

AFRICA RISK CONSULTING

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Madagascar Summary 8 March 2022

Tropical storm Dumako and cyclone Emnati displace thousands and cause further damage to infrastructure following tropical storm Ana in January and cyclone Batsirai in February. The conseil des ministres (council of ministers) calls on public and private partners to rebuild Malagasy school buildings, and establishes a monitoring committee to track funds. The International Monetary Fund (IMF) disburses \$67.5m (48.88 million in Special Drawing Rights (SDRs)) to Madagascar following a review of its economic reform programme under the Extended Credit Facility (ECF) arrangement. The Cour des Comptes (court of auditors) publishes a 72-page report on government response and spending in the Covid-19 pandemic. Justice minister Imbiki Herilaza is implicated in a bribery scandal on social media and resigns from his post. Cases of Covid-19 continue to decline as government reopens international air borders. However, flights between South Africa and Madagascar remain suspended. Madagascar-based Groupe Filatex purchases a 40-megawatt heavy fuel oil power plant and a 41% stake in a flywheel energy storage technology company.

Calls to rebuild infrastructure follow extreme weather

More extreme weather in **Madagascar** has displaced thousands of residents and caused further damage to infrastructure and housing, following tropical storm **Ana** in January and cyclone **Batsirai** in February (see *ARC Briefing Madagascar Feb 2022*). The 2022 cyclone season has severely impacted the Madagascan economy and quality of life for citizens, and deepened a food security crisis in the south of the country. The **Bureau National de la Gestion des Risques et Catastrophe (BNGRC)** (national office for risk and disaster management) estimates that Batsirai displaced 143,000 people and caused 121 deaths.

Tropical storm **Dumako** made landfall on 15 February in **Soanierana Ivongo**, displacing 4,300 people and killing 14.^{1,2} The BNGRC cautioned on 16 February that the storm was likely to bring heavy rainfall to west and northern Madagascar increasing the risk of landslides.³ BNGRC disaster management officer General **Elack Andriakaja** said food supplies were insufficient for those displaced and affected by the storm.

Cyclone **Emnati** made landfall shortly after Dumako, on 22 February, in **Manakara** district.⁴ The **United Nations (UN)** weather agency issued red alerts in the **Vatomandry** and **Farafangana** regions in eastern Madagascar, forecasting high winds, heavy rains and storm surges in coastal areas.⁵ The UN agency predicts 8-12 further cyclones will hit the **Southern African** region and Madagascar before the end of May, attributing the extreme weather to climate change. **United Kingdom (UK)**-based aid agency **Humanity & Inclusion** director **Vincent Dalonneau** described this year's cyclone season as "the most intense I have seen since I have been here".⁶ The UN weather agency established its Southern African task force following **Cyclone Idai** and **Cyclone Kenneth**, which hit **Mozambique** and neighbouring countries in 2019 (see *ARC Briefing Mozambique May 2019*).

¹ [Reuters](#), 23 Feb 2022

² [Reuters](#), 19 Feb 2022

³ [Bloomberg](#), 16 Feb 2022

⁴ [NNN](#), 23 Feb 2022

⁵ [Bloomberg Green](#), 21 Feb 2022

⁶ [Bloomberg Green](#), 21 Feb 2022

The Conseil des ministres (council of ministers) responded to the loss of 2,562 classrooms destroyed or repurposed by cyclone Batsirai, launching an **Appel à solidarité et à contribution** (solidarity and contribution appeal).⁷ The appeal calls on public and private partners to contribute to reconstruction efforts. The first phase of the programme aims to install 4,820 new roofs at the worst affected establishments and a further 2,000 in a second phase of work.⁸ The council of ministers also established a monitoring committee to prevent the misappropriation of funds.⁹ The monitoring committee reflects a renewed drive for accountability and transparency, falling conveniently ahead of an **International Monetary Fund (IMF)** review of Madagascar's **Extended Credit Facility (ECF)** arrangement (see below).

IMF issues more Special Drawing Rights ...

The IMF has disbursed \$67.5m (48.88 million in **Special Drawing Rights (SDRs)**) to Madagascar.¹⁰ The latest disbursement is Madagascar's third, following the release of two **Rapid Credit Facility (RCF)** sums in April 2020 (\$165.99m (122.2 million SDR)) and July 2020 (\$171.9m (122.2 million SDR)). Madagascar used 100% of its RCF allocation in 2020, but was granted a further \$322m (234.2 million SDR) allocation in August 2021 when the IMF made an historic general allocation of \$650 billion.^{11, 12}

The IMF completed a review of Madagascar's economic reform programme under the **Extended Credit Facility (ECF)** arrangement in a meeting on 7 March.¹³ The 40-month ECF arrangement began on 29 March 2021, offering access to \$312.4m (219.96 million SDR) to support Madagascar's recovery from the **Covid-19** pandemic and revive the authorities' reform momentum to raise and sustain growth and reduce poverty.¹⁴

IMF deputy managing director and acting executive board chair **Antoinette Sayeh** described Madagascar's performance under the IMF-supported programme for the first half of 2021 as "*broadly satisfactory*" despite the pandemic and recent cyclones, which took a severe human and economic toll on the country:

*"The continuation of prudent policies and implementation of the reform agenda under the Extended Credit Facility arrangement will support the economic recovery and should help achieve more sustainable and inclusive growth."*¹⁵

The IMF report stressed the need for greater domestic revenue mobilisation, despite reports from the **Opérations globales du Trésor (OGT)** (global treasury operations) that budget revenue had increased in the last quarter of 2021 (see *ARC Briefing Madagascar Feb 2022*).¹⁶ While the IMF praised Madagascar's 2022 budget for its social and investment spending, it highlighted the country's moderate risk of debt distress, urging government to deploy a

*"prudent debt management strategy that relies on grants and concessional financing for scaling-up investment".*¹⁷

Madagascar's reliance on concessional finance is seen in a recent review of sources of funding for its response to the Covid-19 pandemic (see below).¹⁸

⁷ [Madagascar Tribune](#), 11 Feb 2022

⁸ [Madagascar Tribune](#), 11 Feb 2022

⁹ [Madagascar Tribune](#), 11 Feb 2022

¹⁰ [International Monetary Fund](#), 7 Mar 2022

¹¹ [International Monetary Fund](#), 7 Mar 2022

¹² [International Monetary Fund](#), 2 Aug 2022

¹³ [International Monetary Fund](#), 7 Mar 2022

¹⁴ [International Monetary Fund](#), 7 Mar 2022

¹⁵ [International Monetary Fund](#), 7 Mar 2022

¹⁶ [BFM](#), 1 Feb 2022

¹⁷ [International Monetary Fund](#), 7 Mar 2022

¹⁸ [Cour des Comptes](#), 15 Feb 2022

TABLE N° 1 - FUNDING FOR THE FIGHT AGAINST COVID-19

In millions of USD

DONORS /DONATEURS	PROJECT	AMOUNT ALLOCATED	DISBURSEMENT AS OF 12/31/2020
WORLD BANK /IDA	CCRU/ PARN component	20,000	18,920
	EFP	1,760	0.680
	CCRU component/ PADAP	40,000	6,220
	CCRU component/ PRODUCE	50,000	25,000
	CCRU/ PIC component	33,000	10,000
	FSS F2 / FID	32,000	24,160
	Cat DDO/IDA	50,000	15,000
AFD	Cat DDO/AFD	15,000*	5,000**
IMF	RCF	337,900	337,900
JAPAN	FCV	1,120	0.002***
CONTRIBUTIONS NATIONAL ACTORS		0.170	0.000
GRAND TOTAL		580.95	442.88

Sources: Memorandum of Understanding, DDP, UCP SanjeASEB 2020

... as Covid-19 spending report is published

The IMF executive board noted that “*stronger efforts*” are necessary to address budget transparency and reporting, observing that Madagascar’s **Cour des Comptes** (court of auditors) had found “*unorthodox management*” of funds ringfenced to manage the Covid-19 pandemic.¹⁹ The Cour des Comptes published its 72-page report on 15 February, fulfilling a promise by the economy and finance ministry that both the government’s control bodies and the technical and financial partners themselves would audit the funds obtained and deployed during the health crisis and state of emergency (March-October 2020).²⁰

The report found that expenditure authorised for the purpose of Covid-19 management totalled MAG’ 1.81 billion (\$434.23m) but highlighted that no system had been put in place prior to the event to disassociate Covid expenses from all other expenses.²¹ Analysis of the report by the **Madagascar Tribune** revealed significant irregularities in the management of financial flows during the health crisis.²² The Malagasy response to the pandemic was heavily dependent upon cash payments, with amounts disbursed to suppliers reaching MAG’ 200 million (\$50,000). Cash payments are non-compliant with regulatory provisions in Madagascar and come with a heightened risk of misappropriation.²³ The audit suggests the presence of fictitious services, double payments for services and possible conflicts of interest.²⁴

Further doubt has been cast on social assistance programme **Sosialimbahoaka** payments supposed to have been made to vulnerable populations through the **Mvola/Telma** mobile banking scheme.²⁵ The Cour des Comptes audit reveals a lack of supporting documents and evidence that these funds failed to reach at-risk populations:

¹⁹ [Madagascar Tribune](#), 23 Feb 2022

²⁰ [Cour des Comptes](#), 15 Feb 2022

²¹ [Cour des Comptes](#), 15 Feb 2022

²² [Madagascar Tribune](#), 23 Feb 2022

²³ [Madagascar Tribune](#), 23 Feb 2022

²⁴ [Madagascar Tribune](#), 23 Feb 2022

²⁵ [Madagascar Tribune](#), 23 Feb 2022

“Overall threshold of compliance of the expenses is very low. This weakness denotes a significant decline in good governance.”²⁶

Unfortunately, the decline of good governance and anti-bribery and corruption enforcement are not trends isolated to the pandemic response. President **Andry Rajoelina** (2019-present), despite campaign promises to reduce bribery and corruption in his 2018 presidential campaign, has made little headway in the battle against corruption.²⁷ Madagascar has climbed 11 places in **Germany-based NGO Transparency International’s 2021 Corruption Perceptions Index (CPI)**; however, officials implicated in the theft of state funds, including retired general and former prime minister **Jean Ravelonarivo**, continue to evade capture and accountability (see *ARC Briefing Madagascar Nov 2021*).²⁸ The IMF has urged Madagascan authorities to address the findings of the Cour des Comptes report, including *“effective enforcement of the anti-corruption legal framework”*.²⁹

Enforcement of Madagascar’s anti-bribery legislation is of high importance to preserve the grants and concessional financing upon which Madagascar’s economic recovery strategy is pinned. In January, the **World Bank** sanctioned Madagascar-based construction firms **Colas Madagascar SA** and **CMBI SNC** for fraudulent practice (see *ARC Briefing Madagascar Jan 2022*). The World Bank, operates a sanctions system that involves cross-barring blacklisted firms from **World Bank Group, African Development Bank Group (AfDB), Asia Development Bank (ADB), Inter-American Development Bank (IADB)** and **European Bank for Reconstruction and Development (EBRD)** projects. The IFC says its system ensures greater consistency among the multilateral development banks (MDBs) and avoids the *“anomalous situation”* of an entity debarred by one MDB.³⁰

If Madagascar wishes to manage sovereign debt appropriately and maintain strong relations with concessional funders, it must tighten enforcement of anti-bribery and corruption legislation. A truly effective anti-bribery and corruption drive involves not only legislative review and enforcement, but systemic and cultural change.

Justice minister resigns

In a further indictment of Rajoelina’s failure to reduce bribery and corruption, justice minister **Imbiki Herilaza** resigned from his post on 11 February.³¹ Herilaza’s resignation followed a bribery scandal that broke on social media platforms implicating him in a deal struck to cancel an arrest.³² A series of telephone calls between Herilaza and a third party, detailing a sum of money paid in return for the cancellation of an arrest procedure, were circulated on social media platforms.³³ Madagascar-based newspaper **L’Express** reports that the first video shows Herilaza demanding MAG’ 100 million (\$25,000) from individuals in return for the cancellation of their arrest.³⁴ The second video allegedly shows a third party demanding MAG’ 2 billion (\$495,000) from the minister, who replies that the money is in safekeeping with a relative.³⁵

The very public scandal follows the high-profile court case against **French** and Malagasy nationals accused of an attempt to assassinate President Rajoelina in July 2021, which concluded in January sentencing six individuals to hard labour (see *ARC Briefing Madagascar July 2021* and *ARC Briefing Madagascar Jan 2022*).³⁶ The court case was widely criticised as unfair and poorly executed, with the defence team levying accusations that the **“Apollo 21”** trial was a politically motivated showcase. The

²⁶ [RFL](#), 21 Feb 2022

²⁷ [France24](#), 7 Nov 2018

²⁸ [Transparency International](#), accessed 8 Mar 2022

²⁹ [International Monetary Fund](#), 7 Mar 2022

³⁰ [International Finance Corporation](#), accessed 8 Mar 2022

³¹ [Anadolu Agency](#), 14 Feb 2022

³² [Madagascar Tribune](#), 14 Feb 2022

³³ [Agence EcoFin](#), 14 Feb 2022

³⁴ [L’Express](#), 14 Feb 2022

³⁵ [L’Express](#), 14 Feb 2022

³⁶ [RFL](#), 17 Dec 2021

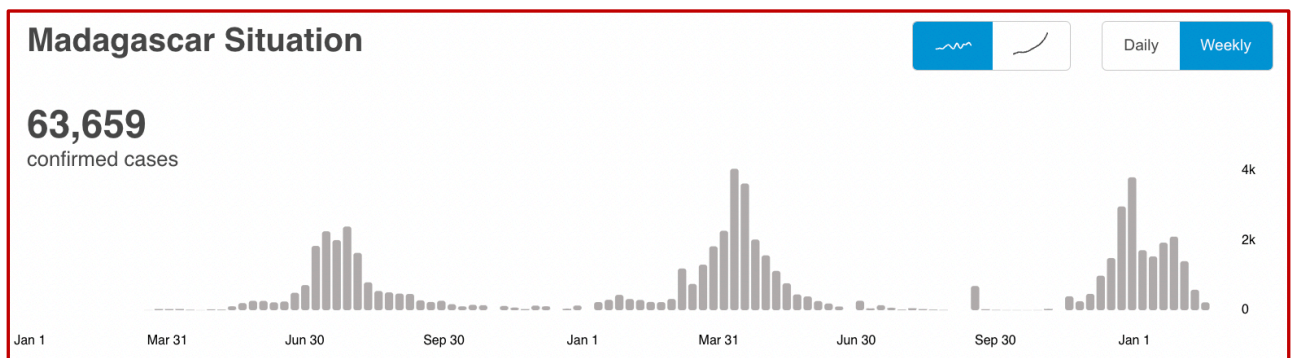
recent bribery scandal involving the justice minister and his subsequent resignation does little to support the argument that the trial was justified or well managed.

Labour, employment and civil service and social legislation minister **Gisèle Ranampy** has been appointed as interim justice minister pending the appointment of a new minister for justice.

Covid-19 update

Extreme weather events have interrupted the reporting of Covid-19 infections in Madagascar and prevented citizens from seeking Covid-19 testing and hospital treatment. However, recent statistics suggest that Madagascar continues to recover from its third wave of Covid-19 infections, which peaked in early January when new infections rose to levels last seen in March 2021.³⁷ The **World Health Organisation (WHO)** reports that cases of Covid-19 continued to decline in February (see graph below).³⁸ The ministry of health reported 589 new cases of Covid-19 from 12-18 February and 15 Covid-19-related deaths, a decline from the previous week when 1,410 new cases were recorded and 28 Covid-19-related deaths.

Madagascar's health ministry has claimed that the third wave of infections is not linked to the **Omicron** variant of Covid-19, which has yet to be detected in Madagascar (see *ARC Briefing Madagascar Jan 2022*). However, availability of **polymerase-chain reaction (PCR)** testing remains poor in Madagascar and travel channels to countries with high levels of Omicron have remained open.



On 23 February, the Conseil des ministres voted to reopen Madagascar's international borders on 5 March, allowing international airlines to resume services to Madagascar.³⁹ The council of ministers attempted to reopen Madagascar's air borders in October 2020 and again in 2021, but were prevented by successive waves of Covid-19 infections.⁴⁰ Despite signals in February that all international travel would resume in March, **South Africa**-based airline **Airlink** received a **Notice to Airmen (NOTAM)** stating that due to Covid-19, flights to and from South Africa remain prohibited. The ban on South Africa-Madagascar travel came into effect on 3 March and will expire on 3 June 2022.⁴¹

Flights from **Europe** to **Antananarivo** have been operated by **Air France** and **Air Madagascar** since November 2021 (see *ARC Briefing Madagascar Nov 2021*). The same health restrictions apply to other international flights arriving in Madagascar, which include:⁴²

- Proof of a negative PCR test taken no more than 72 hours before boarding;
- Presentation of a reservation certificate for two nights and payment of at least one night at an approved hotel;

³⁷ [World Health Organisation](#), accessed 7 Mar 2022

³⁸ [World Health Organisation](#), accessed 7 Mar 2022

³⁹ [Madagascar Tribune](#), 24 Feb 2022

⁴⁰ [Madagascar Tribune](#), 24 Feb 2022

⁴¹ [CH Aviation](#), 7 Mar 2022

⁴² [Anadolu Agency](#), 5 Mar 2022

- Submission to a PCR test upon arrival (at the expense of the traveller) and confinement until test result is known;
- Treatment at an approved hospital or medical hotel in the event of a positive test.

Travelers flying within Madagascar are no longer required to submit to a **Rapid-Diagnostic Test (RDT)** three hours before departure.⁴³ The council of ministers suspended this requirement at its meeting on 23 February, noting:

“Most contamination by Covid-19 comes from land transport and not air transport.”

Madagascar joined the WHO vaccination access scheme, **COVAX**, in April 2021 after initially opting out of the programme and instead using a local herbal remedy named **Covid-Organics** (see *ARC Briefing Madagascar April 2021*).⁴⁴ As of 7 March, WHO data reveals that 4.44% of the Madagascan population has received at least one dose of a Covid-19 vaccine, while 3.57% of individuals are fully vaccinated.⁴⁵

Filatex buys power plant and invests in storage company

Madagascar-based **Groupe Filatex**, the country’s largest employer, has made two new acquisitions to boost electricity generation and develop power storage capacity. Filatex purchased a 40-megawatt (mw) heavy fuel oil power plant in Antananarivo from **United States (US)**-based **Symbion Power** for an undisclosed amount on 7 February.⁴⁶ Filatex also acquired a 41% stake in France-based **Energiestro**, a company currently developing flywheel storage technology.⁴⁷

The acquisitions bring Filatex’s total electricity generation capacity to 210 megawatts, accounting for 40% of Madagascar’s energy demand. Filatex CEO **Hasnaine Yavarhousen** confirmed that the company plans to make the fuel oil plant a hybrid solar-power operation in the near future.⁴⁸

⁴³ [2424](#), 24 Feb 2022

⁴⁴ [VON](#), 1 Apr 2021

⁴⁵ [World Health Organisation](#), accessed 7 Mar 2022

⁴⁶ [Bloomberg Green](#), 8 Feb 2022

⁴⁷ [Bloomberg Green](#), 8 Feb 2022

⁴⁸ [Bloomberg Green](#), 8 Feb 2022

Planner

2023 (Madagascar) Potential presidential elections;

Chronology

5 Mar 2022 **Antananarivo (Madagascar)** *L'Express*. Authorities to reopen all air borders to all international flights from 6 March;

3 Mar 2022 **Antananarivo (Madagascar)** *CH Aviation*. Madagascan authorities issue a **Notice to Airmen (NOTAM)** in **South Africa** announcing a ban on flights between South Africa and Madagascar, from 3 March to 3 June 2022;

2 Mar 2022 **Antananarivo (Madagascar)** *2424*. Energy minister **Andry Ramaroson** announces that a rise in fuel prices "*seems inevitable*" following a meeting with the **Groupement des pétroliers de Madagascar** (Madagascar petroleum group);

23 Feb 2022 **Antananarivo (Madagascar)** *2424*. The **Conseil des Ministres** (council of ministers) announces that international air borders will reopen on 5 March and domestic air passengers in Madagascar will no longer be required to take a **Rapid Diagnostic Test (RDT)** prior to departure;

23 Feb 2022 **Antananarivo (Madagascar)** *Reuters*. Cyclone **Emnati** makes landfall in Madagascar, the fourth major storm to arrive in four weeks, prompting the evacuation of 30,000 people;

21 Feb 2022 **Antananarivo (Madagascar)** *RFI*. The **Cour des Comptes** (court of auditors) releases an auditing report of **Covid-19** management funds revealing spending of MGA'1.81 billion (\$434.23m) and unorthodox management of funds by Madagascar's executive branch of government;

15 Feb 2022 **Antananarivo (Madagascar)** *Reuters*. Tropical storm **Dumako** makes landfall in eastern Madagascar, displacing 4,323 people;

14 Feb 2022 **Antananarivo (Madagascar)** *Anadolu Agency*. Justice minister **Imbiki Herilaza** resigns from his post following a social media campaign implicating him in a bribery scandal; labour minister **Gisèle Ranampy** is appointed interim minister for justice;

11 Feb 2022 **Antananarivo (Madagascar)** *Madagascar Tribune*. The **Conseil des Ministres** (council of ministers) launches a schools reconstruction strategy to repair and rebuild 2,562 classrooms destroyed by extreme weather in Madagascar;

9 Feb 2022 **Antananarivo (Madagascar)** *Bloomberg Green*. Madagascar-based **Groupe Filatex** makes two new acquisitions, a 40-megawatt fuel oil power plant from **United States**-based **Symbion Power** and a 41% stake in **France**-based company **Energiestro**, developing flywheel storage technology;

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