Research Update:

Madagascar Assigned 'B-/B' Sovereign Ratings; Outlook Positive

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Overview

- We expect Madagascar will report economic growth of 5.0% in 2022 and that economic growth will average 5.4% over 2023-2025, supported by the implementation of large investments and structural reforms in the context of the "Plan Emergence Madagascar."
- Although execution risks exist, we consider the current IMF arrangement and support from international partners act as a strong policy anchor and are key for reform implementation. Furthermore, the related concessional financing is positive for the government's debt profile and official foreign currency reserves.
- Fiscal reforms to boost government revenue should contain pressures on the budget from the need to boost social expenditure to address food insecurity and the adverse impact of pandemic- and climate-related events and fund infrastructure. We expect net government debt should stabilize around 45% of GDP in the medium term.
- We assigned our 'B-/B' long- and short-term sovereign ratings to Madagascar. The outlook is positive.

Rating Action

On April 11, 2022, S&P Global Ratings assigned its 'B-/B' long- and short-term foreign and local currency sovereign credit ratings to Madagascar. The outlook is positive.

The transfer and convertibility (T&C) assessment is 'B-'.

Outlook

The positive outlook reflects our view that we could raise the rating on Madagascar over the next 18 months if the economic and budgetary performance and external accounts position improve, for example on the back of the implementation of structural reforms, in the context of the "Plan Emergence Madagascar" (PEM) and current IMF arrangement and with support from the international community.

Upside scenario

We could raise the rating in case of a faster budgetary consolidation or improved external performance than we currently expect, supported for example by higher economic growth, notably thanks to the implementation of the PEM.

Downside scenario

We could revise the outlook to stable in case of an adverse terms-of-trade shock resulting in a significant deterioration in the economy's external position, for example due to the impact of heightened geopolitical tensions on energy and food prices. Significant budgetary slippages, the crystallization of contingent liabilities or climate-related risks could also put pressure on the rating.

Rationale

Our rating is supported by the country's solid economic growth prospects, implementation of structural reforms in the context of the PEM, as well as by the moderate level of government debt. Furthermore, the government debt profile is highly favorable, given its mainly concessional nature. Strong relations with bilateral and multilateral donors will continue to provide important funding at favorable financial conditions. The recently approved IMF arrangement provides a strong policy anchor and supports reform implementation, in our view.

The rating is constrained by the country's low level of development, with an estimated GDP per capita of around $520 in 2022, and by relatively high budget deficits in the face of high social and infrastructure investment needs, as well as the adverse budgetary impact of the pandemic and climate-related events. Additionally, the material vulnerability to climate-related events, for example with frequent drought threatening food security in the south of the country, poses a risk to economic prospects as well as political stability.

Institutional and economic profile: Strong economic prospects over 2022-2025 will be supported by implementation of structural reforms

- Although the country's income levels remain low, with real GDP per capita estimated at around $520 in 2022, economic growth is set to accelerate in the coming years on the back of reform implementation and higher investment in the context of the PEM.
- The 2021-2024 IMF arrangement and strong relations with donors provide the country with a solid policy anchor in addition to concessional funding.
- Security issues and the adverse impact of the pandemic- or climate-related events could stoke popular discontent and pose a risk to institutional stability

Prior to the pandemic, Madagascar had made important progress in the context of the 2016-2020 IMF arrangement, notably in terms of budgetary performance and reform implementation to improve the business environment and fight corruption. Real GDP growth exceeded 4% in 2019, thanks notably to the mining sector, which saw growth of over 20% between 2015 and 2019, construction, textiles, agriculture, and financial services. Information and communications technologies (ICT) also performed very well during this period, with cumulative growth of 45%.

Following a sharp pandemic-induced economic contraction in 2020, with real GDP contracting by about 7%, the Malagasy economy started recovering in 2021. We estimate real GDP growth of 3.5%, mainly driven by the transportation sector (around 5% growth in real terms compared with 2020) as well as the extractive industry (around 36% growth), which benefited from the reopening of the Ambatovy nickel and cobalt mine that closed in 2020 amid the pandemic. The agriculture sector, which is the largest individual sector of the economy at 18% of GDP, experienced growth of 3%. Madagascar's economy is relatively diversified and dominated by services, representing over half of total GDP in 2021, with construction and retail 10% each.

In 2022, we expect economic activity to accelerate to 5.0% on the back of higher public and private investment and a gradual recovery in exports. We forecast real GDP growth will average 5.3% over 2022-2025, supported by implementation of structural economic and budgetary reforms in the context of the PEM. We expect economic growth over our forecast horizon to be broad based and in sectoral terms driven notably by ICT, construction, energy, textiles, and a strong increase in mining output. The adverse impact of heightened geopolitical tensions, exacerbated by the Russia-Ukraine conflict, represents a threat to the country's near-term economic outlook.

The PEM aims at raising Madagascar from a low-income economy to an emerging market economy by 2040, structured around governance and organized under three pillars (social and human capital, economy and growth, and the environment). It plans to develop human capital (with investment in education health and improving food access), strengthen resilience to climate change, and invest in infrastructure with large-scale projects. These projects include the development of tourism and transport infrastructure (road, rail, and port), urban development, and boosting energy production. The authorities also plan on developing the local industry, better exploiting the country's significant mining potential (with new mines coming online as well as improvement in the legal framework), and, importantly, improving the business climate and governance. By 2023, the cost of the plan is estimated at almost $6.0 billion (or 43% of 2021 GDP). About 60% of the financing is expected to come from the private sector and 40% from the public sector, although about 60% of public financing is expected to be covered by multilateral or bilateral partners.

Madagascar remains, in our view, particularly vulnerable to natural disasters and the negative impact of climate change due to its location and topography. Flooding is frequent in the north while the south of the country is subject to frequent drought. The substantial lack of rain since 2020 in the southern part of the country has significantly deteriorated the situation for the local population. Indeed, according to the UN Office for the Co-ordination of Humanitarian Affairs (UNOCHA) 1.1 million people in the region have insufficient access to food, almost double the figure that was recorded in September 2020. This has led to an increased involvement of the international community. We believe that this remains a significant downside risk to growth prospects. According to IMF estimates, climate-related disasters cost the economy on average 1% of GDP annually.

In addition to the humanitarian crisis in the south of the country, the impact of the COVID-19 pandemic on the Malagasy population stoked public frustration and increased the risk of social discontent, which could affect political stability. Security throughout the country remains fragile because of the widespread presence of groups of bandits, known as Dalaho. To address these issues, the authorities have stepped up support to develop the southern part of the country with infrastructure and job-creating projects. We currently expect that the ruling government coalition, headed by President Andry Rajoelina and which also controls both houses of parliament, will remain in power until the next presidential election at the end of 2023. The next legislative elections are scheduled for 2025.

We expect strong relations with multilateral and bilateral partners to continue. They should

provide important support to the government's reform agenda to sustain inclusive growth and address the country's development bottlenecks. In addition to the financial support from donors addressing food insecurity, the IMF approved two rounds of emergency financing in 2020 under its rapid credit facility to address the consequences of COVID-19. The country will also continue to work closely with partners on infrastructure projects, such as the construction of a hydroelectric plant and two public transport cable-car lines in the capital financed by France or the development of infrastructure in the south approved by the African Development Bank last November (around $180 million).

Finally, the 2021-2024 IMF arrangement under the extended credit facility provides a strong policy anchor to Madagascar, in addition to associated concessional financing worth around $312 million. Priorities of the program are to boost economic growth and reduce poverty, notably by increasing investment and social spending thanks to increased government revenue and improved quality of government spending. Enhancing resilience to climate change, continuing progress on strengthening anti-corruption efforts and governance, as well as supporting the implementation of the new monetary framework are key objectives of the program, which, if fully implemented, will boost economic activity, in our view.

Flexibility and performance profile: Budgetary pressures should be mitigated by solid economic performance, measures to boost government revenue, and a favorable debt profile

- We project the budget deficit will decline to 4.5% of GDP in 2025 from around 6.0% this year, while the government's budgetary reforms and dynamic economic growth could lead to faster budgetary consolidation.
- The government debt position benefits from good relations with international institutions and bilateral partners.
- We expect the ongoing reforms, notably transitioning from monetary aggregate targeting to interest rate targeting, should improve monetary policy effectiveness over the medium term.

We expect the budget deficit over our forecast horizon through 2025 to remain elevated. In 2022, we project the deficit will slightly decline to 6.0% of GDP from 6.6% last year. In the coming years, our budget deficit forecast is based on our relatively lower economic growth assumptions and persistent budgetary pressures stemming from higher infrastructure and social spending, as well as the lingering impact of the COVID-19 pandemic. In addition, we anticipate increased spending to protect the vulnerable from higher fuel and food prices stemming from the adverse impact of heightened geopolitical tensions. Direct and indirect budgetary effects of climate-related events will also likely continue to pressure the budget. We expect current expenditure to represent over half of total expenditure, mainly driven by the wage bill.

To meet these challenges, the authorities are committed to implementing a comprehensive set of reforms, notably in the context of the IMF arrangement, to boost government revenue. Priorities of the government include stepping up the fight against widespread fraud and corruption, continuing modernizing tax and customs administrations, reforming taxation in the mining sector, improving collection and taxpayer identification, revising and streamlining exemptions, and reforming the value-added tax. On the expenditure side, authorities plan to improve spending efficiency, transparency, and quality, control wages and pension costs, and limit transfers to state-owned companies. If fully implemented and supported by solid economic growth performance, this should lead to a recovery of customs and tax revenue. We believe that these reforms would lead to a faster budgetary consolidation than what we currently forecast and could also lead to improved

sovereign creditworthiness.

We expect the authorities will continue to take advantage of their access to concessional financing and grants to fund most of the budget deficit. In the five years prior to the pandemic, grants represented on average 2.7% of GDP per year. We estimate that government debt increased to 42% of GDP in 2021 from 30% in 2019. This increase was mainly driven by the adverse budgetary impact of the pandemic, as well as to some important infrastructure projects. External government debt represents around 80% of total government debt and is mostly concessional. The government debt profile benefits from a long average maturity (11.7 years) and about 90% of total debt is at fixed interest rates. As a result, interest payments are relatively low, estimated to average around 6% of government revenue over 2022-2025 (average interest rate on outstanding debt at 1.9% in September 2021). About 30% of external debt is in euro, 48% in U.S. dollar, 11% in yuan. Despite strong economic activity, we anticipate that relatively high budget deficit will inch up public debt in the coming years but that it will stabilize below 50%.

With respect to the state-owned companies, the financial situation of JIRAMA, the public electricity and water company, deteriorated and the company benefited from about 1% of GDP per year in financial transfers from the state over the past three years. The company and the World Bank are working on a strategic recovery plan that should improve its financial position and mitigate the risks to the government's budgetary position. Regarding Air Madagascar, which filed for bankruptcy last October owing to the pandemic-induced shock on international travel, authorities agreed to avoid any public financing until a recovery plan by external auditors is finalized. As such, while the debt of state-owned companies, estimated at about 4.7% of GDP last year, does not represent a material budgetary risk, in our view, crystallization of implicit contingent liabilities stemming from a severe natural disaster could threaten the government's debt trajectory. We note that the authorities have been proactive in mitigating the potential impact of such events, notably by contracting a catastrophe drawdown option (a contingent line of financing made available in case of a natural disaster) with the World Bank or the drought and cyclone insurance policy with the African Risk Capacity. This policy led to the disbursement of $2.13 million in July 2020 following a drought and, earlier this year, almost $11 million after Cyclone Batsirai.

We expect the current account deficit to gradually decline from 5.5% of GDP in 2021 to 3.5% in 2025. The country's exports are relatively diversified. Indeed, it is the largest supplier of vanilla in the world, and it represented 20% of Madagascar's total export in 2020. Mining (nickel, titanium, gold, etc.) represented about 16% of the country's exports, services about 25%, and manufacturing from the special economic zones 24%. We expect imports will continue to rise as domestic demand recovers and in the light of the planned increase in capital investment. In addition, upward price pressure on food and energy imports stemming from heightened geopolitical tensions, such as Russia's military intervention in Ukraine--a major global supplier of cereals--will widen the current account deficit in the short term and push up imported inflation. At the same time, higher mining output and likely higher commodity prices, along with the gradual recovery of tourism, should boost export receipts to a larger extent. The primary income deficit should rise in nominal terms, driven by profit repatriation of mining companies. Given the expected financial support from international partners and the decline of the current account deficit, we anticipate it will help maintain foreign currency reserves at a sound level of over five months of import coverage over 2022-2025. These reserves stood at an estimated $2.2 billion at the end of 2021.

In 2019, Banky Foiben'i Madagasikara (BFM), the central bank, launched a reform to transition from targeting monetary aggregate to directly targeting interest rates to achieve its objective of price stability. Since then, the central bank notably created an interest rate corridor, improved its communication, and established overnight deposit and lending facilities. Progress is continuing

and the migration to an interest rate targeting framework should be fully effective next year. BFM also aims at building an effective interbank market, implementing a risk-based approach to financial supervision, and improving the functioning of the foreign exchange market. To diversify and strengthen Madagascar's international reserves, the authorities started including monetary gold in foreign currency reserves, in collaboration with the IMF. The project was launched in 2020 and the central bank acquired its first ton of gold in April last year. We understand that the maximum amount of gold included would be equivalent to 8% of total reserves and that an ESG framework will be drafted this year. We understand the acquisition and evaluation of monetary gold will respect international standard and be submitted to independent audit. We expect ongoing monetary reforms should help improve transmission mechanisms and monetary policy effectiveness.

Madagascar's banking sector is relatively small, with total assets below 30% of GDP, and composed of 12 banks. It is relatively well capitalized and highly liquid. The system is concentrated, given the four largest banks, which are foreign owned, represent about 80% of total assets. The pandemic has put pressure on the level of nonperforming loans levels, which have increased to an estimated 8.8% of total loans in 2021. In addition, two small banks specialized in providing financing to small and midsize enterprises are experiencing financial difficulties, although without systemic implications for the rest of the sector. Namely, these two banks combined represent less than 5% of the sector's assets, limiting the related risks. In recent years, mobile banking has been growing steadily which should support financial inclusion.

Key Statistics

Table 1

Madagascar--Selected Indicators

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Economic indicators (%)										
Nominal GDP (bil. MGA)	37,638	41,059	45,886	51,035	49,453	54,255	60,386	67,370	75,339	84,252
Nominal GDP (bil. $)	12	13	14	14	13	14	15	16	18	20
GDP per capita ($)	476.0	515.3	524.0	523.0	471.5	498.5	517.3	548.5	583.3	620.8
Real GDP growth	4.0	3.9	3.2	4.4	(7.1)	3.5	5.0	5.3	5.5	5.5
Real GDP per capita growth	1.2	1.2	0.5	1.7	(9.6)	0.8	2.3	2.5	2.8	2.8
Real investment growth	11.5	(1.8)	10.7	12.8	(10.0)	1.5	5.0	8.3	9.0	9.0
Investment/GDP	16.4	15.8	19.2	19.8	13.6	16.1	15.7	15.7	16.0	16.3
Savings/GDP	16.7	15.6	19.9	17.5	8.4	10.5	10.6	11.5	12.2	12.7
Exports/GDP	29.1	30.9	31.5	28.4	20.1	20.8	21.4	20.8	20.3	19.7
Real exports growth	(1.0)	45.4	2.5	10.9	(36.6)	9.0	9.0	5.0	5.0	5.0
Unemployment rate	1.8	1.7	1.7	1.7	1.9	1.8	1.8	1.8	1.8	1.8
External indicators (%)										
Current account balance/GDP	0.4	(0.2)	0.7	(2.3)	(5.1)	(5.5)	(5.0)	(4.2)	(3.8)	(3.5)
Current account balance/CARs	1.1	(0.6)	1.8	(6.6)	(19.2)	(20.5)	(18.2)	(15.8)	(14.6)	(14.0)
CARs/GDP	35.2	38.0	39.1	34.8	26.8	27.1	27.6	26.8	26.0	25.2

Table 1

Madagascar--Selected Indicators (cont.)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Trade balance/GDP	(2.3)	(3.4)	(3.3)	(6.0)	(6.9)	(6.1)	(5.5)	(5.0)	(4.8)	(4.7)
Net FDI/GDP	3.8	2.7	3.6	2.7	1.8	2.0	2.0	2.0	2.3	2.3
Net portfolio equity inflow/GDP	(0.0)	0.0	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gross external financing needs/CARs plus usable reserves	108.5	103.0	99.7	96.7	99.8	95.0	101.2	97.3	94.9	93.2
Narrow net external debt/CARs	68.3	66.4	46.5	57.5	91.8	85.3	81.4	79.7	78.2	76.9
Narrow net external debt/CAPs	69.1	66.0	47.4	53.9	77.0	70.8	68.8	68.8	68.3	67.5
Net external liabilities/CARs	158.8	145.9	135.0	151.8	224.1	215.5	209.8	206.7	202.3	197.1
Net external liabilities/CAPs	160.5	145.1	137.5	142.5	188.1	178.9	177.5	178.5	176.5	172.9
Short-term external debt by remaining maturity/CARs	31.2	26.7	31.1	24.5	28.9	23.6	36.4	34.2	33.0	32.3
Usable reserves/CAPs (months)	2.4	2.8	3.6	4.0	4.9	5.1	5.4	5.6	5.8	6.0
Usable reserves (mil. $)	1,184	1,600	1,740	1,693	1,981	2,193	2,382	2,587	2,812	3,057
Fiscal indicators (general government; %)										
Balance/GDP	(0.6)	(1.6)	(1.5)	(1.1)	(4.0)	(6.6)	(6.0)	(6.0)	(5.4)	(4.5)
Change in net debt/GDP	2.0	(4.0)	3.3	2.1	6.9	7.7	6.5	6.5	5.9	5.0
Primary balance/GDP	0.2	(0.9)	(0.8)	(0.4)	(3.2)	(5.9)	(5.2)	(5.2)	(4.6)	(3.7)
Revenue/GDP	13.0	13.4	13.9	14.4	12.8	12.5	13.0	13.3	13.6	14.0
Expenditures/GDP	13.6	14.9	15.4	15.5	16.7	19.1	19.0	19.3	19.0	18.5
Interest/revenues	5.7	5.2	5.6	4.8	5.7	5.6	5.9	6.0	6.1	6.1
Debt/GDP	38.4	31.2	31.2	30.2	38.1	42.4	44.6	46.5	47.5	47.4
Debt/revenues	295.6	233.5	224.9	209.4	298.0	339.3	343.1	349.5	349.0	338.9
Net debt/GDP	36.6	29.3	29.4	28.4	34.2	38.9	41.5	43.7	44.9	45.2
Liquid assets/GDP	1.8	1.9	1.8	1.8	3.9	3.5	3.2	2.8	2.5	2.3
Monetary indicators (%)										
CPI growth	6.0	8.6	8.6	5.7	4.2	5.6	6.5	6.0	6.0	6.0
GDP deflator growth	9.0	5.0	8.3	6.5	4.4	6.0	6.0	6.0	6.0	6.0
Exchange rate, year-end (MGA/$)	3,348	3,230	3,470	3,627	3,825	3,949	4,050	4,150	4,250	4,350
Banks' claims on resident non-gov't sector growth	9.3	15.5	14.2	20.8	12.8	14.0	14.0	14.0	14.0	14.0

Table 1

Madagascar--Selected Indicators (cont.)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Banks' claims on resident non-gov't sector/GDP	12.0	12.7	13.0	14.1	16.5	17.1	17.5	17.9	18.2	18.6
Foreign currency share of claims by banks on residents	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Foreign currency share of residents' bank deposits	15.1	13.5	14.4	12.0	14.0	14.0	14.0	14.0	14.0	14.0
Real effective exchange rate growth	(1.9)	7.6	(3.1)	(0.7)	(1.7)	N/A	N/A	N/A	N/A	N/A

Sources: instat Madagascar, Inerational Monetary Fund, World Bank, Banky Foiben'l Madagasikara(Economic Indicators), Inerational Monetary Fund, World Bank, Banky Foiben'l Madagasikara (Monetary Indicators), Tresor Public Malagasy(Fiscal Indicators), Tresor Public Malagasy, International Monetary Fund (Debt Indicators), International Monetary Fund, Banky Foiben'l Madagasikara (External Indicators)
Adjustments: None.
Definitions: Savings is defined as investment plus the current account surplus (deficit). Investment is defined as expenditure on capital goods, including plant, equipment, and housing, plus the change in inventories. Banks are other depository corporations other than the central bank, whose liabilities are included in the national definition of broad money. Gross external financing needs are defined as current account payments plus short-term external debt at the end of the prior year plus nonresident deposits at the end of the prior year plus long-term external debt maturing within the year. Narrow net external debt is defined as the stock of foreign and local currency public- and private- sector borrowings from nonresidents minus official reserves minus public-sector liquid claims on nonresidents minus financial-sector loans to, deposits with, or investments in nonresident entities. A negative number indicates net external lending. N/A--Not applicable. MGA--Malagasy ariary. CARs--Current account receipts. FDI--Foreign direct investment. CAPs--Current account payments. The data and ratios above result from S&P Global Ratings' own calculations, drawing on national as well as international sources, reflecting S&P Global Ratings' independent view on the timeliness, coverage, accuracy, credibility, and usability of available information.

Ratings Score Snapshot

Table 2

Ratings Score Snapshot

Key rating factors	Score	Explanation
Institutional assessment	5	While significant progress has been observed in terms of policymaking and trends in the democratic situation has been improving since 2013, risks to the country's institutions remain. Social and political risks emanate from high levels of poverty in the country, corruption and weak governance, widespread banditry, as well as a history of political crises and extra-constitutional power grabs. Furthermore, the negative impact of the COVID-19 pandemic on an already fragile population has worsened the institutionnal outlook.
Economic assessment	6	Based on GDP per capita (US$) and growth trends as per Selected Indicators in Table 1.
External assessment	5	Based on narrow net external debt and gross external financing needs/(current account receipts [CAR] + useable reserves) as per Selected Indicators in Table 1.
		The net external liability position is substantially worse than the narrow net external debt position by over 100% of CAR.
		External data lack consistency as reflected by stock-flow discrepencies.
Fiscal assessment: flexibility and performance	6	Based on the change in net general government debt (% of GDP) as per Selected Indicators in Table 1

Table 2

Ratings Score Snapshot (cont.)

		Madagascar faces shortfalls in basic services and infrastructure, as demonstrated by its low ranking on the United Nations Development Program's Human Development Index, especially in the areas of transport, energy and communications.
Fiscal assessment: debt burden	3	Based on net general government debt (% of GDP) and general government interest expenditures (% of general government revenues) as per Selected Indicators in Table 1
		78% of the gross government debt is denominated in foreign currency
Monetary assessment	4	Madagascar maintains a managed floating exchange rate regime. The central bank intervenes intermittently in foreign exchange markets to smooth volatility and to manage liquidity.
		Though Consumer Price Indiex has been contained to levels below 10% and while we expect ongoing reforms to improve the monetary policy transmission mechanism in the medium term, the financial markets remain shallow with very few financial institutions that are active in the economy.
Indicative rating	b-	As per Table 1 of "Sovereign Rating Methodology."
Notches of supplemental adjustments and flexibility	0	
Final rating		
Foreign currency	B-	
Notches of uplift	0	Default risks do not apply differently to foreign- and local-currency debt
Local currency	B-	

S&P Global Ratings' analysis of sovereign creditworthiness rests on its assessment and scoring of five key rating factors: (i) institutional assessment; (ii) economic assessment; (iii) external assessment; (iv) the average of fiscal flexibility and performance, and debt burden; and (v) monetary assessment. Each of the factors is assessed on a continuum spanning from 1 (strongest) to 6 (weakest). S&P Global Ratings' "Sovereign Rating Methodology," published on Dec. 18, 2017, details how we derive and combine the scores and then derive the sovereign foreign currency rating. In accordance with S&P Global Ratings' sovereign ratings methodology, a change in score does not in all cases lead to a change in the rating, nor is a change in the rating necessarily predicated on changes in one or more of the scores. In determining the final rating the committee can make use of the flexibility afforded by §15 and §§126-128 of the rating methodology.

Related Criteria

- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- Criteria | Governments | Sovereigns: Sovereign Rating Methodology, Dec. 18, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011
- General Criteria: Methodology: Criteria For Determining Transfer And Convertibility Assessments, May 18, 2009

Related Research

- Sovereign Ratings Score Snapshot, March 7, 2022
- Sovereign Ratings List, April 5, 2022

- Sovereign Ratings History, April 5, 2022
- Sovereign Risk Indicators, Dec. 13, 2021. Interactive version available at http://www.spratings.com/sri
- Default, Transition, and Recovery: 2020 Annual Sovereign Default And Rating Transition Study, April 12, 2021

In accordance with our relevant policies and procedures, the Rating Committee was composed of analysts that are qualified to vote in the committee, with sufficient experience to convey the appropriate level of knowledge and understanding of the methodology applicable (see 'Related Criteria And Research'). At the onset of the committee, the chair confirmed that the information provided to the Rating Committee by the primary analyst had been distributed in a timely manner and was sufficient for Committee members to make an informed decision.

After the primary analyst gave opening remarks and explained the recommendation, the Committee discussed key rating factors and critical issues in accordance with the relevant criteria. Qualitative and quantitative risk factors were considered and discussed, looking at track-record and forecasts.

The committee's assessment of the key rating factors is reflected in the Ratings Score Snapshot above.

The chair ensured every voting member was given the opportunity to articulate his/her opinion. The chair or designee reviewed the draft report to ensure consistency with the Committee decision. The views and the decision of the rating committee are summarized in the above rationale and outlook. The weighting of all rating factors is described in the methodology used in this rating action (see 'Related Criteria And Research').

Ratings List

New Rating	
Madagascar	
Sovereign Credit Rating	B-/Positive/B
Transfer & Convertibility Assessment	B-

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at https://www.standardandpoors.com/en_US/web/guest/article/-/view/sourceId/504352 Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column. Alternatively, call one of the following S&P Global Ratings numbers: Client Support Europe (44) 20-7176-7176; London Press Office (44) 20-7176-3605; Paris (33) 1-4420-6708; Frankfurt (49) 69-33-999-225; or Stockholm (46) 8-440-5914

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