

AFRICA RISK CONSULTING

Country briefing – Madagascar

30 December 2013

Summary

President Rajoelina replaces ten regional government heads ahead of the second round presidential run-off election. Security forces arrest individuals allegedly planning to destabilise the election which takes place peacefully on 20 December. Presidential candidate Jean Louis Robinson claims election fraud and rigging. The electoral oversight commission is expected to release official results in early January. Madagascar Oil says it expects to start commercial oil production in 2014. Sterling Energy signs an oil and gas farm-out agreement. Treasury manager Orlando Robimanana suspends two employees of the main mining sector regulatory authority over allegations of attempted embezzlement. The customs authority expects a revenue shortfall in 2014.

1.1 Second round presidential election takes place

Madagascar's second round presidential run-off election took place peacefully on 20 December. Campaigning for the second round started on 29 November and ended 18 December.¹ There was limited in-depth debate during the campaign period between former health minister **Jean Louis Robinson** who represents the interests of ousted president **Marc Ravalomanana** (2002 – 2009), and former finance minister **Hery Rajaonarimampianina** who represents the interests of President **Andry Nirina Rajoelina** (2009 – present). Rajaonarimampianina claimed he was the best choice because of his knowledge and experience as finance minister. He criticised Robinson's links to **France's Socialist Party** and **Freemasonry**, a secretive society ubiquitous in the upper echelons of the African business and political elite, particularly in former French colonies. Robinson's main counter argument was that "*Madagascar is sick and must heal*" and that Rajaonarimampianina was part of the problem due to his close relationship with Rajoelina.²

¹ Source, political analyst, Antananarivo.

² ibid

The voting took place in a calm atmosphere.³ Observers from the **United States (US)** based **Carter Center** and the **South Africa** based **Electoral Institute for Sustainable Democracy in Africa (EISA)** said "... voting and counting processes were peaceful, orderly...". However, long voting delays were reported.⁴ In some polling stations in **Antananarivo** voters waited for over two hours to cast their ballot⁵. Informal reports indicate voter turnout was only 40%.⁶

La Commission Electorale Nationale Independante pour la Transition (CENIT) will release the provisional results on 7 January.⁷ However, initial informal results filtering in after polling stations closed indicated a close race between Robinson and Rajaonarimampianina. Soon after polling stations closed Robinson took an early slim lead in the **Analamanga** region and Rajaonarimampianina took an early slim lead in **Toliara, Mahajanga** and **Manajary** regions.⁸ The early informal results were a surprise, "*it seems that this election is a big surprise as people thought it would be Robinson, but Rajaonarimampianina is now the leader.*"⁹ However, the informal results that continue to flow in are from a small number of polling stations and the front runner status rotates between Robinson and Rajaonarimampianina with thin margins, between 10 and 100 votes.¹⁰ Initial informal reports from CENIT on 22 December indicated Rajaonarimampianina was leading with 53.63% of the popular vote, with only 15% of the votes counted.¹¹ Most recent results indicate Rajaonarimampianina is leading with 51% of the vote.¹²

Robinson alleges that major fraud, vote rigging and ballot stuffing took place during the voting and counting process. Rajaonarimampianina denied any vote rigging took place.¹³ However, there were initial minor reports of voters failing to sign the voters' list after casting their ballots, and lost minute sheets prior to the start of vote counting.¹⁴ Robinson submitted a complaint to the **Cour Electorale Spéciale (CES)**.¹⁵ The **European Union (EU)** mission chief **Maria Muniz de Urquiza** said,

³ AFP, 20 Dec 2013.

⁴ AFP, 22 Dec 2013.

⁵ Source, political analyst, Antananarivo.

⁶ ibid

⁷ Xinhua, 20 Dec 2013.

⁸ Source, political analyst, Antananarivo.

⁹ ibid

¹⁰ l'Express, 21 Dec 2013.

¹¹ AFP, 22 Dec 2013.

¹² Source, political analyst, Antananarivo.

¹³ AFP, 21 Dec 2013.

¹⁴ Source, political analyst, Antananarivo.

¹⁵ ibid

“According to the parameters and methodology of the European Union, the elections were free, credible and democratic [however] ...the process has not finished. We have to wait for counting to end and the reporting of the results.”¹⁶

A total of 7.9 million people were registered to vote in 20,001 polling stations¹⁷ but the turnout was reportedly low in some regions¹⁸. The election will determine the president and MPs for the next five years. Robinson has called for calm until the final results are published in January.¹⁹

Both candidates claimed they expect to win the election and allegedly both celebrated with champagne toasts at their respective headquarters on election night.²⁰ Robinson predicts he will win with 56% of the popular vote whereas Rajaonarimampianina says he will win with 60% to 65% of the popular vote.²¹ Although CENIT has not released official results yet, there is an indication

*“...for the second round that the trend seems completely reversed ... the Robinson side was over confident after a successful protest vote in the first round and did not make as much effort regarding his campaign in the second round despite significant financial resources and other help ... including a helicopter, support from allies in the printing buses for flyers and campaign posters and **Lalao Ravalomanana** who is very popular ... however, Robinson is leading in parliamentary seats in Antananarivo ... **Mouvance Ravalomanana** has won most seats and **Mapar**, a Rajoelina linked party is in second place ...”²²*

Prior to voting day on 20 December, Robinson said if he won the presidential run-off election, he would appoint Lalao Ravalomanana, the wife of ousted president Ravalomanana, to his cabinet.²³ Ravalomanana is expected to return to Madagascar from exile in South Africa if Robinson is declared winner.²⁴ Lalao Ravalomanana only recently returned from exile in South Africa after the Rajoelina government blocked her return several times.²⁵

¹⁶ AFP, 22 Dec 2013.

¹⁷ Xinhua, 20 Dec 2013.

¹⁸ AFP, 20 Dec 2013.

¹⁹ AFP, 21 Dec 2013.

²⁰ Source, political analyst, Antananarivo.

²¹ *ibid*

²² *ibid*

²³ *ibid*

²⁴ *ibid*

²⁵ www.expressmada.com

Rajoelina is not expected to leave the political scene if Rajaonarimampianina is declared the winner. There is no clear information on what type of deal they agreed to. *“All we know is that Rajoelina wants to be prime minister of a Rajaonarimampianina government.”*²⁶

1.2 Mandate of the transition parliament ends

The two transitional parliamentary chambers held their final session of their three-year mandate in December. Malagasy political parties agreed to establish the transitional parliament in 2010 as part of the first steps in Madagascar’s transition back to democratic rule after Rajoelina’s coup in 2009 which ousted Ravalomanana. The transitional parliament consisted of a lower chamber, **Congrès de la Transition (CT)**, and an upper chamber, **Conseil Supérieur de la Transition (CST)**. After CENIT confirms the final election results, members of parliament and senators will replace transitional CT and CST members to form Madagascar’s new lower and upper parliamentary chambers.²⁷

1.3 Police arrest individuals allegedly planning to destabilise the election

Security forces detained several people in early December allegedly planning to destabilise the election.²⁸ They claimed that several military officers including a colonel, a chief warrant officer and members of the CST exchanged money at a meeting so that senior officers would lobby non-commissioned officers in military barracks to disrupt the election process. The security forces emphasised that they did not have any concrete evidence implicating the individuals in the alleged plot.²⁹ The detentions and increased security at military barracks prevented the alleged plot from materialising; the elections took place in a calm and peaceful atmosphere (see above).

1.4 Rajoelina replaces ten regional government heads

The government adopted Rajoelina's decree replacing ten regional government heads with eight military officers and two civil administrators on 20 November.³⁰ All new regional heads are Rajoelina supporters.

- **Anosy:** Colonel **Rahovelson Fanomezana Israel;**
- **Atsimo Andrefana:** General **Robert;**
- **Atsimo Atsinanana:** General **David Ranaivoson;**
- **Atsinanana:** **Michel Tata** (civil administrator);

²⁶ Source, political analyst, Antananarivo.

²⁷ www.lexpressmada.com

²⁸ www.midi-madagasikara.mg

²⁹ *ibid*

³⁰ www.madagascar-presidency.gov.mg

- **Diana:** Colonel **Maevalaza**;
- **Ihorombe:** Colonel **Reribake Jeannot**;
- **Melaky:** Colonel **Vohason Mitovisoa**;
- **Sava:** **Lucien Mananjara** (civil administrator);
- **Sofia:** Colonel **Serge Elliot**;
- **Vatovavy Fitovinany:** General **Jean Felix Randriamarolo**.³¹

The appointments fall under the interior ministry and the decentralisation ministry. The appointments are "*... not seen as a military takeover... at this time we do not think there will be any violent action...³²*"

1.5 Madagascar Oil plans to start commercial oil exports in 2014

Alternative Investment Market (AIM) listed **Madagascar Oil** plans to start commercial oil production in 2014 at its **Tsimiroro** heavy oil field (block 3104). The project is still in its exploration stage and Madagascar Oil does not have a licence to sell any extracted oil. It only uses oil to power steam injection generators. However, Madagascar Oil intends to declare the field commercially viable in February 2014 after which the company must submit a development plan to Malagasy government within 180 days. Madagascar Oil plans to produce 10,000 barrels a day from Tsimiroro in the first two to three years. The Tsimiroro field contains an estimated 1.7 billion barrels of heavy oil.³³

1.6 Sterling Energy executes farm-out agreement

United Kingdom (UK) based **Sterling Energy Plc** executed a farm-out agreement for its offshore **Ambilobe** block production sharing agreement (PSA) with **Pura Vida Mauritius (PVM)**. The farm-out agreement, through wholly owned Sterling subsidiary **Sterling Energy (UK) Ltd**, was originally announced on 1 November. Sterling Energy announced the execution of the agreement announced after the Malagasy government consented to the farm-out, which will see Sterling maintaining its operator status with a 50% interest and PVM holding the remaining 50%. Sterling claims the Ambilobe block is highly prospective and remains under-explored. Sterling plans to acquire more seismic surveys in 2014 as part of its Ambilobe exploration program.³⁴

³¹ www.madagascar-presidency.gov.mg

³² Source, political analyst, Antananarivo.

³³ Multiple sources: www.madagascaroil.com; www.reuters.com; www.rigzone.com

³⁴ Gulf Oil & Gas, 4 Dec 2013.

1.7 Attempted embezzlement at BCMM

Treasury officials went on a 24-hour strike on 25 November to protest police investigations into financial irregularities. Police are investigating allegations that two individuals planned to embezzle 16 billion Ariary (\$7.164m) from the **Bureau des Cadastres Miniers de Madagascar (BCMM)**, the main mining sector regulatory authority, through the use of forged documents to release government funds. Security forces allegedly summoned treasury manager **Orlando Robimanana** and tried to “bully” him into facilitating the released funds. Robimanana allegedly resisted the pressure, indicating the BCMM accounts were administered separately and the role of the treasury was limited to verification and document submitted to disperse the funds in question. Robimanana then openly denounced the “*bad governance*” and suspended two BCMM employees who were allegedly involved. Police investigations continue.³⁵ Unconfirmed media allegations claim the two men are linked to Rajoelina.³⁶ A finance ministry staff member said, “*this case involves a high level network of senior state officials.*”³⁷ In December, BCMM employees threatened strike action if the two detained employees were not released.³⁸

1.8 Government expects decline in customs revenue

Malagasy customs department **Direction Générale des Douanes (DGD)** officials announced on 8 December that they expect a customs revenue shortfall of \$22.12m in 2014. The DGD says the shortfall is due to implementation of economic partnership agreements (EPAs) with the EU which will lead to a gradual decline in customs duties. The shortfall comes after a \$112.8m shortfall in 2013 (to the end of November), which the DGD claims was due to the suspension of taxes on imported petroleum products.³⁹

2 Implications

A peaceful and mutually acceptable outcome of the second round presidential election is an important step for Madagascar to emerge from the political crisis that started after Rajoelina ousted Ravalomanana in 2009. Rajoelina’s new regional appointments are unlikely to have significant political or security impact. A potential BCMM strike will affect large and small mining companies and the government alike. Mining companies will not receive payment for orders and the government will not receive royalty payments on mineral exports. BCMM employees are calling on the government to

³⁵ www.expressmada.com

³⁶ www.madagascar-tribune.com

³⁷ Source, political analyst, Antananarivo.

³⁸ Multiple sources: www.lexpressmada.com; www.lagazette-dgi.com

³⁹ www.lexpressmada.com



release the detained BCMM employees to avoid potentially damaging strike action (see above).
Developments in Madagascar nascent oil and gas sector are dependent on a successful political transition as successful significant oil and gas sector investments require regulatory and political stability of democratically elected and international recognised government.