

## AFRICA RISK CONSULTING

### Madagascar Monthly Briefing February 2022

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#### Madagascar Summary 15 February 2022

*Commission Electorale Nationale Indépendante (CENI) (independent national electoral commission) proposes on 10 February that the presidential election takes place on 9 November and 20 December as a date for a second-round run-off election if required. This is the latest important step in the country's election preparations and comes amid continued pre-election campaigning by the major prospective candidates. Most notably this includes former president Hery Rajaonarimampianina (2014-2018) who recently returned to the country. Tropical Storm Cheneso makes landfall in Madagascar displacing thousands and negatively impacting people across 11 regions. Officials lift the ban on flights to and from South Africa in a promising move for the travel and tourism industry. This is despite the fact that the impasse between the two governments over smuggled Malagasy gold remains unresolved. The Banky Foiben'i Madagasikara's (BFM) (central bank) Monetary Policy Committee announces on 11 February it will retain interest rates at their current levels despite ongoing concerns about inflation.*

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#### Election date proposed as pre-campaigning intensifies

**Commission Electorale Nationale Indépendante (CENI)** (independent national electoral commission) announced on 10 February that **Madagascar's** presidential election would take place on 9 November with 20 December earmarked for a second round if necessary.<sup>1</sup> In its presentation proposing the election dates, CENI stressed that it had considered the potential dates carefully and opted for the 9 November date as it provided enough time to prepare for the election, would fall outside the worst of the rainy season, and will ensure that the election period is concluded before the end-year festive period.

However, the government may push for a later election date as the date CENI has proposed falls ten days earlier than the constitutionally outlined window of between 30 and 60 days before the end of the current president's term. President **Andry Rajoelina's** (2019-present) presidential term officially ends on 19 January, so the election should be held between 19 November and 19 December. This is a semantic difference but the government may opt to use this as a basis to reject CENI's proposed dates and push for a later election, potentially for the first round to be held in December. This would result in any campaigning for a potential second round taking place over the Christmas and New Year period and one could see a markedly reduced voter turnout in the second round. If Rajoelina believes a lower turnout would benefit him, he will likely use the power of the state to push for a later election date.

Regardless of this remaining uncertainty over the date of the election, political parties are actively preparing for the presidential election and candidates are, for all intents and purposes, already campaigning.

Rajoelina visited communities in **Boeny** region on 3 and 11 February, which were impacted by the passing of **Tropical Storm Cheneso**.<sup>2</sup> Rajoelina announced on the 3 February visit that his government would dramatically increase social spending and that he would order a halt on any new infrastructure spending in order to finance increased social support to struggling Malagasy families.<sup>3</sup> This is clearly a calculated move by Rajoelina to pay a long-term economic cost for short-term political gain. If the president follows through on this promise, his popularity will be boosted as

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<sup>1</sup> Madagascar Tribune, 11 Feb 2023

<sup>2</sup> Orange, 3 Feb 2023

<sup>3</sup> L'Express, 3 Feb 2023

increased social spending and support translates into short-term reprieve for Madagascar's vulnerable communities. However, it will come at the expense of the country's urgently needed infrastructure renewal programme which Madagascar needs to aggressively pursue in order to ensure improved long-term economic success. Rajoelina's promise also indicates that he will be focusing on short-term governance gains aimed at boosting his own popularity until after the election.

Rajoelina's most serious challenger, former president **Marc Ravalomanana** (2002-2009), has been openly campaigning since the start of the year (*see ARC Briefing Madagascar Jan 2023*). In recent weeks Ravalomanana has been increasing efforts to unify the opposition behind him, especially ensuring that the newly formed opposition movement, **C'Lera**, is united behind his candidacy.<sup>4</sup> C'Lera was formed at the start of 2023 by a diverse group of opposition parties and civil society organisations whose guiding principle is its opposition to Rajoelina securing a second term. However, as yet, C'Lera has not yet agreed on whom it will support in the upcoming election. If any candidate is to successfully dethrone Rajoelina they will need to unite the opposition forces including Ravalomanana's **Tiako I Madagasikara (TIM)**, former president **Hery Rajaonarimampianina's** (2014-2018) **Hery Vaovao ho an'i Madagasikara (HVM)**, as well as the two main opposition movements, the newly formed C'Lera and the more established **Rassemblement des opposants à Madagascar, pour la démocratie (RMDM)**.

Ravalomanana's efforts to consolidate the opposition have been complicated by the return of Rajaonarimampianina to Madagascar on 11 February from abroad, where he has lived since he failed to secure re-election in 2018.<sup>5</sup> The former president has not revealed whether or not he will contest the upcoming election, instead announcing a series of quasi-campaign events which he claims he will use to witness the state of the country and to listen to the citizenry.<sup>6</sup> This is an open effort to ascertain his levels of support in the country and the viability of his potential candidacy. Rajaonarimampianina is unlikely to be a serious challenger for the presidency if Rajoelina and Ravalomanana remain in the race, but should he decide to contest the election he does risk splitting the opposition vote.

It should also be noted that it is not a foregone conclusion that Rajaonarimampianina would support Ravalomanana if he elected not to run himself. Former senate president **Rivo Rakotavao** led the HVM in Rajaonarimampianina's absence and the party has been opposed to Rajoelina over the past four years under Rakotavao's leadership, but Rajaonarimampianina's own allegiances are more complex given that he rose to prominence in Malagasy politics as Rajoelina's finance minister during the president's first term (2009-2014).

CENI's announcement of a proposed election day will increase scrutiny on potential candidates. The window for candidate registration is expected to occur sometime in July and August and as such, there is still time for potential candidates such as Rajaonarimampianina to test their popularity levels. In the interim aggressive lobbying is expected to take place behind the scenes of both the ruling coalition and the opposition to secure as much support as possible and to limit the number of potential challengers.

### Tropical storm displaces thousands

Tropical Storm Cheneso killed at least 33 people and displaced over 38,000 others between 16 January and 1 February.<sup>7</sup> **Bureau National de Gestion des Risques et des Catastrophes (BNGRC)** (national office for risk and disaster management) also reported by 2 February that over 90,870 people were negatively impacted by the storm. Cheneso formed off the northeast coast of Madagascar before making landfall in **Sava** region on 19 January. The storm then traversed the island before entering the **Mozambican Channel** on 23 January. Once in the channel, the storm changed direction and began heading south and south-east hugging the Malagasy coastline. Cheneso strengthened to a Category 1 storm by 25 January and Category 2 by 28 January. The nature of the storm's path –

<sup>4</sup> RFI, 2 Feb 2023

<sup>5</sup> RFI 11 Feb 2023

<sup>6</sup> Midi Madagasikara, 13 Feb 2023

<sup>7</sup> Al Jazeera, 30 Jan 2023

making landfall in Sava region in the country's northeast, traversing the island and entering the Mozambican Channel off the coast of **Melaky** region located in the middle of Madagascar's western coast – amplified the damage caused by the cyclone.

In total, the storm impacted at least 11 regions including Sava, **Diana, Sofia, Boeny, Betsiboa, Melaky, Menabe, Atsimo-Andrefana, and Androy**. The effects of the storm will continue to impact Madagascar for several months given the country's low levels of resiliency to such events, and will exacerbate the country's other major issues such as food insecurity in the south and healthcare challenges such as cholera, malaria, and even incidents of plague.<sup>8'</sup>

The structural damage caused by the storm, most notably the damage to the **RN4** roadway connecting **Antananarivo** to **Mahajanga** will take several months to repair.<sup>9</sup> This damage will also be compounded by other tropical storms which are likely to impact the country before the end of the 2022–23 **South-West Indian Ocean** tropical storm season which typically lasts until early May.

### Ban lifted on South African flights

Malagasy officials announced on 19 January that the country had lifted its ban on flights to and from **South Africa** with airlines officially resuming operating flights between **Johannesburg** (South Africa) and Antananarivo, and Johannesburg and **Nosy Be** on 30 January.<sup>10</sup> Madagascar had refused to permit the resumption of flights to and from South Africa even after lifting its **Covid-19**-related travel restrictions in 2022. This was due to an ongoing diplomatic dispute between the South African and Malagasy governments over 73.5 kilograms (kg) of smuggled gold estimated to be worth around \$4.1 million (*see ARC Briefing Madagascar Jan 2021*).

The bullion was seized by South African customs officials as it was being trafficked through Johannesburg's **O.R Tambo International Airport** en route to **Dubai**. The Malagasy citizens trafficking the gold were subsequently arrested. Madagascar requested that the gold be returned but South African authorities have thus far refused, stating that it is evidence in the smugglers' criminal trial. Foreign minister **Richard Randriamandrato** met with South African president **Cyril Ramaphosa** (2018-present) on 13 July 2022, reiterating the desire for the return of both the Malagasy couriers and the gold. South Africa-based newspaper the **Daily Maverick** estimates that the confiscated gold and hard currency are worth \$4m, a significant sum to the Malagasy authorities.

This diplomatic impasse has cost Madagascar's economy significantly both in lost business and tourism revenue as South Africa is a major air transport hub in **Southern Africa** and source of tourism to Madagascar. This economic cost is the likely reason behind the shift in the government's position.

### Central Bank retains rates despite inflation concerns

The **Banky Foiben'i Madagasikara's (BFM)** (central bank) Monetary Policy Committee elected at its quarterly review meeting on 11 February to maintain interest rates at the current levels, including the deposit facility rate – the interest that commercial banks receive for depositing money with the central bank overnight – at 8.10%, and the marginal lending facility rate - the interest rate banks pay when they borrow from the BFM overnight – at 10.10%.<sup>11</sup> The BFM elected to retain interest rates despite concerns over rising inflation rates.<sup>12</sup> Food price inflation is currently of particular concern, with the price of some foodstuffs such as rice increasing by as much as 50% year-on-year despite the price controls imposed by the state.<sup>13</sup> These fears were underscored by the BFM's statement on 13 February noting increased liquidity in the economy and that the supply of money in circulation in the

<sup>8</sup> Reliefweb, 8 Feb 2023

<sup>9</sup> Africa News, 30 Jan 2023

<sup>10</sup> Daily Maverick, 19 Jan 2023

<sup>11</sup> L'Express, 11 Feb 2023

<sup>12</sup> Midi Madagasikara, 13 Feb 2023

<sup>13</sup> Mayotte 1, 16 Jan 2023

economy has increased by 11.2% year-on-year.<sup>14</sup> This increased liquidity does foreshadow a possible rise in inflation in the near future.

Yet, despite these short-term fears, the BFM appears to believe that its current economic forecast is accurate and that the current interest rates are sufficient to contain inflation. The BFM is expecting the inflation rate to fall from 10.8% in 2022 to 8.5% by the end of 2023, and has projected economic growth to accelerate from 4.2% of gross domestic product (GDP) to 4.9% by the end of 2023.<sup>15</sup> The bank believes that this will be driven by strong harvests of cash crops such as vanilla and cloves, as well as increased foreign investment, particularly in the mining sector. However, the BFM's optimism may be misplaced. The increased efforts to improve support infrastructure for the mining sector will be appreciated by the industry; however, Madagascar is unlikely to attract any sustained major investment in the sector until the proposed new mining code, which has been under review since 2019, is completed and adopted. The absence of this regulatory certainty is arguably among the biggest disincentives for further investment in the sector. This is unfortunate as the mining industry is one of Madagascar's largest sources of investment and export revenue – in 2020, Madagascar exported gold worth \$187m, nickel worth \$164m and titanium ore worth \$101m.<sup>16</sup>

## Planner

9 November 2023 (**Madagascar**) Presidential election (First round);  
20 December 2023 (**Madagascar**) Presidential election (Second round);

## Chronology

14 Feb 2023 **Antananarivo (Madagascar)** *Midi Madagasikara*. The **Extractive Industries Transparency Initiative (EITI)** meets with **World Bank** representatives and mines minister **Herindrainy Olivier Rakotomalala** to discuss Madagascar's third country evaluation;

9 February 2023 **Antananarivo (Madagascar)** *L'Info*. The **Malagasy Financial Intelligence Unit (SAMIFIN)** reveals that they recorded approximately \$550m in illicit financial flows in the country in 2022 highlighting concerns about growing money laundering and trafficking in the country;

7 February 2023 **Antananarivo (Madagascar)** *L'Express*. President **Andry Rajoelina** commemorates the 7 February shooting of protesters by security forces;

6 February 2023 **Mahajanga (Madagascar)** *NewsMada*. The **2Africa** submarine high-speed telecommunications cable is connected to its landing point in **Mahajanga, Boeny** region;

3 February 2023 **Antananarivo (Madagascar)** *Orange*. New **Banky Foiben'i Madagasikara's (BFM)** (central bank) governor **Aivo Handriatiana Andrianarivelo** officially assumes his new position;

1 February 2023 **Antananarivo (Madagascar)** *Madagascar Tribune*. The **Council of Ministers** approves the **Commission Electorale Nationale Indépendante (CENI)** (independent national electoral commission) request to formally invite election observers to oversee the 2023 election;

26 January 2023 **Dakar (Senegal)** *Madagascar Tribune*. The government reveals that it has received \$534m in funding commitments from the **African Development Bank (AfDB)** and the

<sup>14</sup> *Midi Madagasikara*, 13 Feb 2023

<sup>15</sup> 2424, 13 Feb 2023

<sup>16</sup> [www.oecd.world](http://www.oecd.world)

**International Fund for Agricultural Development (IFAD)** to help address food insecurity in the country;

20 January 2023 **Antananarivo (Madagascar)** *L'Express*. Prime Minister **Christian Ntsay** states in an interview that he has no intention of contesting the 2023 presidential election;

15 January 2023 **Antananarivo (Madagascar)** *L'Info*. Freight trucking operators which operate along the **RN2** highway embark on a strike causing disruptions along the major supply route;

14 January 2023 **Antohibe (Madagascar)** *Midi Madagasikara*. The **Malagasy Miara Miainga (MMM)** political party stages a rally in **Antohibe, Analamanga** region, during which party president **Hajo Andrianainarivelo** calls for supporters to ensure they are registered voters;

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