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Madagascar plans to hold an international oil roadshow once parliament passes the new petroleum code in 2017. The oil code looks likely to pass this year, though oil companies are concerned about a lack of participation in the process. Presidency minister in charge of mines and oil Ying Vah Zafilahy holds workshops on revisions to the draft mining code around the country. Zafilahy plans major changes to the code in efforts to increase the mining sector contribution to the economy. A Malagasy court sentences opposition leader Augustin Andriamananoro to a three-month suspended prison term for his part in a demonstration against a Chinese mining company. The Chinese foreign minister visits Madagascar in his first official visit of 2017 in an attempt to improve relations in the midst of anti-Chinese sentiment. The Commission Électorale Nationale Indépendante (CENI) (National independent electoral commission) begins updating the electoral register for upcoming provincial and presidential elections. Parliament passes the National Reconciliation Bill, though it may prove divisive if it restricts candidates from the 2018 presidential elections.

Madagascar moves closer to passing revised mining and petroleum codes

Presidency minister in charge of mines and oil **Ying Vah Zafilahy** announced on 6 January that the government plans to hold an international oil roadshow in 2017.¹ The long-expected announcement may signal that the updated petroleum code will be passed this year. The government will launch tenders for the oil blocks after the roadshow, but the roadshow will not be able to proceed until parliament passes the new petroleum code, which it is expected to do at its first sitting in May.² The draft petroleum code has been in revision for over two years and parliament was scheduled to debate, and possibly pass, the draft code in 2016, but was delayed after former prime minister **Jean Ravelonarivo** and his cabinet were removed from office in April 2016. However, several sources in **Antananarivo** are confident that the revised code will be passed in 2017, as “*the timing should be right*”³ though oil companies are concerned as they “*do not even know the contents of the [revised] code.*”⁴

The presidency ministry of mines and petroleum has held workshops for revisions to the draft mining code (see below), though as of yet the presidency ministry has made no announcements regarding the revision of the draft petroleum code. Political and oil analysts have noted that Zafilahy is considered to be more focused on the mining sector than the petroleum sector, especially compared to his predecessor, **Joeli Valerien Laharisaina**.⁵ This may explain the current emphasis on the mining code to the detriment of the revised petroleum code. Once passed, there will be 225 offshore blocks and four onshore blocks available, though the government will only initially offer 40 offshore blocks according to **Bonaventure Rasoavanaivo**, the director general of the **Office des Mines Nationales**

¹ L'Express Mada, 10 Jan 2017.

² L'Express Mada, 10 Jan 2017.

³ Source, former OMNIS executive, Antananarivo

⁴ Source, oil company representative, Antananarivo

⁵ Source, APPAM representative, Antananarivo

et des Industries Stratégiques (OMNIS) (Office of national mines and strategic industry).⁶ **United States, United Kingdom** and **China**-based companies have all shown interest in the blocks.⁷

The presidency ministry in charge of mines and petroleum is also preparing the mining code for revision and held workshops on the proposed revisions from 12 to 14 January. The proposed mining code, which, similar to the petroleum bill, has been in revision for over two years, will aim to encourage further foreign investment in the sector. Zafilahy organised workshops across Madagascar to inform the population of the need to revise the code and to gather opinions.⁸ Once regional consultations are completed, the government will discuss the draft mining code at a national level.⁹ According to Zafilahy, the code “*needs to be as inclusive as possible.*”¹⁰ At a meeting in **Ampefy** in central Madagascar, mining sector technicians presented their cases for close to 50 amendments to the mining code.¹¹

Major changes to the code may include a strengthening of corporate social responsibilities (CSR) and environmental controls as well as an increase in state control over operations. **Eric Rabearisoa**, a board member of OMNIS, stated that,

“Most of [the mining companies] are not up to the task financially or technically. It would therefore be necessary to modify the articles [of the code] which would enable the state to assume control [of a mine] and to be able to cancel a permit if necessary.”¹²

The revised code will also alter the duration of permits and royalties paid, especially regarding small mines, which make up 60% of the research and exploitation permits.¹³ The revision of the mining code is central to the government’s plans to meet the goals of the national development plan and attract more investors.¹⁴ Rabearisoa said that the new code should help the Malagasy economy.

*“[Mining] now contributes about 2% of GDP, [but] we hope to bring this figure to 15-20% as in other **sub-Saharan** countries. It is clear that there are not many investors [in Madagascar], so our interest is to put in place a revamped code that will help to attract these investors.”¹⁵*

The presidency ministry of mines and petroleum plans to submit the revised mining code, as well as the revised petroleum code, to parliament during the regular session in May.¹⁶ Parliament was to debate the mining code in October 2016, but this was delayed as were previous versions of both the mining and petroleum codes. Many large companies, as well as other states, are hoping for a quick passage of the new codes.

If passed in May, the new codes may help to increase foreign investment in the country and spur further economic growth through the resources sector. In regards to petroleum exploration, only one discovery has been made in over 50 years of exploration, though international firms are still positive about the prospects of oil, especially in offshore blocks along the **Morondova Basin** between Madagascar and **Mozambique**. The mining sector has fared well in Madagascar and the new code will aim to develop small scale mines to decrease the amount of illegal mining taking place currently. Madagascar is especially rich in nickel, but also other metallic minerals such as graphite and titanium, as well as precious and ornamental stones.

⁶ L’Express Mada, 10 Jan 2017.

⁷ L’Express Mada, 10 Jan 2017.

⁸ RFI, 16 Jan 2017.

⁹ L’Express Mada, 16 Jan 2017.

¹⁰ L’Express Mada, 16 Jan 2017.

¹¹ RFI, 16 Jan 2017.

¹² RFI, 16 Jan 2017.

¹³ L’Express Mada, 16 Jan 2017.

¹⁴ RFI, 16 Jan 2017.

¹⁵ RFI, 16 Jan 2017.

¹⁶ L’Express Mada, 16 Jan 2017.

Andriamananoro receives three-month suspended sentence over anti-China protests

A Malagasy court sentenced **Augustin Andriamananoro** to a three-month suspended prison term on 27 December for his actions in a 22 November protest against China-based mining company **Jiuxing Mines**. The opposition claimed the charges and subsequent sentence are a political attack which may spark more protests against Chinese operations in Madagascar. Of the four charges, Andriamananoro was acquitted of three, but the court found him guilty of participation in an unauthorised demonstration.¹⁷ Upon his release, Andriamananoro, the vice-president of former president **Andry Rajoelina's** (2009-2014) **Miaraka amin'ny Prezidà Andry Rajoelina (MAPAR)** party, celebrated with his family and supporters. His lawyers, however, were not satisfied with the verdict and wish to appeal against the decision to obtain an acquittal for Andriamananoro on all charges.¹⁸ **Haja Rakotoson**, Andriamananoro's lawyer, stated that the decision was political and the judges had little or no evidence, but will consult with Andriamananoro, his family and MAPAR officials before launching an appeal.¹⁹ Rakotoson stated that,

*"It is a political decision that is far from satisfying (to) us especially as no burden (of proof) has been (established)."*²⁰

Andriamananoro, a former telecommunications minister under Rajoelina, was charged for his participation in a demonstration against Jiuxing Mines on 22 September in **Soamahamanina**. Despite Jiuxing Mines' decision to suspend operations, demonstrations have continued every Thursday.²¹ Local protesters stated that,

*"The fight continues until the Chinese finally leave our village, taking their materials with them."*²²

Andriamananoro was arrested on 10 December though his trial was postponed until 20 December. Members of the opposition argue that the delay was an attempt to weaken opposition against president **Hery Rajaonarimampianina** (2015-present) in the run-up to the 2018 presidential election. The Madagascar court of first instance announced that it would issue its verdict at the later date despite a request for provisional release from Andriamananoro's legal team.²³ The government had charged Andriamananoro with attacking the security of the state, participation in a demonstration without authorisation, paying participants of the demonstration without authorisation, and the hindering of traffic.²⁴

During the trial on 20 December, Andriamananoro's lawyers argued that there were procedural flaws during the arrest of Andriamananoro and that he should be released until the hearing of the verdict.²⁵ Parliamentarians, opposition members and activists from Soamahamanina, where the protests against the mining company occurred, attended the trial.²⁶ Clashes occurred between Andriamananoro supporters and security officials after the judge announced the date of the verdict and police transported Andriamananoro back to prison.²⁷

Many of the supporters are residents of Soamahamanina, where weekly protests occurred against Jiuxing Mines for several months before the China-based mining company ceased operations in October amid growing anti-Chinese sentiment in the region.²⁸

¹⁷ RFI Africa, 27 Dec 2016.

¹⁸ RFI Africa, 27 Dec 2016.

¹⁹ NewsMada, 28 Dec 2016.

²⁰ L'Express Mada, 28 Dec 2016.

²¹ NewsMada, 28 Dec 2016.

²² L'Express Mada, 28 Dec 2016.

²³ L'Express Mada, 21 Dec 2016.

²⁴ L'Express Mada, 21 Dec 2016.

²⁵ L'Express Mada, 21 Dec 2016.

²⁶ L'Express Mada, 21 Dec 2016.

²⁷ Madagascar Tribune, 21 Dec 2016.

²⁸ Straits Times, 19 Dec 2016.

“As a company, we think we have the right to stay, but for the sake of social appeasement we chose to withdraw. We hope to return under new terms and repair past mistakes.”²⁹

Perhaps in response to the growing anti-Chinese sentiment in Madagascar, Chinese foreign minister **Wang Yi** visited the island on 7 January in his first stop on a continent-wide visit. China is one of Madagascar’s top trading partners, but recent anti-Chinese sentiment, especially regarding Chinese ownership of mines and the use of Chinese labour, has threatened to strain ties. Wang first met with Rajaonarimampianina to discuss cooperation on the construction of China’s **‘Belt and Road Initiative’**.³⁰ The initiative, launched in 2013, aims to build a trade and infrastructure network connecting **Asia** with **Europe** and **Africa** along the ancient silk road trade routes. Wang noted that,

“Madagascar had direct links with the ancient maritime silk road, making it a natural extension of the 21st century maritime silk road.”³¹

During the visit, Rajaonarimampianina confirmed his continuing support for the one-China policy and pledged to maintain mutual support with China on issues concerning each other’s core interests.³² Wang attempted to reassure the Malagasy population that China, and Chinese investors, are looking for opportunities and not exploitation. He stated that,

“Chinese technicians have come, [and] have travelled a long distance to come here, leaving their families [in China]. [The purpose] is not to exploit, nor to colonise nor discriminate. Africa is important in China’s foreign policy.”³³

Wang later met Madagascar foreign minister **Beatrice Atallah**, and signed a memorandum of understanding to intensify bilateral relations in the fields of agriculture, infrastructure, fisheries, transport and industry.³⁴ China also agreed to donate two coast guard ships to Madagascar, as well as provide financing of one billion Ariary (\$300,000) to rehabilitate the buildings of Madagascar’s foreign ministry.³⁵

Chinese economic support has been important to Madagascar’s economy and while China may push for Madagascar’s political support towards its goals, Madagascar is not a huge priority for China. Wang’s visit, while politically positive, will do little to quell protests by the rural population who feel that international companies are exploiting the land and their labour. The swell of support for Andriamananoro may encourage other opposition politicians to protest against foreign companies in return for support from the local population in upcoming provincial elections. There is also a possibility of this becoming a national issue if it continues in the lead up to the presidential elections in 2018.

Political manoeuvring begins before 2018 presidential elections

The **Commission Électorale Nationale Indépendante (CENI)** (National independent electoral commission) has begun to update the electoral register ahead of provincial and regional elections in 2017 and the presidential elections in 2018.³⁶ Madagascar’s political stability will rest on the legitimacy of the upcoming elections, though with an estimated two million people of voting age not yet registered, it may be difficult for CENI to fully update the electoral lists in time. The CENI is currently conducting a census in Antananarivo to identify those of voting age who have not registered, though the government has encountered issues in impoverished areas where residents are less likely to have an identity card or a copy of their birth certificate.³⁷ CENI had set a deadline of 31 January to

²⁹ Straits Times, 19 Dec 2016.

³⁰ CCTV, 9 Jan 2017.

³¹ Forum on China-Africa Cooperation, 9 Jan 2017.

³² CCTV, 9 Jan 2017.

³³ L’Express Mada, 9 Jan 2017.

³⁴ Madagascar Tribune, 9 Jan 2017.

³⁵ Madagascar Tribune, 9 Jan 2017.

³⁶ RFI Africa, 2 Jan 2017.

³⁷ RFI Africa, 2 Jan 2017.

update the voter list and reach 10 million people registered, but this now looks ambitious. Roughly 9 million people are currently registered but some statistics have estimated that close to 12 million people could be eligible to vote in the upcoming elections.³⁸

In preparation for the elections, the Madagascar national assembly passed the **National Reconciliation Bill** on 13 December. The bill, which has been in the pipeline for over four years and seeks to re-establish political stability after the 2009 coup, may actually cause conflict if it does restrict the candidacy of opposition candidates in the 2018 presidential election. The bill passed with 87 votes for and 19 against.³⁹ The bill is often cited as a condition for donor support. The bill has been in various stages since the end of the political transition and while it easily passed the senate and national assembly, opposition members believe the bill attempts to restrict the candidacies of former presidents **Marc Ravalomanana** (2002-2009) and **Andry Nirina Rajoelina** (2009-2014).

Malagasy analysts believe that “*all of them (Rajaonarimampianina, Ravalomanana, and Rajoelina) are running in the next elections*”⁴⁰ though opposition parties believe this bill will be used to prevent this from happening. If so, supporters of former presidents Ravalomanana and Rajoelina may take their protests to the street to force the government to allow them to stand in the elections. It is unclear whether any particular candidate has a large majority of support relative to the other candidates and the 2018 election may result in a run off vote if no candidate is able to secure a majority of support come election day.

³⁸ RFI Africa, 2 Jan 2017.

³⁹ RFI Africa, 15 Dec 2016.

⁴⁰ Source, political analyst, Antananarivo

About Africa Risk Consulting:

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