

WAVERLEY GATEWAY GUIDE

Connecting International Capital with Emerging & Frontier Markets

MADAGASCAR

Africa East

Dialogue | Trust | Partnership

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WHERE AND HOW TO ENTER

KEY INVESTMENT LOCATIONS

Location / Region	Strategic Importance	Priority Sectors
Antananarivo	Capital and seat of the transitional government under President Col. Michael Randrianirina; main commercial, financial and administrative hub	Finance, administration-linked services, trade
Ambatovy (Toamasina province)	One of the world's largest nickel-cobalt mining and refining operations, 54% owned by Japan's Sumitomo Corporation; hit by Cyclone Gezani in February 2026 and only partially restarted by mid-2026; Sumitomo announced in May 2026 it will divest its stake by March 2027, creating a near-term acquisition opportunity for a new strategic partner	Nickel and cobalt mining/refining, potential acquisition of Sumitomo's 54% stake
Fort-Dauphin / Mandena (Anosy region)	Site of Rio Tinto's QIT Madagascar Minerals (QMM) ilmenite mine (80% Rio Tinto, 20% state); operations suspended from 28 August 2026 after repeated community blockades, and the mine faces a London High Court claim filed by over 6,500 villagers alleging water contamination, plus a Malagasy Supreme Court-upheld compensation order to local farmers	Ilmenite/mineral sands mining - approach only with specialist community-relations and legal due diligence given active litigation
Post-moratorium mining regions nationwide	On 29 January 2026 the government lifted a 16-year moratorium on new mining permits (gold excepted); roughly 1,650 applications were on file by end-2025 with up to 3,000 pending, to be processed in order received by the Madagascar Mining Cadastre Bureau (BCMM)	Nickel, cobalt, graphite, ilmenite, rare earths, mineral sands, iron ore
Toamasina	Madagascar's principal port, handling the bulk of mineral and general cargo exports and imports	Port logistics, mineral export infrastructure
Export-processing / textile zones (Antananarivo-Antsirabe corridor)	Base of Madagascar's garment and textile export industry, historically anchored by preferential US and EU market access	Textiles and apparel manufacturing, light industry
Nosy Be and northern tourism circuit	Madagascar's principal international tourism gateway, built around biodiversity and beach tourism	Tourism, hospitality, ecotourism infrastructure

INVESTOR ENTRY ROUTES

- **FOREIGN DIRECT INVESTMENT:** Appropriate for mining, agribusiness and tourism projects able to operate through the Economic Development Board of Madagascar's (EDBM) investor facilitation process.
- **JOINT VENTURE:** The established model in mining, exemplified by Rio Tinto's 80-20 QMM structure with the state and Sumitomo's consortium structure at Ambatovy.

- **STRATEGIC PARTNERSHIP:** Relevant for processing, logistics and renewable-energy companies entering alongside existing mining or textile operators.
- **PPP / INFRASTRUCTURE:** Highly relevant to power generation and the state utility JIRAMA's rehabilitation, given chronic electricity and water shortages cited as a direct trigger of the 2025 political crisis.
- **ACQUISITION / PRIVATISATION:** Immediately relevant given Sumitomo's announced divestment of its 54% Ambatovy stake, targeted for completion by March 2027.
- **EXPORT → DISTRIBUTION → LOCALISATION:** Effective for industrial equipment and consumer-goods suppliers building market knowledge ahead of direct investment, particularly given newly reopened mining-permit processing.

MARKET-ENTRY OBSERVATION

A Madagascar entry strategy must separate sector-specific opportunity from the live political transition rather than treating the country as a single risk profile. The 29 January 2026 lifting of the mining moratorium (gold excepted) is a genuinely significant opening for nickel, cobalt, graphite, rare-earth and mineral-sands investors, reinforced by Sumitomo's planned exit from Ambatovy. At the same time, the Fort-Dauphin/QMM episode - site blockades, a Supreme Court-upheld compensation order and a 6,500-claimant London High Court case - is a live, material signal that community-relations and land-rights due diligence cannot be an afterthought in Malagasy mining investment. Textile and tourism investors should weigh continued infrastructure fragility (electricity, water, transport) directly against sector fundamentals.

INVESTOR RISK & MARKET ACCESS

KEY ENTRY BARRIERS

Issue	Potential Impact	Possible Mitigation
Political transition following October 2025 coup	President Rajoelina was impeached and fled to France on 14 October 2025 after weeks of protests over power and water shortages; Col. Michael Randrianirina was sworn in as president on 17 October 2025, heading a military-led Council of the Presidency for the Re-Foundation; a 24-month transition plan (released 28 February 2026) runs nationwide institutional consultations through January 2027, a new constitution drafted January-April 2027, and a presidential election targeted for September 2027	Treat political-transition risk as a standing, not temporary, feature through at least the 2027 election; monitor the transition timeline directly rather than assuming a fixed resolution date
Mining-sector community-relations and legal risk	QMM's Mandena ilmenite operation was suspended from 28 August 2026 after repeated access-road blockades over a long-running land/compensation dispute; a Fort-Dauphin court ordered QMM to pay roughly EUR 2 million to 27 farming families (upheld by the Supreme Court on 4 August 2026), and over 6,500 claimants filed a London High Court case in September 2026 alleging water contamination from mine discharge	Commission independent community and environmental due diligence on any specific site; do not rely on operator assurances alone, and budget for extended community-engagement timelines
Chronic electricity and water infrastructure crisis	Only about 36% of the population has electricity access, with Antananarivo facing 6-12 hour daily outages; state utility JIRAMA mismanagement was a direct trigger of the 2025 unrest	Treat power and water supply as a project-specific feasibility question requiring dedicated generation/storage solutions rather than assuming grid reliability
Fiscal underperformance and IMF programme conditionality	Tax collection has fallen well below IMF programme expectations; the Fund granted a waiver for a missed end-June 2025 primary-balance target, and recommends full application of an automatic fuel-pricing mechanism by January 2027 with protections for vulnerable households	Track IMF review outcomes directly as a leading indicator of fiscal credibility and reform pacing
Rising inflation and currency pressure	Consumer price inflation is projected to rise from 7.2% (2025) to 9.3% (2026) before easing to 7.1% in 2027, and the current account deficit is projected to widen to 8.3% of GDP in 2026 from 6.0% in 2025	Structure financing and repatriation with explicit currency and inflation provisions; stress-test project economics against the 2026 inflation peak
Climate and cyclone exposure	Cyclone Gezani forced the shutdown of the Ambatovy nickel operation in February 2026, with only partial resumption by mid-year; the IMF cites tropical cyclones among the factors straining the 2026 fiscal and growth outlook	Build cyclone-season contingency and business-interruption planning into any coastal or processing-site project from the outset

Issue	Potential Impact	Possible Mitigation
Mining-permit processing backlog	Roughly 1,650 permit applications were on file by end-2025 with up to 3,000 pending following the moratorium's lifting; civil-society groups have raised opacity concerns if the backlog overwhelms the Mining Cadastre Bureau's review capacity	Engage the Bureau du Cadastre Minier de Madagascar (BCMM) directly and early; expect 6-12 months for initial permit decisions and plan capital deployment accordingly

INVESTOR RISK NOTE

Madagascar is best read as a resource-rich frontier market in active political transition, where a genuine mining-sector opening coincides with unresolved governance risk. The IMF's September 2026 review describes Madagascar as "undergoing a political transition" amid heightened vulnerability, and growth has been revised down to 3.1% for 2025 (from an earlier 4% projection), with 3.8% projected for 2026 and 4.5% for 2027 contingent on reforms taking hold. Inflation is expected to rise to 9.3% in 2026 before easing. Despite the October 2025 coup, the IMF's 36-month Extended Credit Facility and Resilience and Sustainability Facility arrangements (approved June 2024) have continued, with a combined Third and Fourth Review completed in September 2026 releasing a further USD 155 million; performance is described as "broadly satisfactory," though tax collection has persistently underperformed and some climate-resilience reforms have been delayed. The transitional authorities have targeted a presidential election for September 2027, but investors should treat this as a planning assumption to verify directly rather than a settled outcome, given the fluid nature of post-coup transitions generally.

MARKET ACCESS

The revised Mining Code (Law No. 2023-007) underpins the January 2026 moratorium lift, offering a claimed 2% royalty rate and 25-year investment stability period, alongside a mandatory Social Mining Fund requirement for local-community benefit-sharing; the Madagascar Mining Cadastre Bureau (BCMM) operates a one-stop shop for permit processing. The IMF-backed Extended Credit Facility and Resilience and Sustainability Facility arrangements, approved June 2024 and reviewed through September 2026, anchor the broader macroeconomic reform agenda, including a first "green budget," a National Climate Finance Strategy, and a commitment to apply automatic fuel pricing by January 2027. Madagascar's Economic Development Board (EDBM) serves as the principal one-stop investment-facilitation agency across sectors beyond mining, including textiles, agribusiness and tourism.

WHO SHOULD THE INVESTOR MEET?

INSTITUTIONAL LANDSCAPE

Actor	Why It Matters	Waverley Engagement Angle
EDBM (Economic Development Board of Madagascar)	Principal cross-sector investment promotion and facilitation agency, covering company registration, permits and investor aftercare outside mining	Project pipeline, investment facilitation, institutional access
BCMM (Bureau du Cadastre Minier de Madagascar)	Mining permit regulator and one-stop shop, now processing the backlog of applications following the January 2026 moratorium lift	Mining licence applications, permit-status tracking
Council of the Presidency for the Re-Foundation	Military-led transitional governing body headed by President Col. Michael Randrianirina since October 2025; sets the pace of the 2025-2027 political transition and associated policy continuity	Monitor policy continuity and transition milestones directly; a key source of near-term political risk
Ministry of Mines	Sectoral policy authority overseeing implementation of the revised Mining Code and Social Mining Fund requirements	Policy dialogue, sector-specific regulatory engagement
Ambatovy consortium (Sumitomo Corporation, 54%)	Operator of one of the world's largest nickel-cobalt operations; Sumitomo's announced divestment (targeted by March 2027) is a specific, near-term acquisition opportunity	Direct acquisition discussions ahead of Sumitomo's divestment process
Rio Tinto / QIT Madagascar Minerals (QMM)	Operator of the suspended Mandena ilmenite mine; currently the subject of a London High Court claim and a Supreme Court-upheld local compensation order	Understand the existing legal and community-relations exposure before any adjacent or related engagement
IMF / World Bank	Primary multilateral partners anchoring Madagascar's fiscal and climate-resilience reform programme through the political transition	Reform-linked investment, policy-risk monitoring, co-financing

CURRENT INTERNATIONAL BUSINESS CHANNELS

Madagascar's international engagement has continued through the political transition, anchored by the IMF's uninterrupted Extended Credit Facility and Resilience and Sustainability Facility programme, which released a further USD 155 million in September 2026. Chinese nickel investors are reportedly scouting African alternatives, including Madagascar, as Indonesian nickel policy tightens, a trend that could intersect directly with Sumitomo's planned Ambatovy divestment. Historical preferential access to US and EU markets has underpinned Madagascar's textile export industry, though investors should verify current AGOA and EU trade-preference eligibility directly given the political transition's potential implications for US trade-preference programme status.

INVESTOR PROFILE BEST SUITED

Critical-minerals and mining groups (particularly those able to engage the Ambatovy divestment process or newly available permits), specialist ESG/community-relations-capable operators, renewable and off-grid power developers, textile and apparel manufacturers with established US/EU buyer relationships, tourism and hospitality investors, and development-finance partners comfortable operating through an active political transition are the strongest initial target profiles.

FROM INTELLIGENCE TO ENGAGEMENT

STEP 1: Market Intelligence

Map the sector, specific site or permit status, regulatory framework, and the transitional government's policy continuity on the relevant file.

STEP 2: Investor Fit

Match capital, technology, operating experience and risk appetite to a defined Malagasy project or investment theme, including transition-risk tolerance.

STEP 3: Partner Identification

Identify government counterparts, project sponsors, existing operators (including those in divestment, such as Sumitomo), banks and development institutions.

STEP 4: Strategic Introductions

Use Waverley's business-diplomacy and institutional-relations capability to facilitate selected, purposeful introductions.

STEP 5: Market Entry

Support the investor through feasibility, community and legal due diligence, partner negotiations, financing discussions and implementation planning.

WAVERLEY'S ROLE

- Market Entry & Investment
- Business Diplomacy & Strategic Introductions
- Trade Missions & Market Access
- Trade & Geopolitical Risk Advisory
- Government & Institutional Relations
- Research & Investment Intelligence

INVESTOR CALL TO ACTION

International investors, companies, institutions and strategic partners seeking further market intelligence or selected introductions may contact Waverley to discuss their objectives.

Market Intelligence → Investor Assessment → Strategic Introduction → Market Engagement → Potential Investment

WAVERLEY INVESTOR INTELLIGENCE & OPPORTUNITY PIPELINE

Internal intelligence should track: project sponsor; location; sector; project stage; CAPEX; financing need; investor type; government counterpart; political-transition milestone dependencies; community-relations and legal-exposure status; relevant international company; conference/mission opportunity; introduction status; and next action. Given Madagascar's active political transition and live mining-sector litigation, transition-timeline and legal-exposure status should be tracked as mandatory, standing fields for every entry.

POSITIONING

Waverley Investment Gateway - From Market Intelligence to Trusted Market Connections.

Waverley helps international investors understand selected emerging and frontier markets, identify relevant opportunities and navigate the relationships required to explore market entry.

SELECTED SOURCES

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- Capmad - QMM suspends ilmenite extraction at Mandena after Fort-Dauphin blockades, September 2026.
- Engineering News / Mining Weekly - Sumitomo to divest Ambatovy stake, May 2026.
- Mining Weekly - Ambatovy resumes nickel production after cyclone disruption, June 2026.