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Conflicts of Interests of Heads of State: The Example of Madagascar

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Conflicts of interests of heads of state exist in numerous variations. Business activities conducted by heads of states are a particularly important governance problem, due to the potentially severe consequences of non-compliance. Such conflicts of interests continue to exist in a number of industrialized and developing countries such as Italy, Panama and most recently Chile. The dimensions, risks and solutions to controlling them vary depending on the cultural context, the legal framework and the role of accountability mechanisms such as the judiciary, the media and civil society.

The case of the former President of Madagascar, Marc Ravalomanana, is a particularly prominent example of a conflict of interest of a head of state caused by business activities. When elected in 2002, Ravalomanana was the owner of Madagascar's largest company, a dairy business called TIKO Group. His government was perceived as a beacon of hope by the many among the local population and western donors. The radical and ambitious reform programme he pursued since 2002 brought about tangible improvements of the infrastructure, access to education, the investment climate, poverty reduction and even impressive results in the fight against corruption. At the same time, his business activities expanded to sectors ranging from dairy to tourism, media and construction until 2009. Rumours about the abuse of his Presidential powers for the benefit of his business activities played a key role in the political crisis that led to his ousting in March 2009 and large parts of his business empire were destroyed in country-wide lootings.

The author uses the example of former President Ravalomanana to illustrate the dimensions of conflicts of interests caused by business activities of a heads of state in a developing country where external accountability mechanisms are partially dysfunctional. Furthermore, the paper explains the initiatives launched by the domestic institutions such as the Integrity Commission and advisors to the President and in particular the international community to mitigate the conflict of interest. Finally, the paper analyzes the role that the conflict of interest played in the political crisis with respect to diminishing trust in and legitimacy of government institutions.

The paper intends to provide a basis for the discussion of:

- The range of measures and approaches available to control conflicts of interest of heads of states



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- The need to tailor measures to the nature of the positions to be regulated – in particular, to avoid the blanket application of prohibitions on external activities
- The need to take account of local constraints, which may naturally limit the extent and way in which conflicts of interest can be prevented
- The need to take account of possible side-effects of well-meant regulations, especially in contexts where public administration or norms of official conduct are less well developed or in transition.