

Analysis	2000	2001	2002	2003	2004	2005	2006
MDG Spending	792	814	827	846	866	886	906
Total Spending	1,180	1,274	1,275	1,316	1,359	1,404	1,450
Projected Revenues	438	529	524	560	597	637	680
Overseas Dev. Assistance	254	272	306	339	373	406	440
Total Income	692	802	830	899	970	1,043	1,119
Available for Debt Service	-487	-473	-445	-418	-389	-360	-330
Actual Debt Service	87	63	68	62	70	79	99

**HIPC Initiative Progress Update**

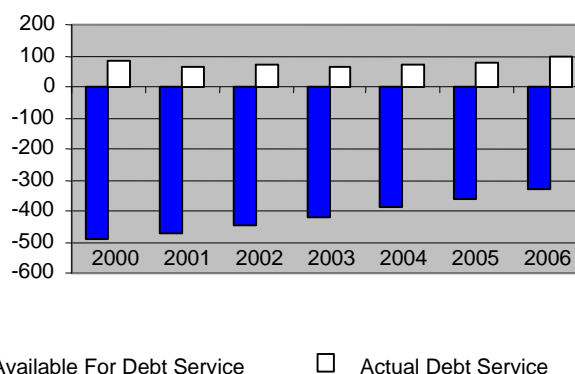
Sustainable     Unsustainable

Decision Point December 2000

Completion Point  
Expected 2<sup>nd</sup> Quarter 2004

- Relief committed (NPV terms)  
US\$814 million
- Relief delivered (NPV terms)

**Debt Sustainability (US\$ million)**



Madagascar reached Decision Point under the HIPC initiative in December 2000, and was originally scheduled to reach Completion Point by December 2002. Madagascar has gone off-track with its IMF programme, however, mainly due to political instability ho.

Despite the fact that last year the country seemed to be heading towards a civil war, the economics and political situation seems to have noticeably improved. President Ravalomanana managed to re-establish relations with the international community and in July this year the Government finished the preparation of a PRSP. In a public announcement, the IMF Managing Director expressed satisfaction about the level of participation and the policies that the country announced. Independently, France recently announced the cancellation of \$55 million of debt and the long-term rescheduling of the remaining debt. The decision followed an agreement taken in 2001 by the Paris Club.

According to the MDG debt sustainability analysis, Madagascar will not reach a sustainable level of debt even after HIPC initiative relief, and in fact will require full debt cancellation, plus substantial increases in aid, if it is to have any hope of meeting the MDGs.

Current Economic Situation	Progress Towards MDGs
GDP average growth 1998-2002 = 5%	Income poverty → Top priority
Export growth 2000-2001 = 26.4%	Hunger → Top priority
Import growth 2000-2001 = 55.7%	Primary education → No data
Main export 2000 = Spices	Child mortality → High priority
Main export as a % of total = 14.2%	Access to water → Top priority
Price change of main export 1997-2002 = N/A	