

Madagascar: Selected Issues and Statistical Appendix

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MADAGASCAR

Selected Issues and Statistical Appendix

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Approved by the African Department

November 21, 2001

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Madagascar: Basic Data

Area, population, and GDP per capita

Area: 582,000 square kilometers

Population

Total: 15.1 million (1999)

Growth rate: 3.1 percent (1999)

GDP per capita (*World Bank Atlas* method): US\$250 (1999)

	1996	1997	1998	1999	2000
National accounts					
	(In billions of Malagasy francs)				
GDP at current prices	16,224	18,051	20,343	23,379	26,242
GDP at constant 1984 prices	1,973	2,046	2,126	2,225	2,331
	(Annual percentage change at 1984 prices)				
GDP at market prices	2.1	3.7	3.9	4.7	4.8
Primary sector (at factor cost)	2.5	1.9	2.1	3.4	0.8
Secondary sector (at factor cost)	2.0	4.7	5.3	4.2	5.6
Tertiary sector (at factor cost)	2.1	4.7	5.1	5.5	6.7
	(In percent of GDP)				
Consumption	92.8	95.3	93.0	92.8	92.2
Gross domestic investment	12.2	12.8	14.8	14.9	15.0
Gross domestic savings	7.2	4.7	7.0	7.2	7.8
Current account balance ¹	-5.0	-5.5	-7.4	-5.4	-5.6
Price movements					
	(Annual percentage change)				
GDP deflator	17.8	7.3	8.4	9.8	7.1
Consumer price index (traditional basket) ²	8.3	4.8	6.4	14.4	8.7
Government finance					
	(In billions of Malagasy francs)				
Current revenue and grants	2,090.7	2,703.2	2,872.6	3,509.9	4,014.4
Current expenditure	1,703.8	1,960.2	2,146.1	2,175.0	2,402.5
Capital expenditure	1,179.6	1,176.9	1,673.1	1,615.9	1,766.1
Overall balance on a cash basis (deficit -)	-790.0	-573.3	-1,048.5	-213.4	-872.8
Net domestic financing	-15.0	-119.0	901.5	246.4	121.9
<i>Of which</i> : domestic banks (net)	-44.8	-146.0	741.2	167.1	3.1
	(In percent of GDP)				
Overall deficit, commitment basis, excluding total grants	-9.1	-7.7	-9.3	-6.4	-6.4
Overall balance on a cash basis, including grants (deficit -)	-4.9	-3.2	-6.3	-2.5	-3.3
Money and credit					
	(In billions of Malagasy francs)				
Foreign assets (net)	1,175.3	1,771.1	1,172.0	1,711.5	2,006.3
Domestic credit					
Claims on the government (net)	730.3	584.3	1,325.5	1,560.7	1,563.3
Claims on the economy	1,599.4	1,814.1	1,828.2	1,955.4	2,415.0
Broad money	3,209.7	3,846.2	4,169.1	4,981.1	5,916.8

Madagascar: Basic Data

	1996	1997	1998	1999	2000
	(Annual percent change)				
Domestic credit					
Claims on the government (net)	-3.3	-20.0	126.9	17.7	0.2
Claims on the economy	2.3	13.4	0.8	7.0	23.5
Broad money	18.1	19.8	8.4	19.5	18.8
Balance of payments	(In millions of SDRs, unless otherwise indicated)				
Exports, f.o.b.	353.0	368.5	385.0	427.1	628.5
Imports, f.o.b.	-433.3	-495.6	-495.5	-543.0	-705.0
Trade balance	-80.3	-127.1	-110.5	-115.9	-76.5
Services (net)	-59.1	-81.1	-103.3	-94.8	-136.2
<i>Of which</i> : interest payments due	112.3	75.8	67.2	39.5	43.7
Unrequited transfers (net)	109.7	132.1	63.0	94.6	102.6
Private transfers (net)	53.8	74.3	50.4	68.8	77.1
Public transfers (net) ³	55.9	57.8	12.6	25.8	25.5
Current account balance					
In percent of GDP ⁴	-5.0	-5.5	-7.4	-5.4	-5.6
Capital transfers	32.6	77.6	73.5	94.2	87.0
<i>Of which</i> : drawings	62.0	155.5	90.2	75.0	86.9
amortization	-108.7	-77.4	-89.7	-77.1	-78.2
direct investment	7.0	10.0	11.9	42.7	52.9
Overall balance	-81.7	19.7	-126.6	-9.9	-32.6
Debt relief and cancellation	0.0	803.0	38.0	40.8	59.6
IMF (net)	2.0	0.7	-10.3	9.7	34.8
Arrears (reduction -)	174.2	-783.2	12.0	3.1	-5.7
Reserves (net) (increase -)	-92.5	-39.5	76.6	-34.0	26.9
Gross official reserves ⁵	12.3	14.1	7.8	9.8	10.2
Outstanding external debt ⁶	3,082.9	2,858.3	2,828.9	2,948.6	3,123.9
Exchange rates (period averages)					
Malagasy francs per SDR	5,882.4	7,016.1	7,381.7	8,585.8	8,934.0
Malagasy francs per U.S. dollar	4,061.3	5,090.9	5,441.4	6,283.8	6,773.3

¹ Including official transfers.² End of period.³ Including project grants.⁴ Including official transfers.⁵ In weeks of imports of goods and services.⁶ After debt relief.

Madagascar: Social and Demographic Indicators, 1999 ¹

Land area (square kilometers)	581,540
Population	
Total (in millions)	15.1
Urban population (percent of total)	29.0
Population density (people per sq. km.)	25.9
Population density, rural (people per sq. km. of arable land) (1998)	407.6
Population growth (annual percentage)	3.1
Life expectancy at birth (years)	
Overall	54.3
Women	55.8
Men	52.8
Crude birth rate (per 1,000)	40.7
Crude death rate (per 1,000)	12.1
Infant mortality rate (per 1,000)	90.0
Education	
Illiteracy rate, adult total (percentage of people over 15)	34.3
Primary education, pupils (in thousands) (1998)	1,889.9
Secondary education, general pupils (in thousands) (1997)	356.6
Secondary education, vocational pupils (in thousands) (1992)	8.1
Primary school enrollment (percentage of relevant age group)	70.1
Secondary school enrollment (percentage of relevant age group)	19.4
Tertiary school enrollment (percentage of relevant age group) (1995)	2.2
Health	
Hospital beds (per 1,000)	0.5
Physicians (per 1,000)	0.1
Safe water (percentage of population with access)	47.0
Sanitation (percentage of rural population with access)	25.0
Child immunization (under 12 months, percent)	
DPT	48.0
Measles	46.0

Sources: CD-ROM of World Bank, *World Development Indicators*, 2001; and Malagasy authorities.

¹ Unless otherwise indicated.

I. THE MALAGASY EXCHANGE RATE SYSTEM: INSTITUTIONAL ARRANGEMENTS AND RECENT DEVELOPMENTS IN COMPETITIVENESS¹

A. Introduction

1. This short note outlines the evolution of the key institutional arrangements for the determination and management of the Malagasy franc since 1982. Important foreign exchange market developments since 1982 are also reviewed. The note concludes with a brief assessment of Madagascar's international price competitiveness in light of a real effective exchange rate that has been appreciating since mid-2000, arguing that current levels of the real exchange rate remain broadly consistent with the objective of preserving Madagascar's international competitiveness.²

B. Institutional Exchange Rate Arrangements, 1982–2001

2. Since April 1982, the nominal external value of the Malagasy franc has been determined under two successive exchange regimes, during which three distinct operational periods are identifiable.³ From 1982 to late 1991, the nominal exchange rate was determined under an adjustable peg to a basket of currencies, with periodic peg adjustments made to compensate for inflation differentials vis-à-vis Madagascar's key trading partners. A second operational phase under this arrangement began in October 1991, in the midst of a deepening economic and political crisis, when the Malagasy authorities introduced a highly restrictive exchange and trade system. Although in principle the adjustable peg system remained in place, for a period of over two years the authorities ceased adjusting the peg.

¹ Prepared by John Cady. This note draws on Fund staff work done in connection with a pilot report on Madagascar prepared by a group of consultants for the World Trade Organization (WTO) trade ministers' Integrated Framework initiative.

² All references to real and nominal effective exchange rates for Madagascar in this note are based on the International Monetary Fund's Information Notice System (database as of end-September 2001) and are calculated using relative consumer price indices. See Alessandro Zanello and Dominique Desruelle, "A Primer on the IMF's Information Notice System," IMF Working Paper 97/71 (Washington, International Monetary Fund, 1997); this document is publicly available on the IMF's website at <http://www.imf.org>.

³ From independence in 1960 until 1973, Madagascar was a member of the French franc zone, with the exchange rate of the currency pegged to the French franc. Although withdrawn from the franc zone in 1973, the Malagasy franc remained pegged to the French franc until April 2, 1982, when an adjustable peg to a basket of ten currencies was adopted.

3. A move to a floating exchange rate regime took place in May 1994, when the exchange and trade systems were substantially liberalized and an interbank foreign exchange market (the *Marché Interbancaire de Devises (MID)*) was established. From early 1994 to the present, the external value of the Malagasy franc has been freely determined by supply and demand in the interbank market.⁴

4. The following sections briefly outline the institutional arrangements prevailing under both the pegged and floating exchange regimes, highlighting key foreign exchange market developments during each period.

April 1982 to October 1991: the adjustable peg

5. From April 2, 1982 to May 8, 1994, the exchange value of the Malagasy franc was managed under an adjustable peg to a basket of ten currencies, a system adopted when the peg to the French franc was discontinued.⁵ The weight assigned to each currency in the basket was based on the distribution of Madagascar's external trade over the period 1973-80. While no official intervention currency was designated, most official foreign exchange transactions were made in either French francs or U.S. dollars. The central bank adjusted its Malagasy franc quotes on the basket currencies on a daily basis, with the spread between the official buying and selling rates for all ten currencies fixed at 1 percent.

6. The Malagasy franc was devalued vis-à-vis the basket frequently under the adjustable peg and experienced sharp devaluations on several occasions (Table 1). As a result, from April 1982 to July 1987 the nominal effective exchange rate declined by some 69 percent; meanwhile the real effective rate depreciated by 61 percent (Figures 1 and 2, and Table 2). Over the period 1986-88, Madagascar began implementing structural adjustment programs supported by the IMF, and on at least two occasions large devaluations were implemented as part of the government's Fund-supported program (20 percent in August 1986 and 37.5 percent in June 1987). Additionally, the trade and exchange regimes were liberalized beginning January 1, 1988, when all impediments to the development of exports (including licenses and prior authorizations) and import restrictions were eliminated. In the subsequent period from July 1987 to October 1991, the exchange value of the Malagasy franc tended to stabilize.

⁴ Creation of the MID led to the unification of the interbank and parallel market exchange rates shortly thereafter. Nevertheless, informal foreign exchange transactions are still made in Madagascar, with participants reportedly seeking to avoid the "paper trail" implicit in interbank market foreign exchange transactions.

⁵ The currency basket included the Austrian schilling, the Belgian franc, the deutsche mark, the French franc, the Italian lira, the Japanese yen, the Netherlands guilder, the pound sterling, the Swiss franc, and the U.S. dollar.

7. In 1991, in the midst of a growing economic and political crisis, the Malagasy authorities reintroduced certain trade restrictions, including quantitative import restrictions, payments restrictions for current account transactions, and export licensing requirements. At the same time, foreign exchange surrender requirements were also introduced, with a view to collecting foreign exchange that would permit the central bank to service external debt, pay oil import bills, and effect government transfers. Commercial banks were required to surrender 40 percent of foreign exchange receipts to the central bank (at the official exchange rate, which, because it was often appreciated relative to parallel market rates, resulted in an implicit tax on exports) and permitted to allocate the remaining 60 percent to their clients at the daily official exchange rates quoted by the central bank. While these restrictions were being imposed, the monetary authorities also discontinued making exchange rate adjustments to offset inflation differentials vis-à-vis key trading partners, with the result that the real and nominal effective exchange rates began to appreciate.

8. From 1991 to early 1994, Madagascar's external imbalances deteriorated significantly, largely owing to the loss of external competitiveness and the restrictive trade and exchange regimes driving trade into informal channels. With the discontinuation in late 1991, as noted above, of periodic exchange rate adjustments to offset inflation differentials and the pursuit in 1992 of expansionary demand policies, the real effective exchange rate appreciated by some 25 percent in the two-year period to end-1993. The real exchange rate appreciation, coupled with trade restrictions, impaired nontraditional export growth and fostered an increase in exportation and importation through informal channels.

May 1994 to the present: the floating exchange rate regime

9. On May 9, 1994, the Malagasy authorities adopted a sweeping reform of the exchange and trade system, featuring the introduction of an interbank foreign exchange market and floating exchange rate, the elimination of most import prohibitions and restrictions, the liberalization of current transactions,⁶ and the elimination of prohibitions on residents' and nonresidents' holdings of foreign currency-denominated bank accounts. The 40 percent foreign exchange surrender requirement was also eliminated.

10. The interbank foreign exchange market, or MID, is an "open outcry" market for exchanging Malagasy francs for French francs (until end-1998), and for euros (since 1999). Market participants include representatives of all six commercial banks currently licensed to operate in Madagascar (on their own account and on behalf of their clients) and of the central bank, who physically meet for daily trading sessions between 10 a.m. and noon. Daily turnover has averaged approximately US\$4 million to date in 2001. The buying and selling of

⁶ Madagascar accepted the obligations of the IMF's Article VIII effective September 18, 1996.

foreign exchange between commercial banks and their clients are carried out at rates freely negotiated between themselves.

11. The MID as it currently operates has certain shortcomings: the limited turnover and small number of participants restrict competition and arbitrage opportunities, while the short duration of the daily sessions leads to the fixity of rates for substantial portions of the business day. Recognizing these shortcomings, the Malagasy authorities are planning to introduce a "continuous market" by end-2001, designed to ameliorate the MID's efficiency. Planned improvements include the expansion of trading to encompass U.S. dollars and Japanese yen, in addition to the euros and Malagasy francs, and enhancing competition and arbitrage through the participation of foreign banks. In addition, technological changes would enable the MID to function via telephone and computer, permitting continuous trading for extended hours and obviating the need for traders to physically meet. The establishment of such a continuous-time foreign exchange market is a prerequisite to the eventual development of an efficient forward market, which could replace the present cumbersome and costly arrangements for forward cover, under which importers can request from commercial banks foreign exchange with deferred repayment and exporters can obtain foreign exchange prefinancing.

12. In early 1994, immediately prior to the introduction of the float and the MID, premiums of 40–50 percent existed in parallel markets over official exchange rates. Immediately following the float, the official exchange rate declined by some 45 percent vis-à-vis the U.S. dollar, some 43 percent in nominal effective terms, and 41 percent in real effective terms. The initial depreciation of the real effective exchange rate in May 1994 probably "overshot" the new equilibrium rate somewhat. Between November 1994 and August 1996, the nominal effective exchange rate depreciated by about 7 percent, but the real rate appreciated by some 30 percent. Subsequently, between August 1996 and April 2000, the nominal and real effective rates depreciated by 28 percent and 10 percent, respectively. However, after May 2000, both rates began to appreciate, for reasons discussed below.

C. Current International Price Competitiveness Considerations

13. The nominal and real effective exchange rates of the Malagasy franc appreciated by about 16 percent and 17 percent, respectively, between April 2000 and July 2001. An important question is whether the appreciation of the real exchange rate has impaired Madagascar's international price competitiveness or engendered potentially destabilizing capital flows. To assess competitiveness, trends in wages and productivity are examined, along with recent developments in broader competitiveness indicators (export growth, the current account balance, and foreign direct investment flows).

14. An important aspect of a country's international competitiveness is its attractiveness as a destination for foreign direct investment, where considerations such as the overall business environment, labor costs, and trends in productivity play a key role. Madagascar has fared reasonably well on this count over the past few years, attracting numerous foreign

enterprises and investments, partially through its ambitious program of privatization of state enterprises, but particularly in the textile and apparel business, to Madagascar's export processing zone (EPZ).

15. Evidence gathered through interviews with industrialists suggests that Madagascar's labor costs, adjusted for productivity, are among the lowest in the world. For example, in 2001, an average textile production employee, working for an EPZ enterprise in the city of Mahajanga, earns about FMG 200,000 per month, the equivalent of about US\$30. Interview data indicate that the productivity of Malagasy sewing machine operators is among the highest in the sample, and wage rates are among the lowest, with the result that unit labor costs are among the lowest in the sample (Table 3). Mauritian apparel makers, who have relocated significant production facilities to Madagascar, recognize that, as wages in Madagascar are about three times lower than those in Mauritius (about US\$50 versus US\$150), and productivity is only about 30 percent lower, unit labor costs are significantly lower in Madagascar. More generally, interviews with garment industry officials indicate that Madagascar is reputed for having an abundant, qualified, and reliable workforce.

16. Additional factors making Madagascar an attractive location for foreign direct investment are primarily associated with the EPZ, which offers duty-free import and export status, generous (generally two–five years) corporate income tax holidays, and low tax rates (usually 10 percent).⁷ Finally, Madagascar became eligible for duty-free access to the U.S. market under the African Growth and Opportunity Act (AGOA) in April 2000. These factors, coupled with attractive labor rates, therefore make it quite unlikely that Malagasy textile and apparel industries are not internationally competitive.

17. The strong export performance in 2000, especially over the second half of the year, which has continued into 2001, suggests that Madagascar's export competitiveness has not been impaired. Madagascar's receipts for exports of goods and nonfactor services have increased steadily since 1996, rising from about 20 percent of GDP in 1996 to 31 percent in 2000 (Figure 3). The volume of exports has also increased in every year since 1996. In 2000, export receipts for goods and services by rose some 48 percent (in SDR terms) and by about 35 percent in terms of volume.⁸ Although imports of goods and nonfactor services rose from 25 percent of GDP in 1996 to 39.3 percent in 2000, overall, the current account deficit, excluding official transfers, declined from about 8 percent of GDP in 1997-98 to about 6 ½ percent in 2000.

⁷ See the accompanying note on Madagascar's EPZ in section II.

⁸ The increase in unit prices is accounted for by the surge in the prices of vanilla and cloves, which both increased by an average of 50 percent in 2000.

18. Balance of payments estimates indicate that private capital inflows (including privatization receipts) increased from about SDR 4 million in 1994 to over SDR 50 million in 2000, representing almost a ninefold increase over that period from 0.2 percent of GDP to 1.7 percent of GDP; much of this increase in investment flows was directed to the EPZ. Thus, Madagascar has apparently enhanced its reputation and overall competitiveness as a destination for foreign direct investment.

19. It bears noting that the recent appreciation of the real exchange rate could be consistent with the Balassa-Samuelson hypothesis, and if this is the case the recent real rate appreciation could be considered benign. In accordance with this hypothesis, it is possible that productivity enhancements stemming from investments in the EPZ have raised wages and prices in Madagascar relative to trading partners, resulting in some appreciation of the real effective exchange rate. The fact that Madagascar's external position has strengthened over the past several years is not inconsistent with operation of the Balassa-Samuelson effect. Unfortunately, the detailed productivity data required to test the hypothesis are not available.

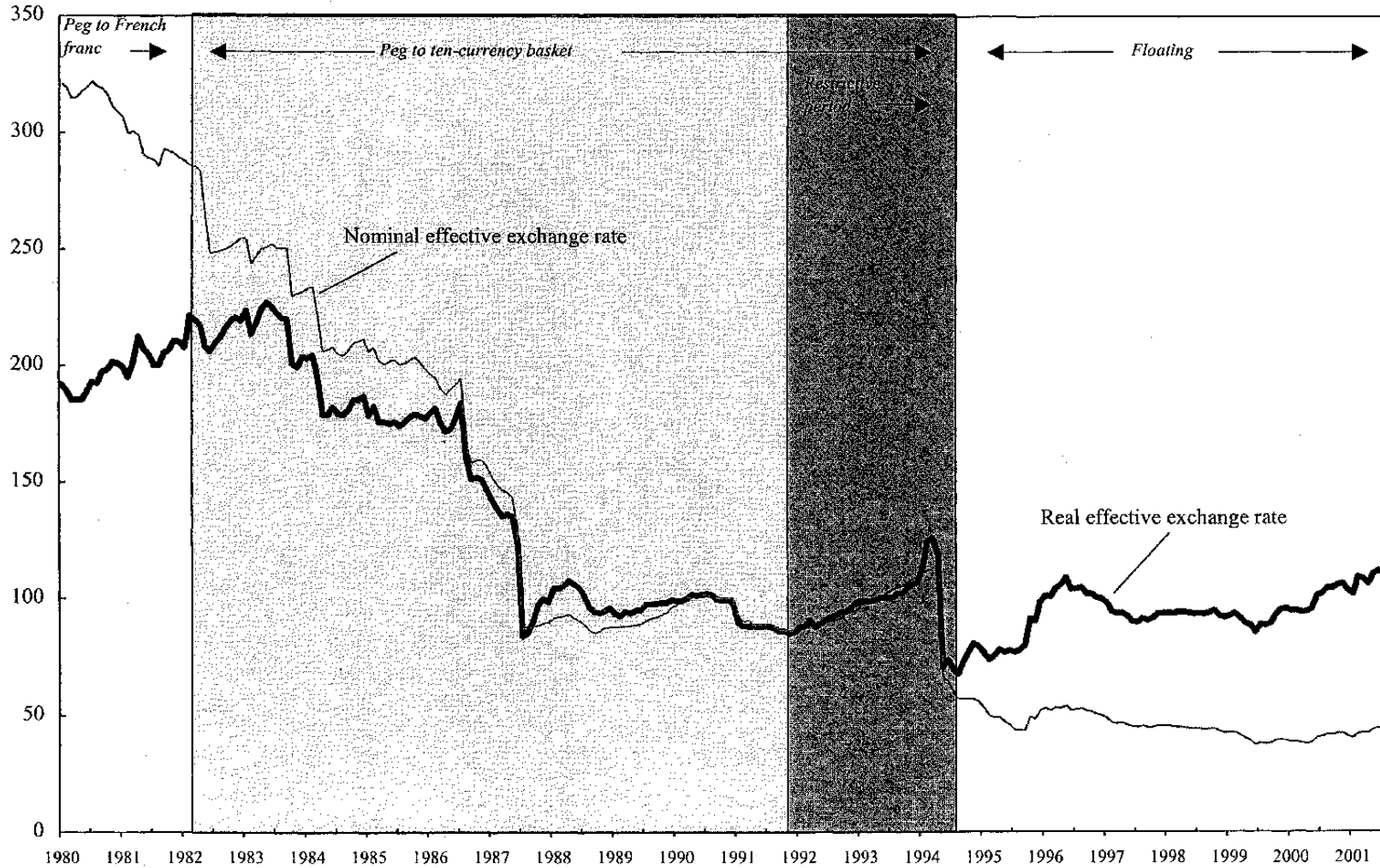
20. The main conclusions of this analysis are that, since the liberalization of the exchange and trade system early in 1994, Madagascar has benefited from growing export receipts, including through the diversification of its export base, and increased capital inflows, particularly through foreign direct investment. The flexible exchange rate regime and the institutional arrangements for its management, in place since early 1994, have served Madagascar well. Until mid-2000, the nominal effective exchange rate exhibited limited volatility but depreciated in line with inflation differentials with key trading partners, so that the real effective exchange rate remained broadly stable. The stability of the real exchange rate of the Malagasy franc and the relatively smooth depreciation of the nominal exchange rate served to significantly reduce one aspect of uncertainty in economic agents' decision making, thereby creating conditions favorable to the development of export and import substitution activities.

21. Since mid-2000, there has been an appreciation of the nominal and real effective exchange rates of over 15 percent. However, on the basis of international wage and productivity trends, foreign direct investment inflows, and Madagascar's export performance over recent years, there is little reason to believe that Madagascar's international price competitiveness has deteriorated appreciably as a consequence of the recent real exchange rate appreciation.

22. The real appreciation of the currency since mid-2000 was a result of some nominal appreciation, as domestic inflation, although declining, remained higher than in partner countries. In turn, the nominal appreciation appears to have resulted from the good export performance and capital inflows associated with the government's ambitious privatization program, foreign direct investment in the EPZ, and interest rate differentials in favor of Madagascar. Given the export performance in 2000-01, the current level of the real exchange rate does not appear problematic; however, continued vigilance in this area is warranted. A continued real appreciation could erode competitiveness and should be assessed against the

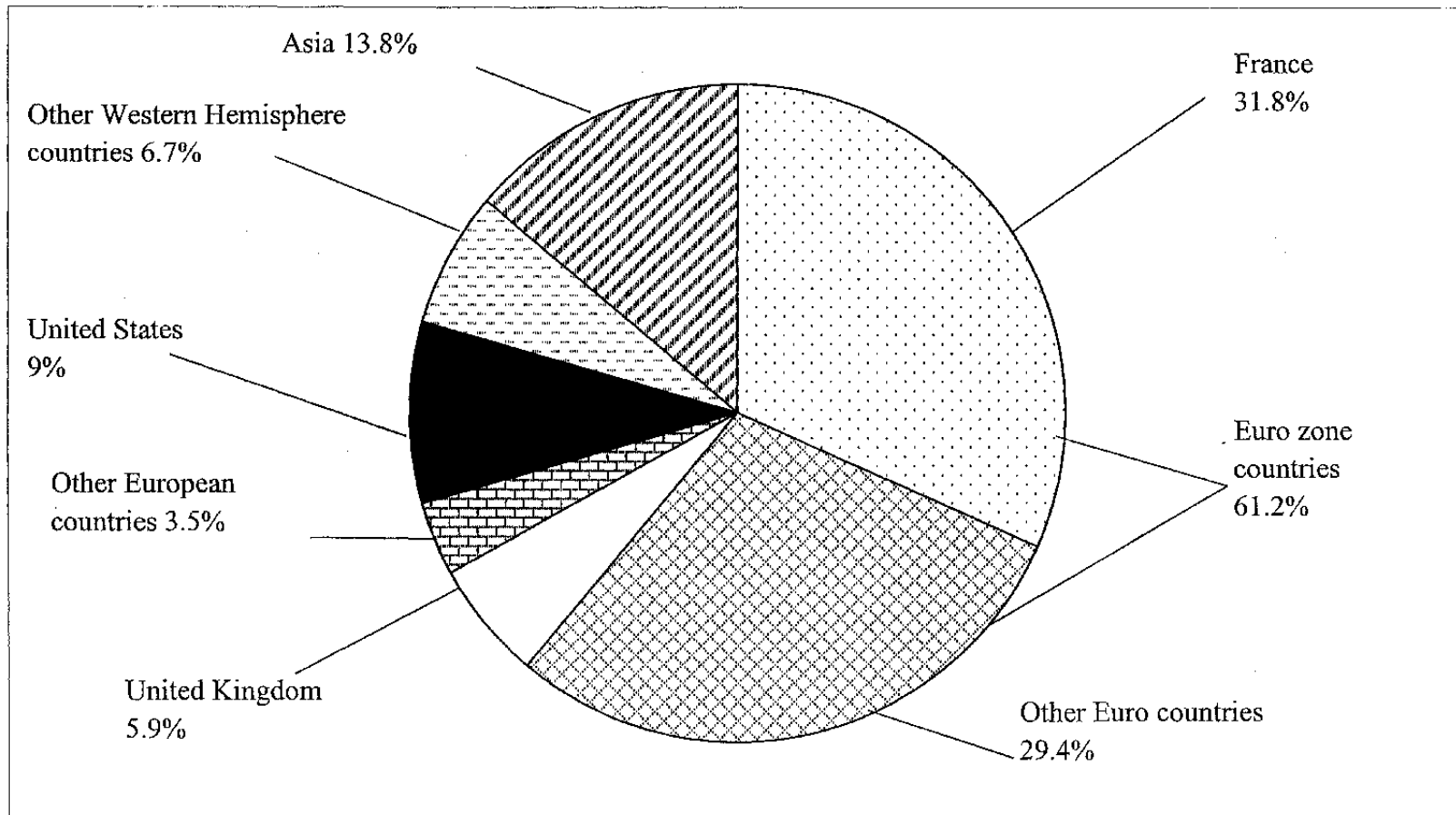
evolution of Madagascar's external position, trends in domestic and international productivity, and costs and prices. In order to contain further real appreciation, fiscal policy could play a useful role by ensuring that demand pressures are kept in line with productive capacity and thereby limiting domestic inflationary pressures.

Figure 1. Madagascar: Effective Exchange Rate Indices, January 1980 - July 2001
 (1990 = 100; foreign currency per Malagasy franc)



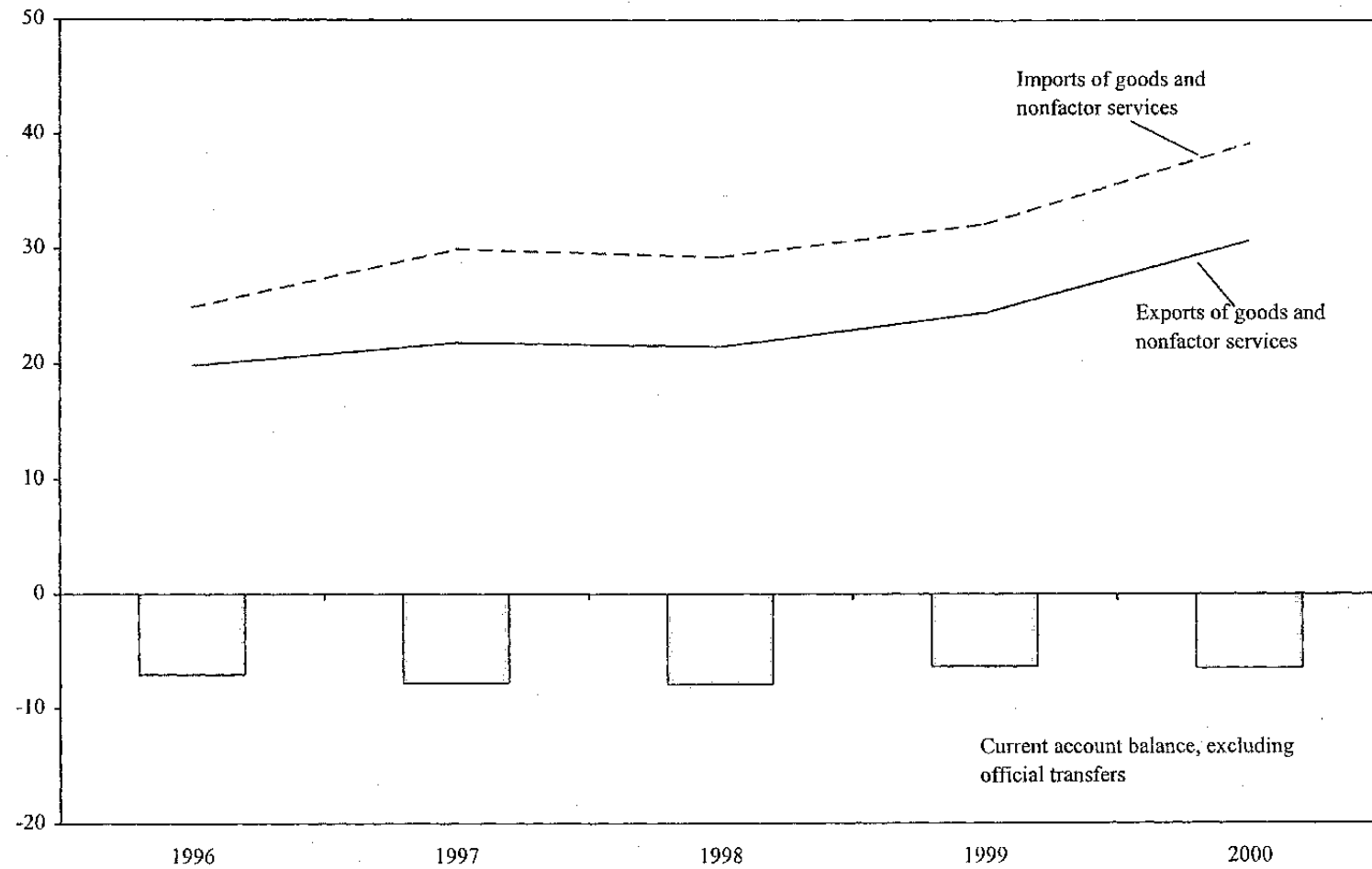
Source: International Monetary Fund, Information Notice System (September 2001).

Figure 2. Madagascar: Trade Weights (1988-1990) in the Effective Exchange Rate
(In percent)



Source: International Monetary Fund. Information Notice System

Figure 3. Madagascar: External Current Account, 1996 -2000
(In percent of GDP)



Source: Central Bank of Madagascar.

Table 1. Madagascar: Devaluation of Malagasy Franc Against
the Currency Basket, May 17, 1982 - November 28, 1991
(In percent)

	Date	Amount of Devaluation	Cumulative Amount of Devaluation	Date	Amount of Devaluation	Cumulative Amount of Devaluation	
1982	17-May	13.04	13.04	1-Aug	0.50	81.11	
1983	31-Jan	5.66	17.96	4-Aug	0.10	81.13	
	11-Jul	1.96	19.57	9-Aug	0.50	81.22	
	30-Sep	9.50	27.22	11-Aug	0.50	81.32	
1984	19-Mar	13.04	36.71	18-Aug	0.20	81.35	
	21-Jun	1.96	37.95	23-Aug	0.30	81.41	
	2-Jul	1.96	39.17	29-Aug	2.50	81.87	
	24-Sep	-1.11	38.49	5-Dec	0.30	81.93	
1985	2-Jan	3.29	40.51	8-Dec	0.30	81.98	
	5-Mar	2.44	41.96	19-Dec	0.30	82.04	
	20-Mar	2.34	43.32	1989	12-Jan	0.30	82.09
	8-Jul	1.96	44.44		16-Jan	0.20	82.13
	21-Oct	0.99	44.99		18-Jan	0.20	82.16
	11-Nov	0.99	45.53	5-Sep	0.50	82.25	
	12-Dec	1.48	46.34	10-Nov	0.25	82.30	
	28-Dec	1.48	47.13	13-Nov	0.25	82.34	
1986	6-Feb	0.99	47.65	1990	17-Jan	0.25	82.38
	11-Feb	0.99	48.17		12-Sep	1.50	82.65
	5-Mar	1.96	49.19	14-Sep	0.25	82.69	
	18-Mar	0.99	49.69	21-Sep	0.25	82.73	
	2-Apr	0.99	50.19	9-Oct	0.25	82.78	
	4-Aug	20.00	60.15	12-Oct	0.15	82.80	
	8-Dec	1.20	60.63	16-Oct	0.10	82.82	
	16-Dec	1.20	61.10	31-Oct	0.20	82.86	
	23-Dec	1.00	61.49	16-Nov	0.10	82.87	
	1987	2-Jan	1.00	61.87	22-Nov	0.10	82.89
5-Jan		0.80	62.18	23-Nov	0.15	82.92	
9-Feb		2.00	62.94	27-Nov	0.10	82.93	
16-Feb		2.00	63.68	3-Dec	0.20	82.97	
23-Feb		1.20	64.11	1991	10-Jan	11.60	84.94
30-Mar		1.70	64.72		3-Apr	3.50	85.47
May-4-Jun-24		8.85	67.84		3-Jun	0.30	85.51
29-Jun	35.75	79.34	5-Jun	0.20	85.54		
1988	2-May	2.50	79.86	12-Jun	0.20	85.57	
	27-May	1.00	80.06	20-Aug	2.00	85.86	
	3-Jun	0.50	80.16	4-Sep	0.50	85.93	
	17-Jun	0.50	80.26	5-Sep	0.50	86.00	
	21-Jun	0.50	80.36	23-Sep	0.50	86.07	
	24-Jun	0.50	80.45	8-Oct	0.60	86.15	
	28-Jun	0.50	80.55	10-Oct	0.40	86.21	
	12-Jul	0.50	80.65	16-Oct	0.40	86.26	
	15-Jul	0.50	80.75	24-Oct	0.30	86.31	
	19-Jul	0.50	80.84	30-Oct	0.30	86.35	
	27-Jul	0.50	80.94	11-Nov	0.20	86.37	
	28-Jul	0.40	81.01	28-Nov	0.50	86.44	

Source: Central Bank of Madagascar.

Table 2. Madagascar: Effective Exchange Rate Indices, 1980 - 2001
(1990=100)

	Real Effective Exchange Rate	Nominal Effective Exchange Rate
Annual averages		
1980	192.5	316.9
1981	204.0	294.0
1982	214.8	263.4
1983	216.6	245.1
1984	186.7	230.1
1985	177.3	202.2
1986	167.1	191.5
1987	113.8	116.4
1988	100.6	89.2
1989	95.8	90.3
1990	100.0	100.0
1991	87.0	88.3
1992	91.5	90.2
1993	101.3	102.6
1994	89.3	76.8
1995	81.0	47.7
1996	103.0	51.9
1997	92.6	45.6
1998	93.4	43.9
1999	90.9	39.4
Quarterly averages		
2000		
I	94.5	38.3
II	96.9	38.6
III	103.5	41.1
IV	105.2	41.6
Monthly averages-2001		
Jan.	101.8	39.9
Feb.	109.0	41.8
Mar.	108.3	42.2
Apr.	106.2	42.2
May	110.4	43.5
Jun.	111.8	44.3
Jul.	110.6	43.6

Source: International Monetary Fund, Information Notice System, September 2001.

Table 3: Madagascar and Selected Comparator Countries:
Unit Labor Costs in Standardized Garment Production ¹

	Task Level Efficiency ²	Monthly Wage ³	Unit Labor Cost Index ⁴
Kenya	12-15	60-65	0.026
Ghana	12	30-45	0.022
Madagascar	14-15	55-65	0.023
Mozambique	10-11	40-50	0.029
Lesotho	18	82-95	0.035
South Africa	15	255	0.050
India	16	70-75	0.027
China (EPZ)	18-22	150	0.040

Sources: WTO, "Integrated Framework Report for Madagascar" (forthcoming);
and interviews with Malagasy and other African garment producers.

¹ Men's casual shirt.

² Average number of shirts that a machine operator
can produce in a workday.

³ Wage (in U.S. dollars) for a semiskilled sewing machine operator
in the garment industry.

⁴ Based on an assumed 26-day work month and f.o.b. factory prices,
except for Madagascar, where a 21-day work month has been assumed.
Index formula : $ULC = w/q * p/l$.

II. DEVELOPMENTS IN THE EXPORT PROCESSING ZONE (EPZ)⁹

23. The export processing zone (EPZ) regime¹⁰ was first established in Madagascar in 1989 to encourage the production of exports or the production of inputs for exporting industries. The legal framework was consolidated in a series of laws and decrees in 1990 and 1991. This framework, including eligibility requirements and a regime of fiscal incentives, as well as regulations on visa and work permits for expatriate workers, and on the use of financial accounts, has remained essentially unchanged since its inception. Regardless of the fiscal attractiveness of the EPZ regime, its stability over more than a decade is undoubtedly one of the main reasons for the significant growth in the number of enterprises, employment and wages, value added, and exports.

24. Four types of enterprises are eligible for operating permits under the EPZ: enterprises engaged in construction, management and promotion of the zone (category I); manufacturing of goods for exports (category II); service industries, such as data processing and product certification (category III); and enterprises that utilize intensively agricultural, animal, or sea resources (category IV). The majority of applications for EPZ charter, as well as the majority of operating enterprises are in the second category, which is itself dominated by textiles (see Table 4).

25. The main fiscal incentives provided to the EPZ include a reduced rate on the corporate income tax (CIT) of 10 percent, compared with 35 percent under the tax code's ordinary regime; tax holidays from the CIT (of 15 years for enterprises in category I, 5 years for categories II and III, and 2 years for category IV); a reduced dividend distribution tax of 10 percent, compared with 25 percent under the ordinary regime; and exemptions from import duties and taxes, including excises. The EPZ also benefits from a special temporary admission regime for import clearance through customs. Finally, though not a fiscal incentive per se, the EPZ, which is subject to the value-added tax (VAT), also benefits from the zero rating of exports under the Madagascar VAT regime. VAT on inputs must be prepaid and is reimbursed, sometimes with significant delays.

26. As of 2000, 283 charters had been granted, 230 of which had led to the creation of enterprises (Table 5). Growth in the granting of charters and the creation of new enterprises

⁹ Prepared by Alain D'Hoore. This section draws from and updates a previous note on the Madagascar EPZ, covering the period up to 1995. See Eric Verreydt and others, *Madagascar—Recent Economic Developments and Selected Issues*, IMF Staff Country Report no.97/106 (Washington: International Monetary Fund, 1997).

¹⁰ The EPZ is not a geographic but a legal concept in Madagascar. Companies under the EPZ regime are not located in one geographical area, though a majority reside in the capital, Antananarivo.

has been strong since 1996, though it has recently tapered off: 173 charters were granted between 1996 and 2000, half of which in 1998 alone, while the numbers of enterprises in operation rose from 77 in 1995 to 160 in 2000.¹¹ However, data from a sample of 111 operating enterprises show that most EPZ enterprises are small: three enterprises account for 30 percent of the total sales of the whole group and have a turnover above US\$15 million, while the largest ten enterprises account for about 50 percent of total turnover, and one third have a turnover lower than US\$250,000.

27. Consistent, up-to-date economic time series on the EPZ unfortunately remain unavailable. Much of the data for 1999 and 2000 on exports, value added, employment and investment had to be estimated on the basis of preliminary reports from the Departments of the Customs and Statistics and trade group reports. Exports of the EPZ in 2000, which accounted for about 40 percent of total merchandise exports from Madagascar, were tentatively estimated at FMG 2,220 billion, or US\$329 million, compared with FMG 392 billion, or US\$92 million in 1995, an average annual growth of 30 percent over five years. Textiles represented 91 percent of EPZ exports in 2000.

28. This share of exports, as well as and total EPZ production and exports, may grow over the next few years with the impetus given to Malagasy exporters—especially in the garment sector—by the U.S. African Growth and Opportunity Act (AGOA), which has allowed duty-free access to the U.S. market since April 1, 2001, when Madagascar became eligible under the AGOA. Exports of EPZ to the US grew by 73 percent between the first half of 2000 and the first half of 2001, reaching an estimated US\$65 million. This growth does not reflect a displacement of existing export capacity toward the U.S. market: total exports in the first half of 2001 were 30 percent higher than in the corresponding period of 2000. However, prospects for 2002 are uncertain; early indications suggest that the global slowdown may hurt textile exports, especially from firms that have recently gained access to the U.S. market.

29. Value added in nominal terms was estimated at about FMG 545 billion (2.1 percent of GDP) in 2000, from FMG 127 billion (1 percent of GDP) in 1995, while in real terms, value added grew by about 150 percent over the period. The EPZ now accounts for 16 percent of industrial value added, compared with 7.4 percent in 1995. Employment has followed a similar trend: the number of employees grew from about 30,000 in 1995 to an estimated 74,000 in early 2001, 95 percent of which were employed in the textile and garment sectors. Labor productivity has thus also increased significantly. For example, value added per worker, which was about \$1,000 in 1995 (with an average annual wage equivalent

¹¹ The granting of charters, the creation of enterprises, and the number of enterprises in operation are not strictly equivalent: there are delays between the moment a charter is granted, and an enterprise is formally constituted, and between its constitution and the start of operations. In addition, some charters have been revoked.

to \$522), climbed to an estimated \$1,224 in 2000 (with an average annual wage of \$600), an average annual growth rate of about 4 percent (an average annual increase of 2.8 percent for wages in dollar terms).

30. Foreign investment is a major source of growth in the EPZ, accounting in 2000 for about 80 percent of all investment. Foreign capital from France (38 percent) remains the largest source, while Mauritius accounts for 25 percent and other European countries (Spain, Italy, and the Netherlands) for 9 percent. It is reported that a growing share of applications for charters originates from Asian countries, including India, Sri Lanka and Hong Kong S.A.R. As of 2001, investment and employment creation commitments under pending applications total, respectively, FMG 400 billion (\$US62 million) and 53,000 jobs, though, as noted above, not all applications eventually lead to the operation of enterprises. Actual investment data are lacking, but available evidence suggests that investment is significant. For example, the reporting of investment expenditures (in equipment and structures) for VAT purposes by enterprises in the sample of 111 mentioned above amounted to about FMG 200 billion in 2000, about 46 percent of value added¹².

31. It is difficult to assess the potential for the continued fast growth in the EPZ. Applications for charters from foreign investors suggest continued attractiveness of both Madagascar and the EPZ regime. Political and economic stability, the availability of skilled manpower, the favorable fiscal regime of the EPZ and, more recently, Madagascar's eligibility under AGOA are cited as factors supporting favorable prospects for growth. However, possibly as a result of the sector's fast growth itself, red tape and administrative impediments (in customs and tax administration, application processing, and other enterprise regulations, such as labor) are generating concerns about Madagascar's ability to maintain competitiveness.

¹² Two enterprises of this group accounted for 40 percent of total investment expenditures. This number is unlikely to reflect over-reporting for tax evasion purposes.

Table 4. Madagascar: Economic Activities of Manufacturing Enterprises in the Export Processing Zone (EPZ), 1996-2000

Sectors	EPZ Charters Granted					Cumulative EPZ Charters Granted		Total Commitments 1990-2000 ¹	
	1996	1997	1998	1999	2000	1999	2000	Employment (individuals)	Investment (in billions of Malagasy francs)
	Agro-food processing	3	3	2	0	1	31	32	2,470	98.5
Textiles	11	15	76	5	14	129	143	54,199	408.2
Hides and skins	0	1	-1	1	0	6	6	761	12.1
Wood processing	2	1	4	1	0	22	22	1,589	43.0
Data processing	7	5	1	2	0	28	28	2,213	20.9
Chemicals	2	3	-1	1	0	9	9	577	17.8
Electrical and Mechanical	1	0	0	0	0	4	4	129	5.0
Mineral Processing	0	0	-1	1	0	6	6	424	32.5
Handicrafts	2	1	-1	1	0	16	16	2,876	13.6
Jewelry	1	2	-1	1	0	12	12	519	11.8
Enterprises promoting and managing EPZ	0	1	6	-1	0	3	3	142	12.5
					1	1	2	106	520.3
Total	29	32	84	12	16	267	283	66,005	1,196.1

Source: Ministry of Industry.

¹ Cumulative totals of investment and employment commitments indicated in proposals and business plans of EPZ charter applications.

Table 5. Madagascar: Number of Enterprises with Operating Permits Under the Export Processing Zone Regime, 1996-2000

	1996	1997	1998	1999	2000
Number of manufacturing enterprises operating EPZ	209	241	259	267	283
(In percent) ¹	1.8	1.5	...	...	...
Textiles and hides	104	120	127	135	149
Wood processing	16	18	22	22	22
Food, beverages, and tobacco	26	29	31	31	32
Other (mainly jewelry and handicrafts)	63	74	79	79	80
Total number of employees	36,700	38,400	56,200	...	...
(In percent) ¹	23.0	20.2	24.1	...	...
Wages paid (in billions of Malagasy francs)	104	117	176	...	...
(In percent) ¹	20.0	17.9	20.5	...	...
Value added (in billions of Malagasy francs)	156	250	304	...	...
(In percent) ¹	10.2	12.6	13.1	...	...
Exports (in billions of Malagasy francs)	590	747	1,031	...	...
(In percent) ¹	50.8	49.9	54.7	...	...
Imports (in billions of Malagasy francs)	293	370	468	...	...
(In percent) ¹	23.7	21.9	27.7	...	...

Source: Project Madio, *Le Secteur Industriel Formel à Madagascar: Caractéristiques, Performances, Perspectives*, various issues, 1995-97.

¹ In percent of the total for the manufacturing sector.

Madagascar: Summary of the Malagasy Tax System, June 2001
(All amounts in Malagasy francs)

Tax	Type of Tax	Deductions and Exemptions	Tax Rate	Tax Reporting
1. Taxes on net income and profits				
1.1 Taxes on corporations				
1.1.1 Tax on company profit [<i>Impôt sur les bénéfices des Sociétés</i> —IBS] Corporate profit tax (IBS) (General Budget)	<p><u>Article 01.01.02</u> Annual tax on the full range of profits earned by companies headquartered in Madagascar, as well as income generated by the possession of property (assets) or the practice of a gainful activity in Madagascar.</p>	<p><u>Article 01.01.03</u></p> <ul style="list-style-type: none"> Income earned by partnerships, religious missions and churches, or cultural associations is exempt from tax. However, the tax is payable in respect of their establishments engaged in sales or provision of services. Interest paid by the <i>Caisse d'Épargne de Madagascar</i>. Capital gains on sales of real estate. Income and capital gains deriving from the sales of stocks and shares held by SCRs. <p>50 percent of investment expenditures expensed, up to 50 percent of IBS before investment deduction; unlimited carryforward of unused deductions</p> <p>Income earned by nonprofit organizations or associations exclusively engaged in the promotion of small- and medium-scale enterprises.</p> <p>Companies registered under the export processing zone (EPZ) regime (hereafter, EPZ companies): IBS tax holiday of 2 to 15 years</p>	<p><u>Article 01.01.16</u> IBS at 35 percent.</p> <p>Taxable minimum: 200,000 + 5 per mill of turnover: agriculture, crafts, industry, mining, hotel trade, tourism, or transportation. 800,000 + 5 per mill of turnover for the rest.</p> <p><u>Article 01.01.06 6ème</u> Deficit may be carried forward for a period of three years.</p> <p>EPZ companies: 10 percent.</p>	<p><u>Article 01.01.17</u></p> <ul style="list-style-type: none"> Prior to May 1 (calendar year) Prior to October 1 (June 30); and Within the two months following the end of the fiscal period (plus 50 percent). <p>On collection:</p> <p><u>Article 20.01.41</u> Estimated payments (A) Payable on a semiannual basis Article 20.01.42. (B) Payable at customs ("<i>acompte IBS</i>"): <ul style="list-style-type: none"> 3 percent c.i.f. value if registered; and 5 percent of c.i.f. value in other cases on value of raw materials and consumer goods. </p> <p><u>Article 01.06.07</u> Tax return filed prior to March 31=>liable for the TP tax. <u>Article 01.06.08</u> In the three months following the issuance of the certificate of payment of tax [<i>titre de liquidation</i>]=>other.</p>
1.1.2 Global tax [<i>Impôt synthétique</i>] (General Budget)	<p><u>Article 01.06.02</u> FMG 600,000/year<turnover exclusive of tax<=FMG 12,000,000/year:</p> <ul style="list-style-type: none"> Representative (and affording full discharge in respect of) the TP, the IRNS, and TCA; Tax earmarked for the financing of the regionalized investment program; and Individuals engaging in an independent activity, whether or not liable for the TP tax. 	<p><u>Article 01.06.03</u></p> <ul style="list-style-type: none"> Corporations; and Wholesale and semi-wholesale merchants [<i>commerçants de gros et demi-gros</i>]. 	<p><u>Article 01.06.06</u> 6 percent, although may not be less than FMG 25,000.</p>	

Madagascar: Summary of the Malagasy Tax System, June 2001
(All amounts in Malagasy francs)

Tax	Type of Tax	Deductions and Exemptions	Tax Rate	Tax Reporting
1.2 Taxes on individuals				
1.2.1 Tax on capital income [<i>Impôts sur les revenus de capitaux mobiliers</i> —IRCM] (General Budget)	<u>Article 01.04.01</u> Occasional tax collected upon the distribution of profits.	<u>Article 01.04.25 et seq.</u> <ul style="list-style-type: none"> • Amortization and repayment of principal realized upon liquidation of real estate assets; and • Loans or obligations of cooperatives, central mutual credit fund organizations. <u>Article 01.04.32</u> Interest on national loans [<i>emprunts</i>]: <ul style="list-style-type: none"> • Contracted for purposes of investment with external financial institutions. 	<u>Article 01.04.07</u> <ul style="list-style-type: none"> • 25 percent. • 30 percent for individuals – the IRCM is in discharge of the IRNS. • 15 percent on interest paid on cash or cash security deposits of individuals or non-profit entities. • 10 percent – dividends of EPZ companies. 	<u>Article 01.04.15 (Art. 01.04.10 abrogated)</u> Distribution of dividends: Before April 30, (fiscal period ending the second semiannual period) or within the first 20 days of October.
1.2.2 Capitalization tax [<i>Taxe d'incorporation</i>] (General Budget)	<u>Article 04.01.33</u> Occasional tax collected upon the capitalization of profits or reserves.	<u>Article 01.04.34</u> Not collected to the extent that the capitalization of reserves or profits has as its counterpart the prior acquisition of capital goods or acquisition of equity holdings in the new capital of other firms, or expenditures on the occupational training of local personnel, or creation of additional jobs.	<u>Article 01.04.33</u> 8 percent.	
1.2.3 Tax on transfers abroad [<i>Taxe forfaitaire sur les transferts</i>] (General Budget)	<u>Article 01.05.01 and 01.05.02</u> Tax payable on payments or transfers for the benefit of individuals located abroad and not taxed in Madagascar for purposes either of the income tax [<i>Impôts sur le revenu</i>] or the professional tax [<i>Taxe professionnelle</i>].	<u>Article 01.05.03</u> <ul style="list-style-type: none"> • Amounts received in connection with scholarships; • Sale price of immovable or movable assets; • Products already liable for the IRCM; • Repayment of principal on loans; • Standard price for purchases of imported merchandise; • Interest paid by the Public Treasury or the Central Bank; and • Interest on national loans [<i>emprunts</i>] (01.04.32) 	<u>Article 01.05.05</u> 15 percent.	Withheld at source.

Madagascar: Summary of the Malagasy Tax System, June 2001
(All amounts in Malagasy francs)

Tax	Type of Tax	Deductions and Exemptions	Tax Rate	Tax Reporting
1.2.4 Real estate capital gains tax [<i>Impôt sur la plus-value immobilière</i> —IPVI] (General Budget)	<p><u>Article 02.12.02</u> Taxed assessed on transfers (for valuable consideration) of real estate assets or claims.</p>	<p><u>Article 02.12.03</u> Capital gains on sales of real estate included in current inventories [<i>stock en cours</i>] by <i>Société immobilière</i>.</p>	<p><u>Article 02.12.07</u> Graduated by branches:</p> <ul style="list-style-type: none"> • 5 percent < FMG 10,000,000; • 10 percent between FMG 10,000,001 and FMG 20,000,000; • 15 percent between FMG 20,000,001 and FMG 30,000,000; • 20 percent between FMG 30,000,001 and FMG 40,000,000; and • 25 percent for amounts in excess of FMG 40,000,000. 	
1.2.5 Personal wage income tax - IRSA (General Budget)	<p><u>Article 03.01.07</u> • Wage earners—Tax on wages, remunerations, and fringe benefits, withheld at source.</p> <p><u>Article 01.03.08</u> Taxation of cashless benefits</p> <ul style="list-style-type: none"> • FMG 50,000/month/vehicle rated ≤10 HP; • FMG 80,000/month/vehicle rated > 10 HP; and • 50 percent of the rent or rental value. <p>Maximum: 25 percent of remuneration established in cash:</p> <ul style="list-style-type: none"> • 2 percent of remuneration established in cash /domestic; and • 3 percent for other benefits. 	<p><u>Article 01.03.03</u></p> <ul style="list-style-type: none"> • Permanent or temporary allowances for damage repair; • Allowances for dependents; • Remuneration associated with honorary awards; • Pay for citizens called to serve in the armed forces in a military or civilian capacity; • Civilian or military retirement pensions where the amount of the pension is determined by length of service record; and • Remuneration earned by majority managers—partners in limited liability companies (SARLs). 	<p><u>Article 03.01.16</u> Scale A</p> <ul style="list-style-type: none"> • Up to FMG 150,000 per month – FMG 1,500; • FMG 151,000-250,000 – 2 percent; • FMG 251,000-500,000 – 10 percent; • FMG 501,000-750,000 – 15 percent; • FMG 751,000—1,000,000 – 20 percent; • FMG 1,001,000-1,500,000 – 25 percent; • 1,501,000-2,500,000 – 30 percent; and • Over FMG 2,500,000 – 35 percent;. <p>Minimum</p> <ul style="list-style-type: none"> • FMG 1,500 if ≤ FMG 150,000; • FMG 2,000 between FMG 150,000 and FMG 250,000; and • FMG 2,500 if > FMG 250,000. <p>Dependent credit [<i>Réduction pour charge de famille</i>]</p> <p><u>Article 01.03.19</u></p> <ul style="list-style-type: none"> • FMG 500/month without exceeding FMG 6,000/year. 	<p><u>Article 01.03.12</u></p> <p>Withheld and paid prior to the 15th of the following month.</p> <p>If amount withheld is less than FMG 25,000 or if wages are paid on a quarterly basis wage bill, tax payments may be cumulated on a quarterly basis, and withheld and paid within the first 15 days following the end of the quarter.</p>

Madagascar: Summary of the Malagasy Tax System, June 2001
(All amounts in Malagasy francs)

Tax	Type of Tax	Deductions and Exemptions	Tax Rate	Tax Reporting
1.2.6 Nonwage personal income tax - IRNS (General Budget)	<p><u>Article 01.02.02</u></p> <ul style="list-style-type: none"> • Sole proprietorship; • Income earned from engaging in an independent profession; • Corporate income, not liable for IBS tax; • Remuneration of SARL majority managers/partners; • Profits of firms engaged in industrial or commercial, crafts-related, tourism-related, or service-providing activities, or farms; • Income from land; and • Income earned in connection with the functions and responsibilities of persons not having the status of merchants [<i>non-commerçants</i>]. 	<p><u>Article 01.02.03</u></p> <ul style="list-style-type: none"> • Net income from developed real estate occupied by the owner as a principal residence; • Capital gains earned on selling the property; • Interest on bearer cash vouchers [<i>bons de caisse anonymes</i>]; • Interest on the recorded balances of savings accounts, when such accounts are blocked for six consecutive months; and • Interest paid by the Treasury on a national loan [<i>emprunt national</i>]. 	<p><u>Article 01.02.12</u></p> <p>Taxable base. Nondeductibility of deficits incurred in connection with commercial, hotel related, tourism related, mining or transport deficits, or in respect of land income or investment income. Deficit may be carried forward for a period of three years. The amount of the deficit to be carried forward is deducted prior to the deduction for deferred amortization.</p> <p><u>Article 01.02.36:</u> Tax scale Accounts-based (itemized) system [<i>régime réel</i>] and small- and medium-scale enterprises</p> <ul style="list-style-type: none"> • Up to FMG 250,000 per year (fixed) FMG 10000; • FMG 251,000-FMG 600,000 – 5 percent; • FMG 601,000-1,000,000 – 10 percent; • FMG 1,001,000-1,500,000 – 15 percent; • FMG 1,501,000-2,500,000 – 20 percent; • FMG 2,501,000-5,000,000 – 25 percent; • FMG 5,001,000-10,000,000 – 30 percent; and <p>Amounts exceeding FMG 10,000,000 – 35 percent.</p> <p><u>Article 01.02.37</u> Minimum amounts for all activities liable for tax TP>5th class = 5 TP.</p> <p><u>Article 01.02.38:</u> Party subject to IRNS registration tax (minimum).</p> <p>For agricultural activities:</p> <ul style="list-style-type: none"> • 1/2 IFT [land tax] for arable land having a surface area of less than 5 hectares; • IFT for land between 5-10 hectares; • 2 IFT for land exceeding 10 hectares; • 3 TP: activities classed under the 6th, 7th, and 8th classes of the TP; • 4 TP: activities classed in the 5th class of the TP; • 5 TP: liable for the 4th class of the TP; activities categorized under the 4th class of the TP; and • 5 TP: livestock merchants. <p>Yes, and only if the turnover < the thresholds indicated in the pertinent column.</p>	<p>B5</p> <p><u>Article 01.02.17</u> Accounts-based (itemized) system (prior to May 1). Prior to October 1, Two months from end of fiscal period plus 25 percent.</p> <p><u>Article 20.01.41</u> An advance payment [<i>acompte provisionnel</i>] is due every bimonthly period.</p> <p><u>Article 20.01.42</u> An advance payment [<i>acompre</i>] is to be made at customs:</p> <ul style="list-style-type: none"> • 3 percent of c.i.f. value for registered businesses; and • 5 percent of c.i.f. value for nonregistered businesses. <p>Value: raw materials, consumer goods, and products.</p> <p><u>Article 01.02.21</u> System applicable to small- and medium-scale enterprises (Tax return to be filed prior to March 1, in the year in which the option is exercised).</p> <p><u>Article 01.02.25</u> Registered system [<i>régime greffé</i>] (Tax return prior to March 1).</p>
1.2.7 Nonwage personal income tax [IRNS Greffe] (01.02.50) (General Budget)	<p><u>Article 01.02.20</u> Small- and medium-scale enterprises (criteria):</p> <ul style="list-style-type: none"> • Number of employees <= 50; • Pretax turnover below FMG 250,000,000; and • Principal responsibilities in production, sale where the management is undertaken by individuals venturing their own capital. <p><u>Article 01.02.24</u> Microenterprise (criteria):</p> <ul style="list-style-type: none"> • Turnover < FMG 100,000,000 per year for agricultural, crafts-related, or purchase/resale activity; and • Turnover < FMG 50,000,000 per year for the provision of services. 			

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1.2.8 Professional taxes. Professional tax ^{1/} [<i>Taxe professionnelle</i> --TP] (Budget of the Autonomous Province)	<u>Article 10.01.01</u> Professional tax payable in connection with engaging in gainful activity in Madagascar.	<u>Article 10.01.11</u> <ul style="list-style-type: none"> • Limited partners in limited partnerships [<i>sociétés en commandite</i>]; • Wage earners; • University cafeterias or canteens; • Farmers; Fishery and hunting enterprises (with a maximum of five people working for them); • Agricultural contractors; • Artists; • Directors of independent technical and general schools; • Newspaper and magazine salesmen; • Operations for the provisioning of the (<i>Fokontany</i>) local authorities; • Medical operations of enterprises; • Intermediaries in government contracts markets for supplies financed by foreign aid; and • Military joint mess clubs, army residential establishments, and military rest homes. 	<u>Article 10.01.15</u> Table A and B Fixed tax, according to the type of business, population of the community where the enterprise is located, and the number of employees and equipment used in the enterprise (FMG 1,500-240,000). Proportional taxes based on rental value of premises, including equipment used. <u>Proportional tax:</u> <ul style="list-style-type: none"> • Liberal professions 1/5 VL; • Commercial activities, 1st, 2nd and 3rd classes, 1/10 VL; • Industries, trades, and services rendered (2nd and 3rd classes), commercial activities (4th and 5th classes), 1/20 VL; and • Other activities, 1/30 VL. 	<u>Article 10.01.33</u> Before October 15.
1.2.9 Business license tax ^{1/} [<i>Impôt de licence</i>] (Budget of the Autonomous Province)	<u>Article 10.06.01</u> Professional tax payable on sales of alcoholic beverages.	<u>Article 10.06.06</u> Sales by nonprofits, including: <ul style="list-style-type: none"> • University cafeterias; • Military mess halls; • Canteens, residential establishments, clubs attached to the Army; • Pharmacists and drug depositaries in connection with retail sales of raw spirit alcohol; and • Restaurateurs and hotel restaurant operators, under certain conditions. 	<u>Article 10.06.08</u> Rate as follows: <ul style="list-style-type: none"> • Category of licenses (three categories); and • Population of the community where the firm is located. <u>Article 10.06.09</u> License for fairs: FMG 25,000 per day.	<u>Article 10.06.63</u> In the first 20 days of each quarter => pre-existing operation. First 20 days of operation => new sales license. <u>Article 10.06.64</u> Prior to operation => huckster's license tax [<i>impôt de licence foraine</i>].

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2.0 Taxes on property				<u>Article 10.02.08</u> Prior to October 15.
2.1 Land tax [<i>Impôt foncier sur les terrains—IFT</i>] (Budget of the settlement communes [<i>communes d'implantation</i>]) ^v	<u>Article 10.02.01</u> Tax levied on the estimated productive value of land based on type of crop use.	<u>Article 10.02.03</u> <ul style="list-style-type: none"> • Land owned by government, decentralized local authorities, or public institutions assigned to perform a public service or a service deemed to be in the public interest that generates no revenue. • Land earmarked (free of charge) for medical or social charities, free education, or worship; and • Land envisaged in Article 10.03.02, liable for the IFPB. 	<u>Article 10.02.07</u> Rate expressed in FMG per hectare (1 st –5 th category), and 1 percent of market value (6 th category).	
2.2 Tax on buildings ^v [<i>Impôts sur les immeubles bâtis—IFPB</i>] (Commune Budget)	<u>Article 10.03.01</u> Tax levied on rental value of buildings.	<u>Article 10.03.03</u> <ul style="list-style-type: none"> • Buildings owned by government, decentralized local authorities, or public institutions assigned to perform a public service or a service deemed to be in the public interest that generate no revenue; and • New constructions for a period of five years from their completion date subject to presentation of habitation or occupancy permit (Article 10.03.05). • Buildings reserved (on a free-of-charge basis) for charities, medical activities, [free] education, or worship. 	<u>Article 10.03.10</u> Rates set by vote (by the municipal government) based on the rental value determined by the real estate assessment committee: Maximum rate: 5 percent; and Minimum rate: 2 percent. May not be less than FMG 5000 per building.	<u>Article 10.03.11</u> Prior to October 15.
2.3 Local government tax on buildings [<i>Taxe annexe à l'IFPB--TAFB</i>] (Commune Budget)	<u>Article 10.04.01</u> Taxes associated with the tax on buildings based on the rental value of real estate.	Same rules as those governing the IFPB, excluding the temporary exemption and the permanent exemption.	<u>Article 10.04.05</u> Rate set by municipal government vote: Maximum rate: 5 percent; and Minimum rate: 2 percent.	Prior to October 15.
2.4 Additional tax on registration tax [<i>Taxe additionnelle aux droits d'enregistrement</i>] (Commune Budget)	<u>Article 10.05.01</u> Tax in addition to movable and immovable property, sales by auction transfer duties [<i>Droits d'enregistrement sur les actes et les mutations à titre onéreux des biens immeubles et meubles</i>].		<u>Article 10.05.02</u> Rates set by municipal government vote: Maximum rate: 5 percent; and Minimum rate: 2 percent.	

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2.5 Tax on company cars [<i>Taxe sur les véhicules de tourisme des sociétés</i>] (General Budget)	<u>Article 02.08.01</u> Annual tax levied on all private cars registered in the name of a company or on the balance sheet of individual enterprises.		<u>Article 02.08.02</u> FMG 300,000/year for all vehicles rated as not exceeding 10 HP; and FMG 30,000/year and per HP for vehicles exceeding 10 HP.	<u>Article 02.08.03</u> Prior to end-January => vehicles in circulation as at January 1 of the year; Month purchased => vehicles purchased in the course of the year (brand-new or secondhand).																																							
2.6 Tax on motor vehicles [<i>Taxes sur les véhicules à moteur</i>] (Tax disc) [<i>Vignette</i>] (General Budget)	<u>Article 02.07.01</u> Annual tax on all vehicles in circulation.	<u>Article 02.07.06</u> <ul style="list-style-type: none"> • Vehicles registered in the name of the state; • Vehicles exempt from tax pursuant to the terms of international conventions; • Special vehicles (bulldozers, mechanical handling equipment, etc.); • Tractors used exclusively for agricultural activities; and • Vehicles intended for sale or resale (automobile dealers) and brand-new or secondhand mechanical engines. 	<u>Article 02.07.01</u> <u>Rate</u> Taxable horsepower <table style="display: inline-table; vertical-align: top; border-collapse: collapse;"> <tr> <td style="padding-right: 10px;">1</td> <td style="padding-right: 10px;">5</td> <td style="padding-right: 10px;">10</td> <td style="padding-right: 10px;">13</td> <td></td> </tr> <tr> <td style="text-align: center;">To</td> <td style="text-align: center;">To</td> <td style="text-align: center;">To</td> <td style="text-align: center;">To</td> <td style="text-align: center;">>15</td> </tr> </table> Age <table style="display: inline-table; vertical-align: top; border-collapse: collapse;"> <tr> <td style="padding-right: 10px;">4</td> <td style="padding-right: 10px;">9</td> <td style="padding-right: 10px;">12</td> <td style="padding-right: 10px;">15</td> <td></td> </tr> <tr> <td style="text-align: center;"><5 years</td> <td style="text-align: center;">10,500</td> <td style="text-align: center;">12,000</td> <td style="text-align: center;">13,500</td> <td style="text-align: center;">19,500</td> <td style="text-align: center;">28,500</td> </tr> <tr> <td style="text-align: center;">5<<10 y</td> <td style="text-align: center;">7,500</td> <td style="text-align: center;">13,000</td> <td style="text-align: center;">10,500</td> <td style="text-align: center;">16,500</td> <td style="text-align: center;">25,500</td> </tr> <tr> <td style="text-align: center;">10<=20 y</td> <td style="text-align: center;">4,500</td> <td style="text-align: center;">10,500</td> <td style="text-align: center;">7,500</td> <td style="text-align: center;">10,500</td> <td style="text-align: center;">13,500</td> </tr> <tr> <td style="text-align: center;">>20 years</td> <td style="text-align: center;">2,250</td> <td style="text-align: center;">3,000</td> <td style="text-align: center;">3,750</td> <td style="text-align: center;">7,500</td> <td style="text-align: center;">12,000</td> </tr> </table>	1	5	10	13		To	To	To	To	>15	4	9	12	15		<5 years	10,500	12,000	13,500	19,500	28,500	5<<10 y	7,500	13,000	10,500	16,500	25,500	10<=20 y	4,500	10,500	7,500	10,500	13,500	>20 years	2,250	3,000	3,750	7,500	12,000	<u>Article 02.07.02</u> Automobiles and boats in active service: prior to end-June. Vehicles previously tax-exempt: within one month of car in circulation, or month acquired, or time of technical inspection, or time of insurance renewal.
1	5	10	13																																								
To	To	To	To	>15																																							
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			<u>Article 10.05.02:</u> Commercial vehicles used exclusively for mass transit = FMG 4,000/CF; however, vehicles over 10 years old are taxed on only half their power. Airplanes: FMG 600,000/year/aircraft. Service vehicles of charities and social welfare organizations: FMG 4,000/CF.																																								

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2.7 Registration duties [Droits d'Enregistrement] (General Budget)	<u>Article 02.01.02</u> Tax levied on registration of all transactions pertaining to the transfer of property, proportional to the value of the assets in question.	<u>Article 02.11.01</u> Special regimes and exemptions: <ul style="list-style-type: none"> • Central government and decentralized local governments; • Societies, associations recognized as being in the public interest; • Religious missions and churches; • Social housing; • Procedural documents [<i>actes de procédure</i>] and judicial decisions with respect to electoral matters; • Instruments and acts of registration; judgments relating to civil status; • Transactions in cases of expropriation in the public interest; and • Instruments and transactions, contracts pertaining to agricultural or socially oriented credit extended by banks. 	<u>Article 02.02.39</u> Buildings and goodwill: 8 percent. Special rates: <u>Sales of immovable assets</u> Association RUP = 6 percent (Art. 2.02.39); Developable land for housing <=500m ² =8 percent (Art. 02.02.39); Traditional housing – 10 percent; and Agricultural land 1/2 12 percent (Art. 02.02.39) <u>Other assets</u> 8 percent (Art. 02.02.44); and Negotiable securities: 4 percent (Art. 02.02.46). Estate tax (Art. 02.03.32-A) Rate – Portion of taxable value (in FMG): <ul style="list-style-type: none"> • 2 percent — FMG 1-10 million; • 4 percent — FMG 2-20 million; • 6 percent — FMG 20-30 million; • 8 percent — FMG 30-40 million; • 10 percent — > FMG 40 million; <u>Memoranda of incorporation:</u> (Art. 02.02.32) Rate graduated by tranche of capital: <ul style="list-style-type: none"> • 2 percent < FMG 50,000,000; • 1 percent between FMG 50,000,000 and FMG 500,000,000; and • 0.5 percent for amounts in excess of FMG 500,000,000. <u>Claims:</u> 1.50 percent (Art. 02.02.48). <u>Prenuptial agreement</u> [<i>contrat de mariage</i>]: 1 percent (Art. 02.02.19). <u>Exchange of building:</u> 4 percent (Article 02.02.20) <u>Partition:</u> 1 percent (Art. 02.02.28). <u>Annuities</u> [<i>Rentes</i>]: 1.5 percent (Art. 02.02.30). <u>Fixed-term lease:</u> 2 percent and 4 percent (Art. 02.02.12). <u>Life tenancy:</u> 8 percent and 12 percent (Art. 02.02.13).	

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	<p><u>Article 02.02.24</u> Taxes on judgments, arbitration awards, and decisions resulting in conviction.</p>		<p><u>Art. 02.02.04 through 02.02.06</u> Fixed taxes:</p> <ul style="list-style-type: none"> • FMG 10,000 => Supreme Court decision => administrative; • FMG 20,000 => Decision of the Court of Appeal, Criminal Court; and • FMG 40,000 => Decision of the Supreme Court => judicial. 	
2.8 Tax on real estate advertising [<i>Taxe de publicité foncière</i>] (General Budget)	<p><u>Article 02.04.01</u> Tax levied on:</p> <ul style="list-style-type: none"> • Recording of real estate conveyancing transactions [<i>mutations</i>]; and • Procedural steps involved in inclusion in land ownership registries. 	<p><u>Article 02.04.09</u></p> <ul style="list-style-type: none"> • Central government and decentralized local governments; • Societies, associations recognized as being in the public interest; • Religious missions and churches; and • Social housing. 	<p><u>Article 02.04.05</u></p> <ul style="list-style-type: none"> • 1 percent of the value (for leases); • 2 percent => in all other cases; and • 1 percent of value in the case of unconditional partitions [<i>partage pur et simple</i>]. 	
2.9 Tax on insurance policies [<i>Taxe sur les contrats d'assurances</i>] (General Budget)	<p><u>Article 02.09.01</u> Tax levied on all insurance contracts providing coverage against risks or in respect of annuities.</p>	<p><u>Article 02.09.03 and Article 02.09.04</u></p> <ul style="list-style-type: none"> • Risks covered outside of Madagascar; • Reinsurance; • Insurance in respect of work-related accidents; and • Insurance against risks associated with shipping or civil aviation, whether inbound or outbound. 	<p><u>Article 02.09.02</u></p> <ul style="list-style-type: none"> • 4.5 percent in general; • 20 percent for fire insurance; • 3 percent for life insurance; • 4 percent for insurance against risks associated with shipping, inland water transportation, or civil aviation; and • 5 percent for reverse mortgage annuities [<i>rente viagère</i>]. 	<p><u>Article 02.09.05</u> Within the first 20 days of each quarter => estimated payment, June 15 => general tax payment.</p>

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3. Taxes on goods, products, and services				
3.1 Turnover tax ¹¹ [<i>Taxe sur le chiffre d'affaires</i> —TCA] (General Budget, Budget of the Decentralized Local governments—Article 06.01.01)	<p><u>Article 06.01.02 and Article 06.01.03</u> Tax levied on:</p> <ul style="list-style-type: none"> • Commercial, industrial, agricultural, crafts-related, mining, hotel-related, or service-providing transactions; • The liberal professions; and • Particular types of operations, such as importation and delivery for personal use. <p><u>Article 06.01.35</u> * The public investment program (PIP) financed from external sources.</p>	<p><u>Article 06.01.06</u> <u>Exemptions or exonerations</u></p> <ul style="list-style-type: none"> • Wages; • Books, brochures, similar printed materials; • Pharmaceutical drugs and products, medical equipment; • Materials and inputs used in the manufacturing of drugs; • Packaging used in the retail sale of drugs; • Newsprint; importation; publication, and sale of newspapers and magazines; • Subject to agreement of reciprocal treatment, the purchases of diplomatic missions holding diplomatic status; • Postage stamps and legal tender coins; and • Interest on deposits of or loans to members of mutual financial institutions. 	<p><u>Article 06.01.12</u> Value added tax (VAT) - 0 percent; and 20 percent (recoverable).</p> <p><u>Article 06.02.15</u> TST: 5 percent (nonrecoverable).</p>	<p><u>Article 06.01.16</u> Monthly for turnover > FMG 1 billion. Quarterly for turnover < FMG 1 billion.</p> <p><u>Article 06.02.11</u> TST: Bimonthly. Prior to the 20th of the month following each bimonthly period.</p>
3.2 Transaction tax [<i>Taxe sur les transactions</i> —TST]	<p><u>Article 06.02.01</u> Budget of the decentralized local governments.</p>	<p><u>Article 06.02.04 and Article 06.02.05</u></p> <ul style="list-style-type: none"> • Assets brought into companies; • Services rendered in the context of the health-care professions; • School fees; • Supply of water and electric power to public local authorities for domestic use, to medical training centers; and • Export sales. 	<p><u>Article 06.02.15</u> 5 percent.</p>	<p><u>Article 06.02.11</u> In the first 20 days of the month following each bimonthly period.</p>
3.3 Excise tax [<i>Droits d'accises</i> —DA] (General Budget)	<p><u>Article 03.01.01</u> Tax levied on particular manufactured or imported products, such as:</p> <ul style="list-style-type: none"> • Alcoholic beverages or liquids; • Tobacco; • Cosmetic preparations; • Mining products; and • Audiovisual equipment, etc. 	<p><u>Article 03.01.02</u></p> <ul style="list-style-type: none"> • Products included as raw materials in other products already subject to excise tax (DA); • Products and materials included in the manufacture of pharmaceuticals; and • Materials for refrigerated production used by professionals. 	<p>In accordance with excise tax table:</p> <ul style="list-style-type: none"> • Rate from 20 percent-180 percent; and • 50 percent tax deduction for cigarettes whose reference price does not exceed the price set pursuant to a decree [<i>arrêté</i>] issued by the Minister (Art. 03.01.01). 	<p>Within the first 20 days of the month following each bimonthly period.</p>

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3.4 Special tax [<i>Taxe spéciale</i>] (FNPDJSL)	<u>Article 03.02.01</u> Tax payable by manufacturers and importers of: <ul style="list-style-type: none"> • Alcoholic beverages; and • Manufactured tobacco. Tax payable by operators of gambling establishments		<u>Article 03.02.02</u> Rates set pursuant to regulations.	<u>Article 03.02.04</u> Within the first 20 days of the month following the three-month period within which the product was manufactured or the revenue collected.
3.5 Redevance fees [<i>Redevances</i>] General Budget)	<u>Article 04.01.01</u> Levied on the following products: manufactured tobacco, chemical matches, wheat or maslin flour, and alcoholic beverages (excluding group 2) using locally produced or imported sugar.	<u>Article 04.01.04</u> <ul style="list-style-type: none"> • Same product used as in respect of raw materials; • Export sales; and • Raw material used as input in medication. 	<u>Article 04.01.10</u> Rates set in accordance with regulations.	<u>Article 04.01.16</u> Products imported: prior to removal. Products manufactured locally and in accordance with conditional relief arrangements [<i>régime suspensif</i>] => within the first 20 days of the month after the goods are released for home use.
3.6 Taxes on gambling and gambling establishments [<i>Prélèvements sur les maisons de jeux</i>]	<u>Article 10.07.01</u> Tax payable in connection with the operation of automatic devices known as "slot machines" and other such equipment.		<u>Article 10.07.02</u> <ul style="list-style-type: none"> • Slot machines: FMG 2,000,000 per apparatus; and • Other equipment: FMG 500,000 per apparatus. 	<u>Article 10.07.02</u> On an annual basis—must be made at the time that a statement is issued to the effect that the equipment in question has come on line.
Annual tax on slot machines, etc. [<i>Taxe annuelle sur les appareils automatiques</i>] (Commune Budget) ¹¹				
Stamp tax [<i>Droit de timbre</i>] (General Budget)	<u>Article 03.02.12</u> Tax payable upon admittance to gambling halls.		<u>Article 03.02.12</u> By share: <ul style="list-style-type: none"> • FMG 50,000, pass valid for one day; • FMG 200,000 – pass valid for one week; • FMG 700,000 – pass valid for one month; and • FMG 3,000,000 – pass valid for one year. 	<u>Article 03.02.12</u> Prior to the 10 th of the following month.
Tax on gambling products [<i>Prélèvement sur les produits des jeux</i>] (Decentralized local government budget to be allocated by decree) ¹¹	<u>Article 10.07.03</u> Tax (in full discharge of the value added tax (VAT) applied to the gross proceeds from money-gambling activities engaged in within clubs, gambling houses, and hotel facilities.		<u>Article 10.07.03</u> Gambling engaged in at clubs and gambling houses: Graduated by threshold of annual earnings (minimum rate of 10 percent, maximum rate of 60 percent). Gambling in hotels: graduated by threshold of earnings (min. 5 percent, max. 40 percent).	<u>Article 10.07.06</u> Within the three days after the end of the ten-day period.

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3.7 Annual tax on televisions [<i>Taxe annuelle sur les téléviseurs</i>] (Budget of the Communes)	Article 18 Amending Paragraph I of Article 6 of Order [<i>Ordonnance</i>] No. 78009 of May 3, 1978.		FMG 20,000 per TV per year.	
4. Taxes on foreign trade				
4.1 Imports				
4.1.1 Customs duty (<i>Droit de douane à l'entrée</i>)	Levied mostly on c.i.f. value of imports.	Exemptions apply to several products listed in the Code and in the Customs Tariff. Imports of EPZ companies benefit from temporary admission regime.	0, 5, 15, and 20 percent (see note under import tax).	
4.1.2 Import tax (<i>Taxe d'importation</i>)	Levied mostly on c.i.f. value of imports.	Exemptions apply to few products listed in the Code and in the Customs Tariff.	0, 5, 15, 20 or 25 percent (most between 0 and 10 percent). <i>Note:</i> the sum of the custom duty and import duty must be equal to 5, 15, 25, or 30 percent, not exceeding the latter.	
4.1.3 Statistical tax (<i>Taxe Statistique à l'Importation, TSD</i>)	Levied mostly on c.i.f. value of imports.	Exemptions apply to few products listed in the Code and in the Customs Tariff.	2 percent.	
4.1.4 Stamp duty on imports (<i>Droit de Timbre à l'Importation</i>)	Levied mostly on c.i.f. value of imports.	Exemptions apply to few products listed in the Code and in the Customs Tariff.	1 percent.	
4.1.3 VAT	Levied mostly on c.i.f. value plus customs duty and import duty.	Exemptions apply to several products listed in the Code and in the Customs Tariff.	20 percent single-stage tax.	
4.1.4 Excise tax	Levied on a few products, mostly luxury items.	Exemptions apply to most products. All imports from EPZ companies.	Rates varying from 10 to 120 percent. FMG 20,000/Knet for secondhand clothing.	
4.1.5 Import tax on petroleum products (<i>Taxe unique sur produits pétroliers—TUPP</i>)	Levied mostly on volume, except lubricants on c.i.f. value, and gases per K/net.	Exemption for lamp oils.	Specific taxes vary per product.	
4.2 Exports	All taxes on exports eliminated as of 1997.			
5. Other taxes				

Madagascar: Summary of the Malagasy Tax System, June 2001
(All amounts in Malagasy francs)

Tax	Type of Tax	Deductions and Exemptions	Tax Rate	Tax Reporting
Stamp tax [<i>Droit de timbre</i>] (General Budget)	<u>Article 02.06.01</u> Tax levied on all paper documents intended for civil and judicial proceedings, as well as for instruments that can be produced in court and entered into evidence.		<u>Article 02.06.16</u> Size stamp tax (from FMG1,000 to 2,000). <u>Article 02.06.28</u> Proportional tax: 5 per mill. <u>Article 02.06.40</u> Receipt tax: at the rate for the proportional tax. <u>Article 02.06.66</u> Stamp tax on visas for foreigners (from FMG 140,000 to 300,000 for new issue according to length of stay, for renewal, or for exit); reduced in half for missionaries of all creed and foreign students in a Madagascar university or equivalent.	<u>Article 02.06.44</u> In the form of a statement, within the 20 days following the end of each month.

Source: Ministry of Budget and Development of Autonomous Provinces.
1/ Levied on behalf of local authorities.

Table 6. Madagascar: Growth and Structure of GDP, 1996-2000

	1996	1997	1998	1999	2000
(Annual change in percent, at 1984 prices)					
Primary sector	2.5	1.9	2.1	3.4	0.8
Agriculture	2.5	1.6	-1.6	5.3	-2.4
Livestock and fisheries	1.8	0.6	4.5	-2.7	2.6
Forestry	5.5	7.6	8.3	17.5	5.7
Secondary sector	2.0	4.7	5.3	4.2	5.6
Food, beverages, and tobacco	9.6	2.4	8.9	4.2	4.3
Energy	8.4	17.2	-1.6	4.1	5.0
Export processing zone	24.7	9.7	20.0	22.4	22.4
Other	-12.2	0.7	1.3	0.4	3.4
Tertiary sector	2.1	4.7	5.1	5.5	6.7
Transport	5.4	8.5	4.5	4.4	5.7
Construction	7.0	4.7	13.3	11.6	15.1
Retail and wholesale	3.3	2.8	2.9	3.3	3.3
Government	2.3	0.0	0.1	0.0	0.0
Other services	-2.9	3.6	8.6	10.0	11.7
GDP at market prices	2.1	3.7	3.9	4.7	4.8
Real GDP per capita	-0.8	0.7	0.9	1.6	1.8
GDP deflator	17.8	7.3	8.4	9.8	7.1
(In percent of GDP at current prices)					
Primary sector	29.6	29.2	28.1	27.2	26.1
Agriculture	16.6	16.2	15.4	14.9	14.3
Livestock and fisheries	8.4	8.0	7.9	7.5	7.2
Forestry	4.7	5.0	4.8	4.8	4.6
Secondary sector	12.6	12.4	12.5	12.5	13.0
Food, beverages, and tobacco	6.0	5.6	5.9	5.7	6.0
Energy	1.3	1.4	1.3	1.4	1.4
Export processing zone	1.5	1.8	1.8	2.0	2.1
Other	3.9	3.7	3.6	3.4	3.5
Tertiary sector	52.1	52.0	52.5	52.3	52.0
Transport	17.3	17.9	18.0	17.3	17.2
Construction	1.4	1.3	1.5	1.5	1.5
Retail and wholesale	12.9	12.4	11.7	11.2	11.2
Government	4.2	4.9	5.2	5.4	5.4
Other services	16.4	15.5	16.2	16.9	16.8
<i>Of which : public sector</i> ¹	4.2	4.6	5.2	5.2	0.0
Imputed charges	-1.2	-1.2	-1.2	-1.3	-1.3
GDP at factor cost	93.1	92.5	91.9	90.7	89.9
Indirect taxes	6.9	7.5	8.1	9.3	10.1
Net imports of goods and nonfactor services	5.1	8.1	7.8	7.7	7.3
Total available resources	105.3	108.2	107.9	107.9	107.3
Consumption	92.8	95.3	93.0	92.8	92.2
Gross investment	12.2	12.8	14.8	14.9	15.0
Gross domestic savings	7.2	4.7	7.0	7.2	7.8

Sources: Ministry of Finance and Economy; Ministry of Budget and Development of Autonomous Provinces; and Fund staff estimates.

¹ Excluding public enterprises.

Table 7. Madagascar: Gross Domestic Product at Constant 1984 Prices, 1996-2000
(In billions of Malagasy francs at 1984 prices)

	1996	1997	1998	1999	2000
Primary sector	684	697	712	736	742
Agriculture	315	320	315	332	324
Livestock and fisheries	291	293	306	298	306
Forestry	78	84	90	106	112
Secondary sector	230	241	253	264	279
Food, beverages, and tobacco	107	109	119	124	129
Energy	37	43	43	44	47
Export processing zone	13	14	17	20	25
Other	74	74	75	75	78
Tertiary sector	926	969	1,018	1,074	1,146
Transport	310	336	351	367	388
Construction	28	29	33	37	43
Retail and wholesale	220	226	232	240	248
Government	108	108	108	108	108
Other services	260	269	292	322	359
Imputed charges	-32	-33	-37	-39	-40
GDP at factor cost	1,807	1,873	1,946	2,034	2,127
Indirect taxes	166	173	180	191	204
GDP at market prices	1,973	2,046	2,126	2,225	2,331

Sources: Ministry of Finance and Economy; Ministry of Budget and Development of Autonomous Provinces; and Fund staff estimates.

Table 8. Madagascar: Supply and Use of Resources at Current Prices, 1996-2000
(In billions of Malagasy francs)

	1996	1997	1998	1999	2000
Primary sector	4,808	5,266	5,719	6,366	6,858
Agriculture	2,686	2,922	3,124	3,484	3,753
Livestock and fisheries	1,360	1,450	1,615	1,761	1,897
Forestry	761	895	980	1,121	1,208
Secondary sector	2,047	2,244	2,549	2,917	3,412
Food, beverages, and tobacco	968	1,007	1,190	1,340	1,567
Energy	206	246	262	316	370
Export processing zone	247	330	369	466	545
Other	626	662	728	795	930
Tertiary sector	8,450	9,389	10,674	12,228	13,641
Transport	2,800	3,238	3,655	4,035	4,501
Construction	221	233	296	355	396
Retail and wholesale	2,086	2,229	2,386	2,624	2,927
Government	679	884	1,051	1,266	1,412
Other services	2,663	2,805	3,286	3,948	4,404
Imputed charges	-195	-208	-238	-309	-329
GDP at factor cost	15,108	16,692	18,705	21,202	23,583
Indirect taxes	1,116	1,359	1,638	2,157	2,659
Gross domestic product at market prices	16,224	18,051	20,343	23,379	26,242
Net imports of goods and nonfactor services	820	1,461	1,578	1,809	1,904
Exports of goods and nonfactor services	3,224	3,947	4,378	5,715	8,051
Imports of goods and nonfactor services	4,044	5,408	5,956	7,524	9,955
Total available resources	17,044	19,512	21,921	25,188	28,145
Consumption	15,058	17,199	18,914	21,704	24,197
Government	1,704	1,960	2,089	2,175	2,403
Nongovernment	13,354	15,239	16,825	19,529	21,795
Investment	1,986	2,313	3,007	3,485	3,948
Government	1,180	1,177	1,612	1,616	1,766
Nongovernment	806	1,136	1,395	1,869	2,182
Gross domestic savings	1,166	852	1,429	1,675	2,045
Government	-299	-213	76	492	665
Nongovernment	1,465	1,066	1,353	1,183	1,379

Sources: Ministry of Finance and Economy; Ministry of Budget and Development of Autonomous Provinces; and Fund staff estimates.

Table 9. Madagascar: Production of Rice and Other Food Crops, 1996-2000
(In thousands of tons)

	1996	1997	1998	1999	2000
Paddy	2,500	2,558	2,447	2,570	2,500
Maize	180	178	155	175	160
Manioc	2,353	2,418	2,412	2,461	2,228
Sweet potatoes	500	510	511	522	476
Potatoes	280	280	281	291	293

Source: Ministry of Agriculture and Rural Development.

Table 10. Madagascar: Rice Production, Imports, and Availability, 1981-2000

	Population ¹ (Thousands)	Paddy Production	Stocks (End of year)	Net imports ² (Exports -)	Total Rice Available ³	Availability (Kilograms/person)
		(In thousands of metric tons)				
1981	8,877	2,012	8	193	1,278	144
1982	9,109	1,970	138	351	1,290	142
1983	9,348	2,147	122	185	1,365	146
1984	9,592	2,131	47	111	1,343	140
1985	9,843	2,060	0	107	1,409	143
1986	10,100	2,116	28	162	1,424	141
1987	10,364	2,178	37	94	1,433	138
1988	10,635	2,149	13	37	1,385	130
1989	10,933	2,380	28	89	1,547	141
1990	11,239	2,420	28	76	1,574	140
1991	11,554	2,342	30	39	1,525	132
1992	11,877	2,450	38	59	1,568	132
1993	12,239	2,550	40	5	1,581	129
1994	12,596	2,357	53	159	1,605	128
1995	12,990	2,450	62	123	1,593	123
1996	13,393	2,500	56	19	1,519	114
1997	13,803	2,558	...	56	1,663	121
1998	14,222	2,447	...	58	1,619	114
1999	14,650	2,570	...	115	1,647	112
2000	15,085	2,500	...	207	1,698	113

Sources: Ministry of Agriculture and Rural Development; and National Institute for Statistics (INSTAT).

¹ May differ from data provided by other sources.

² Madagascar was a net exporter of rice until 1970 (except for 1965).

³ Domestic paddy production converted to rice equivalent plus net change in stocks and net imports.

Table 11. Madagascar: Retail Prices of Ordinary Rice, 1996-2000
(In Malagasy francs per kilogram)

	Free market	Grocery/ Shop	Official Distribution ¹	Average Price
1996				
March	2,168	2,066	2,150	2,119
June	1,609	1,656	2,200	1,633
September	1,785	1,744	2,200	1,765
December	2,055	1,919	2,250	1,987
1997				
March	2,128	2,056	2,150	2,105
June	1,608	1,619	1,950	1,640
September	1,876	1,906	2,036	1,892
December	2,089	2,006	2,200	2,092
1998				
March	2,125	2,071	2,167	2,128
June	1,875	2,000	2,172	1,877
September	1,979	1,992	2,225	1,983
December	2,450	2,514	2,417	2,468
1999				
March	2,473	2,543	2,526	2,508
June	2,178	2,200	2,434	2,197
September	2,267	2,291	2,354	2,283
December	2,379	2,383	2,465	2,381
2000				
March	2,552	2,449	2,390	2,499
June	2,309	2,288	2,456	2,300
September	2,605	2,583	2,602	2,594
December	2,877	2,933	2,659	2,905

Source: National Institute for Statistics (INSTAT).

¹ The data refer to the price of rice sold from the food security stock, or Stock Tampon.

Table 12. Madagascar: Production of Major Cash Crops, ¹ 1996-2000
(In thousands of tons)

		1996	1997	1998	1999	2000
Export crops						
Coffee ²	Production	68.0	55.0	60.0	65.0	58.1
	Marketed	60.0	52.0	53.0	57.2	...
Vanilla	Production ³	4.4	4.3	5.0	5.4	4.4
	Marketed ⁴	1.2	1.1	1.1	1.2	...
Cloves	Production	13.0	14.5	13.5	12.5	11.8
	Marketed	12.5	15.0	15.0	11.2	...
Pepper	Production	2.1	1.5	1.7	1.6	1.6
	Marketed	1.9	1.5	1.7	1.8	...
Cocoa	Production	4.3	4.3	4.3	4.3	4.4
	Marketed	4.5	4.3	4.3	4.1	...
Butter beans	Production	7.8	8.0	7.8	8.0	7.5
	Marketed	4.5	7.8	7.0	7.0	...
Sisal	Production ⁵	17.0	18.0	18.0	17.0	17.1
Industrial crops						
Cotton ⁶	Production ⁵	27.5	36.2	38.6	34.6	27.4
Sugarcane	Production	2,150.0	2,160.0	2,180.0	2,180.0	2,188.6
	Marketed	2,015.5	1,500.0	1,500.0	1,504.0	...
Groundnuts	Production	36.2	35.8	34.0	34.5	35.0
	Marketed	22.4	29.0	29.0	29.3	...

Source: Ministry of Agriculture and Rural Development.

¹ Data on total production are approximate; those on marketed production are more accurate.

² Unroasted coffee.

³ Green vanilla.

⁴ Prepared vanilla (4.6 kilograms green = 1 kilogram prepared).

⁵ Most of the production is marketed.

⁶ Seed cotton.

Table 13. Madagascar: Indicative Minimum Producer Prices for Major Crops, 1996-2000¹
(In Malagasy francs per kilogram)

	Type of Price	1996	1997	1998	1999	2000
Paddy	Indicative	726	858	1,070	1,100	1,290
Coffee	Indicative	4,570	3,000-5,000	6,500	5,500	2,650
Cloves	Indicative	1,900	9000	9,000	23,000	24,875
Vanilla	Indicative	5,150	5,000-10,000	10,500	25,000	66,250
Sugarcane	Indicative	95	700	750	800	...
Pepper	Indicative	2,850	...	3,033	5,000	9,875
Wheat	Indicative	...	1,150	1,200	1,250	1,250
Soya beans	Indicative	...	1,500	1,600	1,500	...
Cotton	Indicative	1,934	...	2,075	1,784	1,800

Sources: Ministry of Agriculture until 1997; thereafter, National Institute for Statistics (INSTAT).

¹ The fixing of producer prices was abolished in 1986; official indicative minimum prices have been announced since 1987; however, all prices are market determined.

Table 14. Madagascar: Index of Industrial Production, Excluding the Export Processing Zone, 1996-2000

	Weights	1995	1996	1997	1998	1999	2000
				(1984=100)			
Agro-industry and food industries	29.18	145.2	147.8	131.7	126.3	124.5	129.0
Beverages and tobacco	7.59	120.5	140.6	109.3	130.5	250.7	265.6
Textiles and clothing	14.63	65.6	58.9	62.5	73.1	65.3	82.5
Wood industries	1.09	87.0	62.5	67.6	152.2	183.2	377.3
Paper and printing	4.68	129.0	78.8	83.1	108.2	71.6	88.4
Leather goods	2.65	38.1	43.3	27.0	25.2	93.9	114.6
Electrical goods	2.19	91.6	91.9	102.6	103.0	102.9	121.7
Metal goods	2.43	69.5	99.2	105.0	112.9	116.6	84.3
Chemical industries	9.05	96.3	67.0	138.0	125.1	129.7	128.2
Energy	18.27	339.8	363.3	484.0	470.6	471.6	554.5
Construction materials	2.19	149.8	145.8	137.9	166.7	173.5	184.3
Transport materials	1.23	65.2	72.6	61.9	68.5	72.1	55.2
Extractive industries	3.86	114.6	137.2	122.5	143.0	86.2	125.2
Other	0.96	...	...	...	...	...	...
Total	100.00	152.1	154.2	175.4	177.2	183.7	208.3
				(Annual change in percent)			
Agro-industry and food industries		2.8	1.7	-10.9	-4.1	-1.5	3.6
Beverages and tobacco		9.3	16.7	-22.2	19.4	92.1	5.9
Textiles and clothing		1.8	-10.2	6.1	17.0	-10.7	26.3
Wood industries		3.4	-28.2	8.3	125.0	20.4	106.0
Paper		-5.0	-38.9	5.4	30.2	-33.8	23.5
Leather goods		-19.7	13.6	-37.7	-6.5	272.4	22.0
Electrical goods		13.3	0.4	11.6	0.4	-0.1	18.3
Metal goods		31.1	42.6	5.9	7.4	3.3	-27.7
Chemical industries		-16.8	-30.5	106.0	-9.3	3.7	-1.2
Energy		12.9	6.9	33.2	-2.8	0.2	17.6
Construction materials		10.9	-2.7	-5.4	20.9	4.0	6.2
Transport materials		-6.1	11.5	-14.8	10.6	5.3	-23.4
Extractive industries		15.3	19.7	-10.7	16.8	-39.7	45.3
Total		6.2	1.3	13.8	1.0	3.7	13.4

Sources: Ministry of Industry; and Ministry of Energy and Mining.

Table 15. Madagascar: Industrial Production, 1996-2000

	Unit	1996	1997	1998	1999	2000
Extractive industries						
Graphite	Ton	16,103	14,107	20,629	16,137	40,328
Mica	Ton	952	1,529	1,232	54	66
Chromite	Ton	139,272	139,471	134,659	144	131,293
Food industries						
Tapioca	Ton	156	309	287	296	305
Potato flour	Ton	400	...	...	...	...
Cattle (slaughtered industrially)	Head	4,730	8,436	4,219	...	...
Hogs (slaughtered industrially)	Head	350	373	428	...	...
Canned meat	Ton	42	23	21	...	...
Cooked pork meats	Ton	137	...	...	...	...
Sugar	Ton	101,601	74,280	60,273	61,370	62,487
Edible oils	Ton	986	1,439	1,280	1,331	1,354
Beer	Hectoliters	346,750	233,520	297,407	610,074	645,536
Condensed milk	Ton	2,229	2,244	2,285	1,355	1,121
Salt	Ton	41,750	36,763	26,746	26,131	25,530
Tobacco						
Chewing tobacco	Ton	813	177	299	320	...
Smoking tobacco	Ton	6	6	...	...	...
Cigarettes	Ton	3371	2,826	3,303	3,633	...
Textiles						
Cotton cloth	1,000 meters	22,366	26,955	19,582	20,368	23,328
Bags for packaging	Ton	825	438	506	259	252
Blankets	Ton	1,355	1,460	1,675	1,610	1,587
String	Ton	1,505	1,500	1,570	1,641	1,510
Paper						
Rag paper	Ton	3963	4,646	6,732	3,500	...
Finished paper	Ton	2,208	969	1,169	607	...
Chemical industries						
Soap	Ton	15,648	15,125	14,513	15,884	15,385
Accumulators	Units	3,736	4,597	3,751	4,599	3,693
Candles	Ton	850	632	744	743	928
Paint	Ton	2350	2,258	2,131	1,918	1,487
Batteries	1,000 units	22,715	25,166	25,166	25,246	30,631
Oxygen	Cubic meters	508,899	524,855	540,585	417,642	62,832
Acetylene	Cubic meters	111,549	116,524	112,451	90,668	23,191
Petroleum refining						
Butane	Cubic meters	5,635	10,861	7,831	9,639	11,864
Gasoline	Cubic meters	71,191	102,783	92,694	98,010	122,567
Kerosene	Cubic meters	66,724	76,293	75,413	65,038	65,228
Gas oil	Cubic meters	88,772	128,982	110,784	119,039	150,434
Fuel oil	Cubic meters	152,306	206,645	217,764	198,848	225,684
Construction materials						
Cement	Ton	44,322	36,217	44,327	45,701	50,938
Metal works						
Sheet metal	Ton	4,711	6,102	6,478	6,670	...
Trunks and boxes	Ton	1,441	408	509	530	...
Shoes						
Leather	1,000 pairs	158	126	115	460	570
Plastic	1,000 pairs	409	420	396	375	303
Other	1,000 pairs	324	330	...	107	...
Electricity						
Hydraulic	1,000 kilowatt-hour	442,400	488,700	510,646	515,374	539,649
Thermal	1,000 kilowatt-hour	120,800	127,600	154,774	205,920	240,198

Sources: Ministry of Industry; and Ministry of Energy and Mining.

Table 16. Madagascar: Production and Export of Major Minerals, 1996-2000

	1996	1997	1998	1999	2000
Production (thousands of tons)					
Chromite	139.3	139.5	134.7	0.1	131.3
Graphite	16.1	14.1	20.6	16.1	40.3
Exports (thousands of tons)					
Chromite	129.0	134.0	115.2	81.5	70.0
Graphite	14.5	15.3	9.9	14.1	16.8
Export value (millions of SDRs)					
Chromite	8.2	6.1	5.9	3.2	4.2
Graphite	5.6	5.2	3.7	4.3	5.2
Unit value (SDRs per ton)					
Chromite	63.3	45.5	51.3	39.8	59.8
Graphite	384.9	340.7	367.5	305.3	311.1

Source: Ministry of Energy and Mining.

Table 17. Madagascar: Tourism Indicators, 1996-2000

	1996	1997	1998	1999	2000
Number of tourists	82,681	100,762	121,207	138,253	160,071
Annual growth in percent	10.8	21.9	20.3	14.1	15.8
Hotel capacity (number of rooms)	6,066	6,246	6,637	7,207	7,779
Average capacity utilization (in percent) ¹	57	57	58	60	63
Number of tourist nights (in thousands)	1,157,534	1,410,668	2,302,933	2,626,807	3,041,349
Annual growth in percent	50.2	21.9	63.3	14.1	15.8
Average length of stay (days)	16	15	20	20	20
Foreign exchange receipts from tourism (in millions of SDRs)	44.6	52.9	65.5	72.9	91.9
Annual growth in percent	7.5	18.6	23.8	11.3	26.1

Sources: Ministry of Transportation, Meteorology, and Tourism; and Directorate of Tourism.

¹ Survey coverage is not complete.

Table 18. Madagascar: Production and Consumption of Electricity, 1996-2000
(In millions of kilowatt-hours)

	1996	1997	1998	1999	2000
Production ¹	563.2	616.3	665.4	721.3	779.8
Hydroelectric	442.4	488.7	510.6	515.4	539.6
Thermal	120.8	127.6	154.8	205.9	240.2
Consumption	441.3	485.4	524.4	571.5	616.5
Public lighting	7.1	7.7	8.0	8.3	8.8
Households	182.6	200.0	225.3	253.6	281.3
Other	251.5	277.8	291.1	309.5	326.4

Source: Ministry of Energy and Mining.

¹ Electric power generated by the electricity and water company, that is, excluding electricity generated by industries for their own consumption.

Table 19. Madagascar: Prices of Petroleum Products, 1996-2000 1
(In Malagasy francs per liter, unless otherwise indicated)

	Gasoline (regular)	Gasoline (premium)	Gas oil	Kerosene	Natural gas ²
1996 March	1,550	1,860	1,340	1,220	25,000
June	1,800	2,120	1,510	1,380	29,500
September	1,830	2,150	1,460	1,300	29,500
December	1,860	2,180	1,500	1,340	34,000
1997 March	1,913	2,236	1,553	1,420	34,000
June	2,000	2,383	1,650	1,500	34,000
September	2,000	2,383	1,650	1,450	34,000
December	2,000	2,383	1,650	1,450	34,000
1998 March	2,106	2,530	1,727	1,450	42,000
June	2,090	2,530	1,700	1,450	42,000
September	2,090	2,530	1,700	1,450	42,000
December	2,090	2,530	1,700	1,450	42,000
1999 March	2,090	2,530	1,700	1,460	45,000
June	2,290	2,910	1,770	1,520	55,000
September	2,480	3,350	1,840	1,630	55,000
December	2,950	3,980	2,110	1,850	55,000
2000 March	3,139	4,408	2,232	2,100	55,000
June	3,400	5,000	2,400	2,100	55,000
September	3,750	5,100	2,750	2,300	55,000
December	4,200	5,500	3,000	2,500	76,000

Source: Ministry of Energy and Mining.

¹ Wholesale prices from storage facilities; retail prices are higher by a small, fixed profit margin.
Prices recorded in the capital city only.

² Prices are for a 12.5 kilogram container.

Table 20. Madagascar: Population and Labor Force, 1996-2000
(In thousands, unless otherwise indicated)

	1996	1997	1998	1999	2000
Population	13,393	13,803	14,222	14,650	15,085
Percentage change	3.1	3.1	3.0	3.0	3.0
Labor force ¹
Agriculture
Manufacturing and mining
Construction
Commerce, banking, and insurance
Transportation and telecommunications
Administration
Miscellaneous

Sources: National Institute for Statistics.

¹ No data have been published by the National Social Security Fund since 1993.

Table 21. Madagascar: Distribution of Population and Civil Servants, 1997-2001

(In percent of total)

Region	Population 1997, Est.	Civil Servants				
		1997	1998	1999	2000	2001 ¹
Antananarivo	29.0	43.0	42.8	42.4	43.0	44.2
Antsiranana	7.8	6.3	6.3	6.4	6.6	6.9
Fianarantsoa	21.7	17.1	16.8	17.2	17.1	16.1
Mahajanga	11.1	9.6	9.7	9.9	9.8	9.6
Toamasina	15.8	12.8	12.8	12.7	12.6	12.4
Toliara	14.6	11.2	11.6	11.4	10.9	10.8
Total	100.0	100.0	100.0	100.0	100.0	100.0

Sources: Ministry of Finance and Economy; and Ministry of Budget and Development of Autonomous Provinces.

¹ Provisional estimate.

Table 22. Madagascar: Minimum and Maximum Monthly Wages, 1995-2000 ¹
(In Malagasy francs)

	Agricultural ²		Nonagricultural ³	
	Minimum	Maximum	Minimum	Maximum
March 1995 - October 1996	112,435	244,080	110,550	239,993
November 1996 - February 1998	123,778	268,704	121,591	263,947
March 1998 - May 1999	142,280	308,880	134,860	303,638
June 1999 - February 2000	156,514	339,768	153,846	334,002
March 2000 - December 2000	162,583	352,944	160,156	347,811

Source: Ministry of Civil Service.

¹ "Minimum" indicates the minimum wage in the lowest wage category, and "maximum" indicates the minimum wage in the highest wage category.

² On the basis of 200 working hours per month.

³ On the basis of 173.33 working hours per month.

Table 23. Madagascar: Consumer Price Index by Product, 1996-2000
(Period averages; August 1971-July 1972 = 100)

	Weights	1996				1997				1998				1999				2000			
		I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV
(Traditional households) ¹																					
Food	60.35	4020	3946	3850	4019	4159	4011	4019	4293	4382	4312	4285	4457	4674	4768	4915	5272	5522	5508	5533	5835
Lighting and fuel	9.14	3076	3370	3428	3502	3615	3626	3668	3739	4042	4051	3950	4004	4001	4021	4059	4089	4231	4398	4507	4647
Domestic services	1.82	1052	1052	1052	1052	1052	1052	1052	1052	1052	1052	1052	1052	1331	1331	1331	1331	1331	1331	1331	1331
Maintenance, clothing, & medicine	14.85	3295	3354	3334	3350	3405	3475	3515	3565	3674	3717	3737	3753	3818	3837	3908	3924	3932	3940	3941	3982
Miscellaneous	13.84	3876	4458	4481	4491	4506	4541	4483	4375	4408	4707	4838	4846	4899	5091	5266	5407	5583	5708	5773	6047
General Index	100.00	3752	3823	3771	3884	3989	3916	3923	4087	4189	4195	4191	4301	4456	4544	4671	4910	5100	5126	5160	5399
Annual change (in percent)	...	34.1	26.7	13.2	8.8	6.3	2.4	4.0	5.2	5.0	7.1	6.8	5.2	6.4	8.3	11.4	14.2	14.5	12.8	10.5	9.9
(Modern households)																					
Food	45.16	3710	3885	3934	3970	4137	4144	4322	4480	4737	4968	5103	5156	5264	5315	5527	5592	5871	6119	6072	6093
Lighting and fuel	6.08	2219	2289	2379	2423	2500	2500	2589	2766	3133	3157	3246	3308	3232	3250	3494	3514	3622	3702	3799	4309
Domestic services	11.26	1371	1371	1371	1371	1371	1371	1371	1371	1371	1371	1371	1371	1732	1732	1732	1732	1732	1732	1732	1732
Maintenance, clothing, & medicine	17.99	3302	3334	3399	3441	3507	3544	3663	3841	3909	3955	3981	4011	4127	4199	4310	4386	4460	4559	4568	4675
Miscellaneous	19.51	3270	3411	3384	3475	3574	3516	3542	3711	3863	3767	3776	3841	4038	4030	4159	4467	4769	4885	4914	5355
General Index	100.00	3197	3313	3347	3391	3503	3501	3614	3761	3941	4036	4109	4155	4299	4334	4490	4595	4799	4957	4949	5094
Annual change (in percent)	...	35.4	24.6	15.2	11.3	9.6	5.7	8.0	10.9	12.5	15.3	13.7	10.5	9.1	7.4	9.3	10.6	11.6	14.4	10.2	10.9
Combined consumer price index ²	100.00	3613	3696	3665	3761	3867	3812	3845	4005	4127	4155	4171	4265	4416	4491	4626	4831	5025	5083	5107	5323

Source: National Institute of Statistics.

¹Low-income households.

²Weights of 0.75 and 0.25 are applied to the index of traditional households and to the index of modern households, respectively.

Table 24. Madagascar: Central Government Financial Operations, 1996-2000
(In billions of Malagasy francs, unless otherwise indicated)

	1996	1997	1998	1999	2000
Total revenue and grants	2,090.7	2,703.2	2,872.6	3,509.9	4,014.4
Total revenue	1,407.3	1,746.8	2,164.8	2,667.4	3,067.7
Budgetary revenue	1,404.7	1,746.8	2,076.8	2,667.4	3,067.7
<i>Of which:</i> tax revenue	1,374.3	1,687.9	1,984.4	2,580.1	2,972.1
Extrabudgetary and capital revenue	2.6	0.0	0.0	0.0	0.0
Grants	683.4	956.5	707.8	842.5	946.7
Current grants	116.1	377.7	59.8	171.9	178.9
Project grants	567.3	578.8	648.0	670.6	767.8
Total expenditure	2,883.4	3,137.1	3,819.3	3,790.9	4,168.6
Current expenditure	1,703.8	1,960.2	2,146.1	2,175.0	2,402.5
Budgetary expenditure	1,679.1	1,801.6	2,052.1	2,172.4	2,416.5
Personnel	523.0	669.6	826.4	1,000.6	1,042.4
Other noninterest expenditure	396.9	583.0	671.9	679.0	761.8
Foreign interest obligations	628.6	503.5	466.5	325.0	371.2
Domestic interest obligations	130.6	45.4	87.3	167.8	241.1
Treasury operations (net) ¹	24.7	120.1	94.0	2.6	-56.5
Emergency expenditure ²	0.0	38.5	0.0	0.0	40.6
Counterpart funds-financed operations	...	...	...	...	2.0
Capital expenditure	1,179.6	1,176.9	1,673.1	1,615.9	1,766.1
Domestic financing	284.3	274.5	465.6	429.6	581.2
Foreign financing	895.3	902.0	1,207.5	1,186.3	1,184.9
Overall balance (commitment basis, excluding the cost of structural reforms)					
Including grants	-792.7	-433.9	-946.7	-281.0	-154.2
Excluding grants	-1,476.1	-1,390.4	-1,654.5	-1,123.5	-1,100.9
Net cost of structural reforms ³	0.0	0.0	-236.7	-369.7	-582.7
Exceptional revenue	0.0	0.0	0.0	45.6	17.7
Cost of structural reforms	0.0	0.0	236.7	415.3	600.4
Overall balance (commitment basis, including the cost of structural reforms)					
Including grants	-792.7	-433.9	-1,183.4	-650.7	-737.0
Excluding grants	-1,476.1	-1,390.4	-1,891.2	-1,493.2	-1,683.7
Domestic balance ⁴	47.8	15.2	-217.1	18.1	-127.6
Change in float	2.7	-139.4	-101.8	67.6	-135.9
Total overall balance (cash basis, including grants)	-790.0	-573.3	-1,285.2	-583.1	-872.8
Financing	790.0	573.3	1,285.3	583.1	872.8
Foreign (net)	804.6	692.3	379.4	284.9	704.7
Drawings	329.0	1,029.3	672.5	515.7	802.4
Budget	...	...	...	...	385.3
Projects	...	...	...	...	417.1
Amortization due	-603.9	-508.9	-662.1	-607.5	-621.5
Change in external arrears	1,079.5	-5,459.7	88.6	27.6	-49.5
External debt relief	0.0	5,631.7	280.5	349.1	573.2
Financing gap	0.0	0.0	0.0	0.0	0.0
Domestic (net)	-14.6	-119.0	901.5	246.4	121.9
Banking system	-44.8	-146.0	741.2	167.1	3.1
Nonbanking system	30.2	27.0	160.3	79.3	118.8
Privatization receipts	0.0	0.0	4.4	51.8	46.3

Sources: Ministry of Finance and Economy; Ministry of Budget and Development of Autonomous Provinces; and Fund staff estimates.

¹ Includes annexed budgets of quasi-public entities, including port authorities, the post office, government printing office, civil service retirement funds, and correspondent accounts of local authorities.

² For 2000, the government budgeted FMG 69 billion to address exceptional developments related to the resurgence of a cholera epidemic and the devastating effects of three cyclones in 2000.

³ The net cost of structural reforms comprise (i) as receipts, loan recovery by the debt-recovery unit that holds the nonperforming loans of the two (former) public banks (BFV and BTM) after their assets have been financially restructured; and (ii) as expenditures, those related to civil service reform (i.e., training, bonuses, and wage decompression); to the upgrading of pay and equipment in the justice services; to privatization (severance pay, administrative costs, transfers to the regional development fund that provides grants and concessional loans for basic social infrastructure purposes or to employees affected by privatization, and indemnization payments to formerly expropriated owners); and to the capital transfers for the asset restructuring at the two insolvent banks (BFV and BTM).

⁴ Total revenue minus expenditure, excluding foreign interest payments, and foreign-financed capital expenditure.

Table 25. Madagascar: Central Government Fiscal Indicators, 1996-2000
(In percent of GDP, unless otherwise indicated)

	1996	1997	1998	1999	2000
Total revenue and grants	12.9	15.0	14.1	15.0	15.3
Total revenue	8.7	9.7	10.6	11.4	11.7
<i>Of which:</i> tax revenue	8.5	9.4	9.8	11.0	11.3
Grants	4.2	5.3	3.5	3.6	3.6
Current grants	0.7	2.1	0.3	0.7	0.7
Project grants	3.5	3.2	3.2	2.9	2.9
Total expenditures	17.8	17.4	18.8	16.2	15.9
Current expenditure	10.5	10.9	10.5	9.3	9.2
Noninterest expenditure	5.7	6.9	7.4	7.2	6.9
Personnel	3.2	3.7	4.1	4.3	4.0
Other noninterest expenditure	2.4	3.2	3.3	2.9	2.9
Interest obligations	4.7	3.0	2.7	2.1	2.3
Treasury operations (net) ¹	0.2	0.7	0.5	0.2	-0.2
Emergency expenditures ²	0.0	0.2	0.0	0.0	0.2
Capital expenditure	7.3	6.5	8.2	6.9	6.7
Domestically financed expenditure	1.8	1.5	2.3	1.8	2.2
Foreign-financed expenditure	5.5	5.0	5.9	5.1	4.5
Overall balance (commitment basis, excluding the cost of structural reforms)					
Including grants	-4.9	-2.4	-4.7	-1.2	-0.6
Excluding grants	-9.1	-7.7	-8.1	-4.8	-4.2
Net cost of structural reforms ³	0.0	0.0	-1.2	-1.6	-2.2
Exceptional revenue	0.0	0.0	0.0	0.2	0.1
Cost of structural reforms	0.0	0.0	1.2	1.8	2.3
Overall balance (commitment basis, including the cost of structural reforms)					
Including grants	-4.9	-2.4	-5.8	-2.8	-2.8
Excluding grants	-9.1	-7.7	-9.3	-6.4	-6.4
Domestic balance ⁴	0.3	0.1	-1.1	0.1	-0.5
Change in float	0.0	-0.8	-0.5	0.3	-0.5
Total overall balance (cash basis, including grants)	-4.9	-3.2	-6.3	-2.5	-3.3
Financing	4.9	3.2	6.3	2.5	3.3
Foreign (net)	5.0	3.8	1.9	1.2	2.7
Drawings	-1.7	5.7	3.3	2.2	3.1
Budget	...	...	...	...	1.5
Projects	...	...	...	...	1.6
Amortization due	-3.7	-2.8	-3.3	-2.6	-2.4
Change in external arrears	6.7	-30.2	0.4	0.1	-0.2
External debt relief	0.0	31.2	1.4	1.5	2.2
Financing gap	0.0	0.0	0.0	0.0	0.0
Domestic (net)	-0.1	-0.7	4.4	1.1	0.5
<i>Of which:</i> banking system	0.0	-0.3	2.0	0.6	0.0
Privatization revenue	0.0	0.0	0.0	0.2	0.2
Memorandum items:					
Education expenditure	1.7	2.2	2.5	3.0	3.0
Health expenditure	0.7	1.0	1.0	1.2	1.8
Nominal GDP (in billions of Malagasy francs)	16,224	18,051	20,343	23,379	26,242

Sources: Ministry of Finance and Economy; Ministry of Budget and Development of Autonomous Provinces; and Fund staff estimates.

¹ Includes annexed budgets of quasi-public entities, including port authorities, the post office, government printing office, civil service retirement funds, and correspondent accounts of local authorities.

² For 2000, the government budgetized FMG 69 billion to address exceptional developments related to the resurgence of a cholera epidemic and the devastating effects of three cyclones in 2000.

³ The net cost of structural reforms comprise (i) as receipts, loan recovery by the debt-recovery unit that holds the nonperforming loans of the two (former) public banks (BFV and BTM) after their assets have been financially restructured; and (ii) as expenditures, those related to civil service reform (i.e., training, bonuses, and wage decompression); to the upgrading of pay and equipment in the justice services; to privatization (severance pay, administrative costs, transfers to the regional development fund that provides grants and concessional loans for basic social infrastructure purposes or to employees affected by privatization, and indemnization payments to formerly expropriated owners); and to the capital transfers for the asset restructuring at the two insolvent banks (BFV and BTM).

⁴ Overall balance, excluding grants, foreign-financed capital expenditures and foreign interest payments.

Table 26. Madagascar: Budgetary Revenue, 1996-2000

(In billions of Malagasy francs)

	1996	1997	1998	1999	2000
Tax revenue	1,374	1,688	1,984	2,580	2,972
Taxes on net income	258	329	340	398	467
Companies	164	202	217	207	236
Individuals	59	87	98	129	153
Tax on income (IRNS)	13	20	26	106	27
Tax on wages and salaries (IRSA)	46	67	72	23	126
Other	36	41	24	62	78
Taxes on property	17	27	23	25	31
Taxes on goods and services	342	370	411	661	865
Value-added tax (VAT)	167	178	206	389	513
Excises	74	66	78	128	160
Fiscal monopoly profits	91	112	117	111	179
Other	9	14	11	33	13
Taxes on foreign trade	750	948	1,197	1,481	1,591
Import duties	732	941	1,197	1,481	1,591
Customs duty	103	132	146	149	123
Fiscal duty	181	235	279	265	241
Value-added tax (VAT) on imports	258	341	592	624	712
Petroleum products	156	187	142	340	398
Other	34	46	38	105	117
Export duties	19	7	0	0	0
Export duty	19	7	0	0	0
Export surcharge	0	0	0	0	0
Other taxes	7	15	14	14	18
Nontax revenue	30	59	92	87	96
Budgetary revenue	1,405	1,747	2,077	2,667	3,068

Sources: Ministry of Finance and Economy.

Table 27. Madagascar: Current Budgetary Expenditure, 1996-2000

	1996	1997	1998	1999	2000
(In billions of Malagasy francs)					
Economic classification					
Current expenditure	1,703.8	1,960.2	2,146.1	2,175.0	2,400.6
Personnel	523.0	669.6	826.4	1,000.6	1,042.4
Other noninterest expenditure	396.9	583.0	671.9	679.0	761.8
Goods and services	184.2	336.7	318.0	402.2	499.5
Transfers and subsidies	212.7	246.3	353.9	276.8	262.3
Interest on public debt	759.2	548.9	553.8	492.8	612.3
Foreign interest obligations	628.6	503.5	466.5	325.0	371.2
Domestic interest obligations	130.6	45.4	87.3	167.8	241.1
Treasury operations ¹	24.7	120.1	94.0	2.6	-56.5
Emergency expenditure ²	0.0	38.5	0.0	0.0	40.6
Economic classification					
Budgetary expenditure	1,703.8	1,960.2	2,146.1	2,175.0	2,400.6
General expenditure ³	416.9	688.7	635.9	695.0	880.0
Of which: defense	200.8	267.4	274.5	282.8	319.7
Education	187.7	258.5	289.0	392.0	555.5
Of which: universities	43.1	67.2	75.2	80.1	91.4
Health	65.9	98.7	141.2	150.3	182.6
Social and community services	14.6	19.3	27.7	34.1	46.3
Economic services	78.7	122.1	120.7	143.2	160.9
Of which					
Agriculture ⁴	49.2	68.7	51.9	55.9	83.2
Public works	8.2	16.5	29.4	41.7	18.8
Other ⁵	940.0	772.9	931.6	760.4	575.3
Of which: interest on government debt	759.2	548.9	553.8	492.8	612.3
Memorandum items:					
(In percent of GDP)					
Noninterest budgetary expenditure	5.7	6.9	3.3	2.9	2.9
Social sector current expenditure ⁶	1.7	2.1	2.3	2.5	3.0
Of which: health	0.4	0.5	0.7	0.6	0.7
Defense	1.2	1.5	1.3	1.2	1.2

Source: Ministry of Finance and Economy; Ministry of Budget and Development of Autonomous Provinces; and Fund staff estimates.

¹ Beginning in 1999, treasury revenue is classified as a negative outlay in treasury expenditures, which from then on are reported on a net basis.

² For 2000 the government budgetized FMG 69 billion to address exceptional developments related to the resurgence of a cholera epidemic and the devastating effects of recent cyclones.

³ Including national defense and security expenditures.

⁴ Including livestock, fishing, water, and forestry.

⁵ Including revenue sharing with local government and payments to international organizations.

⁶ Including expenditure on education, health, and social and community services.

Table 28. Madagascar: Central Government Personnel Expenditure and Number of Civil Servants, 1996-2000

(In thousands of Malagasy francs, unless otherwise indicated)

	1996	1997	1998	1999	2000
Personnel expenditure (commitment basis) ^{1 2}	523.0	669.6	826.4	1,000.6	1,042.4
Annual change in percent	17.7	28.0	23.4	21.1	4.2
In percent of current budgetary expenditure	31.1	37.2	40.3	46.1	43.1
In percent of total government expenditure	18.1	21.3	21.6	26.4	25.0
In percent of GDP	3.2	3.7	4.1	4.3	4.0
Civil servants (number at end-December) ⁴					
Civilian	93,476	93,971	103,831	113,728	109,603
Military	21,475	21,760	21,760	21,760	21,760
Total	114,951	115,731	125,591	135,488	131,363
Annual percent change	0.7	0.7	8.5	7.9	-3.0
Memorandum items:					
Average monthly civil servants' salary					
In thousand of Malagasy francs	374.8	418.2	467.9	553.4	661.5
Annual change in percent	23.5	11.6	11.9	18.3	19.5
Annual percent change in real terms ⁵	15.2	7.1	5.7	8.4	7.6
Total government expenditure (billions of Malagasy francs)	2,883.4	3,137.1	3,819.3	3,790.9	4,168.6
Nominal GDP (billions of Malagasy francs)	16,224.4	18,051.0	20,343.0	23,379.1	26,242.0

Sources: Ministry of Finance and Economy; Ministry of Budget and Development of Autonomous Provinces; and Fund staff estimates.

¹ Including only regular staff. Expenditure on some categories of temporary personnel is included in goods and services outlays.

² Excluding medical expenses.

³ Consisting of current budgetary expenditure and capital budgetary expenditure.

⁴ Data on actual positions filled, which may differ from other sources.

⁵ Annual average percentage change in the average civil servants' salary deflated by the consumer price index.

Table 29. Madagascar: Structure and Adjustment of Public Sector Salaries, 1996-2001

(In thousands of Malagasy francs)

	Jan. 1996 - Dec. 1996	Jan. 1997 - Dec. 1997	Jan. 1998 - Apr. 1998	May 1998 - Feb. 1999	Mar. 1999 - Feb. 2000	Mar. 2000 - Jan 2001	Starting Feb. 2001
Category I							
Minimum	135.3	208.9	239.3	...	267.5	296.9	313.2
Maximum	203.4	287.0	317.5	...	355.0	453.8	496.0
(Midpoint)	169.4	248.0	278.4	...	311.3	375.4	404.6
Category II							
Minimum	165.3	242.8	273.5	...	305.7	342.2	369.1
Maximum	241.1	331.1	365.7	...	408.9	566.3	635.2
(Midpoint)	203.2	287.0	319.6	...	357.3	454.3	502.2
Category III							
Minimum	183.7	264.2	295.2	328.6	367.3	404.1	435.3
Maximum	314.0	417.7	460.5	484.6	541.8	782.0	878.9
(Midpoint)	248.9	341.0	377.9	406.6	454.6	593.1	657.1
Categories IV and V							
Minimum	321.9	308.4	341.4	357.6	399.8	583.1	620.9
Maximum	432.8	559.5	613.0	660.6	702.0	1,145.5	1,254.9
(Midpoint)	327.4	434.0	477.2	509.1	550.9	864.3	937.9
Categories VI and VII							
Minimum	257.1	350.0	385.6	414.9	452.0	680.7	727.5
Maximum	482.3	619.0	672.6	750.6	818.2	1,448.5	1,587.6
(Midpoint)	369.7	484.5	529.1	582.8	635.1	1,064.6	1,157.6
Categories VIII and IX							
Minimum	298.5	399.4	438.4	491.3	535.6	823.3	882.5
Maximum	579.4	734.9	800.6	926.1	1,044.1	1,744.5	1,902.0
(Midpoint)	439.0	567.2	619.5	708.7	789.9	1,283.9	1,392.3
Category X							
Minimum	310.1	413.0	455.7	511.0	667.1	1,565.0	1,699.4
Maximum	716.6	898.9	975.3	1,198.9	1,306.8	2,183.5	2,221.1
(Midpoint)	513.4	656.0	715.5	855.0	987.0	1,874.3	1,960.3

Sources: Ministry of Finance and Economy; and Ministry of Budget and Development of Autonomous Provinces.

Table 30. Madagascar: Monetary Survey, 1996-2000

	1996	1997	1998	1999	2000
(In billions of Malagasy francs; end of period)					
Net foreign assets	1,175.3	1,771.1	1,172.0	1,711.5	2,006.3
Central bank	713.4	1,105.3	596.1	1,055.3	1,170.5
Commercial banks	461.9	665.8	576.0	656.2	835.9
Long-term foreign liabilities	-186.4	-206.8	-211.2	-261.0	-229.3
Central bank	-161.5	-173.5	-186.1	-190.8	-167.5
Commercial banks	-24.9	-33.3	-25.1	-70.2	-61.7
Net domestic assets	2,220.8	2,281.9	3,208.2	3,530.6	4,139.8
Net credit to government	784.5	680.1	1,453.3	1,715.0	1,856.5
Net claims on government ¹	730.3	584.3	1,325.5	1,560.7	1,563.3
Central bank	687.4	387.7	1,031.1	1,220.6	1,162.7
Commercial banks	43.0	196.6	294.4	340.0	400.6
Other claims	54.2	95.8	127.8	154.4	293.2
Credit to the economy	1,599.4	1,814.1	1,828.2	1,955.4	2,415.0
Central bank	14.1	15.1	15.9	15.8	111.2
Commercial banks	1,572.0	1,797.6	1,811.8	1,937.5	2,303.3
Other claims	13.3	1.4	0.5	2.1	0.5
Other items (net)	-163.1	-212.3	-73.2	-139.9	-131.8
Foreign currency adjustment	362.5	240.3	225.7	65.9	84.6
Central bank	-10.0	59.5	70.9	92.4	190.0
Commercial banks	-515.6	-512.2	-369.9	-298.2	-406.4
Broad money (M3)	3,209.7	3,846.2	4,169.1	4,981.1	5,916.8
Currency in circulation	831.2	1,025.6	1,168.2	1,434.9	1,786.6
Total deposits	2,378.5	2,820.6	3,000.8	3,546.2	4,130.2
Demand deposits	1,349.5	1,658.6	1,801.2	2,145.9	2,342.1
Quasi money	1,029.0	1,161.9	1,199.7	1,400.3	1,788.2
Of which					
Resident deposits in foreign currencies	285.1	441.9	474.7	614.5	841.4
Short-term obligations	95.5	70.4	129.8	151.8	169.3
Memorandum items:	(Growth rate in percent of end-of-previous-year money, unless otherwise indicated)				
Net foreign assets	20.6	18.6	-15.6	12.9	5.9
Net domestic assets	-1.6	1.9	24.1	7.7	12.2
Net credit to government	-1.0	-3.3	20.1	6.3	2.8
Credit to the economy	1.3	6.7	0.4	3.1	9.2
Change from previous year (in percent)	2.3	13.4	0.8	7.0	23.5
Broad money (M3)	18.1	19.8	8.4	19.5	18.8

Sources: Central Bank of Madagascar; and Fund staff estimates.

¹ In 2001, the change in net claims on government differs from the amount indicated in the government operations tables, because the latter does not include the assumption by the government of the state petroleum company (SOLIMA) debt to the central bank, estimated at FMG 61.8 billions.

Table 31. Madagascar: Summary Accounts of the Central Bank, 1996-2000
(In billions of Malagasy francs; end of period)

	1996	1997	1998	1999	2000
Net foreign assets	713.4	1,105.3	596.1	1,055.3	1,170.5
Foreign assets	1,043.4	1,492.7	926.6	1,486.9	1,866.9
Foreign liabilities (short term)	-14.2	-18.8	-16.9	-20.1	-13.7
Poverty Reduction and Growth Facility	-315.8	-368.6	-313.6	-411.5	-682.7
Long-term foreign liabilities	-161.5	-173.5	-186.1	-190.8	-167.5
Net domestic assets	1,022.9	768.3	1,446.6	1,479.7	1,608.9
Claims on government (net)	687.4	387.7	1,031.1	1,220.6	1,162.7
Credit to government	1,294.9	1,253.8	1,689.3	1,857.4	2,023.0
Statutory advances	162.2	143.7	107.9	197.3	377.5
Consolidated loans	1,099.6	1,099.6	1,099.6	1,099.6	1,099.6
Foreign currency loans	0.0	0.0	441.0	544.9	533.5
Other	33.0	10.5	40.9	15.5	12.4
Government deposits	-607.5	-866.1	-658.2	-636.7	-860.3
Claims on public companies and customers	14.1	15.1	15.9	15.8	111.2
Net claims on banks	-24.2	57.3	102.7	75.1	59.5
Claims on banks	127.5	107.3	102.7	75.1	59.5
Negative auctions	-151.7	-50.0	0.0	0.0	0.0
Other items (net)	345.6	308.2	296.9	168.1	275.5
Currency valuation adjustment	355.6	248.7	226.0	75.7	85.5
Net capital	-85.9	-90.8	-90.5	-87.8	-116.3
Others	75.9	150.3	161.4	180.2	306.3
Reserve money	1,573.3	1,697.1	1,847.0	2,322.0	2,610.0
Currency outside banks	831.2	1,025.6	1,168.2	1,434.9	1,786.6
Currency in banks	29.5	26.3	36.8	77.4	78.4
Bank deposits	712.6	645.3	642.0	809.7	745.0
Deposits of other banking institutions	0.0	0.0	6.2	16.9	1.7
Resident deposits in foreign currency	1.5	3.0	3.5	5.2	0.1

Sources: Central Bank of Madagascar; and Fund staff estimates.

Table 32. Madagascar: Summary Accounts of Commercial Banks, 1996-2000
(In billions of Malagasy francs; end of period, unless otherwise indicated)

	1996	1997	1998	1999	2000
Net bank liquidity	1,203.2	1,246.8	1,126.9	1,398.0	1,538.0
Net foreign assets	461.9	665.8	576.0	656.2	835.9
<i>Of which</i> : nonresident nonbank deposits	48.0	55.7	89.2	114.9	107.9
Long-term foreign liabilities	-24.9	-33.3	-25.1	-70.2	-61.7
Reserves	742.1	671.5	678.8	887.1	823.4
Currencies in banks	29.5	26.3	36.8	77.4	78.4
Deposits at central bank	712.6	645.3	642.0	809.7	745.0
Net recourse to central bank	-24.2	57.3	102.7	75.1	59.5
Recourse to central bank	127.5	107.3	102.7	75.1	59.5
Reverse auctions	-151.7	-50.0	0.0	0.0	0.0
Net domestic assets	1,106.3	1,473.7	1,736.0	1,969.6	2,296.6
Claims on government (net)	43.0	196.6	294.4	340.0	400.6
Credit to government	206.3	356.5	436.4	481.0	606.5
Government deposits	-163.3	-159.9	-142.0	-140.9	-205.9
<i>Of which</i> : deposits of administrative agencies	-150.2	-155.0	-138.9	-132.6	-197.2
Claims on private sector	1,572.0	1,797.6	1,811.8	1,937.5	2,303.3
<i>Of which</i> : in foreign currency	...	...	36.7	0.0	0.0
In millions of SDRs	...	...	4.8	0.0	0.0
Net capital	-535.9	-645.9	-399.5	-445.8	-517.9
Other items (net)	27.2	125.3	29.3	137.9	110.6
Currency valuation adjustment	6.9	-8.4	-0.3	-9.7	-0.9
Other	20.3	133.7	29.6	147.6	111.5
Deposits	2,214.0	2,650.1	2,733.1	3,215.8	3,665.3
Demand deposits	1,338.3	1,643.7	1,783.1	2,115.8	2,228.9
Time deposits	592.1	567.4	478.8	490.7	595.2
Foreign currency	283.6	439.0	471.3	609.3	841.3
In millions of SDRs	...	...	61.9	67.8	98.5
Short-term bonds	95.5	70.4	129.8	151.8	169.3

Sources: Central Bank of Madagascar; and Fund staff estimates.

Table 33. Madagascar: Foreign Reserve Assets and Liabilities of the Central Bank, 1996-2000

(In millions of SDRs; end of period, unless otherwise indicated)

	1996	1997	1998	1999				2000			
	December			Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.
Foreign assets	167.9	208.4	121.8	134.4	124.5	140.5	165.5	175.5	148.9	212.5	218.7
<i>Of which</i> : time deposits	112.4	6.6	67.4	30.6	110.5	120.1	121.7	148.4	92.2	156.0	129.4
Foreign liabilities	53.1	54.1	43.4	41.3	38.6	51.0	48.0	46.3	44.8	75.0	81.6
Nonresident deposits	2.3	2.4	1.9	1.3	2.5	1.9	2.1	1.6	1.3	1.6	1.4
International organizations	0.0	0.3	0.3	0.1	0.0	0.2	0.2	0.2	0.2	0.2	0.2
IMF	50.8	51.5	41.2	39.9	36.1	48.9	45.8	44.5	43.2	73.2	80.0
External payments arrears	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net foreign assets	114.8	154.3	78.3	93.0	85.9	89.4	117.5	129.2	104.1	137.5	137.1
Excluding IMF and arrears	165.6	205.8	119.6	133.0	122.0	138.3	163.3	173.8	147.4	210.7	217.1
Memorandum item:											
Exchange rate: Malagasy francs per SDR	6,214.1	7,161.5	7,608.2	8,194.4	9,003.1	8,774.5	8,984.5	9,437.3	8,779.0	8,735.7	8,537.8

Source: Central Bank of Madagascar.

Table 34. Madagascar: Structure of Market Interest Rates, 1996-2001
(In percent per annum)

	Central Bank			Money Market				Treasury Bills				Secondary market (weighted average)	
	Base rate	Lending 2-10 days	Overnight lending	Lending on bid	Deposits on bid	Inter-bank	Open market	Primary market			Weighted average		
								4 weeks	12 weeks	24 weeks			
	(End of period)			(Weighted period average)									
1996	17.00	22.00	24.00	29.83	20.02	22.74	...	32.00	25.05	22.94	30.67	...	
1997	9.0	14.00	16.00	...	6.48	10.27	...	8.13	7.73	9.05	8.34	6.40	
1998	10.00	12.50	14.50	...	5.44	10.46	13.20	9.47	11.29	11.59	11.13	8.99	
1999	15.00	17.50	19.50	...	...	16.11	15.23	12.30	15.15	15.44	14.64	14.99	
2000	Jan.	15.00	17.50	19.50	...	...	16.91	...	14.00	16.58	16.38	15.47	13.10
	Feb.	15.00	17.50	19.50	...	...	17.09	...	12.96	14.64	15.28	14.25	12.08
	Mar.	15.00	17.50	19.50	...	...	17.00	15.31	12.67	15.28	14.90	14.44	12.77
	Apr.	15.00	17.50	19.50	...	...	17.00	15.72	12.76	15.52	15.26	14.49	13.90
	May	15.00	17.50	19.50	...	...	16.37	16.82	12.78	15.62	15.56	14.61	14.76
	Jun.	15.00	17.50	19.50	...	...	16.22	15.12	12.98	15.86	15.84	15.28	13.53
	Jul.	15.00	17.50	19.50	...	...	16.68	17.46	13.05	15.48	15.72	15.09	15.37
	Aug.	15.00	17.50	19.50	...	...	17.39	16.46	13.19	15.80	15.85	15.08	14.14
	Sep.	15.00	17.50	19.50	...	...	17.19	...	13.05	15.67	15.85	14.77	11.88
	Oct.	12.00	14.50	16.50	...	...	16.86	...	12.49	15.01	15.48	14.09	12.09
	Nov.	12.00	14.50	16.50	...	...	15.63	...	11.68	14.62	14.86	14.03	11.19
	Dec.	12.00	14.50	16.50	...	...	15.62	...	11.27	14.03	14.62	13.76	10.24
2001	Jan.	12.00	14.50	16.50	...	...	12.51	14.65	11.07	14.05	14.48	13.42	11.10
	Feb.	12.00	14.50	16.50	...	...	13.00	14.12	10.46	13.90	14.07	13.32	10.68
	Mar.	12.00	14.50	16.50	...	...	12.00	13.76	9.78	13.35	13.44	12.30	10.14
	Apr.	12.00	14.50	16.50	...	...	...	13.28	9.12	12.68	12.96	12.20	9.26
	May	12.00	14.50	16.50	...	...	12.00	12.65	8.11	12.17	12.52	11.62	8.89
	Jun.	10.50	13.00	15.00	...	...	...	11.23	7.40	10.91	11.35	9.65	7.79
	Jul.	10.50	13.00	15.00	...	...	10.50	10.51	7.05	9.99	10.19	9.34	7.68
	Aug.	10.50	13.00	15.00	...	...	10.50	...	6.50	9.49	9.70	8.45	8.39

Source: Central Bank of Madagascar.

Table 35. Madagascar: Structure of Commercial Bank Interest Rates, 1996-2001
(In percent per annum)

	Base Rate	Lending Rates		Deposit Rates		Lending Rates		Deposit Rates		
		Short term	Medium term	Time and > one year	Foreign currency	Short term	Medium term	Time and > one year	Foreign currency	
	(Midpoint of the range; end of period) ¹	(Midpoint of weighted averages) ²								
1996	19.73	23.25	20.75	12.00	2.89	21.90	22.95	13.56	2.39	
1997	14.01	19.00	17.90	7.25	2.68	19.90	19.36	9.69	1.07	
1998	13.50	18.25	17.38	5.00	2.50	17.63	15.47	9.33	1.44	
1999	16.50	21.13	17.75	7.50	1.75	18.59	16.58	10.20	1.63	
2000	I	15.08	19.50	18.25	9.17	1.78	19.09	16.22	10.79	1.70
	II	16.08	19.50	18.25	8.50	2.60	21.02	14.99	11.16	1.70
	III	15.22	19.00	18.25	9.00	2.60	21.02	14.53	11.28	1.65
	IV	13.42	18.75	17.25	9.00	2.60	19.87	14.00	10.75	1.63
2001	I	13.38	18.25	16.75	8.50	2.25	19.07	14.48	8.30	1.95
	II	13.55	18.25	16.75	8.50	2.60	19.07	14.19	7.81	1.94

Source: Central Bank of Madagascar.

¹ On new business only; reported as a range by commercial banks.

² Calculated by the banks on their outstandings; the midpoint is a simple average of the highest and lowest rates reported by the banks.

Table 36. Madagascar: Issues and Outstandings of Treasury Bills, 1996-2001
(Nominal values; in billions of Malagasy francs, unless otherwise indicated)

		Total Issue						Of Which: Nonbanking Sector ¹				Total Outstanding		Of Which: Nonbanking Sector				
		Treasury preannouncement ²			Total bid	Percentage	Bids accepted	Percentage	Total bid	Percentage	Bids accepted	Percentage	Net purchases	Stock at end of period	Net purchases	Stock at end of period	Percentage of total	
		Total	Of which: competitive market ³	Percentage														(1)	(1a)	(1a)/(1)	(2)	(2)/(1)	(3)	(3)/(2)	(4)	(4)/(1a)	(5)	(5)/(4)	(6)	(7)	(8)	(9)	(9)/(7)
1996		...	...	...	1,694.5	...	1,387.6	81.9	...	...	...	95.7	276.6	47.7	79.2	28.6	
1997		1,099.5	1,059.5	96.4	2,909.5	274.6	1,650.0	56.7	286.1	27.0	177.2	61.9	198.4	475.0	49.1	128.3	27.0	
1998		2,338.0	1,925.0	82.3	2,901.0	150.7	1,953.2	67.3	845.5	43.9	632.9	74.9	156.1	631.1	163.0	291.3	46.2	
1999		2,095.0	1,890.0	90.2	3,282.4	173.7	2,545.1	77.5	1,357.6	71.8	1,069.6	78.8	18.1	649.2	111.9	403.2	62.1	
2000		1,810.0	1,550.0	85.6	4,425.3	285.5	3,769.4	85.2	1,681.0	108.4	1,436.6	85.5	301.5	950.7	120.4	523.6	55.1	
2000	Jan	140.0	120.0	85.7	413.0	344.2	312.9	75.8	107.9	89.9	77.8	72.1	99.0	748.2	7.9	411.2	55.0	
	Feb	140.0	120.0	85.7	576.9	480.8	424.4	73.6	191.8	159.8	144.7	75.4	162.8	911.0	57.9	469.0	51.5	
	Mar	210.0	180.0	85.7	444.4	246.9	430.0	96.8	188.4	104.7	182.0	96.6	1.9	912.9	3.4	472.5	51.8	
	Apr	140.0	120.0	85.7	355.1	295.9	305.6	86.1	117.1	97.6	102.3	87.4	63.9	976.8	3.8	476.3	48.8	
	May	140.0	120.0	85.7	326.0	271.7	307.6	94.4	159.2	132.7	144.3	90.6	-43.0	933.8	14.4	490.7	52.5	
	Jun	140.0	120.0	85.7	261.5	217.9	244.5	93.5	127.7	106.4	123.2	96.5	-53.0	880.8	7.9	498.6	56.6	
	Jul	130.0	110.0	84.6	162.6	147.8	159.7	98.2	82.6	75.1	79.7	96.5	-75.9	804.9	-9.6	489.0	60.8	
	Aug	140.0	120.0	85.7	223.8	186.5	217.3	97.1	112.3	93.6	112.3	100.0	-59.6	745.3	13.7	502.7	67.5	
	Sep	210.0	180.0	85.7	511.7	284.3	408.1	79.8	145.1	80.6	124.7	85.9	67.0	812.3	-37.5	465.2	57.3	
	Oct	140.0	120.0	85.7	391.4	326.2	297.2	75.9	123.9	103.3	91.9	74.2	43.0	855.3	6.7	471.9	55.2	
	Nov	140.0	120.0	85.7	502.0	418.3	418.9	83.4	191.2	159.3	133.6	69.9	72.7	928.0	6.5	478.4	51.6	
	Dec	140.0	120.0	85.7	256.9	214.1	243.2	94.7	133.8	111.5	120.1	89.8	22.7	950.7	45.3	523.7	55.1	
2001	Jan	150.0	130.0	86.7	285.3	219.5	230.9	80.9	101.8	78.3	80.9	79.5	16.4	967.1	25.4	549.1	56.8	
	Feb	190.0	170.0	89.5	586.6	345.1	461.9	78.7	176.0	103.5	127.8	72.6	88.8	1,055.9	32.6	581.7	55.1	
	Mar	230.0	200.0	87.0	504.9	252.5	430.3	85.2	184.8	92.4	139.2	75.3	56.5	1,112.4	21.6	603.3	54.2	
	Apr	160.0	140.0	87.5	560.3	400.2	387.0	69.1	123.5	88.2	90.2	73.0	104.7	1,217.1	-7.7	595.6	48.9	
	May	220.0	190.0	86.4	617.3	324.9	432.1	70.0	190.7	100.4	77.6	40.7	36.7	1,253.8	-49.2	546.5	43.6	
	Jun	170.0	130.0	76.5	773.3	594.8	458.9	59.3	169.3	130.2	90.4	53.4	169.9	1,423.7	-16.6	529.8	37.2	
	Jul	200.0	160.0	80.0	688.5	430.3	523.9	76.1	181.3	113.3	151.5	83.6	42.4	1,466.1	33.9	563.7	38.5	
	Aug	275.0	225.0	81.8	770.0	342.2	666.5	86.6	293.9	130.6	226.4	77.0	13.7	1,479.8	56.6	620.3	41.9	

Source: Central Bank of Madagascar.

¹ Competitive market only, since May 16, 1997.

² Since May 16, 1997 only.

³ The noncompetitive segment of the market is open only to intermediaries in the secondary market; bills are sold at a price equal to the average of bids in the competitive auction market.

Table 37. Madagascar: Summary Balance of Payments, 1996-2000
(In millions of SDRs, unless otherwise indicated)

	1996	1997	1998	1999	2000
Current account	-138.6	-142.5	-205.3	-146.9	-166.8
Goods and services	-139.4	-208.2	-213.8	-210.7	-213.6
Trade balance	-80.3	-127.1	-110.5	-115.9	-77.4
Exports	353.0	368.5	385.0	427.1	628.6
Imports	-433.3	-495.6	-495.5	-543.0	-706.0
Net services	-59.1	-81.1	-103.3	-94.8	-136.2
Services, receipts	195.1	194.1	208.1	238.5	270.9
Services, payments	-254.2	-275.2	-311.4	-333.3	-407.1
Income	-108.9	-66.4	-54.5	-30.8	-55.8
Receipts	6.0	14.4	17.7	15.1	16.9
Payments	-114.9	-80.8	-72.2	-45.9	-72.7
Of which: dividends	-2.6	-5.0	-5.0	-6.4	-20.0
interest	-112.3	-75.8	-67.2	-39.5	-43.7
Of which: government interest	-111.1	-71.7	-63.2	-38.0	-42.5
Current transfers	109.7	132.1	63.0	94.6	102.6
Government	55.9	57.8	12.6	25.8	25.5
Budget aid	8.5	45.7	8.1	20.8	16.5
Other (net) ¹	14.1	12.1	4.5	5.0	9.0
Private	53.8	74.3	50.4	68.8	77.1
Capital and financial account	56.9	162.2	78.7	137.0	134.0
Capital transfers	32.6	77.6	73.5	94.2	87.0
Government	35.1	82.4	73.5	94.2	87.0
Project grants	35.1	82.4	73.5	94.2	87.0
Other	0.0	0.0	0.0	0.0	0.0
Private sector	-2.5	-4.8	0.0	0.0	0.0
Financial account	-20.4	64.1	24.4	41.8	36.1
Direct investment	7.0	10.0	11.9	42.7	52.9
Of which: privatization receipts	0.0	0.0	0.7	15.4	5.3
Portfolio investments	0.0	0.0	0.0	0.0	0.0
Other	-27.4	54.1	12.5	-0.9	-16.8
Government	-46.7	78.1	0.5	-2.1	8.7
Drawings	62.0	155.5	90.2	75.0	86.9
Of which: project drawings	53.4	54.0	64.0	56.5	46.2
budgetary support	6.6	98.3	19.3	11.6	39.3
Amortization	-108.7	-77.4	-89.7	-77.1	-78.2
Private sector (net)	-6.0	-5.4	-5.3	-1.3	0.0
Banks (net)	25.3	-18.6	17.3	2.4	-25.5
Other (including errors and omissions) ²	44.7	20.5	-19.2	1.0	10.9
Of which: indemnification	0.0	0.0	-2.5	-4.5	-4.9
Overall balance	-81.7	19.7	-126.6	-9.9	-32.7
Financing	81.7	-19.7	126.6	9.9	32.7
Net foreign assets (increase -)	-92.5	-39.5	76.6	-34.0	-21.2

Table 37. Madagascar: Summary Balance of Payments, 1996-2000 (concluded)
(In millions of SDRs, unless otherwise indicated)

	1996	1997	1998	1999	2000
Use of Fund credit (net)	2.0	0.7	-10.3	9.7	34.8
Purchase	13.6	13.6	0.0	13.6	38.6
Repurchases	-11.6	-12.9	-10.3	-3.8	-3.8
Other assets (net, increase -)	-94.5	-40.2	86.9	-43.7	-56.0
Net change in arrears (excluding the Central Bank)	174.2	-783.2	12.0	3.1	-5.7
Arrears accumulation	174.2	47.4	18.1	3.1	0.0
Repayment of arrears	0.0	-72.1	-6.1	0.0	-5.7
Rescheduling of arrears	0.0	-758.5	0.0	0.0	0.0
Debt relief and cancellation	0.0	803.0	38.0	40.8	59.6
Current maturities	0.0	44.5	38.0	40.8	59.6
Arrears	0.0	758.5	0.0	0.0	0.0
Residual financing gap	0.0	0.0	0.0	0.0	0.0
<i>Of which</i> : Paris Club	0.0	0.0	0.0	0.0	0.0
Memorandum items:					
External current account / GDP (in percent)					
Excluding net official transfers	-7.1	-7.8	-7.9	-6.3	-6.5
Including net official transfers	-5.0	-5.5	-7.4	-5.4	-5.7
Scheduled debt service ³ (before debt relief)	40.3	27.2	26.5	17.5	13.6
Scheduled debt service ³ (after debt relief)	40.3	19.3	20.0	11.4	6.9
Public sector scheduled debt service ⁴ (before relief)	90.5	57.9	54.6	34.9	32.3
Annual percentage changes					
Export volume	18.6	3.3	5.9	17.2	6.9
Import volume	0.6	14.7	12.1	-21.6	58.1
Real GDP	2.1	3.7	3.9	4.7	4.8
Gross official reserves	167.9	208.4	121.8	165.5	218.7
(weeks of goods and nonfactor services imports)	12.7	14.1	7.8	9.8	10.2
(excluding privatization receipts)	20.2	21.9	12.7	14.4	15.7

Sources: Central Bank of Madagascar; and Fund staff estimates.

¹ Other official grants less payments due to scholarships and contributions to international organizations.

² Includes commercial credits received or granted.

³ In percent of exports of goods and nonfactor services, before rescheduling.

⁴ In percent of government revenue, before rescheduling.

Table 38. Madagascar: Composition of Exports, f.o.b., 1996-2000
 (Unless otherwise indicated, values in millions of SDRs, volumes in thousands of tons,
 and unit values in SDRs per kilogram)

	1996	1997	1998	1999	2000
Coffee					
Value	42.6	23.9	29.4	21.9	6.2
Volume	44.2	25.9	30.0	27.9	13.0
Unit price	1.0	0.9	1.0	0.8	0.5
Vanilla					
Value	13.5	6.9	11.8	20.2	44.2
Volume	1.2	0.7	0.7	1.3	1.1
Unit price	11.6	10.7	17.3	15.2	39.8
Cloves					
Value	3.6	8.9	6.9	12.0	34.5
Volume	7.1	15.8	9.9	7.8	14.9
Unit price	0.5	0.6	0.7	1.5	2.3
Pepper					
Value	2.8	2.1	0.9	1.7	1.1
Volume	1.9	0.9	0.4	0.6	0.6
Unit price	1.5	2.3	2.5	2.8	1.8
Shellfish					
Value	43.6	46.8	50.9	57.8	60.8
Volume	8.0	8.0	8.5	12.2	11.5
Unit price	5.4	5.8	6.0	4.7	5.3
Sugar					
Value	11.5	8.2	5.0	9.0	4.4
Volume	25.7	20.6	11.6	31.2	14.0
Unit price	0.5	0.4	0.4	0.3	0.3
Meat					
Value	2.7	0.9	0.1	0.01	0.1
Volume	1.8	0.6	0.0	0.0	0.1
Unit price	1.6	1.4	1.0	1.1	0.8
Cocoa					
Value	2.3	0.6	1.0	0.9	2.0
Volume	2.9	0.7	0.9	1.0	2.3
Unit price	0.8	0.9	1.1	0.9	0.9
Cotton cloth					
Value	7.1	12.3	28.1	21.5	27.6
Volume	1.5	2.5	6.5	4.4	4.4
Unit price	4.8	5.0	4.3	4.9	6.3
Sisal					
Value	3.5	1.4	1.2	1.5	1.5
Volume	11.0	3.8	2.7	4.6	5.3
Unit price	0.3	0.4	0.4	0.3	0.3

Table 38. Madagascar. Composition of Exports, f.o.b., 1996-2000 (concluded)
 (Unless otherwise indicated, values in millions of SDRs, volumes in thousands of tons,
 and unit values in SDRs per kilogram)

	1996	1997	1998	1999	2000
Petroleum products					
Value	9.0	10.6	8.0	9.8	17.2
Volume	121.8	162.9	159.9	152.3	163.2
Unit price	0.1	0.1	0.1	0.1	0.1
Chromite					
Value	6.8	6.5	5.8	3.3	4.2
Volume	110.1	117.8	115.2	96.2	91.8
Unit price	0.1	0.1	0.1	0.0	0.0
Graphite					
Value	5.4	5.0	5.0	3.2	4.4
Volume	14.3	14.0	13.1	9.2	13.7
Unit price	0.4	0.4	0.4	0.4	0.3
Essence of cloves					
Value	2.9	3.8	2.8	3.1	4.2
Volume	1.0	1.4	1.0	1.2	1.3
Unit price	2.9	2.7	2.7	2.7	3.3
Other items (including reexports)					
Value	82.3	93.1	82.5	96.0	168.3
Volume	0.7	0.9	0.9	1.0	1.7
Unit price	110.9	106.2	95.8	96.6	93.8
Exports of the export processing zone (EPZ)					
Value	120.9	135.8	143.4	163.8	248.1
Volume	1.1	1.3	1.5	1.7	2.7
Unit price	110.9	106.2	95.9	94.1	91.3
Total value					
	360.6	366.7	382.6	425.9	628.6
(percentage change)	4.6	1.7	4.3	10.2	47.6
Memorandum items:					
Traditional exports ¹	62.5	41.8	48.9	55.9	85.9
In percent of total	17.3	11.4	12.8	13.1	13.7
Nontraditional exports ²	298.1	324.9	333.7	370.1	542.7
In percent of total	82.7	88.6	87.2	86.9	86.3
Manufactured exports ³	219.3	251.8	262.0	291.1	461.2
In percent of total	60.8	68.7	68.5	68.4	73.37

Sources: Central Bank of Madagascar; and Fund staff estimates.

Table 39. Madagascar: Composition of Imports, c.i.f., 1996-2000

	1996	1997	1998	1999	2000
	(In millions of SDRs)				
Food	41.5	35.3	39.9	33.7	59.2
Rice	5.9	12.3	12.8	9.5	31.1
Other	35.6	23.0	27.1	24.2	28.1
Energy (petroleum)	73.2	84.9	74.8	90.2	163.0
Equipment goods	112.7	106.3	109.6	117.1	122.7
Raw materials and spare parts	82.2	100.0	91.2	97.6	103.1
Consumer goods	73.8	88.3	108.1	115.5	104.9
Other imports (including EPZ) ¹	139.0	168.3	159.3	193.7	277.7
Total imports (c.i.f.)	522.4	503.0	531.7	571.3	830.6
Total imports (f.o.b.)	444.0	427.5	495.5	485.6	706.0
	(In percent of total imports, c.i.f.)				
Food	7.9	7.0	7.5	5.9	7.1
Rice	1.1	2.5	2.4	1.7	3.7
Other	6.8	4.6	5.1	4.2	3.4
Energy (petroleum)	14.0	16.9	14.1	15.8	19.6
Equipment goods	21.6	21.1	20.6	20.5	14.8
Raw materials and spare parts	15.7	19.9	17.2	17.1	12.4
Consumer goods	14.1	17.6	20.3	20.2	12.6
Other imports (including EPZ) ¹	26.6	33.5	30.0	33.9	33.4
Total imports (c.i.f.)	100.0	100.0	100.0	100.0	100.0

Sources: Central Bank of Madagascar; and Fund staff estimates.

¹ Includes the imports of the enterprises set up in the export processing zone (EPZ) and enterprises under special tax regimes (ARD).

Table 40. Madagascar: Direction of Trade, 1996-2000 ¹

(In percent of total)

	1996	1997	1998	1999	2000
Exports, f.o.b.	100.0	100.0	100.0	...	100.0
European Union	55.2	54.2	56.6	...	44.9
<i>Of which</i> : France	31.7	34.1	39.6	...	37.1
Other Europe	2.5	3.6	2.0	...	0.8
United States	4.2	4.7	5.9	...	19.0
Asia and the Middle East	20.0	11.9	8.7	...	16.2
<i>Of which</i> : Japan	15.8	3.2	1.9	...	2.9
Africa	12.1	13.0	12.4	...	9.8
<i>Of which</i> : Mauritius	3.9	4.9	6.9	...	3.1
Réunion (France)	5.7	5.5	3.8	...	2.0
Other countries	6.1	12.5	14.4	...	9.3
Imports, c.i.f.	100.0	100.0	100.0	...	...
European Union	45.5	41.7	40.2	...	...
<i>Of which</i> : France	31.0	26.0	24.1	...	...
Other Europe	1.1	1.1	1.6	...	...
United States	5.0	5.1	4.0	...	...
Asia and the Middle East	28.4	22.7	27.8	...	...
<i>Of which</i> : Iran, Islamic Republic of	9.1	2.2	7.1	...	...
China	4.6	4.9	4.7	...	...
Japan	5.8	7.0	6.2	...	...
Africa	9.7	8.2	8.3	...	...
<i>Of which</i> : Mauritius	0.9	1.0	1.1	...	...
Réunion (France)	0.2	0.2	0.1	...	...
South Africa	8.2	6.3	6.0	...	...
Other countries	10.3	21.2	18.1	...	...

Source: Central Bank of Madagascar.

¹ Problems with the classification of local purchases and sales of Export Processing Zone enterprises prevented the authorities from providing consistent export data for 1999 and import data for 1999 and 2000.

Table 41. Madagascar: Balance of Services, 1996-2000
(In millions of SDRs, unless otherwise indicated)

	1996	1997	1998	1999	2000
Credit	210.7	200.3	217.2	244.9	279.3
Freight and insurance on goods	3.3	3.3	3.5	4.0	4.8
Other transport	52.2	40.4	42.8	39.1	35.0
Travel	44.6	52.9	65.5	72.8	91.9
Investment income	5.9	5.7	9.5	6.6	8.4
Other services, public	28.3	20.9	19.6	26.9	38.7
Other services, private	76.4	77.1	76.3	95.6	100.6
Debit	382.2	357.6	385.2	374.1	470.8
Freight and insurance on goods	72.4	79.2	78.6	78.8	104.0
Percent of imports, c.i.f.	13.9	13.6	13.5	12.3	12.5
Other transport	37.2	34.3	33.6	37.3	57.1
Travel	49.7	56.9	84.8	81.4	87.9
Investment income	114.9	80.8	72.2	46.2	63.7
Interest	112.9	75.8	67.2	39.8	43.7
Dividends	2.0	5.0	5.0	6.4	20.0
Other services, public	64.5	69.4	78.2	87.0	96.0
Government expenditures	10.3	10.7	14.8	17.4	12.4
Services linked to project loans	32.8	33.5	40.3	50.4	64.1
Services linked to project grants	21.4	25.2	23.1	19.2	19.5
Other services, private	43.5	37.0	37.9	43.4	62.1
Net services	-171.6	-157.3	-168.0	-129.2	-191.5
Nonfactor services	-62.5	-82.2	-105.3	-89.6	-136.2
Factor services	-109.0	-75.1	-62.7	-39.6	-55.3

Sources: Central Bank of Madagascar; and Fund staff estimates.

Table 42. Madagascar: Stock of External Debt, 1996-2000
(In millions of SDRs, unless otherwise indicated)

	1996	1997	1998	1999	2000
Medium- and long-term official debt	1,617.0	2,448.9	2,473.2	2,562.4	2,668.8
Bilateral creditors	480.0	1,187.2	1,173.1	1,173.4	1,163.9
Paris Club ¹	460.0	1,169.7	1,153.9	1,144.7	1,136.2
Other countries	19.9	17.6	19.3	28.6	27.7
International organizations	1,124.2	1,256.6	1,296.5	1,386.8	1,502.6
IMF	50.8	51.5	41.2	45.8	80.0
Others	1,073.4	1,205.2	1,255.3	1,341.0	1,422.7
<i>Of which:</i> World Bank Group	811.3	903.4	953.0	1,020.7	1,094.1
African Development Bank	33.9	28.6	23.5	23.5	248.6
African Development Fund	136.2	189.2	194.4	194.4	229.5
Private creditors	12.8	5.0	3.6	2.3	2.3
Commercial banks	5.9	0.7	0.5	0.4	2.3
Others	6.9	4.3	3.1	1.9	0.0
Total arrears	1,465.9	409.4	355.7	386.2	455.0
Paris Club ¹	1,126.2	75.3	4.2	40.0	89.9
Other bilateral creditors	268.4	301.0	317.0	312.3	345.3
International organizations	41.8	1.0	0.0	0.0	0.0
Private creditors	29.5	32.1	34.5	33.9	19.8
Total external debt outstanding ²	3,082.9	2,858.3	2,828.9	2,948.6	3,123.9
Memorandum items:					
Total external debt/GDP (in percent)	111.8	111.1	102.6	108.3	106.4
Total external debt					
in percent of exports of goods and nonfactor services	545.3	509.2	479.2	437.5	346.8
Total debt to official creditors after debt relief	3,040.7	2,821.2	2,790.8	2,912.5	3,101.7

Sources: Central Bank of Madagascar; and Fund staff estimates.

¹ Reflects Paris Club flow rescheduling on Naples terms obtained for the period January 1997- July 2000 and assumes that agreements with all Paris Club creditors became effective in 1997.

² After traditional debt relief (Naples flow rescheduling of 1997).