

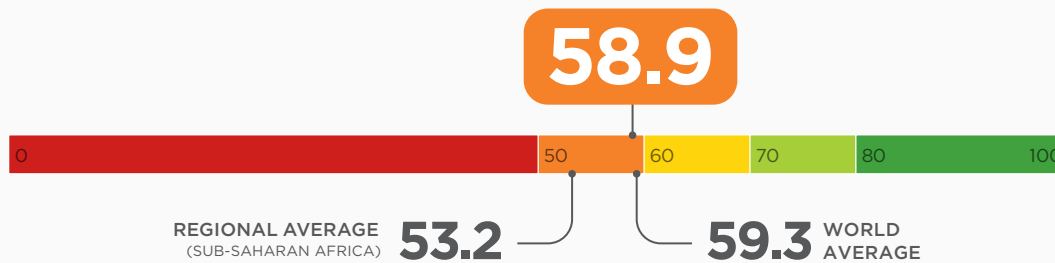


MADAGASCAR

Madagascar’s economic freedom score is 58.9, making its economy the 91st freest in the 2023 *Index*. Its score is unchanged from last year. Madagascar is ranked 9th out of 47 countries in the Sub-Saharan Africa region, and its overall score is below the world average.

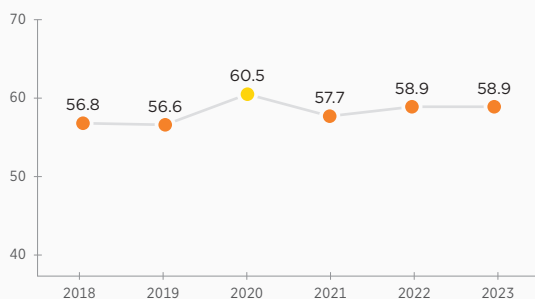
A still-deficient institutional framework and the ongoing risk of political instability continue to undermine much of the progress that has been made in reducing poverty. The judicial system is underdeveloped, and convoluted administrative procedures facilitate corruption, weakening the foundations of free economic activity. Policies needed to sustain open markets are not firmly institutionalized.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +7.3

RECENT FREEDOM TREND



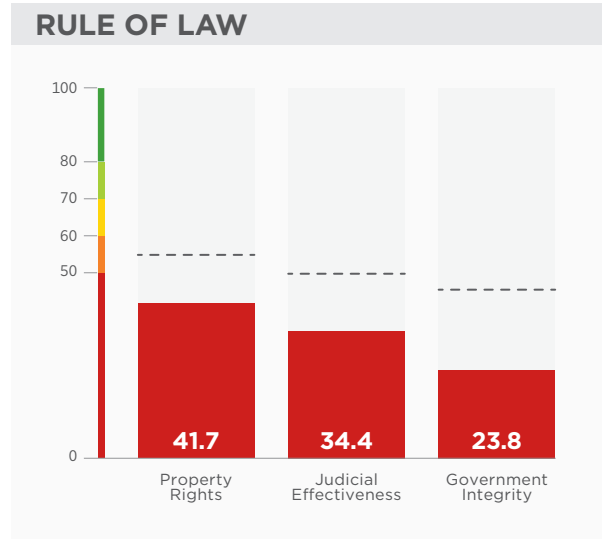
QUICK FACTS

POPULATION: 28.4 million	UNEMPLOYMENT: 1.8%
GDP (PPP): \$46.1 billion 3.5% growth in 2021 5-year compound annual growth 1.6%	INFLATION (CPI): 5.8%
FDI INFLOW: \$300.2 million	PUBLIC DEBT: 53.1% of GDP

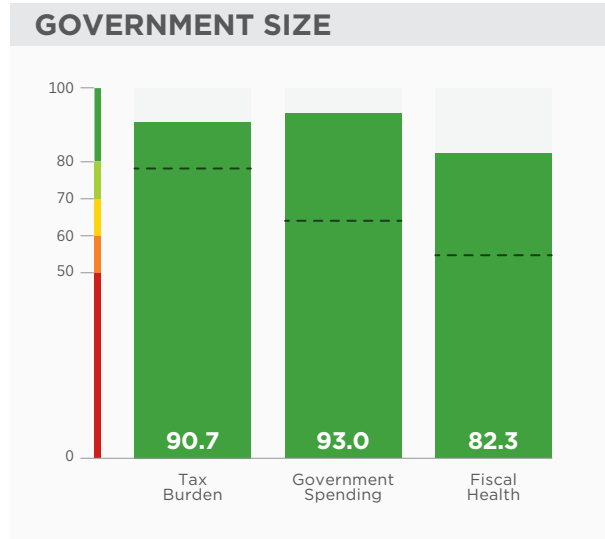
2021 data unless otherwise noted. Data compiled as of September 2022

BACKGROUND: Madagascar, a former French colony, endured decades of military coups, political violence, and corruption. In 2014, after years of instability, Hery Rajaonarimampianina was elected president, and international donor assistance resumed. In 2018, protests against proposed changes in the election law forced the prime minister to resign. Former President Andry Rajoelina reclaimed the office in a December runoff election. His ruling coalition gained a majority in the lower house in 2019 and a majority in the upper house in 2020. Agriculture, forestry, and fishing are economic mainstays. Interruptions in the power supply caused by deficient infrastructure and natural disasters are frequent.

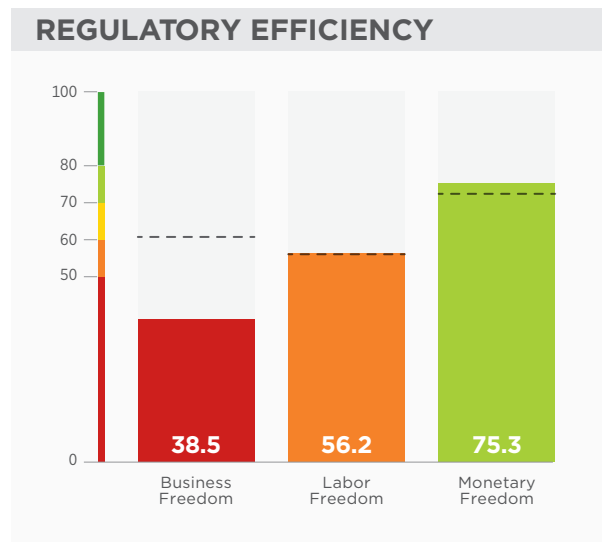
12 ECONOMIC FREEDOMS | MADAGASCAR



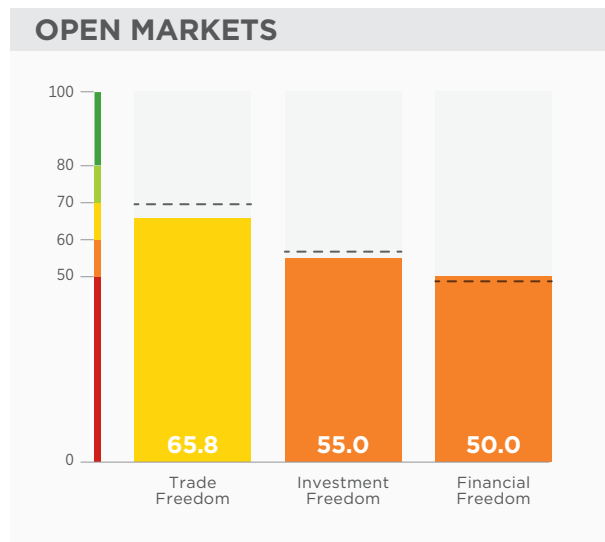
The overall rule of law is weak in Madagascar. The country's property rights score is below the world average; its judicial effectiveness score is below the world average; and its government integrity score is below the world average.



The top individual and corporate tax rates are 20 percent. The tax burden equals 11.2 percent of GDP. Three-year government spending and budget balance averages are, respectively, 15.3 percent and -2.7 percent of GDP. Public debt equals 53.1 percent of GDP.



Regulations often reflect historical customs and unwritten rules. The labor laws are outmoded, restrictive, and not conducive to the development of a dynamic labor market. The government influences prices through state-owned enterprises. The most recent available inflation rate is 5.8 percent.



The trade-weighted average tariff rate is 9.6 percent, and layers of nontariff measures are in force. Judicial and regulatory barriers deter foreign investment. State-owned enterprises distort the economy. Fewer than 20 percent of adult Malagasies have access to an account with a formal banking institution.