

AFRICA RISK CONSULTING

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Madagascar Summary 19 August 2024

Madagascar's so-called government council postpones the upcoming local government elections to 11 December from 6 November. Inflation and the cost of living continue to persist in Madagascar. As such, the Banky foiben'i Madagasikara (BFM) (central bank) on 6 August increases interest rates by 50 basis points and the state launches a new social security programme on 9 August to assist vulnerable households. Students in Antananarivo and Toliara stage protests through July and August over the government's continued failure to pay financial aid bursaries. Security forces free hostages in the Analamanga region highlighting the threat of kidnapping in the country.

Date for local elections moved back to December

The so-called government council approved a motion on 8 August to delay the upcoming municipal and commune elections from 6 November until 11 December.¹ This follows the **Commission Electorale Nationale Indépendante (CENI)** (electoral commission) request on 26 July that the elections be delayed.² CENI called for the postponement because President **Andry Rajoelina** (2019-present) and prime minister **Christian Ntsay** have yet to appoint a new council of ministers following the resignation of the previous council of ministers on 10 July, a necessary step for the formation of a new **Assemblée Nationale** (national assembly) (see *ARC Madagascar Briefing -July 2024*).

In the interim, the council of ministers' duties are being managed by the so-called government council, which is essentially comprised of the previous cabinet members. However, the government council lacks the authority to take constitutional actions such as approving the election timetable

The council of ministers must proclaim the election date and approve the timetable three months before the election. As such a new cabinet needed to have been installed by 6 August. CENI's request was first submitted to Madagascar's council of state, which is the legal advisor to the government. On 30 July, the council of state advised that postponing the date would not violate Malagasy law as long as the election took place before the end of December.³

Rajoelina is widely expected to announce his new council of ministers before the end of August which means the cabinet should be sworn in in time to approve the new election date and timetable by 11 September.

Under CENI's proposed new timetable, aspiring candidates for the municipal and commune elections have until 15 September to submit their applications.⁴ The official election campaign period will then take place between 19 November and 9 December. As is typical in Madagascar, no campaigning will be permitted the day before and the day of the election.

Notably, Madagascar's opposition parties have not objected to the election postponement. It is likely that these parties actually welcome this development as it gives them more time to select their candidates. Furthermore, the recently formed **Firaisambe** opposition coalition still needs to formalise its structures and establish which constituencies its member parties will contest as a coalition or as individuals. Significantly, the largest party in the Firaisambe coalition, the **Tiako I Madagasikara**

¹ 2424, 8 Aug 2024

² Midi Madagasikara, 27 Jul 2024

³ Madagascar Tribune, 1 Aug 2024

⁴ Midi Madagasikara, 12 Aug 2024

(TIM), is reported to be considering contesting the **Antananarivo** mayoral contest independent of the coalition.⁵ There is speculation that TIM leader, former president **Marc Ravalomanana** (2002-2009) will be TIM's mayoral candidate. Such a development would make that municipal election particularly competitive given that Ravalomanana and Rajoelina both enjoy substantial support in the capital city.

State intervenes to address inflation concerns

Among the issues that are expected to be prevalent in the upcoming local elections is the rising cost of living in Madagascar, which is largely driven by the country's persistent inflation. Inflation has averaged around 7.3% this year largely due to food price inflation. To reduce inflation in Madagascar, **Banky foiben'i Madagasikara (BFM)** (central bank) hiked the main policy rates by 50 basis points on 6 August. The BFM's **Monetary Policy Committee (MPC)** elected to increase the deposit facility rate (the interest banks receive for depositing money with the central bank) to 9.5% from 9% and the marginal lending facility rate (the interest rate banks pay when they borrow from the central bank overnight) to 11.5% from 11%.

The BFM is hoping that these higher rates will help constrain liquidity and credit in the market and reduce demand-pull inflation. The intention is to bring Madagascar's annual inflation rate below the BFM's target level of 6%. However, there are concerns associated with increasing the interest rate – higher interest rates will place pressure on consumer spending and reduce domestic investment incentives. Such consumer spending and investment are essential to drive economic growth in Madagascar.

Increasing the interest rate will also not have an instantaneous impact on rising costs in Madagascar and will take several weeks to impact inflation. In a more direct intervention, the government has announced a new social security programme to help vulnerable households cope with rising food prices.

Rajoelina launched this social protection programme, dubbed the **Tsimbina** (support) programme, on 9 August during an event at the **Mahamasina** gymnasium in Antananarivo.⁶ Under this programme, over 820,000 vulnerable households will receive a cash payment of MGA 200,000 (\$43.47) paid in two MGA 100,000 (\$21.73) tranches.

Although these payments are low in value, they will have a measurable impact in preventing worsening food insecurity for these households. The Tsimbina programme's primary motivation is to help these households cope with the rising cost of food, especially staples such as rice.

Interventions such as raising interest rates to reduce inflation and providing government grants to help adapt to increased living costs are important and will have some impact. However, several of the drivers of inflation and rising food costs in Madagascar are due to supply-side issues as well as global inflationary trends.

To have a meaningful impact in reducing inflation in Madagascar without undermining the consumer spending and investment required to spur economic growth, the government needs to accelerate its structural reform agenda. This includes improving the functioning of the state-owned utility **Jirama** to reduce expensive power and water cuts, bolstering climate resilience, supporting local farmers to improve food sovereignty in the country, and securing better agreements to ensure more affordable and reliable fuel supplies to the island. Addressing these structural challenges will have a larger impact on stabilising inflation over the long term.

Students protest over unpaid financial aid

Madagascar's government is under pressure to address the cost of living challenges as such social stresses are known to drive unrest in the country. Illustrative of this has been the recent student

⁵ L'Express, 5 Aug 2024

⁶ L'Express, 10 Aug 2024

protests at universities in the country. These protests have centred on the government's failure to pay the financial aid it promised to students as well as improve basic living standards at university campuses. This includes ensuring access to electricity, running water, and the internet.

The first of these recent protests occurred at the **University of Antananarivo** and the **University of Toliara** on 18 July.⁷ The largest of these was at the University of Antananarivo's **Ankatso II** campus where students blockaded roads with burning tires

Then less than two weeks later, students at the **École Supérieure Polytechnique d'Antananarivo (ESPA) Vontovorona** campus embarked on similar protests blockading roads outside of that campus on 31 July and 1 August.⁸ Clashes subsequently broke out between the protesting students and police when the law enforcement officers attempted to disperse the protest. At least one student was seriously injured in these clashes.

Such student-led protests occur frequently in Madagascar due to the government's repeated failure to meet its financial aid obligations. As yet, the state is still several months in arrears on these payments and is likely to make restitution in the near future. Accordingly, further protests are anticipated especially given the added financial strain on these students caused by rising food costs.

Hostages freed in Analamanga region

Malagasy security forces successfully rescued ten hostages during an operation in the **Anjozorobe** district of **Analamanga** region on 3 August.⁹ This operation was conducted jointly by the Malagasy military and the gendarmerie. These forces targeted a group of bandits (referred to locally as dahalo) who were suspected of carrying out kidnappings in Analamanga's rural areas. The victims were mostly subsistence farmers from the **Ambohibary Vohilena** commune who were seized by the dahalo during a raid that comprised at least 30 bandits on 1 August.

Anjozorobe district has emerged as a kidnapping hotspot in Madagascar in recent months. According to officials at least 22 people have been kidnapped in the district between 30 June and 6 August. Local dahalo gangs have turned to kidnapping as an additional source of revenue and primarily target rural villagers to extort ransoms from their families.

Dahalo have long been the most serious security concern in rural Madagascar. These bandit gangs tend to be well-armed and can include several dozen members. Historically, dahalo have focussed on cattle rustling and raiding rural farmsteads for vanilla and valuables. However, in recent years these groups have become increasingly emboldened and frequently hijack vehicles travelling along the country's rural roads.

The shift towards kidnapping is a major security concern as it does change the dynamics of the security environment in Madagascar. The apparent success enjoyed by dahalo gangs in Analamanga could potentially incentivise dahalo in other regions to pivot towards kidnapping operations as well. Although these gangs have currently targeted locals, there is a real possibility that they could begin targeting foreign nationals given the perception that such nationals are wealthier and would command a higher ransom. This will particularly be an operational concern for those in the mining and agricultural sectors in Madagascar that are located in isolated rural areas.

Planner

11 Dec 2024 **Madagascar** local government elections;

Aug 2025 **Antananarivo (Madagascar) Southern African Development Community (SADC) Heads of State and Government Summit**

⁷ NewsMada, 19 Jul 2024

⁸ L'Express, 2 Aug 2024

⁹ L'Express, 5 Aug 2024

Chronology

14 Aug 2024 **Harare (Zimbabwe)** *L'Express*. The **Southern African Development Community (SADC)** announces that its next heads of state and government summit will be held in **Antananarivo (Madagascar)** in August 2025;

13 Aug 2024 **Antananarivo (Madagascar)** *Midi Madagasikara*. **United States Agency for International Development (USAID)** offers support to combat trafficking in Madagascar;

13 Aug 2024 **Antananarivo (Madagascar)** *Madagascar Tribune*. Residents in the **67 Ha** district in Antananarivo protest over repeated electricity blackouts in the city;

12 Aug 2024 **Antananarivo (Madagascar)** *L'Express*. A fire destroys an estimated 17 houses in Antananarivo's **Andavamamba** district;

3 Aug 2024 **London (United Kingdom)** *L'Express*. Former chief of staff in the presidency, **Romy Voos Andrianarisoa** reveals that she has been released from the **United Kingdom (UK)** prison in which she was serving her sentence for bribery and corruption;

30 Jul 2024 **Bissau (Guinea-Bissau)** *Odemocrata*. President **Andry Rajoelina** meets with his Bissau-Guinean counterpart **Umaro Sissoco Embaló** and oversees the signing of a general cooperation agreement;

28 Jul 2024 **Antananarivo (Madagascar)** *Club of Mozambique*. **United Kingdom**-headquartered graphite producer, **Tirupati Graphite**, begins full-scale operations at its **Vatomina** project in Madagascar's **Atsinanana** region;

28 Jul 2024 **Antanandava (Madagascar)** *L'Express*. A vigilante mob lynches a suspected bandit in the town of Antanandava (**Alaotra-Mangoro Region**);

26 Jul 2024 **Paris (France)** *L'Express*. President **Andry Rajoelina** meets with French President **Emmanuel Macron** at the **Elysee Palace** in Paris and invites the French president to visit **Madagascar**;

23 Jul 2024 **Antananarivo (Madagascar)** *L'Express*. A memorandum of understanding (MoU) is reached between the state and oil companies for the supply of petroleum products and fuel to the state-owned utility **Jirama**.

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