

**AFRICA RISK CONSULTING****Madagascar Monthly Briefing May 2020**

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**Madagascar Summary 28 May 2020**

*Health officials announce Madagascar's first coronavirus fatality nearly two months after the virus was first detected in the country. President Andry Rajoelina (2019-present) has doubled-down on his herbal coronavirus remedy, Covid-Organics (CVO), but the international community outside of Africa has been critical of his aggressively touted cure, which the Madagascar president says is based on anti-African bias. Government says it will dispatch around 150 soldiers and some doctors to the eastern town of Toamasina after several bodies were found in the streets. Two people have died from coronavirus in Toamasina, sparking fears of a significant covid-19 outbreak. Government's reaction to the situation in Toamasina raises fears of rising authoritarian tendencies. Banque Centrale de Madagascar (BCM) (central bank) downgrades its 2020 growth forecast to 1.2% from 5.5%, citing the global recession caused by the covid-19 pandemic.*

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**Covid-Organics: African enthusiasm, Western doubts**

Health officials on 17 May announced **Madagascar's** first **coronavirus** fatality, nearly two months after the virus was first detected in the country. The **Indian Ocean** island has since recorded one more coronavirus fatality and total infections number 612 (although, the real number is likely to be far higher due to very limited testing).<sup>1</sup> To President **Andry Rajoelina** (2019-present), the country's relatively low coronavirus fatality rate is evidence that his herbal coronavirus remedy, **Covid-Organics (CVO)**, works; however, the international community outside of **Africa** has been critical of Rajoelina's aggressively touted cure, which the Madagascar president claims is anti-African bias. Rajoelina said in an interview with **France 24** on 12 May:

*"If it was a **European** country that had actually discovered this remedy, would there be so much doubt?"<sup>2</sup>*

Within Madagascar and Africa more widely, Rajoelina's cure has gone down much better. On the streets of capital **Antananarivo** CVO is in nearly every grocery store. The **Artemisia**-based herbal drink, developed by the **Institut malgache de recherches appliquées (Imra)** (Malagasy institute of applied research), is sold for the equivalent of 20 **United States** cents for a single serving or \$1.50 for a box of 10 tea bags.

Madagascar dispatched 1.5 tonnes of the herbal drink to **Equatorial Guinea** in early May. **Guinea-Bissau's** President **Umaro Sissoco Embalo** (Feb 2020-present) took delivery of his country's CVO order at the airport, while **Liberia's** President **George Weah** (2018-present) also personally greeted the plane that delivered samples to his country. **Tanzania's** President **John Magufuli** (2015-present) has said he would send a plane to Antananarivo to collect a consignment. In **Senegal**, **Belgian** agronomist **Pierre van Damme** markets the product under the label **Le Lion Vert** (The Green Lion).<sup>3</sup> In total, Madagascar has now donated or sold crates of CVO to over 20 African and **Caribbean** nations.

The high demand in Africa has come before adequate testing of the alleged covid-19 cure. CVO was tested on fewer than 20 patients before the government started prescribing it. Imra has not

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<sup>1</sup> World Health Organisation, 28 May 2020; According to local media reports, Madagascar has only conducted about 9,000 tests in two months.

<sup>2</sup> France 24, 12 May 2020

<sup>3</sup> The Telegraph, 28 May 2020

conducted any formal trials or tests, and it has cautioned against the government using the present solution because its effectiveness has not been sufficiently tested. Rajoelina's belief in CVO comes from this very small sample size and anecdotal evidence of its use in his country. The president has said he now plans to test an injectable version of a herbal tea he claims prevents and cures covid-19.<sup>4</sup>

Outside Africa, the international community has been critical and dismissive of CVO. The **World Health Organisation (WHO)** issued a warning on 4 May saying that untested traditional products were dangerous and that the cure could give people a dangerous false sense of security. On 14 May, the WHO stated that there was no scientific evidence to support the safety and efficacy of CVO, to which Rajoelina said this was because it had been discovered by a poor African country. Since then, the Malagasy government has entered into talks with the WHO, the **African Union (AU)** and the **Africa Centre for Disease Control and Prevention** over how to develop a rigorous testing protocol for CVO. The WHO is yet to endorse CVO and has cautioned against its use.

It is worth questioning why government, and particularly Rajoelina, have launched such a large marketing push, both at home and abroad, for an alleged covid-19 cure with almost no scientific backing. Some school children who have refused to drink the tea have reportedly been disciplined or expelled – an indication of just how strong government is pushing its cure on citizens.<sup>5</sup> Many companies have used the coronavirus pandemic to tout their herbal supplements as immune boosters and health tonics, but few political leaders are doing their marketing. Rajoelina's new-found role as a president-come-CVO salesman invites speculation about where exactly the profits are going. While CVO's ingredients are low cost, if Rajoelina's remedy is found to be a proven cure, CVO's global sales would be lucrative for one of the world's poorest nations.

### Soldiers sent to possible covid-19 outbreak

Government announced on 24 May that it would dispatch around 150 soldiers, as well as some doctors, to the eastern town of **Toamasina**, the country's second largest city, after several bodies were found in the streets and where two people have died from coronavirus.<sup>6</sup> The deployment is intended to ensure people adhere to health and social distancing measures following a significant rise in cases (275 as of 27 May<sup>7</sup>) in the port city. The corpses are being examined to pinpoint the cause of death. The concern is that the covid-19 outbreak and the death toll are much larger in Madagascar than what has been recorded by very limited testing, and that the outbreak will escalate and overwhelm the severely under-resourced health system. The **Conseil de ministres** (ministers' council) (cabinet) held a special meeting to deliberate the state of affairs in Toamasina. Government's covid-19 task force spokesperson **Hanta Marie Danielle Vololontiana** said:

*"Doctors must carry out thorough examinations to see if these deaths are caused by another illness or if they are really due to severe acute respiratory problems which is the critical form of covid-19."<sup>8</sup>*

The cabinet also dismissed Toamasina region head **Roland Ratsiraka** without reason<sup>9</sup> and ordered an investigation into the death of a doctor who, according to local media, was admitted to hospital after contracting covid-19 and was found dead hanged in his room.<sup>10</sup> Health officials concluded that the doctor committed suicide but the doctor's family refutes the findings. Government's removal of Ratsiraka and the suspicious death of the doctor, coupled by communication minister **Lalotiana Rakotondrazafy**'s denial that bodies were found in the streets anywhere in the country,<sup>11</sup> raise serious concerns of rising authoritarian tendencies by the government, which desperately seeks to

<sup>4</sup> L'Express de Madagascar, 27 May 2020

<sup>5</sup> The Telegraph, 28 May 2020

<sup>6</sup> AFP, 25 May 2020

<sup>7</sup> Madagascar Tribune, 27 May 2020

<sup>8</sup> AFP, 25 May 2020

<sup>9</sup> AFP, 25 May 2020

<sup>10</sup> L'Express de Madagascar, 27 May 2020

<sup>11</sup> AFP, 25 May 2020

clamp down on both the virus and information about outbreaks in the country. It is worth noting the Ratsiraka has been highly critical of government's response to the pandemic, claiming there is a lack of transparency and that the true number of deaths is higher.<sup>12</sup>

### Central bank downgrades growth forecast

The **Banque Centrale de Madagascar (BCM)** (central bank) on 9 May announced its decision, following its six-monthly monetary policy review, to reduce the 2020 growth forecast to 1.2% from 5.5%, citing the global recession caused by the covid-19 pandemic.<sup>13</sup> The BCM said the tertiary (service) sector would be most affected. The authorities' immediate priority has been to use its limited resources on the health sector and to preserve macroeconomic stability.

The BCM said there has been a significant drop in the **Indicateur synthétique des activités des entreprises** (synthetic indicator of business activities), which measures the level of business activity in each sector. The decrease in activities is expected to continue for the next quarter. The global pandemic caused economic activity in Madagascar to contract significantly in the first quarter (Q1) of 2020. The BCM said activity in the tertiary sector would decline by 0.5% in Q1 2020 against an increase of 5.2% last year. The secondary sector is expected to grow by 2.2% compared to 7.4% last year. The primary sector is expected to record growth of 3.6% instead of 4.6%.

Government revenues from transport and tourism services have been strongly impacted by international travel restrictions, with a decline of 33.8% and 31.4% respectively over the period observed.

Flagship export products, such as vanilla, cloves, cobalt and free enterprise products, fell in price. The same is true for imported products. The BCM said revenue in the vanilla sector fell by 52.1% in the first three months of 2020 compared to the same period in 2019.

The BCM has provided monetary policy support and acted to safeguard financial stability. It has started to provide liquidity to the private sector, planning up to 620 billion ariary (\$162.44m), about 1.2% of GDP, to allow banks to defer delayed payments on existing loans and increase lending to businesses.

Due to very limited resources, authorities are actively seeking additional budget support from development partners, beyond what was already disbursed or committed. On 3 April, the **International Monetary Fund** approved a disbursement under the **Rapid Credit Facility** equivalent to \$165.9m to meet the large external financing gaps arising from covid-19.<sup>14</sup> On 12 March, the **World Bank** provided a grant of \$3.7m to strengthen prevention against the covid-19 pandemic, purchase materials and equipment and train health workers. On 2 April, the World Bank approved \$100m **Development Policy Operation** for budget support to improve the human capital.

<sup>12</sup> Madagascar Tribune, 27 May 2020

<sup>13</sup> Madagascar Tribune, 9 May 2020

<sup>14</sup> 'Policy response to covid-19', International Monetary Fund, 7 May 2020

## Planner

26 Jun 2020 (**Madagascar**) Independence Day;

28-30 Sep 2020 **Antananarivo (Madagascar)** L'AviaDev Africa 2020 (Aeronautical Conference of Africa)<sup>15</sup>

2023 (**Madagascar**) Potential presidential elections.

## Chronology

26 May 2020 **Antananarivo (Madagascar)** *Seychelles News Agency*. Government announces it will dispatch troops and doctors to the eastern town of **Toamasina**, the country's second largest city, after several bodies were found in the streets and where two people died from **coronavirus**;

21 May 2020 **Antananarivo (Madagascar)** AA. President **Andry Rajoelina** says he had a "successful talk" with **World Health Organisation (WHO)** head **Tedros Adhanom Ghebreyesus** about the WHO supporting clinical observations of alleged **Covid-19** herbal remedy **Covid-Organics** in Africa;

17 May 2020 **Antananarivo (Madagascar)** *EWN*. Health officials announce **Madagascar's** first **coronavirus** fatality, nearly two months after **coronavirus** was first detected in the country;

14 May 2020 **Antananarivo (Madagascar)** AA. **World Health Organisation (WHO)** office for Africa regional director **Matshidiso Moeti** says the WHO has offered to support **Madagascar** to design a study into its herbal drink **Covid-Organics**, believed to cure **coronavirus** patients;

11 May 2020 **Antananarivo (Madagascar)** *France 24*. President **Andry Rajoelina** says the **World Health Organisation** has not endorsed his country's herbal drug to combat **covid-19** because it has been discovered by a poor **African** country;

10 May 2020 **Antananarivo (Madagascar)** *ENCA*. Government continues putting its controversial **covid-19** herbal remedy, **Covid Organics**, for sale, despite warnings from the **World Health Organisation**, with orders from **Tanzania**, **Liberia** and the **Republic of Congo**;

9 May 2020 **Antananarivo (Madagascar)** *Bloomberg*. **Banque Centrale de Madagascar** (central bank) slashes its 2020 growth forecast to 1.2% from 5.5%, citing the global recession caused by the **covid-19** pandemic;

7 May 2020 (**West Algeria**) *Africanews*. **Economic Community of West African States (ECOWAS)** commission dissociates itself from reports of a donation from **Madagascar** regarding a **coronavirus** herbal cure, **COVID-Organics**;

7 May 2020 **Antananarivo (Madagascar)** *EWN*. **World Health Organisation** Africa region says that it has advised **Madagascar** to conduct clinical trials for its **covid-19** herbal tonic;

4 May 2020 **Antananarivo (Madagascar)** *L'Express*. President **Andry Rajoelina** says clinical trials with alleged **coronavirus** herbal cure **COVID-Organics** will start on 4 May and a factory will be built within a month to boost its production;

3 May 2020 **Dar es Salaam (Tanzania)** *BBC*. President **John Magufuli** sends a plane to **Madagascar** to fetch a herbal tonic touted as a cure for **covid-19** even as the **World Health Organisation** warns there is no proof of any cure.

<sup>15</sup> The conference has been postponed from its original dates (6 May-8 May)

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