



# Madagascar's Political Crisis

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## Summary

Political tensions on the Indian Ocean island of Madagascar between President Marc Ravalomanana and Andry Rajoelina, the former mayor of the capital city, escalated in early 2009, culminating in President Ravalomanana's forced removal from office. In preceding weeks, over 135 people had been killed in riots and demonstrations. Under intensifying pressure from mutinous soldiers and large crowds of protestors, Ravalomanana handed power to the military on March 17, 2009. The military then transferred authority to Rajoelina, who has declared a transitional government. Rajoelina's "inauguration" as president of the transitional authority was followed by days of protests by thousands of supporters of Ravalomanana. Several subsequent demonstrations have led to violent clashes with security forces. Negotiations in August 2009 between the parties led to the signing of an agreement in Mozambique to establish an inclusive, transitional government, but Rajoelina subsequently appointed a new government seen to be primarily composed of his own supporters. Southern African leaders and Madagascar's opposition parties rejected the proposed government, and negotiations in Mozambique resumed. On October 6, the parties announced that they had reached agreement on posts in the new government, which would be led by Andry Rajoelina until new elections are held. Ravalomanana reportedly agreed to the arrangement on the condition that Rajoelina would not vie for the presidency in those elections. Rajoelina later rejected the accord and announced that elections would be held in March 2010. The international community objected to the proposed date, arguing that elections could be held without opposition consensus. In late January 2010 Rajoelina reportedly consented to postpone the elections and re-engage in negotiations. Legislative elections are currently scheduled for September 2010 and presidential elections are slated for November 26, 2010.

The political uncertainty has strained relations between international donors and Madagascar, which was the first country to sign a U.S. Millennium Challenge Account compact, worth an estimated \$110 million. That compact was terminated in May 2009. Following coups in Mauritania and Guinea in 2008, the African Union, the United States, and the European Union, among others, warned against an unconstitutional transfer of power on the island nation and have suspended most foreign aid and threatened sanctions. The African Union and the Southern African Development Community have suspended Madagascar until constitutional order is restored.

Madagascar, the world's fourth largest island, is extremely biologically diverse, with as many as 150,000 species of flora and fauna that are unique to the island. The country faces a host of environmental pressures, however, and the U.S. State Department reports that illegal logging and the endangered wildlife exports has substantially increased since the HAT has taken power.

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## Overview

Political tensions on the Indian Ocean island of Madagascar between President Marc Ravalomanana and Andry Rajoelina, the former mayor of the capital city, escalated in early 2009, culminating in the President's forced removal from office. In preceding weeks, over 135 people were killed in riots and demonstrations. Under intensifying pressure from mutinous soldiers and large crowds of protestors, Ravalomanana handed power to the military on March 17, 2009. The military then transferred authority to Rajoelina, who has declared a transitional government. Days prior to President Ravalomanana's resignation, the U.S. Ambassador to Madagascar had expressed concern that the country could face civil war.<sup>1</sup> The political uncertainty has strained relations between international donors and Madagascar, which was the first country to sign a U.S. Millennium Challenge Account compact, worth an estimated \$110 million.<sup>2</sup> Following coups in Mauritania and Guinea in 2008, the African Union (AU), the United States, and the European Union (EU), among others, warned against an unconstitutional transfer of power on the island nation and have suspended most foreign and threatened sanctions. The AU has suspended Madagascar from the regional body until constitutional order is restored, as has the Southern African Development Community (SADC).

## Recent Developments

In December 2008, the Ravalomanana government closed a television station owned by Antananarivo Mayor Andry Rajoelina after it aired a speech by former President Didier Ratsiraka, who lives in exile in France. When Rajoelina's radio station was closed a month later, he convened a public demonstration to demand the stations' reopening, accusing President Ravalomanana of corruption and authoritarianism. According to press reports, as many as 40,000 people may have attended the rally, which was followed by several days of rioting. The 34-year-old Rajoelina, a former disk jockey, has claimed that his stations were closed as part of a politically-motivated campaign against him by the President. Rajoelina, widely known as "Andry TGV," after the high-speed rail service in France, is a successful media entrepreneur. TGV also stands for the politician's movement, *Tanora malaGasy Vonona* (Young Malagasies Determined). Rajoelina defeated President Ravalomanana's candidate in the December 2007 mayoral elections with 63 percent of the vote.

Ravalomanana removed Rajoelina from office on February 3, 2009, after the mayor declared that he was taking over the government and announced a parallel cabinet.<sup>3</sup> His bid to impeach Ravalomanana was rejected by the constitutional court.<sup>4</sup> Rajoelina has proposed a transitional government to lead the country until the constitution can be rewritten and elections held, within two years. He reportedly took refuge at the French Embassy in February to avoid arrest but

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<sup>1</sup> "Madagascar on the Verge of Civil War, U.S. Ambassador Warns," *The Guardian* (London), 12 March 2009.

<sup>2</sup> Established in 2002, the Millennium Challenge Account (MCA) is a major U.S. foreign assistance initiative managed by the Millennium Challenge Corporation (MCC). It provides assistance, through a competitive selection process, to developing nations that are pursuing political and economic reforms in three areas: ruling justly, investing in people, and fostering economic freedom.

<sup>3</sup> Under Malagasy law, the President can dismiss elected officials who fail to fulfill their mandate.

<sup>4</sup> The court ruled that the power to impeach the President lay with the legislature rather than the judiciary.

continued to call for the President's impeachment and arrest. In response, Ravalomanana, who was expected to run for re-election when his term expired in 2011, publicly acknowledged that his government had made mistakes during the crisis and proposed a nationwide referendum to determine whether he would stay in office. Rajoelina rejected the proposal.

**Figure I. Map of Madagascar**



Source: LOC

## The Military Takes Sides

Madagascar's military has historically maintained its neutrality during political confrontations. During the latest tensions, the armed forces repeatedly pledged to protect the civilian population

and maintain the rule of law, but in early 2009 appeared to increasingly support Rajoelina. The military police have actively supported the former mayor and several army units mutinied in early March.<sup>5</sup> On March 10, a group of soldiers reportedly forced the resignation of the defense minister, who had only been in office one month. His predecessor resigned in protest in February 2008 after security forces fired on demonstrators at an opposition rally. At least 28 people were reportedly killed in the incident, and as many as 200 were wounded. Rajoelina's supporters took to the streets at the end of the month in an effort to take control of government offices, throwing bricks and stones at security forces. On March 11, an army colonel, Andre Ndriarijaona, ousted the Army Chief of Staff after he allegedly warned that the army would intervene in the crisis if it were not resolved in 72 hours. Media reports of tanks deployed on March 13 in and around the capital city, allegedly to prevent the President from employing mercenaries to protect his regime, heightened concerns of a possible military coup d'état.<sup>6</sup>

Rajoelina emerged from hiding to speak at a rally on March 14, again calling for President Ravalomanana's arrest. He was joined by National Assembly president Jacques Sylla, a former ally of Ravalomanana, who declared his support for the deposed mayor. On March 16, soldiers seized a presidential palace and the central bank. President Ravalomanana was not at the palace during the attack. Hundreds of supporters reportedly camped outside his residence, on the outskirts of the capital, to protect him. Rajoelina supporters began to take control of other government offices, including that of the Prime Minister, and Rajoelina reportedly installed himself in the presidential offices on March 17. President Ravalomanana announced that he was stepping down and transferring authority to a military directorate led by the military's most senior officer, navy admiral Hyppolite Ramaroson. Ramaroson later announced that the military was transferring authority to Rajoelina as president of a High Authority for Transition (HAT).<sup>7</sup> The country's highest court publicly proclaimed Rajoelina's legitimacy the following day, and he was inaugurated as president of the HAT on March 21.<sup>8</sup> Rajoelina has suspended the parliament, which was dominated by Ravalomanana's party.

Demonstrations by Ravalomanana supporters followed Rajoelina's inauguration, and political tensions on the island continue. On multiple occasions, security forces have reportedly used tear gas to disperse protestors, and several demonstrators have reportedly been killed or injured. Ravalomanana, in a pre-recorded message, reportedly urged his supporters in late March to "save the nation," accusing Rajoelina and his allies of "destroying our country with their coup."<sup>9</sup> Some reports suggest that elements of the military oppose the transitional authority and demanded Rajoelina's resignation early in his tenure.<sup>10</sup> In April 2010, amid rumors of a possible coup, the minister of the armed forces was fired and replaced with another general in late May. Also in May, security forces loyal to Rajoelina suppressed a mutiny by a group of gendarmerie.

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<sup>5</sup> "Madagascar Officers Launch Mutiny," BBC, March 8, 2009.

<sup>6</sup> Scott Bobb, "Mutinous Troops in Madagascar Say They Control Army Tanks," Voice of America, March 13, 2009.

<sup>7</sup> "Madagascar President Forced Out," BBC, March 17, 2009.

<sup>8</sup> The court announced in a radio address that Rajoelina "is serving as president of the republic," according to "Top Court Endorses Army-Supported Opposition Leader to Replace Toppled President," Associated Press, March 18, 2009.

<sup>9</sup> "Ousted Madagascar Leader Defiant," BBC, March 25, 2009.

<sup>10</sup> "Madagascar Navy Troops Order Rajoelina to Leave Power in Seven Days," Xinhua News Agency, March 21, 2009.

## Mediation Efforts and International Reactions

Envoys from the United Nations, the AU, and SADC, in concert with the influential Madagascar Council of Christian Churches, have made numerous attempts to mediate between Ravalomanana and Rajoelina. The two rivals met in February 2009, but Rajoelina later suggested that he would not participate in further talks until the President officially stepped down. Negotiations planned for mid-March 2009 were postponed. The AU condemned the events of March 16 as an attempted coup d'état, and AU Commission Chairman Jean Ping warned the military against handing power to Rajoelina.<sup>11</sup> According to Madagascar's current constitution, in the event of a presidential vacancy, the President of the Senate should assume the office and hold new elections within two months, rather than the two years Rajoelina initially proposed. Constitutionally, the President also must be at least 40 years of age; Rajoelina is only 36. On March 20, 2009, the AU Peace and Security Council, citing an unconstitutional change of government, announced its decision to suspend Madagascar from participation in AU activities. Southern African leaders suspended the country from SADC at a March 30 regional summit in Swaziland, following a briefing from Ravalomanana. On April 30, the AU, SADC, the Common Market for Eastern and Southern Africa (COMESA), the Organisation internationale de la Francophonie (OIF), and the EU formed the International Contact Group on Madagascar to provide a unified front for international pressure on the parties to resolve the political crisis.

The U.S. State Department declared the power transfer "tantamount to a coup d'état."<sup>12</sup> EU officials have taken a similar stance. Foreign envoys did not attend Rajoelina's inauguration, and no government has recognized his administration. The United States has suspended all non-humanitarian assistance, as have several other international donors, including the International Monetary Fund (IMF), which announced a suspension of aid programs in May 2009. AU and SADC Member States prevented Rajoelina from addressing the 64<sup>th</sup> session of the United Nations General Assembly in September 2009.<sup>13</sup>

Since assuming office, Rajoelina has remained defiant in spite of international pressure. A Malagasy journalist was arrested in early May 2009 and charged with "inciting revolt against the republic's institutions," defamation and disseminating false information. His radio station, Radio Mada, was taken off the air.<sup>14</sup> In early June 2009, a Madagascar court sentenced Ravalomanana in absentia to four years in jail and a \$70 million fine for alleged abuse of office.<sup>15</sup> Members of SADC convened an extraordinary summit later that month and nominated the former president of Mozambique, Joaquim Chissano, to lead a new mediation effort. Chissano convened talks between Rajoelina, Ravalomanana, and two former Malagasy presidents, Albert Zafy and Didier Ratsiraka, in early August in Mozambique's capital, Maputo. On August 9, almost six months after the political crisis began, the opposing parties signed an agreement to form an inclusive, transitional government that would rule for up to 15 months, during which time new elections would be held. Weeks later, Rajoelina named a new government; only 2 of the 31 ministers named were considered to be critics of Rajoelina. Ravalomanana and the country's three main

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<sup>11</sup> "Madagascar Opposition Calls for President's Arrest," Reuters, March 16, 2009.

<sup>12</sup> Statement by Acting State Department Spokesman Robert Wood, Daily Press Briefing, March 20, 2009.

<sup>13</sup> Rajoelina was scheduled to speak on September 24, but his name was removed from the list of speakers after representatives from the Democratic Republic of Congo, representing SADC, lodged a protest.

<sup>14</sup> Press Release by Reporters Without Borders, "Madagascar: Detained Radio Mada Reporter is Charged And Transferred to Prison," May 7, 2009.

<sup>15</sup> The \$70 million fine was linked to Ravalomanana's purchase of a presidential jet in 2008.

opposition parties denounced the proposed cabinet, charging that it violated the terms of the Maputo agreement. In response, they vowed to establish a parallel government in accordance with the framework outlined in the Maputo agreement. SADC also rejected Rajoelina's new government, and the AU called on the parties to adhere to the August 9 agreement. Talks resumed in Maputo, and on October 6, the parties announced that they had reached agreement on posts in a new transitional government, which would be led by Andry Rajoelina until new elections are held. Ravalomanana reportedly agreed to the arrangement on the condition that Rajoelina would not vie for the presidency in those elections. Under the accord, several members of Rajoelina's former administration, including his prime minister, Monja Roindefo, were to be replaced by consensus candidates like Eugene Mangalaza. Rajoelina dismissed Mangalaza on December 18, and appointed a military officer, Colonel Albert Camille Vital to serve as his new Prime Minister.<sup>16</sup> He pressed forth with plans for legislative elections to be held in March 2010, but in late January 2010, under international pressure, agreed to postpone elections until later in the year and resume negotiations with the opposition.

## **A Timetable for New Elections is Established**

Following a national conference held in early April 2009 that was boycotted by Ravalomanana supporters, the deposed president announced the creation of a new government, to be led by Manandafy Rakotonirina as prime minister. Rakotonirina was subsequently arrested and accused of coordinating anti-government protests; he was later convicted and given a two-year suspended sentence. Several other senior opposition officials were likewise detained.

Rajoelina and his High Authority for Transition subsequently presented a timetable for new presidential elections, to be held in October 2010. As proposed, those elections would be preceded by a referendum on constitutional changes in September 2009 and by parliamentary elections in March 2010. Although initial reports suggested that Rajoelina might not run in the next presidential elections, subsequent government statements suggested that he planned to run unless all former heads of state agree not to run as well. At that time, the African Union expressed its opposition to a 19-month delay before elections, and the Catholic Church called for Rajoelina and his administration not to stand in the elections.

In May 2010, Rajoelina revised his proposal, establishing a timetable for legislative elections to be held in September 2010 and presidential elections in November. His announcement followed the public demands made in April by the armed forces' chief of staff and head of the gendarmerie to resolve the political crisis, as well as the discovery of an alleged coup plot by several military officers. Rajoelina has pledged not to run in the presidential poll, but continues to insist that other former heads of state stand down as well. Most observers do not expect Ravalomanana to accede to this demand. Rajoelina has pressed for a national referendum to be held, in August 2010, on a new draft constitution. The opposition opposes such a move, however, and in late June 2010, the country's electoral commission postponed the referendum indefinitely, announcing that the constitutional drafting process has not been completed.

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<sup>16</sup> Rajoelina initially indicated that he would appoint sitting Deputy Prime Minister Cecile Manorohanta, who served as Minister of Defense from 2007 to 2009, as Prime Minister, but later announced that Vital would have the position.

## Background

Madagascar, a former French colony, is the world's fourth-largest island. Located in the Indian Ocean approximately 280 miles off eastern continental Africa, it is about 30 percent larger than California. Its 20 million people are a unique product of historical migrations from Africa, southeast Asia, Arab countries, and Polynesia. They speak a Malayo-Polynesian language, Malagasy, which functions as an official national language, along with French, and serves as the noun and adjective for Madagascar's people. The use of English is growing. Almost three-quarters of the population live in rural areas, making a living through small scale commercial and subsistence farming. Two-thirds of the Malagasy people live on less than \$2 a day.

Madagascar is extremely biologically diverse and is unique in many ways; over 85 percent of its species are estimated to be endemic. Its ecosystems include tropical forests, sandy coastal plains with vegetation, river ecosystems, mangroves, large marshes, and coral reefs. Along with some neighboring islands, it is famed as the exclusive home of lemurs, a unique and ancient suborder of primates. Madagascar is estimated to have as many as 150,000 species of flora and fauna that are unique to the island. In part due to a high population growth rate, Madagascar faces environmental pressures, and flora, fauna, and habitat loss from soil erosion associated with deforestation, agricultural production, and overgrazing; desertification; and water pollution. The State Department reports that illegal logging and the endangered wildlife exports has substantially increased since the HAT has taken power.<sup>17</sup> The country regularly suffers massive economic losses, physical destruction, and loss of life during the annual cyclone season, and from cycles of drought and floods. In March 2010, more than 97,000 Malagasy were affected by Tropical Cyclone Hubert, which caused rains and flooding that killed 53 and displaced over 38,000.

## Politics

Following independence in 1960, Madagascar was ruled by a succession of Soviet-leaning socialist regimes, and the country suffered periodic political instability. In the late 1980s, support from the collapsing Soviet Union waned and popular demands for democratization mounted. A democratic transition marked by considerable unrest began in 1989, leading to the approval of a new constitution after a 1992 referendum and presidential elections. The new government made little headway against Madagascar's extreme poverty, and faced strikes, student unrest, and diverse political problems, including the impeachment of President Albert Zafy in July 1996.

## The Ratsiraka Government

Didier Ratsiraka, a former military ruler, won presidential elections in November 1996. While he generally maintained a public commitment to democracy, he also attempted to centralize control over political institutions, administrative organs, and electoral processes. In 1998, he backed constitutional reforms that weakened the legislature and gave him appointment powers over a third of Senate seats. Ratsiraka's actions gradually weakened the opposition parties, but also engendered opposition to his rule, as did widespread allegations of corruption within his administration.

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<sup>17</sup> U.S. Department of State, Foreign Operations Congressional Budget Justification, FY2011.

## The 2001 Election and the Post-Election Crisis of 2002

Many Ratsiraka opponents rallied to the reform message of the then-mayor of Antananarivo, businessman Marc Ravalomanana, and his *Tiako I Madagasikara* (TIM, or “I Love Madagascar”) party. In December 2001, he faced Ratsiraka in a bitterly contested presidential election. The election led to a tense half year stand-off between the two candidates and their parties after Ravalomanana, citing electoral irregularities, refused to participate in a postponed runoff poll, and in February 2002 declared himself the winner of the election. His election was sanctioned by the Malagasy High Constitutional Court, which rejected the need for a run-off.<sup>18</sup> He was sworn into office in May, but Ratsiraka continued to reject his opponent’s election. The two sides each marshaled their supporters and engaged in limited armed confrontations, which threatened at times to escalate into civil war. Communications, roads, and bridges were cut by Ratsiraka’s followers, leaving the capital with no access to the sea or to basic supplies. Nationwide economic disruptions – which included widespread job loss and sharp rises in malnutrition rates, aggravated by a devastating cyclone – ensued. In June 2002, the United States formally recognized the Ravalomanana government. It was the first government to do so; France, China, the U.K. and five African governments soon followed suit. The African Union, however, declined to do likewise, and suspended Madagascar from the regional body. In early July, Ratsiraka fled to exile in France. His departure was preceded by rumors that he had been planning to sponsor a mercenary attack on Ravalomanana, but by that time allies of Ravalomanana had consolidated political control of much of the island.

## The Ravalomanana Government

Madagascar was re-admitted to the AU nearly seven months after Ravalomanana’s TIM party won 102 of the 160 seats in the National Assembly during legislative elections in December 2002, a poll seen as a test of his administration’s legitimacy. Ravalomanana faced significant economic challenges after the extended political crisis and related economic disruptions, but received pledges of substantial support from Western donors, a trend that continued throughout his tenure. His administration pursued an agenda that sought to reduce poverty; improve governance and adherence to the rule of law; and increase economic growth and market liberalization.

Many former officials in the Ratsiraka government have been tried and sentenced on charges of corruption or political abuses. The court cases were viewed by many as a signal that the Ravalomanana administration was serious about addressing past political abuses and had consolidated political power. However, the government also pursued efforts to bring about political reconciliation and to demonstrate moderation in dealings with its former foes. It provided amnesties for many alleged offenses associated with the Ratsiraka government and the 2002 crisis, and several former Ratsiraka supporters were made members of Ravalomanana’s cabinet. Ravalomanana did not seek the extradition of Ratsiraka. These actions broadened the President’s regional base of support during his first term, and alleviated concerns that he might promote his own ethnic and political bases at the expense of other constituencies.

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<sup>18</sup> In the first vote count, Ravalomanana garnered less than the 50 percent needed to avoid a run-off, but African leaders facilitated a recount that gave the candidate 51.5 percent of the vote.

Ravalomanana was reelected in December 2006 with almost 55 percent of the vote, and legislative, provincial, and regional elections were held in late 2007 and early 2008.<sup>19</sup> In an April 2007 referendum, President Ravalomanana received 70 percent approval for a series of constitutional changes, including a controversial proposal to give the President greater power during a state of emergency and a proposal to abolish the provinces and allow municipal and local governments more authority.<sup>20</sup> The U.S.-based Freedom House has ranked Madagascar “partially free” in its *Freedom in the World 2008* index, noting that the referendum increased the President’s power. The referendum also approved English as a third official language. According to the State Department, elections under the Ravalomanana government were generally free and fair. The ruling party’s overwhelming victory at the polls in 2006-2008, despite growing public dissatisfaction with slow improvements in living standards, significantly eroded the opposition parties’ credibility. Voter turnout for March 2008 regional elections was low, and many analysts suggest that the lack of a credible opposition engendered public disenchantment with politics.

## Tensions between Ravalomanana and Rajoelina Build

President Ravalomanana’s popularity, while considerable, failed to help his party’s candidate win the 2007 mayoral election in his former stronghold, Antananarivo. Tension between the central government and Mayor Rajoelina’s administration subsequently mounted. In 2008, the Ravalomanana government allegedly delayed the disbursal of government funds for various local government infrastructure projects in the capital and diverted investment away from the capital. Rajoelina’s supporters claim these efforts were intended to undermine the mayor.<sup>21</sup>

Some observers have drawn comparisons between the 2009 political crisis and the events of 2001-2002, when Ravalomanana used his mayoral office to rally public support for the ouster of the incumbent president. The marked difference between the two conflicts lies in Ravalomanana’s electoral mandate. In 2002, the country’s judiciary determined that Ravalomanana had defeated Ratsiraka, who had ruled Madagascar intermittently for over two decades, in nationwide elections, but the latter refused to relinquish power. Andry Rajoelina, on the other hand, has never faced Ravalomanana in an electoral contest, and he lacks the constitutional mandate that Ravalomanana was able to claim in 2002. The capital city has traditionally been an opposition stronghold, although Rajoelina’s level of support outside the capital is unknown. A nephew of former President Ratsiraka allied himself with Rajoelina, but the public influence of the country’s opposition parties has been questioned.<sup>22</sup>

## The Economy

Madagascar’s economy, which was significantly damaged by the 2002 crisis, recovered quickly after Ravalomanana came to power and was seen as a sign of public and foreign investor

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<sup>19</sup> TIM candidates won 105 of 127 seats in the National Assembly, and victories in most of the provincial elections. The party won all seats in the 2008 regional and senatorial elections.

<sup>20</sup> Following the 2002 crisis, Ravalomanana fired the country’s provincial governors and replaced them with presidential appointees. Improving the effectiveness of local administration was a key goal of his administration.

<sup>21</sup> “Madagascar Politics: High-Speed TGV,” The Economist Intelligence Unit (EIU), January 30, 2009.

<sup>22</sup> Ratsiraka’s nephew, Roland Ratsiraka, was convicted on corruption charges in 2007. He received a suspended sentence.

confidence in his government. Growth was spurred, in part, by economic liberalization policies. Madagascar reached the completion point under the Heavily Indebted Poor Countries Initiative (HIPC) in 2004 and received cancellation of almost \$2 billion in sovereign debt. The Ravalomanana administration sought to diversify the country's bilateral ties, and reduce its reliance on traditional business partners, such as France, which remains its largest trading partner.

Under Ravalomanana, Madagascar attracted several high-profile foreign investment projects, including a titanium dioxide mine developed by Australia's Rio Tinto estimated at over \$800 million and a tar sands project by France's Total. Several oil companies have begun offshore exploration. A major investment proposal by South Korea's Daewoo Logistics became a rallying point for Rajoelina in late 2008. Ravalomanana critics like Rajoelina questioned the government's offer to Daewoo of a 99-year lease for 3.2 million acres of land for large corn and palm oil plantations. The Ravalomanana government claimed that the projects would bring infrastructure investments and create hundreds of jobs for Malagasy farm workers, but Rajoelina argued that the plantations would displace too many farmers from their land. The proposed deal also raised ethical concerns about allocating almost half of the country's arable land for export crops while the country continues to import rice, a basic staple of the Malagasy diet.<sup>23</sup>

Despite its economic growth under Ravalomanana, the majority of Madagascar's people remain poor. The percentage of those living in extreme poverty has declined from 74 percent in 2003 but the rate of decline has not met government expectations. The World Bank estimates that per capita income is only approximately \$300 per year. Food prices have increased significantly since 2007, while purchasing power has decreased. Chronic food insecurity affects approximately 65 percent of the population, and recent drought in the south reportedly increased the number of "food insecure" from 381,000 in December 2008 to 613,000 in late 2009.<sup>24</sup> The recent collapse of the world market for Madagascar's primary export crop, vanilla, has adversely affected Malagasy farmers.<sup>25</sup> The government has distributed coffee, clove, and pepper plants in an effort to diversify cash crops. The country's shellfish industry suffers from declining fish stocks. Madagascar's economy is also heavily reliant on the tourism industry, which draws an estimated \$390 million annually. The global economic downturn, combined with months of political unrest, has damaged the industry considerably. Madagascar's dairy industry has also suffered during the political crisis.

Ravalomanana, 61, owns Madagascar's largest indigenous corporation, Tiko Group, a food and retail conglomerate. His business background is thought to have contributed significantly to his liberal economic policies and ability to attract foreign investment, but his business interests have also drawn allegations of corruption and favoritism in government deals. These allegations, combined with rising popular discontent, appear to have gradually undermined his domestic and international legitimacy. International donors suspended over \$20 million in aid disbursements in December 2008, citing concerns over budget transparency and possible conflicts of interest in the President's business investments. In particular, some donors reportedly urged greater scrutiny of the mining and energy sectors.

The economy has declined under Rajoelina and the HAT, with real GDP growth falling from 7 percent in 2008 to -1 percent in 2009 and an estimated -1.5 percent in 2010. Tourism declined by

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<sup>23</sup> Vivienne Walt, "The Breadbasket of South Korea: Madagascar," *Time*, 23 November 2008.

<sup>24</sup> USAID Disaster Declaration, October 30, 2009, available at <http://www.usaid.gov>.

<sup>25</sup> The country accounts for two-thirds of the world's vanilla exports.

50 percent from January 2009 to January 2010, and textile exports to the United States are down significantly.<sup>26</sup> In June 2010, the EU has extended its suspension of development assistance, including budget support to the government, worth an estimated \$738 million, for another year.

## **U.S. Relations with Madagascar**

The United States government does not recognize the High Transitional Authority, and it has suspended assistance to Andre Rajoelina's government. Previously, the United States maintained good diplomatic relations with the government of President Marc Ravalomanana. The State Department warned in March 2009 that the political situation in the country had entered a "dangerous phase" and that an "extra-legal assumption of power by civilians or the military is unacceptable."<sup>27</sup> Following Rajoelina's assumption of power on March 17, a State Department spokesman reiterated that "any extra-constitutional resolution" of the crisis would result in a suspension of non-humanitarian U.S. assistance.<sup>28</sup> The United States has supported the efforts of the United Nations, the African Union, and other international actors to facilitate a peaceful resolution of the crisis. In March 2009, the U.S. Embassy issued a travel warning and ordered the evacuation of all non-essential personnel. The Peace Corps has suspended operations and pulled its 112 volunteers out. The State Department lifted the travel warning and ordered departure in July 2009 but continues to advise travelers to avoid political gatherings and street demonstrations.

The Obama Administration has requested \$80.4 million in foreign assistance request for Madagascar for FY2011. U.S. assistance totaled \$71 million in FY2009 and is estimated at \$86.4 million in FY2010. Due to the unconstitutional transfer of power, the Administration has suspended non-humanitarian assistance to the country, including all assistance programs that directly benefit the government. The majority of assistance is focused on health programs. In March 2010, USAID provided \$50,000 in emergency relief supplies and \$75,000 in plastic sheeting for temporary shelter to those affected by Cyclone Hubert. The United States provided almost \$140 million in humanitarian aid and disaster response from FY1999 through FY2009.

### **U.S. Assistance Prior to March 2009**

Prior to March 2009, U.S. bilateral assistance to Madagascar supported democratic governance; economic growth and socio-economic development efforts; and environmental protection. Assistance provided by the State Department and the U.S. Agency for International Development totaled \$47.7 million in FY2007, \$57.7 million in FY2008, and an estimated \$71 million in FY2009. Much of these funds were directed toward health programs. Madagascar is a target country for the President's Malaria Initiative, which aims to cut malaria deaths by 50 percent. U.S. assistance also supported the Ravalomanana government's environmental preservation efforts to increase the amount of protected land from 1.7 million to 6 million hectares from 2003 to 2008.

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<sup>26</sup> EIU, "Madagascar Country Report, June 2010.

<sup>27</sup> Statement by State Department Deputy Spokesman Gordon Duguid, "Madagascar's Political Crisis," March 13, 2009.

<sup>28</sup> Statement by Acting State Department Spokesman Robert Wood, Daily Press Briefing, March 17, 2009.

The Ravalomanana government reportedly helped support U.S. counter-terrorism goals through law enforcement and financial tracking cooperation, and the country received limited U.S. security assistance focused on border and maritime security through the International Military Education and Training (IMET) program.

Madagascar remained African Growth and Opportunity Act (AGOA)-eligible, including for special AGOA apparel benefits, in 2009, but trade benefits were suspended in late December 2009. The U.S. Trade Representative first threatened in August 2009 to suspend AGOA benefits until democratic elections were held and the State Department reissued the warning on December 10; Madagascar's suspension, along with that of Guinea and Niger, was announced on December 24.<sup>29</sup> Madagascar's 2008 exports under AGOA were valued at \$279 million. AGOA reportedly helped Madagascar to increase job growth and attract foreign investment, and the country's nascent textile industry expanded dramatically in the last decade.

Madagascar signed the first Millennium Challenge Account compact, worth almost \$110 million over four years, in April 2005. The award roughly doubled U.S. assistance to the country. The program, developed by the Malagasy government in consultation with the public, aimed to raise incomes nationwide by assisting the transition from subsistence agriculture to a market economy. It complemented Madagascar's poverty reduction strategy, which also focused on agricultural development. MCC assistance focused on securing property rights for land (\$36 million), improving citizens' access to credit through financial sector reform (\$36 million), and improving agricultural production technologies and market capacity in rural areas (\$17 million). MCC operations in Madagascar were suspended on March 20, 2009, and the MCC Board of Directors voted to terminate the compact in May 2009.<sup>30</sup>

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<sup>29</sup> "Madagascar's AGOA Status in Peril, Likely to Hinge on Elections," *Inside Trade*, August 8, 2009.

<sup>30</sup> MCC has suspended compact programs in countries like Nicaragua, after flawed elections in 2008; Madagascar's compact is the first to be terminated. As of September 2009, MCC had made just over \$84 million in contract commitments and disbursed \$70 million.