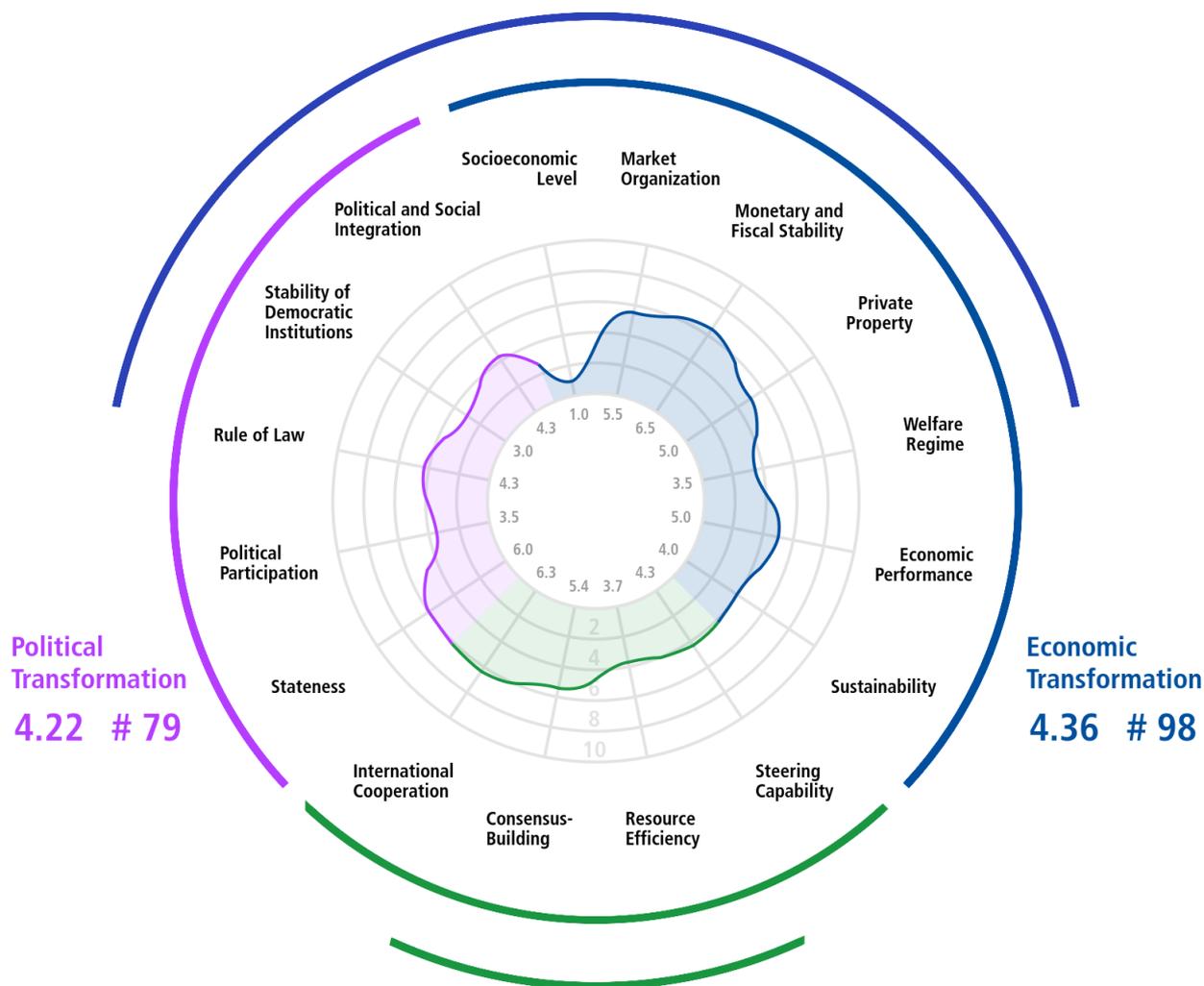


Madagascar

Status Index

4.29 # 97

on 1-10 scale out of 137



Political Transformation
4.22 # 79

Economic Transformation
4.36 # 98

Governance Index

4.64 # 68

on 1-10 scale out of 137

This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2026**. It covers the period from February 1, 2023 to January 31, 2025. The BTI assesses the transformation toward democracy and a market economy as well as the quality of governance in 137 countries. More on the BTI at <https://www.bti-project.org>.

Please cite as follows: Bertelsmann Stiftung, BTI 2026 Country Report – Madagascar. Gütersloh: Bertelsmann Stiftung, 2026.

This work is licensed under a [Creative Commons Attribution 4.0 International License](https://creativecommons.org/licenses/by/4.0/).

Contact

Bertelsmann Stiftung
Carl-Bertelsmann-Strasse 256
33111 Gütersloh
Germany

Sabine Donner

Phone +49 5241 81 81501
sabine.donner@bertelsmann-stiftung.de

Hauke Hartmann

Phone +49 5241 81 81389
hauke.hartmann@bertelsmann-stiftung.de

Sebastian Plate

Phone +49 5241 81 81263
sebastian.plate@bertelsmann-stiftung.de

Sabine Steinkamp

Phone +49 5241 81 81507
sabine.steinkamp@bertelsmann-stiftung.de

Key Indicators

Population	M	32.0	HDI	0.487	GDP p.c., PPP \$	1884
Pop. growth ¹	% p.a.	2.4	HDI rank of 193	183	Gini Index	36.8
Life expectancy	years	63.6	UN Education Index	0.405	Poverty ³	% 92.4
Urban population	%	41.2	Gender inequality ²	0.584	Aid per capita \$	40.2

Sources (as of December 2025): The World Bank, World Development Indicators | UNDP, Human Development Report 2025. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.65 a day at 2017 international prices.

Executive Summary

During the period under review, President Rajoelina consolidated his power, as illustrated by the capture of the state and its institutions that facilitated his re-election in November 2023. This consolidation of authoritarianism, at work since the COVID-19 period, was further evident in his party's victories in the 2024 legislative and municipal elections. Neither calls by the opposition for a boycott, various mediation attempts, warnings from civil society nor popular discontent have managed to halt the administration's political momentum. The country's new development plan, Plan Émergence Madagascar (PEM II, 2023 – 2038), aligns with its predecessor and seeks to transform Madagascar into a strong, united and well-being-oriented emerging nation by 2038. However, Madagascar faces enormous hurdles to achieving macroeconomic stability, including systemic corruption and persistent extreme poverty affecting 80% of a growing population. Its democratic performance also faces challenges, as evidenced by the most recent electoral process. In addition, the country has been exposed to repeated natural disasters and is vulnerable to regional conflict. All of these factors exacerbate the country's heavy dependence on foreign aid. The sustainability of the recent tentative recovery in growth appears uncertain, but it may help enable the reforms ultimately needed to stimulate sustainable development and reduce poverty.

History and Characteristics of Transformation

Madagascar's modern history began with the reign of King Andrianampoinimerina (1787 – 1810). In 1896, the French deposed the monarchy but retained the existing administrative system. They maintained the caste and taxation systems established during the Merina monarchy, which funded labor-market and infrastructure development. The Malagasy uprising in 1947 resulted in an estimated 100,000 deaths. Madagascar achieved independence in 1960.

Philibert Tsiranana, the first president of Madagascar's first republic (1960 – 1972), maintained strong ties with France. He was subsequently overthrown by Frigate Captain Didier Ratsiraka, who adopted a policy of scientific socialism in 1975. After recognizing the economic unsustainability of this system, Ratsiraka began to shift toward a more market-oriented approach.

In 1991, a civil servants' strike led to the establishment of a transitional government, and in 1992, under a new constitution, Albert Zafy was democratically elected as its first president. However, Zafy's government was unable to stem the economic decline, and he was impeached on July 26, 1996. Despite this, Zafy contested the 1996 election but ultimately lost to Ratsiraka.

In 2001, Marc Ravalomanana, a self-made millionaire and the mayor of Antananarivo, won the presidential election. Refusing to accept defeat, Ratsiraka triggered six months of social, political and economic conflict. Ultimately, Ravalomanana was recognized as president and secured re-election in 2006. His tenure was marked by political unrest, culminating in his resignation following an army revolt in 2009. The military then installed Andry Rajoelina, the mayor of Antananarivo, as president. This unconstitutional change of government garnered significant criticism from regional organizations and the international community.

In 2011, a road map was established for presidential and legislative elections. The elections took place in 2013 and were won by Rajoelina ally Hery Rajaonarimampianina, along with his electoral coalition, defeating Ravalomanana's preferred candidate, Jean-Louis Robinson. The newly formed presidential party also triumphed in local and senatorial elections in 2015, securing a majority that allowed it to implement its economic program. Ambitious reforms during Rajaonarimampianina's rule contributed to ongoing economic growth.

Following protests over electoral laws in April 2018, national and international mediation led to the creation of a consensus government in June 2018 and a presidential election later that year. In accordance with the constitution, Rajaonarimampianina stepped down in September 2018. Rajoelina was subsequently elected president of the republic. Notably, Ravalomanana accepted defeat and urged his supporters to halt demonstrations in the interest of promoting solidarity and national reconciliation.

Like his predecessors, Rajoelina exercised power in an authoritarian manner during a term in office in which his party dominated all institutions. The implementation of his development program, PEM (2018 – 2019), was hampered by the onset of the COVID-19 pandemic and the conflict in

Ukraine, pushing the country into recession. Growth has since resumed, but the country has faced pre-election demonstrations contesting the incumbent president's candidacy because of his dual nationality and his government practices. He was re-elected in November 2023 to a new five-year term despite calls for a boycott by the opposition. The legislative and municipal elections in 2024 confirmed a large majority for the ruling party, allowing President Rajoelina to implement his PEM II (2023 – 2038). However, these elections once again illustrated the fragility of the country's institutional structure.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).

Transformation Status

I. Political Transformation

1 | Stateness

Although the state has a monopoly on the use of force (military, police, gendarmerie), Madagascar's security sector has always been weak, because it is subject to external influences and politicized by successive heads of state. The military has been involved in unconstitutional power transitions (1972, 1975, 1991, 2002 and 2009). Corruption and poor working conditions in the security forces – including low wages and lack of equipment – have fostered armed violence. The state's monopoly on the use of force has also been challenged by bandits (dahalo), who initially operated mainly in the south, which was considered a red zone. However, their activities have since spread across three-fourths of the country's territory and have coincided with crimes by other rural thieves who often collude with security forces. Armed with small arms, these thieves steal mostly cattle and have burned down entire villages, driving local populations to migrate elsewhere. Motives are both economic and political. Since President Rajoelina came to power in 2018 (he was re-elected in 2023), the security forces have received new equipment such as vehicles and helicopters. A restructuring of the military initiated under the previous regime was implemented with the aim of better responding to numerous security challenges, but did not improve the situation. The state is more or less absent in the "red zone" – an area of approximately 200,000 square kilometers – due to a lack of transportation and road networks.

Some groups are denied full citizenship. The obsolete Malagasy Nationality Code (1960) stipulates that only people of Malagasy origin can claim Malagasy nationality, making nationality a matter of filiation. Application of this concept, based on the rigorous principle of jus sanguinis, renders the country's communities of foreign origin effectively stateless, despite their presence in Madagascar for generations. This includes about 400,000 Indo-Pakistani people (the so-called karana); between 70,000 and 120,000 Comorians; about 15,000 Chinese; and some 5,000 people of Arab origin.

Question
Score

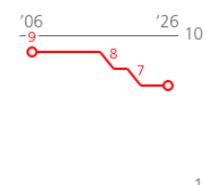
Monopoly on the
use of force

5



State identity

7



A 2016 modification to the nationality code allowed women to transmit Malagasy nationality to their children, regardless of their marital status, in order to respect the principle of equality between men and women. A child with a Malagasy father or mother can also acquire Malagasy nationality, regardless of whether the child is legitimate or born out of wedlock, in order to preserve the child's right to nationality. However, these changes did not resolve the issue of many people being stateless.

Naturalization remains the only way for a stateless person to obtain Malagasy nationality, but neither the national action plan aimed at reducing and eliminating statelessness, developed in 2019, nor the proposed law aimed at further reform of the nationality code have been among the government's priorities.

Aside from these essential questions, the major social groups accept the nation-state.

The constitution states that Madagascar is a secular state. However, churches and religious groups such as the Council of Christian Churches in Madagascar (FFKM) play an important role from both the political and social points of view. Politicians flaunt their religiosity and their close relations with the FFKM and other religions to take advantage of their territorial roots. The FFKM consists of four churches: the Protestant Church of Jesus Christ in Madagascar (Fiangonan'i Jesoa Kristy eto Madagasikara, FJKM), the Catholic Apostolic Church of Rome (Eglizy Katolika Apostolika Romana, EKAR), the Malagasy Lutheran Church (Fiangonana Loterana Malagasy, FLM) and the Malagasy Episcopal Church (Eklisia Episkopaly Malagasy, EEM). As a consequence, religious dogmas have considerable influence on the legal order. For example, abortion is forbidden and members of the LGBTQ+ community face considerable social stigma and discrimination. In May 2024, the influential conference of bishops of Madagascar opposed a measure authorizing a sentence of surgical castration for child rapists, which was defended by President Rajoelina.

The FFKM has been involved in all the country's political crises (1991; 2001 – 2002; 2009) and never misses an opportunity to express its opinion on the current political situation. Thus, following the contested elections (presidential in 2023 and legislative in 2024), and in the environment of continuing social tensions afterward, the Catholic and Protestant churches have warned the government against engaging in further authoritarian practices. They have thereby called for greater consideration of the population's needs. Most political leaders use their religion as an instrument of mobilization.

Basic administrative structures are present across the country but are weakened by a lack of decentralization and, notably, fiscal autonomy. The central government does not adequately meet the needs of the country's various regions.

The 2010 constitution outlines three levels of decentralized territorial entities (Collectivités territoriales décentralisées, CTD): provinces (six); regions (increased from 23 to 24 in 2023 under Law 2023-012 of June 29, 2023, which separated the districts of Mananara Nord and Maroantsetra from the Analanjirofo region to form the Ambatosoa region); and communes (1,695). Decentralization is one of the 13

No interference of religious dogmas

8



1

Basic administration

4



1

commitments of the PEM, confirmed by the adoption of a National Policy for Emerging Decentralization. The 2024 budget increased operating subsidies for communes by 16.6%, and provided investment subsidies for 400 communes, up from 200, through the Local Development Fund.

However, decentralized entities continue to have minimal resources, with independent tax revenues virtually nonexistent and centralization still strong. The state determines most development projects and exerts pressure through its unelected agents. As a result, national and international organizations assume essential state functions in sectors such as housing, nutrition and medical assistance. Most high-quality services, including hospitals, housing and schools, are concentrated in the capital city. To a lesser extent, such services may be found in the urban centers of provinces and regions, and to only a very limited extent at the communal level.

A significant disparity exists between urban and rural areas with regard to access to essential public services, with urban areas enjoying better access, even though most of the population lives in rural areas. In rural areas, just 34.5% of the population has access to water, compared to 51.25% in urban areas; similarly, 22% of the population in rural areas has access to sanitation facilities, compared to 34% in urban areas. About 36% of the population overall has access to electricity – well below the African average of 51% – but only 15% of rural areas do.

2 | Political Participation

Elections in Madagascar are often held amid pre- and post-election political violence, which leads to sociopolitical crises and national and international mediation. This has undermined confidence in institutions, particularly election management bodies, which lack independence and transparency.

Rajoelina was re-elected in the 2023 presidential election, which was boycotted by much of the opposition. Among other factors, this was due to challenges to Rajoelina's candidacy on the basis of his dual nationality (Malagasy and French). He became a naturalized French citizen in 2014; thus, according to the Malagasy Nationality Code, he should have lost his Malagasy nationality. Consequently, his candidacy for the 2018 presidential election should not have been accepted, and his election was unconstitutional. Article 42 of the constitution states that any candidate for the presidential election must be of Malagasy nationality. In this context, a diaspora collective filed an appeal with the High Constitutional Court (HCC) in June 2023. In August, the court ruled the request to invalidate Rajoelina's 2018 candidacy inadmissible because the deadline for contesting the results had long passed, and because Rajoelina had not engaged in fraudulent maneuvering, as he did not act to prevent disclosure of the French government's decree. It also declared itself incompetent to rule on the forfeiture of the president's nationality, this belonging to the regulatory power that makes that determination by decree. Indeed, the loss of nationality is not automatic; it is subject to authorization by the Malagasy government, according to Article 43 of the nationality code.

Free and fair elections

5



Rajoelina's candidacy for the 2023 presidential election was validated by the HCC along with that of 12 other candidates, including former presidents Marc Ravalomanana (2002 – 2009) and Hery Rajaonarimampianina (2013 – 2018). Rajoelina resigned as president in accordance with the constitution in September 2023. In the interim, executive power should have been exercised by the president of the Senate, Herimanana Razafimahefa (Rajoelina's campaign manager in 2018), but for personal reasons he was unable to do so. As a result, Christian Ntsay served as acting president during this interim. But in October, Razafimahefa said he had acted under threat. He was dismissed from his duties during an extraordinary session of the Senate on grounds of "mental deficiency," and replaced by General Richard Ravalomanana, a close ally of Rajoelina. He ultimately replaced Ntsay as interim president of the republic. In light of these events, the opposition argued that the vote was taking place under unfair conditions and refused to campaign. A "collective of 10 candidates" – later 11 – was formed to contest Rajoelina's candidacy and the breaches of the electoral process. Demonstrations were organized and violently repressed by the police, with arbitrary arrests and home invasions. Mediation was initiated by the FFKM, and the president of the National Assembly, Christiane Rzanamahaso – although close to Rajoelina – called for a suspension of the electoral process, which the government refused.

The election's first round was held on November 16, 2023, instead of November 9, following a postponement after a candidate was injured during a demonstration. Rajoelina was declared the winner by the HCC on December 1. The opposition contested the result, arguing that the electoral institutions lacked legitimacy.

Indeed, the appointment of candidates to the HCC and the Electoral Commission in 2021 had been criticized for conflicts of interest and proximity to political power. The organization of the 2024 presidential, legislative and municipal elections illustrated these bodies' lack of rigor in applying the law. These elections also saw Rajoelina's party win a parliamentary majority, and prompted the opposition to contest the results. Some prominent figures had their candidacies rejected, notably Marc Ravalomanana for the municipal election in Antananarivo, while others withdrew under pressure. Those in power during the review period engaged in an authoritarian governance style that leaves little political space for opponents, as reflected in the shutdown of several independent radio stations. The elections were marked by irregularities and suspicions of vote-buying through the distribution of items such as school kits and bags of rice.

Rajoelina's re-election and the victory of his coalition in various elections give him a free hand to implement his development agenda for the period from 2023 to 2038. The president of the republic is the central figure of the state and makes all key decisions, so all institutions must follow his directives. The army and economic elites tend to do so as well, as long as their interests are respected. The actions of these informal networks, along with the influence of religious elites, undermines the continuity of the political order. Thus, power is conceived as a whole in which the historically weak opposition has no say.

The constitution of the Fourth Republic (Article 10) guarantees the freedoms of association and assembly. However, obtaining permits for unrestricted events has become more difficult. This is particularly the case in the capital, Antananarivo, where the police prefecture consistently refuses to grant demonstration permits. In March 2023, the government announced that any political demonstration in the country would in the future have to be held in an enclosed space.

Thus, in the context of the 2023 presidential vote, the opposition repeatedly called on people to take to the streets to denounce the election, but was denied permission to hold any meetings. The police went so far as to prohibit access to Place du 13 Mai in the center of the capital, a common site for demonstrations.

Demonstrations still took place, particularly outside the center of Antananarivo, in October – November, but they were violently repressed by security forces using tear gas. This resulted in numerous injuries, some involving candidates, as well as arbitrary arrests, including the arrest of a candidate. Violent repression also occurred in September 2024 at the University of Antananarivo during a demonstration against recurring power cuts. A demonstration with the same demands was held in April 2024 in the rural commune of Anivorano Nord, located in the Diana region (north of the country), but in this case with no police intervention.

The freedoms of association and assembly seem restricted and limited to supporters of the ruling party.

The constitution of the Fourth Republic formally guarantees the freedom of expression.

In practice, the media are free to publish a range of opinions, but the government does not hesitate to reprimand them if it believes they have overstepped their role. This means they are often subject to interference or government restrictions, and some journalists consequently practice self-censorship. This goes hand in hand with the government's efforts to control information, so much so that the media landscape is highly politicized. The state controls the public media, and public radio and television content is largely shaped by government communication directives. Private media are owned by political and economic elites, and are divided between those who defend the government and those close to the opposition. Information is therefore far from neutral and independent.

Effective power to govern

3



Association / assembly rights

3



Freedom of expression

3



This situation has led to the intimidation and denigration of journalists both publicly and on social networks. Among the journalists harassed for criticizing the government and public services has been Lola Rasoamaharo, chief executive officer of La Gazette, which is known to be critical of the government. On March 25, the Antananarivo court placed him in pretrial detention after a businesswoman sued him for defamation, extortion and alleged death threats. The plaintiff told the press that Rasoamaharo had tried to extort her into paying a large sum of money, threatening to smear her name publicly if she refused. A few days later, Jirama, the national water and electricity company, seized La Gazette's equipment over unpaid bills dating to 2016, preventing the outlet from printing newspapers. The Antananarivo court sentenced Rasoamaharo to five years in prison and ordered him to pay a MGA 10 million fine (\$2,280) and MGA 20 million (\$4,560) in damages to the plaintiff for threats of defamation and attempted extortion.

There have also been cases involving journalists or influencers on social networks, such as Sylvia Randriatsotsy, a well-known blogger who regularly published posts criticizing the government. On September 15, 2023, the gendarmerie arrested her and accused her of inciting rebellion for a post on her Facebook page. After she had spent 48 hours in custody, the Court of Antananarivo placed her under judicial supervision, so she was unable to leave the capital. She was ultimately convicted of inciting rebellion and sentenced to a one-year prison term, but she remained free while she appealed the ruling. The court did not issue an arrest warrant when rendering the judgment. In addition, some journalists were subjected to violence by security forces during pre-election demonstrations in November 2023. The Order of Journalists of Madagascar had already expressed concern in June 2023 after being notified of a number of cases in which the freedom to collect information had been obstructed in several regions of the country including Diana, Menabe, Analanjirifo and Analamanga, where the capital, Antananarivo, is located.

However, the government has responded by referring to the law, which includes provisions allowing it to limit the freedoms of speech and expression, including broad powers to deny press licenses to political opponents, to seize equipment and to impose fines. The law contains several articles that limit press and media freedom. It gives the Ministry of Communications broad powers to suspend media licenses and seize media assets if one of a media outlet's journalists commits two violations of the law.

3 | Rule of Law

The constitution of the Fourth Republic consists of 168 articles. The state is organized into three branches of power: the president and the government form the executive; the National Assembly and the Senate form the legislature; and the High Constitutional Court, the Courts of Appeal and the lower courts attached to them constitute the judiciary.

The president, who serves as the head of state, is elected to a five-year term by universal direct suffrage and may serve no more than two terms. The prime minister is nominated by the majority party or group of parties in the National Assembly and is appointed by the president. The president may also terminate the prime minister's service upon the resignation of the government or in the case of a grave fault or manifest failure (Art. 54 of the constitution).

In practice, the separation of powers established by the constitution is weak. The executive dominates the other branches. The president holds vast powers. Under Article 85, the president appoints one-third of Senate members. Article 81 authorizes the president to convene extraordinary sessions of parliament and call referendums. The president of the republic serves as president of the Superior Council of the Magistrature. The president also appoints three members of the High Constitutional Court.

Personalization of power by successive presidents has undermined checks and balances, and the use of authoritarian power over a long period of time has hampered the emergence of independent and credible institutions. For example, former Senate President Herimananana Razafimahefa and former National Assembly President Christine Razanamahasoa were removed from their positions as a senator and a deputy in March 2024 by the HCC on the grounds that they had deviated from the lines of conduct of the political party to which they were affiliated. However, Razanamahasoa had opposed the authoritarian drift of the 2023 presidential election by calling for mediation to move toward a peaceful election. Such actions have further undermined the separation and balance of powers.

The Malagasy judicial system follows the French tradition. It has three levels of courts. First, lower courts handle civil and criminal cases and may impose limited fines and sentences. Second, the Court of Appeals includes a criminal court for cases entailing sentences of five years or more. Third, the Supreme Court is the country's highest court.

The High Constitutional Court reviews whether treaties, laws and ordinances conform to the constitution. It also rules on disputes related to referendums or to presidential or legislative elections, and it proclaims the final results of those elections and referendums.

Separation of powers

4

'06 '26 10



Independent judiciary

4

'06 '26 10



Military courts are organized by civilian magistrates. Their mandate includes national security matters.

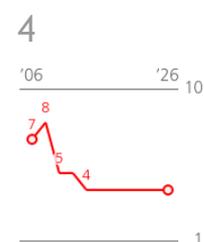
There are also traditional courts (*dina*) that continue to handle some civil disputes in rural areas to compensate for the absence or inaccessibility of state judicial functions. The country has 46 courts of first instance, all in urban areas, yet more than 80% of the population lives in rural areas. However, *dina* procedures sometimes conflict with national law by imposing harsh penalties without due process or failing to protect victims' rights. Thus, the authority of *dina* rests on mutual respect and the consensus among parties to comply with the decision.

The president serves as a formal guarantor of judicial independence. To this end, he is assisted by a Superior Council of the Judiciary, which he presides over, with the minister of justice serving as vice president. The judiciary remains under the control of the Ministry of Justice. There are frequent allegations of corruption, and the case backlog is large. According to various reports from the Independent Anti-Corruption Bureau, the judicial system is among the five sectors most exposed to corruption. The entrance exam for the National School of the Judiciary and Court Clerks has been marred by corruption scandals on several occasions in recent years.

The personalization of power by successive presidents has affected the functioning, transparency and independence of other institutions, especially the judiciary. In March 2023, the justice minister ordered the anti-corruption court to suspend proceedings against the mayor of Vavatenina for embezzlement of public funds and forgery. However, the proceedings continued, and the court remanded the accused to pretrial detention in Antananarivo. But he was ultimately released after the minister reportedly intervened in his case. The independence of the judiciary is also challenged by pressure and death threats issued by civil servants and their representatives who seek, in particular, to prevent bailiffs from enforcing court decisions. Bailiffs denounced these conditions during a strike in July 2023.

Rajoelina's government – on the basis of the measures outlined in the Plan Émergence Madagascar (PEM) – has established a zero-tolerance policy in the fight against corruption. It has initiated various measures that prioritize improving the legal framework and strengthening anti-corruption institutions. These include competitions for entering public service and for awarding public contracts, with a focus on decentralized territorial communities and various state services (land services, the justice system, gendarmerie, national police, environmental agencies, customs and taxes). However, in practice, the existing human and financial resources are not sufficient to achieve the zero-tolerance objective, especially since a number of public officials, including members of parliament and the government, have been involved in corruption cases. Political pressures are creating a culture of impunity, as in the case of parliamentarian and government ally Lanto Rakotomavo who was not prosecuted for authorizing the transport of rosewood seized by authorities. The case – dating to January 2023 – leaked on social media through the publication of a

Prosecution of
office abuse



document signed by the lawmaker, leading the Anti-Corruption Court to order the Independent Anti-Corruption Bureau to open an investigation. The driver of the truck that transported the wood was placed in pretrial detention without the parliamentarian being questioned.

Inefficiency in sanctioning corrupt public officeholders stems from political pressure and a lack of independence in anti-corruption institutions. In addition, the president of the republic appoints the directors of anti-corruption institutions.

Corruption cases have been covered by the media, but civil society, especially social networks, denounces them. Institutions intervene only downstream, illustrating both dysfunction and a lack of will.

The overall civil rights situation in Madagascar is concerning, and has continued to deteriorate since Rajoelina's re-election in 2023. The strengthening of authoritarianism that began during the COVID-19 period is reflected in abuses of power, and additional restrictions on the freedoms of the press, assembly and expression persist. This has been evident since the start of the electoral process in 2023, when political gatherings were restricted or banned; critics of the government, particularly on social media, were prosecuted; and several radio stations were forced to stop broadcasting.

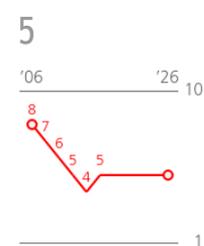
The new regime's failure to uphold the rule of law has raised serious civil rights concerns, because this has contributed to a lack of independence and effectiveness in the judicial system. This has been exacerbated by the slow pace of operations within the judicial system, resulting in lengthy pretrial detentions that can endanger detainees' lives. According to the Ministry of Justice, approximately 47% of detainees nationwide were in pretrial detention during the review period, which led to severe overcrowding in Malagasy prisons and resulted in cruel, inhuman and degrading detention conditions that violate international law.

In addition, reports of cases in which security forces have tortured cattle rustlers or protesters, or subjected them to ill treatment, have increased in frequency. Security forces have reportedly used beatings as punishment for alleged crimes or as a means of coercion, and have subjected prisoners to physical and mental abuse.

Early marriage is common, particularly in rural areas, and violence against women is widespread in some ethnocultural groups.

Furthermore, in 2024 the Criminal Code was amended to provide for surgical castration as a penalty for individuals convicted of raping minors (after chemical castration was deemed unconstitutional). However, this constitutes cruel, inhuman and degrading treatment that is incompatible with the Malagasy constitutional provisions against torture and ill treatment, as well as with regional and international human rights standards.

Civil rights



Legal provisions prohibit discrimination based on race, gender, disability, language or social status, but traditional, cultural, social and economic constraints limit the realization of gender equality. Members of the LGBTQ+ community face social stigma and discrimination, including within their families, particularly in rural areas. They also face discrimination in hiring.

In the southern region of the country, people with albinism continue to be targets of assassinations and kidnappings. In November 2023, about 10 minors with depigmented skin – aged six months to 17 years – were kidnapped; some were raped, assaulted or killed. These acts occur mainly in regions affected by chronic insecurity linked to dahalo and are motivated by ritual practices. However, no major government action has been initiated. Madagascar is now the country with the highest rate of attacks against people with albinism globally.

Some politicians seek to deliberately manipulate ethnic differences and beliefs, leading to discrimination that can undermine social harmony.

4 | Stability of Democratic Institutions

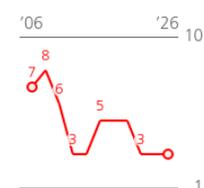
Madagascar is a semi-presidential republic with a president elected to a five-year term and a prime minister nominated by the National Assembly and appointed by the president. The last presidential election was held in 2023; legislative and local elections were held in 2024; and Senate elections were to take place in 2025. These elections brought the incumbent government back to power, giving it a majority. This outcome held the promise of leading to institutional stability despite the disputes surrounding the various elections. However, it has had harmful consequences for political stability and the democratic process.

The personalization of power has encroached on the functioning of government and parliamentary institutions, concentrating authority in the hands of the president of the republic. The president's central position in the political system limits parliament's ability to act, resulting in parliament serving as a rubber-stamp chamber, with most laws coming from the executive. Parliament lacks the strength to serve as an effective check on executive power. The president appoints the heads of local institutions, particularly regional governors, although the constitution provides for their election. Frequent changes of government and shortages of financial and human resources prevent the administration from fulfilling its public-service mission. Moreover, at the local level, low budget allocations to administrations affect their ability to carry out their missions.

Political forces thus primarily mean that institutions function according to partisan interests rather than on the basis of clear rules of the game on behalf of the general interest.

Performance of democratic institutions

3



Democratic institutions are accepted as legitimate by only a few actors – those close to power. Indeed, the opposition has expressed serious doubts about how the electoral process is organized. In particular, it has accused the electoral management bodies of bias. The legitimacy of democratic institutions is therefore weakened, as seen in the case of regional governors, who are appointed even though the law stipulates that they must be elected. The same is true for provinces and regional councilors, whose elections have never been held.

Political actors use certain institutions to serve their political interests. The public media (radio and television) are widely seen as tools of the ruling party. Although the population at large tends to accept the legitimacy of democratic institutions, the pervasive perception is that these institutions are headed by political appointees who owe allegiance to the government of the day.

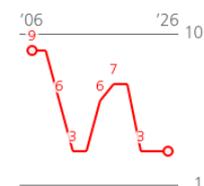
5 | Political and Social Integration

Madagascar's political institutions are inefficient, partly because of the lack of a stable pattern of political party organization, which in turn reflects parties' shallow roots in society. Nearly all presidents have created their own political parties after their elections. The system is highly fragmented, unstable and polarized. From 2022 to 2025, more than 100 parties were created, bringing the total to about 320. But these parties are largely devoid of ideology or territorial roots. They serve mainly as a means of participation in power based on supposed legitimacy. Furthermore, politicians readily change parties depending on where their interests are most likely to be satisfied, and most seek to join the party in power. As such, the phenomenon of political "transhumance," combined with clientelism, also makes polarization volatile. In addition, the proliferation of independent candidacies and the election of independent candidates in legislative and municipal elections confirms the fragmentation within the party system and the lack of appeal held by traditional political parties. Independent elected officials became a "second force" in politics after the 2024 legislative elections. However, they largely decided to support the party in power, confirming the winner-take-all nature of Malagasy politics and illustrating the prevailing reluctance of politicians to play an opposition role.

The ruling party is perceived as a populist party whose political measures only occasionally or partially respond to the population's needs. During the review period, it focused more on the construction of often unsuitable, non-functional infrastructure such as stadiums, prisons and universities.

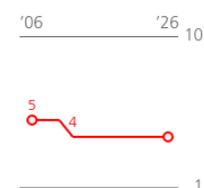
Commitment to democratic institutions

3



Party system

4



Numerous professional associations and other organizations represent private sector interests and specific industries. These groups regularly foster dialogue among firms and coordinate policy advocacy. However, private sector actors argue that few of their policy recommendations are adopted.

Most NGOs in the country are based in the provinces of Antananarivo, Toamasina and Fianarantsoa and are mainly active in the areas of social welfare, health and education. Only a small number of groups have significant capacity for interest representation. Most are instead either NGOs funded by donors for a specific community-level purpose, but with limited capacity for representation, or capital-based groups largely dependent on the funding and activities of their leaders. This often leads to personalization around the NGO leader. Dependence on donors fosters competition for access to financial resources, so levels of trust among NGOs are low, and sharing of information and skills is not widespread.

Organizational capacity therefore remains very low on average, with entities having limited financial resources and human resources and engaging in limited communication, even with core constituents. This is reinforced by the political ties of some interest groups and their complacent role toward the administration, which limits their ability to act as watchdogs.

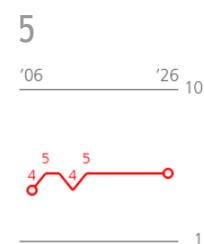
There are a few notable exceptions to this general picture. Some faith-based development organizations, such as the Rohy movement, bring together different types of organizations at the central and local levels to represent the voice of the people and play a watchdog role at all levels.

Regarding faith-based interest groups, the FFKM still plays a political role by identifying governance shortcomings and challenging the state to focus on the real needs of the population, despite the failure of its mediation efforts before the 2023 presidential election. Aware of this moral authority's voice in society, Rajoelina initiated a rapprochement process with the group to demonstrate that he is listening to the population.

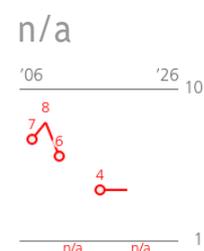
Levels of approval of democratic standards and procedures are low. Madagascar remains a hybrid regime, according to the Economist Intelligence Unit's 2023 Democracy Index. The country lost seven places in this index compared with 2022, falling to 87th place worldwide. The elections during the review period were held in a tense context in which procedures did not fully meet international standards, featuring violence and narrowing of democratic space. Madagascar is one of 10 countries, along with Niger, Pakistan and Sierra Leone, that have experienced a significant deterioration in democracy. Within Africa, the country has fallen from 10th to 27th place with regard to democratic performance.

In the January 2024 Afrobarometer survey, 48% of Malagasy said their country was either "a full democracy" or "a democracy with minor problems." About 70% said they were dissatisfied with the functioning of democracy in their country.

Interest groups



Approval of democracy

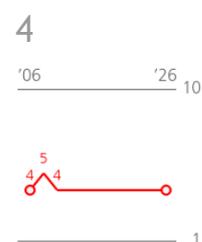


The share of respondents expressing approval of democracy rose slightly from 47% to 52%. Malagasy citizens overwhelmingly support regular, free and transparent elections as a method of choosing leaders (84% vs. 76% in 2018), as well as multiparty politics (71%). They also strongly oppose dictatorship (85%), single-party rule (80% vs. 60% in 2018) and military governments (60%).

A 2021 survey by Transparency International Madagascar found that only 43.5% of citizens trusted members of parliament. This is because members of parliament tend to interact with their constituencies only during election campaigns, which demonstrates a low level of accountability.

Survey data on social capital and solidarity among citizens are limited. However, in Malagasy society, social capital may be defined as “fihavanana,” which can be translated as solidarity, mutual understanding and respect, social justice, and peaceful cohabitation. This is a general feature of Malagasy culture. However, observers note that various political crises in urban centers have diminished solidarity and trust among citizens, as well as trust in politicians and the state. The authoritarian policy of the regime elected in 2018 and re-elected in 2023 only confirms the rupture between the state and citizens. In addition, the weakened presence of state services has pushed people to rely on solidarity as a means of survival. However, there are no quantitative data illustrating the continued presence of self-organized groups that promote solidarity. In general, trust and solidarity are organized around family, regional and religious criteria and are structured by the strong presence of community traditions.

Social capital



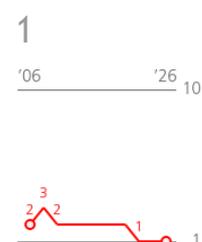
II. Economic Transformation

6 | Level of Socioeconomic Development

According to the Human Development Report (2023 – 2024), Madagascar has a Human Development Index (HDI) score of 0.487. This represents a sharp decline compared with forecasts from 2019. With this very low score, the country ranks 177th out of 193 countries, alongside nations such as Guinea-Bissau, the Democratic Republic of the Congo and Yemen. On the one hand, this is due to an average schooling duration of 4.6 years instead of the expected 9.2 years, explained by higher costs of education and a low level of investment from the state and partners, which have been a major cause of school dropouts and lower learning levels. On the other hand, it is due to shocks that have affected the country since 2019, notably the COVID-19 pandemic, geopolitical tensions, climate change and climatic hazards.

Question
Score

Socioeconomic
barriers



Furthermore, Madagascar remains one of the poorest countries in the world, with a poverty rate of 80.7% in 2023, according to the World Bank. It is one of the few countries in the world to have seen GDP per capita deteriorate since the 1960s without having faced war or a serious crisis. Economic output has nearly halved due to poor governance, the absence of the state, and persistent political and economic crises, all of which have contributed to a steady deterioration in living standards. Although the rural poverty rate has slightly decreased over the decade, the urban poverty rate has increased significantly, by 31.5%. This increase was particularly pronounced in secondary cities, where the rate rose from 46% to 61%. This trend has been due in particular to reduced economic opportunities; a deteriorating business environment; and a lack of investment in education, health and urban infrastructure. The impoverishment of the urban population has led to a reduction in national inequalities, with the Gini coefficient falling from 38.2 in 2012 to 36.7 in 2022. However, rural residents, who represent 80% of the Malagasy population, remain predominantly poor, with a poverty rate of 79.9% compared with 55.5% in urban areas overall. This disparity is largely attributed to challenges related to accessibility, limited access to education and insufficient health care services in rural settings compared with urban areas.

Madagascar had a Gender Inequality Index value of 0.574 in 2022, with the country ranking 145th out of 166 countries, reflecting substantial disparities between women and men that become more pronounced in adulthood. Traditional, cultural, social and economic constraints persistently hinder women from enjoying equal opportunities, with women's difficulties in inheriting land and property serving as one notable example of gender inequality.

Although there is no systematic exclusion based on ethnic or regional origins, evidence indicates that these characteristics play a role in determining access to education, employment and the market.

Economic indicators		2021	2022	2023	2024
GDP	\$ M	14354.7	15325.6	15869.9	17420.8
GDP growth	%	4.7	4.2	4.2	4.2
Inflation (CPI)	%	5.8	8.2	9.9	-
Unemployment	%	3.5	3.2	3.1	3.0
Foreign direct investment	% of GDP	2.5	3.1	2.6	2.4
Export growth	%	25.9	26.5	2.4	0.8
Import growth	%	10.3	21.2	-4.7	0.9
Current account balance	\$ M	-722.0	-829.4	-	-

Economic indicators		2021	2022	2023	2024
Public debt	% of GDP	49.4	49.9	52.7	50.3
External debt	\$ M	5344.8	5937.6	6452.3	-
Total debt service	\$ M	168.4	216.0	266.5	-
Net lending/borrowing	% of GDP	-4.2	-3.9	-5.1	-
Tax revenue	% of GDP	10.4	9.2	9.6	-
Government consumption	% of GDP	17.5	16.5	15.6	15.3
Public education spending	% of GDP	3.2	3.1	3.0	-
Public health spending	% of GDP	0.7	0.9	-	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	0.7	0.7	0.7	-

Sources (as of December 2025): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

7 | Organization of the Market and Competition

The Malagasy economic model is liberal, granting national and foreign companies the freedom to operate in all economic sectors. However, domestic and international investors may face problems, including shortcomings in the fair and consistent enforcement of the law, corruption, and infrastructure issues (roads, water and electricity). These persistent structural obstacles are compounded by state monopolies, restricted market access for certain segments of society, and a large informal sector. As a result, foreign investors must work with a local partner to avoid administrative hassles such as additional taxes, audits and unexplained delays in government authorizations.

The Economic Development Board of Madagascar (EDBM) plays a crucial role in handling the formalities required to establish a business. In May 2021, the EDBM introduced digital platforms with the aim of further supporting entrepreneurship. The success of the government's efforts to incentivize investors through the creation of special economic zones (SEZs) has been limited. The EDBM's practice of referring foreign investment projects to the Office of the President for approval limits the number of projects it can approve and underscores a concentration of power that does not always engender trust. This weakens the role of the Ministry of Trade and Industry, which is responsible for ensuring fair competition among businesses.

Market organization

5

'06 '26 10



1

The country's currency, the ariary, has operated on a floating exchange rate for some time, with relatively minimal political interference. Progress has been made in certain areas, for instance with regard to streamlining procedures for obtaining construction permits, facilitating access to credit and improving contract enforcement.

The issue of insolvency has reached critical proportions, and addressing it has become increasingly challenging. While the formal sector has undergone structural improvements, it has also contracted in size. This is due in part to the widening circle of industries burdened by high tax rates, which has led a significant percentage of small and large businesses to transition from the formal to the informal sector. The informal sector accounts for 95.1% of employment in the country, with the majority of individuals engaged in self-employment, particularly in fishing, forestry and subsistence-level agriculture. Consequently, the informal sector plays a vital economic role, as illustrated by its contribution of almost half of Madagascar's nominal GDP.

The Competition and Antitrust Act of 2018 mandates that the Ministry of Industry ensure fair competition, safeguard consumer welfare and strengthen market participants' economic capacity to compete globally. It is assisted by the Competition Council, which faces difficulties in fulfilling its mission including a lack of recognition and visibility, insufficient funding, and an inability to launch investigations on its own initiative. To address this, members appointed in January 2024 have launched information and awareness campaigns aimed at the public and businesses to promote the effective application of competition law. However, the effects have as yet remained minimal.

Madagascar is also a member of the Common Market of Eastern and Southern Africa (COMESA), which, as part of its efforts to promote economic integration, has adopted a competition law regime to address anti-competitive business practices and implement merger control.

Over the past few decades, Madagascar has privatized many state-owned enterprises, including companies in the sugar and cotton production industries. However, the state retains stakes in several sectors, including hotels, fishing, textiles, wood, beverage production and distribution, air travel, telecommunications, and the exploitation of granite and marble resources. The state's involvement in these areas has dissuaded private sectors from offering more than limited competition.

The state maintains a monopoly on the electricity and water sectors, resulting in irregular power supplies, especially in remote coastal provinces. Despite a 2017 law intended to reverse this trend, corruption persists in a sector dominated by large groups that sell energy to the national electricity and water company (Jirama) without meeting their tax obligations.

Competition policy

5

'06 '26 10



1

Monopolies and cartels have also emerged in sectors such as food production and distribution (including dairy products, oils and flour) as well as beverages (including beer and non-alcoholic drinks). Evidence suggests the presence of underlying collusion between political and economic elites. These monopolies contribute to relatively high prices for consumers, especially those with lower incomes, and have discouraged technological development.

While the adoption of the Industrial Development Act in 2017 – with private sector support – offers potential benefits that could help Madagascar’s industries compete more effectively in international and local markets, progress remains modest. This is partly due to the country’s focus on a limited number of competitive niches. This focus has led foreign companies to accuse local firms in Madagascar of engaging in anti-competitive and monopolistic behavior, allegedly in collusion with Malagasy government officials. Madagascar is not a member of the International Competition Network.

Madagascar has been a member of the World Trade Organization since 1995 and is a member of several regional organizations, including COMESA, the Southern African Development Community (SADC) and the Indian Ocean Commission (IOC). However, the country conducts limited trade with these regional bodies. Madagascar signed the African Continental Free Trade Area agreement in 2018 and ratified it in November 2024.

Foreign trade accounts for 70% of Madagascar’s GDP (World Bank). The country collects a large share of its revenue through customs duties, import taxes and value-added tax (VAT) on imports. In addition, economic growth is driven by the extractive (nickel, ilmenite, graphite) and manufacturing (textile) industries.

In 2023, Madagascar’s main customers were France (14.5% of exports), the United States (12.6%), Japan (8.2%), South Korea (8.2%) and China (8.1%); whereas imports came chiefly from China (17%), Oman (13.5%), France (11.2%), India (8.7%) and South Africa (5.5%).

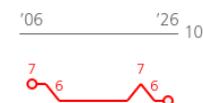
According to the central bank, the country’s trade deficit widened to \$720.2 million (4.1% of GDP) in the second half of 2024, compared with a deficit of \$370.8 million (2.3% of GDP) in 2023. This is linked to a contraction in goods exports that was stronger than the contraction in imports, and to the fall in world prices for nickel and vanilla, which respectively represent 26% and 17% of Malagasy exports.

According to the United Nations Conference on Trade and Development (UNCTAD) World Investment Report 2024, Madagascar received \$415 million in foreign direct investment (FDI) inflows in 2023, compared to \$468 million in 2022. This is well below the 2008 FDI level of \$1.392 billion.

In 2024, the simple average applied most-favored-nation (MFN) tariff rate was 12.2%, unchanged from 2015. Only 5% of tariff lines are exempt from customs duties. The agricultural sector benefits from average tariffs of 15%, compared with

Liberalization of
foreign trade

6



1

11.8% on non-agricultural imports. About 50 tariff lines are subject to applied tariffs that exceed bound tariffs. Tariffs on inputs are high, consequently increasing production costs, reducing the competitiveness of local products, discouraging foreign investors and limiting the country's participation in international value chains. In addition, judicial and regulatory barriers hinder foreign investment, and state-owned enterprises distort the economy.

Madagascar is among the least attractive countries for foreign direct investment inflows, largely for reasons of institutional fragility.

The Malagasy banking sector comprises 13 banks, six non-bank financial institutions and 31 microfinance institutions (MFIs). However, it is concentrated in four large banks that account for 86% of deposits. The sector is regulated by the central bank of Madagascar (BFM), an authority created in 1973, in accordance with Basel II and Basel III standards. Revisions to its statutes in 2016 and 2017 strengthened its monetary policy independence.

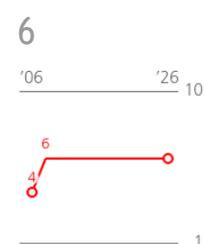
The 2020 Banking Law promotes the development of the financial sector and fosters financial inclusion by supporting the development of digital financial services. It aims to improve supervision of banks' mobile banking activities and encourage greater savings in the informal sector. This was necessary because of a low banking penetration rate (18%), including among MFIs, and limited access to bank loans (with only 3% of the population benefiting from credit). This stems in particular from the largely informal structure of the economy, but especially from high interest rates, as well as strict guarantee and collateral requirements, limited competition among banks, and a reluctance to finance foreign trade or working capital, even when loans are secured by letters of credit. Added to this are the high cost and difficulty of accessing financing, which constitute major obstacles, particularly for local businesses seeking to expand.

The financial sector has experienced a slight decline in its equity-to-asset ratio over the past decade, reaching 6.3% in 2022, according to the World Bank, as well as a slowdown in credit growth at the end of 2023 and a slight increase in the ratio of non-performing loans to total loans (7.9% at the beginning of 2024). These developments do not call into question the profitability and solvency of the banking sector.

A process aligning the sector's definitions and requirements for capital and liquidity with Basel III recommendations is underway. Effective implementation of the 2020 Banking Law would also strengthen financial stability.

Furthermore, gaps in measures aimed at controlling money-laundering and combating terrorist financing place Madagascar at risk of being added to the Financial Action Task Force's list of jurisdictions under enhanced surveillance ("gray list") by 2027.

Banking system



8 | Monetary and fiscal stability

Madagascar is not part of any monetary union. The central bank is responsible for ensuring the stability of the local currency at home and abroad. Law No. 2016-004, which governs the central bank, is inspired by international financial-institution standards. It covers the institutional and operational independence of the central bank of Madagascar (Article 7), the issue of financial independence (Articles 4 (5), 35 and 90) and the issue of personal independence (Article 51 and thereafter). The central bank is currently transitioning from an operational framework based on monetary aggregates to one based on interest rates.

Madagascar has a de jure floating exchange rate regime but intervenes to smooth volatility while gradually building reserves. At the end of the third quarter of 2024, total foreign exchange reserves stood at \$2.72 billion, representing 5.7 months of imports of nonfactor goods and services, up from \$2.40 billion as of the same date in 2023, equivalent to 5.5 months of imports. On the interbank foreign exchange market, the ariary depreciated by 0.5% against the U.S. dollar and by 4.7% against the euro during the review period.

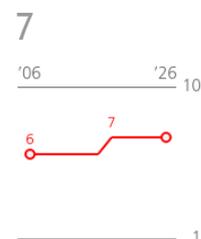
Inflation reached a rate of 7.8% in August 2024, driven by rising energy and food prices. Poor road infrastructure and unreliable electricity supply continue to increase transportation and production costs. Average annual inflation is projected to decline to a rate of 7.2% in 2025 before gradually converging toward 6% in the medium term. Achieving this will require the central bank to be ready to raise policy rates.

The country has made progress in the sphere of tax collection. However, total tax revenue amounts to just 10.8% of GDP, among the lowest such figures in sub-Saharan Africa, and lower than the average share of 16.8% of GDP in low-income, resource-poor developing countries more broadly. Challenges to domestic tax collection include falling vanilla prices, cash flow difficulties for state-owned enterprises and VAT payment problems for oil companies. This lack of tax revenue has been a major factor in rising budget deficits.

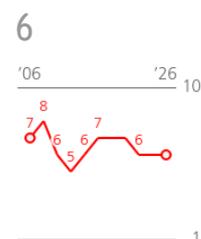
The current account deficit widened to 3.5% of GDP in the first half of 2024, primarily because of lower export volumes and lower prices for several major exports (nickel, cobalt and cloves). However, external financing has helped maintain international reserves at 5.7 months of imports. This corresponds to foreign exchange reserves of \$2.72 billion at the end of September 2024.

Public debt rose from 41.2% of GDP in 2019 to an estimated 55.6% in 2023, and was 53.4% in 2024, mainly due to an increase in externally financed public investment and a rise in public enterprise debt. Public debt is mainly external (34.8% of GDP), while internal debt amounts to 18.6% of GDP.

Monetary stability



Fiscal stability

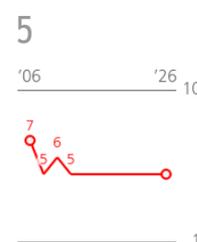


The risks of overall and external debt distress remain “moderate,” and the government has some room to absorb shocks. The debt sustainability analysis concludes that Madagascar’s debt capacity is currently considered “average.” The country’s rating is close to the minimum threshold. Therefore, any further deterioration in the fundamental parameters of its economy could lead to a downward revision of its debt capacity, which would increase the risk of debt distress. Similarly, a pessimistic climate scenario without adaptation and mitigation measures would generate a higher risk of debt distress.

9 | Private Property

Madagascar continued the land policies of the French colonial administration, with a presumption of state ownership of all land and the central government as the only legitimate provider of land titles. However, because of the length and cost of land registration procedures and the remoteness of authorities, customary practices recognizing property rights prevailed at the local level. Recognition of property rights at this level involved the use of non-uniform handwritten titles. The land titles office in Antananarivo is the only place a locally registered company can obtain a formal title to acquire a large parcel of public land. Registering a land title or transferring it remains difficult, costly and time-consuming for those outside the capital. When the land ownership law was amended in 2005, more than 90% of land occupants did not have a title to their land. The reform reversed the presumption of state ownership of land and introduced private ownership, while decentralizing the land registration process and recognizing and formalizing existing local customs regarding social recognition of property rights. The National Land Program (PNF 2016 – 2020) focused on improving land certification for women through education for local authorities and extensive communication on the importance and benefits of land registration. The PNF II (2024 – 2030) is based on five main axes: modernizing the land information system (digitalization to improve transparency and efficiency in land management), accelerating security to strengthen land rights, improving urban land management, facilitating access to land, and improving land governance. This is in line with the adoption of Law No. 2021-016 governing private land ownership without title, which revises Law No. 2006-031 on private property without title (PPNT) by reducing the definition of a PPNT to require occupation of more than 15 years as a condition for access to land certification. The implication of this law is that half of the plots currently occupied by rural households would be excluded from land certification. In addition, the notion of presumption of ownership disappears in this law. The right of land ownership for PPNT is recognized by possession of a land certificate. In addition, the revised Investment Law of 2023 authorizes foreign investors to own real estate through renewable 99-year leases, provided the property is used exclusively and permanently to carry out a commercial activity. The regulations specifically prohibit the acquisition of land by investors for resale in its original state or for sale after development.

Property rights



Most land disputes are resolved locally without court proceedings. The small percentage of disputes that go through the court system remain bogged down because cases are complex and clear proof of ownership is lacking. Even when decisions are made, they often fail to be properly enforced.

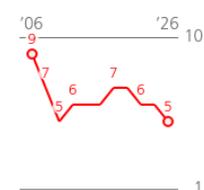
Despite reforms to the legal framework, property rights and interests are reportedly ignored because of perceived widespread corruption in the Department of Lands and Surveying and a lack of material and technological resources.

Foreign investors do not face formal discrimination, although it is advisable to work with a local partner to avoid administrative difficulties. The lack of transparency in regulatory decisions and the presence of systemic corruption together make for a difficult business environment in the country. Following his election, President Rajoelina emphasized the importance of attracting foreign investment as part of the Plan Émergence Madagascar (PEM). Still, there has been no implementation plan to translate these aspirations into policy and action. This desire is reflected in the 2023 Investment Law, which aims to improve the legal framework for investment and create an attractive and secure business environment for domestic and foreign investors. By complying with the international principles and standards of the Organization for Economic Cooperation and Development's investment framework, the goal is to stimulate Madagascar's economic growth. To this end, the law seeks to maintain the progress made in the 2007 law while improving it; promote domestic private direct investment (DPI) and FDI; ensure equal treatment between domestic and foreign investors; strengthen the framework for preventing disputes between companies and the administration; and prioritize institutional and procedural transparency.

The government maintains a significant role in the economy by holding shares in 53 companies, including a majority stake in 27. In 11 cases, it owns a share exceeding 95%, with these entities' debts estimated at 2.3% of GDP. There is substantial public resistance to privatizing the remaining large state-owned enterprises, particularly the national airline and the water and electric utilities. Private companies are allowed to compete with state-owned companies under the same terms for market access, credit and other business activities. However, because these companies hold dominant positions in their sectors, any investor seeking to compete with them must consider not only the difficulties of market entry but also its ability to compete for scarce resources and permits.

Private enterprise

5



10 | Welfare Regime

The social safety net program is part of the 2015 national social protection policy that aims to combat poverty and extend benefits to half of those living in extreme poverty by 2030, in accordance with the Sustainable Development Goals and the PEM.

With support from development partners, institutional actors and NGOs, the Ministry of Population, Social Protection and Women's Promotion and the Development Intervention Fund (FID) are taking action to improve the social protection sector.

The country's social safety net programs include cash-for-work activities and a conditional cash transfer program aimed at providing poorer families with short-term income support, encouraging their children to enroll in and attend school, and promoting the spread of nutritious foods and healthy eating habits, especially for children.

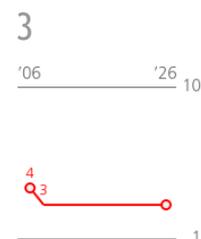
However, spending on social safety nets is very low, at 0.3% of GDP, compared with an average of 1.2% in sub-Saharan Africa. Such programs are financed mainly by official development assistance, with a state contribution share of 16%. This dependence on external financing leads to significant year-to-year variations in spending and a low prioritization of social assistance, to such an extent that achieving the government's PEM-based objective of reducing the poverty rate to 35% in 2040 will require significant investment in human capital and better targeting of beneficiaries. The social protection system currently covers only 6% of poor people and 12% of people living in extreme poverty, with the rate of social assistance participation higher in urban areas (9.3%) than in rural areas (4.4%), where the majority of the poor live. Therefore, the impact of these programs on poverty is limited, though they make a slight difference for beneficiary households.

The state has adopted a National Health Financing Strategy (2023 – 2027) with the aim of implementing universal health coverage by 2030. The National Social Security Fund is a public institution under the joint supervision of the Ministry of Labor, Employment, Civil Service and Social Laws and the Ministry of Economy and Finance. It manages the pension and workplace accident risk system and provides family benefits through regional delegations and branches. However, state health funding is 8%, compared with the 15% recommended by the Abuja Declaration. This level limits coverage and impact.

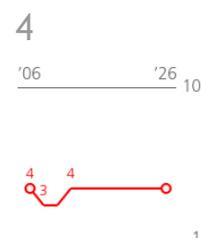
Legal and constitutional provisions guarantee ethnic, racial and gender equity. However, equality of opportunity remains a challenge. Madagascar has stagnated in the global gender equality rankings. Since 2017, the country's score has been four (out of six) on the World Bank's Country Policy and Institutional Assessment gender equality rating.

At the political level, women's representation remains weak. In the National Assembly, the share of seats held by women decreased from 21.19% in 2013 to 17.88% in 2018, then to 16.56% in 2024 (27 of 163 members). The Senate has only

Social safety nets



Equal opportunity



two women among 18 senators (11.11% of seats, compared with 20.6% in 2013). Meanwhile, at the municipal level, women are severely under-represented, holding fewer than 5% of elected mayoral and councilor positions. The share of women in the government remained stagnant at about 40% during the review period, far from the presidential promise of a gender-balanced government.

This situation is reflected in traditional, cultural, social and economic constraints that prevent women from enjoying equal opportunities. Although school enrollment rates do not differ significantly between men and women, women have fewer opportunities for higher education, as shown by the declining enrollment rate. The gap in literacy rates between men and women is only 2.9 percentage points. This could explain the effective equality in labor force participation rates between women and men (women represent 48.7% of the total labor force). However, according to the World Bank, women's earnings are on average lower than men's.

Furthermore, ethnic and regional origins shape access to education, employment and the labor market. In the capital, the Merina-Côtiers divide (highlands and coasts) cuts across the political, social and professional spheres. The Merina population has privileged access to education, employment and public office because services and infrastructure in the capital are highly centralized and of higher quality. Thus, people living in peripheral areas face discrimination as a result of this concentration.

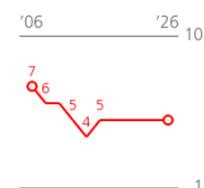
11 | Economic Performance

Madagascar is a low-income country with a fragile political situation. This combination poses major development challenges, despite the country's enormous human and natural resource potential. Over the past decade, the country has experienced sustained growth (3.8% in 2023 and 4.5% in 2024) driven by agriculture, mining, manufacturing – particularly textiles – and the telecommunications sector. However, a lack of regular investment in physical and human capital, declining productivity, a slowdown in the structural evolution of the economy, vulnerability to shocks, and political instability have led to a stagnation of the poverty rate at around 80.7% in 2023, according to the World Bank. In particular, poverty persists because economic growth has not kept pace with population growth. This has consequences for the general business environment for private companies and investors, particularly due to the population's low purchasing power, the country's limited infrastructure and widespread corruption.

The inflation rate moderated to 7.6% in July 2024, down from a peak of 12.4% in March 2023, reflecting higher agricultural production and tighter monetary policy. The central bank raised policy rates in August 2024 in response to persistent inflationary pressures. The current account deficit widened to 3.5% of GDP in the first half of 2024, mainly due to lower export volumes and low prices for several major exports (nickel, cobalt and cloves). However, external financing helped maintain international reserves at 5.7 months of imports. Public debt reached 55.6% of GDP in 2023, but despite the significant increase in recent years, the country's debt level remains sustainable, with only a moderate risk of overindebtedness.

Output strength

5



GDP per capita (adjusted for purchasing power parity) continues the upward trend that began in 2021, rising from \$1,642 to \$1,875 in 2023. GDP per capita growth has stabilized at about 1.5%.

12 | Sustainability

The environment is one of the PEM's three pillars, with difficulties in this area posing a major challenge to achieving the plan's objectives by 2038. Achieving this pillar's goals will require strong and sustainable growth that adheres to environmental standards. Climate change makes this all the more urgent.

Madagascar is home to more than 5% of the world's biodiversity, and its natural capital represents 49% of the country's total wealth. However, this natural capital accounts for only 25% of GDP while accounting for 75% of jobs. This is due to poor access to the technology and infrastructure needed for growth.

Sustainable economic growth faces challenges such as land degradation, deforestation, overfishing, increased waste production, pollution, natural disasters and climate change. Environmental costs total between \$450 million and \$500 million a year, which is equivalent to 9% to 10% of gross national product.

The environmental legal framework is based on the Malagasy Environmental Charter of 2015; the annex to Decree No. 2015-1308 of September 22, 2015, defining the National Environmental Policy for Sustainable Development; the National Climate Change Action and Adaptation Program of 2006; the National Appropriate Mitigation Action Plan of 2010; the National Policy to Combat Climate Change of 2010; and various international conventions. An institutional framework supports environmental conservation management and the development of various action plans (reforestation policy, strengthening the network of protected areas, transition to the blue economy, energy transition).

Regarding environmental taxation, the 2025 Finance Act introduced a 2% excise tax on the import, introduction and use of plastic.

Educational administration is vertically structured, with governing bodies across eight levels, from the Ministry of Higher Education and Scientific Research to regional directors of national education, local CISCOS (circonscription scolaire) and schools. The private sector plays an important role, with faith-based and independent schools subject to national instructional and examination guidelines. The majority of teachers used to be civil servants. Today, 80% of teachers are "community teachers" (Fikambanan'ny Ray Amandrenin'ny Mpianatra, FRAM), who have little or no training and are hired and funded by parent associations. The system is generally well organized and pervasive, but the challenges of ensuring funding, training, oversight and payment through the official system have become acute. Community teachers are far more prevalent in poor and vulnerable areas.

Madagascar's score on the United Nations Education Index is 0.409, which, while higher than the global average of 0.348, reflects an average education level that has steadily declined since 2014. This is despite the country achieving a net primary

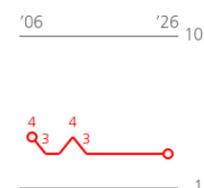
Environmental policy

5



Education policy / R&D

3



school enrollment rate of more than 95% and a significant reduction in illiteracy rates. The system is further characterized by unequal access to education between rural and urban areas, as well as a learning crisis and educational poverty. The World Bank and UNESCO estimate that 94% of children are unable to read and understand an age-appropriate text by age 10. Schooling results in a lack of learning and low educational attainment. This leads to breaks in the educational pathway, with primary school completion rates in 2022 of 62% for girls and 57% for boys, and lower secondary completion rates of only 34.6% for girls and 30.9% for boys.

This affects the higher education sector, which is among the least developed in the world and far behind the sub-Saharan African average. The public sector has seen the number of universities increase from six to 13, with three higher institutes of technology and a national center for distance learning, because the regime in power during the review period built university institutions in accordance with the PEM to absorb the growing number of new students. However, low capacity, a shortage of professors and limited financial resources constrain their ability to function effectively. Some universities were still not operational as of the close of the review period. These issues are partly offset by a growing number of private universities, which attract only the wealthiest students. In addition, these universities face an inconsistent authorization and accreditation framework, and their teaching quality is uneven. The student distribution at public and private universities is 70% to 30%.

The education budget remains low despite having risen from 2.8% to 3% of GDP; the research budget is also low at 0.1% of GDP. It is below the 5.4% of GDP target and under the average even for low-income countries. Over the last decade, the share of the education budget in the total budget has declined, falling from 22% in 2014 to only 13.07% in 2024, well below the 20% target. This is due more to the overall reduction in public spending than to the government's failure to prioritize education. Education is the second-highest budgetary priority after governance. On average, about 14.3% of public spending is allocated to education, and this share has been relatively stable over time. About 20% of total education spending is covered by external financing.

Governance

I. Level of Difficulty

In addition to regional conflicts that negatively affect its socioeconomic conditions, Madagascar faces numerous structural constraints. These include institutions that are weak and fragile because of political influence. Political instability is chronic, and elections are often contested due to their poor quality, as was the case in the 2023 presidential election and the 2024 legislative and communal elections. Political and economic performance is weak, and widespread corruption is a major obstacle, with the 2023 Transparency International Corruption Perceptions Index ranking Madagascar at 145th out of 180 countries, with a score of 25 out of 100. State institutions are inefficient and subject to elite capture. These issues make it difficult for the country to drastically improve its governance performance.

Madagascar is also subject to climatic constraints due to its constant exposure to natural disasters and the impacts of climate change and deforestation. Disease, hunger, drought and geographic isolation – with large areas inaccessible and lacking any state presence – are also significant constraints, as is extreme poverty.

Infrastructure is underdeveloped, with a deficient road network and inadequate water and electricity services. Additionally, the low quality of education leads to a low-skilled workforce. Only 15% of the workforce has a secondary school diploma, and 3.4% has a higher education degree.

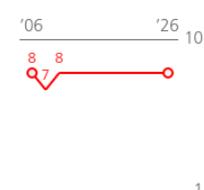
However, the country has seen a gradual increase in public investment and has experienced economic growth, although the latter has struggled to keep up with rapid population growth. This growth has also been insufficiently inclusive and has generated few jobs. This is due in particular to the structure of the economy, which is largely dominated by micro and small informal economic units with very low productivity levels.

All these constraints and even economic opportunities have failed to influence the poverty rate, which remains at about 80%.

In general, civil society in Madagascar is rather weak. Existing associations and NGOs have limited impact on policymaking and perform their advocacy and watchdog functions poorly. Factors that weaken civil society include politicization; a lack of coordination or collaboration among associations competing for limited resources; and shallow social roots among organizational leaders, who often act in their own interests instead of the general interest. However, efforts are underway to create large-scale platforms with representation at the local level. An example is the Rohy movement, which makes considerable efforts to serve as a watchdog. The same

Structural
constraints

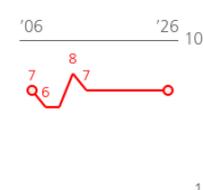
8



1

Civil society
traditions

7



1

is true of some organizations actively engaging in election observation, which regularly file official complaints about the electoral process. The government consults civil society organizations on topics including the budget, elections and the environment, but such consultation remains limited, and some groups face pressure from powerful interests. In terms of social capital, levels of trust in other members of society are rather low, concentrated within family circles and much weaker with regard to society at large. As a result, the rate of participation in NGOs is relatively low.

Malagasy society has political, social, ethnic and religious cleavages, but they have not led to open conflict. The main conflicts relate to insecurity, land tenure, abuse of power and domestic conflicts.

Citizens are not inclined to use violence to express their discontent during political or social demonstrations, which are prohibited. However, they are subject to brutal police repression when they demonstrate despite the ban. Student demonstrations across the country have been violently dispersed with tear gas (August 2023; August – September 2024 in Antananarivo; July 2024 in Toliara). The same applies to social and political demonstrations, which have also resulted in arrests (October – November 2023).

II. Governance Performance

14 | Steering Capability

Regarding long-term political and economic strategy, there has been no continuity among the parties in power since independence. Each newly elected party tends to challenge its predecessor's strategies and adopt a new development plan. However, the overall priorities remain the same: development, growth, and combating poverty and corruption. The president during the review period, re-elected in 2023, was committed to continuing the Plan Émergence Madagascar (PEM). The PEM's priority objectives for Rajoelina's second term include reducing poverty, improving purchasing power and continuing actions aimed at closing Madagascar's development gap. To that end, the state's general policy is based on three pillars: human capital, industrialization and economic transformation, and good governance.

However, in January 2023, the administration announced that its priority would be to focus on the population's needs rather than on infrastructure projects. This demonstrates that the government's capacity to effectively prioritize and organize its strategic objectives and policy measures is weak, as policy development is often not guided by expertise, evidence or strategic planning. Moreover, although development

Conflict intensity

5

'06 '26 10



Question
Score

Prioritization

4

'06 '26 10



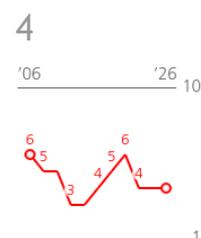
plans exist, their implementation is problematic and often remains theoretical. The government has not yet demonstrated a capacity to implement its plans effectively. Political and electoral agendas often guide presidents' actions. Furthermore, heavy dependence on foreign aid limits their actions.

The PEM and its operational vehicle, the General State Policy (Politique Générale de l'Etat, PGE), must be incorporated into the finance law. Thus, the 2024 amending finance law cut the state budget allocation by half. Public investment programs were reduced by 52.4%, but the objectives and implementation plan of the PGE were not correspondingly adjusted. As a result, measures aimed at decentralization, poverty reduction and accelerated growth have proved limited. This has in part been due to the persistence of widespread corruption and poor governance. This downward trend continued with the 2025 finance law, which focused on investment particularly in the energy and infrastructure sectors, while support for health and education – the basis of human capital – was weak. Moreover, President Rajoelina indicated in October 2024 that the state would focus its priorities on the three key areas of agriculture, renewable energy and the rehabilitation of road infrastructure.

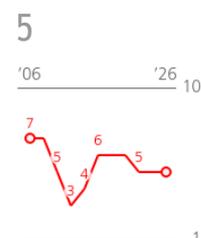
The inconsistency in development objectives undermines the state's development prospects. This inconsistency is compounded by the state's weakness in fulfilling its missions, pervasive corruption, a population that is largely poorly educated and predominantly poor, climatic shocks, and fragility in the face of external shocks.

In Madagascar, innovation in policymaking is difficult, as is flexibility. Given the heavy dependence on grants, loans and external investment, the government is forced to adapt its policies to conditions and recommendations deriving from donors and investors. The country has shown a willingness to adapt and learn from the past by accepting these recommendations. Across various administrations, flexibility and capacity for innovation in macroeconomic growth and democratization have appeared to be driven from the outside rather than by internal vision and forces. This helps explain why change is generally slow and difficult, especially at the political level, where long-standing traditions of concentrating power in the hands of a small political and economic elite make it difficult to introduce real change and foster a culture of responsibility and accountability. Moreover, after regime changes, there has been a tendency not to learn from past regimes, but rather to start anew without taking previous lessons learned into account. Although innovative approaches and initiatives often play a role in development plans, such as in the PEM, these ideas often remain on paper and are difficult to put into practice because of a lack of funding or other structural constraints.

Implementation



Policy learning



15 | Resource Efficiency

The government does not make efficient use of most of the available human, financial and organizational resources. Recruitment and promotion procedures lack transparency. A significant number of administration members during the review period were not recruited based on their qualifications. This is true at the highest ranks of government. There are also weaknesses in capacity-building. Training programs for state officials lack the resources to fully prepare them for their ongoing responsibilities. The fragmentation of the public service and the emergence of corporatist structures impose additional constraints and create management problems. The existence of various special statuses for certain parts of the administration results in public service bodies receiving broadly unequal treatment.

In its report for the period from 2023 to 2024, the Court of Auditors, as part of its audit of local public services, noted non-compliance with procedures in the performance of public orders from awarding contracts to executing them, including within the regional-level internal control system. It also noted a lack of qualified personnel at the national and local levels. In addition, the small size and unequal distribution of financial allocations to decentralized authorities undermine the efficiency with which these structures function. Furthermore, poor public-policy management in decentralized communities and chronic delays in implementing finance laws are regularly observed.

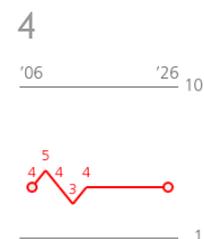
The parliament does little to oversee public expenditure and is generally seen as a chamber that approves government-proposed texts rather than as an oppositional voice or even a body that proposes amendments. Thus, the national budget is primarily prepared by the government, and the parliament approves it with few modifications.

Expenditure associated with the 2025 Finance Act was up 26.4% compared with the 2024 Finance Act, driven by external financing, with subsidies up 125.2% and borrowing up 58.4%. However, the state's operating budget decreased by nearly 25%, which affected all ministries and institutions and does not align with the priorities of the PGE, particularly its focus on investment in human capital.

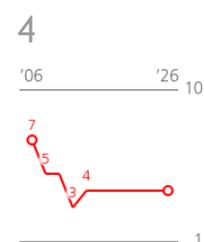
In Madagascar, power, policymaking and coordination are entirely concentrated in the hands of the president of the republic. Both national and local institutions are required to act in support of the president's decisions. Thus, implementation of the General State Policy (PGE) must be carried out in accordance with the PEM, the plan that the government must follow. Ongoing dialogue among the various partners (international, private sector, society) demonstrates a desire for coordination, but these partners remain under the control of the president of the republic.

Finally, the relevant bodies (the presidency, parliament, government, army and judiciary) continually engaged in coordination efforts during the review period to maintain President Rajoelina in power as the provider of rents.

Efficient use of assets



Policy coordination



The fight against corruption was seen as a high priority for the Rajoelina regime, with the ostensible goal of achieving zero tolerance and strengthening the legal framework and relevant institutions. Priorities included combating fictitious public procurement and large-scale corruption involving decentralized local authorities, land services, the judiciary, the gendarmerie, the national police, environmental agencies, customs and tax authorities, with the goal of making Madagascar an integrated country by 2030.

Madagascar has a broad legal framework in this regard, including the United Nations Convention Against Corruption, the African Union Convention on Preventing and Combating Corruption, the Southern African Development Community Protocol Against Corruption, a law on the recovery of illicit assets, and a national strategy to combat money-laundering and the financing of terrorism. A new Anti-Corruption Strategy (SNLCC 2025 – 2030) was adopted on January 15, 2025. The previous SNLCC (2015 – 2025) achieved significant results, such as the establishment of a legal and institutional framework and the development of internal policies to combat corruption in some sectors.

Several institutions are active in fighting corruption, including the Independent Anti-Corruption Bureau (BIANCO), the Integrity Protection Committee (CSI), the Financial Intelligence Service (SAMIFIN), the Anti-Corruption Units (PAC) and the Illicit Asset Recovery Agency. The CSI has been headed by a recognized figure from civil society since 2019.

However, these advances cannot obscure the fact that the executive has used its prerogatives to weaken the legal framework, for example through the 2021 law reforming the PACs, which reduced the mandates of the general coordinator and magistrates and removed economic and financial offenses from the PACs' jurisdiction. In addition, the law reduced the role of BIANCO and SAMIFIN within the Monitoring and Evaluation Committee of the Anti-Corruption Units to simple observer status. The committee's mission is to ensure the proper functioning of the PACs; serve as guarantor of the PACs' independence; and serve as the recruitment committee for PAC magistrates, in collaboration with representatives of the High Council of the Judiciary (CSM). However, its opinion is now advisory, undermining the independence of the PACs to such an extent that the civil society representatives resigned from this committee in March 2023.

The executive also influences various anti-corruption institutions by tying them to the presidency, delaying the appointment of members to these institutions (the PACs of Mahajanga and Fianarantsoa were not in place at the review period's end) and failing to fund them sufficiently.

Corruption is systemic despite Madagascar's adherence to international conventions against corruption and organized crime, the country's large body of law on the issue, and the establishment of special courts. This has a serious impact on potential economic and political performance.

Anti-corruption policy

3

'06 _____ '26 10



1

Indeed, Madagascar suffers from a lack of transparency with regard to sources of political party funding, the absence of a cap on campaign funds, the lack of asset declarations by elected officials and the widespread use of patronage in the public service. The media do their best to address corruption, although corruption cases filed often concern past rather than present governments.

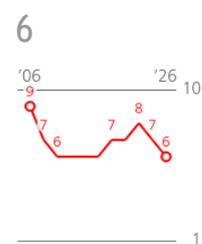
Despite modest reforms to public procurement procedures, accountability and audit mechanisms remain weak and have raised many concerns. Many tenders are still auctioned directly, despite the regulations in force.

16 | Consensus-Building

Overall, there is broad consensus on the importance of democracy, and there are no serious disagreements among major political actors over the desirability of a market economy. However, the electoral process (2023 – 2025) was strongly contested by the opposition, which denounced bias in the election management bodies and cited numerous irregularities. In this context, opposition parties called for a national consultation before the 2023 presidential election, but this did not occur, leading most opposition parties to boycott the presidential election. The boycott did not produce the expected result, so the opposition ran in legislative and local council elections, but in a fragmented manner. Ultimately, the results of the 2023 presidential election were accepted by major political actors, despite some protests. Rajoelina was re-elected, and his party won a majority in the subsequent elections. The breakup of the opposition coalition illustrates the persistence of personal interests and client relationships. The opposition's discourse has little visibility outside the electoral context. Within this ecosystem, laws and institutions matter less than personal relationships in the current situation of zero-sum politics. However, the situation remains fragile; history has shown that coalitions and support are fluid.

There is broad consensus on the value of a market economy. The previous development plan, the Plan Émergence Madagascar (2019 – 2023), was continued in a new version (PEM 2023 – 2028). This serves as a guideline for the General State Policy that the government presents to parliament before implementation. It is focused mainly on the issues of capital development, industrialization and economic transformation, and good governance. In addition, a permanent, continuous dialogue is ongoing with private sector actors. These close links to political power facilitate consensus.

Consensus on goals



The armed forces have influenced reform processes when proposed reforms are not in their interest. They are not under civilian and democratic control, and have played a key role throughout various political crises and in past unconstitutional changes of power. The army has been systematically politicized as various presidents have sought to secure its support. As such, the ruling party systematically seeks the army's support, and when it comes to reforms, the interests of the armed forces are guaranteed to prevent them from contesting the exercise of state power. From this perspective, given the fragility of the political situation in 2025, army leaders have called for cohesion and warned against any desire for destabilization. This call was preceded by that of the president of the republic, who never misses an opportunity to express his support for the army through material donations and appointments, seeking to guarantee its political support.

Although the opposition coalition has denounced the government's authoritarian practices, it does not have sufficient influence to affect the established order and reforms. Despite rumors of internal destabilization, it participates in the democratic process through various institutions. Influential economic groups also use their power to influence reform processes when these run counter to their interests.

The country's social, ethnic, religious, regional and political cleavages are significant. Ethnic cleavages sometimes drive the dynamics of associations and initiatives, but ethnic strife remains limited. These cleavages generally do not result in widespread violence or open, violent conflict.

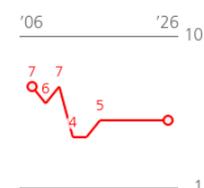
The regional cleavage is primarily the result of the strong centralization of politics in the capital and an ineffective decentralization policy. To remedy this, a new decentralization policy was initiated in September 2019, but it was not until the end of 2023 that the national decentralization plan was adopted. It envisions strengthening the autonomy of decentralized local authorities, the development of a state policy tailored to each region so each can benefit from its own resources, and an effective transfer of resources from the central level.

In addition, Madagascar is an unequal society because the high poverty rate and effects of climate change lead to famine in the south due to a lack of rain, for example. People are forced to migrate to urban centers, and this can be a source of conflict because employment opportunities are limited.

Thus, to mitigate conflicts linked to divisions, political authorities appeal to solidarity and *fihavanana*, the spirit of mutual aid. They also employ populist measures such as financial or material donations to limit discontent, and rely on religious appeals to generate support and acceptance of their policies.

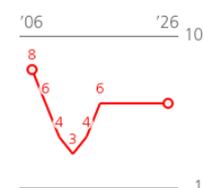
Anti-democratic actors

5



Cleavage / conflict management

6



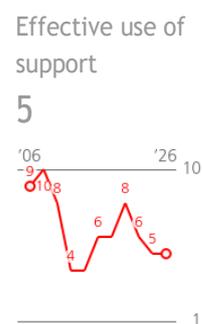
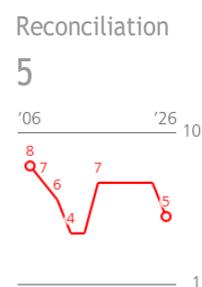
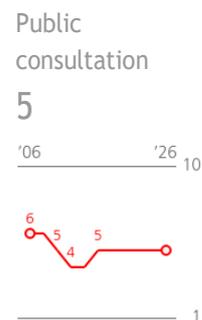
As civil society is generally weak, political leaders are not encouraged to involve civil society organizations in agenda-setting, policy formulation and evaluation. Moreover, civil society is perceived as an antechamber to politics, which explains the government’s lack of consideration for it. It is also often associated with the opposition. However, some dialogue initiatives do function, in many cases due to the urging of external donors.

Few mechanisms for communication, dialogue and accountability exist. This situation partly explains the perpetuation of the status quo in governance performance and the widespread culture of corruption at the political level. In recent years, however, initiatives establishing mechanisms that foster dialogue between political authorities and civil society have been created and funded. This has been reflected in exchanges regarding decentralization, education and even environmental management reforms. Civil society organizations have increasingly received support from external partners to develop mechanisms to evaluate political performance and formulate policy recommendations. Among them is the Rohy movement, which represents more than 100 organizations.

Madagascar has faced several sociopolitical crises, the most recent of which dates to the 2009 coup d’etat. That coup exacerbated tensions and divisions in society following episodes of violence. As a result, calls for national reconciliation that date back to the 2002 crisis have been renewed. However, President Rajoelina did not resume the process initiated in 2014 during the review period. This is despite a 2023 reform of the national reconciliation law. This defined the scope of action in space and time of the Malagasy Fampihavanana Council (CFM), the reconciliation body. Its missions, relating to political events from 2002 to the end of the Transition, were to end one year after the promulgation of this new law. In addition, the CFM was to play a role in preventing crises and unrest. However, the body appeared unlikely to function, as no new members had been appointed since August 2022 as of the close of the review period.

17 | International Cooperation

Madagascar’s development policy, the PEM (2023 – 2038), which follows the previous PEM (2018 – 2023), envisions Madagascar becoming an emerging country by 2038 rather than 2030. To achieve this, it rests on three pillars: social and human capital, the economy and accelerated growth, and the environment and living conditions. Investments are meant to focus on human capital, industrialization and economic transformation and good governance. However, like previous national development plans, it relies heavily on international aid. Cooperation plans have been established with partners such as the IMF, the World Bank, the European Union, China, Japan, the United Arab Emirates and the United Nations, among others. Furthermore, political dialogues take place regularly between the government and its



international partners. This cooperation is necessary to access expertise and resources. But it illustrates a strong dependence that relieves the state of its responsibilities while ensuring its survival. Indeed, development aid accounts for nearly 70% of state investments (68% in the budget adopted in early December for 2024). This share reaches, or even exceeds, 85% in the areas of agriculture, health, energy and the environment. It represents 70% of investments made in education and public works in particular.

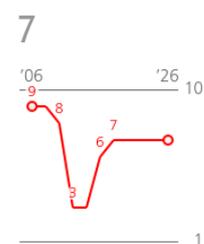
Thus, this pronounced dependence can slow development projects because of delayed disbursements, a fragile international context, systemic corruption in the Malagasy ecosystem and the capture of aid by a segment of the political elite. There have been numerous cases of aid misappropriation, including of funds allocated for the COVID-19 response, as revealed by a Court of Auditors audit, as well as failures to comply with tendering rules on public construction sites.

The electoral process from 2023 to 2025 damaged the image of stability achieved during the previous two electoral processes. It likewise eroded the government's credibility within the community of institutional and private donors. Despite discontent in both political and civil society as President Rajoelina sought and won his second term, his regime continued partnerships with industrialized countries in the Americas, Asia and Europe, as well as with countries in Africa. The country collaborates with the international donor community (IMF, World Bank, European Union, United Nations agencies and bilateral donors). Madagascar has also signed international agreements with various countries (China, France, Germany, India, Japan, Mauritius, Morocco, Russia, South Korea, Oman, UAE and the United States) and is part of regional and international organizations such as the United Nations and the African Union. In addition, the country has signed all international treaties on industrial and commercial property. It has ratified human rights protocols and thus made binding international commitments.

Regarding compliance with these treaties as it pertains to human rights, the political opposition, civil society groups and trade unions have complained about the lack of respect for the freedoms of assembly and expression.

Finally, as indicated above, there are major challenges to establishing the peaceful social and political climate necessary to implement the government's development policy.

Credibility



International and regional cooperation is a priority of Madagascar's foreign policy, according to authorities, despite the decades-long lack of a strategic document on this topic. The country is a member of several subregional organizations, such as the Southern African Development Community (SADC), the Common Market for Eastern and Southern Africa (COMESA), the Indian Ocean Commission (IOC) and the Indian Ocean Rim Association for Regional Cooperation (IOR). Madagascar has also signed the African Continental Free Trade Area (AfCFTA). Moreover, it is seeking to join the Association of South Asian Nations (ASEAN) as part of its cooperation policy. Cooperation with these organizations covers a wide range of areas, such as trade and business; education; defense and security – particularly maritime; the fight against illicit trafficking, particularly of drugs; the fight against illegal fishing; and migration issues.

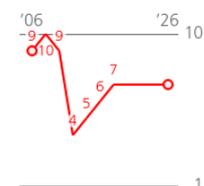
After holding the presidency of the IOC in 2022, a Malagasy has served as secretary-general since 2024 for a four-year term, with a focus that includes regional food security. Madagascar will chair the SADC for the 2025/26 term starting in August 2025 at the Antananarivo summit. Madagascar was selected to hold the vice presidency of the 79th United Nations General Assembly for a one-year term, between September 2024 and September 2025.

Madagascar also has cooperation agreements with neighboring states, including IOC member countries South Africa and India.

In September 2023, India and Madagascar signed a memorandum of understanding to implement high-impact community development projects thanks to grants focused on the agriculture, energy, transport, health and education sectors. Defense cooperation is also ongoing. The second session of the Madagascar-Mauritius Joint Cooperation Commission was held in May 2024, following the 2018 session. The objective was to strengthen cooperation in air connectivity, justice, economic and trade activity, labor migration, fisheries and the blue economy, vocational and technical training, cultural and artistic activities, higher education and scientific research, taxation, tourism, the fight against illicit trafficking, health and regional planning. In July 2024, a cooperation agreement was concluded with Réunion focusing on the topics of health, education, training and the blue economy.

Regional cooperation

7



Strategic Outlook

The electoral cycle (2023 – 2025) must conclude with the senatorial elections, which should confirm the majority won by President Andry Rajoelina in the other institutions. It will continue at the local level, because provincial and regional elections are still not on the agenda, and the president of the republic continues to appoint the governors heading the regions. But this dominance may provide only the illusion of stability, with the parties in power often appearing like giants with feet of clay.

The party in power has ignored the opposition's calls for dialogue, but it must not ignore popular discontent or the remonstrances of religious dignitaries concerning government practices and the socioeconomic difficulties faced by citizens.

Ensuring institutional and political stability and social harmony should be a fundamental goal. This will enable the continued implementation of the development plan and the improvement of macroeconomic and social indicators.

To improve democracy and the economic climate, several actions are recommended:

- Strengthen institutions and governance at all levels.
- Strengthen anti-corruption efforts by not limiting them to petty corruption.
- Establish mechanisms for consultation among electoral actors to restore confidence in the electoral process.
- Avoid the concentration of power and revitalize the reconciliation process, which will be vital for future political dialogue and stability. This should include the appointment of new members to the Council of the Fampihavanana Malagasy.
- Promote the formation of national political parties to reduce political fragmentation and ensure transparency in state financing.
- Establish a development plan that addresses the population's real needs.
- Continue reforms of the security sector and the judicial system, including a prohibition on military officers' ability to hold civilian political or administrative positions, an improvement to the country's maritime security, and an enhancement of professionalism within the army.
- Improve the national budget development process through consultations with parliament, the private sector and civil society.
- Expand fiscal space as a means of increasing pro-poor and pro-growth spending while maintaining public debt sustainability. This would involve broadening the tax base, adopting a comprehensive revenue mobilization strategy, improving the quality of public spending and strengthening public financial management.

- Encourage competition, foster a healthy tax climate and improve infrastructure in order to attract domestic, regional and international investors.
- Strengthen the implementation of decentralization by equitably distributing state personnel and resources. This should include improvements to the process for recruiting state civil servants and the provision of adequate training.
- Improve the country's accessibility and connectivity by investing in roads and transportation infrastructure, thus facilitating the movement of goods and people.
- Increase public spending on social protection, education and health care, particularly in rural areas.
- Increase investment in environmental protection and climate change mitigation to reduce the risk of migration, a potential source of conflict.
- Invest in young people and women through employment and training opportunities.
- Improve civil society's monitoring role by strengthening the sector's capacity and consolidating social networks.
- Improve access to information while enabling private media to provide national coverage.
- • Promote sustainable, environmentally friendly policies for the agricultural sector.