

Statement by the Staff Representative on Republic of Madagascar
July 27, 2016

1. This statement reports on new developments since the staff report was issued. The additional information does not change the thrust of the staff appraisal:

- The authorities have completed all prior actions: (i) the supplementary budget, with measures outlined in the MEFP, was submitted to the Parliament in June and adopted by the National Assembly on June 29 and the Senate on June 30; (ii) the weighted-average electricity tariffs have been increased by 15 percent following a 10 percent tariff increase announced in June and a 5 percent tariff increase announced in July; and (iii) the draft laws establishing anti-corruption centers and strengthening asset declarations and their use were submitted to the Parliament in June and adopted by the National Assembly on June 30 and the Senate on July 1.
- Madagascar's terms of trade have improved in recent months because of higher-than-expected world-market prices for vanilla, for which Madagascar is the world's leading producer. As a result, the exchange rate has appreciated against the dollar in both nominal and real terms.