



# Investing in Madagascar:

## A Comprehensive Report



### INTRODUCTION

Madagascar, the fourth-largest island in the world, is a country of exceptional biodiversity, abundant natural resources, and immense investment potential. With a population of approximately 30 million (2023 estimate) and a GDP of over \$15 billion, Madagascar is one of Africa's emerging economies. Strategically located in the Indian Ocean, the island serves as a vital link between Africa and Asia, offering investors access to regional and global markets.

Known for its rich cultural heritage and unparalleled environmental assets, Madagascar is home to a wealth of natural resources, including minerals, agricultural products, and renewable energy potential. The government is actively promoting foreign direct investment (FDI) in priority sectors such as agriculture, mining, tourism, renewable energy, and infrastructure. With its investor-friendly policies, skilled workforce, and untapped markets, Madagascar presents a unique opportunity for businesses looking to expand into a fast-growing region.

### BACKGROUND

Madagascar, situated off the southeastern coast of Africa, is the largest island in the Indian Ocean. Its capital, Antananarivo, serves as the economic and administrative hub of the country. Madagascar's economy is largely driven by agriculture, mining, and tourism, with emerging opportunities in renewable energy and manufacturing.

The country is rich in natural resources, including graphite, nickel, chrome, cobalt, and gold, making mining a key contributor to economic growth. Additionally, Madagascar is renowned for its fertile soil and diverse climate, which support the cultivation of high-value crops such as vanilla, coffee, cocoa, and spices. Madagascar is the world's largest exporter of vanilla, accounting for approximately 80% of global production.

The government's Emergence Plan for Madagascar aims to boost economic growth by improving infrastructure, promoting sustainable development, and attracting foreign investment. With its membership in regional organizations such as the Southern African Development Community (SADC) and the Indian Ocean Commission (IOC), Madagascar provides investors with preferential access to regional and international markets.

### BENEFITS OF INVESTING IN MADAGASCAR

#### Strategic Location

Madagascar's position in the Indian Ocean makes it a strategic hub for trade and investment. Its proximity to Africa, Asia, and the Middle East provides investors with access to fast-growing markets and global trade routes.

#### Abundant Natural Resources

Madagascar is endowed with vast deposits of minerals such as graphite, nickel, cobalt, and gold, as well as fertile land for agriculture. These resources create significant opportunities for investment in mining and agribusiness.

#### Biodiversity and Tourism Potential

With over 90% of its wildlife found nowhere else on Earth, Madagascar is a global biodiversity hotspot. Its unique ecosystems, national parks, and pristine beaches make it an ideal destination for eco-tourism and sustainable tourism investments.

#### Growing Economy

Madagascar's economy has shown resilience and consistent growth, driven by agriculture, mining, and infrastructure development. The government's focus on economic diversification ensures long-term stability and profitability for investors.

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### Skilled and Cost-Effective Workforce

Madagascar has a young, dynamic, and trainable workforce, particularly skilled in agriculture, mining, and manufacturing. Labor costs are competitive, providing a cost advantage for businesses.

### Government Support for FDI

The government of Madagascar is committed to attracting foreign investment by offering tax incentives, streamlined business registration processes, and protections for investors under the Investment Law of Madagascar.

### Access to Regional and Global Markets

Madagascar's membership in the SADC, COMESA (Common Market for Eastern and Southern Africa), and IOC provides preferential access to regional markets, while trade agreements with the EU and the US enable duty-free exports.

### Renewable Energy Potential

Madagascar's natural resources, including abundant sunlight, wind, and rivers, create opportunities for investments in solar, wind, and hydro-power projects.

### Untapped Markets

Madagascar's growing population and expanding middle class offer opportunities for businesses in consumer goods, real estate, technology, and financial services.

### RELEVANT AGENCIES

Several government agencies and organizations facilitate investment and economic development in Madagascar:

#### Economic Development Board of Madagascar (EDBM):

The primary agency for promoting and facilitating foreign direct investment, offering guidance, incentives, and support to investors.

#### Ministry of Industry, Trade, and Handicrafts:

Oversees industrial development and trade policies, supporting investment in key sectors.

#### Ministry of Mines and Strategic Resources:

Manages mining concessions and facilitates investments in Madagascar's mining sector.

#### Ministry of Tourism, Transport, and Meteorology:

Promotes tourism development and provides support for eco-tourism and hospitality investments.

#### Ministry of Agriculture, Livestock, and Fisheries:

Supports agribusiness investments by providing information and assistance to investors in agriculture and fisheries.

#### Chamber of Commerce and Industry of Madagascar (CCIM):

Offers networking opportunities, trade facilitation, and advocacy for businesses.

#### National Office for the Environment (ONE):

Provides guidance on sustainable development and supports investments in renewable energy and green technologies.

#### Free Zones Management Agency (GEP):

Oversees free zones, offering investors tax incentives, customs exemptions, and access to industrial infrastructure.



## INCENTIVES FOR INVESTORS

The government of Madagascar offers a variety of incentives to attract foreign and domestic investment:

### Tax Benefits

Corporate tax holidays of up to 15 years for qualifying investments in priority sectors such as mining, agriculture, and renewable energy.

Reduced corporate tax rates for companies operating in free zones.

### Customs Exemptions

Duty-free imports of machinery, equipment, and raw materials required for production and infrastructure projects.

### Investment Protection

Legal protections under the Investment Law of Madagascar, ensuring repatriation of profits, protection against expropriation, and access to international arbitration.

### Access to Free Zones

Businesses operating in free zones benefit from tax exemptions, reduced customs duties, and access to modern industrial facilities.

### Grants and Subsidies

Financial support for investments in renewable energy, agriculture, and infrastructure development, co-financed by the government and international development partners.

### Fast-Track Business Setup

Simplified business registration and licensing processes managed by the EDBM, enabling investors to establish operations quickly and efficiently.

### Public-Private Partnerships (PPPs):

Opportunities to collaborate with the government on large-scale infrastructure, healthcare, and energy projects.

### Export Incentives

Duty-free and quota-free access to the US under AGOA (African Growth and Opportunity Act) and to the EU under the Everything But Arms (EBA) initiative.

## OPPORTUNITIES FOR INVESTORS

### Agriculture and Agribusiness

Madagascar's fertile land and diverse climate are ideal for cultivating high-value crops such as vanilla, cocoa, coffee, and spices. Opportunities exist in large-scale farming, agro-processing, and export-oriented agribusiness.

### Mining and Natural Resources

Madagascar's rich mineral deposits, including graphite, nickel, cobalt, and gold, create significant opportunities for exploration, extraction, and value-added processing.

### Renewable Energy

The country's abundant natural resources make it an ideal location for investments in solar, wind, and hydropower projects, aligning with the government's focus on expanding access to clean energy.

### Tourism and Hospitality

Madagascar's unique biodiversity, pristine beaches, and cultural heritage offer immense potential for eco-tourism, luxury resorts, and adventure tourism investments.

### Infrastructure Development

The government's focus on modernizing infrastructure provides opportunities for investments in roads, ports, airports, housing, and telecommunications.

## Manufacturing and Industry

Madagascar's competitive labor costs and preferential trade agreements make it an ideal location for light manufacturing, textiles, and export-oriented industries.

## ICT and Digital Economy

Madagascar's growing ICT sector offers opportunities in software development, e-commerce, and digital transformation projects.

## Healthcare and Education

The demand for quality healthcare and education services creates opportunities for private investment in clinics, hospitals, schools, and vocational training centers.

## CONCLUSION

Madagascar is a land of opportunity, offering investors a stable and business-friendly environment with immense potential across diverse sectors. From agriculture and mining to tourism and renewable energy, Madagascar's rich natural resources, strategic location, and supportive government policies make it a compelling destination for foreign direct investment.

The government's commitment to fostering sustainable development, improving infrastructure, and promoting private-sector growth ensures long-term profitability for businesses. With its untapped markets, competitive workforce, and access to regional and global markets, Madagascar is poised to become a leading investment destination in Africa.

Now is the time to invest in Madagascar and contribute to its journey toward economic transformation and sustainable development.

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