

AFRICA RISK CONSULTING

Madagascar Monthly Briefing March 2025

Madagascar Summary 20 March 2025

Efforts to unify the country's opposition parties continue to fail amid disagreements over strategy and leadership. The International Monetary Fund's (IMF) executive board completes its first reviews of the country's Extended Credit Facility (ECF) and Resilience and Sustainability Facility (RSF) arrangements and approves funding disbursements for Madagascar. Comoros returns 49 tonnes of gold to Madagascar it had confiscated from smugglers in 2021, highlighting Madagascar's issues with combatting illicit trafficking. Two tropical storms displace thousands of people over the past month underscoring Madagascar's vulnerability to such cyclones.

Opposition parties remain divided

Recent efforts to unify the political opposition in Madagascar after their generally poor showing in the 11 December 2024 local government elections have largely failed due to ongoing tensions between these parties themselves, particularly between the **Tiako i Madagasikara (TIM)** and **Hery Vaovao hoan'i Madagasikara (HVM)** parties.¹

TIM and HVM are Madagascar's two largest opposition parties and have been in an uneasy alliance ever since the 2023 presidential election campaign. The two parties have formed the basis of opposition coalitions, most recently the **Firaisankina Platform** which contested the December elections.

Key to the issues at present is a general resistance to increased unification, or more specifically, who should lead a unified opposition. Among the reasons the opposition has struggled in recent elections is that groupings such as the Firaisankina Platform have been a very loose coalition. In contrast, President **Andry Rajoelina's** (2019-present) **Isika Rehetra Miaraka amin'i Andry Rajoelina (IRD)** coalition is a tightly unified bloc of parties.

The TIM remains adamant that its founder and leader, former president **Marc Ravalomanana** (2002-2009) should lead a unified opposition. Ravalomanana is the most influential opposition politician in Madagascar and retains a strong personal constituency; but his support has been declining for several years. Furthermore, Ravalomanana's long history as a prominent figure in Malagasy politics will not attract voters looking for a change in the status quo.

However, these disputes are not limited to just the TIM and HVM. Disagreements and suspicion are rife across the opposition spectrum. These disputes have been on clear display at a series of meetings opposition parties have held since the start of the year. Most recently, a meeting held by member parties of three opposition coalitions, namely, the Firaisankina platform, the **Gasikara Movement**, and **Kôlekitifa an'ny Malagasy**, ended without any resolutions.²

Selecting a unifying opposition leader is a priority for the opposition given that Rajoelina is constitutionally prohibited from contesting another term in office. This should make the 2028 presidential election much more competitive. However, at this point, it is unclear if such a development is possible.

¹ Midi Madagasikara, 27 Feb 2025

² Midi Madagasikara, 27 Feb 2025

International Monetary Fund approved funding disbursement

The **International Monetary Fund's (IMF)** executive board completed its first reviews of **Madagascar's Extended Credit Facility (ECF)** and **Resilience and Sustainability Facility (RSF)** arrangements on 26 February, approving the immediate disbursement of SDR 36.7m (\$48m) under the ECF arrangement and SDR 40.7m (\$53m) under the RSF arrangement.³

The government will greet the confirmation that the IMF board had approved these disbursements with relief. – the IMF had initially been expected to conduct its board review of its arrangements with Madagascar in late November but opted to delay its review to allow Madagascar more time to reach the programme benchmarks. Key among these is the IMF's recommendation that Madagascar improve its public financial management, enhance domestic mobilisation, and adopt a firmer stance towards the troubled state-owned power and water utility, **Jirama**.⁴ The **World Bank** then followed the IMF, also opting to delay its own funding disbursements to Madagascar.⁵ This was unsurprising given that the World Bank often bases its decisions on the IMF's data and actions. It was evident that the IMF wanted to see if Madagascar would include the necessary measures in its 2025 budget to meet the minimum benchmarks set under the ECF and RSF arrangements. Legislature passed this budget in early December and Rajoelina signed it into law.

The IMF board's decision to approve these latest disbursements indicates that the IMF was generally satisfied with Madagascar's progress and budget measures. However, in its review, the IMF did urge Madagascar to increase the speed of its reform programme stating that a faster pace was required to spur economic growth, which the IMF considers "*well below its medium-term potential*".⁶

The IMF further encouraged Madagascar to continue to implement the automatic fuel pricing mechanism as this would contain fiscal risks and enable more public investment and social spending. The government was urged to improve its public financial management processes, enhance fiscal consolidation, and implement reforms to improve budget execution and traceability. The IMF is openly concerned about Madagascar's poor public financial management track record and the states' lack of capacity to track and manage government expenditure. In addition, the IMF stressed that further efforts are needed by the government to continue improving domestic revenue mobilisation and firmly secure the financial recovery of Jirama.

Furthermore, the board further called on the central bank, the **Banky foiben'i Madagasikara (BFM)** to consider increasing interest rate in order to place downward pressure on inflation rates. Inflation in Madagascar has remained steady at 7.8% since August 2024 while the main interest rate is 9.5%.⁷ The IMF used its review to highlight the many developmental challenges facing Madagascar. Specifically, the fact that the country remains underdeveloped with high rates of poverty and is vulnerable to climate shocks.⁸

Madagascar is heavily dependent on external support to fund its budget. Funding from the IMF's ECF and RSF programmes is particularly important and the \$101m in combined disbursements will bring relief to the country's treasury and ensure that the government remains funded. This development is also expected to lead to the World Bank releasing its own tranche payment to Madagascar. However, the IMF's decision to delay its review by nearly three months should be interpreted as a warning to Madagascar. The country is clearly behind on meeting its programme benchmarks and the IMF may elect to not approve disbursements following its next ECF and RSF reviews unless Madagascar displays measurable improvement.

³ IMF, 26 Feb 2025

⁴ 2424, 3 Dec 2024

⁵ Madagascar Tribune, 3 Dec 2024

⁶ IMF, 26 Feb 2025

⁷ Trading Economics, 19 Mar 2025

⁸ IMF, 26 Feb 2025

Comoros returns trafficked gold

The **Comoran** government returned 28 gold bars to Madagascar on 14 March after prolonged diplomatic negotiations that had elevated tensions between the two countries. The gold was seized from smugglers at **Prince Said Ibrahim International Airport in Moroni** (Comoros) in December 2021 and totals 49kg and is estimated to be worth more than \$4.7m at today's prices.⁹

Although it was not explicitly stated, it is possible that Madagascar's 7 March decision to end quarantine requirements for Comorans who arrived via maritime travel may have been motivated by its desire for Comoros to return the gold.¹⁰ Madagascar had reimposed travel restrictions on maritime travel from Comoros due to concerns about a cholera outbreak in that country.

The repatriation of this gold has highlighted the problem of gold smuggling in Madagascar. It is estimated that Madagascar loses around \$945m every year due to the illicit gold trade.¹¹ The gold is primarily sourced from artisanal and illicit mines in the country's poorly policed rural hinterland and smuggled to **Dubai (United Arab Emirates (UAE))** where it is sold and merged with the legal gold trade. The government has struggled to combat this criminal activity despite repeated interventions ranging from export bans to formalising the sector.

More recently, on 8 March, customs officials at Madagascar's **Ivato International Airport** arrested an Indian national attempting to smuggle over 1.5kg of gold out of the country. Unsurprisingly, the suspect was en route to Dubai.

Madagascar's gold trafficking issues have also led the country to have minor diplomatic disputes. In 2022, Madagascar banned **South African** airline, **Airlink**, from operating in the country after South African authorities refused to return 73.6kg of seized trafficked gold bullion.¹² South African officials denied Madagascar's on the grounds that the gold was evidence in the investigation and prosecution of the smugglers.

Yet, Madagascar's trafficking issues are not limited to gold. The country's law enforcement and customs agencies struggle to combat widespread smuggling including the illicit trafficking of wildlife, rare timber, and humans. This is related to Madagascar's wider issues of an incapable state and widespread corruption. Madagascar is ranked 140th out of 180 countries on **Transparency International's Corruption Perception Index (CPI)**.¹³ The impact of these institutional issues is particularly evident given that Madagascar's island nature should give it an advantage in combatting illicit trafficking.

Tropical storms cause deaths and displacements.

The passage of two cyclones, namely, **Tropical Storm Honde** and **Tropical Storm Jude**, between late February and early March killed at least nine people were killed and displaced several thousand. The first to impact the country was Tropical Storm Honde which passed approximately 100km of Madagascar's southwestern coast bringing inclement weather to several southern regions between 28 February and 1 March.¹⁴ Honde primarily impacted the **Atsimo-Andrefana, Menabe, Androy, Anosy** and **Ihorombe** regions. According to the **Bureau National de Gestion des Risques et Catastrophes (BNGRC)** (national office of risk and disaster management), the storm caused eight fatalities and negatively affected over 88,000 people of which over 8,000 were displaced.¹⁵

Tropical Storm Jude made landfall a week later in the northeastern **Sava Region** on 7 March. The cyclone then traversed northern Madagascar before entering the **Mozambican** channel on 8 March.¹⁶

⁹ Madagascar Tribune, 15 Mar 2025

¹⁰ Madagascar Tribune, 7 Mar 2025

¹¹ Le 360 Afrique 19 Jan 2024

¹² Daily Maverick, 17 Oct 2022

¹³ Transparency International, 11 Feb 2025

¹⁴ OCHA, 4 Mar 2025

¹⁵ Midi Madagasikara, 4 Mar 2025

¹⁶ OCHA, 11 Mar 2025

However, over the following week the storm reversed direction and returned into the Mozambican channel and made landfall in southern Atsimo-Andrefana on 15 March.¹⁷ This storm brought adverse weather conditions to the Atsimo-Andrefana, Menabe, Androy, Anosy and Ihorombe regions as well likely compounding the effects of Tropical Storm Honde. The BNGRC estimates that Tropical Storm Jude displaced over 15,000 people and killed at least one person.

Madagascar is frequently impacted by tropical storms during the southwestern **Indian Ocean** tropical storm season which usually lasts between late November and early May. Yet, despite this seasonal occurrence Madagascar is poorly prepared to manage these cyclones which frequently cause widespread infrastructure damage, travel disruptions, and lead to fatalities and displacements. Madagascar's lack of preparation and resilience to such storms is concerning as cyclones are expected to intensify in the coming years due to the effects of climate change.

Planner

24 Apr 2025 **Antananarivo (Madagascar)** The 5th **Indian Ocean Commission (IOC)** Summit of Heads of State and Government will take place in Antananarivo's **Ivato International Conference Centre**;

Chronology

19 Mar 2025 **Antananarivo (Madagascar)** *Madagascar Tribune*. Decentralisation and regional planning ministry announces that it has created a specialised task team to investigate and ensure the safety of public infrastructure;

18 Mar 2025 **Mahajanga (Madagascar)** *Madagascar Tribune*. The national gendarmerie in Mahajanga arrest an individual attempting to traffic 456 turtles to **Tanzania** highlighting Madagascar's challenge with wildlife trafficking;

16 Mar 2025 **Antananarivo (Madagascar)** 2424. The central bank, the **Banky foiben'i Madagasikara (BFM)**, reveals that Madagascar's trade deficit was \$1.1 billion over the first nine months of 2024;

15 Mar 2025 **Antananarivo (Madagascar)** *Midi Madagasikara*. At least two people are killed in a suspected political attack targeting the home of the mayor of **Tanambao Tsirandranjy (Androy Region)**;

14 Mar 2025 **Antananarivo (Madagascar)** *Madagascar Tribune*. The **Indian Ocean Commission (IOC)** confirms that Madagascar will host the next IOC heads of state and government meeting on 24 April in Antananarivo;

13 Mar 2025 **Antananarivo (Madagascar)** *L'Express*. Prime Minister **Christian Ntsay** hosts a delegation from the **European Union (EU)** to discuss a potential economic agreement;

13 Mar 2025 **New Delhi (India)** *L'Express*. National assembly president **Justin Tokely** travels to India to meet with his Indian counterpart, **Om Birla** the speaker of the **Lok Sabha** ;

12 Mar 2025 **Mahajanga (Madagascar)** *RFI*. Officials close down a restaurant in **Majunga (Boeny Region)** after 30 people suffered food poisoning, including President **Andry Rajoelina** (2019-present), after the president organised a luncheon there on 8 March;

12 Mar 2025 **Toamasina (Madagascar)** *Madagascar Tribune*. Eight **Chinese** nationals are arrested on charges of human trafficking in the port city of Toamasina;

12 Mar 2025 **Washington D.C (United States)** *Madagascar Tribune*. The **United States (US)**-based conservative think-tank, the **Heritage Foundation**, ranks Madagascar 104th out of 184 countries on the 2025 edition of the **Index of Economic Freedom**;

¹⁷ ECHO, 18 MR 2025

11 Mar 2025 **London (United Kingdom)** *Midi Madagasikara*. United Kingdom-based **Economist Intelligence Unit (EIU)** ranks **Madagascar** 83rd out of 167 countries on its annual **Democracy Index**;

7 Mar 2025 **Antananarivo (Madagascar)** *Madagascar Tribune*. The **Council of Ministers** elects to resume maritime connections with **Comoros** after it assessed that the cholera situation in that country has eased;

7 Mar 2025 **Antananarivo (Madagascar)** *L'Express*. The value of the ariary (MGA) depreciates to MGA 5,000 to the euro (EUR), highlighting Madagascar's continued challenges with currency depreciation;

6 Mar 2025 **Mahajanga (Madagascar)** 2424. The Council of Ministers temporarily relocates to Mahajanga (**Boeny Region**);

5 Mar 2025 **Antananarivo (Madagascar)** 2424. Foreign minister **Rafaravavitafika Rasata** signs a memorandum of understanding (MoU) on bilateral cooperation with her **Republic of Congo** counterpart, **Jean Claude Gakosso**;

24 Feb 2025 **New York (United States)** *S&P Global*. International rating agency **S&P Global** affirms its ratings for Madagascar's Long-term Foreign Credit and Short-Term Foreign credit at 'B-' and 'B' respectively.

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