



The information contained in this sheet has been compiled by Jaume Portell, journalist specialising in economics and international relations, in an activity 85% co-financed by ERDF funds in the framework of the [AfricanTech](#) project (1/MAC/1/1.3/0088) within the INTERREG VI D MAC 2021-2027 initiative.

MADAGASCAR

Macroeconomic framework:

Madagascar experienced growth in 2023 (4.4%), slightly surpassing its 2022 growth rate (4.3%), according to the African Economic Outlook published in 2024. Mining, tourism, and telecommunications were the main drivers of this export-driven growth. Inflation rose to 9.9% in 2023 due to energy and food prices. The country's reserves of graphite, nickel, and cobalt position it as a key supplier of minerals essential for the energy transition. For years, Madagascar has been the world's leading supplier of vanilla for the food industry: in 2022, its exports accounted for 40% of the global total. Vanilla and mining will continue to be two of the main sources of foreign exchange and economic growth in the coming years, with GDP expected to increase by 4.5% in 2024 and 5.3% in 2025. Madagascar's GDP in 2023 stood at \$16.03 billion.

Debt and currency:

Madagascar holds a debt stock exceeding \$5.9 billion. In 2024, annual debt service amounted to \$335 million, a figure expected to surpass \$400 million annually by 2026 and remain at that level until 2031. These amounts are significantly higher than in 2012, when annual payments stood at \$66 million. The vast majority of Madagascar's creditors (81%) are multilateral institutions, with the World Bank (45%) and the IMF (16%) as the main players. Nearly all of the remaining stock is owed to bilateral creditors (17%), with China (6%) as the leading lender. Private creditors hold the remaining 2% of the debt.

The local currency, the ariary, has been losing value over the past decade, depreciating from 2,500 ariary per US dollar in 2014 to its current rate of 4,700 ariary per US dollar. Due to Madagascar's trade structure and limited export diversification, the purchasing power of its currency fluctuates in line with its key exports.

Imports and exports:

According to IMF projections, Madagascar's trade balance will remain negative until 2028, meaning it will continue to import more than it exports. In 2022, exports totalled \$4.25 billion, with mining (nickel and cobalt) and vanilla playing a central role—together, they accounted for over 40% of the country's exports. The textile sector also carries significant weight, with exports reaching \$900 million in 2022 (21% of the total). The main markets for Malagasy exports are the United States (18%) and France (15%), both major buyers of Malagasy vanilla for the food industry. The other two major trade partners are in Asia: China (13%) and Japan (10%), both of which are major importers of nickel and other minerals. The principal shareholders of the "Ambatovy" nickel and cobalt mine are Asian companies: Japan's Sumitomo and South Korea's KOMIR.

Madagascar's imports, totalling \$5.45 billion, primarily consist of energy, food, and intermediate goods used for mining projects and textile production. Fuel accounts for 11% of the import bill, followed by rice, palm oil, pharmaceuticals, vehicles, and sugar. Most imports come from Asia, with China as Madagascar's top trade partner (24%), followed by India (9%). In Europe, France is the country's primary supplier (8.65%), while in Africa, the leading partner is South Africa (5.77%).

Electricity:

According to the International Energy Agency, Madagascar consumed approximately 380,000 TJ of energy in 2021. The vast majority (86%) came from biofuels, with petroleum (11%) as the main complement.

In 2022, Madagascar generated 2.36 TWh of electricity - nearly three times the amount produced in the year 2000. However, only 25% of the population has access to electricity. Of the current energy mix, more than 60% comes from fossil fuels, while the rest is renewable, with hydropower accounting for over 33% of electricity production.

Defence:

Annual defence spending reached \$99.4 million in 2023, according to SIPRI, a Swedish institute specializing in arms trade research. This figure represents 3.45% of the government's total expenditures. Since 2000, Madagascar's main defence supplier has been South Africa.

Demographics:

Internal migration from rural areas to cities has altered Madagascar's demographic balance, though the urban population has not yet surpassed the rural population, as seen in other African nations. In 1990, 76% of Malagasy people lived in rural areas. By 2023, this figure had dropped to 59%, a decline of 16 percentage points. Between 1990 and 2023, Madagascar's population grew from 11.8 million to 30 million. Life expectancy increased from 52 years in 1990 to 65 years today, in a country where half the population is under the age of 21.

Technological innovation:

In 2010, internet access was minimal in Madagascar, with only 2% of the population connected. By 2022, this figure had risen to 20%. This increase is partly due to a \$49 million loan from the Export-Import Bank of China to modernize the telecommunications network.

In 2023, the World Bank approved a \$400 million loan intended to add 3.4 million more internet users, according to the institution. Meanwhile, 37% of Malagasy people owned a mobile phone, according to the ICT Development Index 2023.