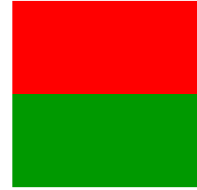


## Republic of Madagascar

(*Republikan'i Madagasikara*)



**Capital:** Antananarivo

**Inhabitants:** 19.448.815 (2007)

**Area:** 587.041 km<sup>2</sup>



Madagascar is located in the Indian Ocean, 400 km east of Africa, and straddles the tropic of Capricorn. The shape of the country resembles a left foot. The population of Madagascar is 18,610,000 and the country covers an area of 587,040 km<sup>2</sup>.

Municipal institutions are in part a legacy of colonial rule and are based on a two-tier system: in rural areas, there is the traditional *Fokonolona* system, and in urban agglomerations, the French Law of 5 April 1884 has been transposed.

On the eve of independence, Madagascar had 26 urban townships, 5 of which were fully operational, and 237 rural townships. From 1959 onwards, municipal institutions were standardised across the country (decision taken under Order of 24 August 1960). The number of rural townships increased to 739 and gradually all urban townships became fully operational, and were based on a structure very similar to that set out by French law. The existence

of these township-style institutions was coupled with a centralised State, however. The 1992 Constitution opened up the way for decentralisation.

In its current form, decentralisation in Madagascar is the product of a ten-year long process that is both an extension and an offshoot of political fluctuations in the country. The response to the principle of “moving developments forward” (townships date back to 1994–5, autonomous provinces to 1998 and regions to 2004) resulted in a complex structure that has been criticised at times for the loopholes and the relative lack of coherence and/or usefulness of documentation. Here, townships appear as the most deeply-rooted of decentralised entities, as they are the oldest and the most familiar to the people due to the proximity of their services. This process, which was standardised across the country, appeared to correspond to the country’s cultural situation, however. It related to the union of a pluralistic tradition, present since the time of independence (although its role has been limited and controlled during certain periods), and a people-centred practice favouring local structures. These are all factors which strengthen and legitimise decentralisation as a way of responding to the solid attempts at democracy at its foundation.



Documentation forming the basis of the decentralisation process in Madagascar dates back to the 1990s. These texts set out the goals and principles upon which the idea of decentralisation is based in Madagascar. Law No. 93-005 states under Article 2 that decentralisation "...aims to give the national geographical landscape a rational structure across the country to serve as an institutional framework for the effective participation of citizens in managing public affairs and as points of economic growth".

According to Article 1 of Law No. 94-008 of 26 April 1995, a decentralised local-level authority "is a section of national land in which all Madagascan voters who live there govern regional and local activity with a view to promoting economic, social, health-related, cultural, scientific and technological development within their constituency. With help from the State, it guarantees territorial planning, environmental protection, improvements to living conditions, as well the preservation of its identity. It is granted legal status and financial autonomy. With help from the State, it guarantees public security and administration".

This definition is followed up by Article 4 of Law No. 93-005, according to which decentralised local level authorities "are granted legal status, financial autonomy, and as an institutional framework, guarantee effective participation of all citizens in managing public affairs, as an expression of their diversity and uniqueness. They are governed freely by councils elected by universal direct vote, in accordance with conditions set by the law and by regulations".

## 2. Territorial structure

The decentralised local level authorities in Madagascar are the regions and townships.

However, the 6 provinces, which in theory were disbanded in 2002, in fact continue to exist at the administrative level, while the implementation process for regions, which are new additions, has not been yet been completed. The provinces still have resources, while regions still do not have access to them.

Madagascar is divided into 22 regions. These regions are authorities whose role essentially relates to economic and social issues. They are expected to be a driving force in the development process. It is important to highlight that the regions have unique characteristics. However, as things stand at the moment, regions, as they are defined under Article 4 of Law No. 2004-001 of 17 June 2004, have two roles. They are both decentralised local authorities (*Collectivités Territoriales Décentralisées* – CTDs) and administrative constituencies of the State. Up until this point, Heads of Region have been appointed by presidential decree. However, this is a temporary arrangement, as it is contrary to what is written in the Constitution<sup>1</sup>.

Each region is divided into various districts. The number depends on the size of the region. The existing 116 districts guarantee legal control of the townships.

The 1,557 townships are the lowest level of decentralised local authority<sup>2</sup>. They are involved in the economic, social and cultural development of the areas they cover. Since November 1995, townships have elected their Mayors for 4-year terms. It was only under Law No. 94-001 of 26 April 1995 that a distinction was made between urban and rural townships.

<sup>1</sup> See Constitution of the Republic of Madagascar revised on 4 April 2007, Title V, Chap. II, Art. 143: "the Executive Body (the Head of Region) is managed by a body governed by an elected representative..."

<sup>2</sup> See Constitution of the Republic of Madagascar revised on 4 April 2007, Title V, Chap. 2, Para. 1



Table No. 1: Administrative structure

| Admin unit | No.    | Local authority | Decentralised unit | Decision-making body | Executive body    | Trusteeship body |
|------------|--------|-----------------|--------------------|----------------------|-------------------|------------------|
| Region     | 22     | Yes             | Yes                | Regional Committee   | Head of Region    | Government       |
| District   | 116    | No              | Yes                | None                 | Head of District  | Region – MIRA    |
| Township   | 1,557  | Yes             | No                 | Township Council     | Mayor             | District         |
| Fokontany  | 15,331 | Yes             | Yes                | Fokontany Committee  | Head of Fokontany | Township         |

Table No. 2: Comparing Townships and Regions

|                             | Townships<br>(1,557)  | Regions<br>(22)  |
|-----------------------------|---|--|
| <b>Status</b>               | Decentralised local authorities (CTDs)  | Both decentralised local authorities and administrative constituencies   |
| <b>Function</b>             | Local development, local services, supposed platform for democracy  | Manage, strengthen, coordinate and synchronise economic and social development throughout their local domain.  |
| <b>Executive body</b>       | <p><b>Mayor</b></p> <p>Elected by universal direct suffrage / by the council of rural townships.</p> <p>Appointed by the Mayor:</p> <ul style="list-style-type: none"> <li>- 2 Deputy Mayors.</li> <li>- 1 Secretary General.</li> <li>- Administrative, Technical and Financial Services.</li> </ul> | <p><b>Head of Region</b></p> <p>Elected by universal direct suffrage.</p> <p>* Currently appointed by decree taken by the Minister's Council (temporary measure).</p> <p>Currently appointed by decree taken by the Minister's Council (temporary measure).</p> <ul style="list-style-type: none"> <li>- Secretary General.</li> <li>- the Local-level Director of General Administration (<i>Directeur de l'Administration Général du Territoire – DAGT</i>) and the Regional Development Director (<i>Directeur du Développement Régional – DDR</i>).</li> </ul> |
| <b>Decision-making body</b> | <p>Municipal or Township Council</p> <ul style="list-style-type: none"> <li>▪ Councillors elected by universal direct suffrage.</li> </ul>  | <p>Regional Committee composed of:</p> <ul style="list-style-type: none"> <li>- Parliamentarians from the region.</li> <li>- Representatives of the Mayor equal to the number of Parliamentarians.</li> <li>- Representatives from financial traders and civil society organisations from the region.</li> </ul>   |



Nosy-Be, Sainte-Marie (both islands) and Antananarivo (the capital of Madagascar) have special status. The decentralised administration at the township level is the administrative Head of urban subdivision (*Chef d'Arrondissement Administratif* – CAA). It carries out particular executive functions within townships, such as collecting certain revenue.

The 15,331 *Fokontany* are the administrative subdivisions within townships. Heads of *Fokontany* are appointed by the Head of District following three proposals from *Fokonolona* (i.e., the people who live in the *Fokontany*). To a certain extent, they act as the “eyes” and “hands” of the Mayor in the many neighbourhoods, villages and hamlets. The *Fokontany* maintain public security, apply official and customary laws, support health-related and educational campaigns, help townships to control the population within neighbourhoods or villages and govern the civil registry. The *Fokontany* are considered to be the “backbone of development”<sup>3</sup> and represent spaces where local democracy should be carried out.

Although new rural townships have not yet been established, the number of urban townships has remained the same for eleven years (45 in total) – this was when Decree No. 95-381 of 26 May 1995 was promulgated, which brought about the classification of townships into urban and rural.

### 3. Local democracy

Local-level elections are organised according to Law No. 95-040 of 4 March 1996, which finalised the stipulations of Law No. 94-006 of 26 April 1995.

<sup>3</sup> See Constitution of the Republic of Madagascar revised on 4 April 2007, Chap. 3, Art. 35, Para. 1.

In this way, the Head of Region and Mayors are, according to legal documentation, elected via universal direct suffrage. According to Article 4 of the Electoral Code, “*All Madagascan citizens – with no distinction between sexes – are eligible, as long as they fulfil the conditions to be a voter, as well as those set out in specific documentation relating to elections, in particular: being registered on the electoral roll, being of legally recognised age for each elective role and not having a criminal record*”. In this way, all citizens, whether they have links with a political party or not, can freely enjoy the right to put themselves forward as a candidate, on condition that they respect the stipulations set out in the Electoral Code.

The Head of State made a specific stipulation with regard to Heads of Region: they are appointed by presidential decree following a rigorous selection process. This measure was taken following concerns that elections should not involve persons who do not have the skills required to undertake the assignments attributed to specific regions.

Mayors in urban townships are elected by direct ballot, and in rural townships they are appointed by the elected council by means of a vote by list ballot. To elect Mayors and township councillors, citizens in towns have two votes in one – one for the Mayor and a second for municipal councillors.

The authorities are granted executive powers. There are various exceptions for township officials, who have not received training on their executive role, to manage projects or municipal affairs such as those given within the FDC (community development fund) framework or within the framework of provisions for the PCD (township development plans). Generally,



Mayors have access to the Mayor's guide and to the manual on budgetary procedures for second category rural townships. However, the main municipal officials often have limited knowledge of these matters, as the majority of them are written in French.

The solution to this issue lays in increasing the levels of professionalism of municipal

employees, particularly by systematic attendance of these employees at training sessions on township management. This would allow for the gradual spread of a professional work ethic, through which respect for rules and standards would be based on personal commitment. As such, it could also serve as a way of modernising the mentality of the people.

**Table 17: Strong similarities among decentralised functions**

| Level                          | CTD  | Central  | Status and responsibilities and powers  |
|--------------------------------|--|--|---|
| Centre                         | Ministry of Decentralisation (MDAT)                    | Ministry of the Interior (MIRA), implementing ministry | MIRA is responsible for decentralised administration and public security. MDAT is responsible for implementing and monitoring the decentralisation policy. The Ministries implementing this are responsible for establishing sectoral policies and allowances for decentralised services.   |
| 6 Provinces                    | Provincial council, Governor (Deleted since July 2002) | President of the Special Delegation (PDS)              | Provincial Councils were elected in December 2000, and governors in June 2001. Their responsibilities must be agreed at the Interprovincial Conference. Since the crisis in 2002 and the resulting change in government, decentralised provincial institutions have been removed. The future role of autonomous provinces remains uncertain.  |
| 22 Regions                     | Regional council, Head of region                       | Head of Region   | The Heads of Region are President of Region's executive body, by representing CTDs. They are also representatives of the State, because each region is an administrative constituency.  |
| 116 Districts                  | Deleted  | Head of District                                       | Electoral constituency. Schooling (CISCO) and health (SSD) constituencies. The Head of District guarantees the legality of townships.   |
| 1,557 Townships                | Municipal Council, Mayor                               | Head of Administrative Urban Subdivision (CAA)         | Since November 1995, townships have been electing their Mayors for 4-year terms, and some of the larger urban townships are constituted as districts. Decentralised administration is carried out by the CAA. The CAA carries out certain executive functions at the municipal level, such as collecting certain types of revenue.  |
| Around 16,000 <i>Fokontany</i> | Head of <i>Fokontany</i> (PdF)                         |  | The <i>Fokontany</i> were decentralised authorities under the 2 <sup>nd</sup> Republic. The status of FKTs remains uncertain within decentralised administration. FKTs maintain public security, apply official and customary laws, support health-related and educational campaigns, help townships to control the population within neighbourhoods or villages and govern the civil registry. |



#### 4. Relations between central and local authorities

Since the decentralisation reforms of the 1990s, the administrative structure in Madagascar has been characterised by strong similarities among decentralised functions at various levels.

The central administration and its decentralised services remain essential to the system of provision of public services in Madagascar. The decentralised services of the ministries involved continue to play a role at all levels of public administration. The Ministry of the Interior and the Ministry of Finance and Budget both have a network of decentralised representatives at all levels.

With a view to implementing the National Decentralisation Programme, a coordination project to establish administrative constituencies and harmonise them with the various levels of CTDs has been put in place. This reform will allow for a synergy between the spatial approach to development at the authority level and the sectoral approach at the central State level.

#### 5. Financing for local authorities

Law No. 98-013 of 21 January 1999 on Public Finances set out a distinction between general and specific budgets. The budget for local authorities forms part of the general budget.

The specific budget forms the budgets of public establishments linked to a ministry, which are created to provide particular public services.

The Madagascan national budget relies on a small number of large sources of revenue, which are all considered central

revenue by their nature. Customs duties made up nearly half (48%) of the total revenue for 2001 after having always been more than 50% in previous years. The main fluctuations in total revenue since 1988 can be explained by the fluctuations in this source of revenue. The VAT alone represents 67% of all taxes on goods and services and around 17.5% of budgetary revenue. Finally, tax on business income made up around 10% of this total (IMF 2003).

The level of centralised revenue in Madagascar is much higher than in other countries in the region that we have statistics for. In Madagascar, the central government collects more than 98% of the total revenue, which leaves townships with 1 to 2% of the total. This centralisation of revenue leads to a structural imbalance in the composition of revenue, which could only be redressed by a progressive increase in the mid- to long-term of revenue for local level authorities.

The revenue allocation process in Madagascar is consistent with recommendations relating to the principle of performance and responsibility. Revenue having a macroeconomic, equity-related and performance-related effect is allocated at the central level. Although the 1998 project brought a certain level of fiscal decentralisation to the provinces, the current regime has taken a step backwards. In the 2003 Financial Law, only certain fiscal areas, such as the *synthetic tax*, were candidates for decentralisation. The 2002 Financial Law introduced the principle that all allocations for each tax go to one single authority, and therefore excluding the possibility of splitting the revenue, but the new government has not yet decided whether it will maintain this principle.

In addition, even for revenue which goes to local level authorities, fiscal policy and



collection methods are all centralised. The local-level authorities' lack of control over tax rates seriously impairs the logic of decentralisation because the authorities do not have any power to make changes relating to financial issues to take the preferences expressed by their electorate into account.

Research into fiscal revenue for local level authorities in Madagascar is made difficult by the wide gap between revenue allocation set out in the law and the reality observed on the ground. When autonomous provinces were created, legislators in Madagascar also transferred large areas of revenue to these new public authorities. These provinces have not yet been implemented in their entirety, yet documentation has not been abrogated or significantly amended either.

*Provinces:* At the provincial level, the main area of revenue is professional tax (TP). Its rate of return has greatly increased over the last few years, but the levels vary greatly between provinces: it represents 97% of revenue for the Antananarivo province, 70% for Toamasina and only 31% for Antsiranana (BAD 2003).

*Townships:* Total revenue for townships is minimal and only represents 3 to 4% of the total public revenue; rural townships represent 1 to 2%. There is a large disparity between rural and urban areas in Madagascar. Although many urban townships have witnessed large increases in their revenue since 1996, this is only the case in very few rural townships. In urban townships, autonomous revenue represents around 75% of total revenue, while in rural townships it only represents 25%.

The poorer a township is, the more it has to rely on sources of revenue that are economically counterproductive and volatile, such as taxes.

## 6. Responsibilities and powers of local authorities

It is important to distinguish the responsibilities and powers of regions from those of townships.

*Regions: more specialised authorities*

Regions are intended to be authorities working primarily at the economic and social levels, and this is how their allocations are set out. They can be relatively specialised depending on their area of work – the area where they operate is itself a determining factor. In this way, it is fair to say that the types of responsibilities and powers held by each region are strongly linked to the area it covers.

Law 2004-001:

*"Article 8.1 – the areas of responsibility and power in regions relate to:*

- *identifying the main roads in the region*
- *establishing a regional scheme for territorial development (water and drainage, road networks and electricity)*
- *establishing a framework-programme and/or regional development plan*
- *a framework and schedule for development activities across the regional area, relating in particular to:*
  - *hydro-agricultural developments*
  - *fishing*
  - *developing traditional and commercial industries*
  - *developing the service sector*
  - *animal husbandry*
  - *managing roads, tracks, transport services, bridges and ferries in the region*
  - *implementing and managing health infrastructure such as primary and secondary hospitals, and educational infrastructure such as secondary*





- schools and junior high schools*
- *managing surrounding areas*
  - *implementing appropriate actions and measures relating to risk and disaster management at the regional level*
  - *managing their own heritage*
  - *managing personnel under their jurisdiction: personnel recruited directly by the region, personnel belonging to decentralised State services at the regional level, personnel transferred from, or made available by, the State"*

In theory, townships have a range of allocations corresponding to their wider responsibilities.

In reality, the human, material and financial resources available are not proportional to their responsibilities and powers. In practice, townships serve principally as an administrative resource for the central government. They take on (but still need the necessary minimal level of equipment) responsibilities related to local populations: issuing deeds, particularly civil status deeds, which are required to follow the school curriculum (there has sometimes been an excessive number of civil registry secretaries in the townships visited); interacting with decentralised services (this role has been fulfilled more or less effectively in relation to the local situation); maintaining security at all levels and effective use of security forces. On the other hand, and suggestions made by our respondents on this issue match reports from other observers, land conflicts remain a major source of problems, and townships do not have any power over this.

In terms of their role in the development process, it appears that the regions have not taken on their role in an effective manner. They are often behind in the schedule processes, and lack a global vision of their own development (see

below). They are far too unaware of one crucial area: translating the budget; both in terms of areas related to essential procedures (for example, effectively managing administrative accounts), and also in terms of the practicality of carrying out evaluations, by settling on the formal balance of a budget, which to a large extent is tributary to State allocations. Finally, due to the lack effective control mechanisms, their financial management is often marred by irregularities.

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