

## AFRICA RISK CONSULTING

### Madagascar Monthly Briefing August 2023

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#### Madagascar Summary 16 August 2023

*United Kingdom's (UK) National Crime Agency (NCA) arrests long-time presidential ally and chief of staff in the presidency Romy Andrianarisoa in London on 12 August. She is charged with corruption over an attempt to extort a £225,000 (\$286,323) bribe from UK-headquartered precious stone miner Gemfields. This causes a major political scandal in Madagascar and will create unwelcome difficulties for President Andry Rajoelina (2019-present) in the upcoming presidential election. Commission Electorale Nationale Indépendante (CENI) (electoral commission) releases the official voters roll on 20 July and manages to secure additional donor funding. Banky Foiben'i Madagasikara (BFM) (central bank) increases interest rates on 8 August in an effort to address persistent inflation in the country. The bank is also proceeding with its plans to increase its gold reserves to combat currency depreciation. Police use live ammunition to disperse a group of protesters outside Ambatondrazaka prison on 1 August.*

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#### President's chief of staff arrested in London on corruption charges

The **United Kingdom's (UK) National Crime Agency (NCA)** arrested **Romy Andrianarisoa**, a long-time ally of President **Andry Rajoelina** (2019-present) and the chief of staff in the presidency, on charges of corruption on 12 August in **London (UK)**.<sup>1</sup> The NCA reported that Andrianarisoa has been charged with attempting to extort a £225,000 (\$286,323) bribe from UK-headquartered precious stone miner, **Gemfields**, in exchange for securing mining and exploration licences in Madagascar.<sup>2</sup> She has been charged alongside **French** national and engineering consultant **Philippe Tabuteau**. The two have been remanded into custody until their next hearing on 8 September.<sup>3</sup>

Rajoelina's office has sought to distance themselves from this scandal and the presidency announced shortly after the news of Andrianarisoa's arrest broke on 14 August that she had been dismissed from her position.<sup>4</sup> However, Rajoelina is unlikely to escape the fallout from this scandal. Andrianarisoa, who previously served as the sustainable development and business ethics for **Groupement des entreprises de Madagascar (GPE)**, has long been known to be a close aid and advisor to the president and had only been appointed as chief of staff in the presidency in March. Her appointment was viewed as part of Rajoelina's efforts to surround himself with trusted allies ahead of the 9 November presidential election. The fact that she has been arrested on charges of corruption in a foreign state leading to international news headlines has caused a major scandal in **Madagascar** that will result in Rajoelina facing questions over his relationship with Andrianarisoa. As yet, no replacement for Andrianarisoa has been made which ironically could potentially affect the smooth running of the presidency as it navigates this scandal.

Notably, this comes less than two months after Rajoelina's previous political scandal; the revelation that he has been a French citizen since 2014.<sup>5</sup> Rajoelina is already facing allegations that he lied to voters in 2018 and opposition activists have called for him to be barred from contesting the November election claiming that his Malagasy citizenship is now in doubt. Under Madagascar law, a

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<sup>1</sup> Al Jazeera, 14 Aug 2023

<sup>2</sup> The Guardian, 14 Aug 2023

<sup>3</sup> Al Jazeera, 14 Aug 2023

<sup>4</sup> Madagascar Tribune, 14 Aug 2023

<sup>5</sup> RFI, 21 Jun 2023

person automatically cedes their citizenship if they acquire a second nationality but Rajoelina has claimed that this is not applicable in his case as he qualified for French citizenship by birthright.<sup>6</sup>

Andrianarisoa's senior position in government, her proximity to the president, and the fact that this is taking place in the UK are a source of embarrassment for the Malagasy government and the country. The country's opposition parties will use this development to criticise Rajoelina and cite it as evidence that his claims to combat corruption are false. This story will be a regular feature in the election campaign period, especially given that Andrianarisoa's next hearing will take place in September and further revelations are likely in the coming months ahead of the November election. A source told **Africa Risk Consulting Briefing (ARC Briefing)** that this is a huge public scandal and a voter issue of note.<sup>7</sup>

UK authorities are expected to reveal more details about Andrianarisoa's charges at her September hearing. This could potentially include evidence as to what she promised Gemfields when she allegedly attempted to extort the bribe. Given her role and proximity to Rajoelina, the possibility also remains that she will expose the president's name during this hearing. If this is the case, Rajoelina could be facing a major political and corruption scandal within weeks of the election.

### Election preparations progressing well

Among the heightened political tensions and various political controversies, Madagascar's electoral officials are progressing in their election preparations. Importantly, **Commission Electorale Nationale Indépendante (CENI)** (electoral commission) released the official voters roll on 20 July, revealing over 11 million registered voters on the list, an increase of 293,000 since the 2021-2022 revision of the voters' roll.<sup>8</sup> CENI estimates that this is a voter registration of 81.25%. Such a high registration rate does portend a healthy voter turn-out in November and indicates that the various political parties were effective in their voter registration drives.

The final voters' roll included few surprises other than the **Analamanga** region, where **Antananarivo** is located, which recorded a decline of over 240,000 registered voters.<sup>9</sup> This could indicate growing voter disillusionment in the capital city which would result in a lower voter turnout in this key area. This will be of concern to opposition parties – especially former president **Marc Ravalomanana's** (2002-2009) **Tiako I Madagasikara (TIM)** – which typically attracts significant voter support in Antananarivo.

CENI has also made significant progress in securing funds for its electoral preparations. Most notably, the **United States (US)** and **Japan** have both made substantial donations to CENI and the general basket fund set up by the **United Nations Development Programme (UNDP)** to raise capital for the election. The Japanese government announced on 31 July that it had made a donation worth MGA 4.5 billion (\$1m).<sup>10</sup> This donation was in the form of both financial support as well as the direct provision of ten vehicles and 148 motorcycles to bolster CENI's logistical capacity. The US embassy in Antananarivo announced on 10 August that it would provide \$900,000 towards Madagascar's election preparations.<sup>11</sup> This donation has been divided into two parts - a \$500,000 financial contribution to the UNDP's basket fund and a \$400,000 commitment towards civic and voter education efforts. This latter contribution will be dispensed to various government and civil society organisations focussed on voter education and mobilisation.

These donations bring CENI significantly closer to realising the MGA 80 billion (\$17.6m) reduced budget it has set itself; however, the commission is still a long way from securing the MGA 143 billion (\$31.4m) it originally claimed it needed to best organise the election.<sup>12</sup> At present it is estimated that

<sup>6</sup> 2424, 16 Jul 2023

<sup>7</sup> Journalist, Antananarivo, 15 Aug 2023

<sup>8</sup> Orange Madagascar, 20 Jul 2023

<sup>9</sup> Madagascar Tribune, 22 Jul 2023

<sup>10</sup> Madagascar Tribune, 1 Aug 2023

<sup>11</sup> US Embassy in Antananarivo, 10 Aug 2023

<sup>12</sup> Midi Madagasikara, 7 Jul 2023

CENI has secured at least \$12.5m in funding. Some of this budget shortfall will be addressed by candidate registration fees, which can be high as MGA 200m (\$43,885) per candidate. However, Madagascar remains in urgent need of additional donor funding. Insufficient CENI funds increase the likelihood of errors during the election, which will undermine faith in the process and increase the chance that losing candidates will contest the election result. This lack of funding will be of even greater concern in the likely event that a second-round run-off election is required.

### Interest rates increased in response to persistently high inflation

**Banky Foiben'i Madagasikara (BFM)** (central bank) increased interest rates by 50 basis points on 8 August bringing the deposit rate up to 9% and the lending rate to 11%, the latest in a series of hikes in the past year aimed at bringing down inflation.<sup>13</sup> According to the central bank, consumer price inflation was 11.3% in June measured year-on-year, slightly down from the 11.8% recorded in May.<sup>14</sup> Madagascar's persistent inflation is particularly being driven by fuel and food price inflation. This is being compounded by external factors such as rising costs globally, the war in **Ukraine**, as well as the persistent depreciation of the local currency, the ariary. The island nation is heavily dependent on imports – including fuel and food imports – which typically are paid for in foreign currencies, mainly US dollars. As the ariary depreciates, having already lost 10% of its value between 15 August 2022 and 15 August 2023, the costs of these imports increase.

These external drivers of inflation present a challenge to the BFM as they cannot be addressed via interest rate increases. As such, the BFM is seeking to reduce consumer spending and investment in the country in an effort to tame inflation. This may have some effect but could have negative economic consequences over the long term, including slowing economic activity, employment, and long-term investment in the economy.

BFM governor **Aivo Andrianarivelo**, who was appointed in January, and his team appear to be aware of this and are thus pushing ahead with the BFM's plan to stockpile gold reserves to shore up the local currency.<sup>15</sup> The central bank is aiming to acquire one tonne of gold per month for the foreseeable future. This gold will be secured via government brokers and will be converted into bullion according to the standards of the **London Bullion Market Association (LBMA)**. The BFM will need to be disciplined in its approach as this strategy will only work if it can accrue a critical level of gold reserves and so the central bank will need to resist pressure to sell these reserves too soon in an effort to bolster the ariary to serve short-term political and economic goals.

### Protest outside a prison in Alaotra-Mangoro region

Police used live ammunition to forcibly disperse protestors who had gathered outside the **Ambatondrazaka** prison in **Alaotra-Mangoro** region on 1 August.<sup>16</sup> The protestors were demanding the release of six individuals charged with lynching suspected bandits in the nearby town of **Feramanga Nord** in October 2022.<sup>17</sup> The protesters reportedly tried to force their way into the prison to liberate the accused leading police to disperse the crowd. The trial is still ongoing and will likely result in further community protests in the area, especially if the men are convicted.

This incident highlights the prevalence of vigilante justice in Madagascar and how such acts are sanctioned by local communities. This vigilantism is a result of the high crime rates in the country combined with low levels of trust in Madagascar's law enforcement. Such incidents of mob justice are particularly common in Madagascar's poorly policed rural areas which are targeted by large bandit gangs. These gangs tend to be armed and can number in the dozens of members who typically raid rural towns for cattle and valuables but have also been known to target vehicle convoys and even isolated mining sites.

<sup>13</sup> Bloomberg, 8 Aug 2023

<sup>14</sup> Midi Madagasikara, 22 Jul 2023

<sup>15</sup> Midi Madagasikara, 14 Aug 2023

<sup>16</sup> 2424, 2 Aug 2023

<sup>17</sup> L'Express, 3 Aug 2023

## Planner

25 Aug-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

14 Aug 2023 **Antananarivo (Madagascar)** *NewsMada*. **Banky Foiben'i Madagasikara (BFM)** (central bank) reveals that Madagascar's vanilla sector recorded a 58.4% drop in export earnings, a worrying development given the sector's important role in the country's rural economy and as a source of foreign exchange;

14 Aug 2023 **Antananarivo (Madagascar)** *Madagascar Tribune*. Presidency announces that President **Andry Rajoelina** and his wife, **Mialy**, will visit the **Vatican City** on a diplomatic visit on 17 August and have an audience with **Pope Francis**;

13 Aug 2023 **Antananarivo (Madagascar)** *2424*. Former tourism minister and **Toamasina** mayor **Roland Ratsiraka** announces that he will contest the 9 November presidential election;

12 Aug 2023 **Antsiranana (Madagascar)** *L'Express*. The official torch of the **Indian Ocean Island Games** arrives in Madagascar ahead of the events that start on 25 August;

11 Aug 2023 **Antananarivo (Madagascar)** *Midi Madagasikara*. **Japan** donates approximately \$7.86m towards securing medical equipment for regional hospitals in Madagascar;

10 Aug 2023 **Antananarivo (Madagascar)** *Madagascar Tribune*. Officials reveal that 110,000 tourists visited Madagascar between January and July of this year indicating that there is a strong recovery in the tourism sector underway;

7 Aug 2023 **Kigali (Rwanda)** *The New Times*. President **Andry Rajoelina** and **Rwanda's** President **Paul Kagame** sign a private sector cooperation agreement during Rajoelina's two-day visit to Rwanda;

2 Aug 2023 **Antananarivo (Madagascar)** *Madagascar Tribune*. The **Southern African Development Community (SADC)** confirms that it will dispatch an electoral observation team to Madagascar in October and November to monitor the upcoming presidential election;

31 Jul 2023 **Ankerana (Madagascar)** *Midi Madagasikara*. The leader of the **Malagasy Miara-Miainga (MMM)** party, **Hajo Andrianainarivelo**, formally announces his candidacy to contest the upcoming 9 November presidential election;

25 Jul 2023 **Toliara (Madagascar)** *Bloomberg*. **Australian** mining company **Base Resources** comments that it does not expect progress on realising its mineral sands project in Toliara until after the presidential election and until the legislature has finalised the country's new mining code;

24 Jul 2023 **Antananarivo (Madagascar)** *Madagascar Tribune*. The government signs several development financing agreements with the **European Union (EU)** and the **Agence Française de Développement (AFD)** (French development agency) worth an estimated MGA 366 billion (\$81m);

21 Jul 2023 **Antananarivo (Madagascar)** *Midi Madagasikara*. President **Andry Rajoelina** meets with delegates from the **Chinese Communist Party (CCP) Central Committee** to discuss bilateral cooperation;

20 Jul 2023 **Antananarivo (Madagascar)** *Midi Madagasikara*. The opposition platform, **Rodoben'ny mpanohitra ho an'ny demokrasia eto Madagasikara (RMDM)**, announces

plans to organise demonstrations calling for President **Andry Rajoelina**'s resignation over his controversial dual nationality at a yet-to-be-confirmed date;

18 Jul 2023 **Antananarivo (Madagascar)** *Midi Madagasikara*. Opposition activist **Fanirisoa Ernaivo**, files papers with the high constitutional court to have President **Andry Rajoelina**'s 2018 election victory nullified claiming that he was not qualified to run as he was a **French** citizen at the time;

17 Jul 2023 **Antananarivo (Madagascar)** *Afrik21*. Officials call for tenders to construct two solar photovoltaic power plants with a combined capacity of 210 megawatts (MW). The deadline for applications expires on 9 August;

17 Jul 2023 **Antananarivo (Madagascar)** *Madagascar Tribune*. Teachers' unions declare a countrywide strike at universities across the country demanding pay increases, the payment of overtime, and improved working conditions;

16 Jul 2023 **Antananarivo (Madagascar)** *2424*. President **Andry Rajoelina** gives a televised address during which he defends his governance record and dismisses the controversy surrounding the revelations that he is a dual **French** national.

### About Africa Risk Consulting:

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