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Statement by IMF's African Department Director at the Conclusion of a Visit to Madagascar

Ms. Antoinette Sayeh, Director of the African Department of the International Monetary Fund (IMF), visited Madagascar during March 16-18, 2016 to hold discussions with the authorities on the opportunities and challenges facing Madagascar, how to generate stronger economic growth, and how to translate it into better living standards for its citizens.

At the conclusion of the visit, Ms. Sayeh issued the following statement:

“On this first visit to Madagascar in my capacity as Director of the IMF African Department, I had the opportunity to meet many talented and committed people in the government, private sector and civil society, and this allowed me to have a better understanding of the economic opportunities and challenges of the country.

“Madagascar currently presents encouraging economic potential. Despite the headwinds from low commodity prices and drought, the IMF projects stronger GDP growth in 2016 than 2015, thanks to higher public investment and a recovery in tourism, textiles and agriculture. . Inflation will remain contained. Reforms are being implemented, leading to increased domestic revenue collection and enhanced spending quality. New measures to improve tax administration have focused on increasing compliance, deterring fraud, and tackling the large informal sector. Concerning spending, the authorities have already discontinued fuel subsidies, introduced an automatic pricing mechanism for fuel, and cleaned up the government’s payrolls. With support from the World Bank, they will continue to tackle the problems encountered by JIRAMA and Air Madagascar in order to control transfers to state-owned enterprises. The new draft Central Bank law, which is under consideration by the cabinet, will help enhance the independence and capacity of the central bank to pursue price stability.

“Other major reforms must be pursued to strengthen the economy and consolidate growth at a higher level, such as strengthening the financial system. Continuing with a prudent fiscal stance that avoids arrears and ensures manageable public debt also remains very important.

Most importantly, improvements in governance and the fight against corruption must be stepped up, to ensure that reforms are implemented and bear fruits.

“This visit will help assess the authorities’ track record which could support moving toward an ECF.

Ms. Sayeh met with President Hery Rajaonarimampianina, Prime Minister Jean Ravelonarivo, Minister of Finance and Budget Gervais Rakotoarimanana, Minister of Economy and Planning Herilanto Raveloharison, Central Bank of Madagascar Governor Alain Rasolofondraibe, and other senior government officials, as well as representatives of the private sector and civil society”.