

# Madagascar: Confronted with political and economic turmoil | Credendo

## Event

Weeks of countrywide Gen Z protests, staged by the impoverished youthful population, spilled over into a military takeover and the ousting of President Andry Rajoelina. On 17 October, a transitional government was appointed, headed by Colonel Michael Randrianirina, which appears to have ended weeks of fierce unrest, at least for now.

## Impact

With pervasive poverty levels and half the population below 19, Madagascar is a perfect breeding ground for Gen Z protests. These were ignited by chronic power and water shortages, a lack of economic opportunities and disgust at corruption and wealthy elites. However, in the absence of real leadership, the Gen Z movement left a void that was filled up by the army, which toppled the government and took control after weeks of violent unrest. The military junta appointed a transitional cabinet of mostly civilians – including businessmen and academics –, while only 4 out of 29 ministries were appointed to military figures. As a reaction, the World Bank resumed support that was initially suspended. EU aid resumption, on the other hand, will depend on the progress made in the democratic transition. The timeline for elections or a constitutional restoration was pledged to take place within two years, aiming to restore civilian rule by the end of 2027. The timing and composition of the transitional rule could indicate that the junta wants to prioritise tackling the socioeconomic grievances that fed the protests in the first place, realising that without improved conditions Gen Z protests could easily rekindle, demanding for political change once again. This might also indicate a more technocratic- and business-friendly approach, compared to the highly authoritarian juntas of the Sahel, where nationalisation measures are frequent.

Over the past weeks, disruptions in budgetary operations, administrative paralysis and judicial absence have directly affected the business climate and investor confidence in Madagascar. The outlook for the short-term political risk classification is negative (category 4/7). Weeks of violent unrest have led to a contraction in tourism revenues, while textile exports have also come under grave pressure following the expiration of AGOA (African Growth and Opportunity Act) in September, which ends duty-free access for Malagasy garments and vanilla to the US market. Madagascar's exports to the US account for about 14% of total goods export revenues, making it one of the most exposed African countries to Trump's trade tariffs. After a decade of steady foreign exchange reserves build-up (to almost 6 months of import cover in August 2025), the positive trend is set to be dented by the recent political and economic turmoil.

**Analyst:** Louise Van Cauwenbergh – [l.vancauwenbergh@credendo.com](mailto:l.vancauwenbergh@credendo.com)