

AFRICA RISK CONSULTING

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Interior and decentralisation minister Justin Tokely announces on 31 March a prohibiting all outdoor political demonstrations and rallies. The announcement exacerbates tensions in the build-up to the 9 November presidential election. It also raises concerns that these actions could undermine the legitimacy of the election. United States-headquartered credit rating agency, S&P Global, affirms its current credit rating for the country with a stable outlook on 6 April. The agency predicts economic growth to increase in the medium term, but this is heavily dependent on the government successfully implementing the country's infrastructure growth and reform agenda – the Plan Emergence de Madagascar (PEM). The World Bank approves \$600m in funding for two development projects on 30 March. These projects are aimed at improving electricity and internet access as well as bolstering rural agricultural resiliency. Council of ministers lifts the ban on gold exports on 30 March, however, the new measures to regulate gold exports are unlikely to effectively combat gold trafficking in the country. Officials confirm three plague deaths in Amoron'i Mania Region but note the outbreak has been contained.

Political tensions deepen after government bans political demonstrations

The tensions surrounding the build-up to the 9 November presidential election were recently aggravated by interior and decentralisation minister **Justin Tokely**'s 31 March announcement prohibiting all outdoor political demonstrations and rallies.¹ This ban ostensibly applies to all political parties including those in the ruling **Isika Rehetra Miaraka amin'i Andry Rajoelina (IRD)** coalition. However, in practice, President **Andry Rajoelina** (2019-present) has continued to be able to stage large outdoor events in the guise of performing his official duties, meaning that the edict has just formalised the government's policy towards opposition rallies.

The state has repeatedly refused to permit opposition parties to stage events and ordered security forces to disperse rallies when they have been held.² This has particularly impacted the country's largest opposition party, **Tiako I Madagasikara (TIM)**, led by former president **Marc Ravalomanana** (2002-2009), who is expected to be Rajoelina's most serious challenger in the election. Most recently, security forces used heavy-handed tactics including firing tear gas to prevent TIM from holding a rally on 18 March in the **Atsimondrano** district (**Analamanga**). Security forces also forcibly prevented TIM from staging a demonstration in **Antananarivo** on 24 February even though the event was set to take place at a property privately owned by Ravalomanana.³

Opposition leaders have accused Rajoelina of abusing the state's power to repress opposition activity, leading to warnings that such bans could undermine the perceived freedom of the election. Notably, several diplomatic missions in Madagascar, including the **European Union (EU)**, **Germany**, the **United States (US)**, **France**, **Japan**, the **United Kingdom (UK)**, **Switzerland**, and **Norway**, issued a joint statement on 4 April raising concerns about Tokely's edict banning outdoor political events. These countries and the EU include some of Madagascar's largest trade partners and providers of development assistance.

The rising of political tensions so far ahead of the November election does not bode well for the formal election period itself. The opposition – most notably the TIM – has also begun raising concerns

¹ Madagascar Tribune, 1 Apr 2023

² Madagascar Tribune, 20 Mar 2023

³ Madagascar Tribune, 25 Feb 2023

about the efficacy of the **National Independent Electoral Commission (CENI)**. These parties refused to participate in the audit of the voters' roll in March as the opposition claimed that it is too early to begin the audit as CENI is still registering voters and that any effort to audit the roll early will undermine the legitimacy of the roll.⁴

CENI is expected to continue to register voters until the end of April but published the provisional voters roll on 11 April which indicated that CENI had only registered 9.6 million voters. This represents approximately 71% of the estimated 13.5 million eligible voters.⁵ This figure was determined after CENI removed around 400,000 names from the roll after auditing the list for duplicates and incorrectly registered voters. It should be noted that, thus far, the audit of the roll has been viewed as above board largely due to the involvement of the **International Organisation of the Francophonie (OIF)** in the process.⁶

The publishing of the provisional voters' roll and the impending finalising of the roll are major steps in the preparations for the election. Political tensions are expected to worsen in the coming months and allegations of state-sponsored violence and oppression are likely. As such, incidents of politically motivated unrest are anticipated.

S&P Global affirms Madagascar's credit rating

US-headquartered credit rating agency, **S&P Global** affirmed its 'B-/B' long- and short-term sovereign credit ratings for Madagascar on 7 April, in addition to maintaining a stable outlook for the country.⁷ S&P Global based this decision on the fact that while the country's economy has been resilient over the medium-term high inflation, lower global demand, and the recent damaging tropical storm season will suppress economic activity over the foreseeable future. As such, S&P Global expects economic growth to be 4.3% of GDP this year but expects growth to accelerate to an average of 5.7% between 2024 and 2026. This economic growth could foreshadow the agency amending its outlook for Madagascar from 'stable' to 'positive' in the coming months.

That said, the forecast economic growth is heavily dependent on the government successfully implementing the country's infrastructure growth and reform agenda – the **Plan Emergence de Madagascar (PEM)**. This plan will drive increased investment in transport and energy infrastructure easing bottlenecks and logistical challenges in the economy. Madagascar's dilapidated infrastructure is a major deterrent to economic growth and undermines the business operating environment in the country. Failure to successfully implement the PEM will aggravate the current economic situation and could even worsen the state's budgetary position and lead to a credit downgrade in the next cycle.

Worryingly, the government has already indicated that it may shift its focus from the PEM to more social spending and interventions ahead of the elections. This may help the ruling party in the short term but will harm Madagascar's economy over the long term.

World Bank announces development funding

The **World Bank's** board of directors, on 30 March, approved \$600m worth of financing for two development projects in Madagascar.⁸ The first project – which will receive \$400m of the funding – is entitled the **Digital and Energy Connectivity for Inclusion in Madagascar (DECIM)** project. The project aims to dramatically increase internet and electricity access in the country, benefiting nearly 10 million people and doubling electricity access to around 67% of the population and adding 3.4 million internet users.⁹ Such an improvement in energy and internet access should translate into significant economic and social improvement, especially in rural Madagascar where electricity and internet access are rare. This will be partly achieved by the development of at least 36 solar parks

⁴ Midi Madagasikara, 21 Mar 2023

⁵ Madagascar Tribune, 12 Apr 2023

⁶ Madagascar Tribune, 21 Mar 2023

⁷ S&P Global, 7 Apr 2023

⁸ L'Express, 6 Apr 2023

⁹ Madagascar Tribune, 6 Apr 2023

across the country. The funds have been allocated from the World Bank's **Electrifying Africa Initiative**.

The second project will focus on agricultural development, food security, and climate resilience in the **Alaotra-Mangoro** and **Sofia** regions. This second initiative will receive \$200m from the World Bank and is expected to benefit 150,000 rural households. In addition to the provision of equipment and training, the project will also finance the rehabilitation of 30,000 hectares (ha) of irrigated perimeters, 30,000 ha of watersheds and nearly 150km of rural roads.

These projects will provide a major boost to the Malagasy economy; however, the development does underscore the extent to which the country is dependent on outside institutions such as the World Bank to finance its development. **Marie-Chantal Uwanyiligira**, the World Bank's Madagascar country manager, noted that the institution provides around \$4.1 billion to Madagascar every year.

Madagascar resumes gold exports

In a notable mining sector development, the council of ministers elected on 30 March to lift the suspension on exporting gold from Madagascar.¹⁰ The temporary ban had been imposed in September 2020 in an effort to counter gold smuggling out of the country.¹¹ It is estimated that Madagascar loses around \$945m every year due to the illicit gold trade. The gold is primarily sourced from artisanal and illicit mines in the country's poorly policed rural hinterland and smuggled to **Dubai (United Arab Emirates)** where it is sold and merged with the legal gold trade.

Officials believe that they have implemented sufficient measures to better combat the illicit gold trade to enable the resumption of legal gold exports once more. These measures include the introduction of a compulsory 'gold counter license' for all gold exporters. This will involve the exporter needing to provide proof of the ore's provenance to customs officials. In addition, the state has introduced new regulations requiring all revenue generated by the exports to be repatriated to Madagascar. Efforts have also been taken to set up a 'one-stop shop' to process these licenses and documents and shorten approval times.

This may assist in improving the ease of participating in the legal gold trade; however, these measures are unlikely to effectively address gold trafficking out of Madagascar. Organised syndicates conduct this smuggling and have continued despite the export ban. As such, until the government can address corruption at the country's exit points and enforce better customs practices, gold trafficking will continue to be a major challenge for the country.

Plague outbreak in Amoron'i Mania Region

At least three people have died from a plague outbreak in **Ambositra (Amoron'i Mania)**, believed to be the less-contagious bubonic plague rather than the more serious pneumonic plague.¹² Madagascar frequently experiences outbreaks of plague between October and May, often related to the floods and wildfires during these months driving forest rodents into human settlements. Outbreaks are also believed to be increasingly climate-related as prolonged droughts force these rodents -and the related infected fleas - into settlements in search of food. These outbreaks are exacerbated by the poor health and sanitation infrastructure in the country.

The current outbreak in Ambositra is not considered to be a major concern and has largely been contained. Officials have ordered the affected areas of the district to be disinfected. The rapid containment of these outbreaks is important as they can rapidly spread, especially if they occur in the country's densely populated urban areas. Illustrative of this was the 2017 plague outbreak in which 2,417 people were infected and 209 died from the disease.

¹⁰ Orange, 31 Mar 2023

¹¹ L'Express, 31 Mar 2023

¹² L'Express, 6 Apr 2023

Planner

9 Nov 2023 **(Madagascar)** Presidential election (First round);
 20 Dec 2023 **(Madagascar)** Presidential election (Second round);

Chronology

12 Apr 2023 **Antananarivo (Madagascar)** *Afrik21*. **United Nations Industrial Development Organization (UNIDO)** and the **OPEC Fund for International Development (OFID)** announce \$1.5m to finance access to clean cooking fuel in Madagascar;

12 Apr 2023 **Ambatondrazaka (Madagascar)** *L'Express*. A vigilante mob seize and lynch two suspected murderers, a common practice due to the low levels of trust in law enforcement and the judicial system;

12 Apr 2023 **Antananarivo (Madagascar)** *Madagascar Tribune*. **South Korea** donates \$5m to help upgrade Madagascar's customs system;

10 Apr 2023 **Toliara (Madagascar)** *L'Express*. Customs officials in **Mahajanga** seize 185kg of precious and semi-precious stones which were being smuggled to **Reunion**;

8 Apr 2023 **Antananarivo (Madagascar)** *Madagascar Tribune*. The **United States (US) Agency for International Development (USAID)** will extend its health ministry support programme in Madagascar by 18 months at a cost of \$36m;

6 Apr 2023 **Antananarivo (Madagascar)** *Madagascar Tribune*. Malagasy and **Chinese** officials sign a \$240m financing agreement to fund the construction of the planned **Ranomafana** hydroelectric power station on the **Ikopa River**;

5 Apr 2023 **Antsirabe (Madagascar)** *L'Express*. Two suspected bandits (locally referred to as dahalo) are caught and lynched by a vigilante mob in **Bemahatazana-Indroamita**, in the **Antsirabe** district;

5 Apr 2023 **Antananarivo (Madagascar)** *L'Express*. Council of ministers adopts a decree to liberalise the telecommunications sector including ending **Telma's** monopoly on fibre internet provision;

3 Apr 2023 **Antananarivo (Madagascar)** *2424*. Student protests take place at university campuses in the cities of **Mahajanga**, **Fianarantsoa** and **Toamasina** demanding unpaid scholarship arrears;

28 Mar 2023 **Fort Dauphin (Madagascar)** *Madagascar Tribune*. **Australia**-headquartered **Rio Tinto's QIT Madagascar Minerals (QMM)** announces that it has concluded its community compensation process. This follows the mine's operations being forcibly suspended by protests in April and December 2022;

24 Mar 2023 **Antananarivo (Madagascar)** *Mining Weekly*. **Canadian** mining firm **NextSource Materials** commissions its **Molo** graphite mine in Madagascar;

17 Mar 2023 **Antananarivo (Madagascar)** *The Insurer*. **African Risk Capacity Group** approves a \$1.2m pay out to Madagascar under its extreme weather policy.

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