

## AFRICA RISK CONSULTING

### Madagascar Monthly Briefing March 2018

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#### Madagascar Summary 13 March 2018

*Former president Andry Rajoelina (2009-2014) answers questions on his 'initiative for the emergence of Madagascar' platform from four journalists on the Rajoelina-founded television channel, Viva. Rajoelina's initiative is highly critical of President Hery Rajaonarimampianina (2014-present) and challenges Rajaonarimampianina's own economic development plan. The National Assembly begins a 12-day extraordinary session to discuss a new electoral law that will govern the presidential and parliamentary elections scheduled for December. Corruption continues to increase in Madagascar, according to NGO Transparency International's Corruption Perception Index (CPI). Partially state-owned airline Air Madagascar secures a \$40m loan from Germany-based Deutsche Bank. France-based Orange SA plans to enter the micro-credit sector in Madagascar at some point in 2018.*

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#### Rajoelina answers questions regarding his 'emergence initiative'

Former president **Andry Rajoelina** (2009-2014) answered questions on his 'initiative for the emergence of Madagascar' platform from four journalists on 17 February on the Rajoelina-founded television channel, **Viva**.<sup>1</sup> Rajoelina's initiative is highly critical of President **Hery Rajaonarimampianina** (2014-present) and challenges Rajaonarimampianina's own economic development plan, which Rajaonarimampianina launched on 25 January. Rajoelina first introduced the initiative at a press conference in **Paris (France)** on 26 January.<sup>2</sup> Although specific details are sparse, the initiative brings together national and international experts to find solutions to **Madagascar's** economic and political problems.<sup>3</sup>

Rajoelina did not say whether he will run for president in the 2018 elections scheduled for December. However, he did address his previous presidency in which he came to power after a coup that toppled President **Marc Ravalomanana** (2002-2009):<sup>4</sup>

*"Everyone knows the definition of the word 'putschist'. It is someone who takes power using weapons and the army. That's not what happened [in 2009]. A few days ago, [South African] President **Jacob Zuma** (2009-2018) resigned. There was no election. Why does not anyone say it's a coup? I am not a putschist, Andry Rajoelina is a revolutionary and a patriot."<sup>5</sup>*

Rajoelina did not rule out the possibility of a political alliance with Ravalomanana, but,

*"...if we come together to find solutions for this country, that will not mean that we are going to form one and the same party. President Ravalomanana will never support [**Miaraka amin'ny Prézidà Andry Rajoelina (MAPAR)**] and I will never support [**Tiako i Madagasikara (TIM)**]. It's impossible."<sup>6</sup>*

While Rajoelina has not officially announced his intention to run for president, he has been travelling across Madagascar promoting his initiative and, at the same time, presenting his ideas to the public on how to improve Madagascar's economy and infrastructure. At a rally at **Ambilobe** on 8 March,

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<sup>1</sup> RFI Africa, 18 Feb 2018.

<sup>2</sup> RFI Africa, 18 Feb 2018.

<sup>3</sup> RFI Africa, 18 Feb 2018.

<sup>4</sup> RFI Africa, 18 Feb 2018.

<sup>5</sup> RFI Africa, 18 Feb 2018.

<sup>6</sup> RFI Africa, 18 Feb 2018.

Rajoelina said through his initiative he is “*ready to bring a long-term strategy to save the country*” and, in response to the dilapidated roads in the region, that he would support authorities in improving this infrastructure “*next week*”, though it is unclear how Rajoelina plans to do this.<sup>7</sup> Rajaonarimampianina and his **Hery Vaovao ho an'i Madagasikara (HVM)** party have also started campaigning and “*Fidio HVM*” (Vote HVM) t-shirts have been appearing in **Antananarivo**.<sup>8</sup>

Ravalomanana is the sole contender who has yet to start campaigning. However, he may begin soon by publicising his award as ‘African Person of the Year 2017 for Political Leadership’ from **United Kingdom-based African Leadership Magazine** on 24 February for his “*immense contribut[ion] in deepening democracy and democratic values in the continent*”.<sup>9</sup>

### National assembly begins debates on new electoral law on 26 February

The **National Assembly** began a 12-day extraordinary session on 26 February to discuss a new electoral law that will govern the presidential and parliamentary elections scheduled for December.<sup>10</sup> As of 12 March, the national assembly has yet to finalise the laws. The prime minister, **Olivier Mahafaly Solonandrasana**, has sought to downplay fears of a delay of the presidential election due to the inability to pass these laws:

*“There is no delay in the establishment of these bills. The time taken does not affect in any way the electoral calendar, in particular the presidential election.”<sup>11</sup>*

The new electoral law will outline rules for, inter alia, the financing of electoral campaigns and rules for the pre-election period.<sup>12</sup> Opposition members of the national assembly have criticised and will attempt to change some of the wording, particularly article 18 which stipulates that national assembly candidates must be members of a political party or be sponsored by ten elected members in order to run for a seat in the legislature.<sup>13</sup> Additionally, article 19 stipulates that elected representatives may only sponsor one candidate, thus reducing the potential number of independent candidates.<sup>14</sup> In 2013, independent politicians won 34 of the 151 seats and while many of these members of parliament changed their political affiliation towards a party once elected, this law would mean that national assembly members become more accountable to their party rather than their constituents.

It is still unclear whether these articles will remain unchanged and when the laws will be passed. The presidential elections will not be able to take place without these laws and media has criticised the government for attempting to fast-track a serious and complicated issue.<sup>15</sup> According to a member of the opposition,

*“The draft texts on the elections constitute a fundamental pillar for the nation. Its reading must be thorough and take time for it not to be voted on quickly.”<sup>16</sup>*

The delays will place more pressure on the **Commission Électorale Nationale Indépendante (CENI)** (independent national electoral commission) which is responsible for delivering the ballots as well as releasing provisional results within seven days.<sup>17</sup> The government has said before that elections will proceed as scheduled, but CENI may now struggle to ensure that the elections run smoothly. Whoever wins the December elections will need to focus on improving the electoral laws,

<sup>7</sup> NewsMada, 9 Mar 2018.

<sup>8</sup> Source, analyst, Madagascar.

<sup>9</sup> www.africanleadership.co.uk

<sup>10</sup> Bloomberg, 22 Feb 2018.

<sup>11</sup> Madagascar Tribune, 22 Feb 2018.

<sup>12</sup> Madagascar Tribune, 24 Feb 2018.

<sup>13</sup> L'Express Madagascar, 12 Mar 2018.

<sup>14</sup> L'Express Madagascar, 12 Mar 2018.

<sup>15</sup> L'Express Madagascar, 9 Mar 2018.

<sup>16</sup> Madagascar Tribune, 27 Feb 2018.

<sup>17</sup> L'Express Madagascar, 9 Mar 2018.

and changing the constitution, to ensure that future elections can be held on time to prevent the distractions this election has had to date.

### Transparency International finds corruption continues to increase

Corruption continues to increase in Madagascar, according to non-governmental organisation (NGO) **Transparency International's** Corruption Perception Index (CPI) published on 21 February.<sup>18</sup> The steadily declining score will reflect poorly upon the administration of Rajaonarimampianina and opposition parties may use it as ammunition during the electoral campaign. Madagascar dropped ten places in 2017 to 155 out of 180 countries ranked.<sup>19</sup> According to the CPI, corruption has increased steadily since 2012, when Madagascar scored 32 out of 100, down to 24 points in 2017.<sup>20</sup> A CPI score of 100 indicates little to no corruption, while 0 indicates a highly corrupt country.

2017 score	2016 score	2015 score	2014 score	2013 score	2012 score
24	26	28	28	28	32

In the current CPI, Madagascar is perceived as more corrupt than **Kenya, Cameroon** and **Uganda**, which was not the case in 2016.<sup>21</sup> **Jean-Louis Randriamifidy**, the director of the **Bureau Indépendant Anti-Corruption (Bianco)** (independent anti-corruption office), cites “*scandalous business in 2017*” as the reason for Madagascar’s low score,

*“... the majority of which revolves around the awarding of public contracts and recent cases that have caught the attention of social media.”<sup>22</sup>*

The president of Transparency International in Madagascar, **Alex Rafamatanantsoa**, said that for Madagascar to improve its CPI ranking, public anti-corruption bodies would need to intensify their actions to prosecute perpetrators of corruption:

*“Impunity must stop for corruption to recede in Madagascar. It is essential that the judicial process be completed for acts of suspected corruption and that the guilty are put in prison.”<sup>23</sup>*

The government, and the party that wins the December elections, will need to prioritise the fight against corruption. International investors will be particularly wary of investment environments that may be in breach of extra-territorial anti-bribery legislation, such as the UK’s **Bribery Act** or the **United States Foreign Corrupt Practices Act**. Opposition parties are likely to use the corruption figures against the ruling HVM party during the election campaign, but anti-corruption activists and Malagasy citizens will need to monitor the new government in 2019 to ensure they stick to campaign promises and empower Bianco to crack down on those guilty of corruption.

### Air Madagascar secures \$40m loan from Deutsche Bank

Partially state-owned airline **Air Madagascar** secured a \$40m loan from **Germany-based Deutsche Bank**, according to reports on 17 February.<sup>24</sup> The loan will help to clear Air Madagascar’s liabilities as it embarks on a new partnership with **Reunion-based Air Austral**. In order to obtain the loan, Deutsche Bank required Air Madagascar to provide a financial guarantee. Budget and finance minister **Vonintsalama Andriambololona** said the government had received a \$30m financial guarantee from

<sup>18</sup> Madagascar Tribune, 23 Feb 2018.

<sup>19</sup> Madagascar Tribune, 23 Feb 2018.

<sup>20</sup> Transparency International, 24 Feb 2018.

<sup>21</sup> Madagascar Tribune, 23 Feb 2018.

<sup>22</sup> Madagascar Tribune, 23 Feb 2018.

<sup>23</sup> Madagascar Tribune, 23 Feb 2018.

<sup>24</sup> L’Express Madagascar, 17 Jan 2018.

the **African Development Bank (AfDB)** and the **African Development Fund**.<sup>25</sup> The national assembly still needs to approve the loan to help reduce Air Madagascar's debt, which currently stands at \$88m.<sup>26</sup>

The government has high hopes for Air Madagascar and has attempted to lower competition for the state-owned airline. The **Aviation Civile de Madagascar (ACM)** (civil aviation authority of Madagascar) reportedly decided not to renew **France**-based **Corsair**'s transport rights, according to reports on 6 March.<sup>27</sup> Corsair, which flies between Reunion and Madagascar, claims there is no reason for the cancellation and claims that Madagascar, along with strategic partner Air Austral, wishes to form a monopoly on air travel between **Reunion** and Madagascar.<sup>28</sup> The ACM does not appear to be refusing to renew other airlines' rights, as **Ethiopia**'s state-owned airline, **Ethiopian Airlines**, announced on 26 February that it would start thrice-weekly flights to **Nosy-Be**, a popular tourist destination, in addition to its flight to **Antananarivo**.<sup>29</sup> While Corsair reportedly continues to sell tickets despite the cancellation of its rights, the result may be increased ticket fares for travelers to and from Madagascar as Air Madagascar attempts to become a profitable airline, perhaps at the expense of Madagascar's tourism industry.

### Orange Madagascar to enter micro-credit sector

France-based **Orange SA** stated on 8 February that it plans to enter the micro-credit sector in Madagascar at some point in 2018, according to reports on 12 February.<sup>30</sup> The increased use of mobile money technology allows for more penetration for micro-credit, already present via **Mvola** since November 2017, and will allow Malagasy to use their phones to apply for small loans to pay bills and taxes and conduct other financial transactions. **Bruno Mettling**, Orange's deputy CEO for **Africa** and the **Middle East**, stated that,

*"...the explosion in the use of Orange Money is unabated in Africa and the Middle East. The service has 30 million users. This reflects the tremendous success of mobile payment in Africa.... For Madagascar, the local team here is tying up the project and negotiating with partner banks."*<sup>31</sup>

According to **International Monetary Fund (IMF)** research, 17% of Madagascar's adult population uses mobile money and Orange S.A. subsidiary, **Orange Madagascar**, claims that two million of its subscribers already use this service.<sup>32</sup> The **World Bank** is also positive regarding mobile money transfers in Madagascar, announcing on 2 March that it had approved a \$45m **International Development Association (IDA)** credit which will be disbursed via e-money services.<sup>33</sup> **Coralie Gevers**, the World Bank representative in Madagascar, noted the benefits of expanded telecom services across Madagascar:

*"The country has a chance to expand financial services through the greater use of mobile money to people who had been under-served until then, be it the teacher who had to be absent from school to go and collect her salary or the farmer needing credit to buy seeds and fertilizer."*<sup>34</sup>

<sup>25</sup> L'Express Madagascar, 17 Jan 2018.

<sup>26</sup> L'Express Madagascar, 17 Jan 2018.

<sup>27</sup> Linfo.re, 6 Mar 2018.

<sup>28</sup> Linfo.re, 6 Mar 2018.

<sup>29</sup> Aviation Tribune, 26 Feb 2018.

<sup>30</sup> L'Express Madagascar, 12 Feb 2018.

<sup>31</sup> L'Express Madagascar, 12 Feb 2018.

<sup>32</sup> L'Express Madagascar, 12 Feb 2018.

<sup>33</sup> Modern Diplomacy, 2 Mar 2018.

<sup>34</sup> Modern Diplomacy, 2 Mar 2018.

## Planner

Nov-Dec 2018 **(Madagascar)** Scheduled presidential and parliamentary elections;

## Chronology

13 Mar 2018 **Antananarivo (Madagascar)** *News24*. **Madagascar** summons the **United States (US)** ambassador after the US embassy commented online on a court decision to close former President **Marc Ravalomanana's** dairy farm due to health violations;

5 Mar 2018 **(Madagascar)** *Al Jazeera*. Tropical cyclone **Dumazile** causes heavy flooding in northern and eastern Madagascar;

2 Mar 2018 **(Madagascar)** *Modern Diplomacy*. The **World Bank** approves \$45m credit to promote the financial inclusion of micro, small and medium sized enterprises;

1 Mar 2018 **(Madagascar)** *Renewables Now*. Madagascar shortlists six candidates for a 25 megawatt solar project;

26 Feb 2018 **Johannesburg (South Africa)** *The Citizen*. **African Leadership Magazine** awards Ravalomanana "African Person of the Year for Political Leadership";

26 Feb 2018 **(Ethiopia)** *Aviation Tribune*. **Ethiopian Airlines** announces it will start thrice-weekly flights to **Nosy-Be**, a popular tourist destination;

26 Feb 2018 **Antananarivo (Madagascar)** *Bloomberg*. National Assembly begins 12-day session to debate on electoral laws;

23 Feb 2018 **(Madagascar)** *News.am*. Madagascar's foreign minister, **Henry Rabary-Njaka**, visits **Armenia** amid interest in **Eurasian** market;

7 Feb 2018 **(Madagascar)** *Times Live*. **World Health Organisation** warns that a future plague outbreak in Madagascar may be stronger;