

Quick Look

# Madagascar



# SITUATION

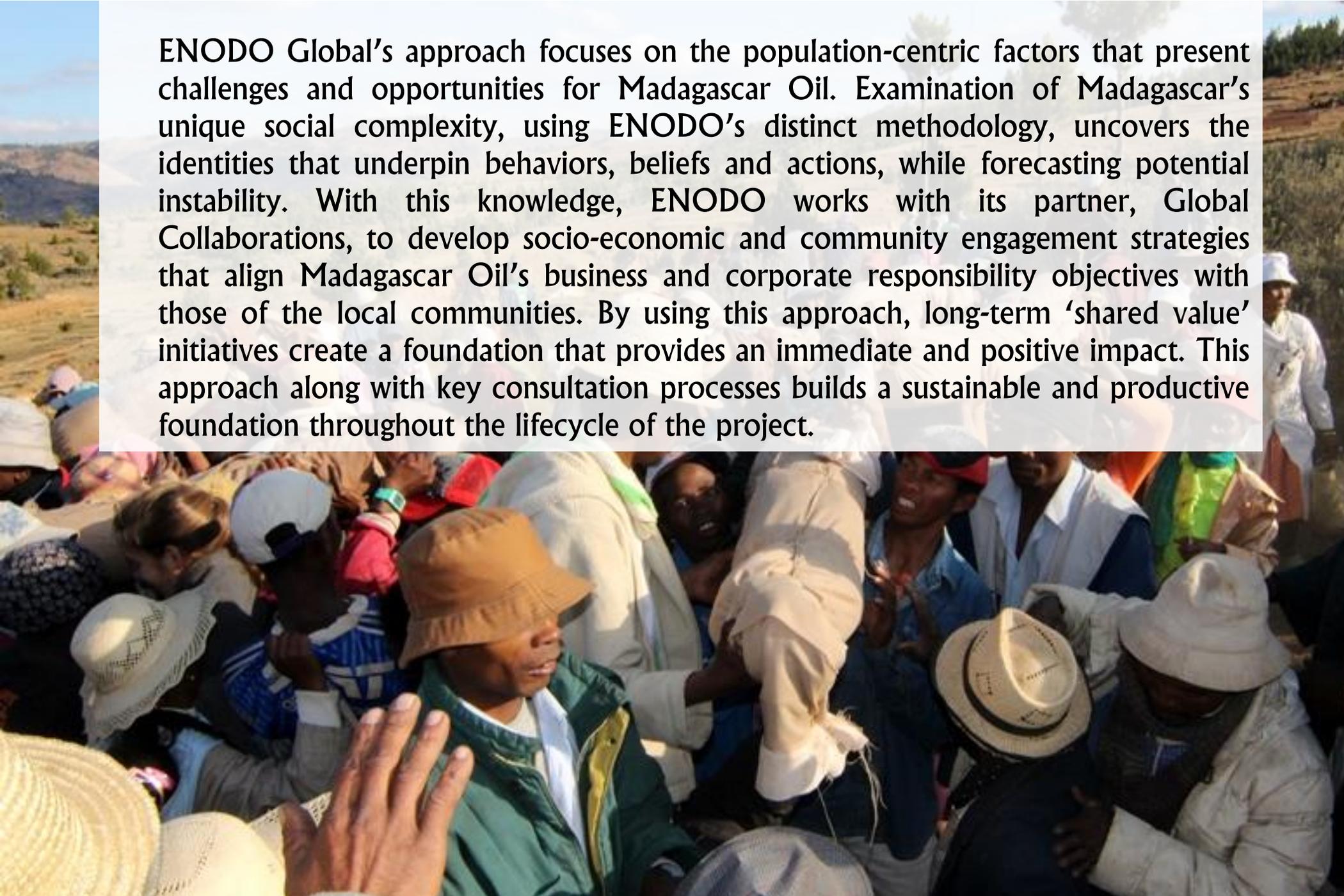
Madagascar is exiting a political crisis that triggered an economic catastrophe and generated isolation from international community assistance. The Presidential election in late 2013 ushered in the return of democracy and paved the way for renewed international support and significant economic development. Moreover, Madagascar's emerging political stability, enormous growth potential, large labor force, and abundant natural resources provide a favorable environment for foreign investment in a true frontier market. However, the lack of infrastructure and severe poverty creates significant logistical and operational challenges along with intensifying social tensions that can lead to future instability.

## Recent Events

- The Madagascan capital, Antananarivo, was recently invaded by billions of locusts. Swarms have multiplied uncontrollably in recent years devastating needed food resources such as rice and maize fields. Inaction of government following the 2009 coup further complicated this devastating crop disaster.
- The World Health Organization (WHO) reported an outbreak of the bubonic plague. The WHO has recorded and confirmed at least 119 cases, including 40 deaths, since the nation's Health Ministry identified the first case nearly three months ago.
- A mob threw two Europeans alive on a bonfire over accusations of child trafficking. Mob justice is common on this island nation, where people have been known to be lynched for minor offenses such as causing a traffic accident.

# APPROACH

ENODO Global's approach focuses on the population-centric factors that present challenges and opportunities for Madagascar Oil. Examination of Madagascar's unique social complexity, using ENODO's distinct methodology, uncovers the identities that underpin behaviors, beliefs and actions, while forecasting potential instability. With this knowledge, ENODO works with its partner, Global Collaborations, to develop socio-economic and community engagement strategies that align Madagascar Oil's business and corporate responsibility objectives with those of the local communities. By using this approach, long-term 'shared value' initiatives create a foundation that provides an immediate and positive impact. This approach along with key consultation processes builds a sustainable and productive foundation throughout the lifecycle of the project.



# FINDINGS

- The fabric of Malagasy society is woven with its deep-rooted culture and contemporary politics, which has created extreme poverty and environmental degradation due to increasing competition for resources among the population.
- The Asian-African origin of the Malagasy people has generated a unique and distinctive society, with a complex set of beliefs and local customs.
- Although a predominantly Christian population, traditional beliefs in spiritualism and the occult dominate aspects of everyday life.

**Extreme Poverty:** Madagascar is among the world's poorest countries, despite its biological and cultural richness. The World Bank estimates that 92% of Madagascar's population lives on less than \$2 per day. Almost 80% of the country's inhabitants live in the countryside, which comprises 86% of the poor and 88% of the extremely poor. In these areas, farmers comprise the poorest group who rely on subsistence agricultural practices. This produces barely enough to feed their families.

Extreme poverty, combined with Madagascar's lingering caste system and deeply rooted discrimination, continues to marginalize the most vulnerable people in society, particularly those descended from slaves. This has created contemporary forms of slavery such as domestic servitude, child labor/slavery in mines and quarries, bonded labor, and servile marriages.

Compounding these issues are the country's challenges around food insecurity, disease outbreaks, natural disasters, desertification due to climate change and the lack of basic goods and services including electricity, fuel and clean water.



## Culture and Traditional Beliefs:

There are approximately 18 different ethnic groups living within Madagascar. Each region of Madagascar is rich in traditional ceremonies, customs, and tales, according to local 'fady' (taboos).

Traditional beliefs vary across the region, from village to village, and even family to family. And despite ethnic differences, Malagasy people share many common cultural characteristics, though practiced with regional differences.

Traditional culture is based on reverence for their ancestors. A firm belief in the existence of close ties between the living and the dead constitutes the most basic of all traditional beliefs. This is also the foundation for Malagasy religious and social values. The dead are sometimes described as 'gods on earth', and are considered the most important and authoritative members of the family. This belief is intimately involved in the daily life of the living members. 'Razana', or ancestors, are believed to be the sources from which the life force flows and creators of Malagasy customs and ways of life.

# FINDINGS

## Politics:

Presidential and legislative elections took place in Madagascar at the end of 2013. Mr. Hery Rajaonarimampianina was elected president and took office on January 25, 2014. On April 11, Roger Kolo was appointed Prime Minister by the National Assembly—creating a new Government, made of 31 Ministers and State Secretaries.

However, the exile of former President Marc Ravalomanana has left the country polarized and entrenched the Madagascar society into deep divisions. Moreover, the political chasm between Ravalomanana and Rajoelina, which started the crisis, was never bridged effectively. The recent elections were a major step forward; however they did nothing to resolve the underlying issues and impact of the 2009 coup.

In a system where laws and institutions matter less than personal relationships, and where zero-sum politics reside, the old divides remain. Furthermore, they are now only surpassed and complicated by new rivalries between both political movements and among the leaders.

*“The coup regime of Andry Rajoelina was characterized by socio-economic malaise, rampant corruption, institutional decay and the breakdown in the rule of law.”*

## Environmental Challenges - Land:

Madagascar’s environmental degradation is severe. It is estimated that 90% of Madagascar’s forests have been eliminated. Additionally, 25-30% of the country burns every year from agricultural fires. The process of slash-and-burn agriculture, referred to locally as ‘hatsake’, has been handed down for generations and is primarily driven by necessity rather than choice.

In Madagascar, the traditional way of clearing land is called ‘Tavy’. Local farmers mark off an area, often rain forest, and burn it to the ground. This sets in motion a cycle of planting, harvesting and fallowing rice fields for approximately six years. The fields are harvested for 1-2 years and then left alone to fallow for about 4-6 years. The process is repeated through 2-3 more cycles until the soils nutrients are depleted.

Farmers then migrate to other areas leaving behind unproductive lands. This process produces soil erosion that further depletes the country’s agricultural capacity and furthers impoverishing rural populations.

# OUTLIERS

- Social tensions and identity conflicts, at the local level, provide the most immediate threat and jeopardize the future stability of regional areas within Madagascar.
- Violence has occurred over the lack of electricity and clean water, as well as disease, food insecurity, and land rights issues. These socioeconomic issues can quickly destabilize the country and impact national politics, especially in a country prone to coups.
- *“Madagascar’s economy is very fragile and its capacity to absorb further shocks is at a bare minimum.”*

**Basic Services:** The primary cause of social unrest stems from the lack of basic services—electricity and water—and provides the most immediate and severe threat to security. The lack of a viable infrastructure and the government’s inability to deliver basic services has led to inadequate water and sanitation coverage, high rates of childhood illness and infant mortality, and a lack of access to quality health care. The lack of quality and access to health care is directly responsible for outbreaks of disease, including the Bubonic plague.

**Food Insecurity:** Chronic food insecurity is widespread and most acute in the Southern regions. The agricultural sector continues to languish due to locust infestation, drought, natural disasters, poor harvesting techniques and soil degradation. This depletion of land resources, with around 40% of the crops in Southern Madagascar at risk, continues to have significant overall effects to food resources and economic stability. In the Atsimo, Andrefana and Androy regions specifically, maize, cassava and rice production has seen a significant decline, adding stress to food insecurity across the entire country. Fish stocks are also declining, putting additional strains on communities that depend on subsistence fisheries as their key source of protein and their livelihood.

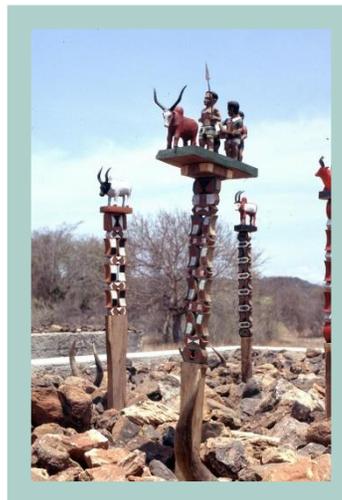
**Natural Disasters:** Madagascar is extremely vulnerable to torrential rains and destructive floods from cyclones during the rainy season, which stretches from October to April. Previous events have caused power outages, disrupted fuel supplies, and left thousands homeless while yet again increasing food and water insecurity. In 2008 alone, cyclones caused economic losses equivalent to 4% of Madagascar’s GDP.

# CONCLUSION

Madagascar's severe social and economic conditions present Madagascar Oil with considerable opportunities to establish long-term relationships with the communities where they operate. Small-scale development initiatives, primarily focused on improving basic needs along with agrarian-based development programs designed to support the rural population, create immediate and direct linkages with local communities.

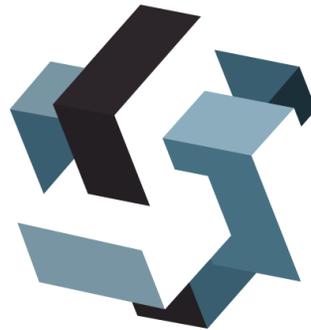
These potentially low-cost activities cultivate stable relationships between the communities and Madagascar Oil and its partners based upon a 'Shared Values' approach. Ultimately safeguarding operations against disruptions to production that negatively impact profits.

Madagascar Oil's on-shore development projects in Tsimiroro and Bemolanga, and their exploration activities in Manambolo, Morondava, and Manandaza represent a significant long-term investment for the company. In this region, community-based engagement strategies designed to resonate with local communities in complex ethnic societies requires a comprehensive understanding of local 'Tavy' to be successful. Deploying ENODO Global's population-centric methodology combined with Global Collaborations stakeholder and community engagement and cultural preparedness expertise delivers effective engagement strategies attuned to Madagascar's populations' needs, customs, culture and beliefs.





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