

## AFRICA RISK CONSULTING

### Madagascar Monthly Briefing June 2018

#### Madagascar Summary 18 June 2018

**President Hery Rajaonarimampianina (2014-present) announces a new unity government in an attempt to end more than a month of protests and political instability. The International Development Association (IDA), part of the World Bank Group, approves a \$40m credit for Madagascar to help improve the governance and operations of its electricity sector. Australia-based BlackEarth Minerals NL announces it will expand its drill programme at the Maniry graphite project after rock chip samples revealed up to 20.5% total graphitic carbon.**

#### President Hery Rajaonarimampianina announces new unity government

President **Hery Rajaonarimampianina** (2014- present) announced a new unity government on 11 June in an attempt to end over a month of protests and political instability.<sup>1</sup> The **Haute Cour Constitutionnelle (HCC)** (high constitutional court) ordered Rajaonarimampianina on 28 May to dissolve his government and appoint a new prime minister who has the support of all the political parties, by 1 June (see *ARC Briefing Madagascar May 2018*).<sup>2</sup> Rajaonarimampianina nominated **Christian Ntsay** as Madagascar's new prime minister on 4 June following the resignation of the former prime minister, **Olivier Mahafaly Solonandrasana**, earlier the same day.<sup>3</sup> Ntsay appointed a "consensus" cabinet on 11 June.<sup>4</sup>

Ntsay is not a member of any political party and is regarded as an experienced technocrat, having previously worked as Madagascar's representative to the **International Labour Organisation**.<sup>5</sup> He was also tourism minister under President **Marc Ravalomanana** (2002-2009) from 2002 to 2003.<sup>6</sup> Rajaonarimampianina had rejected the opposition's initial nominations for prime minister, which included **Christine Razanamahasoa**, **Roberto Tinoka** and **Hanitriniana Razafimanantsoa**.<sup>7</sup> Razanamahasoa, a member of former President **Andry Rajoelina's** (2009-2014) **miaraka amin'ny Prezida Andry Rajoelina (MAPAR)** party, in turn rejected Ntsay's appointment as a "consensus" prime minister:

*"For now I don't think this nomination is constitutional ... it's a [prime minister] who is on the side of the government, I don't think he's a consensus prime minister."*<sup>8</sup>

However, ruling **Hery Vaovao hoan'i Madagasikara (HVM)** head, **Rivo Rakotovo**, disputed Razanamahasoa's claims:

*"Ntsay isn't [HVM's] prime minister – we never recommended anyone to the president. But we do accept it."*<sup>9</sup>

The ruling HVM party had asked the court for further clarification of the order on 31 May, potentially to stall the order, but also because the court had created confusion with another order giving the

<sup>1</sup> News24, 13 Jun 2018.

<sup>2</sup> MedAfrica Times, 29 May 2018.

<sup>3</sup> AfricaNews 4 June 2018.

<sup>4</sup> Channel Africa, 12 June 2018.

<sup>5</sup> Multiple sources: Africanews, 4 Jun 2018; Seychelles News Agency, 5 Jun 2018.

<sup>6</sup> Multiple sources: Africanews, 4 Jun 2018; Seychelles News Agency, 5 Jun 2018.

<sup>7</sup> eNCA, 2 Jun 2018.

<sup>8</sup> Seychelles News Agency, 5 Jun 2018.

<sup>9</sup> Seychelles News Agency, 5 Jun 2018.

government and opposition ten days to mediate their differences.<sup>10</sup> However, the military may have forced the government's hand when defence minister General **Beni Xavier Rasolofonirina** announced on 1 June that he would deploy security forces if the political crisis were not resolved.<sup>11</sup> In the end, the government followed the court's direction. Ntsay announced the new unity government on 11 June, one day before the court's deadline.<sup>12</sup>

The new government is a mix of the major political parties – Rajaonarimampianina's HVM, Rajoelina's MAPAR, and Ravalomanana's **Tiako I Madagasikara (TIM)**, as well as some independent ministers.

<b>Department</b>	<b>Minister (party affiliation)</b>
National defence	Beni Xavier Rasolofonirina
Finance and budget	<b>Vonintsalama Sehenosoa Andriambololona</b>
Mines and petroleum	<b>Henry Rabary-Njaka (HVM)</b>
Transport and meteorology	<b>Beboarimisa Ralava (HVM)</b>
Higher education and scientific research	<b>Marie Monique Rasoazanana (HVM)</b>
Post, telecommunications and digital development	<b>Jean de Dieu Maharante (HVM)</b>
Energy and hydrocarbons	<b>Lantonianina Rasoloelison (HVM)</b>
Agriculture and forestry	<b>Harison Edmond Randriarimanana (HVM)</b>
Trade and consumer affairs	<b>Yvette Sylla (MAPAR)</b>
Public works and infrastructure	<b>Jacques Ulrich Andriantiana (HVM)</b>
Trade and consumer affairs	<b>Yvette Sylla (Madagasikara Mandroso (Madagasikara Mandroso (MAMAN))</b>
Education	<b>Gatien Horace (HVM)</b>
Water, sanitation and hygiene	<b>Roland Ravatomanga (TIM)</b>
Culture, promotion of handicrafts and safeguarding heritage	<b>Eléonore Johasy</b>
Fisheries	<b>Augustin Andriamanano (MAPAR)</b>
Spatial planning and land services	<b>Christine Razanamahaso (MAPAR)</b>
Communications	<b>Riana Andriamandavy VII (HVM)</b>
Land planning and land services	<b>Christine Razanamahaso (MAPAR)</b>
Foreign affairs	<b>Eloi Alphonse Maxime Dovo</b>
Justice	<b>Noro Vololona Harimisa</b>
Public safety	<b>Wouli Sourmah Idrissa Erick Michel</b>
National gendarmerie	<b>Jean Christophe Randriamanarina</b>
Youth and sports	<b>Tsihoara Eugène Faratiana (HVM)</b>
Civil service, labour and employment	<b>Holder Ramaholimasy</b>

<sup>10</sup> Africanews, 2 Jun 2018.

<sup>11</sup> eNCA, 1 Jun 2018.

<sup>12</sup> Channel Africa, 12 June 2018.

Department	Minister (party affiliation)
Public health	<b>Harinirina Yoel Rantomalala</b>
Industry and private sector development	<b>Guy Rivo Randrianarisoa</b> (TIM)
Interior and decentralization	<b>Tianarivelo Razafimahefa</b> (MAPAR)
Economy and planning	<b>Marcel Arsonaivo Napetoke</b> (TIM)
Environment, ecology and forests	<b>Guillaume Venance Randriatefiarison</b>
Population, social welfare and women	<b>Lucien Irmah Naharimamy</b> (MAPAR)
Tourism	<b>Jean Brunelle Razafintsiandraofa</b> (MAPAR)
Technical education and vocational training	<b>Lydia Aimée Rahantaso</b> (TIM)

Supporters of the MAPAR and TIM parties continued their protests despite the creation of the new consensus government, insisting that Rajaonarimampianina must leave office.<sup>13</sup> The calls by both opposition members and their supporters for Rajaonarimampianina's ouster highlight a major problem in Madagascar's political environment – a lack of trust in the electoral system to decide on a leader for all Malagasy. According to **Piers Pigou** from the **International Crisis Group**, the current situation is “evidence of just how superficial the agreements were that were cobbled together”.<sup>14</sup>

The 2009 agreements that ended the political coup were supposed to provide the basis for Madagascar's democratic future, but appear to have led to further political issues. Part of the blame goes to Rajaonarimampianina's government, which has been slow to pass legislation that would plug the legal holes of the original agreement. One example is the electoral law, which the HVM delayed while seemingly trying to change it to its advantage, and which led to the current political situation. However, Ravalomanana and Rajoelina have also put their own interests – namely winning the 2018 election – ahead of acting as an opposition and holding the government to account in the national assembly. Going forward into 2019, while there may be no 'unity' government, the ruling and opposition political parties will have to focus on working together to improve the lives of the Malagasy rather than focus on how to remove another government.

### IDA approves \$40m in funding for Madagascar's power sector

The **International Development Association (IDA)**, part of the **World Bank Group**, approved a \$40m credit for Madagascar on 14 June to help improve the governance and operations of the electricity sector.<sup>15</sup> Madagascar's state-owned utility company, **Jiro sy rano Malagasy (Jirama)**, will receive financing to upgrade its dispatch centre and automation systems to improve the quality in electricity supply, as well as allow the integration of various renewable energy projects.<sup>16</sup> The government has pushed the use of off-grid solar photovoltaic projects which can be used in rural areas without the construction of major infrastructure.<sup>17</sup> These projects are likely to continue while the World Bank and other donors focus on improving governance structures at Jirama by continual promises of funding.

The World Bank's sister organisation, the **International Monetary Fund**, has also offered loans to bail out Jirama in return for reforms, as Jirama has struggled to provide stable electricity to the population.<sup>18</sup> The government has stated in the past that it was planning to privatise Jirama,<sup>19</sup> but this

<sup>13</sup> News24, 13 Jun 2018.

<sup>14</sup> News24, 13 Jun 2018.

<sup>15</sup> ESI Africa, 18 Jun 2018.

<sup>16</sup> World Bank, 14 Jun 2018

<sup>17</sup> PV Magazine, 10 May 2017.

<sup>18</sup> Newsbase, 5 Jul 2017.

has yet to happen. However, privatisation may be back on the table depending on the outcome of the 2018 presidential elections. Ravalomanana oversaw plans to privatise Jirama during his previous tenure and may look at doing so again if elected.<sup>20</sup>

As of 2016, only 15% of Madagascar's population had access to electricity, with access in rural areas even lower at 5%.<sup>21</sup> In the World Bank's 2017 **Doing Business** report, Madagascar ranked 185<sup>th</sup> out of 190 countries in the 'getting electricity' indicator, and applicants waited an average of 450 days for an electricity connection.<sup>22</sup> The IDA funds will aim to improve Madagascar's energy performance and strengthen Jirama's financial and operational performance.<sup>23</sup>

For investors, any news of increased access to electricity is positive as it is critical to economic growth in Madagascar. However, this is far from the first attempt to improve the country's power situation. Energy is a major political issue and Rajaoranimampianina kept HVM member **Lantonianaina Rasoloelison** as minister rather than appoint an opposition candidate. While the government's attempts to set targets of electricity generation and push for renewables are a start, there is a lack of focus on reforming the sector and engaging the private sector for assistance in this regard.

### **BlackEarth Minerals expands Maniry graphite project drill programme**

Australia-based **BlackEarth Minerals NL** announced it will expand its drill programme at the **Maniry** graphite project after rock chip samples showed up to 20.5% total graphitic carbon, according to reports on 13 June.<sup>24</sup> BlackEarth Minerals believes the samples show that the mineralisation of the 143 square kilometer Maniry project may extend considerably up the northeast area of Madagascar.<sup>25</sup>

BlackEarth Minerals is reportedly looking to monetise these assets as soon as possible.<sup>26</sup> It is moving towards an **Australasian Joint Ore Reserves Committee (JORC)** resource in July.<sup>27</sup> JORC is the mining industry standards for reporting exploration results and minerals resources. Graphite prices have risen in 2018 as graphite is a key component of renewable batteries used in electric cars. Madagascar currently produces around 5,000 tonnes of graphite per year, but supply is likely to increase with demand, which is forecast to grow by 17-22% between 2017 and 2027.<sup>28</sup>

The former mines minister, **Ying Vah Zafilahy**, tried to push Madagascar as a potential destination for major mining companies, with **Japan-based Sumitomo Corp's** and **Canada-based Sherritt International Corp's** joint venture **Ambatovy** nickel mine being the largest example. The government's decision to scrap the revised mining code may encourage other mining companies to explore. BlackEarth Minerals' recent samples should pique interest, though most mining companies are likely to bide their time until after the 2018 elections.

<sup>19</sup> Terra Daily, 1 Apr 2004.

<sup>20</sup> Freedom House, Countries at the Crossroads: An Analysis of Democratic Governance, 2011.

<sup>21</sup> World Bank, 14 Jun 2018

<sup>22</sup> World Bank, 14 Jun 2018

<sup>23</sup> Afriquenligne, 19 Jun 2018.

<sup>24</sup> The West Australian, 13 Jun 2018.

<sup>25</sup> The West Australian, 13 Jun 2018.

<sup>26</sup> The West Australian, 13 Jun 2018.

<sup>27</sup> Stockhead, 26 May 2018.

<sup>28</sup> Stockhead, 26 May 2018.

## Planner

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

## Chronology

14 Jun 2018 **Antananarivo (Madagascar)** *World Bank*. The **International Development Agency** approves \$40m in funding for Madagascar's electricity sector;

13 Jun 2018 **Antananarivo (Madagascar)** *The West Australian*. **BlackEarth Minerals** finds 20.5% graphite carbon in its samples, leading it to increase its drill programme at the **Maniry** graphite project;

11 Jun 2018 **Antananarivo (Madagascar)** *Reuters*. President **Hery Rajaonarimampianina** names the new cabinet of prime minister **Christian Ntsay** following Supreme Court orders to end the political crisis;

4 Jun 2018 **Antananarivo (Madagascar)** *L'Express Madagascar*. President **Hery Rajaonarimampianina** names **Christian Ntsay** as prime minister after former prime minister **Olivier Mahafaly Solanadrasana** resigns in an attempt to end the ongoing political crisis;

2 Jun 2018 **Antananarivo (Madagascar)** *eNCA*. President **Hery Rajaonarimampianina** rejects the opposition's nominations for prime minister, leading to further instability and protests;

30 May 2018 **Antananarivo (Madagascar)** *Modern Ghana*. President **Hery Rajaonarimampianina** petitions the **Haute Cour Constitutionnelle** (constitutional court) to clarify its instructions regarding its order for the government to dissolve and appoint a new prime minister;