

## AFRICA RISK CONSULTING

### Madagascar Monthly Briefing February 2018

#### Madagascar Summary 8 February 2018

**President Hery Rajaonarimampianina presents his Fisandratana 2030 (Emergence and Rebirth 2030) economic programme to government officials, and private sector and civil society representatives. Local media report that a reshuffle of Rajaonarimampianina's cabinet is imminent, ahead of the election scheduled between 25 November and 24 December. The Commission Électorale Nationale Indépendante (CENI) (independent national electoral commission) presents its 2017 activity report, stating that 80% of its objectives have been achieved. Madagascar-based concession company Ravinala Airports starts construction on Ivato International Airport in Antananarivo and Fascene Airport in Nosy Be. Australia-based BlackEarth Minerals NL raises \$5.45m after an initial public offering that will help fund a 200-hole graphite drill programme at its Maniry graphite project in Madagascar. Germany-based Siemens AG signs a memorandum of understanding with Madagascar to fast-track energy generation, which will add an additional 300 megawatts (MW) capacity by 2019.**

#### President Hery Rajaonarimampianina begins campaign for 2018 election

President **Hery Rajaonarimampianina** (2014-present) began his, as yet, unofficial campaign for the 2018 presidential elections scheduled between 25 November and 24 December, presenting his long-term economic plan and reportedly planning a cabinet reshuffle before the election.

Rajaonarimampianina first presented his **Fisandratana 2030** (Emergence and Rebirth 2030) economic programme to government officials, and private sector and civil society representatives on 25 January.<sup>1</sup> Rajaonarimampianina will try to convince voters that his economic programme is the best long-term solution ahead of the 2018 presidential elections, though economists argue that his goals are unobtainable. The programme aims, by 2030, to:

- triple Madagascar's gross domestic product (GDP) to \$1,000 per capita;
- decrease poverty from two-thirds of the population to less than a quarter; and
- create five million jobs.<sup>2</sup>

According to Rajaonarimampianina,

*"The goals are clear: the end of the Malagasy paradox – that of poverty despite immense economic potential. For this, we must liberate the national productive forces, improve the business climate, fight against corruption, and promote an effective state at the service of the people. I am actually proposing a new national pact."<sup>3</sup>*

The programme is centred around four pillars: transport; infrastructure; energy; and health. There are seven priority economic sectors: subsistence agriculture; mining; tourism; light industry; fisheries and aquaculture; forestry; and precious stones.<sup>4</sup>

The programme is scant on the details needed to achieve these goals, though Rajaonarimampianina has placed pressure on the private sector, which he referred to as the *"lynchpin of development"*.<sup>5</sup>

<sup>1</sup> Jeune Afrique, 26 Jan 2018.

<sup>2</sup> Jeune Afrique, 26 Jan 2018.

<sup>3</sup> La Tribune, 27 Jan 2018.

<sup>4</sup> Jeune Afrique, 26 Jan 2018.

<sup>5</sup> Jeune Afrique, 26 Jan 2018.

However, economists say that Madagascar's GDP would have to grow over 10% every year to achieve the programme's aims, up from a current 4% per year.<sup>6</sup>

Rajaonarimampianina's speech came one day before former President **Andry Rajoelina** (2009-2014) outlined his new development platform, **Initiative Emergence Madagascar (IEM)** in **Paris (France)** on 26 January.<sup>7</sup> Rajoelina wishes to bring together international experts and investors to share ideas and skills to help develop Madagascar's economy.<sup>8</sup> According to Rajoelina,

*"Mobilisation is necessary and even imperative because of the current situation of [Madagascar]. I want to give [the Malagasy] hope for a better future. With the governance methods in place at the moment, Madagascar will not be successful."*<sup>9</sup>

Rajoelina did not state whether he will run in the 2018 presidential elections, though media reports believe it is likely. Rajoelina, as well as former President **Marc Ravalomanana** (2002-2009), did not contest the 2013 presidential elections due to the **Southern African Development Community (SADC)** mediated "*ni-ni*" (French for 'neither-nor') solution to end the political stand-off from the 2009 coup.<sup>10</sup>

Ravalomanana is also likely to run, potentially making the 2018 presidential election a three-way contest. While there are reports that Rajaonarimampianina may try to disqualify Rajoelina by invoking article 25(4) of the **African Charter of Democracy, Elections and Governance** ("*the perpetrators of unconstitutional change of government shall not be allowed to participate in elections held to restore the democratic order*"), and remove Ravalomanana by arresting him for his 2010 in-absentia murder conviction,<sup>11</sup> it is unlikely that either scenario will happen.

Secondly, and in preparation for the electoral campaign, local media reported on 18 January that a reshuffle of Rajaonarimampianina's cabinet is imminent.<sup>12</sup> Rajaonarimampianina may replace the prime minister, **Olivier Mahafaly Solonandrasana**, due to his poor relationship with the ruling **Hery Vaovao ho an'i Madagasikara (HVM)** party national president and speaker of the senate, **Rivo Rakotovo**.<sup>13</sup> According to the constitution, the president must step down 60 days before the election, and the senate speaker becomes interim president. Rakotovo may be preparing for this eventuality by removing Solonandrasana.<sup>14</sup> The replacement of the prime minister will require the approval of the national assembly, which is constitutionally responsible for choosing the new prime minister.<sup>15</sup> Ministers whom Rajaonarimampianina and Rakotovo have found ineffective or who are perceived to be unable to garner votes for the election may also be replaced, though media reports did not provide any potential names.<sup>16</sup> Sources inside the government say they do not know when this reshuffle will take place, but most likely no changes will occur until the national assembly has passed the revised electoral law.<sup>17</sup> This law outlines the election rules and how it will be run.

The **Commission Électorale Nationale Indépendante (CENI)** (independent national electoral commission) is responsible for implementing the election. CENI presented its 2017 activity report on 1 February, stating that 80% of its objectives have been achieved.<sup>18</sup> CENI president **Hery Rakotomanana** said that CENI needs to know when the revised electoral law will be passed so that it

<sup>6</sup> Jeune Afrique, 26 Jan 2018.

<sup>7</sup> Madagascar Tribune, 29 Jan 2018.

<sup>8</sup> Madagascar Tribune, 29 Jan 2018.

<sup>9</sup> Madagascar Tribune, 29 Jan 2018.

<sup>10</sup> Institute for Security Studies, 8 Feb 2018.

<sup>11</sup> Institute for Security Studies, 8 Feb 2018.

<sup>12</sup> Madagascar Tribune, 18 Jan 2018.

<sup>13</sup> Madagascar Tribune, 18 Jan 2018.

<sup>14</sup> Madagascar Tribune, 18 Jan 2018.

<sup>15</sup> Madagascar Tribune, 18 Jan 2018.

<sup>16</sup> Madagascar Tribune, 18 Jan 2018.

<sup>17</sup> Source, government official, Antananarivo.

<sup>18</sup> Madagascar Tribune, 2 Feb 2018.

can prepare for the 2018 presidential elections accordingly.<sup>19</sup> Rakotomanana said the electoral laws must be passed by the end of March for dissemination to the population.<sup>20</sup> According to Solonandrasana, an extraordinary parliamentary session will be convened in February to discuss the electoral law.<sup>21</sup>

It is impossible to predict who will win: Rajoelina is more popular in poorer, rural areas though electoral turnout for these areas is low. Ravalomanana and Rajaonarimampianina are likely to split the more business-oriented, middle- and upper-class votes.<sup>22</sup>

### Ravinala Airports concession company begins construction at two airports

Madagascar-based concession company, **Ravinala Airports**, started construction on **Ivato International Airport** in **Antananarivo** and **Fascene Airport** in **Nosy Be**, according to reports on 16 January.<sup>23</sup> The long-overdue upgrade of the airports is necessary to increase tourism and air traffic into Madagascar. The concession company has a 28-year contract with the government to develop and manage the airports.<sup>24</sup> The concession company is formed through **France-based Groupe ADP** (35% shareholder via its subsidiary **ADP Management**); the France-based **Bouygues group** (20%) through **Bouygues Bâtiment International**; and **Colas Madagascar**, a subsidiary of France-based **Colas Group**, and France-based investment manager, **Meridiam** (45%).<sup>25</sup>

The construction includes a new international terminal for Ivato capable of handling 1.5 million travellers per year and a modernised domestic terminal.<sup>26</sup> Fascene Airport will have its runway and terminal building revamped to support increasing passenger numbers.<sup>27</sup> Construction work is scheduled to be finished in early 2020.<sup>28</sup>

The improved airport terminals will be key to expanding tourism in Madagascar, which Rajaonarimampianina has stated will be an important sector for the economy. In addition to the airports, the government will also need to improve other infrastructure, such as roads to coastal areas, and entice international hotel companies to invest further for the sector to make an impact on the lives of the Malagasy.

### BlackEarth raises \$5.45m in IPO to fund drill programme at graphite mine

**Australia-based BlackEarth Minerals NL** raised \$5.45m after an initial public offering on 19 January that will help fund a 200-hole graphite drill programme at its **Maniry** graphite project in Madagascar.<sup>29</sup> The drill programme will determine the potential magnitude of the project, and comprises 2,500 metres of diamond drilling and 8,300 metres of reverse circulation drilling.<sup>30</sup> According to BlackEarth managing director **Tony Revy**, the company

*"...is keen to progress its development of the Maniry project in Madagascar by embarking on a systematic and detailed exploration programme. We also intend to undertake further mineralogical work which has already identified the potential for Maniry to produce a very coarse flake product."<sup>31</sup>*

<sup>19</sup> Madagascar Tribune, 2 Feb 2018.

<sup>20</sup> Madagascar Tribune, 1 Feb 2018.

<sup>21</sup> Madagascar Tribune, 1 Feb 2018.

<sup>22</sup> Source, political analyst, Antananarivo.

<sup>23</sup> Airport Technology, 16 Jan 2018.

<sup>24</sup> Colas, 7 May 2017.

<sup>25</sup> Colas, 7 May 2017.

<sup>26</sup> Airport Technology, 16 Jan 2018.

<sup>27</sup> Airport Technology, 16 Jan 2018.

<sup>28</sup> Airport Technology, 16 Jan 2018.

<sup>29</sup> Mining Weekly, 19 Jan 2018.

<sup>30</sup> Mining Weekly, 19 Jan 2018.

<sup>31</sup> Mining Weekly, 19 Jan 2018.

BlackEarth will also undertake exploration activities at **Ianapera** graphite mine, located approximately 50 kilometres north of Maniry.<sup>32</sup>

The mine development may lead to positive funding initiatives by other junior mining companies in Madagascar. A delegation from the ministry near the presidency in charge of mines and petroleum and the **Bureau du cadaster minier de Madagascar (BCMM)** attended the 2018 **Mining in Africa Indaba** to present the opportunities available in the country.<sup>33</sup> The delegation hopes that the scrapping of plans to revise the mining and petroleum codes will present a more stable sector for junior, and major, mining companies with an interest in exploration in Madagascar.<sup>34</sup>

### Siemens signs MOU to fast track 300MW of energy generation in Madagascar

Germany-based **Siemens AG** signed a memorandum of understanding with Madagascar on 2 February to fast track energy generation which will add an additional 300 megawatts (MW) capacity by 2019.<sup>35</sup> Madagascar's energy capabilities are extremely low, thus this additional fast track will be of benefit to businesses in urban and rural environments. Siemens and the Malagasy government will work with **Thailand**-based engineering firm, **TSK Engineering Co**, to research viable options to improve efficiency, operations and sustainability of the electricity sector.<sup>36</sup> In the short term, Siemens will install a 44MW gas turbine for mobile power generation in Antananarivo, the installation of which is achievable within two weeks.<sup>37</sup> According to **Sabine Dall'Omo**, Siemen's CEO for southern and eastern Africa,

*"The primary goal of this agreement is to increase national power generating capacity and to connect the local population to the power grid. A reliable and extensive power supply system is the fundamental prerequisite for economic growth."*<sup>38</sup>

The government has pushed several power projects in the past year, using both renewable and non-renewable energy sources. The projects help to illustrate Rajaonarimampianina's plan to improve electricity supply and ease strain on state-owned utility company, **Jiro sy rano Malagasy (Jirama)**, which international donors have consistently criticised for poor management. While many of these projects have been small, this model may well suit Madagascar at present as it does not have the infrastructure needed for a large-scale power plant.

<sup>32</sup> Mining Weekly, 19 Jan 2018.

<sup>33</sup> Source, mining official, Cape Town

<sup>34</sup> Source, mining official, Cape Town

<sup>35</sup> ESI-Africa, 2 Feb 2018.

<sup>36</sup> ESI-Africa, 2 Feb 2018.

<sup>37</sup> ESI-Africa, 2 Feb 2018.

<sup>38</sup> Dall'Omo quoted in ESI-Africa, 2 Feb 2018.

## Planner

2020 (**Madagascar**) **Ivato** and **Fascene** airport construction scheduled to be complete;  
 Nov-Dec 2018 (**Madagascar**) Scheduled presidential and parliamentary elections;  
 Feb 2018 (**Madagascar**) National assembly scheduled to debate revised electoral law

## Chronology

2 Feb 2018 (**Madagascar**) *ESI Africa*. **Germany**-based **Siemens AG** signs a memorandum of understanding with Madagascar to fast track energy generation which will add an additional 300 megawatts (MW) capacity by 2019;

1 Feb 2018 **Antananarivo (Madagascar)** *Madagascar Tribune*. The **Commission Électorale Nationale Indépendante (CENI)** (independent national electoral commission) presents its 2017 activity report, stating that 80% of its objectives have been achieved;

26 Jan 2018 **Paris (France)** *Madagascar Tribune*. Former President **Andry Rajoelina** (2009-2014) outlines his new development platform, **Initiative Emergence Madagascar (IEM)** in **Paris (France)**;

25 Jan 2018 **Antananarivo (Madagascar)** *Jeune Afrique*. President Hery Rajaonarimampianina presents his **Fisandratana 2030** (Emergence and Rebirth 2030) economic programme to government officials, and private sector and civil society representatives;

19 Jan 2018 (**Madagascar**) *Mining Weekly*. **Australia**-based **BlackEarth Minerals NL** raises \$5.45m after an initial public offering that will help fund a 200-hole graphite drill programme at its **Maniry** graphite project;

18 Jan 2018 **Antananarivo (Madagascar)** *Madagascar Tribune*. Local media report that a reshuffle of Rajaonarimampianina's cabinet is imminent, ahead of the election scheduled between 25 November and 24 December;

16 Jan 2018 (**Madagascar**) *Airport Technology*. Madagascar-based concession company, **Ravinala Airports**, starts construction on **Ivato International Airport** in **Antananarivo** and **Fascene Airport** in **Nosy Be**;