

AFRICA RISK CONSULTING

Monthly briefing - Madagascar

30 July 2014

Summary

Malagasy authorities detain and later release two journalists on defamation charges. Prime minister Roger Christophe Laurent Kolo confirms the appointment of 82 senior bureaucrats across 11 ministries and the prime minister's office. Senior International Monetary Fund (IMF) and Multilateral Investment Guarantee Agency (MIGA) officials visit Madagascar. Kolo promises to fight graft after announcing 40% of the budget is lost to corruption.

1.1 Authorities detain and later release two journalists

Malagasy authorities detained *Madagascar Matin* publisher **Jean-Luc Rahaga** and the newspaper's editor **Didier Ramanoelina** on 21 July on charges of defamation after publishing a letter to the editor which alleged three ministers – **Rivo Rakotovoao** (secretary of state for infrastructure), **Anthelm Ramparany** (environment) and **Narson Rafidimanana** (commerce) – are linked to illegal rosewood trafficking. Madagascar has faced problems of illegal logging for decades. Despite a ban on rosewood logging and exports in 2010, illegal rosewood exports from Madagascar increased significantly during **Andry Nirina Rajoelina** (2009-2013)'s regime. The scale of recent seizures of illegally trafficked rosewood (see *ARC Madagascar June 2014 Briefing*) points to the involvement of local officials and corruption at very high levels.¹

The detention of the journalists places at risk the international and domestic goodwill **Hery Rajaonarimampianina's** (2013 – present) government has built up since his election in December 2013. However, with an apology from *Madagascar Matin* the three ministers withdrew their complaint on 25 July and the court ordered the termination of the government's prosecution.² The same day, Rajaonarimampianina called for calm and said the press was free in Madagascar. It is likely that Rajaonarimampianina influenced the release of the two journalists to avoid losing the credibility and goodwill his government has recently established with the international community. However, he publicly asked journalists to

¹ Mongabay, 3 Jun 2014.

² Multiple sources: www.jeuneafrique.com; rsf.org; www.lexpress.mu.



*"... pay attention to information that might lead to conflict or hatred, or which may cause problems for reconciliation, while the country is emerging from a long political crisis."*³

On 22 July, a day after Malagasy authorities detained Rahaga and Ramanoelina, **Reporters Without Borders (RWB) Africa** desk head **Cléa Kahn-Sriber** said,

*"Putting two journalists in prison for a defamation case is disproportionate. How can you deprive the liberty of two journalists for publishing a letter? What threat do they represent for society? Such severity raises doubt on the motivation and policies that have pushed this incarceration."*⁴

Madagascar ranks 81 (out of 180) in RWB's 2014 press freedom index, an improvement on its 2013 ranking of 88th place.⁵

1.2 Kolo makes senior bureaucratic appointments

Prime minister **Roger Christophe Laurent Kolo** confirmed the appointment of senior bureaucrats in key ministries and government offices. The appointments are an important step in creating a more efficient bureaucratic structure capable of implementing Rajaonarimampianina's economic and social reform plans. Kolo announced the 82 confirmations on 17 July.⁶ The most significant include:

- Prime minister's office CFO: Brigadier **Andre Ratelo**;
- Director of security in the prime minister's office: Colonel **Jose Jaonesy**;
- CEO of the **Directeur Général des Grands Travaux (DGGT)** (ministry of state in charge in infrastructure): **Rafaralahy Andrianoary Rakotoarisoa**;
- Director general of strategic planning (public works ministry): **Bernardin Andrianirina**;
- Energy department managing director (energy ministry): **Abdallah Ibrahim**;
- Energy ministry director of electric energy infrastructure development: **Fanja Andrianjohary Rakotomanga**;
- Water ministry secretary general: **Raymond Harimanga Randrema**;
- Office director, Malagasy public television and radio: **Rasata Lantomalala Solofonirina**.

The last significant appointment of senior bureaucrats took place in May 2014 (see *ARC Madagascar May 2014 Briefing*).

³ www.jeunafrique.com

⁴ Reporters Without Borders - Press release, 22 Jul 2014.

⁵ Rsf.org

⁶ www.lagazette-dgi.com

1.3 International donors continue enhanced engagement with Madagascar

Senior representatives from the **International Monetary Fund (IMF)** and **World Bank** paid visits to Madagascar in late June and July, a further sign that the international community is committed to increasing its engagement and cooperation with Rajaonarimampianina's reformist government. IMF deputy managing director **Min Zhu** completed a two-day visit to Madagascar on 30 June. Zhu met with prime minister Roger Kolo, finance minister **Jean Razafindravonona** and acting **Banque Centrale de Madagascar (BCM)** governor **Vonimantra Razafimbelo**.⁷ In a statement at the conclusion of his visit Zhu said

*"Growth is expected to increase to 3% in 2014 thanks mostly to mining, and should rise further in 2015 as more reforms are put in place to boost the economy. We agreed with the authorities that the main medium-term challenge for Madagascar is to create a solid foundation for faster growth and poverty reduction ...I am convinced that the government will carry on pushing for good governance and the rule of law, whilst also creating an enabling environment for business, investors and reforms that can be used to boost inclusive growth."*⁸

Michel Wormser, chief operating officer of the **Multilateral Investment Guarantee Agency (MIGA)**, the political risk insurance division of the World Bank, visited Madagascar on 7 and 8 July. The aim of Wormser's visit was to identify areas where the MIGA can help Madagascar mobilise capital for projects in the energy, transport, tourism and agribusiness sectors.⁹ Wormser said the MIGA's role is to help investors return to Madagascar, "*private investors will have a key role in creating jobs and accelerating growth in the country*".¹⁰

1.4 Kolo promises to fight corruption

Prime minister Kolo vowed to fight against graft after revealing that 40% of Madagascar's budget is lost to corruption. According to Madagascar's 2014 **Finance Act**, the national budget is \$1.3 billion. Kolo promised to restructure the **Bureau Indépendant Anti-Corruption (Bianco)** in the near future to help the fight against corruption.¹¹ The 2004 anti-corruption act created Bianco with the objectives of enacting the national anti-corruption strategy by applying the law, preventing corruption and educating the population.¹²

⁷ www.imf.org

⁸ www.imf.org

⁹ www.madagascar-tribune.com

¹⁰ www.madagascar-tribune.com

¹¹ AFP, 4 Jul 2014.

¹² Bureau Indépendant Anti-Corruption (www.bianco-mg.org)

The fight against corruption is an important component of Kolo's reform efforts but significant challenges remain. Madagascar is ranked 127 (out of 177) on **Transparency International's** corruption perception index (CPI) with a total score of 28 (out of 100).¹³ Madagascar's CPI score is on a par with other African countries such as **Mali, Gambia** and **The Comoros**. Although Madagascar ranks better than several of its African peers – including **Kenya, Uganda, Guinea, Democratic Republic of Congo, Somalia** and **Zimbabwe** – it nevertheless faces an uphill battle in curbing corruption.

According to Madagascar's current anti-corruption laws, ministers are legally required to declare their assets to Bianco or face a prison sentence of between five months and six years and a fine between 10m and 40m Ariary (A) (\$4,000 and \$15,000). The deadline for submitting declarations was 19 July. Most senior members of the government resisted declaring their assets. As of 4 July only eight ministers had submitted their declarations. They were:¹⁴

- Finance minister **Jean Razafindravonona**;
- Population minister **Eleanor Johasy Raharisoa**;
- Education minister **Marie Monique Rasoazananera**;
- Fisheries minister **M. Ahmad**;
- Economy and planning minister **Herilanto Raveloarison**;
- Tourism minister **Benjamina Ramanantsoa**;
- Public works minister **Roland Ratsiraka**;
- Labour minister **Jean de Dieu Maharante**.

However, by 18 July, the final day before Bianco could legally prosecute ministers for failure to comply with Madagascar's anti-corruption laws, all members of Kolo's cabinet had submitted their declarations.

The challenges in the fight against corruption in Madagascar are evident not only at the national government level but also at the city or municipal level. In most cases city mayors double as chief financial officers and municipal accountants, which creates poor structure for good governance.¹⁵ Moreover, 80% of municipal budgets are allocated to salaries and only the remaining 20% is allocated to development projects. **Le Fonds de développement local (FDL)** (local development fund) CEO **Hanitra Raharinjatovo** and treasury director general **Orlando Robimanana** both agree that good governance at the municipal level comes from the separation of the roles of public officer holders and

¹³ Transparency International, 2013 Corruption Perception Index

¹⁴ www.madagascar-tribune.com

¹⁵ www.madagascar-tribune.com

public account bureaucrats.¹⁶ The FDL and the national treasury plan to start training local city staff to address the problems of financial management and the lack of transparency at the municipal level.¹⁷

2 Implications

The detention of the two *Madagascar Matin* journalists highlights not only the on-going trafficking of rosewood but also the problem of corruption and potential international reaction to curbs on freedom of the press. When Rajaonarimampianina took office in January 2014 he said that stopping the illegal export of rosewood was one of his top priorities. However, the new government's efforts have not yet succeeded in curbing illegal rosewood exports which continue to find their way to **Asian** markets where demand is high. Of equal concern is the possibility that corruption at high levels of government is allowing rosewood trafficking to continue despite Rajaonarimampianina's best intentions. Curbs on freedom of the press may dampen the international community's enthusiasm to engage with the newly reformist government. Kolo's appointment of senior bureaucrats is part of the process of creating more efficient bureaucratic structures capable of implementing Rajaonarimampianina's reform plans.

Zhu's visit is a clear sign that the IMF is committed to enhancing its engagement and cooperation with Rajaonarimampianina's reformist government. Worsmers' visit signals MIGA and World Bank support for the backing of private sector investment in Madagascar. The IMF and the MIGA are important catalysts to attract international donors and private sector investment to support Madagascar's economic recovery after five years of political and economic stagnation. Corruption remains a significant problem for Rajaonarimampianina's government. The costs and risks associated with corruption may deter investors.

¹⁶ www.madagascar-tribune.com

¹⁷ www.madagascar-tribune.com