye,

ABSTRACT

Purpose: The agricultural sector in Togo has a huge financing problem and numerous other problems mainly related to climate change.

Methodology: This study proposes a critical look at the microfinance sector and its relationship with the agricultural industry, which banking institutions have long abandoned.

Results/Findings: Based on data from major international institutions and the two most significant microfinance structures in the country, after some analysis, the results show that the microfinance sector in Togo is a very dynamic sector with strong growth, given its aggregates that continue to grow year after year. On the other hand, the share of agricultural credit in the portfolio of microfinance structures is constantly decreasing from year to year, demonstrating that microfinance is also starting to move away from the farming sector. Finally, the credits granted are not, for the most part, adapted to the financial needs of agricultural producers. Most of the time, these rural loans are insufficient or do not respect the cultivation calendars of producers. Also, access to these loans is prohibitive for many producers, primarily small-scale producers.

ARTICLE INFO

Keywords:

Togo, Microfinance, agricultural loans

*Corresponding author:

tobeagboklou@yahoo.fr
(Komlan Edem AGBOKLOU)

Article history:

Received: 10.09.2021

Revised : 03.01.2022

Accepted: 10.02.2022

DOI: <https://doi.org/10.51410/jcgirm.9.1.2>

1. INTRODUCTION

As in most developing countries, microfinance in Togo plays a vital role in the economy and the fight against poverty. It allows poor or low-income populations to access sustainable essential financial services (savings, credit, transfers, micro insurance, leasing, amongst others.) (Avocevou, 2003). Targeting the poor, Microfinance Institutions have been operating with the spirit of helping them out of their exclusion from the formal banking system (Ibrahim, 2015). It can then be defined as offering poor people access to essential financial services (CGPA, 2001). It is a vital component of the financial system. In Togo, its contribution to GDP (Gross Domestic Product) is around 20%, according to the dedicated technical body, CAS-IMEC (Support and Monitoring Unit for Mutual Institutions or Savings and Credit Cooperatives). To fight effectively against poverty, microfinance institutions offer a multitude of credits to the different social groups. Given the context of our study, we will first present an overview of the microfinance sector in Togo and then talk about the financial products offered by these institutions to the population, with a particular focus on agricultural credits.

The main goal of this work is to analyze the current situation of the microfinance sector in Togo and evaluate its contribution to the agricultural sector in terms of agricultural credit. Thus, three hypotheses were put forward, namely: (i) the microfinance sector in Togo is doing very well, (ii) the share of agricultural credit in the portfolio of microfinance institutions remains low, (iii) the credits granted by microfinance to the agricultural sector are adapted to the needs of agricultural producers.

2. LITERATURE REVIEW

2.1. Contribution of microfinance to the agriculture sector

Smallholder farmers lack adequate capital to finance their farm operations, preventing them from realizing their potential income. Credit, therefore, plays a vital role in smallholder agricultural production (Grootaert & Bastelaer, 2000; Oyedele et al., 2009). To solve this financing problem, rural populations in general and farmers in particular turn to informal lenders (usurers) and semi-formal lenders (microfinance, cooperatives, mutuals, rural banks) (Hoff et Stiglitz, 1995; Kendo, 2012). According to Wampfler (2008) cited by Kendo (2012) in a study conducted in Madagascar, microfinance contributes to reducing the vulnerability of poor populations to the food crisis through four main financial factors: access to store credit, access to investment credit, access to a diversified range of credit and long-term stabilization of credit access. However, the same study reveals that many rural financial actors have little funding for agricultural activities. This is mainly due to the inability of the rural households to provide the required personal collateral to guarantee the loan and the general lack of information by the lending institutions on their creditworthiness (Grootaert & Bastelaer, 2000; Oyedele et al., 2009). In this context, financial exclusion is observed due to both endogenous (relating to the nature of the client's activity and his standard of living) and exogenous (relating to environmental factors and the objectives of the banking structure) factors (Kendo, 2012).

According to (Wampfler, 2002), impact analysis shows that MFIs can finance the development of rural activities such as trade, handicrafts, and food processing but cannot meet the needs of agriculture. The pastoral activities sponsored generate regular, relatively secure income, with rapid capital turnover cycles that limit risk and allow high rates of return. Few agricultural activities have these characteristics. The profitability of farming activities is often determined and difficult to reconcile with the high-interest rates that microfinance is forced to charge to ensure sustainability. The financing of agriculture presents specific constraints, both in terms of the diversity of services required (cash flow needs, working capital, medium and long-term investments) and in terms of risk (uncertainty on production, co-variant risks (climatic, health, economic risks). This explains why rural borrowers, even farmers, often prefer to invest in rural rather than agricultural activities and why MFIs are cautious about this type of financing. In Africa, in particular, after fifteen years of MFI growth, agricultural credit remains recurrent and essential for developing family farms.

In Togo, in-kind and cash credit is offered to farmers under the auspices of microfinance institutions (MFIs) to meet these different financial needs. For in-kind credit, the government has developed a network for distributing agricultural inputs (fertilizers, selected seeds, and other equipment) at subsidized prices to make them available to small producers who own about a hectare of arable land. Inputs are also deposited with groups that have stores. This credit system involves cash payment for three bags, paid after the harvest. Cash credit, on the contrary, is a loan granted to a producer who, in some cases, can pay back the loan using income from extra-agricultural activities if the harvest is stored (Agbodji & Johnson, 2019).

2.2. The microfinance sector in Togo

The microfinance sector presents various initiatives and experiences in savings and/or credit. They are diverse in terms of size, degree of structuring, philosophy, approaches, objectives, target groups, means (technical, financial, and human), and institutional environment (Agnikpé, 1998; Avocevou, 2003). According to World Bank (2006) and CAS-IMEC, there are three main types of microfinance structures in Togo. First, we have Networked institutions (network cooperatives of savings and credit), the most important, occupying 70% of the sector's total market; secondly, come the single institutions and thirdly, the conventional institutions. Moreover, according to the same source, two methods are predominant within the MFIs: one imposes a prior saving before providing loans (e.g. FUCEC, CECAV) and the other which prioritizes direct loans without primary saving obligation (like WAGES). Secondly, according to the final report by cabinet KEKAR-AMASE (2006), the three types of MFIs in Togo are:

- Mutual or cooperative savings and loan institutions: their activities are based on the central role of savings to fuel credit. The constitution of substantial savings is always a prerequisite for granting credit. This category of MFIs dominates the sector, with the Umbrella Organization of Cooperative Savings and Credit Units (FUCEC - TOGO) in the lead. It makes up more than 70% of the market. Apart from FUCEC, we can also give the example of CECA (Cooperative of Savings and Credit of Artisans), UMECTO-NEVAEME (Union of Mutual Savings and Credit of Togo), and Micro fund.
- Direct lending institutions: The techniques of these institutions are highly diverse. Some have been attracted to savings and loan mechanisms. Others primarily engage in direct lending. In all cases, these institutions integrate their credit operations into a set of development activities, of which credit is the only instrument. This integration allows them to provide immediate assistance to their borrowers who depend on the NGO (Non-Governmental Organization) or project for many other economic and social services. For example, we have WAGES (Women and Associations for Gain Both Economic and Social).

- Development organizations (NGOs or projects): their main activities are savings and credit, without an obligatory link between the two components, with nuances explained by local specificities. Savings occur in two forms: in-kind and cash. The volume of their credit operations does not depend exclusively on the savings mobilized. External financing (international NGOs or donors) completes the savers' resources. However, most of these institutions also give high priority to social pressure. Diversified informal mutual guarantee mechanisms unite their members (cabinet KEKAR-AMASE, 2006). One can provide TIMPAC as an example.

Finally, according to Abalo (2007) in Togo, MFIs are essentially made up of four main types of practices: savings and credit institutions; direct credit experiments (credit distribution is the primary activity of the organization); NGOs or projects with a credit component (credit distribution is a secondary activity of the organization) and traditional finance (tontine systems).

2.3. The challenges of microfinance in Togo

Despite the sector's prowess, which is now visibly taking precedence over a still conservative banking sector, microfinance is plagued by structural problems, undermined by an unregulated activity. According to the last IMF (International Monetary Fund) mission to Togo, controls are insufficient. The existence of under-regulated entities encourages fraud and puts the sector at risk. According to the IMF, only three microfinance institutions have improved their financial situation.

CAS-IMEC, the microfinance supervisory authority, a branch of the Ministry of Economy and Finance, is severely understaffed and needs significant institutional strengthening. Its capacities should be strengthened. Togolese officers are called to establish a strategy to either integrate illegal MFIs into the regulatory system or close them down. According to some sources, MFIs are springing up in Togo daily. Any individual can get up, recruit young people to collect tontines and find a room-salon in a neighbourhood, which he names a microfinance institution. Many of these institutions have closed their doors and left their clients in disarray. Because officially, nobody tells them anything, and the government does not know of their existence.

3. RESEARCH METHODOLOGY

In this study, secondary data from FAOSTAT, BCEAO (The Central Bank of West African States) databases, CAS-IMEC-Togo, WAGES-Togo, and FUCEC-Togo annual activity reports were used. In order to confirm or refute the first hypothesis, the authors compared aggregates of microfinance structures in terms of changes in the number of clients, the total amount of credit, and deposits between 1993 to 2019. For the second hypothesis, the share of agricultural credit in the country's total amount of credit supply and the share of agricultural credit in the portfolio of FUCEC and WAGES between 2010 and 2018 were analyzed. Finally, for the third hypothesis, we have identified and made

a comparative analysis of the financial needs of agricultural producers and the conditions of access to agricultural credit through microfinance.

4. DATA ANALYSIS AND FINDINGS

5.1. Microfinance sector aggregates

The microfinance sector in Togo is experiencing an unprecedented boom, reflected in the accessibility indicators that can be appreciated through the evolution of the number of MFIs. These include the number of beneficiaries (MFI clients increased from 1.6 million to 2.6 million between 2015 and March 2019), the asset situation, the outstanding deposits, the outstanding loans, the portfolio at risk (at 90 days), and the loans distributed. Each year, transactions (credits and deposits) exceed \$540 million. According to figures from the Central Bank of West African States (BCEAO), "outstanding loans have, again, increased by 16% in 2019, after growing by 21.9% in 2016, 19.9% in 2017 and 24.8% in 2018. The same trend is observed in deposits, confirming the indicators of the first quarter of 2019."

It should be noted that over the years, the number of MFIs is decreasing given the new regulations incurred, so many MFIs are having their approvals withdrawn and ordered to cease operations throughout the country. Thus, on December 31, 2013, the sector consisted of about 200 MFIs against 185 in the first quarter of 2017 with 502 service points on the national territory, and today there are 77 MFIs with more than 518 service points (BCEAO, 2021). They are distributed as follows: 49% in Lomé and the Maritime Region, 19% in the Plateaux Region, 11% in the Central Region, 9% in the Kara Region, and 12% in the Savanes Region. Lomé and the Maritime Region alone account for 68% of the country's urban population, compared to 12% in the Plateaux region, 8% in the Kara Region, 7% in the Central Region, and 5% in the Savanes region (MAPAH, 2014).

The microfinance industry's growth in Togo has increased exponentially, especially in terms of penetration. According to the latest IMF mission report to Togo, with 43% outreach to the public and a growing number of institutions, MFI's have the highest penetration rate in the WAEMU (West African Economic and Monetary Union) zone. From January to March 2019, in the WAEMU zone, Togo came second (16%) behind Mali (20%) in terms of deposits collected. It remains second in terms of growth in outstanding loans behind Mali, with 19.6%.

Below is a summary table of the evolution of the MFI situation in Togo according to BCEAO data.

Table 1: General situation of MFIs in Togo

| Indicators | Number of MFI | Number of SFD' | Number Service point | Number of members/clients | Deposit (\$ millions) | Outstanding loans (\$ millions) | Past due (\$ millions) | Portfolio degradation rate |
|------------|---------------|----------------|----------------------|---------------------------|-----------------------|---------------------------------|------------------------|----------------------------|
| 2019 | 77 | 53 | 519 | 2 864 379 | 377.52 | 313.93 | 23.34 | 7.4% |

| | | | | | | | | |
|------|----|----|-----|-----------|--------|--------|-------|-------|
| 2018 | 76 | 51 | 520 | 2 559 933 | 336.35 | 297.19 | 21.24 | 7.15% |
| 2017 | 76 | 47 | 477 | 2 235 699 | 293.78 | 260.26 | 18.10 | 6,95% |
| 2016 | 88 | 44 | 421 | 1 979 208 | 272.79 | 237.18 | - | - |
| 2015 | 87 | 34 | 368 | 1 673 649 | 252.10 | 210.19 | - | - |
| 2014 | 92 | - | 492 | 2 590 547 | 274.26 | 228.38 | - | - |
| 2013 | 92 | - | 790 | 2 150 542 | 244.74 | 212.14 | - | - |
| 2012 | 92 | - | 846 | 1 908 608 | 218.85 | 194.74 | 12.57 | 6,46% |
| 2011 | 92 | - | 644 | 1 639 968 | 193.19 | 173.69 | 10.52 | 6,06% |
| 2010 | 86 | - | 389 | 739 886 | 136.35 | 125.35 | 6.09 | 4,86% |
| 2009 | 83 | - | 732 | 1 049 203 | 134.43 | 123.13 | 5.34 | 4,34% |
| 2007 | 57 | - | 572 | 699 473 | 92.68 | 77.03 | 2.99 | 3,88% |
| 1993 | 15 | - | 181 | 3 952 | 5.08 | 3.82 | 23.34 | 0,00% |

Source: www.bceao.int

In the table below, the situation of the second-largest microfinance in Togo, WAGES, is presented as an example.

Table 2: Presentation of the WAGES-Togo aggregates

| Indicators | Number Service point | Number of members/ clients) | Deposit (\$ millions) | Loan disbursed (\$ millions) | Outstanding loans (\$ millions) | PAR (Portfolio at Risk) 90 day |
|------------|----------------------|-----------------------------|-----------------------|------------------------------|---------------------------------|--------------------------------|
| 2018 | 24 | 329 681 | 16.285 | 27.181 | 19.448 | 6,9% |
| 2017 | 21 | 297 267 | 12.957 | 23.198 | 16.550 | 7,5% |
| 2016 | 20 | 281 393 | 12.549 | 21.007 | 16.062 | 12,1% |
| 2015 | 19 | 270 924 | 13.207 | 17.040 | 16.328 | 20,2% |
| 2014 | 19 | 254 481 | 16.158 | 25.570 | 24.617 | 14,6% |
| 2013 | 19 | 224 036 | 17.693 | 33.160 | 29.127 | 9,5 |
| 2012 | 18 | 188 078 | 16.163 | 33.176 | 28.388 | 3,2 |
| 2011 | 17 | 160 634 | 13.640 | 28.115 | 24.260 | 3,0 |
| 2010 | 16 | 100 033 | 11.113 | 19.400 | 17.895 | - |

Source: www.wagestogo.org

5.2. Agricultural credits in the microfinance portfolio in Togo

5.2.1. Typology of agricultural credits from microfinance institutions in Togo

In Togo, MFIs offer many financial services to their clients. Among those dedicated to the rural world, more precisely to the agricultural sector, we can cite the financial products of FUCEC-Togo: Agricultural equipment credit (tractor, traction), agricultural development credit, agricultural campaign credit, and store credit. Furthermore, according to WAGES microfinance reports, we have rural credit & PSAEG (Economic Activity Support Project for Groups), APSEF (Access to Financial Services for the Poor) credit, root and tuber plant (PRT) credit, deductible savings credit, tontine credit, direct credit, FAIEJ (The Support Fund for Youth Economic Initiatives) credit, and AGRISEF (Farmers' Access to Financial Services) credit. In addition to these credits, there are two types of credits supported by government projects such as input credits and warranting credits (Mackiewicz-Houngue et al., 2014).

5.2.2. The share of agricultural credit in the total supply of credit

Before presenting the share of agricultural credit in the portfolio of microfinance institutions, it is necessary to have an overview of the general situation of agricultural credit at the national level. Thus, according to the figures in the table above, rural credit is deficient compared to the national credit supply.

Table 2: The share of agricultural credit in the total supply of credit

| Years | Full credit (\$million) | Agricultural Credit (\$million) | Percentage (%) |
|-------|-------------------------|---------------------------------|----------------|
| 2018 | - | 2.24754 | - |
| 2017 | - | 3.28308 | - |
| 2016 | - | 4.27937 | - |
| 2015 | 1497.41 | 3.23328 | 0.216 |
| 2014 | 1542.38 | 3.85506 | 0.250 |
| 2013 | 1397.9 | 3.66772 | 0.262 |
| 2012 | 1178.78 | 4.00175 | 0.340 |
| 2011 | 1072.4 | 3.4141 | 0.318 |
| 2010 | 724.36 | - | - |
| 2009 | 624.78 | 1.51 | 0.242 |
| 2008 | 543.23 | 0.77712 | 0.143 |
| 2007 | 532.2 | 0.603 | 0.113 |
| 2006 | 375.45 | 0.21802 | 0.058 |
| 2005 | 370.3 | 0.24267 | 0.066 |
| 2004 | 330.13 | 6.08952 | 1.845 |
| 2003 | 287.37 | 0.73297 | 0.255 |
| 2002 | 184.05 | 0.68724 | 0.373 |
| 2001 | 188.12 | 0.89763 | 0.477 |
| 2000 | 208.08 | 1.20229 | 0.578 |

Source: www.fao.org/faostat/en/#data/IC

5.2.3. The share of agricultural credit in the microfinance portfolio

Although MFIs have expanded considerably and have become more professional and diversified in their service offering, the volume of funding for the farming business remains weak (about 7% of the MFIs' outstanding loans in 2008). Within the network, microfinance institutions, some of which were founded specifically to meet the needs of the agricultural sector, have progressively turned away from this sector: for instance, the farm portfolio of the renovated union of local savings and loan associations (URCLEC), which groups together seven cooperatives and 17,000 members, in the central part of the country, decreased to 24% from 80% from 2005 to 2009. Similarly, the savings and credit cooperatives (UCMECS) network within the Union of Savannah, with 6 out of 8 cooperatives in rural areas in the Savannah region, only 15% of the portfolio was devoted to agricultural financing in 2009. Finally, "generalist" MFIs are far removed from the farming sector: for example, FUCEC, the largest MFI network in Togo, which has 417,000 beneficiaries and accounts for 57% of the total outstanding loans of MFIs, had an agricultural portfolio in 2008 that represented only 1.5% of its entire portfolio (Mackiewicz-Houngue et al., 2014).

To illustrate this trend of the low level of agricultural credit in the MFIs' portfolio, we present in the table below the situation of WAGES microfinance which is the second-largest decentralized finance structure behind FUCEC-Togo and its networks.

Table 3: The share of agricultural credit in the FUCEC-Togo portfolio

| Years | Outstanding loans (\$ millions) | Agricultural Credit | |
|-------|---------------------------------|----------------------|------|
| | | Amount (\$ millions) | (%) |
| 2019 | 112.23 | 6.94 | 6.18 |
| 2018 | 107.64 | 6.73 | 6.25 |
| 2017 | 98.46 | 6.40 | 6.50 |
| 2016 | 94.93 | 7.18 | 7.57 |
| 2015 | 93.78 | 6.44 | 6.87 |
| 2014 | 98.10 | 6.05 | 6.17 |

Source: FUCEC-Togo

Table 4: The share of agricultural credit in the WAGES-Togo portfolio

| Years | Loan disbursed (\$ millions) | Outstanding loans (\$ millions) | Agricultural Credit | | | |
|-------|------------------------------|---------------------------------|----------------------|-------|------------|-------|
| | | | Amount (\$ millions) | (%) | PAR 30 Day | % |
| 2018 | 27.181 | 19.448 | 1.136 | 5,80 | 1,2% | 13,9% |
| 2017 | 23.198 | 16.550 | 0,995 | 6,00 | | |
| 2016 | 21.007 | 16.062 | 1.757 | 10,90 | 2,9% | 45,0% |
| 2015 | 17.040 | 16.328 | 2.779 | 17,00 | 4,3% | 18,8% |
| 2014 | 25.570 | 24.618 | 3.481 | 14,10 | 18,4% | 14,8% |
| 2013 | 33.160 | 29.127 | 2.406 | 8,26 | - | - |
| 2012 | 33.176 | 28.388 | 2.484 | 8,75 | - | - |
| 2011 | 28.115 | 24.259 | 1.733 | 7,14 | - | - |
| 2010 | 19.400 | 17.895 | 0.941 | 5,26 | - | - |

Source: www.wagestogo.org

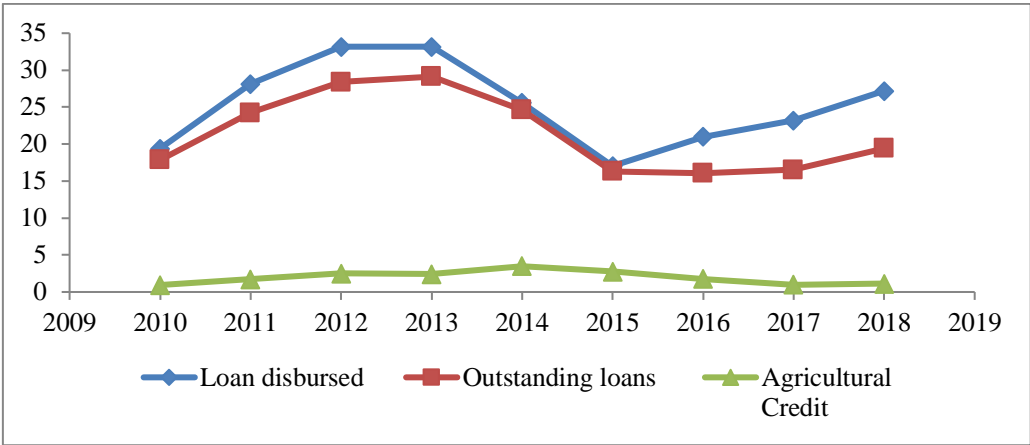


Figure 1: The share of agricultural credit in the WAGES-Togo portfolio

An analysis of Figure 1 shows us that agricultural credit represents a tiny share of the structure's outstanding loans compared to other types of loans. Still, it is also decreasing year to year, apart from a slight increase in 2014, 2015 and 2016. Even during this period, the trend is towards regression. This result is in line with the estimation made by Wampfler (2002), who found that the contribution of microfinance to agriculture is still meagre in Togo.

5.2.4. Agricultural credit access constraints

According to FUCEC-Togo, to have access to agricultural credit, the producer must respect the criteria according to the type of credit: The client must respect the general standards of FUCEC-TOGO's credit policy, be a client of FUCEC and have a good credit history, have proven experience in the crop for which financing is sought, be supervised by a competent organization, have at least two different significant sources of income, i.e. two (02) commercial speculations or another activity, and demonstrate their repayment capacity (net income from operations and services in the case of post-harvest equipment).

To benefit from equipment credits, the producer must have exploitable areas of marketed crops adapted to the need for equipment: (1) To have financial resources and personnel to realize the activities of the campaign (inputs, labour); (2) to have a proven marketing circuit. To benefit from the tractors (for an equipped producer): (1) to be already equipped with a tractor and to envisage a renewal or an increase in capacity (acquisition of a larger tractor, acquisition of complementary coupled tools); (2) to have at least one literate person on the farm. For the unequipped producer: (1) have a suitable plot of land, sufficiently large, not too fragmented and properly stumped; (2) have financial resources and personnel to carry out the campaign activities (inputs, labour).

5.3. The main types of financing needs of Togolese producers

In Togo, most agricultural producers practice polyculture combined with small-scale livestock. The main food crops are cereals (maize, sorghum, rice, millet), tubers and root crops (cassava, yams), and legumes (beans, groundnuts, soybeans). Export crops include cotton, coffee, and cocoa.

According to Mackiewicz-Houngue et al. (2014), the primary financing needs of agricultural producers are: (i) cash flow needs for economic activities such as the purchase of inputs and the payment of labour during each agricultural season, (ii) cash flow needs for certain social expenses, such as school fees, health expenses, end-of-year celebrations, and (iii) an additional need for cash at the end of the agricultural season, to be able to store agricultural products and allow for their deferred sale.

The need for investment in equipment (tools, cultivation, livestock housing) and the purchase of fertilizer is generally the most necessary expense for maize production, and farmers most often resort

to loan-sharking for their acquisition. Most farmers use mineral fertilizer to fertilize cereal crops, sometimes combined with organic fertilizer (compost or manure).

5.4. The adaptability of financial services to farmers' needs

First of all, MFIs are located far from the farming zones, so access to credit is restrictive for many agricultural producers. According to Julien et al. (2021), in addition to the geographical distance of financial institutions from rural areas, the conditions for accessing credit are prohibitive for many agricultural producers.

For MFIs to mobilize an advance deposit equivalent to 1/3 of the total size of the credit, they require an actual effective rate of interest, usually around 26% per annum; and in addition to the 18-24% rate, there are mandatory application and insurance fees that, as a fixed cost, constitute a severe charge to lower credit amounts. Moreover, the interest rates applied are often calculated on a linear basis (meaning that the interest is computed on the principal and applied non-degressively on the duration of the credit), not allowing clients to benefit from early repayments.

The majority of MFIs have a poor understanding of farming and judge this business to be excessively risky (weather uncertainties, weak market insertion of low-level producers and volatility of crop prices, absence of tenure security) and unprofitable, with high transaction costs due to the spatial dispersion of clients, and low loan amounts. These various reasons prompt MFIs, in the same way as banks, to turn away from financing the farming business and instead finance commercial companies, artisanal businesses, and urban and rural entrepreneurship. Finally, for some MFIs, bad experiences in the past have led them to turn away from the agricultural sector: unpaid loans from cocoa producers for the FUCEC-Togo Cooperative Savings and Credit Unit and insufficient profitability of rural credit unions, among others.

6. CONCLUSION

The microfinance sector in Togo is a dynamic sector with strong growth, given its aggregates that continue to grow year after year. However, we should not lose sight that this sector is currently experiencing numerous problems that could jeopardize its strong growth. For this reason, the competent authorities, in this case, the CAS-IMEC, should not cease to take punitive measures against institutions that show non-rigour in the exercise of the profession. The first consequence should be the closure of the MFI that does not comply with the laws in force. As far as agricultural credits are concerned, we note that microfinance institutions, although closer to the farming world than formal banking structures, are gradually beginning to withdraw from the farming sector. They consider the industry to be too risky and unprofitable. As a result, the figures (outstanding agricultural loans) show a decrease from year to year, and, above all, the share of farm loans in the microfinance portfolio is still between 0.5% and 7%. However, the PAR (Portfolio at Risk) of agricultural loans is often much

lower than that of other loans. It should also be noted that apart from the bad experiences of unpaid loans experienced by some microfinance institutions, most of them have poor knowledge of the agricultural sector, as they are not rural technicians but simple sociologists or economists. It should also be noted that the credits granted are not appropriate to the financial needs of the farmers because, among other things, they are insufficient or do not respect the farming calendars, and the conditions of access to the credits are prohibitive for many farmers, mainly small farmers.

REFERENCES

- Abalo, K. (2007), Importance de la microfinance dans le financement des microentreprises au Togo. Conférence économique africaine, Septembre 2007, pp 1-17.
- Agbodji, E. & Johnson, K.A. (2019), Agricultural Credit and Its Impact on the Productivity of Certain Cereals in Togo. *Emerging Markets Finance and Trade*, in Press, Vol.57, pp 3320-3336.
- Agnikpé, A. T. (1998), La microfinance au Bénin : Etude sectorielle approfondie. Report submitted to United Nations Development Program.
- Avocevou, C. M. A. (2003), *Determinants Socio-Economiques De L'accès Au Micro Credit En Milieu Rural: Cas De La Commune De Zogbodomey*. Benin: Université d'Abomey-Calavi.
- BCEAO. (2021), Principaux indicateurs des SFD de l'UMOA.
- Cabinet KEKAR-AMASE. (2006), Mission de mise en place de formule et mécanismes appropriés de garantie et de refinancement des IMF au Togo.
- CGPA. (2001), Consultative Group to Assist the Poorest (CGAP), 2001, "Disclosure Guidelines for Financial Reporting by Microfinance Institutions.
- Grootaert, C. & Bastelaer, T. (2002), The Role of Social Capital in Development: An Empirical Assessment. [http://lst-iiiep.unesco.org/cgi-bin/wwwi32.exe/\[in=epidoc1.in\]/?t2000=019157/\(100\)](http://lst-iiiep.unesco.org/cgi-bin/wwwi32.exe/[in=epidoc1.in]/?t2000=019157/(100)). 10.1017/CBO9780511492600.
- Hoff, K. and Stiglitz, J.E. (2016), Striving for balance in economics: Towards a theory of the social determination of behavior. *Journal of Economic Behavior & Organization*, 126, pp.25-57.
- Ibrahim, A.M. (2015), Determinants of Microfinance Sustainability: An Empirical Analysis of Microfinance Institutions in Togo. *International Journal of Science and Research (IJSR)*, Vol.6 No.4, pp 190-196.
- Julien, H.E., Kossi, A. & Akléso, E.Y.G. (2021), Analysis of Factors Influencing Access to Credit for Vegetable Farmers in the Gulf Prefecture of Togo. *American Journal of Industrial and Business Management*, Vol.11, 392-415.
- Kendo, S. (2012), Développement du secteur financier et financement de l'activité agricole dans un contexte de crise alimentaire : quelle place pour la micro-finance ? *Financial development sector, agriculture financing and food crisis : how microfinance impacts*. *Développement durable et territoires Économie, géographie, politique, droit, sociologie*, Vol.3, No.3, pp 1-19

- Mackiewicz-Houngue, M., Renaudin, M., Valleur, R., Tokpa, A. & Amona, N. (2014), Crédit intrant et crédit warrantage au Togo: Quels enseignements? Lomé, Togo
- MAPAH. (2014), Recensement National Agricole.
- Oyedele, G.A., Akintola, M.A.Y., Rahji & Omonona, B.T. (2009), Credit Constrained Condition of Farm Households and Profitability of Agricultural Production in Nigerian Agriculture. Agricultural Journal, Vol. 4, No.4, pp 192-201.
- Wampfler, B. (2002), Le financement de l'agriculture familiale dans le contexte de la libéralisation Quelle contribution de la microfinance? ATP-Cirad 41/97
- World Bank. (2006), Revue du secteur financier au Togo.

<http://www.fao.org/faostat/en/#data/IC>

<http://www.wagestogo.org>.

<http://www.bceao.int>

<http://www.icilome.com>