

Union of the Comoros: Selected Issues and Statistical Appendix

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UNION OF THE COMOROS

Selected Issues and Statistical Appendix

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Approved by the African Department

September 27, 2006

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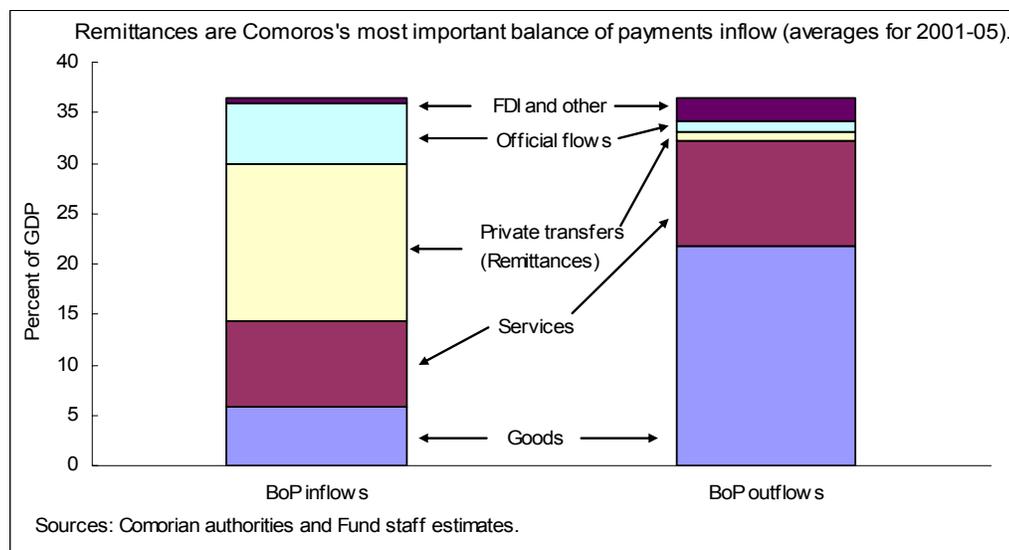
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CHAPTER I: THE ROLE OF REMITTANCES IN THE COMORIAN ECONOMY¹

A. Introduction

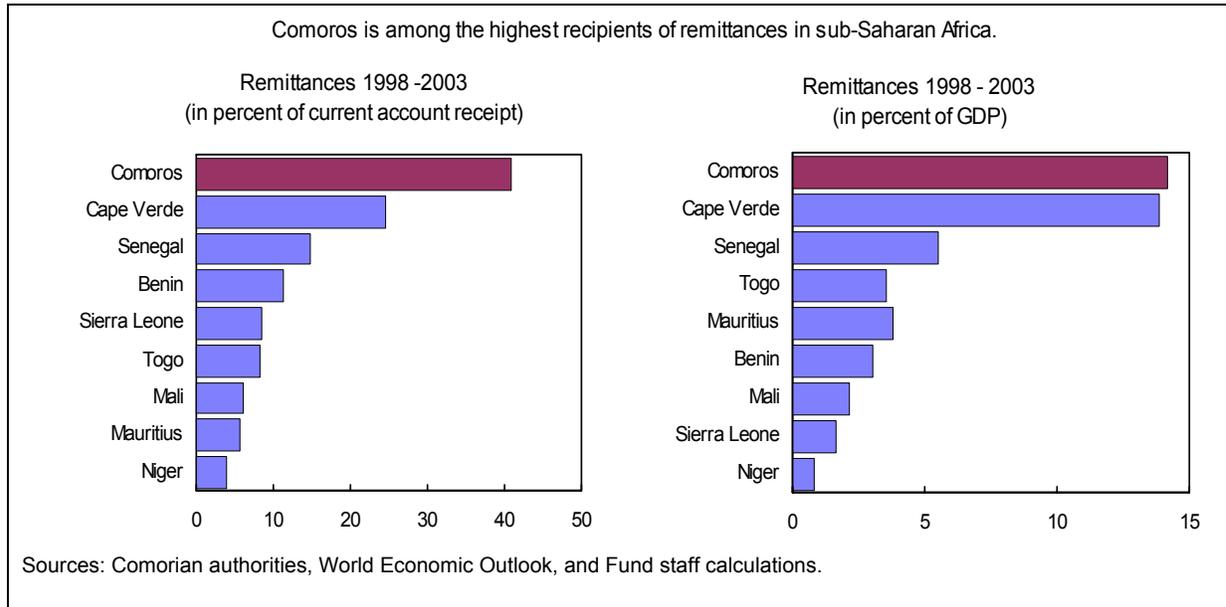
1. **Comoros's economy is highly dependent on remittances; their share in national income is among the highest in the world.** Following the 1997-2001 secessionist episode, private transfers in the form of remittances replaced official grants as the highest current account inflow to Comoros. In 2005, they were estimated at 18½ percent of GDP, well above exports of goods and services, and more than three times the amount of foreign aid. The share of remittances in current account receipts was almost 50 percent, the largest by far in sub-Saharan Africa (SSA).



2. **The literature on remittances to developing countries focuses on their causes, their effect on growth, and their relationship with the financial sector.** Chami and others (2005) use panel data to show that remittances tend to be countercyclical to GDP growth, suggesting altruistic rather than investment-driven motives. They also note that remittances can become a disincentive for work if they substitute for the labor income of the recipient. Gupta (2005) finds that remittances to India appear to be countercyclical but are also explained by migrants' earnings. Karpowicz (2005) finds a positive long-run relationship between emigrants' deposits in Cape Verde and wages in the Euro-area but not with emigrants' wages in the United States. Bouhga-Hagbe (2004) builds a model that captures the notion of worker attachment to the home country through investment in real estate and finds evidence for that in Morocco. Regarding the effects of remittances, McCormick and

¹ The chapter was prepared by Eza Al-Zein.

Wahba (2000) show in a migration model that overseas employment can be welfare-enhancing when remittances per capita are higher than domestic wages. Giuliano and Ruiz-Arranz (2005) look at the relationship between financial development, remittances, and real growth. Using panel data, they show that in less financially developed countries with borrowing constraints, remittances can promote growth.



3. **This chapter explores the role of remittances in the Comorian economy.**

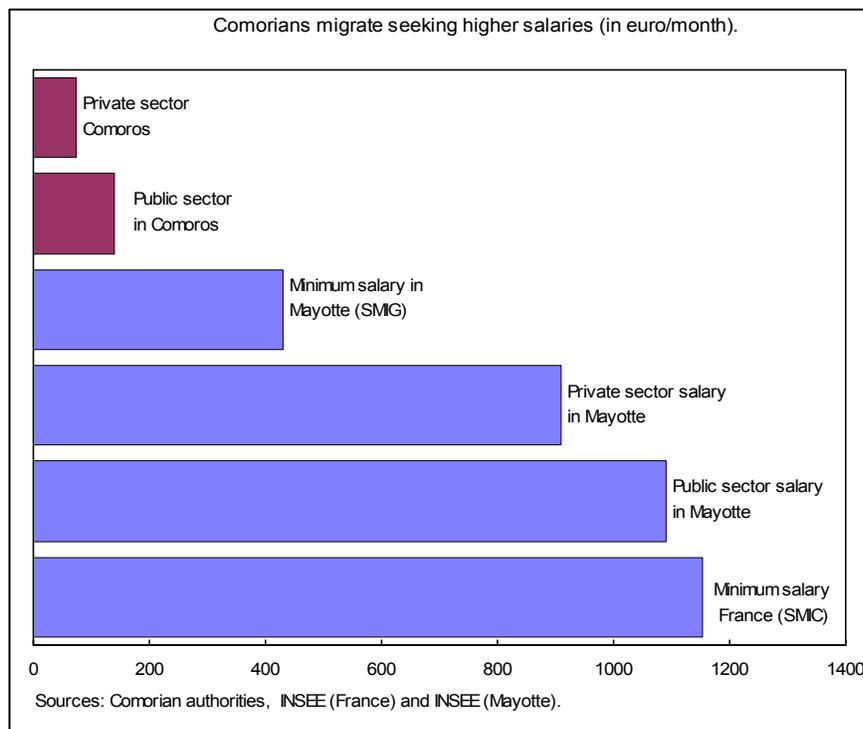
Following recent work by the World Bank (2004), it provides a quantitative analysis of the determinants and effects of remittances. Section B discusses the origins of remittances to Comoros, their transmission channels, and their final uses. Section C discusses determinants for remittances and analyzes their impact on external balances, savings-investment balances, and economic growth. It also assesses whether there is evidence of a possible Dutch-disease effect whereby higher remittances might lead to an overvalued exchange rate and poor export performance. Section D considers the linkages between remittances and the local financial sector. Given data limitation, much of the quantitative analysis is limited to annual time series correlations since 1999, but the chapter also presents time series regressions using monthly data on monetary aggregates, prices, and remittances (Annex I).

B. Tracking the Flow of Remittances and Their Uses

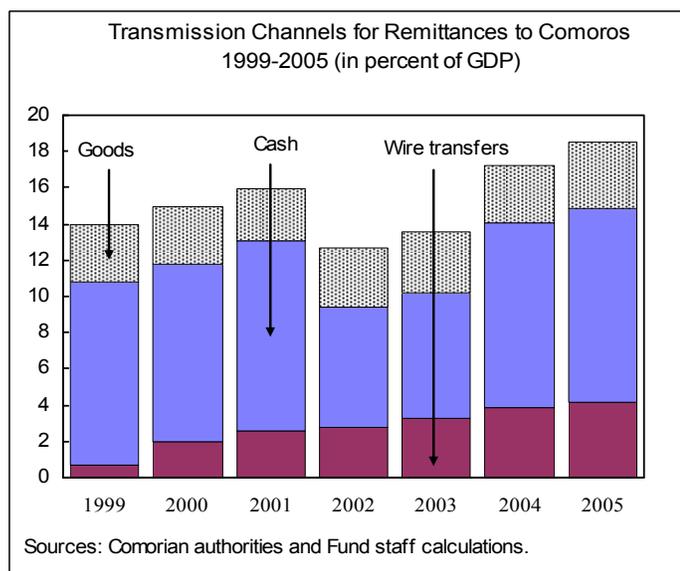
4. **Remittances to Comoros mainly come from migrant workers and emigrants in France and the island of Mayotte.**² It is estimated that between 150,000 to 200,000 people

² Mayotte is part of the Comoros archipelago but not of the Union of the Comoros. In referenda in 1974 and 1976 the citizens of Mayotte chose to keep the island a French territory.

of Comorian origin live outside the Union of the Comoros. The 2003 household census shows that 80 percent of the diaspora lives in Mayotte or France. The others mostly live in Madagascar, Arab countries, and other African countries. Due to wage differentials many Comorians emigrate for work opportunities to support their families at home.



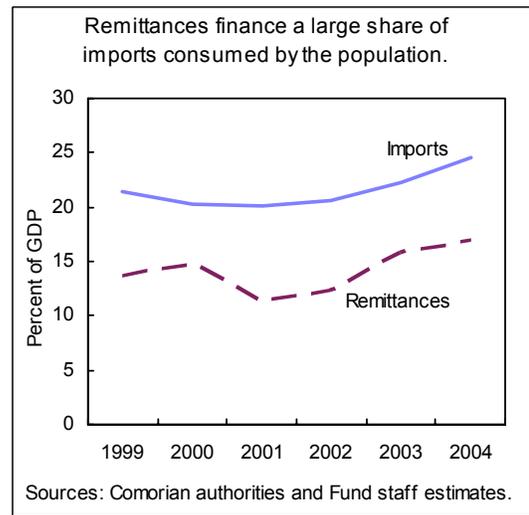
5. **Remittances to Comoros come mainly as cash, but also in the form of goods and wire transfers.** The Central Bank of Comoros has recently strengthened its historical series on remittances for 1999-2005. It estimates that about two-thirds of remittances flow in as cash, mainly euros. Most of the cash is exchanged into local currency, though some euros are used directly for imports, travel purposes, and “under-the-mattress” savings. The share of remittances via wire transfers through Western Union, after rapid growth in recent years, has reached about one-fourth of total remittances. Remittances that are sent directly in the form of goods (often from Dubai) have also been increasing. The island of Grande Comore (Ngazidja) receives by far the highest share of remittances since *Grand Marriage* ceremonies—



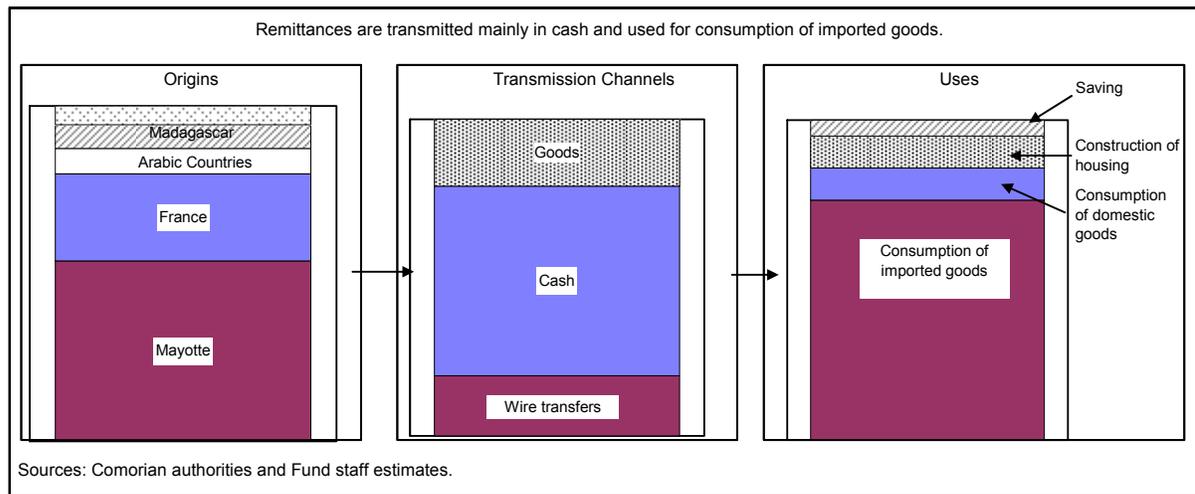
large traditional community-based weddings—have spread across all social classes there, in contrast to the other two islands where the ceremony is limited largely to wealthier citizens.

6. Remittances are mainly spent on imported goods, contributing to both poverty reduction and conspicuous consumption.

Given the near absence of domestic manufacturing, there is strong demand for a wide variety of consumer imports. With Comoros's low export earnings, especially after the collapse of international vanilla prices, remittances have become the most important source of cash income for many families, who rely on relatives abroad to help finance consumption other than subsistence agriculture. It is estimated that remittances, which amount to



about 70 percent of total imports of goods, finance more than half of all imports to Comoros. As a result, imports and remittances show a strong positive correlation in annual data. By providing a minimum level of consumption, remittances have likely contributed to keeping Comoros's human development indicators above the regional average, by supporting "much-needed expenditure on poverty-reducing items: nutrition, shelter, education and health".³ Apart from poverty alleviation, anecdotal evidence suggests that a significant share of remittances is also spent on the considerable expenses of *Grand Marriage* ceremonies.



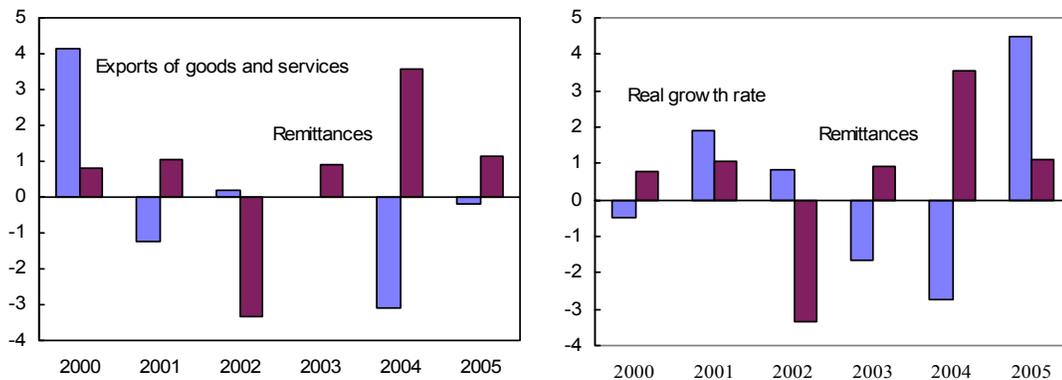
³ See World Bank (2004).

C. The Determinants and Macroeconomic Effects of Remittances

7. **Altruistic motives are clearly the main reason for remittances to Comoros.** As highlighted in the literature, remittances can be driven in part by altruistic motives and in part by investment opportunities. In Comoros, there are few investment opportunities and available data suggests that inflows of remittances tend to be countercyclical rather than correlated with investment.

8. **Movements in remittances have recently been negatively correlated with real GDP growth and export performance.** The only two years where an increase in remittances was associated with higher GDP growth, 2001 and 2005, were when remittances offset losses in the export sector. These countercyclical patterns support the importance of altruistic motives—especially in times of crisis, like the one caused by the recent plunge in vanilla prices, when Comorians abroad helped their families to smooth consumption.

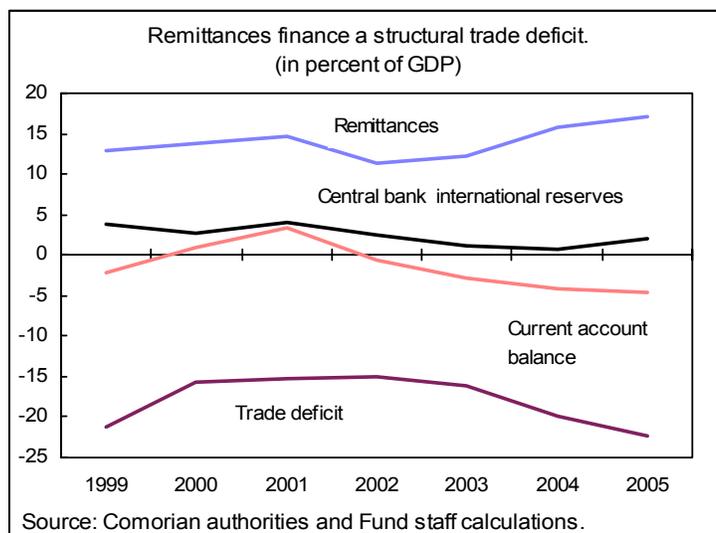
Remittances have been countercyclical to GDP and export movements.
(Changes in percentage points of GDP)



Sources: Comorian authorities and Fund staff calculations.

9. **Remittances contribute to a large structural trade deficit, but they also act as a buffer against terms of trade shocks.**

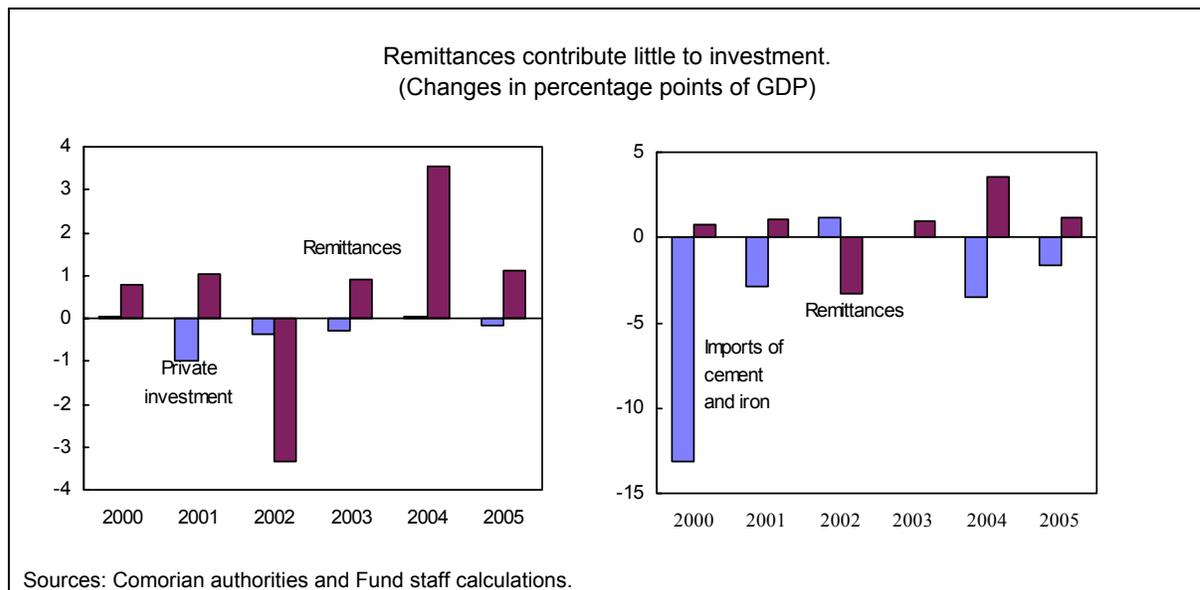
Comoros's trade deficit amounted to about 21 percent of GDP in 2005, of which more than two-thirds can be explained by imports financed by remittances. During the 2004/05 vanilla crisis, remittances were a shock absorber, both for household income and for the balance of



Source: Comorian authorities and Fund staff calculations.

payments. Gross international reserves have tended to move with remittances in the short term but, because they are eventually absorbed through higher imports, there is no evidence of a longer-term effect (see Section D and Annex I).

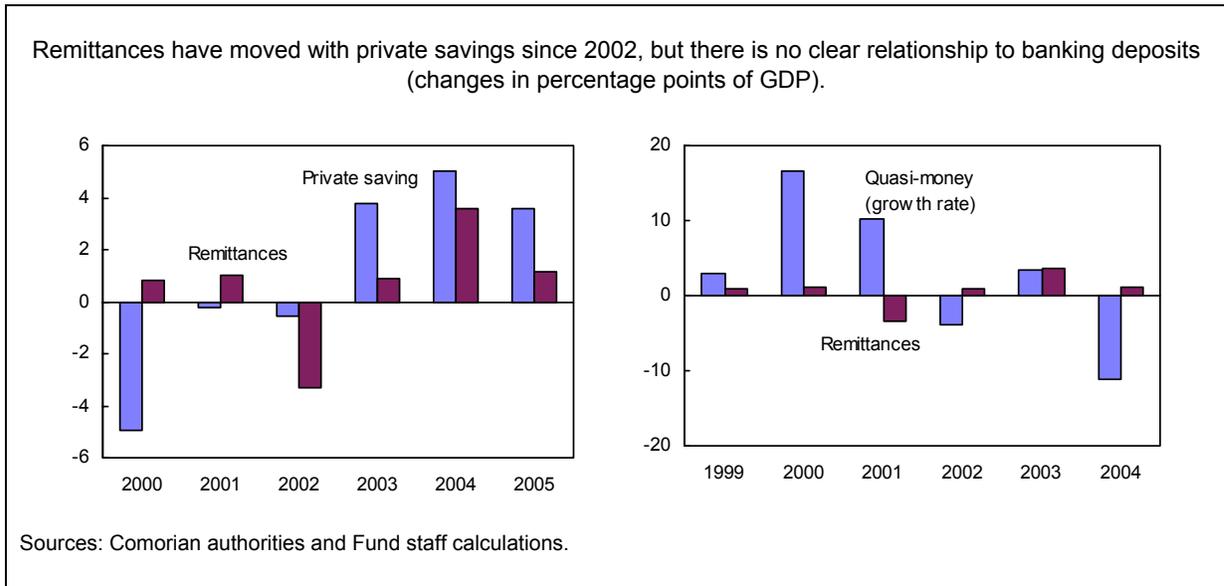
10. **There is no evidence that remittances have boosted investment, and it is unclear how much they might have contributed to long-term economic growth.** The negative correlation of remittances and private investment in recent years suggests that profit motives are relatively unimportant in the Comorian context. Despite anecdotal evidence that remittances are partly used for housing construction, there is a negative correlation between remittances and imports of construction materials in annual time series data, suggesting that the bulk of remittances go into consumer goods. Remittances thus do not appear to contribute much to the country's long-term capital stock or to its long-term economic growth potential, although it is possible that the impact of remittances on human development indicators, such as education and health, have been positive for long-term growth.



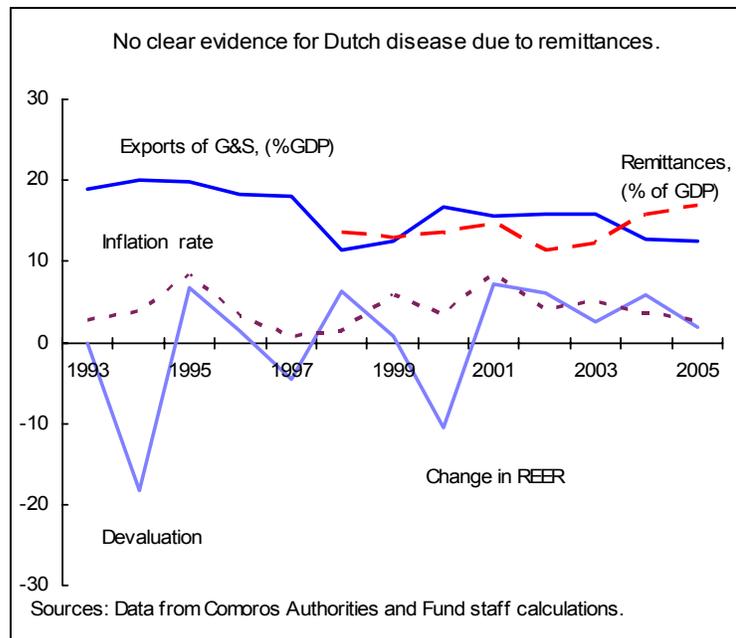
11. **National accounts data show that private savings tend to move with remittances.** However, banking deposits are not correlated with remittances in annual data, and monthly time series regression analysis shows that a change in remittances does not cause a statistically significant change in deposits (Annex I). This suggests that most remittances that are saved remain outside the financial system.⁴ The reliance on informal savings also

⁴ According to the authorities, the extent of such under-the-mattress hoarding can be estimated by the experience of the conversion of the French franc into euros in 2001, when the equivalent of CF 5 billion (4 percent of GDP and 62 percent of time deposits) was exchanged at the central bank.

underlines the lack of a profit motive for remittances to Comoros, with deposit interest rates at 3 percent, less than one percentage point higher than in France.



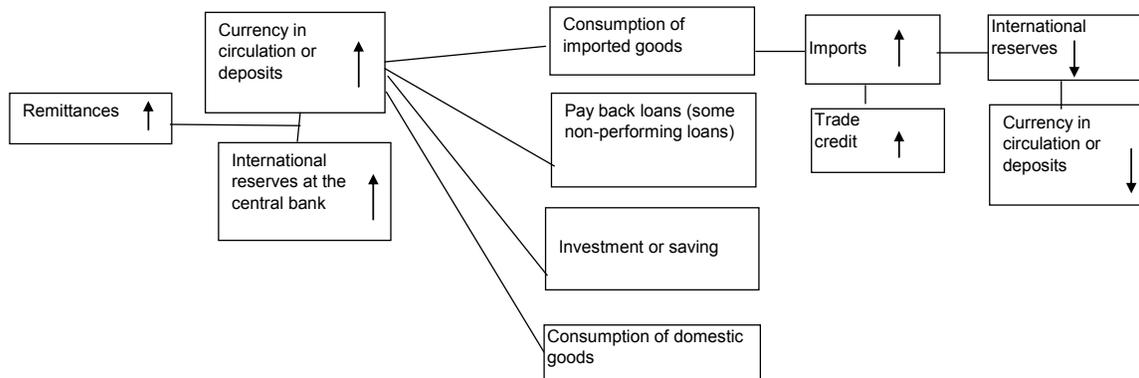
12. **There is no conclusive evidence of a Dutch-disease effect.** Annual changes in remittances have not been strongly correlated with movements in inflation or the real exchange rate. This is consistent with the observation that remittances are used primarily for imports of consumer goods, so they have little impact on demand for domestic goods and services. Remittances may even reduce demand for domestic goods if they finance higher-quality imported substitutes. However, given the large size of remittances, if even a relatively small share is used for domestic goods and services, remittances may have a non-trivial effect on domestic prices, thus keeping the equilibrium real exchange rate higher than it would otherwise be. Using monthly data, there is a weak but positive correlation between short-run movements in remittances on the one hand and monthly changes in the CPI, suggesting a possible, if small, short-run impact on the real exchange rate. However, there appears to be no long-run relationship in the monthly data (Annex I). It should be noted that remittances are indirectly



linked with real exchange rate appreciation through a common cause, namely increases in emigration or higher earnings by the diaspora, which both tend to raise domestic wages and remittances.

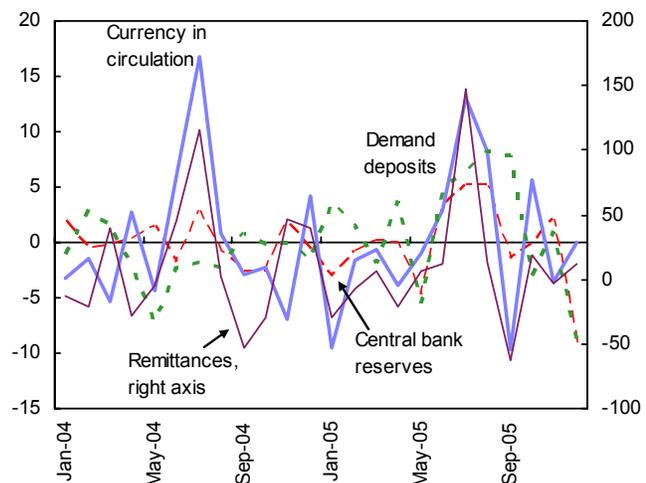
D. The Effect of Remittances on the Financial Sector

The Financial Transmission of Remittances



13. **By financing primarily imports, remittances are the source of short-term fluctuations of monetary aggregates, but they are almost fully absorbed in the long term.** Most remittances flow into Comoros between June and August, the holiday season in France. This creates a strong seasonality in monetary variables. As shown in the econometric analysis in Annex I, currency in circulation, broad money, and international reserves tend to move strongly with remittances in the short term. By contrast, remittances appear to have little impact on deposits, as discussed above, suggesting that inflows of euros are largely exchanged into domestic cash or saved in euro cash. The co-movement of remittances and monetary aggregates disappears in the long run as the additional liquidity is eventually absorbed through higher imports.

Remittances are seasonal and cause short-term fluctuations in monetary aggregates (in monthly percent changes).

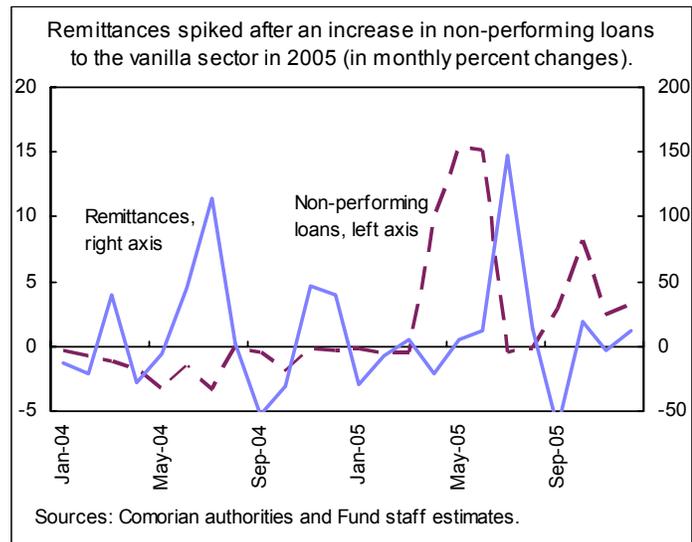


Sources: Comorian authorities and Fund staff calculations.

14. **Remittances have been a source of liquidity for individuals who are not able to borrow from a bank or microfinance institution.** Private sector borrowing is constrained by the monopolistic structure of the banking system. At about 14 percent, interest rates on

borrowing are high and there are few lending instruments except for short-term trade credit. Remittances may thus be filling a gap in the underdeveloped financial system, enabling residents to purchase expensive consumer items without resorting to costly bank credit. This is supported by monthly data, which show that during the peak time for remittances, there is also a decline in credit to the private sector (Annex I). Conversely, since a large share of remittances flows into Comoros through informal channels, remittances do not contribute to the development of the financial system and the expansion of formal financial intermediation. Hence, there may be a potentially vicious circle of underdeveloped financial intermediation and high dependence on inflows of cash through remittances.

15. **It is not clear to what extent remittances may have helped bail out distressed borrowers.** In the third quarter of 2005, remittances increased sharply after the vanilla crisis had led to a strong increase in non-performing loans in mid-2005. However, as there is otherwise little evidence of co-movement between remittances and bad loans, it is unlikely that remittances have created moral hazard in the local credit market.



E. Conclusions

16. **Remittances play a major role in the Comorian economy.** This chapter has provided a few stylized facts that can be useful for better understanding broader macroeconomic developments in Comoros:

- Remittances are mainly transferred based on altruistic motives. They have recently been countercyclical and helped to absorb external shocks.
- Remittances are spent mostly on imports and do not significantly contribute to investment. Their main impact has been to enhance consumption and improve living conditions, and it is not clear to what extent they may have contributed to long-run economic growth.
- Comoros's high trade deficit is largely structural, with more than half the goods imported financed by remittances.

- There is no clear evidence for a significant Dutch-disease effect, as most remittances are absorbed through imports. However, remittances appear to have at least a weak temporary impact on domestic prices and the real exchange rate.
- Remittances help to fill gaps in the underdeveloped financial sector, but have so far not contributed to its development.

17. **The dominant role of remittances in Comoros's economy presents policymakers with important challenges and opportunities.** One challenge for monetary policy is to develop the analytical and policy tools necessary to react appropriately to short-term fluctuations of reserves and monetary aggregates caused by remittances. Policymakers will also need to prepare for possible structural shifts in remittances. Although the analysis above would suggest that any large increase/decrease in remittances would be partly offset by higher/lower imports, the large size of remittances implies that policy adjustments may be required nevertheless to avoid possible adverse consequences on the balance of payments, inflation, or economic growth. Remittances also present important opportunities for supporting economic development, in line with Comoros's Interim Poverty Reduction Strategy Paper. Specifically, remittances could contribute significantly to long-run economic growth if they were to be directed more toward investment and channeled more through the local financial sector. To achieve this, it will be important to improve the investment climate and to open up the financial sector and product markets for greater competition.

ANNEX I: ECONOMETRIC ANALYSIS

This annex analyzes the impact of remittances, using monthly data in structural vector autoregressive (SVAR) models. The aim is to capture how a short-term shock on remittances might affect other variables. In a six-variable SVAR model, the assumption on the ordering of shocks is that changes in remittances affect international reserves and monetary aggregates, which in turn affect inflation and therefore the real exchange rate, and eventually trade credit. The data cover January 1999—December 2005.⁵ We use four different models by alternating the variable of money aggregates: broad money, currency in circulation, quasi money, and non-cash broad money.⁶

The analysis shows that the effect of remittances on broad money and reserves is positive and statistically significant in the short run but dissipates in the long run. We show in the first set of graphs below the impulse response functions to a one standard deviation shock of remittances (about 40 percent) calculated from the SVAR. In the short run, this shock causes a significant positive response of the percent change in the stock of broad money and international reserves instantaneously (more than 1½ percent) that dissipate over three months. When we replace broad money by currency in circulation, similar effects are seen with even higher magnitude, of about 2 percent. However, with quasi-money or banking deposits, the effect is insignificant. This confirms that remittances are mainly used for consumption purposes or hoarding outside the financial system, rather than for savings in the local banking sector.

On the question whether remittances might lead to higher demand of domestic goods and thus inflation, the impulse response function shows no significant effect on the inflation rate (and thus on variations of the real exchange rate), pointing to the lack of evidence of a possible Dutch-disease effect of remittances. Finally, the initial effect on credit is negative and marginally significant (at the 10 percent significance level). This could point to the possible role of remittances as an alternative source of liquidity.

In sum, the SVAR analysis shows a positive short-run effect of remittances on monetary aggregates and international reserves, which dissipates within one quarter. To get an understanding of the long-run relationships of remittances and other variables, we run four bivariate vector error correction models to calculate elasticities to remittances of broad

⁵ With a Dickey-Fuller Generalized least square test, all variables (remittances, reserves, money aggregates, CPI, REER and trade credit) are found to be non-stationary in their log-level and with at least one criterion (Schwert or Akaike Information criteria) stationary in their difference (monthly variations). Exogenous dummy variable is added to the system to account for the seasonality during June and December of any year. The Schwert criterion gives one lag as the optimal lag for the SVAR analysis.

⁶ Broad money net of currency in circulation

money, reserves, CPI and the real effective exchange rate. The VECM confirm that remittances have no long-run relationship with broad money or reserves, indicating that they are likely absorbed through higher imports. There is also no long-run impact of remittances on prices or on the REER with 12 lags.⁷

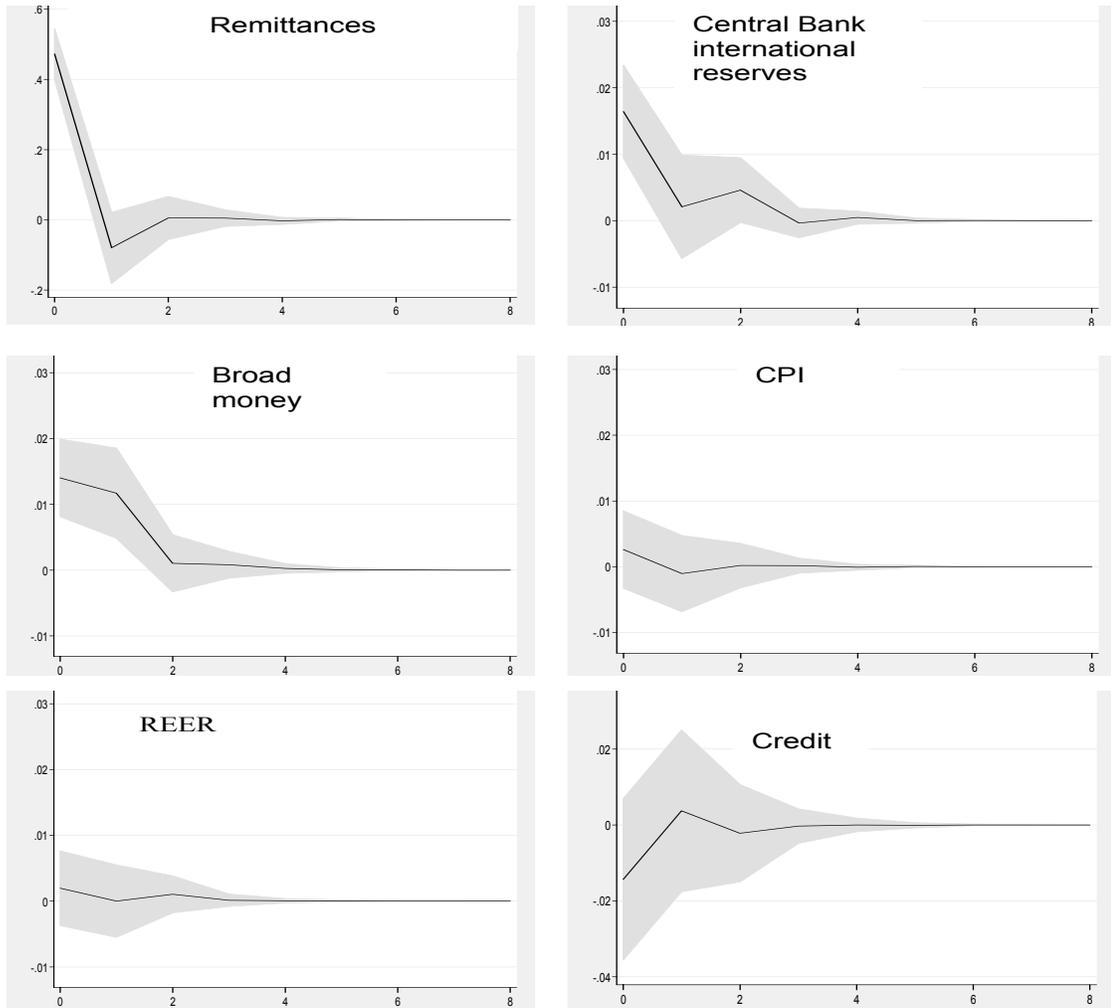
Elasticities of Selected Variables to Remittances		
	With 1 lag ⁸	With 12 lags ⁹
$\frac{\partial(\log(\text{broad money}))}{\partial(\log(\text{remittances}))} =$	1.064871** (.1600133)	-.0864541 (.3246074)
$\frac{\partial(\log(\text{reserves}))}{\partial(\log(\text{remittances}))} =$	1.615073 ** (.2783712)	-.0901794 (.3753588)
$\frac{\partial(\log(\text{CPI}))}{\partial(\log(\text{remittances}))} =$	.4952056 ** (.0789659)	.043198 (.0242742)
$\frac{\partial(\log(\text{REER}))}{\partial(\log(\text{remittances}))} =$	1.038971 ** (.1697837)	.0335963 (.0252072)
** Significant at 5% significance level. Source: Fund staff calculations using bivariate VECM.		

⁷ Although the bivariate relationships for remittances with the CPI and the REER are significant for one lag VECM, both the 12 lags bivariate VECM and the multivariate SVAR does not show any effect in levels and differences.

⁸ Optimal lag with Schwert criterion.

⁹ Optimal lag with Akaike Information criterion.

Structural Impulse response functions to a one standard deviation shock in monthly change of remittances (95% confidence interval) 1/



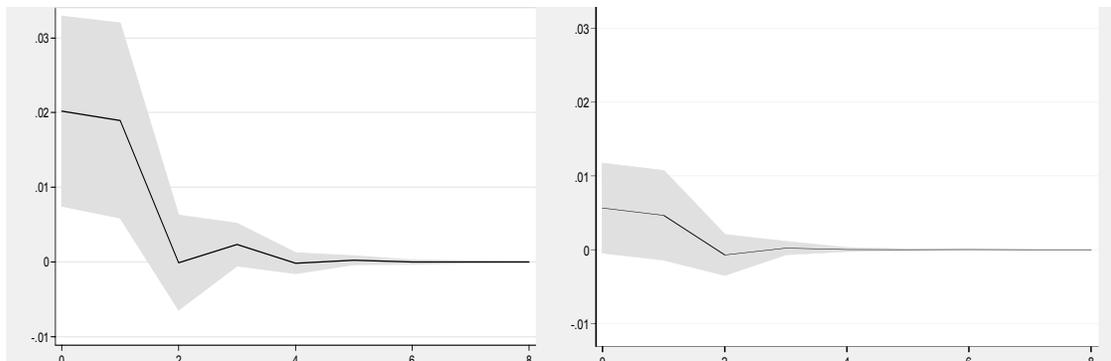
1/ All variables are in monthly changes. SVAR is calculated based on the following ordering: The assumption on the ordering of shocks is that Remittances growth => broad money growth => inflation=> change in REER=> change in trade credit.

Source: Fund staff calculations from SVAR model.

Alternative Impulse response functions to one standard deviation shock in remittances when substituting broad money with first, currency in circulation and second, banking deposits.

Currency in circulation

Banking Deposits



Source: Fund staff calculations from SVAR model.

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CHAPTER II: FISCAL DECENTRALIZATION: ACCOMPLISHMENTS AND CHALLENGES¹

1. Since the mid-1980s, many sub-Saharan African countries have started a process of decentralization through the transfer of power, resources, and responsibilities to subnational governments.² The pace and the extent of the decentralization process have been uneven. Differences in designing the institutional framework were often a response to different political contexts. In countries with strong ethnic or political rivalries, a federal system has been considered an effective way of keeping the country together. In other countries, including Mali, Madagascar, and Senegal, the introduction of a regional government between the central and the local authorities was seen as instrumental to provide more autonomy to some areas of the country, as well as to favor a more equitable distribution of national resources.

2. In Comoros, decentralization plays a very important political role, with significant implications for fiscal policy. Since 2001, the country has undergone an intensive process of political and fiscal decentralization as part of its national reconciliation process.³ The result has been a complex system of fiscal federalism with important implications for the effectiveness of fiscal policy. The main objective of this chapter is to review how the new system has worked in practice, highlighting the challenges for policy implementation and offering suggestions for strengthening the effectiveness of fiscal policy in a highly decentralized context.

A. Political Background

3. **The four islands of Comoros have a long history of self-determination.** Even in colonial times, each clung to local custom and maintained a significant degree of self-rule. After a referendum on independence, three of the islands—Anjouan, Ngazidja (also known as Grande Comore), and Moheli—formed the newly independent nation of Comoros in 1975. The fourth island, Mayotte, chose to remain under French administration, as it still does.

4. **Political power has gravitated to Ngazidja, the largest, most populous island where the capital, Moroni, is situated.** Under several national autocratic leaders, including foreign mercenaries, decision-making was centralized in the island that served as the seat of power. Due to the geographic dispersion of the three islands, the national government had significant control over administration in Ngazidja and was less involved in the other two

¹ The chapter was prepared by Paulo Lopes.

² On the experience of fiscal decentralization in African countries, see Brosio (2000) and Smoke (2000).

³ A Selected Issues paper prepared by Fund staff in 2004 (Country Report No. 04/233) reported on progress in the design of the new federal structures and the related implementation of fiscal decentralization in Comoros.

islands. Conversely, the other two islands were less involved in national decision-making, despite the integration of officials from all islands in the national government.

5. **Anjouan, the second largest island, holds considerable economic power, which it uses to pursue local objectives.** Comoros's only deep-water port is in Anjouan, which gives the island control over much of the country's international trade and therefore custom collections. The port has also given a boost to local commerce and manufacturing, which are relatively more developed in Anjouan than on the two other islands. Despite its economic strength and contributions to the national budget, the island's role in national politics has recently become somewhat limited, not least because of its geographic distance to the capital.

6. **Moheli is far smaller than the other two islands and relies primarily on a subsistence economy.** Its political influence comes from being one of three national voices and sometimes siding with Anjouan to attain concessions from the national government.

7. **A major separatist crisis erupted in 1997.** Anjouan ceased to cooperate with the national authorities, and Moheli followed suit. The two islands declared independence, which was neither accepted by Ngazidja nor recognized by the international community. Notwithstanding an early skirmish in Anjouan, civil war was averted. After several leadership changes, military rule was instituted in both Anjouan and Ngazidja.

8. **In December 2001 voters backed a new constitution that kept the three islands together as one country but gave each more autonomy in a newly established Union of the Comoros.** This vote was the outcome of a process of international mediation that continued in the years leading up to the presidential elections of May 2006. The greater autonomy of each island was underscored politically by the elevation of island leadership to presidential status, greater island representation at most levels of national government, and the creation of island cabinet structures paralleling those of the national government. In practice, however, a disorderly process of creating new government structures and conflict about competencies between Union and island governments have left many questions about the new federal system unresolved.

9. **Fiscal decentralization became a pillar of the political consensus for national reconciliation.** Control over public finances had been at the heart of Comoros's political conflicts. On the principle that each island can best select local expenditure priorities and monitor their execution, expenditure decision-making was gradually devolved to the islands, starting with health, education, and infrastructure maintenance. The Union government was made responsible for expenditures in the national interest (defense, diplomacy, major infrastructure projects).

10. **A revenue-sharing agreement was signed in 2003 and put in place for the 2005 fiscal year.** Under the mechanism, each island retains some revenues (*recettes propres*, mostly property taxes and specific excises and fees) and the rest go into a common account at

the central bank. This account is debited by the three islands and the Union according to fixed percentages, after deductions for national expenditures for external debt service, pension fund contributions, and other national charges.

B. Recent Experience with Fiscal Decentralization

11. **Given the geographical and political realities, decentralization plays a more prominent role in Comoros than in other Sub-Saharan African (SSA) countries.** While political decentralization has been promoted in many African countries, in practice fiscal power has often remained concentrated. A World Bank survey of progress with decentralization in 30 SSA countries (not including Comoros) ranks how uneven progress with political, administrative, and fiscal decentralization has been and how fiscal decentralization has trailed the other two (Ndegwa, 2002). In Comoros, the relative autonomy of the island governments (particularly Anjouan and Moheli) is partly determined by geography; long distances between islands and very high transport costs would make central control of fiscal operations difficult even if fiscal decentralization had not been made an explicit part of the national reconciliation process.

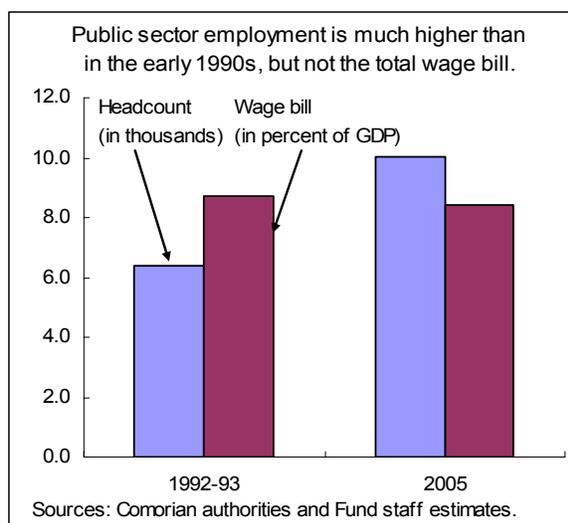
12. **The economic rationale for decentralization is that it makes allocation of public expenditures more efficient and prevents regional inequities** in that local decision-makers are usually more aware of local conditions and more responsive to local needs (Musgrave, 1969). However, there are potential drawbacks: For instance, decentralization may be used to pursue political objectives through local patronage, and fragmentation of expenditure may be more costly because of loss of economies of scale (Tanzi, 1996, and 2002). There is also the danger that local governments will deliberately pursue unsustainable levels of expenditure using political leverage with a central government that needs their cooperation (Breton, 2002).⁴

13. **In practice, decentralization is often driven by politics, as was the case in Comoros.** In light of the experience with the 1997-2001 secessionist crisis, decentralization was considered critical for national reconciliation, notwithstanding the cost of creating equivalent civil service posts for each of the four governments (Union and three islands). Moreover, the scope for economies of scale of a fully centralized structure was limited by the geographic fragmentation across relatively distant islands.

⁴ Political economy models formalizing these trade-offs between fiscal federal risk-sharing and moral hazard at lower levels of government is provided in Person and Tabellini (1996) and Bolton and Roland (1997). These studies also offer useful advice on how to design federal systems to resolve these trade-offs.

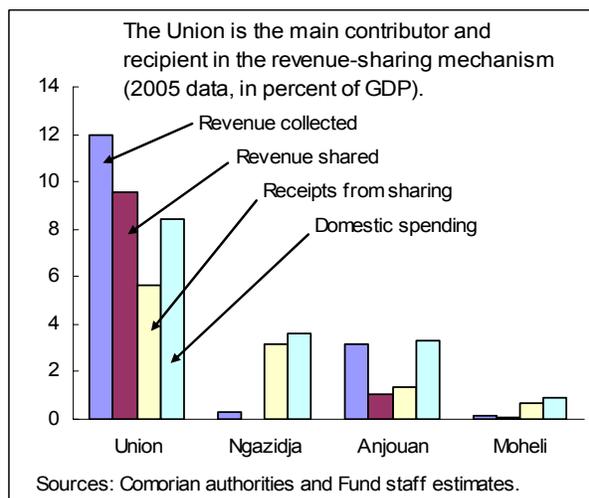
14. **The disorderly process of decentralization and creation of new government structures after 2001 have caused civil service payrolls to swell.** Although data on island government civil service rosters are not comparable in annual time series, there is evidence that payrolls increased significantly.

According to a former Minister of Finance, the number of civil servants increased from 6,028 in 1994 to 10,027 in 2005.⁵ The total wage bill, at about 8 percent of GDP in 2005 and 54 percent of revenues, is high by regional standards.⁶ While time series data are not fully comparable, the wage bill appears to have declined somewhat from the early 1990s, suggesting that average salaries were cut in response to swelling payrolls and constant financial resources.



15. **The Comoros revenue-sharing mechanism is highly asymmetric.** In theory, the customs and tax authorities for each of the three islands transfer all revenues designated for distribution to the revenue-sharing

account, from which all four governments (Union and islands) are to receive allocations based on fixed percentages. In practice, the sharing system involves two parties with significant revenues (Union and Anjouan) and two with almost no revenue (Ngazidja and Moheli).⁷ In this system, the Union has collected the lion's share of revenues, Anjouan has retained a large share of its revenue and broken roughly even in the redistribution system, and the two other islands as net recipients of transfers have been highly dependent on

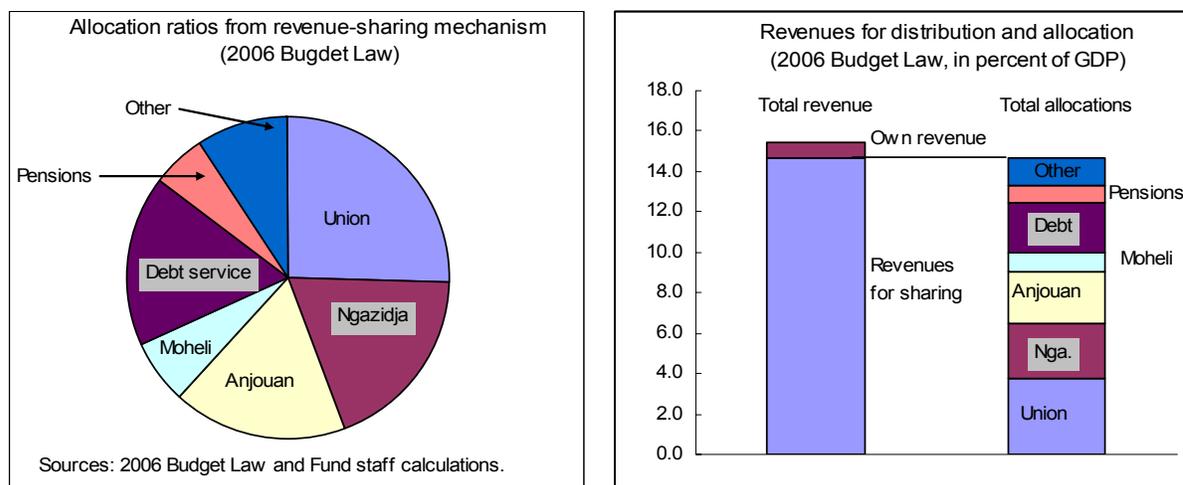


⁵ Data from former Minister of Finance Oubeidi Mze Chei in June 2006 as he explained the difficulties he faced in containing expenditures and paying salaries (source: Agence Comorienne de Presse, June 29, 2006).

⁶ In 1996, the average wage bill in 32 countries in sub-Saharan Africa was 6 percent (Lienert and Modi, 1997).

⁷ In practice, Comoros has only three major revenue sources: the port of Moroni, which has been effectively controlled by the Union government rather than Ngazidja authorities; the national telecommunications company, also controlled by the Union; and the port of Anjouan, which is controlled by the government of Anjouan.

the redistribution mechanism.⁸ Another asymmetry in the revenue-sharing mechanism is that virtually all revenue collected by the four governments is designated for sharing, and only a marginal share is designated as *recettes propres* for retention at the island level.



16. **The tight budgetary envelope has contributed to persistent interisland tensions over revenue-sharing.** The pace of revenue growth (4 percent annually between 2002 and 2005) has not been sufficient to keep up with the multiple expenditure needs of the four governments and also significantly reduce the vast arrears accumulated in previous years. Moreover, there has been very little external budgetary support. The three islands and the Union government have thus found themselves competing for the limited resources available to address their pressing budgetary needs.

17. **The Comoros revenue-sharing mechanism suffers from free rider and moral hazard problems.** With the most important types of revenue designated for the sharing mechanism, the incentive for each government to maximize revenue collection is much reduced. This incentive problem is particularly severe for the islands, whose percentages in the redistribution scheme are relatively low. Moreover, given the incentives to hide revenues from the redistribution arrangement, there has been mutual mistrust between the Union and island governments. Regarding expenditure, the incentive problems are less pronounced as long as redistribution follows the agreed percentages. However, given some degree of

⁸ In a number of countries worldwide, intergovernmental schemes rely on formulas that allocate equalization grants across regions based on regional tax bases or incomes, given asymmetries in average per capita income between regions. As a result, any politically feasible decentralization would typically be accompanied by a system of regional redistribution; otherwise the poorest regions would be much worse off. In Comoros independent tax collection agreements for each island were largely accepted by the other islands because of the compensatory mechanism of a large Union share of the redistribution. This mechanism is therefore similar to a social insurance scheme because it shares macroeconomic risks among heterogeneous governments with different per capita income and revenue capacity.

discretion in the application of the redistribution mechanism, incentives for the island governments to cut spending commitments are reduced.

18. **Domestic arrears have increasingly dominated fiscal policy and have become a major point of contention.** Comoros has not been current on its budgetary commitments for decades. Political life is dominated by the urgency to catch up on overdue salaries. In early 2006, civil service wage arrears were on average four months overdue, but there are instances of salaries being overdue for over five years. The situation was more acute in Moheli (8 months average) than in Anjouan (3 months). Given that civil service wages, meager as they may be, are the sole source of cash earnings for many Comorian families, settling arrears is a constant social and political priority.

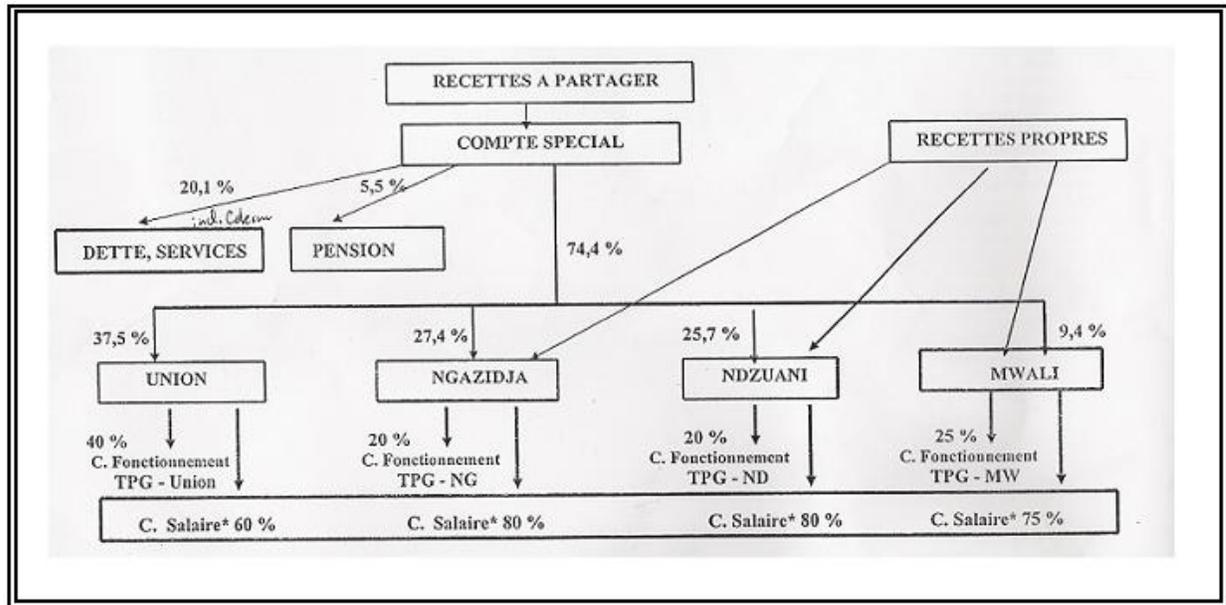
19. **Capacity constraints in budgetary accounting have been exacerbated by the lack of interisland cooperation.** Fiscal policy in Comoros effectively operates with four interlinked budgets, one for the Union and three for the islands. Consolidated data on all fiscal operations are prepared only infrequently, and because data transmission is often manual, the compilation of a full picture of budget execution requires expensive interisland travel for budget officials. Moreover, the data are often inaccurate and inconsistent because the four governments have different methodologies and there is insufficient information-sharing. This has led to chronic arrears, poor expenditure targeting, volatile revenues, and relatively low levels of foreign aid.

20. **The significant progress in interisland cooperation in public finances that was made in drafting the 2005 budget, collapsed in the run-up to the 2006 presidential elections.** As a result, new wage arrears were incurred and longstanding grievances on expenditure priorities were reignited. There were allegations that the revenue-sharing mechanism was being circumvented by several governments. Interisland cooperation came to a virtual halt just before the May 2006 election. Besides the universal pressures on incumbent governments to spend ahead of an election, collection of customs revenues in the port of Moroni (all designated for revenue sharing) plunged before the transfer of power. The island governments complained that the revenue-sharing arrangement was not being honored and they were being deprived of their fair share of revenues. Anjouan ceased to participate in joint meetings and the revenues it contributed for the first months of the year were well below expectations.

21. **The new government that took power in May 2006 sought to restore cooperation and enhance the decentralization arrangements.** To show its commitment to cooperation based on renewed trust and accountability, it set up enquiry commissions into the previous customs and tax administrations and into the state rice- and fuel-importing parastatals. Legal action was taken against previous government officials and state managers suspected of irregular activities. The government also reached agreement with the three islands on a strengthened revenue-sharing mechanism and an administrative structure that would enhance the transparency of revenue agencies.

C. The New Revenue-Sharing Arrangement

22. **One of the first acts of the new Union government was to strengthen the revenue-sharing arrangement to regain the endorsement of the island governments.** The goal was to include provisions for making the arrangement transparent and self-enforcing to all parties. While the broad principles and shares of the previous arrangement were retained, the new arrangement went to greater lengths to spell out the revenue-sharing mechanisms and preempt ambiguities—and to ensure that wages would be paid regularly.



Source: Comorian authorities.

23. **It was reaffirmed that all shared government revenues should go into a single special account at the central bank;** the practice of multiple government revenue-receiving accounts was abolished. The central bank will retain fixed percentages for external debt service (20.1%) and pension (5.5%) payments. The remainder is to be shared as follows: Union (37.5%), Ngazidja (27.4%), Anjouan (25.7%) and Moheli (9.4%). Balances due are to be credited to each government's account at the close of each day, rather than sporadically as before. Each island's own revenues are to be deposited in its own account with full disclosure to the Union and other islands. The new arrangement also stipulates how much each entity is to pay out for salaries (60-80% of total receipts) to prevent neglect of salary payments or minimum operating expenditures.

24. **Compliance with the arrangement by all parties is to be achieved by greater transparency and mutual control.** Daily reports on balances are made available and island representatives have access to central bank information at all times. The Union government in turn is placing representatives with each island government to monitor their reporting and assist with communications.

25. **So far the experience with the new revenue-sharing arrangement has been positive.** As of August 2006, all parties were visibly committed to its functioning. A revised budget for 2006 for the Union and the islands was approved on the basis of figures consistent with the smooth functioning of the revenue-sharing arrangement and full disclosure by each participant. Moreover, the four Ministers of Finance and the interisland budget committee have been meeting regularly each month to coordinate fiscal policy.

D. Policy Implications and Challenges

26. **Fiscal decentralization will remain a pillar of national reconciliation in Comoros.** Apart from the political context, geographic dispersion of the islands would in any case make a fully centralized structure expensive. Hence, there is a clear economic rationale for devolving a significant share of fiscal administration and policy decisions to the island level despite the small size of the country.

27. **Inadequate interisland coordination and insufficient resources in the context of fiscal decentralization have aggravated capacity constraints in public administration.** The country's relatively large civil service reflects a political system that necessitates a costly and multilayered public administration. Given limited fiscal revenues, this has prevented adequate salaries for qualified technical staff and led to chronic wage arrears. As a result, institutional capacity has remained very low and government services have been highly constrained. Moreover, the decentralized structure creates additional needs for information sharing and data consolidation, which is complicated by a poor communications infrastructure and still insufficient interisland cooperation. This information gap has severely hampered the monitoring of budget execution and the formulation of economic policies. It will therefore be critical to improve interisland coordination and information sharing, while also unifying certain government functions such as accounting and statistics, in order to strengthen institutional capacity and policy implementation.

28. **To make decentralization work better in Comoros, more revenue and expenditure responsibilities could be devolved to the islands.** This could help address existing free rider and other incentive problems. One option would be to classify more revenues as *recettes propres*, allowing each government to retain more of their own revenue but also giving the islands more responsibility to finance their own expenditure. This would be consistent with Comoros's I-PRSP, which identifies priority expenditures in the education and health sectors as the first to be devolved to the islands. Doing so will be complex, given the small scale of expenditure at the island level and difficulties in coordination at the national level.

29. **The envisaged increase in external assistance may also have implications for decentralized expenditure.** Although increased aid has not yet materialized, the pledges made at the 2005 donors' conference could lead to significantly higher external assistance to help implement the I-PRSP. The practice has been for donors to implement projects in any of

the islands, while the government co-finances some of them with symbolic amounts. Project execution is largely left to donors and maintenance is rarely budgeted once projects are completed. Going forward, as responsibility for project execution is increasingly shifted from donors to the country authorities, the challenge will be to find a mechanism that balances the competing wishes of the four governments with the need to channel external funds into those projects (and locations) where economic and social returns are highest.

30. **In sum, fiscal decentralization has been a mixed blessing for Comoros.** It is vital to national reconciliation and is a natural result of geographic dispersion, but it has also created significant incentive problems for revenue collection, aggravated data and staffing problems, and imposed more administrative layers and costs. Looking ahead, there are potential benefits, political and economic, for a country consisting of small islands to draw from flexible and locally focused public administration structures, particularly in delivering services. However, as this devolves responsibilities to the island level it will demand better monitoring and information sharing as well as a continuous close policy dialogue and a national consensus.

Comoros: Consolidated Fiscal Operations and Union and Island Governments, 2004-05

	2004					2005				
	Consolidated	Union	Ngazidja	Anjouan	Moheli	Consolidated	Union	Ngazidja	Anjouan	Moheli
	(in percent of GDP)									
Revenues and grants, after transfers from federation account	18.4	12.3	2.1	3.3	0.8	20.1	12.3	3.5	3.5	0.8
Revenue collected	15.6	12.0	0.4	3.1	0.1	15.7	12.0	0.3	3.2	0.2
Taxes	13.5	10.3	0.3	2.8	0.1	11.6	8.7	0.3	2.5	0.1
<i>Of which:</i> Taxes on income, profits, and capital gains	2.5	2.3	0.0	0.2	0.0	4.1	1.7	0.2	2.2	0.0
<i>Of which:</i> Taxes on goods and services	3.3	2.3	0.2	0.9	0.0	1.2	0.7	0.1	0.3	0.1
<i>Of which:</i> Taxes on international trade	7.4	5.6	0.0	1.8	0.1	6.2	6.2	0.0	0.0	0.0
Nontax revenues	2.1	1.7	0.1	0.3	0.0	4.0	3.2	0.1	0.7	0.1
Distribution of Revenue										
Revenue allocated to the Federation	-7.5	-7.2	0.0	-0.2	0.0	-10.7	-9.6	0.0	-1.1	0.0
Revenue allocated from the Federation	7.5	4.8	1.6	0.4	0.7	10.9	5.7	3.1	1.4	0.7
Available revenue after Federation transfers	15.6	9.6	2.0	3.3	0.8	15.8	8.1	3.5	3.5	0.8
External grants	2.8	2.7	0.1	0.0	0.0	4.3	4.3	0.0	0.0	0.0
Total expenditures and net lending	20.1	12.4	3.4	3.6	0.8	19.9	12.0	3.6	3.3	0.9
Current expenditures	15.7	8.1	3.4	3.4	0.8	15.4	7.7	3.6	3.2	0.9
Primary current expenditures	14.4	6.8	3.4	3.4	0.8	13.7	6.0	3.6	3.2	0.9
Salary, wages and pensions	8.8	3.1	2.6	2.4	0.6	8.4	2.7	2.7	2.4	0.6
Goods and services	4.2	2.8	0.6	0.6	0.2	3.4	2.0	0.7	0.4	0.2
Transfers and subsidies	1.4	0.9	0.1	0.4	0.0	1.9	1.2	0.2	0.4	0.0
Interest on debt	0.9	0.9	0.0	0.0	0.0	0.8	0.8	0.0	0.0	0.0
Technical assistance	0.4	0.4	0.0	0.0	0.0	0.4	0.4	0.0	0.0	0.0
Foreign-financed project assistance	0.0	0.0	0.0	0.0	0.0	0.5	0.5	0.0	0.0	0.0
Capital expenditure	4.4	4.3	0.0	0.1	0.0	4.5	4.4	0.0	0.1	0.0
Domestically financed	1.8	1.6	0.0	0.1	0.0	0.9	0.8	0.0	0.1	0.0
Externally financed	2.6	2.6	0.0	0.0	0.0	3.6	3.6	0.0	0.0	0.0
Primary balance	-0.5	1.2	-1.4	-0.3	0.0	0.7	0.8	-0.2	0.2	-0.1
Repayment of Arrears	-2.9	-2.3	-0.4	-0.3	0.0	-2.5	-1.7	-0.5	-0.2	0.0
Domestic	-2.9	-2.2	-0.4	-0.3	0.0	-2.5	-1.7	-0.5	-0.2	0.0
of which: salaries, wages, and pensions	-0.6	-0.8	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0
External	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accumulation of Arrears	4.3	2.1	1.3	0.8	0.0	2.4	0.8	0.9	0.4	0.2
Domestic	3.7	1.7	1.3	0.7	0.0	2.0	0.5	0.9	0.4	0.2
External	0.5	0.5	0.0	0.0	0.0	0.4	0.4	0.0	0.0	0.0
Financing	0.6	0.6	0.0	0.0	0.0	0.7	0.7	0.0	0.0	0.0

Sources: Ministries of Finance of the Union and autonomous islands and Fund staff estimates.

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Table 1. Comoros: Gross Domestic Product by Sector at Current Market Prices, 2000-05

(In millions of Comorian francs)

Economic Activity	2000	2001	2002	2003	2004	2005
Agriculture, livestock, fishing, and forestry	52,346	60,463	65,846	71,492	73,141	78,110
Manufacturing	4,887	5,529	5,731	6,174	6,343	6,666
Electricity, gas, and water	1,738	1,927	2,000	2,148	2,214	2,292
Construction and public works	5,794	6,724	7,485	9,668	8,960	7,876
Trade, hotels, bars, and restaurants 1/	21,824	23,240	24,839	23,938	24,474	27,261
Banks, insurance, REB, and STE 2/	6,037	6,950	7,482	8,031	8,292	8,698
Transportation and communications	4,498	5,015	5,362	5,782	9,718	14,111
Government departments	12,395	13,468	14,326	14,905	15,340	15,854
Other services	189	66	1,009	2,477	114	130
Less: imputed banking production	1,898	2,368	2,786	3,179	4,999	7,886
GDP at market prices	107,811	121,015	131,293	141,437	143,596	153,112

Sources: Directorate of Statistics; and Fund staff estimates.

1/ Including import duties and taxes.

2/ REB = real estate business, and STE = services to enterprises.

Table 2. Comoros: Gross Domestic Product by Sector at 1990 Constant Prices, 2000-05

Economic Activity	2000	2001	2002	2003	2004	2005
(In millions of Comorian francs)						
Agriculture, livestock, fishing, and forestry	36,883	39,218	40,999	42,345	42,568	44,438
Manufacturing	3,443	3,586	3,568	3,657	3,692	3,793
Electricity, gas, and water	1,225	1,250	1,245	1,272	1,288	1,304
Construction and public works	4,083	4,362	4,660	5,726	5,214	4,480
Trade, hotels, bars, and restaurants 1/	15,377	15,074	15,466	14,179	14,244	15,509
Banks, insurance, REB, and STE 2/	4,254	4,508	4,659	4,757	4,826	4,948
Transportation and communications	3,169	3,253	3,339	3,425	5,656	8,028
Government departments	8,733	8,736	8,920	8,828	8,928	9,019
Other services	133	43	628	1,467	66	74
Less: imputed banking production	1,337	1,536	1,735	1,883	2,910	4,486
GDP at market prices	75,964	78,493	81,750	83,773	83,572	87,107
Agriculture, livestock, fishing, and forestry	14.2	6.3	4.5	3.3	0.5	4.4
Manufacturing	11.9	4.2	-0.5	2.5	1.0	2.7
Electricity, gas, and water	7.4	2.0	-0.4	2.2	1.3	1.2
Construction and public works	-11.7	6.8	6.9	22.9	-8.9	-14.1
Trade, hotels, bars, and restaurants 1/	-18.8	-2.0	2.6	-8.3	0.5	8.9
Banks, insurance, REB, and STE 2/	29.4	6.0	3.3	2.1	1.5	2.5
Transportation and communications	4.8	2.6	2.6	2.6	65.1	41.9
Government departments	-5.2	0.0	2.1	-1.0	1.1	1.0
Other services	-60.8	-67.9	1374.0	133.5	-95.5	12.0
Imputed banking production	29.4	14.8	13.0	8.5	54.5	54.2
GDP at market prices	1.4	3.3	4.1	2.5	-0.2	4.2

Sources: Directorate of Statistics; and Fund staff estimates.

1/ Including import duties and taxes.

2/ REB = real estate business, and STE = services to enterprises.

Table 3. Comoros: Source and Use of Resources at Current Market Prices, 2000-05

(In millions of Comorian francs)

	2000	2001	2002	2003	2004	2005
Public consumption	14,495	19,719	20,538	19,297	19,275	18,678
Private consumption	99,468	107,612	116,030	130,309	139,480	154,245
Gross fixed capital formation	10,882	12,165	14,457	14,575	13,438	14,253
Exports of goods and services	18,044	18,783	20,654	22,280	18,170	19,102
Imports of goods and services	-35,078	-37,264	-40,385	-45,024	-46,768	-53,166
GDP at market prices	107,811	121,015	131,293	141,437	143,596	153,112
Factor income	182	392	-394	-588	-856	-661
Gross national product	109,032	121,395	128,586	137,838	144,995	149,813

Sources: Directorate of Statistics; and Fund staff estimates.

Table 4. Comoros: Source and Use of Resources at 1990 Constant Prices, 2000-05
(In millions of Comorian francs)

	2000	2001	2002	2003	2004	2005
Public consumption	10,213	12,790	12,788	11,430	11,218	10,626
Private consumption	70,085	69,800	72,246	77,181	81,177	87,751
Gross fixed capital formation	7,667	7,891	9,001	8,633	7,821	8,109
Change in stocks	...	...	...	...	...	...
Exports of goods and services	12,714	12,183	12,860	13,196	10,575	10,868
Imports of goods and services	-24,716	-24,170	-25,146	-26,667	-27,219	-30,247
GDP at market prices	75,964	78,493	81,750	83,773	83,572	87,107
Factor income	128	254	-245	-348	-498	-376
Gross national product	76,824	78,739	80,065	81,641	84,386	85,230

Sources: Directorate of Statistics; and Fund staff estimates.

Table 5. Comoros: Food Crop Production, 2000-05

(In metric tons, unless otherwise indicated)

	2000	2001	2002	2003	2004	2005
Cereals						
Paddy	1,174	1,170	1,165	1,161	1,145	1,153
Maize	6,403	9,091	9,146	9,202	9,258	9,315
Tubers						
Cassava	40,889	42,125	42,707	43,290	42,804	43,788
Taro	18,618	18,326	18,642	18,960	19,283	19,611
Yams	18,616	18,828	19,204	19,589	19,979	20,379
Sweet potatoes	15,885	15,822	16,127	16,432	16,435	16,809
Vegetables						
<i>Ambrevade</i> beans	25,669	25,244	25,729	26,213	26,706	27,209
<i>Ambérique</i> beans	1,583	1,690	1,722	1,758	1,792	1,828
Tomatoes	5,290	5,586	5,711	5,832	5,961	6,093
Potatoes	506	518	531	543	557	570
Peanuts	2,576	2,445	2,477	2,511	2,544	2,578
Onions	912	937	1,479	839	858	875
Miscellaneous	1,525	1,284	1,112	1,339	1,367	1,396
Fruits						
Breadfruit					28,879	
Bananas	44,678	43,797	44,445	45,093	43,065	44,551
Coconuts (thousands)	80,340	75,451	76,823	52,127	39,793	40,503
Miscellaneous	3,300	3,354	3,409	3,465	3,521	3,578

Source: Directorate of Agriculture, Ministry of Agricultural Production, Marine Resources, and Environment.

Table 6. Comoros: Livestock, 2000-05

(In numbers of head)

	2000	2001	2002	2003	2004	2005
Cattle 1/	50,000	50,000	55,000	50,000	63,828	60,637
Sheep	20,000	20,000	21,000	21,000	16,271	17,085
Goats 2/	170,000	170,000	175,000	180,000	95,830	119,788
Poultry 2/	220,050	235,050	260,050	300,050	310,000	340,000
Semi-industrial aviculture						
Meat 2/	50,000	60,000	80,000	100,000	147,000	147,000
Eggs	10,000	15,000	20,000	40,000	80,000	100,000

Source: Directorate of Breeding, Ministry of Agricultural Production, Marine Resources, and Environment.

1/ The number of cattle declined in 2004 owing to a disease.

2/ Since 1999 data based on new agricultural survey.

Table 7. Comoros: Production of Meat, Fish, and Dairy Products, 2000-05

	2000	2001	2002	2003	2004	2005
Meat and fish (in metric tons, unless other indicated)						
Cattle	1,630	1,660	2,226	1,700	2,055	2,017
Sheeps	34	34	36	36	28	29
Goats	314	314	345	415	524	564
Poultry	214	233	266	318	166	198
Fresh fish	13,730	14,809	15,387	15,965	16,000	16,200
Miscellaneous						
Milk (in thousands of liters)	4,001	4,001	4,331	4,001	4,208	3997
Eggs (in thousands)	6,001	7,001	8,001	12,001	20,500	24,500

Source: Directorate of Breeding, Ministry of Agricultural Production, Marine Resources, and Environment.

Table 8. Comoros: Export Crop Production, 2000-
(In metric tons, unless otherwise indicated)

	2000	2001	2002	2003	2004	2005
Vanilla	323	241	323	295	286	395
Clove	2582	2725	2869	3013	2631	3000
Clove buds	303	320	337	354	309	351
Ylang-ylang 1/ Flowers (units)	2121 40	2120 40	3074 58	2279 43	2120 40	2350 47

Sources: Comorian Office of Vanilla; and Directorate of Projects, Ministry of Agricultural Marine Resources, and Environment.

Table 9. Comoros: Prices of Export Crops, 2000-05
(In Comorian francs per kilogram)

	2000	2001	2002	2003	2004	2005
Vanilla 1/						
Producer price (green vanilla) 2/	2,000-2,500	5,750	5,000	8,900	3,500	750
Export price, f.o.b. (dried vanilla)	25,818	45,040	51,000	90,000	31,220	11,353
Ylang-ylang						
Producer price (flowers)	217	264	153	150	150	150-200
Export price, f.o.b. (essence)	22,175	24,975	14,694	20,951	21,200	
Cloves						
Producer price	900-1,200	1,089	1,903	1,177	600-900	900-1000
Export price, f.o.b.	1,293	2,200	1,307	600	1,000	...

Sources: Comorian Office of Vanilla; and General Directorate of Customs.

1/ The yield from 5 kilograms of green vanilla is about 1 kilogram of dried vanilla.

2/ Floor prices.

Table 10: Comoros: Cost Structure of Vanilla Exports, 2001-05

(In Comorian francs per kilogram)

Cost elements	2001	2002	2003	2004	2005
Producer level					
Producer price	4,000	5,000	8,900	3,500	750
Collectors' commission	400	500	1,113	350	75
Surplus at the producer level	...	...	...	50	250
Total price for green vanilla	4,400	5,500	10,013	3,900	1,075
Total price for dried vanilla 1/	22,000	27,500	50,063	19,250	5,375
Preparation level					
Preparation costs of green vanilla	1,500	2,050	2,501	1,385	975
Fixed margin at the preparation level	2,500	3,000	7,500	2,000	538
Surplus at the preparation level	3,916	3,832	6,464	140	0
Total price for prepared vanilla	29,916	36,382	66,528	22,775	6,887
Exporter level					
Preparation costs of dried vanilla	1,680	1,975	3,603	1,563	...
Financial costs	2,807	3,310	5,937	2,179	785
Customs duties and other taxes 2/	3,525	4,060	9,632	1,937	...
Transportation and insurance	918	1,020	1,800	624	228
Fixed margin at the exporter level	2,254	2,500	2,500	2,000	1,027
Surplus at the exporter level	6,000	3,293	0	140	0
Total f.o.b. cost at Moroni Port	47,100	52,001	90,000	31,220	11,353
Total f.o.b. cost at Moroni Port (US dollars)	86	100	200	77	30
Average actual export price (US Dollars) 3/	82	113	251	116	...

Sources: Comorian Office of Vanilla; and General Directorate of Customs.

Exchange rate Comorian franc per US dollar 549.2725802 521.1204076 437.6105637 404.1871071

1/ The yield from 5 kilograms of green vanilla is about 1 kilogram of dried vanilla.

2/ Includes contributions to the Fonds de Solidarité Vanille (CF1,000/kg). In 2003 it includes a special contribution for social projects of CF 3,232/kg.

3/ For 2004 consists of: 30 tons at \$223.7/kg; 8 tons at \$140.0/kg; 52 tons at \$ 49.5/kg

Table 11. Comoros: Production and Consumption of Electricity, 2000-05

	2000	2001	2002	2003	2004	2005
Production (in millions of kilowatt/hours) 1/	35.0	32.0	33.9	35.2	35.8	36
Consumption (in millions of kilowatt/hours)	18.0	30.0	21.7	23.4	34.0	35.9
Installed capacity (in megawatts)	12.7	12.7	11.9	12.2	25.5	...
Anjouan	1.3	1.3	1.9	1.3	5.8	...
Ntrenani 2/	1.3	1.3	1.9	1.3	5.8	...
Domoni	0.0	0.0	0.0	0.0	0.0	...
Dima	0.0	0.0	0.0	0.0	0.0	...
Mohéli	0.0	0.0	0.6	0.6	1440.0	...
Grande Comore	12.7	12.7	9.4	10.4	18.3	...
Foumbouni et M'Beni	2.4	2.4	0.2	0.2	1.3	...
Voidjou	0.6	0.6	8.0	9.0	17.3	...
Ouzioini	9.4	9.4	0.1	0.1	620.0	...
Dembéni	0.3	0.3	0.2	0.2	0.2	...
Vouvouni	...	...	0.8	0.8	800.0	...
Bandramadji	...	...	0.1	0.1	50.0	...

Source: Electricity and water company (MAMWE).

1/ The difference between production and consumption reflects power losses and fraud.

Table 12. Comoros: Indicators of Tourism Activity, 2000-05

	2000	2001	2002	2003	2004	2005
Tourist accommodation available 1/ (number of beds)	820	820	820	750	836	836
Number of visitors	23,893	19,356	18,936	20,572	17,603	19,551
<i>Mohéli</i>	...	...	...	...	845	...
<i>Anjouan</i>	...	...	...	...	195	...
AL-AMAL	...	...	...	...	100	...
LA PAILLOTTE	...	...	...	...	65	...
AUTRES	...	...	...	...	30	...
<i>Grande Comore</i>	...	...	...	...	...	...
MOIFAKA	...	...	204	207	243	...
ARCADES	204	253	280	120	98	...
By origin (in percent of total) 2/						...
Europe	39.9	35.8	50.1	73	72.7	...
<i>Of which:</i> France	29.4	30	47.9	65.9	62.1	...
Africa and Indian Ocean	66.2	61	46	22.3	19.9	...
<i>Of which:</i> South Africa	62.6	25	...	...	...	...
Other countries	3.2	3.12	3.8	4.7	7.4	...
<i>Of which:</i> Gulf states	1.6	1.52	2.9	...	...	...
Visitor overnights	161,251	135,492	132,552	144,004	123,221	136,857
COMOTEL 3/	...	...	...	...	...	...
MOIFAKA	...	...	760	878	721	...
GALAWA 4/	133,801	...	...	...	...	...
Other 5/	33,450	...	...	...	...	...
Average length of stay (in days)	7	7	7	7	7	7
COMOTEL	7.0	7.0	7.0	...	...	...
MOIFAKA	...	...	4.0	4.0	3.0	...
ARCADES	7.0	6.0	8.0	5.0	4.0	...
GALAWA	7.0	7.0	7.0	...	...	...
Average room occupancy rate (in percent)	15	15	15	15	15	...
<i>Grande Comore</i>	...	...	...	...	...	...
COMOTEL	20.0	...	...	...	...	...
ARCADES	18.0	17.0	26.0	14.0	10.0	...
GALAWA	30.0	...	...	...	...	...
Turnover (in billions of Comorian francs)	3.5	2.8	2.7	...	...	...
<i>Grande Comore</i>	...	...	...	...	...	...
COMOTEL	0.7	...	...	...	...	...
Le Moroni	...	...	...	...	...	...
ARCADES	0.1	0.1	0.1	0.05	0.03	...
GALAWA	2.8	...	...	...	...	...
MOIFAKA	...	...	0.01	0.01	0.01	...

Source: General Directorate of Tourism, Ministry of Transportation and Tourism.

1/ No official data have been provided by the Galawa Hotel.

2/ 2003 and 2004 based on Anjouan data.

3/ Includes the Ylang-Ylang, Coelacanth, and Al Amal hotels.

4/ The Sun Resorts Group includes the Galawa, Maloudja, and Itsandra hotels.

5/ Includes the Kartala, and, since 1986, the Relais de Singali hotels.

Table 13. Comoros: Indicators of Population, Employment, and Education, 2000-05

	2000	2001	2002	2003	2004	2005
Population and employment						
Total population (in thousands)	539	550	562	576	588	600
Labor force (in thousands)	138.0	141.0	143.0	146	148.0	151
<i>Of which: wage earners</i>	...	...	...	...	...	...
Unemployed (in thousands) 1/	21,8	21,4	21,1	20,8	20,4	20,1
Unemployed (in percent of labor force)	15,8	15,3	14,8	14,3	13,8	13,3
Education (number of pupils)						
Primary enrollment	91,553	94,249	94,405	103,334	108,453	...
Public	84,468	83,875	86,906	93,763	99,424	...
Private	7,085	10,374	10,499	9,571	9,029	...
Secondary enrollment	29,125	33,049	35,193	38,203	38,763	...
Vocational schools 2/	159	...	49	69	...	...
Higher education 3/	649	...	1,227	1,707	2,087	...

Source: Directorate of Statistics; Ministry of Health, Social Affairs, and Education.

1/ From 2003, data is based on the 2003 population census.

2/ For education, data for 1999 corresponds to the 1998/1999 year.

3/ Includes the training school for teachers. 2004 data is from the University of Comoros, excluding Anjouan.

Table 14. Comoros: Consumer Price Index (Base Year 1999), 2000-05 1/

	2000	2001	2002	2003	2004	2005
Foodstuffs, drinks and tobacco	105.7	109.4	116.9	120.7	124.5	125.2
<i>Of which</i>						
Unprocessed cereals	101.4	103.3	106.8	111.4	115.7	114.4
Flours, and semolina	104.5	114.5	114.6	113.3	118.5	119.5
Meat	102.1	99.9	104.2	100.1	103.5	101.7
Fish	103.5	106.1	104.4	104.4	116.2	112.3
Milk and dairy products	136.1	120.0	118.7	116.2	122.3	109.2
Edible oils	90.8	82.9	92.6	93.4	98.2	89.9
Fruits	103.1	86.6	105.5	163.5	164.8	260.6
Vegetables	102.7	125.6	128.3	163.2	154.0	144.9
Potatoes, manioc, other tubercules	106.6	134.0	174.1	159.0	172.7	172.8
Clothing and footwear	109.2	109.6	104.2	96.1	126.8	137.4
Rent, water, electricity, gas and other combustibles	104.0	117.6	116.2	133.9	134.9	142.8
<i>Of which</i>						
Other combustibles	112.5	143.1	169.4	185.4	153.5	184.8
Furniture, and electric appliances	120.3	124.7	116.8	106.9	102.1	111.2
Health care	97.5	117.2	117.2	117.2	136.2	131.3
Transportation	120.0	122.5	120.4	128.5	135.2	134.4
Entertainment	85.9	108.1	97.2	111.0	177.3	177.5
Education	100.6	119.3	110.7	112.1	115.1	117.6
Hotels, coffee shops and restaurants	137.8	154.2	154.1	157.0	175.9	200.2
Other good and services	106.3	106.3	104.7	105.0	110.1	115.2
Total	105.9	111.8	115.8	120.1	125.5	128
Memorandum item:						
Consumer price index	5.9	5.6	3.5	3.8	4.5	3.2

Source: Directorate of Statistics.

1/ Consumer Price Index prior to 2000 not available due to change in the consumption basket in 2000.

Table 15. Comoros: Prices of Essential Goods, 2000-05 ^{1/}

(In Comorian francs per unit, unless otherwise indicated)

	2000	2001	2002	2003	2004	2005
Rice (kilogram)						
Unit value of imports	122	120	121	105	154	...
Retail price	250	250	260	264	300	303
Annual change (in percent)	0.0	0.0	4.0	1.5	13.6	1
Retail/import price	2.05	2	2	2.51	1.95	...
Sugar (kilogram)						
Unit value of imports	270	279	217	202	165	...
Retail price	500	450	353	365	258	300
Annual change (in percent)	25.0	-10	-22	3.4	-29.3	16.3
Retail/import price	1.85	1.61	1.63	1.81	1.56	
Flour (kilogram)						
Retail price	300	300	300	296	300	300
Annual change (in percent)	20.0	0.0	0.0	-1.3	1.4	0
Salt (kilogram)						
Retail price	150	150	196	147	150	157
	0.0	0.0	30.7	-25.0	2.0	4.7
Cement (metric tons)						
Unit value of imports	36,000	35,000	36,750	35,000	36,000	...
Retail price	70,000	75,000	79,500	78,300	80,000	89,167
Annual change (in percent)	-6.7	7.10	6.00	-1.5	2.2	11.5
Retail/import price	1.94	2.14	2.16	2.24	2.22	...
Petroleum products (liters) 2/						
Regular gasoline	390-450	450	450	480	500	567
Diesel 3/	230-250	250	300	300	300	500
Kerosene 4/	130-200	...	...	163	200	...
Electricity (kilowatt-hours) 5/						
Retail price	120	120	120	120	120	121
Water (cubic meters)						
Retail price	200-250	220	220	220	220	220

Source: Directorate of Statistics.

1/ Unit values of imports are calculated on the basis of imports, c.i.f.

2/ Average retail price per liter at new stations.

3/ The lower price is the tax-exempt price paid by the electricity and water company.

4/ The higher price is for jet kerosene, sold only to civil aviation.

5/ The rate imposed on households and the industries.

Table 16. Comoros: Consolidated Government Financial Operations, 2000-05
(In millions of Comorian francs, unless otherwise indicated)

	2000	2001	2002	2003	2004	2005	
Total revenue and grants	15,556	22,235	26,929	25,482	26,434	30,509	
Revenues	11,017	16,904	21,521	22,335	22,445	23,972	
Tax revenues	9,723	14,475	18,038	19,622	19,407	17,797	
Nontax revenues	1,294	2,429	3,483	2,713	3,038	6,175	
External grants	4,539	5,332	5,408	3,147	3,989	6,537	
Budgetary assistance	0	1,487	1,130	0	153	669	
Projects (incl. techn.assist.)	4,513	3,689	3,317	3,147	3,836	5,868	
Total expenditure and net lending	17,614	26,592	31,699	30,347	28,847	30,425	
Current expenditure	13,493	21,256	24,172	22,769	22,546	23,523	
Primary current expenditures	11,106	19,015	19,949	18,831	20,658	20,911	
Wages and salaries	6,093	9,615	10,703	11,493	12,631	12,872	
Goods and services	4,169	7,714	7,909	5,297	6,038	5,160	
Transfers	844	1,685	1,338	2,041	1,989	2,879	
Interest payments	960	1,345	1,335	1,431	1,282	1,182	
External debt	890	1,275	1,265	1,323	1,187	1,048	
Domestic debt	70	70	70	108	95	134	
Foreign-financed project assistance	...	...	...	...	...	784
Technical assistance	1,427	896	2,887	2,507	606	647	
Capital expenditure	4,157	5,373	7,597	7,578	6,301	6,902	
Domestically financed investment	130	584	131	2,785	2,539	1,411	
Foreign-financed investment	4,027	4,789	7,466	4,793	3,762	5,491	
Counterpart funds-financed	...	...	...	...	...	...
Domestic primary balance	...	...	1,441	719	-752	1,650
Overall balance (commitment basis)	-2,058	-4,357	-4,771	-4,865	-2,413	83	
Excluding budget support	-2,058	-5,844	-5,901	-4,865	-2,566	-586	
Change in net arrears	1,965	1,743	969	2,226	1,862	-272	
Interest on external debt	551	916	882	1,001	665	542	
Domestic arrears	1,413	827	87	1,225	1,197	-814	
Change in Treasury accounts	...	...	n.a.	n.a.	125	-548
Overall balance (cash basis)	-93	-2,614	-3,802	-2,638	-426	-737	
Financing	-4,985	2,614	5,575	3,453	829	1,117	
Foreign (net)	-4,575	4,603	6,189	3,333	262	-163	
Drawings, PIP (identified)	940	3,395	7,036	4,153	1,462	1,054	
Amortization	-3,766	-2,240	-1,603	-1,638	-1,935	-2,152	
Arrears (principal)	2,933	1,237	755	818	735	935	
Domestic (bank financing, net)	-410	-1,989	-613	120	567	1,279	
Privatization revenues	...	...	...	...	...	...
Errors and omissions	5,079	0	-1,774	-814	-403	-380	
Financing gap	...	...	...	...	...	...
<i>Memorandum items:</i>			(in percent of GDP)				
Grants					2.8	4.3	
Domestic revenue	10.2	14.0	16.4	15.8	15.6	15.7	
Expenditure	16.4	22.0	24.2	21.5	20.1	19.9	
Non-interest domestic expenditure	10.4	16.2	15.3	15.3	15.2	14.6	
Wages and salaries	...	...	...	...	8.8	8.4
Social expenditure	...	...	...	...	...	8.1
Domestic primary balance	-1.0	-2.5	1.1	0.5	-0.5	1.1	
Overall balance (commitment basis)	-1.9	-3.6	-3.6	-3.4	-1.7	0.1	
excluding budgetary support	...	...	-4.5	-3.4	-1.8	-0.4
Overall balance (cash basis)	-0.1	-2.2	-2.9	-1.9	-0.3	-0.5	
Nominal GDP (in millions of CF)	107,811	121,015	131,293	141,437	143,596	153,112	

Sources: Ministry of Finance; and Fund staff estimates.

Table 17. Comoros: Consolidated Fiscal Operations and Union and Island Governments, 2004-05

	2004				2005			
	Union	Ngazidja	Anjouan	Mwali	Union	Ngazidja	Anjouan	Mwali
	(In billions of Comorian francs)							
Total revenue and grants, after transfers from federation account	17,600	2,957	4,738	1,138	18,885	5,314	5,327	1,235
Revenue collected	17,264	511	4,517	153	18,364	508	4,836	264
Taxes	14,844	372	4,055	136	13,393	403	3,829	172
<i>Of which: Taxes on income, profits, and capital gains</i>	3,281	24	280	10	2,595	258	3,339	14
<i>Of which: Taxes on goods and services</i>	3,247	302	1,237	16	1,101	145	490	158
<i>Of which: Taxes on international trade and transactions</i>	8,042	0	2,534	109	9,451	0	0	0
Nontax revenues	2,420	139	462	17	4,971	105	1,007	92
Distribution of Revenue								
Revenue allocated to the Federation	-10,383	0	-316	-31	-14,692	0	-1,630	-58
Revenue allocated from the Federation	6,883	2,343	507	996	8,677	4,806	2,121	1,029
Available revenue after Federation transfers	13,764	2,854	4,708	1,118	12,349	5,314	5,327	1,235
External grants	3,836	103	30	20	6,537	0	0	0
Total expenditures and net lending	17,746	4,830	5,110	1,162	18,409	5,574	5,050	1,393
Current expenditures	11,643	4,830	4,912	1,162	11,730	5,574	4,865	1,355
Primary current expenditures	9,755	4,830	4,912	1,162	9,117	5,574	4,865	1,355
Salary, wages and pensions	4,456	3,777	3,472	927	4,152	4,120	3,610	990
Goods and services	3,997	930	881	230	3,130	1,127	583	320
Transfers and subsidies	1,302	123	559	5	1,835	327	672	45
Interest on debt	1,282	0	0	0	1,182	0	0	0
Domestic debt	95	0	0	0	134	0	0	0
External debt	1,187	0	0	0	1,048	0	0	0
Technical assistance	606	0	0	0	647			
Ext.-financed current expenditures (maintenance and t.a.)	0	0	0	0	784	0	0	0
Capital expenditure	6,103	0	198	0	6,679	0	185	38
Net lending	0	0	0	0	0	0	0	0
Primary balance	1,668	-1,976	-402	-44	1,260	-259	277	-158
Overall balance (commitment basis)								
Excluding grants	-3,982	-1,976	-402	-44	-6,060	-259	277	-158
Including grants	-146	-1,873	-372	-24	476	-259	277	-158
Repayment of Arrears	-3,247	-541	-392	-26	-2,648	-790	-374	-73
Domestic	-3,197	-541	-392	-26	-2,648	-790	-374	-73
of which: salaries, wages, and pensions	-1,181	0	385	-22				
External	-50	0	0	0	0	0	0	0
Accumulation of Arrears	3,087	1,854	1,115	60	1,298	1,337	657	320
Domestic	2,373	1,854	1,066	60	756	1,337	657	320
of which: salaries, wages, and pensions	1,093	1,829	907	40				
External	714	0	49	0	542	0	0	0
Mouvements comptes du Tresor	108	0	18	0	-548	0	0	0
Overall balance (cash basis)								
Excluding grants	-4,034	-663	339	-10	-7,958	288	561	89
Including grants	-198	-560	369	10	-1,421	288	561	89
Financing	828	0	0	0	1,117	0	0	0
Domestic	566	0	0	0	1,279	0	0	0
External	262	0	0	0	-163	0	0	0
Drawings	1,462	0	0	0	1,054	0	0	0
Amortization	-1,935	0	0	0	-2,152	0	0	0
Arrears on principal	735	0	0	0	935			
Errors and omissions / Financing gap	630	-560	369	10	-304	288	561	89
Memorandum Items:	(In percent of GDP)							
Domestic revenue	12.0	0.4	3.1	0.1	12.0	0.3	3.2	0.2
Noninterest domestic primary expenditure	6.8	3.4	3.4	0.8	6.0	3.6	3.2	0.9
Expenditure	12.4	3.4	3.6	0.8	12.0	3.6	3.3	0.9
Primary balance	1.2	-1.4	-0.3	0.0	0.8	-0.2	0.2	-0.1
Overall balance (commitment basis)	-0.1	-1.3	-0.3	0.0	0.3	-0.2	0.2	-0.1
excluding grants	-2.8	-1.4	-0.3	0.0	-4.0	-0.2	0.2	-0.1
Overall balance (cash basis)	-0.1	-0.4	0.3	0.0	-0.9	0.2	0.4	0.1
excluding grants	-2.8	-0.5	0.2	0.0	-5.2	0.2	0.4	0.1

Sources: Ministries of Finance of the Union and autonomous islands.

Table 18. Comoros: Breakdown of Staffing Levels by Ministry, 2000-02

(In numbers of staff)

	2000	2001	2002
Federal Assembly	131	...	144
Constitutional Council	15	...	21
Office of the President (excludes Defense)	200	...	332
National Security	1,009	...	1,030
Primates	160	...	80
Foreign Affairs (excludes embassies)	286	...	346
Embassies	...	...	...
Interior	128	...	134
Finance and Budget	495	...	496
Economy, planning and trade	51	...	46
Infrastructure, Urbanism, and Housing	96	...	88
National Education	2,230	...	2,455
Rural development	158	...	135
Civil service	...	...	...
Health	511	...	487
Transport and Tourism	102	...	94
Information, Youth, Culture, and Sport	63	...	49
Justice and Islamic Affairs 1/	184	...	233
Public functions and justice	85	...	72
Gouvernorats	132	...	118
Other ministries	56	...	417
Total	6,093	...	6,778

Source: General Directorate of Budget/ Civil Service, Ministry of Finance.

Note: Data for 2003-05 were not reported by the authorities.

Table 19. Comoros: Breakdown of Staffing Levels by Ministry, 2000-02

(In numbers of staff)

	2000	2001	2002
Federal Assembly	36	34	38
Constitutional Council	5	...	...
Office of the President (excludes Defense)	102	114	148
Foreign Affairs (excludes embassies)	83	80	91
National Security	118	108	106
Finance and Budget	343	310	319
Economy, Planning, and Commerce	35	44	47
Infrastructure, Urbanism, and Housing	83	78	75
National Education	1,965	1,839	2,066
Rural Development	0	...	...
Production	115	106	100
Health	463	435	417
Transportation and Tourism	84	82	78
Information, Youth, Culture, and Sport	40	49	49
Justice and Islamic Affairs	107	116	115
Civil Service	66	59	52
Office of the Prime Minister	51	48	
Ngazidja Province	111	105	101
Ndzouani Province	0	...	...
Mohéli Province	46	46	38
Public enterprises	...	...	...
Contractuals paid manually	...	...	...
Other ministries	...	...	...
Total of civil servants paid by Ministry of Civil Service	3,866	3,653	3,840
Other public employees	...	...	...
Total of public employees	...	...	...

Source: General Directorate of Budget/ Civil Service, Ministry of Finance.

Note: Data for 2003-05 were not reported by the authorities.

Table 20. Comoros: Breakdown of the Government Wage Bill, 2000-02

(In Comorian francs)

	2000 ^{1/}	2001	2002
	160.630		162.452
Basic salaries	3,666	....	3,683
Allowances	950	....	1,050
Function	141	....	153
Housing	459	....	498
Teaching (teachers)	166	....	200
<i>Indemnité de sujétion</i>	19	....	29
<i>Indemnité de remise</i>	63	....	83
Geographic	63	....	56
Other	39	....	30
Employer contributions	286	....	282
Total	4,934	....	5,014

Source: General Directorate of Budget/ Civil Service, Ministry of Finance.

Note: Data for 2003-05 were not reported by the authorities.

^{1/} Including embassies.

Table 21. Comoros: Consolidated Net Statement of Public Enterprises, 2000-05 1/

(In millions of Comorian francs)

	Turnover	Change in Stocks	Wages and Salaries	Pur- chases	Taxes	Financial Charges	Other Expen- ditures	Total Expen- ditures	Surplus or Loss 2/
Import monopolies									
SCH 3/									
2000	8,106	-59	211	3,830	2,577	47	3,257	8,009	20
2001	9,423	238	203	4,299	773	40	2,912	8,465	958
2002	9,267	-349	205	4,591	316	40	3,817	8,620	647
2003	10,737	-121	192	4,583	3,432	35	3,431	9,674	1,062
2004	11,241	113	221	5,922	2,798	40	...	10,730	552
2005	12,479	...	...	...	...	...	...	...	...
ONICOR									
2000	4,388	0	52	4,135	2	8	126	4,327	72
2001	332	0	34	3,093	1	5	113	3,246	94
2002	3,459	0	37	3,204	3	7	180	3,431	121
2003	3,796	0	27	3,465	7	8	133	3,640	156
2004	3,555	0	29	3,366	8	15	24	3,442	113
2005	4,487	0	36	4,310	4	8	84	4,442	104
Hahaya airport (AIMPSI)									
2000	731	2	210	171	5	44	135	961	-92
2001	722	0	227	157	6	45	130	837	-79
2002	601	7	217	126	2	38	104	717	-85
2003	600	-7	245	139	...	38	185	888	-253
2004	487	-12	68	73	...	3	61	318	...
2005	...	...	...	...	...	...	...	...	...
Public utilities									
SNPT									
2000	4,754	21	550	869	497	328	386	2,652	2,102
2001	4,679	17	576	390	510	314	793	2,600	2,079
2002	5,305	-5	632	465	650	136	1,004	2,882	2,423
2003	6,902	-42	726	774	613	158	1,286	3,557	3,345
2004	8,255	15	824	1,025	815	162	1,924	4,765	3,490
Comores Télécom 4/									
2005	8,829	-33	672	768	2,162	30	1,482	5,080	3,749
SNPSF 4/									
2005	452	...	242	52	6	38	84	...	...
SOCOPO-TRAM									
2000	985	...	628	61	18	9	248	957	28
2001	1,194	...	827	86	26	88	135	1,162	32
2002	766	...	405	59	3	98	212	777	-11
2003	262	...	104	38	3	47	74	266	-4
2004	181	...	77	20	0	43	13	153	28
2005	...	...	...	...	...	...	...	...	...
MAMWE 5/									
2000	2,699	-40	593	1,712	89	88	1,216	...	-1,041
2001	...	...	...	...	...	...	...	...	...
2002	2,057	...	377	1,186	63	4	495	2,068	-70
2003	2,197	-25	397	1,240	66	2	971	2,465	-508
2004	3,087	-24	466	1,692	93	3	961	3,407	140
2005	3,591	-49	425	2,504	108	8	328	3,318	168

Sources: Public enterprises listed below; and Fund staff estimates.

Notes:

1/ SCH (Comorian Hydrocarbons Company); ONICOR (National Rice Imports and Marketing Office); SNPT (Post and Telecommunications Office); SNPSF (Post and financial services); SOCOPOTRAM (Comorian Ports Establishment); and MAMWE (Water and Electricity Company).

2/ Before provisions for amortization.

3/ 2005 results are not yet available.

4/ During the first quarter of 2005, the activities were under SNPT.

5/ From 2003, the MAMWE activities and services are limited to the islands of Ngadjiza and Moheli.

Table 22. Comoros: Monetary Survey, 2000-05

(In millions of Comorian francs; end of period)

	2000	2001	2002	2003	2004	2005
Net foreign assets	22,710	36,972	39,324	37,589	37,056	37,442
Central bank	21,999	34,439	38,399	37,637	37,420	35,762
Assets	22,956	35,833	38,796	37,860	37,583	35,948
Liabilities	-957	-1,394	-397	-223	-163	-186
Commercial bank	711	2,533	925	-48	-364	1,680
Assets	3,009	4,864	3,182	1,690	1,029	3,001
Liabilities	-2,298	-2,331	-2,257	-1,738	-1,393	-1,321
Net domestic assets	-820	-3,643	-2,428	-2,412	-2,977	-1,990
Domestic credit	12,891	11,399	12,671	13,133	12,670	13,830
Net credit to government	3,271	2,030	2,228	1,604	2,170	3,468
Bank financing	3,271	2,030	2,228	1,604	2,170	3,468
Credit to government	4,158	3,251	3,311	3,420	4,238	5,157
Government deposits	-887	-1,221	-1,083	-1,816	-2,068	-1,689
Claims on public enterprises	50	98	112	95	167	44
Credit to private sector 2/	9,570	9,271	10,331	11,434	10,333	10,318
Other items (net)	-13,711	-15,042	-15,099	-15,545	-15,647	-15,820
Broad money	21,890	33,329	36,895	35,177	34,079	35,452
Money	14,115	22,937	25,324	24,794	23,367	25,383
Currency in circulation	7,564	12,355	12,503	11,505	11,730	11,456
Demand deposits	6,551	10,582	12,821	13,289	11,637	13,927
Quasi-money	7,775	10,392	11,571	10,383	10,712	10,069

Sources: Central Bank of the Comoros; and Fund staff estimates and projections.

1/ Includes *Fonds particuliers* (special funds).

2/ Excludes bankers' acceptances.

Table 23. Comoros: Summary Statement of the Central Bank, 2000-05

(In millions of Comorian francs; end of period)

	2000	2001	2002	2003	2004	2005
Foreign assets	22,957	35,834	38,796	37,860	37,583	35,947
<i>Of which</i>						
Operations account with French Treasury	20,568	33,022	34,658	32,609	31,500	25,840
Bank notes (CFA franc area)	1,819	2,156	2,481	3,805	5,662	9,614
Gold	83	90	94	93	90	123
SDR holdings	7	13	17	2	2	2
Correspondents	77	168	1,096	931	4	29
Reserve position with IMF	392	379	344	315	315	324
	11	7	106	105	10	15
Claims on Government	3,497	2,950	3,010	3,120	3,457	4,541
Statutory advances	2,278	2,074	2,350	2,636	3,029	4,125
Other claims on Treasury	0	0	0	0	0	0
Treasury (IMF account)	1,219	876	660	484	428	416
Claims on deposit money bank	50	50	50	50	50	50
Other assets	559	536	1,012	1,515	1,062	1,242
Assets=liabilities	27,063	39,370	42,868	42,545	42,152	41,780
Reserve money	13,980	23,851	28,340	27,843	27,493	26,752
Currency in circulation	7,564	12,355	12,503	11,505	11,730	11,456
Cash in banks	263	147	297	66	120	98
Bank for Industry and Commerce deposits	5,228	9,722	13,393	14,156	13,721	12,875
Development Bank deposits	888	1,565	2,097	1,905	1,762	1,470
Public enterprise deposits	37	62	50	211	160	853
Government deposits	508	712	582	1,126	1,269	861
Treasury account	37	225	11	13	84	583
Government bodies	399	434	426	706	803	233
Food aid services	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
STABEX account 1/	27	8	100	362	337	0
Cash at Treasury	45	45	45	45	45	45
Foreign liabilities	957	1,395	397	223	163	185
Other correspondents	128	918	139	144	163	142
Transactions under way	0	3	0	1	0	3
IMF credit	817	474	258	78	0	0
Other	12	0	0	0	0	40
Other liabilities	11,618	13,414	13,549	13,354	13,226	13,982

Sources: Central bank of the Comoros; and Fund staff estimates.

Table 24. Comoros: Summary Statement of the Bank for Industry and Commerce, 2000-05

(In millions of Comorian francs; end of period)

	2000	2001	2002	2003	2004	2005
Reserves	5,257	8,806	12,547	13,214	13,156	11,854
Cash	263	147	297	66	120	98
Deposits at the Central bank	4,994	8,659	12,250	13,148	13,036	11,756
Foreign assets	3,009	4,864	3,182	1,690	1,029	3,001
Claims on government	300	301	301	300	781	601
Claims on private sector	9,456	9,151	10,192	11,309	10,187	10,173
Unclassified assets	1,675	2,106	2,043	1,794	1,992	1,991
<i>of which</i>						
Bills to be collected	1,189	1,633	1,544	1,276	1,367	1,214
Assets=liabilities	19,697	25,228	28,265	28,307	27,145	27,620
Demand deposits	5,626	8,955	10,655	11,075	9,704	11,226
Time and savings deposits	7,348	8,844	10,222	9,718	9,756	9,088
Time deposits	292	238	478	550	589	557
Savings deposits	6,945	8,124	8,396	8,401	7,891	7,264
Blocked account 1/	111	482	1,348	767	1,276	1,267
Government deposits 2/	379	509	501	690	798	829
Foreign liabilities	2,298	2,331	2,257	1,738	1,393	1,321
Unclassified liabilities	4,048	4,587	4,630	5,084	5,494	5,156

Source: Central Bank of the Comoros.

1/ Deposits required by the Bank for Industry and Commerce for imports under letter of credit.

2/ Principally the Stabilization Fund for Export Earnings.

Table 25. Comoros: Structure of Interest Rates, 2000-05 1/

(In percent)

	2000	2001	2002	2003	2004	2005
Central bank rates	6.4	4.9	4.6	3.6	3.5	3.8
Claims on government	6.4	4.9	4.6	3.6	3.5	3.8
Deposits from Treasury	4.9	3.4	3.1	2.1	2.0	2.3
Discount rate						
Commercial bank lending rate	9.0/15.0	9.0/15.0	9.0/15.0	8.0/14.0	8.0/14.0	8.0/14.0
Depositor rates						
Demand deposits	0.0	0.0	0.0	0.0	0.0	0.0
Time deposits 4/	3.0	3.0	3.5	3.5	3.5	3.0
Savings deposits	3.0	3.0	3.0	3.5	3.5	3.0

Source: Central Bank of the Comoros.

1/ En-period

Table 26. Comoros: Balance of Payments, 2002-05

	2002	2003	2004	2005
(In millions of U.S. dollars unless otherwise indicated)				
Current account	-3.6	-10.1	-10.3	-12.3
Goods and services	-37.9	-52.0	-72.3	-82.1
Trade balance	-31.4	-39.9	-62.0	-76.8
Exports (f.o.b.)	19.3	26.7	18.7	13.8
Of which: vanilla	12.7	20.9	8.6	3.2
cloves	4.1	3.6	7.3	7.4
ylang-ylang	2.0	1.5	2.1	2.4
Imports (f.o.b.)	-50.7	-66.7	-80.7	-90.6
Of which: petroleum products	-10.8	-13.6	-17.9	-20.2
Services (net)	-6.5	-12.0	-10.2	-5.3
Receipts	20.3	24.2	27.3	32.2
Of which: travel	10.2	10.7	12.5	14.1
Payments	-26.8	-36.2	-37.5	-37.5
Income (net)	-0.8	-1.3	-2.2	-2.3
Current transfers (net)	35.1	43.2	64.1	72.1
Government	5.2	1.9	4.7	7.1
Private	29.8	41.3	59.4	65.0
Capital and financial account	19.3	14.4	7.0	3.5
Capital transfers	5.1	5.2	5.4	8.7
Financial account	14.1	9.2	1.6	-5.2
Direct investment	1.0	1.4	1.8	1.9
Net portfolio and other investment	13.2	7.8	-0.1	-7.1
Government	10.4	5.7	-1.2	-2.6
Drawings	13.5	9.5	3.7	2.5
Amortization	-3.1	-3.7	-4.9	-5.2
Banks, net	3.1	2.2	0.8	-4.9
Other	-0.4	-0.2	0.3	0.5
Errors and omissions	-11.5	-10.7	-1.0	1.2
Overall balance	4.2	-6.3	-4.3	-7.6
Financing	-4.2	6.3	4.3	7.6
NFA of central bank (- increase)	-7.4	2.2	0.7	4.1
Net change in arrears	3.1	4.2	3.5	3.5
Exceptional financing	...	...	...	...
Financing gap	...	...	...	...
<i>Memorandum items:</i>				
Current account (percent of GDP)	-1.4	-3.1	-2.8	-3.3
Excluding transfers	-15.3	-16.5	-20.5	-22.9
Exports of goods & services (percent of GDP)	15.7	15.8	12.7	12.5
Imports of goods & services (percent of GDP)	30.8	31.8	32.6	34.7
External public debt				
In millions of U.S. dollars	231	295	285	266
Of which: arrears	65	85	85	93
In percent of GDP	84.2	81.1	80.5	71.5
Debt service (% of exports of goods & services)	14.7	14.0	17.6	16.8
Exchange rate CF/US\$ (period average)	521	438	396	415
Gross international reserves				
In millions of U.S. dollar	81	97	93	87
In months of imports of goods and services	12.5	11.3	9.4	8.2
Nominal GDP (millions U.S. dollar)	252	323	363	369

Sources: Comorian authorities, and Fund staff estimates and projections.

Table 27. Comoros: Balance of Payments, 2002-05

	2002	2003	2004	2005
(In millions of Comorian francs unless otherwise indicated)				
Current account	-1,852	-4,409	-4,090	-5,087
Goods and services	-19,731	-22,744	-28,598	-34,064
Trade balance	-16,367	-17,479	-24,551	-31,878
Exports (f.o.b.)	10,057	11,695	7,382	5,719
Of which: vanilla	6,600	9,130	3,407	1,342
cloves	2,112	1,563	2,883	3,089
ylang-ylang	1,033	664	825	1,000
Imports (f.o.b.)	-26,424	-29,174	-31,933	-37,597
Of which: petroleum products	-5,610	-5,949	-7,085	-8,395
Services (net)	-3,364	-5,265	-4,047	-2,186
Receipts	10,597	10,585	10,788	13,383
Of which: travel	5,302	4,696	4,929	5,865
Payments	-13,961	-15,849	-14,835	-15,569
Income (net)	-394	-588	-856	-953
Current transfers (net)	18,273	18,923	25,364	29,930
Government	2,732	852	1,851	2,941
Private	15,541	18,071	23,512	26,989
Capital and financial account	10,033	6,315	2,785	1,454
Capital transfers	2,676	2,295	2,137	3,595
Financial account	7,357	4,021	648	-2,141
Direct investment	500	600	700	800
Net portfolio and other investment	6,857	3,421	-52	-2,941
Government	5,434	2,515	-473	-1,098
Drawings	7,036	4,153	1,462	1,054
Amortization	-1,603	-1,638	-1,935	-2,152
Banks, net	1,608	974	314	-2,043
Other	-185	-68	106	200
Errors and omissions	-5,979	-4,668	-389	486
Overall balance	2,202	-2,762	-1,694	-3,147
Financing	-2,202	2,762	1,694	3,147
NFA of central bank (- increase)	-3,839	943	295	1,703
Net change in arrears	1,637	1,819	1,399	1,445
<i>Memorandum items:</i>				
Current account (percent of GDP)	-1.4	-3.1	-2.8	-3.3
Excluding transfers	-15.3	-16.5	-20.5	-22.9
Exports of goods & services (percent of GDP)	15.7	15.8	12.7	12.5
Imports of goods & services (percent of GDP)	30.8	31.8	32.6	34.7
External public debt				
In millions of U.S. dollars	231	295	285	266
Of which: arrears	65	85	85	93
In percent of GDP	84.2	81.1	80.5	71.5
Debt service (% of exports of goods & services)	14.7	14.0	17.6	16.8
Exchange rate CF/US\$ (period average)	521	438	396	415
Gross international reserves				
In millions of U.S. dollar	81	97	93	87
In months of imports of goods and services	12.5	11.3	9.4	8.2
Nominal GDP (millions of Comorian francs)	131,293	141,437	143,596	153,112

Sources: Comorian authorities, and Fund staff estimates and projections.

Table 28 Comoros: Volume and Value of Principal Exports, f.o.b., 2000-05

	2000	2001	2002	2003	2004	2005
(Value in millions of Comorian francs; volume in metric tons; unit value in Comorian francs per kilogram)						
Vanilla						
Value	4,105	5,400	6,600	9,130	2,809	1,166
Volume	159	120	112	83	31	60
Unit value	25,818	45,000	60,000	110,000	90,000	19,000
Clove buds						
Value	2,012	2,433	2,112	1,563	157	146
Volume	1,556	1,106	1,616	2,605	256	156
Unit value	1,293	2,200	3,000	600	615	93
Ylang-ylang						
Value	887	999	1,033	644	2	747
Volume	40	40	40	43	15	28
Unit value	22,175	24,717	25,825	15,441	31,500	26,000
Other products						
Value	259	312	312	338	110	101
Total value	7,263	9,144	10,057	11,695	3,092	1,509
Memorandum item:						
Export price index 1/	165	261	5,323	4,113	9,477	...

Source: General Directorate of Customs.

1/ Index 1990=100; calculated by the Fund staff.

Table 29. Comoros: Volume and Value of Principal Imports, c.i.f., 2000-05

	2000	2001	2002	2003	2004	2005
(Value in millions of Comorian francs; volume in metric tons; unit value in Comorian francs per kilogram)						
Rice						
Value	3,888	3,138	3,417	2,866	2,323	3,417
Volume	30,000	26,150	29,293	28,753	16,690	25,399
Unit value	130	120	116	99	139	368
Meat						
Value	2,362	2,537	2,191	2,807	3,018	3,771
Volume	3,200	3,200	3,149	3,443	4,399	5,072
Unit value	738	793	695	815	686	744
Petroleum products						
Value	4,641	5,494	5,610	5,949	5,588	4,196
Volume	33,338	45,103	42,563	44,662	37,525	20,487
Unit value	139	122	131	133	148	205
Cement						
Value	1,260	1,403	1,081	1,563	1,735	2,686
Volume	36,015	40,000	29,407	36,548	48,006	55,867
Unit value	35	35	36	43	36	48
Iron and steel 1/						
Value	601	718	1,092	1,172	3,046	1,373
Volume	2,234	2,481	4,459	4,516	4,087	3,678
Unit value	269	289	244	259	745	373
Other products						
Value 2/	13,106	14,204	8,118	8,990	20,504	19,901
Total value 2/	25,857	28,409	27,464	30,311	30,873	35,344
Memorandum item:						
Import price index 3/	193.2	188.0	206.0	209.0	214.0	...

Source: General Directorate of Customs.

1/ Including fabrications.

2/ Balance of payments basis, including adjustments for coverage, valuation and recording errors.

3/ Index 1990=100; calculated by the Fund staff.

Table 30. Comoros: Geographical Distribution of Trade, 2000-05

(In percent)

	2000	2001	2002	2003	2004	2005
Exports	100	100	100	100	100	100
European Union	50.3	52.5	52.6	79.6	11.7	83.7
<i>Of which</i>						
France	38.6	47.6	38.7	75.9	10.7	73.3
Germany	6.6	4.9	13.8	3.7	1.0	10.4
Netherlands	0.0	0.0	0.0	0.0	0.0	0.0
Africa	8.7	0.5	1.3	1.3	0.4	2.5
United States	19.9	31.1	28.1	0.0	79.1	0.0
Rest of the world	21.1	15.9	18	19.1	0.1	13.9
Imports	100	100	100	100	100	100
European Union	44.3	46.5	33.7	60.3	51.8	18.2
<i>Of which</i>						
Belgium-Luxembourg	3.8	1.1	2.1	1.6	2.0	2.4
France	36.6	42.5	30.1	47.4	45.5	13.8
Germany	1.5	0.9	0.3	0.3	1.0	0.1
Netherlands	0.9	1.8	0.9	7.7	1.0	0.9
Other European countries	1.0	0.6	0.8	16.1	2.3	0.8
<i>of which</i>						
Romania	0.0	0.0	0.0	0.0	0.0	0.0
Switzerland	0.4	0.5	0.8	0.1	0.0	0.0
Africa	26.2	20.2	25.0	15.9	14.8	23.7
<i>of which</i>						
Kenya	10.8	4.6	1.9	3.6	3.8	1.5
Madagascar	1.8	2.2	2.1	1.0	1.2	0.9
Mauritius	1.5	2.2	2.1	4.1	4.1	3.0
Réunion	2.0	1.6	1.1	1.9	1.6	1.0
South Africa	9.0	9.4	17.6	5.3	5.0	15.4
Asia	28.0	22.8	20.1	0.1	8.6	4.6
<i>of which</i>						
China	1.1	0.2	1.3	0.7	0.0	...
Japan	0.7	0.2	0.1	0.2	0.1	0.1
Kuwait	0.0	0.0	0.0	0.0	0.0	...
Pakistan	13.7	0.4	0.0	0.0	0.0	3.1
Saudi Arabia	1.2	0.5	0.2	0.5	0.4	0.2
Singapore	0.6	0.6	0.6	0.8	1.3	0.9
Thailand	0.2	0.2	0.4	0.5	0.5	0.3
Vietnam	0.0	0.0	0.0	0.0	0.0	0.0
United States	0.3	0.0	0.0	0.1	0.0	0.0
Rest of the world	0.2	9.9	16.4	23.6	24.8	52.7

Source: General Directorate of Customs.

Table 31. Comoros: External Debt Outstanding by Creditors, 2000-05

(In millions of U.S. dollars)

	2000	2001	2002	2003	2004	2005
Multilateral loans	120.8	158.3	135.4	149.3	164.8	158.1
International Development Association	70.6	79.0	84.5	97.9	109.5	109.3
International Fund for Agricultural Development	5.8	6.0	6.2	7.0	7.0	8.1
African Development Fund	1.7	39.3	36.5	36.5	38.2	33.9
African Development Bank	34.6	13.8	0.0	0.0	0.0	0.0
Arab Bank for Economic Development in Africa	0.7	0.0	0.0	0.0	0.0	0.0
International Monetary Fund	1.5	0.8	0.5	0.2	0.0	0.0
Islamic Development Bank	4.8	10.9	6.8	6.8	9.2	6.2
Organization of Petroleum Exporting Countries Special Fund	0.2	6.4	0.0	0.0	0.0	0.0
Arab Fund for Economic and Social Development	...	0.0	0.0	0.0	0.0	0.0
European Development Fund/European Investment Bank	0.9	2.1	0.9	0.9	0.9	0.6
Bilateral loans	20.1	40.0	24.5	24.5	30.6	15.5
Abu Dhabi	...	0.0	0.0	0.0	0.0	0.0
China	2.7	1.2	1.2	1.2	1.2	0.0
France	2.4	3.1	2.1	2.1	8.2	4.5
Kuwait	13.4	20.1	21.2	21.2	21.2	9.9
Saudi Arabia	1.6	15.6	0.0	0.0	0.0	0.0
Mautius	...	...	...	...	...	1.0
Total 1/	140.9	143.9	159.9	173.8	195.4	173.5
Arrears						
Principal	57.1	...	47.5	49.6	55.6	62.9
Interest	26.6	26.6	22.2	24.0	26.0	29.8
Total arrears	83.7	83.3	69.7	73.6	81.6	92.7
Stock of debt	224.6	227.2	229.6	247.4	277.0	266.2

Source: Ministry of Finance.

1/ Disbursed, outstanding, and not yet due.

Table 32. Comoros: External Debt Payment Arrears by Creditors, 2000-05

(In millions of U.S. dollars)

	2000	2001	2002	2003	2004	2005
Multilateral creditors	54.5	51.2	49.6	52.7	56.8	61.8
International Development Association	0.0	0.0	0.0	0.0	0.0	0.0
International Monetary Fund	0.0	0.0	0.0	0.0	0.0	0.0
African Development Bank Group	15.5	19.8	20.4	23.4	25.5	28.7
<i>Of which:</i> African Development Fund	3.9	13.8	5.8	7.7	9.1	10.6
Arab Bank for Economic Development in Africa	24.4	11.1	25.6	25.6	25.6	26.2
International Fund for Agricultural Development	0.0	0.0	0.0	0.0	0.0	0.1
OPEC Special Fund	3.4	3.6	3.4	3.5	3.5	3.5
Islamic Development Bank	11.2	2.9	0.2	0.2	2.2	3.3
Arab Fund for Economic and Social Development	...	...	...	...	...	...
Bilateral creditors	29.2	32.1	20.8	21.0	24.6	30.8
France	0.3	1.0	0.0	0.0	2.4	0.0
Belgium	....		1.0	1.0	1.0	0.0
China	3.6	1.8	0.0	0.0	0.0	1.2
Kuwait	10.1	12.7	5.5	6.4	7.4	15.0
Saudi Arabia	14.1	15.5	13.2	13.4	13.6	13.4
United Arab Emirates	1.1	1.1	1.1	1.2	1.2	1.2
Total	83.7	83.3	69.7	73.7	81.6	92.6
<i>Of which:</i>						
Principal	57.1	...	47.5	49.7	55.6	62.9
Interest	26.6	...	22.2	24.0	26.0	29.8

Sources: For 1995-1999, Ministère des Finances; for 2000, Comorian authorities, creditor records, and IMF staff estimates.

Table 33. Comoros: External Debt-Service Payments by Creditors, 2000-05

(In millions of U.S. dollars)

	2000	2001	2002	2003	2004	2005
Principal due	5.96	4.35	4.33	4.64	5.49	5.78
<i>Of which: paid</i>	...	...	...	2.2	2.1	2.78
Multilateral creditors	3.89	3.62	3.60	3.93	4.78	5.04
International Development Association	0.69	0.83	1.19	1.22	1.64	1.94
International Monetary Fund	0.30	0.30	0.33	0.36	0.18	0.00
African Development Bank	1.20	1.27	0.93	0.91	0.96	1.78
<i>Of which: African Development Fund</i>	0.53	0.60	0.60	0.91	0.96	1.78
Arab Bank for Economic Development in Africa	0.70	0.13	0.00	0	0	0
International Fund for Agricultural Development	0.05	0.05	0.05	0.11	0.11	0.25
Organization of Petroleum Exporting Countries Special Fund	0.00	0.02	0.08	0	0	0.00
Islamic Development Bank 1/	0.42	0.42	0.42	0.42	0.93	1.07
Arab Fund for Economic and Social Development	...	...	...	...	...	...
Bilateral creditors	2.07	0.73	0.73	0.71	0.71	0.74
France 2/	0.00	0.00	0.00	0.00	0.00	0.00
Belgium 2/	0.00	0.00	0.00	0.00	0.00	0.00
China	0.00	0.00	0.00	0.00	0.00	0.00
Kuwait	0.71	0.71	0.71	0.71	0.71	0.74
Saudi Arabia	1.36	0.00	0.00	0.00	0.00	0.00
United Arab Emirates	0.00	0.02	0.02	0.00	0.00	0.00
Interest due	2.62	2.46	2.53	2.70	3.14	1.43
<i>Of which: paid</i>	...	...	...	0.69	0.87	1.01
Multilateral creditors	2.30	2.05	2.11	2.28	2.72	1.21
International Development Association	0.59	0.52	0.58	0.58	0.76	0.94
International Monetary Fund	0.00	0.00	0.00	0	0	0.00
African Development Bank	0.86	0.81	0.81	1.00	1.07	0.00
<i>Of which: African Development Fund</i>	0.34	0.30	0.30	0.29	0.3	0.00
Arab Bank for Economic Development in Africa	0.36	0.35	0.35	0.35	0.35	0.00
International Fund for Agricultural Development	0.05	0.05	0.05	0.05	0.06	0.08
OPEC Special Fund	0.10	0.02	0.02	0.01	0.01	0.00
Islamic Development Bank	0.00	...	...	0	0.17	0.19
Arab Fund for Economic and Social Development	...	...	...	...	...	0.00
Bilateral creditors	0.32	0.41	0.42	0.42	0.42	0.22
France	0.00	0.00	0.00	0.00	0.00	0.00
China	0.00	0.00	...	...	...	0.00
Kuwait	0.00	0.00	0.01	0.01	0.01	0.00
Saudi Arabia	0.20	0.21	0.21	0.21	0.21	0.22
United Arab Emirates	0.10	0.18	0.18	0.18	0.18	0.00
	0.02	0.02	0.02	0.02	0.02	0.00
Total debt service due	8.58	6.81	6.86	7.34	8.63	7.21
<i>Of which: paid</i>	...	...	...	...	...	3.80
Multilateral creditors	6.19	5.67	5.71	6.21	7.5	6.25
International Development Association	1.28	1.35	1.77	1.80	2.40	2.88
International Monetary Fund	0.30	0.30	0.33	0.36	0.18	0.00
African Development Bank	2.06	2.08	1.74	1.91	2.03	1.78
<i>Of which: African Development Fund</i>	0.87	0.90	0.90	1.20	1.26	1.78
Arab Bank for Economic Development in Africa	1.06	0.48	0.35	0.35	0.35	0.00
International Fund for Agricultural Development	0.10	0.10	0.10	0.16	0.17	0.32
OPEC Special Fund	0.10	0.04	0.10	0.01	0.01	0.00
Islamic Development Bank 1/	0.42	...	0.42	0.42	1.10	1.27
Arab Fund for Economic and Social Development	...	...	...	...	...	...
Bilateral creditors	2.39	1.14	1.15	1.13	1.13	0.95
France	0.00	0.00	0.00	0.00	0.00	0.00
Belgium	0.00	0.00	0.00	0.00	0.00	0.00
China	0.00	0.00	0.01	0.01	0.01	0.00
Kuwait	0.91	0.92	0.92	0.92	0.92	0.95
Saudi Arabia	1.46	0.18	0.18	0.18	0.18	0.00
United Arab Emirates	0.02	0.04	0.04	0.02	0.02	0.00

Source: Ministry of Finance.

1/ Includes debt rescheduled in 1996.

2/ Includes debt cancellations in 1994.

Table 37. Comoros: Summary of the Tax System (as of August 31, 2006)

Tax	Nature of Tax	Exemptions and Deductions	Rates
1. Taxes on net income and profits			
1.1 Profit tax (Impôt sur les Bénéfices Divers, IBD)	Tax levied on companies and self-employed individuals whose turnover exceeds CF 20 million	Newly created enterprises eligible under the Investment Code, agricultural cooperatives and credit unions, government agencies and offices.	35 percent for individuals and companies with turnover less than CF 500 million, 50 percent otherwise.
1.2 Single professional tax (Taxe Professionnelle Unique, TPU)	Tax levied on companies and self-employed individuals with turnover below CF 20 million	Provisions of the investment code apply.	x times the cost of a business licence (see item 3.1), depending on turnover, with
		x equal to	Turnover (T, in CF millions)
		4	15 < T < 20
		3	5 < T < 15
		2	3 < T < 5
		1	T < 3
1.3 Advance on income taxes, (Acompte sur IBD et TPU)	Surcharge on imports, deductible from IBD or TPU. See item 4.2.	Same as for customs duties	1 percent of customs value of imports for importers with taxpayer number; 50 percent for all others.
1.4 Taxes on capital income (Impôt sur les revenus de valeur et capitaux mobilière)	Tax on distributed dividends and interest paid.	Interest on loans contracted or granted by microcredit agencies, housing cooperatives, and agricultural credit unions.	15 percent
1.5 Payroll Tax (Taxe sur les salaires, formerly 'Impôt general sur le revenu')	Paid by employees on wages and salaries. Withheld at source for civil servants; settled within one month for others.	Diplomats. Incomes under FC150,000 per year	Tax bracket (in CF) Tax rate (in percent)
		150,001 – 500,000	5
		500,001 – 1,000,000	10
		1,000,001 – 1,500,000	15
		1,500,001 – 2,500,000	20
		2,500,001 – 3,500,000	25
		over 3,500,000	30

Table 37. Comoros: Summary of the Tax System (continued)

Tax	Nature of Tax	Exemptions and Deductions	Rates
2. Property taxes			
2.1 Tax on rentals (Impôt sur la propriété bâtie et louée)	Annual tax on rental dwellings	New properties used as dwellings for the first two years, and properties belonging to the government or to communes.	Dwellings: 20 percent of rental value; commercial and industrial premises: 30 percent.
2.2 Tax on registered property (droits d'enregistrement)	Transactions tax on real estate transmissions (sales, donations, inheritances)	Government transactions (that include Muslim religion buildings).	Judicial acts: fixed taxes of CF1,000 to CF20,000. Sales: 2-9 percent of price. Donations and inheritances: 5-60 percent of assessed value.
2.3. Property recording fees (Taxe de publicité foncière)	Tax on recording acts concerning property transactions.	Government transactions (that include Muslim religion buildings).	2 percent property rights and mortgages; 1 percent baux.
2.4. Tax on real estate gains (Taxe sur la plus value immobilière)	Tax on capital gains for property sales	Government transactions (that include Muslim religion buildings).	The capital gain calculation and applicable tax are determined in the art. 65.2 of the Tax Code.
3. Taxes on goods and services			
3.1 Business license (Patente d'exploitation)	Tax on any company or self-employed individual involved in trade, industry, or a profession.	Craftsmen, farmers, agricultural cooperatives, agricultural credit unions.	3, 5, or 10 percent of the annual rental value of the business premises depending on location; plus fixed amount of between CF 5,000 and CF 750,000, depending on the type of business
3.2 Consumption tax (Taxe de consommation)	Consumption tax on <i>domestic transactions</i> : Turnover tax levied on domestic services (hotels, restaurants, banks, electricity, water, telecommunications, import	Medical services; Enterprises with turnover of CF 20 million or less; Exports, petroleum products, and	Five rates: base rate, 10 percent; basic necessities, 0 percent; water, private schools, and inter-island airfares, 3 percent; electricity, telephone, hotel and restaurants,

Table 37. Comoros: Summary of the Tax System (continued)

Tax	Nature of Tax	Exemptions and Deductions	Rates
	trade,...)	publishing.	banking services, and international airfares, 5 percent, casino revenues, 25 percent.
	Consumption tax on <i>imports</i> : : Levied at customs, based on c.i.f. value plus single import tax, credited against domestic consumption tax if applicable.		
3.3 Visa fee (Droits de visa)	Entry and residency fees to be paid by foreigners coming into Comoros.	Diplomats	Visas CF500-2000 depending on duration and number of entries Residency card CF 60,000
3.4 Motor vehicle tax (Vignette)	Annual tax on vehicles in use.	Vehicles owned by the central government or local governments, diplomats and cooperant missions. Cars in Comoros for more than 20 years.	CF4,000-22,500 per cylinder, depending on the age and of the vehicle and engine capacity.
3.5 Special tax on diesel engine vehicles (Taxe sur les vehicules à moteur diesel)	Annual tax on vehicles in use.	Vehicles owned by the central government or local governments; diplomats and cooperant missions; and vehicles used in agricultural activities.	CF 25,000 per ton of load capacity.
3.6 Parking fee (Droit de stationnement)	Annual tax on vehicles in use.	Same as special tax on diesel engine vehicles.	CF 1,000 per vehicle.
3.7. Stamp duties (Droit de timbre)	Tax charge on official acts.	Government, diplomats cooperant missions.	CF500-CF25,000 depending on transaction
3.8 Tax on insurance policies (Taxe sur les contrats d'assurances)	Tax charge on insurance policies.	Government, diplomats cooperant missions.	3 percent of the policy value for life, maritime, and rental insurance. 15 percent for fire insurance. 4 percent for all other modalities.
3.9. Tax on TV equipment (Impôt sur les récepteurs de télévisions, les	Annual tax charged on use of TV, magnetoscope and videoscope sets.	None.	FC20,000 per set

Table 37. Comoros: Summary of the Tax System (continued)

Tax	Nature of Tax	Exemptions and Deductions	Rates
magnétoscopes et les vidéoscopes)			
3.10. Alcohol sale license (License de vente de boissons alcooliques)	One-time tax for newly licensed distributors and retailers of alcoholic beverages.	None.	CF 750,000 for distributors CF 500,000 for retailers
4. Taxes on international trade			
4.1 Single import tax (TUI)	Tax on imported goods	Goods imported by the central government under grants, and goods imported by diplomatic missions.	Rates of 0 percent, 15 percent, 21 percent, and 30 percent of import value, c.i.f.
4.2 Accompte sur IBD et TPU (AIT)	Levied on all commercial imports.	Deductible from payment of IBD and TPU, see items 1.1 and 1.2	1 percent of c.i.f. value
4.3 Administrative levy (redevance administrative)	Tax on imported goods	Goods imported by the central government under grants, and imports by diplomatic missions. Cement, fertilizers, rice, petroleum products, flour.	1 percent of customs receipts on taxable imports; 3 percent of c.i.f. value of exempt imports.
4.4 Single specific tax on imports (TUS)	Selected imports, mainly meat and buses.	Goods imported by the central government under grants, and goods imported by diplomatic missions.	CF 10-150 per kilogram, CF 8-200 per liter, up to CF 1 million for buses.
4.5 Single tax on rice			CF 150/kg for high-grade rice; CF 45/kg for ordinary rice;
4.6 Single tax on petroleum (TPP)		Reduced rate applies to diplomatic missions, ships, and aircrafts (zero rate for aviation fuel Jet A1)	Gasoline (normal rate) CF 230/l Gasoline (reduced rate) CF 211/l Diesel oil (normal rate) CF 115/l Diesel oil (reduced rate) CF 95/l Kerosene (normal rate) CF 10/l

Table 37. Comoros: Summary of the Tax System (concluded)

Tax	Nature of Tax	Exemptions and Deductions	Rates
4.7 Excises, or Special fiscal duty (TSVF)	Levied on alcoholic beverages, tobacco products, and cement.		Spirits: 300 percent; wine and beer: 200 percent; tobacco products, 300 percent. Cement: 15 percent of c.i.f. value.
4.8 Export duty	Cloves, vanilla, and Ylang-ylang		Set annually, dependent on market conditions
4.9 Forfait regime (regime forfaitaire)	Specific tax rate levied on all containers (20 foot and 40 foot). Not applied to one imported good if more than 60 percent of content.	Tabac, Alcohol, Rice, Soda beverages Printed textiles (Kiromani, Lesso, Pagne, Mamuwa, and Msoutrou)	20 ft container: FC 2.1 million 40 ft container: FC 3.5 million
5.0 Additional centimes	Levied on behalf of the Chamber of Commerce (UCCIA)		1 percent of export value, f.o.b., less export duties.