

AFRICA RISK CONSULTING

Madagascar Monthly Briefing February 2022

Madagascar Summary 7 February 2022

Storm Ana and Cyclone Batsirai hit Madagascar within days of each other, resulting in at least 68 deaths and interrupting power and water supplies and major transport routes. President Andry Rajoelina (2019-present) promises cash handouts and support for farmers worst hit by the extreme weather. The council of ministers declares a state of national disaster, triggering rights to access World Bank disaster relief financing. Banky Foiben'i Madagasikara (BFM) (central bank) Monetary Policy Committee (MPC) votes to tighten the interest rate corridor at a quarterly MPC meeting to control inflation rates. The Opérations globales du Trésor (OGT) (global treasury operations) reports an improvement in government revenue collection and decline in government expenditure in Q4 2021 but fails to publish supporting figures. Madagascar Oil SA chairman and group CEO Al Njoo announces a 90-day process to raise funds for the first phase of development of three high quality discoveries in the Tsimiroro oil fields. A third wave of Covid-19 infections begins to decline. A World Health Organisation (WHO) paper on Covid-19 waste management highlights the significant amount of infectious waste generated in healthcare facilities, non-hospital centres and at the household level as a result of the pandemic.

Extreme weather systems hit Madagascar

Madagascar's council of ministers declared a national state of disaster on 27 January following the arrival of tropical storm **Ana**. The extreme weather resulted in the deaths of at least 68 people and destroyed utilities and transport networks across the country, deepening international concerns about food availability in the southern regions of Madagascar.¹ President **Andry Rajoelina** (2019-present) has pledged to support the victims of the storms, including the donation of seeds and fertilizer to farmers adversely affected by Ana and cyclone **Batsirai**, which followed Ana on 5 February.²

Tropical storm Ana made landfall in Madagascar on 24 January, following days of heavy rainfall that resulted in flooding and deaths prior to its arrival. Prime minister **Christian Ntsay** confirmed the deaths of three individuals in **Fianarantsoa**, capital of **Haute Matsiatra Region** in south-central Madagascar.³ Extensive flooding caused several landslides, including a fatal incident in **Ankadifotsy Ambodivona**, and the temporary displacement of 130,000 individuals who were accommodated in makeshift shelters at local schools and emergency centres.^{4,5} On 29 January France-based news agency **France24** reported 51 deaths due to flooding.⁶

Storm Ana significantly disrupted national infrastructure and transport links including **Route National 2 (RN2)**, which connects the capital, **Antananarivo**, to the large port of **Toamasina**, when the slip road bridge leading to **Moramanga** collapsed on 23 January.⁷ The collapse of the bridge halted traffic between Antananarivo and **Tamatave**, causing significant disruption to the movement

¹ [2424](#), 28 Jan 2022

² [Madagascar Tribune](#), 26 Jan 2022

³ [Madagascar Tribune](#), 22 Jan 2022

⁴ [Madagascar Tribune](#), 24 Jan 2022

⁵ [Madagascar Tribune](#), 22 Jan 2022

⁶ [France24](#), 29 Jan 2022

⁷ [RFI](#), 24 Jan 2022

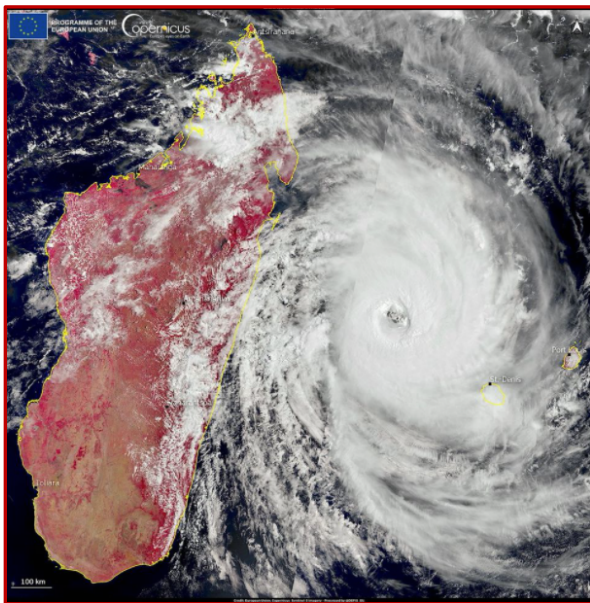
of goods.⁸ **Manantsoa Razafindralambo**, director of emergency support at the ministry of public works, confirmed the extent of the impact on infrastructure:

*"All the goods, the fuel, the fuel oil to feed the power stations which come from abroad pass by this road. In the other direction, everything that goes outside also transits by this road."*⁹

The RN2 was repaired in two-days, with the construction of a 24-metre modular bridge capable of supporting heavy goods vehicles.¹⁰ However, Razafindralambo noted that lack of maintenance has led to the poor state of major roads in Madagascar, pledging to schedule regular maintenance to avoid degradation of roads in bad weather¹¹

The extreme weather also badly damaged the **Ambodiakondro** dam, originally constructed by state-owned electric utility and water services company **Jiro sy Rano Malagasy (JIRAMA)**, cutting off water supply to Moramanga. Emergency operations successfully restored 40% of supply from the dam by 26 January, through a short-term solution involving submersible pumps and a temporary dam.¹²

Storm Ana was swiftly followed by cyclone Batsirai on 5 February. The **Madagascar Tribune** reported on 4 February that the cyclone was expected to make landfall between **Sainte Marie (Analanjirifo region)** and **Manakara (Fitovinany region)** within 24 hours.¹³ The **Bureau National de la Gestion des Risques et Catastrophe (BNGRC)** (national office for risk and disaster management) cautioned on 2 February that cyclone Batsirai threatened 595,000 of Madagascar's 28 million population.¹⁴ **Mananjary** authorities conducted a series of precautionary evacuations on 4 February, housing 22,000 people in local authority buildings including schools and sports halls.¹⁵ Madagascar's council of ministers ordered the temporary suspension of schools on 3 February to accommodate emergency shelters and protect students from exposure to the extreme weather.¹⁶



1-Extract Reuters, European Union, Copernicus Sentinel-3 Imagery - 4 Feb 2022

⁸ [RFL](#), 24 Jan 2022

⁹ [RFL](#), 24 Jan 2022

¹⁰ [Orange](#), 26 Jan 2022

¹¹ [RFL](#), 24 Jan 2022

¹² [Orange](#), 26 Jan 2022

¹³ [Madagascar Tribune](#), 4 Feb 2022

¹⁴ [Madagascar Tribune](#), 2 Feb 2022

¹⁵ [Bloomberg Green](#), 5 Feb 2022

¹⁶ [Madagascar Tribune](#), 3 Feb 2022

Batsirai arrived close to Mananjary before moving inland with gale force winds reaching 233 kilometres per hour.¹⁷ **Météo Madagascar** classified Batsirai as a “*dangerous storm*”, predicting

“significant and widespread damage, particularly flooding in the east, southeast and central highlands”.¹⁸

Infrastructure repairs are costly, compounding the burden on state finances created by the **Covid-19** pandemic. In addition to facing costs for the repairs to the Ambodiakondro dam, JIRAMA needs to repair the **Andekaleka** hydroelectric power station after a fire damaged it in January (see *ARC Briefing Madagascar Jan 2022*). The power station, which supplies 50% of Antananarivo’s energy, has not produced electricity since 2 January.¹⁹ To manage the reduction in supply, JIRAMA has rolled out a new programme of load shedding in Antananarivo, which is severely impacting economic activity in the capital city. Private sector businesses including Madagascar-based technical clothing manufacturer **Epsilon** are currently reliant upon fuel oil generators to continue production. Epsilon president **Olivier Cua** noted that the generators consume a significant amount of fuel oil, which, at \$0.85 per litre, results in higher costs to the company than using electricity, while power cuts have damaged the company’s sewing machines beyond repair.²⁰

The declaration of a national state of disaster allows Madagascar to access the remainder of its **World Bank** capital financing for risk and disaster management. The programme is financed by the World Bank’s **International Development Agency (IDA)** (\$50m) and France-based public development finance institution **Agence Française de Développement (AFD)** (French development agency). The fund disbursed \$15m to Madagascar in January 2020., leaving Madagascar a balance of \$35m. The World Bank project (P167941) lists the **Ministère de l’Economie et des Finances** (ministry of finance) as the official borrower, and the **Cellule de Prévention et d’appui à la Gestion des Urgences (CPGU)** (prevention and emergency management support unit) and the BNGRC (national office for risk and disaster management) as the implementing agencies.²¹ The programme runs until 30 April 2023.²²

The council of ministers pledged to prioritise social support including “*tosika fameno*”, a cash transfer to vulnerable and displaced persons, and funds to rebuild housing destroyed by bad weather.²³ However, government response to the extreme weather events reported by local news agencies and transparency of emergency relief funding remain poor. It remains to be seen whether Madagascar’s corruption-plagued construction sector is capable of managing restoration and rebuilding programmes without further scandal; the World Bank in January placed sanctions on several construction companies in Madagascar after its investigation into the **International Finance Corporation (IFC)**-financed **Airports Madagascar Project** concluded that the contract for the concession to run two of Madagascar’s airports was improperly won and constituted fraudulent practice (see *ARC Briefing Madagascar January 2022*). Rajoelina may also need to work harder to deliver on his promise in the 2019 presidential election campaign to improve access to electricity; failure to do so may threaten his chances in the 2023 election.

Central bank tightens interest rate corridor

The **Banky Foiben'i Madagasikara (BFM)** (central bank) **Monetary Policy Committee (MPC)** voted at its quarterly meeting on 1 February to tighten the interest rate corridor.²⁴ The vote raises the deposit facility rate to 4.1% and maintains a marginal lending facility rate at 7.2% to rein in inflation. The **Consumer Price Index (CPI)** indicated the annual rise of inflation to be 6.2% in December

¹⁷ [Bloomberg Green](#), 5 Feb 2022

¹⁸ [Bloomberg Green](#), 5 Feb 2022

¹⁹ [Le Monde](#), 1 Feb 2022

²⁰ [Le Monde](#), 1 Feb 2022

²¹ [World Bank](#), accessed 7 Feb 2022

²² [World Bank](#), accessed 7 Feb 2022

²³ [2424](#), 28 Jan 2022

²⁴ [BFM](#), 1 Feb 2022

2021.²⁵ The MPC voted to maintain the reserve requirement coefficient at 13% to stabilise short-term interest rates in the market.²⁶

Madagascar failed to record economic recovery in 2021, with GDP declining by 5.9% compared with a 5.2% decrease in 2020, attributed largely to declining contributions from the services sector, including the tourism sector.²⁷ The MPC minutes report that exports of nickel and cobalt have resumed, increasing total exports by 37.5% from 2021. Vanilla exports also increased by 18.2% in 2021. Imports increased by 30.7%, dominated by an increase in the import of raw materials (48.4%) and foodstuffs (43.5%).²⁸

Madagascar's official foreign exchange stock stood at \$2.2 billion on 31 December.²⁹ The **Opérations globales du Trésor (OGT)** (global treasury operations) published data on Madagascar's public finances detailing a deficit balance of -2% of GDP for the first ten months of 2021, compared to -1.9% of GDP over the same period in 2020. The OGT reported an improvement in budget revenue and better execution of budget expenditures in the last quarters of 2021, but did not disclose these figures.³⁰

Madagascar Oil will head to the market in February or March...

Madagascar Oil SA chair and group CEO **Al Njoo** announced on 1 February that the oil company will go to market in February or March to begin a 90-day process to raise funds for the first phase of development of three significant oil reserves. The crude oil reserves are reportedly heavy, and low in sulphur (0.3%) making the discovery a "*high value development*". In an interview with **United Kingdom (UK)**-based energy publication **Energy Voice**, Njoo described the **Tsimiroro** oil field as a "*huge reserve*":

*"We have 3P reserves of 1.7 billion barrels at Tsimiroro, but that's based on just 10% of our total area. The area is big and the potential is bigger."*³¹

Madagascar Oil appointed **Scott Reid** as its new CEO on 2 December, noting his significant experience in acquisition, financing, listing and development of mineral resource projects including **Burkina Faso-based Perkoa Zinc Project**, **Botswana-based Boseto Copper Project** and **Argentina-based Lithium Brine Salar Project**.³² Madagascar Oil also appointed the **Carlingford** division of **GFI Securities' Ltd** in December 2021 to arrange third party financing for the Tsimiroro oil field.³³

The prospect of developing an oil field for commercial production is promising for future government revenue. However, the discovery and exploration of oil in Madagascar has also raised concern among climate watchers. Madagascar ranks 12th out of 180 countries in **Germany-based non-profit, non-governmental organisation Germanwatch Climate Risk Index (CRI)** rankings 2000-2019.³⁴ The CRI report estimates that Madagascar has lost 23% of GDP from 2000 to 2019 due to climate change. The rankings for 2019 alone estimate the GDP loss to be 56%, indicating a significant offset to prospective income from fossil fuel projects.³⁵ Madagascar's international relations are also tied to positive climate interventions. Relations between France and Madagascar have been strained by a dispute over the **Îles Éparses**, which France declared a nature reserve in July (see *ARC Briefing Madagascar July 2021*).

²⁵ [BFM](#), 1 Feb 2022

²⁶ [BFM](#), 1 Feb 2022

²⁷ [BFM](#), 1 Feb 2022

²⁸ [BFM](#), 1 Feb 2022

²⁹ [BFM](#), 1 Feb 2022

³⁰ [BFM](#), 1 Feb 2022

³¹ [Energy Voice](#), 1 Feb 2022

³² [PNR Newswire](#), 2 Dec 2021

³³ [Shares Magazine](#), 16 Dec 2021

³⁴ [Germanwatch](#), 21 Jan 2021

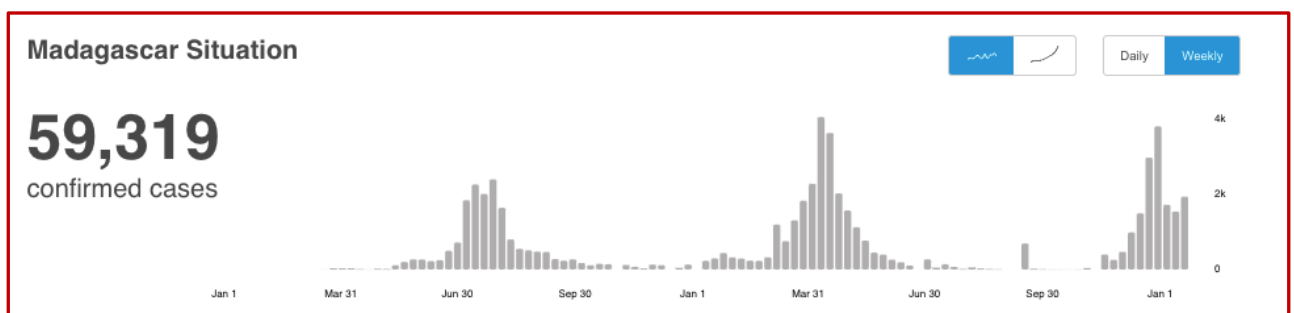
³⁵ [Germanwatch](#), 21 Jan 2021

Madagascar also stands to benefit from green energy project development and may find greater benefit in developing this revenue stream. **European Council on Foreign Relations (ECFR)** associate senior policy fellow **Michaël Tanchum**, in an article titled “*Gateway to growth: How the European Green Deal can strengthen Africa’s and Europe’s economies*” published on 19 January, advocates joint-ventures between **African** and **European** firms and for the **European Union (EU)** to merge the **Global Gateway** international connectivity programme with the **European Green Deal** to increase the pool of finance available to projects in Africa.³⁶

Extreme weather interrupts Covid-19 reporting

A third wave of Covid-19 infections peaked in early January with infections rising to similar levels as the second wave of infections in March 2021.³⁷ New cases of Covid-19 rose slightly at the end of January (see **World Health Organisation (WHO)** graph below), with 1,944 new cases of the virus detected on 24 January.³⁸ The WHO reported 54 new deaths connected to the virus on 24 January.³⁹

Madagascar’s health ministry claimed that the third wave of infections is not linked to the **Omicron** variant of Covid-19, which has yet to be detected in Madagascar. However, availability of **polymerase-chain reaction (PCR)** testing remains poor in Madagascar and travel channels to countries with high-levels of Omicron have remained open.



Madagascar’s council of ministers implemented new health regulations in the regions of **Analamanga, Vakinankaratra, and Matsiatra Ambony** on 15 December, including a ban on gatherings of more than 100 persons and mandatory use of facemasks, social distancing and handwashing (see *ARC Briefing Madagascar January 2022*).⁴⁰

The arrival of tropical storm Ana and cyclone Batsirai has complicated government response to the pandemic, impacting infrastructure and movement of medical supplies. The WHO released a report titled “*Global analysis of health care waste in the context of Covid-19*” on 1 February revealing that Madagascar’s five **Covid-19 Treatment Centres (CTCs)** produced, on average, 1 tonne of infectious waste every three days between March and June 2021.⁴¹ Disposal of sanitary waste produced by CTCs in Madagascar is currently centralised and treated at an airport incinerator (repurposed for medical use). The remaining waste is buried at **Manakavaly** hospital (Analamanga region).⁴² The WHO report highlights challenges existing prior to the onset of the extreme weather conditions and interruption of utilities and transport, including the availability of water and handwashing facilities for waste workers; **Personal Protective Equipment (PPE)** for support staff; vehicles for transporting waste; and disposal units for the large amount of infectious waste generated in healthcare facilities, in non-

³⁶ [European Council on Foreign Relations](#), 19 Jan 2022

³⁷ [World Health Organisation](#), accessed 7 Feb 2022

³⁸ [Johns Hopkins University](#), accessed 11 Jan 2022

³⁹ [World Health Organisation](#), accessed 7 Feb 2022

⁴⁰ [US Embassy in Madagascar](#), 16 Dec 2021

⁴¹ [World Health Organisation](#), 1 Feb 2022

⁴² [World Health Organisation](#), 1 Feb 2022

hospital centres and at the household level (from home treatment of asymptomatic positive cases).⁴³ The reports also notes:

“The high volume of people using sanitation facilities in quarantine facilities also resulted in large volumes of faecal sludge that needed treating.”⁴⁴

Madagascar joined the WHO vaccination access scheme, **COVAX**, in April after initially opting out of the programme and instead using a local herbal remedy named **Covid-Organics** (see *ARC Briefing Madagascar April 2021*).⁴⁵ As of 7 February, Madagascar’s vaccination data has yet to be updated. WHO data reveals that 2.95% of the Madagascan population, 817,386 individuals, have received at least one dose of a Covid-19 vaccine, while 2.77% or 767,113 individuals are fully vaccinated.⁴⁶ On 6 January, the **United States (US)** donated a further 409,500 doses of the **Pfizer** Covid-19 vaccine through the COVAX initiative.⁴⁷ France-based independent laboratory **Mérieux Foundation** donated MGA’ 191m (\$47,796) worth of laboratory materials and PPE to Madagascar on 4 February.⁴⁸

Planner

2023 (**Madagascar**) Potential presidential elections;

Chronology

5 Feb 2022 **Mananjary (Madagascar)** *Bloomberg*. Cyclone **Batsirai** lands on the east coast of Madagascar near **Mananjary** with gale-force winds of 233 kilometres per hour;

4 Feb 2022 **Antananarivo (Madagascar)** *Madagascar Tribune*. The **Bureau National de la Gestion des Risques et Catastrophe (BNRGC)** (national risk office for risk and disaster management) begin preparations to evacuate eastern Madagascar ahead of cyclone **Batsirai** making landfall;

3 Feb 2022 **Antananarivo (Madagascar)** *Madagascar Tribune*. Interior minister **Pierre Holder Ramaholimsy** announces the closure of schools on 4 February to prepare for the arrival of cyclone **Batsirai**;

1 Feb 2022 **Global** *World Health Organisation*. The **World Health Organisation (WHO)** publishes a report detailing the impact of **Covid-19** on waste disposal;

28 Jan 2022 **Antananarivo (Madagascar)** *AFP*. Tropical storm **Ana** kills 48 in Madagascar and displaces 130,000;

27 Jan 2022 **Antananarivo (Madagascar)** *2424*. The council of ministers declares *l'état de 6inister national* (national state of disaster) in the wake of tropical storm **Ana**, triggering the release of \$35m in **World Bank** financing for risk and disaster management;

26 Jan 2022 **Moramanga (Madagascar)** *Orange*. Temporary repair works are completed, including a 25-metre bridge capable of supporting 45 tonnes and allowing the slip road onto the RN2 road at **Moramanga** to re-open;

25 Jan 2022 (**East Africa**) *News24*. Tropical storm **Ana** kills at least 34 people in **Madagascar** and two people in **Mozambique** in recent days while knocking out power in **Malawi**;

⁴³ [World Health Organisation](#), 1 Feb 2022

⁴⁴ [World Health Organisation](#), 1 Feb 2022

⁴⁵ [VON](#), 1 Apr 2021

⁴⁶ [World Health Organisation](#), accessed 11 Jan 2022 and 7 Feb 2022

⁴⁷ [African Business](#), 6 Jan 2022

⁴⁸ [Orange](#), 4 Feb 2022

24 Jan 2022 **Antananarivo (Madagascar)** *Madagascar Tribune*. The **Bureau National de la Gestion de Risques et Catastrophe (BNGRC)** (national office for risk and disaster management) announces that tropical storm **Ana** has caused 24 deaths;

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