

## AFRICA RISK CONSULTING

### Madagascar Monthly Briefing April 2016

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#### Madagascar Summary 18 April 2016

**President Hery Rajaonarimampianina (2014- present) appoints Olivier Solonandrasana Mahafaly as prime minister. Mahafaly appoints a new cabinet and promises to fight corruption and poverty. Former ousted president Marc Ravalomanana (2002-2009) announces he will run for president in 2018. International Monetary Fund (IMF) Africa director Antoinette Sayeh visits Madagascar. The World Bank provides electricity sector funding.**

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#### Rajaonarimampianina appoints new prime minister after cabinet resigns

President **Hery Rajaonarimampianina** (2014- present) appointed **Olivier Solonandrasana Mahafaly** as prime minister on 10 April, two days after prime minister **Jean Ravelonarivo** and his cabinet resigned.<sup>1</sup> Mahafaly is regarded as a Rajaonarimampianina loyalist.

*"Mahafaly sees this promotion to reward his loyal service to the place of the head of state. [While he was interior minister] he did not hesitate to ignore his immediate superior status of prefects and district heads; the man did not hesitate to wet his shirt to campaign for the local elections and 2015 senator elections ..."*<sup>2</sup>

Mahafaly is also regarded as an ally of the ruling **Hery vaovao ho an'i Madagasikara (HVM)** party:

*"The participation of Mahafaly in HVM victories was not limited to the election campaign. It is also his department that prepared controversial regulations prohibiting photographs and personal names on the municipal ballots. The regulations made it harder for illiterate voters to properly cast their ballot. This was a definite plus for the ruling party, a political party without any popular base..."*<sup>3</sup>

Mahafaly will lead the third government since Rajaonarimampianina took office in 2014. Members of parliament (MPs) were reportedly upset with Mahafaly's appointment because Rajaonarimampianina did not consult them. Some MPs have threatened to hold a vote of no confidence against Mahafaly.<sup>4</sup>

There are unconfirmed rumours that Rajaonarimampianina forced Ravelonarivo, who replaced previous prime minister **Roger Kolo** in January 2015, out of office. For several weeks prior to his resignation, the **Malagasy** media reported a conflict between Ravelonarivo and Rajaonarimampianina.<sup>5</sup>

Prior to his appointment as prime minister, Mahafaly was interior and decentralisation minister from April 2014.<sup>6</sup> From 2009 to 2014 Mahafaly was a senior official with a **UNICEF**-linked non-government organisation (NGO) **Ezaka Kopia**, based in Madagascar.<sup>7</sup> Mahafaly was formerly a lecturer in the **Sacred Heart College of Toliara** and education director of the **Alliance Française**.<sup>8</sup> He was

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<sup>1</sup> Multiple sources: Bloomberg, 8 Apr 2016; Madagascar Tribune, 11 Apr 2016.

<sup>2</sup> www.lexpressmada.com

<sup>3</sup> www.lexpressmada.com

<sup>4</sup> www.lexpressmada.com

<sup>5</sup> www.africanews.com

<sup>6</sup> Madagascar Tribune, 10 Apr 2016.

<sup>7</sup> www.lexpressmada.com

<sup>8</sup> www.lexpressmada.com

responsible for communication at NGO **Aide et Action**.<sup>9</sup> He holds a certificate in risk and disaster management and post secondary degrees in civil administration and philosophy.<sup>10</sup> Mahafaly was born in **Nosy Be** in 1964.<sup>11</sup>

### Mahafaly appoints new cabinet

Mahafaly appointed his new cabinet on 15 April, five days after his appointment as prime minister.<sup>12</sup> Mahafaly said the main aim of his new government is to fight poverty and corruption.<sup>13</sup> The cabinet is mostly made up of new appointees with only six ministers from the previous government.<sup>14</sup> Mahafaly kept the post of interior and decentralisation minister for himself. Mahafaly's new cabinet includes three ministers in the president's office and 27 cabinet ministers. They include:

- Presidency minister for special projects & public works: **Narson Rafidimanana**;
- Presidency minister for agriculture: **Rivo Rakotovao**;
- Presidency minister for mines and petroleum: **Ying Vah Zafilahy**;
- Defence minister: **Beni Xavier Rasolofonirina**;
- Foreign affairs minister: **Beatrice Atallah**;
- Justice minister: **Charles Andriamizeza**;
- Finance & budget minister: **François Rakotoarimanana**;
- Interior & decentralisation minister: Olivier Mahafaly;
- Public security minister: **Norbert Anandra**;
- Economy & planning minister: **Herilanto Raveloharison**;
- Health minister: **Mamy Lalatiana Andriamanarivo**;
- Education minister: **Paul Rabary**;
- Private sector and industrial development minister: **Chabani Nourdine**;
- Commerce & consumer affairs minister: **Armand Tazafy**;
- Public works minister: **Eric Razafimandimby**;
- Tourism minister: **Roland Ratsiraka**;
- Public services minister: **Jean Maharante**;
- Transport minister: **Ramarcel Ramanantsoa**;
- Energy and hydrocarbons minister: **Rodolphe Ramanantsoa**;
- Higher education minister: **Marie Rasoazananera**;
- Employment and technical training minister: **Marie Toto Raharimalala**;
- Environment minister: **Benedicte Johanita Ndahimananjara**;
- Fisheries minister: **Françoise Gilbert**;
- Water minister: **Roland Ravatomanga**;
- Culture minister: **Jean Françoise Rabenirina**;
- Post and telecommunications minister: **Andre Rakotomamonjy**;
- Institutional relations minister: **Razafindambo Andrianjato**;
- Youth and sports minister: **Jean Anicet Andriamosarisoa**;
- Social protection & promotion of women minister: **Onitiana Realy**.<sup>15</sup>

Junior ministers include:

- Deputy foreign affairs minister: **Bary Rafatrolaza**;
- Deputy fisheries minister: **Leonide Randrianarisoa** and
- Secretary of state in charge of the national police: **Didier Gerard Paza**.<sup>16</sup>

<sup>9</sup> www.lexpressmada.com

<sup>10</sup> Madagascar Tribune, 10 Apr 2016.

<sup>11</sup> Madagascar Tribune, 10 Apr 2016.

<sup>12</sup> www.africanews.com

<sup>13</sup> Reuters, 13 Apr 2016.

<sup>14</sup> Source, political analyst, Madagascar.

<sup>15</sup> Unless otherwise noted: Source, political analyst, Madagascar.

<sup>16</sup> Unless otherwise noted: Source, political analyst, Madagascar.

## Ravalomanana to run for president in 2018

**Ranes Firina**, a lawyer who represents former ousted president **Marc Ravalomanana** (2002-2009), announced on 31 March that Ravalomanana will run for president in the 2018 election.<sup>17</sup>

Ravalomanana allowed the announcement of his candidacy to become public knowledge well in advance of the 2018 elections to ensure that he can overcome any legal roadblocks that may arise. Ravalomanana's announcement will lead to increased political tension in the run-up to the election.

**Miaraka amin'ny Prezida Rajoelina (Mapar)**, the political party aligned to Ravalomanana's political rival, former president **Andry Nirina Rajoelina** (2009-2013), had already announced on 3 March that Rajoelina will run for president in the 2018 election.<sup>18</sup>

Rajoelina (a.k.a **Andry TGV**<sup>19</sup>), a former disc jockey, printing entrepreneur, television and radio station owner and mayor of Antananarivo, ousted Ravalomanana and his ruling **Tiako-y-Madagasikara**<sup>20</sup> (**TIM**) party in March 2009 through mass public protests and military backing. Ravalomanana fled into exile, initially to **Swaziland** and later to **South Africa**. Rajoelina and Ravalomanana were bitter political enemies. Rajoelina's **Haute Autorité de Transition (HAT)** (high transition authority) government consistently "*did everything*" to prevent Ravalomanana's return from exile despite a **Southern African Development Community (SADC)** peace roadmap that called for the unconditional return of political exiles.<sup>21</sup> Rajoelina feared Ravalomanana's strong popular 50-60% support base in **Antananarivo**.<sup>22</sup>

Ravalomanana's most high profile failed attempt to return to Madagascar occurred in January 2012 when he boarded a commercial **SA Airlink** flight from **Johannesburg** (South Africa) to Antananarivo. Rajoelina's HAT government closed Antananarivo's **Ivato International Airport** to prevent Ravalomanana's return, and the flight was forced to return to Johannesburg.<sup>23</sup> Ravalomanana's advisors and supporters

*"... put a lot of work to get the return of exile provision put into the SADC-backed roadmap ... but there was a lot of pressure from the **African Union (AU)** and the SADC on Ravalomanana to not return before the December 2013 elections ... they were afraid it would destabilise the transition... and Rajoelina was afraid of Ravalomanana's political power..."<sup>24</sup>*

Ravalomanana "*reluctantly agreed*" to not try to return to Madagascar again until after the December 2013 president election.<sup>25</sup> After the **Commission Electorale Nationale Indépendante de la Transition (CÉNIT)** (independent national electoral commission) had declared **Rajaonarimampianina** the winner of the election, Ravalomanana contested the results but later accepted the outcome.<sup>26</sup> His political movement **Mouvance Ravalomanana** agreed to support the **Rajaonarimampianina** administration, but not under a government of national unity.<sup>27</sup> As part of the agreement, **Rajaonarimampianina** said he was willing to talk to Ravalomanana about his return from exile after he had formed a new government.<sup>28</sup> **Rajaonarimampianina** formed a new government in February 2014, but did not respond to requests to start discussions with Ravalomanana.

<sup>17</sup> Multiple sources: [www.lexpressmada.com](http://www.lexpressmada.com); [www.rfi.com](http://www.rfi.com)

<sup>18</sup> Bloomberg, 4 Mar 2016.

<sup>19</sup> 'train à grande vitesse'

<sup>20</sup> Translation: I Love Madagascar

<sup>21</sup> Source, senior Ravalomanana advisor, South Africa

<sup>22</sup> Multiple sources: Source, businessperson, Antananarivo; Source, locally engaged western embassy official, Antananarivo.

<sup>23</sup> Source, political analyst, Antananarivo

<sup>24</sup> Source, senior Ravalomanana advisor, South Africa

<sup>25</sup> Source, senior Ravalomanana advisor, South Africa

<sup>26</sup> Source, senior Ravalomanana advisor, South Africa

<sup>27</sup> Source, senior Ravalomanana advisor, South Africa

<sup>28</sup> Source, senior Ravalomanana advisor, South Africa

*“Finally in May 2013, Ravalomanana’s advisors were able to persuade Rajaonarimampianina to start to discuss at least holding meetings towards negotiations for Ravalomanana’s ‘managed return’... but nothing happened and the government did not act...”<sup>29</sup>*

Ravalomanana returned to Madagascar from exile on 13 October 2014. He publicly stated he would back the Rajaonarimampianina government and not sow political discord.<sup>30</sup> The government is unlikely to arrest Ravalomanana over his conviction (in absentia) to five years hard labour for abuse of office and complicity in murder, handed down under the Rajoelina regime.<sup>31</sup>

*“... it would send a wrong message and will not get wide support from locals or the international community. Plus the Rajaonarimampianina government has been trying to distance itself from the previous Rajoelina regime. He has moved away from Rajoelina politically ... Rajoelina is now in opposition, there is bad blood between Rajaonarimampianina and Rajoelina, they are now seen as enemies.”<sup>32</sup>*

The SADC, the AU, the **United Nations (UN)** and the **United States (US)** made public statements in support of the democratically elected Rajaonarimampianina government, but urged him in 2014 to use Ravalomanana’s arrival to engage in reconciliation.<sup>33</sup>

### IMF Africa director visits Madagascar

**Antoinette Sayeh**, the director of the **Africa** department of the **International Monetary Fund (IMF)**, paid a visit to Madagascar from 16 to 18 March 2016.<sup>34</sup> Sayeh’s visit is part of the groundwork required for a future request from the Malagasy government for an extended credit facility (ECF) arrangement with the IMF.<sup>35</sup> The IMF already has a staff-monitored programme in place for Madagascar. A staff-monitored programme is a critical step in guiding government policy and building a track record to boost international confidence in the government’s economic decision making process and is required before the implementation of an ECF arrangement with the IMF.<sup>36</sup> Despite the challenges Madagascar faces, Sayeh relayed an optimistic view at the end of her visit to Madagascar.

*“Madagascar currently has an encouraging economic potential. Despite the difficult situation generated by the low level of commodity prices and drought, IMF projections point to a stronger GDP growth in 2016 than in 2015, thanks to the increase in public investment and recovery in tourism, textiles and agriculture. Inflation will remain under control. Reforms are underway, which will lead to improved domestic revenue collection and better quality expenditure. The new measures taken to improve tax and customs administration have been to encourage tax compliance, deter fraud and to tackle the vast informal sector...”<sup>37</sup>*

While in Madagascar, Sayeh met with president Rajaonarimampianina, now former prime minister **Jean Ravelonarivo**, as well as former finance and budget minister **Gervais Rakotoarimanana**, former economy and planning minister **Herilanto Raveloharison**, and **Banque Centrale de Madagascar (BCM)** (central bank) governor **Alain Rasolofondraibe**, as well as senior government officials and representatives of the private sector and civil society.<sup>38</sup>

<sup>29</sup> Source, senior Ravalomanana advisor, South Africa

<sup>30</sup> Institute for Security Studies, 16 Oct 2014.

<sup>31</sup> File No. 236/09-CR 102/10-anta; File No. 284/09-CR 178/10-Anta – www.tananews.com, 20 Sept 2011.

<sup>32</sup> Source, senior Ravalomanana advisor, South Africa

<sup>33</sup> Source, senior Ravalomanana advisor, South Africa

<sup>34</sup> www.madagascar-tribune.com

<sup>35</sup> www.imf.org

<sup>36</sup> www.imf.org

<sup>37</sup> www.madagascar-tribune.com

<sup>38</sup> www.orange.mg

## World Bank provides electricity development funding

The **World Bank** on 22 March approved a \$65m **International Development Association (IDA)** grant to support electricity development.<sup>39</sup> The grant will play an important role in reforming the government-owned power and water utility **Jiro sy Rano Malagasy (Jirama)**, which will help the utility provide more adequate and consistent electricity, an important component of Madagascar's economic recovery.<sup>40</sup> Jirama currently suffers from high transmission losses and frequent power outages. The World Bank support has three main objectives:

- Improve electricity sector planning and financial sustainability;
- Strengthen Jirama's operational performance through increased efficiency, transparency and accountability;
- Invest in the rehabilitation of electricity distribution and transmission networks.<sup>41</sup>

World Bank country representative **Coralie Gevers** said,

*"The lack of adequate electricity access in Madagascar constrains the delivery of basic social services. It also makes it difficult to do business, which perversely affects the country's investment climate ... The Government has committed to work with the public electricity utility Jirama so it can fulfill its mission of providing energy efficiently and with higher standards of performance. We are committed to accompanying them on this journey which is only beginning."*<sup>42</sup>

The World Bank's team leader **Isabel Neto** said,

*"We have teamed up with the authorities in identifying a set of high priority activities that could be carried out in the short-to-medium-term to achieve significant improvements in the sector's operations and governance. In the longer run, the actions identified aim to create the building blocks to attract sound private sector investments in generation and access to electricity in Madagascar."*<sup>43</sup>

The **International Finance Corporation (IFC)**, the World Bank's private sector lending arm, is also involved in developing Madagascar's powers sector.<sup>44</sup> On 21 March, the IFC announced Madagascar was the third **African** country after **Zambia** and **Senegal** to join the **Clean Energy Power – Scaling Solar (CEP-SS)** programme.<sup>45</sup> The CEP-SS provides a package that combines World Bank services and partial risk guarantees, the World Bank's **Multilateral Investment Guarantee Agency's (MIGA)** political risk guarantees and the IFC's expertise in developing and financing power to help the Malagasy government mobilise privately funded grid-connected solar plants.<sup>46</sup> Developing Madagascar's sources of renewable energy will reduce Jirama power generation costs and help ensure a more stable electricity supply.<sup>47</sup>

Access to electricity in Madagascar is low, particularly in the rural areas.<sup>48</sup> It is estimated that only 12% to 13% of Malagasy people have access to electricity.<sup>49</sup> Per capita energy consumption is also relatively low. Madagascar's consumption is 46kWh per person compared with 52kWh per person in **Ethiopia**; 92kWh per person in **Tanzania** and 105kWh per person in the **Democratic Republic of the Congo (DRC)**.<sup>50</sup>

<sup>39</sup> [www.worldbank.org](http://www.worldbank.org)

<sup>40</sup> [www.worldbank.org](http://www.worldbank.org)

<sup>41</sup> [www.worldbank.org](http://www.worldbank.org)

<sup>42</sup> [www.worldbank.org](http://www.worldbank.org)

<sup>43</sup> [www.worldbank.org](http://www.worldbank.org)

<sup>44</sup> [www.ifc.org](http://www.ifc.org)

<sup>45</sup> [www.ifc.org](http://www.ifc.org)

<sup>46</sup> [www.ifc.org](http://www.ifc.org)

<sup>47</sup> [www.ifc.org](http://www.ifc.org)

<sup>48</sup> [www.worldbank.org](http://www.worldbank.org)

<sup>49</sup> [www.worldbank.org](http://www.worldbank.org)

<sup>50</sup> [www.worldbank.org](http://www.worldbank.org)

## Implications

In the short term the Mahafaly government's challenge is to implement significant reform measures to address public concerns of inaction on pressing social, economic and infrastructure issues. Ravalomanana's announcement will lead to increased political tension in the run-up to the election particularly with the ruling HVM and Rajoelina's Mapar party.

Sayeh's visit to Madagascar is a step closer to broader IMF support, which will help the government address the fiscal challenges that are hampering the implementation of its reform agenda. The World Bank's electricity sector support will focus on reforming Jirama and help create adequate and consistent delivery of electricity, an important component of Madagascar's economic and social recovery.

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