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Antananarivo mayor Lalao Ravalomanana appoints her husband, ousted former president Marc Ravalomanana (2002-2009), as a special adviser. Speculation increases over a minor cabinet reshuffle in the near future. The Office des Mines Nationales et des Industries Stratégiques (OMNIS) (national office of mines and strategic minerals) delays a planned tender for 40 offshore oil and gas blocks until 2017. President Hery Rajaonarimampianina (2014- present) hosts the 19th Common Market for Eastern and Southern Africa (COMESA) heads of state summit. The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) delays sanctions against Madagascar to allow the government more time to improve efforts to curb the illegal rosewood trade. Residents of Soamahamanina (Miarinaivo District, Itasy Region) hold a protest against Jiuxin Mines Sarl gold mining operations. The World Food Programme (WFP) and the United Nations (UN) Food and Agricultural Organization warn of food insecurity stemming from ongoing drought in southern Madagascar.

Lalao Ravalomanana appoints her husband as special adviser

Malagasy media reported in late September that Antananarivo mayor Lalao Ravalomanana appointed her husband, ousted former president Marc Ravalomanana (2002-2009), as a special adviser.¹ The likely strategy behind the appointment is to give Marc Ravalomanana an official government position to help him avoid potential prosecution that might preclude him standing in the 2018 president election.² One political analyst said,

*"This appointment is not trivial. It is intended to offer an official function to the former head of state and allow him to escape possible prosecution ..."*³

Although it remains unclear how Marc Ravalomanana will undertake his duties, his position will allow the Ravalomananas to enhance their political foothold in Antananarivo and will set the stage for Marc Ravalomanana's presidential bid in 2018,⁴ or even a presidential bid from Lalao Ravalomanana if the government impedes his candidacy.

Speculation increases over a minor cabinet reshuffle

Malagasy media reported on 25 October that a minor cabinet reshuffle may take place within the next few weeks.⁵ President Hery Rajaonarimampianina (2014- present) appointed prime minister Olivier Solonandrasana Mahafaly on 10 April after former prime minister Jean Ravelonarivo and his cabinet resigned (see *ARC Briefing Madagascar April 2016*).⁶ However, any cabinet reshuffle is only likely to take place after the 16th **Organisation Internationale de la Francophonie (OIF)** (international organisation of French speaking countries) summit, scheduled for Antananarivo on 26 and 27 November.⁷ The reshuffle may affect as many as five ministries

¹ www.lagazette.dgi.com

² www.lagazette.dgi.com

³ www.lagazette.dgi.com

⁴ www.lagazette.dgi.com

⁵ www.lexpressmada.com

⁶ Multiple sources: Bloomberg, 8 Apr 2016; Madagascar Tribune, 11 Apr 2016.

⁷ www.lexpressmada.com

including mines and petroleum, public security, finance, energy and hydrocarbons, and institutional relations.

One of the main objectives of the rumoured reshuffle is to appoint a permanent energy and hydrocarbons minister.⁸ Rajaonarimampianina appointed economy and planning minister **Herilanto Raveloharison** as acting energy and hydrocarbons minister after former late energy and hydrocarbons minister **Rodolphe Ramanantsoa** died in August.⁹ A new permanent energy and hydrocarbons minister is integral to restructuring state-owned power and water company **Jirosy Rano Malagasy (Jirama)**.¹⁰ Jirama's restructure is an important reform component that the **International Monetary Fund (IMF)** is pushing for as part of its recent extended credit facility (ECF) arrangement (see *ARC Briefing Madagascar August 2016*).¹¹

*"Reform of the electricity and water company (Jirama) plays a key role in the government's programme. To transform Jirama into an efficient, financially healthy enterprise, the authorities have taken upfront measures, including raising electricity tariffs, which limit the need for government transfers."*¹²

OMNIS delays offshore bid round

Bonaventure Rasoanaivo, managing director of the **Office des Mines Nationales et des Industries Stratégiques (OMNIS)** (national office of mines and strategic minerals), announced on 13 October that Madagascar will delay its planned tender for 40 offshore oil and gas blocks until 2017.¹³ The postponement is due to the delay in the government's efforts to finalise a new petroleum code that will regulate future oil and gas investment in Madagascar,¹⁴ a key sector which the government hopes will attract significant investment to boost economic growth and help diversify the struggling economy. Rasoanaivo said,

*"Tenders will soon be launched on 40 offshore blocks in the **Morondava Basin**... They should have been launched this year, but as the new petroleum code is not yet completed, tenders will be launched next year. We have 225 blocks, but they will not all be tendered."*¹⁵

The completion of a new petroleum code has faced significant delays. In April 2016 the energy and hydrocarbons ministry reported that the code was "90% complete" and that the government planned to submit it to parliament in the next session.¹⁶ However, the code was not passed in the first parliamentary session, which began in May. The second parliamentary session began on 18 October, but the government is now aiming for 2017.¹⁷ The government is working with the **World Bank** and **United Kingdom (UK)**-based **Adam Smith International** to reform the petroleum code.¹⁸ Former mines and petroleum minister **Joëli Valérien Lalaharisaina** remarked that:

*"The new petroleum law will allow Madagascar to undertake some institutional reform, create a new state company, and impose a new, clearer, regulatory arrangement."*¹⁹

⁸ www.lexpressmada.com

⁹ Multiple sources: Indian Ocean Newsletter, 16 Sept 2016; Midi Madagasikara, 20 Sept 2016.

¹⁰ www.lexpressmada.com

¹¹ www.imf.org

¹² www.imf.org

¹³ Reuters, 13 Oct 2016.

¹⁴ Reuters, 13 Oct 2016.

¹⁵ Reuters, 13 Oct 2016.

¹⁶ Source, political analyst, Antananarivo

¹⁷ www.assemblee-nationale.mg

¹⁸ Indian Ocean Newsletter, 1 Apr 2016.

¹⁹ UK Foreign and Commonwealth Office, Madagascar Scoping Report, Oct 2014.

Madagascar hosts COMESA summit

Rajaonarimampianina hosted the 19th **Common Market for Eastern and Southern Africa (COMESA)** heads of state summit on 18 and 19 October in Antananarivo.²⁰ The COMESA summit will increase Madagascar's visibility in southern and eastern **Africa** and help Madagascar prepare the groundwork for the upcoming OIF summit.²¹ The theme of the COMESA summit was 'inclusive and sustainable industrialisation', an important strategy for the government as it looks to address its economic and social challenges, which have persisted despite the return to democratic rule after five years of economic and political stagnation under former president **Andry Nirina Rajoelina** (2009-2014). The Malagasy government hopes to use COMESA benefits to enhance economic growth. **Gil Razafintsalama**, director of the **International Trade Board of Madagascar (ITBM)**, said COMESA

"...is a market with high potential. We should redouble our efforts at all levels, especially in exports from Madagascar to the member countries of the free trade market."²²

However, he warned that if Madagascar "is not careful ... it [will] come out losing".²³ Madagascar's trade deficit with COMESA persists, despite exports to COMESA countries increasing 30% over the past three years from \$60.5m to \$78.1m.²⁴

COMESA was formed in 1994 to replace the **Preferential Trade Area (PTA)**, which had been in place since the early 1980s. COMESA's 19 member states²⁵ have a combined population of approximately 450 million people and a combined GDP of approximately \$560 billion, constituting one of the largest free trade zones in Africa.²⁶

CITES delays Madagascar sanctions

The **Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)** passed a resolution on 23 September that gives Madagascar three more months to improve efforts on curbing the illegal **rosewood** trade and avoid sanctions.²⁷ If CITES decides at the end of the three-month period that the Malagasy government has not made tangible efforts on its pledge to take action against the illegal rosewood trade, CITES may impose a complete ban on the trade of protected species from Madagascar.²⁸ In practice this means Madagascar will not be able to export over one hundred species such as crocodiles, pythons, chameleons, lemurs and some orchids.²⁹

*"The suspension of trade is the ultimate weapon available to the international organisation to condemn a country which, through its inaction or complicity, participates in the destruction of biodiversity. And in this case, the disappearance of several species of rosewood and ebony looted into protected areas to feed a lucrative trade to **China**, where these valuable species are transformed into luxurious furniture, enriched elites."³⁰*

Madagascar has already passed laws and set up a special tribunal to try alleged rosewood traffickers but the government has made limited progress.³¹ CITES has said that no real investigations have taken place and no legal proceedings are underway.³² Moreover, the **Environmental Investigation Agency**

²⁰ www.comesa.int

²¹ www.rfi.fr

²² www.lexpressmada.com

²³ www.lexpressmada.com

²⁴ www.lexpressmada.com

²⁵ COMESA member states include: **Burundi, Comoros, Democratic Republic of the Congo, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Libya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Sudan, Swaziland, Uganda, Zambia, and Zimbabwe.**

²⁶ www.comesaria.org

²⁷ Multiple sources: www.rfi.org; www.lemonde.fr; www.expressmada.com

²⁸ www.lemonde.fr

²⁹ www.lemonde.fr

³⁰ www.lemonde.fr

³¹ www.lemonde.fr

³² www.lemonde.fr

(EIA), an independent international environmental organisation, said, “no [rosewood] baron has ever been prosecuted.”³³

With 180 member States, CITES is one of the world's most powerful international bodies for the promotion, protection and conservation of biodiversity through the regulation of trade in wild fauna and flora, which includes thousands of species that are internationally traded and used for food, housing, health care, ecotourism, cosmetics or fashion.³⁴ CITES regulates international trade in over 35,000 species of plants and animals, including their products and derivatives, ensuring their survival in the wild with benefits for the livelihoods of local people and the global environment.³⁵ CITES was established in 1973 in **Washington (United States)**.³⁶

Residents protest against Chinese mining company in Soamahamanina

Residents of **Soamahamanina (Miarinaivo District, Itasy Region)**, 65km outside Antananarivo, reportedly held a protest against **Jiuxin Mines Sarl**, after the government failed to act against the company,³⁷ which local residents accuse of illegal expropriation, destruction of local cultural sites, environmental degradation and inadequate compensation.³⁸

“Large mining projects in Madagascar seem to be one of the greatest sources of social discontent at the local level ... the main reason for the dispute with Jiuxin is the expropriation of farms, houses, tombs, culture and breeding grounds ... inadequate compensation which some local viewed as even demeaning, as in some cases residents were only compensated with bottles of oil, a few grains of rice and bicycles. In addition, if the project is expected to provide or create jobs, so far, nothing has been done by the company in this direction. As for the impact on the environment, it will engulf forever a unique Tapia forests that are not cultivated but naturally spawning. The Tapia are important silkworm habits used for manufacturing the Malagasy silk.”³⁹

A condition of Jiuxin’s licence was that the company would build roads, electrify the town, renovate one health centre and build another one.⁴⁰ However, local residents have accused the company of failing to deliver on its commitments.⁴¹ The government has so far backed Jiuxin, claiming that it has followed all the legal requirements to date.⁴² According to a senior member official of the civil society organisation **Club Développement et Ethique (CDE)** (Centre for ethical development),

“The company that operates in Soamahamanina is not in itself in the wrong. It is our law that has shortcomings.”⁴³

Jiuxin reportedly suspended work at its Soamahamanina gold mining project on 7 October.⁴⁴ The suspension of its operations comes after a series of protests from local residents (see above). Jiuxin spokesperson **Stella Andriamamonjy** said,

“The company wants to pull out so that calm and security can return to the town of Soamahamanina ... We hope the state will suggest solutions so we can find common ground with the local population. We hope to be able to start afresh and correct the errors of the past ... We

³³ www.lemonde.fr

³⁴ www.cites.org

³⁵ www.cites.org

³⁶ www.cites.org

³⁷ www.expressmada.com

³⁸ Source, mining analyst, Madagascar

³⁹ Source, mining analyst, Madagascar

⁴⁰ www.news24.com

⁴¹ Source, mining analyst, Madagascar

⁴² Source, mining analyst, Madagascar

⁴³ Source, senior CDE official, Madagascar

⁴⁴ www.news24.com

will do our best to set up local projects – because that is what the people want – before really embarking on mining proper.”⁴⁵

WFP executive director visits Madagascar & highlights food insecurity

World Food Programme (WFP) executive director **Ertharin Cousin** arrived in Madagascar on 2 October for a three-day visit.⁴⁶ The purpose of Cousin’s visit was to draw attention to the impact the ongoing drought is having on communities in southern Madagascar.⁴⁷ While in Madagascar, Cousin visited areas that experienced the worst effects of the drought, particularly the **Tsihombe** and **Ambovombe** districts. She also held talks with senior government officials including Rajaonarimampianina, foreign minister **Beatrice Attala** and members of the donor community on how to address the impact of the drought.⁴⁸ According to the crop and food security assessment report that the WFP and the agriculture ministry completed in September, 1.2 million people are food insecure in southern Madagascar, half of them severely.⁴⁹ According the report,

*“This year’s maize harvests in the districts of **Bekily**, **Beloha**, **Tsihombe**, **Amboasary**, **Ambovombe** and parts of **Ampanihy** and **Betioky** failed while harvests in other southern areas were well below average. Off-season production (cassava, sweet potatoes, rice) mostly failed in the districts of **Beloha** and **Tsihombe**, but these harvests play an important role in current food availability in other areas.”⁵⁰*

According to the **Famine Early Warning System Network**,

*“High levels of acute food insecurity are expected in the south through the end of the lean season in February 2017 due to the effects of last year’s drought. In worst affected areas, particularly in **Tsihombe** and parts of **Beloha** districts, poor households are expected to face large food consumption gaps, in line with emergency food insecurity ... To cope, households are currently intensifying non-agricultural activities such as charcoal, water, and firewood sales, and are migrating for work at above-normal levels. In the extreme south, cassava, maize, livestock rearing livelihood zone, which includes much of **Androy Region**, [a recent] assessment also found that asset stripping was evident and that livestock herds were almost depleted.”⁵¹*

Moreover, the **United Nations (UN) Food and Agricultural Organization (FAO)** said on 20 October that 84,000 people in southern Madagascar face “*alarming*”⁵² levels of food insecurity because of the ongoing drought (see *ARC Briefing Madagascar September 2016*).⁵³ As a result of the drought and widespread crop failures, the FAO urgently requires more resources to address the food insecurity crisis, which is expected to worsen into 2017.⁵⁴

Madagascar has made limited progress since 2000 with regard to addressing malnourishment, undernourishment and overall food security challenges.⁵⁵ According to the **Global Hunger Index (GHI)** 2016 report, overall hunger related issues in developing countries has declined to 29% of the population.⁵⁶ Although the percentage of Malagasy people who are classified as undernourished has declined since 2000, Madagascar still faces above average hunger related problems.⁵⁷ According to

⁴⁵ www.news24.com

⁴⁶ WFP, 3 Oct 2016.

⁴⁷ WFP, 3 Oct 2016.

⁴⁸ WFP, 3 Oct 2016.

⁴⁹ WFP, 3 Oct 2016.

⁵⁰ Reliefweb.int

⁵¹ Reliefweb.int

⁵² www.bloomberg.com

⁵³ www.bloomberg.com

⁵⁴ www.bloomberg.com

⁵⁵ www.madagascar-tribune.com

⁵⁶ www.madagascar-tribune.com

⁵⁷ www.madagascar-tribune.com

the GHI 2016 report, 35.4% of the population is considered undernourished, above the developing country average, but below Madagascar's 2000 level of 44.2%.⁵⁸

Implications

Lalao Ravalomanana intends her appointment of ousted former president Marc Ravalomanana as her adviser to provide political protection against potential government attempts to block his planned 2018 presidential bid. The rumoured cabinet reshuffle will enhance stability, particularly in the hydrocarbons and energy ministry which has lacked a permanent minister since August, and allow the government to 'kick start' the IMF-backed Jirama reform process.

The delayed oil and gas bid round, as a result of the failure to finalise a new petroleum code, will delay government efforts to attract foreign direct investment and diversify Madagascar's extractive sector. The COMESA summit will not have a lasting impact on Madagascar's economic outlook, but does play a role in enhancing Madagascar's international reputation as it seeks foreign direct investment and donor aid to help support its economic recovery agenda.

The local protests against Juaxin signal to extractive sector investors that, despite formal government approval, a local informal 'social licence to operate' is an important component of a successful extractive sector operation.

The food insecurity situation in southern Madagascar will continue into 2017. The government does not have the resources to effectively address the situation, and it is reliant on international aid agencies and the donor community to minimise the negative impact of the ongoing drought.

⁵⁸ www.madagascar-tribune.com

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