



REPUBLIC OF MADAGASCAR

June 14, 2017

STAFF REPORT FOR THE 2017 ARTICLE IV CONSULTATION,
FIRST REVIEW UNDER THE EXTENDED CREDIT FACILITY
ARRANGEMENT, AND REQUESTS FOR WAIVER OF
NONOBSERVANCE OF PERFORMANCE CRITERION,
MODIFICATION OF PERFORMANCE CRITERION, AND
AUGMENTATION OF ACCESS—INFORMATIONAL ANNEX

Prepared By
African Department

In collaboration with other departments, the World Bank, and the
African Development Bank.

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FUND RELATIONS

(As of May 31, 2017)

Membership Status: Joined: September 25, 1963;

Article VIII

General Resources Account:	SDR Million	%Quota
Quota	244.40	100.00
Fund Holdings of currency	213.78	87.47
Reserve Tranche Position	30.62	12.53

SDR Department:	SDR Million	%Allocation
Net cumulative allocation	117.09	100.00
Holdings	13.21	11.28

Outstanding Purchases and Loans:	SDR Million	%Quota
RCF Loans	61.10	25.00
ECF Arrangements	41.05	16.80

Latest Financial Arrangements:

	Date of	Expiration	Amount Approved	Amount Drawn
<u>Type</u>	<u>Arrangement</u>	<u>Date</u>	<u>(SDR Million)</u>	<u>(SDR Million)</u>
ECF	Jul 27, 2016	Nov 26, 2019	220.00	31.43
ECF ¹	Jul 21, 2006	Jul 20, 2009	73.32	53.03
ECF ¹	Mar 01, 2001	Mar 01, 2005	91.65	91.65

¹ Formerly PRGF.

Projected Payments to Fund²**(SDR Million; based on existing use of resources and present holdings of SDRs):**

	Forthcoming				
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Principal	3.73	5.89	3.06	6.11	12.22
Charges/Interest	0.28	0.57	0.57	0.58	0.57
Total	4.02	6.47	3.63	6.69	12.79

²When a member has overdue financial obligation outstanding for more than three months, the amount of such arrears will be shown in this section.

Implementation of HIPC Initiative:

I. Commitment of HIPC assistance	<u>Enhanced Framework</u>
Decision point date	Dec 2000
Assistance committed by all creditors (US\$ Million) ¹	835.75
Of which: IMF assistance (US\$ million)	19.17
(SDR equivalent in millions)	14.73
Completion point date	Oct 2004
II. Disbursement of IMF assistance (SDR Million)	
Assistance disbursed to the member	14.73
Interim assistance	5.62
Completion point balance	9.11
Additional disbursement of interest income ²	1.69
Total disbursements	16.42

¹Assistance committed under the original framework is expressed in net present value (NPV) terms at the completion point, and assistance committed under the enhanced framework is expressed in NPV terms at the decision point. Hence these two amounts cannot be added.

²Under the enhance framework, an additional disbursement is made at the completion point corresponding to interest income earned on the amount committed at the decision point but not disbursed during the interim period.

Implementation of Multilateral Debt Relief Initiative (MDRI):

I. MDRI – eligible debt (SDR Million) ¹	137.29
Financed by: MDRI Trust	128.50
Remaining HIPC resources	8.79

II. Debt Relief by Facility (SDR Million)

Eligible Debt

<u>Delivery Date</u>	<u>GRA</u>	<u>PRGF</u>	<u>Total</u>
January 2006	N/A	137.29	137.29

¹The MDRI provides 100 percent debt relief to eligible member countries that qualified for the assistance. Grant assistance from the MDRI Trust and HIPC resources provide debt relief to cover the full stock of debt owed to the Fund as end-2004 that remains outstanding at the time the member qualifies for such debt relief.

Implementation of Catastrophe Containment and Relief (CCR): Not Applicable.**Safeguards Assessments:**

An update safeguards assessment of the *Banque Centrale de Madagascar* (BCM) was completed in March 2017. Previous assessments were completed in March 2006, September 2008, and January 2015. The updated safeguards assessment found that progress had been made in implementing recommendations made in the 2015 assessment, including strengthening the legal framework and establishing an audit committee to oversee the internal and external audit process. However, delays in the publication of audited financial statements and an outdated accounting framework undermine transparency. In addition, risks in currency operations and reserves management are elevated. While the BCM received technical assistance on internal audit and financial reporting in the past two years, capacity constraints have hindered progress.

Exchange Rate Arrangement:

The currency of the Republic of Madagascar is the Malagasy ariary. The de jure exchange rate arrangement is floating. The exchange rate is determined in the official interbank market. The Central Bank of Madagascar (CBM) intervenes in the interbank market to smooth large exchange rate fluctuations and meet foreign reserve targets. Information on CBM daily interventions is not publicly available. The minimum, maximum, and weighted average daily rates as well as the number and amount of transactions are made available to the public through the CBM official site. The de facto exchange rate arrangement is classified as floating.

The exchange rate followed a pre-determined path until September 2015, and has been free-floating since. The central bank undertook buyback operations in the foreign exchange market for several months in 2015 which artificially maintained the published exchange rate at a more appreciated level than the market exchange rate. The buyback operations were discontinued in

September 2015 and the official exchange rate depreciated by about 10 percent against the US Dollar at that time (when the official exchange rate converged with the market exchange rate).

The Republic of Madagascar accepted the obligations of Article VIII of the IMF Articles of Agreement with effect from September 18, 1996. The Republic of Madagascar maintains an exchange system free of restrictions on the making of payments and transfers for current international transactions.

Article IV Consultation:

The most recent Article IV consultation was concluded on January 16, 2015 (Country Report No. 15/24).

Financial Sector Assessment Program (FSAP), Reports on Observance of Standards and Codes (ROSCs), and Offshore Financial Center (OFC) Assessments:

FSAP completed in July 2016.

Technical Assistance:

Technical assistance provided to Madagascar following the normalization of relations in March, 2014 are listed below.

Fiscal Affairs Department (FAD)

Year of delivery

Diagnostic Mission: Improving Tax and Customs Revenue Collection	2014
PFM Reform Strategy	2014
Medium-Term Fiscal Framework (MTFF)	2014
Energy Subsidy Reform	2014
Tax Policy Review	2014
MTFF and Natural Resources Management	2014
Tax Administration: Review of the legal framework for taxation of mining and petroleum operations	2015
Revenue Mobilization: Transfer pricing	2015
Budget Formulation: Strengthening medium-term macro fiscal and budget frameworks	2015
Customs Administration: Risk management and post clearance audit	2015
Revenue Administration: Action plan to improve tax and customs revenue collection	2015
Public Expenditure Management: Control and audit on public expenditure	2015
Management of Expenditure Arrears	2015
Medium-Term Budgeting, Budget Classification, and Natural Resource Management	2016
MTEF and Fiscal Strategy Paper	2016
Public Investment Management Assessment	2016
Revenue and Customs Administration (AFS)	2016

Management of Arrears and VAT Refunds	2016
Public Investment Management Assessment (joint mission with AFS and the World Bank}	2016
Medium-Term Budget Framework: Developing manual	2016
Data Matching of Customs and Domestic Tax Data (AFS)	2017
Medium-Term Budget Framework and Public Investment	2017

Monetary and Capital Markets Department (MCM)

Technical Assistance Needs Assessment Diagnostic	2014
Introduction of IFRS in Central Bank Accounting	2015
Strengthening Internal Audit and Controls	2015
Transitioning to a Modern Monetary Policy Operational Framework	2015
Set Objectives for Monetary Policy (AFS)	2015
Coherent Approach to Monetary Policy Formulation (AFS)	2015
Liquidity Management and Forecasting (AFS)	2015
Functioning of the Interbank Foreign Exchange Market (AFS)	2015
Strengthening Internal Audit	2015
Inflation Analysis and Forecasting (AFS)	2015
Central Bank Accounting and Auditing	2016
Foreign Exchange Operations (AFS)	2016
Monetary Policy Communication (AFS)	2016
Inflation Analysis and Forecasting	2016
Risk Based Supervision	2016
Liquidity Management and Implementation of Repo Agreements	2017
Internal Audit and Risk Management	2017
Regulation and Functioning of the Interbank Foreign Exchange Market (AFS)	2017

Legal Department (LEG) and Monetary and Capital Markets Department (MCM)

Central Banking Law	2014
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Statistics Department (STA)

National Accounts (AFS)	2015
Balance of Payments Statistics	2015
Multisector Statistics	2015
Monetary and Financial Statistics	2015
National Accounts (AFS)	2015
Price Statistics (AFS)	2016
National Accounts (AFS)	2016
Open Data Initiative	2016
Government Finance Statistics	2016
Monetary and Financial Statistics	2016
National Accounts (AFS)	2017
Balance of Payments Statistics	2017
Price Statistics (AFS)	2017

Resident Representative:

Mr. Patrick Imam has been the Resident Representative since September 2014.

RELATIONS WITH THE WORLD BANK GROUP

(As of May, 2017)

1. The Fund and the Bank teams working on Madagascar met to discuss reform priorities and the division of labor. The meeting was chaired by Mr. Mills (IMF) and Ms. Sharma (World Bank).

2. The teams agreed that Madagascar's main economic challenge is to create the foundation for a sustained economic recovery and poverty reduction. To meet this challenge, Madagascar needs to: (i) broaden the tax base and implement tax and customs administration reforms; (ii) improve the allocation and use of public resources to raise the economy's productivity, improve service delivery, and help meet acute social needs of vulnerable groups through reduced subsidies and transfers to public enterprises and civil service reforms, including pension reform; (iii) strengthen public financial management, including: reporting, monitoring and control systems; (iv) advance other policies that support economic growth and improve the business climate, including actions that strengthen governance and create a level playing field for the private sector; (v) proceed with reforms that improve central bank operations and strengthen financial sector stability; and (vi) promote financial access and financial inclusion.

3. Based on this assessment, the teams identified the following structural reform areas as macro-critical:

- **Tax and customs administration:** Tax revenues are at historically low levels because of the large informal economy, corruption, and weak administration. Corruption is also widespread in customs with many discretionary and non-transparent customs duty exemptions.
- **Public financial management (PFM) including control of public enterprises:** Actual budget allocations deviate significantly from the original budget. Budget execution and cash management are too weak to adjust for changes in available resources during the course of the year. Government transfers to cover losses in public enterprises are crowding out higher-priority public spending.
- **Public expenditure efficiency:** The high share of non-discretionary spending induces significant rigidities in the budget. Going forward, it will be important to rebalance spending in favor of social priorities through revenue growth and reforms that reduce the need for transfers to public enterprises and the pension system.
- **Public investment and debt management:** A priority against the background of planned scaling up of public investment and new financing from public-private partnerships (PPPs), especially the need to enhance public investment capacity and donor coordination. Implementation of the priority investment plan must be phased in such a way that debt is maintained at sustainable levels.
- **Economic governance and corruption:** Governance weakened and corruption increased after the unconstitutional change of government in 2009. People perceive payment of bribes to be a frequent feature in interactions with the government and political parties have become a tool to maintain

influential individuals in power through the distribution of favors. The justice system is perceived to be partial with an unfair enforcement of laws and Madagascar is seen as having one of the least independent judicial systems in Sub-Saharan Africa.

- **Business environment:** In addition to improved governance, reforms creating a level playing field and reducing excessive bureaucratic procedures would be critical to improve the business climate. In this context it is also essential to modernize the mining and petroleum codes to bring them in line with good international practice.
 - **Service delivery and social safety nets:** Public spending on health and education is lagging other Sub-Saharan African countries and the gap is growing. Access and use of basic healthcare is not universal, decreasing, and increasingly rationed by money. It will be important to scale up and target fiscal spending in favor of the most vulnerable, through demand side interventions such as cash transfer to households conditional on children attending school, and supply side interventions such as rehabilitation of basic health centers, increased provision of basic vaccines, and repairing and building school buildings.
 - **Central bank operations:** The transmission of monetary policy impulses is limited in effectiveness due largely to an insufficiently developed financial system. The government securities market is segmented and exclusively short term with little activity in the interbank money market and the market for secondary Treasury Bill trading. While there is significant excess liquidity in the money market, the seasonal fluctuations are strong with effectively all excess liquidity held by two or three of the dominant banks.
 - **Financial sector stability:** Financial regulation and supervision is inadequate with significant regulatory gaps and scarce resources. Banking supervision performs poorly when assessed against the Basel Core Principles. The supervisory authorities lack a framework for early and effective intervention and many non-bank financial institutions are not supervised by any authority.
 - **Financial access and inclusion:** Micro-financial institutions (MFIs) are still small but growing rapidly. New measures, including stronger supervision, are needed to strengthen consumer protection and financial education.
 - **The statistical system:** Key statistics are provided by the National Institute of Statistics (NIS) and other government agencies. The central bank, ministries, and NIS regularly undertake standard economic and social surveys with donor financing. Quality and timely reporting remains an issue of concern. The last population census was held in 1993 and the national accounts are currently based on the 1968 system of national accounts. The quality of sector statistics must be improved, including through better coordination. While data production has increased in recent years, data access remains challenging.
- 4. The teams agreed on the following division of labor:**
- **Tax and customs administration:** Shared responsibility. In tax administration, TA will help to refocus available resources on real challenges and compliance risks, remove regulatory obstacles, streamline management resources to support change, and give priority to measures that are likely to generate

additional tax revenues. In customs administration, the aim is to move from strictly transaction-based controls to more use of post-clearance audits. It is essential to continue upgrading the risk management system, review the procedures used to control imported and exported goods, and implement targeted actions against fraud.

- **PFM including control of public enterprises:** Shared responsibility. Fund TA aims at developing medium-term fiscal objectives, improving budget execution and public investment management, and developing new procedures for internal control to avoid arrears. The Bank is providing assistance in the following areas: (i) the public sector project is supporting the government in improving revenue management and local service delivery; (ii) the energy sector project is providing TA and financial support in order to improve the operational performance of the national electricity utility (JIRAMA) and improve the reliability of electricity supply, including the purchasing of spare parts necessary for the rehabilitation of the fuel supply system of JIRAMA's existing heavy fuel oil (HFO) plants; (iii) and a support to Air Madagascar in the research of a strategic partner.
- **Public expenditure efficiency:** The World Bank public sector projects is supporting selected reforms in the education sector based on a previous public expenditure review in health and education.
- **Public investment and debt management:** Shared responsibility. The Bank and the Fund conducted a joint Public Investment Management Assessment (PIMA) to diagnose the public investment management framework in 2016.
- **Economic governance and corruption:** Shared responsibility. With joint support from the World Bank and the Fund, the authorities are reviewing existing legislation, regulations, and supervisory practices with the aim of hindering money laundering and the financing of terrorism. Fund TA is also focused on reducing administrative discretion in tax and customs administration and public expenditure management.
- **Business environment:** The World Bank's Second Integrated Growth Poles project (PIC2) is aiming to improve commercial justice and increase economic opportunities and access to enabling services in selected regions. At the national level, the project is supporting a series of investment climate reforms and help strengthening the public-private interface to increase investor confidence and private investment. At the regional level, the project is supporting the implementation of targeted and integrated interventions to overcome barriers to private investment and job creation in poor regions with high growth potential. The World Bank and the Fund are assisting the authorities in the drafting of the mining and petroleum codes.
- **Service delivery and social safety nets:** The Bank has the lead. The emergency food security and social protection project is supporting a labor-intensive public works program as well as the design and implementation of a pilot program for conditional cash transfers. The safety nets project is preparing the ground for a more systematic and programmatic approach to social safety nets as part of a larger social protection policy. The Bank has conducted an actuarial assessment of the public pension system.
- **Central bank operations:** The IMF has the lead. The Fund is assisting the authorities in strengthening the central bank strategy and its core operations, including internal audit and

accounting, and making monetary policy formulation and instruments more effective, including by (i) strengthening the interbank market and the market for short-term Treasury bills; (ii) improving liquidity management and forecasting; (iii) strengthening monetary policy operations; (iv) strengthening the foreign exchange market; and (iv) producing short- and medium-term inflation forecasts.

- **Financial sector stability:** The Bank and the Fund will coordinate in providing support to banking supervision (CSBF). Both institutions assist the authorities in implementing risk-based supervision and establishing a legal and regulatory framework focused on anti-money laundering/combating the financing of terrorism (AML/CFT). The Bank supported the establishment of the legal framework regulating electronic money and is exploring the possibility of supporting the establishment of the institutional framework for control and supervision of non-bank financial institutions.
- **Financial access and inclusion:** The Bank will continue to strengthen its engagement in the area of SME finance.
- **The statistical system:** Shared responsibility. The Fund is providing TA in national accounts and price statistics. The Bank supports NIS in: (i) preparing the general population census; (ii) revising national accounts for 2007-12 using the 1993 system of national accounts and rebasing to 2007; (iii) capacity building; and (iv) updating the national strategy for the development of statistics.

5. The teams agreed to the following sharing of information:

- Following WB missions, the Fund team will be kept informed of progress in the above macrocritical structural reform areas. Fund staff (including the resident representative) would be invited to debriefs of mission conclusions with the authorities and would receive on a timely basis aide-memoires and reports for information.
- Following IMF missions, the Bank team will be kept informed of progress in the above cited areas where the Fund takes the lead as well as on areas of shared responsibility. The Fund will share outputs systematically. Bank staff would be invited to debriefs of mission conclusions with the authorities and would receive on a timely basis aide-memoires and reports for information.

6. Table 1 lists the teams' separate and joint work programs during 2017 and 2018.

Table 1. Madagascar: Bank and Fund Planned Activities in Macro-Critical Structural Reform Areas, 2017-2018

Title	Products	Provisional Timing of Missions	Expected Delivery Date of Report
Bank Work Program	TA in project prioritization tool for PIM	Q2, 2017	Q2, 2017
	Resident Advisor on PIM	Q3, 2017	Ongoing
	TA in Pension reforms	Q2, 2017	Q2, 2017
	Pump price structure analysis	Ongoing	Q2, 2017
	TA in Debt management	Q3, 2017	Q4, 2017
	TA in Public expenditure analysis (BOOST)	Q2, 2017	Q2, 2017
	TSA Assessment	Q2, 2017	Q2, 2017
	Air Madagascar support	Ongoing	Ongoing
	PPP - Pipeline project elaboration	Q2, 2017	Q2, 2017
	PPP- MFB Capacity building on financial analysis and screening of PPP projects	Q1, 2017	Q2, 2017
	PPP - Finalization of the 2 remaining enforcement decrees on PPP	Ongoing	Q1, 2017
	IFC Investment Climate support/ Doing Business	Q2/Q4, 2017	Ongoing
	ENR TA on modelling for sustainable land use planning		
	GIS planning for rural electrification	To be determined	To be determined
	Scaling up Renewable Energy Program – Investment Plan	Ongoing	Q1, 2018
	Market study for Energy stand-alone System	To be determined	To be determined
	FIRST project on Microfinance Supervision	Q2, 2017	Q2, 2018
	FIRST project on Payment Systems	Q3, 2017	Q4, 2018
	IFC TA on Credit Information	Q3, 2017; Q1, 2018	Q1, 2018
	IFC TA on Collateral registry	Q4, 2017	Q2, 2018
	Assessment of the Malagasy AML/CFT regime	No mission – World Bank report presented at the ESAAMLG Plenary (Sept 2017 or April 2018)	To be determined
	AML/CFT – National Risk Assessment	To be determined	To be determined
	Governance of State Owned Enterprises	Ongoing	Q2, 2017
	Customs modernization (public sector performance project)	To be determined	To be determined
	Support to Accountability Institutions	Q3, 2017	Q3, 2017
	Tax administration modernization (public sector performance project)	Q3, 2017	Q3, 2017

Table 1. Madagascar: Bank and Fund Planned Activities in Macro-Critical Structural Reform Areas, 2017-2018 (concluded)

Fund Work Program	STA TA in national accounts	Q2, 2017	Q3, 2017
	AFS TA in price statistics	Q2, 2017	Q3, 2017
	LEG TA in foreign exchange legislation	Q2, 2017	Q3, 2017
	FAD TA on MTBF, public investment, and natural resource management	Q3, 2017	Q4, 2017
	LEG multi-topic TA on banking law and the legal framework for repo agreements	Q3, 2017	Q4, 2017
	FAD TA in fiscal risk management	Q4, 2017	Q1, 2018
	STA TA in public finances	Q4, 2017	Q1, 2018
	FAD TA in cash and arrear management	Q1, 2018	Q2, 2018
	LEG TA in banking law	Q1, 2018	Q2, 2018
	LEG TA in the legal framework for repo agreements	Q1, 2018	Q2, 2018
	AFS TA in PIMA follow up	To be determined	To be determined
	AFS TA in fiscal forecast	To be determined	To be determined
	FAD TA in tax policy	To be determined	To be determined
	FAD TA in tax and customs administration (follow-up mission)	To be determined	Within 45 days after the last day of the mission
	AFS TA in customs administration	To be determined	Within 45 days after the last day of the mission
	AFS TA in tax administration	To be determined	Within 45 days after the last day of the mission
	AFS TA in payment system legislation	To be determined	To be determined
	AFS TA in monetary policy implementation	To be determined	To be determined
	AFS TA in foreign exchange market	To be determined	To be determined
	AFS TA in central bank governance	To be determined	To be determined
	AFS TA in central bank communication	To be determined	To be determined
	AFS TA in business surveys	To be determined	To be determined
	LEG TA in AML/CFT issues	To be determined	To be determined
MCM TA in central bank accounting	To be determined	To be determined	
Long-term expert on macro-fiscal issues	To be determined	To be determined	
Joint Work Program	Debt sustainability analysis	Q1, 2017	Q2, 2017
	AML/CFT	Q1, 2017	Q2, 2017

RELATIONS WITH THE AFRICAN DEVELOPMENT BANK GROUP

(As of April, 2017)

1. Madagascar (MDG) became a member of the African Development Bank Group (AfDB) in 1977. To date, the AfDB has financed 91 operations in the country, for a total net commitment of UA1,329.2 billion. This comprises of 78 projects, including institutional support, and 13 studies. The clear majority of these operations were financed through loans.
2. As of March 30, 2017, the AfDB's ongoing portfolio comprised of 8 active projects, 4 studies, and 1 humanitarian assistance for a total commitment of UA194.5 million. These are: the Project for Rehabilitation of Agriculture Infrastructure (PRIASO); the Project to Extend the Perimeter of Bas Mangoky (PEPBM); the project for Rural Youth Enterprises in the Mid-West of Madagascar (PROJERMO); the Road Maintenance Project (PAIR); the Project to Support Institutional Governance (PAGI); the Project to Promote Investment (PAPI); a grant to support the fight against the plague; and a grant to provide school meals and food aid to the drought afflicted southern regions (Table 1). The average age of the portfolio is slightly over 2 years, which has drastically declined over the past few years. Such improvement is mainly linked to new projects approved from 2013 onwards. The portfolio's average disbursement rate stands at 13.85 percent. In terms of sector distribution, agriculture contributes a substantial proportion, representing 57 percent of the total value of the portfolio, followed by transport (35 percent), governance (7 percent), and health (1 percent). There are two ongoing private sector projects, the Ambatovy Nickel Project and the Sahanivotry Hydroelectric Power Plant Project.
3. The AfDB's is currently preparing a new CSP, which will cover 2017-2021. The new CSP's main objective is to contribute to improving the quality of life of the population through strong and inclusive growth. The proposed strategy in the new CSP focuses on Pillar I – development of energy and transport infrastructure to support inclusive growth; and Pillar II – support for the transformation of agriculture and the development of industry. Both pillars are consistent with the authorities' priorities laid out in the National Development Plan (NDP) as well as with the AfDB's priorities outlined in the 2013-2022 strategy for the continent.
4. As part of its strategy and knowledge products, the AfDB also envisages to undertake the following economic and sector works: (i) a study on the poverty profile, food insecurity, and inequality; (ii) a study on Madagascar's fragility and building resilience; (iii) a general profile of Madagascar; (iv) the development of a renewable energy investment plan; (v) a study to value Madagascar's natural resources; and (vi) a study on the establishment of social safety nets, particularly for the vulnerable women and children of the country. Within the context of its projects, the AfDB will undertake the following studies; (i) a study on investment in renewable energies; (ii) a study on governance in the energy sector; and (iii) a study on growth in the Southern regions. Madagascar reached the Highly Indebted Poor Countries (HIPC) decision and completion points in 2000 and 2004, respectively. To this effect, the country became eligible for the MDRI. The AfDB's total assistance under HICP and the MDRI amounted to US\$299.6 million of debt relief in end-2010

present value terms. At the end of December 2010 in present value terms, the AfDB provided US\$69.1 in debt relief under HIPC and US\$230.5 million under the MDRI.

Table 1. AfDB Ongoing Projects and Programs

Sectors	Projects	Approval Date	Commitment (Millions of UA)	Disbursement Rate (Percent)
Agriculture	Projet de Réhabilitation des infrastructures agricoles s.o. (PRIASO)	June 19, 2013	28.88	33
	Projet d'Extension du Périmètre du Bas Mangoky (PEPBM)	November 11, 2014	40.14	01
	Projet Jeunes Entreprises Rurales dans le Moyen Ouest (PROJERMO)	September 24, 2012	24.61	01
	Programme Entrepreneuriat des Jeunes dans l'Agriculture et l'Agro-Industrie (étude)	May 23, 2016	0.67	10
	Etude de faisabilité du Programme de Transformation de l'Agriculture Malagasy	November 25, 2016	1	0
Transportation	Projet d'Aménagement des infrastructures routières (PAIR)	October 18, 2013	58.20	37
Governance	Projet d'Appui à la Gouvernance Institutionnelle (PAGI)	September 17, 2013	4.50	44
	Projet d'Appui à Promotion des Investissements (PAPI)	July 9, 2015	7.00	02
	Programme d'Appui au Réformes de la Gestion Economique (PARGE)	March 30, 2016	12.5	100
	Programme d'Appui à la Réforme du Secteur de l'Energie (PARSE)	November 25, 2017	13.77	100
Social	Projet d'élaboration de Schémas Directeurs d'Assainissement de huit centres Urbains secondaires (étude)	March 21, 2016	1.44	4
	Don d'aide humanitaire d'urgence pour l'assistance à la lutte contre la Malnutrition suite à la sécheresse dans le grand sud	July 13, 2016	0.72	0
	Appui à l'amélioration de l'efficacité et de l'efficience en matière de réduction des risques de catastrophes (naturelles, climatiques et anthropiques) (étude)	December 01, 2017	1	0
Total			UA194.5 million	30.95

STATISTICAL ISSUES APPENDIX

(As of June 7, 2017)

I. Assessment of Data Adequacy for Surveillance
<p>General: Data provision has some shortcomings, but is broadly adequate for surveillance. The database remains weak, particularly in the areas of real sector, government finances, the balance of payments, and social statistics. Fund technical assistance was interrupted in 2009 in response to an unconstitutional change of government. Following re-engagement in 2014, IMF staff have undertaken several missions to provide technical assistance in statistics.</p>
<p>National Accounts: Production of complete national accounts (based on benchmark data) is infrequent and depends on irregularly collected source data. The last complete sets of benchmark data cover 2015. The reliability of national accounts estimates remains weak due to gaps in the source data and methodological shortcomings. In particular, estimates of agricultural activities are poor because there is no suitable information about the size and the evolution of this sector. Moreover, service activities are not properly covered and little information is available on the magnitude of the informal sector. INSTAT used to produce two industrial production indices, one for the export processing zone (IPI-ZF) and the other for enterprises outside the export processing zone (IPI-RC) but the production has been suspended due to financing issues.</p>
<p>Price Statistics: The current consumer price index (CPI) covers the seven principal cities, has a base year of 2000, and expenditure weights based on the 1999 household survey. The CPI is generally reported to Fund staff on a timely basis. Data on producer prices, "l'Indice de la Production Industrielle (IPI)", were available till 2008 but the publication has been suspended since then due to financing issues.</p>
<p>Government Finance Statistics: The 2004 multi-sector mission found significant gaps in the coverage of government financial statistics (GFS) and recommended that it be broadened to include public agencies that are part of the central government. Also, the mission made recommendations on the classification and recording of transactions, as well as the calculation of domestic arrears. Data on central government financial operations are disseminated only annually. Since August 2014, data on public debt are disseminated with the publication of the "Statistical Bulletin of Debt". Madagascar does not report sub-annual data for publication in <i>International Finance Statistics (IFS)</i>.</p>
<p>Monetary Statistics: The BCM has reported monetary data to STA for publication in <i>IFS</i> since August 2001.</p>
<p>Balance of Payments: The current compilation system is flawed, external trade data are derived from customs data that suffer from inadequate coverage and deficient recording procedures. The significant amount of smuggling, particularly in the mining sector, further reduces the reliability of the trade data. The 2004 multi-sector technical assistance mission reviewed progress in the transition to <i>BPM5</i>. The mission noted that the compilation system was still hampered by such recurring issues as excessive processing lags due to partial automation of customs reports and inadequate coverage of several transactions. The compilation of external debt statistics is generally satisfactory.</p>
II. Data Standards and Quality
<p>Madagascar participates in the General Data Dissemination System (GDDS) since May 2004.</p>

Madagascar: Table of Common Indicators Required for Surveillance

	Date of latest observation (all dates in table use dd/mm/yy format)	Date received	Frequency of Data ⁷	Frequency of Reporting ⁷	Frequency of Publication ⁷
Exchange rate	07/06/17	07/06/17	D	D	D
International Reserve Assets and Reserve Liabilities of the Monetary Authorities ¹	31/05/17	01/06/17	M	M	M
Reserve/Base Money	31/05/17	01/06/17	M	M	M
Broad Money	31/03/17	08/05/17	M	M	M
Central Bank Balance Sheet	31/05/17	01/06/17	M	M	M
Consolidated Balance Sheet of the Banking System	31/03/17	08/05/17	M	M	M
Interest Rates ²	19/04/17	02/05/17	M	M	M
Consumer Price Index	03/17	02/05/17	M	M	M
Revenue, Expenditure, Balance and Composition of Financing ³ – General Government ⁴	NA				
Revenue, Expenditure, Balance and Composition of Financing ³ – Central Government	30/04/17	01/06/17	M	M	A
Stocks of Central Government and Central Government-Guaranteed Debt ⁵	2016	08/03/17	A	A	A
External Current Account Balance	03/2017	12/04/17	Q	Q	Q
Exports and Imports of Goods and Services	03/2017	12/04/17	Q	Q	Q
GDP/GNP	2016	09/03/17	A	A	A
Gross External Debt	NA				
International Investment Position ⁶	NA				

¹Any reserves assets that are pledged or otherwise encumbered should be specified separately. Also, data should comprise short-term liabilities linked to a foreign currency but settled by other means as well as the notional values of financial derivatives to pay and to receive foreign currency, including those lined to a foreign currency but settled by other means.

²Both market-based and officially-determined, including discounts rates, money market rates, rates on treasury bills, notes and bonds.

³Foreign, domestic bank, and domestic nonbank financing. ⁴The general government consists of the central government (budgetary funds, extra budgetary funds, and social security funds) and state and local government.

⁵Including currency and maturity composition.

⁶Includes external gross financial asset and liability positions vis-à-vis nonresidents.

⁷Daily (D); weekly (W); monthly (M); quarterly (Q) annually (A); irregular (I); and not available (NA).