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President Hery Rajaonarimampianina (2014- present) releases former ousted president Marc Ravalomanana (2002-2009) from house arrest. Ravalomanana's wife Lalao Ravalomanana plans to run for mayor of Antananarivo. The international community will not send election observers to monitor local elections scheduled for 31 July. Sterling Energy farms out of offshore Ampasindava oil and gas block. Government awards concession contract for Ivato and Nosy Be international airports. Energy price inflation reaches 17.7%.

Rajaonarimampianina ends Ravalomanana's house arrest

President **Hery Rajaonarimampianina** (2014- present) said on 2 May the government would end the house arrest of former ousted president **Marc Ravalomanana** (2002-2009).¹ One of Ravalomanana's senior advisers confirmed his release,

*"... yes Ravalomanana has been released from house arrest unconditionally. We have been working on this for months now..."*²

Rajaonarimampianina's decision to release Ravalomanana is significant because the former president maintains a strong political support base in **Antananarivo**, which may negatively impact the current government's attempts to consolidate its own power base through the upcoming local elections (see below). Rajaonarimampianina based his decision on a recommendation from the **Council of Christian Churches in Madagascar (FFKM)** national reconciliation conference (see previous ARC Madagascar Briefings).³

*"The meeting had some harsh things to say about the way the government was working and I think the release from house arrest was to placate the meeting participants ... It is going to haunt Hery as now Ravalomanana will go anywhere he likes and campaign for his choice of candidates especially for mayor of Antananarivo ... The real end result is yet to be seen..."*⁴

The government has held Ravalomanana under house arrest since his clandestine return to Madagascar in October 2014.⁵ A combination of regional and international pressure and practical domestic political concerns led to the government's decision to release Ravalomanana:

*"In my assessment a combination of factors resulted in the decision: Hery incrementally getting used to having Ravalomanana back in the country ... and no revolution ... realising that Ravalomanana has greater potential to be an ally than enemy; political pressure internally and internationally including embassies especially **South Africa** and the **United States** and bodies like the **African Union** and the **Southern African Development Community**; and I would hope reports from the security agencies that there is no or little threat to Ravalomanana's safety."*⁶

Ravalomanana is not expected to create instability or agitate against Rajaonarimampianina as he has publicly stated he recognises the legitimacy of the current government.⁷

¹ Reuters, 3 May 2015.

² Source, senior Ravalomanana adviser, Madagascar

³ Source, business and political analyst, Madagascar

⁴ Source, business and political analyst, Madagascar

⁵ Reuters, 3 May 2015.

⁶ Source, senior Ravalomanana adviser, Madagascar

⁷ mgafrica.com

Lalao Ravalomanana to run for mayor of Antananarivo

Lalao Ravalomanana, the wife of former ousted president Marc Ravalomanana, filed her application on 15 May to contest the election for mayor of Antananarivo, Madagascar's largest and most important city, on 31 July.⁸ There is a public perception that Lalao is acting as a political front for her husband's potential bid for the presidency in 2018. Marc Ravalomanana accompanied Lalao when she submitted her candidacy files. When a journalist asked about his role, Marc Ravalomanana said it was to support his wife, "*it is my wife who is the candidate*".⁹

Lalao is a "*very popular person*"¹⁰ in Antananarivo. She has never held political office. In 2013, while her husband was still in exile in South Africa, she tried to run for president, but the **Haute Cour Constitutionnelle (HCC)** (High Constitutional Court) declined to accept her candidacy. Despite her lack of political experience, she has had indirect political experience due to her husband's former position. When security forces detained Marc Ravalomanana when he discreetly returned to Madagascar in 2014, Lalao

*"... flew off to see her husband after he was detained. When she headed back, the government issued a 'notice to airmen' (Notam) that prevented her from boarding a plane back to Antananarivo ... she had to drive, it took 17 hours ... when she got back, she rather unfortunately called on Ravalomanana supporters to rise up. However, with internal pressure from **Mouvance Ravalomanana** and external pressure from the international community, she retracted her statement and called on the reconciliation process to go forward."*¹¹

In August 2012, while Marc Ravalomanana was in exile under **Andry Nirina Rajoelina's** (2009-2014) government, Lalao and her daughter-in-law arrived at **Ivato International Airport** on a commercial flight from South Africa, to visit her sick mother. At the time she was seen as a political figure, not a private citizen.

*"Mrs Ravalomanana had travelled on her passport in her maiden name and was allowed to board the flight in **Johannesburg**. Upon her arrival she was held at the airport in the VIP lounge until the authorities were able to decide what to do about her. The prime minister is reported to have given his permission for her to enter the country. The chief of staff to Andry Rajoelina disagreed and finally Mrs. Ravalomanana and her daughter-in-law were forced onto the **Air Madagascar** flight to **Bangkok** and sent out of the country. This expulsion was poorly viewed by much of the population who saw Mrs. Ravalomanana as a citizen coming to visit her ailing, aged mother and not as a political figure."*¹²

International community will not send observers to local elections

Malagasy media reported on 13 May that the international community will not send observers to monitor local elections scheduled for 31 July (see *ARC Madagascar April 2015 Briefing*).¹³ International observer missions help ensure elections are conducted in a fair and transparent fashion and lend credibility to the final results. With the absence of international election observers, local civil society organisations have promised to field their own observers to ensure the election is free and fair. Approximately 1,689 local communes (municipalities) will elect their local representatives on 31 July. The **Commission Electorale Nationale Independante de la Transition (CENIT)** has budgeted \$10m to conduct the local elections.¹⁴

⁸ RFI, 16 May 2015.

⁹ RFI, 16 May 2015.

¹⁰ Source, political analyst, Antananarivo

¹¹ Source, senior Ravalomanana adviser, South Africa

¹² Source, political and business analyst, Madagascar

¹³ www.indian-ocean-times.com

¹⁴ www.indian-ocean-times.com

Sterling Energy farms-out of oil and gas block

United Kingdom (UK)-based Sterling Energy Plc, which is listed on the **London Stock Exchange's (LSE) Alternative Investment Market (AIM)**, said on 7 May that it farmed out its 30% non-operating working interest in Madagascar's **Ampasindava** block.¹⁵ Sterling Energy's wholly owned subsidiary **Sterling Energy (UK) Ltd**, which holds the interest in the Ampasindava production sharing agreement (PSC) relinquished its interest to **ExxonMobil Exploration and Production (Northern Madagascar) Ltd**, which controls the other 70% of the PSC.¹⁶ The Ampasindava block is located in the **Majunga** deepwater basin, in offshore northwest Madagascar.¹⁷ The PSC is in phase 3 of the exploration period and is due to expire in July 2016.¹⁸

Sterling Energy is an upstream oil and gas company engaged in the exploration, development, and production of oil and gas assets in **Africa** and the **Middle East**. The company has interests in a portfolio of projects in **Kurdistan, Cameroon** and **Mauritania**. The company has proven and probable reserves of 340,000 barrels of oil equivalent in **West Africa**.¹⁹

Government awards concession contract for Ivato & Nosy Be airports

The **Aéroports de Madagascar (Adema)** has awarded the concession for the management and refurbishment of Antananarivo's **Ivato International Airport** and **Nosy Be International Airport** to France-based **Bouygues-Colas Madagascar**.²⁰ The government and Bouygues are still negotiating the final terms but construction work to upgrade both airports is expected to start in July 2015. Bouygues is expected to complete the refurbishment of both airports in October 2016 to coincide with the **Organisation internationale de la Francophonie (OIF)** heads of state summit that Madagascar will host. The refurbishment of the two airports is necessary because they are unable to accommodate the number of visiting delegations expected for the summit.

China was disappointed with the government's decision to award to concession to Bouygues. The Chinese government reportedly received assurances from **Riko Rakotovo**, the state minister for infrastructure, that the government would award the concession to China-based **Anhui Foreign Economic Construction (Group) Co. Ltd. (AFEEC)**.²¹

Energy price inflation reaches 17.7%

The **Institut National de la Statistique de Madagascar (Instat)** (National Statistics Institute of Madagascar) reported that energy price inflation reached 17.7% between March 2014 and March 2015. During the same period, headline inflation was significantly lower at 7.9%. Energy price inflation was also much higher than rice price inflation, Madagascar's national food staple, which reached 8.6% for the same period. The high energy price inflation negatively impacts household expenditures and makes Madagascar's business less competitive.

*"... 15% of households connected to electricity must devote 15% of their spending to pay the [state-owned power utility **Jiro sy Rano Malagasy] Jirama** bills. This proportion increases to 45% for industries. We must add the need for rescue groups because of frequent power cuts. This causes problems for both industries and companies; the additional costs trim a little more of their competitiveness."²²*

¹⁵ News Bites, 7 May 2015.

¹⁶ News Bites, 7 May 2015.

¹⁷ www.sterlingenergyuk.com

¹⁸ Energy Monitor Worldwide, 9 May 2015.

¹⁹ News Bites, 7 May 2015.

²⁰ Multiple sources: La Gazette, 6 May 2015; La Gazette, 30 Apr 2015.

²¹ Multiple sources: La Gazette, 6 May 2015; La Gazette, 30 Apr 2015.

²² La Gazette, 12 May 2015.

Implications

Rajaonarimampianina's release of Ravalomanana from house arrest is a positive sign for Madagascar's reconciliation process. Ravalomanana is still a highly popular political figure and will have a significant political impact on Rajaonarimampianina's local election prospects, which have yet to materialise. However, his recognition of the legitimacy of the current government will play an important role in medium term political stability in Madagascar. Ravalomanana is probably setting his sights on the 2018 presidential election instead. His wife's candidacy for mayor of Antananarivo is a sign of his intentions.

The absence of international election observers to monitor Madagascar's upcoming local elections will make the final results less credible regardless of the outcome, especially in the rural areas.

Despite Sterling's withdrawal from the offshore Ampasindava block, larger oil and gas firms with more research and development funding still maintain interest in Madagascar's offshore oil and gas potential.

The award of the Ivato and Nosy Be international airport concessions will further cement French influence over key economic sectors. China will continue to seek inroads into Madagascar and the loss of the concessions will not significantly impact China-Madagascar relations.

The government needs to take measures to control energy price inflation if it wants to attract more foreign direct investment, particularly in the infrastructure sector. The high cost of energy is a significant obstacle to medium and long-term economic growth potential.