

DRAFT. COMMENTS ARE WELCOME.

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**IMPACT OF THE POLITICAL CRISIS IN RURAL AREAS:  
RESULTS OF A RAPID RURAL APPRAISAL<sup>i</sup>**

**Background**

Due to a dispute on the outcome of presidential elections, Madagascar has been in the grip of a political crisis since the beginning of the year. General strikes and roadblocks on major national roads have hit hard on the economy of Madagascar and therefore on the welfare of people.

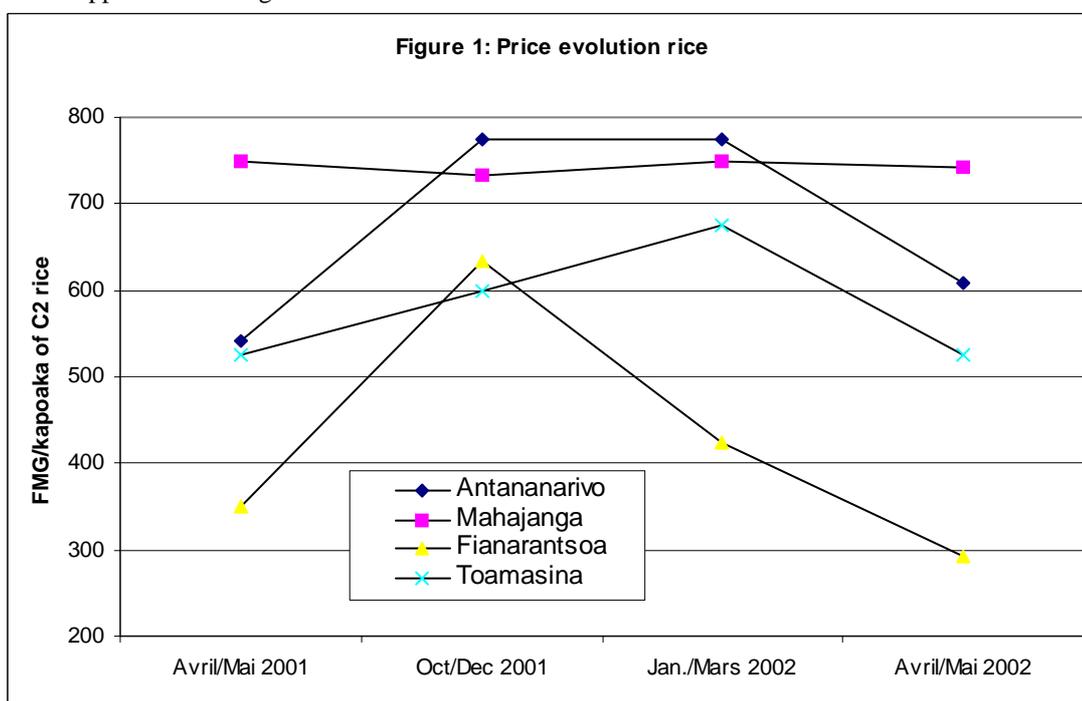
While there is relatively good knowledge on the dramatic impact of the political crisis in urban areas - which are assumed to suffer most from it -, there is little knowledge on the impact in rural areas. It is important to better know what has happened and happens to these areas as they constitute 80% - and the poorest part - of the Malagasy population (Razafindravonona et al., 2001). To fill this lacuna, the Ilo program organized a rapid rural appraisal during the last week of April and the first week of May. While the appraisal does not intend to be representative of the situation in rural areas, it gives a snapshot on how the effect of the political crisis plays out in rural areas and how policy should be designed to mitigate the effects of the crisis.

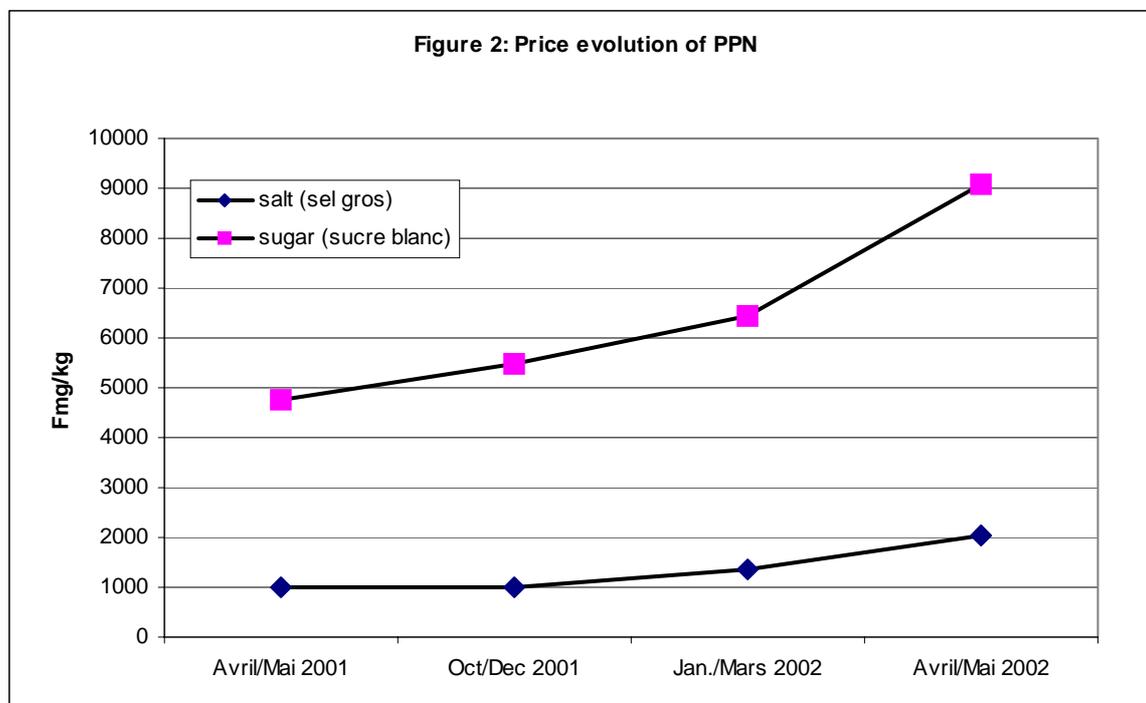
The rural appraisal was organized in selected

fivondronana in 4 provinces of Madagascar<sup>ii</sup>: Toamasina, Fianarantsoa, Antananarivo, and Mahajanga (the fivondronana included are listed at the end of this note).<sup>iii</sup> In each province, around six communes - relatively accessible and relatively close to urban centers - were visited. The survey focused on the evolution of prices of agricultural products and of PPN ("Produits de Première Nécessité"), and on the impact of the crisis on the agricultural, education and health sector. The major findings are reported below.

**Price evolution of PPN**

Prices of PPN in rural areas have responded as would have been predicted through a model of increased marketing and transport costs. Due to the roadblocks and the generalized lack of fuel, the transport sector has suffered enormously: the availability of motorized transport has decreased significantly and transport prices for persons and goods increased dramatically. For example, personal transport of rural communes in Antananarivo to the capital increased fourfold while transport of goods from the Lac Aloatra area to the capital increased fivefold (from 150 Fmg/kg to 750 Fmg/kg). As





expected, this increase in marketing margins shows up in rural prices of goods.

*a. Food prices are stable or on the decline. The further away from an urban center, the larger the decline*

Overall, rice prices are down compared to the January/March period as harvests have come in in recent months (Figure 1).<sup>1</sup> This pattern is typical as prices rise significantly higher in the lean period. On average, rice prices are at the same level as last year in the same period. However, while rice prices are slightly higher in the province of Antananarivo, they dropped by around 20% in the province of Fianarantsoa.

The driving force seem to be that the further away the rural commune is located from urban demand, the higher the decline (see also Van Nieuwkoop, 2002). For example, while it does not yet show up in the milled rice price, paddy prices in Lac Aloatra are reported to have declined to 2/3 of the price of last year compared to no decline or even an increase of paddy prices in the rural communes close to Antananarivo.

*b. Prices of PPN have increased dramatically. The further away from an urban center, the higher the increase*

Prices for PPN (illustrated by the price of sugar and salt) have increased significantly (Figure 2). Depending on the location of the commune, prices might even have doubled or

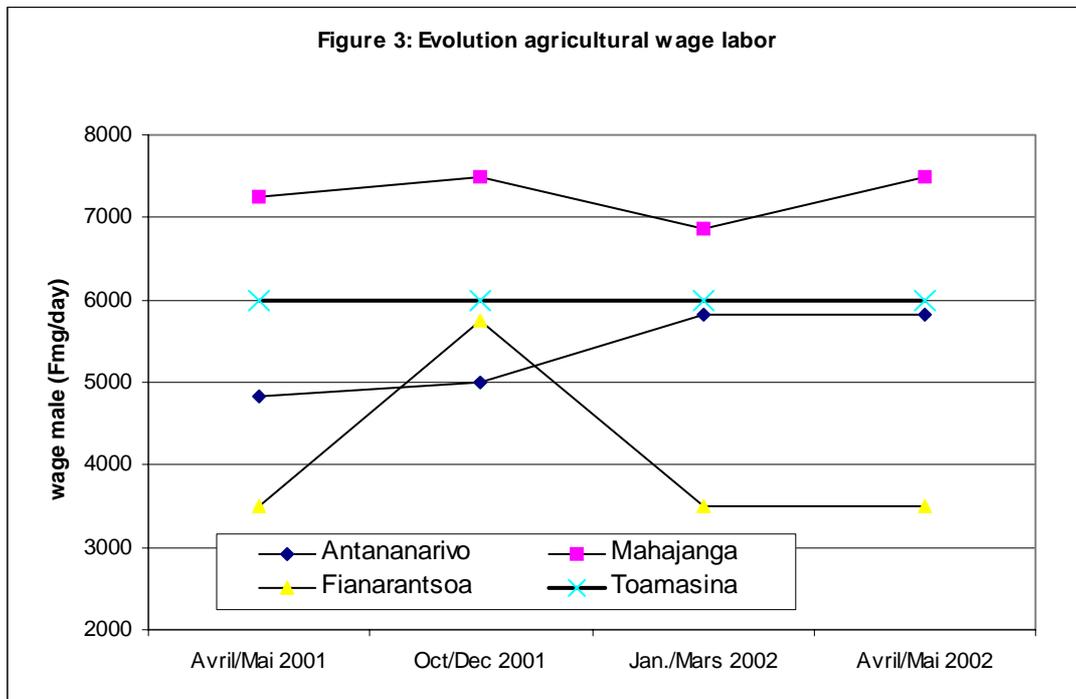
tripled. In some communes, these PPN are not available at all anymore. For example, in 6 out of 24 communes, fine salt was lacking. In 5 communes, white sugar was not available. People substitute from fine salt to the lower quality salt (sel gros) while white sugar is replaced by "sucre blonde". However, the price of these perceived lower quality products has also increased to the same extent.

#### **Impact on the agricultural sector**

*a. Rural insecurity (cattle theft as well as crop theft) is on the rise.*

The turmoil in army and gendarmerie and lack of means of transport for law enforcement plus increased hardship for the poorer part of the population has led to higher incidences of rural insecurity. Crop theft is now reported in areas where it was unheard of before (two communes in the province of Antananarivo). While in some communes no impact on the security situation was reported, half of the communes mentioned an increase in crop theft or cattle theft. The extreme case is the Commune de Behenja (Antananarivo): normally, 3 cases of cattle theft are reported every month in the commune as a whole; since the beginning of April, 3 cases of cattle theft are reported every day. This increase in cattle theft was reported as well in the province of Fianarantsoa and the fivondronana of Ambatondrazaka.

<sup>1</sup> The higher overall level of rice prices in Mahajanga is explained by the lack of C2 rice, i.e. rice of lower quality. Therefore, a higher quality rice was taken in the survey.



*b. The impact on agricultural product prices and agricultural wages depend on the location with respect to the main cities.*

Agricultural wages have increased since last year by between 20% and 33% in the province of Antananarivo. In other provinces, agricultural wages are stable (Figure 3). As wage laborers are often among the poorest part of the population (Minten and Zeller, 2000), this seems to indicate that the poorest in rural areas do not seem to be hurt in particular in their food security, i.e. we do not see an increase in food prices.

However, anecdotic evidence seems to suggest that agricultural wage labor demand is on the decline due to lack of income. In the Lac Aloatra area, little seasonal labor was imported from the province of Antananarivo. In Fianarantsoa, some reports indicate that, because of the lack of wage labor demand, landless people leave rural areas for elsewhere.

As monetary income is down for farmers, they are unable to honor their typical wage labor contracts. Therefore, wage labor is increasingly being paid in kind, i.e. in rice. In a way, food security for wage laborers seems to have increased as they are able to obtain more rice now than in other years. However, as the prices of other necessities has increased, their overall welfare is down.

*c. Overall agricultural revenue is down due to lower prices overall but mainly due to lower commercial surplus. Commercial rice surplus is down due to risk averse behavior of farmers and due to a lack of traders.*

As small-scale rice farmers are increasingly concerned about own food security and as they are uncertain about further effects of the crisis situation, they hold back supplies and sell significantly less rice as they do in normal years.<sup>2</sup> Therefore, farmers' monetary income is down even if prices did not decrease. This phenomenon is prevalent in the province of Antananarivo.

While in some communes, farmers mentioned that they did not change behavior, in others they say they do. A rice collector in the Antananarivo province mentioned that he was storing only up to one third of his storage capacity. At the same time in a normal year, his warehouse is full.

In the Lac Aloatra area and in the Fianarantsoa province, farmers complain about the lack of traders (collecteurs) that buy products. All the local collectors in the Lac Aloatra area are fully stocked. While large-scale farmers are willing to sell their produce, they feel they do not have enough opportunity. As rice produce is normally bought up by local collectors as well as collectors from Antananarivo, there are currently not enough buyers for rice and farmers are obliged to store produce on their own farms. Given that farmers have often not good storage facilities, there are reports of produce losses, especially due to humid storage conditions.

<sup>2</sup> In normal years, most of the small scale farmers sell rice after the harvest period and buy rice during the lean period.

*d. Increasing incidences of outbreak of plant and cattle diseases due to lack of income, medicines and/or veterinaries.*

Veterinary products are sometimes available but they are generally considered too expensive due to lack of income and are therefore not used. Lack of visits by veterinaries seem to affect the quality of care for the herd. All the communes in the Lac Aloatra area complain of outbreaks of African Pork Pest (Peste Porcine Africaine). This has also been mentioned in one commune in the province of Antananarivo (Commune Sabotsy).

A new invasion of locus has also been reported in the zone d'Andilamena (north of the Lac Aloatra area). To avoid a new large-scale invasion as a few years ago, this should be dealt with as quickly as possible.

*e. The effect of the crisis on livestock varies by province. In the provinces of Toamasina and Fianarantsoa, there are signs of asset deflation.*

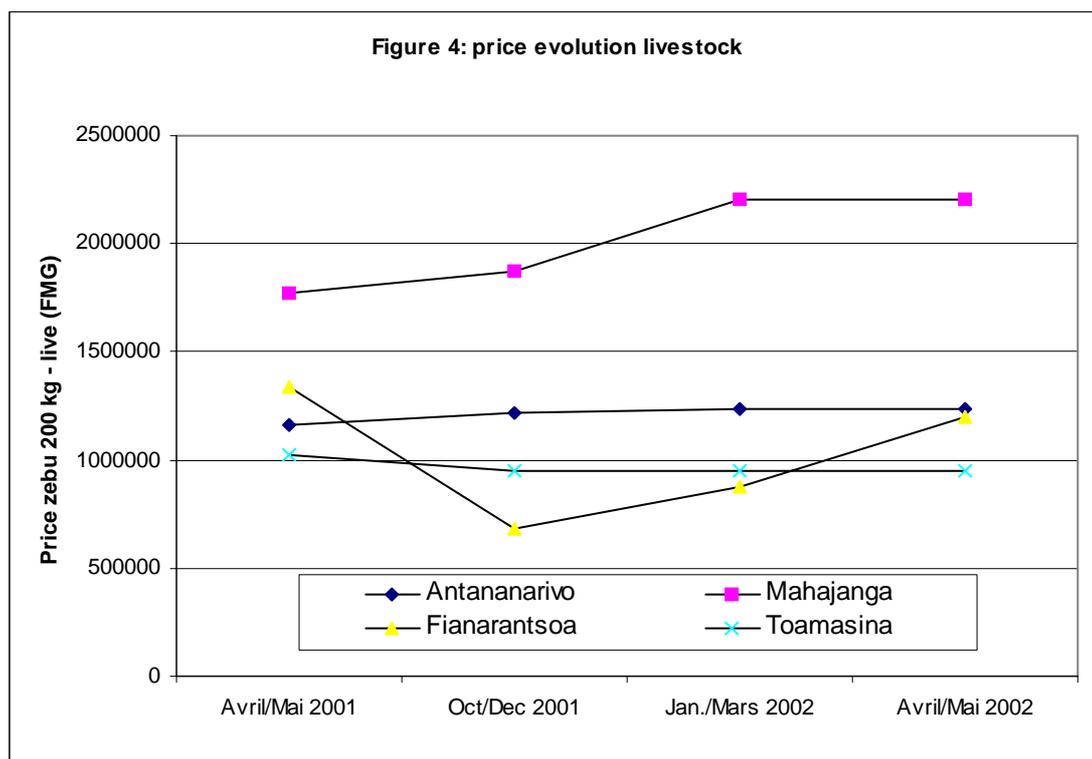
In the rural Malagasy society - as well as in other developing countries -, livestock is often used as a means for savings. Together with the land base, it therefore often makes up the main assets of rural households (Freudenberger, 1999). It would be expected in times of economic hardship that prices of these assets would decline (as for example is currently happening to housing sales and rental prices in the capital). However, except for Fianarantsoa and Toamasina, no major asset deflation is seen yet in rural areas (Figure 4).

Fianarantsoa is the poorest province in Madagascar (Razafindravonona et al., 2001) and might therefore be less able to deal with the co-variant shock of the political crisis. While livestock prices decline generally in the lean period in Fianarantsoa (as demand drops and supply by distressed households increases), we see that the price rebound after harvest was significantly less this year than last year. In nominal terms, zebus prices have decreased by 20%. In real terms, this decline is even bigger. This undoubtedly reflects the effects of the political crisis.

On the other hand, some areas with livestock benefit from the roadblocks. Livestock prices close to Mahajanga town have increased considerably compared to last year. As they are the best located for export to the Comoros, due to the nearness of the port of Mahajanga, this area benefit disproportional from export as, due to transport problems, other areas are unable to compete.

*f. Future harvests will show lower yields; in the case of the Marovoay region (one of Madagascar's rice baskets), the impact might be dramatic.*

While current harvests are not affected - rice yields are in general very good this year -, it seems sure that future harvests will be affected due to the disarray in input and output markets. In the Marovoay area - together with Lac Aloatra, one of Madagascar's rice baskets -, the irrigation system has not been functioning due to lack of fuel for the water pumps. The next main harvest (vary jebly), to be harvested in October, will be significantly lower as young



plants do not receive water in time. This problem with irrigation seem to hold for the whole fivondronona of Marovoay. Moreover, as fertilizer prices have gone up by 17% in this region compared to last year, expected fertilizer use will also be down.

Farmers use also less inputs for off-season crops and expected yields will be lower. In Antananarivo, prices for agricultural inputs (NPK) have risen by 10% or are not available at all anymore. Due to a decline in income of farmers, farmers do not buy agricultural fertilizers for off-season crops. As off-season crops (potatoes, etc.) are on the field or will soon be and as fertilizer are often used for these crops, expected yields will be lower than in normal years.

### ***Impact on the education sector***

*The impact depends on the province and the location. The largest impact is seen in Fianarantsoa. Overall, the majority of schools function and teachers in the public system have been paid until now. However, absenteeism of teachers and students, especially the poorer ones, is clearly up.*

Antananarivo. In urban areas, the school program has been seriously affected. As strikes were mostly followed in urban areas, most urban schools were closed for over a month. However, even after the schools reopened, absenteeism of teachers and students is still higher than normal due to lack of income or transport. A visit to a lycée in Antananarivo showed that absenteeism is on average 10% and as high as 25% in one of their classes. The rate of absenteeism is highest for the poorest part of students as they are unable to pay for transport and school fees. In the rural communes of Antananarivo that were visited, no effects have been mentioned.

Fianarantsoa. All schools in the six communes that were visited report an increase in absenteeism. In one commune, the school was completely closed. The increase in absenteeism is explained by different reasons: 1/ teachers are scared to teach as not participating in the strike is considered to be a sign against the KMMR movement; 2/ parents are scared to send their children to school because of the reigning insecurity; 3/ in one school, teachers had not shown up since the crisis started due to transport problems.

Ambatandrazaka (Tamatave). All schools function normally except for a school in the town of Ambatandrazaka that had been closed for a short period due to an overall strike.

Mahajanga. In the six communes that were visited, in only one commune have classes been disrupted due to a strike by the teachers. However, in all the other communes an increased absenteeism (on top of normal absenteeism during this time of the year) was noticed due to economic hardship and the increasing need of children's labor for extra income.

### ***Impact on the health sector***

*a. Supply. Availability of medicines depends on the region. Few cases of doctors that are absent or that ask higher prices for health care are reported*

Antananarivo. While in some communes, medicines are starting to lack, it seems that most crucial medicines are still available.

Fianarantsoa. As the yearly "dotation" for medicines for the CSB has not arrived yet, all centers complain of lack of medicines. Some centers report that they have no medicines at all anymore. Some communes report that the doctor is absent and in one commune, a doctor is asking to be paid more than normal before he would do any intervention.

Mahajanga. Insufficient or complete absence of medicines in public health centers. Five communes out of six mentioned an increase in the price of medicines. While some medicines are not available anymore through regular channels, they can sometimes still be bought at the "épicerie". However, in that case, prices are significantly higher.

Ambatondrazaka (Toamasina). No special problems were mentioned.

*b. Demand. Overall, visits to hospitals are down, not only due to lack of medicines but also due to lack of income.*

Antananarivo. Médecins du Monde mention a drop of 25% in frequency of visits in the urban hospitals they work in. The same is seen in rural areas. While most rural communes in Antananarivo did not report an effect yet, some did. For example, in the rural commune de Alatsinainy and Sabotsy (in the province of Antananarivo), people in charge of health centers say that the number of visits have dropped to one third of visits during the same period last year. While medicines might be available, people do not seem to have the liquidity to pay for health care services. The same situation is seen in Fianarantsoa. In Mahajanga and Ambatandrazaka, no decline in hospital use was mentioned.

*c. Vaccination campaigns have come to a standstill*

Because of fuel problems, teams can not travel to villages to implement necessary vaccination for children. Hence, vaccination campaigns seem to have come to a halt. While we will not see the impact in the short-run, this is clearly dramatic in the long run. For example, Harris (2002) reports that currently, one death in four of children under five in Madagascar results from a vaccine-preventable illness. She estimates that a six-month paralysis of the vaccination program could reduce vaccination coverage to 25% or less. An “additional” 1,800 young children would die as a result.

*d. Emergency evacuation are impossible*

When emergencies happen, most rural communes would have a system of bringing patients to urban centers. Due to the lack of transport, emergency evacuations have come to a halt.

## Conclusion

The results of the rapid rural appraisal show that the social and economic impacts of the political crisis are huge and that not only urban areas are hit, but rural areas as well. The hardest hit rural areas are those that are further away from urban centers. Their purchasing power has been hurt in two ways: due to the increase in the transport and marketing margin, their income is down as the price of their produce has dropped further while the prices of imported goods has increased higher.

Measures are clearly needed in the unfolding humanitarian disaster in Madagascar. In rural areas, they include protection of future productive activities as well as short-term humanitarian relief. Of course, the first recommendation is that the roadblocks should be lifted. However, even if they are lifted, emergency measures will still be necessary. While multiple interventions are necessary in the long-run as illustrated above by the daunting number of problems (see also Banque Mondiale, 2002), emergency measures might include the following:

1. Health sector: while medicines are lacking in most rural communes, an increase in supply alone will probably not solve the problem. Due to a drop in income and the high influence of income on health care demand (INSTAT, 2001; Glick et al., 2000), reduced pricing and revision of cost recovery policy in the short run seem necessary.
2. Agricultural sector: Some cattle and plant diseases seem to be on the rise. Monitoring and appropriate actions should be taken in the

short-run. Irrigation system should be started up in Marovoay.

3. Education sector: given the big drop in income and to avoid a further drop in students taking exams this year, subscription fees for final exams might be dropped.

4. While there do not seem to be major food security issues in rural areas, this should be monitored closely. Rural areas that are net buyers of agricultural products in the lean period should be identified as quickly as possible so that appropriate measures can be taken in time (such as food-for-work programs).

5. The impact of the political crisis differ significantly by region. A good monitoring system is necessary to better target interventions.

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<sup>i</sup> This program is funded by USAID, Project “Improved economic analysis for decision-making in Madagascar”, Cornell University, Cooperative Agreement No. 687-00-00-00093-00. This policy note is part of a study on “The political crisis: economic and social impacts and implications for policy”. Even if the current political situation would be resolved, some emergency measures would be necessary. To better guide these measures, there is a demand for information and facts. As the current situation requires information and action in a very short time span, Cornell University will prepare a series of timely short technical notes that monitor and study the social and economic impact of the political crisis. For more information, suggestions or access to primary data, contact [bminten@dts.mg](mailto:bminten@dts.mg). This note was prepared by Haja Andrianjafy (UTC Fianarantsoa), Bart Minten (Ilo program), Mahenina Ranaivo (UTC Mahajanga), and Lalaina Randrianarison (Ilo program).

<sup>ii</sup> In collaboration with the provincial UTC and PACT.

<sup>iii</sup> The fivondronana that were visited included: a. Antananarivo: Ambatolampy, Andramasina, Antananarivo Antsimondrano; b. Fianarantsoa: Ambalavao, Ambohimahaso, Fianarantsoa II; c. Mahajanga: Katsepy, Mahajanga II, Marovoay; d. Toamasina: Amparafaravola, Ambatondrazaka