

## AFRICA RISK CONSULTING

### Madagascar Monthly Briefing June 2022

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#### Madagascar Summary 8 June 2022

*President Andry Rajoelina (2019-present) travels to Dubai (United Arab Emirates) to discuss bilateral ties and attend the SEAMLESS Middle East 2022 conference on digital economy. The European Investment Bank (EIB) signals its intention to release funds for the rehabilitation of road RN13 between the port of Taolagnaro (Fort Dauphin) and Ambovombe and a European Union (EU) delegation tours Southern Madagascar. Opposition party Tiako i Madagasikara (TIM) alleges political interference ahead of the 2023 presidential campaign kick-off as police officers temporarily detain party leader and former president Marc Ravalomanana (2002-2009). Aimé Rasoloharimanana is sworn in as new CEO of l'Agence de recouvrement des avoirs illicites (ARAI) (illicit assets recovery agency). Mbola Rajaonah, an import-export boss with close ties to former president Hery Rajaonarimampianina (2014-2018), is sentenced to five years' imprisonment and a MGA'27 billion (\$6.66m) fine for embezzlement of public funds and customs offences. Energy minister Andry Ramaroson announces that the cabinet will issue a decision on fuel price hikes no later than the beginning of July. United Kingdom-based Anglo-Australian mining company Rio Tinto's QIT Madagascar Minerals (QMM) mine reopens after disputes with local communities halt operations for five days.*

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#### Rajoelina rakes in more funding...

President **Andry Rajoelina** (2019-present) continues to gather support and funding domestically and internationally to repair and improve **Madagascar's** cyclone-hit infrastructure. The **United Nations Office for the Coordination of Humanitarian Affairs** reported on 31 May that tropical storms and successive cyclones in Madagascar have claimed at least 214 lives and affected more than half a million people since the start of the year.<sup>1</sup> Rajoelina led a Madagascan delegation at the opening of the **SEAMLESS Middle East 2022** conference on digital economy on 1 June in **Dubai (United Arab Emirates (UAE))**.<sup>2</sup> Rajoelina announced on **Twitter** that he had met with deputy prime minister and UAE interior minister Sheikh **Saif bin Zayed Al Nahyan** to discuss strengthening bilateral relations and cooperation between the UAE and Madagascar.<sup>3</sup> Rajoelina's trip to Dubai follows an international trip to the **Bretton Woods** spring meeting in **Washington (United States (US))** in April (see *ARC Briefing Madagascar May 2022*) and likely involved efforts to court finance for Madagascar's mega-infrastructure projects long promised under Rajoelina's five-year term roadmap, the **Initiative Émergence Madagascar 2019-2023 (IEM)** (initiative for the emergence of Madagascar).<sup>4</sup>

Rajoelina's efforts have yielded success, as the **European Investment Bank (EIB)** signalled its intention on 20 May to release funds for the rehabilitation of the **RN13** road between the port of **Taolagnaro (Fort Dauphin)** and **Ambovombe**.<sup>5</sup> The EIB issued a statement confirming its non-objection to the rehabilitation project and preparation of funds for disbursement to **L'Autorité Routière de Madagascar (ARM)** (Madagascar road authority).<sup>6</sup> The project, originally launched in

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<sup>1</sup> AfricaNews, 1 Jun 2022

<sup>2</sup> [Twitter](#), 1 Jun 2022

<sup>3</sup> [Twitter](#), 1 Jun 2022

<sup>4</sup> [IEM](#), accessed 7 Jun 2022

<sup>5</sup> [EIB](#), 20 May 2022

<sup>6</sup> [EIB](#), 20 May 2022

January 2020, pledged a €35m (\$37.5m) loan and €30m (\$32.1m) in **European Union (EU)** grants for the rehabilitation of the RN13 road, under the umbrella of the **JIRAMA water III** project.<sup>7</sup>

Delays in the release of funding to the ARM are thought to be linked to the **World Bank** decision to sanction Madagascar-based construction company **Colas Madagascar SA** and its subsidiary, **CMBI SNC**, in January for collusion and fraud while constructing the **Madagascar Airports Project** (see *ARC Briefing Madagascar Jan 2022*).<sup>8</sup> Cola's **France**-based parent company **Colas SA**, which was not sanctioned, had previously secured the contract to construct the Fort Dauphin-Ambovombe RN13 road.<sup>9</sup> Rajoelina's administration has scheduled the launch of the rehabilitation works for 13 July.<sup>10</sup>

An EIB delegation also visited southern Madagascar on 2 June, accompanied by Madagascar authorities and members of the **United Nations (UN) World Food Programme (WFP)**. EU parliamentary delegation head **Karsten Lucke** said it was important for the MPs to get an "*unfiltered picture of the situation on the ground*", in reference to Madagascar's continuing food insecurity and drought.<sup>11</sup>

Opposition party **Tiako i Madagasikara (TIM)** has accused the executive of capitalising on opportunities for self-promotion ahead of the 2023 election (see below).

### ... as opposition party leader alleges wrongful detainment...

Opposition party TIM secretary general **Riana Randriamasionoro** claims the detention of TIM leader and former president **Marc Ravalomanana** (2002-2009) is a form of intimidation ahead of the 2023 presidential elections. Police officers temporarily detained Ravalomanana on the road to **Soavinandriana** on 14 May, a move that TIM members described as a politically motivated bid to prevent him from attending a TIM meeting at **Antananarivo** town hall the same day.<sup>12</sup> However, TIM party members later reported that Ravalomanana's trip to Soavinandriana was not connected to the TIM event.<sup>13</sup> Following his temporary detention, Ravalomanana travelled to the district of **Anjozorobe** and visited **Hanitra Razafimanantsoa**, deputy leader of the 1<sup>st</sup> district of Madagascar's capital, Antananarivo, delivering a speech describing the need to "*found a new nation*".

Malagasy media have described the sharp contrast between President Rajoelina's movements and those of Ravalomanana. While Rajoelina conducts "*almost weekly*" visits to Madagascar's large cities and peripheral provinces, the opposition is conducting a pre-election campaign "*in the form of an unexpected visit from one place to another*".<sup>14</sup>

It is unclear whether the law enforcement officers who detained Ravalomanana were under orders to impede opposition politics. Nonetheless, the incident has highlighted that Ravalomanana remains a high-profile but unconfirmed candidate for the 2023 elections. The election is unlikely to be a two-horse race, as **Hajo Andrianainarivelo**, founder of the **Malagasy Miara Miainga (MMM)** party, has also indicated presidential aspirations. Either way, Rajoelina is certain to face competition when the 2023 presidential race kicks off.

### New CEO for illicit assets recovery agency ...

President Rajoelina has announced the long-anticipated appointment of a CEO for the **Agence de recouvrement des avoirs illicites (ARAI)** (illicit assets recovery agency).<sup>15</sup> **Aimé Rasoloharimanana** took office on 3 June, following a swearing-in ceremony at the **Supreme Court** in

<sup>7</sup> EIB, 23 Jan 2020

<sup>8</sup> World Bank, 4 Jan 2022

<sup>9</sup> Afriq54, 21 May 2022

<sup>10</sup> Agence Ecofin, 24 May 2022

<sup>11</sup> TDPel Media, 2 Jun 2022

<sup>12</sup> Madagascar Tribune, 17 May 2022

<sup>13</sup> Madagascar Tribune, 17 May 2022

<sup>14</sup> Madagascar Tribune, 23 May 2022

<sup>15</sup> Twitter, 3 Jun 2022

**Anosy.**<sup>16</sup> The appointment officially launches the ARAI, which is tasked with the return of illegally obtained assets to the people of Madagascar.

Parliament rejected the creation of the ARAI in 2018 but Rajoelina established the agency by presidential decree six months after he secured his first term in 2019.<sup>17</sup> The ARAI will be able to exercise its powers to execute court decisions, and freeze and confiscate illegal assets to recover their value. The ARAI defines illegal assets as any asset resulting from the misappropriation of public property and funds including by corruption or money laundering.<sup>18</sup>

Rasoloharimanana's appointment as head of the ARAI came days after the successful prosecution of **Mbola Rajaonah**, an import-export boss with close ties to former president **Hery Rajaonarimampianina** (2014-2018). **Pôle anti-corruption (PAC)** (anti-corruption centre) second-degree prosecutor **Solohery Razafindrakoto** secured a five-year sentence and MGA'27 billion (\$6.66m) fine for Rajaonah on 26 May for embezzlement of public funds and customs offences.<sup>19</sup>

Rajaonah served as special advisor to Rajaonarimampianina from 2014 to 2018 while acting as the principal for **Transit Tafaray**.<sup>20</sup> The court case unearthed several companies linked directly and indirectly to members of the former regime and detailed 35 customs seizure reports totalling more than MGA'1,251 billion (\$308.8m) against the freight company.<sup>21</sup> Rajaonah's family members have accused the Rajoelina administration of showboating, claiming that the trial has been influenced by political undercurrents.

### Oil prices could rise by July...

The appointment of ARAI's new CEO is an opportunity for Rajoelina's administration to recoup embezzled funds and return them to the public purse, which is under increasing strain as global inflation and oil prices continue to rise. Prime minister **Christian Ntsay** chaired a meeting between oil companies and Madagascan authorities on 30 May to discuss proposals to increase fuel prices.<sup>22</sup> Madagascar's fuel prices have not risen for three years, despite increasing volatility and disruption to the international fuel markets by **Russia's** military operations in **Ukraine**. The meeting was attended by energy minister **Andry Ramaroson**, finance minister **Rindra Rabarininarison** and **Office malgache des Hydrocarbures (OMH)** (office of hydrocarbons) director general **Olivier Jean-Baptiste**.

Ramaroson, in an address to the national assembly, announced on 23 May that a rise in fuel prices was inevitable.<sup>23</sup> Ramaroson lobbied for a rise in fuel prices in June, and said the rise should take place at latest in July. However, the decision to increase fuel prices remains with the cabinet, which Ramaroson said would be issued no later than the beginning of July.<sup>24</sup> Under the terms of the **International Monetary Fund (IMF) Extended Credit Facility (ECF)** awarded to Madagascar in March 2021, Madagascar must not exceed a bar of MGA'100 billion (\$24.6m) in liabilities to distributors of petroleum products.<sup>25</sup>

A hike in Madagascar's minimum wages, announced on 29 April, was partially motivated by the anticipated increase in fuel prices, which is expected to have a knock-on effect on the price of goods and transportation and is likely to result in higher inflation (see *ARC Briefing Madagascar May 2022*).<sup>26</sup> The IMF predicts that inflation will average 8.8% in Madagascar in 2022, a rise from 5.8% in

<sup>16</sup> [Madagascar Tribune](#), 4 Jun 2022

<sup>17</sup> [Madagascar Tribune](#), 4 Jun 2022

<sup>18</sup> [Madagascar Tribune](#), 4 Jun 2022

<sup>19</sup> [Madagascar Tribune](#), 4 Jun 2022

<sup>20</sup> [Madagascar Tribune](#), 4 Jun 2022

<sup>21</sup> [Madagascar Tribune](#), 4 Jun 2022

<sup>22</sup> [Madagascar Tribune](#), 1 Jun 2022

<sup>23</sup> [Madagascar Tribune](#), 24 May 2022

<sup>24</sup> [Madagascar Tribune](#), 24 May 2022

<sup>25</sup> [International Monetary Fund](#), 26 Oct 2021

<sup>26</sup> [Orange](#), 1 May 2022

2021.<sup>27</sup> Madagascar's presidential candidates are likely to find willing ears amongst the electorate as the cost of living rises, turning up the heat on the 2023 campaign trail for incumbent Rajoelina.

### Rio Tinto mine launches social audit

Road blockades and protracted negotiations with local fishing communities forced **United Kingdom (UK)**-based **Anglo-Australian** mining company **Rio Tinto** to suspend activities at its **QIT Madagascar Minerals (QMM)** mine on 18 May.<sup>28</sup> A **Mobilising Extractives Transparency and Accountability in Madagascar** report released to the public on 12 May stated that villagers living in proximity to the mine had reported a loss of access to natural resources in the region including land, forest and fish as well as a decline in water quality, loss of income, divisions within the local community and lack of consultation process from QMM officials (see *ARC Briefing Madagascar May 2022*).<sup>29</sup>

Blockades began on the road leading to the **Taolagnaro**-based plant on 15 April, as villagers protested the suspension of fishing activities that began on 12 March.<sup>30</sup> On 22 May, QMM officials, local demonstrators and government authorities signed an agreement triggering the removal of the blockades, allowing mine activity to resume on 23 May.<sup>31</sup> At the signing ceremony, Rio Tinto provided rice and cattle to the local community as a "*symbol of reconciliation*".<sup>32</sup>

Earlier in May, QMM launched a social audit in response to results of a transparency project run by a '*Publish what you pay*' coalition composed of **Germany**-based non-profit organisation **Transparency International** and Madagascar-based **National Forum of Extractive Industries Transparency**.<sup>33</sup> QMM, which is 80% owned by Rio Tinto and 20% by the Madagascar government, refuted the claims made by the report, maintaining that concerns of the local community are treated as a priority and that it would incorporate the recommendations of the report into its social outreach programme.<sup>34</sup> Former Rio Tinto chairman **Simon Thompson**, who stepped down on 5 May, stated that QMM should build a water treatment facility and develop clean water projects for the surrounding villages, noting that Rio Tinto could do more to 'enhance' its licence to operate in Madagascar.<sup>35</sup>

### Covid-19 update

Cyclone-impaired infrastructure has interrupted the capacity of Madagascan healthcare centres to test for and treat Covid-19 infections. Recent statistics published by the **World Health Organisation (WHO)** suggest that Madagascar recorded no new cases of Covid-19 during the week of 6 June.<sup>36</sup> A third wave of Covid-19 infections peaked in early January when new infections rose to levels last seen in March 2021.<sup>37</sup>

A cabinet decree re-opened Madagascar's international borders on 5 March, however, the Malagasy government banned flights to and from **South Africa** on 3 March (see *ARC Briefing Madagascar Mar 2022*). The ban, originally due to be reviewed on 3 June, has yet to be officially lifted.<sup>38, 39, 40</sup>

<sup>27</sup> [Le Monde](#), 16 May 2022

<sup>28</sup> [Reuters](#), 25 May 2022

<sup>29</sup> [Publiez Ce Que Vous Payez](#), 12 May 2022

<sup>30</sup> [Madagascar Tribune](#), 29 Apr 2022

<sup>31</sup> [Reuters](#), 25 May 2022

<sup>32</sup> [Reuters](#), 25 May 2022

<sup>33</sup> [Orange](#), 11 May 2022

<sup>34</sup> [Orange](#), 11 May 2022

<sup>35</sup> [Reuters](#), 25 May 2022

<sup>36</sup> [World Health Organisation](#), accessed 8 Jun 2022

<sup>37</sup> [World Health Organisation](#), accessed 7 Apr 2022

<sup>38</sup> [Madagascar Tribune](#), 24 Feb 2022

<sup>39</sup> [Ch Aviation](#), 7 Mar 2022

<sup>40</sup> [Daily Maverick](#), 8 Jun 2022

**Air France** and **Air Madagascar** have operated flights from **Europe** to Antananarivo since November (see *ARC Briefing Madagascar Nov 2021*). The same health restrictions apply to other international flights arriving in Madagascar, which include:

- Proof of a negative PCR test taken no more than 72 hours before boarding;
- Presentation of a reservation certificate for two nights and payment of at least one night at an approved hotel;
- Submission to a PCR test upon arrival (at the traveller's expense) and confinement until test result is known;
- Treatment at an approved hospital or medical hotel in the event of a positive test.<sup>41</sup>

Since 23 February, domestic travelers flying within Madagascar are no longer required to submit to a **Rapid-Diagnostic Test (RDT)** three hours before departure.<sup>42</sup>

Madagascar joined the WHO vaccination access scheme, **COVAX**, in April 2021 after initially opting out of the programme and instead using a local herbal remedy named **Covid-Organics** (see *ARC Briefing Madagascar Apr 2021*).<sup>43</sup> As of 8 June, WHO data reveals that 1.29 million of Madagascar's 28 million residents have received at least one dose of a Covid-19 vaccine, while 4.18% of the population is fully vaccinated.<sup>44</sup> These figures have not changed since the month of May.

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<sup>41</sup> [Anadolu Agency](#), 5 Mar 2022

<sup>42</sup> [2424](#), 24 Feb 2022

<sup>43</sup> [VON](#), 1 Apr 2021

<sup>44</sup> [World Health Organisation](#), accessed 8 Jun 2022

## Planner

2023 (**Madagascar**) Potential presidential elections;

## Chronology

6 Jun 2022 **Amboasary District (Madagascar)** *Orange*. A delegation from the **European Parliament** travels to **Amboasary** and **Ambovombe** districts with officials from the **United Nations (UN) World Food Programme (WFP)** and the Malagasy government;

4 Jun 2022 **Antananarivo (Madagascar)** *Madagascar Tribune*. Transport minister **Rolland Ranjatoelina** announces the dismissal of two board members of national airline carrier **Air Madagascar**, chairperson **Mamy Rakotondraibe** and vice chair **Rinah Rakotomanga**;

3 Jun 2022 **Antananarivo (Madagascar)** *Madagascar Tribune*. President **Andry Rajoelina** conducts the swearing in ceremony for new **Agence de recouvrement des avoirs illicites (ARAI)** (illicit assets recovery agency) director general **Aimé Rasoloharimanana**;

1 Jun 2022 **Antananarivo (Madagascar)** *Madagascar Tribune*. Prime minister **Christian Ntsay** meets with energy minister **Andry Ramaroson**, finance minister **Rindra Rabarininarison** and **l'Office malgache des Hydrocarbures (OMH)** (Malagasy office of hydrocarbons) director general **Olivier Jean-Baptiste** to discuss fuel pricing;

1 Jun 2022 **Antananarivo (Madagascar)** *World Bank*. **World Bank** forecasts a lower economic growth rate in **Madagascar** in 2022, at 2.6% of GDP compared to 4.4% in 2021, saying the country is barely recovering from the impacts of **COVID-19**;

1 Jun 2022 **Dubai (United Arab Emirates)** *Le Matinal*. President **Andry Rajoelina** attends the opening of the **Seamless 2022 Forum** on the digital economy in **Dubai (United Arab Emirates, UAE)**, meeting UAE deputy prime minister and interior minister **Sheikh Saif bin Zayed Al Nahyan**;

30 May 2022 **Antananarivo (Madagascar)** *Madagascar Tribune*. **United States Agency for International Development (USAID)**, **Miarakap** impact investment fund and **Economic Development Board of Madagascar (EDBM)**-run **Mitsiry** programme launch a collaborative five-year project to support SMEs and start-ups in Madagascar with \$12.4m;

27 May 2022 **Antananarivo (Madagascar)** *Madagascar Tribune*. **Pôle anti-corruption (PAC)** (anti-corruption centre) criminal court sentences import/export king and former president **Hery Rajaonarimampianina** affiliate **Mbola Rajaonah** to five years' imprisonment for embezzlement of public funds and customs offences and a MGA'27 billion ariary (\$6.63m) fine;

24 May 2022 **Antananarivo (Madagascar)** *Reuters*. **United Kingdom**-headquartered **Rio Tinto's QIT Madagascar Minerals** mineral sands mine restarts production following a five-day halt, after reaching an agreement with demonstrators who had set up roadblocks at the site;

24 May 2022 **Antananarivo (Madagascar)** *Madagascar Tribune*. Energy minister **Andry Ramaroson** cautions that fuel prices may rise in July, announcing that the final decision will be taken by the **conseil des ministres** (council of ministers);

22 May 2022 **Fort-Dauphin (Madagascar)** *Madagascar Tribune*. A government delegation successfully mediates a dispute between **United Kingdom**-headquartered **Rio Tinto**-owned **Qit Madagascar Minerals (QMM)** mine and local fishing communities resulting in the removal of roadblocks on **Mandena Road** leading to QMM sites;

20 May 2022 **Antananarivo (Madagascar)** *Afriq54*. The **European Investment Bank (EIB)** publishes a non-objection to the release of funds for the **RN13** roads project in Madagascar indicating preparation for the distribution of \$208.6m in loans granted by the **European Union (EU)** in January 2020;

17 May 2022 **Soavinandriana (Madagascar)** *Madagascar Tribune*. Opposition party **Tiako i Madagasikara (TIM)** leader and former president **Marc Ravalomanana** is allegedly detained on the road whilst on a trip to Soavinandriana on 14 May;

11 May 2022 **Antananarivo (Madagascar)** *Orange*. President **Andry Rajoelina** announces plans to hold a conference to develop a national plan to achieve food self-sufficiency in Madagascar by reorienting the **National Agricultural Strategy**;

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