

AFRICA RISK CONSULTING

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The electoral commission, Commission Electorale Nationale Indépendante (CENI), announces on 10 June that it has completed revising the voters' roll and that voters have until the end of June to confirm that they are registered to vote in the upcoming election. Political tensions continue to rise as the 9 November presidential election approaches leading to several altercations between opposition supporters and security forces enforcing the ban on outdoor political events. The government manages to secure three important financing agreements in May and June. These include a staff-level agreement on the International Monetary Fund's (IMF's) Extended Credit Facility (ECF), a major line of credit from the World Bank for development programmes, and a grant agreement with the French Development Agency (AFD) to bolster capacity in the finance ministry. Pôles Anti-Corruption (PACs) (anti-corruption centres) reveal on 31 May that at least MGA 46 billion (\$10.2m) worth of public funds were embezzled in 2022. This number is likely substantially higher as only the Antananarivo and Mahajanga PACs are fully operational.

Election officials finalise voters roll amid budget uncertainty

Madagascar's **Commission Electorale Nationale Indépendante (CENI)** (independent national electoral commission) announced on 10 June that it had completed the revision of the country's electoral list, giving voters until 30 June to confirm they are correctly registered to vote in the upcoming 9 November presidential election.¹ Political parties are expected to actively encourage their supporters to check the electoral list and ensure they are correct. It should be noted that if CENI is found to have made several mistakes and a significant number of voters are incorrectly registered or omitted it will lead to accusations of electoral interference, incompetence and bias being levelled at the electoral commission. The **Malagasy Miara-Miainga party (MMM)** has already accused CENI of lacking transparency and sufficiently adhering to Madagascar's electoral laws.² The MMM specifically noted that CENI had previously indicated that the roll would not be closed until 17 July.

The finalising of the electoral list is a major step in Madagascar's election preparations. Once the list is completed it can then be shared with political parties immediately prior to the commencement of the campaign period. This period is expected to begin around the beginning of August. However, the criticism levelled at CENI by the MMM indicates the pressure on the electoral commission to hold a flawless election. Any major mistakes or failures by CENI will fuel suspicions of political bias and likely encourage losing parties to challenge the results of the election.

The likelihood of CENI holding a sub-standard election is elevated given that the government is yet to provide the commission with sufficient financing to hold the countrywide elections. CENI estimates that it needs a budget of at least MGA 140 billion (\$31m) to hold a successful election but thus far the 2023 national budget only provides for MGA 40 billion (\$8.87m) in funding.³ It had been hoped that the 2023 finance law – through which Madagascar's budget is implemented – would be amended to reallocate funds to CENI, however, it was revealed on 9 June that the council of ministers had decided against amending the law. This has placed an increased urgency on securing external funding from international donors. Madagascar has historically relied on such external assistance to fund its past elections, but the country's usual donors have not been as forthcoming, due to a variety of reasons

¹ L'Express, 12 Jun 2023

² Midi Madagasikara, 25 May 2023

³ Madagascar Tribune, 9 Jun 2023

most notably the increased strain on foreign aid caused by the war in **Ukraine**, the **Covid-19** pandemic, and rising global inflation rates.

The lack of sufficient funding will place increased strain on CENI's available financial, material, and human resources and will undermine the quality of the election and increase the possibility of errors and system failures. A sub-par election will strengthen the case of any political party or losing candidate who challenges the election result and fuels political instability and even incidents of unrest.

Ban on gatherings raises political tensions

Political tensions are also rising ahead of the election, predominantly fuelled by the desire of opposition parties and activist groups to hold pre-election rallies and opposition events despite the government's ongoing ban on outdoor political gatherings. Opposition parties' efforts to hold official and informal events have resulted in several incidents of clashes and allegations of political oppression.

Former president **Marc Ravalomanana** (2002-2009) and the leader of the **Tiako I Madagasikara (TIM)** opposition party arrived in **Analavory** in **Itasy** on 30 May to attend his party's regional conference in the city.⁴ His convoy attracted crowds of supporters which authorities considered to be an unauthorised gathering leading to security forces dispersing the crowds with tear gas. Officials had ordered a heightened security presence at Ravalomanana's hotel in anticipation of these crowds. This experience was replicated two days later in **Mahajanga** when Ravalomanana arrived to attend TIM's **Boeny** regional conference where TIM supporters were once again dispersed using tear gas.⁵

Also on 30 May, political activist **Doris Rakoto Samuel** attempted to organise a march of her supporters through central **Antananarivo** in protest of the Rajoelina government, supported by the **Gasy Leo** political movement.⁶ Authorities ordered the march forcibly dispersed resulting in clashes between demonstrators and police and the subsequent arrest of Samuel and Gasy Leo leader **Nambinina Raherimampianina**.

Former member of parliament (MP) **Siteny Randrianasoloniaiko's Mihava Tour** has also been subject to efforts to enforce the ban. Police attempted to prevent a Mihava Tour gathering in **Morondava, Menabe** region on 11 June despite the organisers having official authorisation.⁷ The attendees managed to force their way into the venue and the rally did take place, with Randrianasoloniaiko using the incident to accuse the government and security forces of intimidation.

Incidents such as these have raised concerns of growing political oppression in Madagascar. The ban on political gatherings is also clearly enforced to benefit president **Andry Rajoelina** (2019-present) as it does not apply to any official government or presidential events. This enables Rajoelina to campaign unopposed under the guise of his presidential duties. The longer the ban is in effect the greater the likelihood that the presidential election will be viewed as compromised. Madagascar needs to hold an election that is viewed as largely free and fair in order to maintain good relations with the foreign donors and development partners on which the government is heavily reliant.

Madagascar secures essential development and budgetary assistance

The government secured three essential financing agreements in the past month, underscoring Madagascar's dependency on external financing to meet financing needs. Madagascar reached a staff-level agreement with the **International Monetary Fund (IMF)** on the fourth review of the **Extended Credit Facility (ECF)** arrangement on 19 May, which should pave the way for a \$32m disbursement from the ECF to help cover external and fiscal financing needs.⁸ This agreement follows the IMF's in-

⁴ Midi Madagasikara, 31 May 2023

⁵ Midi Madagasikara, 2 Jun 2023

⁶ Midi Madagasikara, 1 Jun 2023

⁷ Midi Madagasikara, 12 Jun 2023

⁸ IMF, 19 May 2023

country review which was conducted between 3 and 12 May, and is subject to the IMF's board approval.

The ECF arrangement is among Madagascar's most important financial assistance programmes. The 40-month \$312.4m credit arrangement began in April 2021 and will run until August 2024.⁹ The ECF helps finance Madagascar's budget shortfalls and internal structural reforms. These funds are disbursed in a series of tranches on the condition that Madagascar meets the pre-agreed reform benchmarks. The IMF is generally satisfied with Madagascar's progress in implementing the structural reforms and, in particular, cited the progress in finalising new investment and mining sector regulations.

Similarly, the **World Bank** announced on 9 June that it had approved a \$100m line of credit for Madagascar to finance key development projects.¹⁰ This funding will be provided under the World Bank's **Development Policy Operation (DPO)** programme and is aimed at supporting reforms geared toward improving transparency and macro-fiscal stability, market competition, and corporate governance in the energy, telecommunications, and mining sectors. As per the World Bank's statement, key among these reforms will be assisting the national utility company, **Jiro sy rano malagasy (JIRAMA)**, with purchasing power agreements to enable the shift towards renewable energy development, lifting the suspension of mining permit movements and gold exports to allow the country to better seize growth opportunities, and legislation to encourage competitive investments in digital infrastructure to make broadband services more affordable. World Bank officials further highlighted the fact that the DPO programme in Madagascar will complement the reforms supported by the IMF's ECF programme.

And in a final related development, the **Agence Française de Développement (AFD)** (French development agency) and the economy and finance ministry signed a €7m (\$7.56m) grant agreement on 16 May to finance the ministry's support for its **Programme d'Accompagnement des Réformes et de Renforcement de Capacités (PARRC)** (reform support and capacity building project).¹¹ This project aims to improve efficiency and transparency in the finance ministry and the compiling of Madagascar's budget process and expenditure chain. This will include skills development and capacity building as well as upgrading the ministry's information systems.

The provision of the aforementioned credit and grant financing are important positive developments for Madagascar. However, it does highlight the extent to which the government is dependent on external financing to fund its ongoing reform and development agenda as well as the country's overall fiscal needs. This dependency is concerning as it leaves the country vulnerable to the whims and capacity of its financial partners, as illustrated by the current lack of sufficient funding for the upcoming elections.

Anti-corruption agencies release their annual reports

Among the reasons the PARRC programme is being implemented is to improve public financial management and transparency in Madagascar. This is essential to crack down on public-sector corruption in the country which is a massive challenge for Madagascar. International watchdog **Transparency International** ranked Madagascar 142nd out of 180 on its **Corruption Perceptions Index 2022**, with a score of 26/100. Further highlighting these challenges, the **Pôles Anti-Corruption (PAC)** (anti-corruption centres) revealed on 31 May that at least MGA 46 billion (\$10.2m) worth of public funds were embezzled in 2022, however, this number is likely substantially higher as only the Antananarivo and **Mahajanga** PACs are fully operational.¹² The overwhelming majority of the reported embezzlement occurred in Antananarivo where an estimated MGA 41.1 billion (\$9.12m) was embezzled. This is unsurprising given the city's comparative size and its role as Madagascar's commercial and political capital.

⁹ IMF 9 Apr 2021

¹⁰ World Bank, 9 Jun

¹¹ Madagascar Tribune, 17 May 2023

¹² L'Express, 1 Jun 2023

Officials further revealed that **Bureau Indépendant Anti-Corruption (BIANCO)** (independent anti-corruption bureau), **Sampan-draharaha Malagasy Iadiana amin'ny Famotsiam-bola (SAMIFIN)** (financial intelligence unit), and **Inspection Générale de l'Etat (IGE)** (general state inspectorate) are all investigating corruption and embezzlement cases. The **Agence de recouvrement des Avoirs Illicites (ARAI)** (illicit asset recovery agency) also announced on 3 June that it had frozen over MGA 5.9 billion (\$1.31m) in assets, including 391 bank accounts and 185 vehicles in the past year.¹³ Notably, this was the ARAI's first year of operations as the agency was only created in June 2022.

These reported figures are likely only a fraction of the true scale of corruption, embezzlement, fraud, and money laundering in Madagascar. Poor public finance oversight and a lack of transparency have allowed corruption to flourish in the country. The strides made by the country's various anti-corruption agencies are welcomed but it remains to be seen if the government has the necessary political will to implement wholesale public finance management reforms and an aggressive anti-corruption crackdown.

Planner

- 1 Jul 2023 **(Madagascar) Tiako I Madagasikara (TIM)** National Conference
- 25 Aug to 30 Sep 2023 **(Madagascar) Indian Ocean** Island games.
- 9 Nov 2023 **(Madagascar)** Presidential election (First round);
- 20 Dec 2023 **(Madagascar)** Presidential election (Second round);

Chronology

- 9 Jun 2023 **Paris (France) Midi Madagasikara.** President **Andry Rajoelina** meets with his **French** counterpart president **Emmanuel Macron** during which the two leaders discuss areas for increased cooperation and Macron pledges support for **Madagascar's** upcoming elections;
- 7 Jun 2023 **Antananarivo (Madagascar) 2424.** **World Bank's Country Partnership Framework (CPF) 2023-2027** report indicates Madagascar's three poorest regions are **Anosy, Androy** and **Atsimo Andrefana** where an estimated 91% of the population lives below the poverty line;
- 7 Jun 2023 **Antananarivo (Madagascar) 2424.** Council of ministers adopts a bill to create a 24th administrative region, which will be created by splitting the **Maroantsetra** and **Mananara-Nord** districts from **Analanjirifo** region to create an **Ambatosoa** region;
- 2 Jun 2023 **Itaosy (Madagascar) L'Express.** Residents in Itaosy, **Analamanga** region protest over repeated power outages;
- 1 Jun 2023 **Mahajanga (Madagascar) Midi Madagasikara.** The **Tiako I Madagasikara (TIM)** opposition party holds its **Boeny** regional conference in Mahajanga;
- 1 Jun 2023 **Antananarivo (Madagascar) Midi Madagasikara.** Former **Swiss** president **Micheline Calmy-Rey** is appointed as the special correspondent to Madagascar for the **International Organization of La Francophonie (OIF)**. Calmy-Rey will monitor Madagascar's election preparations on behalf of the OIF;
- 1 Jun 2023 **Antananarivo (Madagascar) Madagascar Tribune.** **French** airline **Corsair** announces that it will resume its route connecting Antananarivo's **Ivato International Airport** to **Paris-Orly Airport** via **Reunion** from 27 June;

¹³ L'Express, 6 Jun 2023

30 May 2023 **Antananarivo (Madagascar)** *L'Express*. Government and the **United States** embassy in Antananarivo launch the **African Growth and Opportunity Act (AGOA) Malagasy National Strategy** for 2022-2025 aimed at boosting US-Madagascar trade;

30 May 2023 **Antananarivo (Madagascar)** 2424. **Banky foiben'i Madagasikara (BFM)** (central bank) data shows Madagascar's trade deficit increased to MGA 6,722 billion (\$1.49 billion) in 2022;

27 May 2023 **Antananarivo (Madagascar)** *Midi Madagasikara*. Antananarivo businessman **Andry Raobelina** announces that his **Anjomara sy Rivo-Baovao (ARB)** party will contest the upcoming presidential elections;

26 May 2023 **Fianarantsoa (Madagascar)** *L'Express*. President **Andry Rajoelina** launches the newly refurbished **Fianarantsoa-East Coast (FCE) Railway** connecting Fianarantsoa in **Haute Matsiatra** region to **Manakara** in **Fitovinany** region;

26 May 2023 **Antananarivo (Madagascar)** *Madagascar Tribune*. Officials sign a contract with **Compagnie Générale d'Hydroélectricité de Volobe (CGHV)** for the construction of a 120-megawatt (MW) power plant on the **Ivondro River** in **Atsinanana** region;

22 May 2023 **Antananarivo (Madagascar)** *Midi Madagasikara*. National assembly adopts a draft bill aimed at overhauling investment regulations in Madagascar. This bill is expected to be passed before the end of the current legislative session;

18 May 2023 **Antananarivo (Madagascar)** *Engineering News*. Madagascar's **Groupe Filatex** and **France's Hyvity** announce plans to develop at least 300 megawatts of hydropower in Madagascar by 2033;

19 May 2023 **Antananarivo (Madagascar)** *Midi Madagasikara*. Senate passes the proposed new mining code with minor amendments, returning the bill to the national assembly for final approval prior to being sent to the president to be signed into law.

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